

COUNCIL FOR INTERNATIONAL TRADE

CALIFORNIA CHAMBER of COMMERCE



May 26, 2011

To: Members, CA State Senate Committee on Business, Professions
and Economic Development

From: California Coalition for Free Trade

Re: **SJR 4 (Harman) – US-Korea Free Trade Agreement**

*Scheduled for hearing on Monday, June 13, in the
Senate Business, Professions & Economic Development Committee*

We, the undersigned companies and business organizations of the California Coalition for Free Trade, urge a YES vote on California SJR 4 which memorializes Congress to pass the Free Trade Agreement between the United States and South Korea. This Agreement will ensure that the United States, as well as California, continue to gain access to world markets.

The California Coalition for Free Trade was initiated in May of 2008 by the California Chamber of Commerce Council for International Trade. This group of California companies and business organizations believe that opening markets and promoting fair trade rules are critical for California's economy. The Coalition is working to secure Congressional approval of the Free Trade Agreements with South Korea, Colombia and Panama.

The trade agreement with Korea is a big win for the California and U.S. economies. Korea is the seventh-largest U.S. export market in the world (and our fifth-largest market for farm exports). In 2010, U.S. exports to Korea reached \$38.8 billion, with U.S. small and medium-sized companies accounting for a third of this impressive total. By giving U.S. exporters a leg up in one of the world's largest economies, the agreement with Korea will enhance the ability of U.S. companies to compete in the dynamic Asian economy.

The US-Korea FTA will greatly expand market access in Korea for US farmers, manufacturers, service providers, and financial services firms. Under the FTA, more than half of current US agricultural exports to Korea—with a value of \$2.8 billion—will become duty-free immediately. Almost 95 percent of all bilateral trade in consumer and industrial products will become duty-free within three years under the agreement, and virtually all remaining tariffs on consumer and industrial goods will be eliminated in ten years. Moreover, this agreement will eliminate significant non-tariff market access barriers in Korea to US goods, services, and investment. Consumers in both countries stand to gain from the broad benefits of this agreement.

US interests are protected under this agreement through robust provisions on transparency, intellectual property rights, competition, investment, and other rules, particularly in the area of services. The agreement also has important implications beyond bilateral trade and investment. By giving US exporters and investors a preferential position in one of the world's largest economies, an FTA with Korea will enhance US businesses' ability to compete in the dynamic Northeast Asia regional economy. From a strategic vantage point, the FTA will reinforce the critical partnership and alliance between our two countries.

California is one of the ten largest economies in the world with a gross state product of approximately \$1.9 trillion. As one of the largest exporting states, with exports to 226 economies around the world, international-related commerce accounts for approximately one-quarter of California's economy.

Korea is California's 5th largest exporting partner. In 2010, California exported goods worth \$8 billion to Korea. According to the International Trade Administration in the US Department of Commerce, computer and electronic products accounted for \$2 billion of California's merchandise exports to Korea in 2010. With immediate removal of many of these related tariffs, exports will become more competitive and affordable to Koreans. California's exports of machinery also will benefit from US-Korea FTA reductions as machinery manufactures accounted for \$1.8 billion of the state's merchandise exports to Korea in 2010. Transportation equipment accounted for \$548 million of the state's export sales to Korea in 2010 and most of these duties also would be eliminated immediately. In addition, tariffs and other barriers would be eliminated on most agricultural products produced in California. From pharmaceuticals to pistachios – the US-Korea FTA is a win for California.

South Korea has concluded trade agreements with major trading partners and export competitors of the United States, so U.S. failure to implement our own trade agreement with South Korea could severely disadvantage U.S. exporters and jeopardize U.S. job creation.

The US-Korea FTA will bring real benefits for US and CA workers and businesses and help maintain America's leadership position in an increasingly competitive global environment. We appreciate your consideration of a YES vote on this symbolic legislative measure.

Sincerely,

The California Coalition for Free Trade
(members listed below)

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California Coalition for Free Trade Member Companies May 2011

- 32 South, Inc.
- Applied Materials, Inc.
- Arrowhead Credit Union
 - Bear Creek Winery
- Blue Diamond Growers
- California Business Ventures
- Cange International Inc.
 - Caterpillar Inc.
 - Chevron
 - Citigroup, Inc.
- CNA Insurance Companies
 - De Avila Law Firm
 - DHL Express
 - East Bay CITD
 - El Camino College CITD
- Express Employment Professionals
- Fernandez Barragan & Associates
 - Fillner Construction Inc.
 - Foxx Hunter Farms
 - Gathers Strategies, Inc.
 - General Electric
- HBLA Certified Public Accountant
 - Hewlett Packard
- Hitchcock Automotive Resources
- Hitchcock Commercial Properties
- Holtouse, Carlin & VanTright
 - Hunter International
 - Intel Corporation
- International Information Specialists
- International Technical Services
 - Ironstone Vineyards
- Irvine Chamber of Commerce
 - John Kautz Farms
 - Kikkoman Foods Inc.
 - LA Metro Hispanic Chambers of Commerce
 - Long Beach Area Chamber of Commerce
 - Los Angeles Area Chamber of Commerce
- Lyles Diversified, Inc.
- McKenna, Long & Aldridge
 - Merrill Lynch - Mill Valley
- Montebello Chamber of Commerce
- Monterey Bay International Trade Assn
- Moon Shot Communications
- Motion Picture Assn. of America
 - News Corporation / Fox Entertainment Group
 - North County BMW
- Northern California World Trade Center
 - Northridge Toyota
- OceanWind International Inc.
- Oliva Global Communications
 - Oracle Corporation
- Orange County Bus. Council
 - Otis McAllister, Inc.
 - Pacific Resources
 - Paramount Farms
- Paulson Manufacturing Corporation
 - Puente Hills Toyota
 - RB International
 - Ruiz Foods
 - Safeway, Inc.
- San Dimas Chamber of Commerce
 - Silicon Valley CITD
 - South Bay BMW
- So. Orange Cty Reg Chambers of Commerce
 - SunWest Foods, Inc
 - The Boeing Company
 - The California Parks Co.
- The Dow Chemical Company
- Toyota of Santa Barbara
 - Voiland Enterprises
 - WJ Byrnes & Co.