

The Washington Post

Obama Welcomes South Korea's Lee to White House for State Visit

October 13, 2011

President Obama will welcome South Korean President Lee Myung-bak to the White House on Thursday, just as the two countries have reached a new free trade agreement and the East Asian nation has emerged as Obama's most reliable partner in that dynamic region.

The trappings of the state visit have been set up: U.S. and Korean flags line Pennsylvania Avenue and a state dinner has been planned at the White House. Obama, who took Lee to Woo Lae Oak restaurant in Tysons Corner on Wednesday night, and first lady Michelle Obama are set to formally receive Lee and his wife Kim Yoon-ok at the South Lawn of the White House at 9 a.m.

Obama will host a pair of bilateral meetings Thursday morning, after which he and Lee will hold a news conference in the Rose Garden at 12:20 p.m. Lee is scheduled to address a joint session of Congress later in the afternoon, one day after Congress approved a trade agreement with Korea that some experts predict could create 280,000 jobs.

The president had sent the Korean deal, along with smaller pacts with Columbia and Panama, to Congress after touting them as a way to help spur economic growth. The South Korea deal is widely hailed as the most consequential trade pact since the North American Free Trade Agreement was ratified in 1994.

Obama will emphasize the point when he travels with Lee to Detroit on Friday to tour a General Motor factory. The United Auto Workers union has said it supports the trade pacts, even as other unions have warned that any jobs increases could be offset by layoffs in the United States because of increased competition from South Korean imports.

Still analysts said the pact highlights a growing trust between the Obama and Lee administrations.

"Korea has emerged as the U.S.'s most reliable partner," said Michael Green, a former

National Security Council director for Asia. "This is now probably Obama's strongest relationship in Asia."

"I agree Korea is Obama's closest Asia partner today but I think that was accidental, not deliberate," said Victor Cha, a former White House adviser on Asia for the Bush administration.

The close tie between Obama and Lee is a somewhat surprising development for an administration that came in more focused on China, Japan and India, such experts say — a result of the political turmoil in Japan and India, and an often fractious relationship with China over economic and security issues.

One key issue that will be discussed is what to do about North Korea, especially amid renewed exchanges between North and South Korea as well as between U.S. and officials from the North.

The U.S. has emphasized that dialogue between North and South is more important than its involvement and has also expressed wariness of reviving six-party talks without clear signs of commitment by North Korea. The six-party talks — which also involve China, South Korea, Japan and Russia — have been stalled since 2008.

"No one really expects [the North] to denuclearize," Cha said. "There's no expectation that a grand bargain will take place" at this point, he said, so the real reason for the renewed engagement between U.S. and South Korea is to try to prevent the North from provocations such as missile tests.

Other topics that could be discussed include food aid for the North and education issues. During his jobs tour, Obama has repeatedly brought up South Korea's investment in education as an example of the global competitiveness that the U.S. must strive to meet.

"This week, I'm going to be hosting the president of South Korea," Obama said this week during a stop in Pittsburgh. "I had lunch with him in Seoul, South Korea. I said, what's your biggest problem? He says, 'The parents are too demanding. I'm having to import teachers because all our kids want to learn English when they're in first grade.' So they're hiring teachers in droves at a time when we're laying them off? That doesn't make any sense."



Obama Welcomes S. Korea's Lee to White House

October 13, 2011

President Barack Obama is giving South Korean President Lee Myung-bak (lee myuhng bahk) a high-profile White House welcome a day after Congress approved a long-sought free trade agreement.

The president and first lady Michelle Obama greeted Lee and his wife, Kim Yoon-ok, on the South Lawn for a formal arrival ceremony Thursday morning at the start of a state visit full of pomp, circumstance and substance.

The day was to include an Oval Office meeting between Obama and Lee and an address by Lee to a joint session of Congress, all culminating with a state dinner Thursday night.

The visit of the close U.S. ally comes on the heels of congressional approval of a trade pact with South Korea that the Obama administration says will create 70,000 jobs.

THIS IS A BREAKING NEWS UPDATE. Check back soon for further information. AP's earlier story is below.

South Korea's president is celebrating a new stage in the historically close ties between his country and the United States with a high-profile state visit a day after Congress approved a long-sought free-trade agreement.

President Lee Myung-bak was being welcomed at the White House Thursday morning before becoming the first South Korean leader in 13 years to address a joint meeting of Congress - cementing his standing as President Barack Obama's staunchest ally in Asia.

The Obama administration says the pact will generate \$11 billion in annual U.S. exports and 70,000 jobs, boosting the U.S. trade agenda in the economically vibrant Asia-Pacific region.

It also will elevate the U.S.-South Korean alliance, traditionally defined by their opposition to communist-governed North Korea. More than 28,000 U.S. troops remain based in South Korea as a deterrent.

"When the two countries complete all necessary measures for the ratification of the Korea-U.S. free trade agreement ... it will help further solidify the two pillars of the

Korea-U.S. relations - the military and economic alliance," South Korea's Ministry of Foreign Affairs and Trade said in a statement Thursday.

Under Obama, efforts to engage Asian nations have had their ups and downs. The key relationship with Japan has suffered from Tokyo's conveyor belt of prime ministers, and the U.S. has struggled to realize an effective, strategic alliance with India.

Relations with South Korea have been far more straightforward. Seoul has proved a willing helper on U.S. foreign policy priorities such as Afghanistan and fighting climate change.

The allies have moved in lockstep in their diplomacy toward North Korea, which was accused of launching two military attacks in 2010 that sank a South Korean submarine and killed 50 South Koreans, almost sparking another war on the divided Korean Peninsula.

Obama and Lee have refused to offer fresh aid and incentives to North Korea without it taking concrete action to show it is sincere about eventually giving up its nuclear weapons.

That policy of "strategic patience" and reluctance to jump back into negotiations has come in for criticism. While multinational disarmament talks have been suspended, North Korea has unveiled a uranium program that gives it a new means of generating fissile material for atomic bombs.

In recent months, however, both Seoul and Washington have held exploratory talks with Pyongyang, helping dial down tensions.

The United States is expected to hold another meeting with North Korea soon, to discuss how the six-nation disarmament-for-aid negotiations can get back on track. Although it is thought very unlikely Pyongyang would ever give up its nuclear weapons, talks are seen as a way of forestalling fresh aggression by the North.

Both South Korea and the United States are entering an election year and will want to avoid the kind of security crisis that could ensue following a nuclear test or military attack.

While Lee and Obama will be discussing next steps on North Korea during their meeting, the main theme of the visit remains trade.

After hosting Lee at a White House state dinner Thursday night, Obama will travel with the South Korean leader to a General Motors plant in Detroit.

The free-trade pact was first agreed upon by the two governments and has taken four

years to bear fruition because of the Obama administration's demand for U.S. access to South Korea's auto market.

Negotiators reached a compromise late last year, and Lee's visit spurred Democrats and Republicans to set aside their differences and approve free-trade agreements with South Korea, Panama and Colombia. Lawmakers of both parties want to show they are taking action to stimulate the sluggish U.S. economy and create jobs.

The Korean pact, which still requires approval from South Korea's legislature, is America's biggest free-trade agreement since the 1994 North American Free Trade Agreement with Canada and Mexico. Lee said Wednesday it sends a powerful message to the world that the U.S. and South Korea are opposed to protectionism and support free and open trade.

South Korea is the world's 12th largest economy. U.S.-South Korea trade amounted to \$90.2 billion last year.



Obama Welcomes South Korea to the White House

October 13, 2011

The morning after Congress passed a long-delayed trade agreement with South Korea, President Obama will welcome President Lee Myung-bak and first lady Kim Yoon-ok of South Korea to the White House today for an official state visit.

President Obama and the first lady will formally welcome President Lee and first lady Kim in an arrival ceremony on the White House South Lawn, rife with pomp and circumstance. But the two leaders actually kicked off their visit Wednesday night, going out for Korean barbeque in northern Virginia.

Obama and Lee have a full day of events planned, including an Oval Office bilateral meeting, a Rose Garden joint news conference and, of course, an official state dinner.

Bloomberg Businessweek

Obama, Lee Begin State Visit with Trade Deal as Centerpiece

October 13, 2011

President Barack Obama said congressional passage of a free-trade agreement with South Korea will help create 70,000 U.S. jobs and shows Republicans and Democrats can cooperate on measures to improve the economy.

The trade deal “shows that we are happy to work with Republicans where they are willing to put politics behind the interests of the American people and come up with proposals that are actually going to create jobs,” Obama said in a joint news conference with South Korean President Lee Myung-bak.

Obama challenged Republicans, who control the U.S. House, to back his \$447 billion jobs plan, which he said will be brought to Congress piecemeal after the Senate blocked consideration of the full plan on Oct. 11.

“Frankly we have not seen a lot of ideas coming forward from Republicans that would indicate that same kind of commitment to job creation,” Obama said. If congressional Republican leaders propose an alternative for infrastructure improvements, “I’ll be right there,” Obama said. “We’ll be ready to go.”

Obama’s package includes tax increases on the wealthy, tax cuts for the middle class and spending for items such as road and bridge repairs and teacher salaries. Obama is pressing Senate Democrats for a series of votes that would force lawmakers to go on record with their positions on individual components of the package.

‘Unbreakable’ Alliance

Obama welcomed Lee, 69, to the White House earlier today, saying the U.S. alliance with South Korea is “unbreakable” and “stronger than it has ever been.” Obama also said the U.S. is “a Pacific nation.”

At the news conference, the leaders said the trade deal represents a “win” for both countries in terms of job creation and economic benefit.

The leaders said they also discussed the global economy, North Korea, Iran and Libya.

Obama announced he will attend a nuclear security summit in the South Korean capital of Seoul next March.

Describing Obama as “one of my closest friends,” Lee said through a translator that relations with the U.S. are built on a “bedrock of stability, peace and progress.”

The visit from Lee “comes at a time that’s really a high point in the bilateral relationship and in our alliance with South Korea,” White House press secretary Jay Carney said yesterday. The relationship “has matured over the last two years into a partnership building peace and prosperity globally.”

Trade Agreements

The South Korea trade deal, which was cleared by Congress last night along with accords with Colombia and Panama, is the biggest for the U.S. since the North American Free Trade Agreement in 1994. The U.S. International Trade Commission said it would boost U.S. exports by as much as \$10.9 billion in the first year in which it is in full effect. U.S. trade with South Korea totaled \$87.6 billion last year, according to the U.S. Census Bureau.

The accord with South Korea has a “broader import or meaning for U.S. engagement in Asia,” said Michael Green, a senior adviser with the Center for Strategic and International Studies in Washington and a senior director for Asian affairs at the National Security Council under President George W. Bush.

While Obama set out when he took office to intensify ties with China and increase U.S. leverage in the region through Japan and India, Korea proved to be “the most reliable partner” for the U.S. in Asia, Green said.

‘Strategic Picture’

Green said he expects today’s discussions between Obama and Lee to focus on “the larger strategic picture and the rise of Chinese power” as well as on expected cuts to the U.S. defense budget and efforts to discourage North Korean nuclear testing or provocations.

Obama and Lee also have developed a “close personal relationship” that has enhanced U.S.-South Korean strategic and economic ties, said Tommy Vietor, a White House spokesman.

For Lee’s first night in Washington, Obama took the South Korean leader out for dinner. The two leaders, joined by members of their delegations, ate at Woo Lae Oak, a Korean barbecue restaurant in Vienna, Virginia, about 15 miles west of the White House.

The menu features “authentic Korean BBQ” including bulgogi, a thin-sliced boneless rib eye steak, and saewoo, a black tiger shrimp dish served with broccoli, onions, mushrooms and bell peppers.

Education Spending

In speeches to promote his economic policies, Obama regularly invokes Lee and South Korea to drive home the need for the U.S. to spend on education.

Obama told the crowd at an Oct. 11 fundraiser in Orlando, Florida, that Lee had once told him how demanding South Korean parents are. “He says, they know education is the key to our future, so I’m having to import teachers to teach kids English in the first grade because they know that they want to succeed,” Obama said. “So they’re hiring teachers as fast as they can, and what are we doing? We’re laying them off in droves.”

Tomorrow, Obama and Lee are scheduled to fly to Michigan to tour a General Motors Co. plant that assembles the Chevrolet Sonic. Obama has said repeatedly that he doesn’t mind Americans driving Korean cars so long as Koreans are buying American cars as well and that the trade agreement could help.

Companies such as Ace Ltd., Citigroup Inc. and Pfizer Inc. have led the effort to get the South Korea deal passed, while Caterpillar Inc., General Electric Co. and Whirlpool Corp. were among the biggest backers of the accord with Colombia.

The Washington Times

South Korean President Sees Boom from Trade Pact

October 13, 2011

South Korean President Lee Myung-bak told a group of U.S. business leaders on Wednesday that the country's free-trade agreement with the United States could send two-way trade soaring and spur an investment boom by 2015.

On the first full day of a Washington visit to be highlighted by a White House state dinner Thursday night, Mr. Lee spoke just hours before the House and Senate took final votes on the free-trade pact, which has been pending since 2007.

"If businessmen of the two countries make active efforts, trade between the two countries is expected to increase by more than 50 percent by 2015 and sharply expand investment," Mr. Lee said at a luncheon at the Willard InterContinental hotel hosted by the U.S. Chamber of Commerce and the U.S.-Korea Business Council.

Mr. Lee said the trade agreement, first negotiated under President George W. Bush, will bring the two allies closer together and provide both with more jobs and more investment opportunities. He also said the pact signifies a strong "economic alliance" to complement the security ties that date back to the Korean War.

"Ratification of the Korea-U.S. [free-trade agreement] is a victory of businessmen of the two countries and a historic event that opens a new horizon in relations between the two countries," Mr. Lee, a former Hyundai executive and mayor of Seoul, said.

The red carpet was rolled out as Mr. Lee arrived Tuesday in Washington for a state visit that includes summit talks with President Obama, the state dinner, an address to a joint session of Congress and stops in Detroit and Chicago.

The United States-Korea Free Trade Agreement was signed in June 2007, but its passage has been held up by political opposition on both sides. The Obama administration said it had won new concessions to help ease opposition from unions and other free-trade skeptics.

The deal calls for tearing down or reducing tariffs and other barriers to the exchange of goods and services. American automakers and farmers are expected to be major beneficiaries of the deal, getting increased access to lucrative markets that have been largely closed off to them in the past.

“We’re very hopeful that Congress will act to approve the trade agreement,” White House Press Secretary Jay Carney told reporters Wednesday. “And the president will, obviously, sign it if Congress does act.”

Tami Overby, vice president of the U.S. Chamber of Commerce’s Asian division, said U.S. businesses greeting Mr. Lee were “sending good vibes over to Congress” for the passage of the agreement.

Mr. Lee “talked about the future that the free-trade agreement would create through the business community and challenged us to take full advantage of it,” Ms. Overby said.

The deal still must be ratified by the South Korean parliament, where it is also expected to face some opposition.

Los Angeles Times

South Korean President Tells Congress Trade Pact will Spur Growth

October 14, 2011

In an address to members of Congress Thursday, South Korea's president thanked lawmakers for passing a long-awaited trade agreement with his country, what he called the opening of a "new chapter" in the already strong relations between the two nations.

President Lee Myung-bak spoke to a joint meeting of Congress a day after the House and Senate ratified the South Korea trade pact and two others that had languished amid the partisan rancor that has come to define Washington. Both chambers quickly passed the legislation.

"I am particularly grateful to the leadership of both parties and all of the esteemed members of Congress for ratifying the Korean trade agreement last night in a swift manner, which, I am told, was quite unprecedented," Lee said, speaking in Korean with an English translation. "It is a win for our corporations, a win for our workers, a win for small businesses and a win for all the innovators on both sides of the Pacific."

The South Korean leader expressed gratitude for the deep ties between the countries, the political and economic values that connect them. He saluted by name the four current members of Congress who had served in the Korean War.

"We go together," he said, explaining a Korean expression. "Indeed, we have been going together for 60 years."

Lee spoke of the growing economic opportunities between the two countries, noting Kia automotive plants in Georgia and Michigan, and a joint GM-South Korean venture outside Seoul.

Members of the House and Senate filled the House chamber for the address, as visitors in the gallery looked on. At times, Lee touched on topics that could have broader appeal to congressional Democrats than Republicans.

The South Korean president insisted that economic growth cannot come at the expense of environmental degradation, and he spoke of his country's work to reduce greenhouse gas emissions and support renewable energy.

“In the 21st century, economies must be green to grow,” he said.

Lee said he was often asked about his country’s swift economic advance from an impoverished nation a generation ago, and he said he always answers with the same response: “The power of education.”

At least one Democrat, Rep. Steny Hoyer of Maryland, the whip, looked across the chamber to his colleagues.

“Learning was the key,” Lee said. “My parents, all parents, believed education was the best way to break that vicious cycle of poverty.”

As the two counties have marked the 60 years since the onset of Korean War, Lee expressed his appreciation for the continued U.S. military presence. He pressed for a unified, nuclear-free Korea.

“A unified Korea will be a friend for all and a threat to none,” he said. “North Korea must give up their nuclear ambitions.”

Lee called out by name the four members of Congress who had served in the Korean War: Rep. John Conyers Jr. (D-Michigan), Rep. Charles B. Rangel (D-N.Y.), Rep. Sam Johnson (R-Texas) and Rep. Howard Coble (D-N.C.). As he left the chamber, he greeted them and shook their hands.

The president had met earlier in the day at the White House with President Obama.

Bloomberg Businessweek

Lee Says U.S.-Korea Trade Agreement will Be Force for Stability

October 14, 2011

A free-trade deal with the U.S. will be a force for stability in Northeast Asia as nations pressure Kim Jong Il to abandon North Korea's nuclear-weapons program, South Korean President Lee Myung Bak said.

Speaking to the U.S. Congress during a visit to Washington after meeting with President Barack Obama, Lee said yesterday the pact with the U.S., reached in 2007 and approved on Oct. 12, opens a "new chapter" in the relationship between the two nations.

"For Korea, America is not a distant land," he said in the speech in the House chamber. "America is our neighbor and our friend."

The trade deal, which goes to Obama for his signature and must be approved by South Korea's National Assembly, may increase U.S. exports as much as \$10.9 billion in the first year that it's in full effect, according to the U.S. International Trade Commission. The accord may increase imports from South Korea by \$6.9 billion, according to the commission.

"Our free trade agreement has significance because it will be a force for stability," Lee said. "Because lasting stability, again, depends on economic opportunity being open and robust. Our relationship can be the catalyst that generates growth all along the Pacific Rim."

The two Koreas, facing off across the world's most heavily armed border, never signed a peace treaty after a 1950-53 conflict. The U.S. has troops in South Korea as a legacy of the Korean War, when China fought alongside North Korea.

Lee rolled back his predecessor's "Sunshine Policy" of engaging with North Korea when he took office in 2008, saying the policy rewarded Kim Jong Il's regime for provocative behavior -- a view echoed by the Obama administration.

Torpedo Attack

Relations with North Korea have soured. Last year North Korea shelled Yeonpyeong

Island, killing four people, and was blamed for a torpedo attack on a South Korea warship that claimed 46 lives.

In an interview with Bloomberg News in New York last month, Lee said plans to build a natural-gas pipeline across the divided peninsula are realistic, signaling a potential easing of tensions between the two nations. Lee said yesterday that North Korea must give up its nuclear ambitions and that the two nations need to achieve a “peaceful reunification.”

“A unified Korea will be a friend to all and a threat to none,” Lee said. “We therefore must achieve the denuclearization of the Korean Peninsula.”

The trade agreement between the U.S. and South Korea removes duties on almost two-thirds of American farm exports, and phases out tariffs on more than 95 percent of industrial and consumer exports within five years.

Chemicals, Autos

The South Korean tariff phase-outs increase market access for U.S. chemical, automobile, medical device and drug companies, and the end of duties on a range of agricultural exports would aid producers of meat, dairy, vegetables and fruits and nuts. Banks and communications companies would also gain opportunities through reductions in regulatory barriers.

The South Korea government expects to approve its own bill on the agreement soon, enabling the trade pact to take effect on Jan. 1, the nation’s foreign ministry said yesterday in a statement on its website. Obama said at a news conference with Lee yesterday that he will sign the agreement “in the coming days.”

The U.S. Department of Energy said yesterday that the U.S. and South Korea established a partnership to strengthen cooperation in clean-energy and technology research and development.

“As our countries move down this path, we will be moving even closer together,” Lee said.

The Washington Post

Obama, S. Korea's Lee to Promote Trade Deal in Heart of US Auto Industry

October 14, 2011

President Barack Obama and South Korea's President Lee Myung-bak are promoting a new trade deal by visiting an auto plant in Michigan, a state battered by Asian car imports, in a rare joint appearance outside of Washington by a U.S. president and a visiting head of state.

In choosing General Motors Co.'s Orion assembly plant for a post-state dinner tour Friday, the two leaders will draw attention to an aspect of a U.S.-South Korea trade agreement that had been among the most difficult to negotiate. Congress approved the deal Wednesday after negotiators overcame U.S. auto industry complaints that previous efforts at a deal failed to do enough to lift South Korea's barriers to U.S.-made cars.

Obama is taking Lee to the heart of the region that has been hardest hit by foreign car competition, especially the influx of vehicles like South Korea's Hyundai.

But for Obama, the trip is also an opportunity to highlight the auto industry's resurgence after he engineered an \$80 billion government bailout for GM and Chrysler in 2009. The Orion plant, about 30 miles north of Detroit, had been shuttered before the federal government stepped in and helped usher the two carmakers through bankruptcy protection. The plant now is producing the subcompact Chevrolet Sonic and will start production of the compact Buick Verano soon.

The Sonic, the only subcompact sold in the U.S. that is assembled in the U.S., is being built with Korean parts. GM began building the Sonic last year following an agreement with the United Autoworkers that allowed the company to pay some workers lower wages that are more competitive with those in GM's foreign plants. The Sonic's predecessor, the Chevrolet Aveo, was built in South Korea.

All in all, Obama could profit from calling attention to policies aimed at benefitting Michigan, a state that has the third highest unemployment rate in the country at 11.2 percent and which represents an important battleground in his bid for re-election. Obama won the state by a 57-41 margin in 2008, but could face difficulties in the state, especially if his general election opponent is Mitt Romney, whose father was Michigan

governor.

The trip also serves as an opportunity to illustrate his special relationship with the South Korean leader. Inviting Lee to the U.S. heartland is an unusual addition to the itinerary of a high-profile state visit. The two men were expected to fly separately to Michigan; once at the plant, both men planned to make remarks.

Lee's is the fifth state visit during Obama's presidency, but the first that has included added travel beyond Washington D.C.

President George W. Bush was more predisposed to travel outside the capital Beltway with foreign leaders. In 2006, he invited Japanese Prime Minister Junichiro Koizumi, an unabashed Elvis Presley fan, to Graceland. In 2001, Bush took Mexican President Vicente Fox to Toledo, Ohio, where the two addressed Hispanic voters the day after their state visit at the White House. The following year, then-Polish President Aleksander Kwasniewski accompanied Bush to a Polish cultural center in the Detroit suburbs.

In addition to the South Korea agreement, Congress approved free trade deals Wednesday with Colombia and Panama. The South Korea deal, which would be the largest since the North American Free Trade Agreement with Canada and Mexico, still must be approved by South Korea's National Assembly— a vote that Lee said he was confident would succeed.

The South Korea deal alone could expand U.S. exports by \$11 billion and support 70,000 jobs, according to the White House. The agreements would lower or eliminate tariffs that American exporters face in the three countries. They also take steps to better protect intellectual property and improve access for American investors in those countries. The last free trade agreement completed was with Peru in 2007.

Many labor groups opposed the deals, but the agreements won wide bipartisan support in part because their passage was linked to legislation to extend aid to workers displaced by foreign competition. Obama had demanded that the worker aid bill be part of the trade package.

Standing with Lee at his side during a press conference Thursday, Obama declared the trade deal "a win for both our countries," adding that he was "very pleased that it'll help level the playing field for American automakers."

Still, five of the six House Democrats from Michigan voted against the trade deal, including Rep. Gary Peters, whose district includes GM's Orion plant. Peters said Obama had helped make the deal fairer to U.S. carmakers, but said he believed the deal would cost jobs in Michigan.

The trade agreement comes as South Korea's Hyundai Motor Co. and Kia Motors Corp.

are on track to set U.S. sales records this year. Both companies build car and light truck models in the United States, but also export vehicles to the U.S. market.

Last year, the Ford Motor Co. ran an aggressive ad campaign to improve the trade deal by pointing out that for every 52 cars South Korea exported to the U.S., the U.S. only exported one to South Korea. “We believe in free trade, and this isn’t it,” Ford said in ads that ran in newspapers across the country.

On Friday, Ford President and CEO Alan Mulally praised the deal, saying it would “open new opportunities for Ford to reach even more Korean customers.”



Obama, Lee to Pitch Trade Deal in Michigan

October 14, 2011

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White House Travels to Michigan to Sell Auto Bailout as Winner

October 14, 2011

President Obama will travel to a General Motors plant in Michigan Friday to tout the auto bailout, one of the few bright spots for the White House in a torrent of consistently bad economic news.

The president's trip to Orion Township, Michigan on Friday with South Korean President Lee, highlights a key element of Obama's reelection strategy as he tries to make the case that his unpopular decision to bailout GM and Chrysler has paid off.

Obama and Lee are visiting a plant that produces the Chevy Sonic. It was set to close before Obama agreed to restructure GM with government loans, and the White House argues this saved 1,750 jobs.

Such arguments are critical to the president as he asks voters for a second term as the nation battles high unemployment and falling incomes.

Friday's trip also gives Obama a chance to boast about the positive effects of the recently passed U.S.-Korean free trade agreement and how the administration believes that it will create thousands of jobs in the coming years.

At first glance, the thought of an American president hosting a tour of a GOP plant for the South Korean president might seem incongruous at first glance.

South Korea is the home of several major auto producers that are fierce competitors in the U.S. market, and U.S. autoworkers and the big three initially resisted the trade deal

Auto and truck tariffs were one of the last issues to be resolved before Obama agreed to back the deal last year. But in the end, Ford, GM and Chrysler all supported the deal as did the United Autoworkers union.

The White House argues the trade deal could lead to exports of U.S. cars to Seoul by reducing Korean tariffs on U.S. cars in half.

“The Sonic enterprise shows not just how the president’s decision to save the American auto industry is keeping plants open across the Midwest, it also illustrates how U.S.-Korea economic ties work for American workers,” the White House said Friday in advancing the president’s trip.

Obama got another boost Friday morning from a Commerce Department report showing strong retail sales, including for cars, for the month of September. Autos and auto parts sales jumped 3.6 percent.

While the bailouts that followed the financial collapse in 2008 remain the subject of conservative ire, the White House sees the auto bailout as popular in Michigan, a key battleground state the president cannot afford to lose.

Given the presence of auto manufacturers in other battleground states such as Ohio, Pennsylvania, Wisconsin and Indiana, the White House hopes positive feeling in Michigan about what the administration did for the U.S. auto companies will bleed out to other states.

In 2008, Obama cruised to victory in Michigan with about 57 percent of the vote, but the White House clearly isn’t taking the state for granted. Mitt Romney, a frontrunner in the GOP presidential race, has deep family roots in the state. His is the son of former Michigan Gov. George Romney.

Obama has been traveling to Michigan with great frequency. This will be Obama's ninth trip to the state this year, and Vice President Biden was in the state earlier this week.

Lending credence to the notion that Obama is preparing to battle Romney in Michigan, the Democratic National Committee (DNC) has repeatedly pointed out that the Republican was opposed to the bailouts. This week, the DNC put out a statement and video about Romney's record on the bailouts.

Brad Woodhouse, a spokesman for the DNC, said in an email that Romney has repeatedly flipped on the issue, and had Romney been president, the Big Three would be bankrupt.

“Mitt's latest position is that the auto industry shouldn't have been pulled back from the brink of disaster,” Woodhouse said. “But as Michiganders know, the president's decision to provide loans to automakers was the right one. The recovery package worked, two great American companies are back on their feet, and more than 1.4 million Americans still have jobs.”

Officials have indicated they hope the good news from Michigan will be felt in other states like Indiana.

“The Sonic enterprise shows not just how the president’s decision to save the American auto industry is keeping plants open across the Midwest, it also illustrates how U.S.-Korea economic ties work for American workers,” a White House official said. “That’s what the Korea trade agreement does on a larger scale.”