

## **Chapter 2**

### **Trade in Goods**

#### **Article 2.1: Scope and Coverage**

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

#### **Article 2.2: Definitions**

For purposes of this Chapter:

**advertising films and recordings** means recorded audio/visual or audio media designed to advertise or promote goods or services by any person having an established business or resident in the territory of a Party, excluding such media for broadcast to the general public;

**commercial samples of negligible value** means commercial samples having a value, individually or in the aggregate as shipped, of not more than one U.S. dollar, or the equivalent amount in the currency of the other Party, or so marked, torn, perforated, or otherwise treated that they are unsuitable for sale or for use except as commercial samples;

**consular transactions** means requirements that goods of a Party intended for export to the territory of the importing 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, certifications 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;

**goods intended for display or demonstration** includes their component parts, ancillary apparatus, and accessories;

**goods admitted for sports purposes** means sports equipment for use in sports contests, events, or training in the territory of the Party into whose territory such goods are admitted; and

**printed advertising materials** means those goods classified in chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks of trade associations, tourist promotional materials, and posters, that are used to promote, publicize, or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge.

### **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.
2. To this end, Article III of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.

### **Article 2.4: 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 territories of the Parties.
2. Except as otherwise provided in this Agreement, each Party shall eliminate its customs duties on originating goods in accordance with Annex 2.1 (Elimination of Customs Duties).
3. During the customs duties elimination process, the Parties shall apply to originating goods traded between them, the lesser of the customs duties resulting from a comparison between the rates established in accordance with Annex 2.1 (Elimination of Customs Duties) and the existing rate pursuant to Article II of GATT 1994.
4. Each Party shall not increase an existing customs duty, introduce a new customs duty or impose an additional customs duty to that determined under paragraph 2, on the importation of originating goods.
5. Each Party shall refrain from applying any measure that reduces or nullifies the commitments of this Chapter.
6. The tariff classification of goods in trade between the Parties shall be governed by the national nomenclature of each Party, which shall be consistent with the Harmonized System.

### **Article 2.5: Accelerated Customs Duties Elimination**

1. On the request of a Party, the Parties shall consult to consider accelerating the elimination of customs duties on originating goods as set out in Annex 2.1 (Elimination of Customs Duties).
2. An agreement by the Parties to accelerate the elimination of customs duties on originating goods shall enter into force after the Parties have exchanged written notifications informing that they have completed necessary internal legal procedures and on such date or dates as may be agreed between them.

3. A Party may at any time accelerate unilaterally the elimination of customs duties on originating goods of the other Party set out in Annex 2.1 (Elimination of Customs Duties). A Party considering doing so shall inform the other Party as early as possible.

#### **Article 2.6: Export Taxes**

A Party shall not adopt or maintain any duty, tax or other charge on the exportation of goods to the territory of the other Party, except as provided in Annex 2.2 (Export Taxes).

#### **Article 2.7: Customs Valuation**

The Parties shall determine the customs value of goods traded between them in accordance with the provisions of Article VII of GATT 1994 and the Customs Valuation Agreement.

#### **Article 2.8: Administrative Fees and Formalities**

Each Party shall ensure, in accordance with Article VIII.1 of GATT 1994, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax imposed consistently with Article III.2 of GATT 1994, and antidumping and countervailing duties imposed pursuant to a Party's domestic law and consistently with Chapter 7 (Trade Remedies)) imposed on or in connection with import or export are limited in amount to the approximate cost of services rendered and do not represent an indirect protection to domestic goods or a taxation on imports or exports for fiscal purposes.

#### **Article 2.9: Consular Fees**

1. Neither Party shall require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.
2. Each Party shall make available and maintain through the Internet a current list of the fees and charges it imposes in connection with importation or exportation.

#### **Article 2.10: Temporary Admission of Goods**

1. With the exception of liquor and tobacco products, each Party shall grant duty-free temporary admission for the following goods, regardless of their origin, imported by or for the use of a national or resident of the other Party:

- (a) professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, necessary for carrying out the business activity, trade, or profession of a person who qualifies for temporary entry pursuant to the laws of the importing Party;
  - (b) goods intended for display or demonstration;
  - (c) commercial samples and advertising films and recordings; and
  - (d) goods admitted for sports purposes.
2. Each Party, at the request of the person concerned and for reasons its customs authority considers valid, shall extend the time limit for temporary admission beyond the period initially fixed.
3. Neither Party shall condition the duty-free temporary admission of a good referred to in paragraph 1, other than to require that such good:
- (a) be used solely by or under the personal supervision of a national or resident of the other Party in the exercise of the business activity, trade, profession, or sport of that person;
  - (b) not be sold or leased or consumed while in its territory;
  - (c) be accompanied by a security in an amount no greater than the charges that would otherwise be owed on entry or final importation, releasable upon exportation of the good;
  - (d) be capable of identification when admitted and exported;
  - (e) be exported on the departure of the person referenced in subparagraph (a), or within such other period that is reasonably related to the purpose of the temporary admission, as the Party may establish;
  - (f) be admitted in no greater quantity than is reasonable for its intended use; and
  - (g) be otherwise admissible into the Party's territory under its law.
4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on the final importation of the good plus any other charges or penalties provided for under its domestic law.
5. Each Party, through its customs authority, shall adopt procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, such procedures shall provide that when such a good

accompanies a national or resident of the other Party who is seeking temporary entry, the good shall be released simultaneously with the entry of that national or resident.

6. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than that through which it was admitted.

7. Each Party shall provide that its customs authority or other competent authority relieve the importer or other person responsible for a good admitted under this Article from any liability for failure to export the good on presentation of satisfactory proof to the importing Party's customs authority that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.

#### **Article 2.11: Goods Re-entered After Repair or Alteration**

1. Neither Party shall apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of whether such repair or alteration could be performed in the territory of the Party from which the good was exported for repair or alteration.

2. A Party shall not apply a customs duty to a good regardless of its origin, imported temporarily from the territory of the other Party for repair or alteration.

3. For purposes of this Article, repair or alteration does not include an operation or process that:

- (a) destroys a good's essential characteristics or creates a new or commercially different good; or
- (b) transforms an unfinished good into a finished good.

#### **Article 2.12: Duty-Free Entry of Commercial Samples of Negligible Value and Printed Advertising Materials**

With the exception of liquor and tobacco products, each Party shall grant duty-free entry to commercial samples of negligible value, and to printed advertising materials, imported from the territory of the other Party, regardless of their origin, but may require that:

- (a) such samples be imported solely for the solicitation of orders for goods or services provided from the territory of the other Party or a non-Party; or

- (b) such advertising materials be imported in packages that each contain no more than one copy of each such material and that neither such materials nor packages form part of a larger consignment.

### **Article 2.13: Import and Export Restrictions**

1. Neither Party shall adopt or maintain any non-tariff measures that prohibit or restrict the importation of any good of the other Party or on the exportation of any good destined for the territory of the other Party, except in accordance with its WTO rights and obligations, or in accordance with other provisions of this Agreement.
2. Each Party shall ensure that such measures are not adopted or applied with a view to or with the effect of creating unnecessary obstacles to trade between the Parties.