



KORUS FTA Facts

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The Case for the KORUS Free Trade Agreement

The entry into force of the U.S.-Korea Free Trade Agreement (KORUS) will have a number of significant benefits, building on the annual U.S.-Korea trade of more than \$82 billion worth of goods and more than \$19 billion in services in 2007. In particular, the KORUS FTA will:

- 1. Further open a major market for U.S. exports.** America's two-way goods trade with South Korea topped \$82 billion in 2007, making South Korea our 7th largest goods trading partner. South Korea is the world's 14th largest economy and the largest economy with which the United States has negotiated a free trade agreement in nearly 15 years. Major U.S. merchandise exports to South Korea include machinery, aircraft, chemicals, plastics, and cereals. The United States also exported more than \$12 billion worth of services to South Korea in 2007. According to the ITC, the KORUS FTA has the potential to add at least \$10 billion to U.S. GDP and increase exports to South Korea by \$10-\$11 billion annually. The Agreement will benefit U.S. farmers by eliminating South Korea's duties on nearly two-thirds of current U.S. agriculture exports immediately upon its entry into force.
- 2. Level the playing field for American businesses, farmers, and workers.** The KORUS FTA will provide unprecedented opportunities for U.S. businesses, workers, farmers, and ranchers by eliminating tariffs and non-tariff barriers, increasing trade flows between the United States and Korea and promoting economic growth in both countries. In addition to eliminating South Korea's seven percent average tariff on industrial goods, the KORUS FTA effectively addresses a wide range of discriminatory non-tariff barriers to U.S. goods and services. It will improve regulatory procedures and due process in South Korea through the most advanced transparency obligations in any U.S. FTA to date. In addition, the Agreement contains an unprecedented package of automotive related provisions, including a unique dispute settlement mechanism that will level the playing field for U.S. automakers in this important market.
- 3. Strengthen economic reform.** South Korea has already made significant strides in opening its economy to international trade and investment, carrying out extensive market-based economic reforms, especially since the late 1990s. The KORUS FTA will accelerate and anchor South Korea's economic reforms by opening its financial services market, promoting transparency, and protecting investments and intellectual property.
- 4. Ensure America's competitive position in East Asia.** Like other major Asian trading nations, South Korea is pursuing free trade agreements with numerous countries. For example, South Korea is close to concluding FTA negotiations with Canada and the European Union, and is studying the feasibility of an FTA with China. If the KORUS FTA is not approved and implemented in a timely manner, American firms could be put at a competitive disadvantage as businesses, farmers, and workers in other major trading nations receive preferential access to Asia's third largest market, while those in the United States do not.

5. Anchor longstanding ties with a vital regional ally. South Korea is a vital force for stability at a time of great challenge and change on the Korean Peninsula and the broader Northeast Asia region. The KORUS FTA will strengthen America's critical strategic partnership with South Korea. Conversely, we risk alienating South Korea if the agreement is not implemented. By boosting economic ties and broadening and modernizing our longstanding alliance, it promises to become the pillar of our alliance for the next 50 years, as the Mutual Defense Treaty has been for the last 50 years.

For more information see: www.ustr.gov/Trade_Agreements/Bilateral/Section_Index.html

or:

www.state.gov/e/eeb/tpp, Office of Bilateral Trade Affairs, Free Trade Agreements