

TARIFF QUOTA SYSTEM

Under commitments made to the GATT in 1989, South Korea has undertaken, from January 1, 1990, to disinvoke its Balance of Payments restrictions and to eliminate any remaining import restrictions on agricultural and fisheries products or otherwise to bring them into conformity with GATT rules by July 1, 1997. The government will place only 34 products, including frozen fish, under its tariff quota system in 1993, 26 items less than the 60 goods affected in 1992. Announcing its adjusted tariff quota application plan for 1993, the Ministry of Finance said 28 new items, including cuttle fish and squid, will be added to the list of products subject to the system, through the end of 1993. The tariff quota system is used to encourage or curb imports of certain items by reducing or raising the tariff rate on a certain quantity of products by a maximum 40 percentage points, in an attempt to stabilize domestic prices or to protect local industries.

Under the revised program, import duties on cuttle fish and squid, fish fillets and other fish meat, and frozen fish will be lowered from the present 10 percent to 5 percent. The quota subject to the lowered tariff rates will be 70,000 tons for cuttle fish in 1993, 28,000 tons for fish fillets and other fish meat, and 120,000 tons for frozen fish. Descriptions and rates of tariff quotas effective in March 1993 through December 1993 are as follows: H.S.0303, frozen fish, basic tariff rate 10% and quota 5%; H.S.0304, fish fillets and other fish meat, basic tariff rate 10% and quota 5%; H.S.0306, crustaceans, basic tariff rate 20% and quota 10%; and H.S.0307, cuttle fish and squid, basic tariff rate 10% and quota 5%.

LOCAL AGENT

Local laws do not necessarily require foreign manufacturers who wish to export their products to South Korea to have a local agent. However, as a general practice, a local agent is established to assist in the marketing of products in the ROK. A branch office is often established if substantial export business is expected. It is also normal practice to appoint a shipping agent to carry out procedures relating to landing, placing goods into a bonded area, customs clearance, and delivery of imported goods.

DISTRIBUTION SYSTEM

The rapid modernization which has taken place in most facets of the Korean economy has not been matched in the distribution systems for agri-food and fisheries products. In particular, the traditional pattern of distribution, with goods passing down from large to smaller wholesalers, contributes to the current situation in which South Koreans pay very high prices for food, relative to incomes. The South Korean distribution system comprises of wholesale markets, open-air markets, department stores, supermarkets, chain stores and convenience stores. The path of distribution for imported seafood products is generally as follows: suppliers and their trading agents/importers/wholesalers (often more than one stage), then down to retailers, restaurants and consumers.