

From Patron to Partner: the Development*Of U.S.- Korean Business and Trade Relations, Edited by Karl Moskowitz

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FROM PATRON TO PARTNER: THE DEVELOPMENT OF U.S.-KOREAN BUSINESS AND TRADE RELATIONS. Edited by Karl Moskowitz. Lexington, Mass.: D.C. Heath & Co., 1984, 221 pp., \$26.00.

The surrender of the Japanese Empire in 1945 soon gave birth to the new nation of the Republic of Korea. From the aftermath of World War II, when it was almost entirely dependent for its very existence on the United States, the Republic of Korea has grown into a self-sufficient commercial and trading nation of world-wide importance. In 1983, Korea was one of the most important exporters of merchandise to the United States.

The evolution of the Republic of Korea from a client state to the economic and commercial partner of the United States is the subject of the work *From Patron to Partner: The Development of the U.S.-Korean Business and Trade Relations*, edited by Karl Moskowitz. The volume's nine chapters treat specific facets of the private, commercial, and trade relations between the United States and Korea, deliberately avoiding, except for background purposes, the fundamental aspects of security and military relations and their effect on bilateral trade.

An introductory chapter by the editor gives a brief political and economic history of Korea in the twentieth century, sets forth the objectives of the book, and gives an overview of the various contributions. Then, two chapters analyze foreign direct investment in Korea. The first compares the nature of Japanese and American foreign direct investment and attempts to analyze why American direct investment has been primarily in industries previously dependent on imports, while the Japanese have primarily invested in export industries. The second emphasizes the differences between American and Korean attitudes toward foreign investment, how these attitudes effect investment, and how these attitudes and their effects are changing.

After these general chapters, a specific case study of the pitfalls of foreign investment in Korea is presented, namely the 1970s joint venture between the Dow Chemical Company and its Korean partners. This study attempts to show how the differences in organization and goals caused the joint venture's failure. The story of the 1982 termination of the venture by Dow illustrates less the unique aspects of U.S.-Korean trade relations than the evolution of post-war industrial dominance away from the United States and toward non-traditional producer countries.

Chapter Five explores the role of American technology in Korean development, particularly the relationship between the industrial stages in Korean development and the type of technology transferred to Korea and the methods by which the technology was transferred, including a case study to illustrate these points.

The evolution of trade facilitation channels in U.S.-Korean trade is then discussed. Large trading firms have formed in Korea, not dissimilar to Japanese trading companies. The Korean firms' success in originating and expanding U.S.-Korean trade, and investment in the United States by Korean firms has been remarkable.

Chapter Seven describes the resolution of various trade disputes between the United States and the Republic of Korea. The author of this chapter outlines thirteen significant trade disputes between the U.S. and Korean governments between 1960 and 1981. Of those disputes, nine were resolved in favor of the United States, four were resolved by a compromise or intermediate solution, and none was resolved in Korea's favor. The apparent inability of Korea to resolve these disputes favorably is attributed to the fundamental imbalance of power in the bilateral relationship between the United States and Korea.

To these thirteen disputes may be added the most recent example of international steel trade. As part of the President's 1984 program to curb steel imports and promote modernization of the domestic steel industry, the United States and Korea entered into a steel restraint arrangement in early 1985. The agreement followed Korea's initial refusal to enter into such an agreement which nearly resulted in unilateral U.S. action to restrict Korean steel imports. (Some fourteen agreements now exist, with more likely to follow.)

The final chapters deal with two additional facets of U.S.-Korean trade relations. One concerns itself with the relationship between U.S. and Korean industry and trade associations and how these organizations can either cooperate to promote or act to inhibit trade. Finally, in the last chapter, the role of American management educational training in the development of Korean management skills is explored through a history of this role and observations on how it is changing.

From Patron to Partner is a thought-provoking series of general studies on bilateral economic activities, and the legal and governmental tendencies which underlie economic realities. Further, the book provides useful case studies, including the Dow experience in Korea. Its extensive footnotes contain useful references to primary sources for the scholar or researcher. For trade law practitioners, Chapter Seven, dealing with the resolution of trade conflicts between the United States and Korea, is especially enlightening and interesting, not only for its lessons on the relative strengths within the bilateral relationship, but also as a case study on the resolution of governmental trade disputes in general. As the doctrine of free trade is buf-

feted more and more by the protectionist pressures of U.S. industry sectors, the analysis of past disputes will assume greater importance.

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