



United States
Department of
Agriculture

Foreign
Agricultural
Service

FACT SHEET

U.S.-Korea Free Trade Agreement **Hawaii 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 Hawaii's agricultural products, including fruits, tree nuts, and coffee. Hawaii's agricultural exports to all countries, estimated at \$88 million in 2007, supported about 940 jobs, on and off the farm. These export sales make an important contribution to the Hawaii farm economy, which had total cash receipts of \$533 million in 2007.

Fruits. Hawaii is the ninth largest exporter of fresh and processed fruits in the nation with overseas shipments estimated at \$38 million in 2007. Pineapples are a \$76 million industry, and guava and other tropical fruit are also important. This agreement will benefit Hawaiian fruit growers.

- Korean imports of papayas, now subject to a 30-percent duty, will become duty free upon implementation of the agreement.
- The 30-percent tariff on imports of Hawaiian bananas and guavas will be phased out over 5 years and the pineapple tariff will be phased out over 10 years.

Tree Nuts. Hawaii is the nation's eighth largest exporter of tree nuts, largely due to the success of its macadamia nut industry. Hawaiian macadamia nut producers, with cash receipts of totaling \$21 million, will benefit from this FTA.

- Korea's high barriers on macadamia nut imports, with current tariffs reaching up to 567 percent, will be phased out over 15 years.

Coffee. Hawaii's cash receipts from coffee production totaled \$38 million in 2007, or 7 percent of the state's agricultural receipts. Hawaiian coffee growers will benefit from this FTA.

- Unroasted coffee will become duty free immediately upon implementation of this agreement
- Roasted coffee will see tariffs phased out over 5 years.

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>