

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

Electrical and Electronic Equipment

Trade and Tariffs

This sector includes various electrical and electronic products, including batteries, power distribution equipment, and some consumer electronics.

Electrical and electronic equipment accounted for 2 percent of average U.S. industrial exports to Korea in 2003-2005, totaling \$499 million. The top U.S. exports in this sector include lasers, navigational instruments, magnetic tape, and audio electric amplifiers. Korean tariffs range between zero and 13 percent, with an average of 7.4 percent.

Korean exports to the United States in this sector averaged \$1.9 billion in 2003-2005, or 5.1 percent of total Korean industrial exports to the United States. Top Korean exports in this sector include color television receivers, video recorders, and television cameras. The United States maintains tariffs between zero and 15 percent, with an average of 2.5 percent, on electrical and electronic equipment.

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 electrical and electronic equipment, 93.1 percent of U.S. exports by value will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 4.7 percent of exports will be eliminated over three years, and tariffs on less than one percent will be eliminated over five years. Duties on the remaining 1.8 percent of U.S. electrical and electronic equipment will be eliminated in linear cuts over ten years. Tariffs on high-priority U.S. products such as magnetic tape, lasers, navigational instruments, amplifiers, and certain loudspeakers will be eliminated immediately upon implementation of the Agreement.

For U.S. imports, 83.6 percent of U.S. imports from Korea will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 16.3 percent of imports will be eliminated over three years, and tariffs on the remaining products of less than one percent will be eliminated over five years.

Non-Tariff Barriers

Korea will allow the importation of remanufactured electrical and electronic equipment, as defined in Chapter Six – Rules of Origin, on entry into force of the Agreement.