United States Department of Agriculture

Foreign Agricultural Service

FACT SHEET

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

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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…

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 pork products 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. This tariff phaseout equates to an annual duty savings of more than $3 million in the first year of implementation based on recent trade values.

Fresh pork bellies and other miscellaneous fresh cuts will receive unlimited duty-free access starting in year 11 after implementation. A transparent first-come first-serve safeguard quota for these pork products, starting at 8,250 metric tons, nearly twice the current trade volume, will increase at 6 percent compounded annually for 10 years. Both the within-safeguard duty rate and over-safeguard duty rate will be phased out over 10 years.

The Trade Situation…

For many years, Korea has been an important market for U.S. pork exporters. From 2005 through 2007, U.S. suppliers shipped an average 78,000 tons of fresh, chilled, or frozen pork annually valued at $179 million.

Korea's 2003 ban on U.S. beef imports created opportunity for pork suppliers, which U.S. suppliers capitalized on due to an efficient industry and a competitive dollar. The average U.S.

market share from 2005 to 2007 was 25 percent and imports from the United States have more than doubled since 2003. U.S. pork still faces strong competition from the European Union and Canada, which have an average 2005 – 2007 market share of 42 percent and 20 percent, respectively. In addition to Canada and the EU, Chile has become a strong competitor in the Korean pork market in recent years and is now the fourth largest supplier to this market. Chile's gains can be attributed in part to the recent Chile-Korea Free Trade Agreement.

The Current Market Access Situation….
U.S. pork faces applied tariffs of 25 percent for frozen product and 22.5 percent for fresh or chilled product.