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U.S.-Korea Free Trade Agreement Hearing

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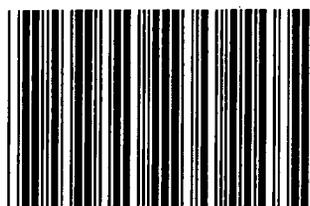
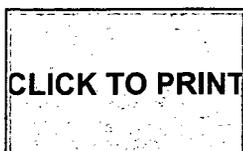
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BAUCUS

Senator Max Baucus
Opening Statement
U.S.-Korea FTA Hearing
May 26, 2011

Confucius said, “The journey of a thousand miles begins with but a single step.”

Today’s hearing marks the beginning of the end of our long journey toward implementing the U.S. – Korea Free Trade Agreement or FTA. It’s a journey that began with a single step, more than a decade ago.

In November 1999, I introduced a bill to authorize the negotiation of a U.S. – Korea FTA. At the time, Korea was emerging from the Asian financial crisis. It was fighting a faltering economy, high unemployment, and falling wages.

Yet I believed then – and I believe now – that it was essential for the United States to cement our alliance with this vital partner in the Asia-Pacific region. And I believed a Free Trade Agreement was the best way to do just that.

We took another step on our journey when we formally launched the FTA negotiations in 2006. By 2006, Korea was on its way to becoming one of the most highly developed countries in the world.

Today, it has the world's 15th largest economy. U.S. goods and services exported to Korea in 2010 totaled over \$55 billion. And last year, my home state of Montana exported more products to Korea than to any other country except Canada.

Because of the potential the Korean market holds for U.S. jobs and our economy, I strongly supported taking the next step toward a Free Trade Agreement.

But even when the negotiations began, we knew that they would be difficult. And we stressed that Korea would need to abide by world scientific standards by opening its market to U.S. beef and allow U.S. autos to compete on a level playing field.

Later that year, I welcomed the U.S. and Korean negotiating teams to my home state of Montana. Over a Montana t-bone steak in Big Sky, I reiterated my support for the agreement. But I conditioned that support on Korea's acceptance of safe and delicious Montana beef.

The United States and Korea concluded our FTA negotiations in 2007. But the agreement fell short in important respects. It failed to provide additional market access for U.S. beef. And it failed to secure better access and better protections for U.S. auto manufacturers.

Many of my colleagues on both sides of the aisle and in both houses of Congress joined me in expressing strong concerns. Unfortunately our two countries were unable to make progress addressing these concerns at that time. So our journey faltered.

But late last year, our two countries took an important step to put us back on the path to implementation. In December, the United States and Korea announced an agreement that will help U.S. auto manufacturers increase their auto sales to Korea.

And thanks to the persistence of Ambassador Kirk, and you, Ambassador Marantis, the Administration recently agreed that it would do what it takes to secure better market access in Korea for U.S. beef. And we identified two concrete steps to ensure continued progress.

First, the Administration agreed to increase funding for U.S. beef promotion in Korea. It will provide an additional one million dollars this year for this purpose.

The Administration also welcomed the U.S. meat industry's request for an additional ten million dollars in funding to promote U.S. beef sales in Korea over the next five years. And it agreed to favorably consider that request when it makes its 2012 awards later this year.

Second, the Administration agreed to request consultations with Korea on fully opening the Korean market to U.S. beef. The Administration will request these consultations as soon as the FTA enters into force.

And pursuant to the terms of our 2008 Protocol governing beef imports with Korea, those consultations will take place within seven days of the request.

We are still working towards breaking down all of Korea's barriers to U.S. beef. But the Administration's commitments are important steps on this path.

With these commitments – and with this hearing – we are several steps closer to implementing the U.S. – Korea Free Trade Agreement.

Once implemented, the FTA will increase U.S. exports to Korea by more than ten billion dollars annually and support at least 70,000 American jobs.

As we move forward with the Korea FTA, as well as our FTAs with Colombia and Panama, we have a duty to help American workers meet the challenge of global competition. To do so, we must enact a robust, long-term extension of Trade Adjustment Assistance or TAA together with these FTAs.

So let us work together to successfully conclude this journey. Let us reauthorize TAA. And let us approve the U.S. – Korea Free Trade Agreement.