



Los Angeles Area  
Chamber of Commerce

To: Members, CA State Senate Committee on Business, Professions and Economic Development

The Los Angeles Area Chamber of Commerce strongly urges a YES vote on California SJR 4 which memorializes Congress to pass the pending United States – Korea Free Trade Agreement (U.S.-Korea FTA). The Chamber works to advance global trade in the region and help local businesses build international relationships and expand global reach. By being the voice of business, helping its members grow and promoting collaboration, the Los Angeles Area Chamber of Commerce seeks full prosperity for the Los Angeles region, as it represents more than 1,600 member businesses over L.A. County, over 650,000 employees in more than 35 industry sectors.

Korea is a key market for California exports, and has already signed FTAs with other major trading partners, including the EU and Canada. This Agreement is vital to ensure that California manufacturers, businesses, farmers and ranchers will be able to compete on a level playing field and have preferential access to the dynamic Korean marketplace; as well as create new opportunities to expand exports beneficial to California workers and its economy.

The U.S.-Korea FTA will provide an immediate and positive effect in increasing exports from California, which will greatly benefit our state's manufacturing and agricultural sectors. Under the FTA, more than half of current US agricultural exports to Korea—with a value of \$2.8 billion—will become duty-free immediately. Almost 95 percent of all bilateral trade in consumer and industrial products will become duty-free within three years under the agreement. Moreover, this agreement will eliminate significant non-tariff market access barriers in Korea to US goods, services, and investment, and will provide strong protection for the valuable intellectual property rights of our entertainment, pharmaceutical and technology industries as well.

Expanding exports and opening up foreign markets are critical for the long-term recovery and sustainability of California's economy. As one of the largest exporting states, with exports to 226 economies around the world, international-related commerce accounts for approximately one-quarter of California's economy. In order for California to maintain and expand its level of exports to Korea, which is California's 5<sup>th</sup> largest export market, Congress needs to pass the U.S.-Korea FTA.

In 2010, California exported goods worth \$8 billion to Korea. According to the International Trade Administration in the US Department of Commerce, computer and electronic products accounted for \$2 billion of California's merchandise exports to Korea in 2010. With immediate removal of many of these related tariffs, exports will become more competitive in the Korean market. California's exports of machinery also will benefit from US-Korea FTA reductions as machinery manufactures accounted for \$1.8 billion of the state's merchandise exports to Korea in 2010. Transportation equipment accounted for \$548 million of the state's export sales to Korea in 2010 and most of these duties also would be eliminated immediately. In addition, tariffs and other barriers on major California agricultural products --- such as almonds, pistachios, frozen orange juice, wine and raisins--- will be eliminated immediately.

Congressional approval and implementation of the U.S.-Korea FTA will have a significant positive impact on California in terms of increasing exports, creating jobs and restoring economic growth across our State's manufacturing, technology, service provider, business, entertainment, and agricultural sectors.

On behalf of California's future, we appreciate your YES vote on this important symbolic legislative measure.

Sincerely,

Gary Toebben  
President & CEO  
Los Angeles Area Chamber of Commerce

Brian Peck  
Co-Chair, Policy, Global Initiatives Council  
Los Angeles Area Chamber of Commerce