



# Trade Facts

Office of the United States Trade Representative  
May 2007

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## KORUS FTA: Opportunities for Agriculture

Removing trade barriers between the United States and the Republic of Korea will create important new export opportunities for U.S. farmers, ranchers, and processors.

U.S. agricultural exports to Korea have averaged about \$3 billion annually in recent years, making Korea our 6<sup>th</sup> largest agricultural export market.

**Almost two-thirds of U.S. agricultural exports will be immediately duty-free** when the KORUS FTA is implemented (\$1.91 billion duty free out of \$2.96 billion 2004-2006 average).

The following products represent some of the key benefits for U.S. agriculture exporters:

- Immediate duty free products include: key commodities such as wheat, corn, soybeans for crushing, hides and skins and cotton, plus a broad range of high value processed and horticultural products, such as almonds, pistachios, bourbon whiskey, wine, raisins, grape juice, fresh cherries, frozen french fries, and frozen orange juice concentrate.
- For all beef products, Korea will eliminate its tariffs through a 15-year straight-line tariff phase out with a safeguard that begins growing from 270,000 MT, a quantity that is 17% larger than our largest historical shipments. Korea's tariffs on beef products range up to 40%.
- For pork, all frozen and processed pork products will be duty-free in 2014. Fresh and chilled pork products will be phased out in 10 years, and subject to a 10-year safeguard that is higher than historical trade and grows 6% annually.
- For poultry, tariffs on most poultry cuts including legs will be eliminated in 10 years. Tariffs on frozen breasts and wings will be eliminated in 12 years. Tariffs on egg and albumin products will be eliminated over 5 to 12 years.
- For dairy, Korea agreed to establish tariff-rate quotas (TRQs) that provide immediate duty-free access on double current shipment volumes of U.S. dairy exports.
- For soybeans, Korea will provide immediate duty free on beans for crushing. In addition, Korea will establish a 25,000 Metric ton TRQ for high-value Identity Preserved food-grade beans that for the first time can be sold outside of Korea's State Trading Enterprise. That State Trading Enterprise has been marking up food grade beans by as much as 80%.
- For corn, tariffs will be immediately eliminated on feed corn. Tariffs will also be immediately eliminated on "distiller's dried grains," an important byproduct from our growing ethanol industry that is used as livestock feed.
- For potatoes, Korea will grant immediate duty-free on chipping potatoes during our shipping season, immediate on french fries, and significant immediate duty-free access on dehydrated potatoes in a 5,000 MT TRQ.

- For processed products, tariffs on most of the processed food tariff lines will be eliminated in five years or less.
- For wine, Korea will immediately eliminate all tariffs on wine.
- For tree nuts, current duties on tree nuts range from 8% to 45%. Korea will immediately eliminate the tariffs on almonds and pistachios, and will eliminate the tariffs on shelled walnuts in six years.
- For oranges, the FTA establishes front-loaded seasonal tariff cuts that benefit 70% of exports through an immediate reduction from 50% down to 30% and a seven-year phase out. Access for shipments earlier in the year is provided by a tariff rate-quota. Korea is the 4<sup>th</sup> largest export market for U.S. oranges.
- For orange juice, tariffs on frozen concentrate will be eliminated immediately; tariffs on lemons will be eliminated in two years; and tariffs on grapefruit will be eliminated in five years.
- For table grapes, a five-year front-loaded tariff elimination schedule will benefit an estimated 70% of U.S. grape exports to Korea. Tariffs on the remaining 30% of exports will be eliminated over 17 years.
- **Other Fruits:**
  - Tariffs on Avocados and dried plums will be eliminated within two years.
  - Non-citrus juices: tariffs on cranberry and prune juices will be eliminated in five years. Tariffs on grape juice will be eliminated immediately.
  - Tariffs on fresh strawberries will be eliminated in nine years.
  - Korea's tariffs on apples (other than Fuji) will be eliminated within 10 years, and tariffs on pears (other than Asian varieties) will be eliminated within 10 years. Tariffs on Fuji apples and Asian pears will be eliminated within 20 years.
- **Vegetables:**
  - Fresh asparagus, eggplants, celery, cucumbers, and spinach will be duty-free immediately.
  - Processed tomatoes and tomato paste will be duty-free immediately.
  - Tariffs on fresh carrots, broccoli, cauliflower, and peas will be eliminated in five years.