

Korea's experience on implementation of TFA

May 30, 2017



Table of Contents

I . Background

II. Korea's experience on TFA Implementation

- 1. NCTF and establishment of relevant legislation to implement TFA**
- 2. AEO, Advance Ruling, TRS, Risk Management**

III. Cooperation activities for CAREC' TFA Implementation

- 1. Workshop on Capacity Building for Implementation of the WTO TFA**

Challenges – Changing operating environment

- The **WTO TFA entered into force** on 22 February 2017
- **The Implementation of TFA** is important issue
- **How implement** the WTO TFA
- The **Technical assistance and Capacity building**



1. Establishment of NCTF (Article 23.2)

- legal Framework

- **Revised Customs ACT to establish NCTF (Dec, 2014)**

- To establish legal basis and Master plan

- Revision of Customs ordinance (Feb, 2015) and regulation (July, 2015)

2. The basic concept of NCTF

- organization (19 members including private sectors)

- **Government agencies (8 members) and Private sectors (11 members)**

- Government : Ministry of Finance, KCS, Ministry of Trade, Ministry of Agriculture, Ministry of Ocean, Ministry of Land, Ministry of Food

- Private sector : Academia (6), National institute (3), Customs relevant association (4), relevant expert (4)



1. Master Plan for TFA - Main Contents

- **Basic direction of the policy for Trade Facilitation**
- **The establishment of infrastructure for Trade Facilitation and operation**
- **The composition of environment on Trade Facilitation**
- **International cooperation for Trade Facilitation**
- **The collection, analysis and use of Trade Facilitation Statistics**
- **Securing resource for Trade Facilitation and distribution**
- **The others for trade facilitation**



1. Adopt by KCS

- Established in Customs Act (2010)
- Established detailed KCS Notification on AEO

2. Challenges and difficulties

- OGA : **How to include safety-related agencies & Who will lead the initiative?**
- KCS : **AEO is Customs work?** (Lack of understanding for AEO)
- Private sector : Concerns about **the cost for adopting new system**

3. Effort to overcome challenges

- OGA : Continued efforts to include OGA
- KCS : Persuasion through Training, education and Coordination
- Private sector : Publicity activities on AEO (Benefit, Advantages)



1. Adopted by KCS

- There is no specific legal framework for TRS
- The concept was Introduced in 1997
- It can be automatically published by UNI-PASS sytem (1.7 day)

2. Challenges and difficulties

- OGA : **Little cooperation** by Other border agencies
- Private sector : Concerns about **reduced charge, fee**, etc

3. Effort to overcome challenges

- OGA : Continuously persuaded the importance of the TRS
- Private sector : Persuaded that as trading environment improves, trade volume increases and benefits everyone

II . Experience on TFA - (Advance Ruling)

Article. 3 – Advance Rulings



1. Adopted by KCS

- Advance Ruling of Classification (1981)
- Advance Ruling of Origin (2006)

2. Challenges and difficulties

- KCS : Concerned about **new system and workload**
- Private sector : There is no specific difficulties

3. Effort to overcome challenges

- Customs : Continuous effort to persuade internal staffs, Political will
 - Private sector : Publicity activities for new system
- ▶ Annual request of advance Ruling requests on **Classification is 7,500** (2016)
 - ▶ Annual request of advance Ruling requests on **Origin is 9** (2016)

* KCS runs **Customs valuation and Classification institute**

II . Experience on TFA - (Risk Management)

Article. 7.4 – Risk Management



1. Adopted by KCS

- Import Cargo Selectivity (1996)
- Integrated Risk Management system (2009)
- National Targeting Centre (April, 2017)

2. Challenges and difficulties

- KCS : **Connecting systems, Coordination** between relevant divisions
- OGA : **Sharing information** with other government agencies

3. Effort to overcome challenges

- KCS : Investing for system, Coordination activities to integrate systems
- OGA : Strategic approach for sharing information

III. Cooperation activities for CAREC's TFA Implementation



1. Workshop on Capacity Building for Implementation of the WTO TFA

1. Background

- ADB-KCS agreed on hosting **Joint Capacity building Workshop** (Nov, 2016)
- ADB made Presentation on **The Implementation of TFA In CAREC** at the Asian-Pacific regional Workshop on Trade Facilitation hosted by KCS, WTO and ADB (Mar, 2017)

2. Workshop on Implementation of TFA for CAREC

- Participants : CAREC (18), ADB (10)
- Purpose : Establishment of Action Plan & NCTF to Implement WTO TFA

3. Programme

- Contents : ① TFA Implementation Status of CAREC countries
- ② Formulating Action Plan for WTO TFA Implementation
- ③ Korea's experience on WTO TFA

Thank you!

