

KOREA- AUSTRALIA

FREE TRADE AGREEMENT



CHEESE AND BUTTER TO KOREA

KAFTA BENEFITS FOR CHEESE AND BUTTER

The Korea-Australia Free Trade Agreement (KAFTA) came into force in December 2014, bringing significant benefits for Australian exporters. When KAFTA is fully implemented, tariffs on 99.7 per cent of exports to Korea will be eliminated. The agreement helps level the playing field for food exporters competing with companies from the US, EU, Chile and the Association of Southeast Asian Nations, which all benefit from existing trade deals with Korea.

Under KAFTA all cheese receives a duty-free quota of 4,912 tonnes on 12 December 2014, which increases by 3 per cent per annum (compound) until the tariff is eliminated. The tariff on cheddar cheese will reduce from 27.8 per cent currently to 24.7 per cent on 1 January 2017 and will be

eliminated by 2026. Cream cheese and mozzarella cheese tariffs will reduce from 30 per cent currently to 28 per cent on 1 January 2017, and will be eliminated by 2031. Gouda, Camembert, and Emmental cheese tariffs will reduce from 30.6 per cent currently to 28.8 per cent on 1 January 2017 and will be eliminated by 2033.

The duty free quota on butter is 118 tonnes from 1 January 2016, increasing 2 per cent per annum until the tariff is eliminated. The tariff on butter will reduce from 71.2 per cent currently to 65.2 per cent on 1 January 2017, and will be eliminated by 2028. Dairy spreads are now tariff free. The tariff on margarine will reduce from 5.6 per cent currently to 4.8 per cent on 1 January 2017, to be eliminated by 2023.

‘There are opportunities for string cheese which is used in pizza dough, cheese aimed at children, and contract manufactured cheese for companies or retailers.’

– Industry expert, Korea

These tariff cuts help improve Australia’s competitiveness and make it an ideal time for exporters to enter Korea. Korean consumers have an appetite for imported premium products, and Australian companies offering high-quality cheese, butter and margarine with distinctive packaging and branding will find a growing market for their goods.

This document provides an overview of the cheese and butter market in Korea to help Australian companies plan their export strategy. Exporters are encouraged to undertake their own market research and refer to the Free Trade Agreement Portal (ftaportal.dfat.gov.au) developed by the Department of Foreign Affairs and Trade (DFAT) for more information on tariff cuts. Austrade can also provide insights and assistance to support a successful market entry.



Australian Government

Austrade



MARKET SNAPSHOT

Korea imports more than 70 per cent of its food and agriculture products.¹ The market for imported packaged food is rapidly growing and diversifying. Consumer tastes are changing and demand for luxury and high-quality food products is increasing.

The overall market value for cheese is US\$319 million.² Sliced cheddar is the most common processed cheese but mozzarella, gorgonzola, Gouda and camembert are gaining in popularity, and more Koreans are eating cheese with wine.³ Soft cheese – in particular string cheese and grated – is used for pizzas, instant noodles and fried rice.

‘Importers import a high volume of compound butter that can be mixed with vegetable oil, as long as the dairy fat is less than 80 per cent it can be classified as blended butter and the import duty is only 80 per cent. There are many local products on the market along with product from the US and Europe.’

– Industry expert, Korea

Organic and functional cheese with reduced fat, multivitamins and dietary fibre was targeted at babies but in recent years is being marketed more broadly to appeal to health-conscious adults. Leading brands include Sangha (Maeil Dairies) with 17.8 per cent of market share, De Vinch (Namyang Dairy Products) with 14.1 per cent share, private label with 8.4 per cent share, Denmark (Dongwon F&B Co) with 7.6 per cent share and Seoul (Seoul Dairy Cooperative)

with 7.4 per cent share. Philadelphia, distributed by Dongsuh Foods, dominates Korea’s spreadable processed cheese market with 78 per cent market share. Leading cheese manufacturers include Seoul Dairy Cooperative, which holds 31.7 per cent market share, Maeil Dairies (21.1 per cent share), Namyang Dairy (14.1 per cent share), Dongwon F&B (11.1 per cent share) and Dongsuh Foods (3.6 per cent share). The lead exporter of cheese to Korea is the US, followed by New Zealand, France, Australia and other European countries such as Germany, Italy, the Netherlands and Denmark, with total exports of cheese and curd at US\$475 million.⁴ Consumption of cheese is increasing in Korea, with most imported in bulk and manufactured locally.

The overall market for butter and margarine is valued at US\$23.8 million.⁵ The butter category is growing as more Korean consumers adopt a preference for bread and butter and French toast for breakfast. Margarine is less popular due to cultural perceptions that they are made with palm oil and trans-fats, despite the fact that the industry is producing healthier alternatives without trans-fat.

In Korea most butter contains less than 50 per cent vegetable oil fats and is strengthened with other non-trans-fat oils. CJ Cheiljendang is a leader in oils and fats.⁶ Seoul Dairy is the leading butter brand and other well-known brands include Lotte Chefood Home Butter and Lurpack. Dongwon and Namyang are other noteworthy manufacturers. Dairy spread exports come from countries including the US, Singapore, Malaysia and New Zealand, with total exports in 2015 totalling US\$108 million.⁷

CHEESE, BUTTER AND MARGARINE HS CODES AND TARIFF RATES FROM DECEMBER 2014

The following table provides an overview of the tariff reductions under KAFTA for select cheese, butter and margarine HS codes. Refer to the DFAT Free Trade Agreement portal for more detailed information.

NE = not exceeding E = exceeding MT = metric ton p.a. = annually

HS code (HS2012)	Description	Base Rate	Staging Category	Tariff rate (%)																
				Year 1 12/12/14	Year 2 1/1/15	Year 3 1/1/16	Year 4 1/1/17	Year 5 1/1/18	Year 6 1/1/19	Year 7 1/1/20	Year 8 1/1/21	Year 9 1/1/22	Year 10 1/1/23							
0405	Butter and other fats and oils derived from milk; dairy spreads																			
0405100000	Butter	89	See paragraph 6 Appendix 2A-1 of the schedule of Korea	0.0 (NE 113 MT p.a.) 83.0 (E 113 MT p.a.)	0.0 (NE 115 MT p.a.) 77.1 (E 115 MT p.a.)	0.0 (NE 118 MT p.a.) 71.2 (E 118 MT p.a.)	0.0 (NE 120 MT p.a.) 65.2 (E 120 MT p.a.)	0.0 (NE 122 MT p.a.) 59.3 (E 122 MT p.a.)	0.0 (NE 125 MT p.a.) 53.4 (E 125 MT p.a.)	0.0 (NE 127 MT p.a.) 47.4 (E 127 MT p.a.)	0.0 (NE 130 MT p.a.) 41.5 (E 130 MT p.a.)	0.0 (NE 132 MT p.a.) 35.6 (E 132 MT p.a.)	0.0 (NE 135 MT p.a.) 29.6 (E 135 MT p.a.)							
0405200000	Dairy spreads	8	3	5.3	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0							
0405900000	Other	89	See paragraph 6 Appendix 2A-1 of the schedule of Korea	0.0 (NE 113 MT p.a.) 83.0 (E 113 MT p.a.)	0.0 (NE 115 MT p.a.) 77.1 (E 115 MT p.a.)	0.0 (NE 118 MT p.a.) 71.2 (E 118 MT p.a.)	0.0 (NE 120 MT p.a.) 65.2 (E 120 MT p.a.)	0.0 (NE 122 MT p.a.) 59.3 (E 122 MT p.a.)	0.0 (NE 125 MT p.a.) 53.4 (E 125 MT p.a.)	0.0 (NE 127 MT p.a.) (E 127 MT p.a.) 47.4	0.0 (NE 130 MT p.a.) 41.5 (E 130 MT p.a.)	0.0 (NE 132 MT p.a.) 35.6 (E 132 MT p.a.)	0.0 (NE 135 MT p.a.) 29.6 (E 135 MT p.a.)							
0406	Cheese and curd																			
040610	Fresh (unripened or uncurd) cheese, including whey cheese, and curd																			
04061010	Fresh cheese																			
0406101010	Mozzarella cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 34.0 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 32.0 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 30.0 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 28.0 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 26.0 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 24.0 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 22.0 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 20.0 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 18.0 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 16.0 (E 6,041 MT p.a.)							
0406101020	Cream cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 34.0 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 32.0 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 30.0 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 28.0 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 26.0 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 24.0 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 22.0 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 20.0 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 18.0 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 16.0 (E 6,041 MT p.a.)							
0406101090	Other	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 34.0 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 32.0 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 30.0 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 28.0 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 26.0 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 24.0 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 22.0 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 20.0 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 18.0 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 16.0 (E 6,041 MT p.a.)							
0406102000	Curd	36	15	33.6	31.2	28.8	26.4	24.0	21.6	19.2	16.8	14.4	12.0							
0406200000	Grated or powdered cheese, of all kinds	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 34.2 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 32.4 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 30.6 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 28.8 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 27.0 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 25.2 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 23.4 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 21.6 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 19.8 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 18.0 (E 6,041 MT p.a.)							
0406300000	Processed cheese, not grated or powdered	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 34.0 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 32.0 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 30.0 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 28.0 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 26.0 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 24.0 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 22.0 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 20.0 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 18.0 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 16.0 (E 6,041 MT p.a.)							
0406400000	Blue-veined cheese and other cheese containing veins produced by <i>Penicillium roqueforti</i>	36	15	33.6	31.2	28.8	26.4	24.0	21.6	19.2	16.8	14.4	12.0							
040690	Other cheese																			
0406901000	Cheddar cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 33.2 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 30.4 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 27.6 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 24.9 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 22.1 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 19.3 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 16.6 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 13.8 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 11.0 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 8.3 (E 6,041 MT p.a.)							
0406902000	Gouda cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 34.2 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 32.4 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 30.6 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 28.8 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 27.0 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 25.2 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 23.4 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 21.6 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 19.8 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 18.0 (E 6,041 MT p.a.)							
0406903000	Camembert cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 34.2 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 32.4 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 30.6 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 28.8 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 27.0 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 25.2 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 23.4 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 21.6 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 19.8 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 18.0 (E 6,041 MT p.a.)							
0406904000	Emmental cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 34.2 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 32.4 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 30.6 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 28.8 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 27.0 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 25.2 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 23.4 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 21.6 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 19.8 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 18.0 (E 6,041 MT p.a.)							
0406909000	Other	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 4,630 MT p.a.) 34.2 (E 4,630 MT p.a.)	0.0 (NE 4,769 MT p.a.) 32.4 (E 4,769 MT p.a.)	0.0 (NE 4,912 MT p.a.) 30.6 (E 4,912 MT p.a.)	0.0 (NE 5,059 MT p.a.) 28.8 (E 5,059 MT p.a.)	0.0 (NE 5,211 MT p.a.) 27.0 (E 5,211 MT p.a.)	0.0 (NE 5,367 MT p.a.) 25.2 (E 5,367 MT p.a.)	0.0 (NE 5,528 MT p.a.) 23.4 (E 5,528 MT p.a.)	0.0 (NE 5,694 MT p.a.) 21.6 (E 5,694 MT p.a.)	0.0 (NE 5,865 MT p.a.) 19.8 (E 5,865 MT p.a.)	0.0 (NE 6,041 MT p.a.) 18.0 (E 6,041 MT p.a.)							
1517	Margarine; edible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this Chapter, other than edible fats or oils or their fractions of heading 15.16																			
1517100000	Margarine, excluding liquid margarine	8	10	7.2	6.4	5.6	4.8	4.0	3.2	2.4	1.6	0.8	0.0							
151790	Other																			
1517901000	Imitation lard	8	7	6.8	5.7	4.5	3.4	2.2	1.1	0.0	0.0	0.0	0.0							
1517902000	Shortening	8	7	6.8	5.7	4.5	3.4	2.2	1.1	0.0	0.0	0.0	0.0							
1517909000	Other	8	10	7.2	6.4	5.6	4.8	4.0	3.2	2.4	1.6	0.8	0.0							

HS code (HS2012)	Description	Base Rate	Staging Category	Tariff rate (%)										
				Year 11 12/12/24	Year 12 1/1/25	Year 13 1/1/26	Year 14 1/1/27	Year 15 1/1/28	Year 16 1/1/29	Year 17 1/1/30	Year 18 1/1/31	Year 19 1/1/32	Year 20 1/1/33	
0405	Butter and other fats and oils derived from milk; dairy spreads													
0405100000	Butter	89	See paragraph 6 Appendix 2A-1 of the schedule of Korea	0.0 (NE 138 MT p.a.) 23.7 (E 138 MT p.a.)	0.0 (NE 141 MT p.a.) 17.8 (E 141 MT p.a.)	0.0 (NE 143 MT p.a.) 11.8 (E 143 MT p.a.)	0.0 (NE 146 MT p.a.) 5.9 (E 146 MT p.a.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0405200000	Dairy spreads	8	3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0405900000	Other	89	See paragraph 6 Appendix 2A-1 of the schedule of Korea	0.0 (NE 141 MT p.a.) 17.8 (E 141 MT p.a.)	0.0 (NE 118 MT p.a.) 71.2 (E 118 MT p.a.)	0.0 (NE 143 MT p.a.) 11.8 (E 143 MT p.a.)	0.0 (NE 146 MT p.a.) 5.9 (E 146 MT p.a.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0406	Cheese and curd													
040610	Fresh (unripened or uncurd) cheese, including whey cheese, and curd													
04061010	Fresh cheese													
0406101010	Mozzarella cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 14.0 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 12.0 (E 6,409 MT p.a.)	0.0 (NE 4,443 MT p.a.) 10.0 (E 4,443 MT p.a.)	0.0 (NE 4,576 MT p.a.) 8.0 (E 4,576 MT p.a.)	0.0 (NE 4,714 MT p.a.) 6.0 (E 4,714 MT p.a.)	0.0 (NE 4,855 MT p.a.) 4.0 (E 4,855 MT p.a.)	0.0 (NE 5,001 MT p.a.) 2.0 (E 5,001 MT p.a.)	0.0	0.0	0.0	0.0
0406101020	Cream cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 14.0 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 12.0 (E 6,409 MT p.a.)	0.0 (NE 4,443 MT p.a.) 10.0 (E 4,443 MT p.a.)	0.0 (NE 4,576 MT p.a.) 8.0 (E 4,576 MT p.a.)	0.0 (NE 4,714 MT p.a.) 6.0 (E 4,714 MT p.a.)	0.0 (NE 4,855 MT p.a.) 4.0 (E 4,855 MT p.a.)	0.0 (NE 5,001 MT p.a.) 2.0 (E 5,001 MT p.a.)	0.0	0.0	0.0	0.0
0406101090	Other	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 14.0 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 12.0 (E 6,409 MT p.a.)	0.0 (NE 4,443 MT p.a.) 10.0 (E 4,443 MT p.a.)	0.0 (NE 4,576 MT p.a.) 8.0 (E 4,576 MT p.a.)	0.0 (NE 4,714 MT p.a.) 6.0 (E 4,714 MT p.a.)	0.0 (NE 4,855 MT p.a.) 4.0 (E 4,855 MT p.a.)	0.0 (NE 5,001 MT p.a.) 2.0 (E 5,001 MT p.a.)	0.0	0.0	0.0	0.0
0406102000	Curd	36	15	9.6	7.2	4.8	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0406200000	Grated or powdered cheese, of all kinds	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 16.2 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 14.4 (E 6,409 MT p.a.)	0.0 (NE 4,443 MT p.a.) 12.6 (E 4,443 MT p.a.)	0.0 (NE 4,576 MT p.a.) 10.8 (E 4,576 MT p.a.)	0.0 (NE 4,714 MT p.a.) 9.0 (E 4,714 MT p.a.)	0.0 (NE 4,855 MT p.a.) 7.2 (E 4,855 MT p.a.)	0.0 (NE 5,001 MT p.a.) 5.4 (E 5,001 MT p.a.)	0.0 (NE 383 MT p.a.) 3.6 (E 383 MT p.a.)	0.0 (NE 6,041 MT p.a.) 18.0 (E 6,041 MT p.a.)	0.0	0.0
0406300000	Processed cheese, not grated or powdered	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 14.0 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 12.0 (E 6,409 MT p.a.)	0.0 (NE 4,443 MT p.a.) 10.0 (E 4,443 MT p.a.)	0.0 (NE 4,576 MT p.a.) 8.0 (E 4,576 MT p.a.)	0.0 (NE 4,714 MT p.a.) 6.0 (E 4,714 MT p.a.)	0.0 (NE 4,855 MT p.a.) 4.0 (E 4,855 MT p.a.)	0.0 (NE 5,001 MT p.a.) 2.0 (E 5,001 MT p.a.)	0.0	0.0	0.0	0.0
0406400000	Blue-veined cheese and other cheese containing veins produced by <i>Penicillium roqueforti</i>	36	15	9.6	7.2	4.8	2.4	24.0	0.0	0.0	0.0	0.0	0.0	0.0
040690	Other cheese													
0406901000	Cheddar cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 5.5 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 2.7 (E 6,409 MT p.a.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0406902000	Gouda cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 16.2 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 14.4 (E 6,409 MT p.a.)	0.0 (NE 4,443 MT p.a.) 12.6 (E 4,443 MT p.a.)	0.0 (NE 4,576 MT p.a.) 10.8 (E 4,576 MT p.a.)	0.0 (NE 4,714 MT p.a.) 9.0 (E 4,714 MT p.a.)	0.0 (NE 4,855 MT p.a.) 7.2 (E 4,855 MT p.a.)	0.0 (NE 5,001 MT p.a.) 5.4 (E 5,001 MT p.a.)	0.0 (NE 383 MT p.a.) 3.6 (E 383 MT p.a.)	0.0 (NE 394 MT p.a.) 1.8 (E 394 MT p.a.)	0.0	0.0
0406903000	Camembert cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 16.2 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 14.4 (E 6,409 MT p.a.)	0.0 (NE 4,443 MT p.a.) 12.6 (E 4,443 MT p.a.)	0.0 (NE 4,576 MT p.a.) 10.8 (E 4,576 MT p.a.)	0.0 (NE 4,714 MT p.a.) 9.0 (E 4,714 MT p.a.)	0.0 (NE 4,855 MT p.a.) 7.2 (E 4,855 MT p.a.)	0.0 (NE 5,001 MT p.a.) 5.4 (E 5,001 MT p.a.)	0.0 (NE 383 MT p.a.) 3.6 (E 383 MT p.a.)	0.0 (NE 394 MT p.a.) 1.8 (E 394 MT p.a.)	0.0	0.0
0406904000	Emmental cheese	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 16.2 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 14.4 (E 6,409 MT p.a.)	0.0 (NE 4,443 MT p.a.) 12.6 (E 4,443 MT p.a.)	0.0 (NE 4,576 MT p.a.) 10.8 (E 4,576 MT p.a.)	0.0 (NE 4,714 MT p.a.) 9.0 (E 4,714 MT p.a.)	0.0 (NE 4,855 MT p.a.) 7.2 (E 4,855 MT p.a.)	0.0 (NE 5,001 MT p.a.) 5.4 (E 5,001 MT p.a.)	0.0 (NE 383 MT p.a.) 3.6 (E 383 MT p.a.)	0.0 (NE 394 MT p.a.) 1.8 (E 394 MT p.a.)	0.0	0.0
0406909000	Other	36	See paragraph 7 Appendix 2A-1 of the schedule of Korea	0.0 (NE 6,222 MT p.a.) 16.2 (E 6,222 MT p.a.)	0.0 (NE 6,409 MT p.a.) 14.4 (E 6,409 MT p.a.)	0.0 (NE 4,443 MT p.a.) 12.6 (E 4,443 MT p.a.)	0.0 (NE 4,576 MT p.a.) 10.8 (E 4,576 MT p.a.)	0.0 (NE 4,714 MT p.a.) 9.0 (E 4,714 MT p.a.)	0.0 (NE 4,855 MT p.a.) 7.2 (E 4,855 MT p.a.)	0.0 (NE 5,001 MT p.a.) 5.4 (E 5,001 MT p.a.)	0.0 (NE 383 MT p.a.) 3.6 (E 383 MT p.a.)	0.0 (NE 394 MT p.a.) 1.8 (E 394 MT p.a.)	0.0	0.0
1517	Margarine; edible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this Chapter, other than edible fats or oils or their fractions of heading 15.16													
1517100000	Margarine, excluding liquid margarine	8	10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
151790	Other													
1517901000	Imitation lard	8	7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1517902000	Shortening	8	7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1517909000	Other	8	10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Separate to KAFTA, each party is able to unilaterally reduce its MFN-applied tariff at any time. For example, countries might temporarily reduce a tariff for a commodity that is in short supply. Traders will need to assess whether it is more advantageous to import under the preferential tariff under the Agreement or the current MFN-applied tariff.

HOW TO USE KAFTA TO EXPORT PRODUCTS TO KOREA

Preferential KAFTA tariffs are not applied automatically in Korea, follow the four steps below to take advantage of KAFTA.

- ▶ **1.** Identify the correct HS codes for your product with the Korea Customs Service and your importer or freight forwarder.

If necessary get an advance ruling from the Korea Customs Service (customs.go.kr) with the assistance of your importer.
- ▶ **2.** Visit the DFAT Free Trade Agreement Portal to confirm how your products will be treated under KAFTA in terms of tariff reduction and tariff quota.
- ▶ **3.** Review the Free Trade Agreement Portal to ensure your products meet the criteria for 'Australian Origin'.
FTA Portal: ftaportal.dfat.gov.au

- ▶ **4.** Prepare certification of origin for your products.

KAFTA allows Australian exporters to self-certify the origin of their goods by preparing an Origin Certification Document (OCD). Instructions on self-certification are included in DFAT's [Guide to using KAFTA to export and import goods](#).

You can also certify origin by obtaining a Certificate of Origin (COO) from the Australian Chamber of Commerce and Industry (ACCI) and Australian Industry Group (AIG), the accredited certifiers in Australia.

ACCI: acci.asn.au

AIG: aigroup.com.au

In-depth detail of the above four steps are included in DFAT's [Guide to using KAFTA to export and import goods](#).

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