



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

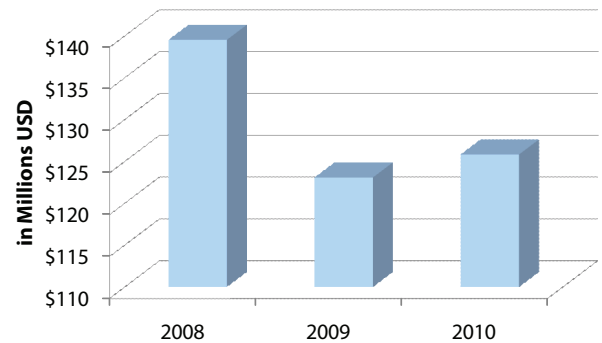
The U.S.-Korea Trade Agreement would provide significant commercial opportunities for U.S. exporters:

- Korea is the **5th largest** market for U.S. fish and fish products 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.
- **More than 40 percent** of U.S. fish and fish product exports to Korea by value would receive duty-free treatment within 3 years of implementation of the U.S.-Korea Trade Agreement, including elimination of the 10 percent tariff on pollock surimi.
- Korean fish tariffs currently average 17.2 percent, ranging up to 63 percent.

Fish and Fish Products Sector Overview

- The fish and fish products sector accounted for \$129 million in U.S. exports to Korea over 2008-10 (average).¹
- Top U.S. fish and fish products exports to Korea include frozen pollock, cod, monkfish, hagfish, and skate.
- The U.S. commercial fishing sector harvested over \$4.4 billion worth of fish and shellfish in 2008.²
- The U.S. commercial fishing, seafood processing, retailing, and wholesaling industries employed approximately 370 thousand in 2008.³

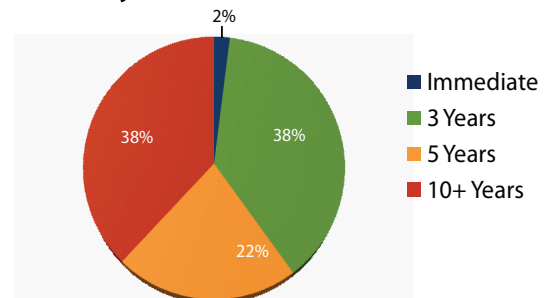
U.S. Fish and Fish Products Exports to Korea Averaged \$129 Million



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

- Korean fish and fish products tariffs average 17.2 percent, ranging from 3 percent to 63 percent.
- Nearly 2 percent of U.S. fish and fish products exports⁴ to Korea would receive duty-free treatment immediately upon implementation of the trade agreement.
- Tariffs on an additional 38 percent of fish and fish products exports to Korea would be eliminated over three years, including the 10 percent tariff on pollock surimi, by far the most important U.S. fish export to Korea.

More than 40% of U.S. Fish and Fish Products Exports to Korea Would be Duty-Free Within Three Years



¹ Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Korea. The definition for fish and fish products used in this report, unless otherwise cited, is based on Harmonized System (HS) Chapter 3 and selected products within Chapters 5, 16, and 23.

² U.S. Department of Commerce, National Oceanic and Atmospheric Administration, Fisheries Economics of the United States 2008.

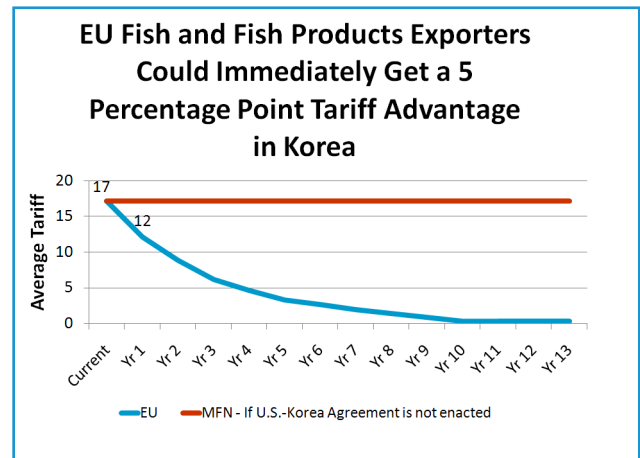
³ U.S. Department of Commerce, National Oceanic and Atmospheric Administration, Fisheries Economics of the United States 2008.

⁴ Data based on three-year average for 2008-2010.

- Tariffs on a further 22 percent of fish and fish products exports to Korea would be eliminated over five years. Tariffs on the remaining 38 percent of U.S. fish and fish products exports to Korea would be eliminated in equal cuts over ten years or non-equal cuts over ten, twelve, or fifteen years.
- Additionally, tariff rate quotas (TRQs) are being established for some product forms of croaker, Alaska Pollock, and some flatfish; these will immediately provide duty-free access for specified quantities of U.S. exports which will increase annually. Tariffs on these products are currently set at 63 percent, 30 percent, and 10 percent respectively.

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 fish and fish products exporters will immediately enjoy an average tariff of 12 percent upon entry into force of the EU-Korea FTA, while U.S. exporters will face an average most favored nation (MFN) tariff of 17.2 percent until entry into force of the U.S.-Korea Trade Agreement.⁵



Key States Exporting to Korea

- Top U.S. states exporting fish and fish products to Korea include: Alaska, Massachusetts, Washington, California, New York, New Jersey, Maine, Oregon, Virginia, Florida, Louisiana, and Hawaii.

Other Key U.S.-Korea Trade Agreement Commitments for the Fish and Fish 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.
- **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.

⁵U.S. Department of Commerce calculations based on EU-Korea FTA and U.S.-Korea Trade Agreement tariff commitments.

KORUS Opportunity Stories

Examples of Specific Companies in the Fish and Fish Products Sector that will Benefit from KORUS

Maritime Products International (MPI) (Virginia): Started by an oysterman in Portsmouth, Virginia, the company focus evolved over the years as the global seafood industry has changed and developed. Today, MPI is an importer, exporter and distributor of seafood products from all over the world handling over 30 million pounds of seafood on an annual basis. Although exports, primarily to Asia and Africa, represent less than 5 percent of current business it is an area the company would like to grow.

Matthew Fass, President, has worked with local watermen in the past to try and access the Korean market - a significant consuming market for frozen seafood. Fass sees a potential market in Korea for a variety of species, especially those found on the eastern seaboard such as croaker, squid and blue crab. However, in the past the Korean tariff barriers were prohibitive.

“Our family has deep roots in U.S. seafood production and I have worked in a variety of capacities, including as past industry chairman of the Virginia Marine Products Board, to help expand sales of domestic production to export markets. This work has included participating in Korean trade missions and hosting Korean seafood buyers specifically interested in local products. [However, one of the primary barriers to success in this area has been Korea's import tariffs.](#) We have worked for years to try and tackle this issue but with almost no movement. It is therefore very exciting to see some real movement on something we produce in Virginia.”

[The trade agreement would gradually bring Korea's fish tariffs down to zero. In addition, the agreement provides duty-free treatment immediately for a certain amount of croaker, and within five years the tariffs on squid and blue crab would be less than 10 percent.](#)