
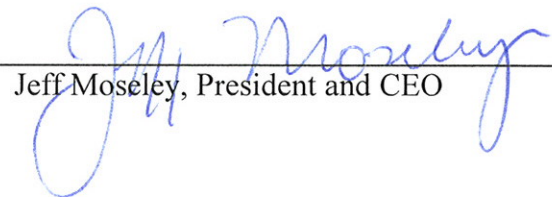


**Resolution of the Board of Directors in Support of the
Free Trade Agreement with the Republic of Korea**

The Greater Houston Partnership supports Congressional ratification of the United States-Korea (KORUS) Free Trade Agreement (FTA). The KORUS FTA is a comprehensive trade agreement that will eliminate tariffs and other barriers to trade in goods and services, promote economic growth and strengthen economic ties between the United State and South Korea.



Daniel G. Bellow, Chairman



Jeff Moseley, President and CEO



Patrick Oxford, Secretary



MEMORANDUM

DATE: September 30, 2009

TO: World Trade Supervisory Board

FROM: Chair, Ambassador Chase Untermeyer
International Business Committee

SUBJECT: Recommendation in Support of Congressional Ratification of the Free Trade Agreement with the Republic of Korea

RECOMMENDATIONS

The Greater Houston Partnership supports congressional ratification of the United States- Korea (KORUS) Free Trade Agreement (FTA). The KORUS FTA is a comprehensive trade agreement that will eliminate tariffs and other barriers to trade in goods and services, promote economic growth and strengthen economic ties between the United States and South Korea.

BACKGROUND

On February 2, 2006, the U.S. Trade Representative announced its intent to negotiate a FTA with the Republic of Korea (South Korea). On April 1, 2007, the United States and South Korea concluded negotiations of this historic FTA. At this time, the KORUS FTA is currently not in force. It will need to be cleared through both countries' legislatures prior to being fully implemented by both countries. If approved, the Agreement would be the United States' most commercially significant FTA in more than 16 years.

South Korea's annual \$1 trillion Gross Domestic Product (GDP) is currently the seventh largest U.S. trading partner with the value of goods reaching \$83 billion in 2008. Within the first three years after implementing the KORUS FTA, 95 percent of consumer and industrial products will become duty-free. The remaining tariffs will be eliminated within 10 years. The U.S. International Trade Commission estimates that the reduction of South Korean tariffs and tariff-rate quotas on goods alone would add \$10 to \$12 billion to annual U.S. GDP and around \$10 billion to annual merchandise exports to South Korea.

Houston shares extensive business connections with South Korea, which was evident in the \$4.5 billion in total trade between the two in 2008. Houston ranks as South Korea's 8th largest U.S. trade partner and South Korea is Houston's fifteenth largest international trade partner.

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For agricultural products, the FTA would immediately eliminate or phase out tariffs and quotas on a broad range of products, with almost two-thirds (by value) of South Korea's agriculture imports from the United States becoming duty free upon the FTA's entry into force.

For the services sector, the FTA would provide meaningful market access commitments that extend across virtually all major service sectors, including greater and more secure access for international delivery services and the opening up of the South Korean market for foreign legal consulting services.

In the financial sector, the FTA would increase access to the South Korean market and ensure greater transparency and fair treatment for U.S. suppliers. Additionally the FTA would address nontariff barriers in a wide range of sectors. This includes strong provisions on competition policy, labor and environment, transparency and regulatory due process.

In addition to strengthening the economic partnership, KORUS FTA would help to solidify the two countries' long-standing geostrategic alliance.

As the first U.S. FTA with a North Asian partner, the KORUS FTA could pose as a model trade agreement for the rest of the region. This reinforces the U.S. commitment for engagement with the Asia-Pacific region.

IMPLEMENTATION

Communicate the Greater Houston Partnership's position of support for the KORUS Free Trade Agreement to the United States Congressional representatives from Texas.

RESOURCES REQUIRED

This position can be implemented within current budgetary restraints.

Houston and South Korea: Total Trade

Annual trade between Houston and South Korea valued \$4.5 billion in 2008.

HOUSTON'S TOTAL TRADE WITH SOUTH KOREA 2008		
HS2	Description	\$ Value
Imports		
73	Articles of Iron or Steel	\$851,927,196
29	Organic Chemicals	\$619,573,235
27	Mineral Fuel, Oils and Waxes	\$391,348,344
84	Industrial Equipment and Computers	\$163,826,536
72	Iron and Steel	\$163,512,028
	All Others	\$426,024,831
Total		\$2,616,212,170
Exports		
29	Organic Chemicals	\$1,002,994,043
84	Industrial Equipment and Computers	\$334,764,264
27	Mineral Fuel, Oils and Waxes	\$231,747,242
39	Plastics and Plastic Articles	\$113,256,328
38	Miscellaneous Chemical Products	\$51,248,585
	All Others	\$145,190,383
Total		\$1,879,200,845
Source: Foreign Trade Division, U.S. Census Bureau		

- Houston ranks as South Korea's 8th largest U.S. trade partner; and South Korea is Houston's fifteenth largest international trade partner.
- Total annual trade value between Houston and South Korean increase 10.3 percent in 2008.
- Houston imports from South Korea rose 38.7 percent in 2008, driven by strong gains in iron and steel.

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