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September 15, 2009

Ms. Carmen Suro-Bredie
Chairman, Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Via Electronic Submission

RE: Request for Comments Concerning the Free Trade Agreement with the Republic of Korea, Docket Number USTR-2009-0020

Dear Ms. Suro-Bredie,

The Retail Industry Leaders Association (RILA) appreciates the opportunity to provide comments to the Trade Policy Staff Committee of the United States Trade Representative on the pending free trade agreement (FTA) between the United States and the Republic of Korea (Korea). RILA strongly supports enactment of the U.S. – Korea Free Trade Agreement, which if passed by Congress, would be the United States' most commercially significant free trade agreement in 15 years. At its core, the free trade agreement would eliminate barriers to two-way goods and services trade; foster economic growth; promote and protect investment; and enhance the trade and bilateral relationship between the United States and Korea.

By way of background, the Retail Industry Leaders Association (RILA) is the trade association of the world's largest and most innovative retail companies. RILA promotes consumer choice and economic freedom through public policy and industry operational excellence. Its members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs and operate more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

Benefits of the Free Trade Agreement

Two-way trade between the United States and Korea reached \$82.7 billion in 2008, with U.S. exports to Korea reaching \$34.6 billion. Korea has a population of roughly 48.5 million consumers, and is an attractive market for U.S. retailers to expand their overseas operations. Korea is also currently the United States' 7th largest trading partner and would be expected to

make even more significant contributions to the United States economy with the passage of the U.S. – Korea Free Trade Agreement. Within three years of enacting this agreement, 95% of U.S. industrial and consumer goods would enter Korean markets duty-free, with most of the remaining tariffs phased out within 10 year. Furthermore, most tariffs on U.S. agricultural goods, which currently average 52%, would be eliminated over a defined period of time.

With respect to textiles and apparel, roughly 61% of U.S. – Korea trade would become duty-free immediately. Studies estimate that U.S. exports to Korea could rise by 50% as a result of the level playing field generated by the agreement, which would provide a tremendous boost for the U.S. economy via the success of U.S.-based retailers, manufacturers, farmers and service providers.

The U.S. – Korea FTA would help reduce trade barriers and enhance trading partnerships between our two countries. Enactment of the agreement will provide significant benefits to retailers through trade liberalization, transparency in regulatory trade practices, reductions in tariffs and non-tariff barriers and the creation of dependable sourcing opportunities. These issues are essential to providing U.S. customers with the high-quality goods they seek at a price they can afford. This comprehensive agreement provides for across-the-board tariff eliminations, services trade liberalization, trade facilitation measures, strong intellectual property rights protections and flexible rules of origin.

U.S. Competitiveness at Stake

In today's highly competitive global marketplace, U.S. retailers, service suppliers, farmers and manufacturers are in direct competition with foreign competitors that offer similar products and services with all seeking to gain a competitive advantage. Enacting meaningful free trade agreements, which remove tariffs and non-tariff barriers and can save companies and consumers millions of dollars annually, is one way in which the U.S. Government can and should help U.S. businesses to better compete. Faced with two equally performing products from a U.S. company and a foreign competitor, with one costing slightly more because of tariffs, a rational buyer would always select the cheaper good.

As the United States stands on the sidelines of international trade while debating the merits of free trade, countries around the world are moving expeditiously to enact free trade agreements with nations the United States heavily trades with, thereby giving their industries an economic advantage over U.S. goods and services. News reports over the past few weeks have reported that Korea and Colombia – a growing market for the United States and another instance where the United States has signed a free trade agreement but has not yet moved to enact it – recently announced plans to begin negotiations over a Colombia – South Korea Free Trade Agreement

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this year. While we applaud other nations for continuing to liberalize trade during this global recess, we urge the Administration and Congress to take actions to pass the U.S. – Korea Free Trade Agreement swiftly so that American industries can continue to remain competitive with other nations.

RILA appreciates this opportunity to provide comments to the Trade Policy Staff Committee on the economic benefits the U.S. – Korea Free Trade Agreement to the U.S. retail industry. For all the reasons previously mentioned, we strongly support enactment of the free trade agreement, in addition to pending ones with Colombia and Panama, and look forward to working with the Obama Administration and Congress to enact these agreements so that U.S. businesses can increase their global competitiveness. If you should have any questions about these comments, please contact Andrew Szente, RILA's director of government affairs, by emails at andrew.szente@rila.org or by phone at (703) 600-2033.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Lester". The signature is written in a cursive style with a horizontal line at the end.

Stephanie Lester
Vice President, International Trade