



United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

# FACT SHEET

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## *U.S.-Korea Free Trade Agreement* **New England 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 England's agricultural products, including dairy, beef, fruits, and vegetables. Agricultural exports from Delaware, Connecticut, Maine, Vermont, New Hampshire, and Rhode Island to all countries, estimated at \$488 million in 2007, supported about 5,200 jobs, on and off the farm. These export sales make an important contribution to the New England farm economy, which had total cash receipts of \$2.6 billion in 2007.

**Dairy.** New England's dairy producers will benefit from this FTA, with cash receipts across all six states reaching \$835 million in 2007.

- 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.** The cattle and calf industry of Vermont and New Hampshire generated cash receipts of \$53 million in 2007 and this 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.

**Vegetables.** As the second largest source of farm cash receipts in Maine and the fifth in Rhode Island, New England's potato farmers will benefit from this agreement.

- Tariffs on frozen potato fries and chipping potatoes (during the U.S. potato shipping season) will become duty free immediately.
- A new 3,000-ton duty-free quota for fresh potatoes and a new 5,000-ton duty-free quota for dehydrated potatoes will bring opportunities for growers.
- The sweet corn grown in much of the region will see its tariffs phased out in 5 years.

**Fruits.** New England fruit growers, especially those in the blueberry and apple businesses, will benefit from this agreement.

- The 45-percent tariffs on blueberries and peaches will be phased out over 10 years.
- Korea's tariff of 45 percent on apples (other than Fuji) and pears (other than Asian varieties) will be eliminated in 10 years. During non-FTA sanitary/phytosanitary discussions, Korea agreed to proceed on the long-standing U.S. pest risk assessment request.

**Maple Products.** Producers of maple syrup and other maple products stretch across Vermont and earn about \$13 million in cash receipts. this industry will benefit from this agreement.

- The 8-percent tariff on maple syrup and maple sugar will be phased out over 5 years.

**Distilled Spirits.** New England distilled spirits producers, such as those in Maine producing vodka, will benefit from this agreement.

- Korea's 20-percent tariff on vodka will be 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](mailto: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>*

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