

U.S.-Korea Free Trade Agreement Market Access Results

Lumber and Wood

Trade and Tariffs

Chapter 44 of the Harmonized Tariff System defines the lumber and wood sector.

Lumber and wood products accounted for less than one percent of average U.S. industrial exports to Korea in 2003-2005, totaling \$163 million. The top U.S. exports in this sector included coniferous wood in the rough and non-coniferous wood chips. Korean tariffs range between one and 12 percent, with an average of 5.9 percent.

Korean exports to the United States in this sector averaged \$5.3 million in 2003-2005, a negligible proportion of total Korean industrial exports to the United States. Top Korean exports in this sector include plywood, fiberboard, and wooden picture frames. The United States maintains tariffs between zero and 10.7 percent, with an average of 2 percent, on lumber and wood products.

Tariff Elimination

Industrial tariffs will be phased out according to seven tariff elimination categories: immediate elimination; linear cuts over three, five, or ten years; or nonlinear cuts over ten, twelve, or fifteen years. Tariff elimination under the nonlinear ten-year staging category will proceed with a 5 percent cut in the tariff in years one and two, a 7 percent cut in years three through five, a 10 percent cut in years six and seven, a 12 percent cut in year eight, a 17 percent cut in year nine, and a 20 percent cut in year ten. Tariff elimination under the nonlinear twelve-year staging category will proceed with 25 percent cuts in years nine through twelve. Tariff elimination under the nonlinear fifteen-year staging category will proceed with 20 percent cuts in years eleven through fifteen.

For lumber and wood, 75.7 percent of U.S. exports by value will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 19.1 percent of exports will be eliminated over three years, and tariffs on 2.7 percent will be eliminated over five years. Duties on the remaining 1.5 percent of U.S. lumber and wood will be eliminated in linear or nonlinear cuts over ten years. Products subject to nonlinear staging include certain fiberboard, waferboard, and particleboard. Tariffs on high-priority U.S. products such as certain veneer sheet and certain coniferous and nonconiferous sawn wood will be eliminated within three years of implementation of the Agreement.

For U.S. imports, 40 percent of U.S. imports from Korea will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 30.1 percent will be eliminated over five years, and duties on the remaining 29.9 percent of U.S. imports in lumber and wood will be eliminated in linear cuts over ten years.