

REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES

Notification under Article 7.3 of the
Agreement on Import Licensing Procedures

KOREA

The following notification, dated 24 October 1996, has been received from the Permanent Mission of Korea.

Outline of Systems

1. Korea embraces the principle of free trade in its trade policy. Any trade restrictions which do exist are limited to the necessary minimum.

Importers of goods must obtain an import licence under the Foreign Trade Act. However, import licences are granted automatically for almost all goods with the exception of a few import-restricted items.

Some items are subject to import-related requirements under separate domestic laws, in compliance with international rules or agreements. Such import licences are issued automatically upon the submission of certification, type approval, etc., obtained from competent authorities or associations.

Most items subject to import restrictions are agricultural and fishery products. Importers of relevant items must obtain an import recommendation prior to the submission of an import licence application under the Export-Import Notice based on the Foreign Trade Act.

Purpose and Coverage of Licensing

2. In principle, import licensing applies to all imported goods. However, almost all goods can be freely traded by obtaining an automatic import licence from the foreign exchange banks.

Import recommendation requirements apply to only 95 import-restricted items on the basis of HSK 10-digit as of July 1996.

3. The system applies to goods originating in and coming from all countries.

4. The purpose of import licensing is not to restrict the quantity or value of imports but to monitor foreign trade trends and maintain foreign trade statistics.

Import-related requirements are not intended to restrict imports, but to ensure the protection of public health and sanitation, national security, safety and the environment. Such requirements are implemented in full accordance with Korea's responsibilities and obligations pursuant to the GATT 1994 Articles XX, XXI, the WTO Agreements on TBT, SPS and other international rules or agreements, such as the Basel Convention.

The purpose of Korea's system of import recommendation requirements is to restrict the quantity of imports of a few select goods. Such restrictions are allowed by GATT/WTO. Among the 95 import-restricted goods, 81 items are restricted under GATT Article XVIII Section B (see WTO document L/7449, 29 April 1995). These items were reviewed at the regular consultations with the GATT/BOP Committee in 1991 and 1994. Fourteen rice-related items are restricted in accordance with the concession schedule of the Uruguay Round (see Uruguay Round Schedule LX - Republic of Korea, March 1994) and the WTO Agreement on Agriculture.

Under its import liberalization programme, the Korean Government has steadily reduced the number of import-restricted items. All goods except for rice-related items will be liberalized by the year 2001.

5. Korea's import licensing system is enforced under the Foreign Trade Act, the Enforcement Decree of the Foreign Trade Act, the Foreign Trade Management Regulation, and the Export-Import Notice. The import-related requirements are set forth in 49 domestic Acts.

Under Korean legislation, the designation of products to be subject to licensing is a matter of administrative discretion.

It is not possible for the Korean Government to abolish this licensing system without legislative approval.

Procedures

6. There are no restrictions on the quantity or price of individual imported items, except on 81 items allowable under the GATT/BOP Committee and 14 rice-related items in accordance with Uruguay Round concessions. In order to import any import-restricted agricultural products in excess of the market access amount, the relevant organizations must issue an import recommendation. Such recommendations are based on the determination of appropriate levels of imports based on price stability and domestic supply and demand considerations.

The procedure for importing products under quantity restriction is stipulated in the Export-Import Notice based on the Foreign Trade Act.

7. (a) There is no restriction regarding the time of the licence application.

(b) A licence is granted immediately upon request.

(c) There is no limitation as to the period of the year during which application for licence may be made.

(d) Consideration of licence applications of automatic-approval items is effected solely by the foreign exchange banks.

8. An application for a licence cannot be refused if it satisfies the established criteria.

Eligibility of Importers to Apply for Licence

9. Any person or firm intending to engage in foreign trade should register with the Korea Foreign Trade Association (KFTA).

The criteria and procedures for registration are prescribed by the Presidential Decree of the Foreign Trade Act.

Those eligible to apply for an import licence are:

- a juridical person whose paid-in capital or total investment exceeds 10 million won.
- an individual whose daily deposit balance for the last one month exceeds 10 million won.

The applicant should pay a registration tax and a KFTA membership fee. The Minister of Trade, Industry and Energy announces the list of authorized importers.

Documentational and Other Requirements for Application for Licence

10. To apply for a licence, an offer sheet or the copy of the contract, a copy of import recommendations (only in the case of import-restricted items) and other necessary documents are required.

11. The import declaration, import licence, commercial invoice, bill of lading and other necessary documents are required on actual importation.

12. There are neither licensing fees nor administrative charges.

13. There is no deposit or advance payment requirement associated with the issue of licences.

Conditions of Licensing

14. The period of validity of the import licence is 12 months and can be extended upon request or *ex officio* (only in the case where the importer fails to apply for approval for extension of the validity term before its expiration).

15. There is no penalty for the non-utilization of a licence.

16. Licences are not transferable between importers.

17. There are no other conditions attached to the issue of a licence.

Other Procedural Requirements

18. There are no other administrative procedures required for importation apart from the import licensing system described above.

19. Foreign exchange is provided automatically for goods to be imported by the standard settlement method. However, in the case of non-standard settlement methods, such as deferred payments, instalment payments, or imports on a simple remittance basis, etc., where the settlement exceeds a definite period of time or designated amount of money stipulated in the Foreign Exchange Management Act, permission from the Bank of Korea or the Ministry of Finance and Economy must be obtained.