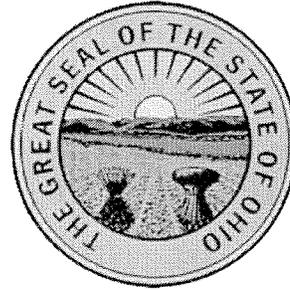




STATE OF MICHIGAN



STATE OF OHIO

March 19, 2007

The Honorable Sander M. Levin
Chairman
House Ways and Means Committee
Subcommittee on Trade
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As you conduct a hearing on the efforts of the United States Trade Representative (USTR) to complete a free trade agreement (FTA) with the Republic of Korea, we write to express our deep concern that America's national economic and security interests would be damaged if the agreement weakens the competitive position of our domestic automotive manufacturing sector.

The expiration of the President's existing trade promotion authority this summer has greatly accelerated bilateral FTA negotiations. We are aware of the potential benefits a US-Korea FTA could provide American workers and consumers, but only if that agreement levels the competitive playing field and eliminates Korea's persistent tariff and non-tariff barriers to our domestic automobile exporters, which are among the most aggressive barriers of any developed nation.

During the winter meeting of the National Governors Association (NGA) Ambassador Susan Schwab stated emphatically to us, "It is a prerequisite for having that deal close, that the automotive sector be open." Our trading history with Korea has not exhibited openness or transparency, and so we urge you and

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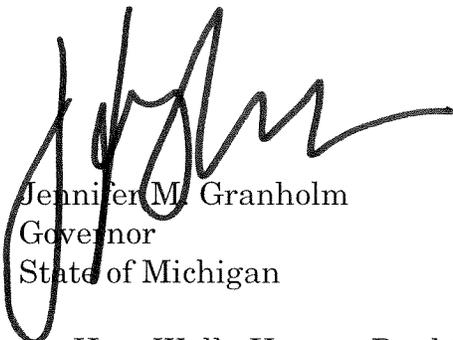
your Congressional colleagues to insist that our negotiators' actions match their words. It is imperative that the Bush Administration stand up for our auto workers and manufacturers by opening Korea's auto markets in any new FTA, and not bargain away our auto sector and hundreds of thousands of good-paying manufacturing jobs. If the Bush Administration cannot successfully open Korea's markets to all American goods and services, Congress must say no.

Any meaningful FTA must recognize that the auto sector accounts for 82 percent of Korea's trade surplus with the U.S., and address the reality of Korea's poor compliance with previous automotive trade commitments. Amazingly, Korea continues erecting barriers to American auto sales even as it seeks immediate elimination of U.S. tariffs on Korean auto imports. It would be unfortunate if our senior trade officials sought to gain overall agreement at the expense of challenging Korea's anti-competitive acts. Simply put, any FTA must guarantee American manufacturers the opportunity to truly compete in an open market, and require measurable progress to greatly narrow the current auto sales gap favoring Korea by nearly 200 to 1.

Ambassador Schwab personally assured us that she will not close a trade agreement with Korea without making sure the automotive playing field is level. We appreciated hearing her assurance, but remain concerned by Korea's continued refusal to offer any tariff or non-tariff reforms, its continued anti-competitive behavior, and USTR's failure to call for meaningful measurable commitments to pry open the Korean marketplace to our automotive products.

America's trade negotiators must be our representatives who stand up for our businesses and workers. They have the responsibility to search for innovative and enforceable solutions to address persistent and harmful problems. These negotiations must move beyond the rhetoric of the past to find formulas that will assure long-term results to make certain that all economic sectors have a fair opportunity to compete under any new trade agreement.

Sincerely,



Jennifer M. Granholm
Governor
State of Michigan



Ted Strickland
Governor
State of Ohio

cc: Hon. Wally Herger, Ranking Member