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United States, South Korea Announce Intention to Negotiate Free Trade Agreement Agreement Would be Largest U.S. FTA in 15 Years

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Washington, DC – U.S. Trade Representative Rob Portman today announced the Administration's intent to negotiate a free trade agreement (FTA) with Republic of Korea with the goal of removing tariffs and non-tariff barriers and expanding trade between the countries.

Portman made the announcement at the United States Capitol building and was joined by Korea's Minister of Trade Hyun-chong Kim and a bipartisan group of leaders in Congress. The negotiations will begin after the expiration of a 90-day consultation period.

"This is the most commercially significant free trade negotiation we have embarked on in 15 years," said Ambassador Portman. "Korea is the world's 10th largest economy with an annual GDP rapidly approaching \$1 trillion and our 7th largest export market. Removing trade and investment barriers between our two nations through an FTA will increase market access for our farmers, ranchers, workers and businesses to the dynamic and growing Korean economy, boosting trade in goods and services."

"Few countries better represent the promise of open markets, democracy and economic reform than Korea," Portman continued. "Our countries have been allies for over a half century, and with this agreement, we can strengthen our alliance, reaffirm our commitment to remain vigorously engaged in Asia, and create new opportunities for prosperity and peace for the people of both our countries."

"I'm very pleased this launch has generated bipartisan enthusiasm," Portman added. "USTR will continue its intensive bipartisan consultations with Congress on this and other trade matters."

Background

The Republic of Korea is a valuable partner in the ongoing global trade negotiations, commonly known as the Doha Development Agenda. Korea also was instrumental in advancing trade liberalization in the Asia-Pacific region as the host of the Asia Pacific Economic Cooperation (APEC) forum last year. Two-way goods trade between the U.S. and Korea was valued at about \$72 billion in 2005. Major U.S. exports to Korea include agriculture products, aircraft, machinery, and organic chemicals. Major imports include cars, telecommunications equipment and electrical machinery.

Over the past ten years, despite the Asian financial crisis, Korea has maintained a strong real average annual GDP growth rate of 4.9 percent and an even stronger real average annual trade growth rate of 12.5 percent. It has also taken a series of important steps to open and reform its economy that continue to this day. An FTA with Korea will help promote continued economic reform in Korea.

The United States is aggressively working to open markets globally, regionally and bilaterally and to expand American opportunities in overseas markets.

The United States is working to open markets globally in the Doha WTO negotiations; regionally through the APEC forum and the Free Trade Area of the Americas (FTAA) negotiations; and bilaterally, with FTAs. The Bush Administration has put FTAs into effect with – Jordan, Chile, Singapore, Australia, and Morocco and completed negotiations on FTAs with Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Bahrain, Oman and Peru. Negotiations are under way or about to begin with 11 more countries: Panama, Colombia, Ecuador, Thailand, the five nations of the Southern African Customs Union (SACU), the United Arab Emirates, and now the Republic of Korea. New and pending FTA partners, taken together, would constitute America's third largest export market and the third largest economy in the world.

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