

Chapter 3

Trade in Goods

Article 3.1: Definitions

For the purposes of this Chapter:

agricultural goods means those goods referred to in Article 2 of WTO Agreement on Agriculture;

consular transactions means requirements that goods of a Party intended for export to the territory of the other Party must first be submitted to the supervision of the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests, shippers' export declarations or any other customs documentation required on or in connection with importation;

duty-free means free of customs duty;

export subsidies shall have the meaning assigned to that term in Article 1 (e) of WTO Agreement on Agriculture, including any amendment of that Article; and

import licensing means administrative procedures 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 territory of the importing Party.

Article 3.2: Scope and Coverage

Except as otherwise provided, this Chapter applies to trade in all goods between the Parties.

Article 3.3: National Treatment

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*.

Article 3.4: Elimination of Customs Duties

1. The provisions of this Chapter concerning the elimination of customs duties on imports shall apply to goods originating in the territory of the Parties.

2. Except as otherwise provided in this Agreement, a Party shall not increase any existing customs duty or introduce a new customs duty on an originating good covered by this Agreement.

3. Except as otherwise provided in this Agreement, and subject to a Party's Schedule as set out in Annex 3.4, as at the date of entry into force of this Agreement, each Party shall eliminate all customs duties on originating goods of the other Party.

4. If a Party reduces its applied most-favoured-nation customs duties rate with respect to any product, listed in Annex 3.4, after the entry into force of this Agreement and before the end of the tariff reduction and/or elimination period, the Parties shall consult to consider adjusting the customs duties of such product to be consistent with the most-favoured-nation customs duties rate reduction.

5. On the request of either Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules in Annex 3.4. An agreement between the Parties to accelerate the elimination of a customs duty on a good shall supersede any duty rate determined pursuant to their Schedules in Annex 3.4 for such good when approved by each Party in accordance with Article 13.1.4 (b) (Free Trade Commission).

6. A Party may at any time accelerate unilaterally the elimination of customs duties on originating goods of the other Party set out in its Schedule in Annex 3.4. A Party considering doing so shall inform the other Party as early as practicable.

Article 3.5: Administrative Fees and Formalities

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

2. Each Party shall not require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.

3. Each Party shall as much as possible, make available through the internet or a comparable computer-based telecommunications network, a current list of the fees and charges it imposes in connection with importation or exportation.

Article 3.6: Price Band System

Chile may maintain its price band system as established under its Law N° 18.525 or succeeding system for the products covered by that law¹, provided it is applied consistent with Chile's rights and obligations under the WTO Agreement.

¹ For greater certainty, Chile shall not incorporate new products in the Price Band System. The products covered by the price band system are HS (2007) 1001.9000, 1101.0000, 1701.1100, 1701.1200, 1701.9100, 1701.9910, 1701.9920 and 1701.9990.

Article 3.7: Agricultural Export Subsidies

1. The Parties share the objective of the multilateral elimination of all forms of export subsidies for agricultural goods and shall cooperate in an effort to achieve such an agreement and prevent their reintroduction in any form.
2. Neither Party shall introduce or maintain all forms of export subsidy on any agricultural good destined for the territory of the other Party.

Article 3.8: Non-Tariff Measures

1. Each Party shall not 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 territory of the other Party, except in accordance with its WTO rights and obligations or this Agreement. To this end, Article XI of GATT 1994 and its interpretative notes shall be incorporated into and shall form part of this Agreement, *mutatis mutandis*.
2. The Parties understand that the rights and obligations in paragraph 1 prohibit a Party from adopting or maintaining:
 - (a) export and import price requirements, except as permitted in enforcement of countervailing and antidumping orders and undertakings;
 - (b) import licensing conditioned on the fulfillment of a performance requirement; or
 - (c) voluntary export restraints.
3. For transparency purposes, Chile recalls that it has notified to WTO the Law 18.483 or its successor on measures concerning the importation of used vehicles.
4. Each Party shall ensure the transparency of its non-tariff measures permitted in paragraph 1 and shall ensure that any such measures are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to trade between the Parties.

Article 3.9: Committee on Trade in Goods

1. The Parties hereby establish a Committee on Trade in Goods (hereinafter referred to as “the Committee”), comprising of representatives of the Parties.
2. To facilitate communications between the Parties on any matter relating to this Chapter, each Party shall designate a contact point. Where a Party considers that any proposed or actual measure of the other Party may materially affect trade in goods between the Parties, that Party may, through the contact point, request detailed information relating to that measure.

3. The functions of the Committee shall be:
- (a) reviewing and monitoring the implementation and operation of this Chapter;
 - (b) considering any issue related to this Chapter;
 - (c) receiving reports from, and reviewing the work of the Committee on Rules of Origin established pursuant to Article 4.14 (Committee on Rules of Origin);
 - (d) establishing any working groups, as and when necessary;
 - (e) carrying out other functions as may be delegated by the Commission in accordance with Chapter 13 (Administration and Institutional Provisions);
 - (f) identifying and recommending measures to promote and facilitate improved market access, including any acceleration of tariff commitments under Article 3.4;
 - (g) addressing barriers to trade in goods between the Parties, especially those related to the application of non-tariff measures, and, if appropriate, referring such matters to the Commission for its consideration; and
 - (h) reporting the findings and the outcome of discussions to the Commission.
4. The Committee shall meet at such venue and time as may be agreed by the Parties. Meetings may be held via teleconference, videoconference or through any other means as mutually determined by the Parties.