



# The U.S.-Korea Trade Agreement: *Opportunities for the U.S. Agricultural Equipment Sector*

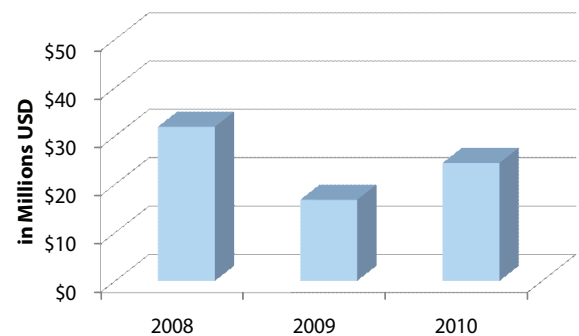
The U.S.-Korea Trade Agreement would provide significant commercial opportunities for U.S. exporters:

- Korea is the **17th largest** market for U.S. agriculture equipment exports; failure to pass the U.S.-Korea Trade Agreement could enable exporters from the EU and other countries to gain key advantages over U.S. exporters to Korea.
- **All** U.S. agricultural equipment exports to Korea would receive duty-free treatment immediately upon implementation of the U.S.-Korea Trade Agreement; Korean agricultural equipment tariffs currently average 0.4 percent, ranging up to 8 percent.

## Agricultural Equipment Sector Overview

- The agricultural equipment sector accounted for \$24 million in U.S. exports to Korea over 2008-10 (average).<sup>1</sup>
- Top agriculture equipment exports to Korea include tractors, rice-planting machines, harvesters, lawn mowers, and straw balers, which are larger than similar equipment manufactured by Korean companies.
- In 2009, U.S. production of agricultural equipment products was over \$22 billion.<sup>2</sup>
- The U.S. agricultural equipment sector employed over 56,000 workers in the United States in 2009.<sup>3</sup>

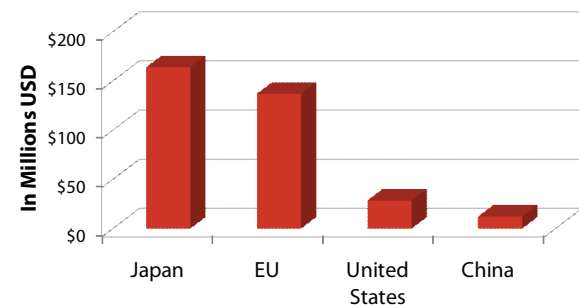
**U.S. Agricultural Equipment Exports to Korea Averaged \$24 Million**



## Improved Market Access for U.S. Agricultural Equipment Exporters to Korea

- Korean agricultural equipment tariffs average 0.4 percent, ranging from zero to 8 percent.
- 100 percent of U.S. agricultural equipment exports<sup>4</sup> to Korea would receive duty-free treatment immediately upon implementation of the trade agreement.

**Korea's Imports of Agricultural Equipment \*\***



\*\* 2007-09 Average (latest available data)

<sup>1</sup> Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Korea. The definition for agricultural equipment in this report, unless otherwise cited, is based on Harmonized System (HS) Headings 8432, 8433, 8434, and 8701.

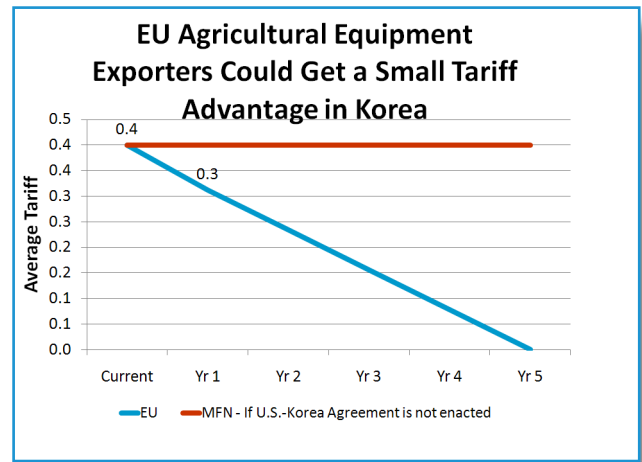
<sup>2</sup> U.S. Department of Commerce, U.S. Census Bureau, NAICS 333111. Shipments used as a best available proxy for production.

<sup>3</sup> U.S. Department of Labor, Bureau of Labor Statistics, NAICS 333111 (non-seasonally adjusted data).

<sup>4</sup> Data based on three-year average for 2008-2010.

## Foreign Competition in the Korean Market

- Korea signed a trade agreement with the EU in 2009, which is scheduled to enter into force in July 2011. It also recently signed an FTA with Peru, which is also scheduled to enter into force this year. Korea presently has FTAs in force with ASEAN, Chile, India, Singapore, and EFTA. In addition, Korea is negotiating new agreements with Australia, Canada, Colombia, New Zealand, and Turkey; is considering launching FTA negotiations with China; and is exploring re-launching its stalled negotiations with Japan.
- EU agricultural equipment exporters will immediately enjoy an average tariff of 0.3 percent upon entry into force of the EU-Korea FTA, while U.S. exporters will face an average most favored nation (MFN) tariff of 0.4 percent until entry into force of the U.S.-Korea Trade Agreement.<sup>5</sup>
- Top suppliers to Korea of agriculture equipment include: Japan, the EU, United States, and China.



## Key States Exporting to Korea

- Top U.S. states exporting agricultural equipment to Korea include: South Carolina, Wisconsin, Iowa, North Carolina, Colorado, Oregon, Minnesota, Illinois, California, and Georgia.

## Other Key U.S.-Korea Trade Agreement Commitments for the Agricultural Equipment Sector

- **Technical Barriers to Trade:**  
The U.S.-Korea Trade Agreement strengthens disciplines to promote transparency in the way governments develop and apply technical regulations and related conformity assessment procedures (e.g., testing and certification). For example, Korea agreed to provide national treatment, or the same treatment applied to Koreans, to U.S. persons for participation in the development of standards, technical regulations, and conformity assessment procedures; and to accreditation, licensing or approval of U.S. conformity assessment bodies.
- **Transparency:**  
The U.S.-Korea Trade Agreement includes strong transparency obligations, with commitments that the national governments of both parties would to the extent possible publish proposed regulations in advance, allow a reasonable opportunity to comment, address significant substantive comments received, publish final regulations in an official journal of national circulation, and provide sufficient time between publication of the final regulation and implementation of the regulation to allow stakeholders to adjust. The U.S.-Korea Trade Agreement also includes strong anticorruption provisions obligating the Parties to adopt and maintain anti-bribery measures in international trade and investment. Parties further commit to maintain appropriate penalties and procedures to enforce such anticorruption rules, and to protect persons who report any of the criminal acts.
- **Intellectual Property Rights:**  
The U.S.-Korea Trade Agreement provides for robust protection and enforcement of intellectual property rights, including the extension of patent terms to compensate for unreasonable delays in granting an original patent. The trade agreement also has specific provisions for the protection of copyrighted works including measures designed to prevent piracy and unauthorized distribution over the Internet. Provisions to combat trademark counterfeiting include customs enforcement against goods-in-transit and streamlined customs procedures to increase efficiency of enforcement.
- **Remanufactured Goods:**  
Korea would eliminate its prohibition on the importation of remanufactured goods as defined in the initial provisions and definitions chapter, including remanufactured agricultural equipment, upon entry into force of the agreement.

<sup>5</sup> U.S. Department of Commerce Calculations based on EU-Korea FTA and U.S.-Korea Trade Agreement commitments.