



U.S. Customs and Border Protection

U.S.-Korea Free Trade Agreement: CBP's Enforcement Mechanisms

U.S. Customs and Border Protection (CBP) plays an integral role in the implementation and enforcement of free trade agreements, which provide duty-free or reduced duty access to the U.S. market for qualifying merchandise. CBP is responsible for assessing and collecting duties, taxes, and fees and ensuring compliance with all import laws. CBP works to ensure that the benefits afforded by Trade Agreements accrue only to eligible importations.

CBP will utilize its layered trade enforcement approach to ensure compliance with the U.S.-Korea Free Trade Agreement's (KORUS) provisions. If CBP finds violations, CBP will take action to recover duty losses, pursue penalties when necessary, and establish enforcement criteria to prevent future potential fraudulent claims.

CBP will use the various enforcement mechanisms listed below to implement KORUS. Many of these mechanisms are used in the enforcement of all Trade Agreements, but will be tailored to take into consideration factors that are unique to Korea and the provisions listed in KORUS.

Targeting High-Risk Imports

- CBP will conduct trend analysis to spot unusual trade patterns such as U.S. imports of products that South Korea does not produce.
- CBP will monitor the emergence of new importers or changes in importer behavior.
- CBP will review intelligence provided by other governments or industry.
- Under KORUS, CBP can also take several other courses of action, including but not limited to: conducting comprehensive cargo exams or importer audits and performing laboratory analysis on the contents of imports.

Trade Agreement Verifications

- Under KORUS, CBP will conduct extensive verifications as warranted of imports that seek preferential duty treatment to ensure that they legitimately qualify under the agreement.
- CBP will request documentation from importers to substantiate their preference claims, as needed. If an importer cannot substantiate its preference claim, CBP will bill the importer for the duty amount owed, as well as other associated fees.
- Under KORUS, CBP can visit South Korean factories to validate a factory's production capability as well as compliance of the goods with the requirements of KORUS. If a factory does not have the facilities to produce goods or documentation to support a KORUS claim, CBP can deny duty-free treatment under KORUS on future shipments.

- CBP can also visit South Korean exporters or any other individuals or companies that may have evidence relative to the verification of a KORUS claim.
- CBP can deny the preferential treatment granted under the agreement to any good when verification can not be completed because of a lack of cooperation from the foreign entity.

Textiles and Apparel Goods

- KORUS includes provisions similar to other Trade Agreements that allow CBP to address major concerns of the U.S. business community, such as the transshipment of textile or apparel goods from China or other countries to take advantage of the duty preference.
- Under KORUS, CBP can visit South Korean textile factories to validate a factory's production capability as well as compliance of the goods with the requirements of KORUS. If a factory does not have the facilities to produce goods or documentation to support a KORUS claim, CBP can deny duty-free treatment under KORUS on future shipments.
- CBP can also visit South Korean exporters or any other individuals or companies that may have evidence relative to the verification of a KORUS claim.
- CBP can deny the preferential treatment granted under the agreement to any textile or apparel good when verification can not be completed because of a lack of cooperation from the foreign entity.
- Korea is required to provide CBP with an annual report detailing those factories that are involved in textile and apparel production. This information will be used to validate legitimate yarn, fabric, and apparel producers to assist CBP with their targeting.