



Free Trade Alliance San Antonio
203 S. St. Mary's St., Ste. 130
San Antonio, TX 78205
t: 210.229.9036
f: 210.229.9724
www.freetradealliance.org



Position on the U.S.-Korea FTA

The U.S.-Korea Trade Promotion Agreement (TPA) is more than a free trade agreement; it is a fair trade agreement. This is the most commercially significant TPA since the US signed an agreement with Canada and Mexico 15 years ago. It is a comprehensive trade agreement that will eliminate tariffs and other barriers to trade in goods and services, promote economic growth, and strengthen economic ties between the United States and Korea. Korea is a \$1 trillion economy, the 10th largest economy in the world, the 7th largest U.S. trading partner for goods, and our 6th largest agricultural market.

The Free Trade Alliance supports the U.S.-Korea Trade Promotion Agreement. Korea's average applied tariff on U.S. goods is 11.2%, three times greater than the 3.7% average tariff Korean companies face when exporting to the U.S. Agricultural products face even stiffer blockades. U.S. agricultural products face an average applied tariff of 52% when exported to Korea, whereas as similar Korean products face only a 12% tariff. 95 percent of consumer and industrial products will become duty-free within the first three years after implementing the U.S.-Korea TPA. The remaining tariffs will be eliminated within 10 years. This agreement will benefit farmers and ranchers by immediately eliminating duties on more than half of current U.S. farm exports to Korea on the date the TPA enters into force.

This TPA offers extensive benefits by addressing not only tariffs, but also non-tariff barriers to entry. The TPA includes an extensive set of provisions that will eliminate non-tariff barriers across sectors, including autos, high technology, pharmaceuticals and medical devices, financial services, and telecommunications. The agreement includes provisions requiring transparency and commitments to publish in advance proposed government regulations that affect trade and to allow a reasonable opportunity for interested parties to provide input. The agreement also contains provisions on technical barriers to trade to enhance transparency of the regulatory process in Korea and ensure nondiscriminatory treatment for U.S. companies that test and certify products to Korean standards.

In 2008, Texas exported \$5.2 billion in goods to Korea, which is now our 7th largest export market, a slight drop from 2007 in which Texas exported \$5.6 billion in goods to South Korea making the country our 4th largest export market at that time. Since 2002 Texas exports to Korea have increased 175% and Texas is second only to California in exports to Korea. Currently one-fourth (22.9%) of all manufacturing jobs in Texas are supported by exports (based on 2006 data, which is the most recent data available). In 2006, a total of 21,983 companies exported goods from Texas locations, with 92% of those companies being small and medium sized enterprises (SME's) with fewer than 500 employees. These SME's generated 27% of Texas' total exports of merchandise in 2006.

Currently U.S. exporters do not have equal access to the Korean market. The U.S.-Korea TPA levels the playing field and enhances competition as it moves our commercial relationship to a full partnership with reciprocal commitments. The Free Trade Alliance urges Congress to approve and implement this agreement which benefits both nations and supports American workers and families by providing economic opportunities.

