

## CHAPTER FOUR

### ORIGIN PROCEDURES AND TRADE FACILITATION

#### Section A – Certification of Origin

##### Article 4.1: Certificate of Origin

1. The Parties shall establish, by the date of entry into force of this Agreement, a Certificate of Origin to certify that a good exported from the territory of a Party into the territory of the other Party qualifies as an originating good. This Certificate of Origin may be modified as agreed by the Parties.
2. Each Party may require that a Certificate of Origin for a good imported into its territory is completed in, or translated into, a language required under its domestic law.<sup>1</sup>
3. Each Party shall:
  - (a) require an exporter in its territory to complete and sign a Certificate of Origin for the exportation of a good for which an importer may claim preferential tariff treatment upon importation of the good into the territory of the other Party; and
  - (b) provide that, when an exporter in its territory is not the producer of the good, the exporter may complete and sign a Certificate of Origin on the basis of:
    - (i) the exporter's knowledge of whether the good qualifies as an originating good;
    - (ii) the exporter's reasonable reliance on the producer's written representation that the good qualifies as an originating good; or
    - (iii) a completed and signed Certificate of Origin for the good voluntarily provided to the exporter by the producer.

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<sup>1</sup> For Korea, English or Korean; for Canada, English or French.

4. Paragraph 3 is not to be construed to require a producer to provide a Certificate of Origin to an exporter.

5. Each Party shall provide that a Certificate of Origin duly completed and signed by an exporter or a producer in the territory of the other Party is applicable to:

- (a) a single importation of one or more goods into the Party's territory; or
- (b) multiple importations of identical goods into the Party's territory that occur within a specified period, not exceeding 12 months, as set out in the Certificate of Origin by the exporter or producer.

6. The Certificate of Origin referred to in paragraph 3 shall be accepted as proof of origin for at least two years, or for a longer period as specified by the importing Party's laws and regulations, after the date on which the Certificate of Origin was signed.

7. Each Party shall accept a Certificate of Origin that has been completed and signed prior to the date of entry into force of this Agreement by the exporter or producer of an originating good imported into the territory of a Party on or after the date of entry into force of this Agreement.

#### **Article 4.2: Obligations Regarding Importations**

1. Except as provided in this Chapter, each Party shall require an importer in its territory that claims preferential tariff treatment for a good imported into its territory from the territory of the other Party to:

- (a) request preferential tariff treatment at the time of importation of an originating good, if required by the importing Party's customs administration;
- (b) make a written declaration, as prescribed by that Party's laws and regulations, that the good qualifies as an originating good;
- (c) have the Certificate of Origin in its possession at the time the declaration is made, if required by the importing Party's customs administration;

- (d) provide, on the request of that Party's customs administration, a copy of the Certificate of Origin and, if required by that customs administration, any other documentation relating to the importation of the good in accordance with the domestic law of the importing Party; and
- (e) promptly make a corrected declaration in a manner required by the customs administration of the importing Party and pay any duties owing where the importer has reason to believe that a Certificate of Origin on which a declaration was based contains information that is not correct.

2. Each Party shall provide that, if an importer in its territory claims preferential tariff treatment for a good imported into its territory from the territory of the other Party:

- (a) the Party may deny preferential tariff treatment to the good if the importer fails to comply with any requirement under this Chapter; and
- (b) the importer shall not be subject to penalties for the making of an incorrect declaration if it voluntarily makes a corrected declaration pursuant to paragraph 1(e), provided that the customs administration of the importing Party has not initiated a verification of origin pursuant to Article 4.6.

3. Each Party shall, in accordance with its domestic law, provide that where a good would have qualified as an originating good when it was imported into the territory of that Party, the importer of the good may, within a period of at least one year or for a longer period specified by the importing Party's domestic law after the date on which the good was imported, apply for a refund of any excess duties paid as the result of the good not having been accorded preferential tariff treatment.

#### **Article 4.3: Waiver of Certificate of Origin**

Each Party shall provide that a Certificate of Origin is not required for:

- (a) an importation of a good whose value does not exceed US\$1,000 or its equivalent amount in the Party's currency, or such higher amount as it may establish; or

- (b) an importation of a good for which the Party into whose territory the good is imported has waived the requirement for a Certificate of Origin,

provided that the importation is not part of a series of importations that may reasonably be considered to have been undertaken or arranged for the purpose of avoiding the certification requirements of Articles 4.1 and 4.2.

#### **Article 4.4: Obligations Regarding Exportations**

1. Each Party shall provide that:

- (a) an exporter in its territory, or a producer in its territory that has provided a copy of a Certificate of Origin to that exporter pursuant to Article 4.1.3(b)(iii), shall provide a copy of the Certificate of Origin and, if required, other documentation in accordance with the Party's domestic law, to its customs administration on request; and
- (b) an exporter or a producer in its territory that has completed and signed a Certificate of Origin, and that has reason to believe that the Certificate of Origin contains information that is not correct, shall promptly notify, in writing, every person to whom the Certificate of Origin was given by the exporter or producer, of a change that could affect the accuracy or validity of the Certificate of Origin.

2. Each Party:

- (a) shall provide that a false certification by an exporter or a producer in its territory that a good to be exported to the territory of the other Party qualifies as an originating good shall have the same legal consequences, with appropriate modifications, that would apply to an importer in its territory for a contravention of its customs laws and regulations regarding the making of a false statement or representation; and
- (b) may apply such measures as the circumstances warrant where an exporter or a producer in its territory fails to comply with a requirement of this Chapter.

3. A Party shall not impose penalties on an exporter or a producer in its territory that voluntarily provides written notification pursuant to paragraph 1(b) with respect to the making of an incorrect certification.

## **Section B – Administration and Enforcement**

### **Article 4.5: Record Keeping Requirements**

Each Party shall provide that:

- (a) an exporter or a producer in its territory that completes and signs a Certificate of Origin must maintain, in its territory, for five years after the date on which the Certificate of Origin was signed or for a longer period as specified by the Party, records relating to the origin of a good for which preferential tariff treatment was claimed in the territory of the other Party, including records associated with:
  - (i) the purchase of, cost of, value of, and payment for, the good that is exported from that Party's territory;
  - (ii) the purchase of, cost of, value of, and payment for, all materials, including indirect materials, used in the production of the good that is exported from that Party's territory;
  - (iii) the production of the good in the form in which the good is exported from that Party's territory; and
  - (iv) other documentation as mutually agreed by both parties; and
- (b) an importer claiming preferential tariff treatment for a good imported into the Party's territory must maintain, in that Party's territory, for five years after the date of importation of the good or for a longer period as specified by that Party, records relating to the importation of the good required by that Party, including a copy of the Certificate of Origin.

#### **Article 4.6: Origin Verifications**

1. For the purposes of determining whether a good imported into its territory from the territory of the other Party qualifies as an originating good, a Party may, through its customs administration, conduct a verification by means of:
  - (a) written questionnaires to an exporter or a producer in the territory of the other Party;
  - (b) verification visits to the premises of an exporter or a producer in the territory of the other Party to review the records referred to in Article 4.5(a) and observe the facilities used in the production of the good; or
  - (c) other procedures as agreed by the Parties.
  
2. Before conducting a verification visit pursuant to paragraph 1(b), the Party shall, through its customs administration:
  - (a) deliver a written notification of its intention to conduct the visit:
    - (i) to the exporter or producer whose premises are to be visited;
    - (ii) to the customs administration of the other Party; and
    - (iii) if requested by the other Party, to the embassy of the other Party in the territory of the Party proposing to conduct the visit; and
  - (b) obtain the written consent of the exporter or producer whose premises are to be visited.
  
3. The notification referred to in paragraph 2 must include:
  - (a) the identity of the customs administration issuing the notification;
  - (b) the name of the exporter or producer whose premises are to be visited;
  - (c) the date and place of the proposed verification visit;

- (d) the object and scope of the proposed verification visit, including specific reference to the good that is the subject of the verification;
- (e) the names and titles of the officials performing the verification visit; and
- (f) the legal authority for the verification visit.

4. If an exporter or a producer has not given its written consent to a proposed verification visit within 30 days of receipt of notification under paragraph 2, the customs administration of the notifying Party may deny preferential tariff treatment to the good that would have been the subject of the visit.

5. Each Party shall provide that, on receipt of a notification under paragraph 2, an exporter or a producer may, within 15 days of receiving the notification, have one opportunity to make a request for a postponement of the proposed verification visit, for a period not exceeding 60 days, to the Party conducting the verification.

6. Each Party shall provide that, where its customs administration receives notification under paragraph 2, the customs administration may, within 15 days of receipt of the notification, postpone the proposed verification visit for a period not exceeding 60 days from the date of such receipt, or for such longer period as the Parties may agree.

7. A Party shall not deny preferential tariff treatment to a good based only on the postponement of a verification visit under paragraphs 5 and 6.

8. Each Party shall permit an exporter or a producer of the good that is the subject of a verification visit by the other Party, to designate one or two observers to be present during the visit, provided that:

- (a) the observers do not participate in a manner other than as observers; and
- (b) the failure of the exporter or producer to designate observers shall not result in the postponement of the visit.

9. A Party shall, through its customs administration, when conducting a verification of origin involving a value test, *de minimis* calculation or any other provision in Chapter Three (Rules of Origin), apply those provisions in compliance with the Customs Valuation Agreement, as applicable in the territory of the Party from which the good was exported.

10. The Party conducting the verification shall provide the exporter or producer of the good that is the subject of the verification with a written determination of whether the good qualifies as an originating good, including findings of fact and the legal basis for the determination.

11. If verifications by a Party indicate a pattern of conduct by an exporter or a producer of false or unsupported representations that a good imported into its territory qualifies as an originating good, the Party may withhold preferential tariff treatment to identical goods exported or produced by that person until that person establishes compliance with Chapter Three (Rules of Origin), in accordance with that Party's domestic law.

#### **Article 4.7: Denial of Preferential Tariff Treatment**

Except as 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, if the good does not meet the requirements of Chapter Three (Rules of Origin), or if the importer, exporter, or producer fails to comply with any of the relevant requirements of this Chapter.

#### **Article 4.8: Confidentiality**

1. Each Party shall maintain, in accordance with its domestic law, the confidentiality of the information collected under this Chapter and shall protect that information from disclosure that could prejudice the competitive position of the persons providing the information. If the Party receiving the information is required by its domestic law to disclose information, that Party shall notify the Party or person who provided that information.

2. The confidential information collected under this Chapter shall not be used for purposes other than the administration and enforcement of determinations of origin, and of customs matters, except with the permission of the person or Party that provided the confidential information.

3. Notwithstanding paragraph 2, information that is obtained may be used in an administrative, judicial, or quasi-judicial proceedings instituted for failure to comply with customs related laws and regulations implementing Chapter Three (Rules of Origin) and this Chapter. The person or Party that provided the information will be notified in advance of such use.

#### **Article 4.9: Penalties**

1. Each Party shall adopt or maintain measures imposing criminal, civil, or administrative penalties for violations of its laws and regulations relating to this Chapter.
2. Articles 4.2.2, 4.4.3, and 4.6.7 are not to be construed to prevent a Party from applying measures that are warranted by the circumstances in accordance with its domestic law.

### **Section C – Advance Rulings**

#### **Article 4.10: Advance Rulings**

1. Each Party shall, through its customs administration, provide for the expeditious issuance of written advance rulings, prior to the importation of a good into its territory, to an importer in its territory or an exporter or a producer in the territory of the other Party on the basis of the facts and circumstances presented by that importer, exporter, or producer of the good, concerning:
  - (a) whether materials imported from a non-party used in the production of a good undergo an applicable change in tariff classification set out in Annex 3-A (Product Specific Rules) as a result of production occurring entirely in the territory of one or both of the Parties;
  - (b) whether a good satisfies a value test, based on either the transaction value or ex-works price or the net cost of the good, as set out in Chapter Three (Rules of Origin);

- (c) for the purpose of determining whether a good satisfies a value test under Chapter Three (Rules of Origin), the appropriate basis for value to be applied by an exporter or a producer in the territory of the other Party, in accordance with the principles of the Customs Valuation Agreement, for calculating the transaction value or ex-works price of the good or of the materials used in the production of the good;
  - (d) whether a good qualifies as an originating good under Chapter Three (Rules of Origin);
  - (e) whether a good that re-enters its territory after the good has been exported from its territory to the territory of the other Party for repair or alteration qualifies for duty-free treatment in accordance with Article 2.6 (Goods Re-Entered after Repair or Alteration);
  - (f) tariff classification, applicable rate of customs duty, or any tax applicable on importation; or
  - (g) other matters as agreed by the Parties.
2. Each Party shall adopt or maintain procedures for the issuance of advance rulings, including a detailed description of the information reasonably required to process an application for a ruling.
3. Each Party shall provide that its customs administration:
- (a) during the course of an evaluation of an application for an advance ruling, may request supplemental information from the person requesting the ruling;
  - (b) after it has obtained all necessary information from the person requesting an advance ruling, shall issue the ruling within the amount of time specified in the Uniform Regulations; and
  - (c) if the advance ruling is unfavourable to the person requesting it, shall provide that person with a full explanation of the reasons for the ruling.

4. Each Party may provide that the customs administration may decline or postpone the issuance of the advance ruling, if an application for an advance ruling involves an issue that is the subject of:

- (a) a verification of origin;
- (b) a review by, or appeal to, the customs administration; or
- (c) in accordance with its domestic law, a judicial or quasi-judicial review in its territory.

5. Subject to paragraph 7, each Party shall apply an advance ruling to importations into its territory of the good for which the ruling was requested, beginning on the date of its issuance or a later date as may be specified in the ruling.

6. Each Party shall provide consistent treatment with respect to the application for advance rulings provided that the facts and circumstances are identical in all material respects.

7. The issuing Party may modify or revoke an advance ruling:

- (a) if the ruling is based on an error:
  - (i) of fact;
  - (ii) in the tariff classification of a good or a material that is the subject of the ruling;
  - (iii) in the application of a value test under Chapter Three (Rules of Origin); or
  - (iv) in the application of the rules for determining whether a good that re-enters its territory after the good has been exported from its territory to the territory of the other Party for repair or alteration qualifies for duty-free treatment under Article 2.6 (Goods Re-Entered after Repair or Alteration);

- (b) if the ruling is not in accordance with an interpretation agreed by the Parties regarding Chapter Two (National Treatment and Market Access for Goods) or Chapter Three (Rules of Origin);
- (c) if there is a change in the material facts or circumstances on which the ruling is based;
- (d) to conform with a modification of Chapter Two (National Treatment and Market Access for Goods), Chapter Three (Rules of Origin), this Chapter or the Uniform Regulations; or
- (e) to conform with a judicial decision or a change in its domestic law.

8. Each Party shall provide that a modification or revocation of an advance ruling shall be effective on the date on which the modification or revocation is issued, or on a later date as may be specified in the ruling, and shall not be applied to importations of a good that have occurred prior to that date, unless the person to which the advance ruling was issued has not acted in accordance with its terms and conditions.

9. Notwithstanding paragraph 8, the issuing Party shall postpone the effective date of the modification or revocation for a period not exceeding 90 days if the person to which the advance ruling was issued demonstrates that it has relied in good faith on that ruling to its detriment.

10. Each Party shall provide that, if its customs administration examines the value test of a good for which it has issued an advance ruling, the customs administration shall evaluate whether:

- (a) the exporter or producer has complied with the terms and conditions of the advance ruling;
- (b) the exporter's or producer's operations are consistent with the material facts and circumstances on which the advance ruling is based; and
- (c) the supporting data and computations used in applying the basis or method for calculating value or allocating cost were correct in all material respects.

11. Each Party shall provide that, if its customs administration determines that a requirement in paragraph 10 has not been satisfied, the Party may modify or revoke the advance ruling if the circumstances warrant.

12. Each Party shall provide that:

- (a) if the person to which an advance ruling was issued demonstrates that it used reasonable care and acted in good faith in presenting the facts and circumstances on which the ruling was based; and
- (b) the customs administration of a Party determines that the ruling was based on incorrect information,

the person to which the ruling was issued shall not be subject to penalties.

13. Each Party shall provide that if it issues an advance ruling to a person that has misrepresented or omitted material facts or circumstances on which the ruling is based, or has failed to act in accordance with the terms and conditions of the ruling, that Party may apply measures that are warranted by the circumstances, in accordance with its domestic law.

14. Each Party shall provide that an advance ruling remains in effect and will be honoured if there is no change in the material facts or circumstances on which it is based, in accordance with its domestic law.

## **Section D – Review and Appeal of Determinations of Origin and Advance Rulings**

### **Article 4.11: Review and Appeal**

1. Each Party shall grant substantially the same rights of review and appeal of determinations of origin and advance rulings by its customs administration, as it provides to importers in its territory, to a person:

- (a) that completes and signs a Certificate of Origin for a good that has been the subject of a determination of origin; or

(b) that has received an advance ruling pursuant to Article 4.10.

2. Further to Articles 19.3 (Administrative Proceedings) and 19.4 (Review and Appeal), each Party shall provide that the rights of review and appeal referred to in paragraph 1 include access to:

- (a) at least one level of administrative review independent of the official or office responsible for the determination under review; and
- (b) in accordance with its domestic law, judicial or quasi-judicial review of the determination or decision taken at the final level of administrative review.

## **Section E – Uniform Regulations**

### **Article 4.12: Uniform Regulations**

1. The Parties shall establish and implement, through their respective laws, regulations, or administrative policies, by the date of entry into force of this Agreement, Uniform Regulations regarding the interpretation, application, and administration of this Chapter.

2. Each Party shall implement any modification of or addition to the Uniform Regulations within an amount of time as agreed by the Parties.

## **Section F – Cooperation**

### **Article 4.13: Cooperation**

1. Each Party shall, in an official language(s), of one of the Parties, notify the other Party of the following determinations, measures, and rulings, including, to the extent practicable, those that are prospective in application:

- (a) a determination of origin issued as the result of a verification conducted pursuant to Article 4.6;

- (b) a determination of origin that the Party is aware is contrary to a ruling issued by the customs administration of the other Party with respect to the tariff classification or value of a good, or of materials used in the production of a good, or the reasonable allocation of costs where calculating the net cost of a good that is the subject of a determination of origin;
- (c) a measure establishing or significantly modifying an administrative policy that is likely to affect future determinations of origin; and
- (d) an advance ruling, or a ruling modifying or revoking an advance ruling, pursuant to Article 4.10.

2. The Parties recognise that technical cooperation between the Parties is fundamental to facilitating compliance with the obligations set forth in this Agreement and for reaching a greater degree of trade facilitation.

3. The Parties, through their customs administrations, agree to develop a technical cooperation program under such mutually agreed terms as to the scope, timing, and cost of cooperative measures in customs-related areas.

4. The Parties shall cooperate:

- (a) in the enforcement of their respective customs-related laws or regulations implementing this Agreement, and under any customs mutual assistance agreement or other customs-related agreement to which they are party;
- (b) to the extent practicable and for the purposes of facilitating the flow of trade between them, in customs-related matters such as the collection and exchange of statistics regarding the importation and exportation of goods, the harmonisation of documentation used in trade, the standardisation of data elements, the acceptance of an international data syntax, and the exchange of information;
- (c) to the extent practicable, the harmonisation of customs laboratories methods and exchange of information and personnel between the customs laboratories;

- (d) to the extent practicable, in jointly organising training programs on customs-related issues, such as simulated audit environment exercises, for the officials and users who participate directly in customs procedures;
- (e) in the development of effective mechanisms for communicating with the trade and business communities;
- (f) to the extent practicable, in developing verification standards and a framework to ensure that both Parties act consistently in determining that goods imported into their territories meet the rules of origin set out in Chapter Three (Rules of Origin);
- (g) to the extent practicable, in the exchange of information to assist each other in the tariff classification, valuation, and determination of origin of imported and exported goods, for preferential tariff treatment and country of origin marking purposes; and
- (h) to the extent practicable, in such international fora as the World Customs Organization (hereinafter referred to as the “WCO”) and the Asia-Pacific Economic Cooperation (hereinafter referred to as “APEC”), to achieve mutually recognised goals such as those set out in the *WCO SAFE Framework of Standards to Secure and Facilitate Global Trade* and *APEC Model Measures for Trade Facilitation in RTAs/FTAs*.

**Article 4.14: Rules of Origin and Customs Committee**

1. The Parties hereby establish a Rules of Origin and Customs Committee, composed of representatives of each Party, to consider any matter arising under this Chapter and Chapter Three (Rules of Origin).
2. The Committee shall meet at the request of either Party.
3. The operations of the Committee will include:
  - (a) reviewing, at the request of either Party, proposed modifications of, or additions to, Chapter Three (Rules of Origin), this Chapter or the Uniform Regulations;

- (b) preparing, in a timely manner, amendments to the Harmonized System with a view to reflecting these amendments in Annex 3-A (Product Specific Rules);
- (c) reviewing the amendments to the Harmonized System to ensure that each Party's obligations under this Agreement are not altered, and consulting to resolve conflicts between:
  - (i) amendments to the Harmonized System and Annex 2-D (Tariff Elimination); or
  - (ii) Annex 2-D (Tariff Elimination) and national nomenclature;
- (d) consulting on and endeavouring to resolve a difference that may arise among the Parties on matters related to the classification and valuation of goods under the Harmonized System;
- (e) notifying the Commission of any agreed modification of, or addition to, Chapter Three (Rules of Origin), this Chapter or the Uniform Regulations under subparagraphs (a) and (b); and
- (f) endeavouring to agree on:
  - (i) the uniform interpretation, application, and administration of Chapter Three (Rules of Origin), this Chapter and the Uniform Regulations;
  - (ii) modification of, or addition to, Chapter Three (Rules of Origin), this Chapter and the Uniform Regulations;
  - (iii) any other matter referred to it by a Party; and
  - (iv) any other customs-related matter arising under this Agreement.

## Section G – Trade Facilitation

### Article 4.15: Objectives and Principles

1. With the objectives of facilitating trade under this Agreement and of cooperating in pursuing trade facilitation initiatives on a multilateral basis, each Party agrees to administer their import and export processes for goods traded under this Agreement on the basis that:

- (a) procedures be efficient in order to reduce costs for importers and exporters and simplified where appropriate in order to achieve such efficiencies;
- (b) procedures be based on international trade instruments or international standards agreed upon by the Parties;
- (c) entry procedures be transparent in order to ensure predictability for importers and exporters;
- (d) measures to facilitate trade also support mechanisms to protect persons through effective enforcement of, and compliance with, national requirements;
- (e) the personnel and procedures involved in those processes reflect high standards of integrity;
- (f) the development of significant modifications to procedures of a Party include, in advance of implementation, consultations with the representatives of the trading community of that Party;
- (g) procedures be based on risk assessment principles to focus compliance efforts on transactions that merit attention, thereby promoting effective use of resources and providing incentives for voluntary compliance with the obligations to importers and exporters; and
- (h) the Parties encourage cooperation, technical assistance, and the exchange of information, including information on best practices, for the purpose of promoting the application of, and compliance with, the trade facilitation measures agreed upon under this Agreement.

#### **Article 4.16: Release of Goods**

1. Each Party shall adopt or maintain simplified customs procedures for the efficient release of goods in order to facilitate trade between the Parties.
2. Pursuant to paragraph 1, each Party shall ensure that its customs administration or other competent authority adopt or maintain procedures that:
  - (a) provide for the release of unrestricted, uncontrolled, non-regulated, and non-prohibited goods within an amount of time no greater than that required to ensure compliance with its domestic law;
  - (b) provide, to the extent possible or if applicable, for advance electronic submission and processing of information before physical arrival of goods to enable the release of goods on arrival;
  - (c) allow goods, other than restricted, controlled, regulated, or prohibited goods, to be released at the first point of arrival, without temporary transfer to warehouses or other facilities; and
  - (d) in accordance with its domestic law, allow importers to withdraw goods from customs before all applicable customs duties, taxes, and fees have been paid.<sup>2</sup>
3. Each Party shall adopt or maintain procedures under which goods in need of emergency clearance may be released 24 hours a day, seven days a week, including holidays.
4. The Parties recognise that, for certain goods or under certain circumstances, such as goods subject to a quota or to health-related or public safety requirements, releasing the goods may require the submission of more extensive information, before, or at the time of arrival of the goods, to enable the authorities to examine the goods for release.

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<sup>2</sup> Before releasing the goods, a Party may require an importer to provide sufficient guarantee in the form of a surety, a deposit, or some other appropriate instrument, covering the ultimate payment of the customs duties, taxes, and fees in connection with the importation of the goods.

5. The Parties shall ensure that the requirements of their respective agencies related to the import and export of goods are coordinated to facilitate trade, regardless of whether these requirements are administered by an agency or on behalf of that agency by the customs administration. To further this objective, each Party shall take steps to harmonise the data requirements of its respective agencies with the objective of allowing importers and exporters to present all required data to one agency.

6. The Parties, through their customs administrations, shall establish means of consultation with their trade and business communities to promote greater cooperation and the exchange of electronic information.

#### **Article 4.17: Automation**

Each Party shall use information technology that expedites procedures for the release of goods and shall:

- (a) establish a means of providing for the electronic exchange of information between that Party's customs administration and the trading community for the purpose of encouraging rapid release procedures;
- (b) endeavour to use international standards for such electronic exchange of information;
- (c) endeavour to develop compatible electronic systems between the Parties' customs authorities, to facilitate government-to-government exchange of international trade data; and
- (d) endeavour to develop a set of common data elements and processes in accordance with WCO Customs Data Model, and related WCO recommendations and guidelines.

#### **Article 4.18: Risk Management**

The Parties shall facilitate and simplify the process and procedures for the release of low-risk goods, and shall improve controls on the release of high-risk goods. For these purposes, the Parties shall base their examination and release procedures and their post-entry verification procedures on risk assessment principles, rather than examining each and every shipment offered for entry in a comprehensive manner for compliance with all import requirements. This shall not preclude the Parties from conducting quality control and compliance reviews, which may require more extensive examinations.

#### **Article 4.19: Express Shipments**

Each Party shall adopt or maintain expedited customs procedures for express shipments while maintaining appropriate customs control and selection. These procedures shall:

- (a) provide a separate and expedited customs procedure for express shipment, and where applicable, use the *WCO Guidelines for the Immediate Release of Consignments by Customs*;
- (b) provide, to the extent possible or where applicable, for advance electronic submission and processing of information before physical arrival of express shipments to enable their release upon arrival;
- (c) to the extent possible, provide for clearance of certain goods with a minimum of documentation;
- (d) to the extent possible, provide for release of express shipments within an amount of time no greater than that required to ensure compliance within its domestic law;
- (e) apply without regard to weight; and
- (f) consistent with the Party's legislation, provide simplified documentary requirements for the entry of low value goods as determined by that Party.

#### **Article 4.20: Transparency**

1. Each Party shall promptly publish or otherwise make available, including through electronic means, all its legislation, regulations, and notices of an administrative nature relating to its requirements for imported or exported goods, such as general agency requirements and entry procedures, hours of operation, and points of contacts for information enquiries.
2. This Article does not require a Party to publish, or otherwise make available, law enforcement procedures and internal operational guidelines including those related to conducting risk assessment.

### **Section H – Definitions**

#### **Article 4.21: Definitions**

For the purposes of this Chapter:

**customs administration** means the authority that is responsible under the law of a Party for the administration and application of its customs laws and regulations;

**determination of origin** means a determination as to whether a good qualifies as an originating good in accordance with Chapter Three (Rules of Origin);

**exporter** means an exporter located in the territory of a Party and an exporter required under this Chapter to maintain records in the territory of that Party regarding exportations of a good;

**express shipments** means shipments falling under the *WCO Guidelines for the Immediate Release of Consignments by Customs*;

**identical goods** means goods that are the same in all respects, including physical characteristics, quality, and reputation, irrespective of minor differences in appearance that are not relevant to a determination of origin of those goods under Chapter Three (Rules of Origin);

**importer** means an importer located in the territory of a Party and an importer required under this Chapter to maintain records in the territory of that Party regarding importations of a good;

**indirect material** has the same meaning as “indirect material” in Article 3.14 (Indirect Materials);

**material** means “material” as defined in Article 3.20 (Definitions);

**net cost of a good** means “net cost of a good” as defined in Article 3.20 (Definitions);

**preferential tariff treatment** means the duty rate applicable to an originating good;

**producer** means “producer” as defined in Article 3.20 (Definitions);

**production** means “production” as defined in Article 3.20 (Definitions);

**transaction value or ex-works price of the good** means “transaction value or ex-works price of the good” as defined in Article 3.20 (Definitions);

**Uniform Regulations** means “Uniform Regulations” established under Article 4.12; and

**value** means value of a good or material for the purposes of calculating customs duties or for the purposes of applying Chapter Three (Rules of Origin).