

# **WORLD TRADE ORGANIZATION**

RESTRICTED

**G/C/W/212**

6 June 2000

(00-2233)

**Council for Trade in Goods**

Original: English

## **KOREA'S RECENT EFFORTS TO STREAMLINE THE CUSTOMS CLEARANCE SYSTEM**

The following communication, dated 5 June 2000, has been received from the Permanent Mission of Korea.

### **I. INTRODUCTION**

The economic development of a nation and the world as a whole will be enhanced through facilitating trade flows and increasing trade volume. One of the essential means to facilitate trade flows, other than eliminating trade barriers, is simplifying customs clearance procedures and harmonizing international standards. Individual countries, as well as related international organizations, have been sparing no efforts to reform various relevant policies and systems to keep abreast with this trend.

Korea highly appreciates the contributions made by international organizations and individual countries to facilitate trade, and believes that such efforts should be coordinated in the WTO. Therefore, Korea is of the view that establishing a framework of rules and disciplines on the procedures and formalities relating to trade facilitation would provide a consistent and systematic approach to trade facilitation.

In the meantime, the Korean government has continued to streamline the customs clearance process and harmonize the system to eliminate any burdens to traders and any barriers that may hamper efficient trade flow. Korea's past measures to this end have been well discussed in detail in the papers submitted earlier (G/C/W/123, 134, 146, 150).

This paper provides a summary of Korea's recent achievements in terms of the simplification, harmonization and computerization of the customs clearance system, as administered by the Korea Customs Service.

### **II. EFFORTS MADE FOR TRADE FACILITATION**

#### **1. Implementation of Paperless Import Clearance System**

With an aim to simplify its import clearance procedures and expedite the logistics flow, Korea Customs Service began to operate the P/L (Paperless) Import Clearance System on 12 July 1999.

Under this system, 19 relevant government agencies and 48 organizations (e.g. industry associations, national institutes of plant and veterinary quarantine etc.) have been interlinked in an electronic network, and various required documentation, including inspection/quarantine certificates and permit/approval/recommendations papers, have been standardized in electronic format.

./.

In the past, importers were required to submit various kinds of documents to the governmental agencies, including a value declaration form, an invoice, a bill of lading (B/L), packing list and other papers needed for government approval and/or a license or recommendation of the authorities concerned.

The new system has substantially contributed to further reducing the time and costs involved in the distribution of imported/exported goods, thereby facilitating trade with foreign countries. At present, 96% of exports, 12% of imports, and 33% of drawbacks have been completed utilizing the P/L System. The total time required, from the submission of a declaration to acceptance by relevant authorities, was reduced from 2 hours and 50 minutes to only 45 minutes.

### **1. Extended Implementation of the On-Dock Immediate Delivery System**

As already explained in the Korea submission paper of September 1998 (G/C/W/123), Korea Customs Service has been implementing the On-Dock Immediate Delivery System at two ports - Pusan and Kwangyang - since June 1998. The system allows an importer to unload and release imported goods simultaneously at the time of entry, so that he/she may transport the imported goods in bond immediately after being cleared at the seaport.

Reports show that the system, after one year of operation at Pusan and Kwangyang, has certainly contributed to reducing the costs and time needed for the customs clearance process. The On-Dock Delivery System was utilized for 57% of the cargo that entered via the wharf dedicated to containers. A total of 1,104,000 TEU of container cargo made use of this system, reducing approximately 220.8 billion won in logistics costs. The time needed from entry into port to import clearance was also reduced from 13 days to only 4 days.

The On-Dock Immediate Delivery System, as promised, was expanded to the Incheon port as of 13 March 2000. The system is expected to be utilized for around 60% (or 112 thousand TEU) of the cargo and help reduce logistics costs by more than 22.4 billion won annually.

## **III. CONCLUSION**

Korea hopes that the above-mentioned policies will contribute to promoting discussions on trade facilitation at the WTO. The Korean government will continue to carry out the modernization process of the customs clearance system and share specific experiences with other WTO Members in order to facilitate international trade.

---