



United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

# FACT SHEET

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

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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 Pennsylvania's agricultural products, including dairy, beef, mushrooms, and poultry. Pennsylvania's agricultural exports to all countries, estimated at \$1.5 billion in 2007, supported about 16,985 jobs, on and off the farm. These export sales make an important contribution to the Pennsylvania farm economy, which had total cash receipts of \$7.7 billion in 2007.

**Dairy.** With farm cash receipts of \$2.2 billion in 2007 or 38 percent of the state's total, the Pennsylvania dairy industry will benefit from this FTA.

- 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 generated cash receipts of \$471 million in 2007 and is the second largest source of cash receipts in the state. 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.

**Mushrooms.** As the state's third largest source of farm cash receipts with sales totaling \$406 million in 2007, Pennsylvania mushroom growers will benefit from this agreement.

- Korea's 30-percent tariff on dried mushrooms will be phased out over a 5-year period. This will give U.S. exporters of these products improved access to the \$10 million Korean dried mushroom import market.
- Most other types of mushrooms will have tariffs phased out over 10 years.

**Poultry and Egg Products.** The broiler industry's farm cash receipts totaled \$374 million in 2007 and the 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, Korean tariffs of 27 percent on egg products, including egg yolks, will be phased out in 12 equal annual reductions.

**Grape Juice and Wine.** Korea's tariffs of 45 percent on grape juice and 15 percent on wine will be eliminated immediately under the FTA, and Pennsylvania's producers of these beverages will benefit as a result of this new market access.

*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>*