

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

Aircraft and Related Equipment

Trade and Tariffs

This sector corresponds to the World Trade Organization's Agreement on Trade in Civil Aircraft.

Aircraft and related equipment accounted for 8.8 percent of average U.S. industrial exports to Korea in 2005-2007, totaling \$2.7 billion. The top U.S. exports in this sector include turbojets, aircraft parts, and helicopters. Korean tariffs range between zero and 8 percent, with an average of 3.7 percent.

Korean exports to the United States in this sector average \$519 million in 2005-2007, or just over 1 percent of total Korean industrial exports to the United States. Top Korean exports in this sector include aircraft and helicopter parts, turbopropellers, and gas turbine parts. As a party to the WTO Agreement on trade in Civil Aircraft, the United States applies duty free treatment to these 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 aircraft and related equipment, 92.4 percent of U.S. exports by value will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on the remaining 7.6 percent of exports will be eliminated over three years. Tariffs on high-priority U.S. products such as most turbojets, turbopropellers, and gas turbines will be eliminated within 3 years of implementation of the Agreement.

For U.S. imports, 100 percent of U.S. imports from Korea will receive duty-free treatment under the Agreement.