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S. CON. RES. 4

Expressing the sense of Congress that assistance to South Korea should be conditioned on South Korea's compliance with its international trade commitments and on South Korea's termination of its unfair trade practices and subsidies.

IN THE SENATE OF THE UNITED STATES

JANUARY 26, 1999

Mr. ASHCROFT (for himself and Mr. BAUCUS) submitted the following concurrent resolution; which was referred to the Committee on Finance

CONCURRENT RESOLUTION

Expressing the sense of Congress that assistance to South Korea should be conditioned on South Korea's compliance with its international trade commitments and on South Korea's termination of its unfair trade practices and subsidies.

Whereas Asia is the largest regional export market for America's farmers and ranchers, traditionally purchasing approximately 40 percent of all United States agricultural exports;

Whereas the Department of Agriculture forecasts that over the next year American agricultural exports to Asian countries will decline by several billion dollars due to the Asian financial crisis;

Whereas the United States is the producer of the safest agricultural products from farm to table, customizing goods to meet the needs of customers worldwide, and has established the image and reputation as the world's best provider of agricultural products;

Whereas American farmers and ranchers, and more specifically, American pork and beef producers, are dependent on secure, open, and competitive Asian export markets for their product;

Whereas United States pork and beef producers not only have faced the adverse effects of depreciated and unstable currencies and lowered demand due to the Asian financial crisis, but also have been confronted with South Korea's pork subsidies and its failure to keep commitments on market access for beef;

Whereas it is the policy of the United States to prohibit South Korea from using United States and International Monetary Fund assistance to subsidize targeted industries and compete unfairly for market share against United States products;

Whereas the South Korean Government has been subsidizing its pork exports to Japan, resulting in a 973-percent increase in its exports to Japan since 1992, and a 71-percent increase in the last year;

Whereas pork already comprises 70 percent of South Korea's agriculture exports to Japan, yet the South Korean Government has announced plans to invest 100,000,000,000 won in its agricultural sector in order to flood the Japanese market with even more South Korean pork;

Whereas the South Korean Ministry of Agriculture and Fisheries reportedly has earmarked 25,000,000,000 won for

loans to Korea's pork processors in order for them to purchase more Korean pork and to increase exports to Japan;

Whereas any export subsidies on pork, including those on exports from South Korea to Japan, would violate South Korea's international trade agreements and may be actionable under the World Trade Organization;

Whereas South Korea's subsidies are hindering United States pork and beef producers from capturing their full potential in the Japanese market, which is the largest export market for United States pork and beef, importing nearly \$700,000,000 of United States pork and over \$1,500,000,000 of United States beef last year alone;

Whereas under the United States-Korea 1993 Record of Understanding on Market Access for Beef, which was negotiated pursuant to a 1989 GATT Panel decision against Korea, South Korea was allowed to delay full liberalization of its beef market (in an exception to WTO rules) if it would agree to import increasing minimum quantities of beef each year until the year 2001;

Whereas South Korea fell woefully short of its beef market access commitment for 1998; and

Whereas United States pork and beef producers are not able to compete fairly with Korean livestock producers, who have a high cost of production, because South Korea has violated trade agreements and implemented protectionist policies: Now, therefore, be it

- 1 *Resolved by the Senate (the House of Representatives*
- 2 *concurring), That Congress—*

1 (1) believes strongly that while a stable global
2 marketplace is in the best interest of America's
3 farmers and ranchers, the United States should seek
4 a mutually beneficial relationship without hindering
5 the competitiveness of American agriculture;

6 (2) calls on South Korea to abide by its trade
7 commitments;

8 (3) calls on the Secretary of the Treasury to in-
9 struct the United States Executive Director of the
10 International Monetary Fund to promote vigorously
11 policies that encourage the opening of markets for
12 beef and pork products by requiring South Korea to
13 abide by its existing international trade commit-
14 ments and to reduce trade barriers, tariffs, and ex-
15 port subsidies;

16 (4) calls on the President and the Secretaries of
17 Treasury and Agriculture to monitor and report to
18 Congress that resources will not be used to stabilize
19 the South Korean market at the expense of United
20 States agricultural goods or services; and

21 (5) requests the United States Trade Rep-
22 resentative and the United States Department of
23 Agriculture to continue bilateral consultations with
24 the Government of South Korea on its failure to
25 abide by its international trade commitments on beef

1 market access, to consider whether Korea's reported
2 plans for subsidizing its pork industry would violate
3 any of its international trade commitments, and to
4 determine what impact Korea's subsidy plans would
5 have on United States agricultural interests, espe-
6 cially in Japan.

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