

# KCS Policy approach for raising utilization of FTA

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1<sup>st</sup> WCO Global Origin Conference

3. May. 2017



관세청  
Korea Customs  
Service

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- I Current FTA status of Korea, KCS' policy in brief
- II Education
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- IV Expert matching

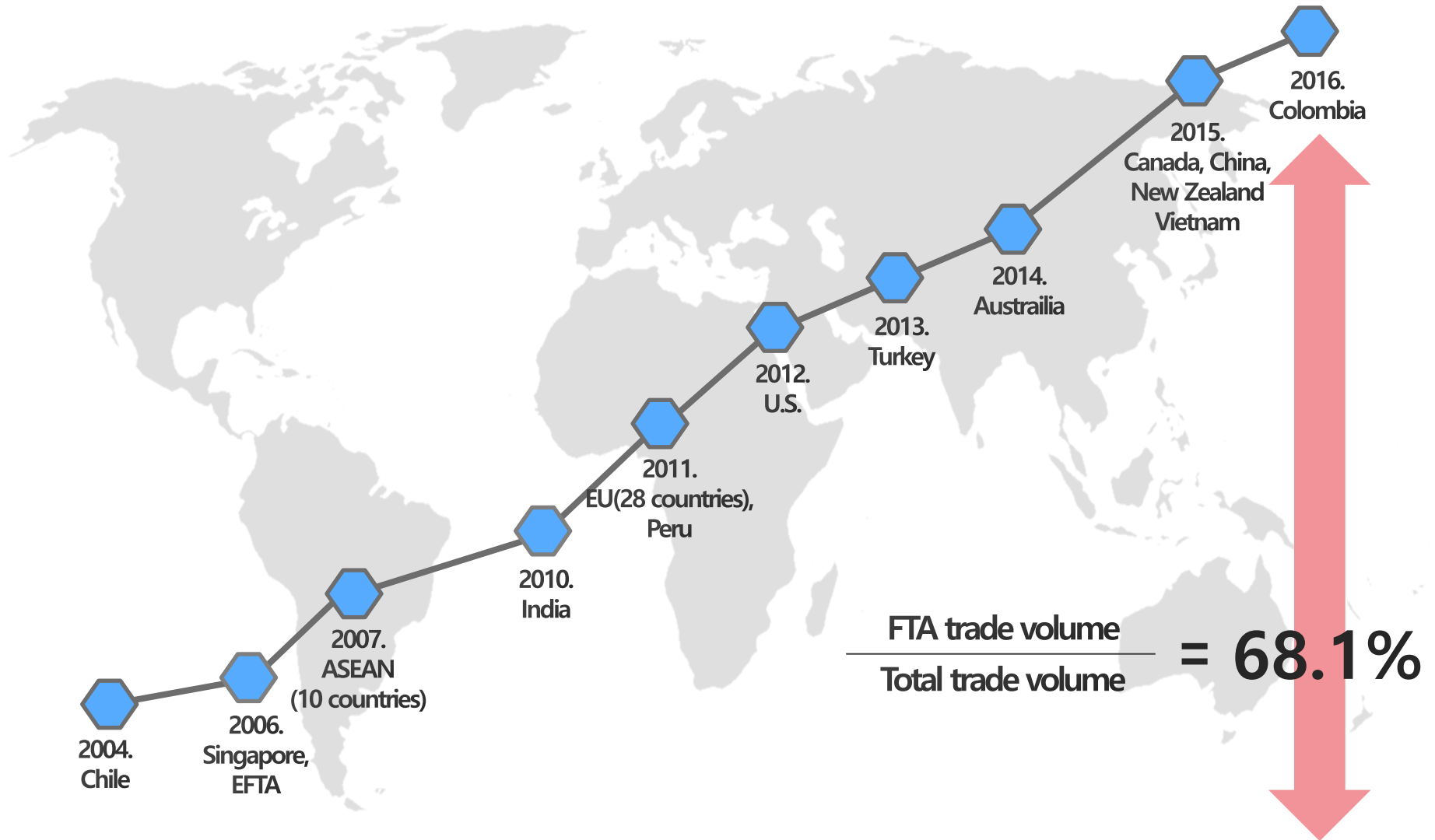
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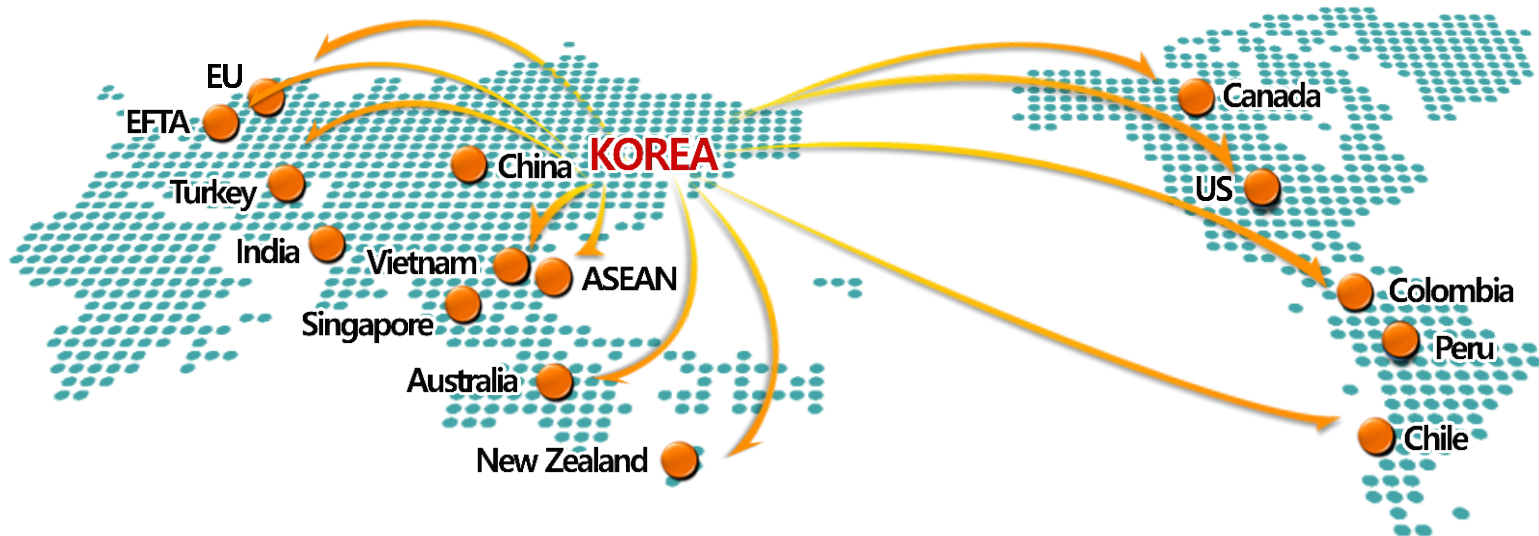
# Current FTA status of Korea

started with Chile in 2004, now 15 FTAs with 52 countries as of April 2017



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started with Chile in 2004, now 15 FTAs with 52 countries as of April 2017



Implemented (15)	Under negotiation (6)	Joint study (2)
Chile, Singapore, EFTA, ASEAN, India, EU, Peru, USA, Turkey, Australia, Canada, China, New Zealand, Vietnam, Colombia	Indonesia, Korea-China-Japan, RCEP, Central America, Ecuador, Israel	MERCOSUR, Malaysia

# KCS' policy in brief

KCS targets SMEs that has low capacity in RoO management in each steps

< Survey result of exporters and importers in 2015 >

Difficulties	Ratio	Difficulties	Ratio
Complexity of RoO	42.4%	Lack of practical info	20.0%
Lack of experts	14.3%	Uncooperative buyer	10.2%
Origin verification	5.7%	others	7.4%

# KCS' policy in brief

KCS targets SMEs that has low capacity in RoO management in each steps

## FTA utilization rate comparison



78.1%

>

66.1%



- lack of FTA experts
- lack of RoO management knowledge

### preparation

- Public customs broker
- Yes FTA academy
- Customized consulting
- On-site FTA consulting

### utilization

- FTA-pass system distribution

### resolution

- Job-matching

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# Yes FTA Academy

FTA Academy is an expert education program running with the Ministry of Education



## contents

- Organization : 6 main customs
- Target : business person in company, student etc.
- Edu type : Permanent & customized edu

Permanent education for business person

Customized education for students



「교육부」·「관세청」

## FTA 전문인력 양성을 위한 업무협약

교육부와 관세청은 FTA 활용을 선도할 전문인재로 양성을 위한 업무협약을 다음과 같이 체결한다.

제1조(목적) 본 협약은 특성화고·마이스터고·전문대학 학생들이 FTA 활용 이론과 현장실무 역량을 토대로 FTA 활용 극대화를 주도할 전문인력으로 성장할 수 있도록 FTA 전문지식 교육 강화를 위한 상호간의 협력사항을 정하는 것을 목적으로 한다.

제2조(협력사항) 교육부와 관세청은 협약의 목적을 달성하기 위해 아래 각호의 업무분야에서 상호 협력과제를 발굴하고, 협력과제 추진을 위해 우선적으로 협력한다.

1. 특성화고 대상 FTA 전문 교육 실시 및 고용지원
2. FTA 특성화고 지정·확대 및 해당학교에 FTA 무역과정 개설
3. 교원의 FTA 관련 전문성 배양
4. 전문대학 FTA 교육지원

# Yes FTA Academy

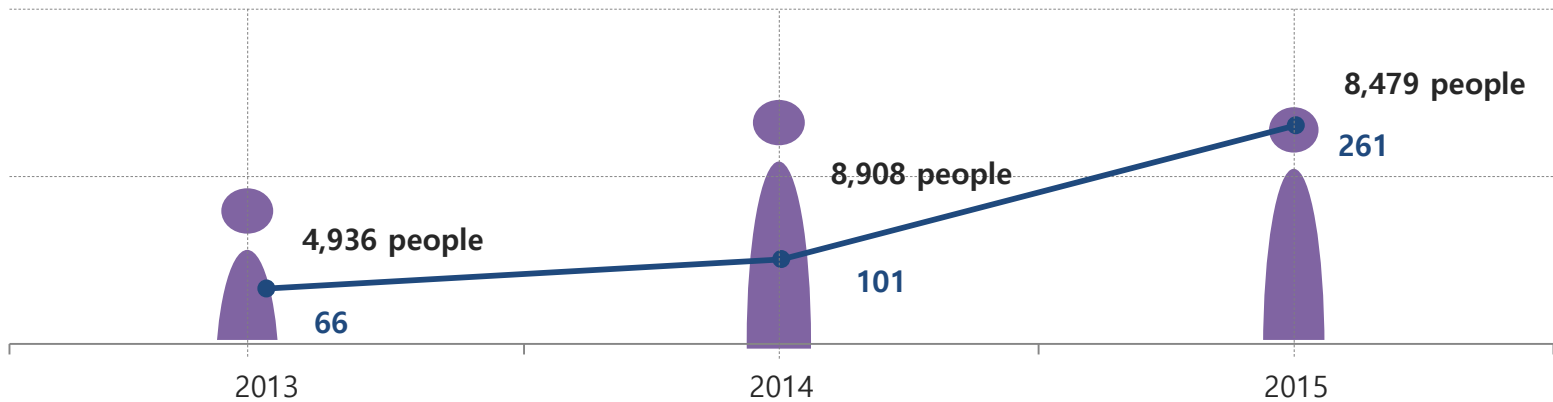
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## Edu result of 2016

total	Business person		Univ student		High school student		etc		Total	
	# of times	# of person	# of times	# of person	# of times	# of person	# of times	# of person	# of times	# of person
	154	5103	65	2282	29	867	7	227	255	<b>8,479</b>

< 2013~2015 YES FTA academy result >



# RoO license

Korea Institute of Origin Information(affiliated organization of KCS) is managing the license



국제원산지정보원

## Origin Manager

- **Key talented person in FTA area for companies who has a responsibility to approve and manage origin**
- **Officially approved by Korea Customs Service**
- **Started 2010 and licensed for 17 times**
  - 3,144 people licensed
  - percentage of employment for licensed experts : 56%

Licensing origin experts

# Public Customs broker

Cooperate with Korea customs brokers association, public customs broker provides consulting service to SMEs

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- **KCBA dispatches customs brokers to customs houses and provides free consulting service to SMEs with customs officials**
  - in 2015, Public customs broker policy initiated  
(29 customs houses, 95 public customs brokers, 352 SMEs received service)
  - in 2016, the policy expanded  
(34 customs houses, 105 public customs brokers, 832 SMEs received service)



# On-site consulting centre

Visit small companies that is located in FTA blind spot and provide consulting service

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- On-site FTA centre visits small companies and provides in-depth consulting service
  - every main customs houses has 1 bus / customs officials and public customs brokers provides consulting service
  - educate FTA-PASS system
  - promote KCS' FTA supporting policy



Small companies that is hard to receive service



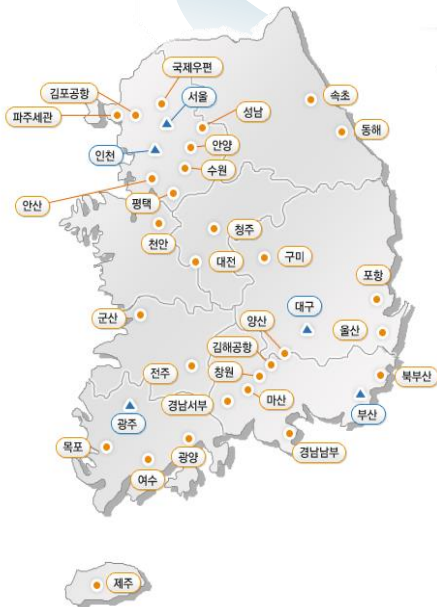
**Eliminates FTA blind spot**



# On-site consulting centre

## '15~'16 results

- 2015  
→ 92 times(988 companies)
- 2016  
→ 109 times(655 companies)



## FTA utilization rate of SMEs increased

- In 2015, 8% of total export decreased

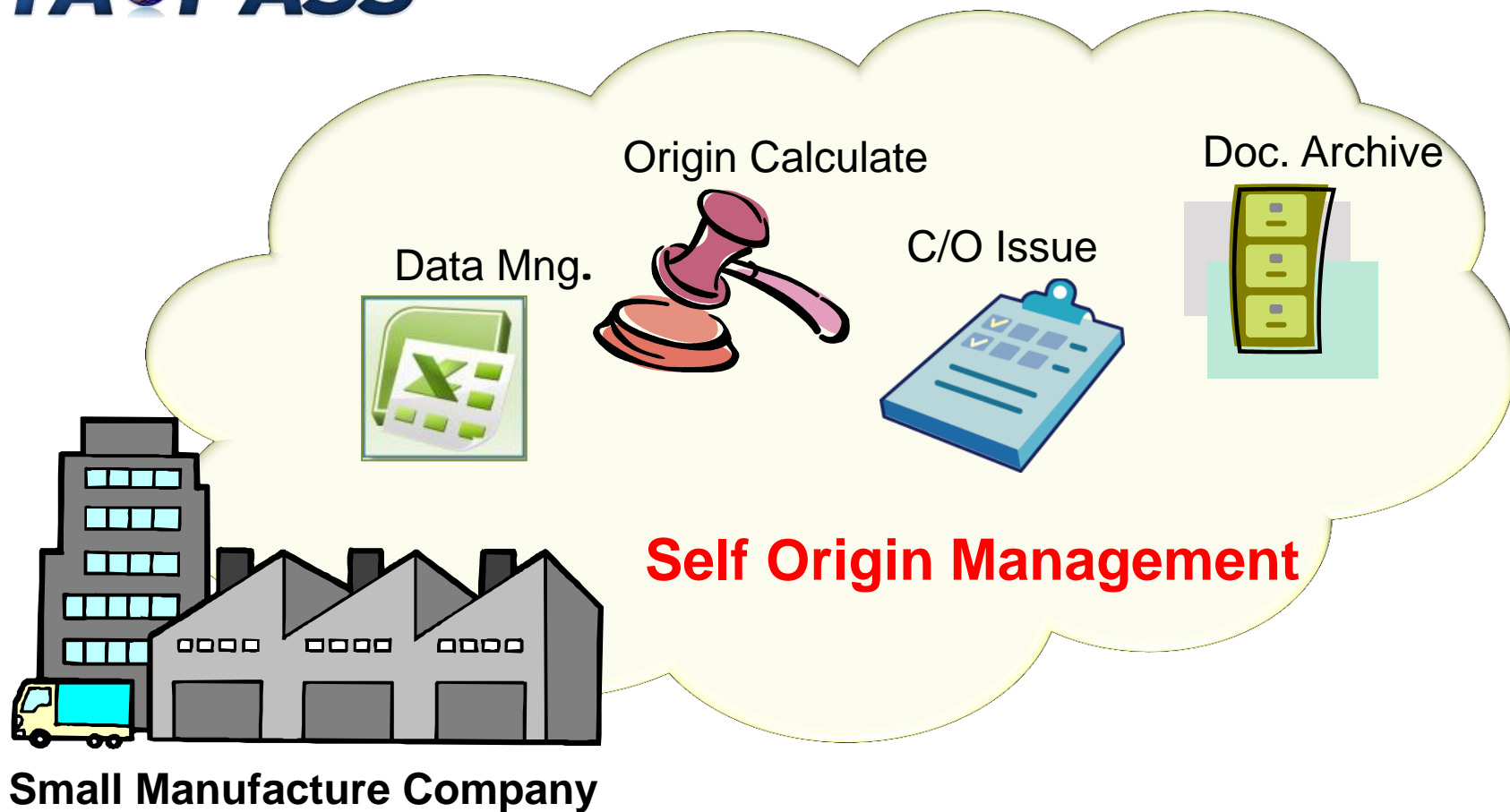
↔ recipient SMEs export 12% increased

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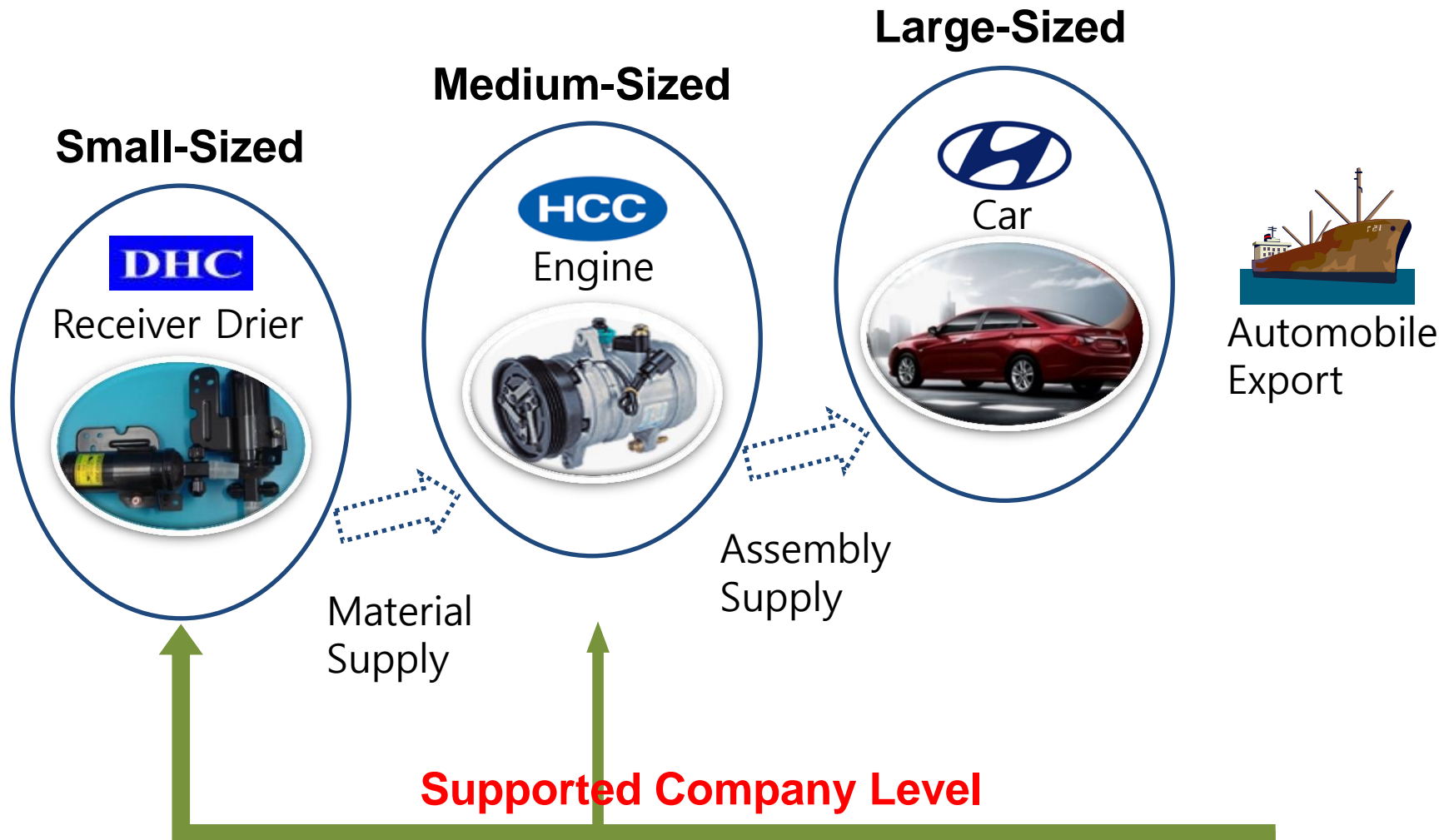
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# FTA-PASS Introduction

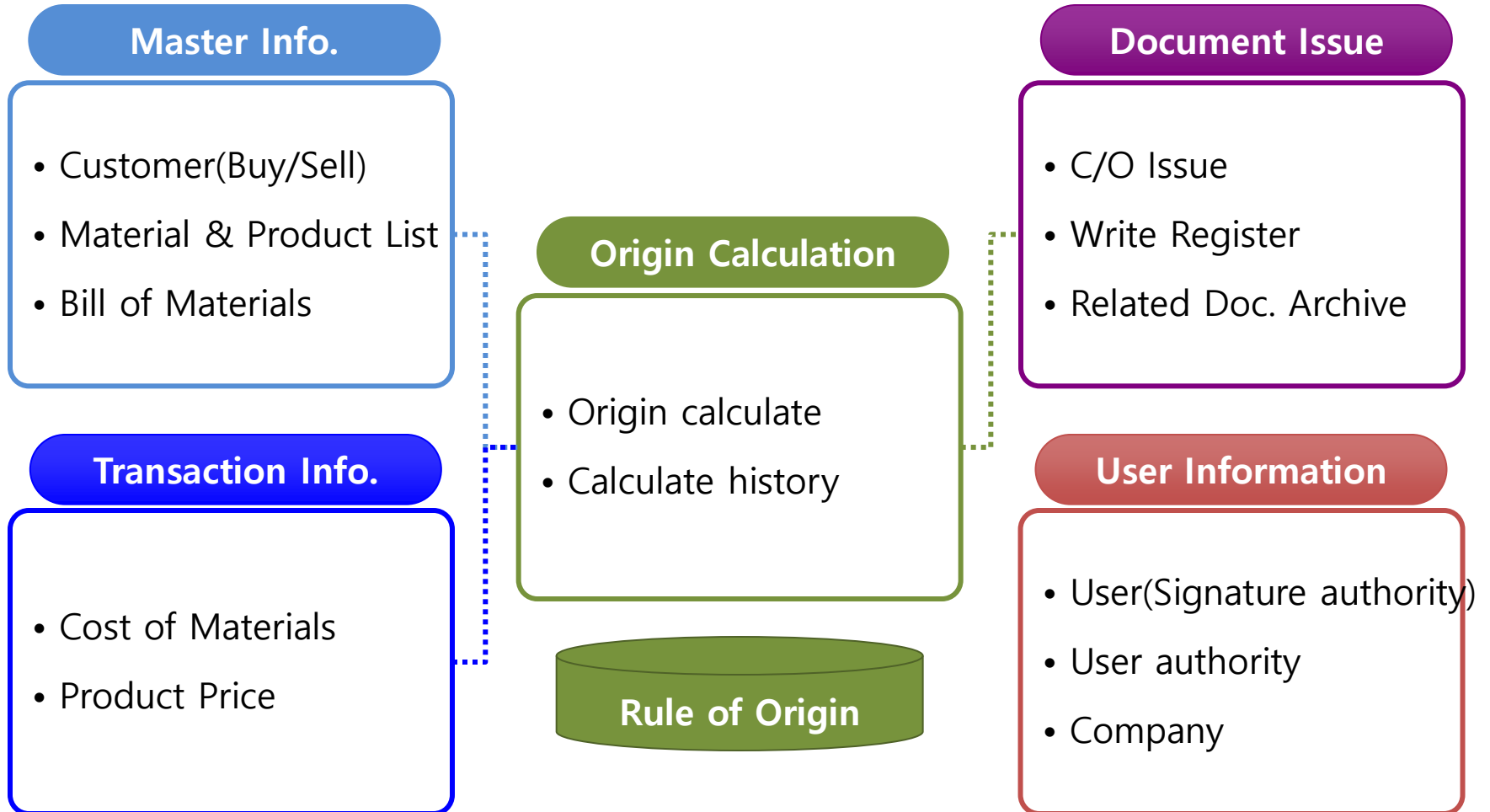




# Supported Target



# System Architecture



# Example : Data

## Sale Product

Product	Automobile Engine	HS Code	8407.31
Incoterms	FOB	Price(WON)	142,000
FTA	KORAS	Origin criterion	CTH or RVC40%

## Bills of Materials

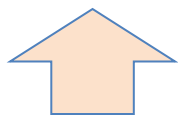
No	Material	HS Code	Origin	Quantities	Price	Provider
1	Cylinder block	8409.91	KR	1	30,000	K-CAR
2	Cylinder liner	8409.91	JP	1	12,000	J-CAR
3	Piston	8409.91	VN	1	10,000	V-CAR
4	Intake valve	8481.80	CN	1	20,000	C-CAR
5	Gasket	8484.10	CN	1	8,000	C-VAR
Total of origin Price					40,000	
Total of Non-origin Price					40,000	

# Example : Origin Calculate

FTA-PASS system gives the result automatically  
Users do not have to calculate themselves

## CTH : Satisfy

Product	
Product	HS Code
Automobile Engine	<b>8407.31</b>



Offshore Materials  
HS 4 Digit Changed

## RVC 40% : Satisfy

Product	
Product	Price(WON)
Automobile Engine	142,000

$$\frac{142,000 - 40,000}{142,000} = 71.83\%$$

Materials		
No	Material	HS Code
1	Cylinder block	8409.91
2	Cylinder liner	<b>8409.91</b>
3	Piston	8409.91
4	Intake valve	<b>8481.80</b>
5	Gasket	<b>8484.10</b>

Materials				
No	Material	Origin	Price	Sub-total
1	Cylinder block	KR	30,000	40,000
3	Piston	VN	10,000	
2	Cylinder liner	JP	12,000	40,000
4	Intake valve	CN	20,000	
5	Gasket	CN	8,000	

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# Expert raising and Job-matching

Raising FTA origin experts and matching can create jobs in customized way

## Education

- **YES FTA Academy**
  - FTA education program runs by customs houses
  - When completed, they acquire a priority in the job-fair and job-matching events to be interviewed



## Job-matching

- **Job-fair**
  - Cooperative work with KCS, ministry of labor and ministry of education
- **Job-matching**
  - 6 main customs holds job-matching events every year collaborated with traders in their control area



## RoO license

- **Licensed origin manager**
  - KIOI implements
  - Officially approved origin manger



# Expert raising and Job-matching

## Opening a job-fair through cooperative work with other governmental agencies

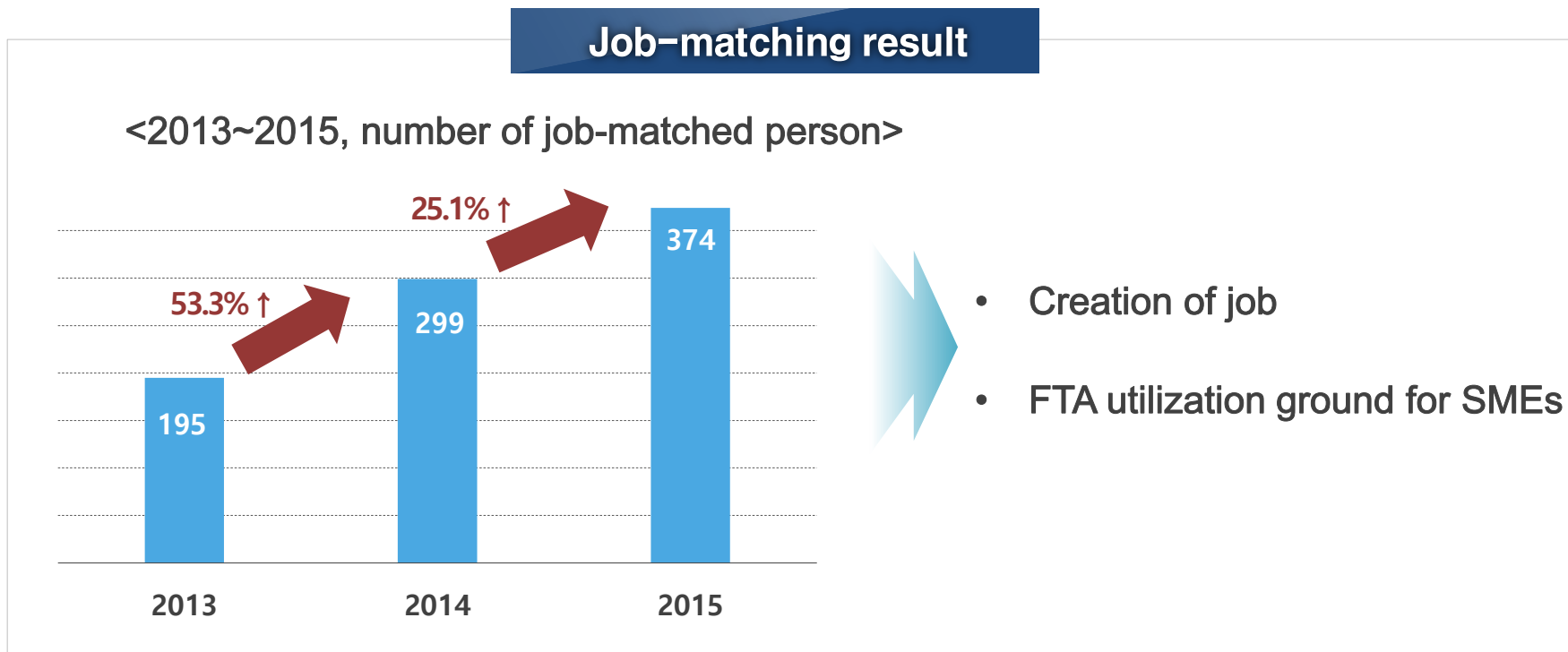
### Job-fair for graduates

- **Cooperation : KCS, Ministry of education, and Ministry of labor (2013~)**
  - A number of trading company participates and operates on-site interview  
→ on-site employment
  - students who completed YES FTA academy can apply for on-site interview



# Expert raising and Job-matching

Through traders-educated person matching, job-matched results increasing every year



2015	1 <sup>st</sup> step : raising experts		2 <sup>nd</sup> step : job matching
	Business person	Job seeker	
<b>result</b>	<b>5,103</b>	<b>3,376</b>	<b>374 employed</b>



**Thank you**

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