



# CALIFORNIA FARM BUREAU FEDERATION

## EXECUTIVE OFFICES

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California Delegation  
US House of Representatives  
Washington, DC 20515

### RE: CA FARM BUREAU SUPPORTS US-KOREA FTA

Dear Congressional Member:

The California Farm Bureau Federation supports the US-Korea FTA. In recent years despite its restrictive import policies for many commodities, Korea has been among the top markets for U.S. exporters. In 2005, U.S. exporters shipped \$3 billion in agricultural products to Korea, making it our 6<sup>th</sup> largest export market. In 2003, Korea was a major market for U.S. beef. U.S. exporters supplied nearly \$790 million in beef and beef offal.

A US-Korea FTA offers a great opportunity for expanding California's agricultural exports to Korea. In 2005, the Korean market represented 4% of California's total \$9.3 billion in agricultural exports. California's top agricultural exports to the region included fresh and juiced oranges, cotton, almonds, rice and hay.

#### Korea Tariffs applied on US products

Overall, Korea's average applied tariff on California fruit and vegetable products is 53.6%, while, the United States imposes an average 6% applied tariff on fruits and vegetables from Korea.

#### **2005 Exports of California Agricultural Products to Korea**

	Value (000)
Commodity	2005 <sup>P</sup>
Oranges, fresh	96,670
Almonds	34,608
Cotton	33,214
Walnuts	17,522
Hay	14,282
Hides & Skins	13,878
Tomatoes (processed)	12,300
Wine	9,535
Grapefruit (incl. juice)	8,914
Rice	6,619
Grape Juice	5,249
Dairy and Products	6,279
Raisins	4,159
Table Grapes	2,955
Lemons	2,950
Orange Juice	2,392
Cherries	1,180
Pistachios	914
<b>Total CA Export to Korea</b>	<b>278,556</b>

<sup>P</sup> Preliminary figures

Source: U.C. Agricultural Issues Center, Annual California International Agricultural Export estimates, 2001-2005.

### **FTA Highlights:**

More than half (\$1.6 billion) of current U.S. farm exports to Korea will become duty-free immediately, including wheat, feed corn, soybeans for crushing, hides and skins, and cotton, plus a broad range of high value agricultural products such as raisins, grape juice, fresh cherries, frozen french fries, frozen orange juice concentrate and pet food.

**Wine**, Korea will immediately eliminate all tariffs on wine.

**Tree nuts**, current duties on tree nuts range from 8% to 45%. Korea will immediately eliminate the tariffs on almonds and pistachios, and will eliminate the tariffs on shelled walnuts in six years.

**Oranges** receive an "out of season" and "in season" treatment. U.S. oranges imported to Korea between March 1 and August 31 (out of season) will receive a seven year phase out of the current 50% duty, with an immediate reduction of the 50% tariff in the first year of implementation to 30% ad valorem, followed by a 5% reduction each year thereafter to zero duty in year seven. During the "In Season" (Sept. 1 - Feb. 28) the existing 50% tariff is maintained, with a duty-free Tariff Rate Quota (TRQ) of 2,500 metric tons with an annual growth of 3%. Korea is the 4<sup>th</sup> largest export market for U.S. oranges.

**Table grapes**, a five-year front-loaded tariff elimination schedule will benefit an estimated 70% of U.S. grape exports to Korea. Tariffs on the remaining 30% of exports will be eliminated over 17 years.

**Avocados, lemons, dried plums and sunflower seeds** will have expanded market opportunities with a two-year tariff phase-out.

Fresh **asparagus, eggplants, celery, cucumbers, and spinach** will be duty-free immediately.

Processed **tomatoes** and **tomato paste** will be duty-free immediately.

Other U.S. farm products that will benefit from expanded market access opportunities through tariff rate quotas include: skim and whole milk powder, whey for food use, cheese, dextrans and modified starches, barley, popcorn and soybeans for food use.

All tariffs on beef and beef products will be phased-out in 15 equal annual installments.

Other Commodities:

**Apples (other than Fuji):** 10-year duty phase-out; (20 year phase-out on Fuji)

**Pears (other than Asian Pears):** 10-year duty phase-out; (20 year phase-out on Asian Pears)

**Fresh Strawberries:** 9-year phase-out

**Peaches (fresh and canned):** 10-year phase-out

**Canned cherries:** 10-year phase-out

**Cranberry and Prune Juice:** receive 5-year phase-outs by creating a new tariff line within the "other juice" category (which is phased out over 10 years).

**Fresh carrots, broccoli, cauliflower, and peas:** eliminated in five years.

### **Closing**

On behalf of the 34,000 farmers and ranchers we represent, we ask that you support the US-Korea FTA. Please feel free to contact my office with any questions or concerns.

Sincerely,



DOUG MOSEBAR  
President