



## Benefits from the U.S.-Korea Trade Agreement

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### Alaska

#### The U.S.-Korea Trade Agreement (KORUS) Will Help Grow the U.S. Economy & Support U.S. Jobs

The impact of the eliminations of tariffs and related barriers is estimated to increase U.S. GDP by nearly \$12 billion and U.S. goods exports by nearly \$11 billion annually. Adding to this would be new exports of U.S. services, where U.S. firms exported \$12.6 billion to Korea in 2009. Together, these export opportunities support the President's National Export Initiative goal of doubling exports by 2015.

#### KORUS is Essential to Ensuring U.S. Competitiveness in Korea and Throughout Asia

Ten years ago, the United States was the top exporter to Korea providing one-fifth of all Korean imports; now we are in third place with less than 10% market share.

- U.S. exporters to Korea currently pay an average 6.2 percent tariff, or nearly \$1.3 billion a year, to Korea through tariffs on industrial goods.
- Korean exporters to the United States currently face an average 2.8 percent tariff.
- On the first day of the European Union (EU) – Korea FTA, 85% of Korean tariffs on EU products will go to zero.
- Chinese products in Korea benefit from lower transportation and labor costs.

Implementing KORUS can help U.S. businesses and their workers stem this downward slide by making U.S. products more competitive in the Korean market.

- Tariff elimination for over 95 percent of U.S. exports of consumer and industrial products within five years.
- Tariff elimination for nearly two-thirds of U.S. agricultural exports immediately on entry into force.
- Significant new market access for U.S. service suppliers.
- Extensive elimination of non-tariff barriers, including in the autos sector.
- Tariff eliminations and strong transparency obligations will facilitate SME exports.

#### Alaska Depends on World Markets

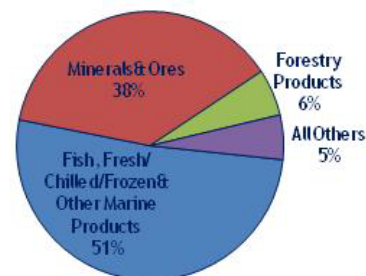
Alaska's shipments of merchandise in 2010 totaled \$4.2 billion.

- A total of 342 companies exported goods from Alaska locations in 2008.
- 260 of Alaska exporting firms were small and medium-sized enterprises (SMEs), with fewer than 500 employees.
- SMEs generated over half (51.4 percent) of Alaska's total exports of merchandise in 2008.

#### Trade Works for Alaska

Recently implemented trade agreements have benefited Alaska. For example, since the U.S.-Chile trade agreement entry into force in 2004, Alaska's exports to Chile have grown by 397 percent. Since the U.S.-Australia trade agreement entry into force in 2005, Alaska's exports to Australia have grown by 187 percent. KORUS can similarly benefit Alaska.

Alaska Exported an Average of \$434 Million in Goods to Korea from 2008-2010



Source: U.S. Department of Commerce, International Trade Administration

## KORUS Opens New Markets for Key Alaska Exports

**Transportation Equipment** – Transportation equipment is an important Alaska export. Between 2008 and 2010, U.S. exported an average of \$3.4 million per year in transportation equipment to Korea. U.S. exporters of transportation equipment, including autos, auto parts, aircraft, fishing vessels, locomotives, and other transportation manufactures, will benefit from KORUS tariff reductions. Duties on most transportation equipment products will be eliminated immediately, including duties on nearly 68 percent of automotive exports, over 92 percent of aircraft and related parts, and over 99 percent of shipping and other transportation equipment. Duties on the remaining transportation equipment products will be eliminated over three or five years.

**Computers and Electronics Products** – Computers and electronics products accounted for an annual average of \$1.6 million of Alaska's merchandise exports to Korea in 2008-2010. Top U.S. exports in this sector included digital integrated circuitry, semiconductors, semiconductor manufacturing equipment, telecommunications equipment, radio and television parts, static converters, and magnetic tape. Korean tariffs range between zero and 13 percent. KORUS improves market access for computers and electronics products. With the immediate removal of many of these tariffs, U.S. exports will become much more competitive and affordable to Koreans.

**Processed Foods** – Alaska exported \$16 million in processed food products to Korea on average from 2008 to 2010. KORUS, when implemented, will stimulate new opportunities for Alaska businesses in this sector. Korea is a growing market for consumer-oriented foods, creating new opportunities for U.S. exports of snack foods, cheese, and juices. KORUS will enhance these opportunities by eliminating tariff and non-tariff barriers that currently hamper exports of U.S. food and consumer products to Korea. Many processed food products will receive immediate duty-free treatment such as frozen french fries and many other processed food tariffs will be eliminated in five years or less.

## KORUS Creates Opportunities for Alaska's Agriculture

Alaska's agricultural exports to all countries, estimated at \$4.9 million in 2009, supported jobs both on and off the farm. These export sales make an important contribution to the Alaska farm economy, which had total cash receipts of \$32 million in 2009. KORUS eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Alaska's agricultural products, including beef and dairy. With immediate elimination of duties on nearly two-thirds of U.S. agricultural exports to Korea, KORUS gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected.

For more information on agricultural exports and KORUS, see the fact sheets posted by the U.S. Department of Agriculture at: <http://www.fas.usda.gov/itp/us-koreata.asp>

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to state based on transportation origin, i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Sources: Bureau of the Census, U.S. Department of Commerce, Origin of Movement Series; U.S. Department of Agriculture.

Prepared by the U.S. Department of Commerce, International Trade Administration.