

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

Environmental Goods

Trade and Tariffs

The environmental sector includes a variety of products geared toward improving the environment and human safety.

Environmental goods accounted for 10.7 percent of average U.S. industrial exports to Korea in 2003-2005, totaling \$2.67 billion. The top U.S. exports in this sector include air and gas pumps and compressors, filtration and purification machinery, and heat exchange units. Korea maintains tariffs in environmental goods between zero and 16 percent, with an average of 6.1 percent.

Korean exports in this sector totaled \$609 million in 2003-2005, or 1.6 percent of total Korean industrial exports to the United States. Top Korean exports in this sector include automatic regulating instruments, certain heat exchange units, and articles of plastic. The United States maintains tariffs between zero and 8 percent, with an average of 1.5 percent, on environmental goods.

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 environmental goods, 79 percent of U.S. exports by value will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 17.8 percent of exports will be eliminated over three years, and tariffs on 1.3 percent will be eliminated over five years. Duties on the remaining 1.9 percent of exports will be eliminated in linear cuts over ten years. Tariffs on high-trade U.S. products such as certain heat exchange units, certain filtration and purification machinery and parts thereof, and distilling plants will be eliminated immediately upon implementation of the Agreement.

For U.S. imports, 87.5 percent of U.S. imports from Korea will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on less than one percent of imports will be eliminated over three years, and tariffs on 1.6 percent will be eliminated over five years. Duties on the remaining 10.5 percent of U.S. imports in environmental goods will be eliminated in linear cuts over ten years.

Non-Tariff Barriers

Korea will allow the importation of remanufactured goods, as defined in Chapter Six- Rules of Origin, on entry into force of the Agreement.