



Benefits from the U.S.-Korea Trade Agreement

June 2011

Idaho

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.

Idaho Depends on World Markets

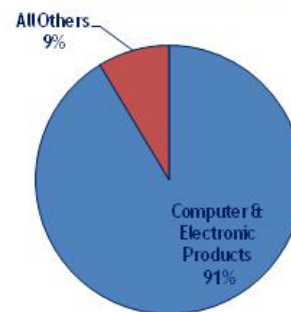
Idaho's shipments of merchandise in 2010 totaled \$5.2 billion.

- A total of 1,219 companies exported goods from Idaho locations in 2008.
- 1,070 of Idaho exporting firms were small and medium-sized enterprises (SMEs), with fewer than 500 employees.
- SMEs generated over one-fifth (21.0 percent) of Idaho's total exports of merchandise in 2008.

Trade Works for Idaho

Recently implemented trade agreements have benefited Idaho. For example, since the U.S.-Singapore trade agreement entry into force in 2004, Idaho's exports to Singapore have grown by 288 percent. Since the U.S.-Chile trade agreement entry into force in 2004, Idaho's exports to Chile have grown by 118 percent. KORUS can similarly benefit Idaho.

Idaho Exported an Average of \$332 Million in Goods to Korea from 2008-2010



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

KORUS Opens New Markets for Key Idaho Exports

Computers and Electronics Products – The state’s leading export category by far is computers and electronics products, which accounted for 91 percent, or \$304 million, of Idaho’s total merchandise exports to Korea on average 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 – Idaho exported \$11 million in processed food products to Korea on average in 2008-2010. KORUS, when implemented, will stimulate new opportunities for Idaho 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.

Paper Products – Idaho’s exports of paper products amounted to \$7.3 million on average to Korea in 2008-2010. U.S. paper and paper products producers will benefit from the immediate elimination of Korean tariffs on 100 percent of U.S. paper products. Korean tariffs in this sector currently average 0.2 percent. The top U.S. exports to Korea in this sector included printed books and brochures, chemical wood pulp, uncoated liner in rolls or sheets, paper, and newspapers.

KORUS Creates Opportunities for Idaho’s Agriculture

Idaho’s agricultural exports to all countries, estimated at \$1.5 billion in 2009, supported about 12,000 jobs, on and off the farm. These export sales make an important contribution to the Idaho farm economy, which had total cash receipts of \$5.2 billion in 2009. The KORUS eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Idaho’s agricultural products, including dairy, beef, and vegetables. 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.