

## **ANNEX V**

REFERRED TO IN ARTICLE 2.8

TRADE FACILITATION

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##### Article 1

###### *General Principles*

The Parties, aiming to serve the interests of their respective business communities and to create a trading environment allowing them to benefit from the opportunities offered by the Agreement, agree that the following principles, in particular, 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 applicable to the Parties;
- (d) the best possible use of information technology;
- (e) high standards of public service;
- (f) governmental controls based on risk management;
- (g) co-operation within each Party among customs and other border authorities; and
- (h) consultations between the Parties and their respective business communities.

##### Article 2

###### *Transparency*

1. Each Party shall publish promptly, and as far as practicable on the Internet and in English, all laws, regulations and administrative decisions of general application relevant to trade in goods between the EFTA States and Hong Kong, China.

2. Each Party shall establish inquiry points for customs matters, which may be contacted in English via electronic means.

3. Each Party shall endeavour to consult, as appropriate, its respective business community on its 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.

4. Each Party shall endeavour to publish in advance, in particular on the Internet, any laws and regulations of general application relevant to international trade in goods that it intends to adopt and thereby enable persons and other interested parties to become acquainted with them.

5. Each Party shall administer in a uniform and impartial manner its laws, regulations and administrative decisions of general application relevant to international trade in goods.

### Article 3

#### *Co-operation*

1. Any Party may identify, and submit through the Sub-Committee to the Joint Committee for consideration, further measures with a view to facilitating trade between the Parties, as appropriate.

2. The Parties shall, where appropriate, promote international co-operation in relevant multilateral fora on trade facilitation. The Parties shall review relevant international initiatives on trade facilitation in order to identify, and submit through the Sub-Committee to the Joint Committee for consideration, further areas where joint action could contribute to their common objectives.

### Article 4

#### *Advance Rulings*

1. A Party shall, subject to its domestic law, issue a written advance ruling with regard to matters pertaining to the Agreement at the written request,<sup>1</sup> which contains all necessary information, of an importer, producer or exporter established in that Party, or an exporter or producer established in another Party with regard to:

- (a) tariff classification of a product and the applied duty-rate for the product or, where appropriate, the way the applied duty-rate for a product is calculated; and
- (b) such other matters as the Parties may agree.

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<sup>1</sup> For greater certainty, an importer, exporter, or producer may submit a request for an advance ruling through a duly authorised representative.

2. The Parties shall endeavour to develop procedures whereby each Party, upon written request and prior to the exportation of a product to another Party, shall provide to an exporter or producer in that Party a written advance ruling on the originating status of that product in accordance with the Agreement.
3. Notwithstanding paragraph 1, a Party may decline to issue an advance ruling by promptly notifying the requester in writing, setting forth the basis for its decision to decline to issue the advance ruling.
4. Each Party shall provide that advance rulings take effect on the date they are issued, or on another date specified in the ruling, provided that the facts, or circumstances on which the ruling is based, remain unchanged.
5. A Party may limit the validity of advance rulings to a period determined by its domestic law.
6. Each Party shall endeavour to make information on advance rulings, which it considers to be of significant interest to other traders, publicly available, taking into account the need to protect confidential information.

#### Article 5

##### *Simplification of International Trade Procedures*

1. The Parties shall aim to limit governmental controls and formalities and the number of documents required in the context of trade in goods between the Parties to those necessary and appropriate to ensure compliance with legal requirements, thereby simplifying, to the greatest extent possible, the respective procedures.
2. The Parties shall aim to use efficient trade procedures, based, as appropriate, on international standards, aiming to reduce costs and unnecessary delays in trade between them, in particular the standards and recommended practices of the World Customs Organisation (hereinafter referred to as the “WCO”), including the principles of the revised International Convention on the Simplification and Harmonisation of Customs Procedures (Revised Kyoto Convention).
3. Each Party shall endeavour to adopt or maintain simplified customs procedures for the efficient release of goods in order to facilitate trade between the Parties.
4. Each Party shall adopt or maintain procedures that:
  - (a) provide for advance electronic submission and processing of information before the physical arrival of goods in order to expedite their clearance; and
  - (b) subject to its domestic law, allow importers to obtain the release of goods prior to meeting all import requirements of that Party if the importer provides sufficient guarantees and where it is decided that neither further examination, physical inspection nor any other submission is required.

A Party is not required to release goods where the Party's legitimate import requirements have not been satisfied.

## Article 6

### ***Risk Management***

1. Committed to enhancing trade facilitation while maintaining effective governmental control of trade in goods between the Parties, the Parties shall determine which persons, goods, or means of transport are to be examined and the extent of the examination, based on risk management.
2. Risk management includes the systematic assessment of risks related to the infringement of customs and other domestic law relevant to international trade in goods. The Parties shall use compliance measurement to support risk assessment.
3. The Parties may conduct audit-based controls, such as quality control and compliance reviews, which may require more extensive examinations of certain economic operators over a limited time period.
4. Paragraphs 1 to 3 do not preclude the Parties' right to undertake random controls.

## Article 7

### ***Authorised Economic Operator System***

A Party introducing, maintaining or expanding an Authorised Economic Operator System or security measures affecting international trade flows shall:

- (a) afford another Party the possibility to negotiate mutual recognition of authorisation and security measures, for the purpose of facilitating international trade while ensuring effective customs control; and
- (b) draw on relevant international standards and practices, in particular the WCO SAFE Framework of Standards.

## Article 8

### ***Customs Brokers***

The customs systems and procedures of each Party shall enable exporters and importers to submit their customs declaration without being obliged to turn to customs brokers.

Article 9

***Fees and Charges***

1. The Parties reaffirm their rights and obligations under Article VIII of the GATT 1994 in respect of fees and charges in connection with importation or exportation.
2. Each Party shall officially publish information on fees and charges in connection with importation and exportation. The Parties shall endeavour to publish this information on the Internet, in English, as appropriate. Such information may include the reason for the fee or charge, in particular the service provided, the responsible authority, the fees and charges that will be applied and the way they are calculated, as well as when and how payment has to be made.
3. Upon request, the customs authorities or any other border authority of a Party shall provide information on rates of duty, fees and charges applicable to imports of goods into that Party, including the methods of calculation.
4. Each Party shall periodically review its fees and charges to ensure that they are in line with their obligations under Article VIII of the GATT 1994.

Article 10

***Legalisation of Documents***

A Party may not require legalisation of commercial invoices, certificates of origin or other customs documentation, including related fees and charges, in connection with the importation of any product of another Party.

Article 11

***Temporary Admission of Goods***

1. Each Party shall facilitate temporary admission of goods in accordance with the relevant international standards applied by the Party.
2. For the purposes of this Article, “temporary admission” means customs procedures under which certain goods may be brought into a Party and conditionally relieved from payment of customs duties. Such goods shall be imported for a specific purpose, and shall be intended for re-exportation within a specified period and without having undergone any change except normal depreciation due to the use made of them.

Article 12

***Inward and Outward Processing***

1. Each Party shall facilitate temporary importation and exportation for inward processing and outward processing in accordance with the relevant international standards applied by the Party.
2. For the purposes of this Article, “temporary importation for inward processing” means customs procedures under which certain goods conditionally can be brought into a Party and relieved from payment of customs duties. Such goods must be intended for re-exportation within a specified period after having undergone manufacturing, processing or repair.
3. For the purposes of this Article, “temporary exportation for outward processing” means customs procedures under which certain goods, which are in free circulation in a Party, may be temporarily exported for manufacturing, processing or repair abroad and subsequently, within a specified period, re-imported with total or partial exemption from customs duties.

Article 13

***Appeal***

Each Party shall ensure that importers, exporters and producers have the right to at least one level of administrative or judicial appeal or review in accordance with its domestic law.

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