



United States
Department of
Agriculture

Foreign
Agricultural
Service

FACT SHEET

U.S.-Korea Free Trade Agreement **New Mexico 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 New Mexico's agricultural products, including dairy, beef, and tree nuts. New Mexico's agricultural exports to all countries, estimated at \$270 million in 2007, supported about 2,877 jobs, on and off the farm. These export sales make an important contribution to the New Mexico farm economy, which had total cash receipts of \$3 billion in 2007.

Dairy. As the state's leading agricultural industry with cash receipts of \$1.3 billion in 2007, the dairy industry accounted for 44 percent of the state's total. The New Mexico dairy industry, also the top export earner, will benefit from this FTA.

- 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.

Beef. New Mexico's cattle and calf industry also accounted for cash receipts of \$951 million in 2007. The 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.

Tree Nuts. Pecans are New Mexico's fourth largest source of farm cash receipts, and the state is the nation's fourth largest exporter of tree nuts. Tree nut farmers will benefit from this agreement.

- Current duties on tree nuts range from 8 to 45 percent.
- Almonds and pistachios will become duty free immediately.
- Shelled walnuts will be duty free within 6 years.
- The 30 percent tariffs on pecans and pine nuts will be phased out over 7 and 15 years, respectively.

Cotton. New Mexico's cotton industry, with cash receipts of \$35 million in 2007, will benefit from this agreement.

- The 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.

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>