REPLIES TO QUESTIONNAIRE ON LICENSING

Addendum

KOREA

Outline of licensing system

1. Under the semi-annual Export-Import Notice, announced by the Ministry of Commerce and Industry, all import commodities are classified into three categories, namely, automatic-approval items, restricted items and prohibited items. Domestic products which require protection from foreign competition are included in the lists of restricted or prohibited items. Automatic-approval items can be imported freely simply by obtaining the approval of a foreign exchange bank. On the other hand, restricted items require the recommendation of the authority concerned before the Ministry of Commerce and Industry issues a licence to import.

Licensing of import prohibited items is not granted except in cases where such items are used as raw materials for export production.

2. The following table shows the major trend of restriction on imports on the basis of the 1,312 SITC basic items.

<table>
<thead>
<tr>
<th>Classification</th>
<th>1970</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First half</td>
<td>Second half</td>
</tr>
<tr>
<td>Prohibited</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>Restricted</td>
<td>526</td>
<td>529</td>
</tr>
<tr>
<td>Automatic-approval</td>
<td>713</td>
<td>710</td>
</tr>
</tbody>
</table>

3. Each system applies to goods originating in and coming from all countries except Rhodesia and some hostile Communist countries.
4. The objective of the licensing system is to promote a sound development of foreign trade by encouraging exports and adjusting imports, and to contribute to the development of the national economy by maintaining the equilibrium of the balance of payments. So far alternative methods have not been considered.

5. (a) The Trade Transaction Law, the Trade Transaction Law Enforcement Decree and Government Notices and Announcements.

(b) The Trade Transaction Law empowers the Minister of Commerce and Industry to prohibit or restrict imports or exports of goods or to impose other restrictions as to quantity or amount, specifications of goods and trading areas.

(c) The licensing system based on the law could be amended or abolished with legislative approval. However, the licensing entrusted by the law may be subjected to administrative discretion.

Procedures

6. (a) The Ministry of Commerce and Industry publishes a notice semi-annually concerning allocation of quotas and formalities of filing application for licences for the quota items.

Korea has no special trade relations which require her to accord preferential treatment to imports from certain countries, and the Korean Government maintains no discriminatory restrictive measures on account of sources of supply.

The Ministry of Commerce and Industry announces the Periodic Notice and other Notice which are published in the official gazettes and other publications.

(b) In import restricted items, there are some cases in which application for licence is limited to actual user, and cases requiring applicants to obtain the recommendation of the competent authority.

(c) The licences are automatically granted without delay if conditions for licences are satisfied.

7. (a) The Korean Government maintains no discriminatory restrictive measures on account of source of supply and has not participated in any regional arrangements or special trade ties which would require her to accord preferential treatment to imports from certain countries, and the licences may be obtained immediately on request.

8. An application for a licence may be returned with explanation for refusal when the applicant could not satisfy the ordinary criteria after he was twice requested to submit supplementary documents.

Applicants have the right to appeal to the competent authority and bring a suit to the High Court of Justice in the event of refusal to issue a licence.
Eligibility of importers to apply for licence

9. The traders are subject to approval for registration by the Ministry of Commerce and Industry.

However, for imports by government agencies and government-invested corporations as the end-users such registration is not required.

Documentational and other requirements for applications of licence

10. The importer is required to submit the following documents:

(a) Application form for licensing
(b) Offer sheet, or contracting paper
(c) Other necessary reference documents for licensing
(d) Others

11. (a) Import Declaration Paper
   (b) Import Permit Paper

12. None.

13. In order to suppress the demand for imports, particularly of commodities considered luxurious or non-essential, the Korean Government imposes an advance import deposit at the time of application for import licence. All imports require an advance import deposit, except raw materials required for export. In the case of imports under at-sight letters of credit, 150 per cent of c.i.f. value of an import item must be deposited when the standard customs rate of the item is over 50 per cent and when the standard customs rate of the item is between 30 and 49 per cent, the rate is 100 per cent.

   Thirty per cent of the c.i.f. value of an import item must be deposited when an import transaction is on D/A basis, and 50 per cent when it is on D/P or BWT basis.

Condition of licensing

14. The period of validity of a licence is in principle, six months. The validity of the licence could be extended by the competent Ministry when so requested by importers.

15. None.

16. None.

17. None.
Other procedural requirements

18. None.

19. The importers may purchase the necessary foreign exchange certificates without the need to acquire an exchange permit in importing any of the automatic approved or restricted items listed in the Export-Import Notice.