

Time to look beyond KORUS FTA

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We live in a time of rapidly changing technology. In the not too distant future, autonomous vehicles will be shuttling us from place to place. The use of artificial intelligence will continue to grow, reshaping an increasingly larger portion of our lives beyond transportation.

While these changes will affect how we drive, how we work, and how we search for cures for disease and hunger, they will also create new challenges and opportunities for the U.S.-Korea economic relationship.

In recent years, the United States and Korea focused primarily on renegotiating the KORUS FTA. The renegotiation was limited in scope. It focused on improving the agreement's current provisions rather than expanding the FTA to address new areas for economic cooperation, including emergent areas in the Fourth Industrial Revolution where artificial intelligence will play a prominent role.



However, with the National Assembly's approval of the modifications to the KORUS FTA in December, there is now an opportunity to consider where economic cooperation beyond the KORUS FTA might be most fruitful.

In the hopes of answering some of these questions, the Asia Society Policy Institute has produced a new report on advancing the U.S.-Korea economic agenda.

The report brought together experts from both countries (your author included) to consider the most promising areas for increased U.S.-Korea cooperation, including trade and investment, energy, digital trade and advanced technologies, infrastructure, and women's empowerment.

The goal was not to simply consider areas where cooperation was needed, but to develop a series of recommendations for both the public and private sectors.

Some of the recommendations are straight forward. As a strong ally and an important security partner for the United States, Korea should be exempted from the ongoing Section 232 national security investigation on automobiles and automotive parts, as well as future national security investigations.

But other recommendations look at specific areas where the cooperation could increase trade and investment, and hence job growth which has been a priority for both administrations.

In the energy sector, the Moon administration has committed Korea to increasing its use of LNG and renewables in its energy mix. While the introduction of fracking has significantly increased production of LNG in the United States, the move in recent years to allow the export of LNG has seen the United States become a net exporter.

As Korea's long-term LNG contracts with Qatar, Oman and others expire in the years ahead, there is an opportunity to expand supplies to Korea from the United States.

For Korea and the United States to fully benefit from these changes the report highlights steps that the private

sector can take. U.S. companies, for example, need to invest in West Coast export terminals to ease exports to Korea and other countries in Asia.

At the same time, there is an opportunity for Korean firms to invest in the U.S. LNG sector. Investing in the United States would help Korean firms in securing supply, as well to continue to develop their capacity for future projects.

If there is a clear case for cooperation in energy, advanced technology is another promising area for cooperation. Whether it is new automotive companies such as Tesla, technology companies such as Alphabet's Waymo, or traditional automotive companies such as Hyundai-Kia and Ford, there is growing investment in the technology to make autonomous vehicles a reality.

As this technology moves closer to everyday use, it will be important to develop international rules and regulations for autonomous vehicles. The United States and South Korea, as major automotive and ICT producers, have an interest in ensuring reasonable rules are developed and would benefit from cooperation in organizations such as the International Organization for Standardization.

There are also benefits for private sector cooperation on autonomous vehicles. Samsung SDI and LG Chem have both benefited from the move to electric vehicles by supplying batteries to a significant portion of the U.S. industry.

Autonomous vehicles will require a robust communications network to transmit data and significant processing power. Areas where Samsung and LG are well placed to work with U.S. partners in both development and as suppliers.

Expanding cooperation in areas such as LNG and autonomous vehicles are just two of the promising areas where the public and private sectors could benefit from increased cooperation.

While the last two years have focused on addressing the renegotiation of the KORUS FTA, the time has come to look beyond the KORUS FTA for new areas to continue to expand and strengthen the economic pillar of the U.S.-Korea alliance.

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