

# California Trade Fact Sheet

## Benefits for California of the U.S.-Korea Free Trade Agreement

### California & Global Trade

- California is **#2** among all U.S. States with global exports of **\$163 billion** (2009)
- Over **95%** of all California exporters are SMEs; and account for 43% all California exports.

### California - Korea Trade

- California is Korea's **#1** trading partner among U.S. States
- California exports to Korea were over **\$5.9 billion** (2009).
- Korea is California's **5<sup>th</sup>** largest international market

### Overall Benefits of the KORUS FTA for California

- **Market Access:** The U.S.-Korea FTA will eliminate **95%** of all Korean consumer and industrial products duties within **3 years**, including such leading California exports to Korea as computers and electronics, machinery, and transportation equipment.
- **New Jobs:** Currently, more than **25%** of manufacturing jobs in California depend on exports. The U.S. International Trade Commission estimates that U.S. exports will increase by approx. **\$10 billion** under U.S.-Korea FTA. Based on current California trade with Korea, **\$2.1 billion** in additional exports and **42,000 new jobs** would result from the U.S.-Korea FTA (Using a U.S. Department of Commerce formula that equates 20,000 jobs for every \$1 billion in exports).

### Sector Benefits of the KORUS FTA for California

- **Computers and Electronic Products – USD 1.5 billion (33% increase since 2004) -** California's top exports faces Korean tariff rates of up to 13%, but will be duty free under the U.S.-Korea FTA.
- **Machinery Manufactures – USD 945 million (21% increase since 2004) -** California's second leading manufactured export category, which includes agricultural and construction equipment, purifying equipment, refrigeration compressors face an 8% tariff rate. These tariffs will be eliminated under the U.S.-Korea FTA.

- **Transportation Equipment – USD 472 million (8% increase since 2004)** – California’s fourth leading manufactured exports face up to 8% duty rates but will be eliminated under the U.S.-Korea FTA.

### **Best Market Prospects for California under the Free Trade Agreement**

Among California’s top global exports, the following products will have significant benefits under the U.S.-Korea Free Trade Agreement:

- Electrical machinery, telecommunication equipment, manufactured goods are among California’s leading exports to the world valued at over **\$18.7 billion** (2009). Korean tariffs on such products range up to **16%**. Under the U.S.-Korea FTA such tariffs will be eliminated or phased out.
- California exported **\$7.8 billion** worth of agricultural products globally in 2009. The U.S.-Korea FTA eliminates tariffs and other barriers on most agricultural products, including dairy products, beef, vegetables, fruits, and tree nuts.
- California exported about **\$2.2 billion** in diamonds worldwide in 2009. The 5% duty rate currently imposed on these products will be eliminated under the U.S.-Korea FTA.
- Fresh and dried nuts feature prominently in California’s exports to the world, valued at **\$3 billion** in 2009. The 8% – 566.8% tariff rate on these products will be phased out under the U.S.-Korea FTA.

### **Korea -- Strong Strategic-Military Partner for the United States**

- Korea is one of the largest defense markets for the U.S. anywhere in the world. The Republic of Korea’s National Assembly passed its omnibus **Korean Won 292 trillion (USD 260 billion)** spending plan for 2010, which included Korean Won 29.5 trillion (approximately USD 26 billion) for the Ministry of National Defense.
- Korea is a strong supporter of U.S. policies around the world