



**Asia-Pacific
Economic Cooperation**

2012/CTI/WKSP/009
Session 2

**SMEs' Best Practices of Free Trade Agreement
Utilization and Korea Customs Service Outreach
Program**

Submitted by: Korea



**Workshop on Increasing Free Trade
Agreement Utilization by SMEs
Tokyo, Japan
7 August 2012**

SME's Best Practices of FTA Utilization & KCS Outreach Program

August 7, 2012, Tokyo. APEC Workshop



관세청
KOREA CUSTOMS SERVICE



CONTENTS

I

SME's Best Practices of FTA Utilization

II

KCS's Outreach Program for SMEs



I . SME's Best Practices of FTA Utilization



1. Catch the World through FTA

Company Profile

- Company Name: Kumhohook
- Location: Gimhae, Gyungsoang Province, Korea
- Establishment: June 1976
- Product: Premium Hook
- Exported Countries: 40 countries including ASEAN, US, EU
- # of Employees: 73

1. Catch the World through FTA

Situation and Implications

- (Economic Recession) experienced ‘Domino Effect’ of the bankruptcy taken place within the fishing industry as a result of economic recession in domestic markets.
 - ▶ in 2006, there was no hope for shaving off bankruptcy due to dishonored bill of USD 1.3 million
- (Difficulties in Use of FTA) Lack of knowledge in FTA utilization and unable to manage the goods’ origin, which makes the company hard to gain benefits from preferential tariff treatment.

1. Catch the World through FTA

Barriers of FTA Utilization

- **Complexity of Rules of Origin under the FTA**
 - ▶ Goods entitled to Preference: Goods that fulfill Rules of Origin under the Agreement
 - ▶ Rules of Origin, Applied Tariff Rates, and Proof of Origin etc. differ from each Agreement in terms of determining the origin of the goods in question
 - ▶ In order to correctly determine the origin of the goods in question, management of HS code and origin-related data of the goods shall be conducted from the very first stage
- **In process of utilizing FTA, Small and Medium Enterprises are undergoing a huge amount of difficulties in origin management due to shortage of capital and human resources**

Why do we have to assist SMEs?

- **It is difficult for SMEs to utilize FTA due to the shortage of;**

- Origin expertise;
- Capital; and
- Human resources

Hence,

- **we have to assist them at the government level**

- ⇒ Maximization of FTA Utilization

- ⇒ Promotion of Trade and Investment

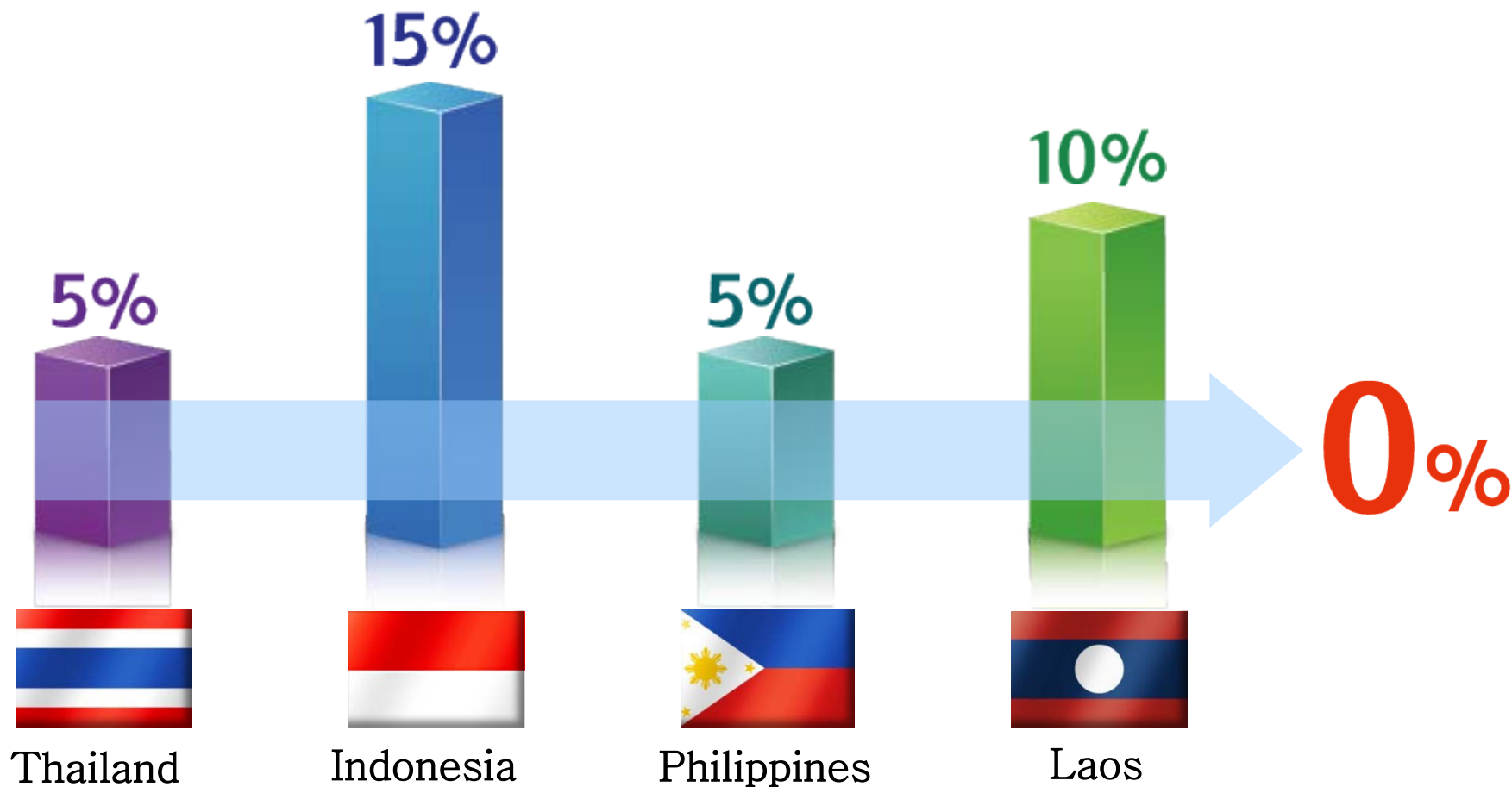
1. Catch the World through FTA

Overcoming crisis through the FTA

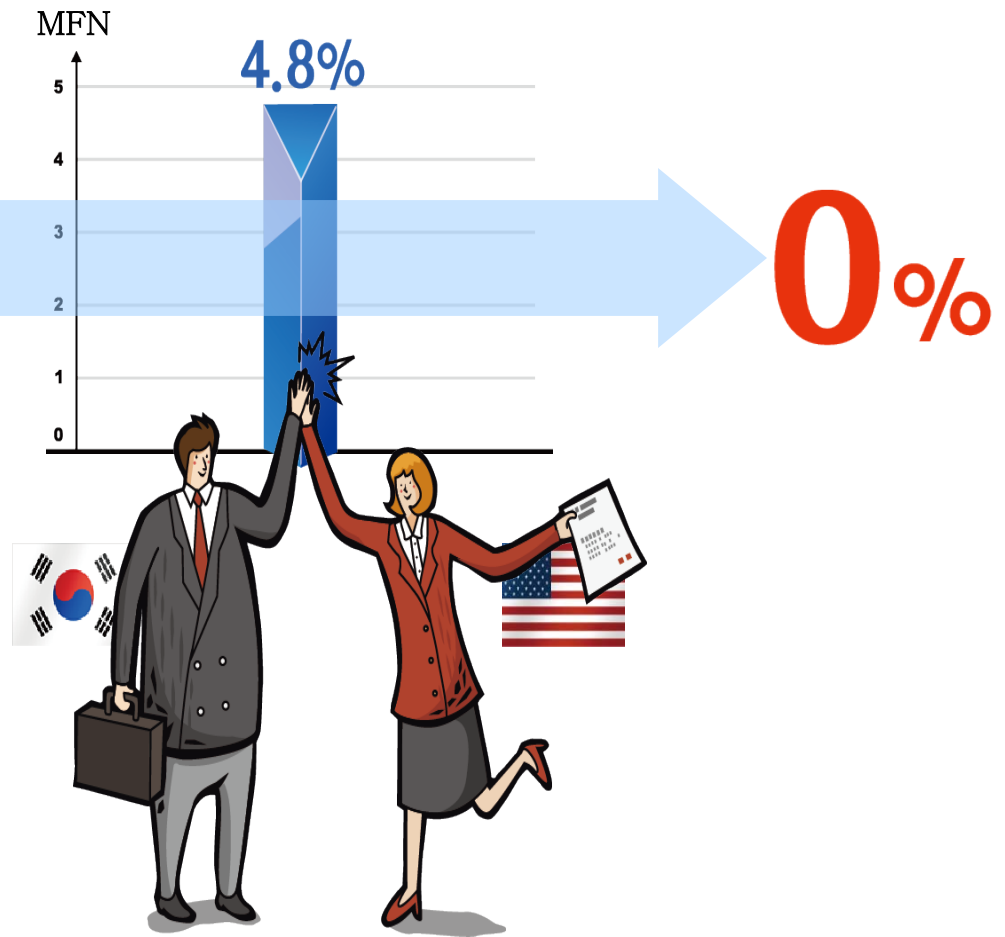
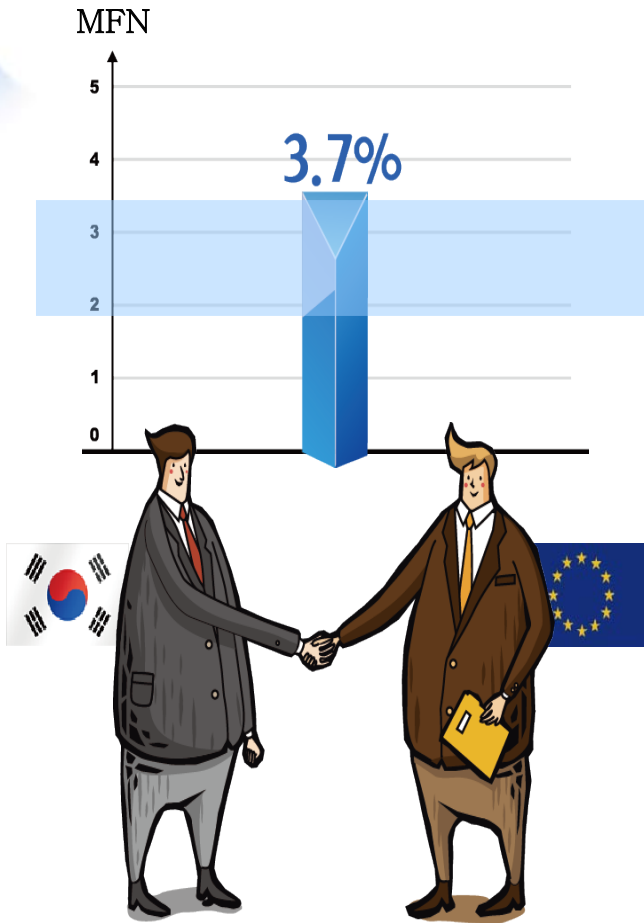
- **(State-of-art Technology)** on-going development of the technology and investment put into the R&D generated Patents of Invention (3), Patents on new device (12), and design rights (2)
- **(Effective Use of FTA)** FTAs with the Major exported countries including ASEAN, EU and the US have come into force. This resulted in tariff elimination which enabled the company gain competitive advantage in the product price.
 - ▶ C/Os are issued to FTA partner countries for all export cases
 - ▶ Built capacity in FTA utilization through reinforced support from Busan Main Customs

1. Catch the World through FTA

<Changes of Tariff Rates > for Hooks of ASEAN under the FTA



1. Catch the World through FTA



1. Catch the World through FTA

Changes after the use of FTA

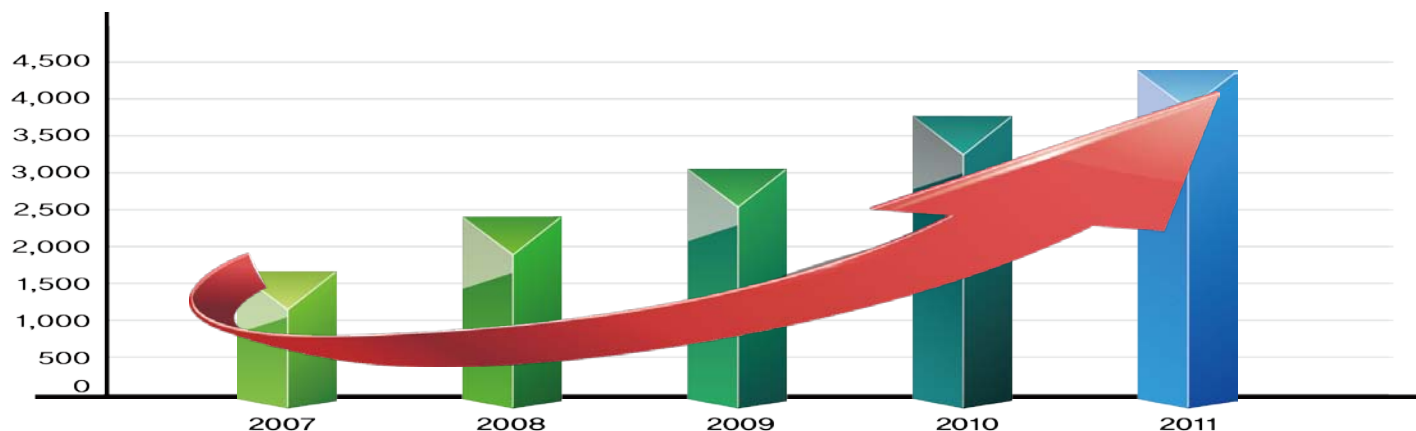
● Increase in Exports after FTA (Result of Tariff Reduction)

▶ ASEAN : 1 M USD(2009) → 2 M(2011), EU : 150%↑, US : 350%↑

● Job creation, expanding manufacturing plants

▶ 2 additional manufacturing plants built (1 -> 3),
48 additional staff employed (25 -> 73 persons)

● Ranked as Top 5th in Domestic -> Top 5th in Global Markets



1. Catch a global through FTA

Success Factors

● CEO's Support and interests toward FTA

- ▶ Establishment of Task Force in charge of FTA

(Person in charge allocated per FTA)

● Close and Cooperative Relationships with Customs

- ▶ Participating in 1:1 consultation program, Pre-examination of origin of their goods, taking seminars and trainings provided from Customs officials, and use of FTA-PASS (KCS Origin Management System-software)

2. Maximizing Profits by Simultaneous Use of KorEU and KorUS FTA

Company Profile

- Company Name: Y Special Metal
- Location: Asan, Chung-Cheong Province, Korea
- Establishment: March 1963
- Product: Rod Wire for electric railway, materials for welding etc.
- Exported Countries: the US, EU, China and Australia etc.
- # of Employees: 53

2. Maximizing Profits by Simultaneous Use of KorEU and KorUS FTA

Motive of FTA Utilization

● Personalized Consultation from Customs

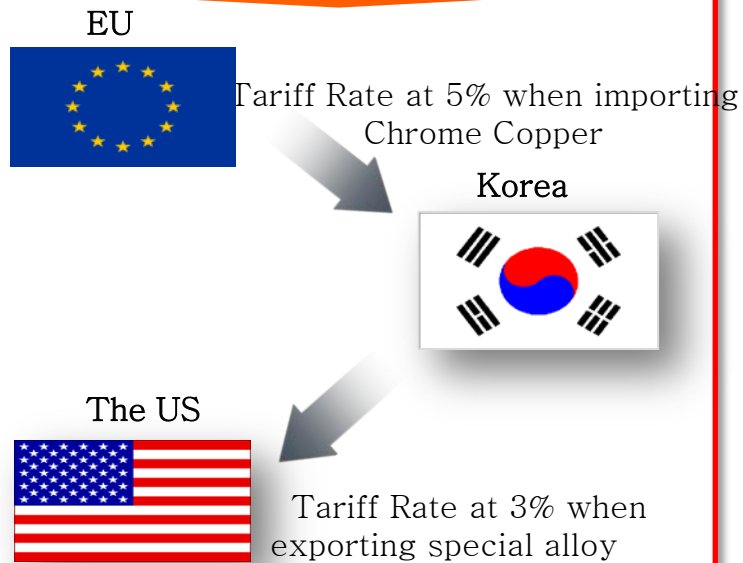
- ▶ To provide personalized consultations after selecting companies with large volume of export, and deemed to enjoy the most of preferential tariff treatment
- ▶ Training programs and consultations are provided to raw material suppliers, in order to help fulfill Rules of Origin under the FTA

● Designating a person in charge of FTA related work, and assist him to build his capacity in FTA utilization

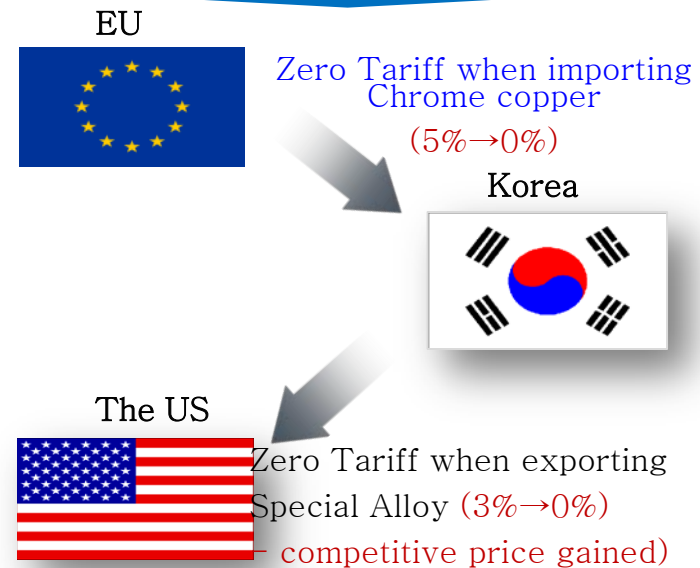
2. Maximizing Profits by Simultaneous Use of KorEU and KorUS FTA

Maximizing Profit from Use of FTA

Before the FTA



After the Use of FTA



➔ Amount of Exports in the 1st quarter of 2012
USD 1.4 million (USD 760,000 in 2011)

3. Overcoming Crisis by the Use of Korea-US FTA

Company Profile

- **Company Name:** C Textile
- **Location:** Daegu Metropolitan City, Korea
- **Establishment:** 1965
- **Product:** Industrial Gloves
- **Exported Countries:** the US and EU etc.
- **# of Employees:** 140

3. Overcoming Crisis by the Use of Korea-US FTA

Situation and Implications

- 70% of all production rely on exportation, and 1/2 of the exports destinate EU countries currently undergoing economic crisis. This resulted in stopped production and downsizing etc.
- FTA is getting expanded. However, the rules are too complex and it requires experts in FTA-related tasks.

<Rules of Origin for gloves under Korea-US FTA>

▶ Yarn-Forward rule : Yarn has to originate in Korea or the US, in order to claim for

preferential tariff treatment

▶ Practically, China-originating yarn is used to reduce raw material costs

3. Overcoming Crisis by the Use of Korea-US FTA

Stepping in to New Markets, with Korea-US FTA

- **Tariff Elimination, contributed to the enormous US markets**
 - ▶ 13.2% → 0% + abolition of MPF
- **Establishment of its own origin management department**
 - ▶ consultations and training programs provided from the govt. at free of charge, in order to build capacities in dealing with FTA
- **Changing raw material suppliers**
 - ▶ Use of Korea-originating yarn to fulfill rules of origin under Korea-US FTA



Decisive Action is essential!!

3. Overcoming Crisis by the Use of Korea-US FTA

Effects of FTA Utilization (Quantitative results)

Amount of Export to the US

In 2011: USD 675,000

In 2012 : USD1,633 million

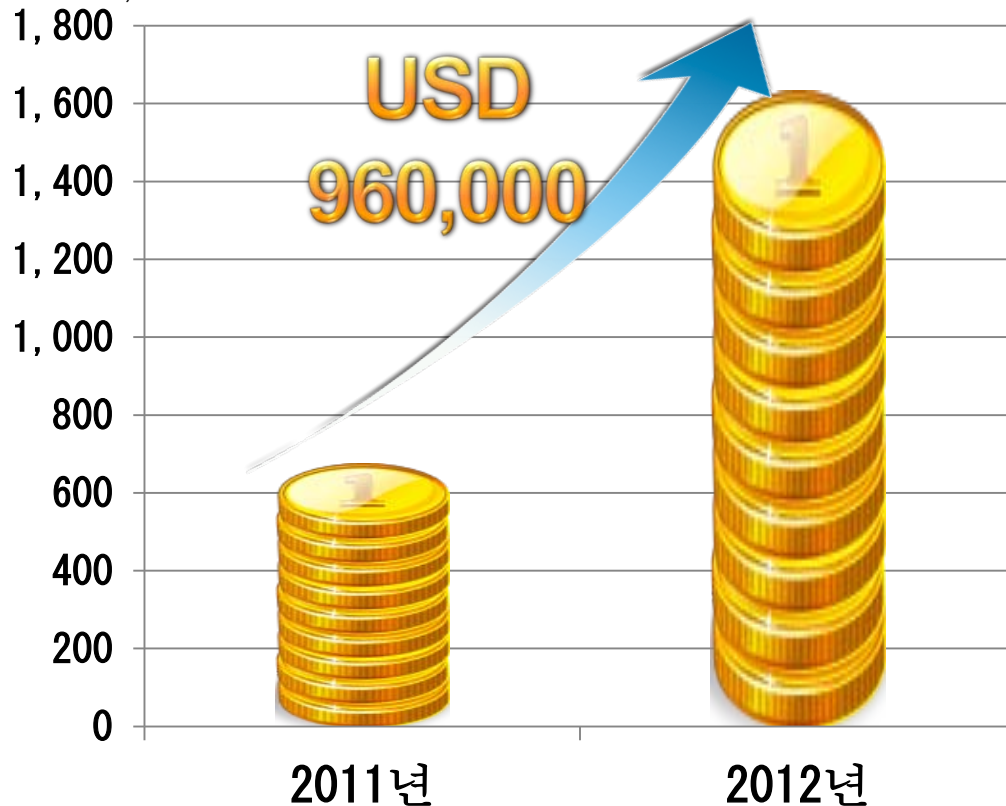
Preference Tariff : 13.2% → 0%

Benefited amount :

263,342 USD

Amount of Exports to the US

Unit: USD 1,000



3. Overcoming Crisis by the Use of Korea-US FTA

Effects of FTA Utilization (Qualitative results)

- **Access to the US markets, which is still stable regardless of the economic crisis in EU**
- **Assessing competitive advantage in price, generated by tariff reduction, which results in expanded purchases of buyers in overseas**
- **Fully prepared for origin verification which may be conducted by the FTA partner country, by establishing department in charge of FTAs**

II. KCS's Out reach Program for SMEs



1. Customs Service Activities

- **One-on-One Consulting for SME**
 - Customized advice for FTA utilization of each company
- **Dissemination of FTA Success Story**
by Size and Business Type
- **Operation of FTA-focused Call Center at HQ**
 - via email, phone, internet and fax

2. FTA Portal Site (http://fta.customs.go.kr)

FTA포털(자유무역협정 열린 정보마당) - Windows Internet Explorer

http://fta.customs.go.kr/

FTA포털(자유무역협정 열린 정보마당)

통합검색 : Search

FTA일반 | 한-미 FTA | 수출활용 | 수입활용 | 원산지검증 | 자료실

한-미 FTA 통관운영지침 (2012.3.15)

FTA-PASS 무료 원산지관리시스템

원산지 확인서 발급 애로신고

관세 FTA 고객상담센터 1577-8577

FTA 관련사이트

HOT 정보

- (한-미 FTA) 미국 세관 원산지결정기준 이행지침 ... [2012/03/15]
- (한-미 FTA) 운영지침 공지('12.3.15 시 ... [2012/03/12]
- (한-미 FTA) 특정섬유제품(HS 6104.32) ... [2012/03/07]
- (한-미 FTA) 수출입통관 설명회 개최 [2012/03/07]
- (한-미 FTA) 자율발급 원산지증명서 권고서식 [2012/02/27]

팝업존

2012.3.15 한·미 FTA '넙치' 물량 소진

FTA통계

협정별	수출	수입
한-아세안	29,879,753	28,482,855
한-칠레	2,477,261	3,474,244
한-EFTA	2,142,633	4,697,119
한-싱	12,713,569	6,431,733

* 단위(천불=\$1,000), 기준(2010.1.-10)

대한민국 경제영토의 확장 FTA

FTA 상대국 품목분류 검색 | 원산지증명서 발급/서식 | FTA 세율 (수출·수입) | 원산지 기준 (PSR) | 세계 HS 정보시스템

관세청 | UNIPASS | FTA고객지원센터 | 품목분류 | 법령정보

대전광역시 서구 청사로 189 정부대전청사 1동 (우편번호 302-701) 홈페이지(자유신고-1544-1285)
Copyright © 2010 by 관세청 All Rights Reserved. [관세청 FTA포털시스템 특허 제10-07-0749933호 [2010.6.25]]
FTA포털에서 제공하는 정보는 법률적 책임이 없으므로 참고사항으로 활용하시고, 보다 정확한 내용은 FTA 협정은 등을 확인하시기 바랍니다.

Today 3,114 Total 519,217

시작 | 최종PSD | Ps Adobe Photoshop ... | 20120320_배너 | 통관고유번호란? - ... | FTA포털(자유무역... | 관세청 위탁운영팀 ... | 오후 4:02

3. Smart FTA Application

스마트FTA
Korea Customs Service

★★★★★ (25) **INSTALL**

Users who viewed this also viewed

- 시험 일정보** BEST CHOICE ★★★★★ (960) Free
- 팻게이트 - 스마트 앱 포털** ODDM .INC ★★★★★ (440) Free
- 박원순 - 리더를 읽다 시리즈(...)** INITIAL COMMUNICATIONS CORP. ★★★★★ (17) Free
- cpa/cta - 스마트패스원**

Description

경제영토의 확장, FTA를 한 손에!
자유무역협정(FTA, Free Trade Agreement)은 협정을 체결한 국가간에 상품 및 서비스 이동에 대한 무역장벽을 철폐함으로써 마치 하나의 국가처럼 자유롭게 교역을 할 수 있도록 하는 협정입니다.

FTA 체결은 소비자에게는 더욱 싼 가격에 물품을 구입할 수 기회를, 기업에게는 원자재를 값싸게 조달하고 수출품의 가격 경쟁력을 향상시킬 수 있는 기회를 제공합니다. 또한 외국자본의 유치와 선진 기술의 이전이 한층 활발해 집니다.

'스마트FTA'는 이러한 FTA의 개념과 효과에 대해 알고 싶은 일반인부터, FTA를 활용한 수익 창출을 목표로 하는 기업인까지 FTA에 관심있는 모든 분들의 궁금증을 한 자리에서 해결해 줄 수 있는 어플

Visit Developer's Website > Email Developer >

App Screenshots

FTA Global Center KOREA CUSTOMS

FTA Global Center KOREA CUSTOMS

ABOUT THIS APP

RATING: ★★★★★ (25)

UPDATED: January 3, 2012

CURRENT VERSION: 2.2.2

REQUIRES ANDROID: 2.1 and up

CATEGORY: Education

INSTALLS: 1,000 - 5,000

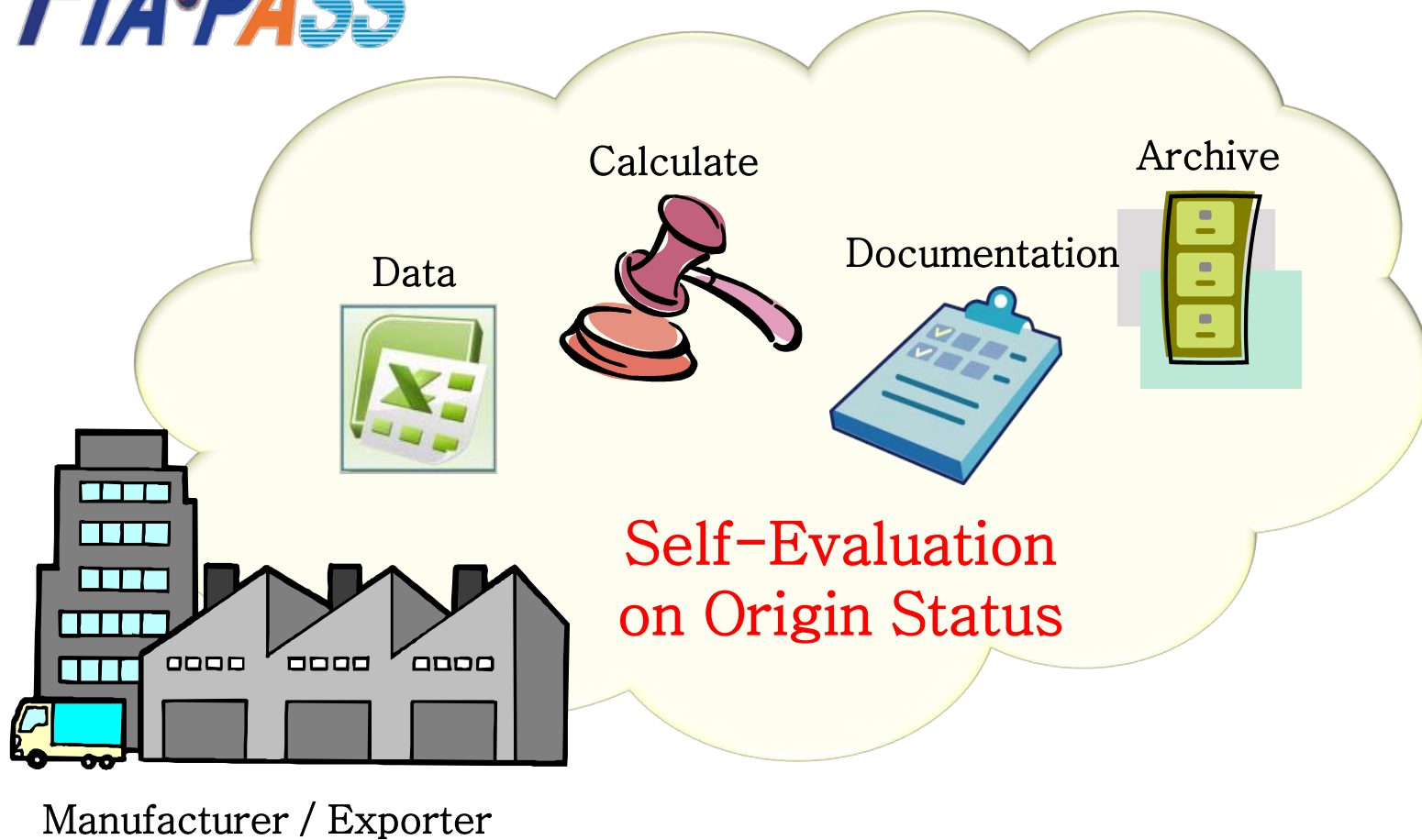
last 30 days

SIZE: 25M

PRICE: Free

오전 10:54
2012-06-08

4. E-FTA Origin Management System (FTA-PASS)



FTA-PASS

관세청이 대한민국 FTA 무역의 새 장을 열어 갑니다.
체계적인 원산지관리, 인증수출자 요건, 원산지 검증 대비

- PC Mode : download program from web
- WEB Mode : access to web
- Cost : free of charge



NOTICE

MORE >

공지사항 업데이트 내용

2012년 FTA-PASS 전문가 양성과정 교육자료	2012-03-29
웹용 FTA-PASS 사용자를 위한 샘플예제	2011-12-06
FTA-PASS 액티브엑스(ActiveX) 모듈 수동설치	2011-12-02
FTA-PASS 안내 (2012.01.17일 수정)	2011-10-26



FTA-PASS 지원협정 안내 [상세안내](#)

한-아세안, 한-인도CEPA, 한-EU, 한-페루, 한-칠레
한-EFTA, 한-싱가포르, APTA, 한-미



자재명세서 등록 불필요 품목안내 [품목조회](#)

- 완전생산기준 : 농수축산물 등
- 가공공정기능 : 섬유, 의류제품 등

사용자 매뉴얼 [다운로드](#)



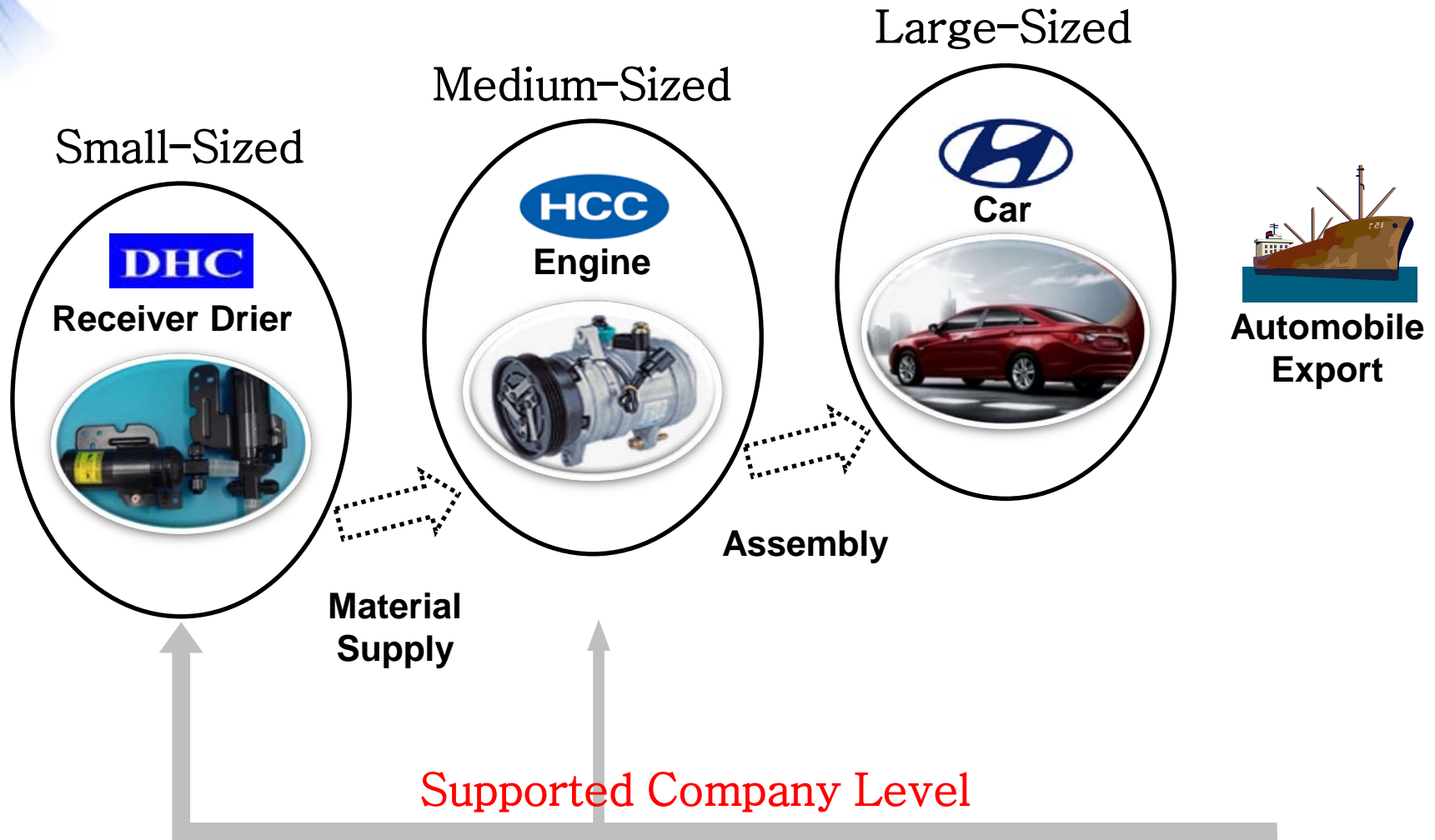
PC용 FTA-PASS [다운로드](#)



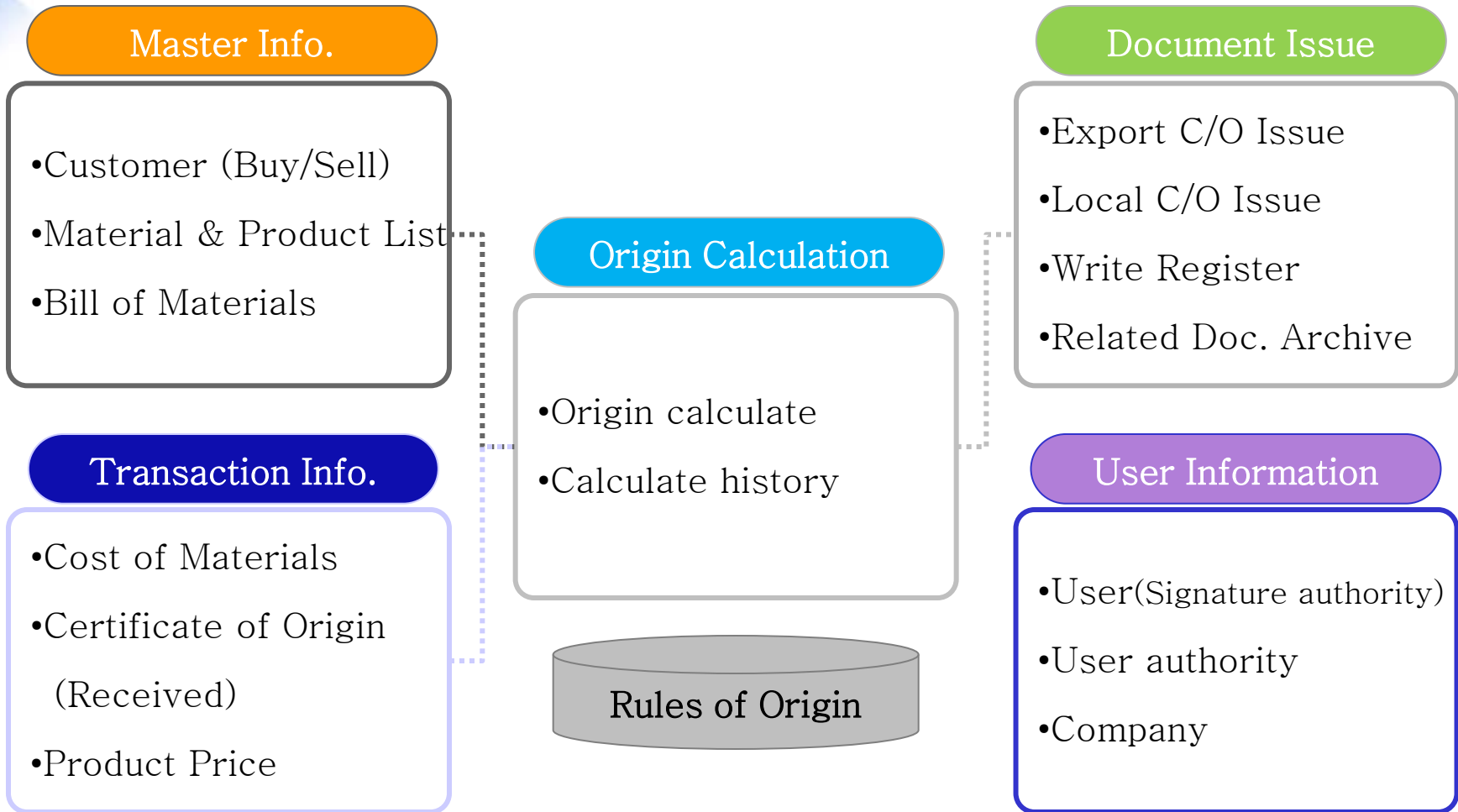
자주 묻는 질문 [FAQ](#)



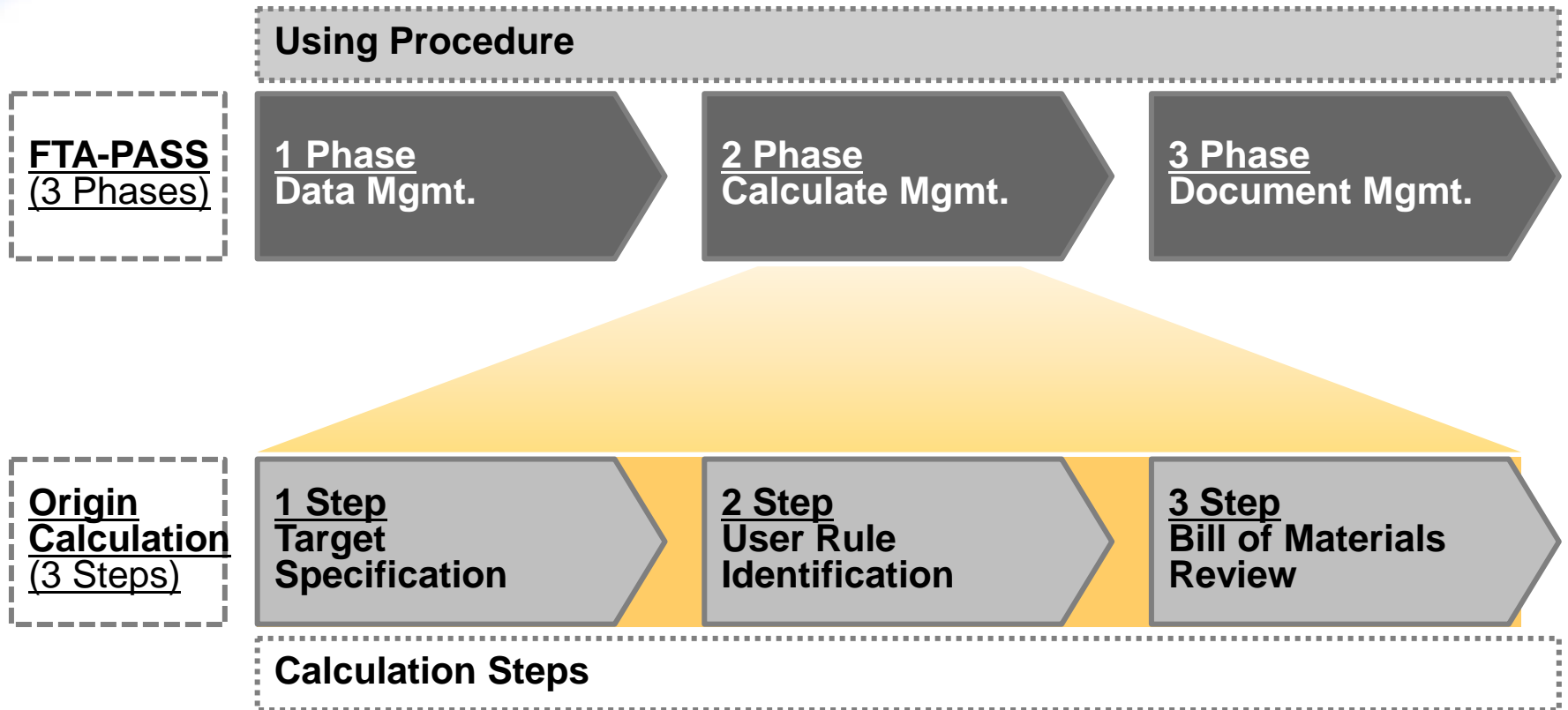
4.1 Supported Target



4.2 System Architecture



4.3 Procedures of using FTA-PASS



5. Advance FTA Preference Subject Notification

- **For importers**
- by signaling alert message on the e-clearance system screen at their import declaration
- by showing how much duty they can save if they claim for preferential tariff treatment

If they miss the chance at the import declaration, they can use it within one year after the import declaration is accepted by the Customs

6. Automatic FTA Preference Subject Notification

- **For exporters**
- by signaling alert message on the e-clearance system screen at their export declaration
- by showing that this item is subject to preferential tariff benefit in FTA partner country

By providing the MFN rate and FTA rate in ASEAN, Chile, EU, Peru countries

7. Advance Origin Compliance Program

● Outline

- provided by the Korea Customs
- for exporters who can be an origin target
- at their request
- by checking their goods' originating status
- by simulated origin verification procedure
- Evaluation(Comment & Recommendation)

● Achievements

- 50 companies for Korea-US FTA utilization



Thank You

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