

Title Outcomes of the Fifth Round of Korea-United States Free Trade Agreement Talks
Date 2006-12-08 Speaker

1. The fifth round of negotiations for the Korea-United States Free Trade Agreement (FTA) took place in Big Sky, Montana from December 4 to 8, 2006.

2. In this round of negotiations, the Korean delegation stressed to the U.S. side the critical importance of making progress in the trade remedies sector in order to advance the overall negotiations.

- The Korean delegation requested that the U.S. accept Korea's key proposals, consisting of five anti-dumping related measures and exemption from being subject to multilateral safeguards, and incorporate these proposals into its report to the U.S. Congress at the end of the year. However, the U.S. delegation expressed that it could not accept Korea's requests at this point in time.

- As a result, based on the judgment that there would be no substantive benefits to be gained from continuing negotiations in trade remedies, the Korean delegation suspended negotiations in this section on Wednesday morning, December 16, and also suspended talks in autos and pharmaceutical products, sections of key interest to the U.S.

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3. The U.S. delegation holds that it will determine the content of its report to Congress after closely reviewing Korea's proposals regarding trade remedies. The Korean side will pay close attention to the U.S. review process and will continue to persuade the U.S. side on this matter so as to make progress in the trade remedies section by the end of this year.

4. Although talks in the trade remedies negotiating group and the automotive and pharmaceutical products/medical devices working groups were suspended, by exercising flexibility for the purpose of furthering progress in the negotiations, the two sides were able to achieve significant substantive progress in areas such as trade in goods, services, and intellectual property rights.

5. In respect to negotiations on tariff offers for goods, the U.S. and Korea achieved progress by moving \$600 million and \$390 million worth of goods, respectively, from the medium-term staging basket (3/5/10 years) to the immediate elimination basket. On the other hand, specific product-based negotiations on tariff offers did not occur in the agriculture group. Rather, the

Korean side focused on conveying the sensitivity of each product (e.g. farm products and fruits) and assessing the level of U.S. interest.

6. The two parties achieved substantive progress in the text of the agreement as well. Specifically, they reached agreement, in principle, on establishing an annex on a consultation mechanism for the mutual recognition of professional licenses, and also agreed on eliminating U.S. border charges (worth \$47 million annually) and withdrawing the U.S. proposal to ban parallel importation of copyrighted products. The two sides also narrowed down their differences or exchanged modified tariff offers in other key areas, thereby building a strong foundation for reaching agreement in the future.

7. In addition, the two delegations completed clarification work on the modified reservation lists for services and investment that had been exchanged on November 27. Based on this, from the next round of negotiations, intense discussions on the areas of interest for each party are expected to start taking place.

8. The two sides agreed to hold the sixth round of negotiations in Korea during the week of January 15.

Spokesperson for MOFAT