



United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

# FACT SHEET

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## *U.S.-Korea Free Trade Agreement* **Virginia 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 Virginia's agricultural products, including poultry, beef, and dairy. Virginia's agricultural exports to all countries, estimated at \$622 million in 2007, supported about 6,630 jobs, on and off the farm. These export sales make an important contribution to the Virginia farm economy, which had total cash receipts of \$2.9 billion in 2007.

**Poultry.** With farm cash receipts of \$559 million in 2007, broilers are Virginia's leading agricultural industry accounting for 19 percent of total farm earnings. Turkey production accounted for another 10 percent with cash receipts of \$298 million. The state's poultry and poultry product exports were estimated at \$102 million in 2007. Virginia'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 with earnings of \$429 million in 2007, and with live animal and meat (excluding poultry) export sales estimated at \$95 in 2007, Virginia'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.

**Dairy.** The dairy industry is the state's third largest source of farm cash receipts, earning \$371 million in 2007. This industry stands to gain from the 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.

**Vegetables.** The vegetable industry is important to Virginia farmers, with tomato cash receipts of \$66 million in 2007. This industry will benefit from this agreement.

- Tariffs on canned and processed tomatoes will become duty free immediately.

**Soybeans and Products.** Virginia soybean producers, with cash receipts of \$135 million in 2007, will benefit from this agreement.

- The greatest potential benefit for the soybean sector is likely to come from improved access to Korea's 300,000-ton market for food-quality soybeans. Korea has agreed to immediately eliminate its 5-percent tariff on food-use soybeans.
- Korea will establish a duty-free quota starting at 10,000 tons for identity-preserved soybeans for food use (the production of soybean curd). This quota will operate outside the current state trading entity, which has charged a reported \$250 per ton markup on soybean imports supplied to soybean curd processors. (For comparison, based on trade data, Korea's average 2006 import price for soybeans used for food was \$330 per ton. This markup brings the price for imported quality beans to \$580.)
- Korean tariffs on imports of crude soybean oil (the majority of Korea's soybean oil imports) will decline from the current 5.4-percent tariff over 10 years. Refined oil tariff rates will decline from the current 5.4 percent in five equal annual reductions. Korea's 3-percent tariff on soybean flour and meal will immediately go to zero.

*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>*