

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

Spencer H. Kim

Chairman, CBOL Corporation

Asia Pacific Business Outlook 2011

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**

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

Importance of KORUS FTA

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

My Background

- **C BOL** 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**

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

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

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