

EU-KOREA FTA – A Practical Guide for European Exporters

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INTRODUCTION

The EU-South Korea free trade agreement (FTA) had provisionally applied since July 2011 before it was formally ratified in December 2015. It went further than any of the EU's previous agreements in lifting trade barriers, and was also the EU's first trade deal with an Asian country.

The agreement eliminates duties for industrial and agricultural goods in a progressive, step-by-step manner. The majority of import duties were removed in 2011. The remaining ones – with the exception of a limited number of agricultural products – were removed after five years on 1 July 2016.

The Benefits from the Free Trade Agreement are not unconditional. This document provides a practical guide.

WHAT ARE THE APPLICABLE TARIFFS?

More info on the specific tariffs can be found on the EU-website of Access2markets which you can find via de following Link.

WHAT ARE THE CONDITIONS?

EXPORTER

- 1) Goods will be originating from EU if:
 - It has been wholly obtained in EU
 - It has been sufficiently processed in EU
- 2) Origin Declaration has been made.



IMPORTER

1) Import declaration for preferential tariff by submitting document of Origin Declaration

DIRECT TRANSPORTATION

Goods are transported from one party to the other.

Exception: Goods consisting in a single consignment can transit through another country, be transhipped or kept in warehouse, only if

- they are not release into free circulation in the country of transit or warehousing;
- they do not undergo any operations other than unloading, reloading or operations to preserve them in good condition.

WHO CAN ISSUE AN ORIGIN DECLARATION?

- Exporter in EU, whether manufacturer or shopkeeper, SMB or major firm
- Customs brokers and forwarders are excluded.

WHAT IS AN APPROVED EXPORTER (AE)?

EU-KOREA FTA stipulate that an exporter from EU or Korea who will export goods valued over 6,000 Euros per consignment should have "Approved Exporter" status in order to get preferential tariff applied on their exporting products at the Customs clearance in Korea or in Member States of European Union.

An approved exporter is an exporter who has met certain conditions imposed by the customs authorities in exporting countries and who is allowed to make out invoice declarations. Just as the customs authorities can grant that status, they can also withdraw it if the exporter misuses or abuses the authorization. The procedures attached to granting "approved exporter" status depend on national provisions.

- Who can be an Approved Exporter (AE)?
 - Manufacturer or shopkeeper, SMB or major firm
- What are the advantages of being AE?
 - Streamlined formalities for proving preferential origin. Commercial documents (invoices, packing list, delivery note etc.) may be used to certify origin
 - Safer trade with the help from the Customs Office.
- Why is the AE status safer than regular proof of origin?
 - Customs works with you to evaluate the characteristics of exporting products
 - Customs explains the specific rules that will allow you to verify on your own whether or not your goods benefit from preferential origin, based on the importing country
 - Customs approves you for AE status
 - Understand the rules of origin and make your trade operations safer
- Implication of the AE status
 - The AE status simplifies export formalities and guarantees the correctness of the preferential origin information.

- The preferential origin is certified by the approved exporter directly, by including the following phrase on the commercial documents used:
 - "The exporter of the products covered by this document (customs authorization No...) declares that, except where otherwise clearly indicated, these products are of ...preferential origin." Exporters can choose between the Korean version or one of the 22 official languages of the EU.
- How to apply for AE status?
 - Inside the EU, the exporters submit their authorization request at the Customs Office nearest their business.

ORIGIN DECLARATION

WHAT CAN BE AN ORIGIN DECLARATION?

One of the following documents issued by a European exporter according to the conditions on Art. 16.

- 1) Commercial Invoice
- 2) Delivery Note
- 3) Packing List etc.

Remarks - ARTICLE16: CONDITIONS FOR MAKING OUT AN ORIGIN DECLARATION

4. An origin declaration shall be made out by the exporter by typing, stamping or printing on the invoice, the delivery note or another commercial document, the text which appears in Annex III, using one of the linguistic versions set out in that Annex and in accordance with the legislation of the exporting Party. If the declaration is handwritten, it shall be written in ink in capital characters.

<u>Caution!!</u> Origin Declaration ≠Certificate of Origin

The Origin Declaration of EU-KOREA FTA is different from the existing Certificate of Origin. The Origin Declaration acts to prove the preferential origin to obtain the preferential tariff of EU-KOREA FTA, while the existing Certificate of Origin is a routine document for customs clearance and quarantine inspection etc. Therefore, the Origin Declaration and the Certificate of Origin are both requested to be submitted to the Korean Customs.

EXAMPLE OF AN ORIGIN DECLARATION - ENGLISH VERSION

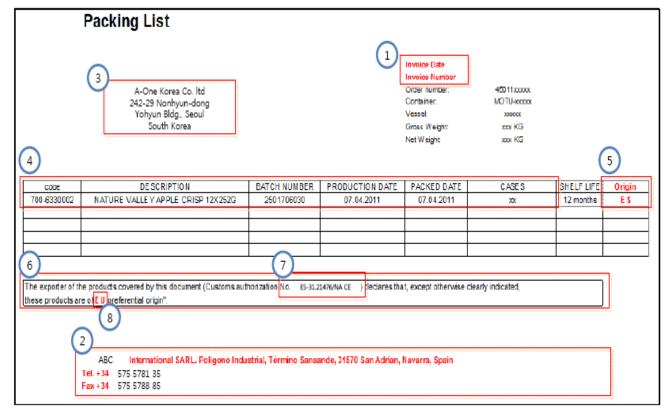
The exporter of the products covered by this document (customs authorisation No(1)) declares that
except where otherwise clearly indicated, these products are of(2) preferential origin.

	(3)
(Place and date)	
	(4)
(Signature of the exporter and the name of the	e person signing clearly stated)

- (1) When the origin declaration is made out by an approved exporter, the authorisation number of the approved exporter must be entered in this space. When the origin declaration is not made out by an approved exporter, the words in brackets shall be omitted or the space left blank.
- (2) Origin of products to be indicated. When the origin declaration relates, in whole or in part, to products originating in Ceuta and Melilla, the exporter must clearly indicate them in the document on which the declaration is made out by means of the symbol "CM".
- (3) These indications may be omitted if the information is contained on the document itself.
- (4) In cases where the exporter is not required to sign, the exemption of signature also implies the exemption of the name of the signatory.

ORIGIN DECLARATION - WHAT INFORMATION TO INCLUDE?

Exported goods value exceeding 6,000 Euros (invoice value)



- (1) invoice date & number
- (2) exporter's name & contact details
- (3) importer's name & contact details

- (4) products description, quantity, volume, 6 digits of HS Code
- (5) Origin
- (6) Origin Declaration text
- (7) Customs Authorization No. of Approved Exporter. For Belgium, "BE" followed by 1~4 digits number, example, BE 74 or BE 1245 etc...
- (8) Country or EU origin

Remark: Customs Authorization No. is very important!

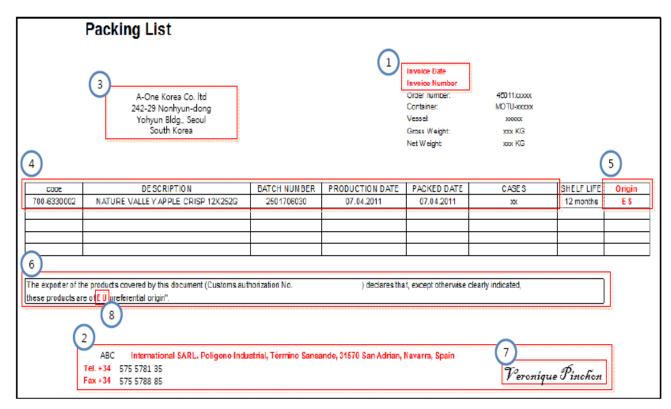
Article 16: CONDITIONS FOR MAKING OUT AN ORIGIN DECLARATION

- 1. An origin declaration as referred to in Article 15.1of this Protocol may be made out:
- by an approved exporter within the meaning of Article 17; or
- by any exporter for any consignment consisting of one or more packages containing originating products whose total value does not exceed 6,000euros.

Note: Registration of Approved Exporter

The registration can be done at the following website: impfood.mfds.go.kr (Choose the 'English' webpage and then select the following options: Petition Application > Foreign Food Facility Detail Info > No. 1. Application for Registration of Foreign Food Facility). Often your importer will assist the exporter with these formalities.

Exported goods value NOT exceeding 6,000 Euro



- (1) invoice date & number
- (2) exporter's name & contact details
- (3) importer's name & contact details
- (4) products description, quantity, volume, 6 digits of HS Code
- (6) Origin Declaration text without Customs Authorization No. of Approved Exporter

(7) Autograph of the exporter!! This is very important and without will be rejected.

(8) Country or EU origin

RETROACTIVE APPLICATION OF THE PREFERENTIAL TARIFF

As the preferential tariff can be also retroactive applied within 1(one) year from the imported date into Korea, your importer can ask for retroactive application in due time as well. Therefore, if you have exported goods without Origin Declaration, you can issue the Origin Declaration later and send it to your Korean importer. And then, your Korean importer will submit the Origin Declaration to Korean customs in order to get the import tax refund.

DISCLAIMER

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For further information on customs duty liberalization of specific goods, please contact: Flanders Investment & Trade, Seoul,

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