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Title Outcomes of the Second Round of Korea-U.S. FTA Negotiations

Date 2006-07-14 Speaker

1. The second round of official Korea-U.S. FTA negotiations ended July 14, 2006, after being launched on July 10.

- The Korean side was led by chief negotiator Kim Jong-hoon and was composed of 270 delegates from 24 ministries, including the Ministry of Finance and Economy, Ministry of Foreign Affairs and Trade, Ministry of Commerce, Industry, and Energy, Ministry of Maritime Affairs and Fisheries, and Ministry of Health and Welfare, and 16 national policy think-tanks.

2. The negotiations on pharmaceuticals were suspended due to differences in opinion between the two parties, presenting an obstacle to making progress in some parts of the overall negotiations.

- The Korean side explained the major contents and implementation plan of the government's "Drug Cost Rationalization Plan" to the U.S. side. The U.S. side expressed strong dissatisfaction with the Korean government's pursuit of this policy in the absence of related discussions within the Korea-U.S. FTA framework, leading to a suspension of negotiations in the pharmaceuticals working group.

- The meetings on trade remedies and services scheduled for Thursday, July 13, did not take place resulting from the U.S. delegation's absence. Accordingly, the Korean side notified the U.S. side of the cancellation of the talks on trade in goods and environment that were scheduled to take place the next day, on Friday, July 14.

3. The two parties reached an agreement on the framework for tariff concession schedules in the sector of goods and agreed to exchange tariff offers for goods, textiles, and agricultural products in mid-August. As the parties were unable to reach an agreement on a framework for tariff concession schedules in the sectors of textiles and agricultural products, they decided to draft their tariff offers according to their own respective methods.

- Timetable for lifting tariff barriers on goods (categories): Immediate, 3 years, 5 years, 10 years, undefined

#### Contents

4. On Tuesday, July 11, during the meeting on services, the two parties exchanged reservation lists on services and investment sectors and carried out preliminary discussions on these lists. The two parties agreed to exchange, before the third round of negotiations, their respective request lists regarding the exchanged reservations on services and investment.

- The Korean government plans to carry out negotiations based on its initial list of reservations, while comprehensively taking into consideration U.S. requests, the necessity of strategic liberalization, and prevention of public sector harm.

5. The two parties achieved some progress during this round of negotiations by conducting discussions on the basis of the consolidated text compiled in the first round of talks. However, as the two parties were still in the early stages of negotiations, they firmly maintained their respective initial stances on most of the key issues.

6. The two parties agreed to hold the third round of negotiations in the U.S. during the week of September 4.

Spokesperson for MOFAT

\* Unofficial translation

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