



United States
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FACT SHEET

U.S.-Korea Free Trade Agreement What's At Stake for Cotton?

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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...

The KORUS 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.

The Trade Situation...

Korea's cotton imports have been trending down since 2001, when they reached 335,000 MT. Korea remains the eighth largest U.S. cotton market. From 2005 through 2007, U.S. suppliers shipped an average 191,000 tons of cotton annually valued at \$123 million. The U.S. share of Korea's market is currently 37 percent, but U.S. cotton faces strong competition from Australia, , Uzbekistan and China.

The Current Market Access Situation...

Cotton faces an applied tariff of zero. The WTO permits duties (bound) of up to 2 percent.

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