

Abstract by Prof. Sohn Yul (GIARI/ Feb 25, 2010)

In February 2006, the South Korean government lifted the controversial ban on U.S. beef and revised an automobile remissions regulation to provide a grace period for imported vehicles, thereby paving the way for free trade negotiations with the U.S. After eight intensive rounds of negotiations, the two parties concluded a landmark Korea-U.S. free trade agreement (KORUS FTA) on April 1, 2007 and signed it on June 30, 2007 after additional negotiation. The KORUS-FTA represents America's most commercially significant FTA after the conclusion of North American free trade agreement (NAFTA) in 1993. Both countries expected FTA would strengthen the more than sixty-year-old alliance between the U.S. and South Korea and would underscore the substantial U.S. engagement in East Asia as well as economic gains (USTR, 2006: 393-417).

Countries pursue a variety of security and strategic goals through FTAs. The KORUS FTA shows how countries can simultaneously, albeit implicitly, pursue economic benefits and strategic interests in trade negotiations. In addition to the goal of maximizing the gains from trade and investment, South Korea wanted to hedge against the growing strategic uncertainties in Northeast Asia by cementing its economic ties with the U.S., while the U.S. realized that an FTA with South Korea would give Washington a strong foothold to maintain its strategic and economic presence in the region.

I investigate theoretically and empirically how and whether or not various security and strategic variables influence bilateral trade agreements. My main argument is that the conclusion of the KORUS FTA indicates the joint efforts by the U.S. and South Korea to resecure their bilateral economic relations, but that the stalemated ratification process shows the erosion, not the strength, of U.S. power (and the San Francisco system) to provide security and trade liberalization as public goods. I also note that by reducing the number of potential candidates for an FTA the U.S. has undermined its own strategy, while allowing its strategic rival, namely China to embrace a region that hitherto had been very reluctant to develop deep ties with Beijing.