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IN
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Grace Chang

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A student once asked anthropologist Margaret Mead**, "What is the earliest sign of civilization? The student expected her to say a clay pot, a grinding stone, or maybe a fish hook.

Professor Mead thought for a moment, then said, "A healed femur 15,000 years ago."

"In a society based on hunting and gathering, a person with a fractured thigh bone would be unable to care for themselves and would be unable to survive. That individual wouldn't be able to go to the river to drink water or go to the jungle in search of food until his bones were healed. Humans who cannot move become food for other predators.

But a healed femur showed that someone took time to stay with the fallen, carried the person to safety and tendered them through recovery. Someone helped a fellow human, rather than abandoning them and this individual was kept alive and the bone was able to heal. She said [the evidence of compassion was the first sign of true civilization.](#)

The Cover Story for this month is 'Biden Government's Prospect on Korea's Export Environment'. Voice From the Field covers 'A text that attracts attention, either it is meaningful or new', and Inside Vietnam reports 'Vietnam's Amendment Laws Related to Bonded warehouses'. In addition, the Updates in Customs and Trade Related Laws is 'Revision of 「Notice on Export Customs Management」', and the Customs Case Study is 'Considering that the item at issue did not meet the criteria for determining the country of origin, a claim that tariff was disposed excluding the Korea-ASEAN FTA application of the agreement tariff rate.'

(This issue of Voice From the Field was contributed by Sumin Lee, CEO of SM&J PARTNERS. I would like to express my gratitude to Sumin Lee for contributing to this newsletter.)

["Let's endure this year. Everything will be better next year..."](#)

This was what I said to my colleagues, friends and myself for the entire year of 2020. I couldn't meet people I needed to meet, and I couldn't visit places I should have visited. The work of many clients has been delayed or paralyzed, and it has had a big impact on us as well.

However, it is not even comparable to the pain of many companies, especially small businesses. Closed shops are seen just behind the main street. Restaurants, pubs, and cafes that used to be busy during lunch time and until late night were closed.

Pilots who used to fly in the blue sky controlling the aircraft deliver food, and performers who used to sing on gorgeous stages in fancy costumes are working as delivery people.

It will take at least three years for about 70% of people in the world to get vaccinated and stabilize. It was reported that a 4th pandemic may come next month due to a mutant virus. [The year 2021 has come as we all longed for after enduring the year 2020, but there is no sign of any improvement. The holdout strategy must now be thrown away and a New Normal must be accepted to move on to the next level.](#)

Civilization has developed tremendously through cognitive, agricultural and scientific revolutions. Beginning with making footprints on the moon, a project has begun to enable humans to live on Mars. [The 7.7 billion human beings filling the planet with 30 billion livestock are the most powerful species to have ever existed.](#)***

[It is a crisis that came to the strongest human beings living in the most civilized society.](#)

There are people crying not because they couldn't go to the moon nor they couldn't buy the finest luxury goods... but because they couldn't serve customers, their workplaces were closed, they had to leave young children at home and go to work, there was nothing to eat, had no place to stay, and are lonely. This is a serious crisis because it can be repeated without ending in a near future.

"This world is a world in which those who hold hands with others win and survive over those who have not held hands. It is inevitably wiser to think about how to live with the people around you. As a result, this is the best strategy for us..."**** Professor Jae-Chun Choi, a biologist, recognizes the existing crisis as a New Normal and proposes [coexistence and symbiosis as the way to cope with the crisis](#). He warns that the selfishness to pursue only our comfortness and well being will bring destruction.

The beginning of civilization was when he held his broken bones and reached out to the dying man. Now, the way civilization continues is to reach out to those who are suffering and crying, empathize with the suffering of other creatures on the planet and to seek healing. We must expand the scope of our neighbors and the boundaries of our community and use the power of the strongest human for good purposes. This is the only way to sustain the civilized world in which our children and grandchildren live together.

* Claudia, "Healed femur", Brunch (2018)

** Margaret Mead (1901-1978): The godmother of 20th century cultural anthropology. **"The evidence of compassion is the first sign of civilization."**

*** Yoo-ryong, "Documentary Meat-eating Rebellion", Jeonju MBC (2020)

**** Kwon Hye-suk, "For viruses, humans are blue ocean... Infectious diseases can come every year", Kookmin Ilbo (2020)





Cover Story

Biden Government's Prospect on Korea's Export Environment

On January 20, 2021, the Biden administration started. The trade war between the United States and China during the prior administration has had a considerable impact on the Korean economy especially in trade, so the launch of a new government seems to give hope in the Korean economy.

Through the election pledges of Candidate Biden, it was revealed that there are positive and negative aspects of the export environment in Korea, and it is imperative that Korea needs to take a closer look at those aspects and prepare accordingly.



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Positive factors for Korean exports

Trade policy focused on restoring multilateralism centered on allies

- Biden expressed support for free trade and emphasized the reconstruction of a multilateral trade system based on US leadership.
- He stated that he would restore the credibility of the United States among the international community and stop imposing excessive tariffs on key allies and trading countries (EU, Canada, etc.) to restore damaged relations with allies, which was caused by the US-priority trade policy of the former administration.
- As a result, Korea, an ally, has a strong possibility to escape from excessive trade friction, and above all, the restoration of multilateralism by the United States will act as a positive factor for Korea's export environment.
- If the status of the WTO is reestablished as the US returns to multilateralism, and the TPP (Trans-Pacific Economic Partnership Agreement) is re-implemented, Korea's foreign trade environment is expected to improve.

Negative factors for Korean Trade

US-led pressure on public trade continues

- Apart from the restoration of multilateralism in the US, pressure from the US on public trade is expected to continue.
Currently, Biden condemns China's unfair trade practices such as manipulation of exchange rates, subsidies, and infringement of intellectual property rights, and insists that joint response with allies is necessary.
The United States is urging allies to participate and unite in pressing China on grounds of stealing technology and intellectual property rights.
- Therefore, if the United States forces Korea to participate in trade sanctions With China, it may be disadvantageous to Korea since Korea has a high dependency on trade with China.
Considering that after the placement of THAAD in the past, trade retaliation from China such as a government ban on Hallyu occurred, there is a high possibility of trade friction between Korea and China.

Local Investment Increase Rather Than Direct Exports Expected

- Unlike the private sector, which emphasizes a return to multilateralism, the public sector is emphasizing US-made purchasing and US production.

< Candidate Biden's Campaign Promise on Reconstruction of Supply Chain >

1. Allocate \$400 billion in budget to expand the use of US-made products in the federal government procurement field
2. Support \$300 billion in R&D for innovative technologies such as high-speed communication networks, artificial intelligence, and eco-friendly energy
3. Expand the scope of Buy American provisions for public infrastructure projects
4. Adjust bidding rules to expand purchases of US-made products in the public procurement market
5. Collect corporate tax up to 30.8% when US companies sell overseas products and services in the US
6. Give 10% tax credit for companies investing to create manufacturing jobs in the US.

Promoting US-made purchases could violate the WTO information procurement agreement, which prohibits discrimination against foreign companies in government procurement projects, and could cause trade friction with neighboring countries, including Korea, which wishes to restore full multilateralism.

In addition, it is regrettable that for Korean companies to participate in the US government procurement market (especially in the fields of new and renewable energy such as wind power, solar power, and rechargeable batteries), local investments are required rather than direct export.

Since the US manufacturing supply chain restructuring policy is aimed at lowering the dependency on China's in production, it will have a negative impact on Korea's exports, which are highly dependent on the export of semiconductors and related products.



Voice From the Field

A text that attracts attention, either it is meaningful or new

Have you ever heard your name in a crowded cafe and turned your head to the direction where you thought the sound came from?

Meaning, to whom it should have 'meaning'?

This is called the cocktail party effect. It refers to the phenomenon of paying attention to the person's own name when the person hears his or her name even in a noisy place such as a party or a park. It is a phenomenon that occurs when people selectively perceive and pay attention to what is meaningful to them.



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This phenomenon does not necessarily apply only to verbal words. The same goes for written prints. See the article titles below. Which heading catches your eyes first?

513 new confirmed cases, 500 range maintained for the fourth day... Today, keeping the social distance policy will be adjusted at the last minute.

Simplified year-end tax adjustment system opens today... Private sector issued certificate cannot be used for mobile reporting

Employment rate drops, back to 200,000 range

'The errand boy' was beaten to death

People who study for tier 9 of civil service test in Noryangjin panic after the announcement of reorganizing hiring process for tier 9 officials

Severe snoring? Now is the right time to get tested!

Tomorrow's weather, Incheon -18 degrees, Daegu -11 degrees...

If you are an office worker, your eyes will be on the 'Simplified Year-end Tax Adjustment Opening Today' article, if you have been looking for a job, you will see 'Employment Rate Drops', and those who are preparing for the civil service exam will see the article 'Reorganization of the Hiring Process of 9th Tier Officials'. Each of these articles is different, but the selection criteria are the same. The first criterion is 'meaning'. Among the various articles, the first thing you read is what is meaningful to you.

There is something I want to ask here. In sales, to whom does 'meaning' have significance? Obviously, the customers! Is it too obvious? However, in the sales field, the priority is often reversed.

Let's look at the following phrases used in a local government's integrity campaign.

Be honest when working, be assertive when asked for favors!

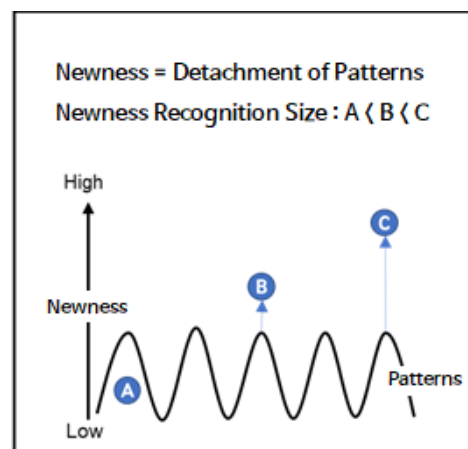
Have Integrity! Have Pride! Be Bold!

There are no citizens to object to that public officials should have integrity. The problem is where the poster is attached. Campaign posters were hung in the waiting room for citizens, not where government officials worked. What does this poster mean to citizens? Would you pay attention to these phrases? Words should be meaningful not to the person who is sending the message (salesperson), but to the person who is receiving the message(customer). So, your sales writing should start with figuring out what your customers find important at this moment.

Here's one useful tip. When you write, imagine that you have a customer in front of you. At the end of a sentence or paragraph, imagine a customer asking, "So what does that mean to me?" and self-check how faithfully you wrote the answer to that question. During the checking process, the perspective naturally shifts to the customer, not the self.

New, move away from existing patterns

The second element of attention is novelty. Novelty refers to being separated from existing patterns. The greater the degree of deviation from the pattern, the greater the degree which you feel new.



A white cow joins the countless white cows. Does anyone pay attention to the new white cow at that time? There is no novelty that separates from the existing pattern (A). On the other hand, what if there is a purple cow in it? You would automatically pay attention even when you are told not to pay attention. It is an unconscious and automatic response. Purple is clearly separated from the white pattern. The newness also increases (C). Which of A and C is effective for sales? C is more effective since C has increased customer attention. Seth Godin, who is the global marketing guru, called something remarkably new that was completely out of pattern like C as 'purple cow'.¹

Let your customers feel new about writing and remember your writing as a purple cow. It is imperative to avoid being perceived by customers as another white cow with the same writing as others. In terms of sales results, a white cow is like having a death sentence. On the other hand, if the customer feels meaning and newness, half of the sales are successful. This is because having the combination of meaning and newness has grabbed the customers' attention, which has a decisive influence on sales performance. Let's remember. Customers will pay attention to meaning or newness. Of course, if you provide both, it will be ideal.

About the author

The author graduated from Sungkyunkwan University with a law major and received a master's degree from Seoul National University Business School (EMBA). He has built his career at the Hyundai Economic Research Institute and Hyundai Motor Company, and now runs an educational consulting company SM&J Partners with job crafting expert, Dr. Baek Soo-jin. 'Sales Writing', 'Strategic Frame Construction', 'Work Commitment through Job Crafting', and 'Lecture Skills and Coaching' are the main lecture fields. His books include <Sell in writing, not Words Now> and <The Birth of a Lecturer: Effective Teaching Method Using Brain Science>.

For more information, check the website and Facebook below.

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¹ Seth Godin (2004), The Purple Cow is Coming, Jane.



Inside Vietnam

Vietnam's Amendment Laws Related to Bonded warehouses

Bonded Warehouse in Vietnam

Article 61 of the Vietnam Customs Act (54/2014/QH13) stipulates that the goods in the bonded warehouse can be stored for 12 months from the date of the consignment and can be extended once within a period of 12 months if there is a reasonable cause.

In addition, in accordance with Article 86 of the relevant enforcement ordinance (08/2015/ND-CP), if the owner of a bonded warehouse wants to discard the goods that have been broken, damaged, deteriorated in quality, or have passed the expiration date, the warehouse owner must have an agreement with the cargo owner or legal representative of the cargo owner.



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In practice, there are cases the goods stored in the bonded warehouse have been taken out from the bonded warehouse but cannot be exported, or the export declaration has been completed at the bonded warehouse but cannot be exported yet. However, since in the current laws, there are no regulations on the extension of the storage period applicable in such exceptional cases, or on the disposal of items that have passed the export period, the revised bill will introduce new regulations.

This amendment, which is scheduled to be implemented in the first quarter of 2021, also provides detailed guidelines for the disposal or sale of items that have been broken, damaged, deteriorated in quality, or expired during storage in bonded warehouses, and supplemental regulations will be reflected that prohibit processing, production and assembly activities of goods to the degree to which HS or country of origin is changed in bonded warehouses.

※ This information is constructed and rearranged by SHINHAN Customs Vietnam Co., Ltd. based on a released letter from Vietnam and has no legal effect.

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Customs Trade Related Law Changes **Revision of 「Notice on Export Customs Management」**

Reason for revision

Revision of the system, such as expanding the targets and items for self-correction to reduce correction work, and easing regulations to support export companies such as e-commerce so the customs office can focus on the export declaration examination (inspection)

Main Content

[1] Expansion of targets and items for self-correction (Article 26, Paragraph 2)

- Reduction of the items excluded from self-correction from 19 items to 13 items* for electronic customs clearance (automatic acceptance) cases

* Exporter, manufacturer, transaction classification, refund applicant, product name, brand name, tax code, vehicle identification number, country of origin, requirement approval number, obligatory loading period, reported price, total reported price



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- "Declared price" refers to items that are excluded from self-correction, but if the price difference after correction is less than 1 million won, self-correction is allowed.
- If the exporter applying for export declaration correction is a company certified as a "Excellent Safety Management Company for Export and Import", self-correction for all items of export declaration is allowed.

[2] Deregulation to support export companies such as e-commerce (Article 27, Paragraph 1)

- The submission of documents of proof can be omitted when a simple export declaration of e-commerce goods worth 2 million won or less is withdrawn, pursuant to Article 35-2 of the 「Notice on Export Customs Management」

[3] If a foreign trade ship of Korean nationality in operation abroad is sold abroad and the ship does not re-enter Korea and is delivered locally, the regulation that requires submission of export declaration data is deleted (Article 34-2)

- When requesting for cancellation of ship, since it is possible to register for cancellation by submitting documents certifying export as well as the declaration certificate, the obligation to declare is deleted.

Effective date

Effective January 4, 2021



Customs Case

Considering that the item at issue did not meet the criteria for determining the country of origin, a claim that tariff was disposed excluding the Korea-ASEAN FTA application of the agreement tariff rate.

Disposal overview

A. The claiming corporation makes a sales contract with the seller and imports the glass product manufacturing machine (hereinafter referred to as "item of issue") produced by the exporter,

A certificate of origin issued by the Ministry of International Trade and Industry (MITI, hereinafter referred to as 'MITI'), which is an agency that issues the certificate of origin, is received from the exporter (hereinafter referred to as 'the certificate of origin of the issue'). An import declaration was filed by applying a tariff of 0% according to the Agreement on Trade in Goods under the Framework Agreement on Comprehensive Economic Cooperation between Governments" (hereinafter referred to as 'Korea-ASEAN FTA'), and the disposition agency accepted it.



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B. The Disposal Administration conducted a document investigation on the origin of the item of issue on August 24, 2018. The disposal Administration requested indirect verification for the country of origin from MITI, and MITI responded that it satisfies the criteria for determining the country of origin. However, doubts about the item at issue may not meet the criteria for determining the country of origin were not cleared so on-site verification assessment was conducted from April 22, 2019 to April 25, 2019.

In the process, when the FOB amount of the exporter, not the seller, is applied when calculating the regional value inclusion ratio (RVC, Regional Value Content, hereinafter referred to as 'RVC'), which is the basis for determining the origin of the item of issue, the RVC is less than 40%. It was confirmed that the decision criteria for the country of origin were not met.

C. Accordingly, the disposition agency notified the results to the requesting corporation on August 12, 2019, and later notified that the basic tariff rate (2%), not the negotiated tariff rate, was applied to the item at issue and the customs duties were corrected to the claiming corporation on April 8, 2020.

D. The claiming corporation disagreed with this decision, and on March 3, 2020, an appeal for judgement was requested.

Issue

- ① A claim of the disposal agency that as it is deemed that the item at issue did not meet the criteria for determining the country of origin, so the application of the tariff rate of the Korea-ASEAN FTA was excluded and the basic tariff rate was applied.
- ② A claim that the disposition in this case violates the principle of good faith.

Facts

- A. Since the claiming corporation made a transit trade contract with the seller and imported the items at issue produced by the exporter. There exists the transaction price between the exporter and the seller (internal invoice price) and the transaction price between the seller and the requesting corporation (third country invoice prices).
- B. The claiming corporation applied for the application of the ASEAN FTA agreement tariff rate based on the origin certificate issued by MITI because the exporter was more than 〇〇〇 when importing the item at issue. The result of indirect verification was given by MITI on Dec. 5, 2018 that the item at issue meets the criteria for determining the country of origin.
- C. The Disposal Agency reviewed the supporting documents such as Cost Analysis along with the result replied by MITI but could not clear the doubts about the accuracy of RVC. It obtained the consent from the exporter and conducted the local on-site verification from April 22, 2019 to April 25, 2019. In the process, it was confirmed when the exporter calculated the RVC of the item at issue, the RVC was based on the seller's FOB amount (invoice from a third country), not the exporter's FOB amount (internal invoice), who is also the producer of the item at issue. And it was confirmed that the origin certificate was issued based on this RVC calculation.
- D. Based on this, the disposal administration recalculated RVC with the exporters FOB amount and confirmed that the item at issue did not meet the criteria for determining the country of origin. On August 12, 2019, the disposal ad notified the results of the above verification to the exporter and the claiming corporation administration on March 4, 2020, the disposition was made to impose tariffs excluding the application of the contracted tariff rate on the claiming corporation (for reference, the Disposal Administration exempted the imposition of additional tax at the request of the claiming corporation and issued a modified income tax invoice).
- E. Among the "Guidelines for Confirming FTA Certificate of Origin and Applying Preferential Tariffs" published on the FTA portal site on the Korea Customs Service's website, the "How to Recognize Certificates of Origin for Each Item" in the "Korea-ASEAN FTA Enforcement Guideline" indicates that the price of the first issued invoice must be stated. If the price is not the first issued invoice, the relevant invoice or transaction contract between the first exporter and the third country is requested and

confirmed. A certificate of origin is issued on the basis of those documents, and the value-added ratio varies depending on the price of the invoice, and the product of origin is finally decided by the exporting country, and that the country of origin should not be distorted by the transaction price between the third country party and the importer.

Judgment

- A. First of all, for issue ①, the claiming corporation claims that the disposition should be cancelled, and the issued origin certificate should be acknowledged since it was recognized by MITI and the standard for the FOB amount for RVC calculation is not clear. However, if the RVC is calculated based on the FOB amount of the third country, the value added of non-parties other than the parties to the agreement is calculated and the country of origin is distorted. Therefore, the RVC must be calculated based on the FOB amount of the first exporter or producer, and this is clearly indicated in the Korea-ASEAN FTA enforcement guidelines.

In this case, when RVC is calculated based on the FOB amount of the exporter, the item at issue does not meet the RVC standard (40%) stipulated by the Korea-ASEAN FTA. This disposition, which excludes the application of the agreed tariff rate on goods and taxed tariffs is to be appropriate.

- B. Next, to examine issue ②, the claiming corporation claims that it has consistently been subject to the agreement tariff rate based on the certificate of origin prepared in the same manner, so that any other disposition is illegal and violates the principle of good faith of the claiming corporation.

Under the declaration and payment system, it is difficult to see the acceptance of the import declaration of the claiming corporation applying the contracted tariff by the head of customs office at the place of customs clearance as the official standing of the customs office. Also, according to the FTA regulations, even after the acceptance of the import declaration, the post-mortem verification of meeting the criteria for agreed tariff can be performed on the goods, so it is also difficult to accept the claim that this disposition violates the principle of good faith.

Conclusion

When RVC is calculated using the FOB amount of a third country, the country of origin is distorted because the added value of the non-parties, not the parties to the agreement, is calculated, so the RVC must be calculated based on the FOB amount of the first exporter or producer. The guidelines also indicate that the RVC is calculated based on the FOB amount of the exporter in this case, it appears that the item at issue does not meet the RVC standard stipulated by the Korea-ASEAN FTA.

Implication

This tax case suggests that the actual contents of the direct verification (the exporter's FOB price is valid, not the FOB price of a third country) will take precedence over the results of indirect verification by the agency issuing the certificate of origin of the exporting country. In other words, even if a reply is received that there is no problem in meeting the criteria for determining the country of origin through indirect verification by the issuing agency of the certificate of origin of the exporting country, if it is confirmed that the criteria for the country of origin is not met for violation of the guidelines of the customs office, it is necessary to exclude the application of the FTA agreement. Therefore, it is necessary to recognize that not all of the countries of origin are satisfied just because the certificate of origin is issued, more careful attention needs to be given to the country of origin determination criteria and when applying for the agreement tariff.

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