



The U.S.-Korea Trade Agreement: *Opportunities for the U.S. Paper and Paper Products Sector*

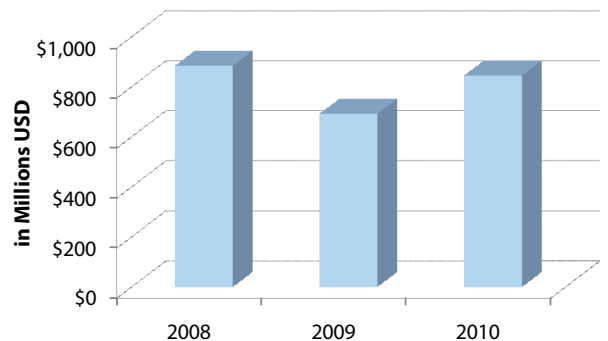
The U.S.-Korea Trade Agreement would provide significant commercial opportunities for U.S. exporters:

- Korea is the **6th largest** market for U.S. paper and paper products; 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. paper product exports to Korea will receive duty-free treatment immediately upon implementation of the U.S.-Korea Trade Agreement. Korean paper and paper product tariffs currently range from 0 to 7 percent.

Paper and Paper Products Sector Overview

- The paper and paper products sector accounted for over \$808 million in U.S. exports to Korea over 2008-10 (average) or nearly 3 percent of total U.S. industrial exports to Korea.¹
- Top U.S. paper and paper products exports to Korea include printed books and brochures, chemical wood pulp, uncoated liner in rolls or sheets, paper, and newspapers.
- In 2009, U.S. production of paper products was about \$155 billion.²
- U.S. SMEs exported over \$153 million in paper products to Korea in 2008 and made up over 63 percent of all U.S. firms in the sector exporting to Korea in 2008.³

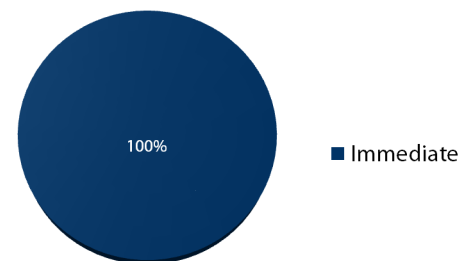
U.S. Paper and Paper Product Exports to Korea Averaged \$808 Million



Improved Market Access for U.S. Paper and Paper Products Exporters to Korea

- Korean paper and paper products tariffs average 0.2 percent, ranging from zero to 7 percent.
- All U.S. paper and paper products exports to Korea would receive duty-free treatment immediately upon implementation of the trade agreement.

All U.S. Paper and Paper Products Exports to Korea Would be Duty-Free Immediately



¹ Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Korea. The definition for paper and paper products in this report, unless otherwise cited, is based on Harmonized System (HS) Chapters 47-49.

² U.S. Department of Commerce, U.S. Census Bureau, selected NAICS codes within 322, 323 and 339. Shipments used as a best available proxy for production.

³ U.S. Department of Commerce, U.S. Census Bureau, selected NAICS codes 322 and 323.

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. Korea presently has FTAs in force with ASEAN, Chile, India, Singapore, and EFTA. It also recently signed an FTA with Peru, which is also scheduled to enter into force this year. 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 exporters will immediately enjoy an average tariff of zero percent upon entry into force of the EU-Korea FTA, while U.S. paper and paper products exporters will face an average most favored nation (MFN) tariff of 0.2 percent until entry into force of the U.S.-Korea Trade Agreement.⁴

Key States Exporting to Korea

- Top U.S. states exporting paper and paper products to Korea include: California, Maine, Georgia, North Carolina, New York, Virginia, Washington, South Carolina, Alabama, and Oregon.

Other Key U.S.-Korea Trade Agreement Commitments for the Paper and Paper Products Sector

- ***Rules of Origin:***
The U.S.-Korea Trade Agreement rules of origin allow only products that are produced in the United States and Korea to receive preferences under the Agreement. The trade agreement rules of origin provide clear requirements for a good to be considered originating, including that a good must be wholly obtained or produced entirely in the territory of the United States or Korea as well as requirements on materials that are used in the production of the good. Importers may claim preferences under the trade agreement based on a certification by the importer, exporter, or producer or based on the importer's knowledge that the good is originating, but certifications need not be in a prescribed format.
- ***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.
- ***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.

⁴U.S. Department of Commerce calculations based on EU-Korea FTA and U.S.-Korea Trade Agreement tariff commitments.