



KORUS FTA Facts

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KORUS FTA: New Opportunities for Agriculture

Removing trade barriers between the United States and South Korea will create important new export opportunities for U.S. farmers, ranchers, and food processors. U.S. agricultural exports to South Korea have averaged about \$3 billion annually in recent years, making South Korea our 5th largest agricultural export market.

Almost two-thirds of U.S. agricultural exports by value (\$1.91 billion) will be immediately duty-free when the U.S.-Korea Free Trade Agreement (KORUS FTA) is implemented.

The American Farm Bureau Federation estimates that the KORUS FTA, once fully implemented, could increase U.S. farm exports to Korea by \$1.6 billion. That may explain why the KORUS FTA is supported by more than 40 U.S. agricultural and food associations.

The following are among the agricultural products that will benefit from improved market access under the KORUS FTA:

- 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 will receive duty-free treatment immediately upon entry into force.
- For all **beef** products, tariffs that currently range up to 40% will be eliminated over a 15-year period; a safeguard will be set at 270,000 MT - a quantity that is 17% larger than our largest historical shipments – and will grow over time.
- For **pork**, all frozen and processed pork products will be duty-free by 2014. Tariffs on fresh and chilled pork products will be phased out over 10 years, and subject to a 10-year safeguard that begins at a level higher than historical trade and grows 6% annually.
- For **poultry**, tariffs on most poultry cuts 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**, South Korea agreed to establish tariff-rate quotas (TRQs) that provide immediate duty-free access on volumes that are double the current shipment volumes of U.S. dairy exports.
- For **soybeans**, South Korea will provide immediate duty free treatment on beans for crushing. In addition, South Korea will establish a 25,000 metric ton (MT) TRQ for high-value identity preserved food-grade beans that for the first time can be sold outside of South 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 and “distiller’s dried grains,” an important byproduct from our growing ethanol industry that is used as livestock feed. [Note: Add sentence on tariff treatment of corn for human consumption?]
- For **potatoes**, South Korea will provide immediate duty-free treatment on chipping potatoes during our shipping season, immediate duty-free treatment on frozen french fries, and immediate duty-free access on up to 5,000 MT of dehydrated potatoes.
- For **processed products**, tariffs on most processed food products will be eliminated in five years or less.
- For **wine**, South Korea will immediately eliminate all tariffs on wine.
- For **tree nuts**, current duties on tree nuts range from 8% to 45%. South Korea will immediately eliminate tariffs on almonds and pistachios, and will eliminate tariffs on shelled walnuts in six years.
- For **oranges**, the FTA will establish front-loaded seasonal tariff cuts that benefit 70% of exports through an immediate reduction from a 50% duty to 30% duty, with a seven-year phase out. Access for shipments earlier in the year is provided by a tariff rate-quota. South Korea is the 4th largest export market for U.S. oranges.
- For **other citrus products**, tariffs on frozen orange juice 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 South Korea. Tariffs on the remaining 30% of exports will be eliminated over 17 years.

Other Fruits:

- o Tariffs on **avocados** and **dried plums** will be eliminated within two years.
- o For **non-citrus juices**, tariffs on cranberry and prune juices will be eliminated in five years, and tariffs on grape juice will be eliminated immediately.
- o Tariffs on fresh **strawberries** will be eliminated in nine years.
- o 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:

- o Fresh asparagus, eggplants, celery, cucumbers, and spinach will be duty-free immediately.
- o Processed tomatoes and tomato paste will be duty-free immediately.

- o Tariffs on fresh carrots, broccoli, cauliflower, and peas will be eliminated in five years.