



United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

# FACT SHEET

---

## *U.S.-Korea Free Trade Agreement* **Washington Farmers Will Benefit**

September 2008

---

The United States concluded free trade negotiations with Korea on April 1, 2007. The U.S.-Korea Free Trade Agreement (KORUS FTA) is the most commercially significant free trade agreement the United States has negotiated in nearly 20 years.

The KORUS FTA provides immediate elimination of duties on more than 60 percent of current U.S. exports and gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Washington's agricultural products, including apples, dairy, and beef. Washington's exports to all countries, estimated at \$2.6 billion in 2007, supported about 27,710 jobs, both on and off the farm. These export sales make an important contribution to Washington's farm economy, which had total cash receipts of \$7.4 billion in 2007.

**Fruits and Fruit Products.** Washington fruit growers and processors are the second largest exporter nationwide with shipments valued at \$946 million in 2007. Apples are the largest agricultural industry in the state with cash receipts of \$1.4 billion in 2007.

- Fruits and fruit products gaining immediate duty-free access include cherries, dried apricots, wine, and grape juice with current duties ranging from 15 to 45 percent.
- Many other products such as frozen berries, apricots, and plums, will see duties ranging from 30 to 45 percent eliminated in either 5 or 10 years.
- Korea's tariff of 45 percent on apples (other than Fuji) and pears (other than Asian varieties) will be eliminated in 10 years. During non-FTA sanitary/phytosanitary discussions, Korea agreed to proceed on the long-standing U.S. pest risk assessment request.

**Vegetables.** Washington vegetable growers and processors are the second largest exporter nationwide with shipments valued at \$504 million in 2007. Potatoes were the fifth largest agricultural industry in the state with cash receipts of \$567 million in 2007.

- Tariffs on asparagus, canned and processed tomatoes, frozen potato fries, and chipping potatoes (during the U.S. potato shipping season) will become duty free immediately.
- A new 3,000-ton duty-free quota for fresh potatoes and a new 5,000-ton duty-free quota for dehydrated potatoes will bring opportunities for growers.
- Other products such as carrots, lettuce, dried mushrooms, and sweet corn, with duties ranging from 30 to 45 percent, will have tariffs phased out in either 5 or 10 years.
- The current 27-percent tariff on most pulses (peas, beans, and other legumes) will be eliminated within 5 years while the tariff for lentils will be removed within 10 years.

**Dairy Products.** The dairy industry is the second largest source of farm cash receipts in the state with earnings of \$1 billion in 2007.

- The FTA will provide immediate duty-free access for double the current export volume of total dairy products. Duty-free quotas will be established for cheese, skim/whole milk powder, food whey, and butter.
- Current annual U.S. feed whey exports of \$8 million will gain duty-free access to the Korean market immediately upon implementation.

**Beef.** The cattle and calf industry is the fourth largest source of farm cash receipts with earnings of \$724 million in 2007. The industry will benefit from this agreement.

- For beef muscle meats, the FTA provides a 15-year straight-line tariff phase out with a safeguard that begins growing from 270,000 tons, a quantity that is 17 percent larger than our largest historical shipments.
- Technical consultations continue toward the goal of allowing imports to take place consistent with World Organization for Animal Health (OIE) guidelines.
- Following the May 2007 decision by the OIE classifying the United States as a controlled-risk country, Korea has announced that it will undertake in a timely manner its regulatory process toward expansion of market access for beef and beef products.

**Wheat.** Wheat is the state's third largest agricultural industry, and Washington is the nation's sixth largest wheat exporter with shipments of wheat estimated at \$429 million in 2007.

- An unlimited amount of U.S. wheat for milling can enter Korea duty free upon implementation of the agreement.
- Korea's imports of U.S. wheat will no longer be subject to Korea's 1.8-percent tariff or its autonomous tariff-rate quota (TRQ) of 1 percent.
- Although this tariff differential may be small, it provides a small tariff advantage when competing against Canada and Australia.

*For questions about the U.S.-Korea Free Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs Office at (202)720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*

*For detailed information on how the Agreement benefits specific commodities, please visit:*

<http://www.fas.usda.gov/info/factsheets/Korea/us-koreaftafactsheets.asp>.