



# FACT SHEET

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## *U.S.-Korea Free Trade Agreement* **Oregon Farmers Will Benefit**

September 2008

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The United States concluded free trade negotiations with Korea on April 1, 2007. The U.S.-Korea Free Trade Agreement (KORUS FTA) is the most commercially significant free trade agreement the United States has negotiated in nearly 20 years.

The KORUS FTA provides immediate elimination of duties on more than 60 percent of current U.S. exports and gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Oregon's agricultural products, including beef, dairy, and wheat. Oregon's exports to all countries, estimated at \$1 billion in 2006, supported about 12,800 jobs, both on and off the farm. These export sales make an important contribution to Oregon's farm economy, which had total cash receipts of \$4 billion in 2006.

**Beef.** The cattle and calf industry is the state's second largest source of farm cash receipts and sales reached \$544 million in 2006, or 14 percent of the state's total. The industry will benefit from this FTA.

- For beef muscle meats, the FTA provides a 15-year straight-line tariff phase out with a safeguard that begins growing from 270,000 tons, a quantity that is 17 percent larger than our largest historical shipments.
- Technical consultations continue toward the goal of allowing imports to take place consistent with World Organization for Animal Health (OIE) guidelines.
- Following the May 2007 decision by the OIE classifying the United States as a controlled-risk country, Korea has announced that it will undertake in a timely manner its regulatory process toward expansion of market access for beef and beef products.

**Dairy.** Oregon's dairy industry accounts for 8 percent of farm cash receipts totaling \$326 million in 2006. The industry will benefit from this agreement.

- The FTA will provide immediate duty-free access for double the current export volume of total dairy products. Duty-free quotas will be established for cheese, skim/whole milk powder, food whey, and butter.
- Current annual U.S. feed whey exports of \$8 million will gain duty-free access to the Korean market immediately upon implementation.

**Wheat.** State wheat and wheat product exports were estimated at \$166 million in 2007, and Oregon's wheat growers can benefit from this agreement.

- An unlimited amount of U.S. wheat for milling can enter Korea duty free upon implementation of the agreement.
- Korea's imports of U.S. wheat will no longer be subject to Korea's 1.8-percent tariff or its autonomous tariff-rate quota (TRQ) of 1 percent.
- Although this tariff differential may be small, it provides a small tariff advantage when competing against Canada and Australia.

**Fruits and Fruit Products.** Oregon is the nation's fourth largest exporter of fresh and processed fruits. This industry, which produces pears, cherries, assorted berries, and other fruit, will benefit from this FTA.

- Fruits and fruit products gaining immediate duty-free access include cherries, dried apricots, wine, and grape juice with current duties ranging from 15 to 45 percent.
- Many other products such as frozen berries, apricots, and dried plums, will see duties ranging from 30 to 45 percent eliminated in 2 to 10 years.
- Korea's tariff of 45 percent on apples (other than Fuji) and pears (other than Asian varieties) will be eliminated in 10 years. During non-FTA sanitary/phytosanitary discussions, Korea did agree to proceed on the long-standing U.S. pest risk assessment request.

**Vegetables and Pulses.** Oregon vegetable growers and processors are the sixth largest exporter nationwide with shipments valued at \$145 million in 2007. This industry, which grows potatoes, sweet corn, green beans, and other vegetables, will benefit from this agreement.

- Tariffs on asparagus, canned and processed tomatoes, frozen potato fries, and chipping potatoes (during the U.S. potato shipping season) will become duty-free immediately.
- A new 3,000-ton duty-free quota for fresh potatoes and a new 5,000-ton duty-free quota for dehydrated potatoes will bring opportunities for growers.
- Other products such as carrots, lettuce, dried mushrooms, and sweet corn, with duties ranging from 30 to 45 percent, will have tariffs phased out in either 5 or 10 years.
- The current 27-percent tariff on most pulses (peas, beans, and other legumes) will be eliminated within 5 years while the tariff for lentils will be removed within 10 years.

*For questions about the U.S.-Korea Free Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs Office at (202)720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*

*For detailed information on how the Agreement benefits specific commodities, please visit: <http://www.fas.usda.gov/info/factsheets/Korea/us-koreaftafactsheets.asp>.*