



FREE TRADE AGREEMENT BETWEEN KOREA AND NEW ZEALAND

New Zealand has a Free Trade Agreement (FTA) with the Republic of Korea (Korea) that allows originating goods traded between the two countries to enter at preferential duty rates.

This fact sheet is a general guide on the rules of origin for goods traded between the two countries under the Korea New Zealand FTA (KNZF TA). Full terms of the agreement can be found in Chapters 3 and 4 and Annexes 3-A and 3-C of the KNZF TA and the relevant domestic legislation including, for New Zealand, the Customs and Excise Act 2018 and the Customs and Excise Regulations 1996.

»» WHAT DOES THE KNZF TA PROVIDE FOR?

The KNZF TA was signed in Seoul on 23 March 2015, and comes into force in 2015. The KNZF TA provides for preferential rates of tariff duty on originating goods traded between New Zealand and Korea.

Further information including a tariff locator and the KNZF TA text and its associated instruments can be found on the Ministry of Foreign Affairs website www.korea.fta.govt.nz.

»» WHAT ARE ORIGINATING GOODS?

For purposes of KNZF TA, a good imported into New Zealand from Korea, or exported from New Zealand into Korea, is considered to be an originating good if it is:

- » wholly obtained or produced in Korea or New Zealand; these are generally primary products grown or mined etc. in either Korea or NZ
- » produced entirely in Korea or New Zealand, or in both parties, exclusively from originating materials from Korea and/or New Zealand; these goods may use New Zealand or Korean materials or also include materials from another country provided those materials are transformed into another material at an earlier stage of production.

or

- » produced in Korea or New Zealand, or in both parties, using non-originating materials provided they meet the product specific requirement (such as a change in tariff classification (CTC), a Regional Value Content (RVC) or specific process rule as specified in Annex 3-A (Product Specific Rules Schedule)) of the KNZF TA.



»» THE PRODUCT SPECIFIC RULE (PSR) REQUIREMENTS

Annex 3-A of the KNZFTA sets out what non-originating content can be used in the production of any good for it to qualify for preferential treatment.

- » The most common rule is the change in tariff classification rule which allows for non-originating input materials to be used providing the tariff classification of the final good is different from all the non-originating inputs and the input materials are not classified in the tariff reference set out in the rule.
- » RVC rules set a value add threshold and are an option to a CTC rule which is available for most manufactured goods. The threshold is either 40% FOB calculated on a build down basis or 30% FOB calculated on build up basis. Details on how to calculate the RVC are contained in Article 3.4 of the Agreement.

»» CAN GOODS BE TRANSPORTED THROUGH A NON-PARTY?

Yes, but only if the goods remain under Customs control and do not undergo any operation there other than unloading and reloading, temporary storage, splitting up of loads for transport reasons, or any operation required to preserve it in good condition or to transport the goods to Korea or New Zealand, as the case may be.

Note: Relabelling cannot be carried out while goods are in transit but the Agreement does provide for '*maintenance and supplementary work*' (which includes relabelling) to be carried out in a bonded area of the importing Party in accordance with domestic legislation.

»» DOCUMENTATION AND ADMINISTRATIVE REQUIREMENTS

Documentary evidence of origin

Claims for preferential tariff treatment are based on a written or electronic declaration of origin completed by the exporter or producer, and need to be in the importer's possession when the claim for preferential access is made.

Documentary evidence of origin may take the form of a certificate or a declaration by the exporter or producer. The KNZFTA does not require third-party issued certificates of origin to support an importer's claim of preferential tariffs.

The importer can choose which form of documentary evidence of origin it seeks from the exporter or producer, as either form is acceptable to the importing Customs providing it contains all the necessary data elements. The necessary data elements are:

- a) The name of the certifying person, including contact details
- b) The importer of the good if known
- c) The exporter of the good if different from the producer
- d) The producer of the good, if known
- e) The six-digit tariff classification(s) under the Harmonised System and a description of the good
- f) The rule of origin under which the good qualifies for preference
- g) Date of the origin declaration
- h) In the case of a blanket declaration that will cover multiple importations of identical goods within 12 months, the period that the origin declaration covers.

Guidelines and examples of declarations are contained in Annex 3-C of the Agreement.



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Notes:

1. The Korean Customs administration or New Zealand Customs may request any additional information considered necessary to ensure satisfaction with the origin of the good being imported.
2. An origin declaration can apply to either a single importation or multiple importations of identical goods within a 12 month period.
3. A New Zealand exporter or producer who signs an origin declaration must keep all relevant records for seven years.

Advance rulings on origin and tariff classification

Advance rulings on origin and tariff classification are available from the New Zealand and Korean Customs administrations prior to the importation of the goods. Advance rulings may be applied for by an importer, exporter or producer or an authorised representative. Article 4.9 sets out the details and timeframes for advance rulings.

FOR FURTHER INFORMATION

Contact your nearest office of the New Zealand Customs Service:

@ WEBSITE:
www.customs.govt.nz

f FACEBOOK:
www.facebook.com/NZCustoms

t TWITTER:
[@NZ_Customs](https://twitter.com/NZ_Customs)

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