

revised rules of origin shall be announced and implemented by the two sides.

4. The Working Group on Rules of Origin shall meet at least once a year or at other times as agreed by the two sides.

5. Customs administrations of the two sides, together with the relevant authorities, shall convene at least one meeting on implementation work every year to review the verification of origin and explore measures to strengthen cooperation between the two sides.

CHAPTER 5

CUSTOMS PROCEDURES AND TRADE FACILITATION

Article 27

Scope and Objectives

1. This Chapter shall apply, in accordance with the respective obligations and customs law of the two sides, to customs procedures applied to the goods traded between the two sides and to the movement of means of transport between the two sides.

2. The objectives of this Chapter are to:

- (i) simplify and harmonise customs procedures;
- (ii) facilitate trade between the two sides;
- (iii) promote cooperation between the customs

administrations of the two sides within the scope of this Chapter.

Article 28

Definitions

For the purposes of this Chapter:

“customs law” means the statutory or regulatory provisions relating to the importation, exportation, movement or storage of goods, the enforcement of which is specifically charged to the customs administrations, and any regulation made by the customs administrations under their statutory powers.

“customs procedures” means the treatment applied by the customs administrations to goods and means of transport that are subject to customs control.

“means of transport” means various types of vessels, vehicles and aircraft which enter or leave the customs territory of one side carrying persons or goods.

“Customs Valuation Agreement” means the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement.

“Harmonised System” means the Harmonised Commodity Description and Coding System annexed to the International Convention on the Harmonised Commodity Description and Coding System signed on 14 June 1983, and its amendments.

Article 29

Affirmation of the Agreement on Trade Facilitation

The two sides reiterate their observance of their respective commitments under the Agreement on Trade Facilitation (hereinafter referred to as the “TF Agreement”) in Annex 1A to the WTO Agreement, in facilitating implementation of the TF Agreement.

Article 30

Facilitation

1. The two sides shall ensure that their customs procedures and practices are predictable, consistent and transparent, so as to facilitate trade.
2. One side shall endeavour to use customs procedures based on international standards, in particular the standards and recommended practices of the World Customs Organisation, to reduce costs and unnecessary delays in trade between the two sides.

3. The two sides shall strengthen exchanges on the implementation of the TF Agreement.

4. The two sides shall continuously explore means to further simplify procedures and enhance the level of facilitation.

Article 31

Transparency

1. One side shall promptly publish its laws, regulations and administrative regulations applicable and relevant to trade in goods between the two sides.

2. One side shall designate enquiry points to address enquiries from interested persons on customs matters, and shall make available, through the internet, information on procedures for making such enquiries.

3. One side shall endeavour to publish, in advance, through the internet, draft laws and regulations applicable and relevant to trade between the two sides, with a view to affording the public, especially interested persons, an opportunity to provide comments.

4. Customs administrations of the two sides shall establish a reciprocal notification system to report their respective policies and

regulations on customs clearance and facilitation of customs clearance management.

5. One side shall administer in a uniform, impartial and reasonable manner its laws and regulations applicable and relevant to trade between the two sides.

Article 32

Customs Valuation

One side shall determine the customs value of goods traded between the two sides in accordance with the provisions of Article VII of the WTO General Agreement on Tariffs and Trade 1994 and the Customs Valuation Agreement.

Article 33

Tariff Classification

One side shall apply the Harmonised System to goods traded between the two sides.

Article 34

Customs Cooperation

Recognising the importance of close and long-term cooperation between their customs administrations and of the

implementation of customs clearance facilitation to their economic and social development, the two sides agree to strengthen cooperation in customs procedures and trade facilitation in the following areas:

- (i) conduct studies and exchanges on the differences between their respective customs clearance systems and on existing problems, with a view to exploring specific means to enhance the level of facilitation and to strengthen cooperation;
- (ii) launch cooperation with focus on information exchange, mutual recognition of control, and mutual assistance in law enforcement, with a view to enhancing the efficiency of customs clearance at control points;
- (iii) strengthen cooperation in customs clearance for sea and land transportation modes as well as intermodal operation, etc., with a view to enhancing regulatory and customs clearance efficiency;
- (iv) strengthen the work of the Expert Group on Cargo Data Sharing and Road Cargo Clearance under the two customs administrations, further study the feasibility of data interchange and development of electronic customs clearance system at control points, strengthen the risk management of customs clearance and enhance its efficiency through technical means.

Article 35

Application of Information Technology

The customs administration of one side shall adopt cost-effective and highly efficient information technology to support customs operations, attach importance to the development in this area under the World Customs Organisation, explore the use of internet, etc. to facilitate customs clearance, and establish and promote single window.

Article 36

Risk Management

1. One side shall establish and maintain a risk management system to implement customs control and use risk profiling to determine which persons, goods and means of transport are to be examined, and the extent and methods of the examination.
2. One side shall further strengthen the use of risk management techniques in the administration of its customs procedures so as to facilitate the clearance of low-risk goods and allow resources to be focused on high-risk goods.
3. The two sides shall conduct consultations on an equal basis to explore ways to strengthen the existing liaison mechanisms between

their customs administrations with a view to enhancing the level of risk management and trade efficiency.

Article 37

Authorised Economic Operator System

1. In implementing an Authorised Economic Operator System or relevant measures, one side shall draw on relevant international standards, in particular the SAFE Framework of Standards to Secure and Facilitate Global Trade of the World Customs Organisation.

2. The two sides shall launch or continue to deepen the cooperation in the mutual recognition of the Authorised Economic Operator System or relevant measures, and provide customs clearance facilitation for law-abiding and secure enterprises in accordance with the law, so as to facilitate trade between the two sides and international trade while ensuring effective regulation.

Article 38

Release of Goods

1. One side shall establish or maintain simplified customs procedures to enhance the efficiency of the release of goods in order to facilitate trade between the two sides. For greater certainty, this paragraph shall not be construed as requiring one side to release goods where the requirements for release have not been met.

2. In accordance with paragraph 1 of this Article, one side shall establish or maintain the following procedures:

- (i) allow the submission and processing of advance electronic information before the physical arrival of goods with a view to expediting the release of goods;
- (ii) ensure that goods are released as soon as possible within a time period no longer than that required to ensure compliance with its customs law.

Article 39

Perishable Goods

1. With a view to preventing avoidable loss or deterioration of perishable goods, and provided that all regulatory requirements have been met, one side shall:

- (i) provide for the release of perishable goods within the shortest possible time under normal circumstances;
- (ii) provide for the release of perishable goods outside the normal business hours of its customs administration in exceptional circumstances and where permitted in the contexts.

2. One side shall consider according priority to perishable goods when scheduling examinations of goods.

Article 40

Liaison Mechanism

1. The two sides shall steer and coordinate cooperation in customs clearance facilitation through the Annual Review Meeting between the senior management of the General Administration of Customs of the Mainland and the Customs and Excise Department of Hong Kong, take forward cooperation in customs clearance facilitation through the customs administrations and the expert groups of the relevant departments of the two sides, and conduct regular assessment of the effectiveness of trade facilitation measures being implemented.

2. The customs administrations of the two sides shall set up a liaison officer mechanism to implement the point-to-point hotline notification measure, and coordinate and resolve problems in cooperation in a timely manner.

3. The two sides shall set up a control point operations liaison mechanism to strengthen cooperation in establishing an emergency management mechanism at control points and adopt effective measures to maintain as far as possible smooth clearance on the two sides.

4. The customs administrations of the two sides shall establish a regular meeting mechanism to make full use of the Guangdong and

Hong Kong Customs Working Group on Operational Efficiency of Control Points set up under the Guangdong Branch of the General Administration of Customs and the Customs and Excise Department of Hong Kong.

CHAPTER 6

SANITARY AND PHYTOSANITARY MEASURES

Article 41

Objectives

The objectives of this Chapter are to:

- (i) facilitate trade between the two sides, and protect human, animal and plant life and health in their areas;
- (ii) ensure transparency of the sanitary and phytosanitary measures and regulations of the two sides;
- (iii) strengthen cooperation between the competent authorities of the two sides which are responsible for this Chapter;
- (iv) facilitate the actual implementation of the principles of the Agreement on the Application of Sanitary and Phytosanitary Measures (hereinafter referred to as the “SPS Agreement”) in Annex 1A to the WTO Agreement.