

July 16, 2010

President Barack Obama  
The White House  
1600 Pennsylvania Ave, N.W.  
Washington, D.C. 20500

Dear Mr. President:

I write today to express my concerns regarding your recent announcement to move forward on a U.S.-Korea Free Trade Agreement (FTA). I have strong reservations about a U.S.-Korea FTA and its impact on the U.S. automotive industry. For decades, Korea has actively protected its automotive sector with tariff and non-tariff barriers. As one of only a few FTAs that the U.S. has negotiated with a major automotive producing and exporting nation, it is vital that any further discussions on achieving an FTA work to address the unfair restrictions employed by Korea's automotive industry.

Korea has become a global automotive powerhouse, taking advantage of open markets for its exports and maintaining the most closed automotive market of any of the world's major auto-producing countries. In 2009, Korea exported 500,000 cars to the United States while importing only 6,000 U.S. autos.

Korea employs a wide variety of non-tariff barriers that have been successful at keeping Korea insulated from import competition from around the world. In an effort to bring down these non-tariff barriers, the United States negotiated two bilateral auto agreements (MOUs) with Korea in the 1990s to open Korea's auto market to imports. These agreements looked good on paper, but they were unsuccessful in opening the Korean auto market. Given this long, difficult, and disappointing auto trade relationship with Korea, I strongly believe any US-Korean FTA that provides preferential tariff benefits to Korean auto imports must create meaningful and sustained auto market access into Korea.

This FTA is a crucial opportunity for the U.S. to address these auto-trade problems. The U.S. auto industry is on the road to recovering from a very difficult period in which the jobs of tens of thousands of hard-working Americans were at risk or lost. It is imperative that the next FTA reverses the current imbalance in our trade relations with Korea, especially in the grossly imbalanced automotive sector. I am confident that U.S. auto manufacturers can compete effectively in an open and fair Korean auto market, and I look forward to working with you during this process to achieve a truly open Korean automotive market and more balanced automotive trade with Korea.

Sincerely,



Dale E. Kildee, M.C.