

Statement by Mr. Seok-young CHOI
Minister for Economic Affairs of the Korea Embassy
at the Public Hearing on March 14, 2006

Madame Co-Chairs, Ladies and Gentlemen,

First, I would like to express my sincere gratitude to the Co-Chairs for inviting me to this public hearing. I am delighted to present you with the Korean perspective of the Korea-US FTA.

It was a bold decision that early last month Korea and the United States announced the official launch of negotiations for a bilateral FTA. Considering the size of two-way trade and its expanding trends, the Korea-US FTA is commercially important and, beyond that, it has enormous political and strategic value to both countries as well.

Cognizant of the benefits of an outward-looking development strategy, Korea has been a staunch supporter of free trade. As the 2006 US Trade Policy Agenda rightly emphasized, Korea has grown from absolute poverty into an economic powerhouse, with an annual GDP approaching \$1 trillion. Korea has become the 10th largest economy in the world. The two-way trade volume between Korea and the United States marked \$72 billion last year.

Korea expects that a bilateral FTA with the U.S. will have positive, long term and dynamic effects that will go well beyond trade expansion and will significantly upgrade the Korean economy's overall competitive edge. The Korea-US alliance has been strengthened over decades by shared values in democracy, freedom and a market-based economy. Through the Korea-US FTA, this long-standing alliance will be upgraded to become a truly comprehensive partnership. Moreover, a Korea-US FTA will also enhance US engagement in Northeast Asia, which will have far-reaching geopolitical implications throughout the region.

Korea is committed to the successful conclusion of the Korea-US FTA. President Roh Moo-hyun recently stressed that the Korea-US FTA should be designed to make Korea's economic takeoff through "openness and competition" and thus placed the Korea-US FTA as one of the highest policy priorities for the Korean Government. We recognize that the highest commitment was reciprocated from the side of the United States as well.

Given the tremendous workload and tight time-schedule, it is a daunting task to complete the negotiations on time while seeking mutually supportive solutions. Nonetheless, Korea will pursue the Korea-US FTA negotiations with vision and resoluteness, mindful of the well-being of the Korean people. Of course, Korea will articulate its own position reflecting the interests of its domestic stakeholders. The agreed package of the FTA should not favor either party, rather it should create a win-win situation for both parties. Furthermore, we must acknowledge the potential obstacles involved in the congressional ratification process of both parties unless a balanced package is achieved. Moreover, we must work to avoid the

failure of the agreement, which may cause undesirable political and economic burdens to both sides. I am confident that, with hard work and flexibility based on mutual respect, the two sides will produce a high quality WTO-consistent FTA, which will bring about mutual benefits.

The Korea-US FTA presents a huge opportunity as well as challenge for both countries. The Korean Embassy in Washington will continue to play a role of close coordination with major stakeholders in the United States and looks forward to working toward the successful conclusion of the Korea-US FTA negotiations.

Thank you.