



FACT SHEET

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

September 2008

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 Colorado's agricultural products, including beef, dairy, and wheat. Colorado's agricultural exports to all countries, estimated at \$1.1 billion in 2007, supported about 11,720 jobs, on and off the farm. These export sales make an important contribution to Colorado's farm economy, which had total cash receipts of \$6.2 billion in 2007.

Beef. Colorado's cattle and calf industry leads all other state agricultural industries with more than \$3.2 billion in cash receipts in 2007, or 50 percent of the state's agricultural sector total. The state's exports of live animals and meat were estimated at \$193 million in 2007. Colorado ranchers will gain from this agreement.

- 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. Colorado dairy producers are the state's second largest source of farm cash receipts at \$515 million in 2007 and will benefit under 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. Colorado's wheat exports were \$337 million in 2007. Wheat growers will 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.

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.

For detailed information on how the Agreement benefits specific commodities, please visit:

<http://www.fas.usda.gov/info/factsheets/Korea/us-koreaftafactsheets.asp>