



# BRIDGING THE PACIFIC

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## Closer Trade & Economic Tie-Ups Expected New Milestone for Korea -U.S. Relations

Korean President Roh Moo-hyun and U.S. President George W. Bush held an amicable summit on the fringes of the APEC summit on Nov. 20, reaffirming their commitment to pursuing a peaceful and diplomatic solution to the North Korean nuclear issue.

During the summit, the first of its kind since Bush's victory in the Nov. 2 U.S. election, President Bush said he absolutely agreed with Roh, who asked the U.S. President to give top priority to the nuclear issue and send a message of peace and hope to the world by settling the problem peacefully through the Six-Party Talks.

President Roh said he believes Bush would carry out predictable policies and is looking forward to the stable development of relations between the two countries following Bush's re-election.

Inspired by the healthy alliance that the two countries have built, Seoul expects bilateral economic cooperation to pick up further steam as well. In particular, specialists at home and abroad cautiously predict that the U.S. will stick to an open policy, calming concern about a revival of a protectionist-oriented direction.

This optimism is, of course, based on Korea's responsible and responsive moves to continue its free trade march.

The growing voice in Korea, especially from business circles, is that Korea should resolve pending issues with the U.S., i.e. screen quota, etc. They note that a free market and competition is vital to improve the overall competitiveness and productivity of the Korean economy in the global village.

A recent report by the Korea Institute for Industrial Economics and Trade sees no drastic changes on the economic front in Bush's second term. The U.S. focus on tax reduction and economic stimulation should have a positive effect on the U.S.-Korea trade environment, according to the report. It did note, however, that the U.S. would likely push for greater market opening in Korea to help ease its trade deficit problems.



One of the biggest issues on the bilateral agenda in the mid term is expected to be a Korea-U.S. free trade agreement. Serious discussions on a free trade pact are likely to begin only after Korea wraps up similar negotiations with Japan.

Following its first FTA with Chile, Korea and Singapore sealed a free-trade agreement on Nov. 29 that covers nine broad areas, including electronics, finance and intellectual property rights.

Talks are continuing for an FTA with Japan by the end of 2005 and Korea hopes to enter FTA talks next year with the Association of Southeast Asian Nations and the European Free Trade Association countries. Mexico, India, Canada and the members of Mercosur also are candidates.

Analysts expect U.S. negotiators to home in on the Korean services sector and the agricultural market, which are of major interest to American companies. There are also historical issues with the high-tech sector that will likely be addressed.

"The alliance is very important to security. South Korea and the United States share the same views on how to achieve this goal. However, there are differences in the strategic environment and geopolitical positions," Korean government officials said. "The important thing is to narrow the differences for a sound alliance in the framework of mutual respect based on trust between countries, governments and top leaders. The success of the summit reflects the healthy alliance that the two countries have built since the inauguration of the Roh government."