

**THE KOREA-US FREE TRADE AGREEMENT: KORUS FTA  
VIEWS OF EXPERTS AND CONCERNED PARTIES:  
OPINION SURVEY REPORT #4  
JULY 24, 2007**

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with interviewing by Opinion Dynamics Corporation, John Gorman, Chairman

**I. Introduction and Background**

As part of the Korea Economic Institute's ongoing effort to provide information and source materials relating to negotiations to complete a Free Trade Agreement (FTA) between the United States and the Republic of Korea, KEI has contracted for a series of opinion surveys, seeking to learn the views on this topic of individuals with an interest and knowledge of Korean affairs. These negotiations for a Free Trade Agreement have been given the acronym "KORUS FTA."

William Watts, president of Potomac Associates (PA), a non-partisan research group that has conducted a number of opinion surveys on U.S.-Korea relations, organized the KEI surveys. Field work has been carried out by Opinion Dynamics Corporation, a national survey research organization in Cambridge, MA, founded by John Gorman, chairman.

The survey program has encompassed a rolling series of four focused sets of interviews. This final report assesses confidential interviews with 25 individuals, conducted June 6-July 13, 2007. They followed completion of negotiations for the "KORUS FTA," agreed to April 1 in Seoul. Eighteen persons interviewed participated in previous surveys; seven in this round are new. Names were drawn from lists available to KEI and PA, comprising the following:

- 11 - Trade and business organizations, and interest groups, dealing with Korea;
- 7 - Think tanks, policy analysis organizations, academic and other Korea specialists;
- 7 - Current and former U.S. government executive and legislative branch officials, all with extensive Korea experience.

Because of the limited size of the survey sample, these findings do not lend themselves to drawing conclusions on the basis of strict statistical reliability. Rather, responses and comments (summarized in percentages of the interview sample) should be understood as indicative and impressionistic. They reflect the outlooks of a group of knowledgeable, interested, and engaged individuals who have informed opinions to offer.

All four reports are posted on the KEI website.

## II. The Questionnaire, Responses, and Commentary

The questionnaires, as fielded by Opinion Dynamics Corporation, are set forth verbatim in the pages that follow. Summary responses to each question are presented, with comments by the author. Questions 1-2, which had already been posed to participants in earlier surveys, were asked only of the seven new respondents. Questions 3-20 were asked of all 25 individuals interviewed.

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[Opening statement made to each respondent by  
interviewer from Opinion Dynamics Corporation]

### **VERSION A: [FOR REPEAT RESPONDENTS ONLY]**

Thank you for agreeing to talk with me. This is the fourth and final round of research being conducted on behalf of the Korea Economic Institute. You were kind enough to participate in an earlier survey, and we would greatly appreciate your renewed cooperation this time around. You should have received a copy of our earlier reports, and we will be happy to send you a copy of the fourth one, should you wish to have it.

As you know, our goal is to better understand how South Korea is viewed in the United States; attitudes toward the proposed Free Trade Agreement between the United States and the Republic of Korea, agreed to on April 1; and how the ratification or rejection of the Free Trade Agreement with South Korea will potentially impact both countries.

As before, please be assured that you will not be identified by name as a respondent in this effort. Your anonymity will be strictly protected. —**SKIP TO Q. 3**

### **VERSION B: [FOR NEW RESPONDENTS ONLY]**

Thank you for agreeing to talk with me. This research is the fourth and final round of surveys being conducted on behalf of the Korea Economic Institute. Our goal is to understand better how South Korea is viewed in the United States; attitudes toward the proposed Free Trade Agreement between the United States and the Republic of Korea; and how the ratification or rejection of the Free Trade Agreement with South Korea will potentially impact both countries.

Please be assured that you will not be identified by name as a respondent in this survey. Your anonymity will be strictly protected. If you would like to see a copy of the report on both this and the first three surveys, we will be happy to send them to you.

1. [The Question] “On balance, how do you feel about the recently concluded negotiations for a Free Trade Agreement between the United States and the Republic of Korea? In general, do you:”

1. Approve these negotiations	100%
2. Oppose them	--
3. Want to know more about the details/negotiations	--
4. (Other)	--
5. (None)	--
6. (Don't know/Not sure/Refused)	--

All seven new respondents in this survey, drawn from the three categories included in the sample, voiced approval of the negotiations. With only rare exceptions, this virtually unanimous support for the KORUS effort has been consistent throughout the KEI series. But as we shall see later, approval of the concept of negotiations does not always mean support for what the negotiators agreed to.

2. [The Question] “Why do you feel this way?”

Responses reflected a range of positive views toward a successful agreement: “It’s a win-win situation, especially for the U.S.,” “Stronger relations between the U.S. and Korea;” “Given the slow pace in world trade talks, the U.S. did a good job;” and “There will always be difficulties in any agreements, so you have to find the middle of the road.”

#### **ASK BOTH VERSIONS A AND B: [NEW AND RETURNING RESPONDENTS]**

3. [VERSION A: [The Question] “First of all,] [VERSION B: [The Question] “How closely have you followed the several rounds of negotiations on the proposed Free Trade Agreement between the United States and the Republic of Korea?” [READ RESPONSES 1-4]

1. Very closely	64%
2. Somewhat closely	36
3. Not too closely	--
4. Not at all closely	--
5. (Don't know/Not sure/Refused)	--

The sophisticated nature of our survey sample — drawn from individuals with professional involvement and interest in Korean affairs — is reflected in the overall level of interest and attention paid to the KORUS FTA negotiations. In earlier surveys, a small portion of respondents acknowledged that they had not given the negotiations much thought. Increased media coverage of the final phases of the talks may well have led to the higher numbers in this last study.

4. [The Question] “How familiar are you with the specific terms of the agreement, agreed to in Seoul April 1?”

1. Very familiar	52%
2. Somewhat familiar	40
3. Not too familiar	8
4. Not at all familiar	--
5. (Don't know/Not sure/Refused)	--

Such indicated interest did not, however, always translate into widespread knowledge of the specifics of the agreement. Our sample split almost evenly between those who said they were “very familiar” with the details, and those with lesser awareness.

5. [The Question] “From what you have heard or know, do you, yourself, favor or oppose passage of the FTA?”

1. Favor	88%
2. Oppose	8
3. (Don't know/Not sure/Refused)	4

Also, as noted at the outset, support in principle for negotiations did not automatically translate into backing for the agreement reached: two individuals directly involved with one economic sector registered opposition.

6. [The Question] “Why do you feel this way?”

Among the majority favorable views, most clustered around potential economic benefits: “Free trade benefits all economies;” “Opens up Korean markets, and that is what we represent;” “It is important and too big to fail;” “A stepping stone to other agreements;” and “The FTA includes many provisions that are important for U.S. business in Asia from a strategic standpoint.”

Opposition from one economic sector was pointed, and can be expected to be heard during Congressional hearings: “It is harmful to both workers in the U.S. and Korea. That is all I have to say;” and “For the people I represent, this is an unbalanced agreement.”

7. [The Question] “Now that the agreement has been made public, do you believe the overall deal is economically beneficial to the United States?”

1. Yes	84%
2. No	4
3. (Don't know/Not sure/Refused)	12

One respondent said the agreement is *not* economically beneficial to the United States, reflecting concerns about the imbalance in bilateral auto trade and sales.

7A. (IF “YES” TO Q. 7) [The Question] “What aspects do you see as being *most* beneficial?”

Most comments concerning the prospective benefits to the U.S. focused on such expected gains as: the opening of Korean markets, including agriculture; lowered Korean tariffs; various financial improvements; stronger transparency; improved business cooperation, and better overall bilateral relations.

One Capitol Hill observer expressed a larger strategic view: “An agreement of this type, which is the largest since NAFTA, with the largest economy in the world, is most beneficial. Korea is being wooed by China. This is a way to enhance security with them.”

8. [The Question] “One of the most difficult issues negotiators faced was finding an acceptable accord on imports and exports of automobiles. From what you have heard or know, which of the following statements comes closest to your view on how the deal on autos will play out?”

1. It represents significant progress, and will gain enough support for final approval	28%
2. Legitimate concerns have not been met, which will hurt prospects for approval	32
3. While legitimate concerns remain, they will not get in the way of approval	24
4. (Other view)	12
5. (Don’t know/Not sure/Refused)	4

In another reflection of apprehension already noted about imbalances in the auto market, a slight majority of respondents noted lingering “legitimate concerns” in this area. While that did not suggest that such concerns would lead to rejection of the agreement, it is clear that doubts remain – and will be heard.

9. [The Question] “Another difficult issue was access to the Korean market for the U.S. pharmaceutical industry. From what you have heard or know, do you think the deal on pharmaceuticals will be satisfactory to the U.S. pharmaceutical industry, or not satisfactory?”

1. Yes, satisfactory	60%
2. No, not satisfactory	28
3. (Don’t know/Not sure/Refused)	12

Similar numbers see the agreement as satisfactory to the U.S. pharmaceutical industry, a proportion that could help to override potential opposition from this economic sector.

10. [The Question] “Rice was specifically excluded from the FTA, because of the adamant opposition of the Korean negotiators. Do you think this exclusion will cause the U.S. Congress to reject the proposed FTA?”

- |                                  |     |
|----------------------------------|-----|
| 1. Yes, will lead to rejection   | --  |
| 2. No, won't lead to rejection   | 88% |
| 3. (Don't know/Not sure/Refused) | 12  |

None of our respondents felt that giving rice a pass in the agreement would be sufficient cause for rejection. This probably reflects awareness, and understanding, among this knowledgeable group of individuals of the special place that rice and the rice culture hold not just in the Korean economy, but in the Korean national psyche.

11. [The Question] “While on a separate track from the FTA, the issue of imports of U.S. beef into Korea has been a key sticking point. On May 21 the World Organization for Animal Health (OIE) essentially lowered the risk status of BSE associated with U.S. beef. Though boneless beef is currently allowed for import into Korea, it is expected that Korea will negotiate a revision to its import rules for U.S. beef that will allow for bone-in beef as well. Do you think the failure of Korea to fully to date reopen its market to U.S. beef imports will cause the U.S. Congress to reject the proposed FTA?”

- |                                  |     |
|----------------------------------|-----|
| 1. Yes, will lead to rejection   | 56% |
| 2. No, won't lead to rejection   | 32  |
| 3. (Don't know/Not sure/Refused) | 12  |

The beef issue is seen by a majority of our sample as a potential deal-breaker, an opinion recorded in prior surveys. As responses to the following question indicate, how that issue ultimately plays out, prior to the final vote in Congress, could be crucial to the KORUS FTA's outcome.

11A. [The Question] “Do you believe that the ultimate resolution of this issue -- the full export of U.S. boneless and bone-in beef -- will remove this potential impediment to the FTA's passage by Congress?”

- |   |     |
|---|-----|
| 1. Yes, will remove impediment to passage | 88% |
| 2. No, won't remove impediment to passage | 8   |
| 3. (Don't know/Not sure/Refused)          | 4   |

Here, assuming positive resolution of the problem, prior majority expectation of rejection

switches to approval.

12. [The Question] “Another challenging issue in the negotiations was whether goods produced in the Kaesong Industrial Complex, in North Korea, will qualify for preferential treatment under the FTA. In a compromise, both sides agreed to establish the ‘Committee on Outward Processing Zones (OPZs) on the Korean Peninsula,’ and to leave the status of goods from Kaesong to later committee deliberations, whose recommendations to change any aspects of the FTA would have to be approved by each country’s respective legislature. Do you think this solution will be sufficient to satisfy those in Congress who had concerns regarding the possibility of goods from North Korea receiving benefits under the agreement? ”

- |  |     |
|--|-----|
| 1. Yes, will resolve Kaesong issue as part of FTA deliberations          | 64% |
| 2. No, will not satisfy those adamantly opposed to inclusion of Kaesong. | 28  |
| 3. (Don’t know/Not sure/Refused)   | 8   |

The question of whether to include the Kaesong Industrial Complex in North Korea within the KORUS framework was a constant sticking point throughout the negotiations. Indeed, in earlier rounds of this project, it was seen as a potential “deal-breaker.” In what chief U.S. negotiator Wendy Cutler praised as an example of highly skilled diplomatic footwork, “Kaesong” itself appears nowhere in the agreement. Rather, the negotiators settled on establishment of a special “Committee on Outward Processing Zones,” to which future considerations of handling Kaesong-produced goods would be referred.

That carefully crafted compromise seemed to satisfy most, but not all, of our respondents’ concerns on this well-known issue.

13. [The Question] “Are you aware of any other issues in the proposed FTA that could lead to its rejection by the U.S. Congress? Please be as specific as possible.”

Most of the respondents had no additional specific issues or problems to add to those already addressed. The few that were noted include: “Failure to get the new environmental issues settled with Korea;” “Maybe textiles. There are always problems with domestic free trade transactions;” “Labor rights standards and auto-related issues;” and “There will be some individual members of Congress who will have objections.”

14. [The Question] “Now that you have considered some potential problems related to passage of the FTA, I’d like to ask again your views about passage of the FTA by Congress. From what you have heard or know, do you think Congress will pass or reject the FTA when it is formally submitted for action?”

1. Will pass	56%
2. Will reject	20
3. (Don't know/Not sure/Refused)	24

At the start of this survey, respondents registered widespread endorsement of the KORUS FTA and the KORUS FTA negotiating process. But after being asked in our survey to consider various factors contained in the agreement – both positive and negative – a number came to express doubts about the prospects for passage. This represents the highest proportion in this entire series of respondents who foresee rejection of the KORUS FTA by Congress, and includes seasoned Capitol Hill observers as well as engaged industry representatives. This is a cautionary note worth keeping in mind, as the final agreement works its way through hearings and is brought to a final vote.

15. [The Question] “Why do you feel this way?”

Here is a sampling of expressions anticipating passage: “At the end of the day it is a good agreement for the U.S. and Congress will see this;” “This is an important agreement because of the removal of the impediment of U.S. beef imports. This will open the market for U.S. agriculture;” “It is strategic for us, and they are a trading ally;” “I am optimistic. It is an important agreement. Ultimately geopolitics will take over;” and “This is a strategic advantage for the U.S. A bilateral agreement will help the U.S. in relationships in the area.”

Those foreseeing rejection offered the following: “I am hearing it will be rejected. I heard in a hearing concerns about rice. If you cannot get Republican votes, how can you get Democratic votes?;” “Opponents of the agreement have been very vocal. Senator Clinton and others have said publicly that they oppose the agreement;” “Opposed because of poor negotiations for the U.S.;;” “There are troubles with all the issues you mentioned. Also problems with the Democratic votes;” and “The atmosphere for the FTA is too negative.”

Finally, there are those who are uncertain: “Hard question. Without any knowledge of the conditions, I do not know. Depends on rice and beef.” “Too close to say. It is 50-50 at this time;” and “There are too many issues up in the air. I don't know if we have the votes to pass it.”

16. [The Question] “Assuming Congress does pass the FTA, what do you think the overall effect of passage will be on US-ROK relations?”

As might be expected, approval by Congress of the US-ROK FTA is seen by almost every respondent as a clearly a net plus.

One word stands out: “positive,” ranging anywhere from “marginally positive” to “very, very positive.” One more tempered observer noted “A mild plus, that's all.” Another said

“It’s a crap shoot. If it runs smoothly, and there are no road blocks, it will be fine. We just have to wait and see how it goes.”

17. [The Question] “Assuming Congress does **not** pass the FTA, what do you think the overall effect of passage will be on US-ROK relations?”

Failure of passage is seen by most in comparably extreme terms: “Devastating. Korea will move closer to China;” “It will increase anti-American feelings;” “A devastating blow if not passed;” “It will generally sour the relationship, and there will be some disaffection and distrust;” “It will undermine the leadership;” and “It would lead Korea to question the U.S. as an ally and partner.”

Coming down somewhere in the middle, about one respondent in five expressed a more benign or neutral point of view: “Marginally negative;” “No effect at all;” “Neither good nor bad. Just not a happy time;” “A strain on the relationship, but no break in trade or trust;” “It will be bad, but eventually it will recover. There will be some bitterness and letdown. It will take a long time to go away.”

18. [The Question] “Specifically, do you think passage or rejection of the FTA would have a positive or a negative effect on the ongoing 6-party talks on North Korea’s nuclear weapons program?”

1. Passage would have positive effect	20%
2. Passage would have negative effect	8
3. Rejection would have positive effect	--
4. Rejection would have negative effect	4
5. These are different issues, so would have no effect	64
6. (Don’t know/Not sure/Refused)	4

Some respondents saw positive effects on the ongoing 6-party talks on North Korea’s nuclear program from passage of the free trade agreement. Fewer anticipated a negative impact. But the majority opinion chose to see the KORUS process and the 6-party negotiations as “different issues,” with free trade discussions having “no effect” on the other talks. That last proportion almost exactly mirrors responses to a similar question in an earlier survey in this series.

19. [The Question] “Why do you feel this way? “

Clearly, most of the respondents in this survey see the KORUS FTA and the 6-party talks on North Korea’s nuclear weapons program as proceeding on two separate tracks, with the former having little relevance to the latter: “They are two different issues. Nothing to do with each other;” “No effect at all. They are not related issues.” and “Does not apply. You have five other parties [in the 6-party talks] with different opinions.”

The few who see a positive impact on the talks from passage of the KORUS FTA point to the generally positive influence of closer US-ROK ties. As one Korean affairs specialist put it: “It will reinforce to North Korea that the U.S.-[South] Korean relationship is strong.”

20. [The Question] “Are there any other points you would like to mention concerning the proposed US-ROK free trade agreement?”

At the end of the survey, only a handful of respondents had any further comments to add, including: “It is a model in bilateral agreements. It will effect our relations with Japan and China;” “I hope Congressional opposition can be overcome, because the agreement will benefit both Korea and the United States. But as of June 15<sup>th</sup>, prospects do not look good;” “The lack of passage will show bad faith to the public. It will call attention to the US-ROK relationship in a political season;” and, reiterating one respondent’s earlier stated concern: “There will be an adverse effect on workers in the U.S. and Korea.”

[End]