

Title Conclusion of the KORUS FTA Customs Administration Negotiations
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1. Korea and the United States concluded the chapter on customs administration under the Korea-U.S. Free Trade Agreement (KORUS FTA), agreeing to introduce a system for simplifying and expediting the customs procedures for imported and exported goods, a structure for verifying country of origin for imported goods to prevent circumvented imports from third parties, and a mechanism for bilateral cooperation in customs administration. The chapter is expected to drastically cut the distribution costs and dramatically expedite the customs procedures for Korean exporters entering the U.S. market.

2. The main contents of the concluded chapter and their expected benefits are as follows.

Introduction of Self-Certification System for Verifying Country of Origin

Contents

- Main contents: Exporter or importer/producer enabled to voluntarily issue documents verifying the country of origin of their goods in applying for preferential tariff treatment.
- Expected benefits: Costs and time expended by industry expected to be reduced through the simplification of the process for verifying country of origin.

Introduction of On-site Verification System

- Main contents: An on-site verification system enabling customs authorities to directly verify with exporters or producers the country of origin of imported goods to be introduced, to prevent circumvented importation from third countries.
- Expected benefits: Illicit trading activities taking unlawful advantage of the KORUS FTA blocked through the establishment of an effective anti-circumvention mechanism and thus weak domestic industries protected.

Introduction of System for Expedited Release of Goods

- Main contents: Principle of releasing imported goods within 48 hours of arrival at point of entry agreed upon and an advance declaration system to be established, which would enable the submission of importation declaration documents prior to the arrival of the shipments at the point of entry.
- Expected benefits: The resulting substantial simplification in customs administration procedures expected to help enhance the competitiveness of Korean exports by reducing the time and costs

involved in passing through customs procedures in the U.S.

Simplification of Customs Administration Procedures for Express Shipments

- Main contents: Customs procedures significantly simplified, including minimized customs documentation for express shipments, and express shipments agreed to be released in principle no later than four hours after the submission of necessary documents.
- Expected benefits: Business activities of industry expected to be promoted through the simplification of customs procedures for express shipments, which have time reduction as the key determinant of competitiveness.

Advance Ruling System for Determining Country of Origin

- Main contents: Advance ruling system to be established, under which the customs authority can carry out an advance determination of eligibility for preferential tariff application, in terms of criteria such as product categorization, tariff rate, and country of origin, at the request of the exporter or producer.
- Expected benefits: By ensuring the provision of customs-related consulting services for small-and-medium-sized trading companies, advance ruling system expected to decrease the time and costs expended by small-and-medium-sized trading companies in requesting for preferential tariff treatment and to enhance the predictability of their trading activities.

Establishment of Mechanism for Korea-U.S. Customs Cooperation

- Main contents: A bilateral cooperation mechanism to be established to improve the customs administration system of each country and to share information for controlling unlawful trading activities; also, a committee for cooperation on customs administration to be established and maintained by the two countries.
- Expected benefits: The establishment of a mechanism necessary for the effective cooperation between the customs authorities of Korea and the U.S. expected to enable the two parties to implement the FTA in a uniform and effective manner.

Spokesperson for MOFAT