

REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES¹

Notification under Article 7.3 of the
Agreement on Import Licensing Procedures

KOREA

The following notification, dated 16 May 2002, has been received from the Permanent Mission of Korea.

Outline of systems

1. Korea has continued to reduce trade-related regulations, embracing the principle of free trade with respect to export and import activities. In this context, restrictions on trade, if any, are limited to the very minimum necessary.

No licensing (since 6 June 1993), registration (since 30 December 1996) or notification (since 1 January 2000) is required to be importers and exporters. Only for statistical purposes, the Korea International Trade Association (KITA), a private organization, assigns upon request a trade business number to anyone who wishes to conduct trade business.

The Foreign Trade Act (FTA) is the basic law that governs international trade between Korea and other countries. Specific items for which exports and/or imports are restricted are listed in the Export-Import Notice published by the Ministry of Commerce, Industry and Energy (MOCIE).

In addition to the FTA, 52 separate laws also stipulate approval or authorization requirements for certain items, and those items can be imported by obtaining certification, permission and type approval. Those requirements are maintained mostly for the protection of morals, human health, hygiene and sanitation, animal and plant life, environmental conservation or essential security interests in compliance with domestic legislation requirements or international commitments.

To enhance transparency and for the convenience of trading companies, MOCIE updates semi-annually the Consolidated Public Notice, a single document containing all export and import certification requirements in the 52 separate laws.

On 1 July 1997, with the amendment of the Export-Import Notice, import of 77 HSK ten-digit items including pork, poultry, eels, shrimps, natural honey and oranges was liberalized, thereby raising the import liberalization ration from 99.3 per cent to 99.9 per cent, which is calculated by

¹ See G/LIC/3, Annex, for the Questionnaire.

dividing the total number of HSK ten-digit codes by the number of items of which import is restricted by the FTA.

Import restrictions on the remaining eight beef-related items were lifted on 1 January 2001 as scheduled. At present, Korea has no quantitative import restrictions except on rice.

Purpose and coverage of licensing

2. As of January 2002, there is no quantitative import restriction on the basis of the HSK ten-digit code except on rice. Import-related requirements provided by the 52 separate laws pertain to petroleum, LPG (Liquefied Petroleum Gas), agricultural fertilizers, crop seeds, animals and animal products, nuclear materials, narcotics, foods and food additives, foreign publications, firearms and explosives. The list of import-regulating laws other than the FTA is the same as Annex II in Korea's previous notification (G/LIC/N/3/KOR/2), with the single exception that the Sericulture Law was abolished on 21 January 1999.²

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

4. All import-related regulations except those on rice are not intended to restrict the quantity or value of imports. Rather, they are maintained in order to protect national security, human, animal or plant life or health, and the environment, etc. in accordance with the provisions of Articles XX and XXI of GATT 1994, other WTO Agreements and other international rules or agreements.

5. The import approval 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 the 52 domestic laws. A list of these laws is attached in Annex II of Korea's previous notification (G/LIC/N/3/KOR/2), with the only exception being that the Sericulture Law was abolished on 1 January 1999. The detailed approval conditions are prescribed in enforcement decrees or regulations for the above-mentioned 52 domestic laws.²

While it is not possible for the executive branch to abolish or to convert the approval system without legislative approval, there is administrative flexibility to some extent since the authority to classify a specific item for import regulation is entrusted to the executive branch.

Procedures

6.I Tariff rate tables attached to the Tariff Act contain information relating to total quantities of rice import quotas, and can be accessed by the public through the Korean National Assembly website. The formalities for filing rice import quota allocations and import licences are stipulated in the Food Grain Management Act, which is also accessible through the internet.

II. Total quotas and sub-quotas for each importer are determined on an annual basis. Importers can import up to the quantity of their quota allocations at any time during the quota year.

III. The allocation of quotas is not limited to domestic producers of like products. Each company should return the unused portion of the allocated quota and unused quotas are reallocated to other eligible importers on an annual basis. Unused quotas are not added to quotas for the next year. The list of importers to whom quotas are allocated is not made known to exporting countries for business privacy purposes.

² See Annex I for the revised list.

- IV. A period of 30 days or more is allowed for the application for quota allocation.
- V. According to the Food Grain Management Act, the maximum period for processing rice import applications is 20 days.
- VI. There is no minimum length of time between them.
- VII. Quota allocation and applications for rice import licences are considered by one organization, the Ministry of Agriculture.
- VIII. Quotas are allocated mainly on the basis of past performance. A certain portion of the quota is allocated to new eligible applicants. Applications for quota allocation are examined simultaneously and applications for import licences are examined upon receipt.
- IX-X. Not applicable.
- XI. No.
7. Not applicable. There are no licensing procedures for items not subject to import restrictions on quantity.
8. An application for approval cannot be rejected if it satisfies the established criteria.

Eligibility of importers to apply for licence

- 9.(a) In cases involving import-restricted items under the FTA, the quotas are allocated to end-users. As for rice, however, qualified importers are generally designated by the Ministry of Agriculture, as prescribed by the Food Grain Management Act.
- (b) No licensing (since 6 June 1993), registration (since 30 December 1996) or notification (since 1 January 2000) is required to be importers and exporters under non-restrictive systems.

For statistical purposes only, the Korea International Trade Association (KITA), a private organization, assigns upon request a trade business number to anyone who wishes to carry out trade business. The KITA publishes a list of traders annually.

Documentational and other requirements for application for licence

10. An offer sheet or a copy of the contract and other necessary documents must be submitted together with the application.
11. Only in the case of import-restricted items, upon actual importation, the import declaration, import approval, commercial invoice, Bill of Lading and other necessary documents must be submitted.
12. There is no licensing fee or administrative charge.
13. There is no deposit or advance payment requirement associated with the issue of licences.

Conditions of licensing

14. In principle, the period of validity for import approval is one year. However, the period can be extended or shortened, depending on specific circumstances, when the approval is issued by relevant administrative agencies.

15. There is no penalty for the non-utilisation of a licence or a portion of a licence.

16. Licences are not transferable between importers.

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

Other procedural requirements

18. There are no other administrative procedures, apart from import licensing and similar administrative procedures, required prior to importation.

19. Foreign exchange is provided automatically for goods to be imported under the standard settlement method. However, in cases involving a non-standard settlement method, where certain criteria are imposed on the payment under the Foreign Exchange Transaction Act, for instance, where the settlement exceeds a specified period of time or a designated amount of money in transactions such as deferred payments, instalment payments or imports based on remittance, permission from the Bank of Korea or the Ministry of Finance and Economy must be obtained.

ANNEX I

The following tables briefly describe the items subject to import-related requirements and the administrative organizations under the 52 domestic laws. Each Ministry takes charge of application of the laws whose procedures or requirements fall under its authority.

1. Ministry of Trade, Industry and Energy

Law	Product covered	Related administrative organization
Petroleum Business Act	Crude oil, petroleum	Korea Petroleum Association
High Pressure Gas Safety Control Act	High pressure gas, container and facilities	Korea Gas Safety Corporation
Liquified Petroleum Gas Safety and Business Management Act	Gas appliances	Korea Gas Safety Corporation
	Propane, butane	
The Act of Control on the Production etc. of Specified Substances for the Protection of the Ozone Layer	Controlled substances under the Montreal Protocol	Ministry
Electric Appliances Safety Control Act	Designated electric appliances which can cause danger or injury	National Institute of Technology and Quality
Law for Manufacturing Management of Elevator	Designated electric appliances which can cause danger or injury	National Institute of Technology and Quality
Quality Management Promotion Act	Designated consumer products which can cause danger or injury	FITI Testing and Research Institute Korea Machinery, Meta and Petrochemical Testing and Research Institute Korea Testing and Research Institute for Chemical Industry Korea Merchandise Testing and Research Institute
Weights and Measures Act	Legal measuring instruments	Korea Machinery, Meta and Petrochemical Testing and Research Institute

2. Ministry of Agriculture

Law	Product covered	Related administrative organization
Food Grain Management Act	Rice	Ministry
Fertilizer Management Act	Agricultural fertilizer	Ministry
Agrochemicals Management Law	Agrochemicals	Ministry
Livestock Epidemics Prevention and Control Act	Animals and animal products	National Animal Quarantine Service
Plant Protection Act	Plants and plant products	National Plant Quarantine Service
Major Agricultural Crop Seeds Act	Crop seeds	Rural Development Administration
Seedlings Management Act	Vegetable seeds for sale	Korea Seed Association
	Fruit trees for sale	Rural Development Administration
Livestock Act	Pure-bred breeding stocks	Korea Animal Improvement Association Korea Poultry Association
Pharmaceutical Act	Veterinary medicine	Ministry Korea Animal Health Product Association
Ginseng Industry Law	Ginseng	National Agricultural Product Inspection Office

3. National Forestry Administration

Law	Product covered	Related administrative organization
The Law concerning Protection of Wildlife and Game	Wildlife animals	Administration, local governments

4. Ministry of Marine Affairs and Fisheries

Law	Product covered	Related administrative organization
Fisheries Act	Marine animals and plants	Ministry

5. Ministry of Finance and Economy

Law	Product covered	Related administrative organization
Foreign Exchange Management Act	Coinage, banknotes, securities	Foreign exchange banks, the Bank of Korea
Tobacco Business Act	Tobacco seeds	Ministry

6. Ministry of Science and Technology

Law	Product covered	Related administrative organization
Atomic Energy Act	Nuclear materials	Ministry
	Radioisotope, radiation generators	Korea Radioisotope Association

7. Ministry of Health and Welfare

Law	Product covered	Related administrative organization
Pharmaceutical Act	Finished pharmaceuticals	Ministry Korea Pharmaceutical Traders' Association
	Materials for medicine or for herbal drugs	Korea Pharmaceutical Traders' Association
	Medical devices	Korea Medical Instruments Industrial Cooperative
Narcotics Act	Narcotics	Ministry
Cannabis Control Act	Cannabis	
Psychotropic Substances Control Act	Finished pharmaceuticals	Korea Pharmaceutical Traders' Association
	Materials for medicine	
Food Sanitation Act	Food, food additives, apparatus, container and package	National Quarantine Station or Regional Food and Drug Administration
Quarantine Act	Designated products	National Quarantine Station or Regional Food and Drug Administration

Law	Product covered	Related administrative organization
Public Health Act	Sanitation-related products (e.g. detergent)	National Quarantine Station or Regional Food and Drug Administration
	Recreation equipments	Ministry

8. Ministry of Labour

Law	Product covered	Related administrative organization
Industrial Safety and Health Act	Harmful substances (e.g. yellow phosphorous matches, benzidine)	Local labour administration
	New chemical substances (e.g. chemical elements, radioactive substances)	Ministry
	Safeguarding measures (e.g. safeguarding measures against press)	Korea Industrial Safety Corporation
	Harmful or hazardous equipments (e.g. cranes, lifts)	
	Protective equipments (e.g. safety helmet)	

9. Ministry of Information-Communication

Law	Product covered	Related administrative organization
Radio Waves Act	Apparatus of radio equipment	Radio Research Laboratory
	EMI or EMC equipment	
Telecommunications Basic Act	Telecommunication equipment	

10. Ministry of Culture and Sports

Law	Product covered	Related administrative organization
Act relating to Import and Distribution of Foreign Publications	Foreign publications	Ministry
Motion Picture Promotion Act	Motion picture	
Act relating to Records and Video Works	Record and video works	Korea Ethics for Performing Arts Committee
Tourist Promotion Act	Casino machine and its parts	Ministry
Cultural Properties Protection Act	Cultural properties	

11. Ministry of National Defence

Law	Product covered	Related administrative organization
Special Measure Act relating to Defence Industry	Military products	Ministry

12. National Police Agency

Law	Product covered	Related administrative organization
Firearms, Swords, Explosives etc. Control Act	Firearms, swords and explosives	Agency

13. Ministry of Environment

Law	Product covered	Related administrative organization
Toxic Chemicals Control Act	Toxic substances	Local governments, environmental management offices or regional environmental management offices
	Chemical substances	Ministry
Natural Environment Preservation Act	Animals and plants detrimental to ecosystem	Environmental management offices or regional environmental management offices
	Endangered wild animals and plants	
Drinking Water Management Act	Bottled water, water treatment chemicals and its container	Environmental management offices or regional environmental management offices
Wastes Control Act	Wastes	Korea Copper Industrial Cooperative Federation of Korea Non-Ferrous Metal Industry Cooperative Environmental management offices or regional environmental management offices
Noise and Vibration Regulation Act	Motor vehicles, etc.	National Institute of Environmental Research
Atmospheric Environment Preservation Act		

14. Ministry of Construction and Transportation

Law	Product covered	Related administrative organization
Motor Vehicles Control Act	Motor vehicles	Ministry
Construction Machines Control Act	Construction machines	Ministry

15. National Tax Administration

Law	Product covered	Related administrative organization
Liquor Tax Act	Liquor	District tax offices
