

# UPGRADING KOREA-US PARTNERSHIP BUILDING ON KORUS FTA

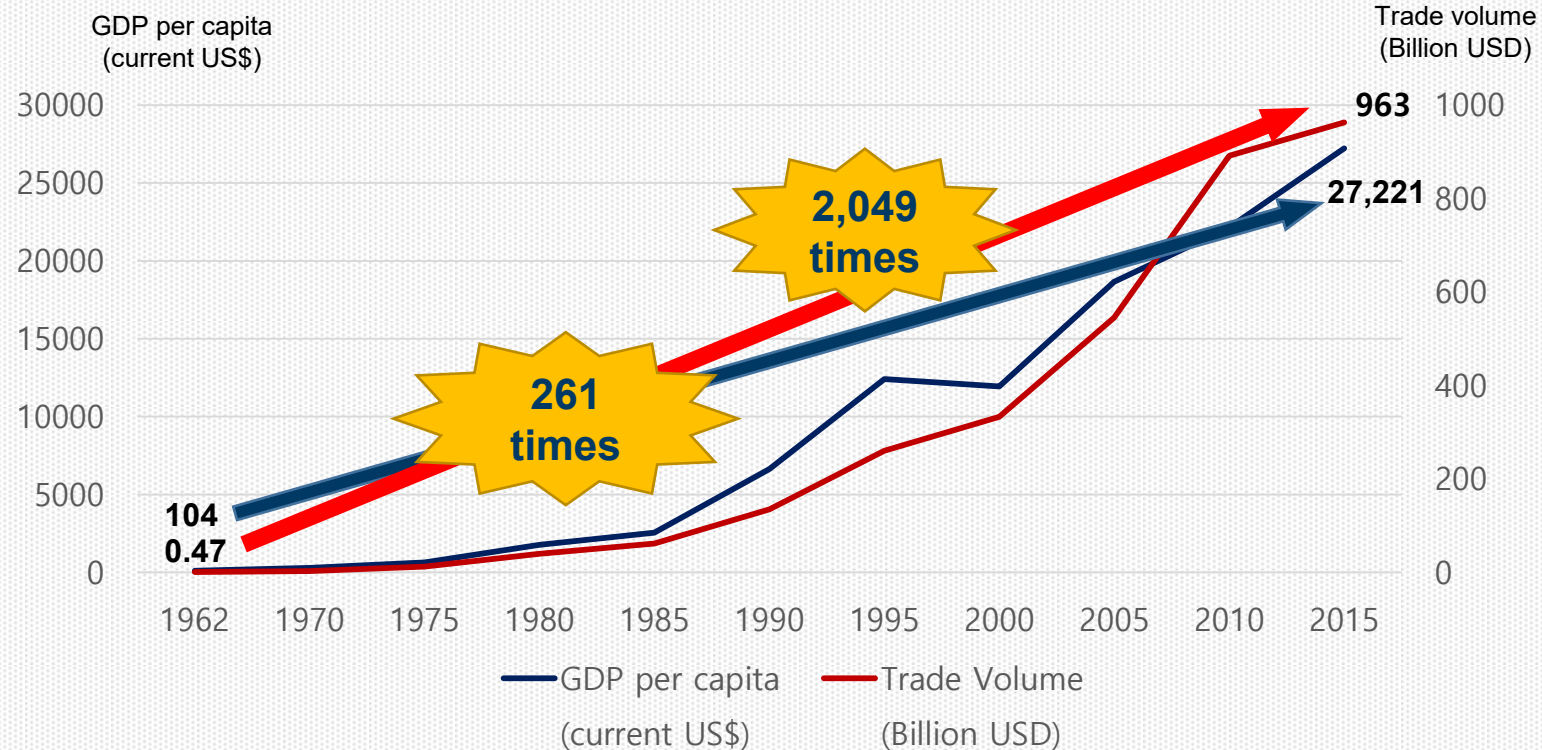
Mar 17<sup>th</sup>, 2017



Ministry of Trade, Industry and Energy  
Republic of Korea

# Korea, Epitome of Growth Through Trade

“ Korea has been an inspiration for many developing countries. Korea’s total trade volume increased from USD 0.5 billion in the early 1960s to over USD 1 trillion in 2013; and its GDP per capita from USD 80 to over USD 24,000” (Roberto Azevedo, May 16, 2014)

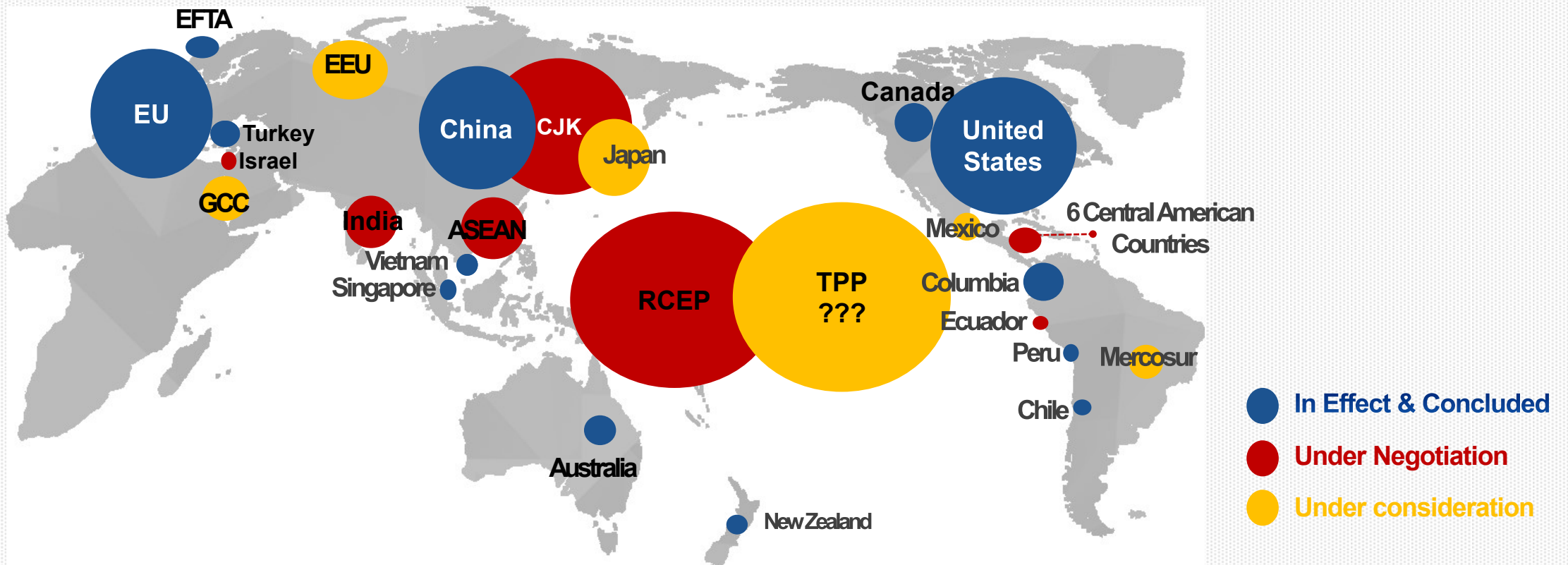


# Korea's Trade Policy Roadmap (June 2013)

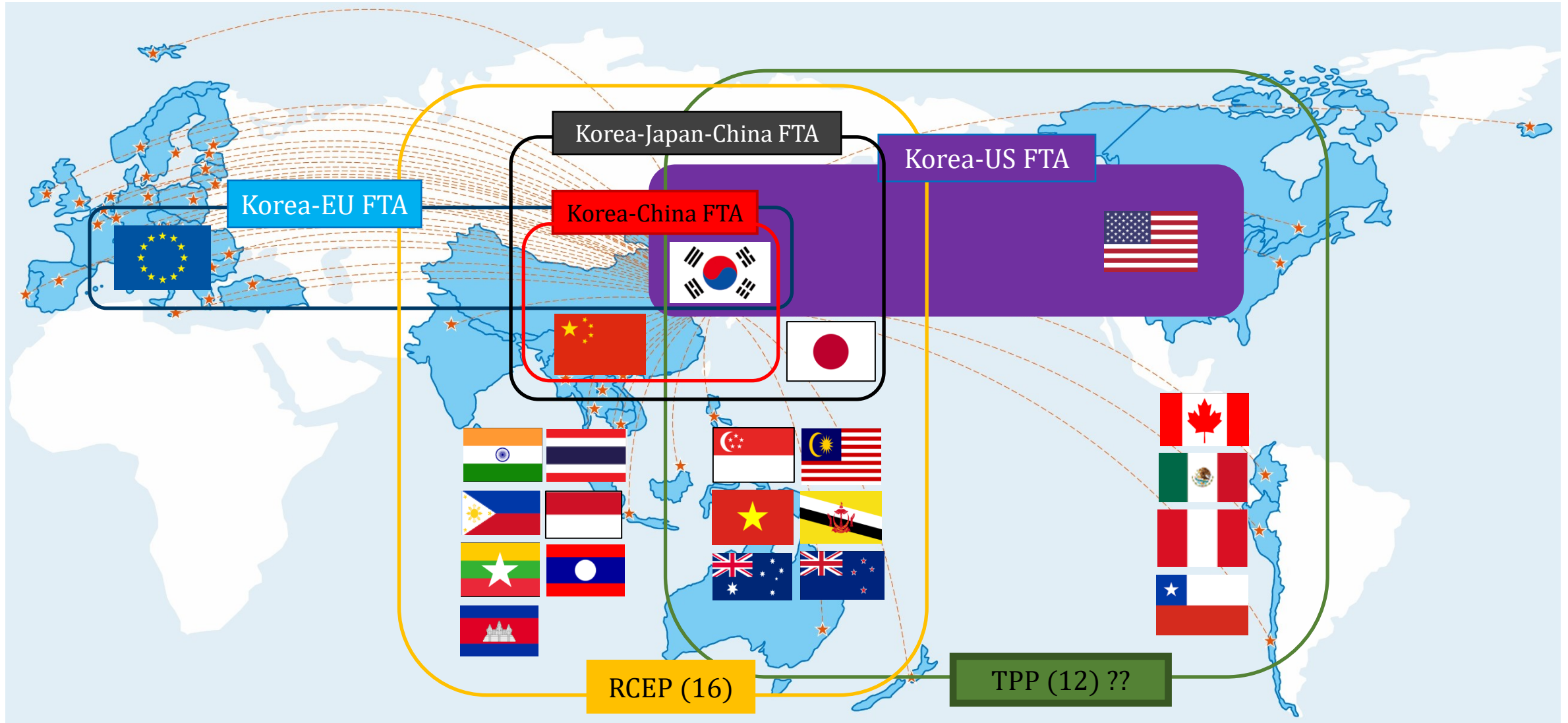
- 1 Supporting the multilateral trading system  
(e.g. Trade Facilitation Agreement)
- 2 Reinforcing the multilateral trading system by pursuing the plurilateral trade agreements  
(e.g. GPA, ITA I,II, TiSA, EGA etc.)
- 3 Aiming to be the Linchpin of the Regional integration through extensive FTA network

# Korea's Current Status of FTA Network

- ◆ 15 FTAs with 52 countries (75.7% of global GDP, 68% of Korea's trade)
- ◆ Among the world's top 10 trading nations, the only country to have concluded FTAs with the three biggest economies: the US, the EU and China

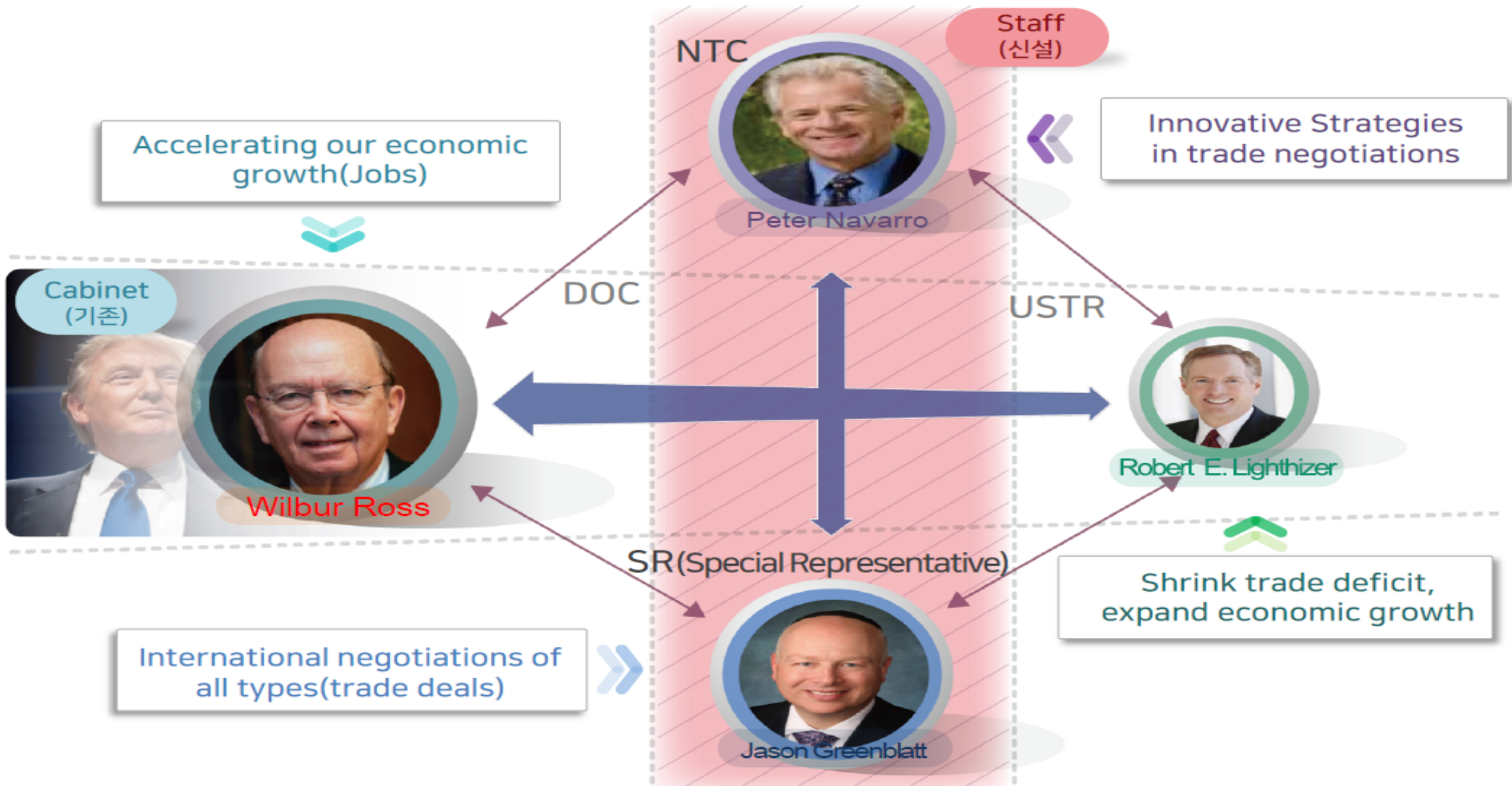


# Korea, as the Linchpin of Regional Integration





# Trump Administration key Trade policy personnel



Wilbur Ross & NAVARO

"As a poster child of how not to negotiate,  
there is Clinton's 2012 South Korea deal.

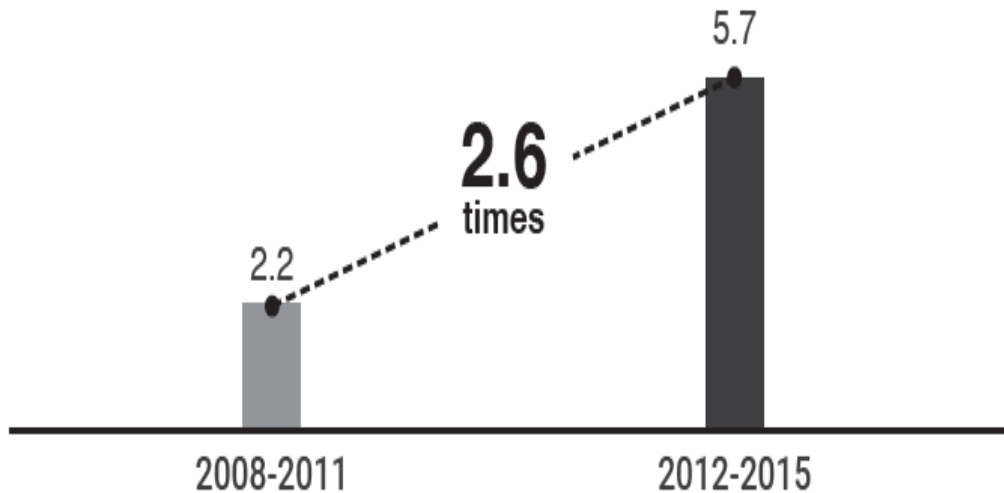
As secretary of state, she promised us 70,000 new jobs.  
Instead, we have lost 75,000 jobs, and our Korean trade d  
eficit has nearly doubled."

# Facts about KORUS FTA

## Fact 1 KORUS & JOBS

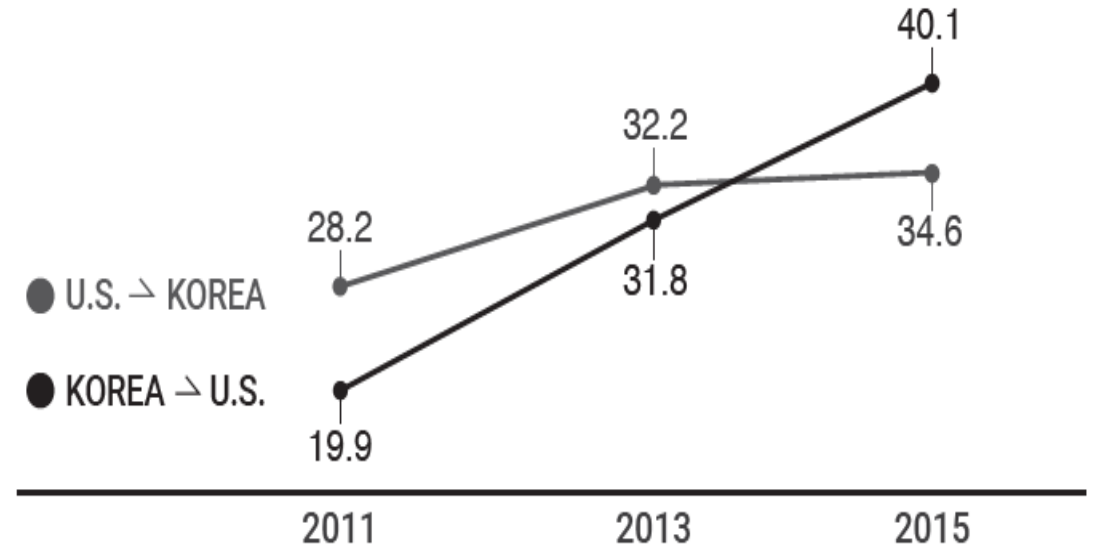
Korean investment to the U.S. sharply increased after KORUS

(Annual average, USD billion)



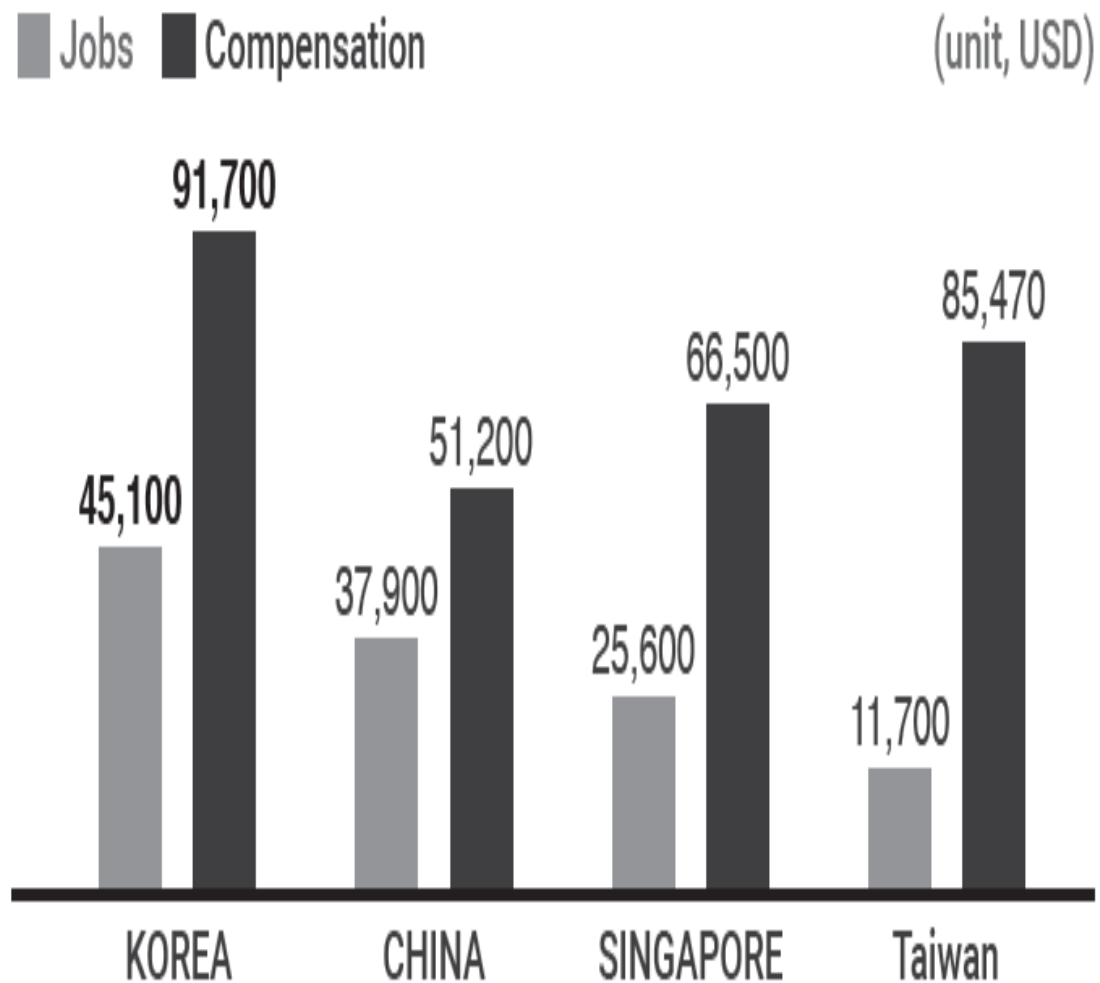
Korean investment to the U.S. surpassed U.S. investment to Korea

(USD billion)





## Korean investments provide more and better quality jobs than others



## Key investment by Korean Investors

■ Current ■ Planned

Investor	Investment (mil\$)	Jobs <sup>1)</sup>	Year	Sector	State
Samsung Electronics	16,300	4,100	1997~	Semiconductor	TX, CA
	<b>5,000</b>	-	<b>2017~</b>		
Hyundai, Kia	10,290	29,250	2005~	Automobile	AL, GA
	<b>3,100</b>	<b>460</b>	<b>2017~</b>		
Lotte Chemical	2,020	215	2019~	Chemicals	LA
LG Electronics	250	700	2017	Electronics	TN
POSCO	500	800	2009	Steel	CA

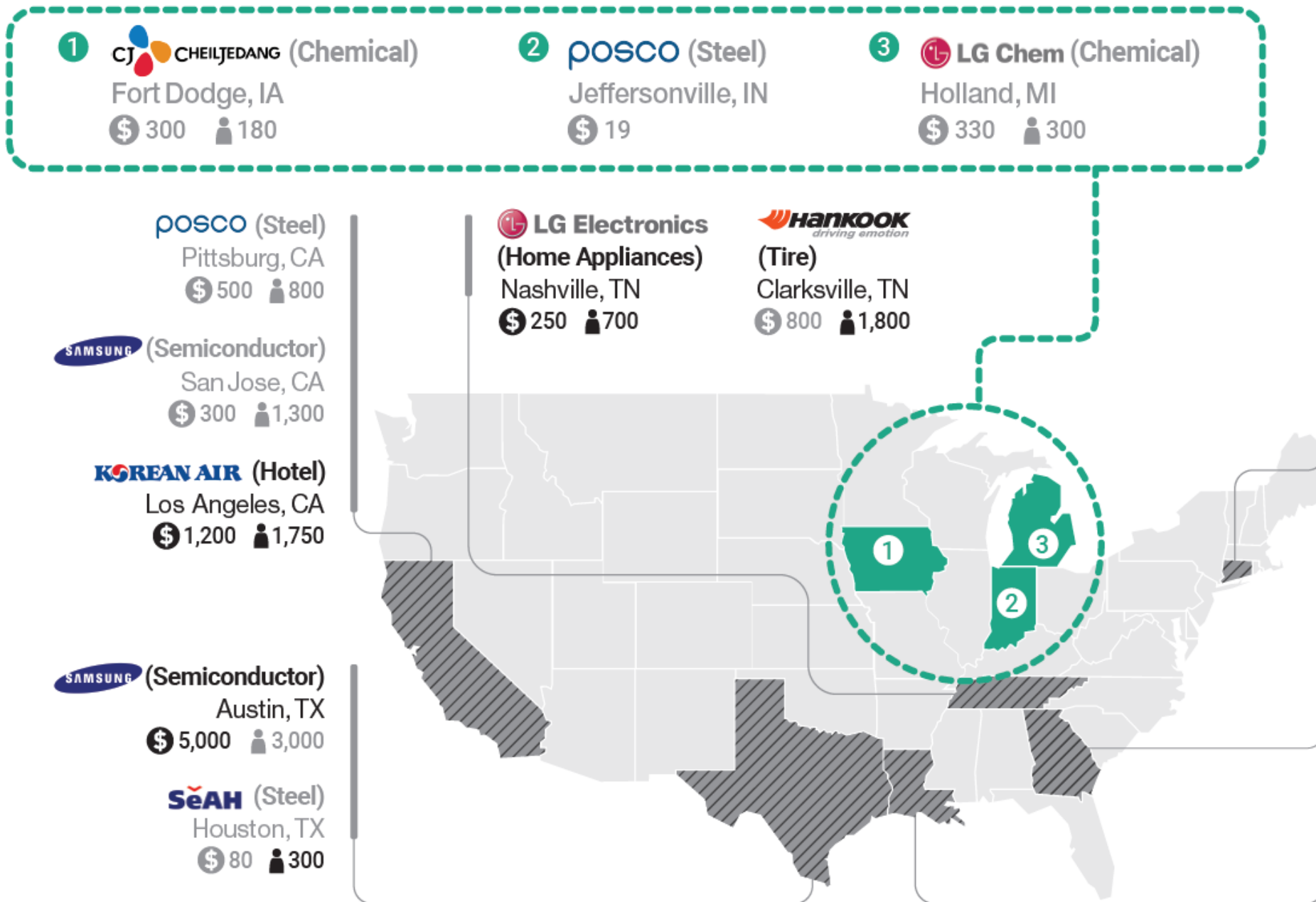
1) The figure means 'direct employment' made by the investment.

Source | World Trade Organization, Korea International Trade Association, Bank of Korea, U.S. Census, Bureau of Economic Analysis

# Korean investments are creating economic opportunities, especially in rural states and the Rust Belt.

● Current ● Planned (2017~)

(USD million)



**DOOSAN Bobcat**  
(Mechanical)

CT  
\$ 220 5,500

**DOOSAN** (Fuel Cell)

CT  
\$ 110 150

**SAMSUNG HARMAN**

(Automotive Electronics)

Stamford, CT  
\$ 8,020 7,300

**HYUNDAI KIA KIA MOTORS**  
(Automobile)

Montgomery, AL / West Point, GA

Current \$ 10,290 35,000

Planned \$ 3,100 460

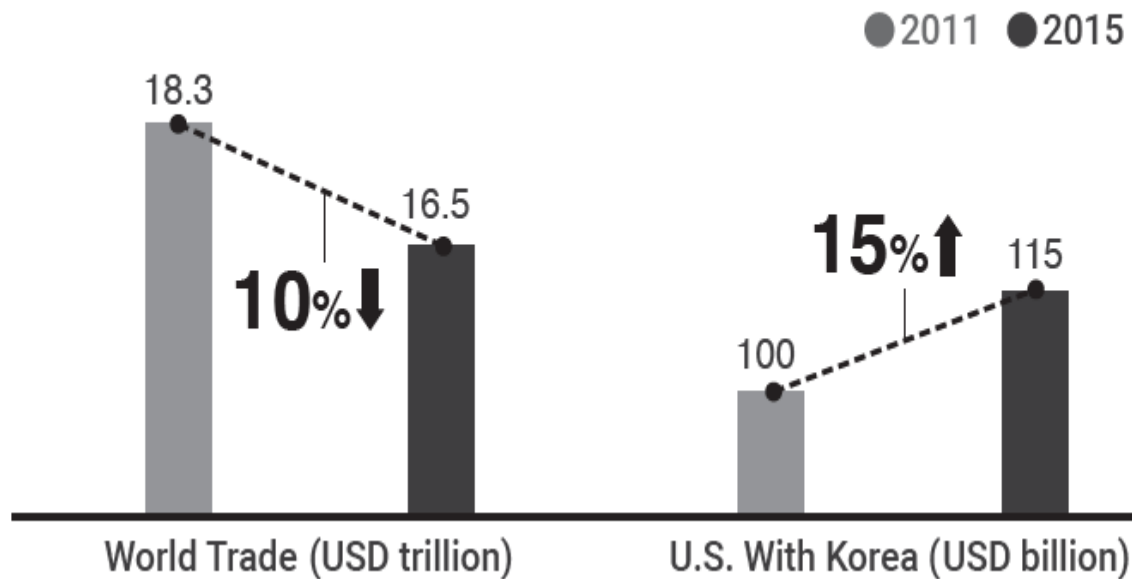
**LOTTE CHEMICAL** (Chemical)

Lake Charles, LA  
\$ 2,020 215

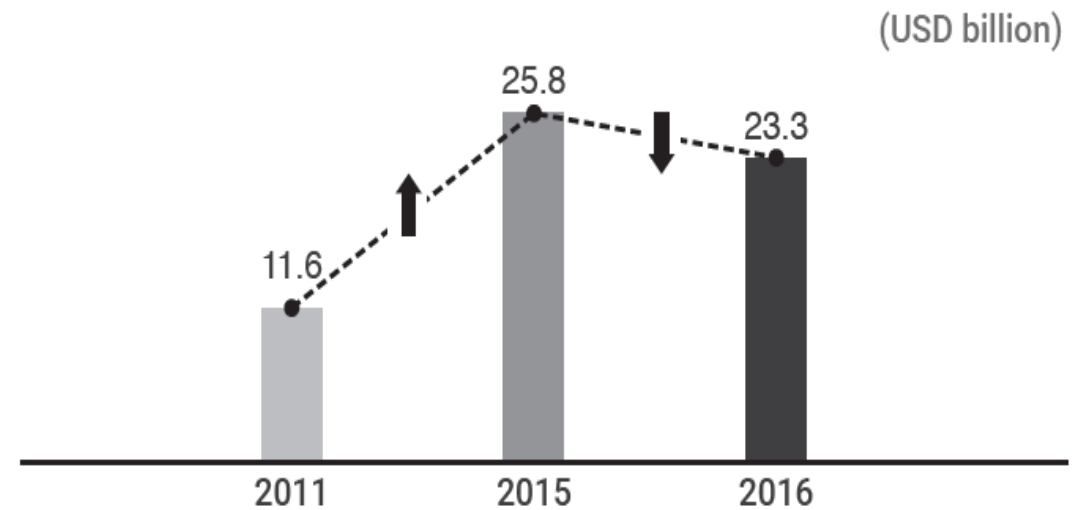
# Facts about KORUS FTA

## Fact 2 KORUS & TRADE

Global trade slowed down, but Korea-U.S. trade expanded



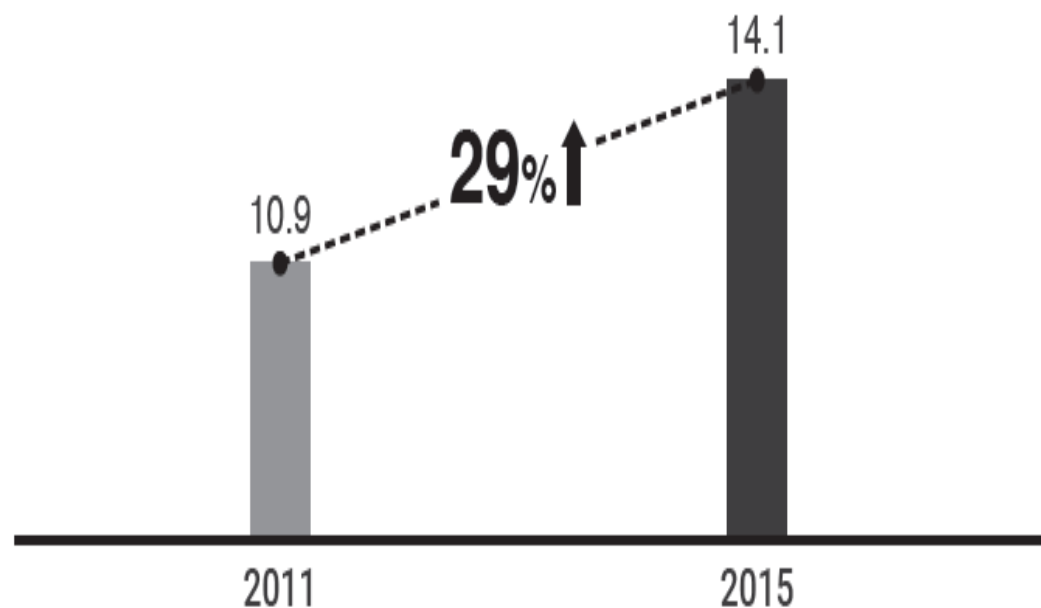
U.S. trade deficit in goods with Korea is now trending down



USITC | "Thanks to KORUS, the U.S. trade balance is estimated to have improved by 15.7 billion USD in 2015 alone"

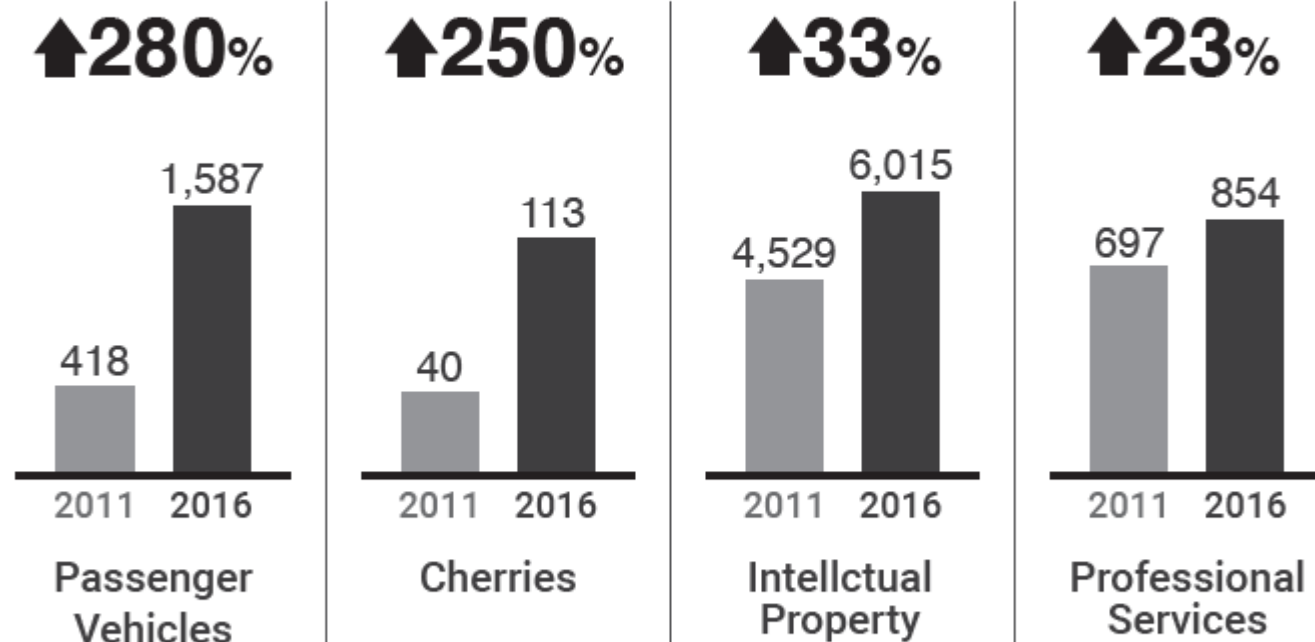
## U.S. trade surplus in services with Korea is increasing

(USD billion)



## KORUS opened a large market for U.S. exporters

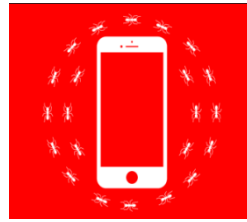
(USD million)



U.S. share in Korea's total imports : (2011) 8.6%  $\xrightarrow{2.0\% \uparrow}$  (2016) 10.6%



**2<sup>nd</sup> largest service  
market in Asia**









**3<sup>rd</sup> largest  
ICT market**



**5<sup>th</sup> largest  
agriculture market**



**3<sup>rd</sup> largest foreign  
students in the US**

Products	Passenger Vehicles	Pharmaceuticals	Cherries	Almonds	Cheese	Lobsters
						
Export Value	\$1,287mil	\$934mil	\$120mil	\$200mil	\$200mil	\$20mil
Export Growth	<b>206.6%</b>	<b>48.2%</b>	<b>193.5%</b>	<b>174.4%</b>	<b>575.5%</b>	<b>754.4%</b>
Tariff Rates	8% → 4% * 4% → 0%('16)	8% → 0%	24% → 0%	8% → 0%	36% → 28,8%	15% → 5%

- Passenger Vehicles and Pharmaceuticals : 2015 standards (Export Growth : 2011~2015)
- Cherries, Almonds, Cheese and Lobsters : 2014 standards (Export Growth : 2011~2014)

# FLORIDA'S TRADE IN GOODS WITH KOREA

## 2016 TOP EXPORTS

<b>\$147.2M</b> Machinery	<b>\$144.1M</b> Chemicals
<b>\$131.4M</b> Computer/Electronics	<b>\$112.5M</b> Transportation Equipment
<b>\$86M</b> Navigation Instruments	<b>\$38.9M</b> Medical Equipment Supplies

## 2016 TOP IMPORTS

<b>\$651M</b> Motor Vehicles	<b>\$455M</b> Petroleum and Coal
<b>\$223M</b> Communications Equipment	<b>\$131.3M</b> Semiconductors/Electronics
<b>\$85.5M</b> Engine/Turbine Equipment	<b>\$49.1</b> Motor Vehicle Parts

## TARIFF REDUCTIONS ON EXPORTS

### Agriculture

- **Orange Juice (Frozen)**  
54% tariff eliminated immediately

### Machinery and Parts Therof

- **Gas Turbine Parts**  
5.5% tariff eliminated immediately

## TARIFF REDUCTIONS ON IMPORTS

### Machinery/Electrical

- **Transmission Shafts**  
2.5% tariff eliminated immediately

### Chemicals

- **Propylene Glycol**  
5.5% tariff eliminated in 5 years

# TRADE IN SERVICES WITH KOREA

The services industry is vital to the U.S. economy, comprising 77.6% of U.S. GDP in 2015. Since the implementation of the KORUS FTA, U.S. services have expanded their Korean presence and impacted legal, financial, professional and intellectual property service sectors.



**\$11.3 BILLION**

Total surplus of trade in U.S. services to Korea.



**STRONG LICENSING**

Develops mutually acceptable standards for licensing and certification of professional services.



**34.5% INCREASE**

Total increase of U.S. services exports to Korea from 2011 to 2015.

# KOREAN PRESENCE IN FLORIDA



- As of 2015 Outback Steakhouse has over 110 restaurants in Seoul.
- In three years, Florida Natural Juice Sales went from \$4 million to \$40 million under the KORUSFTA.



- In 2016, Central Florida's Brew Hub partnered with Korean Brewer, The Booth Brewing Co., to start shipping to Korea.
- A quarter of a million tons of cargo comes through the Tampa Bay port annually from South Korea.



- For every \$1 million exported in goods or services, 19 jobs are created in Florida.



# FLORIDA BUSINESS SUCCESS STORIES

## **Correct Craft**

**Industry:** *Manufacturing*

Correct Craft, located in Orlando, FL, is a manufacturing company that develops boats for water skiing and other tow-oriented water sports. Correct Craft's Nautique powerboats are the official towboats of many water sport tournaments, and have been exporting boats to Korea for over 20 years.

## **DiSTI Corporation**

**Industry:** *Technology*

DiSTI Corporation, located in Orlando, FL, is a global leader in the development of Human Machine Interface software and technologies for businesses, governments, and the military. Its customers include the Korean Agency for Defense Development, Korean Aerospace Industries LTD., DNSK, and Korean Air.

## **AAMSI**

**Industry:** *Manufacturing*

Associated Aircraft and Manufacturing and Sales, Inc., based in Fort Lauderdale, FL, supports American-made military aircrafts, ships, and products with services including manufacturing, modification maintenance and operations. AAMSI has been trading with Korea for over 10 years now and provided electronic IFF systems to three Korean Navy Ships.



## Policy challenges for the next 50 years(OECD Report)

### Future prospect of the coming 50 years

- ❖ Slowdown in global economic growth
- ❖ Continuing rise in income inequality
- ❖ Major shift of economic balance towards emerging economies



## Miami – Korea Further Cooperation

- 1 Strengthen bilateral economic cooperation Under KORUS FTA for economic growth
- 2 Enhance cooperation in the field of high tech industries for inequality
- 3 Successfully enter into the emerging economies together

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Thank you



Ministry of Trade,  
Industry and Energy