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September 3, 2010

The Honorable Doc Hastings
U.S. House of Representatives
1203 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Hastings:

This letter is to voice our strong joint support of Congressional approval of the United States-Korea Free Trade Agreement (KFTA). This agreement will enhance our nation's access to the critically important Korean market and help work toward our national goal of doubling exports in the next five years.

The current level of agricultural exports from our three states to Korea is estimated to be almost \$1.8 billion annually. This means jobs on farms, in rural communities and in the port cities of our states as products are grown, processed and shipped to willing buyers in Korea. The U.S. International Trade Commission estimates that annual U.S. agriculture exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the KFTA. Together, our three states have accounted for half of all U.S. agricultural exports to Korea over the last five years. Based upon our past record, we anticipate that our states' agriculture sector will have a substantial share of the projected increase in United States agricultural exports to Korea.

However, since the KFTA negotiations began, numerous countries have concluded their own trade agreements with Korea that give products from those countries a competitive advantage against United States products in the Korean market. As other countries continue to negotiate their own trade agreements with Korea, we are unable to take advantage of the export opportunities offered in the KFTA and in fact face an eroding competitive position against our global competitors.

The KFTA will liberalize the Korean market through a combination of tariff phase outs and tariff rate quotas (TRQs). Nearly all tariffs for U.S. agricultural products will be eliminated over time and about 62 percent of Korea's agricultural imports from the United States will be immediately duty free. Many of these products are fruits, vegetables and tree nuts; our three states are the nation's top producers and exporters of these products. Some of the horticultural

products with immediate duty-free access are cherries, dried apricots, wine, grape juice, frozen orange juice, raisins, frozen potato products and most tree nuts.

Some products with tariff phase outs will have immediate duty-free market access through the creation and annual expansion of tariff rate quotas (TRQs) that provide duty-free access for a specified quantity of imports. Dairy products have a TRQ that doubles the amount of current access.


Another sector that will be highly impacted by an approved KFTA is shipping and goods movement. West Coast ports are the gateway to Asia and stand to gain much by an increased movement of goods. In 2009, \$2.7 billion in agriculture exports to Korea – out of a U.S. total of \$3.9 billion – left West Coast ports, accounting for an average of more than three fourths of U.S. agricultural shipments to Korea. A reduction of the barriers to trade with a partner as important as Korea will substantially increase the volume of trade and significantly benefit the port and agricultural economies of the West Coast.

The United States and particularly the western states of California, Oregon and Washington are fit, willing and able to compete with any agricultural region in the world – but the market playing field must be level. It is difficult for our industry to compete with other regions when our products face differential tariff rates. That is why we ask for your support of Congressional action to implement the KFTA.

Sincerely,



Christine O. Gregoire
Governor
State of Washington



Theodore R. Kulongoski
Governor
State of Oregon



Arnold Schwarzenegger
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