

WORLD TRADE ORGANIZATION

RESTRICTED

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Council for Trade in Goods

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TRADE FACILITATION

Matters Related to the Facilitation of Cargo Movement in Korea

Communication from the Republic of Korea

A. BONDED TRANSPORTATION

I. OUTLINE

In Korea foreign goods may be transported in bond if they are transported only between the places listed below:

- (1) Open ports;
- (2) Bonded areas;
- (3) Customs office premises;
- (4) Non-bonded areas permitted by the customs collector;
- (5) Customs clearance stations.

Any person who desires to engage himself/herself in transportation in bond shall make a declaration to the customs collector and obtain a license. This system enables businessman doing business in the interior region to conduct customs procedures conveniently in his/her local customs office.

II. DECLARATION OF BONDED TRANSPORTATION

The declaration of bonded transportation shall be made in the name of the owner of the goods, or the carrier or customs broker who is engaged in bonded transportation.

III. GOODS RESTRICTED FROM TRANSPORTATION IN BOND

- (1) Goods prohibited from export and import;
- (2) Dangerous goods;
- (3) Scraps of base metals;
- (4) Goods subject to quarantine, disinfection and special inspection;
- (5) Precious and valuable goods.

IV. INSPECTION FOR BONDED TRANSPORTATION

The goods for bonded transportation may be subject to inspection by customs if it is necessary for surveillance and control. Customs inspects the goods according to the submitted declaration for bonded transportation.

V. ROUTE OF BONDED TRANSPORTATION

The customs collector may specify the route of transportation as prescribed by the Commissioner of the Korean Customs Service when it is deemed necessary for the surveillance and control of the goods for bonded transportation. Transportation in bond shall be completed within the duration specified by the Commissioner. However, the customs collector may extend the said duration when he/she deems such extension to be necessary due to calamity or other inevitable reasons. When foreign goods transported in accordance with a license of transportation in bond have not arrived at the destination within the specified duration, the customs duty thereon shall forthwith be levied.

VI. SECURITY FOR BONDED TRANSPORTATION

The customs collector may request that a security deposit for the customs duty on goods under transportation in bond be furnished when the license for transportation in bond is granted.

VII. SIMPLIFIED BONDED TRANSPORTATION

The customs collector may, taking into account the character of goods to be transported in bond and the reliability of persons who are engaged in the bonded transportation, designate such persons who are eligible for simplified procedures of declaration, or for exemption of security on the goods to be transported in bond.

B. SURVEILLANCE AND CONTROL OF CARGOES ENTERED

I. OUTLINE

The Customs Act provides for customs systems and procedures such as a bond areas system, customs procedures for import and export of goods, and other related matters, in order to collect customs duties on imported goods and to satisfy the requirements of various laws concerning the control and restriction of the import and export of goods. It is necessary, therefore, to confirm whether goods are legitimately imported or exported under the above-mentioned customs systems and procedures. For this purpose, customs surveillance and control are maintained over the goods and persons that pass through the customs territory. In addition, corrective and punitive measures must be taken against those engaging in illegitimate import and export operations. These tasks comprise the work of the surveillance and control administration of the customs.

II. OBJECTS OF SURVEILLANCE AND CONTROL

The ultimate objects of surveillance and control enforced under the Customs Act are the goods that move between Korea and other countries. To exercise effective control over these goods, however, ships, aircraft, vehicles (means of transport of goods), and persons considered objects of control, are carefully monitored by the customs. Furthermore, the Customs Act stipulates that foreign trade vessels (including aircraft), in principle, cannot enter ports other than specified ports, that is, open ports or customs airports. The number of points at which goods can leave or arrive in our country are limited so that surveillance and control can be more effectively conducted. At present, there are 22 open ports and five customs airports in Korea.

III. MEASURES OF SURVEILLANCE AND CONTROL

As regards the control of smuggling, a major question is which area should receive more emphasis: prevention or exposure of customs offences. In case of Korea, measures are being adopted to cover both areas in the form of making inquiries upon the entrance of vessels, search of vessels and inspection of baggage, etc.

In addition, investigations of customs offences will be carried out by criminal investigators.

C. POST-ENTRY INVESTIGATION OF GOODS IMPORTED

I. OUTLINE

With the introduction of the self-declaration system, the post-entry investigation of importers has been conducted by the Korean Customs Service. This investigation is carried out after the completion of the import clearance in order to check whether the import declaration made on the importer's own initiative was true and correct.

A post-entry investigation is conducted to see whether the basis for assessment, the disbursement of foreign exchange and other matters contained in the declaration of the imported goods, were correctly established in accordance with the related laws and regulations.

The primary purpose of the self-declaration system is for an importer to pay customs duty on the basis of the declaration which he/she considers to be correct, but voluntary declarations are not always correct. Therefore, each declaration must be carefully examined at the time of import clearance. However, a careful examination of declarations might cause delay in the clearance. To avoid this delay, the post-entry investigation system has been developed so that both speedy clearance and correct levying of customs duties can be achieved at the same time.

II. POST ENTRY INVESTIGATION

The authority to conduct an investigation of the importer and concerned parties is based on the right of inquiry and examination prescribed in the Customs Act. Under the pertinent provisions, the customs authorities are authorized to inquire of any importer of imported goods and any other party concerned, or to examine the said goods, or any books, records and documents pertinent thereto. This authority is not to be construed as approved for investigation of an offence.

The post-entry investigation places an emphasis on confirming whether the declared value of the imported goods was correct. For this purpose, on-the-spot investigation into contracts, invoices, account books, records, and any other books relating to the transaction, may be carried out at the importer's office. An inquiry is also made not only to the importer but also to the persons who entrust import business to the importer or the other persons concerned.

By means of the above method, the customs office attempts carefully to establish whether the declaration for the payment of the customs duty has been properly made. In cases where errors have been discovered as a result of such an investigation, the customs office tries to ensure the correct taxation by rectifying the basis for assessment and the amount of duty declared.

In addition, it would be worth noting that the Foreign Exchange Management Act, as amended in 1997, gives the Commissioner of the Customs Service a right to investigate a matter relating to an in-flow and out-flow of the foreign exchange involved in the foreign trade.

The Korean Customs Service is, therefore, given the strengthened authority to investigate illicit trading.
