



ADVANCING GLOBAL COMMUNICATIONS

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U.S.–Korea Free Trade Agreement (FTA) Potential Benefits for the Telecommunications Industry

A free trade agreement with the Republic of Korea would benefit information and communications technology (ICT) manufacturers, suppliers and service providers of both countries by establishing greater market access for both countries, assuring a rules-based and predictable business climate and encouraging further bilateral investment. Korea is the world's tenth largest economy and seventh largest U.S. goods trading partner. In 2005, two-way trade was roughly US\$72 billion. U.S. goods exports alone totaled US\$28 billion in 2005, making Korea our seventh largest export market. Economists estimate that a U.S.–Korea FTA can bring up to US\$30 billion in income to the U.S. economy and that U.S. exports would rise by 43.2 percent.

TIA supports a U.S.–Korea FTA for the following reasons:

Technology Neutrality: The principle of technology neutrality (“technology choice”) is one of the most critical issues for regulated sectors like telecommunications. Markets and innovation benefit most when ICT manufacturers and suppliers engage in demand-driven competition, standards are competitively and openly developed, and governments do not interfere to either curb market failures or enhance market champions.

Independent Regulatory Body: An FTA would encourage Korea's telecommunications regulatory body to be separate from, and not accountable to, any supplier of public telecommunications services or government agency. This is critical to ensuring fairness, impartiality and regulatory integrity in each participating country's communications industry.

Transparency: Regulation and government operations, such as customs operations, should be conducted with transparency, efficiency, timeliness and predictability. Regulations and customs laws, decisions and rulings should be applied in a manner that does not impede business operations and market efficiency. In government procurement, there should also be transparent and open competitive bidding processes.

Market Access: Access to and use of public telecommunications networks and services on a non-discriminatory basis affords U.S. businesses the opportunity to compete on a level playing field. In addition, procurement opportunities should not be obstructed.

“Negative List” Approach for the Introduction of New Services: Ensuring that agreed-to trade disciplines are automatically extended to services that have yet to be created or brought to market is very important for encouraging the introduction of new services. Thus, any new services should be considered liberalized, unless specifically exempted. As a result, the principles of market access, transparency and non-discrimination for telecommunications and other services will be reinforced.

Protection of Intellectual Property Rights: Internationally recognized agreements on protection of intellectual property rights and business practices would be furthered in an FTA with Korea. This is essential for global competition, innovation and expanding business practices worldwide.



The Telecommunications Industry Association represents the communications sector of

