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International Agricultural Trade and Policy Center

**TRADE AND INVESTMENT: OPPORTUNITIES AND
CONSTRAINTS BETWEEN THE UNITED STATES AND SOUTH
KOREA**

By

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INTERNATIONAL AGRICULTURAL TRADE AND POLICY CENTER

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TRADE AND INVESTMENT: OPPORTUNITIES AND CONSTRAINTS BETWEEN UNITED STATES AND SOUTH KOREA

John J. Vansickle and Edward A. Evans¹

The Republic of Korea (South Korea) and the United States of America (U.S.) have established an important relationship through trade and investment between the two countries. Currently, the United States is the largest market for exports from South Korea and the second largest supplier of goods to that country. South Korea is now the sixth largest market for U.S. exports and the seventh largest supplier of goods to the U.S. The U.S., as the largest economy in the world with a gross domestic product measured at more than \$10 trillion in calendar year 2000 (Table 1), exported \$781.9 billion in merchandise in 2000. Imports totaled \$1.2 billion, leaving a net trade deficit of \$436.1 billion in 2000. South Korea had an estimated gross domestic product of \$457.4 billion in calendar year 2000, the eleventh largest economy in the world. Merchandise exports totaled \$172.2 billion. Imports totaled \$160.4 billion, leaving a net trade surplus of \$11.8 billion for merchandise trade in 2000.

There is a great interest in the trade policies used by Asian countries. These countries deserve that interest, given their prominence in world trade and their growth in importance in the global trade framework of the World Trade Organization (WTO). The initiation of the Doha Round of Negotiations for the World Trade Organization (WTO) also places great importance on the Asian countries, especially with China joining the WTO in 2001. Finally, there has been particular scrutiny given to East Asian economies

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following the financial crises of 1997 and 1998 and the resulting global recession that followed in 2001. The following text discusses the current global economic outlook and then outlines the development policies of South Korea. The impacts of those policies on the industrial and agricultural sectors in South Korea are also outlined. The paper then evaluates the trade relationship between the U.S. and South Korea and discusses the possible influences of the Doha Round of Negotiations for the World Trade Organization.

Global Economic Situation

The current slowdown in global economic activity actually began in the third quarter of 2000 as the three major economies of the European Union, United States, and Japan weakened almost simultaneously. Trade actually began to slow for these countries in 1998 as exports declined, and imports continued to increase, leading to trade deficits for both the United States and Japan in 2000. Three major factors played a role in this economic downturn: the bursting of the global information technology (IT) bubble; sluggishness of Western European activity; and, to a lesser extent, the events of September 11, 2001.

The bursting of the IT bubble led to a contraction in IT-related investment and contributed significantly to the stagnation in total investment in the developed world. This stagnation along with the decline in private investment in IT products led to a decline in trade in office and telecom equipment, products particularly important to Asian economies. Those economies had experienced some of the fastest growth in the previous 10 years and were particularly injured by the bursting of the IT bubble. Some recorded their weakest output performance of the last 30 years. The six primary IT traders in Asia (South Korea, Malaysia, Philippines, Taipei, China, Thailand, and Singapore)

experienced annual average growth rates for exports of 10 percent from 1990 to 2000. They experienced a decline in exports of 13 percent in 2001, much larger than the global average of a four percent decline.

The sluggishness of growth in Western Europe was largely due to domestic factors. A newly formed Euro currency and food scares related to animal diseases and GMOs (genetically modified food products) led to consumers becoming conservative in their purchases. Imports declined much faster than exports. Those nations with the closest ties to the U.S. experienced the largest surpluses. Indeed, Ireland and the United Kingdom recorded GDP growth well above the average of the European Union.

The recession was already underway when the tragic events of September 11, 2001 occurred in New York City and Washington, D.C. The most significant economic impacts of September 11 were felt in the transportation and tourism sectors, both important to the U.S., and especially important to Florida. As important as this impact was to Florida and the U.S., certain developing countries that rely heavily on tourism for foreign exchange earnings (e.g., the Caribbean island nations) were more severely impacted by the loss in tourism, following September 11.

There have been exceptions to the downturn in growth experienced globally. Transition economies experienced growth because of large increases in foreign domestic investment (FDI) and substantially higher earnings from fuel exports. Africa and the Middle East experienced large increases in growth and increased their imports of merchandise.

Along with the global recession that occurred in the last two years, declines in FDI have also been experienced. Much of the growth in FDI through the 1990s was

derived from gains in stock prices and the large flows in investment resulting from mergers that occurred over this period. It has been the large savings of Japan and other East Asian economies that have been the primary sources of financing for the two major deficit regions of the U.S. and Latin America.

The attraction of the U.S. for investment was enough to finance the U.S. current account deficit which remained in excess of US\$400 billion. This has led to an appreciation in the U.S. dollar of more than one-third since 1995 (in global trade terms) and has led to a decline in the international price of many major traded goods. An exception to these trends occurred in the oil sector. Oil prices have been highly variable but have increased even as consumption has remained strong. This increase in prices and demand led to strong economic growth in the oil exporting regions of the world and helped those countries experience strong GDP growth and import expansion.

The current economic climate indicates that the deceleration in demand does appear to be ending in the U.S. Business confidence and order income also appear to be increasing for the European Union, indicating a gradual increase in investment and a more vigorous growth in consumption. While the short-term outlook for Japan appears weak at best, the rest of the East Asian countries are reporting a strengthening of consumer and investor confidence. Despite this gain in output growth, global GDP growth is expected to be 2.5 percent in 2002, unchanged from 2001.² Even with these improvements, a strong rebound in trade is not expected, given the moderate output growth in the major markets and the expected continued weakness in the IT sector through 2002.

² International Monetary Fund. Economic Outlook Projections. March 2002.

Brief Review of Korean Economic Development

South Korea is often referred to as one of the Four Little Tigers which also includes Singapore, Taiwan, and Hong Kong. Their designation refers to their significant growth relative to the rest of Asia. There have been several factors that have contributed to this accelerated growth. Among the factors given most of the credit are a state-commanded economy and political and military links to the United States.³ Other factors identified as important include the presence of a series of economic planning agencies and initiatives for growth. High savings and investment as well as export-oriented growth are factors contributing to their strong development.

A review of history indicates that Korean growth was facilitated in the 1950s by large amounts of aid provided by the U.S. government. This was provided in large part to thwart the expansion of communism in Asia. The Korean government took a more active role in economic development in the 1960s, creating the Economic Planning Board and several Five-Year Plans for economic growth. The later part of the 1960s focused on growth in the manufacturing sector. Policies helped to move workers from the agricultural sector to more industrial regions. Exports grew from the expansion in the manufacturing sector. The U.S. was one of the earliest and largest markets for Korean exports. It was also during this period that the government chose to encourage growth through investment, with government investment rising to as much as 41 percent of government expenditures. One of the main recipients of that investment was education. It was during this period that human capital became a significant natural resource.

³ Joe Crowther, Matt Johnson, Katie Murphy and Amy Oakes. "Korean Economic Development." <http://www.furman.edu/~jcrowthe/kpaper.htm>. April 15, 2000.

The final factor that helped to push economic development in Korea was their almost jealous envy of Japan and a national desire of the government and people to move ahead of Japan. There was a significant and obvious transformation in the Korean economy from the early 1960s through the 1990s. Agriculture was the leading economic sector in Korea in 1960, making up roughly 30 percent of the GDP and 60 percent of the employment base. The economy of Korea transformed over the next three decades to become an industrial economy. The 1970s saw a shift to capital-intensive products such as steel and cars. The 1980s saw a move to more high-tech industries such as transportation equipment and machinery industries. By 1992, manufacturing accounted for 30 percent of the national employment and 34 percent of the GDP.

Trade played a critical role in the economic development of South Korea. Korean exports grew from US\$40 million in 1953 to US\$82.3 billion in 1992 and US\$172.2 billion in 2000. Agriculture played a significant role in this development, allowing the exports of surpluses in the early part of this development to pay for the structural changes that took place. Merchandise exports grew significantly over this period and the composition of those exports changed. Electrical products and transportation equipment became more important. This period saw a shift from labor-intensive products to capital-intensive products.

Growth in exports also allowed the Korean economy to increase its imports. The import bundle prior to the expansion in the 1960-1990 period was mostly consumer-related products the country was unable to provide from domestic production, even though there was significant use of government finances to protect domestic producers. As exports grew, the Korean economy imported industrial supplies and capital

equipment to facilitate its economic growth. Fewer consumer products were imported as the economy transformed enough through protection and government investment to provide those goods from domestic production.

Agriculture was one of the exceptions to outward-looking expansion. The importance of the agricultural sector led to policies of protection to ensure that agriculture would remain viable in the Korean economy. The Korean government endorsed several objectives in formulating its food and agricultural policies: (1) securing price stability, (2) enhancing farm income, (3) ensuring food self-sufficiency, (4) conserving foreign exchange, (5) limiting government spending, and (6) controlling real urban wages.

Because grains (especially rice) were important determinants of inflation and real wages, the government of South Korea followed a cheap grain policy through the 1950s and 1960s. The U.S. experienced surplus grain production through this period and provided food aid to Korea through the U.S. P.L. 480 program. Korea was one of the largest food aid recipients of the U.S. through the 1960s. This kept the price of grain low for Korean consumers but also reduced incentives for Korean farmers to plant grains. The U.S. changed its food aid program in the early 1970s to require payment for grains in U.S. dollars rather than local currency. This resulted in higher prices and the Korean government began to place more emphasis on self-sufficiency. This policy was followed principally for the rice and barley growers to enhance rural incomes, provide protection from international price instability, and to provide favorable consumer prices. The policy provided a two-tier price policy, buying from growers at higher prices and selling at

lower prices to consumers. The program drew heavily on government finances to pay for this program.⁴

The Korean government followed this policy into the early 1970s. It allowed for an open trade policy for wheat, corn, soybeans, cotton, hides, and rubber, but banned virtually all other agricultural imports. In the 1980-1984 period, 34 percent of the farm gross domestic product was derived from direct and indirect policy-induced transfers. These policies boosted producer income for traded commodities by 60 to 70 percent and contributed 50 to 60 percent of the cost of these items to Korean consumers. Much like the U.S., gains in Korean rural household income were largely attributed to off-farm income. Off-farm income increased from 18 percent in 1975 to 43 percent in 1990 and to more than 50 percent today. This gain in off-farm income was attributed to the Saemaul movement begun in 1971, which strengthened the infrastructure of the rural areas. Many aspects of the rural villages were modernized, freeing farm labor time and increasing farm families' well-being. Many of the improvements resulted in gains to farmer productivity and farmer incomes, as well as the ability to earn off-farm income.

The early development process of protectionism did have negative impacts on the Korean agricultural sector. While it weakened demand in the consuming sector because of higher prices, it also resulted in an agricultural industry that struggled to compete when freer access to imports arrived in the 1990s. This is demonstrated by the evolution that occurred in the rice sector in the 1980s and early 1990s. A small Korean rice harvest in 1980 led to high prices for rice in the international market. Korea was left to pay higher prices for rice that did not meet the quality standards the Korean consumer was

⁴ Diao, Xinshen, John Dyck, David Skully, Agapi Somwaru, and Chinwook Lee. "Structural Change and Costs of Korean Agricultural Policy, 1975 and 1990." USDA ERS AER 809. March 2002.

accustomed to with Korean rice. International growers responded to these higher prices with even more production in rice, leading to lower prices and a problem with the Korean food and agricultural policy that required significant government finances to continue. This also focused the global trading community on the import restrictions the Korean government was placing on global producers. In 1989, several countries challenged the Korean government's use of quantitative import restrictions at the General Agreement on Tariffs and Trade (GATT, now known as WTO). Up to that point the Korean government had invoked Article XVIII of the GATT, which allowed developing countries suffering from sustained deficits in their Balance of Payments to impose such restraints on trade. However, the success of the development program in Korea in the 1970s and 1980s led to a trade surplus in the late 1980s, and Korea was pressed to disinvoke this Balance of Payments provision in 1989. A liberalization in trade policies has taken place since then with the adoption of the Agreement on Agriculture in 1994. South Korea still seems reluctant to give greater access to agricultural imports, but external pressures seem to be a driving force for Korea's gradual dilution of its protection for major agricultural commodities.

While South Korea experienced significant trade deficits from the 1950s through the 1980s, the late 1980s brought trade surpluses for the first time as imports declined significantly. Korea imported fewer consumer goods that were being replaced by domestically produced consumer goods. Korea continues to do so today with small but positive trade surpluses in merchandise trade.

Two factors were key to the development of the Korean economy: export expansion and investment. The government was instrumental in implementing a

development policy which built the physical infrastructure in the industrial and agricultural sectors and invested in the development of human capital as a strong natural resource.

Trade and Investment Flows

As alluded to earlier, historically, U.S. exports to South Korea faced a variety of market access barriers. However, in recent times the government has implemented major economic reforms, which among other things, have liberalized the Korean markets. South Korea is now the sixth largest market for U.S. exports, totaling US\$ 22.1 billion in imports from the U.S. in 2001 (Table 2). Machinery is the largest export item for the U.S., totaling US\$145 billion in 2001 (Table 3). South Korea is the seventh largest supplier of imports in the U.S., totaling US\$ 35.1 billion (Table 4). Machinery is also the largest import item in the U.S., totaling US\$ 161.3 billion (Table 5).

The United States ranks as the largest market for exports from South Korea at US\$31.2 billion in 2001 (Table 6).⁵ Electrical machinery ranks as the largest export item for South Korea with US\$37.8 billion in export value (Table 7). It is also the largest export item in value to the U.S. with an export value of US\$9.2 billion in 2001 (Table 8). The United States is the second largest source of imports in South Korea at US\$22.1 billion (Table 9). Electrical machinery is the largest import item at US\$6.6 billion (Table 10).

The Balance of Trade for the United States shows a trade deficit with the world of US\$410.9 billion in 2001, with the largest trade deficit with China at US\$83.0 billion

⁵ The data for the imports and exports for South Korea and United States were derived from the World Trade Atlas. The discrepancy in exports from South Korea to the United States and the imports into the United States from Korea is a measurement error associated with the different government units that collect this data.

(Table 11). South Korea has a surplus Balance of Trade at US\$9.3 billion (Table 12). The largest surplus for South Korea is with the United States at US\$9.1 billion. The largest trade deficit for South Korea is with Japan at US\$9.8 billion.

Turning our attention to trade in agriculture and agriculturally-related commodities, Tables 13 to 14 show details for South Korea's exports and imports to the U.S. over the period 1996 to 2001. Table 13a shows that with the exception of the 1997 to 1998 period of the Asian financial crisis, exports from Korea increased steadily from about US\$ 189.6 million in 1996 to US\$ 252.2 million in 2001. This represents an annual rate of growth in the value of exports of approximately 6 percent. Of the agriculture and agriculturally-related commodities exported to the U.S., on the basis of trends in market shares, the two categories that provide the greatest opportunities are the Prepared Cereals and Edible Fruits categories. As shown in Table 13b, Prepared Cereals accounted for the major share of exports in 2001. It increased its share of the market from 20.5 percent in 1996 to 23.31 percent in 2001. Although the U.S. is a major producer and exporter of fresh fruits and vegetables, it also imports a considerable amount from this product category. Again as shown in Table 13b the export share of Edible Fruits to the U.S. rose steadily from 2.0 percent in 1996 to 7.2 percent in 2001. Noticeable declines in export shares were observed for the categories Edible Preparation of Meat, and Fish, Crustaceans, and Aquatic Invertebrates. Both groups lost market shares. In the case of the former the market share declined from 22.0 percent to 15.7 percent, while in the case of the latter it fell from 16.73 percent to 11.06, over the period 1996-2001.

On the import side, Table 14a shows that the value of imports of agriculture and agriculturally-related commodities from the U.S. are still considerably lower than the

level reached prior to the Asian financial crisis. Between 1996 and 2001 the value of imports declined from US\$ 3,770.7 million in 1996 to a low of US\$ 2038.8 in 1998 before recovering slightly to reach US\$ 2337.3 in 2001. The appreciation of the U.S. dollar no doubt played an important role in slowing the recovery. Cereal, which dominated the trade prior to the crisis, although still the dominant category, has lost shares to the Meat and Edible Meat Offal category. Between 1996 and 2001 the share of the import market accounted for by Cereals fell from 48.9 percent to 25.6 percent. In contrast the market trade for Meat and Edible Meat Offal doubled, increasing from 9.77 percent to 18.1 over the period. Noticeable among the imports of meat was frozen chicken (whole and parts). The increase in imports is due in part to the elimination of the import quotas on frozen chicken in 1997 and the progressive reduction of tariffs to 18 percent by 2004. Poultry imports increased from 22,000 tons (valued at \$28 million) in 1996 to 83,000 tons (valued at \$52 million) in 2000. South Korea's imports of citrus from the US have also increased considerably owing to changes made in trade policy since the Uruguay Round. Imports of citrus increased from \$20.9 million in 1995 to almost \$50.6 million in 2000. As tariffs on imports of citrus continue to fall, there will be even greater opportunity for US citrus exporters (USDA).⁶

In addition to trade and trade balances, changes in Foreign Direct Investment (FDI) have been important to understanding economic development within countries. FDI is considered to occur when an investor in one country (the home country) acquires an asset in another country (host country) with the intent of managing that asset. Management is the dimension that distinguishes FDI from simple portfolio investment in foreign stocks, bonds, and other financial instruments. Further, FDI comprises three

⁶ U.S. Department of Agriculture Foreign Agricultural Service, October 2001.

components: (1) new equity from a parent company in the home country to a subsidiary in the host country, (2) reinvested profits of the subsidiary, and (3) long- and short-term net loans from the parent to the subsidiary.

During the last 15 years there has been about a six-fold increase in FDI in the world economy. Total FDI inflows to all countries rose from an average of US\$ 50 billion per year in the 1981-85 period to an average of US\$ 155 billion per year in the 1986-90 period.⁷ It continued to grow to a record US\$ 1.27 trillion in 2000. The European Union commanded the largest share of the FDI inflows in 2000 with a record US\$ 617.3 billion. The United States commanded US\$ 281.1 billion in FDI inflows in 2000. Japan commanded US\$8.2 billion in FDI inflows in 2000, resulting in this Triad of countries controlling 71 percent of the global FDI inflows. The developing countries of Asia, including South Korea, commanded US\$ 143.8 billion in FDI inflows. The Triad of the European Union, U.S. and Japan was a source of FDI outflows amounting to US\$ 772.9 billion, US\$139.3 billion and US\$ 32.9 billion, respectively for each country. Total FDI outflows globally was US\$ 1.15 trillion, meaning that the Triad accounted for 82 percent of the FDI outflows globally. The developing countries of Asia accounted for US\$ 85.3 billion of the FDI outflows in 2000.

FDI has been a significant source of energy for driving international trade and development over the last two decades. Calendar year 2001 saw a decline in FDI as the global recession took hold. The United States alone experienced a 49 percent decline in FDI inflows in 2001 to US\$ 149.8 billion. South Korea suffered similar struggles with

⁷ UNCTAD. "World Investment Report 2001: Promoting Linkages." UNCTAD/WIR/2001. United Nations. 2001.

FDI inflows declining for each month from February 2001 through October 2001.⁸ FDI has recovered since then in South Korea to increase in each of the three months from November 2001 to January 2002.

FDI is an important source of growth for all of the economies in the world. Further integration of the global economy will contribute to further growth in FDI and further the growth and development of the economies who participate in the global market of the world.

The Doha Round of WTO Negotiations

After early struggles to start the current round of negotiations for the World Trade Organization, the member nations of the WTO agreed to start this round of negotiations at the November 2001 Fourth Ministerial Conference in Doha, Qatar. These negotiations are focusing on issues related to agriculture and services, with a target date of January 1, 2005, for completion of the agreements. The WTO carries three primary objectives into these negotiations: (1) lowering tariffs to provide more access to products, (2) eliminating non-tariff barriers and ensuring that any sanitary or phytosanitary restrictions are science-based, and (3) bringing discipline to domestic support for agriculture. The Agreement on Agriculture that was agreed to in the Uruguay Round of Negotiations in 1994 made significant progress on these issues, but there has been a growing concern about market access and domestic support for agriculture coming into these negotiations. The new Farm Bill passed by the U.S. Congress and signed into law by President Bush in May 2002, increases the level of support by the U.S. government for agriculture. This Farm Bill and the high level of support given to agriculture by the European Union and

⁸ Charles Duerden. "Foreign Direct Investment Increases for Third Straight Month." FDI Report. Vol. 20, No. 1, January-February 2002.

Japan promise to make these negotiations difficult for reaching consensus on the critical issues that will need to be agreed to in these negotiations.

Conclusions

Global trade has been a significant engine of growth for the global community over the last few decades. As barriers to trade have been lowered and as Foreign Direct Investment has increased, so has the GDP of the global community grown. The global community is at a critical stage in development. As the nations of the world begin to recover from the global recession and countries unite to fight terrorism, the future begins to rest more on the level of cooperation that exists across nations. The Doha Round of Negotiations for the WTO will be critical to the future of continued growth throughout the world. It will be important for all nations to participate in these negotiations to ensure a fair agreement that encompasses the collective will of the people. It will be important that these negotiations ensure continued market access and fair trade across borders.

Table 1. Key economic statistics for the Republic of Korea and the United States of America.

Item	U.S.		South Korea	
	1999	2000	1999	2000
Gross Domestic Product				
US\$ Billion	9,299	10,008	405.8	457.4
% Growth	4.2	5.1	10.9	7.1
Population (millions)	273.0	275.5	46.9	47.3
TradeUS \$ Billion				
Exports	695.7	781.9	143.6	172.2
Imports	1,024.6	1,218.0	119.7	160.4
Balance of Trade	-328.8	-436.1	23.9	11.8

Source: World Trade Atlas

Table 2. Total exports for the U.S., by country, 2001

Country	Millions of US Dollars		% Share
		2001	2001
<i>World</i>		731,026	100.00
Canada		163,724	22.40
Mexico		101,509	13.89
Japan		57,639	7.88
United Kingdom		40,798	5.58
Germany		30,114	4.12
South Korea		22,197	3.04
France		19,896	2.72
Netherlands		19,525	2.67
China		19,235	2.63
Taiwan		18,152	2.48

Table 3. Total exports for the U.S., by item, 2001

Description	Millions of US Dollars		% Share
		2001	2001
<i>World</i>		731,026	100.00
Machinery		145,087	19.85
Electrical Machinery		122,559	16.77
Vehicles, Not Railway		58,750	8.04
Aircraft, Spacecraft		44,705	6.12
Optic, NT 8544		44,224	6.05
Plastic		26,868	3.68
Special Other		24,407	3.34
Organic Chemicals		19,312	2.64
Precious Stones, Metal		14,655	2.00
Mineral Fuel, Oil, Etc		12,898	1.76

Table 4. Total imports for the U.S., by country, 2001

Country	Millions of US Dollars		% Share
		2001	2001
<i>World</i>		1,141,959	100.00
Canada		216,969	19.00
Mexico		131,433	11.51
Japan		126,602	11.09
China		102,280	8.96
Germany		59,151	5.18
United Kingdom		41,397	3.63
South Korea		35,391	3.08
Taiwan		33,391	2.92
France		30,296	2.65
Italy		23,824	2.09

Table 5. Total imports for the U.S., by item, 2001

Description	Millions of US Dollars		% Share
		2001	2001
<i>World</i>		1,141,959	100.00
Machinery		161,305	14.13
Vehicles, Not Railway		159,341	13.95
Electrical Machinery		154,593	13.54
Mineral Fuel, Oil, Etc		122,983	10.77
Special Other		35,417	3.10
Optic, NT 8544; Med Instr		34,874	3.05
Organic Chemicals		31,739	2.78
Woven Apparel		31,691	2.78
Knit Apparel		26,858	2.35
Precious Stones, Metals		26,153	2.29

Table 6. Total exports for South Korea, by country, 2001

Country	Millions of US Dollars		% Share
		2001	2001
<i>World</i>		150,439	100.00
United States		31,211	20.75
China		18,190	12.09
Japan		16,506	10.97
Hong Kong		9,452	6.28
Taiwan		5,835	3.88
Germany		4,322	2.87
Singapore		4,080	2.71
United Kingdom		3,490	2.32
Indonesia		3,280	2.18
Malaysia		2,628	1.75

Table 7. Total exports for South Korea, by item, 2001

Description	Millions of US Dollars		% Share
		2001	2001
<i>World</i>		150,439	100.00
Electrical Machinery		37,826	25.14
Machinery		23,556	15.66
Vehicles, Not Railway		15,401	10.24
Ships and Boats		9,699	6.45
Mineral Fuel, Oil Etc		8,010	5.32
Plastic		6,640	4.41
Iron and Steel		5,102	3.39
Organic Chemicals		4,163	2.77
Manmade Filament, Fabric		3,837	2.55
Knit, Crocheted Fabrics		2,478	1.65

Table 8. Total exports for South Korea to the U.S., by item, 2001

Description	Millions of US Dollars	% Share
	2001	2001
<i>United States</i>	31,211	20.75
Electrical Machinery	9,200	29.48
Vehicles, Not Railway	6,454	20.68
Machinery	5,942	19.04
Woven Apparel	1,038	3.32
Knit Apparel	1,017	3.26
Iron/Steel Products	741	2.37
Mineral Fuel, Oil Etc	687	2.20
Iron and Steel	634	2.03
Optic, NT 8544; Med Instr	462	1.48
Plastic	452	1.45

Table 9. Total imports for South Korea, by country, 2001

Country	Millions of US Dollars	% Share
	2001	2001
<i>World</i>	141,098	100.00
Japan	26,382	18.70
United States	22,088	15.65
China	12,845	9.10
Saudi Arabia	8,057	5.71
Australia	5,528	3.92
United Arab Emirates	4,630	3.28
Indonesia	4,461	3.16
Germany	4,445	3.15
Taiwan	4,230	3.00
Malaysia	4,110	2.91

Table 10. Total imports by South Korea from the U.S., by item, 2001

Description	Millions of US Dollars	% Share
	2001	2001
<i>United States</i>	22,088	15.65
Electrical Machinery	6,656	30.13
Machinery	3,515	15.92
Optic, NT 8544; Med Instr	1,600	7.24
Organic Chemicals	708	3.21
Hides and Skins	635	2.88
Plastic	599	2.71
Cereals	598	2.71
Aircraft, Spacecraft	545	2.47
Misc. Chemical Products	442	2.00
Meat	424	1.92

Table 11. United States Balance of Trade, by country, 2001

Country	Millions of US Dollars
	2001
<i>World</i>	-410,933
China	-83,046
Japan	-68,963
Canada	-53,244
Mexico	-29,924
Germany	-29,037
Taiwan	-15,240
Italy	-13,908
South Korea	-12,988
Malaysia	-12,958
Ireland	-11,390

Table 12. South Korea Balance of Trade, by country, 2001

Country	Millions of US Dollars
	2001
<i>World</i>	9,341
Japan	-9,876
United States	9,123
Hong Kong	8,325
Saudi Arabia	-6,783
China	5,345
Australia	-3,355
United Arab Emirates	-2,461
Qatar	-2,351
Oman	-2,156
Kuwait	-2,072

Table 13a. Selected Product Groups - South Korea - Exports to United States

HS	Description	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998	Jan-Dec 1999
-----millions of US Dollars-----					
19	PREP CEREAL, FLOUR, STARCH OR MILK; BAKERS WARES	38.86	40.53	38.64	46.11
16	EDIBLE PREPARATIONS OF MEAT, FISH, CRUSTACEANS ETC	41.79	38.51	35.97	40.14
21	MISCELLANEOUS EDIBLE PREPARATIONS	20.71	21.65	25.76	23.19
03	FISH, CRUSTACEANS & AQUATIC INVERTEBRATES	31.72	23.29	16.21	23.35
24	TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	17.14	7.92	9.72	11.62
08	EDIBLE FRUIT & NUTS; CITRUS FRUIT OR MELON PEEL	3.93	5.72	6.55	10.74
22	BEVERAGES, SPIRITS AND VINEGAR	8.70	11.69	9.31	9.19
12	OIL SEEDS ETC.; MISC GRAIN, SEED, FRUIT, PLANT ETC	9.58	6.89	10.58	12.60
20	PREP VEGETABLES, FRUIT, NUTS OR OTHER PLANT PARTS	3.74	3.45	4.82	4.07
17	SUGARS AND SUGAR CONFECTIONARY	3.97	4.92	5.34	5.57
09	COFFEE, TEA, MATE & SPICES	0.68	2.58	0.82	1.09
04	DAIRY PRODS; BIRDS EGGS; HONEY; ED ANIMAL PR NESOI	1.49	1.42	1.51	1.77
23	FOOD INDUSTRY RESIDUES & WASTE; PREP ANIMAL FEED	0.01	0.47	0.52	1.08
13	LAC; GUMS, RESINS & OTHER VEGETABLE SAP & EXTRACT	2.52	2.68	3.09	2.03
06	LIVE TREES, PLANTS, BULBS ETC.; CUT FLOWERS ETC.	0.98	0.68	0.85	0.82
11	MILLING PRODUCTS; MALT; STARCH; INULIN; WHT GLUTEN	1.09	1.52	1.49	1.52
15	ANIMAL OR VEGETABLE FATS, OILS ETC. & WAXES	0.31	0.36	1.86	0.45
07	EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS	1.67	2.05	1.02	0.52
10	CEREALS	0.06	0.12	0.06	0.24
18	COCOA AND COCOA PREPARATIONS	0.17	0.07	0.65	0.22
02	MEAT AND EDIBLE MEAT OFFAL	0.19	0.17	0.04	0.11
01	LIVE ANIMALS	0.04	0.05	0.07	0.10
05	PRODUCTS OF ANIMAL ORIGIN, NESOI	0.22	0.48	0.06	0.06
14	VEGETABLE PLAITING MATERIALS & PRODUCTS NESOI	0.00	0.00	0.00	0.01
Group 2 Agriculture and Agriculturally Related		189.57	177.23	174.93	196.60

Source: World Trade Atlas; Korean Customs Service

Table 13b. Selected Product Groups - South Korea - Exports to United States

HS	Description	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998	Jan-Dec 1999
		-----percentage-----			
19	PREP CEREAL, FLOUR, STARCH OR MILK; BAKERS WARES	20.50	22.87	22.09	23.45
16	EDIBLE PREPARATIONS OF MEAT, FISH, CRUSTACEANS ETC	22.05	21.73	20.56	20.42
21	MISCELLANEOUS EDIBLE PREPARATIONS	10.93	12.22	14.73	11.80
03	FISH, CRUSTACEANS & AQUATIC INVERTEBRATES	16.73	13.14	9.27	11.87
24	TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	9.04	4.47	5.56	5.91
08	EDIBLE FRUIT & NUTS; CITRUS FRUIT OR MELON PEEL	2.07	3.23	3.74	5.46
22	BEVERAGES, SPIRITS AND VINEGAR	4.59	6.60	5.32	4.68
12	OIL SEEDS ETC.; MISC GRAIN, SEED, FRUIT, PLANT ETC	5.05	3.89	6.05	6.41
20	PREP VEGETABLES, FRUIT, NUTS OR OTHER PLANT PARTS	1.97	1.94	2.75	2.07
17	SUGARS AND SUGAR CONFECTIONARY	2.09	2.78	3.05	2.83
09	COFFEE, TEA, MATE & SPICES	0.36	1.45	0.47	0.55
04	DAIRY PRODS; BIRDS EGGS; HONEY; ED ANIMAL PR NESOI	0.79	0.80	0.86	0.90
23	FOOD INDUSTRY RESIDUES & WASTE; PREP ANIMAL FEED	0.01	0.26	0.30	0.55
13	LAC; GUMS, RESINS & OTHER VEGETABLE SAP & EXTRACT	1.33	1.51	1.77	1.04
06	LIVE TREES, PLANTS, BULBS ETC.; CUT FLOWERS ETC.	0.52	0.38	0.48	0.42
11	MILLING PRODUCTS; MALT; STARCH; INULIN; WHT GLUTEN	0.57	0.86	0.85	0.77
15	ANIMAL OR VEGETABLE FATS, OILS ETC. & WAXES	0.16	0.20	1.06	0.23
07	EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS	0.88	1.16	0.58	0.26
10	CEREALS	0.03	0.07	0.04	0.12
18	COCOA AND COCOA PREPARATIONS	0.09	0.04	0.37	0.11
02	MEAT AND EDIBLE MEAT OFFAL	0.10	0.10	0.02	0.06
01	LIVE ANIMALS	0.02	0.03	0.04	0.05
05	PRODUCTS OF ANIMAL ORIGIN, NESOI	0.11	0.27	0.03	0.03
14	VEGETABLE PLAITING MATERIALS & PRODUCTS NESOI	0.00	0.00	0.00	0.00
Group 2	Agriculture and Agriculturally Related	100	100	100	100

Source: World Trade Atlas; Korean Customs Service

Table 14a. Selected Product Groups - South Korea – Imports from United States

HS	Description	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998	Jan-Dec 1999
-----millions of US Dollars-----					
10	CEREALS	1844.28	953.12	774.42	915.9
02	MEAT AND EDIBLE MEAT OFFAL	368.23	361.10	211.01	375.7
12	OIL SEEDS ETC.; MISC GRAIN, SEED, FRUIT, PLANT ETC	468.01	463.99	386.67	316.9
21	MISCELLANEOUS EDIBLE PREPARATIONS	108.71	101.07	45.20	88.8
03	FISH, CRUSTACEANS & AQUATIC INVERTEBRATES	165.14	121.79	77.23	120.1
20	PREP VEGETABLES, FRUIT, NUTS OR OTHER PLANT PARTS	124.66	137.34	88.11	116.7
24	TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	278.11	263.35	90.20	118.9
08	EDIBLE FRUIT & NUTS; CITRUS FRUIT OR MELON PEEL	67.02	73.18	51.10	54.9
15	ANIMAL OR VEGETABLE FATS, OILS ETC. & WAXES	90.33	74.00	92.63	135.2
23	FOOD INDUSTRY RESIDUES & WASTE; PREP ANIMAL FEED	35.26	37.92	103.21	27.5
19	PREP CEREAL, FLOUR, STARCH OR MILK; BAKERS WARES	17.97	18.04	8.89	12.8
04	DAIRY PRODS; BIRDS EGGS; HONEY; ED ANIMAL PR NESOI	32.19	30.27	17.98	18.5
18	COCOA AND COCOA PREPARATIONS	23.31	26.42	15.36	19.4
05	PRODUCTS OF ANIMAL ORIGIN, NESOI	26.33	20.07	13.57	18.6
22	BEVERAGES, SPIRITS AND VINEGAR	36.83	42.61	18.44	16.1
13	LAC; GUMS, RESINS & OTHER VEGETABLE SAP & EXTRACT	7.40	5.71	4.90	7.6
16	EDIBLE PREPARATIONS OF MEAT, FISH, CRUSTACEANS ETC	17.75	18.94	11.52	16.4
17	SUGARS AND SUGAR CONFECTIONARY	16.38	16.03	9.91	11.5
01	LIVE ANIMALS	9.56	11.89	3.74	7.8
09	COFFEE, TEA, MATE & SPICES	9.44	8.52	3.15	3.2
07	EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS	19.12	13.26	5.24	7.9
11	MILLING PRODUCTS; MALT; STARCH; INULIN; WHT GLUTEN	4.39	4.49	4.89	5.1
06	LIVE TREES, PLANTS, BULBS ETC.; CUT FLOWERS ETC.	0.12	0.46	0.07	0.2
14	VEGETABLE PLAINTING MATERIALS & PRODUCTS NESOI	0.16	0.22	0.81	0.6
Group 2 Agriculture and Agricultural y Related		3770.70	2803.78	2038.27	2417.5

Source: World Trade Atlas; Korean Customs Service

Table 14b. Selected Product Groups - South Korea – Imports from United States

HS	Description	Jan-Dec 1996	Jan-Dec 1997	Jan-Dec 1998	Jan-Dec 1999
		-----percentage-----			
10	CEREALS	48.91	33.99	37.99	37.8
02	MEAT AND EDIBLE MEAT OFFAL	9.77	12.88	10.35	15.5
12	OIL SEEDS ETC.; MISC GRAIN, SEED, FRUIT, PLANT ETC	12.41	16.55	18.97	13.1
21	MISCELLANEOUS EDIBLE PREPARATIONS	2.88	3.60	2.22	3.6
03	FISH, CRUSTACEANS & AQUATIC INVERTEBRATES	4.38	4.34	3.79	4.9
20	PREP VEGETABLES, FRUIT, NUTS OR OTHER PLANT PARTS	3.31	4.90	4.32	4.8
24	TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	7.38	9.39	4.43	4.9
08	EDIBLE FRUIT & NUTS; CITRUS FRUIT OR MELON PEEL	1.78	2.61	2.51	2.2
15	ANIMAL OR VEGETABLE FATS, OILS ETC. & WAXES	2.40	2.64	4.54	5.5
23	FOOD INDUSTRY RESIDUES & WASTE; PREP ANIMAL FEED	0.94	1.35	5.06	1.1
19	PREP CEREAL, FLOUR, STARCH OR MILK; BAKERS WARES	0.48	0.64	0.44	0.5
04	DAIRY PRODS; BIRDS EGGS; HONEY; ED ANIMAL PR NESOI	0.85	1.08	0.88	0.7
18	COCOA AND COCOA PREPARATIONS	0.62	0.94	0.75	0.8
05	PRODUCTS OF ANIMAL ORIGIN, NESOI	0.70	0.72	0.67	0.7
22	BEVERAGES, SPIRITS AND VINEGAR	0.98	1.52	0.90	0.6
13	LAC; GUMS, RESINS & OTHER VEGETABLE SAP & EXTRACT	0.20	0.20	0.24	0.3
16	EDIBLE PREPARATIONS OF MEAT, FISH, CRUSTACEANS ETC	0.47	0.68	0.57	0.6
17	SUGARS AND SUGAR CONFECTIONARY	0.43	0.57	0.49	0.4
01	LIVE ANIMALS	0.25	0.42	0.18	0.3
09	COFFEE, TEA, MATE & SPICES	0.25	0.30	0.15	0.1
07	EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS	0.51	0.47	0.26	0.3
11	MILLING PRODUCTS; MALT; STARCH; INULIN; WHT GLUTEN	0.12	0.16	0.24	0.2
06	LIVE TREES, PLANTS, BULBS ETC.; CUT FLOWERS ETC.	0.00	0.02	0.00	0.0
14	VEGETABLE PLAINTING MATERIALS & PRODUCTS NESOI	0.00	0.01	0.04	0.0
Group 2 Agriculture and Agriculturally Related		100	100	100	100

Source: World Trade Atlas; Korean Customs Service