

ANNEX I

REFERRED TO IN ARTICLE 21

TRADE FACILITATION

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Article 1

1. The Parties recognise their common objectives of serving the interests of their respective business communities and creating a trading environment allowing them to take advantage of the opportunities offered by this Agreement.
2. The Parties agree that the following principles, *inter alia*, are the basis for the development, and administration by competent authorities, of trade facilitation measures:
 - (a) transparency, efficiency, simplification, harmonisation and consistency of trade procedures;
 - (b) promotion of international standards;
 - (c) consistency with multilateral instruments;
 - (d) the best possible use of information technology;
 - (e) high standard of public service in the interest of their respective business communities;
 - (f) governmental controls based on risk management principles;
 - (g) co-operation within each Party among customs and other border authorities; and
 - (h) consultations with their respective business communities.

Article 2

While recognising the need for strengthening co-operation in multilateral fora and for applying the procedures in the instruments governing trade facilitation to which all Parties are signatories, the Parties affirm their commitment to the use of efficient trade procedures aiming to reduce costs and unnecessary delays in the trade between them.

Article 3

Each Party shall base its procedures for trade in goods and related services to the greatest extent possible on internationally agreed standards.

Article 4

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 shall adopt or maintain procedures that:
 - (a) provide for advance electronic submission and processing of information before the physical arrival of goods to expedite their clearance; and
 - (b) in accordance with its legislation, allow importers to obtain the release of goods prior to meeting all of the Party's import requirements if the importer provides sufficient guarantees. A Party is not required to release goods where the Parties' legitimate import requirements have not been satisfied.

Article 5

In the application of customs control, the Parties shall use risk management. The Parties shall determine which persons and which goods, including means of transport, should be examined and the extent of the examination, based on current risk assessments. The Parties shall adopt a compliance measurement strategy to support risk management. This shall not preclude Parties from conducting quality control and compliance reviews which may require more extensive examinations.

Article 6

The Parties shall consult their respective business communities on their needs with regard to the development and implementation of trade facilitation measures, noting that particular attention should be given to the interests of small and medium-sized enterprises.

Article 7

1. With the objective of developing further steps to facilitate trade under this Agreement, the Parties shall, as appropriate, identify and submit, for the consideration of the Joint Committee, further measures aimed at facilitating trade between the Parties, such as, *inter alia*, the following:

- (a) general measures to facilitate trade;
- (b) official controls;
- (c) transport;
- (d) the promotion and use of standards;
- (e) the use of computers and electronic data interchange;
- (f) the availability of information;
- (g) customs operations in general;
- (h) customs and other official procedures concerning means of transport and transport equipment, including containers;
- (i) official requirements for imported goods;
- (j) customs clearance of exports;
- (k) the origin of goods;
- (l) transshipment of goods;
- (m) goods in international transit;
- (n) commercial trade practices; and
- (o) payment procedures.

2. The Joint Committee will review relevant international initiatives on trade facilitation to identify areas where further joint action would promote the common objectives of the Parties.
