

INDIANA-KOREA CONNECT

Benefitting Indiana Businesses, Communities and People

Indiana is home to a wide range of industries, including pharmaceuticals, chemicals and auto parts. "Hoosier State" businesses are taking advantage of the opportunities presented by the U.S.-Korea Free Trade Agreement (KORUS FTA).

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.



INDIANA'S TRADE IN GOODS WITH KOREA

2016 TOP EXPORTS

\$180.2 million Pharmaceuticals	\$37.9 million Aluminum
\$37.9 million Motor Vehicle Parts	\$34.2 million Basic Chemicals
\$23.1 million Medical Equipment	\$21.8 million Aerospace Products and Parts

2016 TOP IMPORTS

\$231.1 million Pharmaceuticals	\$73.2 million Motor Vehicle Parts
\$44.3 million Resins and Synthetic Fibers	\$16.1 million General Machinery
\$13.3 million Metalworking Machinery	\$13 million Plastics Products

EXPORT TARIFF REDUCTIONS

Machinery

- **Motor Vehicle Parts**
8 percent tariff eliminated immediately

Gases

- **Rare Gases, Other Than Argon**
5.5 percent tariff eliminated immediately

IMPORT TARIFF REDUCTIONS

Machinery and Parts Thereof

- **Spark-Ignition Internal Combustion Piston Engine Parts**
2.5 percent tariff eliminated immediately

Plastics

- **Polymers of Styrene**
6.5 percent tariff eliminated in 5 years

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 INDIANA



- Indiana has the second largest automobile GDP in the U.S.



- Korean steel producer, POSCO, invested \$19 million in a wire processing center in Jeffersonville.
- The POSCO plant will create 100 high-wage jobs by 2018.



- Indiana-based chemical manufacturing company EnerDel opened a plant in Korea in 2012.
- EnerDel's lithium ion batteries are distributed in Korea and other global markets.

EXPORT SPOTLIGHT



Industry: Manufacturing

Location: Spiceland, Indiana

Trade: Exports to 126 countries

Draper, Inc.

Draper, Inc. manufactures window shades, mounts and lifts for audio visual equipment, projection screens and gymnasium equipment. The family-owned company has enjoyed steady growth over the past 115 years and currently sells its products in the United States and 126 countries globally.

Before the implementation of the KORUS FTA, Draper's products were subject to 8 to 13 percent tariffs. The KORUS FTA immediately made Draper's products duty free, making the company more competitive in Korea. The company's exports to Korea have grown by 136 percent over the past five years.

BUSINESS SUCCESS STORIES

JBS United

Industry: Agriculture

JBS United, located in Sheridan, Indiana, is an animal health and nutrition company that develops nutritional programs and products for livestock and food producers. They have exported swine and dairy livestock feed additives and nutrition programs to Korea for the past eight years.

Indiana Packers Corporation

Industry: Agriculture

Indiana Packers Corporation is a pork production company based in Delphi, Indiana. Indiana Packers sells pork products to food service providers, retailers, grocers and food companies. Indiana Packers have benefited greatly under the KORUS FTA as tariffs as high as 22.5 percent have been reduced or eliminated on a number of their products.

AAR Corporation

Industry: Manufacturing

AAR Corp. based in Indianapolis, Indiana, provides maintenance inspections, line maintenance, aircraft modifications and upgrades to the world's major regional and cargo airline fleets, as well as international military and government agencies. AAR started working with Korea in the early 1990s and supplies parts for major commercial airlines, including Korean Air.



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.

Last updated: July 2017

