

# Article review on international corporate finance

Countries, United States



South Korea and U. S. struck a deal to revive an agreement that that could drop obstruction on a wide collection of goods and services. The U. S. and South Korea negotiators broke a three year impasse over the joint agreement by reaching an agreement on a deal to steadily lower U. S. tariffs on Korean automobiles. The U. S. president is now facing a difficult final push to bring the deal into force which has to win approval from incoming legislative body in January. The deal must also win ratification by South Korean law makers.

The deal gave a boost to the U. S. president's efforts to double U. S. exports by 2015 and to put up support with the nations biggest international corporations . Leaders have also been worried that Mr. Obama has not been pushing hard enough to expand trade breach deals to secure new agreements.

Mr. Obama said the deal would strengthen U. S. defend manufacturing jobs, create jobs, open South Korean services market and boost agricultural exports. In addition the spokesman for South Korean president said that it would reflect the interests of both countries in a balanced way.

U. S. businesses that stand to advantage from a South Korea free-trade contract include financial services, manufacturers of big-ticket investment goods and agriculture. This deal is a U. S. jobs inventor. It sets the stage for a spectacular increase in U. S. exports of agricultural products, manufactured goods, and services to a self-motivated and growing Korean economy. It is said that the agreement will also create U. S. jobs and spur economic growth.

To settle the deal, South Korea agreed to extra protection for U. S. auto makers, which fear losing market share to the likes of Kia Motors Corp and Hyundai Motor Co. The revised conformity allows the U. S. five years to stage out a 2. 5% tariff it tax on South Korean-built cars, rather than trimming down the tariff instantly, as provided for in the original accord struck in 2007.

The chief executive took a personal responsibility in the conference, pressing to uphold tariffs on imported South Korean vehicles for a decade, prior to agreeing to the five-year negotiation.

The incoming chairman of the Means Committee and House Ways, pledged to help the management move long-stalled trade conformity with Panama and Colombia, with the goal of implementing outstanding issues within six months.

Cars and beef were the two main issues a revised deal must concentrate on in order to win congressional support, and the two main concerns that Mr. Obama said would be attended to in the revised agreement. But representatives punted on beef in order to win Korean treaty on autos.

While the agreement is also probable to expand South Korea's exports to the U. S., which summed up to about \$40 billion last year, the main effect will be to lower the import costs from the U. S. The most observable change is expected to be in food, with prices expected to drop as tariffs—ranging from 40% on beef to 600% on popcorn—fall off.

To conform to the U. S. trade pact, South Korean regulations covering the accounting and legal industries will have to transform to allow U. S.-based organizations to do business in the country.

The conformity is likely to set off deep soul-searching in Japan, which has not been capable of striking similar deals with the Europe or U. S. due to the pressure of its powerful agricultural lobby.