# Korea

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| Korea’s Bogor Goals Progress Report (as at 3 September 2018)[[1]](#footnote-1)\* | |
|  | **Highlights of Achievements and Areas for Improvement** |

* Despite the reduction of some import tariffs, average MFN Tariffs are still high, in particular for agricultural products.
* Export and import restrictions still apply for some products, but they are reported to be in compliance with international agreements.
* Initiatives in place to expand services activities, but some restrictions still remain for foreigners to work in certain services sectors.
* Investment facilitation measures in place to simplify FDI registration procedures.
* Some foreign investment restrictions have been removed. However, prohibitions or restrictions to foreign investment still remain in some areas.
* High adoption rates for international standards.
* Introduction of the Express Cargo Logistics Centre to streamline customs procedures and reduce customs clearance costs.
* Improvement of intellectual property laws and regulations.
* Government procurement thresholds reduced to allow more participation of foreign bids.
* Amendments to the Arbitration Act are simplifying the process to recognize and enforce arbitral awards. Easier to get assistance from courts to gather evidence.
* Expansion of APEC Business Travel Card eligibility for Koreans.
* New point system for foreign skilled workers.
* Expansion of RTA/FTA network. New agreements have been signed and enforced.

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|  | **Summary of Topics** |

Tariffs

Based on the Harmonized System (HS) nomenclature at the 6-digit level, Korea’s average MFN Tariffs in 2016 was at 13.9%. However, simple average MFN tariffs for agricultural products (56.9%) were much higher than those for non-agricultural products (6.8%).

Temporary tariff reduction has been carried out for several products such as eggs, whey and cobalt oxides. Nevertheless in 2016, tariffs increased for 11 tariff sub-headings such as parts of non-electrical engines and motors and parts of electrical transformers and inductors among others.

Non-Tariff Measures

Korea reported no changes in the application of non-tariff measures. 92 export/import prohibitions and restrictions are in force, but they have been notified at WTO and reported to be in compliance with international agreements and implemented for legitimate reasons such as the protection of morals; human, animal or plant life or health; environmental conservation; or essential security interests.

Anti-dumping duties were eliminated for imports of polyester filament draw textured yarn and choline chloride. However, anti-dumping measures were implemented on products such as coniferous wood plywood and butyl glycol ether in 2016 and 2017.

Services

In 2016, Korea launched its Service Economy Development Plan, which highlighted several strategies to expand the service industry, such as promoting the development of the seven most promising service industries (Medical Treatment, Tourism, Digital Content Industry, Education, Finance, Software and Logistics) and supporting overseas expansion.

In January 2016, Korea launched the “Korea Credit Information Services” to consolidate credit information provided by financial companies. The consolidation aids the financial services industry in detecting fraud and provides useful data analytics.

Korea became a member of the APEC Cross-Border Privacy Rules System in 2017 to further strengthen data protection and boost electronic commerce transactions.

Restrictions still remain for foreigners to work in certain services sectors. For example, regarding maritime transport services, some positions within Korean-flagged vessels are reserved for Koreans. Similarly, there are restrictions on the number of foreigners allowed to work in some types of vessels.

Investment

In terms of investment facilitation, amendments to the Foreign Investment Promotion Act in 2016 further simplified FDI registration procedures. Furthermore, to make it easier to foreign firms to make decisions, Korea launched an English translated version of the Special Taxation Restriction Act and the Enforcement Decree of the Special Taxation Restriction Act on August 2017.

Some efforts to liberalize investments have taken place. For instance, foreign investment restrictions on littoral fishing and air transport support businesses were removed in 2016 and 2017, respectively. In addition, amendments to the Private Investment Law on Infrastructure in 2018 allowed for private investment to be included for police stations and department buildings. However, prohibitions or restrictions on foreign ownership still remain in specific sectors (e.g. broadcasting, rice production, beef cattle growing, electricity and air transport, among others)

Standards and Conformance

Korea has reported a high adoption rate of international standards. 88.8% of the standards issued comply with international standards. In recent years, some technical regulations have been amended. For instance, amendments to the National Health Promotion Act were implemented in December 2016 to strengthen warning messages printed on all cigarette packaging. Also, revisions made to the Food Sanitation Act and the Functional Health Goods Act extend the Genetically Modified food labelling requirement to any food product with detectable biotech proteins.

The integration of the “Electric Appliances Safety Control Act” and the “Quality Control and Safety Management of Industrials Product Act” into the “Electrical Appliances and Consumer Products Safety Control Act” is intensifying safety standards by enhancing penalties for persons who do not obtain a revised certificate and repealing voluntary safety certification of products not subject to safety certification.

As of December 2017, Korea has actively participated in 731 International Organization for Standardization (ISO) technical committees or sub-committees (TC/SCs) and 173 International Electrotechnical Commission (IEC) TC/SCs.

Customs Procedures

Korea introduced the “Express Cargo Logistics Centre” in 2016. The centre reduced clearance commission fees and implemented an automated system to speed up the customs process. With these changes and enhanced focus on personnel, facilities and resources for express cargo, the number of seizures in hazardous items increased. In April 2016, Korea also started to implement a smart electronic clearance system (4th generation UNI-PASS) based on user-friendly mobile services, intelligent integrated risk management and other technologies. Furthermore, Korea signed an Authorized Economic Operator MRA with Thailand in 2016 and Australia; Malaysia and Peru in 2017 and has been focusing on the promotion of trade facilitation and trade security.

In December 2016, Korea implemented the Korea-China Electronic Origin Certification system. The system verifies electronic certificates of origins and allows for export and import customs clearance to be tracked in real-time. Korea’s Custom Service (KCS) also introduced a new system streamlining customs by allowing imports from the same overseas supplier to skip customs inspection.

Intellectual Property Rights

Several IP-related laws have been revised. The Trademark Act was amended and entered into force in September 2016. Some key changes included simplifying procedures for un-used trademarks to be challenged, accepting electronic trademarks and the removal of the one year period for the registration of a trademark similar to those previously eliminated.

Amendments to the Patent Act have simplified patent cancellation, streamlined patent rights transfers and shortened the period to request for patent examination. In addition, amendments to the Design Protection Act implemented in 2017 extended the novelty grace period at the time of application from 6 months to 12 months and increased the penalty for falsification. Lastly, the revisions to the Copyright Amendment Act allowed for the creation of a Copyright Protection Agency and streamlined the collection of royalties for the music industry.

Competition Policy

In 2016, the Korea Free Trade Commission (KFTC) identified 64 cartel cases and 283 unfair trade practice cases. The KFTC investigated on the abuse of Standard Essential Patents (SEP) and imposed fines up to KRW 1.03 trillion on companies abusing these SEP. Moreover, KFTC investigated 26 mergers and acquisitions cases, blocking one of them and imposing remedies on two others.

The Monopoly Regulation and Fair Trade Act was amended in 2016 to require large corporations to disclose details on their corporate ownerships structures. In addition, amendments were made to the Unfair Competition Prevention and Trade Secrets Protection Act in order to change the maintenance requirement of trade secrets from considerable efforts to reasonable efforts.

Government Procurement

Thresholds for the participation of international bidders in public procurement were reduced after Korea implemented the revised WTO Government Procurement Agreement in January 2016.

In March 2017, Korea’s Public Procurement Service in partnership with Korea’s Information Science Promotion Agency launched the electronic portal for public procurement projects. The use of finger print recognition was also introduced for bidding in the Smart Land Market, a procurement service on March 2017.

Deregulation/Regulatory Review

Korea in July 2016 fully implemented the Cost-in, Cost-out (CICO) mechanism which limits the costs of newly introduced or reinforced regulations by eliminating or relaxing regulations with an equal or higher compliance cost.

Implementation of WTO Obligations

Korea implemented WTO’s Information Technology Agreement by reducing a total of 965 import tariffs lines in two phases specifically in July 2016 and December 2017. It is expected that all remaining tariffs will be phased out by 2023.

Dispute Mediation

Amendments have been enacted to Korea’s Arbitration Law in 2016 for arbitral tribunals to get assistance from courts in more direct ways to gather evidence, for instance, by ordering witnesses to appear or submit documents to the tribunal. In addition, the process to recognize and enforce arbitral awards has been simplified.

Mobility of Business People

Korea is expanding the use of automatic immigration gates (SES). In December 2016, a Memorandum of Understanding with Macau, China was signed on the mutual use of automated gates (SES-APC). From September 2016, the online pre-enrolment procedure was removed with regards to the mutual use of auto-gates between Korea and Hong Kong, China, which had been implemented in 2013.

The eligibility for APEC Business Travel Card (ABTC) was expanded to overseas Koreans working for a parent company of a foreign investment firm since September 2016. In addition, the requirements to issue an International Trade Visa have been diversified by the implementation of the Points System, supporting those with trade expertise or experience.

RTA/FTAs

Korea has 15 RTA/FTAs in-force[[2]](#footnote-2). In July 2016, Korea’s agreement with Colombia was enforced. On 21 February 2018, Korea signed its FTA with Central America and it is currently awaiting domestic ratification before being put in-force. Korea is currently participating in negotiations on the Regional Comprehensive Economic Partnership.

1. \* The brief report was prepared with information from Korea’s Submission of 2018 APEC Individual Action Plan (IAP) template; WTO’s Tariff Download Facility; WTO’s Trade Monitoring Database; The 2017 WTO Trade Policy Review – Report by the Secretariat - Korea; Korea’s Ministry of Government Legislation; WTO I-TIP Database; UNCTAD – Investment Policy Hub; Korea Trade-Investment Promotion Agency; Invest Korea; International Organization for Standardization; International Electrotechnical Commission; Korea Customs Service; World Customs Organization; Korea Free Trade Commission; Korea Public Procurement Service; OECD; Korea Commercial Arbitration Board; Korea Immigration Service and Korea International Trade Association websites. [↑](#footnote-ref-1)
2. Korea’s RTA/FTAs in force are the following ones: Korea-Chile (2004); Korea-Singapore (2006); Korea-EFTA (2006); Korea-ASEAN (2007); Korea-India (2010); Korea-EU (2011); Korea-Peru (2011); Korea-US (2012); Korea-Turkey (2013); Korea-Australia (2012); Korea-Canada (2015); Korea-China (2015); Korea-New Zealand (2015); Korea-Viet Nam (2015); and Korea-Colombia (2016) [↑](#footnote-ref-2)