

CUSTOMS ADMINISTRATION AND TRADE FACILITATION

The U.S.-Peru TPA requires transparency and efficiency in administering customs procedures. U.S. exporters to Peru should realize significant gains once the Agreement's customs administration and trade facilitation provisions are fully implemented.

Businesses operating in Peru frequently complain that unclear rules, inconsistent interpretation of customs regulations and directives, and arbitrary clearance procedures often delay the importation of merchandise into Peru for lengthy periods.

The Agreement's provisions on customs administration and trade facilitation, some of which will phase in over three years, address these and other customs-related exporter concerns.

Groundbreaking Customs Procedures and Rules of Origin

- *Comprehensive rules of origin*- Rules of origin will ensure that only U.S. and Peruvian goods receive preferential tariff treatment under the U.S.-Peru TPA. Rules are designed to be as easy as possible to administer.
- *Enhanced Transparency* – The U.S.-Peru TPA requires transparency and efficiency in administering customs procedures, including rules of origin. Peru commits to publish laws and regulations on the Internet, and will be required to take other steps that will promote certainty and fairness in customs administration. This will make it easier for U.S. exporters to understand the Peruvian Customs process.
- *Heightened Predictability* – The Agreement will allow exporters to obtain binding advance rulings on tariff classification, origin of goods and other areas. This important provision will provide exporters predictability and minimize delays at the port of entry. This obligation will address the very real problem of customs officials issuing inconsistent rulings on the same products and will minimize opportunities for abuse of discretion by officials at the border.
- *Greater Accountability* - Under the Agreement, companies will have the right to a review of customs decisions both through an independent determination at the administrative level and through the judiciary.
- *Improved express delivery service* -The demand for express-delivery services is increasing rapidly as a result of the growth of electronic commerce, the internationalization of business, and rising demand by manufacturers for outsourced logistic services. The U.S.-Peru TPA responds to that demand by requiring that,

Each day saved in shipping time is worth an estimated 0.8 percent ad-valorem for manufactured goods.* United States-U.S.-Peru TPA customs and trade facilitation measures will provide significant savings to U.S. exporters in terms of time and money.

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within two years after the date the Agreement takes effect, Peru must provide a separate, expedited customs procedure for express shipments. It must also change its regulations to allow the processing of customs information related to the express shipment prior to the arrival of the shipment itself. Most importantly, the Agreement obligates Peru under normal circumstances to clear express shipments from the port within six hours of submission of all necessary documents and with no maximum weight or value limitations.

- *Greater Customs efficiency through technology* - Responding to U.S. exporters' requests, the Agreement promotes the use of technology, including the electronic submission of information. This will help the release of goods, thereby saving companies time and money.
- *Information Sharing* - Both the U.S. and Peru agree to share information to combat illegal trans-shipment of goods.