



**American Soybean
Association**

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February 28, 2006

Ambassador Wendy Cutler
Assistant U.S. Trade Representative for Japan, Korea and APEC
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Cutler:

I am writing concerning the upcoming negotiations towards a free trade agreement between the United States and South Korea. You and the other members of your negotiating team will find it beneficial to have a brief description of the U.S. soybean industry's priorities for the negotiations.

As one of the top 5 importer countries for U.S. soybeans, South Korea is of strategic importance to the U.S. soybean producer. In the year 2000, the U.S. had more than a 90 percent market share, but by 2004 it was down to an 80 percent market share. In the soybean meal market, the U.S. has less than a 5 percent market share even though South Korea is a 1.5 million metric ton SBM market.

Because of ASA's Seoul office, the U.S. soybean production industry has been able to develop markets for U.S. soybean products in that market for over 29 years. With continued competitive pressure those efforts may now be in vain, which is why we are supportive of an FTA with South Korea. An FTA with South Korea could assist by removing or increasing import quotas, removing the 487 percent over quota tariff rate for soybeans, removing the VAT on SBM imports from the U.S., addressing the state-run trading monopoly in imports for soy food processing, and finally removing the prohibition in imports for full-fat soybean meal processing.

The American Soybean Association would like to see those and the following issues addressed within the free trade agreement:

- **Biotechnology.** Environmental protectionist groups are currently increasing their demands for labeling on oil and meal processed products produced from biotech soybeans. ASA requests that the U.S. government send a clear message to the South Korean government that any decisions regarding labeling of biotech products should be based on sound science.
- **Imported soybeans should be allowed for the purpose of full-fat meal processing.** If this restriction was lifted, the demand for full-fat soybean meal could be as much as 100,000 metric tons.

South Korea FTA Comments

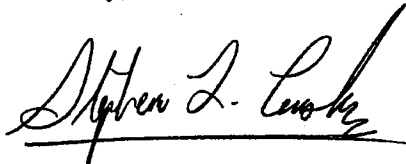
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- Zero percent tariffs on all U.S. imports of soybeans, soybean oil and soybean meal.

South Korea has a population of over 48 million with a 3.7 percent GDP growth rate and a per capita income of \$20,300 per year. With continued economic growth among the "Asian Tiger" countries there will be increased consumption of pork, poultry and fish products which are primary consumers of soybean meal. An FTA with South Korea may ensure that the U.S. produced soybeans and soybean meal will have preferential access to this market.

Please do not hesitate to contact me if you have any questions about the U.S. soybean's industry's interests in the South Korean market. I wish you every success in the negotiations and stand ready to support your efforts in any way I can.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Censky", written over a horizontal line.

Steve Censky
CEO, American Soybean Association
Member, USDA Agricultural Policy Advisory Committee for Trade

CC: Richard Crowder, Chief Agricultural Negotiator
Andrew Stephens, Director for Bilateral Agricultural Affairs
Scott Ki, Senior Director for Korea