

U.S.-Korea Free Trade Agreement

Market Access Results

Metals and Ores

Trade and Tariffs

This sector includes both ferrous and non-ferrous metals, metal products, and ores. Products covered in the World Trade Organization Uruguay Round sector agreement on steel and the initiative on non-ferrous metals are included in this sector.

Metals and ores accounted for 7.7 percent of average U.S. industrial exports to Korea in 2003-2005, totaling \$1.92 billion. The top U.S. exports in this sector include copper and aluminum scrap, zinc ore, and unwrought platinum. Korean tariffs range between zero and 8 percent, with an average of 3.8 percent.

Korean exports to the United States in this sector averaged \$1.69 billion in 2003-2005, or 4.4 percent of total Korean industrial exports to the United States. Top Korean exports in this sector include hot-rolled steel, unwrought zinc, and aluminum foil. The United States maintains tariffs between zero and 15 percent, with an average of 1.4 percent, on metals and ores.

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 metals and ores, 91 percent of U.S. exports by value will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 7.9 percent of exports will be eliminated over three years, and tariffs on the remaining 1.1 percent of U.S. metals exports will be eliminated over five years. Tariffs on high-trade U.S. products such as scrap aluminum, iron, and copper, zinc ore, and unwrought platinum will be eliminated immediately upon implementation of the Agreement.

For U.S. imports, 95.3 percent of U.S. imports from Korea will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on one percent of imports will be eliminated over three years, and tariffs on 2.8 percent will be eliminated over five years. Duties on the remaining U.S. imports in metals and ores, totaling less than one percent, will be eliminated in ten years using either linear or nonlinear staging. Products subject to nonlinear staging include certain butt-welded pipe fittings.

Steel. Korea is a member of the WTO-Uruguay Round sector agreement on steel and, as such, these products are already MFN-duty free.

Nonferrous Metals. Korea will eliminate tariffs on 82.3 percent of U.S. nonferrous metals exports immediately upon implementation of the Agreement. Tariffs on 14.1 percent of exports will be eliminated over three years, and duties on the remaining 3.6 percent of exports will be eliminated over five years.