



The Program for Supporting SMEs' Utilization of FTAs



**Korea Customs
Service**



The Program for Supporting SMEs' Utilization of FTAs

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Chapter

I

Preparation

- 1-1. FTA Information Provision
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- 1-3. FTA Education and Job matching

1 >> Information Provision through YES FTA Portal

Overview of YES FTA Portal

- [Purpose] Provide inclusive FTA information over the separated website for one-stop searching for the latest FTA information.
- [Website] (fta.customs.go.kr)
Provide information on FTA overview, tariff rate, origin verification, criteria of the determination of origin, C/O, origin declaration, approved exporter, HS, Agreements.
- [Main information]



1 >> Article of Agreements and Concessions

Article of Agreements

<ul style="list-style-type: none"> • FTA Trend in Korea • FTA-Related Sites > Text of Free Trade Agreement 	KOREA-CHILE FTA	KOREA-SINGAPORE FTA	KOREA-EFTA FTA
	KOREA-ASEAN FTA	KOREA-INDIA CEPA	KOREA-EU FTA
	KOREA-PERU FTA	KOREA-US FTA	KOREA-TURKEY FTA
	KOREA-AUSTRALIA FTA	KOREA-CANADA FTA	KOREA-CHINA FTA
	KOREA-NEWZEALAND FTA	KOREA-VIETNAM FTA	KOREA-COLOMBIA FTA



1 >> Information Provision through YES FTA Portal

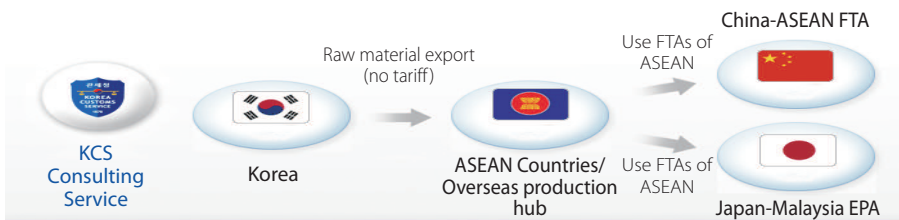
Overview of YES FTA Portal

2 >> Track Quantity Management under respective Agreements

TRQ(Tariff Rate Quotas Good List)

구분	품명	HS 번호 (HS2012기준)	기준율량 (M/T)	잔여량 (M/T)	사용율	물량 초과율	소관대부
한-티/FTA TRQ 전략수 발의	냉동닭치	030340000 030390000 030399000(0303.34- 0000, 0303.39-0000의 것)	1,175.00	1,107.85	5.71		

3 >> Benchmark FTA business model



4 >> Apply for YES FTA consulting program

YES FTA 컨설팅 사업 안내

- ▶ 사업명: 2018년도 YES FTA 컨설팅 사업
- ▶ 사업기간: 2018. 2월 ~ 11월(예산소진 시 조기마감)
- ▶ 지원금액: 컨설팅 지원내용에 따라 최대 400만원까지 지원 (기업규모에 따라 전액지원 또는 최대 40%까지 부담)
- ▶ 신청자격: 상호출자제한기업집단이 아닌 중소·중견기업 (단, 직전 2년간 FTA 분야 예산지원 컨설팅 수혜기업 제외)
- ▶ 컨설팅 유형: (A형) FTA 활용 종합 컨설팅, (B형) 원산지검증 대응 컨설팅, (C형) 원산지시스템 구축 컨설팅
- ▶ 신청방법: 사업세관에 E-mail 접수 (2.5~2.28)
*(메일제목) 컨설팅사업 신청_기업명_컨설팅유형_희망세관
※ 자세한 사항은 첨부문서를 참고하시기 바랍니다.

5 >> Track e-CO data exchange state

CO-PASS 진행정보 CO-PASS Process-Info CO-PASS 进行情况

Settings (*essential info. Put Ref.code only for KR → CN.)

Issued Date	<input type="text"/> ~ <input type="text"/>	Transmitted Date	<input type="text"/> ~ <input type="text"/>	search
FTA/Country	-- All -- -- All --	Transmission *	<input checked="" type="radio"/> KR → CN <input type="radio"/> CN → KR	
Ref.No *	<input type="text"/>	Ref.Code *	<input type="text"/>	Reset



2 >> Harmonized Commodity Description and Coding System

World HS Information System

- Provide HS information of Korea's FTA contracting parties
- unipass.customs.go.kr/clip/index.do > Customs Law Information Portal > World HS Information
- **[Mainly provided Information]**
 - **HS information** : HS table, HS interpretations, tax rate table, HS comparison, revised world HS table etc.
 - **HS Guidance** : Information of each major industries such as automobile, semi-conductor, mobile phone, etc.
 - **Domestic & foreign cases of tariff classification** : Decisions from committee, tariff classification cases

	0	1	2	3	4
0		Live animals	Meat and edible meat offal	Fish and Molluscs	Dairy products, birds' eggs, natural honey
10	Cereals	Products of the milling industry	Oil seeds and oleaginous fruits	Latices, gums, resins	Vegetable plating materials
20	Preparations of vegetables	Miscellaneous edible preparations	Beverages, spirits and vinegar	Residues	Tobacco

Advance Ruling of Tariff Classification

- A system in which make an inquiry and get authoritative interpretation regarding doubtful tariff classification on products to be imported/exported (Customs Act, article 86)
- **[Applicant]** Importer/Exporter, manufacturer of goods to be exported and person eligible for application such as customs brokers
- **[UNI-PASS]** unipass.customs.go.kr > E-declaration > Tariff Classification
- **[Visitation]** Customs Valuation & Classification Institute (Daejeon Yuseong)
- Submit advance ruling application form, product descriptions, product sample etc.
- **[Effect]** Notified tariff classification is applied equally to the same product.



3 >> FTA Utilization Statistics

Disseminate FTA Utilization Map

➤ Provide various FTA im/export utilization rate regularly with an e-book.

➤ [fta.customs.go.kr]
KCS FTA Portal > FTA Data Center > E-Book Zone > E-Book

➤ [Mainly provided information]
Im/Export utilization consists of largely 3 subjects including data based on MTI, data for local governments and provide information of the value of goods eligible for preferential tariff and the value of goods using FTA through infographic



* MTI – Classification code for industry-specific and item-specific export/import goods made by Ministry of Trade Industry

Korean Statistical Information System

➤ The data regarding percentage of FTA im/export goods granted with preferential tariff. The data is upgraded and circulated every half year.

➤ [kosis.kr]
Kosis.kr (of Statistics Korea) > Domestic Database > Institutional Database > Central Government > KCS > Preferential Trade Utilization

➤ [Data compositions]
Four types statistics provided as national data including utilization of each FTAs, product-specific (HS Chapter base) FTA utilization.





4 Im/Exporter Supporting Center

Overview

- [Current State] Supporting Center initiated Jan, 2015 to provide one-stop customs administration service to traders. Total 6 centers are in operation around Seoul, Incheon, Busan, Daegu, Gwangju, PyongTaek.

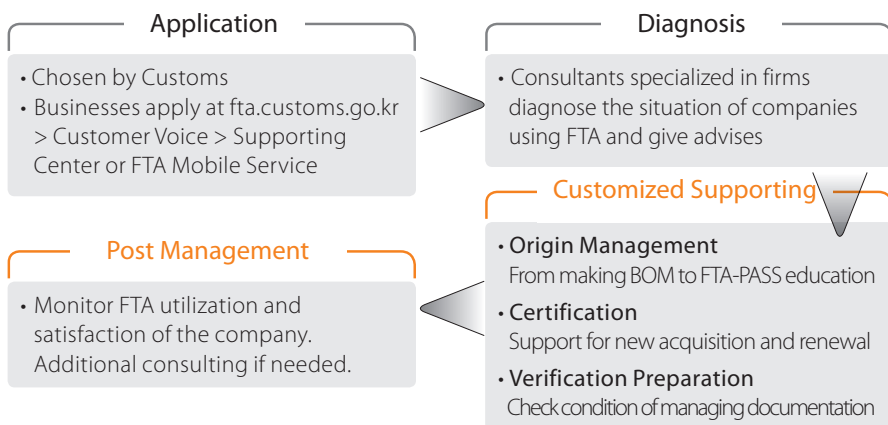
Customs	Telephone	E-mail
Incheon Customs	032 - 452 - 3643	incheonsupport@customs.go.kr
Seoul Customs	02 - 510 - 1384	seoulsupport@customs.go.kr
Busan Customs	051 - 620 - 6953	busansupport@customs.go.kr
Daegu Customs	053 - 230 - 5185	daegusupport@customs.go.kr
Gwangju Customs	062 - 975 - 8192	gwangjusupport@customs.go.kr
PyongTaek Customs	031 - 8054 - 7047	fta016@customs.go.kr

- Provide customized consulting about FTA, AEO, clearance difficulties to SMEs

FTA	AEO	Clearance difficulties
<ul style="list-style-type: none"> • Customized consulting • FTA education • Develop business model • Job-matching business 	<ul style="list-style-type: none"> • One-to-one post management • Monitor AEO benefits home & abroad • Consulting for non-AEOs 	<ul style="list-style-type: none"> • Consulting Service • Directly resolve issues regarding tariff classification, FTA

* AEO(Authorized Economic Operator)

- [FTA Supporting Process]



5 >> Budget Consulting

Overview

- **[Purpose]** Provide consulting fee to SMEs having difficulty using FTA
- **[Business Scale]** 1,330 million won, about 650 firms (up to 4million won per company)
- **[Main support points]**

Consulting Type	Details
(A type) Comprehensive FTA Utilization	- BOM making, approved exporter designation, origin advance determination, post management
(B type) Post Verification Preparation	- Diagnose the state of documentation storage, empower MSMEs to manage documents by themselves
(C type) Origin Management System Building	- Basic data management for origin determination, on-site support

How to Apply

[Application Period] From February to November every year (depending on budget availability)

[Applicant] Micro, Small and Medium sized companies who require FTA utilization

[Amount of aid] Up to 4million won per company (total budget 1,330 million won)

[Required Documents] Application form, a copy of business registration, a written consent on information provision, previous year sales report etc.

[Application route] Through the website (fta.customs.go.kr)



5 >> Budget Consulting

Details

> [Requirements]

SMEs who supply (or will supply) material and finished goods to exporting manufacturing company or exporters that are not related to the followings:

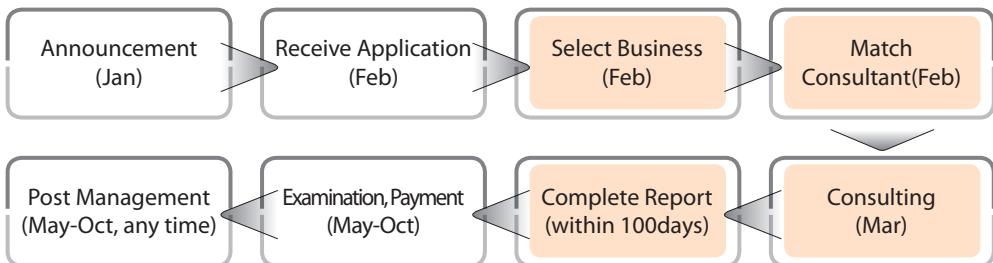
- ① Business group subject to limitations on cross shareholding under <MONOPOLY REGULATION AND FAIR TRADE ACT>
- ② Business who has been offered FTA budget supporting consulting for the last 2 years from KCS, Ministry of SMEs and Startups, Ministry of Trade, Industry and Energy and local government

> [Required Documents]

Complete the forms below and submit to customs office
(Seoul, Busan, Incheon, Daegu, Gwangju, Pyeongtaek customs)

- Consulting Application Form
- Written consent on information provision
- A copy of business registration
- Previous year sales data
- An explanation on item that consulting service required

> [Business Procedure]



> [Consulting Contents]

- ① Preparation for FTA : tariff classification, origin criteria, preferential tariff rate
- ② Preparation for origin verification
- ③ Building origin management system
- ④ Issuance of certificate of origin
- ⑤ Field education on FTA utilization (understanding of Agreements, ACT on special cases of the customs act for the implementation of FTA)

6 >> Mobile YES FTA Center

Overview

- [Purpose]**
 Support SMEs located in industrial complex of rural area and cannot afford to visit customs office
- [Supporting Method]**
 Main customs operate 6 mobile FTA centers respectively to swiftly respond to demand from SMEs under the jurisdiction of each customs. Experts in customs and public customs brokers pay a visit to the business applied for the service and offer FTA consulting.



- [Application]** YES FTA Portal (fta.custom.go.kr)

The screenshot shows the YES FTA Portal interface. On the left, there are navigation tabs for 'FTA일반현황', 'FTA활동', '원산지검증', 'FTA기업지원', 'FTA자료실', and '고객이소리'. Below these are icons for 'MY FTA' services like '원산지지원센터', 'FTA수출제출', 'FTA수입제출', '원산지증명서발급', '반출수출제출', and '원산지검증신청'. A red dashed circle highlights the '수출입기업지원센터 및 FTA기동대' (Export/Import Business Support Centers and FTA Mobile Units) section, which includes a map of Korea and a table of mobile units.

공거사할	FTA 동향정보	FTA 교육일정
FTA-AEO	[2017/09/08]	[2017/09/08]
세관무역관	[2017/09/09]	[2017/09/09]
원산지지원센터	[2017/09/07]	[2017/09/07]
FTA수출제출	[2017/07/14]	[2017/07/14]
FTA수입제출	[2017/07/14]	[2017/07/14]
원산지증명서발급	[2017/06/28]	[2017/06/28]
반출수출제출	[2017/06/21]	[2017/06/21]
원산지검증신청	[2017/06/13]	[2017/06/13]
	[2017/06/09]	[2017/06/09]
	[2017/06/01]	[2017/06/01]

The main form on the right is titled '수출입기업지원센터 지원하기' (Supporting Export/Import Business Support Centers). It contains the following fields:

- 합정, 대상국 (Relevant FTA and Country): 합정(FTA), 대상국(Country)
- 업체명 (Company Name):
- 신칭인 연락처 (Contact Information): 상명 (Full Name), 전화번호 (Phone No), 휴대폰 (Mobile No), E-mail
- 업종 (Type of Business):
- 신고세관 (Customs in Charge):
 - 서울세관(Seoul)
 - 인천세관(Incheon)
 - 부산세관(Busan)
 - 대구세관(Daegu)
 - 광주세관(Gwangju)
 - 평택세관(Pyeongtaek)
- 에로사항 및 문제점 (Description of Issues):



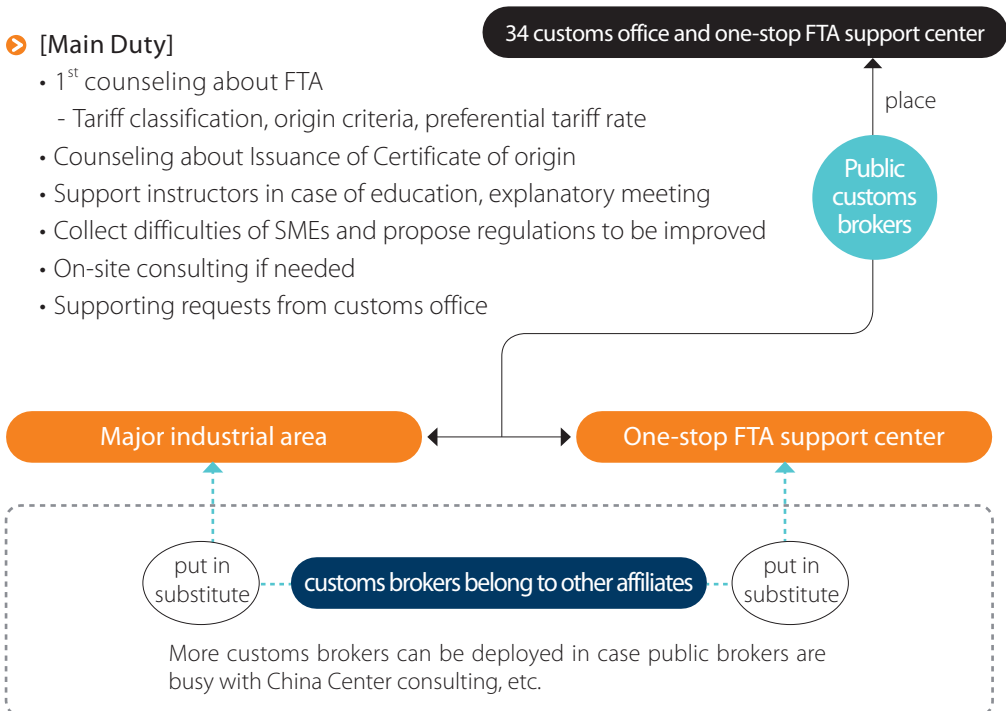
7 >> Public Customs Broker

Overview

- **[Public Customs Broker]** To supplement limited KCS workforce, customs brokers give consulting, as a donation of talent, in response to the demand from SMEs located in industrial complex or industrial site
e.g. Legal advice service in Korea Legal Aid Corporation with public law officers
- **[Current Status & Activities]**
 - Appoint 100 public customs brokers annually since the 1st appointment in 2015 to the 4th in 2018
 - 19 affiliates of Korea Customs Brokers Association and 34 regional customs are connected and give counseling service to the SMEs
 - Without special application process, conduct consulting with KCS staff at 'one-stop FTA support center' or at on-site service

➤ [Main Duty]

- 1st counseling about FTA
 - Tariff classification, origin criteria, preferential tariff rate
- Counseling about Issuance of Certificate of origin
- Support instructors in case of education, explanatory meeting
- Collect difficulties of SMEs and propose regulations to be improved
- On-site consulting if needed
- Supporting requests from customs office



8 >> YES FTA Specialty Education

Overview

- [Purpose]

Nurture experts in origin management to increase FTA utilization among SMEs
- [Subject]

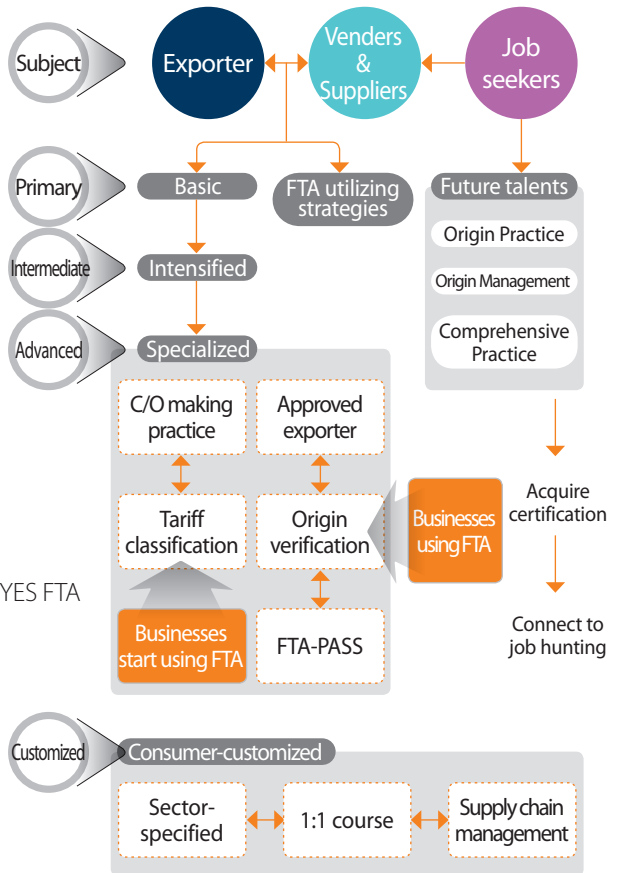
Executives and staffs of SMES, future talents(integrated high school students, college student) and Entrepreneurs
- [Fee] Free of charge
- [Period] From every March to December (about 9 months)
- [How to apply]

Go to www.yesftaedu.or.kr > Apply for YES FTA specialized education for each area
 For more information : 1544-5702, yesftaedu@origin.or.kr
- [Service available regions]

Incheon, Seoul, Busan, Daegu, Gwangju, Pyeongtaek and other region with demand (when applicants reach the fixed number)
- [Curriculum] 12 courses for 3 different areas

 - **General course** : Basic, Intensified, for future talent, FTA utilizing strategies
 - **Specialized course** : verification, approved exporter, FTA-PASS, C/O making, tariff classification
 - **Customized course** : Sector-specific, 1:1 course, supply chain management

Detailed Course Curriculum





9 >> Job Supporting Business

Business Directions

- [Direction] Proceed business for separated steps to make a virtuous cycle where YES FTA Specialty Education leads to FTA experts, growth of exporting companies and job opportunities
- [Step1] YES FTA Specialty Education Business for nurturing FTA talents > Future talents course
- [step2] Job matching between FTA talents and exporting SMEs
- [step 3] Support growing export through FTA and job creation

“Grow exports and create jobs by supplying FTA experts to exporting businesses”



FTA experts and Job-matching

- [Job matching] Job matching for integrated high school students, college students, career interrupted women through FTA specialty education
- [Program Types] Great Job Fair for high school graduates, KB Goodjob Job Fair, Career Interrupted Women Job Matching Day, Job seeker and recruiter meeting day
- [Process] YES FTA Specialty Education > Collect recruiters and job seekers > Hold Job Fair > Find a job through interviews

Educate job seekers through FTA education program and help them participate in Job fairs regularly to find a decent job.





Chapter

II

Utilization

- 2-1. Determination of Origin
- 2-2. Approval and Certification of Origin



10

Distribution of the Free Origin Management System FTA-PASS

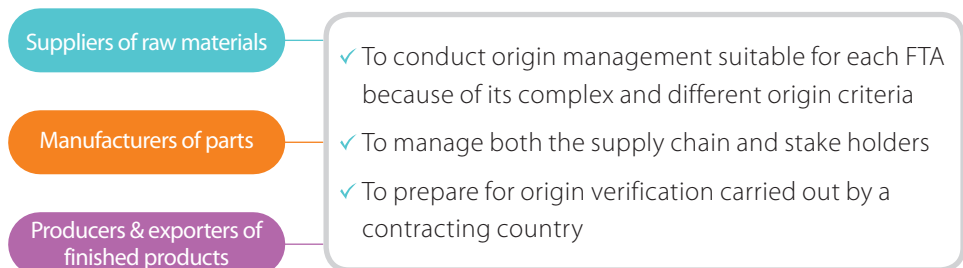
Overview

➤ [What is FTA-PASS?]

It is integrated software for origin management developed and distributed free by KCS and Korea Institute of Origin Information (KIOI) for the purpose of origin certification and management, a key factor to benefit from FTAs.

➤ [The scope of origin management]

It is important for origin management to include the overall supply chain ranging from producers or suppliers of raw materials to manufacturers of parts and producers and exporters of finished products.



➤ [Main features]

- **Managing basic data for origin determination** : Customers, raw materials, HS code and transaction records
- **Determining origin** : For 16 preferential trade agreements including APTA
- **Issuing documentary evidence of origin** : Electronic application for an authority-issuing CO
- **Electronic circulation of documentary evidence of origin** : FTA-PASS system users or external users

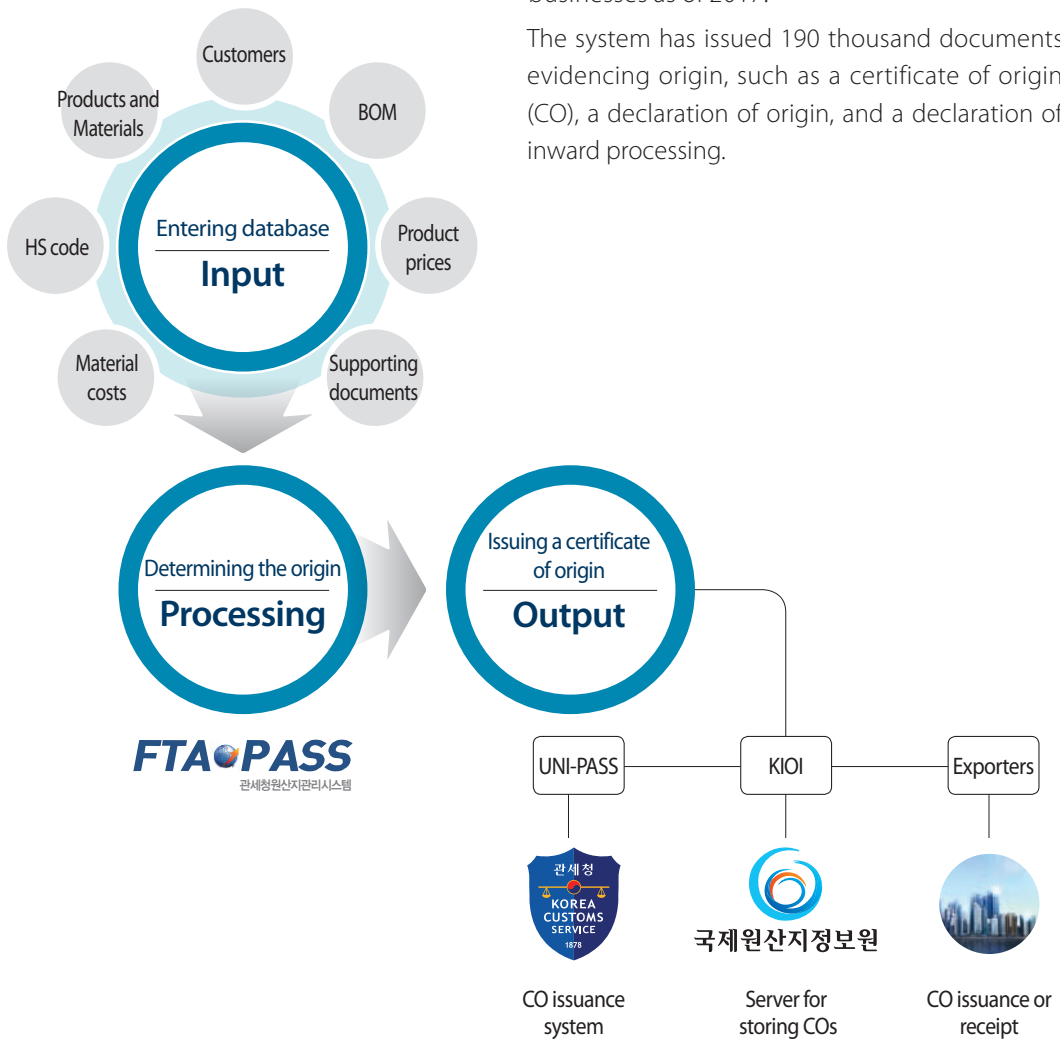
10 >> Distribution of the Free Origin Management System FTA-PASS

Overview

> [FTA-PASS Process]

> Launched in 2010, FTA-PASS is used by 16,415 businesses as of 2017.

The system has issued 190 thousand documents evidencing origin, such as a certificate of origin (CO), a declaration of origin, and a declaration of inward processing.





10 >> Distribution of the Free Origin Management System FTA-PASS

Overview

> [Signing up & inquiries] FTA Implementation Support Center of KIOI
 [Telephone] 82-31-600-0700 / [Website] www.ftapass.or.kr
 [Email] fta-pass@origin.or.kr



- > **YES FTA consulting service**
 - Experts (i.e. customs brokers) assist in utilizing FTAs and the FTA-PASS system.
 - Application : see the website of YES FTA at <http://fta.customs.go.kr>.



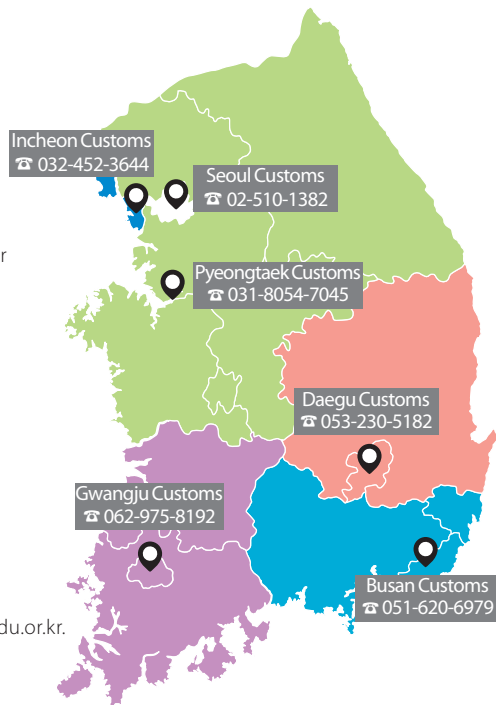
- > **FTA-PASS outreach support**
 - KCS provides outreach supports for companies that have difficulties using FTA-PASS.
 - Application : see the website of FTA-PASS at www.ftapass.or.kr.



- > **Regular education on FTA-PASS**
 - Practical training on the usage of FTA-PASS, ranging from the basic to intensive courses
 - Application : see the website of KCS FTA Education at www.yesftaedu.or.kr.



- > **Training version of FTA-PASS**
 - Provision of FTA-PASS manual
 - Video lectures on its key functions
 - Task-based simulation on determination of origin and issuance of documents evidencing origin <http://edu.ftapass.or.kr>



Overview

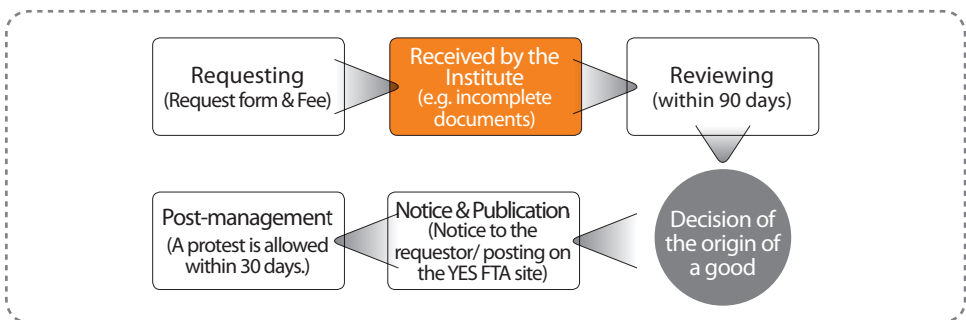
➤ [What is an advance ruling on origin?]

- Importers in Korea, exporters and producers of goods in an FTA partner country and their agents may request KCS's determination on the origin of goods prior to import declaration.

(Applicable Korean FTAs : with Chile, Singapore, AESAN, US, India, EU, Peru, Turkey, China, Australia and Canada)

➤ [Request for an advance ruling and the ruling procedures]

- **[Who may request an advance ruling to which agency?]** Importers in Korea, exporters and producers of goods in an FTA partner country and their agents may submit a request for an advance ruling to the head of the Customs Valuation and Classification Institute.
- **[What can an advance ruling decide?]** Whether a good qualifies as an originating good, under which HS code the materials of a good, how the value of the materials are decided, how the regional value content of a good is calculated, and how an adjusted value is determined.
- **[Required documents]** Transaction contract, cost sheet, bill of materials, flow chart and other necessary documents
- **[Service fee]** 30 thousand won



➤ [Effects of an advance ruling]

- If an advance ruling letter issued by KCS Commissioner is submitted to the head of a customs office, the goods may be granted preferential tariff treatment. (Valid for 3 years)



12 >> Authorization of Approved Exporters

Overview

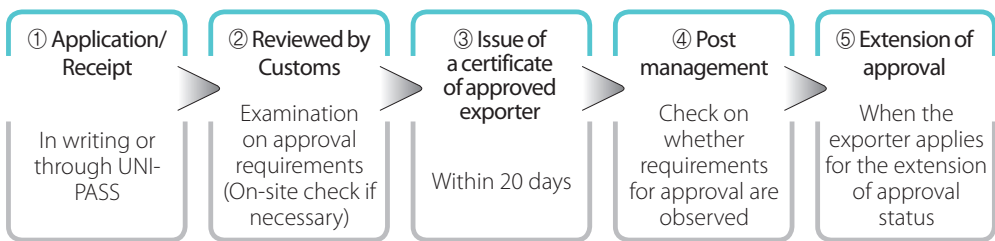
> [What is an approved exporter?]

- A company may be authorized by Customs as an approved exporter to be capable of managing and proving the origin of export goods, and an approved exporter is allowed not to present required documents when applying for the issue of COs.

> [Benefits for approved exporters]

- Origin declarations under the Korea-EU FTA
 - Approved exporters can make out origin declarations on the goods over 6000 euros (The customs authorization number must be entered in the texts of origin declaration).
- Authority-issued COs (Korea's FTAs with China, ASEAN, Vietnam, India and Singapore)
 - They can be issued with COs in a shortened period from 3 days to less than 2 hours and also are exempt from presenting several supporting documents.

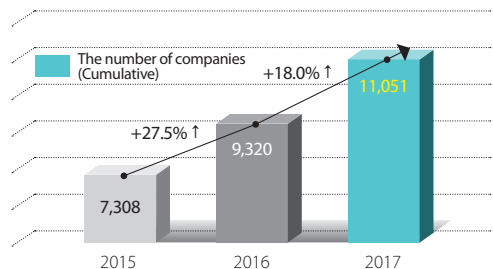
> [The process of authorizing approved exporters]



When requirements are not satisfied, the application may be asked to be corrected or will be rejected.

※ Where to apply : Five regional Customs (Incheon, Seoul, Busan, Daegu, Gwangju) and Pyeongtaek Customs

Trend of Approved Exporters



13 >> Issuance of a Certificate of Origin

Overview

> [A certificate of origin (CO)]

- This document is a proof of the origin of a good exported, identifying that it is grown, raised, produced or processed in the exporting country.

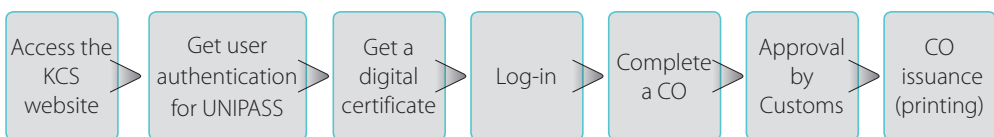
> [Comparisons on COs of main FTAs]

FTA with	Chile	EFTA	ASEAN (including Vietnam)	India	EU	US	China
Proved by	Company itself	Company itself	Authorities	Authorities	Company itself	Company itself	Authorities
Issued by	Exporter	Exporter	Customs or Chamber of Commerce	Customs or Chamber of Commerce	Exporter (approved exporter)	Exporter, producer, or importer	Exporter (approved exporter)
Valid for	2 years	1 year	1 year	1 year	1 year	4 years	1 year

> [CO issuing procedures (by authorities)]

- **Issued by Customs** at unipass.customs.go.kr > Certificate Issuance > Certificate of Origin

>> Online



- **Issued by KCCI** at cert.korcham.net

>> Online





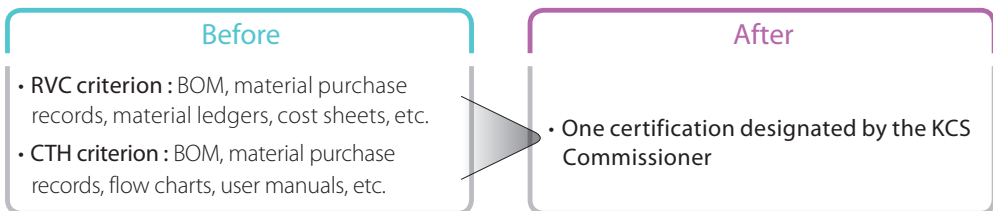
14 >> Simplified Origin Certification Program

Overview

- [This program is to approve documents designated by the KCS Commissioner, as a declaration of origin for agricultural, fishery and livestock products.]
 - [Acceptable documents] Certificates, registration or others stipulated under the law and regulation
 - [Eligible products] Products that qualify as Korea-originating goods, meeting the origin criteria under all FTAs
- [14 kinds of documentation designated by the KCS Commissioner for 1,145 kinds of products, including the Certification of Korea Protected Geographical Indication.]

Category	Agricultural products	Livestock products	Fishery products	Traditional food
Certification (14 kinds)	① Agricultural Products Traceability registration ② GAP certification ③ Eco-friendly Agricultural Products Certificate ④ Certification of Korea Protected Geographical Indication	① Grading Certificate ② Livestock Products Traceability Registration ③ High Quality Brand Certification	① Declaration of Transaction for Fresh Laver ② Traceability Registration ③ Good Practices Certificate ④ Certification of Korea Protected Geographical Indication ⑤ Declaration of Transaction for Dried Laver ⑥ Organic Fishery Products Certificate	① Traditional Food Certification
Products	1,027 products such as a pepper	5 products such as beef	81 products such as fresh laver	32 products such as kimchi

➤ [Simplified documents evidencing origin]



Overview

- ▶ The KCS Commissioner designates products that can be considered to meet the origin criteria under a specific FTA, only on the ground that they were processed and manufactured in Korea.
- ▶ In terms of those products (161 ones based on HSK), when filing an application for COs, it is allowed to complete the Cost and Production Statement only based on the Declaration of Inward Processing without other required supporting documents.
- ▶ [Effects of the simplified CO issuance program]

Non-eligible products

- Required to submit supporting documents (a maximum of 12 types of documents) for the Cost and Product Statement

Eligible products

- Required to attach the Declaration of Inward Processing only

* <Example> If an exporter of seasoned laver wants to obtain a CO,

- **[Existing]** Complete the BOM of seasoned laver → Identify the HS codes of raw materials (dried laver, corn oil, sesame oil, salt, etc.) → Check whether the product meets its origin criteria, including changes of HS codes → Complete the Cost and Production Statement → Apply for a CO
- **[Improved]** Complete the Cost and Production Statement just based on the Declaration of Inward Processing prepared by the final producer → Apply for a CO



Chapter

III

Resolution

- 3-1. Resolving Troubles with Utilization of FTAs in Overseas Countries
- 3-2. Assistance in Coping with Verification of Origin

16 >> About CO-PASS

Overview

➤ [What is CO-PASS?]

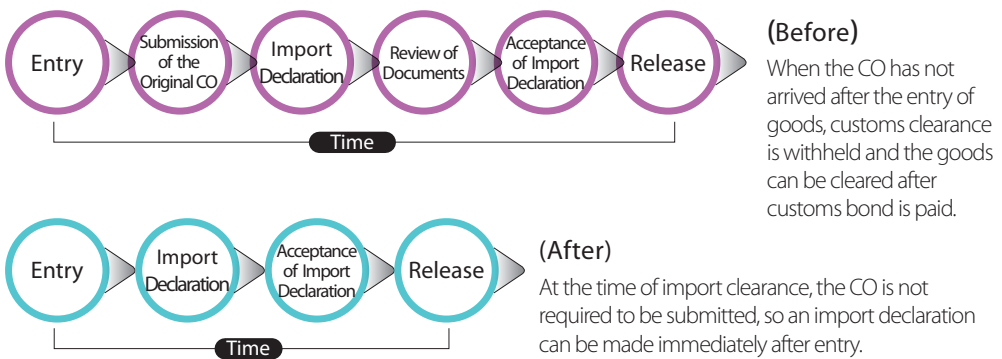
- It is KCS's electronic system of certification of origin (a mixed word of the acronym of a certificate of origin (CO) and the verb PASS), through which the information contained in a CO is exchanged electronically between the customs authorities in FTA partner countries.

➤ [The current status of CO-PASS]

- As of 2017, the system is used to exchange information on COs between the Korean and Chinese customs authorities under the Korea-China FTA and the APTA, and it is expected to be expanded to other FTA contracting parties, including India and ASEAN.
- The information being exchanged includes the entire progress ranging from CO issuance to its application, check on its authenticity, statistics on a specific company and FTA, etc., which are available directly at the website of YES FTA and its mobile web.

➤ [Effects of CO-PASS]

- Reduction in logistics cost by obtaining original COs



- [Simplified procedures for reviewing preferential treatment] Simplified review procedures dispensing with examination of formalities such as the seal and signature of a CO

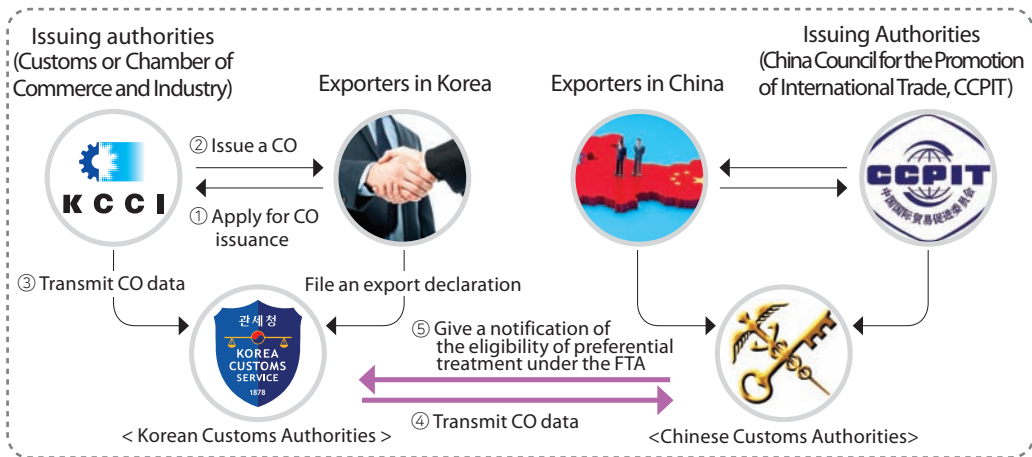
- [Prevention of illegal trade] Information exchange between customs authorities to fundamentally block COs from being forged



16 >> About CO-PASS

Overview

- Importers must submit a CO to the preference giving partner country so as to have preferential tariff rates apply to imported goods, but in terms of cargo under the Korea-China FTA and APTA, those rates can apply through electronic data exchange of origin.



- The status of CO data transmission and the progress of customs clearance can be checked at the website of YES FTA and its mobile app. CO-PASS also provides statistics on usage rates, check on the authenticity of COs of the FTA partner country, and the version available in Chinese.

CO-PASS 현황정보		CO-PASS Process-Info	CO-PASS 进行情况				
조회설정 (*필수값입니다. 참조코드는 한국 → 중국일 경우에만 입력하세요.)							
발급일자	20171209 ~ 20180101	전송일자	20171209 ~ 20180106				
행정/국가	한-중국	전송구분	한국 → 중국 / 중국 → 한국				
발급번호*	CO1017XXXXXX	참조코드*	XXXXXX				
조회목록 (송신수신일자를 선택하세요)							
송수신구분	송신수신일자	송수신결과	응답결과	응답시간	실패사유	통관여부	통관일자
한→중	2017-12-11 08:01	성공	성공	2017-12-11 08:02	SUCCESS	진행중	

[YES FTA website]

발급일자	전송일자	행정	전송구분	송수신구분	송신수신일자	송수신결과	응답결과	응답시간	실패사유	통관여부	통관일자
2016-12-09 ~ 2018-01-10	2016-12-09 ~ 2018-01-10	한-중국(FTA)	한국→중국	한→중	2017-12-11 08:01 ~ 2017-12-11 08:01	성공	성공	2017-12-11 08:02	실패사유	진행중	

[Mobile KCS]

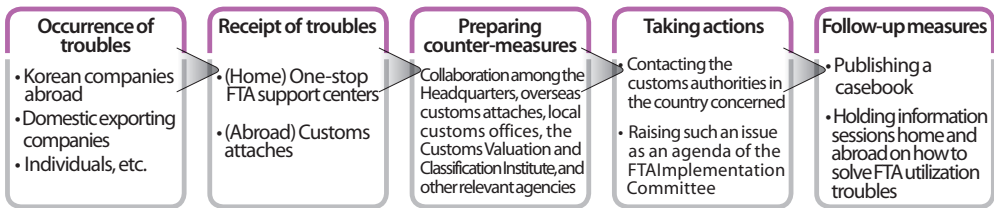
17 >> Resolving Troubles with Utilization of FTAs in Overseas Countries

Overview

▷ [What are troubles with utilization of FTAs in overseas countries?]

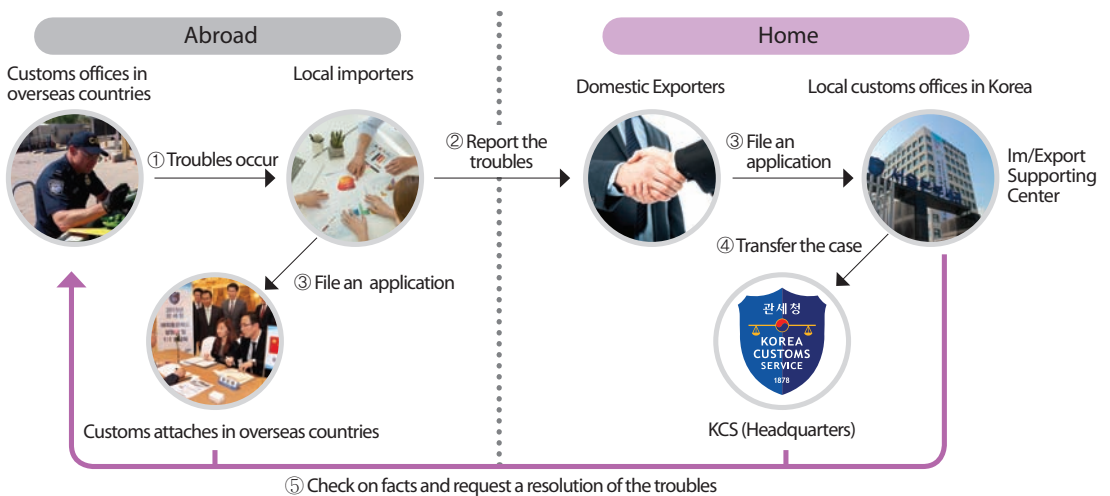
- They mean difficulties that exporting companies of Korea face in overseas countries in taking advantage of FTAs, which includes the denial of a claim for preferential treatment at the stage of import clearance or thereafter, due to unacceptance of COs and inconsistency in HS codes.

▷ [How to resolve FTA utilization-related troubles]



▷ [How to report FTA utilization-related troubles]

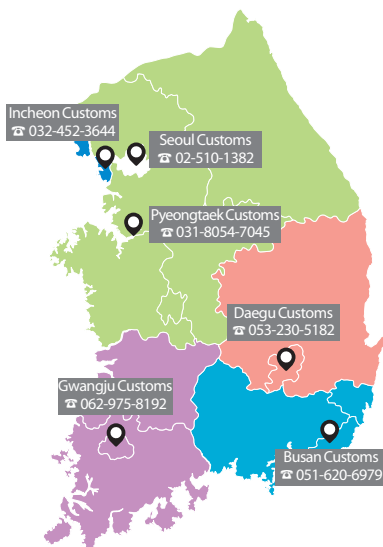
- ① Go to the FTA website of KCS at fta.customs.go.kr
- ② Apply for the service of One-stop FTA Support Centers and FTA Squads
- ③ Complete the application and click the button 'SEND'
- ④ Contact a responsible customs officer to have consultations on the troubles (if necessary)





17 >> Resolving Troubles with Utilization of FTAs in Overseas Countries

Customs offices dealing with FTA utilization-related troubles



Customs Attaches Abroad

- ▶ USA (Washington) (+1)202-939-5677
- China (Beijing) (+86)10-8531-0844
- China (Shanghai) (+86)21-6295-5000(ext.205)
- China (Qingdao) (+86)532-8399-7732
- Thailand (Bangkok) (+66)2-247-3242
- Vietnam (Ho chi Minh) (+84)28-3822-5757(ext.139)
- Indonesia (Jakarta) (+62)21-2967-2555
- India (New Delhi) (+91)12-4462-8500



Major cases

▶ [Measures to resolve difficulties in taking advantage of FTAs abroad]

Case 1 : Unaccepted COs

The Customs of the importing country makes a strict examination of formalities of COs, including inconsistency in CO entries, compulsory signature in manuscript, and unconformity between seal and signature.

It is recommended to follow instructions for completing COs, ensure the consistency between commercial invoices and COs, print both sides of a CO in color when issued, or use the CO inquiry system.

Case 2 : Differences in tariff classification (HS code)

As the Customs of the exporting country applies a different HS code than that of the importing country to an identical product, a claim for preferential tariff treatment is denied.

It is advised to file an application for an advance ruling of tariff classification to the importing country or confirm the HS code in the importing country, issuing a CO on which the HS code of the importing country is entered.

▶ [Checking with the inquiry website on the authenticity of COs]

• COs issued by Customs

The website of KCS at <http://english.customs.go.kr> > Information Plaza > Search for COs

• CO issued by Korea Chamber of Commerce and Industry

<http://cert.korcham.net/english> > Search for COs at Reference System

The screenshot shows a web form for checking the authenticity of a document issued or certified by the Korea Chamber of Commerce and Industry (KCCI). The form is titled "Authenticity of a document issued/certified by Korea Chamber of Commerce and Industry (KCCI)" and "Republic of Korea". It includes a dropdown menu for "Year of Issuance/Certification" set to "2018", and two input fields for "Reference No" and "Reference Code", both with placeholder text "Please enter referenceNo only" and "Please enter referenceCode only" respectively. A blue "Check it out" button is located at the bottom of the form. Above the main form, there is a section for "Authenticity of a certificate of origin" with fields for "ID (Reference No.)" and "PW (Reference Code)", and a "Search" button. A note below this section states: "※ Only applicable to C/O's issued by Korea Customs. For C/O's issued by Korea Chamber of Commerce and Industry, Please visit <http://cert.korcham.net/search/index.htm>".

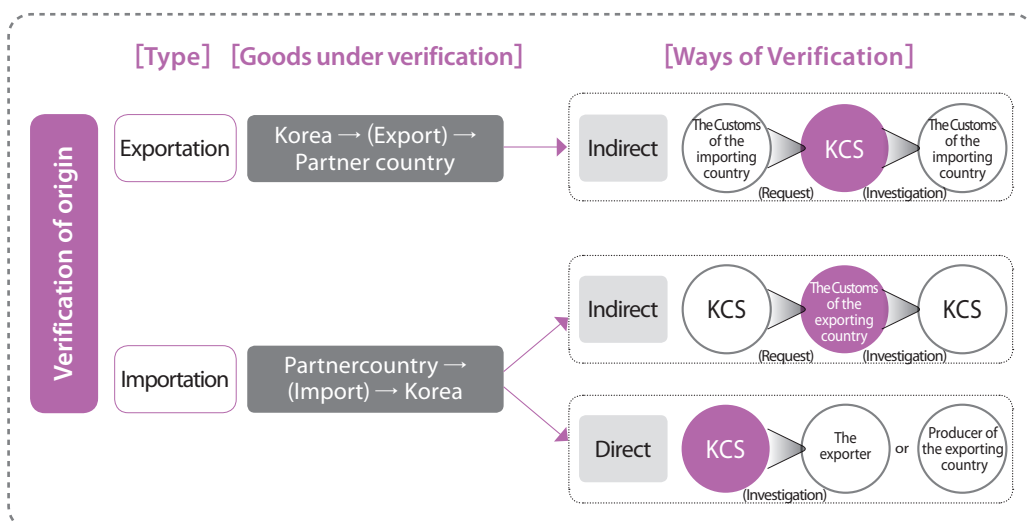


18 >> Verification of Origin

Overview

▶ [Verification of the origin of goods means an investigation into domestic importers, domestic exporters, producers and exporters of FTA partner countries so as to confirm whether preferential tariff rates applied properly and the origin of imported or exported goods are accurate.]

- Verification for imported goods : Goods imported from FTA partner countries under preferential tariff treatment are subject to verification.
 - **Direct verification** : Investigation by the Customs of the importing country into the exporter, etc. of the exporting FTA partner country.
 - **Indirect verification** : Investigation by the Customs of the exporting country upon request for verification from the Customs of the importing country.
- Verification for exported goods : Upon request for verification from the customs authorities of the FTA partner country, our customs conduct an investigation into the goods exported to that country.



3-2. Assistance in Coping with Verification of Origin

18 >> Verification of Origin

Measures to be taken according to the results of origin verification

- When a verification of origin reveals that imported goods do not qualify for preferential tariff treatment, the Customs shall levy and collect the duty amount payable or the difference between the duty amount payable and the duty amount already paid, including additional duties.

[Cases where the application of preferential tariff rates is restricted (Art. 36 Para. 1 of the Act on Customs Special Cases for FTAs)]

1. Where an importer or an exporter, etc. of a contracting country fails to submit any materials requested within a given period or submits untruthful documents
2. Where an exporter, etc. of a contracting country fails to reply to a request for a documentary investigation within a given period, or refuses to consent to an on-site investigation
3. Where an exporter, etc. of a contracting country denies a customs officer's access to relevant materials or fails to keep documents evidencing origin
4. Where it is verified that, as a result of an investigation into an importer or an exporter, etc. of a contracting country, the origin declared differs from the actual origin; or where the submitted material does not contain information necessary for verifying the origin.
5. Where the customs authority of a contracting country fails to reply to a request for verification within a given period; where it was found from a reply that the origin declared differs from the actual origin; or where a reply does not contain information necessary for verifying the origin.
6. Where an importer who has filed an application for an advance ruling intentionally fails to submit any material, submits false materials, or fails to perform any condition set forth in a written advance ruling.
7. Where any ground for refusing or restricting the application of preferential tariff rates has risen
8. Where it is impossible to conduct an investigation on a person subject to investigation because of closedown of business or unknown whereabouts; or where a person subject to investigation rejects, obstructs, or evades a documentary or on-site investigation

Penalties and administrative fines according to the results of origin verification

- Fines or administrative fines are imposed on a person who issues a false document evidencing origin or fails to submit required documents within a period.

Type	Violation	Punishment
Fine (Art. 44)	- Where a person applies for and obtains or prepares and issues a document evidencing origin by deceit or other fraudulent means - Where a person uses any goods eligible for the application of a specific use duty rate for any purpose other than original purposes or transfer such goods - Where a person fails to keep documents evidencing origin without any justifiable ground	Not more than 20 million won
	- Where a person applies for and obtains or prepares and issues a document evidencing origin by false statement of facts	Not more than 3 million won
Admin. fine (Art. 46)	- Where a person fails to submit required documents within a given period - Where a person rejects, obstructs, or evades a documentary or on-site investigation	Not more than 10 million won
	- Where a person fails to file an application for correction or modification of the amount of duty even after he/she is notified of an error in a document evidencing origin	Not more than 5 million won



18 >> Verification of Origin

Methods of origin verification and their legal basis

➤ [FTAs] Each FTA with Korea stipulates the purposes and procedures of origin verification and measures to be taken according to verification results.

Note : DIR refers to direct, IND indirect, IM the importing country, EX the exporting country, GEN general, and TEX textile.

FTA	Provision	Method	Verified by	Replied within	Replied by
Chile	Art. 5.8	DIR	IM Customs	30 days	Exporter
Singapore	Art. 5.7	DIR	IM Customs	30 days	Exporter
EFTA	Art. 24	IND	EX Customs (IM Customs may observe.)	15 months	EX Customs
ASEAN	Rule 14 to 16	IND (first), DIR (if necessary)	EX issuing authority (IND, Customs) IM Customs (DIR)	2 months	EX issuing authority (Customs)
India	Art. 4.11 to 4.13	IND (first), DIR (if necessary)	EX issuing authority (IND, Customs) IM Customs (DIR)	3 months	EX issuing authority (Customs)
EU	Art. 27	IND	EX Customs (IM Customs may observe.)	10 months	EX Customs
USA	Art. 6.18 & 4.3 (TEX)	DIR (GEN.), IND·Joint (TEX)	IM Customs (GEN) IM and EX Customs (TEX)	12 months (IND for TEX)	Exporter
Peru	Art 4.8	DIR, IND, Joint	IM Customs (DIR) EX Customs (IND)	150 days (IND) 90 days (DIR)	Exporter (IND) EX Customs (DIR)
Turkey	Art. 25	IND	EX Customs (IM Customs may observe.)	10 months	Exporter (IND) EX Customs (DIR)
Australia	Art. 3.23 to 3.24	DIR·IND	IM Customs (EX Customs may observe.)	30 days	Exporter (IND) EX Customs (DIR)
Canada	Art. 4.6	IND	IM Customs	N/A	Exporter, producer
China	Art. 3.23	IND (first), DIR (if necessary, Joint)	EX Customs (IND) IM and EX Customs (DIR)	6 months	EX Customs
Vietnam	Art. 3.21	IND (first), DIR (if necessary)	EX issuing authority (IND, Customs) IM Customs (DIR)	6 months	EX issuing authority (Customs)
New Zealand	Art. 3.24	DIR	IM Customs	90 days	Exporter, producer
Columbia	Art. 3.25	DIR, IND, Joint	EX Customs (IND) IM Customs (DIR)	30 days (IND) 150 days (DIR)	Exporter, EX Customs

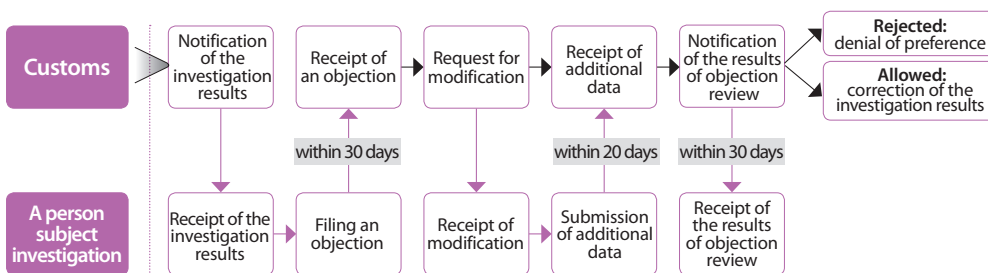
➤ [Domestic laws] Methods and procedures of investigation (verification) of origin are stipulated in Article 17 to 21 of the Act on Special Cases of the Customs Act for the Implementation of Free Trade Agreements (the Act on Customs Special Cases for FTAs)

- The Customs Act (e.g. Art. 114 to 116 Customs Duty Investigation) applies correspondingly to other cases that are not specified in that Act.

18 >> Verification of Origin

Procedures to protect the right of taxpayers

- ▶ **[What is the right to obtain assistance from experts?]** A person who is under investigation of origin has the right to have a lawyer or customs broker participate in the investigation or present their opinions. [Art. 17 Para. 8 of the Act on Customs Special Cases for FTAs]
- ▶ **[Objection to verification results]** A person who has any objection to the results of investigation of origin has the right to file an objection with the Commissioner of KCS or the head of the competent customs office within 30 days from the date on which the results have been notified. [Art. 17 Para. 7 of the Act on Customs Special Cases for FTAs]



- ▶ **[Dissatisfaction with verification results]** A taxpayer may protect their rights (or file an objection) against decisions (denial of preferential treatment, etc.) made based on the results of origin verification, in the following ways (Art. 118 to 132 of the Customs Act).

Type	Filing period	Ruling agency	Competent committee	Remarks
Pre-assessment review	Within 30 days from the date of receipt of pre-taxation notice	Head of Customs KCS Commissioner (a claimed amount of over ₩0.5 bn.)	Customs Appeal Committee	Before payment
Objection		Head of Customs		If desired
Evaluation	Within 90 days from the date of receipt of decision notice	KCS Commissioner		Council of Tax Judges
Adjudication		Chairperson of TT*		
Evaluation by BAI*		Chairperson of BAI	Audit Committee	

* [BAI] Refers to the Board of Audit and Inspection of Korea

* [TT] Refers to the Tax Tribunal of Korea



19 >> Support for Exporting Companies to Cope with Origin Verification

The project of pre-confirmation of the origin of export goods

➤ **[Purpose]** In an effort to support exporting companies with taking advantage of FTAs, customs offices check on whether the origin of export goods is appropriate, prior to verification by an FTA partner country.



➤ **[Target]** (Company) Filing an application to the One-stop FTA Support Center of the Customs → (Customs) Selecting a company that is likely to have great benefit from FTAs

➤ **[Process]** Reviewing basic data on the goods → On-site check on origin management → Providing consulting services about utilization of FTAs (assistance in obtaining the status of approved exporter)

Distribution of a checklist for self-examination of COs

➤ **[Purpose]** It is developed to help companies themselves check on the accuracy of the CO of their export goods.



➤ **[Content]** Important information such as the issuance of a CO, essential confirmation matters when applying for CO issuance, report of illegal preferential treatment, etc.

* Checking on a total of 18 items in a way of question and answer

➤ **[Target]** Five FTAs which are highly utilized and of which partner countries conduct a lot of verifications

* Korea-US, Korea-EU, Korea-China, Korea-ASEAN and Korea-Turkey.





**The Program for Supporting
SMEs' Utilization of FTAs**

FTA



**Korea Customs
Service**