



Trade Facts

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FTA: United States and Republic of Korea Economic and Strategic Benefits

Korea Will be Largest FTA Partner in 15 Years

The Republic of Korea is the world's tenth largest economy. It is a developed country generating nearly \$1 trillion and importing \$248 billion worth of goods every year. Per capita income is now over \$20,000. It is our seventh largest goods trading partner and our seventh largest export market, with two way goods trade in 2005 valued at approximately \$72 billion. Korea is also our sixth largest agricultural market.

Korea and the U.S. Have Already Demonstrated the Ability to Address Trade Issues Cooperatively

Over the past year we have made great progress in resolving a range of trade issues with Korea, including strengthened IPR protection and enforcement; resolving a series of standards issues in the automotive sector; improving market access for U.S. pharmaceuticals; steps to partially reopen its market to U.S. beef exports; and most recently, the welcome announcement by Korea to significantly reduce its restrictions on movie screenings. A free trade agreement will solidify our trading relationship by further bringing down trade and investment barriers between the two countries.

Improving U.S. Competitiveness

As the U.S. market is largely open to Korean goods and services, an FTA will make duty-free treatment a two-way street. Reducing Korea's average applied tariff of 11.2%, three times greater than the U.S. average of 3.7%, on all products will be of significant benefit to U.S. businesses, farmers, and workers.

Benefit American Farmers and Ranchers

This FTA will be particularly beneficial for U.S. agricultural producers and create new opportunities for U.S. farmers in this major market. Reducing Korea's average applied tariff of 52% on agriculture products, four times greater than the U.S. average of 12%, will be of significant benefit to U.S. agriculture. Addressing other non-tariff barriers to U.S. food and agriculture goods will also improve access to the Korean market.

Benefit American Manufacturers and Service Providers

U.S. exports of goods and services, including industrial goods, telecommunications, financial, and pharmaceutical sectors to Korea have been constrained by a wide array of tariff and non-tariff barriers. Addressing these issues in the FTA will create significant new opportunities for U.S. exporters in these sectors in which U.S. companies are highly competitive.