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## **Customs Administration and Trade Facilitation**

The Trans-Pacific Partnership (TPP) levels the playing field for American workers and American businesses, leading to more Made-in-America exports and more higher-paying American jobs here at home. By cutting over 18,000 taxes different countries put on Made-in-America products, TPP makes sure our farmers, ranchers, manufacturers, service suppliers, and small businesses can compete—and win—in some of the fastest growing markets in the world. With more than 95 percent of the world’s consumers living outside our borders, TPP will significantly expand the export of Made-in-America goods and services and support American jobs.

### **EXECUTIVE SUMMARY**

TPP’s Customs Administration and Trade Facilitation chapter will help ensure that goods trade among the TPP countries moves quickly across

borders, with facilitative and transparent procedures that require customs authorities to treat goods fairly, and that reduce opportunities for conflicts of interest in customs administration. This is particularly important to small and medium-sized businesses, which often find complex customs and border procedures among the most serious obstacles to increasing their exports, and are particularly reliant on the quick movement of goods, through services such as express delivery, to reach individual customers as fast as possible. At the same time, the TPP will help enhance the ability of customs officials to prevent abuses more effectively and cooperate more efficiently against duty evasion, counterfeit trade, and other customs offenses.

## **CHAPTER OVERVIEW**

### **Publication of Laws, Regulations, and Procedures**

Transparent, widely understood rules are fundamental to efficient trade. To guarantee transparency, TPP's Customs Administration and Trade Facilitation chapter requires each TPP country to publish its customs laws, regulations, and procedures—online and in English, if possible. TPP Parties agree to designate contact points to whom businesses can directly ask questions.

### **Release of Goods**

Through the Customs Administration and Trade Facilitation chapter, TPP countries commit to ensure that goods move through borders as quickly as possible and, to the extent possible, are released within 48 hours of arrival. To prevent delays in cases where customs officials have not made a decision on the amount of duties or fees owed, the chapter will ensure that such goods can be released on bond or payment of duties, subject to appeal.

### **Advance Rulings**

Recognizing that exporters need to know how their goods will be treated on arrival in a foreign port, the Customs Administration and Trade Facilitation chapter requires TPP countries to provide decisions on key customs matters, including customs valuation, before goods are shipped. It also includes commitments by the TPP countries to issue these rulings as quickly as possible – no later than 150 days – after receiving a request, and to ensure that these rulings remain in place for at least three years.

## **Express Shipments**

Because of the importance of express shipping to the competitiveness of U.S. businesses—especially small and medium-sized businesses—the Customs Administration and Trade Facilitation chapter requires expedited customs treatment to express shipments. This will help move express shipments more quickly across borders by streamlining documentation needed to move such shipments, and by ensuring timely release of those goods. Because express shipments come in all shapes and sizes, TPP Parties have agreed to remove any existing limitations on express customs treatment for goods beyond a certain weight or value. In addition, TPP Parties will not charge any customs duties for express shipments valued below an amount that each government will set in order to further expedite the movement of goods and reduce documentation.

## **Penalties**

Excessive or unpredictable penalties are a persistent and growing concern for U.S. exporters. To address this issue, the Customs Administration and Trade Facilitation chapter requires customs penalties to be administered in an impartial and transparent manner—as they are in the U.S.—and requires that countries avoid conflicts of interest in administering penalties.

## **Customs Cooperation**

To ensure that TPP Parties rather than other economies are the beneficiaries of TPP, the Customs Administration and Trade Facilitation chapter promotes provision of assistance between TPP countries, as needed, in order to enforce customs laws and regulations, including providing information when pursuing an investigation of unlawful activity.

## **NEW FEATURES**

TPP's Customs Administration and Trade Facilitation chapter develops specific, ambitious commitments to facilitate trade and deepen cooperative relationships among the customs authorities of the 12 TPP countries. As the TPP countries implement these commitments, we hope to set an example for trade facilitation throughout the region. TPP is the first U.S. trade agreement to include disciplines on the imposition of customs penalties—a problem U.S. exporters encounter in many foreign markets—to ensure that

our businesses are not unfairly charged inappropriate or excessive penalties. TPP also expands on customs cooperation commitments in previous trade agreements by committing all TPP countries to cooperate on preventing duty evasion, smuggling, and other customs offenses, issues of concern to all TPP countries.

## **IMPACT**

The United States exports \$4.5 billion worth of goods per day to the world. Clear, efficient customs procedures are essential to streamline such flows of goods across borders. The American manufacturers that deliver their products to customers by air freight, and the logistics firms that move them, count on getting their exports into those customers' hands quickly and efficiently. The 170,000 U.S. small- and medium-sized businesses exporting to TPP countries, meanwhile, need simple, clear customs procedures, easily available on the Internet, to serve their customers. TPP's state-of-the-art customs and trade facilitation obligations will greatly enhance the ability of American workers and businesses to export their products into Asia-Pacific production and supply chains.

TPP's Customs Administration and Trade Facilitation chapter will help American businesses and workers take full advantage of the opportunities provided by TPP by addressing:

### **Delays at Borders**

Long delays in customs processing of goods, especially those needed for just-in-time manufacturing, can block high-value shipments and weaken the functioning of regional supply chains.

### **Costly and burdensome customs procedures**

Exporters, especially small businesses, need to be able to understand customs laws and procedures and electronically complete import and export requirements in order to save time and help them compete.

### **Inequitable treatment and conflicts of interest**

In many other countries, inequitable treatment of traders by customs authorities is a serious problem. Transparent systems with clear and enforceable rules reduce the opportunities for officials to charge duties far in excess of the duties owed on a shipment or to charge penalties with no clear basis.

Addressing these issues through TPP will make it easier for exporters, especially small businesses, to sell their products across the region.

### **Duty evasion and circumvention**

TPP rules will reduce the risk that some will seek to evade customs duties or to illegally transship goods from non-TPP Parties to take advantage of the lower duties or other benefits of TPP. Strong enforcement of customs rules and cooperation among the TPP Parties allows U.S. businesses and workers to benefit, while other countries who are not part of TPP cannot.

