



FACT SHEET

U.S.-Korea Free Trade Agreement **Alabama 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 Alabama's agricultural products, including poultry, beef, and cotton. Alabama's agricultural exports to all countries, estimated at \$616 million in 2007, supported about 6,560 jobs, on and off the farm. These export sales make an important contribution to the Alabama farm economy, which had total cash receipts of \$4.1 billion in 2007.

Poultry. With cash receipts of \$2.4 billion in 2007, broilers are Alabama's leading agricultural industry accounting for nearly 60 percent of the total farm earnings. Alabama is the nation's fourth largest exporter of poultry and products, and they are the state's top agricultural export with sales estimated at \$309 million in 2007. Alabama's poultry industry will benefit from this agreement.

- Korea's tariffs of 18 to 27 percent on frozen leg quarters, frozen breasts and wings, and frozen turkey cuts, will be phased out in 7 to 12 years.
- As the number 2 market for U.S. egg products, Korea's tariffs of 27 percent on egg products, including egg yolks, will be phased out in 12 equal annual reductions.

Beef. As the second largest source of farm cash receipts for the state, Alabama's cattle and calf 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.

Cotton. Alabama's cotton growers, with cash receipts of \$141 million in 2007, will benefit from this agreement.

- The FTA will lock in the duty-free access being enjoyed by U.S. cotton exporters. This permanent access allows U.S. cotton exports to continue to compete on a level playing field with Korea's other trading partners.

Pork. With cash receipts of \$41 million in 2007, Alabama hog farmers will benefit from this agreement.

- Korea's tariffs on imports of more than 90 percent of U.S. pork products will become duty free on January 1, 2014. This includes all frozen and processed pork products.
- Date-certain duty-free access allows for U.S. exports to compete on a level playing field with other Korean free trading partners.
- A transparent first-come first-serve safeguard quota for fresh pork bellies and miscellaneous fresh cuts starts growing at 8,250 tons, nearly double current trade volume.

Dairy. The Alabama dairy industry, with \$41 million in cash receipts in 2007, will benefit from this agreement.

- 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.

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.

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

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