

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2704/Add.3
8 December 1966

Limited Distribution

Original: English

ACCESSION OF KOREA

Replies to Questionnaire

Addendum

Reproduced hereunder are the replies of the Government of Korea to some additional questions addressed to it.

A. Import restrictions (section IV of L/2657)

45. Question Do the import categories remain the same from one plan to another?

Answer See the answer to question 20.

46. Question Do the semi-restricted items only include products which are useful for the economy of the country but which are not considered to be absolutely essential for its economic development?

Answer The semi-restricted category may include the essential or necessary items for economic development or public health and social order.

47. Question Could a list be given of the product groups or products falling within each of categories A-D (i.e. except non-specified residual items)?

Answer See the Trade Plan for the latter half of 1966.

48. Question It seems necessary to have some information on the régime to which the items in the semi-restricted category are subject. It would in particular be useful to know:

- whether the prior recommendation by the competent Ministry, which is required for these imports, is automatically granted; or
- whether it can be refused.

Answer The recommendation of the competent Ministry is issued automatically when the application for the recommendation meets the criteria established by the competent Ministry.

49. Question If such recommendation can be refused, are there criteria for judging the usefulness case by case of such imports (quantities, price, origin, etc.)?

Answer See the answer to question 26.

50. Question Does the provision, whereby only firms exporting more than \$100,000 worth are authorized to import, mean that imports cannot be made for third parties who do not fulfil the requirement for obtaining importer status?

Answer Those firms which are authorized to have import right can import not only for themselves but also for other firms which have no import right.

C. Tariff system (section VI of L/2657)

51. Question An import surcharge called "provisional special customs duty" is being imposed since June 1964 on import products which give rise to excessive profits. It would be useful to have further information on the field of application and the importance of this surcharge.

Answer (A) The frequent changes of the foreign exchange rate caused by chronic inflation and the unfavourable balance of payments had impeded the progress of the implementation of the economic development plan. Accordingly, the provisional special customs law was a temporary measure enacted to stabilize the foreign exchange rate and to implement effectively the economic development plan by improving the balance of payments.

(B) The provisional special customs duties are levied on the commodities which realize excess profits. The dutiable excess profit is the difference between the domestic wholesale price and the amount composed of normal arrival price, customs duties, commodity tax, normal expenses, and normal profit (30 per cent of normal arrival price). Duty-free or duty-exempted goods, however, are not subject to the provisional special customs law.

(C) In principle, the rates of the provisional special customs duties are 90 per cent on the items with customs tariff rates of 40 per cent or more and 70 per cent on the items with customs tariff rates of less than 40 per cent.

(D) Since the adoption in June 1964 of the law, the wholesale price of imported goods in Korea has been gradually stabilized at the level on which the special customs duties are not dutiable. Accordingly, the provisional special customs law will be abolished when the balance of payments and the existing floating exchange rate system improves and become stabilized.

E. Trade agreements (section VIII of L/2657)

52. Question What are the intentions of the Government of the Republic of Korea with regard to bilateral trade agreements, taking into account its accession to the General Agreement?

Answer The Korean Government will conclude a bilateral trade agreement, when it is considered necessary, in order to deal with those matters which the General Agreement do not cover, with an effort to secure conformity with the principles provided for in the General Agreement.