U.S.-Korea Free Trade Agreement Opens New Business Opportunities

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Importance of KORUS FTA

• Kick Starts US Trade Policy

• Confirms US-Korea Alliance

• Provides Business Opportunities for US (My Focus)
Importance of KORUS FTA

- Kick Starts US Trade Policy
  - KORUS (signed 2007) to go to Congress
  - Korea, Panama, Columbia FTAs Waiting
  - Trans-Pacific Partnership (TPP)
  - APEC 2011
- Other countries forging ahead with FTAs

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Importance of KORUS FTA

- Confirms US-Korea Alliance
  - June 2009 Joint Vision: “we will build a comprehensive strategic alliance of bilateral, regional and global scope, based on common values and mutual trust”
  - Mutual Defense Treaty
  - Korea completed FTA w/EU & Chile; negotiating with Australia & Canada; preliminary talks with China & Japan

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Importance of KORUS FTA

- Business Opportunities
  - My Background
  - Korea Today & Tomorrow - The Changes
  - Specifics – What & How
My Background

- **CBOL** is a multi-faceted company that supplies products and services to a wide range of industries including Aerospace, Defense, Space, Energy, Industrial and Electronics.

- **Korea is a major customer**

- **Involved in business with Korea since 1979**
Korea Today and Tomorrow

• “Globalization in Korea is real.” US Ambassador to Korea Kathleen Stephens, Feb. 24, 2011

• Generational, Perceptual, Business Changes

• Yesterday’s Korea is No More

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KORUS Specifics

- Korea Initiated FTA Talks
- FTA Favors US Business
- Korea Wanted FTA to Force Its Economy to be Competitive
KORUS Specifics

Changes Far-Reaching:

- Tariffs
- Customs
- Regulations
- IPR Protection
- Dispute Resolution
- Government Procurement
- E-Commerce
- Tourism

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KORUS Specifics

Tariffs

- Now: Average non-agricultural tariff is 12.2%
- FTA: Tariff eliminated on 95% of items

- Now: Average agricultural tariff is 49%, Quotas
- FTA: Eliminated on 2/3 of products, lowered on others; Quotas eliminated or liberalized

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KORUS Specifics

Manufacturing

- Korean manufactured import market = $250 bil.; US now only 10%

- Broad Opportunities, including telecom and auto parts (nearly zero now)
KORUS Specifics

Financial Services

- 100% ownership allowed
- Liberalized data transfer in and out of country
KORUS Specifics

Investment

- National Treatment (same treatment as Korean entities under law)
- Dispute Resolution System
KORUS Specifics

Services

- Telecommunications (can be 100% US owned)
- Legal Services (US advisory and participation)
- E-Commerce (no duties/fees)
- IT (cross-border delivery of services allowed)
- Government Procurement (US entities can bid)
KORUS Specifics

Agriculture

- Tariff removal, quota elimination
- $15 billion market and will increase
- Food safety regs transparent (no disguised trade barrier)
- Accept US food inspection system for meat
KORUS Specifics

Entertainment Industry

- Removal of “screen quota” of Korean-made movies and TV programs that must be shown
Conclusions

- KORUS FTA will eliminate most barriers to business with Korea that we used to see.

- Increasingly, the mind set in Korea is changing: business with the US (and world) is now desired, not feared.
How To

• Use Embassy and Dep. Of Commerce

• Web-based Research

• Find Korean Partners