

CHAPTER 4
CUSTOMS PROCEDURES AND TRADE FACILITATION

ARTICLE 4.1: PUBLICATION AND TRANSPARENCY

1. The Parties shall promptly publish or otherwise make publicly available, including on the Internet, their laws, regulations, administrative procedures, and administrative rulings of general application in customs matters that pertain to or affect the operation of this Agreement, so as to enable interested persons and parties to become acquainted with them.

2. Each Party shall designate or maintain one or more inquiry points to address information requests by interested persons concerning customs matters and shall make available, on the Internet, information concerning the procedures for making such inquiries.

ARTICLE 4.2: CUSTOMS COOPERATION

1. The Parties shall cooperate in order to ensure the implementation and operation of this Agreement as they relate to:

- (a) importations or exportations within the framework of this Agreement;
- (b) preferential treatment and claims procedures;
- (c) verification procedures;
- (d) customs valuation;
- (e) tariff classification of goods; and
- (f) restrictions or prohibitions on imports and/or exports.

2. Each Party shall designate official contact points and provide details thereof to the other Party, with a view to facilitate the effective implementation of Chapter 3 (Rules of Origin) and of this Chapter. If a matter cannot be resolved through the contact points, it shall be referred to the Committee on Rules of Origin, Customs Procedures and Trade Facilitation established in Article 4.13.

ARTICLE 4.3: TRADE FACILITATION

1. The Parties shall apply their respective customs laws and procedures in a transparent, consistent, and predictable manner in order to facilitate the free flow of trade under this Agreement.
2. Pursuant to paragraph 1, the Parties shall:
 - (a) simplify their customs procedures to the greatest extent possible; and
 - (b) make use of information and communications technology in their customs procedures.
3. The Parties shall endeavor to improve trade facilitation by mutual consultations and exchange of information between their respective Customs Authorities, according to each Party's law.

ARTICLE 4.4: RELEASE OF GOODS

1. Each Party shall endeavor to ensure that its Customs Authority and other competent authorities adopt or maintain procedures that:
 - (a) provide for the release of goods within a period no greater than required to ensure compliance with its customs laws;
 - (b) provide for advance electronic submission and processing of information before the physical arrival of goods to enable their release upon arrival; and
 - (c) allow goods to be released at the point of arrival, without temporary transfer to warehouses or other facilities.
2. Each Party shall endeavor, when possible and in accordance with its law, to enable competent administrative entities, intervening in control and physical inspection of goods, either imports or exports, to perform their activities simultaneously and in a single place.

ARTICLE 4.5: AUTOMATION

1. The Parties shall endeavor to use information technology that expedites the procedures for releasing goods. When choosing the information technology to be used for that purpose, each Party shall:
 - (a) make efforts to use standards and practices internationally recognized;
 - (b) make electronic systems accessible to the authorized users according to each Party's law;

- (c) provide for electronic submission and processing of information and data before the arrival of the shipment in order to allow the release of the goods upon arrival, in accordance with the provisions of Article 4.4;
- (d) apply electronic or automated systems for risk analysis;
- (e) where possible and according to each Party's law, work towards developing electronic systems that are compatible between the customs authorities of each Party in order to facilitate the exchange of bilateral trade data; and
- (f) endeavor to work together to develop a set of processes and common data elements in accordance with *World Customs Organization (WCO) Customs Data Model and Related WCO Recommendations and Guidelines*.

ARTICLE 4.6: EXPRESS SHIPMENTS

Each Party shall adopt or maintain separate customs procedures for the expedited release of express shipments. These procedures shall:

- (a) to the extent possible or where applicable, provide for advance electronic submission and processing of information before physical arrival of express shipments to enable their release upon arrival;
- (b) according to each Party's law and where applicable, may allow a shipper to submit a document covering all goods contained in a shipment, if possible by electronic means;
- (c) to the extent possible, reduce the documents required for clearance of express shipments and provide for clearance of certain goods with a minimum of documentation; and
- (d) allow a shipment to be dispatched as soon as possible, after the presentation of the necessary information for its release.

ARTICLE 4.7: RISK MANAGEMENT

1. Each Party shall endeavor to adopt or maintain a risk management system that enables its Customs Authority to focus its inspection on high-risk consignments and expedite the release of low-risk consignments through customs.

2. The above shall not preclude a Party from conducting control which may require more extensive examinations.

ARTICLE 4.8: ADVANCE RULINGS

1. In accordance with its law, each Party shall endeavor to provide, through its Customs or other competent authorities, the expeditious issuance of written advance rulings.
2. Subject to the provisions of Chapter 3 (Rules of Origin) and each Party's law, the Customs Authorities shall issue an advance ruling concerning:
 - (a) the tariff classification of goods;
 - (b) compliance with the rules of origin as set forth in Chapter 3 (Rules of Origin) of this Agreement; as well as the eligibility of such goods for preferential treatment under this Agreement.
 - (c) other matters that the Parties agree upon, subject to the law of each Party.
3. Each Party shall adopt or maintain procedures for the issuance of such advance rulings, including the details of the information required for processing an application for a ruling.
4. A Party may decline to issue an advance ruling if the facts and circumstances, that are the basis of the advance ruling, are subject to an investigation or an administrative or judicial review. The Party that declines to issue an advance ruling shall promptly notify the applicant in writing, and will set forth the relevant facts and the basis for its decision.
5. Each Party shall provide that advance rulings shall be in force from their date of issuance or another date specified in the ruling. Notwithstanding paragraphs 1 to 4, an advance ruling shall remain in force, provided that the facts or circumstances on which the ruling is based remain unchanged, or for the period specified in the laws, regulations or administrative rulings of the importing Party.
6. To the extent possible, each Party shall permit the electronic filing of advance rulings and processing of information before the arrival of goods.

ARTICLE 4.9: AUTHORIZED ECONOMIC OPERATORS

1. The Parties shall promote the implementation of the Authorized Economic Operator (hereinafter referred to as "AEO") according to *World Customs Organization SAFE Framework of Standards*.
2. Each Party shall promote the granting of AEO status to its economic operators with a view of achieving trade facilitation benefits.
3. The Parties shall endeavor to promote a mutual recognition agreement for Approved Economic Operators (AEOs).

ARTICLE 4.10: REVIEW AND APPEAL

Regarding its decisions on customs matters, each Party shall grant access to:

- (a) at least one level of administrative review, within the same institution of the official or authority responsible for the decisions under review, higher than or independent of the official or authority that issued the decision; and
- (b) judicial review of the decision taken at the final level of administrative review.

ARTICLE 4.11: PENALTIES

Each Party shall endeavor to adopt or maintain measures that allow for the imposition of civil or administrative penalties for violations of its customs laws and regulations.

ARTICLE 4.12: CONFIDENTIALITY

1. A Party shall maintain confidentiality of the information provided by the other Party pursuant to Chapter 3 (Rules of Origin) and this Chapter, and will protect it from disclosure that could prejudice the competitive position of the person providing the information. Any violation of confidentiality shall be treated in accordance with the law of each Party.

2. Such information shall not be disclosed without the specific permission of the Party providing such information, except to the extent that it may be required to be disclosed for law enforcement purposes or in the course of judicial proceedings.

ARTICLE 4.13: COMMITTEE ON RULES OF ORIGIN, CUSTOMS PROCEDURES AND TRADE FACILITATION

1. The Parties agree to establish a Committee on Rules of Origin, Customs Procedures and Trade Facilitation comprising by representatives of each Party to address the following issues:

- (a) monitoring the implementation and administration of Chapter 3 (Rules of Origin), and this Chapter;
- (b) review and recommend to the Joint Committee any changes to Annex 3-A (Specific Rules of Origin), including amendments to the HS;
- (c) any other issue related of Chapter 3 (Rules of Origin), and this Chapter.

2. The Committee on Rules of Origin, Customs Procedures and Trade Facilitation will meet within one (1) year from the date of entry into force of this Agreement and shall meet thereafter as agreed upon by the Parties
3. All decisions of the Committee on Rules of Origin, Customs Procedures and Trade Facilitation shall be taken by mutual consent.