



## South Korea Free Trade Agreement

Background: Negotiations with South Korea were launched in 2006. The agreement generated broad interest among most U.S. agricultural organizations and business groups, given the strong potential benefits that an FTA could make possible.

Discussions progressed slowly for most of 2006, given Korean and U.S. sensitivities on a variety of issues. Korea's strongest sensitivities were in its agricultural sector, including dairy. This sensitivity, combined with strong interest from U.S. agriculture groups in new access, made agricultural negotiations even more challenging than is typical in U.S. FTAs. Negotiations were finally concluded on April 1, 2007 - just in time to satisfy the Trade Promotion Authority Congressional notification deadline. Upon implementation of the FTA, the U.S. dairy industry will gain immediate open access for whey for feed uses, as well as tariff-free access for approximately 16,000 metric tons of cheese, milk powders, whey for food uses, and other important dairy products. U.S. exporters will achieve additional market access as Korea's tariffs are ultimately phased out completely.

The FTA is expected to help U.S. dairy producers and manufacturers become more competitive in the Korean market. The agreement will likely help both current and future exporters through reduced tariffs and new market opportunities. USDEC has created a **Summary** of the Korean FTA's terms. Details of the Korea agreement can also be found at the following USTR website:

[http://www.ustr.gov/Trade\\_Agreements/Bilateral/Republic\\_of\\_Korea\\_FTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Republic_of_Korea_FTA/Section_Index.html)

USDEC Position: This FTA with is expected to improve market opportunities in Korea for the U.S. dairy industry. As such, USDEC will be supporting it as it moves through the Congressional approval process.