

CHAPTER 2

TRADE IN GOODS

Article 1

Definition

For the purposes of this Chapter, **customs duty** means any import duty or charge of any kind, including any form of surtax or surcharge, imposed in connection with the importation of a good, but does not include any:

- (a) charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article III of GATT 1994, in respect of the like domestic product or in respect of an article from which the imported product has been manufactured or produced in whole or in part;
- (b) anti-dumping or countervailing duty applied consistently with the provisions of Article VI of GATT 1994, the Anti-dumping Agreement, and the SCM Agreement; or
- (c) fees or other charges that are covered by subparagraph 1(a) of Article VIII of GATT 1994.

Article 2

Scope

This Chapter applies to trade in goods between the Parties.

Article 3

National Treatment on Internal Taxation and Regulation

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

Article 4

Elimination of Customs Duties

1. Each Party shall eliminate all its customs duties on goods originating in the other Party as from the date of entry into force of this Agreement except as provided in paragraph 2.
2. The products listed in Annex 2-1 (Georgia's Exclusion List) shall be subject to the most-favoured-nation customs duty rate when imported into Georgia.
3. Neither Party shall increase any existing customs duty or introduce a new customs duty on an originating good of the other Party other than in accordance with this Agreement.

Article 5

Classification of Goods

The classification of goods in trade between the Parties shall be that set out in each Party's respective nomenclature in conformity with the Harmonized System.

Article 6

Non-Tariff Measures

1. Unless otherwise provided in this Agreement, neither Party shall adopt or maintain any non-tariff measures,

including prohibition or restriction or measure having equivalent effect, on the importation of any goods originating in the Area of the other Party, or on the exportation or sale for export of any goods destined for the Area of the other Party, except in accordance with its rights and obligations under the WTO Agreement.

2. Each Party shall ensure its non-tariff measures permitted in paragraph 1 are not prepared, adopted or applied with a view to, or with the effect of, creating unnecessary obstacles to trade between the Parties.

Article 7

Import Licensing

Each Party shall ensure that import licensing regimes applied to goods originating in the other Party are applied in accordance with the WTO Agreement, and in particular, with the provisions of the *Agreement on Import Licensing Procedures*, contained in Annex 1A to the WTO Agreement.

Article 8

Fees and Formalities Connected with Importation and Exportation

Each Party shall ensure, in accordance with paragraph 1 of Article VIII of GATT 1994, that all fees, charges, formalities and requirements imposed in connection with the importation and exportation of goods shall be consistent with the obligations under GATT 1994.

Article 9

Administration of Trade Regulations

1. In accordance with Article X of GATT 1994, each Party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, judicial decisions and administrative rulings pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing inspection, exhibition, processing, mixing or other use.

2. In accordance with Article VIII of GATT 1994, neither Party shall impose substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation, which is easily rectifiable and obviously made without fraudulent intent or gross negligence, shall be greater than necessary to serve merely as a warning.

LIST OF ANNEX TO CHAPTER 2 (TRADE IN GOODS)

ANNEX 2-1

GEORGIA'S EXCLUSION LIST