



United States  
Department of  
Agriculture

Foreign  
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Service

# FACT SHEET

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## *U.S.-Korea Free Trade Agreement*

### What's At Stake for Corn?

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The U.S.-Korea Free Trade Agreement (KORUS FTA) will provide America's farmers, ranchers, food processors, and the businesses they support with improved access to the Republic of Korea's 49 million consumers. If approved by Congress, this would be the most economically significant trade agreement for the U.S. agricultural sector in 15 years.

Under this agreement, more than 60 percent of U.S. agricultural exports will become duty-free immediately. Lower tariffs benefit both U.S. suppliers and Korea's consumers. The KORUS FTA will help the United States compete against Korea's other major agriculture suppliers and help keep the United States on a level playing field with Korea's current free trade partners, such as Chile, and any future FTA partners.

#### *With the Agreement...*

Korea's imports of U.S. corn for feed are guaranteed to enter at zero duty immediately. Korea currently imports large quantities of feed corn at zero tariff under its autonomous quota. As a member of the World Trade Organization (WTO), Korea can legally discontinue this autonomous tariff at any time and revert back to the WTO tariff of 3 percent for the first 6.1 million metric tons and 328 percent for any imports above this WTO quantity. With the FTA, the tariff on imports of U.S. feed corn will be locked in at zero.

#### *The Trade Situation...*

Korea is the fourth largest market for U.S. corn. From 2005 through 2007, U.S. suppliers shipped an annual average of 4.1 million tons of corn valued at \$713 million. The U.S. share of Korea's import market has varied between 25 and 66 percent from 2005 to 2007. U.S. corn faces strong competition from China, but the U.S. market share has been rising even as total Korean corn imports remained steady.

#### *The Current Market Access Situation...*

U.S. feed corn enters Korea through tariff-rate quotas ranging from 2.15 to 8.0 million tons (depending on end use) and applied tariffs from zero to 3 percent. Once Korea fills its global WTO quota at a 3-percent tariff, the WTO allows Korea to charge as much as a 328-percent tariff on any quantity above that amount.

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