



AMCHAM
American Chamber of Commerce in Korea



Korea-U.S. Economic Cooperation





AMCHAM Korea



- **Founded in 1953**
- **Purpose of foundation: to encourage the development of trade and commerce between Korea and the United States**
- **Membership: around 2,000 members including over 1,000 member companies**

Mission Statement

- **To promote and protect the interests of member companies operating in Korea**
- **To represent and relay the opinions of AMCHAM members to the Korean government, to Korean trade and industry associations as well as to U.S. government officials**
- **To further strengthen U.S.-Korea relations by working closely with both governments, government agencies and through promotional events, publications and forums**



General South Korea Facts

Statistics on South Korea



- **GDP: \$929.1 billion (World Bank 2009)**
- **GDP per capita: ±\$20,000
(at average exchange rate)**
- **Average GDP Growth Rate: 4.1%
(IMF 2005~08)**
- **Foreign Reserves: \$285.96 billion
(5th Largest) (Bank of Korea 2010)**
- **Population: 49.8 million
(Statistics Korea 2009)**



Korea in the 21st Century

How Korea has Developed



- ◆ GDP: \$929.1 billion (World Bank 2009)
- ◆ GDP per capita: ±\$20,000 (at average exchange rate)
- ◆ Average GDP Growth Rate: 4.1% (IMF 2005~08)
- ◆ Expected GDP Growth Rate for 2010: 4.5% (IMF)
- ◆ Key Areas of Focus: Green Growth, Biopharmaceuticals, IT, Services Sector etc.



Korea – Economic Clout

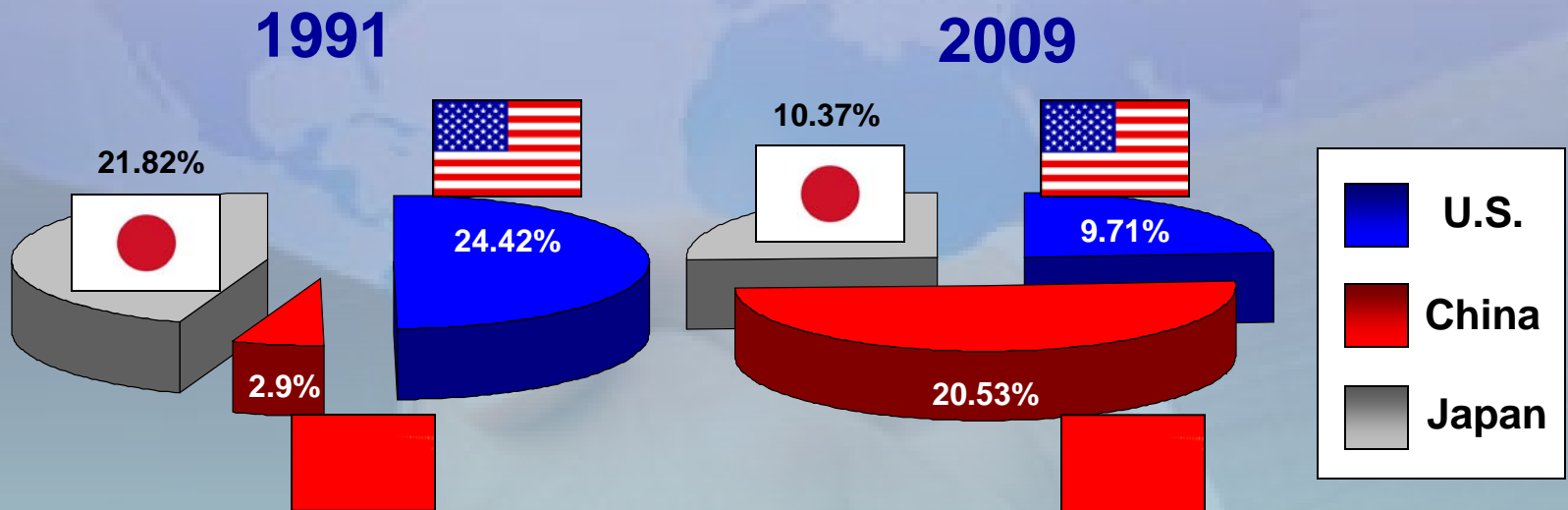
Key Market for the U.S.

- Korea is the 8th largest export market of the U.S.
- Two-way trade exceeded \$69 billion in 2009
 - **U.S. goods trade deficit with Korea was \$10.6 billion in 2009, compared with \$227 billion with China and \$45 billion with Japan**
- Services: Korea is America's 2nd largest export market in Asia
- Tourism: Korea is America's 5th largest source of overseas visitors
- Agriculture: Korea is America's 6th largest export market worldwide
- IT Industry: Korea is America's 6th largest export market worldwide
- Leading U.S. Investors in Korea: **Citigroup, GM, 3M, eBay, IBM, Chevron**
- Leading Korean Investors in the U.S: **Samsung Electronics, Hyundai Motors, KIA Motors, Doosan Heavy Industry, SK Corporation**



U.S. Loses Economic Clout

Comparing Trade Volume: 1991 vs. 2009



- The U.S. was Korea's #1 trading partner for 35 years
- In 2003, China overcame the U.S. to become #1
- In 2009, the U.S. fell to 3rd place and the bilateral trade flow was 9.7% of Korea's total trade

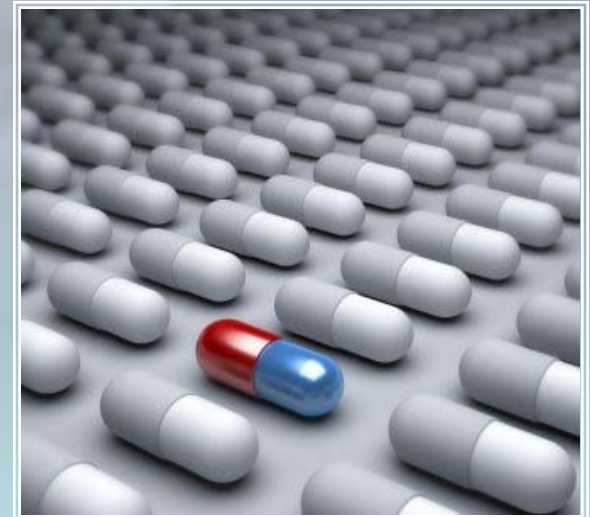


Korean Economy - Future Areas of Focus

Designated Engine of Growth

Biopharmaceuticals

- **Ministry of Knowledge Economy (MKE)**
 - Various Incentives to R&D
 - New Opportunities for Investment
 - M&A
 - Appearance of Start-ups





Korean Economy - Future Areas of Focus

Designated Engine of Growth

Biopharmaceuticals

- **Ministry of Health & Welfare (MOHW)**
 - Pricing and Reimbursement for National Healthcare System
- **AMCHAM**
 - Korea-U.S. Healthcare Innovation Seminar 2010





Korean Economy - Future Areas of Focus

Designated Engine of Growth

Energy & Green Growth

- **Presidential Council on Green Growth (PCGG)**
 - **Established in 2009**
 - **To become the World 7th Green Power by 2010, and the 5th by 2050**
 - ✓ **Mitigation of climate change & energy independence**
 - ✓ **Creating new engines for economic growth**
 - ✓ **Improvement in quality of life and enhanced international standing**



Korean Economy - Future Areas of Focus

Designated Engine of Growth

Energy & Green Growth

● Ministry of Knowledge Economy (MKE)

- Foster New Growth Engines
- Green Technology
 - ✓ Renewable Energy Technologies
 - ✓ Water Treatment Technologies
 - ✓ Low-carbon Energy Technologies
 - ✓ Green Transportation Systems
 - ✓ IT Convergence Citywide
 - ✓ LEDs





Korean Economy - Future Areas of Focus

Designated Engine of Growth

Energy & Green Growth



- **AMCHAM White Papers:**
 - Propose Areas of Cooperation
 - **Energy Conservation & Efficiency**
 - **Technology Deployment**
 - **Clean Fuel**
 - **Alternative Energy Sources**



Key Challenges

Issues of Doing Business in Korea

Regulatory Transparency

● Positive Changes after 1997/8 Asian Financial Crisis

- Involving all stakeholders in the rule-making process
- Putting all the relevant details out for public comment with sufficient time
- Making effort to incorporate meaningful comments into the final version





Key Challenges

Issues of Doing Business in Korea

International Standards

- Telecom (iPhone)
- Emission Control
- Cosmetics
- Imported Foods
- Labeling Requirements
- Medical Devices





Key Issues

Issues of Doing Business in Korea



Labor Issues

- **Illegal Strikes**
- **Difficult to Hire and Fire**
- **New Labor Law and Union Issues**

Investigations

- **Sector-specific Cases**
- **Dawn Raids**

Intellectual Property Rights Protections

- **USTR: The Special 301 Report**



AMCHAM
American Chamber of Commerce in Korea



The **U.S.-Korea** FTA Key to U.S. Business Success in Korea





The U.S.-Korea FTA: A Recap

Concluded: June 30th 2007

The 24 Chapters

Initial Provisions and Definitions

National Treatment and Market Access for Goods

Agriculture

Textiles and Apparel

Pharmaceuticals and Medical Devices

Rules of Origin and Origin Procedures

Customs Administration and Trade Facilitation

Sanitary and Phytosanitary Measures

Technical Barriers to Trade

Trade Remedies

Investment

Cross-Border Trade in Services

Financial Services

Telecommunications

Electronic Commerce

Competition-Related Matters

Government Procurement

Intellectual Property Rights

Labor

Environment

Transparency

Institutional Provisions and Dispute Settlement

Exceptions

Final Provisions



The U.S.-Korea FTA

Trade with Korea is Fairly Balanced

Korea is the U.S.'s 8th largest trading partner. While Korea enjoys an overall trade surplus in manufactured goods, **the U.S. maintains a \$6.1 billion surplus in Services** (excluding Tourism and Education) leading to a relatively balanced trade relationship in the context of America's other trading partners.

Total Goods Trade <i>(U.S. Census)</i>		2009	Change vs Prior Yr
	U.S. Exports to Korea	\$28.6 bn	- 17.4%
	U.S. Imports from Korea	\$39.2 bn	- 18.4%
	Total Trade	\$67.8 bn	- 18.0%
	Trade Balance	- \$10.6 bn	- 20.3%
Commercial Services Trade <i>(USDOC/USBEA)</i>		2009	
	U.S. Exports to Korea	\$14.3 bn	+ 12.5%
	U.S. Imports from Korea	\$7.2 bn	+ 6.6%
	Services Balance	+ \$6.1 bn	+ 6.1%
Total Balance		- \$4.5 bn	- 27.4%



The U.S.-Korea FTA

U.S.- Korea FTA benefit to the U.S.

- Once the U.S.-Korea FTA is ratified, it is estimated that the U.S. GDP will be boosted by an additional \$10-12 billion (ITC)
- FTA ratification could translate into 240,000 new American jobs (ITC)

U.S.- Korea FTA benefit to Korea

- Once the U.S.-Korea FTA is ratified, it is estimated that Korea's exports will be boosted by an additional \$10-11 billion (ITC)
- The U.S.-Korea FTA will sharpen competitive edge in service sectors by competing with American firms on a level playing field



Commitment from the Administrations

What they are saying?

“I want to make sure that everything is lined up properly by the time I visit Korea in November and then in the following few months, I intend to present it to Congress.”

President Barack Obama, June 29, 2010, G20 Meetings in Toronto



“And with the passage and implementation of the U.S.-Korea FTA, the role of the U.S. in the Asian region will be much more specifically defined... we hope that the U.S.-Korea FTA will be implemented before our FTA with either China or the European Union.”

President Lee, Myung-Bak, April 12, 2010



What Has to be Done?

Steps for U.S.-Korea FTA Ratification

- Development of New Proposals
- Additional Bilateral Discussion on Outstanding Issues
- Formal Submission by Administration to Congress
- Discussion – Vote
- Verification of Phase

It's not a matter of "if" but "when"





Why Should the U.S. Congress Care?

Korea's Ambitious FTA Strategy

Korea is negotiating and has completed comprehensive FTAs with many major trading partners. Products covered by this expanding list compete directly with U.S. products

Negotiations Concluded

Chile	
U.S.	
ASEAN	
Singapore	
EFTA	
India	
European Union	

Negotiations in Progress

Canada	
Mexico	
GCC	
Australia	
New Zealand	
Peru	
Columbia	
Turkey	

Negotiations in Preparation

China	
Russia	
Mercosur	
Japan	
Israel	
SACU	
Korea-China-Japan	

Thank You!



Please Feel Free to Contact Us



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AMCHAM

American Chamber of Commerce in Korea

**AMCHAM Mandate: To promote
business between the U.S. and South Korea**

- **Established in Korea: 1953**
- **Structure: Non-Profit Organization**
- **Largest Foreign Chamber in Korea**