



United States
Department of
Agriculture

Foreign
Agricultural
Service

FACT SHEET

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

September 2008

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.

This fact sheet contains information about a range of vegetables and related products (with the exception of potatoes, which are in a separate fact sheet). Additionally, a summary chart of tariff reductions for these products is included.

Frozen Sweet Corn

With the Agreement...

The current 30-percent tariff on frozen sweet corn will be eliminated within 5 years.

The Trade Situation...

Korea is the fourth largest import market for U.S. frozen sweet corn. From 2005 through 2007, U.S. suppliers shipped on average 1,500 tons a year of frozen sweet corn to Korea valued at \$565,000. The U.S. share of Korea's growing import market averaged 28 percent and has increased over the past several years. The United States is Korea's largest supplier, but faces strong competition from China.

The Current Market Access Situation...

Although U.S. frozen sweet corn is currently subject to a 30-percent tariff, Korea's WTO bound duty is 54 percent. Under the FTA, Korea will not be able to increase the tariff for U.S. imports from the current levels up to the WTO-bound level.

Asparagus, Carrots, and Onions

With the Agreement...

Fresh asparagus will be duty free upon implementation of the agreement. The 30-percent tariff on fresh carrots will be phased out in 5 years.

For onions, the KORUS FTA establishes a 2,904-ton safeguard in year 1 that increases to 5,808 tons in year 16, subject to a 50-percent duty. Quantities over the quota amount are initially subject to an over-safeguard duty of 135 percent that expires in year 19, and at that time, all quantities enter duty free.

The Trade Situation...

Korea is the seventh largest market for U.S. asparagus and the United States is the fourth largest supplier to Korea with a 12-percent average market share during 2005-2007. During that period, the United States shipped an annual average of 79 tons valued at \$149,000. Korea is the seventh largest market for U.S. onions. From 2005 through 2007, U.S. suppliers shipped on average 1,183 tons a year of onions to Korea valued at \$650,000. Korea imports onions in years when the domestic industry cannot meet demand. So, imports vary widely from year-to-year depending upon the local crop.

The Current Market Access Situation...

U.S. asparagus is subject to a 27-percent tariff and carrots are subject to a 30-percent tariff. Imports of onions are subject to a global WTO TRQ of 20,645 tons at an applied duty of 50 percent and a 135-percent out-of-quota (bound) duty.

Lettuce

With the Agreement...

The 45-percent tariff on fresh lettuce will be eliminated in 10 years. The FTA should help U.S. producers maintain their position as the top supplier of lettuce to Korea.

The Trade Situation...

Korea is the seventh largest market for U.S. lettuce. From 2005 through 2007, U.S. suppliers shipped an annual average of 1,040 tons of lettuce to Korea valued at \$764,000. The U.S. share of Korea's growing import market for lettuce dropped to 27 percent in 2007, as U.S. lettuce faces strong competition from China. China supplied 73 percent of the import market in 2007.

The Current Market Access Situation...

U.S. lettuce is subject to a 45-percent applied duty.

Peas

With the Agreement...

The KORUS FTA will lock in the duty-free access being enjoyed by U.S. feed-use pea exporters. The 27-percent tariff on seed peas will be phased out over 5 years. For all other peas, except those for feed use, the tariff will be phased out over 10 years.

The Trade Situation...

From 2005 through 2007, U.S. suppliers shipped an annual average of 3,000 tons of dry peas valued at \$960,000. The U.S. share of Korea's import market has averaged 72 percent and has been dropping in recent years with the competition emerging from Canada. The FTA should keep the United States on top in this competitive market.

The Current Market Access Situation...

U.S. dry peas enter Korea duty free under an autonomous TRQ of 450,000 tons. The out-of-quota tariff is 27 percent. U.S. fresh and frozen peas trade under a 27-percent tariff. U.S. prepared or preserved peas trade under a 20-percent tariff.

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Selected Vegetable Tariff and Trade Data

Product	Current Tariff	Phase-out (years)	Average Yearly Imports 2004-06 (tons)	Average Yearly Imports 2004-06 (\$mil)	U.S. Market Share 06 By Volume
Cabbage	27%	Immediate	0	\$0	< 1%
Cucumbers	27%	Immediate	0	\$0	< 1%
Fresh Asparagus	27%	Immediate	22	\$0.13	8%
Celery	27%	Immediate	23	\$0.04	16%
Chicory	8%	Immediate	62	\$0.27	77%
Prepared or Preserved Tomatoes	8%	Immediate	1,984	\$1.29	36%
Potato - Fresh Tablestock	30% or 304%	Duty-free Quota	6,300 (2004 only)	\$2.61	90% (2004 only)
Potato - Fresh Chipstock	30% or 304%	Immediate (Dec.-Apr.)	5,016	\$1.76	27%
Carrots	30%	5	145	\$0.34	< 1%
Dried Mushrooms	30%	5	4	\$9.58	< 1%
Frozen Sweet Corn	30%	5	148	\$0.15	27%
Prepared or Preserved Sweet Corn	30%	5	21,767	\$24.56	60%
Cauliflower/Broccoli	27%	5	57	\$0.24	1%
Cabbage, Chinese	27%	5	0	\$0	< 1%
Fresh and Frozen Peas	27%	5	67	\$0.06	25% (fresh), 35% (frozen)
Potatoes – Frozen Fries	18%	5	26,430	\$22.80	89%
Dried Peas (not for seed)	0% or 27%	10	3,141	\$1.01	85%
Cabbage Lettuce	45%	10	256	\$0.29	41%
Other Lettuce	45%	10	811	\$0.64	61%
Kidney Beans (not for seed)	27%	10	1,905	\$0.62	10%
Prepared or Preserved Asparagus	20%	10	13	\$0.04	35%
Garlic	360% or 50%	19	4	\$0.02	1%
Onions	135% or 50%	19	4,277	\$2.64	6%