

## Washington closes on trade deal with Seoul

By James Politi and Stephanie Kirchgaessner in Washington

The US and South Korea struck a deal on revisions to a free trade agreement between the two countries that has languished for more than three years.

The breakthrough came on Friday after days of negotiations in Maryland as diplomats removed the biggest obstacle on the agenda: concerns from US carmakers that they would be damaged by a deal.

By the end of the talks, South Korea agreed that a 2.5 per cent tariff on its auto exports to the US would be phased out over five years, rather than lifted immediately.

In addition, US access to the Korean market was improved by increasing the quota of American car exports to the Asian nation to 25,000 per carmaker – four times the allowance in the original deal.

Barack Obama, US president, put progress on the South Korean trade agreement at the top of his international economic agenda this year, as the administration strives to meet its goal to double exports within five years.

However, talks faltered at the Group of 20 meeting in Seoul last month, dealing a setback to both countries.

South Korea is the eighth largest US trading partner and the pending agreement, if approved, would be the largest US trade deal since the North American Free Trade Agreement was signed with Canada and Mexico in 1994.

The agreement could bolster the strategic relationship with South Korea, following the latest escalation of tensions with North Korea.

One senior US administration official on Friday said there was no “linkage” between the issues, but added: “I think what the activities over the last several weeks show is that the relationship is deep in the security area and also deep in the economic area.

“And this agreement will help bring our two economies closer together and our two peoples closer together.”

**Despite Friday's revisions, difficulties could yet be met in gaining the approval of the respective legislatures. In the US, the original agreement with South Korea signed by George W. Bush in 2007 stalled in Congress amid strong opposition to it and other deals, including those with Colombia and Panama.**

**The initial reaction from Capitol Hill suggested there could be momentum for the deal to make progress. Both Dave Camp, and Sander Levin, the two most powerful politicians on the ways and means committee of the House of Representatives, which has jurisdiction over trade, expressed support for the revised deal, meaning it could garner bipartisan backing.**

**However, Max Baucus, the Democratic chairman of the Senate finance committee, another person in Congress who has expressed worries about access for US beef to the Korean market, said he was "deeply disappointed" that this was not dealt with in the talks, adding that he would "reserve judgment" on the deal.**