

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

## Shipping and Transportation

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### **Trade and Tariffs**

The transportation sector covers large cargo vehicles, railway vehicles, and cargo vessels.

Shipping and transportation products accounted for a negligible proportion of U.S industrial exports to Korea in 2005-2007, averaging \$21 million. The top U.S. exports in this sector include transportation vessels, fishing vessels, and transport containers. 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 \$264 million in 2005-2007, or less than one percent of total Korean industrial exports to the United States. Top Korean exports in this sector include drilling platforms, tankers and other transport vessels, and railway axle parts. The United States maintains tariffs between zero and 14 percent, with an average of 2.9 percent, on shipping and transportation 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 shipping and transportation, 97.3 percent of U.S. exports by value will receive duty-free treatment immediately upon implementation of the Agreement, and duties on the remaining 2.7 percent of exports will be eliminated over three years. Tariffs on high-trade U.S. products such as ships, steel fishing vessels, and transport containers will be eliminated immediately upon implementation of the Agreement.

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

### **Non-Tariff Barriers**

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