

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

Infrastructure and Machinery

Trade and Tariffs

This sector includes various types of large machinery, hand tools, and energy generation equipment.

Infrastructure and machinery accounted for 7.1 percent of average U.S. industrial exports to Korea in 2005-2007, totaling \$2.14 billion. The top U.S. exports in this sector include air and gas compressors, filtration and purification machinery, electrical circuitry, and certain forklifts. Korean tariffs range between zero and 13 percent, with an average of 7.5 percent.

Korean exports to the United States in this sector averaged \$2.60 billion in 2005-2007, or 6.1 percent of total Korean industrial exports to the United States. Top Korean exports in this sector include cooling compressors, horizontal lathes, forklifts, and engines for marine motors. The United States maintains tariffs between zero and 12 percent, with an average of 2 percent, on infrastructure and machinery.

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 infrastructure and machinery, 46.5 percent of U.S. exports by value will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 37.3 percent of exports will be eliminated over three years, and tariffs on 3.2 percent will be eliminated over five years. Duties on the remaining 13.1 percent of U.S. infrastructure and machinery will be eliminated in linear cuts over ten years. Tariffs on high-priority U.S. products such as filtration and purification machinery, air and gas compressors, and certain forklifts will be eliminated within three years of implementation of the Agreement.

For U.S. imports, 90.9 percent of U.S. imports from Korea will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 2.4 percent of imports will be eliminated over three years, and tariffs on 3.8 percent will be eliminated over five years. Duties on the remaining 2.9 percent of U.S. imports in infrastructure and machinery will be eliminated in linear cuts over ten years.

Energy. Korea will eliminate tariffs on 55.4 percent of U.S. energy infrastructure exports immediately upon implementation of the Agreement. Tariffs on 42.1 percent of exports will be eliminated over three years and 0.5 percent over five years. Duties on the remaining 2.0 percent of exports will be eliminated over ten years.

Tools. Korea will eliminate tariffs on 71.1 percent of U.S. tools exports immediately upon implementation of the Agreement. Tariffs on 22.3 percent of exports will be eliminated over three years, and duties on the remaining 6.6 percent of exports will be eliminated over five years.

Non-Tariff Barriers

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