



U.S.-Korea Free Trade Agreement Benefits to the Telecommunications Sector

Overview

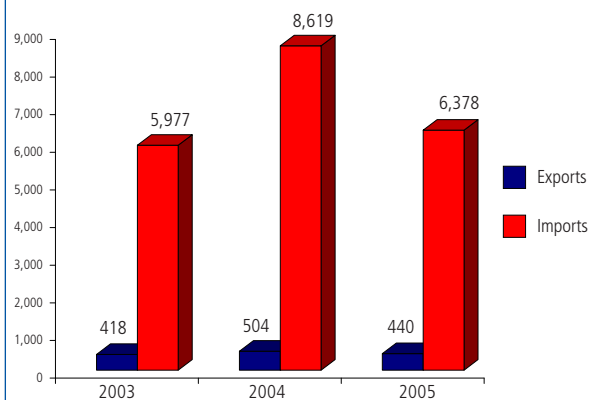
- South Korea's total telecommunications market generated \$38 billion in 2005, making it one of the largest in the world.
- The country ranks in the top 10 for both U.S. exports and imports of telecommunications equipment.
- U.S. telecommunications equipment trade with South Korea is lopsided, with U.S. imports exceeding \$6 billion, while U.S. exports to Korea total only \$440 million.
- South Korea continues to invest in telecommunications infrastructure, with the goal of introducing next generation (data-based) networks across the country by 2010.
- A U.S. Korea Free Trade Agreement (FTA) will eliminate regulatory obstacles and non-tariff barriers in the market, improving opportunities for U.S. telecommunications equipment and service providers, especially as South Korea continues to develop its next generation network.
- TIA strongly supports the U.S.-Korea FTA and urges Congress to approve the agreement.

**U.S. Exports of Telecommunications
Equipment by Leading Countries
(\$ Millions)**

| <i>Country</i> | <i>2004</i> | <i>2005</i> | <i>Percent Change</i> |
|---------------------|---------------|---------------|---------------------------|
| Netherlands | 1,318 | 1,793 | 36.0 |
| Canada | 1,727 | 1,683 | -2.5 |
| Mexico | 1,747 | 1,672 | -4.3 |
| Japan | 1,246 | 1,035 | -16.9 |
| United Kingdom | 967 | 839 | -13.2 |
| China | 664 | 703 | 5.9 |
| Germany | 484 | 523 | 8.1 |
| Hong Kong | 479 | 443 | -7.5 |
| South Korea | 504 | 440 | -12.7 |
| Australia | 363 | 438 | 20.7 |
| Top-10 Total | 9,499 | 9,569 | 0.7 |
| EU Total | 3,924 | 4,441 | 13.2 |
| World Total | 15,461 | 15,757 | 1.9 |

Source: TIA's 2007 Telecommunications Market Review and Forecast

**U.S. Telecommunications Equipment Trade
with South Korea (\$ Millions)**



Source: TIA's 2007 Telecommunications Market Review and Forecast

U.S.–Korea Free Trade Agreement

Benefits to the Telecommunications Sector

Analysis

TIA believes that current Korean government policies inhibit foreign competitors in the market. USTR's 2007 National Trade Estimate Report on Foreign Trade Barriers notes that the Korean government mandates technology standards and particular technologies, thereby limiting foreign competition and market opportunities for TIA members. Given this history, TIA is pleased that the U.S.-Korea FTA contains strong language on technology neutrality, recognizing that competition and openly developed and transparent processes are important to ICT-sector growth and limiting conditions under which parties can specify technology. Telecom companies will benefit from other commitments, including commitments on access to and use of the public switched network, interconnection, number portability, resale of services, networking unbundling, submarine cable landing stations, regulatory independence and foreign direct investment. Many of these commitments go beyond Korea's World Trade Organization obligations.

United States–South Korea Free Trade Agreement by the Numbers

- **\$78.3 billion** worth of goods traded between the United States and South Korea in 2006
- **\$36.6 billion** of U.S. foreign investment in Korea in 2006
- **\$4.7 billion** trade growth between the United States and South Korea in 2006
- **\$10.6 billion** of hi-tech products exported from the United States to South Korea in 2006
- **\$38 billion**, or 4.8 percent of GDP, total telecom revenue generated in Korea in 2005
- **95 percent** of consumer and industrial products will become duty free within three years as a result of the FTA
- **88 percent** of the companies exporting products to Korea are small or medium size enterprises
- **80 percent** of U.S. merchandise goods exported to Korea are manufactured goods
- **54 percent** growth in U.S. exports to Korea expected if FTA is enacted
- **50 U.S. states** export more than \$10 million in goods to Korea
- **6 U.S. states** export more than \$1 billion in goods to Korea
- **9 U.S. states** exports to Korea grew \$100 million or more in 2006
- **46 million** wireless subscribers expected in Korea by 2010
- **16 million** broadband subscribers expected in Korea by 2010
- **\$3.7 billion** wireless data revenue generated in Korea in 2006
- **2010 target date** for Korea's Broadband Converged Network, stimulating demand for ICT equipment

About TIA

TIA is a leading trade association for the information and communications technology (ICT) industry, with approximately 600 member companies that manufacture or supply the products and services used in global communications. TIA represents its members on the full range of public policy issues affecting the industry, forges consensus on industry standards, and helps its members develop new business in foreign markets.

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