



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 Animal Hides and Skins?

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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.

Cattle Hides

With the Agreement...

U.S. exports of cattle hides and skins will receive immediate duty-free access upon implementation.

Duty-free access for cattle hides alone equates to an annual duty savings of approximately \$4 million based on recent trade values.

The Trade Situation...

Cattle hides make up over 90 percent of U.S. animal hides and skins shipped to Korea. South Korea is the second largest market for cattle hides (whole hides and parts), and accounts for about one-sixth of U.S. overseas sales. From 2005 through 2007, U.S. suppliers shipped an average \$310 million worth of cattle hides to Korea.

U.S. cattle hides dominate the Korean import market with an 89-percent share. Korea's import market for cattle hides has been stagnant for many years, and has declined since 2002. Tanning industries in China and other Asian countries are taking business away from Korean industries.

The Current Market Access Situation...

Barriers to trade are minimal. U.S. cattle hides face an applied tariff rate of 1 percent. The WTO bound tariff rate is 5 percent.

Mink

With the Agreement...

U.S. exports of mink furskins will receive immediate duty-free access upon implementation.

Duty-free access for mink furskins alone equates to an annual duty savings of nearly \$1 million based on recent trade values.

The Trade Situation...

Korea, the fourth largest market for mink skins (raw, tanned, or dressed), accounts for 16 percent of U.S. overseas sales. From 2005 through 2007, U.S. suppliers shipped an average 631,000 mink skins valued at \$30.2 million to Korea. The United States is the largest mink fur supplier with 42 percent of the Korean import market. Other key competitors are Denmark and Canada. The U.S. market share has remained largely unchanged since 1999.

The Current Market Access Situation...

Barriers to trade are minimal. U.S. mink skins face an applied tariff rate of 3 percent. The WTO bound tariff rate is 36 percent.

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