Implementation of e-COO

Best Practice of Korea Customs Service
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Introduction
Korea’s FTA MAP
Proactive FTA policy since 2004

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<td>Countries</td>
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<td>Philippines</td>
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Implementation of FTA

21 FTAs in effect with 59 countries since 2004

Share of Trade Volume with FTA Partner Countries

Trade with FTA Partner Countries, 77.2%

Non-FTA Trade
KCS Role in FTA Implementation

- **Participates in FTA negotiations** as a member of government delegation

- **Implements FTA** in the customs procedure (e.g. application of preferential tariff on imports) and **regulates related procedures**

- **Manages a procedure for issuing preferential COOs** and **issues COOs** in cooperation with Korea Chamber of Commerce and Industry (KCCI)

- **Provides** wide range of **support and technical assistance** to the trade operators in order to **promote the utilization of FTA**

- **Cooperates** with overseas and domestic agencies as well as the private sector to **resolve implementation issues**

- **Conduct origin verification** (i.e. retrospective checking) to detect and prevent origin fraud
Implementation of e-COO
Issuance of COO

- COOs can be issued by
  - Issuing Authorities (e.g. KCS & Korea Chamber of Commerce and Industry)
  - In FTAs allowing self-certification, authorized exporters, exporters/producers
- At the time of exportation or after the date of shipment in accordance with FTA, valid for a year or as prescribed by FTAs
Traditional flow of COO

Exporting Country

- **Export Declaration**
- **Declaration Accepted**
- **Shipment**
- **Issuance of C/O**

Importing Country

- **Paper COO received by importer**
- **Import Declaration**
- **Submission of C/O**
- ** Preferential Tariff Granted**

Exporter sends COO to importer by Int’l mail
Inconveniences from paper COO

- **Time-consuming** to send COO through international mail
- **Logistical costs** incurred in case of delayed delivery of COO
  - esp. when COO is delivered later than goods
- Possible risks of COO being **stolen, forged or lost** during delivery
- Challenges to **ensure/check authenticity of COO**
  - e.g. **Administrative costs** for exchanging official seals/signatures of issuing authorities, doubt on the authenticity leading to **delayed clearance**, etc.
Inconveniences from paper COO

FTA-related complaints experienced by Korean exporters at overseas Customs (2022)

- COO-related: 115 cases
- Others: 16 cases

Unit: no. of cases

* Of the 115 cases: AKFTA (46 cases), KR-IN CEPA (51), VKFTA (9), etc.
Concept of e-COO

e-COO is a digitized version of COO, applied, certified and issued electronically.

Claiming preferential tariff using COO and e-COO

1. **Issuance** of COO from issuing authority
2. **Forwarding** of the original COO to importer
3. **Submission** of the original COO to the Customs authority

- **Paper COO**
- **e-COO**

   - **2** Original COO forwarding is only for verification, Not for clearance
   - **3** No Need

Simplified
Benefit of e-COO

By **digitalizing** COO procedure, e-COO enhances **efficiency** and **transparency**

- **e-COO**, by replacing original paper document and ensuring the authenticity:
  - Simplifies origin procedure
  - Reduces administrative and logistics cost

**Utilization of FTA**

**Trade Facilitation**
Experience of KCS
Electronic Issuance of COO by Korea Customs

Applicants fill in online form and submit prepared documents on UNI-PASS

KCS review and approve the application ※ if necessary, request supplements

Applicants self print the issued C/O on UNI-PASS (Online check available)

Documents prepared by applicants
- Copy of Export Declaration Certificate
- Invoice or transactional contract
- Documents proving the origin of goods

Apply through UNI-PASS
After approval by the Customs, applicants can issue COO through UNI-PASS.
Issued C/O can be checked at KCS webpage.

You may check the authenticity of C/O issued by KCS at http://customs.go.kr/co.html

Information on the issued C/O can be checked using Reference No. and Reference Code. in the C/O issued.
Electronic Issuance of COO by Korea Chamber of Commerce and Industry

Applicants log in KCCI webpage and fill in online form

KCCI review and approve the application ※ if necessary, request supplements

Issuance fee paid

Print the forms (Online check available)

You may check the authenticity of C/O issued by KCCI at http://cert.korcham.net/search/index.htm
Security Features of COO

→ **QR code**: provides link to an official verification website of KCS or KCCI

→ **Watermark**

* **Common features for COOs issued by both KCS and KCCI**

→ **2D Barcode**: provides link to an official verification website of KCS or KCCI
Implementation of e-COO

Cross-border exchange of e-COO through EODES

- **Korea-China** EODES launched in Dec., 2016
- **Korea-Indonesia** EODES launched in Mar., 2020
- In the pipeline
  - Viet Nam and India

**Diagram:**

1. **Issuing Authority** (Exporting Country) sends e-COO data to **Customs Authority** (EODES).
2. **Customs Authority** (EODES) sends e-COO data to the **Customs Authority** (EODES) of the **Importing Country**.
3. **Customs Authority** (EODES) provides feedback (i.e. grant or denial of preferential tariff).

*No need to submit paper COO*
Implementation of e-COO

e-COO utilizing Electronic Verification System

- Cooperation with **Singapore** and **Israel** for implementation in line with
  - Korea-Singapore Digital Partnership Agreement
  - Korea-Israel FTA

**Issuing Authority**

**Customs Authority**

**Exporting Country**

**Importing Country**

Verify authenticity of e-COO data

*No need to submit paper COO*
On Public Website

e-COO Process Info

- **Issued Date**: ~
- **Transmitted Date**: ~
- **Transmit Type**: KR-ASEAN
- **Ref No**: K001-22-0027319

**Details/Detailed Info**

- **C/O number**: K001220027319
- **C/O date**: 2022-08-03
- **Exporter**
  - **Company Name**:...
  - **Address**: SEOUL, KOREA
- **Importer**
  - **Company Name**:...
  - **Address**: INDONESIA
- **Third country invoice**
  - **Company Name**:...
  - **Address**:...
- **Departure Date**: 2022-05-22
- **Ship/Flight number**: ALABAMA/VK00225
- **Arrival Port**: IDUK (JAKARTA, INDONESIA, THE REPUBLIC INDONESIA)
- **Remark/invoice**: 2000235203 (2021-12-30)

**Items**

- **HS Code**: Description of goods
- **Quantity**:...
- **Packing**:...
- **FOB Value**:...
- **Gross Weight**:...
- **Marked Numbers on Package**:...

**Search**

- **Response Time**: 2022-01-12 13:3:7:36
- **Reason Failure**: 2022-01-03 13:3:4:16

**Transmission type**

- **Kor→Idn**: K001220027319
  - **Date**: 2022-01-12 13:10:06
  - **Ref No**: K001-22-0027319
  - **Type**: Certificate Of Origin
  - **Response**: received
  - **Reason Failure**: 2022-01-03 13:3:4:16

- **Kor→Idn**: K00122000024
  - **Date**: 2022-01-12 13:10:06
  - **Ref No**: K001-22-0027319
  - **Type**: Cancellation Request
  - **Response**: received
  - **Reason Failure**: 2022-01-03 13:3:4:16

- **Kor→Idn**: K00122000024
  - **Date**: 2022-01-12 13:10:06
  - **Ref No**: K001-22-0027319
  - **Type**: Certificate Of Origin
  - **Response**: received
  - **Reason Failure**: 2022-01-03 13:3:4:16
Challenges

- Concerns of exporters over possible leakage of sensitive corporate info
  - Trade secrets not included in the exchanged e-COO data
  - Confidentiality clause in the FTA and MOU
  - Security IT features in the system

- Concerns of domestic agencies over data exchange with foreign agencies
  - Inter-governmental policy coordination meetings
  - Legal reviews sought from experts (internal and external)

- Concerns and reluctance of partner countries over new practice
  - Efforts to gain legal grounds
  - Knowledge and experience sharing by KCS (IT and business process)
Legal Basis

FTA, MOU with overseas agencies, etc.

- **Korea-China EODES**
  - Korea-China Agreement on Strategic Partnership Between Customs Authorities, Chapter 1, Article 2 (Jul. 3, 2014)
  - Korea-China FTA, Article 3.17 & 3.27 (Dec. 20, 2015)
  - Agreement on Cooperation between Korean and China Customs on the Implementation of the FTA (Oct. 2015)

- **Korea-Indonesia EODES**
  - MOU to implement Korea-Indonesia EODES, signed by Korea (KCS) and Indonesia (Directorate General Customs & Excise, IDSW, MOT) (Apr. 2019)
  - Korea-Indonesia Comprehensive Economic Partnership Agreement (CEPA) (not yet in effect)
Legal Basis

Example: Korea-Cambodia FTA

Article 3.27: Electronic Origin Data Exchange System

The Parties may develop an Electronic Origin Data Exchange System to ensure the effective and efficient implementation of this Chapter in a manner jointly determined by the Parties

*KR-KH FTA was implemented in Dec. 2022*
Legal Basis

Domestic legislation

Act on Special Cases of the Customs Act for the Implementation of FTA
- Article 9: Request for ex post facto application of preferential tariffs (amended, 21 Dec. 2021)
- Article 33: Reciprocal cooperation (amended, 21 Dec. 2021)

- Article 12: Requirement of submitting document evidencing origin
- Article 18: Filing a post application of preferential tariffs after import declaration
Way Forward

- **Widened implementation of EODES**
  - **Viet Nam**: Aiming to pilot operation within 2023
  - **India**: Aiming to begin system development in 2023
  - **Indonesia**: System improvement to exchange CEPA e-COO data
  - Exploring to further expand in **ASEAN countries** (Feasibility Study)

- **Efforts to adopt e-COO in different models**
  - **Website model**: Implementation with Singapore in line with DPA
  - **Self-certification model**: Internal review for implementation

- **Strengthened cooperation with WCO Members**
  - Proposed WCO to **formulate an e-COO guideline** (Apr. 2022)
  - Shared **Best Practice of Korea** with WCO Members (Sep. 2022)
Thank you for your attention!

Je vous remercie de votre attention!

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