

GENERAL NOTES
TARIFF SCHEDULE OF THE UNITED STATES

1. Relation to the Harmonized Tariff Schedule of the United States (HTSUS). The provisions of this Schedule are generally expressed in terms of the HTSUS, and the interpretation of the provisions of this Schedule, including the product coverage of subheadings of this Schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the HTSUS. To the extent that provisions of this Schedule are identical to the corresponding provisions of the HTSUS, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the HTSUS.
2. Base Rates of Customs Duty. The base rates of customs duty set forth in this Schedule reflect the HTSUS Column 1 General rates of duty in effect on January 1, 2006.
3. Staging. In addition to the staging categories listed in paragraph 1 of Annex 2-B (Tariff Elimination), this Schedule contains staging categories R and S:
 - (a) for goods provided for in the items in staging category R, at the time of importation the duty imposed on the assembled article to be applied in accordance with the procedures specified in U.S. note 3 of subchapter II, Chapter 98, of the HTSUS, shall be the rate applicable to the full value of the article itself under the staging obligations set forth for the appropriate provision in Chapters 1 through 97 of this Schedule, until January 1 of year ten, at which time such goods shall be duty-free; and
 - (b) duties on originating goods provided for in the items in staging category S shall be eliminated entirely and such goods shall be duty-free on the date this Agreement enters into force. For goods in tariff items 98120020, 98120040, 98130005, 98130010, 98130015, 98130020, 98130025, 98130030, 98130035, 98130040, 98130045, 98130050, 98130055, 98130060, 98130070, 98130075, and 98140050, duty-free means free without bond.
4. A motor vehicle with two or more distinct power or fuel sources (hybrid vehicle), in which a spark-ignition internal combustion reciprocating piston engine or compression-ignition internal combustion piston engine provides the vehicle's power system its essential character, shall be accorded the tariff treatment provided to a motor vehicle whose sole power or fuel source is a spark-ignition internal combustion reciprocating piston engine or compression-ignition internal combustion piston engine with the same cylinder capacity and ignition type, wherever the hybrid vehicle is classified.

APPENDIX 2-B-1
UNITED STATES

1. This Appendix sets out modifications to the Harmonized Schedule of the United States (HTSUS) that reflect the tariff rate quotas (TRQs) that the United States shall apply to certain originating goods under this Agreement. In particular, originating goods of Korea included under this Appendix shall be subject to the rates of duty set out in this Appendix in lieu of the rates of duty specified in Chapters 1 through 97 of the HTSUS. Notwithstanding any other provision of the HTSUS, originating goods of Korea in the quantities described in this Appendix shall be permitted entry into the territory of the United States as provided in this Appendix. Furthermore, any quantity of originating goods imported from Korea under a TRQ provided for in this Appendix shall not be counted toward the in-quota amount of any TRQ provided for such goods elsewhere in the HTSUS.

2. Unless otherwise provided in this Appendix, the United States shall administer all TRQs provided for in this Agreement on a first-come, first-served basis.

State Trading Enterprise

3. The United States may require an originating good of Korea to be imported, purchased, or distributed in its territory by a state trading enterprise only if, and on such terms and conditions as, the Parties may agree.

Dairy Products Described in Additional U.S. Note 1 to Chapter 4 of the HTSUS

4. (a) The aggregate quantity of originating goods of Korea described in subparagraph (c) that shall be permitted to enter free of duty in a particular year is specified below:

Year	Quantity (Metric tons)
1	300
2	309
3	318
4	328
5	338
6	348
7	358
8	369
9	380
10	Unlimited

The quantities shall enter on a first-come, first-served basis.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the staging category G as described in paragraph 1(g) of Annex 2-B (Tariff Elimination).
- (c) Subparagraphs (a) and (b) apply to the following Table 1 provisions:
AG04022950, AG04029990, AG04031050, AG04039095,
AG04041015, AG04049050, AG04052070, AG15179060,
AG17049058, AG18062082, AG18062083, AG18063270,
AG18063280, AG18069008, AG18069010, AG19011040,
AG19011085, AG19012015, AG19012050, AG19019043,
AG19019047, AG21050040, AG21069009, AG21069066,
AG21069087, and AG22029028.

Table 1

<u>Heading</u>	<u>Article Description</u>
AG04022950	Provided for in tariff item 04022950
AG04029990	Provided for in tariff item 04029990
AG04031050	Provided for in tariff item 04031050
AG04039095	Provided for in tariff item 04039095
AG04041015	Provided for in tariff item 04041015
AG04049050	Provided for in tariff item 04049050
AG04052070	Provided for in tariff item 04052070
AG15179060	Provided for in tariff item 15179060
AG17049058	Provided for in tariff item 17049058
AG18062082	Provided for in tariff item 18062082
AG18062083	Provided for in tariff item 18062083
AG18063270	Provided for in tariff item 18063270
AG18063280	Provided for in tariff item 18063280
AG18069008	Provided for in tariff item 18069008
AG18069010	Provided for in tariff item 18069010
AG19011040	Provided for in tariff item 19011040
AG19011085	Provided for in tariff item 19011085
AG19012015	Provided for in tariff item 19012015
AG19012050	Provided for in tariff item 19012050
AG19019043	Provided for in tariff item 19019043
AG19019047	Provided for in tariff item 19019047
AG21050040	Provided for in tariff item 21050040
AG21069009	Provided for in tariff item 21069009
AG21069066	Provided for in tariff item 21069066
AG21069087	Provided for in tariff item 21069087
AG22029028	Provided for in tariff item 22029028