

March 24, 2006

Ms. Gloria Blue  
Executive Secretary  
Trade Policy Staff Committee  
Office of the United States Trade Representative  
600 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20508

Re: Public Comments Concerning the Proposed United States-Republic of Korea Free Trade Agreement

Dear Ms. Blue:

The U.S. Meat Export Federation (USMEF) appreciates the opportunity to submit comments concerning the proposed United States-Republic of Korea Free Trade Agreement negotiations. USMEF is a non-profit trade association that represents the U.S. beef, pork and lamb industries through its network of offices and consultants in foreign markets. USMEF's membership encompasses a broad cross-section of American agriculture and includes farmers; meat packers, processors, purveyors and traders; selected agribusinesses with an interest in U.S. meat exports and other agricultural organizations. In addition to the support it receives from its broad membership base, USMEF also has a close working relationship with the United States Department of Agriculture as a long-standing partner of the Foreign Agricultural Service under the Foreign Market Development Cooperator Program.

Comments Concerning Beef, Beef Variety Meats and Beef Products

The Republic of Korea banned imports of U.S. beef in December 2003 following the discovery of the first confirmed case of BSE in the United States. Prior to the imposition of its import ban, Korea was the third largest export market for U.S. beef and beef variety meats. In 2003, the U.S. exported 246,958 MT of beef and beef variety meats valued at \$815,757 to Korea. That year Korea accounted for 19 percent by volume and 21 percent by value of total U.S. beef and beef variety meat exports. The export performance achieved in 2003 represented a 240 percent increase over the level of U.S. exports ten years earlier in 1994.

*Beef Tariff Liberalization*

Notwithstanding the impressive export growth that was achieved prior to Korea's imposition of its import ban, there is still significant potential for increased U.S. beef and beef variety meat exports to Korea once the ban is lifted. Domestic production of beef in Korea is projected to continue to decline at the same time that per capita consumption is forecast to grow due to increases in income and lifestyle changes.

Korea currently maintains *ad valorem* duties of 40% on imports of all fresh, chilled and frozen beef. USMEF appreciates the sensitivities associated with liberalizing import conditions for beef in Korea. Nonetheless, we regard the United States-Republic of Korea free trade negotiations as a unique opportunity to gain unfettered access to the Korean market. As a consequence, in the context of these free trade negotiations, USMEF supports significant initial reductions and the eventual complete elimination of all tariffs on beef, beef variety meats and beef products. The complete eventual elimination of tariffs applies to the following headings in the Harmonized Tariff Schedule of the United States:

<u>HTSUS Number</u>	<u>Description</u>	<u>FTA Tariff</u>
0201	Meat of bovine animals, fresh or chilled	FREE
0202	Meat of bovine animals, frozen	FREE
0206	Edible offal of bovine animals	FREE
0210	Other meat of bovine animals	FREE
0504	Guts, bladders and stomachs of animals	FREE
1601	Beef sausages	FREE
1602	Other prepared or preserved meat of bovine animals	FREE

#### *BSE-related Import Restrictions*

Given the importance of the Korean market for U.S. beef exports and the great potential for growth that still exists there, any free trade agreement between the United States and the Republic of Korea that does not completely normalize the conditions of trade for U.S. beef exports will have little meaningful commercial value for the U.S. beef industry. Currently, Korea has postponed its timetable for re-opening the market and certain of the conditions attached to that re-opening are not consistent with the international standards established by the World Organization for Animal Health (OIE).

To accomplish the complete normalization of trade, Korea must agree to permit imports from the U.S. of all meat and meat products from cattle of any age, regardless of the country of the animal's birth, as long as all specified risk materials have been removed from the products. To ensure unimpeded trade, Korea should adopt the U.S. definition of specific risk materials and agree to a protocol for managing manufacturing defects and documentation errors.

If Korea does not fully re-open its beef market prior to the conclusion of the United States-Republic of Korea Free Trade Agreement negotiations, USMEF and its members support making this a condition for concluding those negotiations.

#### Comments Concerning Pork, Pork Variety Meats and Pork Products

In 2005 U.S. pork and pork variety meat exports to the Republic of Korea increased 158 percent to 71,856 MT valued at \$154,755 million. Even without the exceptional increase

that occurred last year, U.S. pork exports to Korea have shown strong and steady growth over the last ten years reaching an average level of 26,860 MT in 2002-2004 up from an average of 11,086 MT in 1994-1996. This represents an increase of over 140 percent during the past decade.

*Pork Tariff Liberalization*

Building on this solid record of growth, there is considerable upside potential for U.S. pork and pork variety meat exports to Korea. However, fulfilling this potential will require that the Republic of Korea agrees to fully liberalize its import conditions for U.S. pork exports. In the past three years, Chile has emerged as a strong competitor in the Korean pork market, due to a large degree to the free trade agreement signed by Chile and the Republic of Korea on April 1, 2004. Under the terms of that agreement, Korean tariffs on all Chilean pork exports will be completely eliminated by 2014.

Currently, Korea maintains *ad valorem* tariffs of 24.63 percent on chilled pork imports and 25 percent on imports of frozen pork items. Upon the implementation of a United States-Republic of Korea Free Trade Agreement, Korean tariffs on all U.S. pork, pork variety meat and pork product exports should immediately go to zero. There should be no tariff rate quotas and no phase in period during which Korea can meet its obligations. The complete and immediate liberalization of Korean import conditions for U.S. pork, pork variety meats and pork products should include the following headings in the Harmonized Tariff Schedule of the United States:

HTSUS Number	Description	FTA Tariff
0203	Meat of swine, fresh, chilled and frozen	FREE
0206	Edible offal of swine	FREE
0209	Pig fat free of lean meat	FREE
0210	Meat of swine, processed or cured	FREE
0504	Guts, bladders and stomachs of animals	FREE
1501	Pig fat, including lard	FREE
1601	Pork sausages	FREE
1602	Other prepared or preserved meat of swine	FREE

Comments Concerning Sanitary Measures

Other than Korea's current ban on U.S. beef exports, USMEF is not aware of any scientifically inconsistent trade restrictive sanitary measures in effect in Korea today. However, based on experience in other markets, we have observed that trade liberalization due to tariff elimination often is accompanied by the introduction of new trade restrictive sanitary and technical measures. Therefore, USMEF and its members consider it critical to the success of the United States-Republic of Korea Free Trade Agreement negotiations that any final agreement includes provisions consistent with and reinforcing the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. As part of the United States-Republic of Korea Free Trade negotiations, and

preferably prior to the completion of those negotiations, we also strongly support a separate written commitment from the Republic of Korea to a) maintain a transparent system for issuing import permits, b) recognize the equivalence of the U.S. meat inspection system and c) accept beef and pork imports from all USDA-approved facilities.

Comments Concerning Dispute Settlement

Based on our experience with the implementation of earlier free trade agreements, USMEF supports the inclusion of effective, timely, transparent and fair procedures for settling disputes that arise under a United States-Republic of Korea Free Trade Agreement.

Thank you again for the opportunity to comment on the proposed United States-Republic of Korea Free Trade Agreement negotiations, and we look forward to working with you and supporting the work of the Office of the United States Trade Representative throughout the course of those negotiations.

Sincerely,

Philip M. Seng  
President and CEO  
U.S. Meat Export Federation