

Preamble

The Government of the People's Republic of China ("China") and the Government of the Republic of Chile ("Chile"), hereinafter referred to as "the Parties";

Committed to strengthening the special bonds of friendship and cooperation between their countries;

Sharing the belief that a free trade agreement shall produce mutual benefits to each Party and contribute to the expansion and development of world trade under the multilateral trading system embodied in the *Marrakesh Agreement Establishing the World Trade Organization* ("the WTO Agreement");

Building on their respective rights and obligations under the WTO Agreement and other multilateral, regional and bilateral instruments of cooperation;

Supporting the wider liberalization process in the *Asia-Pacific Economic Cooperation* (APEC) and in particular the efforts of all APEC economies to meet the Bogor goals of free and open trade and the actions subscribed on the *Osaka Action Agenda*;

Recognizing the contribution, guidance and meaningful reference of the *APEC Best Practices for Regional Trade Arrangements (RTAs), Free Trade Agreements (FTAs), and other Preferential Arrangements*;

Resolved to promote reciprocal trade through the establishment of clear and mutually advantageous trade rules and the avoidance of trade barriers;

Recognizing that this Agreement should be implemented with a view toward raising the standard of living, creating new job opportunities, and promoting sustainable development in a manner consistent with environmental protection and conservation; and

Committed to promoting the public welfare within each of their countries;

Have agreed as follows:

Chapter I

Initial Provisions

Article 1 Establishment of a Free Trade Area

The Parties to this Agreement, consistent with Article XXIV of the *General Agreement on Tariffs and Trade 1994*, hereby establish a free trade area.

Article 2 Objectives

1. The objectives of this Agreement, as elaborated more specifically through its principles and rules, including national treatment, most-favored-nation (MFN) treatment, and transparency, are to:

- (a) encourage expansion and diversification of trade between the Parties;
- (b) eliminate barriers to trade in, and facilitate the cross-border movement of, goods between the Parties;
- (c) promote conditions of fair competition in the free trade area;
- (d) create effective procedures for the implementation and application of this Agreement, for its joint administration, and for the resolution of disputes; and
- (e) establish a framework for further bilateral, regional, and multilateral cooperation to expand and enhance the benefits of this Agreement.

2. The Parties shall interpret and apply the provisions of this Agreement in the light of its objectives set out in paragraph 1 and in accordance with customary rules of interpretation of public international law.

Article 3 Relation to Other Agreements

The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreement and other agreements to which both Parties are parties.

Article 4 Extent of Obligations

The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement in their respective territories.