

CHAPTER 2

TRADE IN GOODS

Section A: Definitions and Scope

Article 2.1: Definitions

For the purposes of this Chapter:

agricultural goods means those products referred to in Article 2 of the *Agreement on Agriculture*, set out in Annex 1A to the WTO Agreement;

duty-free means free of customs duty;

export subsidy means an export subsidy as defined in Article 1(e) of the *Agreement on Agriculture*, set out in Annex 1A to the WTO Agreement, including any amendment of that Article;

import licensing means an administrative procedure requiring the submission of an application or other documentation (other than that generally required for customs clearance purposes) to the relevant administrative body as a prior condition for importation into the Area of the importing Party; and

Import Licensing Agreement means the *Agreement on Import Licensing Procedures*, set out in Annex 1A to the WTO Agreement.

Article 2.2: Scope of Application

Unless otherwise provided in this Agreement, this Chapter shall apply to trade in goods between the Parties.

Section B: National Treatment

Article 2.3: National Treatment

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, including its interpretative notes. To this end, Article III of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. Paragraph 1 shall not apply to the measures set out in Annex 2-A.

Section C: Elimination of Customs Duties

Article 2.4: Elimination of Customs Duties

1. Unless otherwise provided in this Agreement, neither Party shall increase any existing customs duty, or adopt any new customs duty, on an originating good of the other Party.
2. Unless otherwise provided in this Agreement, each Party shall eliminate its customs duties on originating goods of the other Party in accordance with its Schedule to Annex 2-B.
3. On request of either Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules to Annex 2-B.
4. An agreement between the Parties to accelerate the elimination of a customs duty on an originating good shall supersede any duty rate or staging category determined pursuant to their Schedules to Annex 2-B for such good. Such agreement shall be adopted by the Joint Commission pursuant to Article 17.2.2(d) of Chapter 17 (Administrative and Institutional Provisions).
5. For greater certainty, a Party may:
 - (a) raise a customs duty to the level set out in its Schedule to Annex 2-B, following a unilateral reduction for the respective year; or
 - (b) maintain or increase a customs duty as authorised by the Dispute Settlement Body of the WTO or in accordance with Chapter 18 (Dispute Settlement).

Section D: Special Regimes

Article 2.5: Temporary Admission of Goods

Each Party shall allow, as provided for in its laws and regulations, temporary admission of goods to be brought into its Area conditionally relieved, totally or partially, from payment of customs duty if such goods:

- (a) are brought into its Area for a specific purpose;
- (b) are intended for re-exportation within a specific period; and

- (c) have not undergone any change except normal depreciation and wastage due to the use made of them.

Article 2.6: Duty-Free Entry of Commercial Samples of Negligible Value and Printed Advertising Materials

Each Party shall, in accordance with its laws and regulations, grant duty-free entry to commercial samples of negligible value, and to printed advertising materials¹, imported from the Area of the other Party, regardless of their origin, but may require that:

- (a) commercial samples of negligible value be imported solely for the solicitation of orders for goods, or services provided from the Area, of the other Party or a non-party; or
- (b) printed advertising materials be imported in packets that each contains no more than one copy of each such material and that neither such materials nor packets form part of a larger consignment.

Section E: Non-Tariff Measures

Article 2.7: Import and Export Restrictions

1. Unless otherwise provided in this Agreement, neither Party shall adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the Area of the other Party, except in accordance with Article XI of GATT 1994 and its interpretative notes. To this end, Article XI of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. For greater certainty, the Parties understand that the rights and obligations incorporated by paragraph 1 prohibit a Party from adopting or maintaining:

- (a) export and import price requirements, except as permitted in enforcement of countervailing and anti-dumping duty orders and undertakings; or
- (b) voluntary undertakings inconsistent with Article VI of GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.

3. Paragraph 1 and paragraph 2 shall not apply to the measures set out in Annex 2-A.

¹ For greater certainty, printed advertising materials refer to materials essentially intended to advertise a good or service and are supplied free of charge.

Article 2.8: Import Licensing

1. Neither Party shall adopt or maintain a measure that is inconsistent with the Import Licensing Agreement. To this end, the Import Licensing Agreement is incorporated into and made part of this Agreement, *mutatis mutandis*.
2. Each Party shall, promptly after the date of entry into force of this Agreement, notify the other Party of its existing import licensing procedures. Thereafter, each Party shall notify the other Party of any new import licensing procedure and any modification to its existing import licensing procedures within 60 days of its publication. A notification provided in accordance with this Article shall include the information specified in Articles 5.2, 5.3 and 5.4 of the Import Licensing Agreement. A Party shall be deemed to be in compliance with the obligations under this paragraph if it has notified a new licensing procedure or a modification to an existing import licensing procedure to the WTO Committee on Import Licensing.
3. Before applying any new or modified import licensing procedure, a Party shall publish the new procedure or modification on its official government website(s). The Party shall do so, whenever practicable, 21 days prior to the effective date of the requirement but in all events no later than such effective date.

Article 2.9: Administrative Fees and Formalities

1. Each Party shall ensure that all fees and charges of whatever character imposed on or in connection with the importation or exportation of goods are consistent with Article VIII:1 of GATT 1994.
2. Neither Party shall require legalisation of commercial invoices, certificates of origin or other documentation requested by the customs administration, including related fees and charges, in connection with the importation of a good of the other Party.
3. Each Party shall make publicly available online the fees and charges it imposes in connection with importation or exportation.

Article 2.10: State Trading Enterprises

The rights and obligations of the Parties with respect to state trading enterprises shall be governed by Article XVII of GATT 1994, its interpretative notes and the *Understanding on the Interpretation of Article XVII of GATT 1994*. To this end, Article XVII of GATT 1994, its interpretative notes and the *Understanding on the Interpretation of Article XVII of GATT 1994* are incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.11: Agricultural Export Subsidies

Neither Party shall introduce or maintain any export subsidy on any agricultural good destined for the Area of the other Party.