Single Window in Korea

2018. 10.
1. Customs automation

**Increased trade volume**

(Unit: $100m)

- **Imp**
  - 1990: 1,348
  - 2000: 3,326
  - 2005: 5,456
  - 2011: 10,796
  - 2016: 9,633

- **Exp**
  - 1990: 3,326
  - 2000: 5,456
  - 2005: 10,796
  - 2011: 9,633
  - 2016: 1,348

*$1b trade →

**Global limitless competitiveness**

- Commence FTA
  - 1995: WTO
  - 1997: IMF
  - 2004: KR-CN FTA
  - 2008: Financial crisis
  - 2015:  

**Stagnated customs staff**

- 1990: 4,427
- 2000: 3,931
- 2016: 4,491
1. Customs automation

- **Development stage**
  - Investigation info. (1999)
  - Passenger info. (2000)
  - Customs Knowledge M (2001)
  - CDW (2002)

- **Internet clearance portal**
  - Internet declaration system (2004~5)
  - Internet Clearance portal (2005)
  - Risk Management System (2005)
  - Single Window (2006~)

- **Information management system**
  - Establishing 4TH System plan (2012)

- **EDI clearance**
  - Basic plan for EDI Clearance automation (1991)
  - Export clearance (1994)
  - Import clearance (1996)
  - Export cargo (1997)
  - Import cargo (1997)
  - Duty drawback (1997)

- **Air cargo clearance system**
  - Export cargo (1997)
  - Import cargo (1997)
  - Duty drawback (1997)

- **Simple Online Service**
  - Auto EDI Clearance System

- **e - Customs**
  - Knowledge Mgt System

- **Smart - Customs**
  - Establishing 4TH System plan (2012)
1. Customs automation

High company logistic cost

Before 2000

- Import clearance: +3 hours
- Export clearance: 1.4 hours

2013

- Import clearance: +20 mins
- Export clearance: 2 mins

<Sales vs. logistic cost>

<table>
<thead>
<tr>
<th>Country</th>
<th>2013 Sales %</th>
<th>2013 Logistic Cost %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jap</td>
<td>4.8%</td>
<td>9.7%</td>
</tr>
<tr>
<td>US</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Kor</td>
<td></td>
<td>9.7%</td>
</tr>
</tbody>
</table>

Advanced technology

- Result: 2 mins
  - 4.8% foreign sales
  - 9.7% foreign sales
2. What is Single Window?

55 regulatory agencies
2 What is Single Window?

- Physical visit to regulatory agencies
- Delay in customs declaration
- Delay in logistics; Increase logistic cost
2. What is Single Window?

**Customs verification regime**

- 10 digit HS Code – 5,720 items from total of 12,232
  (47% of overall goods)

<table>
<thead>
<tr>
<th>구분</th>
<th>ENV.</th>
<th>F&amp;D</th>
<th>QUAR.</th>
<th>COMM. IND.</th>
<th>OTHERS</th>
<th>TOTAL</th>
<th>De-Dup.</th>
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<tbody>
<tr>
<td>EXP.</td>
<td>946</td>
<td>100</td>
<td>81</td>
<td></td>
<td>262</td>
<td>1,389</td>
<td>1,195</td>
</tr>
<tr>
<td>IMP.</td>
<td>1,272</td>
<td>3,382</td>
<td>1,317</td>
<td>412</td>
<td>779</td>
<td>7,162</td>
<td>4,525</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,218</td>
<td>3,482</td>
<td>1,398</td>
<td>412</td>
<td>1,041</td>
<td>8,551</td>
<td>5,720</td>
</tr>
</tbody>
</table>

* Reduce duplicates: 194 for export, 2,637 for export, total 2,831
2. What is Single Window?

- Legal requirement of all trade transaction
- One-time electronic submission through one system
2. What is Single Window?

- **Aug. 2003**: Selecting ‘Innovation Project of Import/Export Logistics Information system’ as 31st tasks of E-Government
- **Aug. 2004**: Establishing the single window system targeting eight major agencies assessing import requirements
- **Mar. 2005**: Standardizing forms and contents through working-level meetings with related agencies
  - Reviewing and improving regulations such as the Customs Act
- **Mar. 2006**: Developing a computerized system for single-window operations
  - Opening the single window system at the eight agencies
- **Jul. 2008**: Highly Upgrading & Innovation of Single Window
  - And Expanding Single Window (15 OGAs)
- **Dec. 2016**: Single Window (40 OGAs)
3. Overcoming barriers

Single Window launched with use rate **4.5%**

<table>
<thead>
<tr>
<th></th>
<th>Agency</th>
<th>Volume</th>
<th>SW dec.</th>
<th>Use rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gov’t</strong></td>
<td>Food &amp; drug security</td>
<td>190,570</td>
<td>2</td>
<td>0.0%</td>
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<tr>
<td></td>
<td>Plant quarantine</td>
<td>119,846</td>
<td>154</td>
<td>01.1%</td>
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<td></td>
<td>Fisheries quality</td>
<td>83,610</td>
<td>19,050</td>
<td>22.8%</td>
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<tr>
<td></td>
<td>Vet quarantine</td>
<td>67,005</td>
<td>44</td>
<td>0.1%</td>
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<tr>
<td><strong>Public Assoc.</strong></td>
<td>Pharma. trade assoc.</td>
<td>58,344</td>
<td>284</td>
<td>0.5%</td>
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<tr>
<td></td>
<td>Medical dev. ind. assoc.</td>
<td>39,548</td>
<td>3,523</td>
<td>8.9%</td>
</tr>
<tr>
<td></td>
<td>Animal drug assoc.</td>
<td>6,262</td>
<td>1,176</td>
<td>18.8%</td>
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<tr>
<td></td>
<td>Dental assoc.</td>
<td>2,026</td>
<td>87</td>
<td>4.3%</td>
</tr>
</tbody>
</table>
3. Overcoming barriers

**Barriers**
- Reject unification of OGA window
- Unable to simultaneously declare at both sides
- Low system satisfaction

**Paradigm shift**
- Change awareness: “Work that needs to be done together”
- Reorganize system: “Design a simultaneous declaration system”
- Increase satisfaction: “User’s program”

**Increase use rate**
### Reference (1/2)

<table>
<thead>
<tr>
<th>Name of Institution</th>
<th>Application form name</th>
<th># of applications</th>
<th>Name of Institution</th>
<th>Application form name</th>
<th># of applications</th>
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<tbody>
<tr>
<td>The Korea Food and Drug Administration</td>
<td>Food import application</td>
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<td>Import approval application</td>
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<td>Import change approval application</td>
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<td></td>
<td>Export approval application</td>
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<tr>
<td></td>
<td>Export change approval application</td>
<td></td>
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<td></td>
<td>Material import application</td>
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<td>Material export application</td>
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<td>Internet buying agent food import application</td>
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<td>The Korea Medical Devices Industry Association</td>
<td>Standard clearance report</td>
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<td>The Korea Animal Health Products Association</td>
<td>Standard clearance report</td>
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<td>Korea Conformity Laboratories</td>
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<td>Korea Testing &amp; Research Institute (KTR)</td>
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<td>Electric appliance safety condition certification application</td>
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<td>Korea Testing Laboratory (KTL)</td>
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<td>Electric appliance safety condition certification application</td>
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<td>Korea Apparel Testing &amp; Research Institute (KATRI)</td>
<td>Industrial product model certification</td>
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<td>FITI Testing &amp; Research Institute</td>
<td>Industrial product model certification</td>
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<tr>
<td>Dong-Eui Herbal Medicine Analysis Center Co, Ltd</td>
<td>Korean herb quality inspection application</td>
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<td>The National Fisheries Products Quality Inspection Service</td>
<td>Quarantine application for fisheries products import</td>
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<td>Korea Testing Certification (KTC)</td>
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<td>Electric appliance safety condition certification application</td>
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<td><strong>Animal and Plant Quarantine Agency (Plant)</strong></td>
<td>Plant quarantine product import declaration and inspection application</td>
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<td><strong>KOTITI Testing and Research Institute</strong></td>
<td>Safety inspection for similar Manufactured goods verification application</td>
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<td>Plant export quarantine application</td>
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<td><strong>Animal and Plant Quarantine Agency (Animal)</strong></td>
<td>Import animal products quarantine application</td>
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<td>Export animal products quarantine application</td>
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<td><strong>Foundation of Agricultural Technology Commercialization &amp; Transfer</strong></td>
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<td>Animal export quarantine application</td>
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<td>Import animal products quarantine exemption application</td>
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<td>Duty allocation apply recommendation application</td>
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<td>Duty concession apply recommendation application</td>
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<td>Korea Environment Corporation</td>
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<td>Waste export permission/declaration form</td>
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<td>Application for electronic device clearance</td>
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<td>Application for electronic device authentication</td>
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<td></td>
<td></td>
<td>Standard clearance report (human body structure)</td>
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</tbody>
</table>
4. Implementation effects

**Reduction of company logistic cost vs. sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>Jap</th>
<th>US</th>
<th>Kor</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;2003&gt;</td>
<td>4.8%</td>
<td>7.5%</td>
<td>9.7%</td>
</tr>
<tr>
<td>&lt;2009&gt;</td>
<td>4.8%</td>
<td>8.5%</td>
<td>8.3%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>’04</th>
<th>’06</th>
<th>’09</th>
<th>’12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce logistic processing time</td>
<td>9.6 days</td>
<td>4.5 days</td>
<td>3.2 days</td>
<td>2 days</td>
</tr>
<tr>
<td>Reduce logistic cost</td>
<td>-</td>
<td>$1.2m</td>
<td>$34.5m</td>
<td>$178.2m</td>
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</tbody>
</table>
5. Success factor

Support and interest from highest authority

- Monthly evaluate use rate by agencies
- Analyze inactivity and search activation plan

Establish OGA TFT for working level

- Improve regime such as standardization, dialogue
- Common participation during design; increase system satisfaction
6. Future implementation strategy

Single Window

- Import
- Integrated DATA SET
- Application

Declarer

Customs

Regulatory agency [Food & drug etc]
6. Future implementation strategy

- Save uncovered cases by OGA to the customs system to target/inspect illegal goods
- Efficient uncovering of goods through joint inspection with OGA during clearance stage