

Supplementary Actions for Expanding FTA

April 1st marked the first year anniversary of the Korea-Chile free trade agreement. When the FTA becomes effective, our farming community was expected to be destroyed, but there is no sign for that although a year has passed. Of course, it takes so many years to tell for sure whether damage has been done or not. But from the look of the agreement itself, there does not appear to be any damage to our farms.

But political circles and the government enacted a special law for implementation of FTA and have been providing support to the farmers in double the actual amount of damage seen from the agreement.

The government paid a high price to learn how the FTA should be signed and implemented the FTA with Chile, the first one signed with any foreign country, especially from its struggle with the National Assembly to have the FTA approved. The government's capability to forge an FTA now has been improved a great deal. Professionalism of experts in government ministries has been upgraded and the public awareness for the need for FTAs has also been enhanced.

The situation is keenly felt when participating in meetings on FTAs. In the past, pros and cons for the need for FTA took up most of meetings agenda, but it has been changed. Now the debate is on which country should be the next one to sign an FTA with.

But all is not well when you look at the issue in detail. The government paid a high price for the lesson, but its academic grade has not been high because it has classified over 400 farm produce into non-FTA categories. The issue became more acute in the FTA with Singapore, the second country to sign an FTA with Korea.

Singapore hardly has a farm sector and only focused on the petrochemical sector, easily agreeing to make an exception for farm products. But what caused the situation has been the lack of will on the part of our government. It is very hard to judge what the government will do to persuade the farmers when concluding an FTA with another foreign country, now that farm produce were freed in the FTA with Chile have now been made an exception with Singapore.

The FTA with EFTA countries including Switzerland, and Norway are likely to be concluded this year, but most farm produce would be made an exception. But farm produce would be the center of attention in negotiations with ASEAN countries. The government should not arbitrarily make an exception for farm produce. For instance, the government should have a

minimum degree of freeing farm produce and let it move forward when the number of FTA increases.

At the moment, FTA talks with Japan have not been moving forward due to Japan's reluctance to open its farm sector. In order to demand opening of Japan's farm sector, we should open ours first.

Various problems with Japan including the ownership of Dokdo islets, and textbooks and the release of diplomatic documents related to normalization of diplomatic relations between Korea and Japan have all become hot issues that will have negative impact on FTA talks. Politics and economy should be separated, but it is hardly possible between Korea and Japan. The two countries should expand the exchanges in the private sectors. The more troublesome political relations have become, the harder the Federation of Korean Industries (FKI) and Japan's Keidanren should try to strengthen their relations in the civilian sector.

We should not set the target date for conclusion with Japan. But wait until Japan takes actions on key issues including removal of tariffs, softening non-tariff walls, and drawing up economic cooperation measures.

Concern between the business communities in Korea and the United States has been rising coming into this year on the FTA between the two allies. The U.S. is the biggest importer of Korean goods. It is because half of the goods Korea exports to China are being used by Korean firms in China, which in turn, exports the goods to the U.S. The FTA with the U.S. would strengthen our security posture as the U.S. has been a core force in maintenance of security in Northeast Asia.

At the moment the matter is being discussed among experts of the two countries, but Korea should take advantage of the APEC summit in November in Busan to push FTA talks forward.

Key issues in FTA talks with the U.S. would be the reduction of the screen quota and opening of the farm sector. The U.S. side has already told its Korean counterpart that it will resume talks only if they see progress on those issues. No progress has been made in the screen quota for several years. It is hardly understandable why the screen quota is needed when domestic films have been sweeping movie houses around the country and they are being exported in droves. Some Southeast Asian countries feel they should stop importing Korean films so long as Korea maintains the quota on foreign films

The government should try to reduce the film quota in consideration of the flourishing domestic film industry.