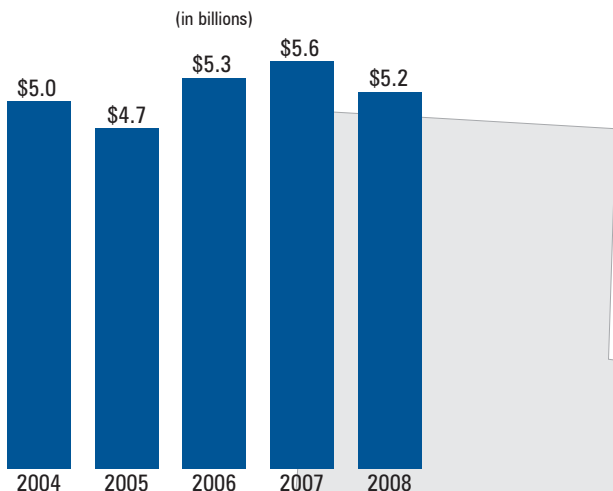


THE U.S.-KOREA FREE TRADE AGREEMENT BENEFITS FOR THE TEXAS ECONOMY

Texas Goods Exports to Korea 2004 - 2008



Increased Trade with Korea = New Jobs for Texas

Texas Benefits Under the U.S.-Korea FTA

- ◆ The U.S.-Korea FTA will benefit the Texas economy – and create new jobs – by immediately opening new access for Texas goods and services in Korea’s \$1 trillion economy, and by establishing a level playing field in Korea for Texas workers and businesses to compete.
- ◆ One half of chemical products, and many other manufactured goods produced in Texas, will enter Korea duty free immediately. Tariffs on the remaining chemical products will be eliminated over the next few years.
- ◆ Korean duties on major Texas agricultural products – such as cotton and many dairy products – will be eliminated immediately. Most beef products will become duty free over a 15-year tariff phase out.
- ◆ Simplified and expedited customs procedures will enable Texas businesses to reach Korean customers more quickly and with less red tape.

U.S. goods exports to Korea would increase by \$10 - \$11 billion, according to estimates by the U.S. International Trade Commission. Nearly 580,000 Texas jobs are supported by goods exports (6.7% of the state’s private industry).

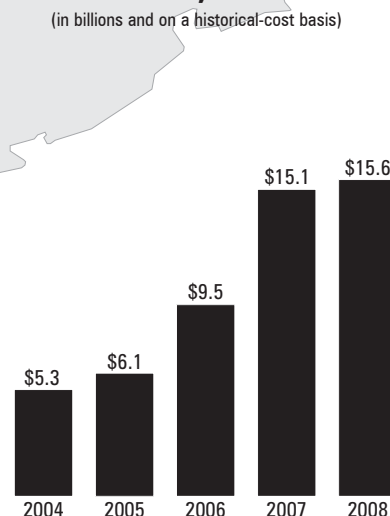
U.S.-Korea Trade and Investment

- ◆ Korea is the 7th largest U.S. trading partner and the 5th largest U.S. market for agricultural goods.
- ◆ U.S. goods exports to Korea grew to nearly \$35 billion in 2008.
- ◆ U.S. services exports to Korea grew to \$12.7 billion in 2007.
- ◆ For every \$1 billion in exports, 6,250 manufacturing jobs are created or supported, according to U.S. Department of Commerce Secretary Gary Locke.
- ◆ Increasing U.S. exports to Asia – including Korea – by 1% would create approximately 250,000 U.S. jobs, according to President Barack Obama.
- ◆ Korean majority-owned affiliates in the U.S. employed 23,900 Americans at an average wage of \$64,310 in 2007.

U.S. Goods Exports to Korea, 2004 - 2008



Korean Direct Investment in the United States, 2004 - 2008

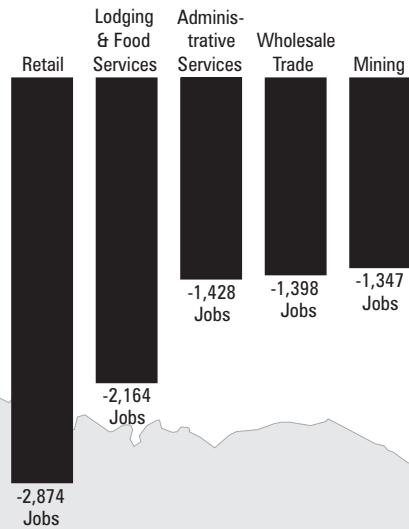


Sources: TradeStats Express and State Export-Related Employment Project, International Trade Administration, Bureau of the Census, and the Bureau of Economic Analysis

THE U.S.-KOREA FREE TRADE AGREEMENT COSTS OF INACTION FOR THE TEXAS ECONOMY

- ◆ The U.S.-Korea FTA was signed on June 30, 2007, but it has not yet been approved by the U.S. Congress. Since that time, Korea has successfully concluded a free trade agreement with the European Union that is expected to be implemented in 2010. Korea's FTA negotiations with Canada are also in the advanced stages.
- ◆ If the U.S.-Korea FTA is not implemented – but these other trade agreements are – Texas workers, businesses, and farmers will lose sales and opportunities in the Korean market to their global competitors.
- ◆ **This will cost Texas lost exports, output, and jobs.**

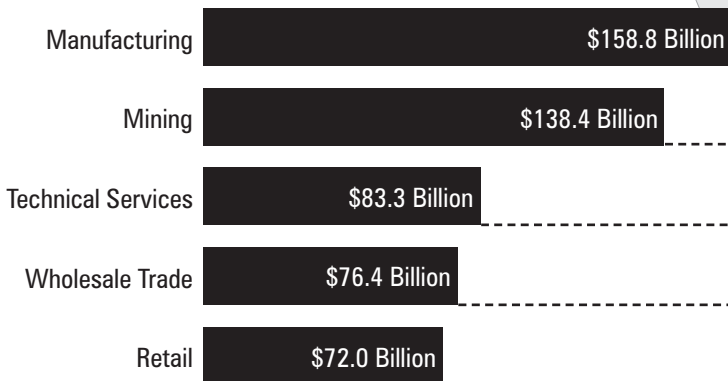
Projected Loss of Texas Jobs Due to Inaction on U.S.-Korea FTA Selected Industries



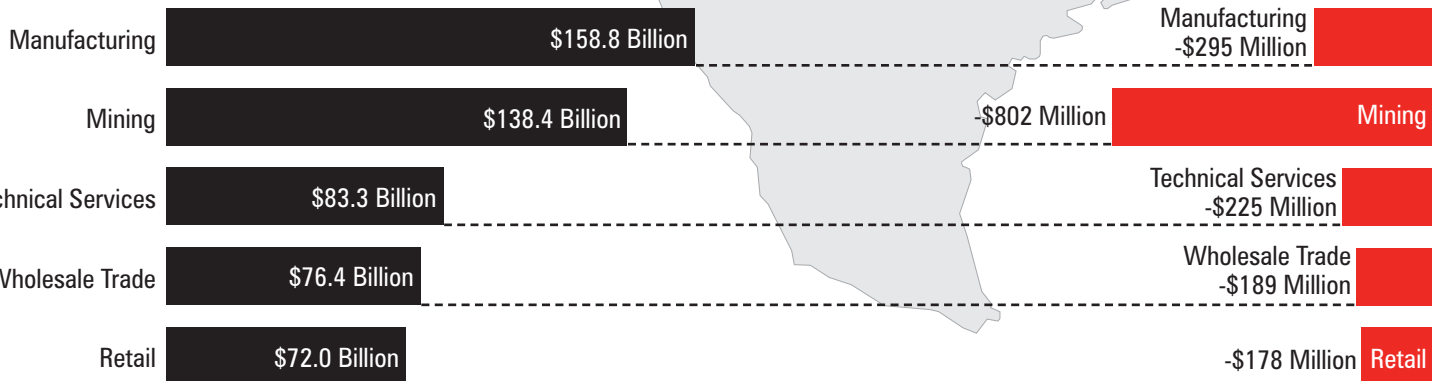
Costs to Texas and the United States of Failure to Implement the U.S.-Korea FTA

| | <u>Texas</u> | <u>United States</u> |
|---------------------------------------------------|-----------------------|------------------------|
| Goods Exports Loss | -\$3.0 Billion | -\$20.3 Billion |
| Gross State/Domestic Product (output) Loss | -\$3.8 Billion | -\$40.4 Billion |
| Employment Loss | -27,732 Jobs | -345,017 Jobs |

Texas Gross State Product (GSP) Selected Industries 2008



Projected Loss of Texas GSP Due to Inaction on U.S.-Korea FTA Selected Industries



Source: "Failure to Implement the U.S.-Korea Free Trade Agreement: The Cost for American Workers and Companies, Details by State," prepared by Laura M. Baughman and Joseph Francois, Trade Partnership Worldwide, LLC, October 2009



U.S.-KOREA BUSINESS COUNCIL

For more information on the costs of inaction of the U.S.-Korea FTA to Texas, please visit www.uskorafta.org.

