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Historic Free Trade Agreement Takes Effect; U.S.-Korea FTA Now in Force

The U.S. Dairy Export Council (USDEC) and the National Milk Producers Federation (NMPF) welcomed the launch today of the Korea-U.S. Free Trade Agreement (KORUS), the most economically significant U.S. FTA in nearly two decades. Thanks to this historic agreement, Korean consumers will now have greater opportunities to access high-quality dairy products from the United States.

“The United States has become an important supplier of cheese and other dairy products to Korea over the last few years,” said Tom Suber, president of USDEC, which along with the National Milk Producers Federation (NMPF) took the lead role in working with U.S. government officials to represent industry interests during trade negotiations. “We believe KORUS provides a valuable opportunity for our members to strengthen their ties to Korea and for us to work with the broader Korean dairy industry to grow consumption of dairy products.”

The FTA provides immediate zero tariff access for whey for feed use, as well as duty-free access for a total of 16,000 tons of cheese, milk powders, whey for food use and other products. The agreement also calls for most of Korea’s remaining tariffs to be phased out in 5-10 years.

“The first-year access alone that KORUS provides for dairy food products equates to 270 million pounds of U.S.-produced milk. That’s 4,435 loads of milk coming from America’s hard-working dairy farmers to meet Korea’s growing demand for safe and nutritious dairy products,” said Jerry Kozak, president and CEO of NMPF.



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Suber further praised the benefits of the FTA, noting that, “The access this agreement provides will not only help our exporters better serve the demands of the Korean market, but also will play a key role in helping alleviate price inflation in Korea by expanding the range of affordable food supplies.”

Consumption of U.S. dairy products in Korea has risen steadily. U.S. cheese exports to Korea grew 75 percent in 2011, reaching nearly 72 million pounds, making the United States the largest supplier with a 43 percent market share. KORUS is expected to further encourage this trend as the terms of the FTA come into effect and ultimately influence food prices in Korea.

Details on the terms of KORUS can be found on the website of the U.S. Foreign Agriculture Service at http://www.atoseoul.com/fta/fta_page2_final.asp. Further information specific to cheese and whey products can be found at <http://www.atoseoul.com/fta/Cheese.pdf> and at <http://www.atoseoul.com/fta/Whey.pdf>.

USDEC and NMPF vigorously championed KORUS at each stage in its development, working closely with the U.S. government throughout negotiations, continuously pressing for action in the long interlude between the close of negotiations and congressional consideration of the agreement, and leading the effort to actively argue its merits with respect to dairy products to members of the U.S. Congress in order to help ensure passage of the FTA.

“Today is a welcome reward for years of work devoted to bringing about closer economic relations between the two countries,” said Kozak.

The U.S. Dairy Export Council (USDEC) is a non-profit, independent membership organization that represents the global trade interests of U.S. dairy producers, proprietary processors and cooperatives, ingredient suppliers and export traders. Its mission is to enhance U.S. global competitiveness and assist the U.S. industry to increase its global dairy ingredient sales and exports of U.S. dairy products. USDEC accomplishes this through programs in market development that build global demand for U.S. dairy products, resolve market access barriers and advance industry trade policy goals. USDEC is supported by staff across the United States and overseas in Mexico, South America, Asia, Middle East and Europe.

The National Milk Producers Federation (NMPF), based in Arlington, Va., develops and carries out policies that advance the well-being of U.S. dairy producers and the cooperatives they collectively own. The members of NMPF's 31 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of nearly 40,000 dairy producers on Capitol Hill and with government agencies. For more on NMPF's activities, visit www.nmpf.org.

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