

CHAPTER 2

NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

ARTICLE 2.1: SCOPE

Except as otherwise provided in this Agreement, this Chapter applies to trade in goods between the Parties.

Section A: National Treatment

ARTICLE 2.2: NATIONAL TREATMENT

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, including its interpretive notes, and to this end Article III of GATT 1994 and its interpretive notes are incorporated into and made part of this Agreement, *mutatis mutandis*.
2. Paragraph 1 shall not apply to the measures set out in Annex 2-A.

Section B: Reduction or Elimination of Customs Duties

ARTICLE 2.3: CLASSIFICATION OF GOODS

The classification of goods in trade between the Parties shall be as set out in each Party's respective tariff nomenclature in conformity with the Harmonized System.

ARTICLE 2.4: REDUCTION OR ELIMINATION OF CUSTOMS DUTIES

1. Except as otherwise provided in this Agreement, neither Party may increase any existing customs duty, or adopt any new customs duty, on an originating good.
2. Except as otherwise provided in this Agreement, each Party shall reduce or eliminate its customs duties on originating goods in accordance with its Schedule to Annex 2-B.
3. If at any moment a Party reduces its applied most-favored-nation (hereinafter referred to as "MFN") customs duty rate after the entry into force of this Agreement, that duty rate shall apply as regards trade covered by this Agreement if and for as long as it is lower than the customs duty rate calculated in accordance with its Schedule included in Annex 2-B.
4. On the request of either Party, the Parties shall consult to consider accelerating the reduction or elimination of customs duties set out in their Schedules to Annex 2-B. Following

such consultations, a decision by the Joint Committee on the acceleration of the reduction or elimination of a customs duty on a good shall supersede any duty rate or staging category determined pursuant to the respective Party's Schedule included in Annex 2-B for that good, in accordance with Article 19.1.3(f).

5. For greater certainty, a Party may:

- (a) raise a customs duty to the level established in its Schedule to Annex 2-B following a unilateral reduction; or
- (b) maintain or increase a customs duty as authorized by the Dispute Settlement Body of the WTO.

Section C: Special Regimes

ARTICLE 2.5: WAIVER OF CUSTOMS DUTIES

1. Neither Party may adopt any new waiver of customs duties, or expand with respect to existing recipients or extend to any new recipient the application of an existing waiver of customs duties, where the waiver is conditioned, explicitly or implicitly, on the fulfillment of a performance requirement.

2. Neither Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.

ARTICLE 2.6: TEMPORARY ADMISSION OF GOODS

1. Each Party shall grant duty-free temporary admission for the following goods, regardless of their origin:

- (a) professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, necessary for carrying out the business activity, trade, or profession of a person who qualifies for temporary entry pursuant to the laws of the importing Party;
- (b) goods intended for display or demonstration;
- (c) commercial samples and advertising films and recordings; and
- (d) goods admitted for sports purposes.

2. Each Party shall, at the request of the person concerned and for reasons its customs authority considers valid, extend the time limit for temporary admission beyond the period initially fixed.

3. Neither Party may condition the duty-free temporary admission of a good referred to in paragraph 1, other than to require that the good:

- (a) be used solely by or under the personal supervision of a national or resident of the other Party in the exercise of the business activity, trade, profession, or sport of that person;
- (b) not be sold or leased while in its territory;
- (c) be accompanied by a security in an amount no greater than the custom duties and any other tax imposed on imports that would otherwise be owed on entry or final importation, releasable on exportation of the good;
- (d) be capable of identification when exported;
- (e) be exported on the departure of the person referenced in subparagraph (a), or within such other period related to the purpose of the temporary admission as the Party may establish, or within one year, unless extended;
- (f) be admitted in no greater quantity than is reasonable for its intended use; and
- (g) be otherwise admissible into the Party's territory under its law.

4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on the good plus any other charges or penalties provided for under its law.

5. Each Party shall adopt and maintain procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, such procedures shall provide that when such a good accompanies a national or resident of the other Party who is seeking temporary entry, the good shall be released simultaneously with the entry of that national or resident.

6. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than that through which it was admitted.

7. Each Party shall provide that the importer or other person responsible for a good admitted under this Article shall not be liable for failure to export the good on presentation of satisfactory proof to the importing Party that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.

ARTICLE 2.7: GOODS RE-ENTERED AFTER REPAIR OR ALTERATION

1. Neither Party may apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of whether the repair or alteration:

- (a) could be performed in the territory of the Party from which the good was

exported for repair or alteration; or

(b) has increased the value of the good.

2. Neither Party may apply a customs duty to a good, regardless of its origin, admitted temporarily from the territory of the other Party for repair or alteration.

3. For the purposes of this Article, “repair or alteration” does not include an operation or process that:

(a) destroys a good’s essential characteristics or creates a new or commercially different good; or

(b) transforms an unfinished good into a finished good.

ARTICLE 2.8: DUTY-FREE ENTRY OF COMMERCIAL SAMPLES OF NEGLIGIBLE VALUE AND PRINTED ADVERTISING MATERIALS

Each Party shall grant duty-free entry to commercial samples of negligible value, and to printed advertising materials, imported from the territory of the other Party, regardless of their origin, but may require that:

(a) the samples be imported solely for the solicitation of orders for goods, or services provided from the territory, of the other Party or a non-Party; or

(b) the advertising materials be imported in packets that each contain no more than one copy of each such material and that neither the materials nor the packets form part of a larger consignment.

Section D: Non-Tariff measures

ARTICLE 2.9: IMPORT AND EXPORT RESTRICTIONS

1. Except as otherwise provided in this Agreement, neither Party may adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party, except in accordance with Article XI of GATT 1994 and its interpretative notes, and to this end Article XI of GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, *mutatis mutandis*.

2. Paragraph 1 shall not apply to the measures set out in Annex 2-A.

3. Where a Party proposes to adopt an export prohibition or restriction regarding a product exported to the other Party due to critical shortage of foodstuffs or other essential products in accordance with 2(a) of Article XI of GATT 1994, the Party shall:

- (a) seek to limit such proposed prohibition or restriction to the extent necessary, giving due consideration to its possible effects on the other Party;
- (b) provide advance notice in writing, to the extent practicable, to the other Party of such proposed prohibition or restriction and its reasons together with its nature and expected duration; and
- (c) on request, provide the other Party with an opportunity for consultation with respect to any matter related to the proposed prohibition or restriction.

4. The Parties understand that the GATT 1994 rights and obligations incorporated by paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, a Party from adopting or maintaining:

- (a) export and import price requirements, except as permitted in enforcement of countervailing and antidumping duty orders and undertakings;
- (b) import licensing conditioned on the fulfillment of a performance requirement; or
- (c) voluntary export restraints inconsistent with Article VI of GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.

5. In the event that a Party adopts or maintains a prohibition or restriction on the importation of a good of a non-Party from the territory of the other Party, the Parties, on the request of either Party, shall consult with a view to avoiding undue interference with or distortion of pricing, marketing, or distribution arrangements in the territory of the other Party.

6. Neither Party may, as a condition for engaging in importation or for the importation of a good, require a person of the other Party to establish or maintain a contractual or other relationship with a distributor in its territory, except if such relationship is required in accordance with each Party's laws and regulations. At the request of a Party, the Party maintaining such laws and regulations shall provide the other Party with an opportunity to consult on any related issues.

7. For greater certainty, paragraph 6 does not prevent a Party from requiring a person referred to in that paragraph to designate an agent for the purposes of facilitating communications between its regulatory authorities and that person.

ARTICLE 2.10: IMPORT LICENSING

1. Neither Party may adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.¹
2.
 - (a) Promptly after this Agreement enters into force, each Party shall notify the other Party of its existing import licensing procedures, if any. The notification shall:
 - (i) include the information specified in Article 5 of the Import Licensing Agreement; and
 - (ii) be without prejudice as to whether the import licensing procedure is consistent with this Agreement.
 - (b) Before applying any new or modified import licensing procedure, a Party shall publish, to the extent required by its law, the new procedure or modification on an official government Internet site. To the extent practicable, the Party shall do so at least 30 days before the new procedure or modification takes effect.
3. Neither Party may apply an import licensing procedure to a good of the other Party unless the Party has complied with the requirements of paragraph 2 with respect to that procedure. Where exceptional and critical circumstances requiring immediate action make prior notification impossible, the Party may apply forthwith the procedure necessary to deal with the situation and shall inform the other Party immediately thereof.

ARTICLE 2.11: ADMINISTRATIVE FEES AND FORMALITIES

1. Each Party shall ensure that all fees and charges imposed in connection with importation and exportation shall be consistent with their obligations under Article VIII.1 of GATT 1994 and its interpretive notes, which are hereby incorporated into and made a part of this Agreement, *mutatis mutandis*.
2. Neither Party may require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.
3. Each Party shall make available and maintain through the Internet a current list of the fees and charges it imposes in connection with importation or exportation.

¹ For the purposes of paragraph 1 and for greater certainty, in determining whether a measure is inconsistent with the Import Licensing Agreement, the Parties shall apply the definition of “import licensing” contained in that Agreement.

ARTICLE 2.12: EXPORT DUTIES, TAXES, OR OTHER CHARGES

1. Neither Party may adopt or maintain any duty, tax, or other charge on the export of any good to the territory of the other Party, unless the duty, tax, or charge is also adopted or maintained on the good when destined for domestic consumption.
2. Paragraph 1 shall not apply to measures set out in Annex 2-A.

ARTICLE 2.13: STATE TRADING ENTERPRISES

1. The Parties affirm their existing rights and obligations under Article XVII of GATT 1994, its interpretative notes, and the Understanding on the Interpretation of Article XVII of GATT 1994, contained in Annex 1A to the WTO Agreement, which are incorporated into and made part of this Agreement, *mutatis mutandis*.
2. Where a Party requests information from the other Party on individual cases of state trading enterprises, the manner of their operation and the effect of their operations on bilateral trade, the requested Party shall have regard to the need to ensure maximum transparency possible without prejudice to Article XVII.4(d) of GATT 1994 on confidential information.

ARTICLE 2.14: TRADE RELATED NON-TARIFF MEASURES

1. Further to Chapter 16 (Transparency), the Parties recognize the importance of ensuring the transparency of non-tariff measures affecting trade between the Parties and that any such measures should not create an unnecessary obstacle to trade between the Parties.
2. To this end, the Committee on Trade in Goods established in Article 2.17 shall, when a Party identifies a specific non-tariff measure, review the measure and consider approaches that may better facilitate trade between the Parties and present to the Parties the results of its consideration, including any recommendation, within 12 months. If necessary, the results of the consideration and recommendations of the Committee on Trade in Goods shall be submitted to the next meeting of the Joint Committee for consideration or action.

ARTICLE 2.15: TARIFF RATE QUOTA ADMINISTRATION

A Party that has established tariff rate quotas (hereinafter referred to as “TRQs”) as set out in Appendix 2-B-1 shall implement and administer these TRQs in accordance with Article XIII of GATT 1994, including its interpretive notes, and the Import Licensing Agreement.

Section E: Other Measures

ARTICLE 2.16: BALANCE OF PAYMENTS

Where a Party is in serious balance of payments and external financial difficulties, or threat thereof, it may, in accordance with GATT 1994, which includes the Understanding on Balance-of-Payments Provisions of GATT 1994, adopt restrictive import measures. In adopting such measures, the Party shall immediately consult with the other Party.

Section F: Institutional Provisions

ARTICLE 2.17: COMMITTEE ON TRADE IN GOODS

1. The Parties hereby establish a Committee on Trade in Goods, comprising representatives of each Party.
2. The Committee shall meet on the request of a Party or the Joint Committee to consider any matter arising under this Chapter and Chapter 7 (Trade Remedies).
3. The Committee's functions shall include, *inter alia*:
 - (a) monitoring the implementation and administration of this Chapter and Chapter 7 (Trade Remedies);
 - (b) promoting trade in goods between the Parties, including through consultations on accelerating reduction or elimination of customs duties under this Agreement and other issues as appropriate;
 - (c) addressing barriers to trade in goods between the Parties, especially those related to the application of non-tariff measures and, if appropriate, referring such matters to the Joint Committee for its consideration; and
 - (d) providing a forum for discussion or the exchange of information on matters related to subparagraphs (a) through (c), which may directly or indirectly affect trade between the Parties, with a view to eliminating their negative effects on trade and seeking mutually acceptable alternatives.

Section G: Definitions

ARTICLE 2.18: DEFINITIONS

For the purposes of this Chapter:

AD Agreement means the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*, contained in Annex 1A to the WTO Agreement;

advertising films and recordings means recorded visual media or audio materials, consisting essentially of images and/or sound, showing the nature or operation of goods or services offered for sale or lease by a person established or resident in the territory of a Party, provided that such materials are of a kind suitable for exhibition to prospective customers but not for broadcast to the general public;

commercial samples of negligible value means commercial samples having a value, individually or in the aggregate as shipped, of not more than the amount specified in a Party's laws, regulations, or procedures governing temporary admission, or so marked, torn, perforated, or otherwise treated that they are unsuitable for sale or use except as commercial samples;

consular transactions means requirements that goods of a Party intended for export to the territory of the other Party must first be submitted to the supervision of the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests, shippers' export declarations, or any other customs documentation required on or in connection with importation;

duty-free means free of customs duty;

goods intended for display or demonstration includes their component parts, ancillary apparatus, and accessories;

goods admitted for sports purposes means sports requisites for use in sports contests, demonstrations, or training in the territory of the Party into whose territory such goods are admitted;

distributor means a person of a Party who is responsible for the commercial distribution, agency, concession, or representation in the territory of that Party of goods of the other Party;

import licensing means an administrative procedure requiring the submission of an application or other documentation (other than that generally required for customs clearance purposes) to the relevant administrative body as a prior condition for importation into the territory of the importing Party;

performance requirement means a requirement that:

- (a) a given level or percentage of goods or services be exported;
- (b) domestic goods or services of the Party granting a waiver of customs duties or an import license be substituted for imported goods;
- (c) a person benefiting from a waiver of customs duties or an import license purchase other goods or services in the territory of the Party granting the waiver of customs duties or the import license, or accord a preference to domestically produced goods;
- (d) a person benefiting from a waiver of customs duties or an import license produce goods or supply services, in the territory of the Party granting the waiver of customs duties or the import license, with a given level or percentage of domestic content; or
- (e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows;

but does not include a requirement that an imported good be:

- (f) subsequently exported;
- (g) used as a material in the production of another good that is subsequently exported;
- (h) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported; or
- (i) substituted by an identical or similar good that is subsequently exported.

printed advertising materials means those goods classified in Chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks published by trade associations, tourist promotional materials, and posters, that are used to promote, publicize, or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge; and

SCM Agreement means the *Agreement on Subsidies and Countervailing Measures*, contained in Annex 1A to the WTO Agreement.

ANNEX 2- A
EXCEPTIONS TO ARTICLES 2.2, 2.9 AND 2.12

Korean Measures:

Articles 2.2 (National Treatment) and 2.9 (Import and Export Restrictions) shall not apply to an action authorized by the Dispute Settlement Body of the WTO.

Israeli Measures

1. Articles 2.2 and 2.9 shall not apply to:
 - (a) the import of non-Kosher meat pursuant to Israeli law on *Imports of Non-Kosher Meat 1994*, and its amendments.
 - (b) an action authorized by the Dispute Settlement Body of the WTO.
2. Articles 2.9 (Import and Export Restrictions) and 2.12 (Export Duties, Taxes, or Charges) shall not apply to controls and charges maintained by Israel on the export of metal waste and scrap pursuant to the *Trade Levies and Safeguard Measures Law 1991* and the *Import and Export Ordinance (New Version) 1979* and their amendments.

With respect to paragraph 1(a), upon request, Israel shall endeavor to provide any relevant information, and facilitate contacts and consultation with the relevant Israeli authorities in charge of such imports. If, after the date of entry into force of this Agreement, the measure referred to in paragraph 1(a) no longer exists or does not apply to Israel's FTA partners, Israel shall not apply the measure to Korea.

ANNEX 2-B
REDUCTION OR ELIMINATION OF CUSTOMS DUTIES

1. Except as otherwise provided in a Party's Schedule to this Annex, the following staging categories apply to the reduction or elimination of customs duties by each Party pursuant to Article 2.4.2:

- (a) customs duties on originating goods provided for in the items in staging category "0" in a Party's Schedule shall be eliminated entirely and such goods shall be duty-free on the date this Agreement enters into force;
- (b) customs duties on originating goods provided for in the items in staging category "3" in a Party's Schedule shall be removed in three equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year three;
- (c) customs duties on originating goods provided for in the items in staging category "5" in a Party's Schedule shall be removed in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year five;
- (d) customs duties on originating goods provided for in the items in staging category "6" in a Party's Schedule shall be removed in six equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year six;
- (e) customs duties on originating goods provided for in the items in staging category "7" in a Party's Schedule shall be removed in seven equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year seven;
- (f) customs duties on originating goods provided for in the items in staging category "8" in a Party's Schedule shall be removed in eight equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year eight;
- (g) customs duties on originating goods provided for in the items in staging category "10" in a Party's Schedule shall be removed in ten equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 10;
- (h) customs duties on originating goods provided for in the items in staging category "12" in a Party's Schedule shall be removed in 12 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 12;

- (i) customs duties on originating goods provided for in the items in staging category “15” in a Party’s Schedule shall be removed in 15 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 15;
- (j) customs duties on originating goods provided for in the items in staging category “16” in a Party’s Schedule shall be removed in 16 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 16;
- (k) customs duties on originating goods provided for in the items in staging category “19” in a Party’s Schedule shall be removed in 19 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 19;
- (l) customs duties on originating goods provided for in the items in staging category “MFN-15%” in a Party’s Schedule shall be reduced by fifteen percent and such goods shall remain at 85 percent of the base rate from the date this Agreement enters into force;
- (m) customs duties on originating goods provided for in the items in staging category “MFN-25%” in a Party’s Schedule shall be reduced by twenty five percent and such goods shall remain at 75 percent of the base rate from the date this Agreement enters into force;
- (n) customs duties on originating goods provided for in the items in staging category “MFN-50%” in a Party’s Schedule shall be reduced by fifty percent and such goods shall remain at 50 percent of the base rate from the date this Agreement enters into force;
- (o) customs duties on originating goods provided for in the items in staging category “X” in a Party’s Schedule shall remain at base rates; and
- (p) no obligations regarding customs duties in this Agreement shall apply with respect to items in staging category “Y”.

2. The base rate of customs duty and staging category for determining the interim rate of customs duty at each stage of reduction for an item are indicated for the item in each Party’s Schedule.

3. Interim staged rates shall be rounded down, at least to the nearest tenth of a percentage point. If the rate of duty is expressed in monetary units, the interim staged rates shall be rounded down at least to the nearest Korean won in the case of Korea and at least to the nearest Israeli Shekel in the case of Israel.

4. For the purposes of this Annex and a Party's Schedule, year one means the year the Agreement enters into force as provided in Article 22.5 (Entry into Force and Termination).

5. For the purposes of this Annex and a Party's Schedule, beginning in year two, each annual stage of tariff reduction shall take effect on January 1 of the relevant year.

GENERAL NOTES
TARIFF SCHEDULE OF KOREA

1. Relation to the *Harmonized Tariff Schedule of Korea (HSK)*. The provisions of this Schedule are generally expressed in terms of the HSK, 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 HSK. To the extent that provisions of this Schedule are identical to the corresponding provisions of the HSK, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the HSK.
2. Base Rates of Customs Duty. The base rates of customs duty set out in this Schedule reflect the Korean Customs Duty Most-Favoured-Nation rates of duty in effect on January 1, 2016.

GENERAL NOTES
TARIFF SCHEDULE OF ISRAEL

1. Relation to the Customs Tariff and Exemptions and Purchase Tax on Goods Order (hereinafter referred to as “Israeli Customs Tariff”). The provisions of this Schedule are generally expressed in terms of the Israeli Customs Tariff, 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 Israeli Customs Tariff. To the extent that provisions of this Schedule are identical to the corresponding provisions of the Israeli Customs Tariff, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the Israeli Customs Tariff.

2. Base Rates of Customs Duty. The base rates of customs duty set out in this Schedule reflect the Israeli Customs Duty Most-Favoured-Nation rates of duty in effect on January 1, 2016.

APPENDIX 2-B-1
TARIFF RATE QUOTA ADMINISTRATION OF ISRAEL

1. This Appendix applies to tariff rate quotas ("TRQs") provided for in this Agreement and sets out modifications to the Israeli Customs Tariff that reflect the TRQs that Israel 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 customs duty set out in this Appendix in lieu of the rates of customs duty specified in Chapters 1 through 97 of the Israeli Customs Tariff. Notwithstanding any other provisions of the Israeli Customs Tariff, originating goods of Korea in the quantities described in this Appendix shall be permitted entry into the territory of Israel as provided in this Appendix. Furthermore, any quantity of originating goods imported from Korea shall not be counted toward the in-quota amount of any TRQ provided for such goods elsewhere in the Israeli Customs Tariff including in-quota amount pursuant to the WTO Agreement on Agriculture.
2. Upon request of the exporting Party, the importing Party shall provide information to the exporting Party with respect to the administration of the tariff rate quotas of the importing Party regarding the products detailed in this appendix.
3. The TRQs under this Chapter are:

Frozen Chicken Meat

- (a) The annual aggregate quantity of 1000 metric tons originating goods of Korea classified under headings 02071200, 02071400 shall be permitted to enter with 50% of MFN in accordance with staging category "MFN-50%" as described in paragraph 1(n) of Annex 2-B.
- (b) Customs duties on originating goods entered in excess of the quantities set out in subparagraph (a) shall be treated in accordance with staging category "X" as described in paragraph 1(o) of Annex 2-B.

Canned Tuna

- (a) The annual aggregate quantity of 200 metric tons of originating goods of Korea classified under heading 16041490 shall be permitted to enter duty free.
- (b) Customs duties on originating goods entered in excess of the quantities set out in subparagraph (a) shall be treated in accordance with staging category "X" as described in paragraph 1(o) of Annex 2-B.

EXPLANATORY NOTE –TARIFF SCHEDULE OF KOREA

1. Definition

- (a) **Ad valorem duties** means a rate of tax calculated as percentage of the value of goods;
- (b) **Specific duties** means an amount of tax per each Measurement Unit;
- (c) **Alternative Duties** means a type of Customs Duties under which either ad valorem or specific duties is levied upon goods.

2. Application of different types of Customs Duties based on Korean Base Rate

HSK 2016	Base Rate
2501001010	1%
8523292231	20won/min(at standard speed)
0706101000	30% or 134won/kg, whichever is the greater
3706903020	468won/m or 6.5%

- (a) Ad valorem Duties
 - ✓ 2501001010: 1%
- (b) Specific Duties
 - ✓ 8523292231: 20won/min(at standard speed)
- (c) Alternative Duties
 - ✓ 0706101000: 30% or 134won/kg, whichever is the greater
 - ✓ 3706903020: 468won/m or 6.5%

For greater certainty, each of the 48 HS Codes indicated with “-” in Tariff Schedule of Korea is derived from the HS Codes in the line above it for the purpose of identifying its specific description. These lines differ in Base Rate from the HS Codes in the line above them.

EXPLANATORY NOTE - TARIFF SCHEDULE OF ISRAEL

1. Definition

- (a) **Rate (%)** means a rate of tax calculated as percentage of the value of goods (ad valorem duties);
- (b) **Per Unit Rate (NIS)** means an amount of tax per each Measurement Unit (specific duties);
- (c) **NIS** means New Israel Shekel;
- (e) **Alternative Duties** means a type of Customs Duties under which either ad valorem or specific duties is levied upon goods;
- (f) **Compound Duties** means a type of Customs Duties under which both ad valorem and specific duties are levied upon goods.

2. Application of different types of Customs Duties based on Israeli Base Rate

HSI 2016	Base Rate					
	Rate(%)	Per Unit Rate(NIS)	No More than(%)	No Less than(NIS)	Measurement Unit	Quota
02031100	30	0	0	0	KG	No
03019190	0	2.5	0	0	KG	No
07112000	12	0	0	1.02	KG	No
01041090	0	6.22	170	0	KG	No
02109390	16	417	85	0	TONS	No
15091010	12	4.68	0	5.73	KG	No

- (a) Ad valorem Duties
 - ✓ 02031100: 30%
- (b) Specific Duties
 - ✓ 03019190: 2.5 NIS per Kg
- (c) Alternative Duties
 - ✓ 07112000: 12% or 1.02 NIS per Kg whichever is the greater
 - ✓ 01041090: 6.22 NIS per Kg or 170% whichever is the lower
- (d) Compound Duties
 - ✓ 02109390: [16%+417 NIS per Ton] or [85%] whichever is the lower
 - ✓ 15091010: [12%+4.68 NIS per Kg] or [5.73 NIS per Kg] whichever is the greater