



United States  
Department of  
Agriculture

Foreign  
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Service

# FACT SHEET

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## *U.S.-Korea Free Trade Agreement*

### What's At Stake for Wheat?

July 2007

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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.

#### *With the 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 WTO tariff or its autonomous tariff-rate quota (TRQ) of 1 percent. Therefore, the agreement may provide some advantage. Although this tariff differential may be small, it provides a small tariff advantage when competing against Canada and Australia.

#### *The Trade Situation...*

Korea is the sixth largest market for U.S. wheat. From 2004 through 2006, U.S. suppliers shipped an annual average of 1.2 million metric tons of wheat valued at \$201 million. The U.S. share of Korea's import market is 35 percent, comprised of only milling quality wheat. Recently, total Korean wheat imports and the U.S. market share have remained steady. U.S. wheat faces strong competition from Australia and Canada.

#### *The Current Market Access Situation...*

U.S. wheat faces TRQs of 2,400,000 tons for milling-quality wheat; the applied in-quota tariff is 1.0 percent. Almost all wheat shipped by the United States to Korea is nondurum wheat, for which Korea has a WTO bound tariff of 1.8 percent.

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