



Trade Facts

Office of the United States Trade Representative
May 1, 2007

www.ustr.gov

Strong Support for the U.S.-Korea (KORUS) Free Trade Agreement

What They Are Saying:

“Korea is a very substantial market for the United States, with U.S. goods exports to Korea totaling \$32.5 billion in 2006 and U.S. cross-border services exports to Korea reaching \$10.2 billion in 2005...The U.S.-Korea FTA will greatly expand market access in Korea for U.S. farmers, manufacturers, service providers, and financial services firms. Under the FTA, more than half of current U.S. agricultural exports to Korea—with a value of \$1.6 billion—will become duty-free immediately. Almost 95 percent of all bilateral trade in consumer and industrial products will become duty-free within three years under the agreement... Moreover, this agreement will eliminate significant non-tariff market access barriers in Korea. Consumers in both countries stand to gain from the broad benefits of this agreement... This agreement includes robust provisions on transparency, intellectual property rights, competition, investment, and other rules, particularly in the area of services, that will protect U.S. interests... By giving U.S. exporters and investors a preferential position in the world's tenth-largest economy, an FTA with Korea will enhance U.S. businesses' ability to compete in the dynamic Northeast Asia regional economy. From a strategic vantage point, the FTA will reinforce the critical partnership and alliance between our two countries. The U.S.-Korea FTA stands to bring real benefits for U.S. workers and businesses... The members of the Coalition look forward to working... to obtain passage of this historic agreement.”

-Letter from the U.S.-Korea FTA Business Coalition to Members of the U.S. Senate and House of Representatives, signed by over 150 companies, trade associations, and agriculture groups

"The new FTA with Korea will vastly improve our competitiveness in Korea by eliminating trade and regulatory barriers on our exports and investments. It will also reinforce the ability of the United States to become more competitive in Asia, one of the most important and fastest growing markets today.”

-John J. Castellani, President, Business Roundtable

"This agreement with the world's tenth largest economy has the potential to bring huge economic benefits to U.S. business, workers, consumers and farmers. It is one of the most important free trade pacts the U.S. has ever achieved.”

-Peter M. Robinson, President, United States Council for International Business

“The negotiators put in a Herculean effort to obtain a comprehensive agreement that covers a broad array of issues important to manufacturers... initial reports indicate that many manufacturers will benefit from the most significant trade agreement in decades. The agreement appears to provide higher standards of protection for U.S. investment in Korea, including in the important area of resolving disputes between government authorities and foreign investors. Similarly, high standards of protection for intellectual property rights give confidence to U.S. manufacturers...”

-John Engler, President, National Association of Manufacturers

“[T]his is a good agreement that will go a long way toward opening the world's 10th largest economy to U.S. exports and bring substantial benefits for American manufacturers, farmers, and service providers.”

-Thomas J. Donohue, President and CEO, U.S. Chamber of Commerce

“ECAT welcomes the announcement that the United States and Korea have successfully concluded FTA negotiations. Korea is a major market for U.S. farm products, goods, services, and investment, with more than \$70 billion in two-way goods trade in 2006. When implemented, the FTA will eliminate major barriers to the Korean market and, thereby, enhance opportunities for America’s farmers, service providers, manufacturers, and their workers. Close to 95 percent of bilateral trade in industrial and consumer goods would become duty free within three years of implementation...Particularly important are the strong investment provisions included in the agreement that are critically important for virtually every sector of the U.S. economy and will enhance the ability of U.S. exporters to access the Korean economy.”

-Cal Cohen, President, Emergency Committee for American Trade

“This is the most commercially significant of all recent US free trade agreements. It addresses many barriers that have hindered US services companies’ ability to operate in the Korean market, and will provide a more transparent and predictable business environment... by insisting on a comprehensive approach to market access in services, as in previous FTAs, our negotiators have secured significant benefits for US service providers.”

-Bob Vastine, President, Coalition of Services Industries

“This is a historic moment for the U.S. and Korea, and will take the Korea-U.S. economic relationship to the next level.”

-William Oberlin, Chairman, American Chamber of Commerce in Korea

“We are pleased to hear that our two governments have reached an agreement, which should expand trade and investment as well as strengthening the overall ties between our two countries. A successful agreement will also be important to the region’s development and the future trade and investment environment in Asia.”

-William Rhodes, Chairman, U.S.-Korea Business Council

“The US-Korea FTA takes important strides in recognizing financial services as one of America’s most important exports. The agreement will increase access to the Korean market for US financial products and services, providing new opportunities for the US economy and for the more than 2 million workers employed by Financial Services Forum member companies... The continued growth and vitality of the US financial services industry depends on increased access to foreign markets and lower barriers to trade and investment such as those provided in today’s agreement.”

-Rob Nichols, President and COO, Financial Services Forum

“The US-Korea trade agreement underscores the United States’ commitment to furthering economic growth and opportunity by reducing the barriers that deter competition and investment. Trade agreements such as this are an economic win-win – fueling local industries and economies as well as presenting new opportunities for investors.”

- Marc Lackritz, CEO, Securities Industry and Financial Markets Association

“This is a truly outstanding agreement that achieves the goals set for it by ACLI and our members. I urge Congress to act as soon as possible to enact the KORUS FTA, and enable U.S. insurers to gain more equitable access to the important South Korean market at a time when increasing the financial stability of Asia is a key policy priority for the U.S.... The insurance provisions in the KORUS FTA set a higher standard for all future U.S. FTAs. USTR Schwab, her counterpart in South Korea, and their teams of negotiators, deserve everyone’s congratulations for the comprehensive level of liberalization this breakthrough agreement achieves for insurance.”

-Frank Keating, President and CEO, American Council of Life Insurers

“This is critically important to AIA and its members because Korea is the eighth largest insurance market in the world, but for regulatory reasons, has been largely closed to us. Based upon information we have from U.S.

trade negotiators, we believe this to be the strongest outcome for financial services ever achieved in trade negotiations.”

-David Snyder, Vice president and assistant general counsel, American Insurance Association

“U.S. pork producers are excited about the new deal and will work very hard for congressional passage of the agreement. NPPC is very appreciative of the great results attained by the president and his trade team, including U.S. Trade Representative Susan Schwab, Agriculture Secretary Mike Johanns, chief agriculture negotiator Richard Crowder and their staffs... the U.S. trade team came through for pork producers and delivered a fabulous deal that will eliminate duties on U.S. pork exports and generate hundreds of millions of dollars in new pork exports.”

-Jill Appell, President, National Pork Producers Council, and a pork producer from Altona, Ill.

“Because Korea is a trillion-dollar economy, exports of U.S. oilseed and meat products can be expected to grow significantly as a result of this comprehensive Agreement. NOPA looks forward to the submission of the Korean Free Trade Agreement to the Hill by the Administration and will work vigorously for congressional approval.”

- Tom Hammer, President, National Oilseed Processors Association

“[W]e are pleased that we have an agricultural deal that will immediately help U.S. producers and manufacturers be more competitive in the Korean dairy market...The tremendous time and effort put forth by our negotiators to conclude this agreement are greatly appreciated by the U.S. dairy producers, processors and traders that NMPF and USDEC collectively represent.”

- Jaime Castaneda, National Milk Producers Federation senior vice president and US Dairy Export Council senior policy advisor

“Korea is one of the United States’ larger corn markets and the U.S.-Korea FTA will create new export opportunities for bulk corn and coproducts.”

-Ken McCauley, President, National Corn Growers Association

“U.S. and South Korean officials deserve enormous credit for overcoming a number of challenges and reaching this agreement. Robust international commerce is critical to our industry. American technology companies, and the workers they employ, will benefit from this pact. South Korea is our seventh-largest trading partner and that relationship will only grow stronger as a result of this agreement... Once again, federal trade negotiators are demonstrating their commitment to opening new markets for U.S. businesses.”

- Charlie Robinson, interim President and CEO, Electronics Industry Alliance

“Korea is an important trading partner for creators of software and digital products. We applaud USTR’s efforts to bring this negotiation to a successful close. We are pleased with the apparent expansion in market access for services and e-commerce, and, in particular, that there will be a continued reliance on the negative list approach which promotes greater liberalization of services...We commend the negotiators from the U.S. and Korea for reaching this significant milestone. Strong trade agreements open new markets, protect intellectual property, and provide a framework in which our companies can deliver innovative digital products and services around the world.”

-Ken Wasch, President, Software and Information Industry Association

“As an industry dependent upon globally integrated supply chains and new markets, we welcome completion of the Free Trade Agreement with Korea and the potential for improved market access opportunities for US high-tech companies...Enhanced IT tariff elimination and new commitments on ecommerce will be a boost for the US IT sector in the Korean market. ”

-Rhett Dawson, President and CEO, Information Technology Industry Council

“While South Korea is already an important market for US high-tech companies, this FTA will boost high-tech exports by eliminating tariffs on most products, improving access for services,

strengthening intellectual property protection, and tackling non-tariff regulatory barriers...USTR has worked closely with industry to ensure this agreement with Korea brings about meaningful new opportunities for our members."

-William T. Archey, President and CEO, AeA (American Electronics Association)

"[T]his free trade agreement will let the people of both nations continue to use and enjoy the latest in [information and communication technology] ICT products... We are pleased that negotiators were able to narrow their differences on ICT and give U.S. product and service providers reasonable access to Korea's market."

-Grant Seiffert, President, Telecommunications Industry Association

"This free trade agreement is an important milestone in our relationship with the Republic of South Korea and further underscores to the rest of the world America's commitment to doing business in a global marketplace. AIADA urges Members of Congress and other interested parties to rally behind this critical agreement within the coming weeks to ensure continued choice for American consumers and our nation's economic competitiveness well into the future."

- **Cody Lusk, President, American International Automobile Dealers Association**

"This is a terrific achievement, and both governments are to be commended for their efforts in reaching a successful conclusion. A strong agreement will benefit producers and consumers in both economies immensely, and we look forward to learning about the particular provisions finalized...The U.S. book and journal publishing industry suffers from widespread copyright infringement in Korea, especially in the academic sector. The promise of strong provisions related to strengthening copyright laws and enforcement measures is exciting, and we are thrilled with the efforts that the governments have put into addressing these important issues."

-Pat Schroeder, President and CEO, Association of American Publishers

"The FTA will help enhance Korean patients' access to the most effective, innovative cures. I am particularly pleased by the strong protection of intellectual property rights provided in the FTA...In the context of the FTA negotiations, Korea committed to some significant improvements in market access for pharmaceuticals. Further, Korea will enhance intellectual property protection increasing Korean patients' access to the most innovative medicines. This will support ongoing investment in research and development by pharmaceutical companies..."

-Billy Tausin, President and CEO, Pharmaceutical Research and Manufacturers Association of America

"We salute the U.S. and Korean negotiators for their dedication in reaching this agreement and look forward to reviewing its substance in full. Korean copyright legislation and enforcement practices – particularly as they relate to Internet-based theft – while recently improved, are still lacking... With the interests of musicians, songwriters and record labels across the world on the line, we anxiously await Korean implementation of its obligations."

- **Neil Turkewitz, Executive VP International, Recording Industry Association of America**

"Our industry has been running a trade surplus with Seoul in recent years, a trend that stands to improve even further with this landmark agreement...South Korea is the world's tenth largest economy and is in the top echelon of our industry's trading partners...NEMA commends U.S. Trade Representative Susan Schwab and her negotiating team for their achievement. We look forward to analyzing the final FTA package with them and preparing for congressional consideration and passage as soon as possible."

- **Evan Gaddis, President and CEO, National Electrical Manufacturers Association**

"We applaud the efforts of the U.S. and Korean negotiators in concluding this free trade agreement. The FTA demonstrates Korea's commitment to increasing access for its citizens to lifesaving and life-enhancing medical

technologies....Korea is an important market for U.S. medical technology companies. Last year, U.S. manufacturers exported more than \$670 million worth of medical technology products to Korea, an increase of eight percent over the previous year.”

-Stephen J. Ubl, President and CEO, AdvaMed

“This agreement is a tremendous achievement for the United States. It will result in tangible and immediate benefits for the U.S. distilled spirits industry...With a spirits market valued at \$2.8 billion in 2004, Korea is one of the most promising markets in Asia for U.S. spirits exports...It is clear that the U.S. spirits industry will benefit significantly from the new market opportunities created by the FTA. We stand ready to support swift Congressional approval of the agreement.”

- Christine LoCascio, Vice President, Distilled Spirits Council

“AT&T applauds the United States Trade Representative’s ongoing commitment to promote competition and encourage foreign investment in global telecommunications markets. We are particularly pleased the South Korean Free Trade Agreement addresses the critical 21st century policy needs of communications companies like AT&T...AT&T joins the USTR in calling for rapid approval of this agreement by U.S. and South Korean lawmakers to ensure that consumers everywhere reap the benefits of a fully competitive global telecommunications environment.”

- AT&T Statement

“The U.S.-Korea FTA will help significantly level the playing field for American manufacturers by eliminating tariffs on many products that play important roles in the U.S. economy, including those produced by the off-road equipment manufacturing industry which AEM represents. Nearly 95 percent of bilateral trade in consumer and industrial products will become duty-free within three years of entry into force of the agreement, with most remaining tariffs eliminated within 10 years. AEM applauds Ambassador Schwab and her negotiation team for their hard work in crafting a strong agreement that benefits American manufacturers and urges Congress to approve and implement this agreement.”

-Statement by the Association of Equipment Manufacturers

“U.S. negotiators worked hard to achieve ASA’s objectives. U.S. soybean growers will also benefit because this agreement is expected to generate millions of dollars of new meat and poultry exports ...the agreement is very positive because it will further open South Korea’s market to U.S. exports of soy and other products.”

- Rick Ostlie, President, American Soybean Association, a soybean grower from Northwood, N.D.

“The National Potato Council (NPC) welcomes the conclusion of the U.S.-Korea Free Trade Agreement and would like to thank the dedicated efforts of the U.S. Trade Representative’s office (USTR) and U.S. Department of Agriculture (USDA) in achieving this historic deal. The Republic of Korea is the fifth largest export market for U.S. frozen fries with \$23 million in annual sales. Korea is also a significant market for U.S. dehydrated potato exports with over \$1.6 million in sales in 2006... Although a strong and growing market, U.S. potato exports to Korea have been hindered by high tariffs and quotas. The U.S. potato industry considers the U.S.-Korea Free Trade Agreement as the best opportunity to overcome these barriers, expand trade, and ensure continued dominant market share for U.S. potato products in the market.”

- Statement by the National Potato Council

“We are very pleased by the announcement,” said while South Korea represents an estimated \$38 million in revenue per year for America’s pistachio growers, the existing 30 percent tariff on pistachios was a significant hurdle to realizing that market. We understand that once it goes into effect, the free trade agreement provides for immediate duty-free treatment of U.S. pistachios. This presents a tremendous opportunity for America’s pistachio growers. We look forward to working with the U.S. Congress to swiftly approve the agreement.”

- Stewart Resnick, President, Paramount Farms, a pistachio grower from California’s San Joaquin Valley

"We congratulate President Bush and President Roh on reaching an outstanding agreement and we extend our deepest thanks to the negotiators from both sides. Chevron looks forward to actively working to build public and Congressional support for this important agreement,"

- **Peter Robertson, vice chairman, Chevron Corporation**

"Korea is an economically significant wine market with its consumption growing 174 percent in the last five years. We applaud the U.S. Trade Representative Susan Schwab and her team for helping to enhance our industry's competitive stance in Korea,"

- **Robert P. (Bobby) Koch, President and CEO, Wine Institute**

"We congratulate the US Trade Representative on reaching this agreement, and we look forward to engaging in a dialogue with Congress on the benefits of robust international trade in information technology...The people of the United States and South Korea have much to gain from this agreement. Not only will it expand opportunities for American goods and services in South Korea, but it will reinforce high standards for e-commerce and intellectual property protection."

- **Robert Holleyman, President and CEO, Business Software Alliance**

"For the first time in a long time, we negotiated an FTA with a country that has a real opportunity for U.S. wine and grape juice concentrate sales...The elimination of the tariff creates exciting market prospects for California wine and concentrate."

- **Rodney Schatz, Chairman, California Association of Winegrape Growers, and a winegrape grower from Lockford, Calif.**

"The United States and South Korea have reached a trade accord that establishes new opportunities for small and large companies on either side of the Pacific. The increase in trade that will come from this agreement means more jobs and more global competitiveness for the two countries."

- **Alan Gershenhorn, President, UPS International**

"Korea has become an important poultry market for the United States in recent years. The trade pact concluded with Korea provides a good basis for enhancing poultry trade and will make Korea an even more important market. Phasing-out import duties on U.S. poultry will provide longer-term benefits, while certain non-tariff provisions will allow more immediate benefits...The National Chicken Council (NCC) appreciates the hard and dedicated work of the trade negotiators to achieve a difficult agreement. NCC looks forward to working with the Administration and Congress to see that the agreement is approved."

-**Statement by the National Chicken Council**

"This agreement recognizes express delivery services as a unique service sector and includes key commitments to maintain market access for our industry...We believe these new customs provisions establish important benchmarks that will benefit express operators and our customers."

-**Sue Presti, executive director, Express Delivery & Logistics Association**

"The Free Trade Agreement (FTA) with Korea is the first FTA in years that actually offers a market of meaningful opportunity for the export of California and Arizona citrus. We are very pleased with the success of the recent negotiations. The proposed tariff reductions offer increased market access and greatly improve the Korean market for fresh citrus."

- **Mike Wootton, senior vice president of corporate relations, Sunkist**

"[W]e understand that dairy products, including cheese, whey and yogurt, will have expanded duty-free market access through tariff rate quotas. Our members look forward to more opportunities to participate in the growing South Korean market, and we support swift congressional approval of the agreement."

- **Clay Hough, senior vice president, International Dairy Foods Association**

"The U.S.-Korea FTA is the biggest free trade pact the United States has reached since it entered into the North American Free Trade Agreement over a decade ago. This FTA sends a strong signal that the United States intends to remain heavily engaged in the region for a long time to come in business, economics, security and international politics."

- **Susanne Stirling, vice president of international affairs, California Chamber of Commerce**

"The Greater Dallas Chamber commends both the U.S. and Korean negotiators on reaching this landmark deal under such a tight deadline. Trade between the Dallas/Fort Worth region and South Korea continues to expand reaching \$4.98 billion in 2006 – making South Korea DFW's second largest trading partner. DFW businesses stand to gain from the successful passage of this FTA. As such, the Chamber urges Congress to pass the KORUS FTA in the next 90-days."

- **Victor Almeida, chairman of the International Business Council of the Greater Dallas Chamber of Commerce**

"[T]his is the largest trade agreement for the U.S. since the 1994 North American Free Trade Agreement and is of historic significance to the growth of our bilateral economic ties with Korea as well as the broader relationship between the two countries. The agreement would have a positive impact on economic development in the region and the investment environment in Asia....[I]t was now time to work together to raise the awareness of the benefits and overall importance of this FTA to ensure its approval by the legislatures of both countries."

- **William R. Rhodes, Chairman, President and CEO, Citibank**

"I want to congratulate [Ambassador Bhatia] and your staff on the conclusion of the historic agreement with the Republic of Korea. As a strong supporter of free trade, FedEx welcomes the tremendous opportunities for economic growth and expansion in trade and investment that will follow this agreement. This is truly an outstanding achievement...We are committed to working...to ensure that this landmark agreement is approved and implemented."

-**Michael L. Ducker, President, International, FedEx Express**