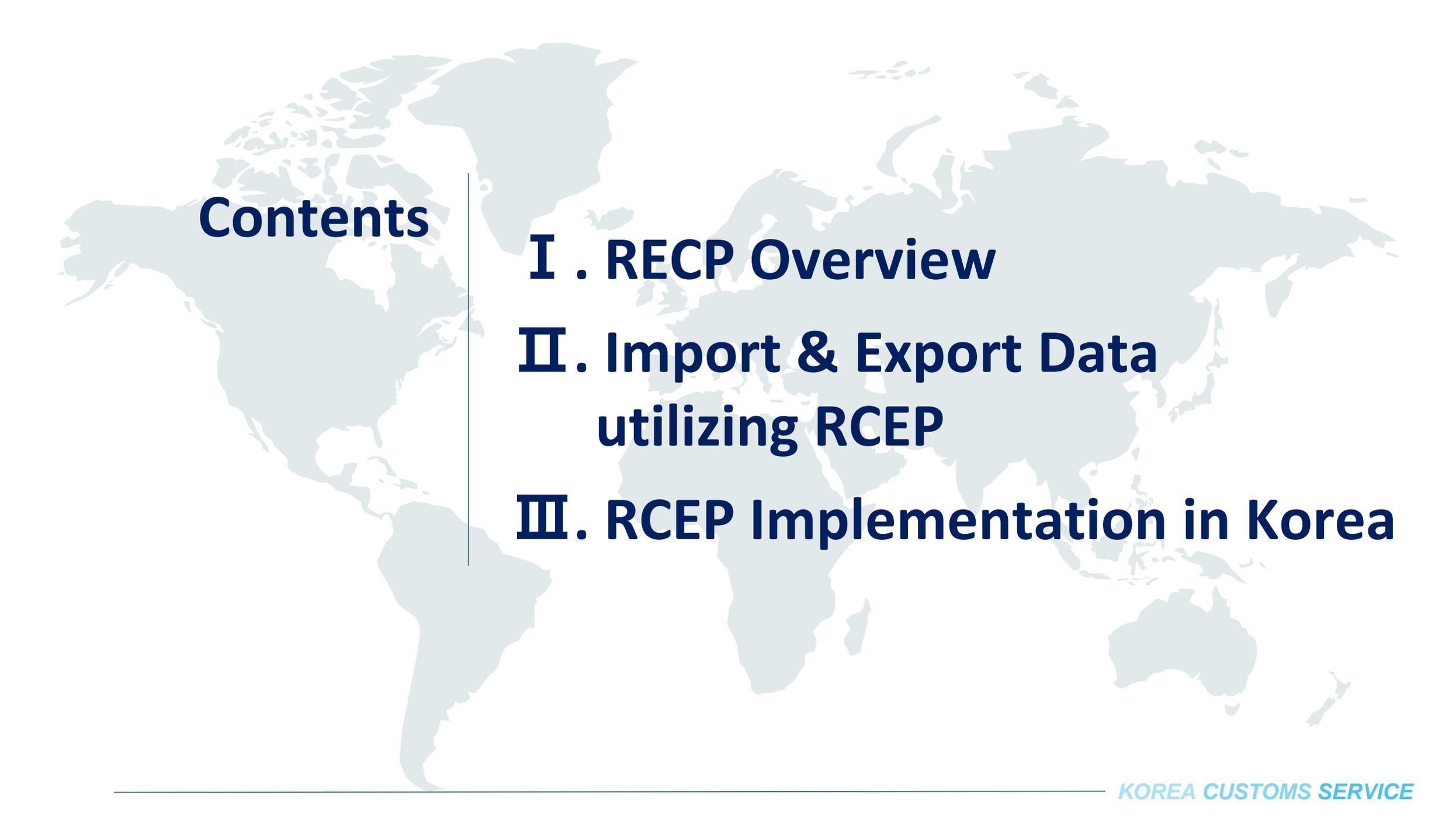




Guide to Utilize RCEP in Korea

RCEP Webinar, marking the 2nd year of EIF
21st December 2023

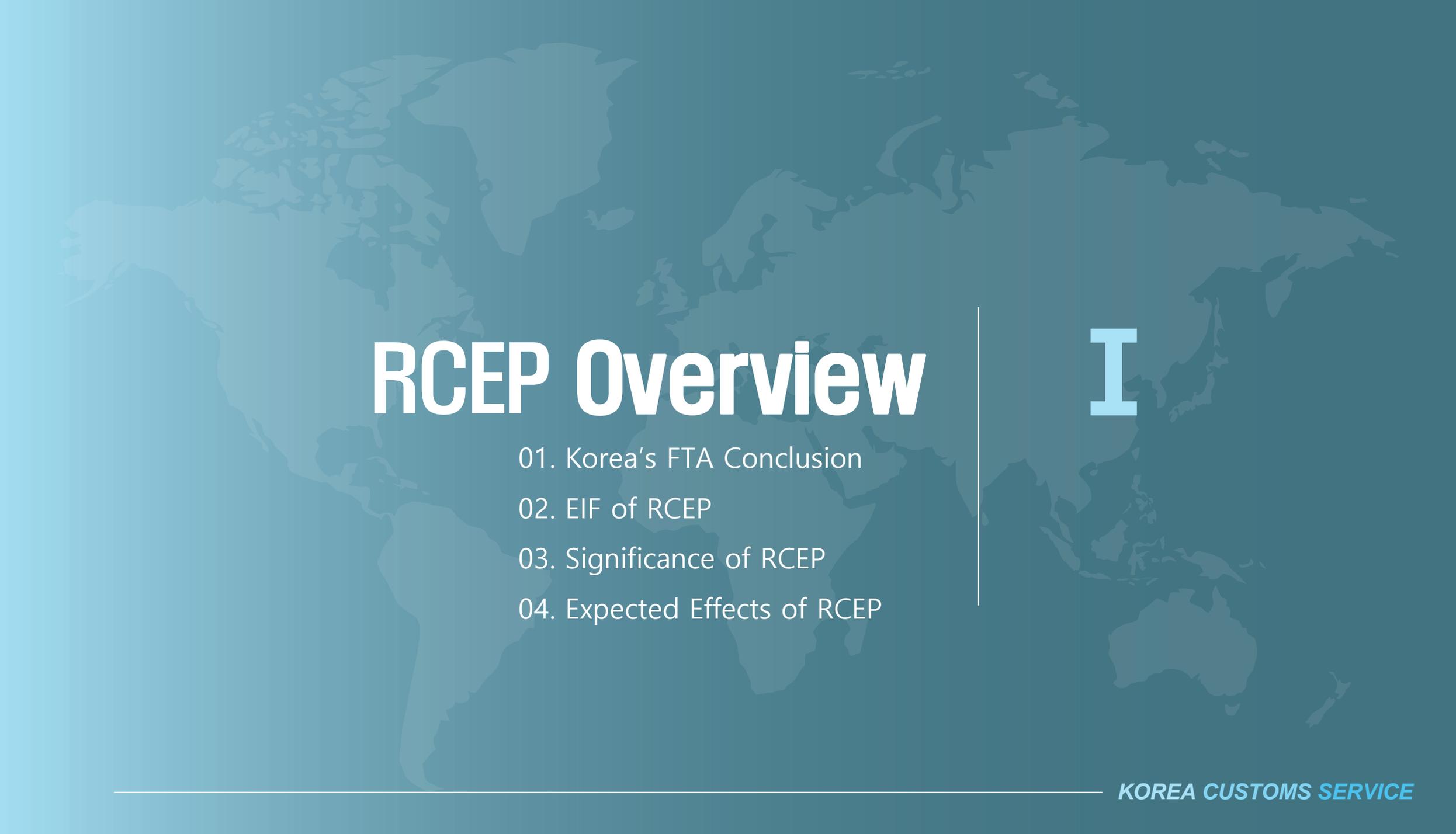


Contents

I . RECP Overview

**II. Import & Export Data
utilizing RCEP**

III. RCEP Implementation in Korea

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RCEP Overview

I

01. Korea's FTA Conclusion
02. EIF of RCEP
03. Significance of RCEP
04. Expected Effects of RCEP

01. Korea's FTA Conclusion

	EIF	Concluded	Under Negotiation	Under Research
Agreements / Countries	21A / 59C	4A / 4C (Philippines, Central America(Guatemala) Ecuador, UAE)	6A / 14C (KR-CN-JP), MERCOSUR, Russia, Malaysia, Uzbekistan, GCC)	4A / 10C (EAEU, PA, Mexico, Georgia)
Accumulative Proportion(%)	78.3	80.1	88.2	90.3



02. Entry into Force of RCEP

◆ What is RCEP (Regional Comprehensive Economic Partnership) ?

- **The largest multilateral trade agreement** concluded among **15 countries** including 10 ASEAN , China, Japan, Australia, New Zealand, and **Korea** in pursuit of free trade in the region.
- **The 1st Trade Agreement between Korea and Japan**



RCEP Parties

RoK, 10 ASEAN (Brunei, Cambodia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, Indonesia), **China, Japan, Australia, New Zealand**

02. Entry into Force of RCEP



Date of EIF of each Party

Parties	Date of EIF
- Brunei, Cambodia, Laos, Singapore, Thailand, Vietnam, China, Japan, Australia, New Zealand	1 st January 2022
- Korea	1 st February 2022
- Malaysia	18 th March 2022
- Indonesia	2 nd January 2023
- Philippines, Myanmar	Under process

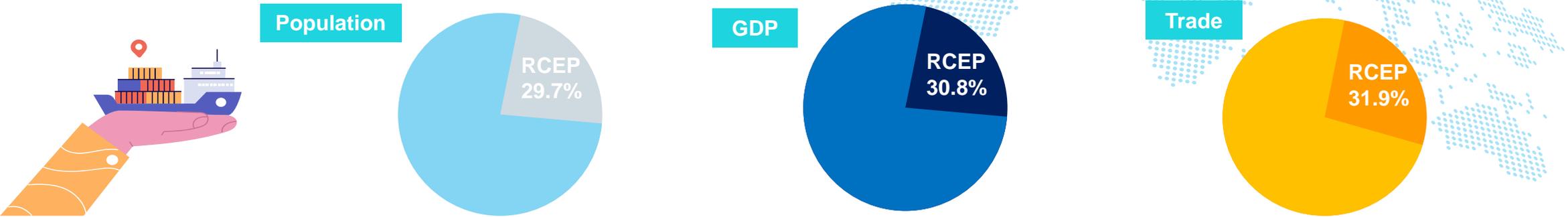
Tariff Reductions Schedule

Parties	Implementing Year
- Japan , Indonesia, Philippines	- The first year : period from the date of EIF until the following 31 March - Each subsequent year : 12-month period starting on 1 April of that year
- Brunei, Cambodia, Laos, Singapore, Thailand, Vietnam, China, Australia, New Zealand, RoK , Malaysia	- The first year : period from the date of EIF until the following 31 December - Each subsequent year : 12-month period starting on 1 January of that year

e.g.) As of 21st December 2023 :
(Korea) the 2nd Year after EIF, (Japan) the 3rd Year after EIF

03. Significance RCEP

(1) Mega FTA of the world's largest economic scale



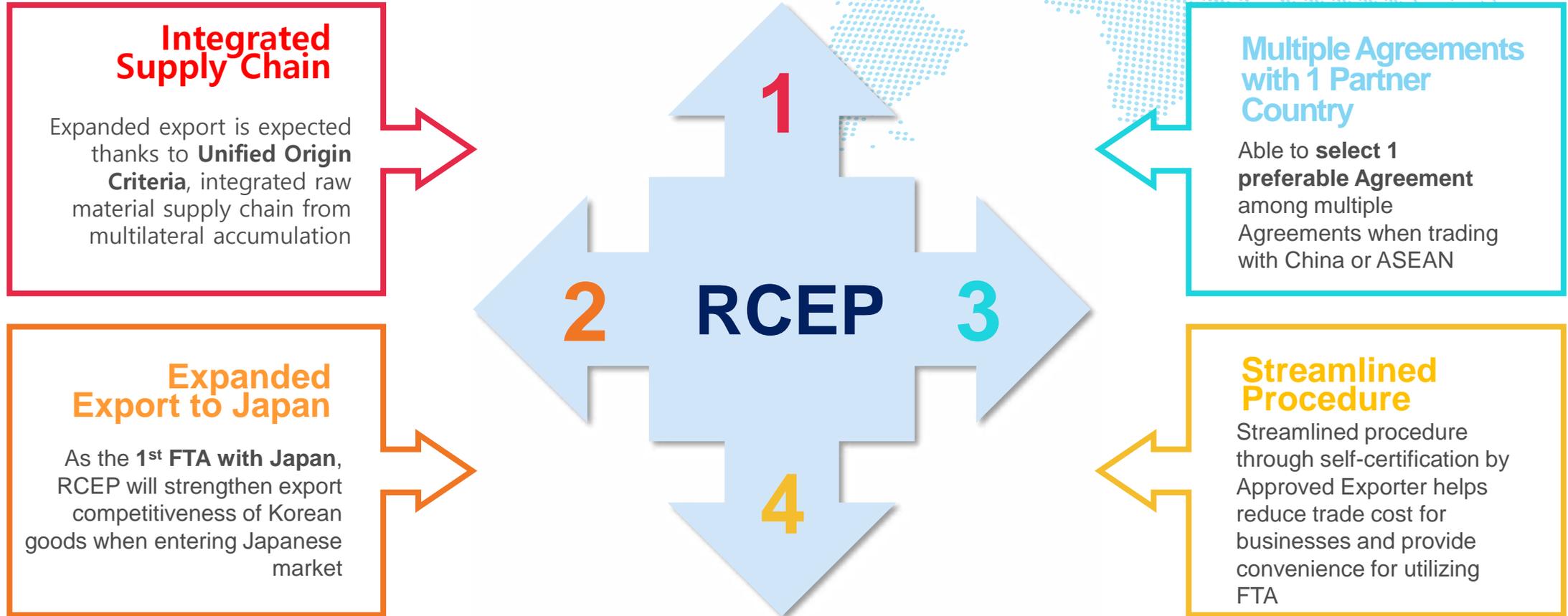
(2) The 1st FTA with Japan

◆ Elimination of customs duties of Korea & Japan : within 20 years, **83.0%** of the entire products

* bilateral import amount in average, during 2012-2013

Concession of Korea				Concession of Japan			
Number of Product		Amount of Import from Japan		Number of Product		Amount of Import from Korea	
Number	Proportion	Value(\$)*	Proportion	Number	Proportion	Value(\$)*	Proportion
10,158	83.0%	472.8 billion	76.0%	7,548	83.0%	290.5 billion	78.0%

04. Expected Effects of RCEP



Import & Export Data utilizing RCEP

II

01. Korea's Import \$ Export data utilizing RCEP
02. Each Party's RCEP Utilization – Export & Import
03. RCEP Utilization by Products – Export & Import
04. Korea's Import \$ Export data with Japan under RCEP

01. Korea's Import \$ Export data utilizing RCEP

(Unit: million \$, case)

Period	Export		Import	
	Amount	Cases	Amount	Cases
Feb – Dec, 2022 (11 months)	3,319	39,998	5,628	77,837
Jan – Oct, 2023 (10 months)	3,139	41,749	6,143	114,795

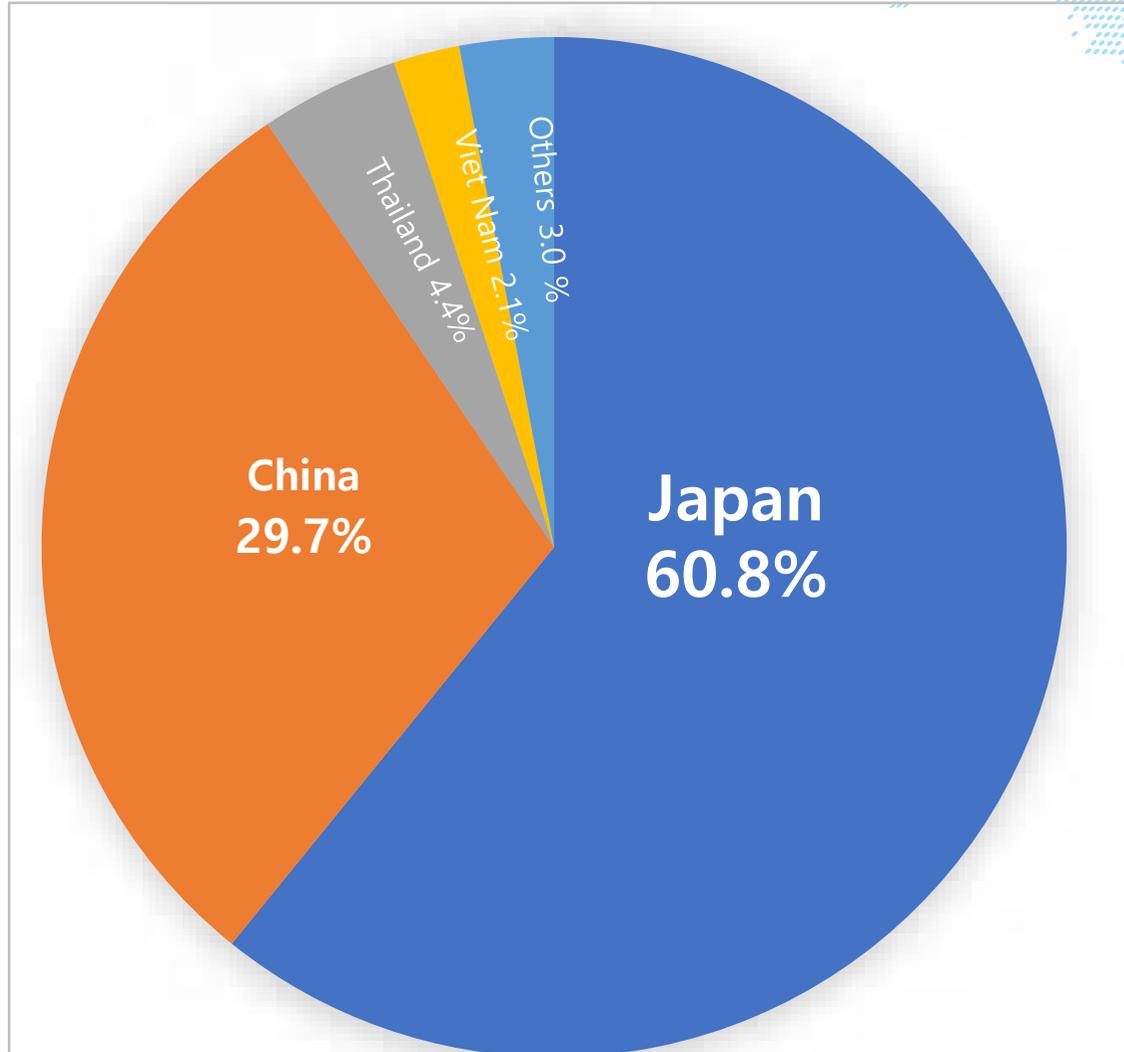
- **(Export Utilization)** The number of RCEP C/O issued by the issuing authorities (Customs and KCCI)

※ Self-issued certificates by Approved Exporters are not reported to Customs authority and not counted for utilization rate.

- **(Import Utilization)** **Data of import applied with preferential tariff under RCEP**

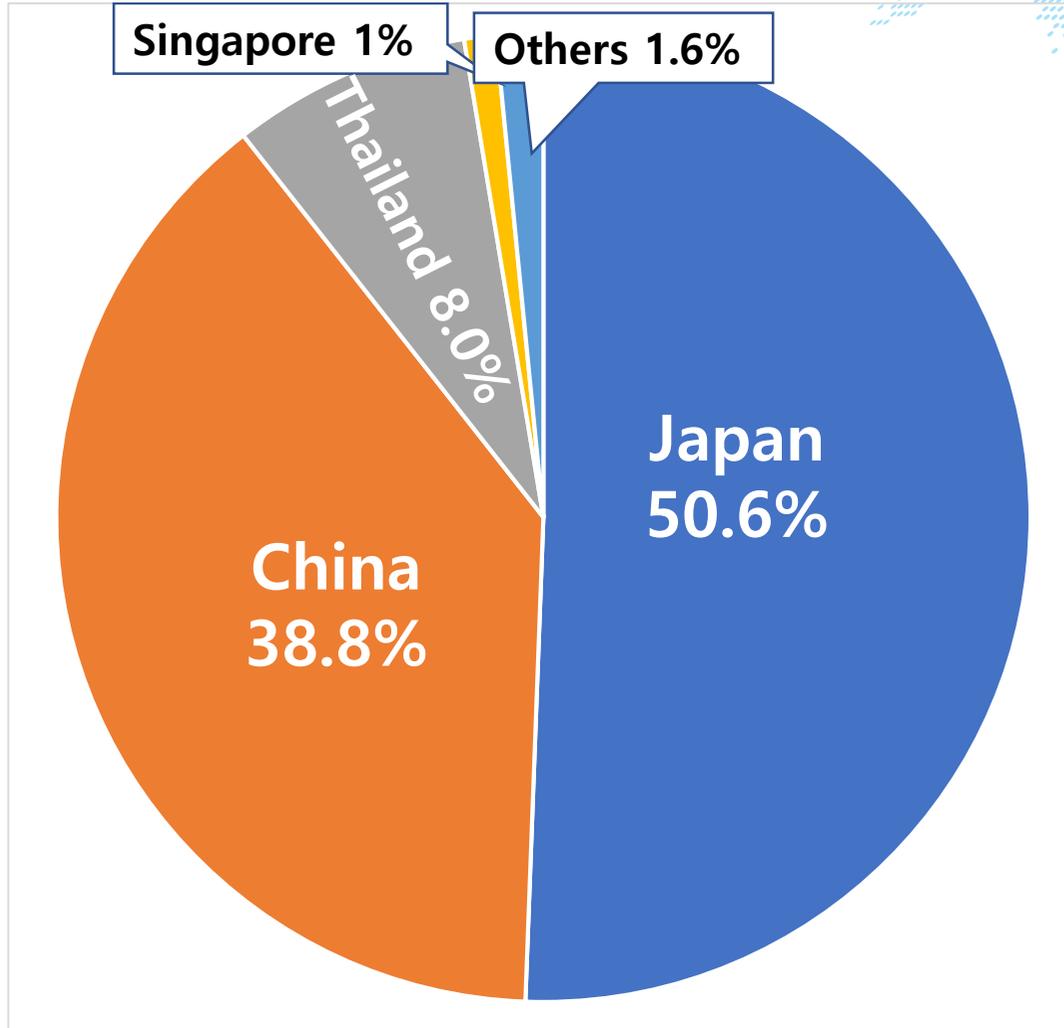
02. Each Party's RCEP Utilization - Export

(Period: Jan~Oct 2023, Unit: million\$, %)



	Party	Amount	Proportion
1	Japan	1,909	60.8
2	China	933	29.7
3	Thailand	138	4.4
4	Viet Nam	65	2.1
5	Singapore	34	1.1
6	Indonesia	28	0.9
7	Australia	20	0.6
8	Malaysia	9	0.3
9	Philippines	1	0.0
10	New Zealand	0.1	0.0
	Total	3,139	100

02. Each Party's RCEP Utilization - Import



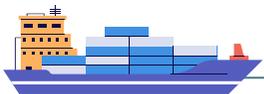
(Period: Jan~Oct 2023, Unit: million\$, %)

	Party	Amount	Proportion
1	Japan	3,108	50.6
2	China	2,386	38.8
3	Thailand	489	8.0
4	Singapore	64	1.0
5	Viet Nam	40	0.6
6	Indonesia	37	0.6
7	Malaysia	14	0.2
8	New Zealand	3	0.1
9	Cambodia	2	0.0
10	Philippines	0.1	0.0
	Total	6,143	100

03. RCEP Utilization by Products - Export

(Period: Jan~Oct 2023, Unit: million\$, %)

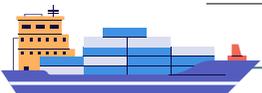
No.	HS 6 digits	Description	Amount	Proportion
1	2841.90	Lithium oxide (for battery)	695.0	22.1
2	2833.24	Nickel sulphate (for battery)	126.1	4.0
3	3902.30	polymers of propylene (plastic)	95.5	3.0
4	2710.19	Petroleum oil preparations	94.5	3.0
5	3920.62	PET plate, PET sheet	85.6	2.7
6	8529.90	Other electrical apparatus and its part	70.0	2.2
7	7606.12	Aluminum alloys plate-sheet-strip	56.4	1.8
8	3907.40	Polycarbonates	48.0	1.5
9	3901.40	Ethylene-alpha-olefin copolymers (solar battery)	47.5	1.5
10	3907.61	High viscosity PET raw material (plastic)	46.4	1.5
Total amount of top 10 items			1,365	45.3
Total sum			3,139	100



03. RCEP Utilization by Products - Import

(Period: Jan~Oct 2023, Unit: million\$, %)

No.	HS 6 digits	Description	Amount	Proportion
1	2825.20	Lithium oxide · hydroxide (for battery)	1,711.5	27.9
2	2710.19	Petroleum oil preparations (lubricating)	531.9	8.7
3	2707.30	Xylene (solvent for rubber · plastic)	196.4	3.2
4	6204.62	Cotton suit · pants for women	158.1	2.6
5	2825.90	Inorganic salts · metallic oxides	152.1	2.5
6	6110.30	Man-made knitted or crocheted fabrics	137.7	2.2
7	3004.90	Other medicaments for retail	92.6	1.5
8	6907.21	Ceramic flags · tile	88.4	1.4
9	3815.19	Iron, titanium catalyst	75.4	1.2
10	3815.11	Nickel catalyst	70.4	1.1
Total amount of top 10 items			3,215	52.3
Total sum			6,143	100.0



04. Korea's Export Data with Japan under RCEP

(Period: Jan~Oct 2023, Unit: million\$, %)

No.	HS 6 digits	Description	Amount	Proportion
1	2833.24	Nickel sulphate (for battery)	126.1	6.6
2	3902.30	Polymers of propylene (plastic)	92.8	4.9
3	3920.62	PET plate, PET sheet	80.0	4.2
4	7606.12	Aluminum plate, sheet	56.5	3.0
5	3907.61	High viscosity PET raw material (plastic)	46.4	2.4
6	3906.90	Acryl polymers (paper, cosmetics)	41.3	2.2
7	3901.40	Ethylene-alpha-olefin copolymers (solar battery)	36.0	1.9
8	5603.11	Nonwovens	34.0	1.8
9	2710.19	Petroleum oil preparations (lubricant)	32.9	1.7
10	5503.20	Polyesters fiber	32.6	1.7
Total	Total amount of top 10 items		579	30.3
	Total sum		1,909	100.0



04. Korea's Import Data with Japan under RCEP

(Period: Jan~Oct 2023, Unit: million\$, %)

No.	HS 6 digits	Description	Amount	Proportion
1	2707.30	Xylene (solvent for rubber · plastic)	196.4	6.3
2	2710.19	Petroleum oil preparations (for lubricant)	158.8	5.1
3	3004.90	Other medicaments for retail	92.5	3.0
4	3815.19	Iron, titanium catalyst	75.4	2.4
5	2906.12	Cyclohexanol, methylcyclohexanols and dimethylcyclohexanols (varnish)	69.9	2.2
6	3815.11	Nickel catalyst	69.4	2.2
7	7410.11	Foil of refined copper (electric apparatus)	65.9	2.1
8	2825.20	Lithium oxides and hydroxides (battery)	59.6	1.9
9	2825.90	Hydrazine and hydroxylamine and their oxides	52.0	1.7
10	7403.19	Other refined copper alloys	50.3	1.6
Total	Total amount of top 10 items		890	28.6
	Total sum		3,108	100.0



RCEP Implementation in Korea

III

01. FTA implementation policy

- C/O issuance · Approved Exporter · Origin advance ruling

02. Administrative procedure to utilize FTA

- Applying for C/O·Preferential tariff treatment

03. Origin Verification

- Procedure for export & import goods · requirement review · post action · taxpayer's right)

01. FTA Implementation policy – (1) Origin Certification

① C/O Issuance for export goods

	Authority issued C/O	Self issued C/O
Issuer	Customs Offices, Korea Chamber of Commerce & Industry (KCCI)	Exporter, Producer or Importer (KORUS) Complete Issue
Agreements	Singapore, ASEAN, India, Viet Nam, China, RCEP , Cambodia, Israel, Indonesia	Chile, EU, EFTA, Peru, USA, Turkiye, Canada, New Zealand, Colombia, Australia, Central America, UK, RCEP , Cambodia, Israel
Notes	<ul style="list-style-type: none"> (EFTA) C/O for Swiss cheese is issued by the Federal Office of Agriculture of Switzerland 	<p>Only Approved Exporters are eligible for issuing C/O of exporting goods, when the value of goods exceeds certain amount stipulated in the Agreement</p> <ul style="list-style-type: none"> (EU,UK) 6,000 Euro (Israel) 1,000 US\$ (RCEP, Cambodia) Regardless of the amount, only Approved Exporters are eligible for certifying the origin of goods

01. FTA Implementation policy – (1) Origin Certification

② Procedure for issuing C/O by authority

- Submit an application for C/O along with supporting documents to **Customs** or **KCCI** before shipment

Category	Supporting Documents
Issuance	<ul style="list-style-type: none">▪ a copy of Export Declaration Certificate▪ Invoice description or Contracts regarding export transactions▪ Origin Statement or its replacements (Customs may ask additional supporting documents, if needed) <p>※ Submission of above documents are not a must for Approved Exporters</p>
Reissuance	<ul style="list-style-type: none">▪ Explanatory statement for reissuance
Correction	<ul style="list-style-type: none">▪ Initially issued original C/O (copy is allowed on condition that the original will be submitted within 30 days)▪ Supporting documents for correction▪ Explanatory statement for correction

01. FTA Implementation policy – (1) Origin Certification

② Procedure for issuing C/O by authority

Documentary Review	<ul style="list-style-type: none">▪ Eligibility of an applicant to apply for a C/O▪ Whether the date of application is valid (within 1 year from the date of shipment)▪ Whether origin criteria is satisfied▪ Whether application form is duly completed▪ Whether supporting documents are attached
Time and Cost for issuance	<ul style="list-style-type: none">▪ Up to 3 days (within 10 days when further examination is required)※ Less than 1 hour automated issuance for persons subject to exemption of documentary review▪ 7,000 Korean won (free for customs issued C/O)



◆ Person subject to exemption of documentary review (renewed every year)

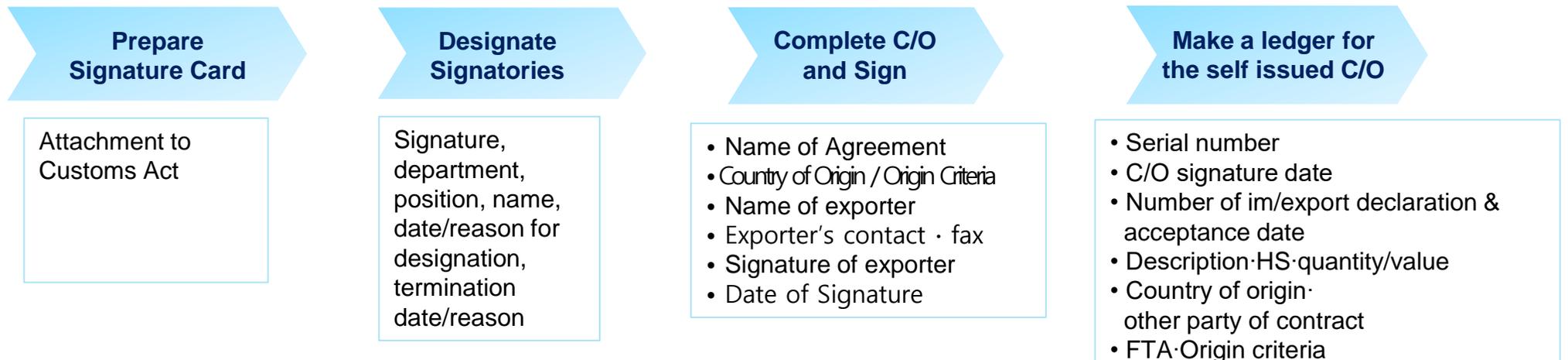
1. Approved Exporters
2. High-ranked enterprises in Law Compliances (AEO AA and higher)
3. Enterprises with 'no issue' from the origin investigation against exported goods of a recent year

01. FTA Implementation policy – (1) Origin Certification



③ Procedure for self issuing C/O

- Exporter, producer or importer completes a C/O by himself as stipulated in the Agreement based on the Origin Statement or other origin proving documents.
- Manage the history of self issuing C/O



Prepare Signature Card

Attachment to Customs Act

Designate Signatories

Signature, department, position, name, date/reason for designation, termination date/reason

Complete C/O and Sign

- Name of Agreement
- Country of Origin / Origin Criteria
- Name of exporter
- Exporter's contact · fax
- Signature of exporter
- Date of Signature

Make a ledger for the self issued C/O

- Serial number
- C/O signature date
- Number of im/export declaration & acceptance date
- Description·HS·quantity/value
- Country of origin· other party of contract
- FTA·Origin criteria

01. FTA Implementation policy – (1) Origin Certification

④ Questions & Answers



[Q&A1] Tariff rate application priority

Q. While checking the application of RCEP preferential tariff, ICT tariff rate other than MFN is also checked. What is tariff rate application priority in Korea?

A. If ICT rate is lower than MFN rate, then ICT rate is firstly applied.

If RCEP rate is same or higher than ICT rate, ICT rate is firstly applied.

However, when RCEP rate and ICT rate is the same, importer can apply RCEP rate.

01. FTA Implementation policy – (1) Origin Certification

④ Questions & Answers



[Q&A2] Different HS Code

Q. There is a case where HS Code required by importing country (Korea) is different from what is indicated on a C/O issued by issuing authority of exporting country. How can it be dealt with in exporting country? Does Korea have any regulations with regard to HS code discrepancy?

A. 1) When 'HS Code' is not a mandatory field on a C/O (ex, Korea-EU FTA, etc.)

-> **Apply Preferential Tariff**

2) When 'HS Code' is a mandatory (ex, AK FTA, RCEP, etc.)

(1) If origin criteria according to HS Code indicated on a C/O meets the origin criteria according to HS code indicated in import declaration -> **Apply Preferential Tariff**

(2) or decided on a **case-by-case** basis

01. FTA Implementation policy – (1) Origin Certification

④ Questions & Answers

Case-by-Case Decision



- ① Correct C/O and **apply preferential tariff**
- ② If C/O correction is not accepted by the issuing authority of exporting country, **apply preferential tariff and then request origin investment** to the Customs that has control over the case.

Example

Origin Criteria of HS Code In C/O	Origin Criteria of HS Code in Import Declaration	Reason for Determination
WO	WO or RVC or CTH	The goods is originating as it was wholly obtained in the exporting country
RVC 40%	RVC 35%	The goods is originating as it exceeds RVC 35%
RVC 40%	RVC 40% or CTH	The goods is originating if it satisfies either RVC or CTH

01. FTA Implementation policy – (2) Approved Exporter

① Approved Exporter

- Approved Exporter is a system where Customs authority offers the right to issue C/O to exporters who are certified to able to prove and manage country of origin (Korea-EU, Korea-U.K., RCEP); or curtail requirements of supporting documents for authority-issued C/O

	Company specific Approved Exporter	Product specific Approved Exporter
Scope of benefit	Every items of all Agreement	For certified Agreement, HS 6 digits
Term of validity	5 years	5 years
Certifying authority	Main Customs Offices – Incheon Airport · Seoul · Busan · Incheon · Daegu · Gwangju and Pyeongtaek Customs	
Requirements	Origin proving ability and law compliance for each FTA partner countries	Origin proving ability and law compliance for different HS 6 digits

1. FTA Implementation policy – (2) Approved Exporter

② Benefits for Approved Exporter stipulated in different Agreements

Agreements	After authorized as Approved Exporter
Korea-EU FTA , Korea-U.K. FTA	<ul style="list-style-type: none">▪ Become entitled to self-issue D/O provided that the value of export goods is above 6,000 euros
Korea-ASEAN, Korea-Singapore, Korea-India, Korea-China, Korea-Vietnam	<ul style="list-style-type: none">▪ Do not need to submit attached documents when issuing C/O by authority▪ Exempted with Customs' on-site check before issuing C/O
RCEP , Korea-Cambodia FTA	<ul style="list-style-type: none">▪ Offered with a right to self issue D/O▪ Do not need to submit attached documents when issuing C/O by authority▪ Exempted with Customs' on-site check before issuing C/O
Korea-Israel FTA	<ul style="list-style-type: none">▪ offered with a right to self issue D/O provided that they export goods of which the value is above 1,000 US\$▪ Do not need to submit attached documents when issuing C/O by authority

01. FTA Implementation policy – (3) Origin Advance Ruling

Key Contents of Advance Ruling	
Applicant	Exporter or Importer
Apply to	Korea Customs Service
Items subject to advance ruling	Products in question and raw materials used in the production of the product
Matters with regard to	Country of origin; Tariff classification, value or cost determination; How to calculate added value generated in the production, processing or manufacturing of the goods

02. FTA Utilization Process for Export



02. FTA Utilization Process for Import



02. FTA Utilization Process for Import



◆ Application for Preferential Tariff Treatment

- Submit an application with an import declaration before acceptance of import declaration (Post-importation application is possible within 1 year from the acceptance of import declaration)
- You have to own the origin supporting documents when applying for preferential tariff treatment and submit to the Customs upon request.

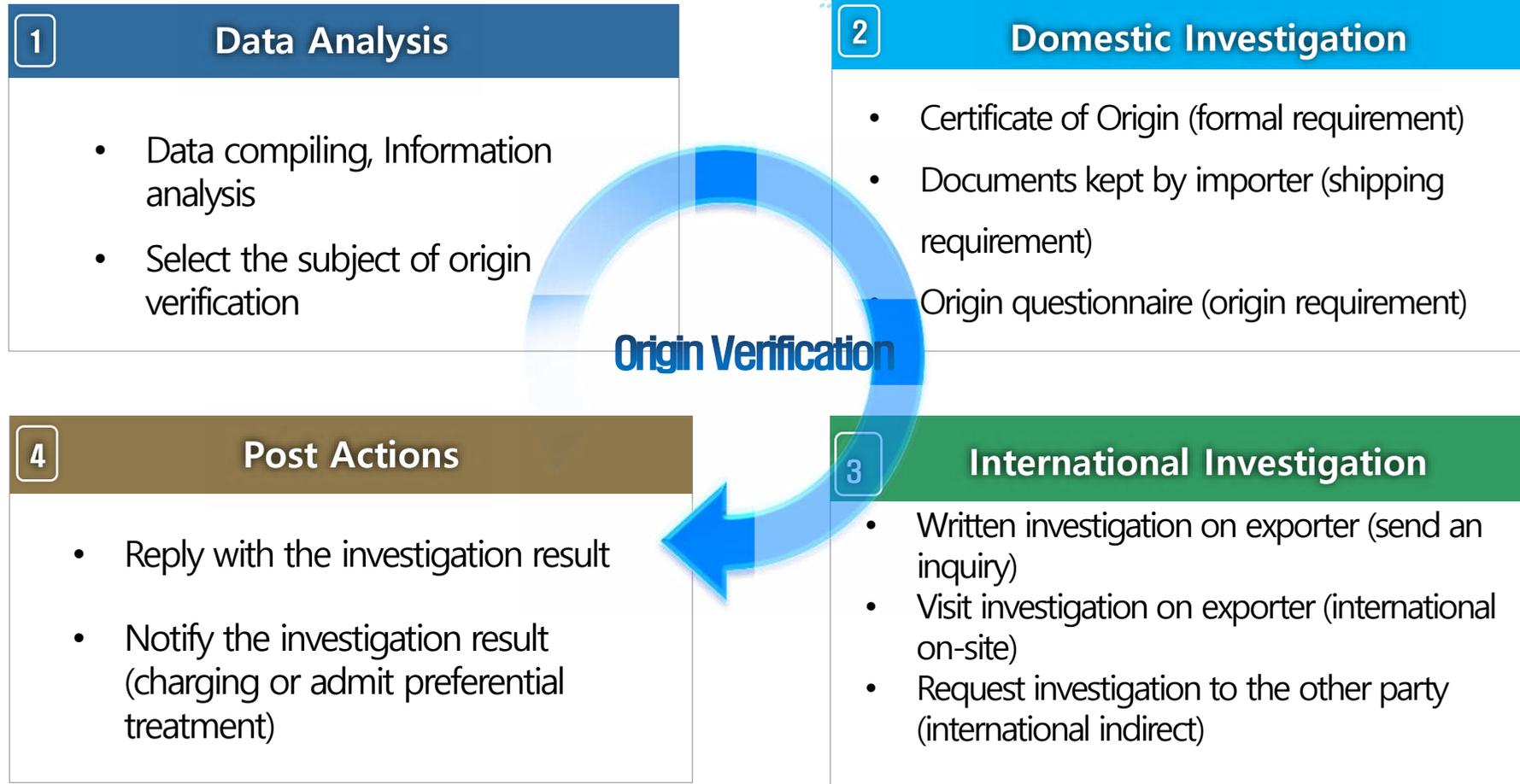


◆ ◆ Minor errors in C/O

- Minor errors in C/O do not affect the integration and validity of C/O itself unless the errors influence the significant matters such as country of origin of goods.
- If these minor errors can be checked with commercial invoice or trade contract, the C/O is not requested to be corrected.

03. Origin Verification

(1) Origin Verification Process for Imported Goods



03. Origin Verification

(2) Origin Verification Process for Exported Goods



(3) Requirements to be verified

- | | |
|---|---|
| <ul style="list-style-type: none">• Parties concerned• Product• Procedural• Country of origin• Shipping | <ul style="list-style-type: none">✓ Applied with preferences under the bilateral trade Agreement✓ Subject to tariff concession(HS Code)✓ Conformity to the procedures stipulated in the Agreement✓ Satisfaction of origin criteria✓ Direct consignment not through the 3rd country |
|---|---|

03. Origin Verification

(4) Follow-up Actions of Origin Verification

Restriction on Preferential tariff treatment

- For unsatisfied origin criteria
- For not responding with the result from (the other Party)
- For not providing the required documents

Blacklisted in applying for preferential tariff treatment

- Exporters who falsely issued C/O more than 2 times in the recent 5 years

Penalty

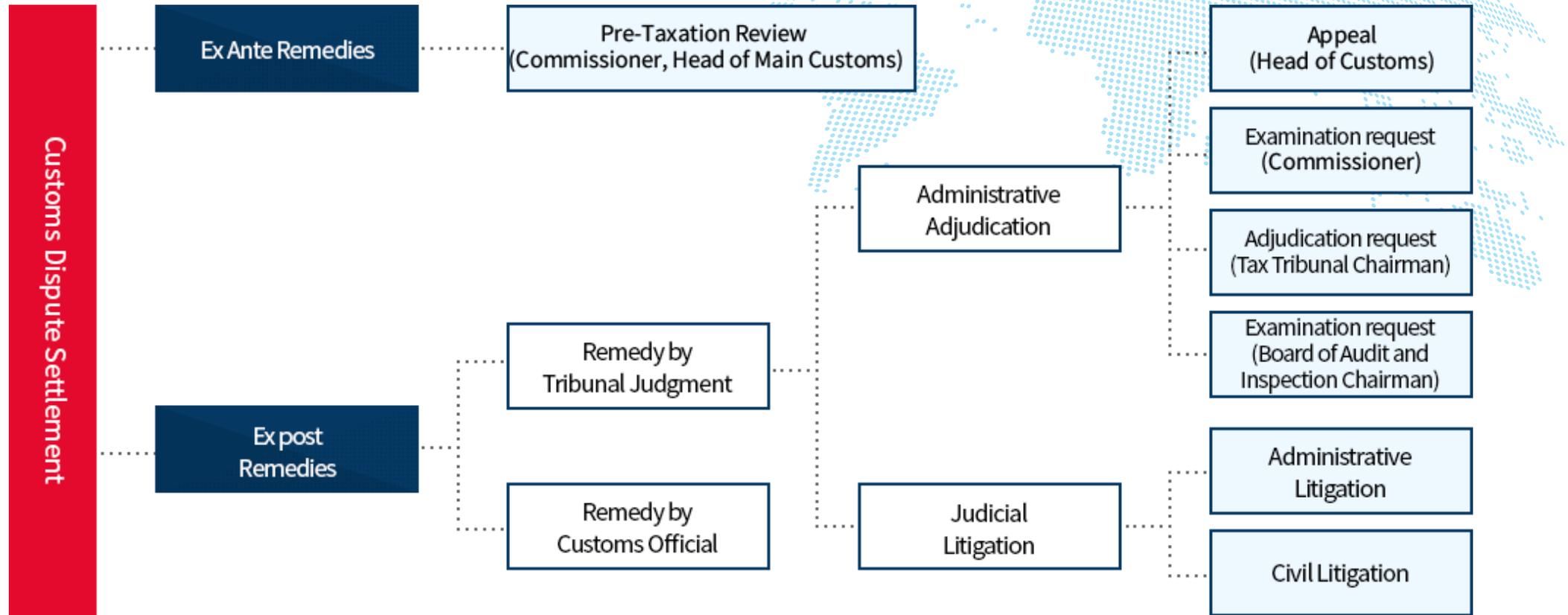
- Who falsely completed and applied for C/O
 - For not keeping origin supporting documents
 - Who submitted the forged documents
- ※ Penalty less than 20 million Won

Fine

- For failing to submit the required documents within due date
 - For refusing, interrupting, or avoiding the written or on-site investigation
 - ※ less than 10 million won
 - Not responding to C/O correction request
- ※ Less than 5 million won

03. Origin Verification

(5) Taxpayers' rights in the process of Origin Verification



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THANK YOU

Korea Customs Service
FTA Implementation Division
Jeong ,Goo Chun