



KORUS FTA Facts

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KORUS FTA: New Opportunities for U.S. Manufacturers

The entry into force of the United States-South Korea Free Trade Agreement (KORUS FTA) will create significant new opportunities for U.S. manufacturers, providing real benefits to Americans working in the manufacturing sector through:

- Elimination of high Korean tariffs;
- Strong disciplines on non-tariff barriers; and
- Regulatory transparency provisions to discourage new non-tariff barriers.

Tariffs: Almost 95 percent of Korea's tariffs on U.S. merchandise exports will be eliminated within three years of the KORUS FTA's entry into force. The current average Korean applied industrial tariff rate is twice as high as the equivalent U.S. rate. In certain key sectors, such as medical equipment and aircraft equipment, the United States allows Korean goods to enter duty-free while Korea maintains tariff rates as high as 8 percent on U.S. products. Elimination of Korea's industrial tariffs will significantly increase the competitiveness of U.S. manufactures.

- According to the September 2007 study by the U.S. International Trade Commission, the elimination of Korea's tariffs *alone* has the potential to increase U.S. exports of machinery and equipment by \$2.8–\$2.9 billion, or by 36-38 percent. Other manufactured goods exports could increase by up to 46 percent. Motor vehicles and parts exports could increase by up to 59 percent.
- Within each of the following key industrial sectors, over 97 percent of U.S. exports by value will gain duty-free access to the Korean market within three years: aerospace, automotive, consumer goods, electrical/electronic goods, metals, scientific equipment, and shipping and transportation equipment

Non-tariff Barriers: U.S. manufacturing exports will benefit from the KORUS FTA provisions addressing non-tariff barriers, such as discriminatory standards and technical regulations and inadequate protection and enforcement of intellectual property rights (IPR). The KORUS FTA will also expand U.S. manufacturing firms' access to the \$100 billion Korean government procurement market.

- The KORUS FTA chapter on Technical Barriers to Trade is the strongest TBT chapter the United States has concluded with any recent FTA partner. The chapter
 - builds upon and significantly reinforces Korea's WTO commitments in the Agreement on Technical Barriers to Trade;

- strengthens disciplines to promote transparency in the way governments develop and apply technical regulations and related conformity assessment procedures (e.g., testing and certification); and
 - enables U.S. industry to participate in the development of Korean standards, technical regulations, and conformity assessment procedures.
- The KORUS FTA's IPR provisions will provide the strongest bilateral protections for intellectual property ever included in a free trade agreement, according to the Advisory Committee for Trade Policy and Negotiations, with state-of-the-art protections for patents, trademarks, and copyrights – critically important for U.S. industry's knowledge-based manufactured goods.

Regulatory Transparency: U.S. manufacturers will also benefit from the unprecedented, cross-cutting transparency provisions that are a key element of this FTA.

- U.S. industry had identified a lack of regulatory transparency as one of the key impediments to doing business in Korea.
- Korea will publish proposed regulations at least 40 days in advance of promulgation, provide a reasonable opportunity to comment on the proposed regulations, address significant substantive comments received, and publish all final regulations in an official journal of national circulation.