

Iowa trade mission works to boost exports to South Korea

By Heather Lilienthal

If there's one thing that this group of Iowa farmers learned last week, it's that things in South Korea move fast. In Seoul, the country's capital, traffic flows at high speeds, and people are rushing to work in high-rise office buildings as workers hustle to build structures higher and higher.

Just as urgent is the Asian country's desire to strengthen its position in global economic power. A delegation of Iowa farmers traveled to Korea last week to strengthen Iowa agriculture's place in the growing Korea market.

But in order to do business with this forward-moving culture, it's necessary to understand some of the country's past. Kathleen Stephens, U.S. ambassador in Korea, has a unique perspective. She shared her background and her hopes for the future of U.S. trade in Korea last week with the Iowa delegation.

"I came here as a Peace Corps volunteer in the 1970s," said Stephens. "Things were very rural back then, and the push towards industrialization was just beginning." Food security was a huge concern, with the per-capita income at \$65 per family. "People were hungry by the time spring rolled around, before the barley crop came in."

Today, South Korea sees itself as a global player, she explained. A family's per-capita income has grown to \$20,000. The country emerged from the last economic crisis fairly well. While Koreans aren't struggling with food security as they were in the 1970s, food is an important issue, and maintaining a trade structure to feed its growing population is vital. With only 17 percent of its land arable, it's a country dependent upon imports for many of its needs.

South Korea is the United States' number five market for overall trading, and U.S. ag exports to the country totaled more than \$4 billion last year. It's a number that could grow by 25 percent in 2010 as the beef export market continues to strengthen. But a major hurdle that could impede that growth is the Free Trade Agreement (FTA) that continues to lag in Congress.

"It's a big deal to Iowans," said Iowa Agriculture Secretary Bill Northey, a leader of the Iowa trade mission. "Once, we felt that that agreement had been made, but now it feels farther away."

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 Korea's agriculture imports from the United States becoming duty free upon entry into force.

The American Farm Bureau Federation reports that the agreement would provide \$1.6 billion in additional U.S. ag exports.

South Korea isn't standing still. Stephens said the government is carefully watching what the United States does in terms of agreements with other countries. If South Korea feels that another country, such as Japan, receives "a better deal," things could sour quickly.

Currently, countries such as Australia, New Zealand and the European Union are on the move as well, hoping to capitalize on the United States' slow action. Stephens said that Koreans develop deep ties to brand loyalty and timing matters.

“Iowa is directly affected by the growth here, and it has huge impacts to the folks back in our state,” said Northey. “We support the momentum of the FTA. We produce more than we can use, and we need access to these markets. We aren’t just focused on the ‘Chinas’ of the world, and we don’t want to take this relationship (with South Korea) for granted.”

Lilienthal is covering the Iowa trade mission to South Korea and Japan. Watch for her articles in the Spokesman and on www.iowafarmbureau.com.