

# USER'S GUIDE / GUIDA PRATICA

## Accordo di libero scambio tra Ue e Corea del Sud



*Ministero dello Sviluppo Economico*



ITALIAN TRADE AGENCY  
ICE - Agenzia per la promozione all'estero e  
l'internazionalizzazione delle imprese italiane

**La guida è stata redatta su incarico di:**

ICE-Agenzia per la promozione all'estero e l'internazionalizzazione delle imprese italiane  
Ufficio ICE di Seoul



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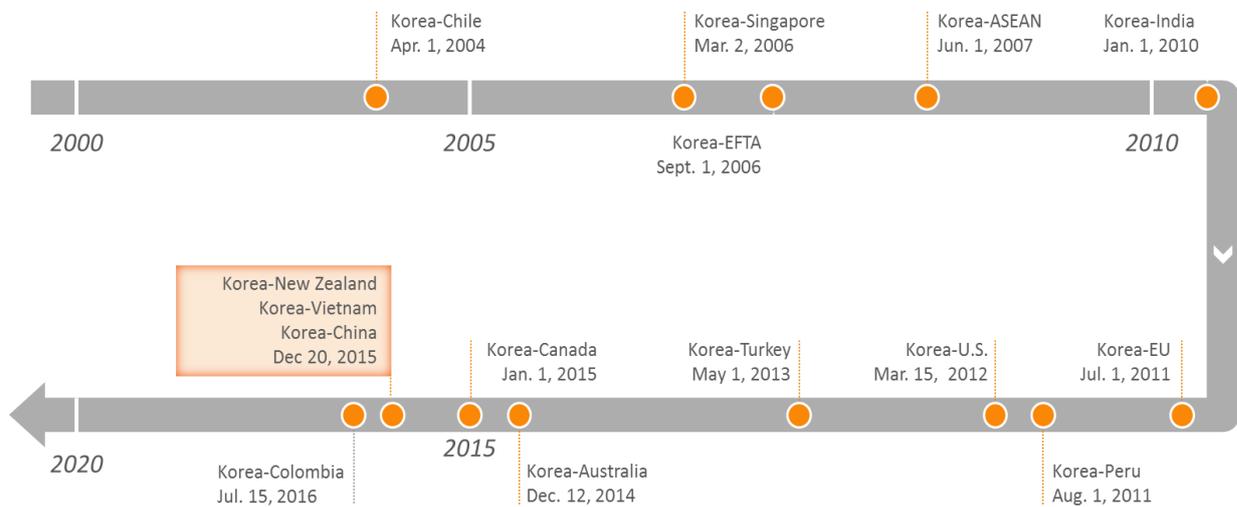


# I. Considerations for Companies Utilizing the EU-KR FTA

## 1. Free Trade Agreements in Korea

### (1) Current Status and Trends

As of January 2018, Korea has concluded and implemented 15 Free Trade Agreements (“FTA”) with EU, US, ASEAN, China, India, EFTA, Turkey, Canada, Chile, Peru, Columbia, Vietnam, Singapore, Australia and New Zealand. In terms of economic territory, Korea is trading with about 75% of the economic territories through FTAs.



[Chronology of FTAs]

Korea concluded FTA negotiation with Central America<sup>1</sup> on Nov 16<sup>th</sup>, 2016. This new FTA will be effective after a ratification procedure.

Besides, Korea is proceeding with a mega FTA called the Regional Comprehensive Economic Partnership (“RCEP”) with countries such as China, Japan, India, ASEAN, Australia and New Zealand.

<sup>1</sup> Countries in Central America that Korea has concluded FTA negotiation with include Costa Rica, El Salvador, Honduras, Nicaragua and Panama. Guatemala will join after the new FTA goes into effect.

**(2) Utilization Ratio of FTA between the EU and Korea**

In order to claim for preferential tariff treatment under the EU-KR FTA, an exporter should provide an importer with a commercial invoice, packing list or delivery note where origin declaration are made out.

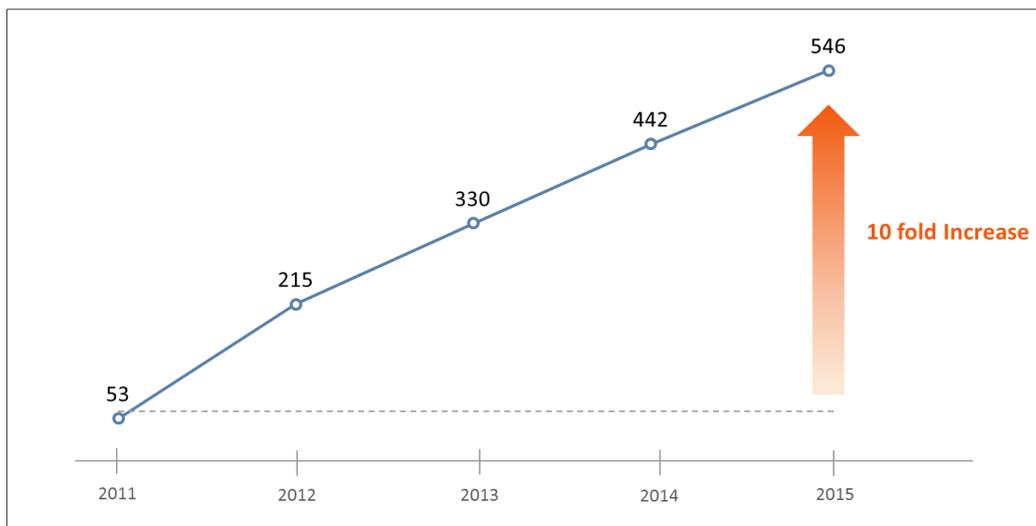
According to the FTA Trade Report published by the Korea Customs Service (“KCS”) in March 2017, the utilization rate of FTA between the EU and Korea, that is, the ratio of amounts of exports involving origin declaration among total amounts of exports from one party to the other party is as follows.

	Year 2015	Year 2016
Export from Korea to EU	85.3%	84.8%
Export from EU to Korea	71.0%	72.1%

[The Utilization Rate of FTA] <sup>2</sup>

**(3) Trends and Statistics of Origin Verification by the KCS**

From 2011 to 2015, the number of origin verifications against the goods imported into Korea which were conducted or requested by the KCS increased by more than 10 times.



[ Number of Imports Found to Have Violated the Origin Requirement by KCS ] <sup>3</sup>

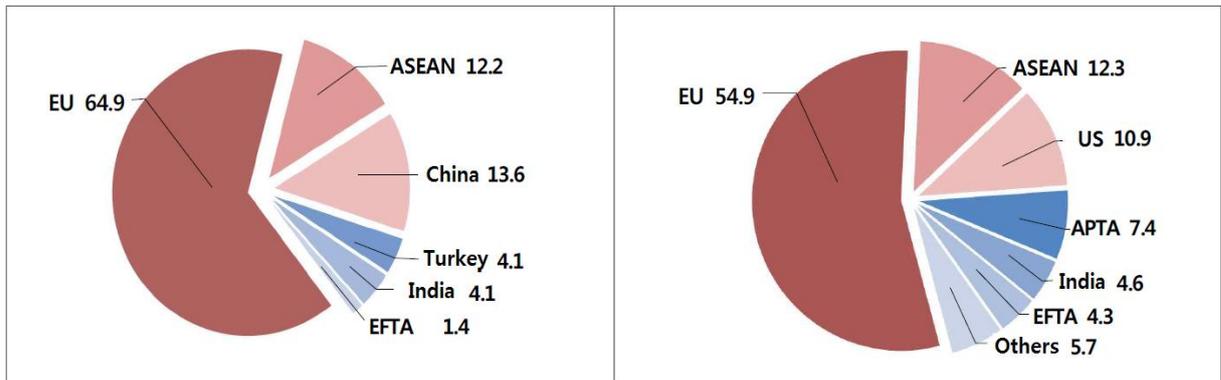
<sup>2</sup> Page 51 of the FTA Trade Report published by KCS in March 2017 (pg. 51)  
[http://www.customs.go.kr/download/ftaportalkor/ebook/FTA-report-19/autoalbum/page/170330173510777/view.html?FdirectPageNum\[1\]=1](http://www.customs.go.kr/download/ftaportalkor/ebook/FTA-report-19/autoalbum/page/170330173510777/view.html?FdirectPageNum[1]=1)

<sup>3</sup> <http://www.yonhapnews.co.kr/bulletin/2016/10/06/0200000000AKR20161006128400003.HTML?input=1195m>

As the number of countries that have executed FTA with Korea (e.g. the member countries in the EU, the U.S., and China) rapidly increased since 2011, the cases where a non-party to a FTA with Korea has received a preferential tariff treatment for non-originating goods disguised as originating goods through a laundry of origin via circumvention of import likely increased. As such, the KCS has been expanding origin verification against the goods imported utilizing FTA preferential tariff.

**(4) Statistics of Origin Verification**

According to the below statistics of origin verification against the goods exported from Korea or imported into Korea during the first half of 2016, the number of origin verification under the EU-KR FTA far exceeded those under the other FTAs.



[Origin verifications against goods exported from Korea] [Origin verifications against goods imported into Korea]<sup>4</sup>

**2. Requirements for Preferential Tariff Treatment under the EU-KR FTA and Origin Verification**

**(1) Purpose of Preferential Tariff Treatment under the FTA and Need for Origin Verification**

One of the main purposes of FTA is to liberalize and facilitate trade between the parties of FTA. Free trade promotes trade between countries by eliminating customs duties, thereby increasing investments in production and employment, and promoting welfare. Thus, countries intend to remove tariff barriers and promote trade through FTAs.

<sup>4</sup> page 35 to 36 in FTA Trade Report published by KCS in Oct. 2016  
[http://www.customs.go.kr/download/ftaportalkor/ebook/FTA-report-17/FTA\\_TRADE\\_REPORT\\_2016\\_V3.html](http://www.customs.go.kr/download/ftaportalkor/ebook/FTA-report-17/FTA_TRADE_REPORT_2016_V3.html)

The Rules of Origin (“ROO”) is particularly needed among world trade in order to reduce trade deflection. The recent proliferation of the Regional Trade Agreements (“RTAs”) shows that around 290 RTAs are already in force worldwide<sup>5</sup>, and accordingly, preferential ROO is emerging as an essential tool to determine the country of origin of imported products. In accordance with Article 24 of the General Agreement on Tariff and Trade (“GATT”), the RTAs allow for preferential tariff treatments among member states. Accordingly, preferential ROO is the mandatory requirement to grant preferential tariff treatment solely on originating products of member countries under RTAs.

## (2) Requirements for Preferential Tariff Treatment under the -EU-KR FTA and Relevant Cases

In order to receive preferential tariff treatments, all the requirements for origin verifications including the following must be satisfied pursuant to the EU-KR FTA. Please see below for relevant cases regarding each requirement.

### Requirement regarding the location of a producer and an importer

To receive a preferential tariff treatment under the EU-KR FTA, the producer of the goods and the importer of such goods must be located within the territory of both parties.

#### **【Case 01】**

If an Italian exporter imports goods produced in Switzerland into Italy and then exports the goods to Korea, is a preferential tariff treatment under EU-KR FTA allowed?

(Answer) No, it is not allowed because the producer of the goods traded is located in Switzerland, which is not a member state of the EU, meaning, the producer is located outside the territory of Korea or the EU.

#### **【Case 02】**

If an intermediate exporter in Switzerland purchases certain goods from a producer in Italy and exports the goods to an importer in Korea and the goods are directly transported from Italy to Korea, is a preferential tariff treatment under the EU-KR FTA allowed?

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<sup>5</sup> It is based on the list of all RTAs in force at the WTO RTA database (as of 9 May 2017) <https://rtais.wto.org/UI/PublicAllRTAList.aspxn> accessed 14th May 2017.

(Answer) It may be allowed, provided that the other requirements stipulated in the FTA are met. Even though invoicing and payment are made among a producer in Italy, an intermediate exporter in Switzerland and an importer in Korea, if the goods are directly transported from Italy to Korea, a preferential tariff treatment under the EU-KR FTA can be allowed.

#### Requirement regarding the location of final production

To receive preferential tariff treatment under the EU-KR FTA, the goods traded should have been finally produced within the territory of both parties.

#### **【Case 03】**

If most of manufacturing of finished goods is conducted in Italy and the final assembly is conducted in Algeria of Northern Africa, is a preferential tariff treatment under the EU-KR FTA allowed?

(Answer) No, it is not allowed because the final manufacturing process for production of finished goods is conducted in Algeria, not a member state of the EU, meaning, the final production is taken place outside the territory of both parties.

#### **【Case 04】**

If most of the manufacturing processes for production of finished goods traded is conducted in Algeria of Northern Africa and the final assembly of such goods is conducted in Italy, is a preferential tariff treatment under the EU-KR FTA allowed?

(Answer) It may be allowed, provided that the other requirements stipulated in the FTA are met. Even though other manufacturing processes are conducted outside the territory of both parties, if the goods undergo sufficient final process within the territory of both parties, the goods deserve preferential tariff treatment under the EU-KR FTA.

#### Requirement regarding originating status of the goods

To receive preferential tariff treatment for goods traded under the EU-KR FTA, the goods should be originating from the territory of a party. According to Article 2 of the Protocol Concerning the Definition of Originating Products and Methods of Administrative Cooperation (the “Origin Protocol”) in the EU-KR FTA, the following products shall be considered as originating from the territory of a party for the purpose of a preferential tariff treatment:

(a) Products wholly obtained in the territory of a Party within the meaning of Article 4;

- (b) Products obtained in the territory of a Party incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the territory of the Party concerned within the meaning of Article 5; or
- (c) Products obtained in the territory of a Party exclusively from materials that qualify as originating pursuant to the Origin Protocol.

#### **【Case 05】**

If most of the manufacturing processes for production of finished goods traded is conducted in Algeria of Northern Africa and the final labelling or packaging is conducted in Italy, is a preferential tariff treatment under the EU-KR FTA allowed?

(Answer) No, it is not allowed. Simple operations such as packaging, labelling, washing, polishing and the like stipulated in Article 6 of the Origin Protocol of the EU-KR FTA are considered to be insufficient working or processing to confer the status of originating products.

#### **【Case 06】**

If non-originating materials or sub-assemblies are used in the production of finished goods traded, is a preferential tariff treatment under the EU-KR FTA allowed?

(Answer) It may be allowed, provided that the other requirements stipulated in the FTA are met. A preferential tariff treatment under the EU-KR FTA may be allowed for finished goods traded if non-originating materials or sub-parts used in the production of such goods are transformed into originating finished goods through sufficient working or processing within the territory of a party.

#### **□ Requirement regarding direct transportation**

To receive preferential tariff treatment for goods traded under the EU-KR FTA, the goods should have been directly transported from one party to the other party. Article 13 of the Origin Protocol of EU-KR FTA states that:

1. The preferential treatment provided for under this Agreement applies only to products satisfying the requirements of this Protocol which are transported directly between the Parties. However, products constituting one single consignment may be transported through other territories with, should the occasion arise, transshipment or temporary warehousing in such territories, provided that they are not released for free circulation in the country of transit or warehousing and do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition.

2. Evidence that the conditions set out in paragraph 1 have been fulfilled shall be supplied to the customs authority, in accordance with the procedures applicable in the importing Party, by the production of:
- (a) evidence of the circumstances connected with transshipment or the storage of the originating products in third countries;
  - (b) a single transport document covering the passage from the exporting Party through the country of transit; or
  - (c) a certificate issued by the customs authorities of the country of transit:
    - (i) giving an exact description of the products;
    - (ii) stating the dates of unloading and reloading of the products and, where applicable, the names of the ships, or the other means of transport used; and
    - (iii) certifying the conditions under which the products remained in the country of transit.

#### **【Case 07】**

If the goods produced in Italy are transported to Korea via Switzerland or Singapore without transshipment, is a preferential tariff treatment under the EU-KR FTA allowed?

(Answer) It may be allowed. Even if a vessel or an airplane passes through a non-party territory such as Switzerland or Singapore, the goods traded will be considered to be directly transported from one party to the other party if they are not unloaded from the vessel or airplane in a harbor or airport of the non-party territory.

#### **【Case 08】**

If the goods produced in Italy are transported to Korea via Switzerland or Singapore where transshipment is made, is a preferential tariff treatment under the EU-KR FTA allowed?

(Answer) It depends on each case. For example, a preferential tariff treatment under the EU-KR FTA may be allowed if an importer proves by submitting a single transport document and “a certificate of non-manipulation issued by the customs authority of the third country” that the goods constituting one single consignment are transshipped without being split in the third country and do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition in the third country. On the other hand, a preferential tariff treatment is not allowed if the goods are split in the third country to be delivered to a few different destinations or undergo any operations other than unloading, reloading or any operation designed to preserve them in a good condition in the third country.

#### **□ Requirement regarding an approved exporter**

To receive preferential tariff treatment for goods traded under the EU-KR FTA, the origin declaration for any consignment consisting of one or more packages containing originating products whose total value exceeds 6,000 euros should be made out by an approved exporter.

#### **【Case 09】**

If an exporter in Italy makes out origin declaration by using VAT number or EORI number instead of the approved exporter number, is a preferential tariff treatment under the EU-KR FTA allowed?

(Answer) No, it is not allowed.

#### **【Case 10】**

If an intermediate exporter in Italy who does not have a customs authorization number makes out origin declaration by using a customs authorization number of an EU supplier on his invoice, is a preferential tariff treatment under the EU-KR FTA allowed?

(Answer) No, it is not allowed. Even if the intermediate exporter and the EU supplier are legally related, if each company is an independent legal entity and they do not have one single approved exporter license which a few affiliated companies can use commonly, each company, in principle, should use its own customs authorization number. But if an intermediate exporter (who is not a certified approved exporter) provides an importer in Korea with a packing list or delivery note issued by an EU supplier (who is an approved exporter) on which the EU supplier makes out origin declaration, a preferential tariff treatment under the EU-KR FTA may be allowed.

#### **□ Requirement regarding record keeping**

To receive preferential tariff treatment for goods traded under the EU-KR FTA, the proof of origin and the relevant supporting documents necessary to verify that all the requirements stipulated in the EU-KR FTA are met should be preserved for five years from the submission of the origin declarations to the customs authority of the importing party in accordance with Article 23 of the Origin Protocol of the EU-KR FTA.

### 3. Advice for Safe Utilization of the EU-KR FTA

#### (1) Confirming whether the Requirements for the Preferential Tariff Treatment are satisfied

- (Check Point 1) The goods traded must be originating goods that have gone through sufficient working or processing. In order to confirm this, the following must be checked in order:
  - ① HS code of the goods to be exported;
  - ② The sufficient working or processing required for obtaining the originating status of the relevant HS code as stated in Annex II of the Origin Protocol of the EU-KR FTA; and
  - ③ Whether such goods would go through the sufficient working or processing required.
  
- (Check Point 2) If the value of the goods traded exceeds 6,000 euro, only the approved exporter under the EU-KR FTA may make out the origin declaration on the invoice, the delivery note or another commercial document (“Commercial Document”). Even if a company has obtained an approved exporter license from the Italian Customs Office, it cannot make an origin declaration pursuant to the EU-KR FTA if the license does not cover EU-KR FTA.
  
- (Check Point 3) The customs authorization number specified in the origin declaration must match that specified in the approved exporter license issued by the Italian Customs Office. There have been many cases where the KCS requested origin verification to the customs office in the territory of some EU exporters because they used VAT number or EORI number instead of the approved exporter number in the origin declaration.
  
- (Check Point 4) The customs authorization number must be listed according to the Italian customs approved exporter number system. An Italian customs authorization number is in the form of the country code (2 digits)/approval number (3 digits)/province code (2~3 digits)/approval year(2 digits). For example, IT in the number IT/001/RM/17 stands for Italy, 001 for the approval number, RM for Rome, and 17 for the year 2017.
  
- (Check Point 5) The text of the origin declaration must be used as is in Annex III of the Origin Protocol of the EU-KR FTA. Further, if the origin declaration is handwritten, it must be written in ink and in capital letters.
  
- (Check Point 6) The place and date must be identified in the bottom of the text of the origin declaration unless they are identified in the Commercial Document on which the origin declaration is made out.

- (Check Point 7) According to the Article 16(4) of the Origin Protocol of the EU-KR FTA, an origin declaration must be made out by the exporter by typing, stamping, or printing on the invoice, the delivery note or another commercial document. However, as the Article does not clearly specify the scope of commercial documents on which an origin declaration can be made out, there have been confusions. The commercial documents practically recognized by the KCS include an invoice, packing list, and delivery note. For your reference, whether the Bill of Landing issued by a shipping company is recognized as a commercial document has been debated for years, but it has been conclusively excluded from the scope of commercial documents by the decision of the EU-Korea Customs Committee in 2017.<sup>6</sup>
  
- (Check Point 8) According to Article 16(5) of the Origin Protocol of the EU-KR FTA, if an approved exporter does not give the customs authorities of the exporting party a written undertaking that he accepts full responsibility for any origin declaration which identifies him as if it had been signed in manuscript by him, the origin declarations should bear the original signature of the exporter in manuscript. There have been some problematic cases where some approved exporters omitted the original signatures on the origin declarations without providing the foregoing written undertaking to the customs authorities of the exporting party.
  
- (Check Point 9) When the goods are directly transported from the first EU exporter to the Korean importer in a transaction among the first EU exporter, the intermediate non-EU exporter, and Korean importer, the intermediate non-EU exporter may not make out an origin declaration using the first EU exporter's customs authorization number on the commercial documents it issues. The intermediate non-EU exporter should instead provide the packing list including the origin declaration issued by the first EU exporter to the importer.
  
- (Check Point 10) In order to receive preferential tariff treatment under the EU-KR FTA, the goods traded must have been directly transported from the EU to Korea. However, if the goods are transhipped or temporarily warehoused in a third country, the following conditions must be satisfied for the preferential tariff treatment:
  - ① The goods traded must be a single consignment. In other words, the goods must not have been split in a third country and must have been transported as-is to the importing country. In order to prove this, the through B/L (which specifies the initial port of shipment, transshipment port, and

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<sup>6</sup> PT material presented in the International Origin Seminar 2017 by Mr. Nicholas Burge, the Head of the Trade and Economy Section at the Delegation of the European Commission to the Republic of Korea.

port of final destination) or the multi-modal transport document to cover from an initial port of shipment to a final destination port must be submitted. Alternatively, the fact that the goods specified in the B/L (or other transport documents) issued at the initial port of shipment are the same as those of the B/L (or other transport documents) issued at the transshipment port must be proven.

② The goods traded must not have go through any operations other than unloading, reloading, or any operation designed to preserve them in good conditions in the third country where they are transshipped or temporarily warehouse. In order to prove this, the Certificate of Non-Manipulation must be obtained from the third country's customs office.

□ (Check Point 11) An EU exporter must keep all the supporting documents that can help prove that the goods for which an origin declaration is made out are originating pursuant to Article 23 of the Origin Protocol.

## **(2) Establishing an Internal Control System**

The KCS is operating a post audit system and a post verification system in order to facilitate trade. That is, the KCS promptly processes import clearance of most of the imported cargos (excluding high-risk cargo), and then, if necessary, audits or verifies whether the import declarations or claims for preferential tariff treatment filed for the past 5 years complied with or satisfied the requirements stipulated in customs & FTA laws and regulations.

Under the post verification system, importers can easily receive preferential tariff treatments if they submit the application for preferential tariff treatment when making an import declaration. If the KCS conducts or requests for origin verification of the goods imported in the past 5 years, both the importers and the exporters have an obligation to prove that the goods for which the application is submitted are originating under the relevant FTA. However, some exporters and importers claim for preferential tariff treatment without thoroughly verifying their satisfaction of all the requirements for preferential tariff treatment as the procedure for making the claim is easy and convenient. For example, there are some cases that an exporter makes out an origin declaration without self-verifying whether the goods are originating or whether the goods are directly transported, while, an importer claims for preferential tariff treatment in spite that there are errors in the origin declaration. When such violation of Rules Of Origin are discovered in a post origin verification process, the importer who committed such violation must pay the additional customs duties (normal tariff minus preferential tariff), 10% of the additional customs duties (40% in the case of a fraud) as a penalty, and the interest accrued with respect to the additional

customs duties to the KCS. Further, a future claim for preferential tariff treatment for the goods determined to have violated ROO would not be likely to be permitted.

Accordingly, in order to minimize such foregoing risks, an internal control system whereby both the exporter and the importer can periodically monitor their compliance with the FTA requirements may be necessary.

### **(3) Making a Voluntary Amendment for Errors**

When an EU exporter becomes aware of an error on the origin declaration it had made out, he or she must notify the Korean importer of such error within the period specified by the relevant laws and regulations of the exporting country. On the other hand, the Korean importer benefiting from the preferential tariff treatment under the EU-KR FTA who is notified of the error is required to correct the import declaration within 30 days or else will be subject to administrative (civil) fines of up to KRW 5 million per filing pursuant to Articles 11(2) and 24(2) of the FTA Implementation Act of Korea.

## **II. Approved Exporter System of Korea**

### **1. General Information about Approved Exporter**

#### **(1) What is an Approved Exporter?**

According to Articles 16 and 17 of the Origin Protocol of the EU-KR FTA, an “approved exporter” means any exporter who acquires customs authorization number from the customs authority of the exporting party by offering to the satisfaction of the customs authorities all guarantees necessary to verify the originating status of the products as well as the fulfilment of the other requirements of the Origin Protocol.

#### **(2) Benefits for Approved Exporter**

First, an approved exporter can make out origin declarations under the EU-KR FTA irrespective of the value of the goods. That is, a non-approved exporter can make out origin declarations only for “any consignment consisting of one or more packages containing originating products” (“Any Consignment” whose total value does not exceed 6,000 euros. On the other hand, an approved exporter can make out origin declarations for any consignment whose total value exceeds 6,000 euros by using customs authorization number in the origin declaration.

Second, an approved exporter is not required to sign origin declarations. In general, origin declarations must bear the original signature of the exporter in manuscript. However, an approved exporter is not required to sign such declarations provided that he or she gives the customs authorities (of the territory of the exporter) a written undertaking that he or she accepts full responsibility for any origin declaration which identifies him or her as the signer of the manuscript.

Third, an approved exporter does not need to submit the relevant supporting documents such as export declaration form, BOM (Bill Of Materials), description of manufacturing process, cost data, RVC calculation data and suppliers’ declaration forms to verify the originating status of the exported goods when he applies for a certificate of origin relating to the FTAs with ASEAN countries, Singapore, Vietnam, India or China for which the customs authority issues certificate of origin.

### (3) Types of Approved Exporter

The Act on Special Cases of the Customs Act for the Implementation of Free Trade Agreements of Korea (the “FTA Implementation Act of Korea”) regulates two types of approved exporters:

- ① An approved exporter ( “comprehensive approved exporter”) who has acquired a general license applicable for all the relevant FTAs and the goods exported by him.
- ② An approved exporter ( “specific approved exporter”) who has acquired a specific license to be applicable only for a certain specific FTA and a certain specific HS code.

## 2. Difference between the Two Types of Approved Exporters

Differences between the above-mentioned two approved exporters are as follows.

	Comprehensive approved exporter	Specific approved exporter
Scope	Applicable <u>for all</u> the relevant FTAs and the goods exported	Applicable <u>for only</u> a specific FTA and a specific HS code, selected by the exporter for the approved exporter license
Valid Period	The license is valid for 5 years.	The license is valid for five years or shorter depending on whether the exporter has ever rejected origin verification of Korea Customs Authority or breached the duty of record keeping in the last 2 years.
Benefit	<p>a. The exporter may make out origin declarations for all the goods which he or she exports under the EU-KR FTA.</p> <p>b. The exporter need not submit the supporting documents to verify originating status of all the goods when applying for the certificate of origin under all the relevant FTAs for which the customs authority issues certificate of origin.</p>	<p>a. The exporter may make out origin declarations for the specific goods which he or she exports under the EU-KR FTA.</p> <p>b. The exporter need not submit the supporting documents for the originating status of the specific goods when applying for the certificate of origin under the specific FTA for which the customs authority issues certificate of origin.</p>
Requirements for Approval	Please refer to 4(2) (page XX)	Please refer to 4(2) (page XX)

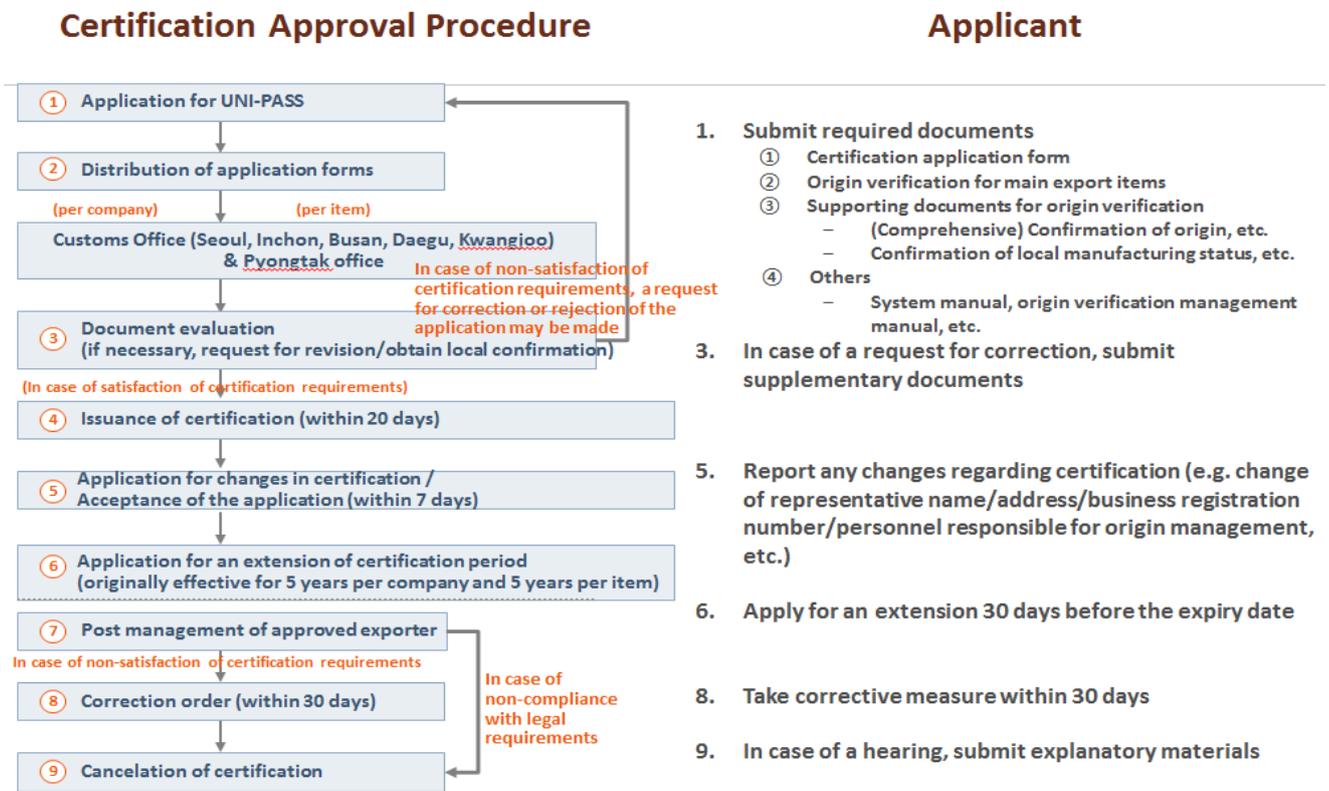
### 3. Benefits for Approved Exporter

The benefits for approved exporters are as follows.

	Non-approved exporter	Approved exporter
EU-KR FTA	The exporter may make out origin declarations only for “Any Consignment” whose total value does not exceed 6,000 euros	The exporter may make out origin declarations for Any Consignment whose total value exceeds 6,000 euros by using customs authorization number in the origin declaration.
KR-EFTA FTA	The exporter should sign the origin declaration on an invoice or packing list.	The exporter need not sign the origin declaration on an invoice or packing list.
FTAs with ASEAN countries, Singapore, Vietnam, India, China	The exporter should submit the relevant supporting documents such as export declaration form, BOM (Bill Of Materials), description of manufacturing process, cost data, RVC calculation data and suppliers’ declaration forms to verify originating status of the exported goods when applying for the certificate of origin issued by the customs authority.	The exporter need not submit the relevant supporting documents to verify originating status of the exported goods when applying for the certificate of origin issued by the customs authority.

## 4. Application & Approval for Approved Exporter License

### (1) Procedure



### (2) Requirements for Approval by Customs Authority

	Comprehensive Approved exporter	Specific Approved Exporter
Process	<p>The exporter should have “a computerized system or a written manual for origin management of the goods manufactured or exported”(hereinafter the “Origin Management System”), which includes the following functions and procedures:</p> <ol style="list-style-type: none"> <li>managing HS code and origin of the exported or manufactured goods and their materials;</li> <li>managing rules of origin of the exported or manufactured goods;</li> </ol>	<p>The exporter does not need to have an Origin Management System, but needs to show that the specific goods (6-digit HS code) for which he applies for a license meets the ROO stipulated in the specific FTA.</p>

	<p>③ determining the exact origin of the exported or manufactured goods;</p> <p>④ keeping all the relevant supporting documents necessary to verify the originating status of the exported or manufactured goods.</p>	
Specialist	<p>The exporter should designate an origin management specialist among his employees, who is able to verify whether the goods are originating and who has completed the training courses specified by the Korea Customs Service (more than 20 credits) or is a licensed origin manager. If there is no origin management specialist in the exporting company, he or she can contract with an outside certified customs broker, lawyer or certified public accountant as an origin management specialist.</p>	<p>The exporter should designate an origin management specialist among his employees, who is able to verify whether the goods are originating and who has made out the training courses specified by the Korea Customs Service (more than 10 credits) or is a licensed origin manager. If there is no origin management specialist in the exporter's company, he or she can contract with an outside certified customs broker, lawyer or certified public accountant as an origin management specialist.</p>
Record Keeping	<p>The exporter should manage a book to record data relating to issuing or receiving the certificate of origin.</p>	<p>The exporter should manage a book to record data relating to issuing or receiving the certificate of origin.</p>
Legal Compliance	<p>① The exporter has never rejected origin verification (Articles 17.1 and 18.1 of the FTA Implementation Act of Korea) in the last 2 years.</p> <p>② The exporter has never the breached the duty of record keeping of an exporter (Articles 10.1 of the Enforcement Decree of the FTA Implementation Act of Korea) in the last 2 years.</p>	<p>No regulations</p>

	③ The exporter has never applied for the certificate of origin through deceit or other fraudulent means.	
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**(3) Documents Required in Approval Review Process**

Comprehensive Approved Exporter	Specific Approved Exporter
<p>① Application Form for comprehensive approved exporter</p> <p>② Origin Statement for the main goods (five items or less)</p> <p>③ Supplier's Declaration Form in case that the producer is different from the exporter</p> <p>④ The following supporting documents to verify the Origin Statement:</p> <ul style="list-style-type: none"> <li>- Suppliers' Declaration Forms for materials used in the production of the exported goods</li> <li>- Description of manufacturing process</li> <li>- Company introduction materials including general information of company, production facilities, main products, buying countries</li> </ul> <p>⑤ Other documents required by the commissioner of the Korea Customs Service or the head of customs office:</p>	<p>① Application Form for specific approved exporter</p> <p>② Origin Statement for the single specific goods</p> <p>③ Supplier's Declaration Form in case that the producer is different from the exporter</p> <p>④ The following supporting documents to verify the Origin Statement:</p> <ul style="list-style-type: none"> <li>- Suppliers' Declaration Forms for materials used in the production of the exported goods</li> <li>- Description of manufacturing process</li> <li>- Company introduction materials including general information of company, production facilities, main products, buying countries</li> </ul> <p>⑤ Other documents required by the commissioner of the Korea Customs Service or the head of customs office:</p>

<ul style="list-style-type: none"> <li>- Explanation of system or user manual in case that an applicant has a computerized system for origin management</li> <li>- Manual for origin management in case that an applicant does not have a computerized system for origin management</li> <li>- Signature card where signatures of personnel authorized for origin management are registered</li> <li>- A book to record data relating to issuing or receiving certificate of origin</li> <li>- Proof to show that an origin management specialist is designated</li> <li>- Document to show how origin of each exported goods is managed by each FTA</li> </ul> <p>⑥ A written undertaking that the exporter accepts full responsibility for any origin declaration which identifies him or her as if the declaration had been signed in manuscript by him or her.</p>	<ul style="list-style-type: none"> <li>- Signature card where signatures of personnel authorized for origin management are registered</li> <li>- A book to record data relating to issuing or receiving certificate of origin</li> <li>- Proof to show that an origin management specialist is designated</li> <li>- Document to show how origin of the specific goods is managed under the specific FTA</li> </ul> <p>⑥ A written undertaking that the exporter accepts full responsibility for any origin declaration which identifies him or her as if the declaration had been signed in manuscript by him or her.</p>
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**(4) Valid Period and its Extension**

The license for a comprehensive approved exporter shall be five years. On the other hand, the license for a specific approved exporter shall be five years or less, depending on whether the exporter has ever rejected origin verification of the Korea Customs Authority or breached the duty of record keeping in the last 2 years.

Any person who intends to extend the valid period of the Approved Exporter license shall file an application (i.e. Form 29 in the Decree of FTA Implementation Act) thirty (30) days prior to the expiration with the Commissioner of the Korea Customs Service or the head of a customs office that had issued the certification concerned.

#### **(5) Post Management**

The head of a customs office may select companies which need post management based on the following criteria and confirm whether an approved exporter maintains the requirements necessary for an approved exporter license through on-site due diligence in his office or factory:

- ① a drastic fluctuation in international prices of raw materials that may influence the originating status of the approved product
- ② changes in the manufacturing process of the approved product
- ③ changes in the product specific rule of the approved product
- ④ an approved exporter selected as a company for which risk management is deemed necessary according to the risk management analysis conducted by a customs office
- ⑤ the acquisition of the information or intelligence regarding change of an approved exporter's items specified in the license by the head of a customs office
- ⑥ the request for post management by an approved exporter

#### **(6) Corrective Order and Cancellation of Certification.**

Even if one of the below disqualifications for which a customs office may revoke the license occurs, the head of a customs office may give an approved exporter an opportunity to voluntarily amend the disqualification by issuing a corrective order to him or her before revoking the license:

- ① the exporter does not have and manage a book to record data relating to issuing or receiving certificate of origin;
- ② there is no origin management specialist;
- ③ the specific approved exporter does not have and manage a computerized system or a written manual for origin management.

If an approved exporter does not make a voluntary amendment within the period (more than 30 days) as prescribed by the commissioner of the Korea Customs Service or the head of a customs office, the license may be revoked after a hearing.

## **5. Other Things to Note**

### **(1) Benefits under the license shall only be allowed within the scope of license.**

The license for a comprehensive approved exporter can be applicable for all the relevant FTAs that Korea executed or will execute in the future and for all the goods he or she produces or exports. Therefore, even if a new FTA is executed or brand-new goods are produced after the license has been issued, the license can be applicable for a new FTA as well as brand-new goods without any update or reissuance of the license.

The license for a specific approved exporter can be applicable for the specific FTA and the specific goods classified into the specific 6-digit HS code that the approved exporter selected in the application for license. Therefore, the license cannot be applicable for any other FTAs and any other goods under different HS codes that the exporter did not select in the application for license.

### **(2) A license does not mean that the goods an approved exporter exports are originating.**

An exporter can acquire a license, that is, customs authorization number from the customs authority of exporter's territory by offering to the satisfaction of the customs authorities all guarantees necessary for verifying the originating status of the products as well as fulfilling the other requirements of the Origin Protocol. Further, the exporter can make out origin declarations under the EU-KR FTA irrespective of the value of the products exported by using the customs authorization number in the origin declaration. The license, however, does not mean the customs authority guarantees that all the goods an approved exporter exports are originating. Therefore, an approved exporter has to be responsible for false origin declaration.

### **(3) Simplification of documents required for submission does not mean an exemption from the responsibility for record keeping or origin verification.**

An approved exporter does not need to submit the relevant supporting documents such as export declaration form, BOM (Bill Of Materials), description of manufacturing process, cost data, RVC calculation data and suppliers' declaration forms to verify originating status of the exported goods when applying for a certificate of origin relating to the FTAs with ASEAN countries, Singapore, Vietnam, India or China for which the customs authority issues the certificate of origin. Such simplification of required documents, however, does not mean that the exporter is exempt from the obligation to keep records or submit all the relevant supporting documents necessary for verifying the originating status of the exported goods.





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