



United States
Department of
Agriculture

Foreign
Agricultural
Service

FACT SHEET

U.S.-Korea Free Trade Agreement **Utah 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 Utah's agricultural products, including beef, dairy, and pork. Utah's agricultural exports to all countries, estimated at \$344 million in 2007, supported about 3,666 jobs, on and off the farm. These export sales make an important contribution to the Utah farm economy, which had total cash receipts of \$1.3 billion in 2007.

Beef. The state's second largest agricultural industry, cash receipts from cattle and calf operations totaled \$283 million in 2007, or 21 percent of the state's agricultural total. The industry will benefit from this FTA.

- 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 largest source of state farm cash receipts with earnings of \$325 million in 2007, the Utah dairy industry 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.

Pork. Utah's hog industry is the state's fourth largest source of farm cash receipts and the industry will benefit from this FTA.

- 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.

Wheat. Wheat and wheat products are Utah's largest agricultural export with estimated export sales of \$116 million in 2007. Wheat growers will benefit from this agreement.

- 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.

Animal Hides and Skins. Utah is the nation's seventh largest exporter of animal hides and skins with exports of \$81 million in 2007. The cattle industry and tanneries will benefit from this agreement.

- U.S. exports of all animal hides and skins, including fur skins, will receive immediate duty-free access upon implementation. Korea is the United States' second largest market for cattle hides and the third largest market for mink fur skins.

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>