

TRANS-PACIFIC PARTNERSHIP AGREEMENT

CHAPTER SUMMARY: CUSTOMS ADMINISTRATION AND TRADE FACILITATION

The Customs Administration and Trade Facilitation Chapter will facilitate trade among TPP Parties by limiting the administrative burdens of customs processes and providing certainty for traders in their dealings with their respective customs authorities. It is designed to encourage cooperation between customs authorities, promote efficient customs procedures and provide transparency and fairness to traders. The Chapter preserves the ability for customs authorities to enforce domestic laws and regulations.

Customs authorities facilitate trade and assist the commercial interests of exporters and importers. They also play an important role in protecting a country's borders, detecting and deterring illegal movements of goods and collecting revenue and information. Australian customs authorities alone processed 28 million air cargo and 2.7 million sea cargo consignments in 2012-13, and by 2017, expect this number to rise by 85 per cent and 20 per cent for air and sea cargo respectively.

Inefficient or inconsistently applied procedures, overly burdensome requirements and lack of transparency can slow the clearance of goods at the border and increase the costs of trade. The direct costs of complying with customs processes can be significant and can have more of an impact on trade than tariff rates, particularly in cases where tariff rates are already low. According to the OECD, 'crossing the border' costs can increase costs by up to 24 per cent of the value of the good.

Trade facilitation is also important in improving export competitiveness and encouraging investment. The emergence of global value chains, where components of goods are produced across different countries, means that the majority of global trade occurs in intermediate goods, as opposed to final products. This trade is reliant on the uninterrupted flow of goods across borders. In this way, streamlined customs processes, which enable the quick and reliable import and export of goods, attract foreign investment and boost competitiveness.

This Chapter will provide greater certainty to traders as to how they will be treated by customs authorities in TPP countries and will help prevent opaque, discriminatory customs procedures being used as barriers to trade. Importers and end-users will also benefit from clear and predictable customs procedures.

MORE INFORMATION ON THE CHAPTER

Transparency

The Chapter includes provisions to improve the transparency of customs procedures. TPP Parties are required to publish customs laws, regulations and procedures in English on the internet, give advanced notice of any proposed changes to their laws and regulations, and maintain contact points for enquiries on customs procedures.



Customs cooperation

The Chapter emphasizes the value of customs cooperation between TPP Parties in facilitating trade.

It encourages information sharing in accordance with a Party's domestic laws in order to assist compliance with an importing country's regulations. Should an importing country have a reasonable suspicion of unlawful activity relating to its import laws and regulations, the chapter enables that country to request additional information from an exporting country.

The Chapter also encourages parties to provide technical advice and assistance, if requested, to other TPP Parties. This could include help on simplifying clearance procedures, training customs personnel or promoting the use of technology.

Many TPP Parties, including Australia, already engage in customs cooperation, including through existing FTAs or through instruments such as Customs Cooperation and Mutual Administrative Assistance Agreements.

Efficiency

The Chapter aims to encourage efficient procedures that facilitate trade and minimise the administrative burden on traders.

TPP Parties are encouraged to adopt simplified customs procedures that minimise the time taken to clear goods. This includes allowing for traders to submit their documentation for processing prior to a goods arrival in port, allowing goods to be released prior to the final determination of customs duties where a security has been provided, and ensuring that procedures for any required securities are fair and efficient. The Chapter encourages TPP Parties to reduce customs intervention as much as possible so goods can be released from customs control within 48 hours or faster.

TPP Parties are encouraged to use international standards for the release of goods and implement common standards for data in accordance with the World Customs Organization.

In relation to risk management, TPP Parties are encouraged to focus their inspection activities on high-risk goods and simplify procedures for low-risk goods.

Advance rulings and other requests

The Chapter requires importing parties, in response to a specific request, to provide an advance ruling on the tariff classification of a good, including information on how it should be valued, whether a good is originating and how to claim preference. This will give Australian traders certainty as to how their goods will be treated when exporting to another TPP country, and will help them take advantage of new market access opportunities provided by the TPP. Advance rulings also improve the speed with which goods can be cleared by an importing authority. Commitments on advance rulings are traditionally included in Australia's free trade agreements.

In addition to advance rulings, traders will be able to request from customs authorities information on other customs-related issues including requirements for quotas, concessions, and country-of-origin labelling requirements, when required.

Express shipments

Faster and more streamlined clearance procedures for express shipments aim to assist courier services and facilitate urgent trade.

Recognising the growth of this sector, the chapter promotes specific, high quality standards for the treatment of express shipments. It encourages the provision of information in advance of when a good arrives, minimal documentation requirements and the rapid release of express shipments. The chapter enables TPP Parties to waive customs duties on express shipments valued below a certain amount set by that Party.

Other issues

Provisions are also included on the application of penalties for customs offences. The provisions aim to ensure penalties relating to customs offences are applied in a transparent, arm's length manner, are fair and reasonable and reflect the severity of any breach. These provisions will prevent discriminatory outcomes in how penalties are applied and provide certainty for traders in their dealings with customs authorities.

The Chapter also ensures that there are appropriate legal avenues for Australian traders to appeal decisions made by customs authorities that affect them. Such avenues include an independent administrative review or a judicial review in accordance with a party's domestic law.

Should a Party designate particular information it shares as confidential, other Parties are required to treat this information accordingly.