

[EXECUTIVE ORDER NO. 638, July 21, 2007]

MODIFYING THE RATES OF DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED UNDER THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE COMMITMENT TO GRANT RECIPROCAL TARIFF RATE TREATMENT ON TARIFF LINES INCLUDED IN THE SENSITIVE TRACK OF THE ASEAN-KOREA FREE TRADE AREA

WHEREAS, the Framework Agreement on Comprehensive Economic Cooperation (Framework Agreement) between the Association of South East Asian Nations (ASEAN) and Korea was signed by the Heads of Government/State of the ASEAN Member States and Korea on 13 December 2005 in Kuala Lumpur, Malaysia;

WHEREAS, Articles 1.3 and 2.1 of the Framework Agreement reflect the Parties' commitment to establish the ASEAN — Korea Free Trade Area (AKFTA) covering trade in goods by 2010 for ASEAN 6 and Korea, and by 2016 or 2018 for the newer ASEAN Member States;

WHEREAS, the Agreement on Trade in Goods of the Framework Agreement was signed by the Economic Ministers of the Parties on 24 August 2006 in Kuala Lumpur, Malaysia;

WHEREAS, Article 3 (2) (b) of the Agreement on Trade in Goods of the Framework Agreement provides that tariff lines placed in the Sensitive Track by each Party shall have their respective applied MFN tariff rates reduced or eliminated within timeframes in accordance with the modalities set out in Annex 2 of the Agreement;

WHEREAS, the aforesaid Annex 2 of the Agreement on Trade in Goods of the Framework Agreement provides that the reciprocal tariff rate treatment of tariff lines placed by an exporting Party in the Sensitive Track, excluding Group E, while the same tariff lines are placed by the importing party in the Normal Track, shall be governed by the following conditions: (a) the tariff rate for a tariff line placed by an exporting Party in the Sensitive Track, excluding Group E, must be at 10% or below and the exporting Party has given notification to that effect to the other Parties in order for that exporting Party to enjoy reciprocity; (b) the reciprocal tariff rate to be applied to a tariff line placed by an exporting Party in the Sensitive Track shall be either the tariff rate of exporting Party's tariff line, or the Normal Track tariff rate of the same tariff line of an importing Party from whom reciprocity is sought, whichever is higher; (c) notwithstanding subparagraph (b), the importing party can, on its own discretion, apply its Normal Track tariff rate even if such rate is lower than the tariff rate of the exporting party; and (d) the reciprocal tariff rate to be applied to a tariff line placed by an exporting Party in the Sensitive Track shall in no case exceed the applied MFN rate of the same tariff line of an importing Party from whom reciprocity is sought.