



# Korea: New Korean Wave - Surging Korean Consumers on Overseas Online Retailers

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## Actionable Information

Sales from foreign on-line sellers to Korean buyers have shown explosive growth for several years and will exceed \$ 2 billion in 2015. U.S. retailers and manufacturers should focus on *e-Commerce promotional strategies* to attract Korean consumers. Koreans, who can boast as living in one of the ‘most connected and wired’ countries in the world, have been actively purchasing from foreign websites, of which majority purchases are from U.S. on-line retailers. In doing so, cost-conscious Koreans and U.S. firms all benefit from the 2012 KORUS FTA.

While the easiest items for U.S. retailers to export to Korea via e-Commerce are personal-use items under \$200 or ‘made-in the U.S. items’ under \$1K, thanks to KORUS FTA, U.S. mega-firms and SMEs alike should carefully consider how they can successfully promote their products to Korean consumers.

*The Commercial Service in Seoul is poised to assist U.S. businesses in understanding the regulatory and documentation requirements inherent in the KORUS FTA which are also highlighted in this document. For more information, please contact the author of this report.*

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## SUMMARY

- Korean’s on-line purchases from foreign websites are expected to reach \$8 billion by 2018. On-line purchases reached \$1.5 billion in 2014, up from \$274 million in 2010. In 2015 on-line purchases are expected to grow to one percent of Korea’s total retail industry which was \$ 253 billion in 2014.
- The Korean government has encouraged ‘parallel imports’ and other direct purchases from overseas on-line shopping malls as a way to help Korean consumers source less expensive products as domestic retail prices are often higher in Korea than other countries.
- Koreans find less expensive prices on overseas websites even after adding-in international shipping fees and import duties.
- Under the KORUS FTA, express courier service mailed goods, under \$200, are duty free when sourced from the U.S., and ‘made in the USA’ items under \$1,000 are exempt from KORUS FTA documentation.
- Multi-brand on-line retailers such as Amazon.com and eBay are the most frequently used on-line shopping sites visited by Koreans.

- Korean on-line consumers provide a U.S. -based warehouse address as their U.S. mailing address to U.S. based on-line shopping malls to purchase products not targeted for international shipping. These U.S.-based warehouse companies have multiple warehouses in different states which offer various options so Koreans can pay less sales tax (for DE-based warehouses for example) or to receive their products faster (for CA-based warehouses, for example).
- Seventy-three percent of all of Koreans' overseas, on-line purchases are from the U.S. Of 15.5 million Korean customs clearance records in 2014, 11.4 million parcels were from U.S. on-line retailers.
- The most popular sourced products by Koreans of products from foreign on-line websites are: apparel (19 percent), dietary supplements (14 percent), footwear (13 percent), food (11 percent), cosmetics (11 percent), and handbags (8 percent).

## MARKET OVERVIEW

The amount of purchases that Koreans make from overseas on-line shops has been significantly increasing over the past few years. According to the Korea Customs Service (KCS), on-line purchases were \$274 million in 2010, but reached \$1.5 billion in 2014. Considering the size of Korea's retail industry, valued at \$ 253 billion (2014), the amount of foreign, on-line purchases by Koreans is expected to grow to one percent of Korea's total retail industry by 2015. Korea media sources indicate that foreign direct purchases will grow to \$8 billion by 2018.

### *Annual Spending on Overseas Direct Purchase in Korea: 2010-2014*

Unit: \$ Million

Year	2010	2011	2012	2013	2014	CAGR ('10~'14)
Value	274	472	707	1,040	1,545	54.1%

Source: Korea Customs Service

### *Market Size of Korean Retail Industry: 2010-2014*

Unit: ₩ Billion (\$ Million)

Year	2010	2011	2012	2013	2014	CAGR ('10~'14)
Value	230,251 (199,135)	249,508 (225,166)	259,888 (230,626)	263,912 (241,007)	267,481 (253,965)	3.8%

Source: Statistics Korea

'Jik-gu,' a Korean term for the *concept of direct purchasing from foreign retailers*, used to be a special purchasing behavior by those who buy products that are not available in the Korean market. Today, jik-gu is a common Korean purchasing term and practice as more people have started purchasing from overseas websites every year.

### *When Koreans Started Using Overseas Purchases & Foreign Websites: Prior 2012 to 2014*

Before 2012	2013	2014
10.3 %	36.2 %	53.5 %

Source: *MK Economy*, January 16, 2015  
<http://news.mk.co.kr/newsRead.php?year=2015&no=51647>

According to a 2014 report, “*The Shopping Habit of Korean Consumers*” published by the Korea Chamber of Commerce & Industry (KCCI), 57.4 percent of survey respondents purchased goods through foreign on-line retailers at least once in the past year. Ninety-six percent of the respondents from another KCCI survey said they would continue to purchase from overseas on-line retailers. The Korean magazine *MK Economy* (Jan. 2015) noted that 57.1 percent of those who have purchased goods from overseas websites plan to increase the amount of their purchases because they were ‘satisfied with the purchasing experience.’

Good prices and good ‘deals’ were listed as the main reasons for shopping on overseas/foreign websites. According to a 2013 report conducted by *Consumers Korea*, a lobbying group, South Korea was listed as one of the more expensive places in world for 30 out of 60 products that were researched. Korea is “the third most expensive for Heineken beer, and the fifth for Chanel perfume.” Surprisingly, some Korean products such as TVs, smartphones, etc. are also more expensive in Korea than anywhere else. South Korean manufacturers argue that Korea’s domestic prices on these goods are often higher in Korea because they include ‘delivery, installation and long-term warranties,’ thus causing a higher purchasing price. However, for those who put price over other things, Korean consumers have started buying Korean brand goods from foreign websites stating that foreign websites offer less expensive products even after adding in international shipping fees and import duties (See Appendix I).

#### *Reasons why Koreans Shop on Overseas Websites*

Products are offered at cheaper prices	71.4%
Certain brands are not available in Korea	20.6%
More varieties of products are available	5.0%
Better quality products are found	3.0%

Source: *MK Economy*, January 16, 2015  
<http://news.mk.co.kr/newsRead.php?year=2015&no=51647>

## POLICY

Korea’s high consumer prices were often caused by import and sales channels that were dominated by Korean conglomerates which maintained exclusive distributorship agreements. Complaints from consumers about overpriced goods created an environment whereby the government encouraged *parallel imports* and direct purchases from overseas on-line shopping mall as a means to reduce the price burden felt by Koreans. As part of this effort, and following the guidelines set forth in the KORUS FTA, the Korean government, in July 2014, simplified the customs procedures for almost all consumer goods, excluding ‘restricted items from the list clearance’ such as medicines. For items deemed as ‘restricted items from the list clearance,’ they should go through import customs clearance whose duty free range is up to KRW 150,000. (See Appendix II, III, & IV).

The importation of goods valued at less than \$200 (including taxes, shipping & handling), from the U.S., (or \$100 from other countries) are eligible for the simplified customs procedure called a ‘list clearance’, which is a quick, one-day, customs clearance procedure as long as the

logistics/courier company provides the full packing list to Korea Customs, and if the item qualifies for ‘personal use’ (See Appendix III). If it does not qualify as a ‘personal use’ item, the product is considered as a ‘commercial use’ item and is subject to taxation and an import customs clearance procedure.

## KORUS FTA

The free trade agreement (FTA) between the United States and the Republic of Korea went into effect on March 15, 2012. As stated in Chapter 7, Article 7.7 (g), under the Korea-US FTA (KORUS FTA), express shipments from the U.S. are duty-free only when the product is less than \$200 including taxes, shipping and handling (See Appendix V).

Chapter 6, Article 6.16 (a) of KORUS FTA states that a purchaser of online goods under \$1,000, per shipment, imported from the U.S. can enjoy KORUS FTA benefits, and are exempt from KORUS FTA certification or documentation. The purchaser can continue to purchase items and import them as long as the purchase does not exceed \$1,000 each time the items are shipped to the customer and, as long as the consumer is not trying to evade compliance with the KORUS FTA. However, Chapter 6 of the KORUS FTA also gives Korean Customs the right to verify that purchases are indeed being purchased from overseas in *good faith* and not as a tactic to evade KORUS FTA documentation. Under Article 6.16 (b), this generally relates to products that are already enjoying a 0 percent basic tariff rate (See Appendix VI).

## MAJOR PLAYERS

### On-line Shopping Malls

According to a 2014 study by the Korea Consumer Agency (KCA), Amazon.com and eBay are the most frequently used on-line shopping sites visited by Koreans. It is interesting to note that ‘single brand’ online shopping malls such as Polo Ralph Lauren or Gap are not as popular as multi-brand on-line retailers. Amazon.com and eBay are typical on-line open markets where registered individual sellers offer various products at competitive prices. Since Koreans are very price sensitive, they often use the websites in the chart below.

*Most Frequently Used Overseas On-line Retailers by Koreans*

Rank	Company	Origin	Major Items
1	Amazon.com	USA	All items (The largest online shopping-mall in the world)
2	eBay	USA	All items (Open market)
3	iherb	USA	Dietary supplements, functional food, groceries, etc.
4	shopbop	USA	Female fashion.
5	6PM	USA	Apparel, shoes, bag, accessory, etc.
6	Amazon Japan	Japan	All items (Japanese open market)
7	Drug store	USA	Beauty care, diet, apparel, infant care products, etc.
8	Wall-mart	USA	Apparel, sundries, home appliances, groceries, etc.
9	Rakuten	Japan	All items (The largest open market in Japan)
10	Taobao.com	China	All items(The largest open market in China)

Source: Korea Consumer Agency

## Buying Agents

Between 2001 and 2010, it was more common for Korean consumers to purchase products from abroad on Korean on-line shopping malls. There are still registered sellers who act as buying agents on Korean on-line shopping malls although this concept is losing popularity as more people choose to buy directly from overseas websites. Registered sellers either purchase big quantities of goods from overseas sources before they get orders from customers, or they purchase goods after getting orders from customers and then sell the products at prices including international shipping, tariffs, and commission fee. It is a common purchasing behavior for those who lack foreign language skills and for those without mailing address in the U.S. because some U.S.-based sellers do not offer international shipping. According to a 2014 survey by the KCA, CANiSHOW and Wizwid are the most satisfying shopping malls providing buying services.

### *Korean Buying Agent Websites with High Rates of Satisfaction*

Rank	Buying Agent	URL
1	CANiSHOW	<a href="http://www.canishow.co.kr/">http://www.canishow.co.kr/</a>
2	Wizwid	<a href="http://www.wizwid.com/">http://www.wizwid.com/</a>
3	EnjoyNewYork	<a href="http://www.njoyny.com/">http://www.njoyny.com/</a>
4	Gmarket eBay	<a href="http://www.gmarket.co.kr/">http://www.gmarket.co.kr/</a>
5	Auction eBay	<a href="http://www.auction.co.kr/">http://www.auction.co.kr/</a>

Source: Korea Consumer Agency

## Warehouse Companies

Since 2010, warehouse companies have started opening warehouses in the U.S. to provide mailing addresses to Korean consumers enabling more people to buy goods directly from the overseas websites and save more money. These warehouse companies have branches in California, Delaware, New Jersey, Oregon and other states giving options to Korean consumers either to pay less sales tax or to receive their products faster. While it takes longer to receive goods when using a warehouse in Delaware, there is no sales tax charged, for example.

### *Most Frequently Used Overseas Warehouse Companies: U.S. & Other Countries*

Rank	Warehouse Company	URL
1	Malltail	<a href="http://www.malltail.com">www.malltail.com</a>
2	WemakepriceBox	<a href="http://box.wemakeprice.com">box.wemakeprice.com</a>
3	NYgirlz	<a href="http://www.nygirlz.co.kr">www.nygirlz.co.kr</a>
4	Iporter	<a href="http://www.iporter.co.kr">www.iporter.co.kr</a>
5	Ohmyzip	<a href="http://www.ohmyzip.com">www.ohmyzip.com</a>

Source: Korea Consumer Agency

## MARKET DEMAND

Out of 15.5 million customs clearance records in 2014, 11.4 million parcels were from U.S. on-line retailers. The U.S. takes up 73.5 percent of the total purchase from overseas websites. Zero, or low tariffs and other benefits permitted in the KORUS FTA (Effective as of March 2012) are the main reasons Koreans purchase products from overseas websites.

*Status of Import Clearance by Country (2014)*

Countries	Number of Customs Clearance	Share
USA	11,412,000	73.5 %
China	1,697,000	10.9%
Germany	839,000	5.4%
Hong Kong	568,000	3.7%
Japan	365,000	2.4%
UK	219,000	1.4%
France	124,000	0.8%
New Zealand	109,000	0.7%
Others	197,000	1.3%
Total	15,530,000	100%

Source: Korea Customs Service

According to the report, *The Shopping Habits of Korean Consumers*' Koreans spend, on average, \$827 annually on foreign websites. The magazine *MK Economy* (Jan. 2015) notes that Koreans purchase from overseas on-line sources multiple times a year. The survey further notes that more than 50 percent of Koreans make purchases on overseas websites multiple times a year.

*Number of Times per Year that Koreans Shop on Overseas Websites*

1~2	3~12	more than 12
48.2%	35.7%	16.1%

Source: *MK Economy*, January 16, 2015

<http://news.mk.co.kr/newsRead.php?year=2015&no=51647>

In 2014, the Korea Customs Service (KCS)'s customs clearance record indicated that 96.7 percent of products cleared were valued at less than \$200. Although items valued over \$1,000 occupied only 0.3 percent of their clearances this category showed a 757 percent growth compared to 2009. KCS stated that Koreans started to purchase expensive products such as TVs, smartphones, bikes, and watches from overseas websites because of the big price gap between Korea's prices for these products and the same or similar products from other countries, even when including tariffs.

*Dollar Value of Korean Customs' Clearances (2014)*

Dollar Value	Number of Customs Clearance	Share
Under USD 50	3,855,000	25%
USD 50 ~ 100	5,764,000	37%
USD 100 ~ 150	4,155,000	27%
USD 150 ~ 200	1,274,000	8%
USD 200 ~ 1000	400,000	3%
Over USD 1,000	52,000	0.3%
Total	15,530,000	100%

Source: Korea Customs Service

As the following chart demonstrates common purchases made by Koreans were: 19 percent for apparel items, 14 percent for dietary supplements, 13 percent for footwear, 11 percent for food products, 11 percent for cosmetics, and 8 percent for handbags.

*Status of E-commerce Korean Customs' Clearances, by Category of Goods (2014)*

Category	Number of Customs Clearance	Share
Apparel	2,962,000	19%
Dietary supplement	2,112,000	14%
Footwear	2,039,000	13%
Food	1,692,000	11%
Cosmetics	1,674,000	11%
Hand bags/bags	1,264,000	8%
Toys	578,000	4%
Electronics	353,000	2%
Watch	327,000	2%
Books	157,000	1%
Others	2,372,000	15%
Total	15,503,000	100%

Source: Korea Customs Service

According to a 2014 study by Korean credit card companies Shinhan, Samsung, Hyundai, and KB Korean men spent more than Korean women on overseas websites. Over fifty-four percent of all purchases made with these four credit card companies were done by Korean males who purchased electronics and IT products. Korean women purchased apparel, hand bags and shoes. The study also stated that people in their 30s were the most active purchasers accounting for 47.6 percent of all on-line purchases while those in their 20s were beginning to become more active on-line purchasers.

## PROCEDURES and REGULATIONS for U.S. ON-LINE RETAILERS SELLING to KOREAN CONSUMERS

U.S. firms wanting to sell to Korean consumers via e-Commerce should be cognizant of Korea Customs procedures and regulations.

- Items purchased from overseas on-line retailers are divided into either: a) clearance items, or, b) duty free items.
  - Duty free items are automatically sent to the Korean recipient.
  - Clearance items must go through the Korean customs clearance procedure.

A flow chart describing the processing of international parcels:

[http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT\\_ID\\_000001316&layoutMenuNo=21021](http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT_ID_000001316&layoutMenuNo=21021)

- Chapter 7, Article 7.7 (g), of the Korea-US FTA (KORUS FTA) states that ‘express shipments’ for most consumer goods from the U.S., excluding items known as ‘restricted items’, can enter Korea, duty-free, when the product is less than \$200 including taxes, shipping and handling and is a ‘personal use’ item.

Express shipments are eligible for the *simplified customs procedure* called a ‘list clearance’ -- a quick, one-day, customs clearance. A ‘list clearance’ requires that the logistics company provide Korea customs a full packing list of the shipment.

KORUS FTA Chapter 7. Customs Administration and Trade Facilitation:

[https://ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset\\_upload\\_file732\\_12705.pdf](https://ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file732_12705.pdf)

- Items deemed as ‘restricted’ should go through import customs clearance, whose required documents depend on the items.

Restricted items from the ‘list clearance’ procedure:

<http://www.customs.go.kr/kcshome/law/rule/RuleUserDetail.do?layoutMenuNo=20215&admRul=2&admRulSeq=3762>

Procedures for import customs & required documents:

[http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT\\_ID\\_000001317&layoutMenuNo=21022](http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT_ID_000001317&layoutMenuNo=21022)

(These documents are written in Korean; thus please consult Appendix II & IV in this report.)

- Items purchased from a foreign on-line source that are less than \$200 and qualified for the list clearance, or items restricted from the list clearance whose value is less than

KRW 150,000 can be subject to taxation, and an import customs clearance procedure, when they do not qualify as ‘personal use’ items.

Description of Korean clearance procedures for items designated as ‘personal use:’  
[http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT\\_ID\\_000001318&layoutMenuNo=21023](http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT_ID_000001318&layoutMenuNo=21023)

- Chapter 6, Article 6.16 (a) of KORUS FTA states that on-line goods under \$1,000, per shipment, manufactured and imported from the U.S., can enjoy KORUS FTA benefits, and are exempt from KORUS FTA certification or documentation. The purchaser can continue to purchase items and import them as long as the purchase does not exceed \$1,000 each time the items are shipped to the customer and, as long as the consumer is not trying to evade compliance with the KORUS FTA.

However, Chapter 6 of the KORUS FTA also gives Korea Customs the right to verify that purchases are indeed being purchased from overseas in *good faith* and not as a tactic to evade KORUS FTA documentation. Under Article 6.16 (b), this generally relates to products that are already enjoying a ‘0’ percent basic tariff rate.

KORUS FTA Chapter 6. Rules of Origin and Origin Procedures  
<https://ustr.gov/sites/default/files/KORUS%20-CHAPTER%20SIX-%20RULES%20OF%20ORIGIN%20AND%20ORIGIN%20PROCEDURES.pdf>

Rules of Origin

[http://export.gov/FTA/korea/eg\\_main\\_046634.asp](http://export.gov/FTA/korea/eg_main_046634.asp)

[http://export.gov/FTA/korea/eg\\_main\\_048790.asp](http://export.gov/FTA/korea/eg_main_048790.asp)

## MEDIA SOURCES

“Per-person Annual Spending on Overseas Direct Purchase Reaches More Than \$800...KCCI”; *Koreabizwire*, October 26, 2014

URL: <http://koreabizwire.com/per-person-annual-spending-on-overseas-direct-purchase-reaches-more-than-800-kcci/22621>

Cover Story: *MK Economy*, January 16, 2015

URL: <http://news.mk.co.kr/newsRead.php?year=2015&no=51647>

“Locals, fed up of paying over the odds, are shopping abroad”; *Economist*, January 17, 2015

URL: <http://www.economist.com/news/business/21639579-locals-fed-up-paying-over-odds-are-shopping-abroad-won-over>

“Men spend more than women on foreign websites”; *Korea Joongang Daily*, January 27, 2015

URL: <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=3000148>

## KOREAN GOVERNMENT & ASSOCIATION CONTACTS:

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Tel: +82-2-2012-9114

Website: <http://kostat.go.kr/portal/english/index.action>

Korea Customs Service (KCS)

Building1, Government Complex-Daejeon, 189, Cheongsa-ro,

Seo-gu, Daejeon 302-701, Korea

Tel: +82-2-1577-8577

Website: <http://www.customs.go.kr/kcshome/site/index.do?layoutSiteId=english>

Ministry of Strategy and Finance (MOSF)

Government Complex-Sejong, 477, Galmae-ro,

Sejong Special Self-Governing City, 399-012, Korea

Website: <http://english.mosf.go.kr/>

Korea Consumer Agency (KCA)

54 Yongdu-ro, Maengdong-myeon, Eumseong-gun,

Chungcheongbuk-do, 369-811, Korea

Tel: +82-43-880-5500

Website: <http://english.kca.go.kr/index.do>

Korea Chamber of Commerce and Industry (KCCI)

KCCI Building, 39 Sejongdae-ro, Joong-Gu,

Seoul, 100-743, Korea

Website: <http://www.korcham.net>

## APPENDIX I

### *Example 1 - Price Comparison between a US On-line Retailer & a Korean On-line Retailer*

	U.S.A.	Korea
<b>Product</b>	LG Electronics 65UB9500	LG Electronics 65UB9500
<b>Retailer</b>	Amazon.com	11st (Korean e-Commerce site)
<b>Product Information</b>	65-Inch 4K Ultra HD 120Hz 3D LED TV	65-Inch 4K Ultra HD 120Hz 3D LED TV
<b>Price</b>	USD 2,299.00	USD 3,837.03
<b>S&amp;H Fee</b>	Free	Free
<b>Tariff</b>	USD 183.91	N/A
<b>VAT</b>	USD 248.29	N/A
<b>Total Price</b>	<b>USD 2,731.21</b>	<b>USD 3,837.03</b>

Sources: amazon.com, <http://www.amazon.com/LG-Electronics> and Danawa (Korean Website), <http://prod.danawa.com/info/?pcode=2619199&cate=1022710>

### *Example 2 - Price Comparison between a US On-line Retailer and a Korean On-line Retailer*

	U.S.A.	Korea
<b>Product</b>	Rainbow Light: Gummy vitamin-C slices	Rainbow Light: Gummy vitamin-C slices
<b>Retailer</b>	I-herb	Rainbow Light (Official Korean Website)
<b>Product Information</b>	90 chewable gummies with 250mg of Vitamin C	90 chewable gummies with 250mg of Vitamin C
<b>Price</b>	USD 7.74	USD 15.64
<b>S&amp;H Fee</b>	USD 4.01	USD 2.31
<b>Tariff &amp; VAT</b>	N/A	N/A
<b>Total Price</b>	<b>USD 11.75</b>	<b>USD 17.95</b>

Sources: I-herb, <http://kr.iherb.com/Vitamin-C> and Rainbowlight, <http://www.rainbow-light.co.kr/shop/main/index.php>  
\* Calculation performed by FCS Korea

## APPENDIX II

### Items Subject to Duties:

- Personal use items whose value exceeds 150,000 won.
- Commercial samples, commercial goods, etc. (Commercial samples with a value less than US \$250 are exempt)

### Methods of Declaration & Required Documents by Korea Customs Service

Classification	Simplified declaration	Formal declaration
Subjects	- Parcels subject to clearance besides the general import declaration items	- Items which require the confirmation by the Customs collector according to the Article 266 of the Customs Law (export, import restricted or banned items included) - Items smuggled for the purpose of sale - Purchased items which exceed the value of US \$600
Declaration	- Declare in person by principle - Declaration via FAX or E-mail available (refer to below) - Can apply online	- Shipper or the customs controller connects to the customs administration information system for declaration
Required Documents	Application for simplified clearance for the international parcels - Pricing information such as the receipts or invoice - In case of re-imported items: Original copy of the certificate of export declaration (or export documentation) and List of accepted items (Acceptance documentation)	- Import declaration form - Pricing information such as the invoice - value declaration form - Certificate of requirement verification (items in the comprehensive notice )
FAX	032-720-7491, 7492	- Required documents include the simplified clearance application and the submission of price materials (essential) - In case of loss, the forms can be downloaded from the Internet Simplified Clearance page on the guide to the civil service on the homepage
E-MAIL	Minwon9@customs.go.kr	

Source: Korea Customs Service

[http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT\\_ID\\_000001317&layoutMenuNo=210](http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT_ID_000001317&layoutMenuNo=210)

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### APPENDIX III

#### Items Deemed as Personal Use by Korea Customs Service

Type	Categories	Standard for personal use (duty free allowance)	Notes
Agricultural, marine and livestock products	Sesame oil, sesame seed, honey, bracken mushrooms, deodeok	5kg each	Items subject to the Plant Protection Act or the Livestock Infectious Disease Prevention Act Items which must be checked for having met the conditions when they exceed the duty free allowance
	Chestnuts	5kg	
	pine nuts	1kg	
	Beef, pork	10kg	
	Beef jerky	5kg	
	aquatic products	5kg each	
	Others	5kg each	
Medicine herbs	Ginseng (fresh ginseng, white ginseng and red ginseng and etc.)	Total 300g	deer antler is inspected and tax imposed up to 500g(including the duty free allowance) If exceed the duty free allowance, they are subject to checking the conditions
	Phellinus linteus	300g	
	deer antler	150g	
	Other medicinal herbs	3kg each	
Aversive foods such as snake, snake drink and tiger bone alcohol			Articles controlled by CITES Convention
Drugs with the overdose or abuse concerns such as VIAGRA			Only the dosage prescribed is cleared
Health foods		Total 6 bottles	Within the duty free range, the confirmation of the conditions is exempt. However, the following items are subject to checking the conditions
Medicines		Total 6 bottles (if exceeds 6 bottles, 3 month prescription worth according to the instructions on the drug use)	
Herbal medicine (medicinal herbs)	Hair regenerative	100ml×2 bottles	Items controlled by CITES Convention (i.e.: rhinocero's horn and etc.) Items banned for import by the Minister of MFDS or notified as the hazardous medicines or items with unclear ingredients list on the packaging ephedrin, norephedrin, pseudoephedrin, ergotam, ergometrin containing single dose medicine
	Jaehwan	8g sets×20 bottles	
	Dapyeonhwan, Insambonghwang	10T×3 cartons	
	Anti-inflammatory	50T×3 bottles	
	Gushimhwan	400T×3 bottles	
	Sogalhwang	30T×3 bottles	
	Hwallakhwan, Sampyeonghwan	10 tablets	
	Baekbonghwan, Uhwangcheongshimhwan	30 tablets	
Sibjeondaebo-Tang, Sabun, Medicament, Chupungtulgol-hwan, HgS, Tiger's bones, Carex, Bear's gall bladder, Powder form of the bear's gall bladder, Fake gall bladder, Penis of a sea bear, Cervi Genitale Mas, Musk, Nambo, Yeobo, Chunbo, Cheong-chunbo, Gangryeok-chunbo, invigorant with unknown ingredients			Subject to Pharmacy Law
Drugs	Fenfluramine, Amfepramon Hydrochloride, Meth, Opium, marijuana and etc.		Subject to Laws on the Management of Drugs
Products related to wild animals	tiger fur, wild animal fur and stuffed specimen		Items controlled by CITES Convention
Preference items	Alcohol	1 bottle(Less than 1ℓ)	Duty free if the dutiable value is less than 150,000 won For liquors, the liquor tax and the educational tax are imposed
	Tobacco	200cigaretts	
	Cigar leaves	50cigaretts	
	Other cigarettes	250g	
	Perfume	2 ounces×1 bottle	
Others	Acknowledgement as the personal use will be ruled by the head of the customs for clearance case of items for confirmation by the head of the customs, they will follow the individual laws		

Source: Korea Customs Service

[http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT\\_ID\\_000001318&layoutMenuNo=210](http://www.customs.go.kr/kcshome/main/content/ContentView.do?contentId=CONTENT_ID_000001318&layoutMenuNo=210)

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## APPENDIX IV

### Goods Restricted from the List Clearance

- Medical substances
- Medicinal herbs
- Wild animal-related goods
- Goods subject to quarantine including agricultural, forest, livestock, and marine products
- Health/functional foods
- Products suspected of violating intellectual property rights
- Food items, liquor, and smokable items
- Cosmetics containing functional ingredients, placenta or steroids, unknown or harmful substances
- Goods added to a bill of lading (B/L) or air way bill (AWB) after a manifest (M/F) correction
- Products with an inaccurate name, type, quantity and/or price on the manifest
- Goods that Korea Customs Service considers to be inappropriate including goods subject to customs verification or clearance requirements under the article 226 of Korean law

Source: Korea Customs Service  
<http://www.customs.go.kr/kcshome/law/rule/RuleUserDetail.do?layoutMenuNo=20215&admRul=2&admRulSeq=3762>

## APPENDIX V

### KORUS FTA Chapter 7 CUSTOMS ADMINISTRATION AND TRADE FACILITATION

#### ARTICLE 7.7: EXPRESS SHIPMENTS

Each Party shall adopt or maintain expedited customs procedures for express shipments while maintaining appropriate customs control and selection.

These procedures shall:

- (a) provide a separate and expedited customs procedure for express shipments;
- (b) provide for information necessary to release an express shipment to be submitted and processed electronically before the shipment arrives;
- (c) allow submission of a single manifest covering all goods contained in an express shipment, thru, if possible, electronic means;
- (d) to the extent possible, provide for certain goods to be cleared with a minimum of documentation;
- (e) under normal circumstances, provide for express shipments to be cleared within four hours after the necessary customs documents have been submitted, provided the shipment has arrived;
- (f) apply without regard to an express shipment's weight or customs value; and
- (g) under normal circumstances, provide that no customs duties or taxes will be assessed on, nor will formal entry documents be required for, express shipments valued at 200 U.S. dollars or less.

## APPENDIX VI

### KORUS FTA Chapter 6

#### ARTICLE 6.16: WAIVER OF CERTIFICATION OR OTHER INFORMATION

Each Party shall provide that a certification or information demonstrating that a good is originating shall not be required where:

- (a) the customs value of the importation does not exceed 1,000 U.S. dollars or the equivalent amount in the currency of the importing Party, or such higher amount as may be established by the importing Party, unless the importing Party considers the importation to be part of a series of importations carried out or planned for the purpose of evading compliance with the Party's laws governing claims for preferential tariff treatment under this Agreement; or
- (b) it is a good for which the importing Party does not require the importer to present a certification or information demonstrating origin.

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