

ARKANSAS-KOREA CONNECT

Benefitting Arkansas Businesses, Communities and People

Arkansas is home to a wide range of industries including chemicals, paper products and electrical equipment. "Natural State" businesses are taking advantage of the opportunities presented by the U.S.-Korea Free Trade Agreement (KORUS FTA) and the strong bilateral relationship between the United States and Korea.

The KORUS FTA has enabled the United States and Korea to cultivate a successful bilateral economic partnership that includes trade in goods, services and foreign direct investment.



ARKANSAS'S TRADE IN GOODS WITH KOREA

2016 TOP EXPORTS

\$71.5 million Basic Chemicals	\$23.2 million Converted Paper Products
\$13.9 million Electrical Equipment	\$6.9 million Resins, Rubbers and Synthetic Fibers
\$3.7 million Motor Vehicle Parts	\$2.6 million Glass and Glass Products

2016 TOP IMPORTS

\$43.2 million Iron, Steel and Ferroalloy	\$16.2 million HVAC Equipment
\$8.4 million Resins, Rubbers and Synthetic Fibers	\$3.8 million Fabricated Metal Products
\$3.5 million Rubber Products	\$3 million Manufactured Commodities

EXPORT TARIFF REDUCTIONS

Machinery and Electrical

- **Electric Motors and Generators**
8 percent tariff eliminated immediately

Chemicals

- **Polymers of Styrene**
6.5 percent tariff eliminated immediately or over 10 years

IMPORT TARIFF REDUCTIONS

Plastics

- **Spools, Cops and Bobbins**
5.3 percent tariff eliminated over 10 years

Metals

- **Base Metal for Imitation Jewelry**
3.9 to 11 percent tariff eliminated immediately

TRADE IN SERVICES WITH KOREA

The services industry is vital to the U.S. economy, comprising 77.6 percent of U.S. GDP in 2015. Since the implementation of the KORUS FTA, U.S. companies have expanded their Korean presence in the legal, financial, professional and intellectual property service sectors.



\$14.1 BILLION

Total surplus of trade in U.S. services to Korea.



STRONG LICENSING

Develops mutually acceptable standards for licensing and certification of professional services.



29% INCREASE

Total increase of U.S. services exports to Korea from 2011 to 2015.



KOREAN PRESENCE IN ARKANSAS



- In 2015, Arkansas had 1,466 jobs related to trade with Korea.



- In 2015, exports of soap to Korea more than doubled to \$1.2 million.
- In 2015, electric motor and generator exports to Korea increased by 600 percent to \$13.9 million.



- As of 2015, 80 Korean students attended the University of Arkansas.
- In 2015, there were 1,950 Koreans and Korean-Americans living in Arkansas.

EXPORT SPOTLIGHT



SKIPPY® Peanut Butter

SKIPPY® Peanut Butter is the second most popular peanut butter brand in the world. The factory is in Little Rock, Arkansas, and has 150 employees. To succeed in the Korean market, SKIPPY® works closely with local importers and distributors to leverage connections with large retailers and locally owned businesses. Consequently, the company enjoys a tremendous market share.

Under the KORUS FTA, tariffs as high as 50 percent have been reduced for SKIPPY® Creamy and Super Chunk peanut butter, as well as the full line of SKIPPY® natural products. SKIPPY has seen a steady increase in growth since March 2012, when the KORUS FTA was implemented.

- Industry:** Agriculture
- Location:** Little Rock, Arkansas
- Trade:** Steady increase in growth since March 2012 because of KORUS FTA



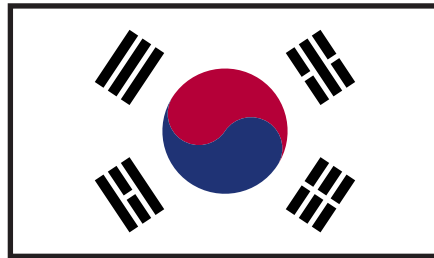
NATIONAL SNAPSHOT

TRADE

- The U.S. exported \$43.5 billion in goods to Korea and imported \$71.8 billion in goods from Korea in 2016.
- Korea is the United States' 6th largest trading partner, while the U.S. is Korea's 2nd largest.
- Before the KORUS FTA, U.S. exports to Korea faced an average applied tariff of 12.1 percent, while the average U.S. tariff on Korean exports was 3.5 percent.

SERVICES

- The KORUS FTA contains strong provisions regarding transparency, intellectual property rights and competition, particularly in the services sector.
- The services industry is vital to the U.S. economy. Services generate 77.6 percent of U.S. GDP and provide 80 percent of private sector jobs.



INVESTMENT & JOBS

- By expanding trade ties with Korea the KORUS FTA will increase U.S. economic growth by up to \$11.9 billion at no cost to U.S. taxpayers.
- The KORUS FTA supports the creation of jobs in the U.S., makes U.S. businesses more competitive in Korea and provides a model for future trade agreements.
- U.S. FDI in Korea was \$5.5 billion in 2015.
- Korea's FDI in the U.S. was \$10.4 billion in 2015.

ABOUT KOREA

- Population: 51.5 million (January 2016)
- GDP per capita (nominal): \$28,338 (2015)*
- GDP (PPP-based): \$1.9 trillion, ranking Korea the world's 13th largest economy (2015)*
- GDP (nominal): \$1.4 trillion (2015)*
- Real GDP growth rate: 2.6 percent (2015)*
- In 2014, Korea was ranked 7th and 9th, respectively, among leading exporters and importers in world merchandise trade.



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All figures in U.S. dollars. Information based on data from the U.S. International Trade Commission, U.S. Department of Agriculture, U.S. Census Bureau, Ministry of Trade, Industry and Energy of Korea, Export-Import Bank of Korea, Korea International Trade Association, Bureau of Economic Analysis, the Institute of International Education, World Trade Organization, Bank of Korea and the International Monetary Fund.

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