



United States
Department of
Agriculture

Foreign
Agricultural
Service

FACT SHEET

U.S.-Korea Free Trade Agreement What's At Stake for Cotton?

July 2007

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.

With the Agreement...

The KORUS FTA will lock in the duty-free access being enjoyed by U.S. cotton exporters. This permanent access allows U.S. cotton exports to continue to compete on a level playing field with Korea's other trading partners.

The Trade Situation...

Although Korea's imports of cotton fell from 270,000 metric tons in 2004 to 216,000 tons in 2006, this decline is expected to level off. Korea remains the eighth largest U.S. cotton market. From 2004 through 2006, U.S. suppliers shipped an average 103,000 tons of cotton annually valued at \$138 million. The U.S. share of Korea's market is currently 43 percent, but U.S. cotton faces strong competition from Australia, Brazil, and Uzbekistan.

The Current Market Access Situation...

Cotton faces an applied tariff of zero. The WTO permits duties (bound) of up to 2 percent.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue SW, Washington, DC 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

