AFL-CIO Opposes U.S.-South Korea Trade Agreement

Sam Hananel, Associated Press

WASHINGTON (AP) — The largest U.S. labor federation said Thursday it will oppose the free trade deal between the Obama administration and South Korea, which could complicate efforts to get the support of organized labor's Democratic backers in Congress.

The decision announced by AFL-CIO president Richard Trumka marks a break with the United Auto Workers union, an AFL-CIO affiliate, which agreed to support the deal after negotiators acted to deal with South Korea's big trade surplus in automobiles.

Trumka says the deal reached last week does not do enough to address concerns about the outsourcing of American jobs, enforcement of tariff provisions or the potential problem of currency manipulation.

"We've seen U.S. multinational companies take advantage of the investment and other corporate protections in past trade deals to shift production offshore, while maintaining access to the U.S. consumer market and undermining the jobs, wages and bargaining power of American workers," Trumka said in a written statement.

The Obama administration hopes the deal will create tens of thousands of new jobs and boost U.S. exports. The agreement would be the largest U.S. trade deal since the 1994 North American Free Trade Agreement.

While labor's clout over the last decade has declined along with union membership, unions provide crucial political and financial support to many congressional Democrats. Unified opposition from labor has succeeded in the past in blocking other foreign trade deals.

White House spokeswoman Jen Psaki said labor unions always have been a part of the bargaining process, and the president aimed to get the best deal for American workers and businesses.

"The support of certain unions, including the United Autoworkers, plus Ford Motor Co., Democrats and Republicans and a broad group of business leaders has shown he made the right choice and that the final deal does just that," Psaki said.

The administration has won the backing of Michigan Rep. Sander Levin, the Democratic chairman of the House Ways and Means Committee from Michigan, the center of the U.S. automaking industry, as well as Levin's successor next month when Republicans take control of the House, Michigan Rep. Dave Camp.

But California Rep. George Miller, Democratic chairman of the House Education and Labor Committee, said the terms of the deal "do not go far enough to make this treaty worthy of support."

"The protections for labor standards are too weak and the procedure for policing violations retains a failed model that has not produced a single fine for labor violations in any of the treaties since NAFTA," Miller said in a statement released Thursday.

Under the agreement, the United States would lift its 2.5 percent tariff on Korean cars in five years, instead of cutting the tariff immediately. South Korea would have to eliminate its 10 percent tariff on U.S. trucks immediately, but the U.S. could continue assessing a 25 percent tariff on Korean trucks for eight years and then phase it out by the 10th year.

Each U.S. automaker also could export up to 25,000 cars to South Korea each year, so long as they meet federal safety standards. If a U.S. automaker exports more than 25,000 cars, the deal would allow the company to comply cost-effectively with South Korean safety standards.

Trumka acknowledged that the agreement would offer "some much needed breathing room" to the auto industry but said major concerns remain over provisions he claimed would encourage the offshoring of American jobs.

Trumka said the trade deal would allow Korea to import cars to the United States, as long as 35 percent of the materials used in making them come from American companies. He contrasted that with a better deal the European Union made with South Korea that requires 55 percent of materials to be from the EU.

The experience of union members with other "flawed trade deals" like the North American Free Trade Agreement and China's inclusion in the World Trade Organization "do not justify optimism that this deal will generate the promised new jobs," Trumka said.

The White House worked diligently to obtain the blessing of the UAW and U.S. automakers before making the deal public.

"We believe an agreement was achieved that will protect current American auto jobs, that will grow more American auto jobs, that includes labor and environmental commitments, and that has important enforcement mechanisms," the UAW said when the deal was announced on Friday.

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