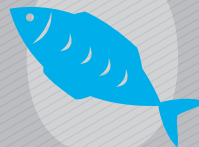


# Guidebook on Generally Requested Documents for FTA Origin Verification





## Publication Remark



Currently, we are living in an era of full-scale FTA utilization. In 2013, according to WTO reports, there are as many as approximately 350 regional trade agreements including FTA. Global trade order is rapidly being reshaped adopting a new trade system based on FTA.

The greater preferential treatment becomes as a result of increased trade volume under the FTA, the heavier burden of conducting origin verification gets. Therefore, it became significantly imperative for importers and exporters to be well prepared for the origin verification.

However, companies are suffering from significant burden caused by inconsistency of origin supporting documents required by each product-specific rule, origin criterion and verification authority. In this regard, there are concerns that companies might give up FTA preferential tariff treatment owing to the burden.

Korea Customs Service had sought ways to overcome the difficulties, and published Guide book on Generally Requested Documents for FTA Origin Verification in order to standardize the scope of requested origin supporting documents, support FTA utilization by companies and enhance the efficiency of origin verification.

I sincerely hope that this guidebook will be helpful for the FTA utilization by importers and exporters and preparation for origin verification on imports and exports so that Korean companies could secure their competitive edge.

**November 12<sup>th</sup>, 2014**

**Commissioner Kim Nak-hoe**

# C·O·N·T·E·N·T·S

## I Outline



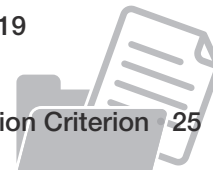
## II Utilization and Considerations

1. How to Utilize Guidebook • 10
2. Types of Documents • 11
3. What to be Considered during Document Preparation • 12
4. Major Points to be Confirmed • 13



## III Generally Requested Documents

1. Commonly Requested Documents • 16
2. Documents Requested for Each Origin Criterion/Product • 17
  - 1) Wholly Obtained Criterion • 17
  - 2) Change in Tariff Classification Requirement • 19
  - 3) Regional Value Content Requirement • 22
  - 4) Specific Manufacturing or Processing Operation Criterion • 25

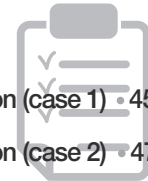


## IV

# Examples of Cases

---

- 1-1 Wholly Obtained Criterion (case 1) • 30
- 1-2 Wholly Obtained Criterion (case 2) • 34
- 2 Change in Tariff Classification Requirement (case) • 38
- 3-1 Regional Value Content Requirement (case 1) • 40
- 3-2 Regional Value Content Requirement (case 2) • 43
- 4-1 Specific Manufacturing or Processing Operation Criterion (case 1) • 45
- 4-2 Specific Manufacturing or Processing Operation Criterion (case 2) • 47



### Notice

This guidebook does not have any legal force, and was published to support origin verification. It is not that all the documents presented as examples in this guidebook will be requested. Depending on situations, those documents will be selectively requested.



# I

# Outline

---

Outline 08



---

# I Outline



---

This guidebook introduces supporting documents that have to be submitted by exporters, importers and producers subject to FTA origin verification.

This guidebook will inform which documents should be submitted by companies subject to verification and why those documents are requested.

Specifically, documents requested by each stage of production or trade are presented in groups, and documents requested and submitted in the process of actual origin verification are presented by verification experts of regional customs by origin criterion and product to help exporters and importers be well prepared for origin verification.

Also, while making this guidebook, KCS tried to achieve standardization and clarification by reflecting not only opinions of regional customs but also reality and views of exporters and importers.



# II

## Utilization and Considerations

---

1. How to Utilize Guidebook	10
2. Types of Documents	11
3. What to be Considered during Document Preparation	12
4. Major Points to be Confirmed	13



## II

# Utilization and Considerations



### 01 | How to Utilize Guidebook

To be well-acquainted with the contents of Chapter III. Generally Requested Documents and Chapter IV. Examples of Cases is the best way for understanding and utilizing this guidebook.

As for companies which are under time constraint or intend to promptly check the kinds of documents requested for origin verification rather than to read the overall contents, they will be able to obtain enough information needed for preparation just by reading Chapter III. Generally Requested Documents.

Generally requested documents are documents which are mostly requested for origin verification. Upon actual verification, therefore, only some documents selected among the generally requested documents will be required to be submitted depending on circumstances, not all the generally requested documents presented in this guidebook.

Also, the contents of this guidebook is based on documents which origin verification experts of regional customs actually requested and were submitted in the process of origin verification.

## 02 | Types of Documents

### 1) Internal/External Supporting Documents

Internal supporting documents are documents created and kept by a company subject to verification.

They are created in the process of business activities such as purchasing, production and sales, and Bill of Material created at production stage and accounting documents such as sales slip and purchase slip are typical examples of internal supporting documents.

External supporting documents are documents created outside of a company subject to verification and obtained by the concerned company.

They are created in the process of the purchasing of raw materials and sales of finished products. Bill of Lading created at the stage of raw material importation and documents proving transaction such as invoice are typical examples of external supporting documents.

### 2) Documents Created at Each Stage of Export Process or Trade

#### ① Documents Created at Each Stage of Export Process

For product exportation, following processes are generally carried out in the order stated. Contract → purchasing of raw materials → transportation of raw materials → warehousing → production → clearance → release → transportation of products → shipment → receipt of payment

When it comes to proving country of origin, production stage is significantly important. The production stage can be demonstrated in greater detail through textile articles. Textile articles are produced through yarn production, fabric production, dyeing, finishing, cutting and sewing in consecutive order.

Recognizing which documents have to be prepared at each stage is the first step for being well prepared for origin verification as documents created at each stage should be faithfully presented for proper origin identification.

## ② Documents Created at Each Stage of Trade

Business activity of manufacturers usually consists of purchase of raw materials, production of products and sales in consecutive order, and accounting documents and origin supporting documents are created as a result of the activity.

Business activity of trading companies only dealing with commercial transaction consists of purchase and sales of products in consecutive order, and accounting documents and origin supporting documents are created as a result of the activity.

Therefore, documents substantiating purchase, production, sales, accounting transactions and country of origin are created at each stage of processes, and these documents eventually serve as basic information for proof of origin.

## 03 | What to be Considered during Document Preparation

### 1) Sequence of Stages

A process consists of several stages and those stages are generally carried out in chronological order. In this regard, origin supporting documents linked to a certain stage have to be created during proper time period.

For example, if raw materials were stored in warehouse on May 23rd, 2013 after import declaration warehousing date should be indicated as May 23rd, 2013 in raw materials receipts and payment ledger. Also, if finished products were released on June 10th, 2013 after manufacturing and export declaration, sales date should be indicated as June 10th, 2013 in sales slip.

If warehousing date of certain raw material is later than releasing date of finished products, that means something is wrong with chronological order.

### 2) Identical Product Name and Specification

Product name and specification in supporting documents have to be identical with those of actual product name and specification.

For instance, if raw materials d, e and f are indicated in BOM while raw materials a, b and c were actually used for production, the BOM is not appropriate to be utilized as an origin supporting document.

### 3) Rationality of Quantity of Production

Export volume should be proportional to a company's production capacity for which factors such as facilities and the number of employees are taken into consideration.

If 200,000m<sup>2</sup> of fabric had been exported to the U.S., while only 100,000m<sup>2</sup> of fabric can be produced by a textile producing company considering its manufacturing facilities and the number of employees, it is implicated that fabric produced in a third country was exported to the U.S. as Korea-originating fabric.

## 04 | Major Points to be Confirmed

### 1) Accuracy of Evidences of Trade

Supporting documents should demonstrate trades which were actually conducted. Cases where fake documents exist for proof of trade which never happened or relevant supporting documents have not been created after actual trade should be prevented.

### 2) Accuracy of BOM

BOM (Bill of Material) should include raw materials actually used for production. BOM in which specification, unit cost, amount, country of origin and HS code of raw materials are indicated is to be considered as appropriate origin supporting document.

### 3) Accuracy of Classification

When it comes to the requirement of a change in tariff classification (CC, CTH, CTSH, etc), one of origin criteria, the HS code of products and raw materials is greatly important and necessarily required for determination on originating status.



# III

## Generally Requested Documents

---

1. Commonly Requested Documents	16
2. Documents Requested for Each Origin Criterion/Product	17
1) Wholly Obtained Criterion	17
2) Change in Tariff Classification Requirement	19
3) Regional Value Content (RVC) Requirement	22
4) Specific Manufacturing or Processing Operation Criterion	25



# III

## Generally Requested Documents



Not all the generally requested documents listed below will be required. Depending on situations, some documents could be selectively requested and submitted.

### 01 | Commonly Requested Documents

Division	Requested Documents/Information	What has to be Confirmed
Business Profile	<ul style="list-style-type: none"><li>• Documents providing general information about the concerned company [Examples: Business registration certificate, certified copy of corporate registration, organization chart, current status of officers and employees]</li><li>• Explanation materials for head office, branches and affiliates (where applicable)</li></ul>	<ul style="list-style-type: none"><li>• Name, location and contact number of a company subject to verification</li><li>• Characteristics of the concerned company</li><li>• Organization structure and current status of workforce</li><li>• Head office, branches and affiliates (where applicable)</li></ul>
Production Capacity	<ul style="list-style-type: none"><li>• Copy of factory registration certificate</li><li>• Products manufactured at each factory</li><li>• Current status of manufacturing facilities</li><li>• Annual production volume</li></ul>	<ul style="list-style-type: none"><li>• Production scale (capacity)</li><li>• Kinds of products manufactured</li></ul>
Origin Management	<ul style="list-style-type: none"><li>• Current status of department or employees in charge of origin management</li><li>• Origin management manual</li><li>• Explanation materials for origin management system [Examples: manual, web menu diagram, table of codes, ERD (entity relationship diagram), list of abbreviations]</li></ul>	<ul style="list-style-type: none"><li>• Level of origin management</li><li>• Those in charge of origin management</li><li>• Origin management system (manual, computer system, etc.)</li></ul>



Division	Requested Documents/Information	What has to be Confirmed
Products subject to Verification	<ul style="list-style-type: none"> <li>• Brochure introducing products subject to verification [Examples: product brochure, catalogue, promotional material, promotional material, etc.]</li> <li>• Materials providing criteria for classification [Examples: manufacturing process chart, BOM, uses manual, pre-examination form of classification, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Function and use of products subject to verification</li> <li>• Accuracy of classification and materials for classification criteria</li> </ul>
Business Relation	<ul style="list-style-type: none"> <li>• Materials substantiating trade relation [Examples: trade contract, P/O, invoice, packing List, import and export declaration]</li> <li>• Documents showing transportation route [Examples: B/L, AWB]</li> <li>• C/O</li> </ul>	<ul style="list-style-type: none"> <li>• Parties involved in trade</li> <li>• Transportation route</li> <li>• Entity which issued C/O and business relation</li> </ul>

## 02 | Documents Requested for Each Origin Criterion/Product

### 1) Wholly Obtained Criterion

#### 1 Major Points to be Confirmed

- **When producer exports products (Exporter = Producer)**
  - The fact that products were actually produced and harvested
  - Production capacity (Annual production volume, production facilities, human resources in production, etc.)
- **When producer and exporter are different companies (Exporter ≠ Producer)**
  - The fact the trade activities were actually carried out (substantiation of transportation, substantiation of receipt of payment, etc.)

## 2 Generally Requested Documents

Division	Requested Documents/Information	What has to be Confirmed
Farm Products	<p>① Exporter = Producer</p> <ul style="list-style-type: none"> <li>• Actual producer and supporting documents of farm [Examples: farmland registration document, document confirming the status of union member, etc.]</li> <li>• Materials demonstrating production capacity [Examples: annual production volume, production facilities, human resources in production, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Actual producer</li> <li>• Farms</li> <li>• The fact that products are actually produced by the concerned producer</li> </ul>
	<p>② Exporter ≠ Producer</p> <ul style="list-style-type: none"> <li>• Documents substantiating that products were transported from production area (producer) to collection place of loads (exporter) or trade activities were carried out</li> </ul>	<ul style="list-style-type: none"> <li>• Transportation of products from production area to collection place of loads</li> <li>• Trade activities between producer and exporter</li> </ul>
	<p>③ When non-originating fungible products (materials) exist</p> <ul style="list-style-type: none"> <li>• Documents substantiating physical segregation of originating and non-originating materials or utilization of inventory management system</li> </ul>	<ul style="list-style-type: none"> <li>• Whether originating and non-originating products are physically separated when they are stocked together in collection place</li> </ul>
	<ul style="list-style-type: none"> <li>• Explanation material for production process [Examples: Production flow chart, brochure explaining about production, etc]</li> </ul>	<ul style="list-style-type: none"> <li>• Production process</li> </ul>
Livestock Products	<p>① Slaughtering</p> <ul style="list-style-type: none"> <li>• Documents substantiation slaughtering [Example: quarantine certificate, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether criterion of slaughtering has been satisfied</li> </ul>
	<p>② Wholly obtained criterion</p> <ul style="list-style-type: none"> <li>• Actual producer and supporting documents of livestock farm [Examples: livestock farm registration document, document confirming the status of union member]</li> <li>• Materials demonstrating production capacity [Examples: annual production volume, production facilities, human resources in production, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Actual producer</li> <li>• Livestock farms</li> <li>• Production scale (capacity)</li> </ul>
	<p>③ Existence of non-originating fungible products (materials)</p> <ul style="list-style-type: none"> <li>• Documents substantiating physical segregation of originating and non-originating materials or utilization of inventory management system</li> </ul>	<ul style="list-style-type: none"> <li>• Whether originating and non-originating products are physically separated when they are stocked together in collection place</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Livestock Products	<ul style="list-style-type: none"> <li>Explanation material for production process [Examples: Production flow chart, brochure explaining about production, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Production process</li> </ul>
Marine Products	<ul style="list-style-type: none"> <li>Documents substantiating offshore boat fishing [Examples: Certificate of nationality (vessel), license for distant water fishing, carry-in report confirmation of goods taken from deep sea, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Production such as fishing and aquaculture in the open sea far from land</li> </ul>
	<ul style="list-style-type: none"> <li>Documents substantiating inshore boat fishing [Examples: license for fishing, shipping confirmation, marine products purchase document, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Production such as fishing and aquaculture in adjacent seas</li> </ul>
	<ul style="list-style-type: none"> <li>Explanation material for production process [Examples: Production flow chart, brochure explaining about production, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Production process</li> </ul>

## 2) Change in Tariff Classification Requirement

### 1 Major Points to be Confirmed

- **Accuracy of Classification**
  - Originating status of each raw material
  - Materials providing criteria for classification by raw material (pre-examination form, uses manual, etc.)
- **Propriety of De-Minimis**
  - As for textiles, non-originating material's weight ratio in gross weight
  - As for products except textiles, non-originating material's value ratio in total value of finished product

## 2 Generally Requested Documents

Division	Requested Documents/Information	What has to be Confirmed
Raw Material Purchasing Stage	<ul style="list-style-type: none"> <li>① Imported raw materials</li> <li>• Documents related with raw material purchasing [Examples: contract, import certificate, invoice, B/L, packing list, document substantiating payment, etc.]</li> <li>• Origin supporting document [Example: C/O]</li> </ul>	<ul style="list-style-type: none"> <li>• Raw material purchasing</li> <li>• Raw material suppliers</li> <li>• HS code of raw materials</li>   <li>• Country of origin of raw materials, fulfillment of record keeping period requirement</li> </ul>
	<ul style="list-style-type: none"> <li>② Domestically procured raw materials</li> <li>• Documents related with raw material purchasing [Examples: contract, specification on transaction, tax invoice, confirmation of purchase agreement, statement of delivery, warehousing confirmation, certificate of tax payment on raw materials, certificate of split tax-payment on raw materials, local credit, etc.]</li> <li>• Origin supporting documents [Examples: supplier's declaration, declaration of inward processing]</li> </ul>	<ul style="list-style-type: none"> <li>• Raw material purchasing</li> <li>• Raw material suppliers (country of origin)</li> <li>• HS code of raw materials</li>   <li>• Country of origin of raw materials, fulfillment of record keeping period requirement</li> </ul>
	<ul style="list-style-type: none"> <li>• Accounting receipts related with raw material purchasing [Examples: purchase ledger, material ledger, purchase slip, printed-out materials of ERP system]</li> </ul>	<ul style="list-style-type: none"> <li>• Accuracy of BOM</li> <li>• Accuracy of purchase supporting documents (list of purchased materials, supplier, etc.)</li> </ul>
Production Stage	<ul style="list-style-type: none"> <li>• Explanation materials for manufacturing process [Examples: manufacturing process chart, work instruction sheet, manufacturing process chart ]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether manufacturing was actually carried out (instructors, workers, department in charge of manufacturing)</li> <li>• List of operations, processing order, manufacturing date, whether more than non-qualifying operations was conducted</li> </ul>
	<ul style="list-style-type: none"> <li>• Supporting documents demonstrating used raw materials [Examples: BOM, mill sheet as for steel material, etc. ]</li> </ul>	<ul style="list-style-type: none"> <li>• Code of raw materials, raw material name, specification, quantity of demand, supplier, country of origin, HS code, etc.</li> <li>• Connection with manufacturing process chart</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Production Stage	<ul style="list-style-type: none"> <li>Accounting receipts related with manufacturing of products subject to verification [Examples: material stock reports and picking list, product stock reports and picking list, printed-out materials of ERP system]</li> </ul>	<ul style="list-style-type: none"> <li>Warehousing and release of raw materials, quantity of demand</li> <li>Accuracy of manufacturing supporting documents</li> </ul>
	<ul style="list-style-type: none"> <li>Documents substantiating toll processing [Examples: contract of toll processing, work instruction sheet, documents substantiating toll processing fee payment, statement of delivery, declaration of inward processing, etc.]</li> <li>Supporting documents for toll processing for which contractor should pay for materials [Examples: purchase slip, purchase ledger, creditor's ledger, sales slip, sale ledger, ledger for receipt and payment, etc.]</li> <li>Supporting documents for toll processing for which materials are provided without cost [Examples: toll processing cost statement, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>The fact that toll processing was actually carried out</li> </ul>
	<ul style="list-style-type: none"> <li>Materials substantiating the fulfillment of De-Minimis [Examples: BOM containing information about value and weight of non-originating raw materials, calculation sheet, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Propriety of application of De-Minimis Standard</li> </ul>
Sales Stage	<ul style="list-style-type: none"> <li>Sales supporting documents of products subject to verification [Examples: contract, export permit, invoice, B/L · AWB, packing list, quarantine certificate, material substantiating receipt of payment (e.g. L/C), etc.]</li> <li>Origin supporting documents of products subject to verification [Examples: C/O, C/O issuance journal, statement of origin, signature card]</li> <li>Accounting receipts related with the sales of products subject to verification [Examples: sales slip (including A/R), sale ledger, printed-out materials of ERP system]</li> </ul>	<ul style="list-style-type: none"> <li>Sales of products subject to verification, company purchasing products, product name, specification and HS code of concerned products, etc.</li> <li>Country of origin of products subject to verification, fulfillment of record keeping period requirement</li> <li>Accuracy of sales supporting documents (List of sold products, unit cost, company purchasing products, etc.)</li> </ul>

### 3) Regional Value Content (RVC) Requirement

#### 1 Major Points to be Confirmed

- **Value of Product (AV, FOB, MC, NC, etc.)**
  - Value of product put in denominator upon calculation
- **Originating status of raw materials**
  - Value of originating/non-originating raw materials
- **Reasonability of manufacturing cost**
  - Labor costs, manufacturing costs overhead, other expenses, profits, etc.

#### Regional Value Content Calculation Method

- **Local Contents** RVC should be more than a certain ratio of FOB value

##### Build-up Method

$$\text{RVC} = \frac{\text{VOM (value of originating materials)}}{\text{FOB}} \times 100\%$$

##### Build-down Method

$$\text{RVC} = \frac{\text{FOB - VNM (value of non-originating materials)}}{\text{FOB}} \times 100\%$$

##### Net Cost Method

$$\text{RVC} = \frac{\text{NC - VNM}}{\text{NC (net cost)}} \times 100\%$$

- **Import Contents (MC)** VNM should be less than a certain ratio of EXW

##### Build-up Method

$$\text{MC} = \frac{\text{VNM}}{\text{EXW (Ex-works price)}} \times 100\%$$

## 2 Generally Requested Documents

Division	Requested Documents/Information	What has to be Confirmed
Raw Material Purchasing Stage	<p>① Imported raw materials</p> <ul style="list-style-type: none"> <li>Documents related with raw material purchasing [Examples: contract, import certificate, invoice, B/L, packing list, document substantiating payment, etc. ]</li> <li>Origin supporting document [Example: C/O]</li> </ul>	<ul style="list-style-type: none"> <li>Raw material purchasing</li> <li>Raw material suppliers</li> <li>Value of raw material</li> <li>Country of origin of raw materials, fulfillment of record keeping period requirement</li> </ul>
	<p>② Domestically procured raw materials</p> <ul style="list-style-type: none"> <li>Documents related with raw material purchasing [Examples: contract, specification on transaction, tax invoice, confirmation of purchase agreement, statement of delivery, warehousing confirmation, certificate of tax payment on raw materials, certificate of split tax-payment on raw materials, local credit, etc. ]</li> <li>Origin supporting documents [Examples: supplier's declaration, declaration of inward processing]</li> </ul>	<ul style="list-style-type: none"> <li>Raw material purchasing</li> <li>Raw material suppliers (country of origin)</li> <li>HS code of raw materials</li> <li>Country of origin of raw materials, fulfillment of record keeping period requirement</li> </ul>
	<ul style="list-style-type: none"> <li>Accounting receipts related with raw material purchasing [Examples: purchase ledger, material ledger, purchase invoice, statement demonstrating purchase cost, printed-out materials of ERP system]</li> </ul>	<ul style="list-style-type: none"> <li>Accuracy of BOM</li> <li>Accuracy of purchase supporting documents (list of purchased materials, supplier, etc.)</li> </ul>
Production Stage	<ul style="list-style-type: none"> <li>Explanation materials for manufacturing process [Examples: manufacturing process chart, work instruction sheet, manufacturing process chart]</li> </ul>	<ul style="list-style-type: none"> <li>Whether manufacturing was actually carried out (instructors, workers, department in charge of manufacturing)</li> <li>List of operations, processing order, manufacturing date, whether more than non-qualifying operations was conducted</li> </ul>
	<ul style="list-style-type: none"> <li>Supporting documents demonstrating used raw materials [Examples: BOM, mill sheet as for steel material, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Code of raw materials, raw material name, specification, quantity of demand, supplier, country of origin, HS code, etc.</li> <li>Connection with manufacturing process chart</li> </ul>
	<ul style="list-style-type: none"> <li>Accounting receipts related with manufacturing of products subject to verification [Examples: material/product stock reports and picking list, labor cost, manufacturing costs overhead, other expenses, profits, printed-out materials of ERP system]</li> </ul>	<ul style="list-style-type: none"> <li>Warehousing and release of raw materials, quantity of demand, unit cost</li> <li>Accuracy of manufacturing supporting documents</li> <li>Accuracy of the value of raw materials used for production</li> </ul>

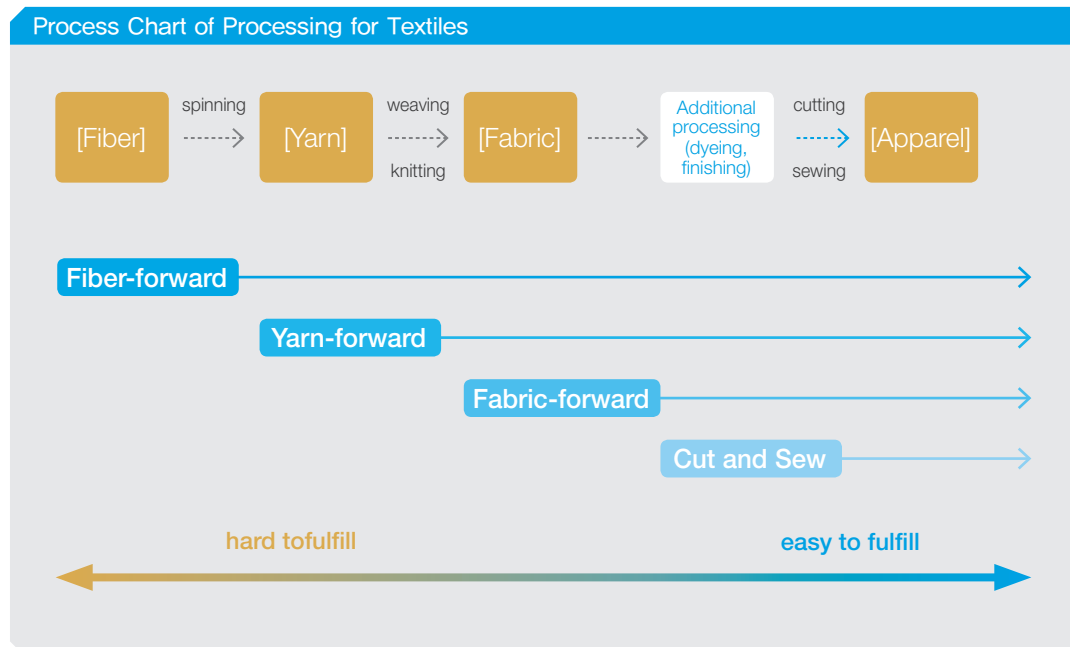
Division	Requested Documents/Information	What has to be Confirmed
Production Stage	<ul style="list-style-type: none"> <li>• Documents substantiating toll processing [Examples: contract of toll processing, work instruction sheet, documents substantiating toll processing fee payment, statement of delivery, declaration of inward processing, etc.]</li> <li>• Supporting documents for toll processing for which contractor should pay for materials [Examples: purchase invoice, purchase ledger, creditor's ledger, sales slip, sale ledger, etc.]</li> <li>• Supporting documents for which materials are provided without cost [Examples: toll processing cost statement, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• The fact that toll processing was actually carried out</li> </ul>
Sales Stage	<ul style="list-style-type: none"> <li>• Sales supporting documents of products subject to verification [Examples: contract, export permit, invoice, B/L · AWB, packing list, quarantine certificate, material substantiating receipt of payment (e.g. L/C)]</li> <li>• Origin supporting documents of products subject to verification [Examples: RVC calculation table, C/O issuance ledger, statement of origin, signature card]</li> <li>• Accounting receipts related with sales of products subject to verification [Examples: sales slip(including A/R), sale ledger, statement of incidental expenses of sales (cost of freight and insurance, clearance brokerage fee), standard cost policy, documents showing actual cost, printed-out materials of ERP system]</li> </ul>	<ul style="list-style-type: none"> <li>• Sales of products subject to verification, company purchasing products, product name, specification and HS code of concerned products, etc.</li> <li>• Country of origin of products subject to verification, fulfillment of record keeping period requirement</li> <li>• Accuracy of sales supporting documents (List of sold products, unit cost, company purchasing products, etc. )</li> </ul>



## 4) Specific Manufacturing or Processing Operation Criterion

### 1 Major Points to be Confirmed

- **Place and entity**
  - Whether production process was conducted in the territory of Parties
  - Whether production process was conducted by producer itself (In other words, whether it was outsourced)
- **Process**
  - Whether more than non-qualifying operations was carried out
  - Whether specific processes designated for each product were carried out
- **Propriety of application of accumulation**
  - Whether accumulation was applied under an agreement which does not accept accumulation



## 2 Generally Requested Documents

Division	Requested Documents/Information	What has to be Confirmed
Raw Material Purchasing Stage	<ul style="list-style-type: none"> <li>Materials substantiating raw material purchasing by operation [Examples: transactional statements, material stock reports and picking list, P/O, inventory list of fabric, delivery note, statement of delivery, inventory management ledger, production management ledger]</li> <li>Origin supporting documents [Examples: C/O]</li> </ul>	<ul style="list-style-type: none"> <li>Raw material purchasing</li> <li>Raw material suppliers</li> <li>Name, specification and quantity of raw materials</li> <li>Country of origin of raw materials, fulfillment of record keeping period requirement</li> </ul>
	<ul style="list-style-type: none"> <li>Materials substantiating the country of origin and purchasing of yarn [Examples: supplier's declaration, materials related with raw material purchasing (transactional statements, tax invoice, etc.)]</li> </ul>	<ul style="list-style-type: none"> <li>As for yarn-forward, the country of origin of yarn</li> </ul>
	<ul style="list-style-type: none"> <li>Materials substantiating the country of origin and purchasing of fabric [Examples: supplier's declaration, materials related with raw material purchasing (transactional statements, tax invoice, etc.)]</li> </ul>	<ul style="list-style-type: none"> <li>As for fabric-forward, the country of origin of fabric</li> </ul>
	<ul style="list-style-type: none"> <li>Materials substantiating the country of origin and purchasing of raw materials [Examples: supplier's declaration, materials related with raw material purchasing (transactional statements, tax invoice, etc.)]</li> </ul>	<ul style="list-style-type: none"> <li>When cutting and sewing processes are origin criteria, the country of origin of fabric</li> </ul>
Production Stage	<ul style="list-style-type: none"> <li>Supporting documents demonstrating used raw materials [Examples: BOM]</li> </ul>	<ul style="list-style-type: none"> <li>Part number (code), name, specification, quantity of demand, supplier, country of origin and HS code of raw material</li> <li>Connection with manufacturing process chart</li> </ul>
	<ul style="list-style-type: none"> <li>Explanation material for each processing operation [Examples: production flow chart, explanation on each processing operation, pictures, declaration of inward processing, work instruction sheet, production log, production management ledger, warehousing · release management ledger, inventory management ledger]</li> </ul>	<ul style="list-style-type: none"> <li>Order of processing operations and whether enough operations were carried out</li> <li>Place where operation was carried out, and a person (producer) who carried out the operation</li> <li>Size and amount of used raw materials and products to examine if it is possible to produce the products with the given amount of raw materials</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Production Stage	<ul style="list-style-type: none"> <li>Materials substantiating toll processing [Examples: contract of toll processing, work instruction sheet, documents substantiating toll processing fee payment, statement of delivery, declaration of inward processing, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>As for toll processing or outsourcing, actual producer</li> </ul>
Sales Stage	<ul style="list-style-type: none"> <li>Sales supporting documents of products subject to verification [Examples: contract, export permit, invoice, B/L · AWB, packing list, material substantiating receipt of payment (e.g. L/C), etc.]</li> <li>Origin supporting documents of products subject to verification [Examples: C/O, C/O issuance journal, statement of origin, signature card]</li> <li>Accounting receipts related with the sales of products subject to verification [Examples: sales slip (including A/R), sale ledger, printed-out materials of ERP system]</li> </ul>	<ul style="list-style-type: none"> <li>Sales of products subject to verification, company purchasing products, product name, specification and HS code of concerned products, etc.</li> <li>Country of origin of products subject to verification, fulfillment of record keeping period requirement</li> <li>Accuracy of sales supporting documents (List of sold products, unit cost, company purchasing products, etc. )</li> </ul>



# IV

## Examples of Cases

<b>1-1</b>	Wholly Obtained Criterion (case 1)	30
<b>1-2</b>	Wholly Obtained Criterion (case 2)	34
<b>2</b>	Change in Tariff Classification Requirement (case)	38
<b>3-1</b>	Regional Value Content Requirement (case 1)	40
<b>3-2</b>	Regional Value Content Requirement (case 2)	43
<b>4-1</b>	Specific Manufacturing or Processing Operation Criterion (case 1)	45
<b>4-2</b>	Specific Manufacturing or Processing Operation Criterion (case 2)	47



# IV

## Examples of Cases



### 1-1 | Wholly Obtained Criterion (Case 1)

① **Product** : marine product (canned oyster)

② **Major characteristics**

- Produced with Korea-originating farmed oyster
- Permission for farms and facilities should be granted from a local government to culture oyster.

③ **Examples**

Division	Requested Documents/Information	What has to be Confirmed
Information about Company	<ul style="list-style-type: none"><li>• Introduction of exporter (producer)</li><li>• Current status of business</li><li>• Business registration certificate</li><li>• Current status of organization and workforce</li></ul>	<ul style="list-style-type: none"><li>• Information about company subject to verification</li></ul>
	<ul style="list-style-type: none"><li>• Factory registration certificate</li><li>• Current status of production facilities (including annual production volume)</li><li>• Products produced at each factory</li></ul>	<ul style="list-style-type: none"><li>• Production capacity</li><li>• Products produced by the concerned company</li></ul>
	<ul style="list-style-type: none"><li>• Materials showing the current status of origin management</li></ul>	<ul style="list-style-type: none"><li>• Department (person) in charge of origin management</li><li>• Degree of risk of dissatisfaction of origin criterion</li></ul>

Division	Requested Documents/Information	What has to be Confirmed
Information about Products	<ul style="list-style-type: none"> <li>• Explanation about products [Examples: catalogue, explanation materials, Product proposal, etc.]</li> <li>• HS code</li> <li>• Materials providing criteria for classification</li> </ul>	<ul style="list-style-type: none"> <li>• Information about products subject to verification</li> <li>• HS code and origin criterion</li> <li>• Function and use</li> </ul>
	<ul style="list-style-type: none"> <li>• Explanation about production process [Examples: manufacturing process chart, producer of each stage, place of production, factory]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether products were domestically produced</li> <li>• General information such as production, purchasing, manufacturing, transaction and export transaction</li> <li>• Raw materials used for each process (Whether there is any raw material omitted from BOM)</li> </ul>
Information about production	<ul style="list-style-type: none"> <li>• Material stock reports and picking list</li> <li>• Instruction for carrying in</li> <li>• Invoice</li> <li>• Transactional statements of raw materials</li> <li>• Approval of purchase of raw materials and products for obtaining foreign currencies</li> <li>• BOM</li> <li>• Registration of fishery products manufacturing and processing facility</li> </ul>	<ul style="list-style-type: none"> <li>• Purchasing and warehousing of raw materials used for the production of exports</li> <li>• Accuracy of BOM (omission of raw materials used)</li> <li>• Raw materials for which wholly obtained criterion is applied</li> </ul>
Information about Country of Origin of Raw Materials	<ul style="list-style-type: none"> <li>• Supplier's declaration</li> <li>• Quarantine certificate issued by government agency (including the indication of country of origin)</li> </ul>	<ul style="list-style-type: none"> <li>• Country of origin of raw materials</li> <li>• Entity which issued supplier's declaration</li> <li>• Whether supplier's declaration issuer produced raw materials</li> <li>• HS code and origin criterion</li> </ul>
Information about Raw Material Purchasing	<ul style="list-style-type: none"> <li>• Contract for farming</li> <li>• Materials substantiating purchasing [Examples: delivery note of raw materials, raw material receipts and payments ledger, invoice, report on the examination of provided raw material, etc.]</li> <li>• Payment information [Examples: remittance slip, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether oyster was produced by a supplier and sold to a purchaser</li> <li>• Amount of contract, amount of raw materials received</li> <li>• Whether raw materials were actually purchased</li> </ul>
Information about Production and Country of Origin of Raw Materials	<ul style="list-style-type: none"> <li>• Documents demonstrating the fact that fishery right has been registered</li> <li>• Location of area where fishing is allowed and map</li> <li>• License for coastal fishery</li> <li>• Document substantiating oyster farming</li> <li>• Document showing the area where oysters were collected</li> <li>• Certificate for the use of fisheries management vessels</li> <li>• Certificate of a ship's nationality or certificate of ship registration</li> </ul>	<ul style="list-style-type: none"> <li>• Production capacity</li> <li>• Certified marine products</li> <li>• Permission of farming in coastal waters</li> <li>• Whether reported product and actually produced product are identical</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Information about Sales (export)	<ul style="list-style-type: none"> <li>• Export declaration</li> <li>• Invoice</li> <li>• B/L</li> </ul>	<ul style="list-style-type: none"> <li>• Parties to an export transaction</li> <li>• Products subject to verification</li> <li>• Exporter, importer, destination country</li> <li>• Product name, specification, quantity, price</li> <li>• Accuracy of HS code</li> </ul>
Information about Origin Management	<ul style="list-style-type: none"> <li>• Origin management documents [Examples: C/O issuance ledger, signature card]</li> </ul>	<ul style="list-style-type: none"> <li>• Propriety of C/O issuance and management</li> <li>• Management of C/O issuance list of the products subject to verification</li> <li>• Whether the signature of an authorized signatory and the signature indicated in concerned C/O are identical</li> </ul>

#### 4 Examples of Documents Requested for Origin Verification

##### • (Canned) Oyster

Documents	Contents	Issuer
Documents Demonstrating the Fact that Fishery Right has been Registered	<ul style="list-style-type: none"> <li>- Kind of fishing, date when license was granted, term of license, fishing method (farming), location of fishery (gross area), licensee</li> <li>- Collected marine product</li> </ul>	Local government
Documents Showing the Location of Area where Fishing is Allowed and Map	<ul style="list-style-type: none"> <li>- Fishing method, fishing gear or farming method</li> <li>- Terrestrial reference point, location, gross area</li> </ul>	Surveying company
License for Coastal Fishery	<ul style="list-style-type: none"> <li>- Fishery right holder, information about fishing boat</li> <li>- Fishing method, fishing operation area, target species, term of validity</li> </ul>	Local government
Certificate for the Use of Fisheries Management Vessels*	<ul style="list-style-type: none"> <li>- Certificate number, term of validity, fishery right holder with approval and a person who actually uses fishing boat (shellfish breeding, oyster)</li> <li>- Fishery right holder who shares fisheries management vessels, fishery right, information about fisheries management vessels(e.g. the kind of permitted fishing method (coastal fish trap))</li> </ul>	Local government
Document Substantiating Oyster Farming & Document Showing the Area Where Oysters were Collected	<ul style="list-style-type: none"> <li>- Raw material (oyster) name, collection amount, a person who raises oyster/supplier, a person who collected oysters or performed a processing work, means of transportation</li> </ul>	Company which raises oysters /supplier



Raw Material Receipts Ledger	- Raw material (oyster) name, place and date of oyster collection, amount, supplier - Management of food safety and sanitation, a person who confirmed the receipt of oyster	Company provided with oysters
Raw Material Delivery Note	- Raw material (oyster) name, amount, issuance date, supplier	Company provided with oysters
Raw Material Invoice	- Raw material (oyster) name, amount, issuance date, supplier	Company provided with oysters
Report on the Examination of Provided Raw Material	- Raw material (oyster) name, amount, place and date of oyster collection, quality management, supplier, means of transportation - Result of examination	Company provided with oysters
Certificate of Nationality**	- Owner, information about fishing boat, date of launching	Company provided with oysters
Contract for Raw Material Supply	- Supplier, receiver, supplied products, content of contract, contract date	Local government

\* Fisheries management vessels : vessels needed when fishery right holder manages his/her fisheries

\*\* Certificate of nationality : Document substantiating the nationality of vessels of which weight does not exceed 20 tons.

### • Marine Products (Distant water fishing)

Documents	Contents	Issuer
Certificate of a Ship's Nationality	- Ship owner, information about vessel, date of launching, nationality of vessel, issuance date	Local government
Certified Copy of Register (vessel)	- Content of registration statement, purpose of registration, date of nationality acquisition, issuance date, holder of a right	Court registry office
License for Distant Water Fishing	- Corporate name and representative, vessel specification, type of fishery, fishing area - Target species, fishing period, term of validity	Ministry of Oceans and Fisheries
Certificate of Registration of Producing /Processing Facility for Marine Products	- Name and address of registered company, type and name of producing/processing facility, location of producing/processing facility	National Fishery Products Quality Management Service

Documents	Contents	Issuer
Report on the Amount of Landed Deep-Sea Marine Products	- Information about pelagic fishing vessel, name of pelagic fishing vessel, means of transportation (carrying vessel, date and place of transfer), date of landing, company which carried out landing - Fishing species, fishing period, amount of landed fish	National Fishery Products Quality Management Service
Certified Copy of Register (fishing boat)	- Information about fishing boat and its owner, registration-related information	Local government
Financial Statements	- Shareholding of fishing boat owner (company), business profile	-
Certified Copy of Register (company)	- Information on company, purpose of registration (field of business), executives, etc.	Court registry office

## 1-2 | Wholly Obtained Criterion (Case 2)

① **Product** : Food preparations (Ginseng tea)

② **Major characteristics**

- Produced with Korea-originating Ginseng grown through contract cultivation
- Classified as food and permission for food manufacturing should be granted by Ministry of Food and Drugs Safety

③ **Examples**

Division	Requested Documents/Information	What has to be Confirmed
Information about Company	<ul style="list-style-type: none"> <li>• Introduction of exporter (producer)</li> <li>• Current status of business</li> <li>• Business registration certificate</li> <li>• Current status of organization and workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Information about company subject to verification</li> </ul>
	<ul style="list-style-type: none"> <li>• Factory registration certificate</li> <li>• Current status of production facilities (including annual production volume)</li> <li>• Products produced at each factory</li> </ul>	<ul style="list-style-type: none"> <li>• Production capacity</li> <li>• Products produced by the concerned company</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Information about Company	<ul style="list-style-type: none"> <li>Materials showing the current status of origin management</li> </ul>	<ul style="list-style-type: none"> <li>Department (person) in charge of origin management</li> <li>Degree of risk of dissatisfaction of origin criterion</li> </ul>
Information about Products	<ul style="list-style-type: none"> <li>Explanation about products [Examples: catalogue, Product proposal, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Information about products subject to verification</li> <li>Function and use</li> </ul>
	<ul style="list-style-type: none"> <li>Explanation about production process [Examples: manufacturing process chart, producer of each stage, place of production, factory]</li> </ul>	<ul style="list-style-type: none"> <li>Chances of domestic production</li> <li>General information such as production, purchasing, manufacturing, transaction and export transaction</li> <li>Raw materials used for each process (Whether there is any raw material omitted from BOM)</li> </ul>
	<ul style="list-style-type: none"> <li>Materials providing criteria for classification</li> </ul>	<ul style="list-style-type: none"> <li>HS code and origin criterion</li> </ul>
Information about Production	<ul style="list-style-type: none"> <li>Material stock reports and picking list</li> <li>Instruction for carrying in</li> <li>Invoice</li> <li>Transactional statements of raw materials</li> <li>BOM</li> <li>Approval of purchase of raw materials and products for obtaining foreign currencies</li> <li>Business license</li> <li>Health functional food manufacture license</li> </ul>	<ul style="list-style-type: none"> <li>Purchasing and warehousing of raw materials used for the production of exports</li> <li>Accuracy of BOM (Whether there is any raw material omitted from BOM)</li> <li>Raw materials for which wholly obtained criterion is applied</li> </ul>
Information about Country of Origin of Raw Materials	<ul style="list-style-type: none"> <li>Supplier's declaration</li> <li>Quarantine certificate issued by government (Country of origin should be indicated)</li> </ul>	<ul style="list-style-type: none"> <li>Country of origin of raw materials</li> <li>Issuer of supplier's declaration</li> <li>Whether the issuer of supplier's declaration produced raw materials</li> <li>HS code and origin criterion</li> </ul>
Information about Raw Material (Ginseng) Purchasing	<ul style="list-style-type: none"> <li>Contract for cultivation of ginseng</li> <li>Confirmation of purchase agreement</li> <li>List of payments (Remittance slip, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Whether raw material (ginseng in this case) was produced by a supplier and sold to a purchaser</li> <li>Amount of contract, amount of raw materials received</li> <li>Whether raw materials were actually purchased</li> </ul>
Information about Country of Origin of Raw Material (Ginseng)	<ul style="list-style-type: none"> <li>Farmland registers</li> <li>Cultivation confirmation</li> <li>Document confirming the age of fresh ginseng root</li> </ul>	<ul style="list-style-type: none"> <li>Cultivation capacity</li> <li>Fulfillment of wholly obtained criterion</li> <li>Farmland, farmer</li> <li>Comparison between confirmation date and supply date</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Information about Sales (export)	<ul style="list-style-type: none"> <li>• Export declaration</li> <li>• Invoice, B/L</li> </ul>	<ul style="list-style-type: none"> <li>• Parties to an export transaction</li> <li>• Products subject to verification [Examples: exporter, importer, destination country, product name, specification, quantity, price, HS code]</li> </ul>
Information about Origin Management	<ul style="list-style-type: none"> <li>• Origin management documents [Examples: C/O issuance ledger, signature card]</li> </ul>	<ul style="list-style-type: none"> <li>• Propriety of C/O issuance and management</li> <li>• Management of C/O issuance list of the products subject to verification</li> <li>• Whether the signature of an authorized signatory and the signature indicated in concerned C/O are identical</li> </ul>

#### 4 Examples of Documents Requested for Origin Verification

Documents	Contents	Issuer
Document Confirming the Age of Fresh Ginseng Root*	- Farmer, location of farmland, acreage under cultivation, acreage for harvest, whether ginseng was actually cultivated, issuance date, observer, confirmor	Ginseng Agricultural Cooperative Federation
Report on Thorough Examination of Residual Pesticide	- Request number, person who made a request, registration number, registration date, date when the examination is completed, issuance date, product name, producer	Food Safety Institute of National Agricultural Cooperative Federation
Farmland Registers	- Farmer, information about farmland, farmland division, information about cultivation (including non-cultivation), date when the form is filled in, issuance date	Local government
Purchase List (rice, agricultural products)	- Date of purchasing, product name, product category, amount, purchaser (seller, farmer), bank account, paid amount	Agricultural Cooperatives Purchasing Agricultural Products
Contract	- Contract number, contract date, expiration date, contractor, product name, contract amount, amount of shipping, contracted area, address of contractor	Agricultural Cooperatives Making a Contract
Statement of Delivery	- Product name, amount, delivery date, supplier	Buyer (producer)

Documents	Contents	Issuer
VAT Tax Invoice	- Product name, amount, supplier, company supplied with the products, date of supply, issuance date	Buyer (producer)
Payment Confirmation	- Receiver, entity making a payment, date of payment, paid amount	Supplier
Product Proposal	- Composition of raw materials, country of origin of raw materials, product information, production process, product images	Producing Company
Explanation Material for Production	- Product name, product type, name and mixing ratio of raw materials, production process, packing materials - Packing method, packing unit, period of circulation, how to drink, major effects	Producing Company
Supplier's Declaration	- Supplier's declaration of ginseng, ginseng supplier, company supplied with ginseng, product name, HS code, origin criterion, country of origin	Producing Company
Supplier's Declaration	- Supplier's declaration of ginseng tea, supplier, company supplied with ginseng tea, product name, HS code, origin criterion, country of origin	Finished Product Supplier
Approval of Purchase of Raw Materials and Products for Obtaining Foreign Currencies	- Raw material name, purchased amount, person who applies for purchase confirmation, supplier (producer)	-
Business Registration Certificate	- Type of business, item of business	-
Business License	- Approval for health-promoting food manufacturing, type of business, conditions for approval, date of approval	Ministry of Food and Drug Safety
Registration Document for Health-Promoting Food Manufacturing	- Name and location of company, type of business, product name, conditions for manufacturing, date of approval	Ministry of Food and Drug Safety
Cultivation Confirmation	- Farmland, cultivation period, location of farmland, farmer	Regional Agricultural Cooperatives, etc.

\* Document Confirming the Age of Fresh Ginseng Root : This document is requested to be issued when a farmer wants to prove the fact that concerned fresh ginseng is more than 5 years old. A person in charge of inspection take part in harvest to confirm the age of fresh ginseng root and issue this document (Article 9 of Ginseng Industry Act).

## 02 | Change in Tariff Classification Requirement

① **Product** : Electrical and electronic equipments · machinery

### ② Major characteristics

- Difficulties in classification caused by increase in the number of new multifunctional products and shortening of life cycle period
- Thorough preparation for subsequent verification is needed as FTA utilization rate is high when compared with other industries.

### ③ Examples

Division	Requested Documents/Information	What has to be Confirmed
Commonly Requested Documents	<ul style="list-style-type: none"> <li>• Company introduction (PPT)</li> <li>• Copy of business registration certificate</li> <li>• Materials providing information about manufacturing facilities [Examples: factory registration certificate, lease agreement, pictures, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Company overview and supporting documents</li> <li>• Existence of manufacturing facilities &amp; whether products can be actually produced in the facilities</li> </ul>
	<ul style="list-style-type: none"> <li>• Current status of employees in charge of origin management</li> <li>• Current status of origin management system [Examples: ERP, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether country of origin is being properly managed</li> <li>• Origin Criterion (When just one of criteria should be fulfilled e.g. CTH or RVC 40%)</li> </ul>
	<ul style="list-style-type: none"> <li>• Detailed explanation about products [Examples: catalog (picture, use, function, quality of material, part, etc.) product map, manual, etc.]</li> <li>• HS code</li> <li>• Materials providing criteria for classification [Examples: inquiries on classification, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether country of origin is being properly managed</li> <li>• Origin Criterion (When just one of criteria should be fulfilled e.g. CTH or RVC 40%)</li> </ul>
	<ul style="list-style-type: none"> <li>• Business relation diagram and materials explaining business relation</li> </ul>	<ul style="list-style-type: none"> <li>• Business relation</li> </ul>
Production Supporting Documents	<ul style="list-style-type: none"> <li>• Explanation materials for production process [Examples: manufacturing process chart (pictures), current status of manufacturing facilities of each operation stage, explanation on abbreviations, etc. ]</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing process (Whether sufficient workings were undertaken, existence of outward processing, propriety of the composition of raw materials)</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Production Supporting Documents	<ul style="list-style-type: none"> <li>Records relating to raw material purchasing [Examples: purchase ledger, material stock reports and picking list, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Raw materials and parts (Used materials list needed to determine whether change in tariff classification requirement is fulfilled)</li> </ul>
	<ul style="list-style-type: none"> <li>BOM (※ including part number, raw material name, specification, quantity of demand, supplier, country of origin, HS code, price, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Accuracy of BOM for the determination on originating status</li> </ul>
	<ul style="list-style-type: none"> <li>Materials providing criteria for classification [Examples: inquiries on classification, product descriptions, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Propriety of basis for classification</li> </ul>
	<ul style="list-style-type: none"> <li>Other production supporting documents [Examples: tax invoice, specification on transaction, statement of delivery, transportation document, certificate of tax payment on raw materials, certificate of split (partial) tax-payment on raw materials, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Actual production</li> </ul>
	<ul style="list-style-type: none"> <li>Manufacturing cost statement (※ Only when De-Minimis standard was applied)</li> </ul>	<ul style="list-style-type: none"> <li>Propriety of application of De-Minimis Standard</li> </ul>
	<ul style="list-style-type: none"> <li>Contract or work instruction sheet (※ Only when toll processing was carried out)</li> </ul>	<ul style="list-style-type: none"> <li>Used raw materials and business relation</li> </ul>
Materials Substantiating Raw Material Purchasing and Country of Origin	<p>&lt; Imported raw materials &gt;</p> <ul style="list-style-type: none"> <li>Import certificate and trade documents [Examples: invoice, B/L, packing list, document substantiating payment, receipt for freight charge]</li> <li>C/O</li> </ul>	<ul style="list-style-type: none"> <li>Purchasing of imported raw materials (Transaction, raw material supplier, raw material name, specification, HS code, composition of BOM, etc.)</li> <li>Country of origin of raw materials</li> </ul>
	<p>&lt; Domestically procured raw materials &gt;</p> <ul style="list-style-type: none"> <li>Documents related with raw material purchasing [Examples: contract, specification on transaction, statement of delivery, tax invoice]</li> <li>Supplier's declaration, declaration of inward processing</li> </ul>	<ul style="list-style-type: none"> <li>Purchasing of domestically procured raw materials (Transaction, raw material supplier, raw material name, specification, HS code, composition of BOM, etc.)</li> <li>Country of origin of raw materials</li> </ul>
Materials Proving Transaction	<ul style="list-style-type: none"> <li>Materials substantiating export transaction [Examples: export permit, invoice, B/L, packing list, contract, materials substantiating receiving payment, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Sales of finished products</li> <li>Parties to a transaction, name, specification, HS code, and price of product, accuracy of transaction record, etc.</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Materials Proving Transaction	<ul style="list-style-type: none"> <li>Materials substantiating import transaction [Examples: certificate of import declaration, invoice, B/L, packing list, contract, materials proving payment, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Sales of finished products</li> <li>Parties to a transaction, name, specification, HS code, and price of product, accuracy of transaction record, etc.</li> </ul>
	<ul style="list-style-type: none"> <li>Origin supporting documents [Examples: C/O, C/O issuance journal, signature card ]</li> </ul>	<ul style="list-style-type: none"> <li>Country of origin</li> <li>Whether record keeping requirement is properly being satisfied</li> </ul>

## 3-1 | Regional Value Content Requirement (Case 1)

**1 Product :** Generic products (except automotive goods and parts to which Net Cost Method is applied)

### 2 Major characteristics

- Reliability of cost information needs to be confirmed.**  
(※ Cross-checking between internal supporting documents and external supporting documents is required.)
- Supporting documents need to be requested at a reasonable level.**  
(※ Values, cost supporting documents and systems are varied by companies)

### 3 Examples

Division	Requested Documents/Information	What has to be Confirmed
RVC Calculation Method	<ul style="list-style-type: none"> <li>Materials showing that RVC requirement is fulfilled [Examples: RVC calculation sheet (BU, BD, NC, MC), etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Whether a company correctly calculated RVC rate</li> <li>Factors and their values used for calculation</li> </ul>
RVC Calculation Management System	<ul style="list-style-type: none"> <li>Materials on the policy for cost estimating [Examples: standard cost policy, answers to questionnaire about cost, documents showing actual cost]</li> <li>Materials explaining about RVC calculation system [Examples: FTA system manual]</li> </ul>	<ul style="list-style-type: none"> <li>How a company estimates cost</li> <li>General information (e.g. management of RVC calculation system)</li> </ul>



Division	Requested Documents/Information	What has to be Confirmed
Basis for RVC Calculation	<ul style="list-style-type: none"> <li>• Materials demonstrating denominator value (product value) needed for RVC calculation</li> <li>① External supporting documents [Examples: receipts, commercial documents such as commercial invoice, export permit, tax invoice, contract for shipping cost, sales contract, etc.]</li> <li>② Internal supporting documents [Examples: sale ledger, statement of incidental expenses of sales (shipping charge, insurance fee, customs clearance fee, etc.), sales slip (including A/R), statement of profit and loss, manufacturing costs statement, data from ERP system such as cost information]</li> </ul>	<ul style="list-style-type: none"> <li>• Accuracy of calculation [Examples: FOB, EXW, AV, etc. ]</li> </ul>
Confirmation of Country of Origin of Raw Materials	<ul style="list-style-type: none"> <li>• BOM (※ Originating status of each raw material needs to be indicated as originating or non-originating. HS code and supplier also need to be indicated)</li> </ul>	<ul style="list-style-type: none"> <li>• List of used raw materials and ratio of originating materials</li> <li>• Accuracy of BOM &amp; calculation of added value</li> </ul>
	<ul style="list-style-type: none"> <li>• Basis for BOM [Examples: Explanation material for each operation, document showing quantity of demand (regarding duty drawback), data from BOM system (service manual, user manual), etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether there is any raw material omitted from BOM</li> <li>• Whether raw materials indicated in BOM were actually used for production</li> </ul>
	<ul style="list-style-type: none"> <li>• Origin supporting documents of raw materials [Examples: C/O, supplier's declaration, statement of origin]</li> </ul>	<ul style="list-style-type: none"> <li>• Basis for the determination on the originating status of raw materials Materials which served as</li> <li>• Raw material suppliers</li> </ul>
	<ul style="list-style-type: none"> <li>• Origin supporting documents for raw materials of high value ratio [Examples: statement of origin, documents substantiating production, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Country of origin of specific raw material</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Materials Utilized as Basis for the Cost of Raw Materials	<p>① Domestically procured materials</p> <ul style="list-style-type: none"> <li>• External supporting documents [Examples: sales contract, certificate of tax payment on raw materials, certificate of split (partial) tax-payment on raw materials, certificate of carried in raw materials for export, tax invoice, transactional statements, approval of purchase, local credit, statement of delivery, warehousing receipt, release receipt, transportation document]</li> <li>• Internal supporting documents [Examples: purchase ledger, material stock reports and picking list, material ledger, purchase invoice, statement demonstrating purchase cost, account payable (A/P), printed-out materials of ERP system]</li> </ul>	<ul style="list-style-type: none"> <li>• Propriety of the cost of raw material (※ Whether the cost of raw material was understated/inflated)</li> <li>• Whether external supporting documents and internal supporting documents provide exactly the same information</li> </ul>
	<p>② Materials imported from non-Parties</p> <ul style="list-style-type: none"> <li>• External supporting documents [Examples: certificate of import declaration, invoice, B/L]</li> <li>• Internal supporting documents [Examples: purchase ledger, material stock reports and picking list, material ledger, purchase invoice, statement demonstrating purchase cost, purchase slip (A/P), printed-out materials of ERP system]</li> </ul>	<ul style="list-style-type: none"> <li>• Propriety of the cost of raw material (※ Whether the cost of raw material was understated/inflated)</li> <li>• Whether external supporting documents and internal supporting documents provide exactly the same information</li> </ul>
Substantiation of Toll Processing	<p>① Toll processing for which contractor should pay for materials</p> <ul style="list-style-type: none"> <li>• Documents substantiating material purchasing [Examples: purchase ledger, creditor's ledger, tax invoice, etc.]</li> <li>• Documents substantiating provision of finished products [Examples: sales slip, sale ledger, statement of incidental expenses of sales, ledger for receipt and payment, tax invoice, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Value of used raw materials, value of products manufactured through toll processing, supporting documents</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
	<ul style="list-style-type: none"> <li>② Toll processing for which materials are provided without cost</li> <li>• Materials substantiating toll processing [Examples: contract, work instruction sheet, tax invoice, transactional statements, statement of delivery, certificate of tax payment on raw materials, certificate of split (partial) tax-payment on raw materials, document substantiating payment for toll processing, general ledger, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Value of products manufactured through toll processing and supporting documents</li> </ul>
Supporting Documents for Intermediate Materials and Self-produced Materials	<ul style="list-style-type: none"> <li>• Documents demonstrating the value of intermediate materials and self-produced materials [Examples: calculation sheet, base data (cost data)]</li> <li>• Accounting · production process-related supporting documents [Examples: general ledger, ledger for receipt and payment, manufacturing process related materials, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Propriety of the values of intermediate materials and self-produced materials</li> <li>• Whether concerned materials can be considered as intermediate materials and self-produced materials</li> </ul>

## 3-2 | Regional Value Content Requirement (Case 1)

① **Product** : Automotive goods and parts to which Net Cost Method is applied

### ② Major characteristics

- As for build-down method, build-up method and import contents methods, product price is calculated based on transaction value in accordance with the existing customs valuation methods. When it comes to net cost method, however, net cost is calculated based on manufacturing cost.
- When virtual cost such as standard cost is used, the virtual cost should be converted into actual cost for the calculation of accurate net cost.

### 3 Examples

Division	Requested Documents/Information	What has to be Confirmed
Net Cost Calculation Sheet	<ul style="list-style-type: none"> <li>Net cost calculation sheet [Examples: calculation method, denominators and numerators, period concerned, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Net cost calculation method</li> <li>Elements of net cost</li> <li>Accuracy of calculation</li> </ul>
Cost Policy	<ul style="list-style-type: none"> <li>Explanation material for standard cost policy</li> </ul>	<ul style="list-style-type: none"> <li>How well standard cost policy is understood in general</li> </ul>
General Ledger	<ul style="list-style-type: none"> <li>General ledger</li> </ul>	<ul style="list-style-type: none"> <li>Value of the elements of net cost [Examples: direct material cost, direct labor cost, elements of indirect manufacturing cost]</li> <li>Account converted into actual cost if virtual cost such as standard cost had been utilized</li> </ul>
Manufacturing Cost	<ul style="list-style-type: none"> <li>Allotment of manufacturing cost</li> </ul>	<ul style="list-style-type: none"> <li>Allotted value and allotment method</li> </ul>
Cost of Sales	<ul style="list-style-type: none"> <li>Account receivable journal</li> </ul>	<ul style="list-style-type: none"> <li>Products' selling price and cost of sales</li> <li>Comparison between cost of sales and net cost</li> </ul>
	<ul style="list-style-type: none"> <li>Manufacturing cost statement</li> </ul>	<ul style="list-style-type: none"> <li>Elements comprising cost of sales</li> <li>Comparison between manufacturing cost statement and list of elements of net cost</li> </ul>
Average	<ul style="list-style-type: none"> <li>Average of net cost</li> </ul>	<ul style="list-style-type: none"> <li>How to calculate the average of net cost</li> </ul>
Country of Origin of Raw Materials	<ul style="list-style-type: none"> <li>Certificate of import declaration of non-originating raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Propriety of the value of non-originating materials (whether the value was understated)</li> </ul>
Purchase Cost	<ul style="list-style-type: none"> <li>Account payable journal</li> </ul>	<ul style="list-style-type: none"> <li>Purchase slip of material</li> <li>Propriety of material cost (Whether the cost of non-originating material was understated/inflated)</li> </ul>
Purchasing	<ul style="list-style-type: none"> <li>Material stock reports and picking list</li> </ul>	<ul style="list-style-type: none"> <li>List of used materials &amp; whether those materials were actually used for production</li> </ul>
Sales	<ul style="list-style-type: none"> <li>Product Stock Reports and Picking List</li> </ul>	<ul style="list-style-type: none"> <li>Information about the production and releasing of products</li> </ul>

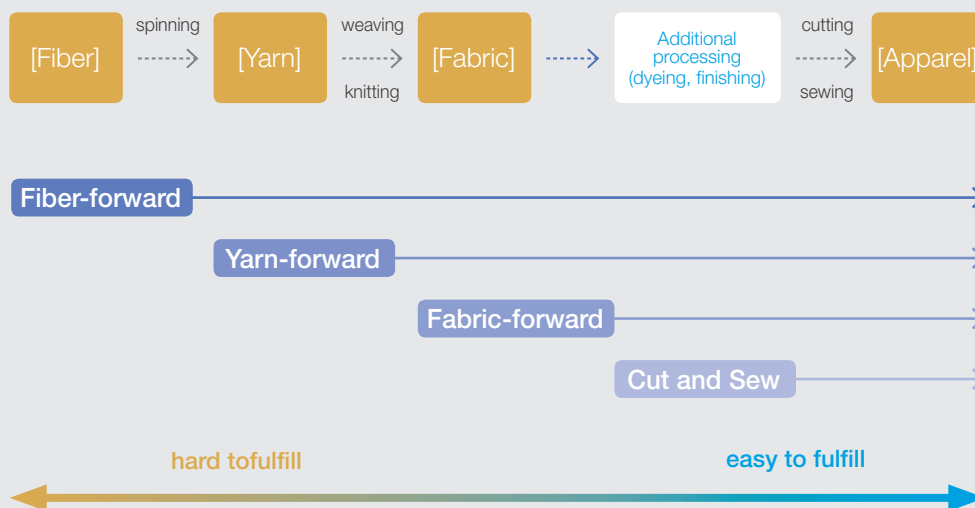
## 4-1 | Specific Manufacturing or Processing Operation Criterion (Case 1)

① **Product** : Textile products

② **Major characteristics**

- Specific manufacturing or processing operation criterion, requiring that the materials used undergo a specific manufacturing or processing operation, is generally applied to textile products to reflect the qualities of manufacturing operation.
- Origin criteria for textile products are mainly classified into yarn forward, fabric forward and cut and sew.
- Toll processing and outsourcing processing are commonly utilized, and complex production process is divided into many stages.
- Whether operations of each stage were carried out in consecutive order within the territory of the Parties is important.

Process Chart of Processing for Textiles



### 3 Examples

Division	Requested Documents/Information	What has to be Confirmed
Common Requirements	<ul style="list-style-type: none"> <li>• BOM</li> </ul>	<ul style="list-style-type: none"> <li>• Propriety and accuracy of used raw materials</li> </ul>
	<ul style="list-style-type: none"> <li>• Explanation on manufacturing process [Examples: manufacturing flow chart, explanation material for operations, statement of work, pictures showing operations, etc.]</li> <li>• List of companies which carry out manufacturing operations [Examples: weaving, knitting, dyeing, printing, finishing, cutting, sewing, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Order of manufacturing operations</li> <li>• Producers of each operation</li> <li>• Location of manufacturing factory</li> <li>• Whether sufficient processing was conducted</li> </ul>
	<ul style="list-style-type: none"> <li>• Documents related with the companies carrying out manufacturing operations [Examples: business registration certificate, factory registration certificate, materials providing information about the concerned company, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Production capacity of the companies</li> <li>• Whether products can be domestically produced (through visitation to business establishment)</li> </ul>
	<ul style="list-style-type: none"> <li>• Documents relating to toll processing contract [Examples: written contract of toll processing (e.g. dyeing, etc.), work instruction sheet, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether production was actually carried out (through confirmation of actual producer)</li> </ul>
Warehousing	<ul style="list-style-type: none"> <li>• Warehousing of raw materials by operation [Examples: transactional statements, raw materials receipts and payments, purchase order, inventory list of fabric, delivery note, statement of delivery, inventory management ledger, production management ledger]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether production was carried out without interruption within the territory of the Parties</li> </ul>
Production	<ul style="list-style-type: none"> <li>• Documents confirming the production activities of each operation [Examples: declaration of inward processing, work instruction sheet, production journal, production sheet, production management ledger, inventory management ledger, documents confirming production capacity (business registration certificate, factory registration certificate, manufacturing facility-related documents, etc.)]</li> </ul>	<ul style="list-style-type: none"> <li>• Whether production was carried out without interruption within the territory of the Parties</li> </ul>

Division	Requested Documents/Information	What has to be Confirmed
Release	<ul style="list-style-type: none"> <li>Documents confirming the release of products (by operation) [Examples: release list, release receipt, packing list, inventory list of fabric, delivery order, delivery confirmation document, certificate of inspection, product stock reports and picking list, inventory management ledger, production management ledger, invoice, transactional statements]</li> </ul>	<ul style="list-style-type: none"> <li>Whether production was carried out without interruption within the territory of the Parties</li> </ul>
Yarn-Forward	<ul style="list-style-type: none"> <li>Supplier's declaration of fabric and purchase supporting documents [Examples: supplier's declaration, transaction-related documents (tax invoice, transactional statements)]</li> </ul>	<ul style="list-style-type: none"> <li>Country of origin of fabric</li> </ul>
Fabric-Forward	<ul style="list-style-type: none"> <li>Supplier's declaration of fabric and purchase supporting documents [Examples: supplier's declaration, transaction-related documents (tax invoice, transactional statements)]</li> </ul>	<ul style="list-style-type: none"> <li>Country of origin of fabric</li> </ul>
Cut and Sew	<ul style="list-style-type: none"> <li>Cutting · Sewing process and purchase supporting documents [Examples: declaration of inward processing, transaction-related documents (tax invoice, transactional statements)]</li> </ul>	<ul style="list-style-type: none"> <li>Whether required processing operation was carried out</li> </ul>

## 4-2 | Specific Manufacturing or Processing Operation Criterion (Case 2)

① **Product** : Chemical products

② **Major characteristics**

- According to Section VI (Products of the Chemical or Allied Industries) and Section VII(Plastics and Articles Thereof; Rubber and Articles Thereof) of Annex 6-A under the Korea-US FTA, if requirements such as chemical reaction, purification, mixtures and blends, change in particle size, standard materials, isomer separation, separation prohibition are satisfied, products are considered to be originating products.

### ③ Examples

Division	Requested Documents/Information	What has to be Confirmed
Manufacturing Operation	<ul style="list-style-type: none"> <li>Explanation materials for manufacturing operation [Examples: manufacturing flow chart, statement of work, explanation materials, pictures, chemical reaction equation, etc. ]</li> </ul>	<ul style="list-style-type: none"> <li>Whether the concerned products were domestically produced</li> <li>Whether sufficient processing was carried out</li> </ul>
BOM	<ul style="list-style-type: none"> <li>BOM, materials explaining about raw materials indicated in BOM and finished products [Examples: material safety data sheet, CAS No., chemical structure, molecular formula, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Possibility of chemical reaction</li> <li>Possibility of specific operation such as purification and mixture</li> <li>Accuracy of classification</li> </ul>
Equipments	<ul style="list-style-type: none"> <li>Materials substantiating the existence of equipments [Examples: pictures, explanation materials, etc.]</li> </ul>	<ul style="list-style-type: none"> <li>Capacity to carry out a specific operation</li> </ul>





## Guidebook on Generally Requested Documents for FTA Origin Verification

발행일	2014년 11월
발행처	관세청 FTA집행기획관실
편집	이명구 FTA집행기획관 박철완, 채정균, 김은영
번역	최선희
제작	서울세관 임지현·김준환·김남국, 대산세관 고동균, 부산세관 김관우, 인천세관 이강준, 구미세관 김동수
연락처	T. 042-481-3200/3224 F. 042-481-3239
주소	대전광역시 서구 청사로 189
인쇄	아미고디자인(02-517-5043)

---

※ 이 책의 저작권은 관세청에 있습니다.  
이 책 내용의 전부 또는 일부에 대한 무단전제 및 복제를 금합니다.  
만약, 이 책 내용을 이용하는 경우 출처를 명시하여야 합니다.

---