

CHAPTER THREE RULES OF ORIGIN AND ORIGIN PROCEDURES

Section A: Rules of Origin

Article 3.1: Originating Goods

1. Except as otherwise provided in this Chapter, a good shall be treated as originating in a Party where the good is:

- (a) wholly obtained or produced entirely in the territory of a Party;
- (b) produced entirely in the territory of one or both of the Parties, exclusively from originating materials under this Chapter; or
- (c) produced entirely in the territory of one or both of the Parties using non-originating materials, satisfying the requirements under Annex 3-A.

2. Additionally, the good shall satisfy all the other applicable requirements of this Chapter.

Article 3.2: Wholly Obtained or Produced Goods

For purposes of Article 3.1.1.(a), the following goods are wholly obtained or produced entirely in the territory of a Party:

- (a) live animals born and raised in the territory of a Party;
- (b) goods obtained from live animals born and raised in the territory of a Party;
- (c) goods obtained from hunting, trapping, fishing, aquaculture, gathering or capturing conducted in the territory of a Party;
- (d) goods of sea-fishing and other marine products taken from the waters, seabed or subsoil outside the territory of a Party by vessels registered or recorded with a Party and flying the flag of that Party;

- (e) goods produced or processed on board factory ships registered or recorded with a Party and flying the flag of that Party, exclusively from goods referred to in subparagraph (d) above;
- (f) plants and plant products grown and harvested, picked, or gathered in the territory of a Party;
- (g) mineral goods and other naturally occurring substances extracted from the soil, waters, seabed, or beneath the seabed of a Party;
- (h) goods taken or extracted by a Party or a person of a Party from the seabed or beneath the seabed outside the territory of a Party, provided that the Party has rights to exploit such waters, seabed or subsoil;
- (i) waste and scrap derived from:
 - (i) manufacturing operations conducted in the territory of a Party; or
 - (ii) used goods collected in the territory of a Party, provided that such waste and scrap is fit only for the recovery of raw materials; and
- (j) goods produced exclusively from goods specified in subparagraphs (a) through (i).

Article 3.3: Regional Value Content (RVC)

1. The regional value content of a good shall be calculated on the basis of one of the following methods:

- (a) Method Based on Value of Non-Originating Materials (Build-down Method)

$$RVC = \frac{FOB - VNM}{FOB} \times 100$$

- (b) Method Based on Value of Originating Materials (Build-up Method)

VOM

$$\text{RVC} = \frac{\text{VNM} + \text{VOM}}{\text{FOB}} \times 100$$

where,

RVC is the regional value content, expressed as a percentage;

FOB is the free on board value of the good;

VNM is the value of the non-originating materials; and

VOM is the value of originating materials.

2. The value of the non-originating materials shall be:
 - (a) in the case of a material imported directly by the producer of a good, the CIF value at the time of importation of the material;
 - (b) in the case of a material acquired by the producer in the territory where the good is produced, the transaction value, without considering the costs of freight, insurance, packing, and the other costs incurred in the transportation of the material from the warehouse of the supplier to the place where the producer is; or
 - (c) in the case of a self-produced material or where the relationship between the producer of the good and the seller of the material influences the price actually paid or payable for the material, the sum of all costs incurred in the production of the material, including general expenses. Additionally, it will be possible to add an amount for profit equivalent to the profit added in the normal course of trade.
3. The values referred to in this Article shall be determined in accordance with the Customs Valuation Agreement.

Article 3.4: Intermediate Materials

1. When an originating good is used in the subsequent production of another good, no account shall be taken of the non-originating materials contained in the originating good for purposes of determining the originating status of the subsequently produced good.

2. When a non-originating good is used in the subsequent production of another good:

- (a) for purposes of calculating the value of the non-originating materials of the subsequently produced good, an account shall be taken only of the non-originating materials contained in the non-originating good; and
- (b) for purposes of calculating the value of the originating materials of the subsequently produced good, an account shall be taken of the originating materials contained in the non-originating good.

Article 3.5: Non-Qualifying Operations

1. The following operations shall be considered to be non-qualifying operations to confer the status of originating goods, whether or not the requirements under this Chapter are satisfied:

- (a) operations to ensure the preservation of goods in good condition during transport and storage;
- (b) changes of packing or breaking-up or assembly of packages;
- (c) washing, cleaning, removal of dust, oxide, oil, paint, or other coverings;
- (d) ironing or pressing of textiles;
- (e) simple painting and polishing operations;
- (f) husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- (g) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards, and all other simple packing operations;
- (h) simple mixing of products, whether or not of different kinds;
- (i) simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;
- (j) slaughter of animals;

- (k) peeling, stoning and shelling of fruits, nuts, vegetables and crustaceans;
- (l) sharpening, simple grinding or simple cutting;
- (m) drying, salting (or keeping in brine), refrigeration or freezing; or
- (n) a combination of two or more operations specified in subparagraphs (a) through (m).

2. All operations carried out in a Party on a given good shall be considered together when determining whether the operations undergone by that good are to be regarded as non-qualifying within the meaning of paragraph 1.

3. The provisions of this Article will apply to the goods produced with non-originating materials.

4. For purposes of this Article:

- (a) **simple** means activities which need neither special skills nor machines, apparatus or equipment especially produced or installed for carrying out the activity;
- (b) **simple mixing** means activities which need neither special skills nor machines, apparatus, or equipment especially produced or installed for carrying out the activity but does not include chemical reaction; and
- (c) **chemical reaction** means a process, including a biochemical process, which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

Article 3.6: Accumulation

1. Originating goods or materials from the territory of a Party, incorporated into a good in the territory of the other Party, shall be considered to be originating in the territory of the other Party.

2. Production carried out by a producer in the territory of a Party may be accumulated with the production of one or more producers in the territory of that Party or the other Party, in such way that the production of the materials

incorporated into the good shall be considered as carried out by that producer, provided that the good satisfies the requirements established in Article 3.1 and all other applicable requirements in this Chapter.

Article 3.7: De Minimis

1. A good that does not undergo a change in tariff classification in accordance with Annex 3-A shall nonetheless be considered to be originating if the value of all non-originating materials that have been used in its production and do not undergo the applicable change in tariff classification does not exceed 10 percent of the value of the good, determined in accordance with Article 3.3 if:

- (a) the value of such non-originating materials is included in the value of non-originating materials for any applicable regional value content requirement; and
- (b) the good satisfies all other applicable requirements in this Chapter.

2. Paragraph 1 shall not apply to:

- (a) a non-originating material used in the production of a good provided for in Chapters 1 through 14 of the Harmonized System; and
- (b) a non-originating material used in the production of a good provided for in Chapters 15 through 24 of the Harmonized System unless the non-originating material is provided for in a different subheading from that of the good for which the origin is being determined under this Article.

3. Paragraph 1 shall not apply to a non-originating material used in the production of a good provided for in Chapters 50 through 63 of the Harmonized System. A good classified in Chapters 50 through 63 of the Harmonized System, produced in the territory of a Party, shall be considered an originating good if the total weight of all non-originating fibers or yarns used in the production of the component that determines the tariff classification of that good, that do not undergo the applicable change in tariff classification, does not exceed 10 percent of the weight of the good.

Article 3.8: Fungible Goods or Materials

1. In determining whether a good or material is originating for purposes of granting preferential tariff treatment, any fungible goods or materials shall be distinguished by:

- (a) physically separating each fungible good or material; or
- (b) using any inventory management method, such as averaging, last-in-first-out (LIFO) or first-in-first-out (FIFO), recognized in the generally accepted accounting principles of a Party in which the production is performed or otherwise accepted by the Party in which the production is performed.

2. The inventory management method selected under paragraph 1 for a particular fungible good or material shall continue to be used for that good or material throughout the fiscal year of the person that selected the inventory management method.

Article 3.9: Sets

A set, as defined in General Rule 3 of the Harmonized System, shall be regarded as originating when all the components of the set are originating. Nevertheless, when a set is composed of originating and non-originating goods, the set as a whole shall be regarded as originating, provided that the value of the non-originating goods does not exceed 15 percent of the total value of the set, determined in accordance with Article 3.3.

Article 3.10: Accessories, Spare Parts, and Tools

The origin of the accessories, spare parts, or tools delivered with a good at the time of importation:

- (a) shall be disregarded if the good is subject to a change in tariff classification requirement; and
- (b) shall be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good, if the good is subject to a regional value content requirement;

provided that:

- (a) the accessories, spare parts, or tools are not invoiced separately from the good, regardless of whether they appear specified or separately identified in the invoice itself; and
- (b) the quantities and value of the accessories, spare parts, or tools are customary for the good.

Article 3.11: Packaging Materials and Containers for Retail Sale

1. Where packaging materials and containers are classified with a good, the origin of the packaging materials and containers in which the good is packaged for retail sale, shall be disregarded in determining the origin of the good, provided that:

- (a) the good is wholly obtained or produced entirely in the territory of a Party as set out in Article 3.1.1(a);
- (b) the good is produced exclusively from originating materials, as set out in Article 3.1.1(b); or
- (c) the good is subject to a change in tariff classification requirement set out in Annex 3-A.

2. Where a good is subject to a regional value content requirement, the value of the packaging materials and containers used for retail sale shall be taken into account when determining the origin of the good.

Article 3.12: Packing Materials and Containers for Shipment

Packing materials and containers used to protect a good during its transportation shall not be taken into account when determining the origin of the good.

Article 3.13: Indirect Materials

1. For purposes of determining whether a good is originating, the origin of the indirect materials defined in paragraph 2 shall not be taken into account.

2. Indirect materials means articles used in the production of a good which are neither physically incorporated into it, nor form part of it, including:

- (a) fuel, energy, catalysts, and solvents;
- (b) equipment, devices, and supplies used for testing or inspecting the goods;
- (c) gloves, glasses, footwear, clothing, safety equipment, and supplies;
- (d) tools, dies, and molds;
- (e) spare parts and materials used in the maintenance of equipment and buildings;
- (f) lubricants, greases, compounding materials, and other materials used in production or used to operate equipment and buildings; and
- (g) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production.

Article 3.14: Direct Transport

1. In order for originating goods to maintain their originating status, the goods shall be transported directly between the Parties.
2. Notwithstanding paragraph 1, the following shall be considered to be transported directly from the exporting Party to the importing Party:
 - (a) goods that are transported without passing through the territory of a non-Party; and
 - (b) goods whose transport involves transit through one or more non-Parties, with or without trans-shipment or temporary storage in such non-Parties, under control of the customs authority, provided that the goods do not:
 - (i) enter into trade or commerce there; and
 - (ii) undergo any operation there other than unloading and reloading, repacking, or any operation required to keep them in good condition.

3. Compliance with paragraphs 1 and 2 shall be demonstrated by presenting the following documentation to the customs authority of the importing Party:

- (a) in the case of transit or trans-shipment, the transportation documents, such as the airway bill, the bill of lading, or the multimodal or combined transportation document, that certify the transport from the country of origin to the importing country, as the case may be; and
- (b) in the case of storage, the transportation documents, such as the airway bill, the bill of lading, or the multimodal or combined transportation document, that certify the transport from the country of origin to the importing country, as the case may be, as well as the documents issued by the customs authority or other competent authority that authorized this operation in accordance with the domestic legislation of the non-Party.

Article 3.15: Outward Processing

Notwithstanding Article 3.1, certain goods shall be considered to be originating even if they have undergone working or processing outside Korea, on materials exported from Korea and subsequently re-imported there, provided that the working or processing is done in the areas designated by the Parties pursuant to Annex 3-B.

Section B: Origin Procedures

Article 3.16: General Requirements

1. Goods originating in Korea shall, on importation into Ecuador, and goods originating in Ecuador shall, on importation into Korea, benefit from this Agreement upon submission of one of the following Proofs of Origin, in accordance with the domestic law of the importing Party, of:

- (a) a Certificate of Origin issued by the competent authority which appears in Article 3.17; or
- (b) a Declaration of Origin by an approved exporter referred to in Article 3.18.

2. Notwithstanding paragraph 1, originating goods within the meaning of this Chapter shall, in the cases specified in Article 3.20, benefit from this

Agreement without it being necessary to submit any of the documents referred to above.

3. A Proof of Origin may apply to a single shipment of one or more goods into the territory of the other Party.

4. A Proof of Origin shall:

- (a) be in a printed format or electronic format, to be agreed between the Parties, on which the signature and seal may be applied manually or electronically; and
- (b) be completed in English.

Article 3.17: Procedure for the Issuance of a Certificate of Origin

1. A Certificate of Origin shall be issued by the competent authority of the exporting Party on application having been made in writing by the exporter or, the producer or, under the exporter's or the producer's responsibility, by his/her authorized representative.

2. A Certificate of Origin shall be in a format referred to in Appendix 3-A-1.

3. The exporter or the producer applying for the issue of a Certificate of Origin shall be prepared to submit at any time, at the request of the competent authority of the exporting Party where the Certificate of Origin is issued, all appropriate documents proving the originating status of the goods concerned as well as the fulfillment of the other requirements of this Chapter.

4. The competent authority issuing Certificates of Origin shall take any steps necessary to verify the originating status of the goods and the fulfillment of the other requirements of this Chapter. For this purpose, the competent authority shall have the right to call for any evidence and to carry out any inspection of the exporter's or the producer's accounts or any other check considered appropriate. The said authorities shall also ensure that the forms are duly completed. In particular, the competent authority shall check whether the space reserved for the description of the goods has been completed in such a manner as to exclude all possibility of fraudulent additions.

5. A Certificate of Origin shall be issued before or at the time of shipment or within seven calendar days including the date of shipment itself.

6. If a Certificate of Origin has not been issued before or at the time of shipment or within seven calendar days including the date of shipment itself due to force majeure, involuntary errors, omissions or other valid causes, a Certificate of Origin may be issued retrospectively but no longer than one year from the date of shipment, bearing the words “ISSUED RETROSPECTIVELY”.

7. For cases of theft, loss or accidental destruction of a Certificate of Origin, the exporter or the producer may make a written request to the competent authority of the exporting Party for issuing a certified copy, provided that the original copy previously issued has been verified not to be used. The certified copy shall bear the words “CERTIFIED TRUE COPY of the original Certificate of Origin number ____ dated ____”, in order for the validity period to be counted from the indicated day.

8. The competent authority of the exporting Party may delegate the issue of a Certificate of Origin to other enabled entities in accordance with the legislation of each Party.

Article 3.18: Conditions for Making Out a Declaration of Origin

1. A Declaration of Origin shall be made out by an approved exporter of a Party.

2. The approved exporter making out a Declaration of Origin shall be prepared to submit at any time, at the request of the competent authority of the exporting Party, all appropriate documents proving the originating status of the goods concerned as well as the fulfillment of the other requirements of this Chapter.

3. A Declaration of Origin shall be made out by the approved exporter by typing, stamping or printing on the invoice, the delivery note or another commercial document, the declaration the text of which appears in Appendix 3-A-2.

4. A Party shall not reject a claim for preferential tariff treatment for the sole reason that the invoice was issued in a non-Party. However, a Declaration of Origin shall not be provided on an invoice or any other commercial document issued in a non-Party.

5. A Declaration of Origin shall bear the original signature of the exporter in manuscript. However, an approved exporter within the meaning of Article 3.19 shall not be required to sign such declarations provided that the exporter gives the competent authority of the exporting Party a written undertaking that

the approved exporter accepts full responsibility for any Declaration of Origin which identifies the approved exporter as if it had been signed in manuscript by the approved exporter.

6. A Declaration of Origin shall be made out by the approved exporter when the goods to which it relates are exported, or after exportation on condition that it is submitted in the importing Party no longer than two years after the importation of the goods to which it relates.

Article 3.19: Approved Exporter

1. The competent authority of the exporting Party may authorize any exporter (hereinafter referred to as “approved exporter”) who makes frequent shipments of goods under this Agreement, to make out Declaration of Origin irrespective of the value of the goods concerned. An exporter seeking such authorization must offer to the satisfaction of the competent authority all guarantees necessary to verify the originating status of the goods as well as the fulfillment of the other requirements of this Chapter.

2. The competent authority may grant the status of approved exporter subject to any conditions which they consider appropriate.

3. The competent authority shall grant the approved exporter an authorization number which shall appear on the Declaration of Origin.

4. The competent authority shall monitor the use of the authorization by the approved exporter.

5. The competent authority may withdraw the authorization at any time. Such authorities shall do so where the approved exporter no longer offers the guarantees referred to in paragraph 1, no longer fulfills the conditions referred to in paragraph 2 or otherwise makes an incorrect use of the authorization.

Article 3.20: Waiver of Proof of Origin

A Proof of Origin shall not be required where:

- (a) the customs value of the importation does not exceed 1,000 US 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 carried out or planned for purposes of evading compliance with the Party’s domestic 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 Proof of Origin demonstrating origin.

Article 3.21: Validity of Proof of Origin

1. A Proof of Origin shall be valid for 12 months from the date a Certificate of Origin is issued, or from the date a Declaration of Origin is made out in the exporting Party. Such Proof of Origin shall be presented within the said period to the customs authorities of the importing Party, in accordance with its domestic law.

2. The Proof of Origin which is submitted to the customs authority of the importing Party after the final date for presentation specified in paragraph 1 may be accepted for the purposes of applying preferential tariff treatment, where the failure to submit these documents by the final date set is due to natural disasters.

Article 3.22: Claims for Preferential Tariff Treatment

1. Except as otherwise provided for in this Chapter, each Party shall require an importer in its territory that claims preferential tariff treatment to:
 - (a) make a written statement in the customs declaration, based on a valid Proof of Origin, indicating that the good qualifies as originating;
 - (b) have in its possession the Proof of Origin at the time the statement referred to in subparagraph (a) is made;
 - (c) have in its possession the documents which certify that the requirements established in Article 3.14 have been met, where applicable; and
 - (d) submit the valid Proof of Origin or copies thereof, as well as documents referred to in subparagraph (c) to the customs authority, where it is required.
2. Where an importer has a reason to believe that a Proof of Origin on which a statement was based contains incorrect information, the importer shall make a corrected statement and pay any customs duty owed, in

accordance with the legislation of each Party.

3. Where an importer does not comply with any requirements under this Chapter, preferential tariff treatment shall be denied to the goods imported from the territory of the exporting Party.

Article 3.23: Post-Importation Claims for Preferential Tariff Treatment

Where a good was originating when it was imported into the territory of the importing Party, but the importer of the good did not claim preferential tariff treatment at the time of importation, that importer may, within the period specified in the Party's domestic laws or within one year following the date of importation, claim preferential tariff treatment and apply for a refund of any excess duties paid as a result of the good not having been accorded preferential tariff treatment, upon presentation to the importing Party of:

- (a) a written or electronic declaration or statement, in accordance with the importing Party's domestic laws, that the good was originating at the time of importation;
- (b) an original Proof of Origin or a copy thereof demonstrating that the good was originating; and
- (c) such other documents related to the importation of the good as the importing Party may require.

Article 3.24: Record Keeping Requirements

1. The records that may be used to prove that a good covered by a Proof of Origin is originating and has fulfilled other requirements under this Chapter include, but are not limited to:

- (a) documents related to the purchase of, cost of, value of, and payment for, the exported good;
- (b) documents related to the purchase of, cost of, value of, and payment for, all materials including indirect materials, used in the production of the exported good;
- (c) documents related to the production of the good in the form in which it was exported; and
- (d) such other documents as the Parties may agree.

2. An exporter and producer, and the competent authority and enabled entities shall retain, for at least a period of five years from the date of issuance of the Proof of Origin, all records necessary to prove that the good for which the Proof of Origin was issued was originating.

3. An importer claiming preferential tariff treatment for a good imported into the territory of a Party shall keep for five years from the date of importation of the good, the records related to the importation, including a copy of the Proof of Origin.

4. The records and documents referred to in paragraphs 1 to 3 may be kept in paper or electronic form, in accordance with each Party's domestic laws.

Article 3.25: Discrepancies and Formal Errors

1. Discovery of slight discrepancies between the statements made in the Certificate of Origin and those made in the documents submitted to the customs authority for the purpose of carrying out the formalities for importing goods shall not *ipso facto* render the Certificate of Origin null and void if it is duly established that such document does correspond to the good submitted.

2. Obvious formal errors such as orthographic and typing errors, or protrusions from the designated field in a Certificate of Origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

Article 3.26: Verification

1. For the purposes of determining whether a good imported into the territory of a Party from the territory of the other Party qualifies as originating, the competent authority of the importing Party may conduct a verification by means of:

- (a) written requests for additional information from the exporter or producer; through the competent authority of the exporting Party;
- (b) requests that the competent authority of the exporting Party assists in verifying the origin of the good; or
- (c) verification visits to the premises of an exporter or producer in the territory of the other Party, along with officials of the competent authority of the exporting Party to review the

facilities, the production processes of the good and the records referred to in Article 3.24, including accounting files.

2. Requests made under paragraph 1 by the competent authority of the importing Party and all the information provided in response shall be in English.

3. For purposes of paragraph 1(a):

- (a) the written request for additional information made by the importing Party will indicate that the time period the exporter or producer has to provide the information and documentation required will be 30 days from the date of the receipt of the written request or for such a longer period as the Parties may agree; and
- (b) where an exporter or producer fails to provide the information and documentation required within the period referred to in subparagraph (a), the importing Party may deny preferential tariff treatment to the good in question after providing at least a 30 days written notice to the exporter or producer to provide written comments or additional information that will be taken into account prior to completing the verification.

4. Where the competent authority of the importing Party requests assistance under paragraph 1(b):

- (a) it shall provide the competent authority of the exporting Party with:
 - (i) the reasons why such assistance for verification is requested;
 - (ii) the Proof of Origin of the good or copy thereof; and
 - (iii) any information and documents as may be necessary for purposes of such request.
- (b) the competent authority of the exporting Party shall provide the competent authority of the importing Party with a written statement in English, including facts and findings, and any supporting documents made available by the exporter or producer. This statement shall indicate clearly whether the documents are authentic and whether the good concerned is

originating and has fulfilled other requirements under this Chapter. If the good can be considered to be originating, the statement shall include a detailed explanation of how the good obtained the originating status; and

- (c) in case where the competent authority of the exporting Party fails to provide the written statement within 150 days following the date of the receipt of the request or where the written statement provided does not contain sufficient information, the importing Party may deny preferential tariff treatment to the relevant good.

5. Where the competent authority of the importing Party intends to conduct verification under paragraph 1(c):

- (a) prior to conducting a verification visit, the importing Party shall, through its customs office:
 - (i) deliver a written notification of its intention to conduct the visit to the exporter or producer whose premises are to be visited and the competent authority of the other Party; and
 - (ii) obtain the written consent of the exporter or producer whose premises are to be visited;
- (b) where an exporter or producer has not given its written consent to a proposed verification visit within 30 days of the receipt of notification pursuant to subparagraph (a), the notifying Party may deny preferential tariff treatment to the relevant good; and
- (c) upon receipt of notification pursuant to subparagraph (a), such an exporter or producer may, within 15 days of receiving the notification, have one opportunity to request to the Party conducting the verification for a postponement of the proposed verification visit, for a period not exceeding 60 days. This extension shall be notified to the competent authority of the importing and exporting Party.

6. The importing Party shall, within 12 months following the initiation of the verification, notify the importer and the exporting Party, including the exporter or producer through the competent authority of the exporting Party, in writing, of the determination whether the good is originating, as well as factual findings and the legal basis for the determination.

7. Where, at the time of importation, the competent authority of the importing Party has a reasonable doubt on the origin of a good, the good may be released upon a deposit or the payment of duties, pending the outcome of the verification. The deposit or duties paid shall be refunded once the outcome of the verification confirms that the good complies with the requirements under this Chapter.

8. A Party may suspend preferential tariff treatment to an importer on any subsequent import of a good when the competent authority of the Party had already determined that an identical good was not eligible for such treatment, until it is demonstrated that the good complies with the requirements under this Chapter.

9. A Party may provide all the information requested under this Article, supporting documents and all other related information electronically to the other Party.

Article 3.27: Penalties

Each Party shall maintain measures imposing criminal, civil, or administrative penalties for violations of its laws and regulations related to this Chapter.

Article 3.28: Denial of Preferential Tariff Treatment

Except otherwise provided in this Chapter, the importing Party may deny a claim for preferential tariff treatment or recover unpaid customs duties, in accordance with its domestic law, where:

- (a) the good does not meet the requirements of this Chapter; or
- (b) the exporter, producer, or importer of the good fails or has failed to comply with any of the relevant requirements for obtaining preferential tariff treatment.

Article 3.29: Non-Party Invoices

The customs authority in the importing Party shall not reject Proof of Origin only for the reason that the invoice is issued in the territory of a non-Party.

Article 3.30: Transitional Provisions for Goods in Transit or Storage

A Party shall accord preferential tariff treatment to an originating good that complies with the provisions of this Chapter and that, on the date of entry into force of this Agreement for that Party:

- (a) was in transit to that Party in accordance with Article 3.14; or
- (b) was in the territory of the importing Party in temporary storage in bonded warehouse or in free zones under customs control;

if a valid claim for preferential tariff treatment is submitted to the customs authority of the importing Party in accordance with Article 3.22, within 12 months of the date of entry into force of this Agreement for that Party.

Article 3.31: Cooperation between Competent Authorities

1. Each Party shall provide the names, specimen signatures, and stamp imprints of its competent authority and enabled entities which issue Certificate of Origin and any changes shall be notified to the other Party sufficiently in advance, indicating the date on which these changes will enter into force. Nevertheless, a Party shall not be required to provide such information if it maintains its own secured website containing relevant information of the Certificate of Origin it issues.

2. The Parties shall make available an updated information or list of approved exporters through a secure website or by e-mail. Such information or list includes:

- (a) the legal name of the approved exporter;
- (b) the authorization code of the approved exporter;
- (c) the issuance date and, if applicable, the expiry date of the authorization; and
- (d) a list of goods subject to the authorization, at least at the HS Chapter level.

3. Each party shall notify the information referred to in paragraphs 1 and 2 before entry into force of this Agreement.

4. In order to ensure the proper application of this Chapter, the Parties shall assist each other, through their competent authorities, in the verification

of the authenticity of the Certificates of Origin or Declarations of Origin and the accuracy of the information provided in such documents.

Article 3.32: Definitions

For purposes of this Chapter:

aquaculture means the farming of aquatic organisms, including fish, mollusks, crustaceans, other aquatic invertebrates, and aquatic plants, from seedstock such as eggs, fry, fingerlings, and larvae, by intervention in the rearing or growth processes to enhance production, such as regular stocking, feeding, protection from predators, etc.;

CIF means the value of the good in the country of origin inclusive of the cost of insurance and freight up to the port or place of entry in the country of importation;

competent authority means:

- (a) for Korea, the Ministry of Economy and Finance, and the Korea Customs Service, or their successors; and
- (b) for Ecuador, the Ministry of Production, Foreign Trade, Investments and Fisheries or the National Customs Service of Ecuador, or their successors;

customs authority means any authority that is responsible under the law of each Party for the administration and enforcement of its customs laws and regulations;

customs value means the value as determined in accordance with the Customs Valuation Agreement;

exporter means a person located in the territory of a Party from where a good is exported by such a person;

FOB means the value of the good free on board, inclusive of the cost of transportation to the port or site of final shipment abroad, regardless of the mode of transportation;

fungible goods or materials means goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical;

generally accepted accounting principles means recognized consensus or substantial authoritative support given in the territory of a Party, with respect to the recording of revenues, expenses, costs, assets, and liabilities, the disclosure of information and the preparation of financial statements. Generally accepted accounting principles may encompass broad guidelines for general application, as well as detailed standards, practices, and procedures;

good means any merchandise, product, article, or material;

identical goods means goods that are the same in all respects relevant to the particular rules of origin that qualify the goods as originating;

importer means a person located in the territory of a Party where a good is imported by such a person;

material means a good that is used in the production of another good, including any components, ingredients, raw materials, parts, or pieces;

non-originating good or non-originating material means a good or material that does not qualify as originating under this Chapter;

originating material means a material that qualifies as originating under Article 3.1;

producer means a person who engages in the production of a good in the territory of a Party; and

production means growing, raising, extracting, picking, gathering, mining, harvesting, fishing, trapping, hunting, manufacturing, processing, or assembling a good.

Annex 3-A
Product Specific Rules

Part 1: General Interpretative Notes

1. The Product Specific Rules (hereinafter referred to as “PSR”) apply to goods in the production process of which non-originating materials, as defined in Article 3.1.1.(c), have been used.
2. The PSR that applies to a chapter, heading, or subheading is set out opposite the chapter, heading, or subheading.
3. For the purpose of interpreting the PSR in this Annex:
 - (a) **Section** means a section of the Harmonized System;
 - (b) **Chapter** means the first two digits of the tariff classification number under the Harmonized System;
 - (c) **heading** means the first four digits of the tariff classification number under the Harmonized System; and
 - (d) **subheading** means the first six digits of the tariff classification number under the Harmonized System.
4. The following definitions apply to this Annex:
 - (a) **WO** means wholly obtained or produced entirely in the territory of a Party as established in Article 3.2;
 - (b) **CC** means Change of Chapter, i.e., non-originating materials must be classified in a chapter (two digits) different from the classification of the good;
 - (c) **CTH** means Change of Tariff Heading, i.e., the non-originating materials must be classified in a heading (four digits) different from the classification of the good;
 - (d) **CTSH** means Change of Tariff Subheading, i.e., the non-originating materials must be classified in a subheading (six digits) different from the classification of the good, and
 - (e) **RVC** means Regional Value Content, as established in Article 3.3.

5. Where, in some cases, the entry in the first column is preceded by an “ex”, this signifies that the PSR in column three apply only to the part of that subheading or heading as described in column two.
6. When a PSR excepts tariff codes at the level of a chapter, heading, or subheading, it shall be interpreted that the materials classified in excluded provisions must be originating.

Annex 3-B
Committee on Outward Processing Zones on the Korean Peninsula

1. Recognizing the Republic of Korea's constitutional mandate and security interests, and the Parties' commitment to promoting peace and prosperity on the Korean Peninsula, and the importance of intra-Korean economic cooperation toward that global goal, a Committee on Outward Processing Zones on the Korean Peninsula (hereinafter referred to as the "Committee") is established.
2. The Committee shall be comprised of officials of the Parties. The Committee shall meet within two years after entry into force of this Agreement and at least once a year thereafter, or at any time as mutually agreed.
3. The Committee shall review the conditions on the Korean Peninsula and identify geographic areas that may be designated as outward processing zones. The Committee shall also establish criteria to determine the originating status in the outward processing zones.

Appendix 3-A-1
Certificate of Origin

1. Exporter's name and address: Telephone: E-mail:			Certificate No.: STRATEGIC ECONOMIC AND COOPERATION AGREEMENT BETWEEN ECUADOR AND KOREA PREFERENTIAL TARIFF CERTIFICATE OF ORIGIN (Combined Declaration and Certificate) FORM KR-EC SECA Issued in ____ (Country)		
2. Producer's name and address: Telephone: E-mail:					
3. Importer's name and address: Telephone: E-mail:					
4. Means of transport and route (as far as known): Departure Date: / / Vessel/Flight/Train/Vehicle No: Port of discharge:			5. Remarks:		
6. Item number	7. Description of goods	8. HS code (Six digit code)	9. Origin criterion	10. Gross weight or other measurements	11. Number and date of invoice
12. Declaration by the exporter: The undersigned hereby declares that the above details and statement are correct, that all the goods were produced in (country) And that they comply with the origin requirements specified in the Korea-Ecuador SECA for the goods exported to (Importing Country) (Place and date, signature of authorized signatory)			13. Certification of the competent authority or enabled entity to issue Certificate of Origin: It is hereby certified that the information herein is correct and that the goods described comply with the origin requirements specified in the Korea-Ecuador SECA. (Place and date, name and surname, signature and stamp of the competent authority or enabled entity)		

**STRATEGIC ECONOMIC AND COOPERATION AGREEMENT
BETWEEN ECUADOR AND KOREA**

**INSTRUCTIONS FOR FILLING OUT THE CERTIFICATE OF
ORIGIN**

(It will not be necessary to reproduce the instructions for filling out the Certificate of Origin.)

For the purposes of requesting the corresponding preferential tariff treatment, this document shall be typed by the producer or exporter of the good or its authorized representative, and shall be issued by the competent authority or enabled entities of the exporting Party. This document will not be valid if it has any scratches, erasures or amendments.

For the purposes of filling out this Certificate of Origin:

Certificate No.: corresponds to a consecutive serial number assigned by the competent authority or enabled entities of the exporting Party to issue Certificate of Origin. This field must only be completed by the authority or entity.

Box 1: State the full legal name and address (including country), telephone number, email-address of the exporter.

Box 2: State the full legal name and address (including country), telephone number, email-address of the producer. If you wish this information to be confidential, it is acceptable to state "AVAILABLE UPON REQUEST".

Box 3: State the full legal name and address (including country), telephone number, email-address of the importer or consignee.

Box 4: Complete the means of transport and route and specify the departure date, transport vehicle No., and port of discharge.

Box 5: Any additional information may be included. However, in the following conditions, the remarks shall be as below:

Condition	Remark
A good is invoiced by a non-Party operator	"NON-PARTY INVOICING"
A Certificate of Origin is issued retrospectively	"ISSUED RETROSPECTIVELY"

A Certified true copy is issued	“CERTIFIED TRUE COPY of the original Certificate of Origin dated ”
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Box 6: State the serial number.

Box 7: Provide a full description of each good. The description should be sufficiently detailed to enable the goods to be identified by the Customs Officers examining them and relate them to the invoice description.

Box 8: For each good described in Box 7, identify HS Code to six digits.

Box 9: The exporter must indicate in Box 9 the origin criteria on the basis of which he/she claims that the goods qualify for preferential tariff treatment, in the manner shown in the following table:

Origin criteria	Insert in Box 9
(a) Goods wholly obtained or produced entirely in the territory of the exporting Party, in accordance with Article 3.1.1(a).	“WO”
(b) Goods produced entirely in the territory of one or both of the Parties exclusively from originating materials, in accordance with Article 3.1.1(b).	“PE”
(c) Goods satisfying the Product Specific Rules set out in Annex 3-A, in accordance with Article 3.1.1(c). - Change in Tariff Classification - Regional Value Content - Other	“CTC” “RVC” Ex) “CTC+RVC”, “CTC or RVC”

Box 10: Gross weight in Kilos should be shown here. Other units of measurement e.g. volume which would indicate exact quantities may be used when customary.

Box 11: Invoice number and date of invoice should be shown here. In case where a good is invoiced by a non-Party operator and the number and date of the commercial invoice is unknown, the number and date of the original commercial invoice, issued in the exporting Party, shall be indicated in this box.

Box 12: This box shall be completed, signed and, dated by the exporter or producer.

Box 13: This box shall be completed, signed, dated, and stamped by the authorized person of the competent authority or enabled entity.

Appendix 3-A-2

Declaration of Origin¹

The Declaration of Origin referred to in Article 3.18, the text of which is given below, must be completed in English in accordance with the footnotes. However, the footnotes do not have to be reproduced:

“The approved exporter of the goods covered by this document with authorization No ²... declares that, except where otherwise clearly indicated, these goods are of ... ³ with preferential origin of the Korea-Ecuador SECA.”

.....
(Place and date⁴)

.....
(Signature of the exporter; in addition, the name and surname of the person signing the declaration has to be indicated in clear script)⁵

¹ An invoice declaration shall be made out by the exporter by typing, stamping or printing on the invoice, the delivery note or another commercial document.

² The authorization number of the approved exporter shall be entered in this space.

³ The origin of the goods to be indicated (Korea, Ecuador). The use of ISO-Alpha-2 codes is permitted (KR, EC).

⁴ These indications may be omitted if the information is contained in the document itself.

⁵ In cases where the approved exporter is not required to sign, the exemption of signature also implies the exemption of the name of signatory.