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## **Korea - Republic of**

**Post:** Seoul

## **Korea - Columbia Free Trade Agreement**

### **Report Categories:**

Country/Regional FTA's

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### **Report Highlights:**

Korea ratified the Korea-Colombia Free Trade Agreement on April 29<sup>th</sup>, 2014. Korea is the first country in Northeast Asia to sign an FTA with Colombia, while Colombia is the third South American country to sign an FTA with Korea, following Chile and Peru. Ratification of the agreement by Colombia is pending

Agricultural trade between Korea and Colombia is relatively small. Colombia ranked as the 42<sup>nd</sup> largest agricultural exporting country to Korea in calendar year 2013 with a total of 72.72 million U.S. dollars. However, Colombia is the 4<sup>th</sup> largest exporter of coffee to Korea, valued at \$48.34 million in 2013.

## General Information:

A bill submitted by the Korean government for the ratification of the Korea-Colombia Free Trade Agreement was approved by the Korean National Assembly on April 29<sup>th</sup>, 2014. Ratification by the Colombian legislative body is pending. Korea is the first country in Northeast Asia to sign an FTA with Colombia, while Colombia is the third South American country to sign an FTA with Korea, following Chile and Peru.

Agricultural trade between Korea and Colombia is relatively small. Colombia ranked as the 42<sup>nd</sup> largest agricultural exporting country to Korea in calendar year 2013 with a total of 72.72 million U.S. dollars<sup>1</sup>. However, Colombia is the 4<sup>th</sup> largest exporter of coffee to Korea, valued at \$48.34 million in 2013.

**Table 1: Top 10 Agricultural Export Products from Colombia to South Korea During 2007-2009<sup>2</sup>**  
(Unit: thousand U.S. dollars, percent)

Rank	Products	Value	Ratio
1	Coffee (not roasted)	41,052	86.89
2	Preparations of instant coffee	1,184	2.51
3	Gallstone	1,121	2.37
4	Coffee extracts, essences and concentrates (other)	728	1.54
5	Other fruits and nuts	634	1.34
6	Raw hides and skins (crocodile/untanned)	589	1.25
7	Coffee extracts, essences and concentrates (instant coffee)	404	0.86
8	Cane sugar	268	0.57
9	Autolyzed yeast and other yeast extracts	251	0.53
10	Palm oil and its fraction	173	0.37
	(Total Import of Top 10 Products)	46,404	98.23
	Grand Total	47,244	100.00

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<sup>1</sup> Global Trade Atlas

<sup>2</sup> Detailed FTA Information <http://www.fta.go.kr/main/situation/kfta/lov3/co/2/>, 'Value' is a three-year average import value during the period 2007-2009.

**Table 2: Korea's Coffee Imports**<sup>3</sup>

Rank (in 2013 value)	Country	2012		2013	
		\$1,000	MT	\$1,000	MT
1	Vietnam	79,093	36,269	70,805	35,841
2	European Union	62,692	3,028	69,693	3,916
3	Brazil	132,974	23,584	63,207	20,635
4	Colombia	70,671	12,678	48,340	13,581
5	The United States of America	42,651	2,742	40,609	3,085
6	Peru	39,090	8,950	37,065	12,445
7	Honduras	42,492	9,111	22,632	7,121
	Others	111,866	17,194	169,882	34,089
	World	581,529	113,556	522,233	130,713

Based on HSK (Harmonized System for Korea) product lines, 96.1% of Korea's imports from Colombia and 96.7% of Colombia's import from Korea will become duty free within 10 years of implementation. In terms of agriculture, 70.96% of Korea's imports from Colombia and 76.06% of Colombia's import from Korea will become duty free within 10 years (See Table 3). Korea employed exceptional clauses, such as an extended tariff removal schedule, tariff rate quota (TRQ), and agricultural safeguard (ASG), due to concerns about sensitivities in the agricultural market. In addition, 151 very sensitive products were excluded from the concession. Notably, rice and rice related products were excluded from the agreement.

<sup>3</sup> Global Trade Atlas, HS0901 (Coffee W/N Roast or Decaff.), 21011 (Coffee Extracts Essence & Concentrate)

**Table 3: Brief Summary of Korea-Colombia FTA Duty Concession on Agricultural Products**  
(Unit: thousand U.S. dollars, percent)

Tariff Removal Schedule	Korea				Colombia			
	Number of products	Ratio	Amount in value	Ratio	Number of products	Ratio	Amount in value	Ratio
Immediately	244	16.21	42,245	89.42	517	54.77	150	95.16
3 years	55	3.65	2,446	5.18	2	0.21	0	0.00
5 years	418	27.77	2,380	5.04	73	7.73	4	2.38
7 years	54	3.59	122	0.26	11	1.17	0	0.00
10 years	297	19.73	23	0.05	115	12.29	4	2.45
(Within 10 years) <sup>4</sup>	1,068	70.96	47,215	99.94	718	76.06	158	100.00
10 years (APB <sup>5</sup> )					15	1.59	0	0.00
12 years	9	0.60	0	0.00	7	0.74	0	0.00
12 years (2 year suspension)	4	0.27	0	0.00				
13 years	2	0.13	0	0.00				
15 years	4	0.27	0	0.00	35	3.71	0	0.00
15 years (APB)					70	7.42	0	0.00
16 years	253	16.81	23	0.05	38	4.03	0	0.00
16 years (2 year suspension)	2	0.13	0	0.00				
16 years + Seasonal tariff	1	0.07	0	0.00				
16 years (ASG)	1	0.07	0	0.00				
18 years					1	0.11	0	0.00
18 years (5 year suspension)					2	0.21	0	0.00
19 years	3	0.20	0	0.00	1	0.11	0	0.00
19 years (ASG)	2	0.13	0	0.00	2	0.21	0	0.00

<sup>4</sup> Includes only the products that will be unconditionally duty free within 10 years upon implementation (APB applied products not included)

<sup>5</sup> Andean Price Band

20 years (APB)					2	0.21	0	0.00
Excluded from concession	151	10.03	6	0.01	42	4.45	0	0.00
Excluded (APB)					5	0.53	0	0.00
TRQ	5	0.33	0	0.00	6	0.64	0	0.00
Total	1,505	100.00	47,244	100.00	944	100.00	158	100.00

**Table 4: Korea's Concession of Colombian Agricultural Products**

	Major products	Number of products
Immediately	Coffee (roasted or not roasted)	244
3 years	Preparations of coffee, preparations of cocoa	55
5 years	Roses, chrysanthemums, lilies, manioc (cassava), bananas, avocados, yeasts, whiskey	418
7 years	Other cut flowers, pineapples, mangoes, watermelons	54
10 years	Frozen potatoes, pork, lamb, yogurt, dried grape, apricots, plums, maize, sausage, sauce, unmanufactured tobacco	297
12 years	Duck, persimmons	9
12 years (2 year suspension)	Egg yolks, eggs	4
13 years	Frozen chicken breasts, frozen chicken wings	2
15 years	Dried oak mushrooms, filter tip cigarettes	4
16 years	Cheese, peaches, strawberries, ginger	253
16 years (2 year suspension)	Fermented alcohol for manufacture of liquors	2
16 years + Seasonal tariff	Fresh grapes	1
16 years (ASG)	Mandarins	1
19 years	Edible offal of bovine animals	3
19 years (ASG)	Beef	2
TRQ	Whole milk powder, skim milk powder	5
Excluded from concession	Beef, milk/cream, potatoes, garlic, onions, oranges, apples, Asian pears, ginseng	151
(Excluded from agreement)	Rice and rice related products	(16)
Total		1,505

Through this FTA, Colombia is attempting to increase the size of its agricultural exports to Korea as a

result of lower tariffs, and ultimately lower wholesale and retail prices. The agricultural product lines that Colombia has focused on are coffee (and coffee related products), cut flowers, and banana. Especially, for coffee products, the current tariff of 2 to 8% will be eliminated immediately or within 3 years. Competition among imported coffee in Korea is expected to increase once the FTA is implemented. On the other hand, the impact of the FTA on competition between other products is predicted to be relatively minor as the trade volume is rather small. The average value of coffee imports during the period 2007 to 2009 accounted for 92 percent of total agricultural imports from Colombia; clearly showing that trade volume in non-coffee products from Colombia was insignificant.