

CUSTOMS ADMINISTRATION AND RULES OF ORIGIN

The U.S.-Korea FTA imposes specific and cutting-edge customs obligations that will maximize the gains that U.S. and Korean exporters and importers will realize once the customs administration and rules of origin provisions are implemented.

The Agreement reflects the United States and Korea's shared commitment to further enhance each country's already transparent customs procedures and practices. This Agreement requires that all customs rules and regulations be published, including on the Internet, and that Korea notify the United States of any changes to its customs laws and regulations that affect the operation of the Agreement. This Agreement also reinforces Korea's streamlined, expedited and transparent procedures for the release of goods, generally within 48 hours after the goods arrive. In addition, Korea will allow for the release of goods pending the final determination of duties, taxes and fees.

Improved Customs Procedures and Strong Rules of Origin

- *Comprehensive Product-Specific Rules*- Clear product-specific rules will ensure that only originating goods as provided for in the Agreement receive preferential tariff treatment under the U.S.-Korea FTA. The product-specific rules are designed to be clear, concise and transparent, all of which aids private-sector stakeholders and customs officials.
- *Treatment of Remanufactured Goods* - This Agreement recognizes the importance of remanufacturing to the industrial sectors of Korea and the United States, and supports both countries commitment to conservation and environmentally friendly industrial policy. In furtherance of these shared objectives, the Agreement accords preferential tariff treatment to remanufactured industrial goods.
- *Enhanced Transparency* – The Agreement requires transparency and efficiency in administering customs procedures. The United States and Korea commit to publish, including on the Internet, their custom laws, regulations and general administrative procedures.
- *Heightened Predictability* – The Agreement will allow importers to obtain binding advance rulings on tariff classification, origin of goods and other matters. This important provision will provide exporters predictability and certainty, and will minimize delays at the port of entry.
- *Greater Accountability* - Under the Agreement, companies will have the right to independent administrative and judicial review of customs decisions.
- *Greater Customs Efficiency through Technology* -The Agreement promotes the use of technology, including the electronic submission and retention of information. This will help the release of goods and customs verifications, thereby saving companies time and money.
- *Improved Express Delivery Service* – The demand for express-delivery services is increasing rapidly due to the growth of electronic commerce, the internationalization of business, explosive demand

for “just-in-time” delivery of goods. The FTA responds to that demand by requiring that Korea provide separate, expedited customs procedure for express shipments.