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SHINHAN Customs Service Inc.

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Small Habits for Resilience



Grace Chang

CEO/Customs consultant

"After a brief time here, I believe they will find a way."*

A young American writer visited Korea. He visited Korea out of curiosity about Korea, which is leading the world not only in science, technology, and education, but also in TV, film, music, and sports. Above all, he wanted to know why an amazing country with such a vibrant culture has such high rates of anxiety, depression, and alcoholism among its citizens, as well as one of the highest suicide rates in the world.

Even though it was a short visit, the NYT #1 bestselling author had a keen insight. He met many people and came to clear conclusions as a visitor. ['Koreans are actively working to solve the problem, so they will find a way to recover sooner or later.'](#)

Ideal and Reality for this month is 'The cross-border e-commerce customs clearance system must be changed to protect intellectual property rights.'; Analysis on Recent Customs Judicial Precedent covers 'Whether the item at issue (ARC Tempered Low Iron Pattern Glass Cover) should be classified as HSK No. 8541.90-9000 as a part of a solar module, or as HSK No. 7007.19-1000 as other safety tempered glass.'; and HS case solved by logic reports 'Item classification for Mamical' and Global Customs Insight is 'Revision of the Import and Export Notification of Strategic Materials and Strengthening of Export Controls in Line with International Cooperation', and FTA and import/export practical business guide is 'Information on changes to CITES import/export permit application', Contents and Opinion of Customs Trade amendment Covers 'Partial Amendment to Public Notice (draft) on "Export and Import of Strategic Materials"'



[Resilience is the power to turn around.](#)** It is not a simple return to the past. It refers to the power to move forward by rediscovering something important that was lost. Going through the covid pandemic, the world has been forced to reflect on the lives humans have lived while destroying nature. They saw nature as a separate object and were conceited that they could control it. Now that the connection with nature has been severed, the human species is in turmoil. How are humans going to deal with unpredictable changes... ?

Human life has made rapid progress due to industrialization and the development of science and technology. In the era of progress where 'efficiency' was the core value, civilization grew and much convenience and wealth were accumulated. On the other hand, the Earth's resources were depleted, and the natural world was destroyed as side effects such as climate change and devastation of soil piled up. There are things in life that must be protected, and things that have been lost but must be found again. These are things that have been lost in the age of industrialization and efficiency.

However, the laws of thermodynamics state that energy flows in only one direction. It flows from hot to cold, from usable to unusable forms, from concentrated to dispersed, from order to lawlessness. Likewise, we cannot go back to lost time, nor can we identically recover the things that were lost. [Resilience is the ability to accept newly given time and energy and new environments and relationships. We need to pay attention to how we adapt and live with new things.](#)

Korea was a land of ruins during the Japanese colonial period and the Korean War. Floods and droughts occurred repeatedly due to bare, treeless mountains. The streets were full of orphans and beggars looking for food. Every spring, from May to June, known as Barley Pass, many people starved to death. The government attempted several '5-year economic development plans' to escape poverty. [Efficiency was the most important virtue in Korean society, which loudly shouted, "Let's have a good life! Let us live well too!"](#) Duplication and repetition were eliminated, and the sacrifices of people who could not keep up were accepted as a necessary evil. Diversity was not tolerated in a system that had to operate in unison.



70 years have passed. Korea has been [moving forward in perfect order without fail, looking at the same goal](#). Korea, which was on the verge of extinction, has achieved remarkable growth. We have achieved economic development called the Miracle on the Han River and now proudly made a GDP that ranks 10th in the world. K-POP, K-FOOD, K-CULTURE.... Korea's status has risen high, and many people around the world are learning the Korean language and admiring Korea.

However, a dark shadow has deepened in Korean society, which only pursues efficiency for short-term profits. Mistakes or failures were not tolerated within the community, and there was no room for waiting among families. We swung our whips at each other to keep up with the progress. Even though the spring hunger period has long disappeared and we have achieved material abundance, we are still looking toward the same goal. [Everyone is still hungry and pouring out extreme criticism](#). The connection among family and community is not providing warm comfort and a comfortable place to rest.

What does our society need to recover from? Toward what and for what purpose should we turn? As the reporter said, is the sense of responsibility for family that comes from strong Confucianism weighing us down? Is our sense of duty to our country and society depressing us? Aren't we most afraid of the criticism we might get from those around us if we fail to fulfill our responsibilities?

[What we need to recover is love](#). 'Poverty does not mean having less. It means there is so much more you want than what you have.'*** [Love must be restored in Korean society that overcame poverty, among families, and within the community](#). A loving heart brings out the ability to empathize with others. A sense of responsibility and mission that does not come from love only serves to constrain us. What Confucius taught was not about taking care of one's family and serving one's country and society for a formality sake of duty and responsibility. [The benevolence taught by Confucius is interpreted as 'humanity' or love for humans. Since a loving heart is created when benevolence is manifested, love is a universal quality that everyone must have.](#)****

[Love for family, love for society and national community expands our thoughts and perceptions, and increases our abilities..](#) Looking only at myself means putting the spotlight on only myself. In

a dark world, the light shines only on me. If I am in a bright light that only follows my movements, even small mistakes will be clearly revealed. I can't even guess where I'm going. If my surroundings are not completely dark and bright light is shining everywhere, I can see many people and things around me. There may be criticism for mistakes or wrongdoings, but I may also receive warm comfort and wisdom and help to overcome problems.

How can I recover the lost love? In (仁) is a combination of the two letters 'person (人)' and 'two(二)'. It means 'friendly'.**** Love can be restored when we become friendly with each other. The way out of the valley of darkness filled with malicious judgment and criticism is a kind heart and kindness. It may not be easy to be kind in our lives when we are only looking forward to success. Nevertheless, it is absolutely necessary for the restoration of love. In the era of resilience, the author says, 'redundancy and diversity ensure resilience.' [Overlapping and repeating various acts of kindness will restore love.](#)

Habits are what a person 'becomes'.*** [Even awkward acts of kindness, if practiced repeatedly, will become familiar and become part of our character.](#) We must speak kindly, act kindly, and restore love in our communities. We must help people who have been trapped in darkness, depression, suicidal thoughts, and the temptation of alcohol and drugs come out into the bright and warm light. Say a kind word to your family, say a kind greeting to your neighbors, smile kindly at people you bump into on the subway, say a kind hello to your colleagues at work... There are so many opportunities to practice kindness. You have to repeat kindness every day to make it a habit. Before you know it, you will have become a kind person.

In order to remove the deep darkness in Korean society and restore the community, various attempts and efforts in multiple processes must overlap. [Each individual's influence may seem small by itself, but when they are put together, they are powerful.](#) Kindness and love will soon be restored to our society. We will change it from The Most Depressed Country to The Happiest Country. After all, we are Korean~!!

Thank you.



*Mark Manson, 'I Traveled to the Most Depressed Country in the World' [I Traveled to the Most Depressed Country in the World \(youtube.com\)](#)

**Jeremy Rifkin, 2022, 《The Age of Resilience》

***In (仁), [Encyclopedia of Korean National Culture], <https://encykorea.aks.ac.kr/Article/E0046818>

**** James Clear, 《Atomic Habits》





Ideal and Reality

The cross-border e-commerce customs clearance system must be changed to protect intellectual property rights.

- An effective way to prevent counterfeit products with minimum manpower -

In order to prevent cross-border e-commerce of goods that violate intellectual property rights, customs must establish an organization to monitor platforms and cooperate with stakeholders such as platform operators and brand owners. To prevent the distribution of counterfeit goods through platforms from developing into an issue of cross-border trade, the Korea Customs Service and customs must quietly and quickly improve their work to secure statistics on brand, quantity, price, and country of origin based on "platform product number."



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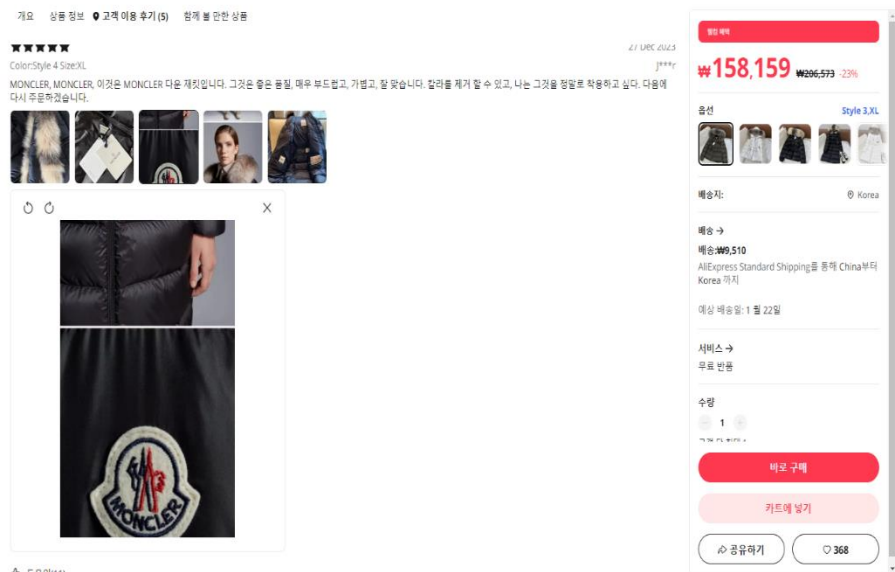
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<Suspected counterfeit Moncler products worth over 3 million won>

24-hour support for exploding cross-border e-commerce customs clearance

Due to the explosive increase in cross-border e-commerce, employees of express delivery companies and customs departments are suffering from heavy work every day. In 2023, over 100 million items were imported, and if you divide it for daily volume, 300,000 to 400,000 items per day are considered to be the volume of cross-border e-commerce customs clearance. Employees spend every day feeling tired because they have to process the overseas direct purchase items that come in every day until dawn using the X-ray scanner. In order to clear customs goods purchased directly from overseas, customs and logistics companies are switching to a 24-hour three-shift system. I wonder if we should do that much for products purchased directly from overseas, which are not export sites. If more manpower is added, the volume of overseas direct purchases will increase faster, and the volume of general import customs clearance will decrease. It is time to make a drastic improvement in cross-border e-commerce customs clearance methods, including postal and express customs clearance, as the current cross-border e-commerce customs clearance manpower cannot handle the fast increasing volume.

Questions like these can be asked: All kinds of regulations are put in place to clear customs for general import products that comply with taxes and laws, but isn't the maximum benefit provided to products purchased directly from overseas?

In particular, let us first consider ways to prevent the influx of counterfeit products, which has rapidly increased due to the development of cross-border e-commerce. I hope you read it with interest.

E-commerce customs clearance is the same as express customs clearance and postal customs clearance, but it is different.

Currently, when a customs clearance list is collected by an express delivery company, the employees of the express delivery company select the items under 150 USD to be cleared through list customs clearance, and items excluded from list customs clearance are classified into simple declaration, general declaration, and list declaration. At the customs office, an official in charge of list clearance selects inspection targets from the submitted customs clearance list, and an X-ray scanner performs the final inspection.

This method has been applied in express list customs clearance such as FedEx, DHL, and UPS and EMS postal customs clearance long before the development of e-commerce. The customs clearance method for e-commerce goods has not changed much as it still uses the list customs clearance and postal customs clearance methods. But it's different.

X-ray scanners that process small volumes can detect differences in the outline of a product and the shape hidden inside, but cannot provide accurate information about B2C consumer goods. In particular, trademarks, which are intellectual property rights items, cannot be distinguished at all, and since no designs have been entered, it is impossible to distinguish whether they are imitations. The indirect inspection method using an X-ray scanner is not the answer for all cases, nevertheless one inspector alone cannot manually inspect 20,000 items daily with bare eyes.

Even if AI is introduced into the X-Ray scanner, a vast amount of data that is pre-learned needs to be entered, and the system that can process high cost AI semiconductor, which is over 50 million won per each semiconductor, needs to be established. Therefore this is a long term project.

Processing customs clearance of cross-border e-commerce goods based on the current express customs clearance and postal customs clearance systems makes it difficult to prevent violations of intellectual

property rights and damage to companies and the national economy. Rather than applying the e-commerce customs clearance method to the existing express customs clearance method, it is necessary to convert to a complete e-commerce customs clearance method.

It is obvious that if overseas direct purchase customs clearance provides unlimited benefits, unlike general corporate customs clearance, domestic import companies, wholesalers and retailers, and street stores will collapse.

Rather than proposing to build a fancy system, I would like to think of an efficient overseas direct purchase e-commerce customs clearance method that sufficiently protects intellectual property rights and costs less. Since so many different B2C goods are cleared through cross-border e-commerce, here we will only talk about ways to improve customs clearance for intellectual property goods, and we will discuss improving customs clearance methods for e-commerce related to public safety for food, cosmetics, pharmaceuticals at the next opportunity. .

Today, we will look into cross-border e-commerce customs clearance methods to prevent the influx of counterfeit products. Each problem will be discussed next.

How can we prevent the increasing influx of counterfeit products through cross-border e-commerce?

Currently, it is difficult to prevent the inflow of counterfeit products using the existing express customs clearance method, which handles overseas direct purchases through customs personnel, list customs clearance, and X-ray inspection methods. Increasing the number of direct inspections by indefinitely increasing the manpower of customs and express delivery companies is also not a fundamental solution due to limited manpower and resources.

AliExpress, which quickly dominated the Korean market in 2023, received strong criticism from Baek Hye-yeon, chairman of the National Assembly Political Affairs Committee, for platform sales of products that violate intellectual property rights during a National Assembly audit in October 2023. Holding a press conference to announce the strengthening of AliExpress intellectual property rights and consumer protection, AliExpress announced they will invest 10 billion KRW to protect intellectual property rights over the next three years, and within the past two months, more than 970,000 items suspected of violating intellectual property rights have been deleted from the platform. Also it was announced that measures to



strengthen protection for 7500 Korean brands had been taken. They admitted that counterfeit products were traded for 7,500 Korean brands alone.

They said they would open a portal in Korean for intellectual property rights to protect the brand, provide a 100% refund guarantee to buyers without supporting documents if counterfeit products are suspected, operate mystery shopping and random inspection systems, and form a dedicated team to protect Korean brands. It's good to hear that they're making an effort even now, but it's easy to see that they're just pretending to do it for show-off, leaving out the key points.

The trade of counterfeit products is carried out by agreement between the seller of counterfeit products and the buyer who wants to have a luxury brand product at a low price. There are cases where the buyer is deceived into purchasing a product without knowing that it is a counterfeit product, but in most cases, people purchase products knowing that they are counterfeit products considering the trademark, design, and technology.

Although more than a month has passed since the press conference in December, 2023, you can still quickly find counterfeit products when you look at the AliExpress site. Even if the seller uses tricks to register the product, such as taking a picture with the brand hidden or writing or deleting random words in the brand with the same design, sales will only be possible when the buyer can see that it is a counterfeit product. So anyone who knows a little about the product can easily recognize that it is a counterfeit product.

Even though the team that manages products at AliExpress is clearly aware of this fact, they do not block the registration of such sellers, and we can predict that it cannot be eradicated just by looking at the announcement at the press conference that they will protect buyers of counterfeit products.

In particular, the platform operator earns a sales commission, the express company that transports it collects transportation cost revenue, and the buyer is also a stakeholder who benefits from purchasing counterfeit products. The announced measure was intended to avoid the National Assembly criticism and the administrative sanctions such as site closure, not a fundamental solution.

Ultimately, in order to prevent cross-border e-commerce for counterfeit products, customs in charge of customs clearance must cooperate with platforms and brand companies to monitor counterfeit product sellers and prevent them from registering for sale.

Let's think about a cooperative plan that can block the inflow of counterfeit goods without further increasing customs personnel. Changing the process and customs regulations and implementing them comprehensively will definitely have a big effect.

First, product registration criteria are presented on the platform, and products from sellers who do not comply are required to re-registered or be inspected at the import customs office.

To prevent counterfeit products from being cunningly registered, product registration methods should be clarified and customs should inspect products that do not comply with these guidelines.

To protect intellectual property rights on the platform, product registration criteria must be presented such as not taking pictures with brand parts that are not visible, not retouching the brand or logo into a different shape, not removing the brand or writing it with other incorrect words, and not using slang when registering counterfeit products. Goods that do not comply with these must be filtered out through physical inspection at customs.

To achieve this, customs must secure the product number and brand of the platform from the customs clearance list or import declaration items. What does it mean to secure a product number?



<Suspected counterfeit Rolex Submariner worth 26 million won>

Second, the platform product number should be disclosed on the first screen of the registered product.

Coupang, Temu, and Amazon have product numbers and IDs, but AliExpress does not disclose the “platform product number” on the screen. Even if a product registered on the platform is suspected to be a counterfeit product, even if someone requests confirmation as to whether it is a counterfeit product, it will take a lot of time if it is not based on the product number. Even if an objection is raised, if it takes a long time to review, the product will have already been sold. A process must be in place to quickly remove registered counterfeit products from the site.

Currently, customs is not interested in platform product numbers and does not secure them in lists or import declaration items. The platform product number is a core key value for product management in an e-commerce platform and must be disclosed on the platform. If customs processes all work based on this number, efficient work can be done without expanding customs manpower.

If you disclose platform product numbers and find a way to manage e-commerce customs clearance based on product numbers, you can quickly and easily prevent the influx of counterfeit products.

Once customs secures this product number from the list customs clearance or general import customs clearance documents, if customs cooperates with platforms and brand companies, the influx of counterfeit products can be blocked at the source.

Third, customs must monitor platforms and cooperate.

The team whose main task is to monitor registered products on overseas direct purchase platforms needs to establish a ‘Cross-Border E-Commerce Watch Team’ using the product number as the key value. It needs to ask questions to the platform or contracted courier company for products with inaccurate registered photos, specifications, brands, countries of origin, etc. and requests explanations.

Instead of putting items into an X-ray scanner that does not reveal properly in a cold warehouse, a change needs to take place to a system that manages the internet platform.

It is not a complicated system, but it is a system where the photo specifications, brand, country of origin, and price are visually checked based on the platform product number. For items that are suspected of being counterfeit products or whose registered photos are judged to be attempting to avoid detection of

counterfeit products, a system must be established to require a person in charge to be designated by the platform operating company and receive questions and explanations regarding doubts.

It is believed that counterfeit products can be fundamentally prevented by sufficiently revising processes and regulations without having to equip a large number of manpower, x-ray equipment, and AI computer systems.

There is a need for cooperation between customs authorities and platform operators in the current cargo-oriented, list selection and X-ray inspection system.

Fourth, revise the regulations that exclude goods suspected of violating intellectual property rights from customs clearance.

The current list customs clearance notice stipulates that goods suspected of violating intellectual property rights are excluded from list customs clearance. At first glance, it seems like a proper rule, but if you know a little about the practice, you will find that with the information on the customs clearance list submitted by the current express delivery company (product name, specifications, HS Code, quantity, and price), it is impossible to filter out those goods.

The product is in a box and the brand is not written on the customs clearance list, so how can the customs officer conducting the inspection and screening find the suspicious item?

Do customs officials in charge of overseas direct purchase have any ability to find suspicious items by seeing through walls or looking at a list? How can an express delivery company or a customs officer identify items excluded from customs clearance by looking at a customs clearance list that does not even include a brand?

Do not assume in advance that even if the writing of the brand is mandatory, it will not be done, and report the brand. Until it is established, it needs to be revised that all items that often violate intellectual property rights such as clothing, shoes, bags, watches, accessories, and electronics (hair dryers, earphones, vacuum cleaners) need to be converted to general declaration, and for products purchased directly from overseas, the brand, platform product number, and country of origin information must be secured at the time of customs clearance.



If the brand has a discrepancy between the actual product and the declared items, it should be corrected. In other cases, customs clearance can be withheld.

When customs clearance performance is managed based on the platform product number, various information is accumulated. Based on the product number, brand, import quantity, number of imports, seller, and buyer information are accumulated.

Not only can customs quickly communicate with the platform about platform product numbers, but it can also provide brand owners with statistics on how much of their brand's products are being cleared through customs. Customs are able to know which sellers are selling which products that are suspected to be counterfeit.

In addition, platforms or sellers that engage in serious counterfeiting may face punishment or claims for damages from the brand. Customs can provide information on the import quantity and import amount of intellectual property infringement products, which is the most important data, to the brand owner. .

In fact, the majority of intellectual property infringement products coming in from around the world are imported through E-Commerce, but in reality, there are almost no cases of punishment for platforms or sellers. This is because intellectual property authorities who are responsible for monitoring do not have information on sellers, platforms, brands, import quantities, and import amount of infringing products.

Fifth, brand owners must actively request customs to protect intellectual property rights for e-commerce products.

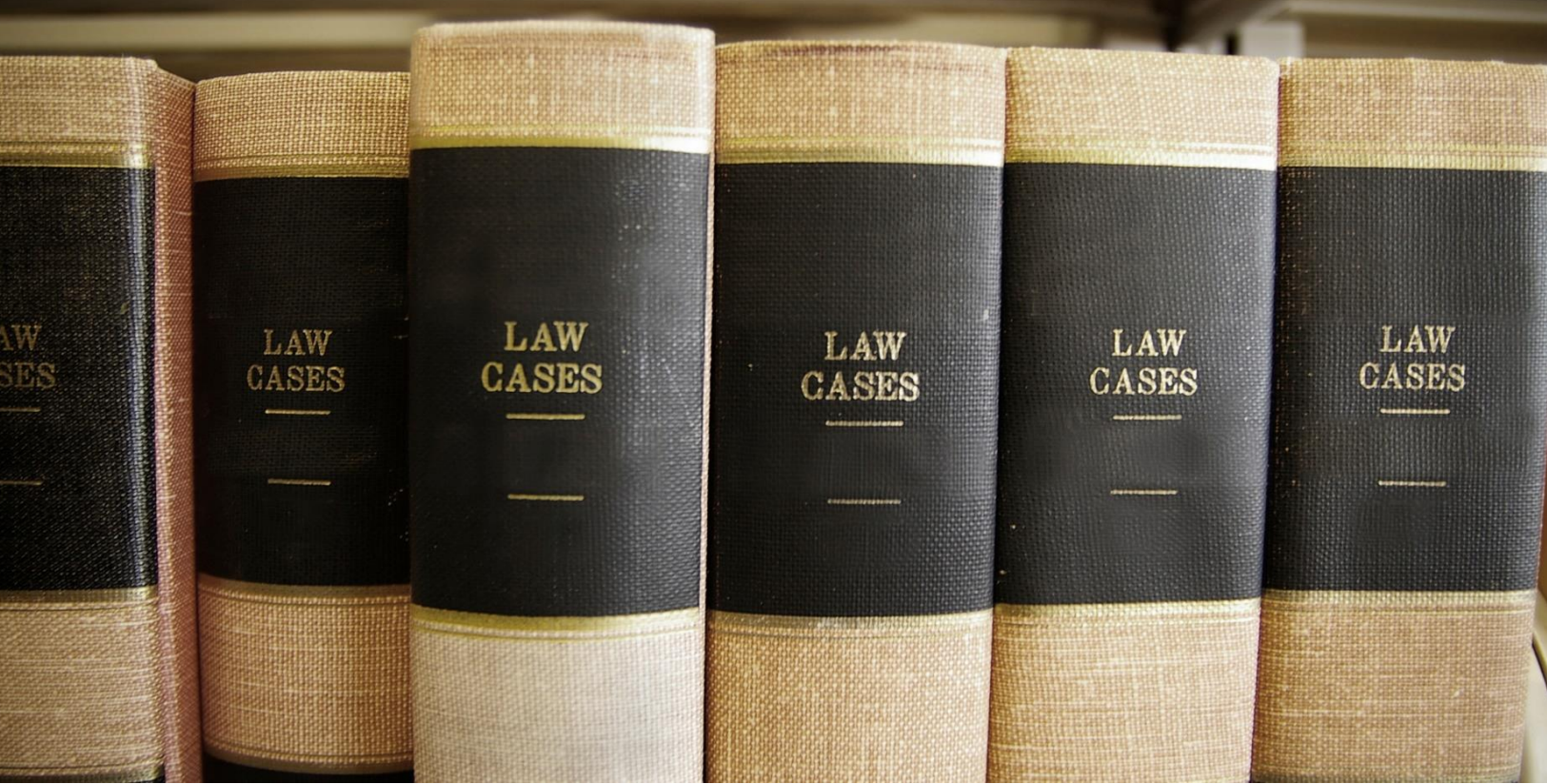
In the current system, brand owners can request trademark protection from customs. But customs must improve ways to protect intellectual property rights mainly for B2C products by simplifying the process of checking for counterfeit products through receiving separate requests for trademark protection for cross-border e-commerce products.

To summarize the system improvement plan:

1. In the direct purchase platform, criteria are established to ensure that sellers provide accurate information to consumers when filling out the product registration page, and for products that are not properly registered, a process needs to be improved to request re-registration or conduct cargo inspection at customs.

Strengthen the request for explanation for goods with incorrect registration and the physical inspection of express and postal cargo.

2. The platform product number is disclosed on the first screen of the platform product, and this must be submitted in addition to the customs list clearance and general declaration items. Customs uses the product number as a key value in all explanation requests, inspection screening, and statistics gathering.
 - Request an explanation from the platform as to whether it is a counterfeit product based on the platform product number
 - Request for correction of photos, specifications, brand, and origin information using platform product number
 - When counterfeit products are detected, investigate by identifying the seller, buyer, import quantity and import amount based on the platform product number.
 - Provide customs clearance performance statistics to trademark owners based on platform product numbers, allowing brands to claim damages from sellers or platforms if they determine that intellectual property rights have been infringed.
3. 'Goods suspected of violating intellectual property rights', which are excluded from list customs clearance in the notice on customs clearance of express goods, are of the regulations that cannot be detected by any great person or system from the declaration items in the current customs clearance list. So the form needs to be revised to accurately secure the platform product number, brand, the country of origin and product specifications. Since most of the violating the intellectual property rights items are focused on clothing, shoes, bags, watches, accessories, and small electronic products (hair dryers, earphones, etc.), these items should be excluded sequentially from list customs clearance and make a general declaration.
4. Customs should establish a "cross-border E-Commerce Watch team" that can monitor platforms and encourage cooperation, designate public officials in charge of major platforms, and have a process for questioning and clarifying with the platform's employees.



Analysis on Recent Customs Judicial Precedent

Whether the item at issue (ARC Tempered Low Iron Pattern Glass Cover) should be classified as HSK No. 8541.90–9000 as a part of a solar module, or as HSK No. 7007.19–1000 as other safety tempered glass.

[Facts]

A. The claimant company imported OOO (hereinafter referred to as “items at issue”) from OOO located in China from June 23, 2018 to April 28, 2023, and deemed the items at issue as ‘other safety tempered glass’ with import declaration number OOO. The claimant classified the item at issue as item 7007.19-1000 of the Harmonized Commodity Description and Coding System of Korea (hereinafter referred to as “HSK”). and imposed the agreed tariff rate of 5.6% in accordance with the “Free Trade Agreement between the Government of the Republic of Korea and the Government of the People’s Republic of China” (hereinafter referred to as the “Korea-China FTA”) or basic tariff rate of 8%, respectively, and the processing office accepted it.



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B. On May 18, 2023. and May 22, 2023, the claimant corporation claimed that the items at issue are 'parts of solar modules' under HSK No. 8541.90-9000 (concessional tariff rate 0%). A rectification request was made to seek a refund of tariff of 000 Won, value-added tax of 000 Won, and rural special tax of 000 Won, the total of 000 Won as shown in <Appendix 1> to the disposition office , but the disposition office rejected each request for refund on May 25, 2023, May 30, 2023, June 12, 2023. and June 15, 2023.

C, The claimant corporation objected to this and filed claims for judgment on June 5, 2023, June 15, 2023, and June 19, 2023. and June 21, 2023.

[Issues]

Should the item at issue (ARC Tempered Low Iron Pattern Glass Cover) be classified under HSK No. 7007.19-1000 as 'other safety tempered glass with a thickness of 8 mm or less', or under HSK No. 8541.90-9000 as 'parts of solar modules'.

[Summary of decision]

The item at issue is a device that generates electricity by converting sunlight into direct current electricity. It is **Glass substrate used for mounting on solar modules**. A solar module consists of a solar cell, a sealant (EVA sheet) on both sides, glass and back sheets mounted on the front and back, a frame, and a junction box. The item at issue **is a low-iron tempered glass cover with an optical coating and a prism pattern formed on the tempered glass to be attached to the front of the solar module for exclusive use**. It is used in solar power generation, which produces electricity by converting sunlight into direct current electricity.

The Disposal Office found that the degree of processing of the item at issue was not processing beyond the scope of tempered glass in Tariff Schedule No. 7007, that it was not presented together with other goods (solar cell modules) at the time of import. The Disposal Office's opinion is that it is a square plate-shaped

glass and cannot be considered as an item with a shape that can only be used for a part of a specific product.

The claimant company argues that the items at issue are manufactured according to detailed specifications such as thickness, size, diagonal difference, and chamfer required for solar modules, and that the satisfaction of required transmittance, iron content, standards, specifications, etc. can be checked and confirmed through test reports.

Considering the claims of the disposition office and the claiming corporation along with related laws and regulations, the item at issue **1) is a product manufactured to minimize light loss during the process of penetrating solar cells through methods such as double-layer AR coating and refraction of light by forming a prism pattern on the surface,** which is a process that lowers light reflectance in addition to the heat strengthening process. This processing appears to be beyond the scope of tempered glass in the general tariff schedule No. 7007, which reduces the risk of injury from fragments by not breaking into sharp pieces when broken by impact but shattering into tiny pieces. Also the items at issue **2) are processed to be used exclusively for solar module parts, and are specially designed and processed according to the power generation capacity specified from the time of design.** It is confirmed that normal operation of solar modules appears to be impossible without the items at issue. In addition, **3) It is difficult to say that the item at issue, which is more expensive than general tempered glass, has general purpose, as there are no confirmed cases of its use as a construction interior material, etc.** In light of the above, the item at issue can be considered to have lost the characteristics of tempered glass due to additional processing on products made of tempered safety glass for use in specific solar modules in addition to the heat strengthening process for safety. It seems appropriate to classify it under HSK No. 8541.90-9000 in accordance with the provision of General Rules No. 1 and No. 6.

Therefore, it is judged that the disposition of this case in which the disposition office rejected the request for correction by considering the item at issue to be tempered safety glass was erroneous, and it is appropriate to classify it under HSK No. 8541.90-9000 in accordance with the provisions of General Rules No. 1 and No. 6. . (end)



HS case solved by logic

Item classification for Mamicall

1. Overview

As information and communication technology develops, smart devices utilizing IOT are being used in a variety of ways. IOT stands for Internet of Things and is a technology that uses wireless communication to connect various objects to the Internet to facilitate communication between connected devices.

Self-defense products are also being used in the form of smart self-defense products using IOT. As there has been a notice to change the item classification for Mamicall, one of the smart self-defense products, we would like to cover this.



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2. Review of product classification

(1) Product description

- Items used in conjunction with a smartphone (dedicated application setting) using the BLE (Bluetooth Low Energy) Beacon communication method
- It is a device when the terminal is within a certain distance (10m) from a smartphone that has registered the terminal through a dedicated application, a signal is periodically transmitted and received indicating the presence of the terminal, and in an emergency situation, a signal is sent to the registered smartphone by pressing the button on the terminal.
- Consists of RF transmission/reception IC, LED (product operation status indication), EEPROM IC, MICRO USP CONNECTOR, SWITCH, etc.

(2) HS code to be considered

HS code	Heading 8517.62-9000 (2017~2021)	Heading 8531.80-9000
terminology	Equipment for receiving, converting, transmitting and reproducing audio, video or other data	Other electrical sound or visual signal devices
tariff	WTO agreed tax rate 0%	WTO agreed tax rate 0%

3) HS code to be decided

1) Item classification before change notice

- **Heading 8517.62-9000 [Item Classification Section 1-5097, December 22, 2017]**

Heading 8517 includes telephones and other devices for transmitting or receiving voice, video or other data, and this heading includes devices that transmit or receive conversation between two points or other audio, video, or other data using changes in current or optical waves flowing in a wired network, or electromagnetic waves generated by a wireless networks.

At the time of the item classification decision in 2017, the main function of this product was considered as 'a device for receiving, converting, transmitting, and playing other data' that transmits and receives signals for communication with a

smartphone within a certain distance using the Bluetooth method, so it was classified as Heading 8517.62-9000.

2) Item classification according to change notice

- Heading 8531.80-9000 [Korea Customs Service Notice No. 2023-62, December 5, 2023]

Heading 8531 includes devices for electrical sound or visual signaling. This heading includes all electrical devices used for signaling purposes, either manual or automatic, regardless of whether sound is used for the transmission of signals or visible indications.

In this Notice on Change in Item Classification, it was determined that the main function of the item at issue is a signaling device that sounds an alarm to inform the user of its location, and that the communication function is a means of exchanging signals between devices. Accordingly, the item at issue was classified as Heading 8531, considering it to be an electric sound signal device.

3. Conclusion

Due to the notice of change, the HS code of the item at issue was changed from the existing Heading 8517.62-9000 to Heading 8531.80-9000.

The case study suggests that in the case of electronic devices that perform various functions, the classification of the product may vary depending on its main function. Therefore, when classifying electronic devices that perform various functions, it is necessary to accurately identify the main function of the product.



Global Customs Insight

Revision of the Import and Export Notification of Strategic Materials and Strengthening of Export Controls in Line with International Cooperation

Strategic materials refer to items and technologies specifically designated by the government to control import, export, supply, and consumption for the purposes of national security, foreign policy, and domestic supply and demand management. They are defined in “Korea’s Foreign Trade Act” as goods separately determined and announced by the Minister of Trade, Industry and Energy when necessary for the maintenance of international peace and security and national security according to the principles of the international export control system.



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While the main reason for the existing export control of strategic materials was for national security to prevent the spread of WMD (Weapon of Mass Destruction), recently, export control has been used for various reasons such as human rights protection, corruption, and intellectual property protection. In October 2022, the United States' export control of semiconductor equipment to China is based on commercial purposes rather than national security, and the targets of export control appear to become diverse compared to the previous one.

As the war between Russia and Ukraine, which began in February 2022, continues, major countries such as the United States, the EU, and Japan have strengthened export controls on goods destined for Russia and Belarus. Korea has also cooperated with its allies, and the 'Revision of the Import and Export Notice of Strategic Materials' is being promoted and is scheduled to take effect to expand items subject to catch-all situational approval. Additionally, in this revision, the U.S. FDPR (Foreign Direct Product Rule; a regulation that requires U.S. permission when manufacturing products using U.S. technology and software and selling them to Russia; applies to all companies around the world) items are also reflected in the products subject to catch-all situational approval. So if situational approval is obtained in accordance with Korean regulations, there is no need to obtain separate permission from the United States.

The main revisions to this strategic material, which is scheduled to take effect at the end of February 2024, include the expansion of subjects requiring situational approval when exporting to Russia and Belarus, and changes to the criteria for determining whether items are subject to situational approval. Before the revision, when exporting to Russia and Belarus, the subject of situational approval was electronics, shipbuilding, industrial, construction machinery, oil and gas refining equipment, etc., but after the revision, steel structures, aircraft parts, heavy construction equipment, transport and unloading machinery, vehicle batteries, secondary batteries, which are likely to be used for weapons, have been newly designated as subject to situational approval.

Item classification	before revision	After revision	control criteria
Strategic material related	109	109 (same as before)	Since it is controlled based on product name and technical specifications, even products classified under the same HS may be subject to or not subject to situational approval depending on the detailed specifications.
Biochemical/ Advanced Technology	122	122 (same as before) 12 (new)	
General industrial items	567	246 (consolidated into HS 6 units)	Strengthening control by changing to the HS 6-unit criteria applied by cooperative countries such as the US, EU, and Japan *However, passenger cars with engine displacement exceeding 2,000CC are controlled by HSK code.
		670 (new, HS 6 units)	
Sum	798	1,159	

Subject to situational approval when exporting to Russia and Belarus

The Ministry of Trade, Industry and Energy and the Strategic Materials Management Agency held a briefing session on the revision of the Strategic Materials Management Notice on January 12th and 19th. The following are key questions and answers from the briefing session. For further detailed inquiries, please contact the Ministry of Trade, Industry and Energy and the Strategic Materials Management Agency (Export Control Status Desk).

[Main Q&A at the briefing session]

Q: In principle, the export of items that require situational-approval to Russia and Belarus is prohibited.

Q: What is the scope of recognition of existing contracts that meet the requirements for application for situational approval?

A: The time of contract conclusion must be before the effective date of the revised notice, and the contract must include specific details such as product name, value, and quantity.

Q: If the export declaration is accepted before the enforcement date and the shipment is made after the enforcement date, do I need to obtain permission again?

A: The Export declaration is accepted before the enforcement date, there is no need to obtain an export permit.

Q: Is it possible to use the previously issued determination of items subject to situational approval even after revision?

A: According to the revision of the notice, the items subject to situational approval, control criteria, control numbers are changed, so the previously issued determination of items subject to situational approval is not valid. Previously issued self-evaluation or professional evaluations require a re-evaluation as their validity period expires immediately on the date of revision of the notice.

Q: Are exports by foreigners also subject to control?

A: Exports subject to regulation are exports under the 'Foreign Trade Act', and exports by foreigners are also considered exports under the 'Foreign Trade Act', so they are subject to control.

Q: When exporting parts of an existing export product, does the fact that the exporting parts are parts of an existing export product have any influence on the expert decision?

A: Since the decision is made by looking at the exported goods themselves, it does not affect whether they are parts of existing exported goods.

The Korea Customs Service plans to internally review the extension of the period in cases where shipment is not possible within the shipment period (30 days) after acceptance of the export declaration.

Source: Export Control Implementation Guidelines (2024) to Russia & Belaruth According to the 33rd Revision of Notice for the Import and Export of Strategic Materials; Preliminary Briefing Session on the 33rd Strategic Materials Import and Export Notice Revision, Briefing Session Materials



FTA and import/export practical business guide

Information on changes to CITES import/export permit application

CITES means Convention on International Trade in Endangered Species of Wild Fauna and Flora, Animals and plants that fall under the following categories are stipulated in Annex I, II, and III of the International Trade Agreement: Endangered species for which international trade is regulated (Annex I), Species that are not currently in danger of extinction but may become endangered if international trade is not strictly regulated (Annex II), Species judged to require cooperation of other parties for international trade regulation (Appendix III) CITES items vary in scientific name and habitat, but representative examples include sea turtles, whales, and crocodiles.



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In Korea, it is stipulated by the Wildlife Protection and Management Act. The permission from the head of the Watershed Environment Office or the head of the Regional Environment Office must be obtained when importing and exporting live animals and plants and their processed products that are listed as endangered wild species (Annex 8 of the Consolidated Notice) and Internationally Endangered Species (CITES, Annex 6 of the Consolidated Notice). For example, if you want to import a wallet made from a specific lizard skin, you must obtain permission from the head of the Watershed Environment Office or the head of the Regional Environment Office.

As the CITES application process will change from the Civil Complaint Portal for Environment to the Ministry of Environment Comprehensive Wildlife Management System starting December 14, 2023, we would like to inform you about the change in the permit application method and the impact on import and export business.

1. How to apply

Apply at [Ministry of Environment Comprehensive Wildlife Management System \(me.go.kr\)](http://me.go.kr)

1) Change of application unit (B/L unit by representative species à by CITES species)

- (Before change) Representative species were entered for each B/L unit and a CITES import permit was issued (1 permit per B/L).
- (After the change) Changed to apply for an import permit per CITES species permit (e.g., if 5 species are included in the B/L, 5 permits are issued per BL), resulting in an increase in electronic stamp costs.

2) Addition of required information

- (Before change) 'Representative species' were listed for animals and plants handling items.
- (After changes) The 'species' of all products handled are subdivided and information such as taxonomic group, form, source code, quantity of permits, flight and transportation method, departure and arrival date information, export

CITES permit number and expiration date are required to be listed.

3) Change of processing deadline (7 days to 10 days)

- (Before the change) The processing deadline for export/import permits was 7 business days.
- (After change) It has been extended to 10 days, and the schedule for urgent cargo must be considered in advance.

4) New procedures for proxy applications established

- (Before the change) When applying for a CITES import/export permit by proxy, there was no separate procedure.
- (After changes) When applying on behalf of a shipper, it has been changed to require the shipper's identity verification and a power of attorney and supporting documents for each case to be submitted.

<Change comparison table>

Changes	Before change	After
CITES application	BL per case	Exporter CITES Permit per Case
Flight number and transportation method	-	Required information
Departure date, arrival date	-	Required information
Export CITES permit number and expiration date	-	Required information
Import and export specimen information	Writing and proceeding with "Representative Animals and Plants"	All animals and plants listed separately
Taxon selection	-	Required information
form	-	Required entry with code required by the Ministry of Environment
Source code	-	Required information
Permit Quantity	-	Required information
attachment	Submit as 1 file	Submit invoice, usage plan, export CITES, stamp, etc. separately
Consent to agent application	- (Available for immediate submission)	Required (can be submitted after consent through real name authentication)
Processing deadline	7 days	10 days

2. Impact on import and export business

The biggest change due to changes in the application process according to the Ministry of Environment's comprehensive wildlife management system introduced in December 2023 is the stamp fee (KRW 20,000 to KRW 100,000 per case x number of species) has increased depending on the number of permits of 'species' included in the B/L as the stamp cost increases for each species in the application per B/L unit. If possible, it is necessary to request the exporter to issue and ship a single type of permit (unification of permits). In addition, as the information required for the application becomes more detailed, preparation time and processing deadlines increase, so shippers must give more time for export and import schedules. For efficient business management, the comprehensive wild animal management system was introduced, but there is still confusion about changes in the work of shippers and agents (customs brokers). The HS CODE between the comprehensive wild animal management system and the Korea Customs Service computer system is not linked. This is something that needs to be improved upon consultation with the organization.

When introducing a system, a grace period for preparation as well as listening to and collecting opinions from the import/export industry and related parties are essential to reduce trial and error. In order to have a high level of understanding and efficiency in CITES import/export business, close cooperation between import/export shippers, declarants, and related government agencies (Ministry of Environment, Korea Customs Service) is necessary, and customs brokers should act as a bridge between the public and the government to improve any inconveniences in the system.

Customs broker Cha Mi-jeong

reference: [Ministry of Environment Comprehensive Wildlife Management System \(me.go.kr\)](https://me.go.kr) How to fill out a civil complaint application



Contents and Opinion of Customs Trade Amendment **Partial Amendment to Public Notice (draft) on “Export and Import of Strategic Materials”**

1. Promotion background and need for Amendment

○ Following the international community's measures to strengthen export controls in Russia and Belarus, Korea is also pursuing additional control measures.

- Korea has reflected 798 catch-all situational approval items since February 2022, but there is a need to select and add items with a high possibility of converting into weapons in line with the measures to strengthen export controls to Russia and Belarus by major countries such as the US and EU. Accordingly, some parts of the Public Notice on Import and Export of Strategic Materials will be revised.



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○ In addition, to further strengthen export management, countries subject to UN Security Council sanctions such as Iran and Afghanistan, will be adjusted from the current Region B-1 to Region B-2 in the classification of strategic materials export regions.

2. Major Amendment

Additional items subject to this control include items likely to be used for military use, such as heavy construction equipment, secondary batteries, machine tools, and aircraft parts. After the notice goes into effect, the export of the relevant items is, in principle, prohibited. However, if certain requirements are met, such as contracts concluded before the notice goes into effect, permits will be issued through a case-by-case review.

The control standards for general industrial items, which account for most of the items subject to catch-all situational approval, have also been changed from the existing product name and technical specification standards to the HS 6-unit standard applied by cooperating countries to strengthen management, allowing items subject to catch-all situational approval to be confirmed based on the HS 6-unit standard. .

Details are as follows:

○ (Appendix 2-2, Appendix 24) The total number of items subject to catch-all situational approval in Russia and Belarus has been expanded to 1,159. In the future, when exporting items corresponding to the 1,159 items to Russia, they must be reviewed by a licensing agency such as the Ministry of Trade, Industry and Energy.

- In principle, the export of items subject to catch-all situational approval to Russia and Belarus is prohibited, but permits can be issued through review if they meet the review standards for each case, such as for existing contracts.

- (Appendix 6) When Iran and Afghanistan are adjusted to Region B-2, the issuance of comprehensive export permits and exemptions from individual export permits are restricted.

3. Opinion

In order to cooperate with the international community in controlling exports to Russia, the government expanded the number of items subject to control to a total of 1,159. This is an increase of 682 from the previous number, and the Ministry of Trade, Industry and Energy has administratively announced the Amendment of the '33rd Public Notice on Import and Export of Strategic Materials' from the 26th of the month to the 15th of next month, which contains a plan to expand export control items to Russia and Belarus. As of the Amendment date, companies need to be careful about items that are subject to catch-all situational approval.

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