

CHAPTER 4 CUSTOMS PROCEDURES AND TRADE FACILITATION

ARTICLE 4.1: OBJECTIVES

The objectives of this Chapter are to:

- (a) simplify customs procedures of the Parties;
- (b) ensure predictability, consistency and transparency in the application of customs laws, regulations and administrative procedures of the Parties;
- (c) to the extent possible, ensure the efficient and expeditious clearance of goods;
- (d) facilitate trade between the Parties; and
- (e) promote cooperation between the customs administrations, within the scope of this Chapter.

ARTICLE 4.2: CUSTOMS COOPERATION

1. The Parties shall cooperate in order to ensure:

- (a) the implementation and operation of the provisions of this Agreement governing importations or exportations, including claims for preferential tariff treatment, procedures for making claims for preferential tariff treatment, and verification procedures;
- (b) tariff classification, and the implementation and operation of the *Customs Valuation Agreement*;
- (c) restrictions or prohibitions on imports or exports; and
- (d) other customs matters as the Parties may agree.

2. Each Party shall designate official contact points and provide details thereof to the other Party, with a view to facilitating the effective implementation of this Chapter and Chapter 3 (Rules of Origin). If a matter cannot be resolved through the contact points, it shall be referred to the Committee on Customs as set out in this Chapter.

ARTICLE 4.3: RELEASE OF GOODS

Each Party shall endeavor to ensure that its customs authority adopt or maintain procedures that:

- (a) provide for the release of goods within a period no greater than that required to ensure compliance with its laws and regulations;

- (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.

ARTICLE 4.4: EXPRESS SHIPMENTS

Each Party, according to its laws, regulations and procedures, 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 shipments;
- (b) provide for information necessary to release an express shipment to be submitted and processed electronically before the shipment arrives;
- (c) allow submission of a single manifest covering all goods contained in an express shipment, through, if possible, electronic means;
- (d) to the extent possible, provide for certain goods to be cleared with minimum or alternative documentation; and
- (e) provide for expeditious release of express shipments within a period no greater than that required to ensure compliance with its law.

ARTICLE 4.5: RISK MANAGEMENT

1. In administering customs procedures, each customs authority shall focus resources on high-risk shipments of goods.

2. The above shall not preclude a Party from conducting quality control and compliance reviews, which may require more extensive examinations.

ARTICLE 4.6: AUTHORISED ECONOMIC OPERATOR

Each Party shall promote the implementation of the Authorised Economic Operator (hereinafter referred to as “AEO”) concept according to the *WCO SAFE Framework of Standards*. Acknowledgment of the AEO security status shall be taken into account by the Parties in order to secure the international trade supply chains. In this respect, trade facilitation benefits shall be provided by the customs authority of an importing Party to operators meeting customs security standards and having AEO status granted by the customs authority of any Party.

ARTICLE 4.7: TRANSPARENCY

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

ARTICLE 4.8: PAPERLESS CUSTOMS PROCEDURES

Each Party recognises that electronic filing in trade and in transferring of trade-related information and electronic versions of documents is an alternative to paper-based methods that will significantly enhance the efficiency of trade through reduction of cost and time. Therefore, each Party shall cooperate with a view to implementing and promoting paperless customs procedures.

ARTICLE 4.9: ADVANCE RULINGS

1. In accordance with its law, each Party, prior to the importation of a good, shall provide, through its customs or other competent authorities, for the expeditious issuance of written advance rulings concerning the classification of goods and such other matters as agreed by the Parties.

2. 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 the rulings.

3. A Party may decline to issue an advance ruling if the facts and circumstances forming the basis of the advance ruling are the subject of an investigation or an administrative or judicial review. The Party that declines to issue an advance ruling shall promptly notify the requester in writing, setting forth the relevant facts and the basis for its decision to decline to issue the advance ruling.

4. Each Party shall provide that advance rulings shall be in force from their date of issuance, or another date specified in the ruling. Subject to paragraphs 1 through 3, 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.

ARTICLE 4.10: UNIFORM PROCEDURES

The Parties shall agree upon uniform procedures that may be necessary for the administration, application and interpretation of this Agreement in customs matters and related topics.

ARTICLE 4.11: REVIEW AND APPEAL

1. Each Party shall provide that the importer, exporter or any other person affected by its determinations, have access to:
 - (a) at least one level of administrative review by an institution higher than or independent of the official or authority responsible for the determination under review; and
 - (b) judicial review of administrative determinations subject to its laws and regulations.
2. Notice of the decision on appeal shall be given to the appellant.

ARTICLE 4.12: CONFIDENTIALITY

1. A Party shall maintain confidentiality of the information provided by the other Party pursuant to this Chapter and Chapter 3 (Rules of Origin), and 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 legislation of each Party.
2. The above mentioned 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 CUSTOMS

1. The Parties agree to establish a Committee on Customs (hereinafter referred to as the "Committee") to address any customs-related issues relevant to:
 - (a) the uniform interpretation, application and administration of this Chapter and Chapter 3 (Rules of Origin);
 - (b) addressing issues on tariff classification, valuation and determination of the origin of goods for the purposes of this Agreement;
 - (c) reviewing of rules of origin;
 - (d) including in their bilateral dialogue regular updates on changes in their respective law;
 - (e) revising Annex 3-A (Product Specific Rules of Origin) on the basis of the transposition of the HS;
 - (f) resolving any issues related to interpretation, application, and administration of this Chapter and Chapter 3 (Rules of Origin), including tariff classification; and
 - (g) considering any other customs-related issues, referred to it by the customs

authorities of the Parties, by the Parties or by the Joint Committee.

2. The Committee will meet within one year of the date of entry into force of this Agreement and shall meet thereafter as agreed upon by the Parties alternately in Israel or in Korea.
3. The Committee shall comprise representatives of customs and, if necessary, other competent authorities from each Party and shall draw up its own rules of procedure at its first meeting.
4. The Committee may formulate resolutions, recommendations or opinions which it considers necessary and report to the Parties or to the Joint Committee.
5. The Committee may draft uniform procedures, which it considers necessary, to be submitted to the Joint Committee for its approval.

ARTICLE 4.14: IMPLEMENTATION AND TECHNICAL ISSUES

After consultation, if necessary, both sides may issue any administrative arrangements or agree upon procedures for the implementation of this Chapter and Chapter 3 (Rules of Origin).