



United States
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Foreign
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Service

FACT SHEET

U.S.-Korea Free Trade Agreement What's At Stake for Barley and Malt?

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The U.S.-Korea Free Trade Agreement (KORUS FTA) will provide America's farmers, ranchers, food processors, and the businesses they support with improved access to the Republic of Korea's 49 million consumers. If approved by Congress, this would be the most economically significant trade agreement for the U.S. agricultural sector in 15 years.

Under this agreement, more than 60 percent of U.S. agricultural exports will become duty-free immediately. Lower tariffs benefit both U.S. suppliers and Korea's consumers. The KORUS FTA will help the United States compete against Korea's other major agriculture suppliers and help keep the United States on a level playing field with Korea's current free trade partners, such as Chile, and any future FTA partners.

Unhulled and Naked Barley

With the Agreement...

The KORUS agreement offers U.S. unhulled and naked barley a tariff advantage over its competitors (Australia and China), because the agreement creates a 2,500-metric ton duty-free

quota for U.S. unhulled and naked barley, which increases 2 percent per year while the out-of-quota tariff is phased out over 15 years.

The Trade Situation...

The United States does not currently ship naked barley and only exports a small amount of unhulled barley to Korea. In recent years, Australia has dominated the Korean unhulled barley import market with an 83-percent share, while China has maintained an average share of 17 percent. Korea does not import naked barley

The Current Market Access Situation...

Korea has an unhulled barley autonomous tariff-rate quota (TRQ) of 50,000 tons at a 2-percent tariff and a global WTO 23,582-ton TRQ that covers unhulled barley at a 5-percent import tariff and naked barley at a 20-percent import tariff with over-quota tariffs of 324 and 300 percent, respectively.

Malt and Malting Barley

With the Agreement...

In the first year of the agreement, the United States has an opportunity to export 9,000 tons of unroasted malt and/or malting barley into Korea duty free. This 9,000-ton duty-free quota grows 2 percent each year through year 15, at which time all U.S. shipments of malt and malting barley will enter duty free. The KORUS FTA provides the United States with 10 and 20-percent tariff advantages, respectively, over our competitors for malt and malting barley.

The Trade Situation...

In 2006 and 2007 Korea imported an annual average of 17 tons of U.S. unroasted malt, valued at \$7,500. The U.S. share of Korea's import market is less than 1 percent, and U.S. barley malt faces strong competition from Australia and Canada. Korea did not import U.S. malting barley from 2005 through 2007. Australia is the sole supplier to this market.

The Current Market Access Situation...

U.S. unroasted, smoked, and other malt combined enters the market under a Korean autonomous TRQ of 146,700 tons. Applied tariffs are 10 percent in-quota. Korea's WTO bound duties are up to 269 percent for non-roasted and smoked and 27 percent for other types.

For malting barley, Korea has an autonomous TRQ of 37,000 tons and applied tariffs of 20 percent in-quota. Korea's WTO bound duty is 513 percent.

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