

CHAPTER 1

GENERAL PROVISIONS

ARTICLE 1.1

Establishment of a Comprehensive Economic Partnership

The Parties hereby establish a comprehensive economic partnership, including a free trade area, by means of this Agreement, which is based on trade relations between market economies, with a view to contributing to the harmonious development and expansion of world trade and to spurring prosperity and sustainable development.

ARTICLE 1.2

Objectives

The objectives of this Agreement are:

- (a) to achieve the liberalisation of trade in goods, in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the “GATT 1994”);
- (b) to achieve the liberalisation of trade in services, in conformity with Article V of the General Agreement on Trade in Services (hereinafter referred to as the “GATS”);
- (c) to mutually enhance investment opportunities;
- (d) to ensure adequate and effective protection of intellectual property rights, in accordance with international standards;
- (e) to enhance cooperation and explore possible liberalisation in the field of government procurement;
- (f) to promote fair competition in their economies, particularly as it relates to economic relations between the Parties;
- (g) to ensure cooperation and capacity building in order to enhance and expand the benefits of this Agreement, thereby reducing poverty and fostering competitiveness and sustainable economic development; and
- (h) to develop international trade in such a way as to contribute to the objective of sustainable development as it is integrated and reflected in the Parties’ trade relations.

ARTICLE 1.3

Geographical Scope

1. Except as otherwise specified in Annex I (Rules of Origin and Administrative Cooperation), this Agreement shall apply:
 - (a) to the land territory, internal waters, archipelagic waters and the territorial sea of a Party, and the air-space above the territory of a Party, in accordance with international law including the United Nations Convention on the Law of the Sea, done at Montego Bay, December 10, 1982; and
 - (b) beyond the territorial sea, with respect to measures taken by a Party in the exercise of its sovereign rights and jurisdiction in accordance with international law, including the United Nations Convention on the Law of the Sea, done at Montego Bay, December 10, 1982.
2. This Agreement shall not apply to the Norwegian territory of Svalbard, with the exception of trade in goods.

ARTICLE 1.4

Economic Partnership Governed by this Agreement

1. This Agreement shall apply to Indonesia on the one side and the individual EFTA States on the other side but not to the trade and economic relations between individual EFTA States, unless otherwise provided for in this Agreement.
2. In accordance with the Customs Treaty of 29 March 1923 between Switzerland and Liechtenstein, Switzerland shall represent Liechtenstein in matters covered thereby.

ARTICLE 1.5

Relationship to Other International Agreements

1. The Parties confirm their rights and obligations under the WTO Agreement and the other agreements concluded thereunder to which they are a party, and any other international agreements to which they are a party.
2. If a Party considers that the maintenance or establishment of customs unions, free trade areas, arrangements for frontier trade or other preferential agreements by another Party has the effect of altering the trade regime provided for by this Agreement, it may request consultations. The Party concluding such agreement shall afford adequate opportunity for consultations with the requesting Party.

3. If any international agreement, referred to in this Agreement is amended, the Parties may consult on whether it is necessary to amend this Agreement.

ARTICLE 1.6

Fulfilment of Obligations

The Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. Each Party shall ensure within its territory the observance of all obligations and commitments under this Agreement by its respective central, regional and local governments and authorities, and by non-governmental bodies in the exercise of governmental powers delegated to them.

ARTICLE 1.7

Transparency and Confidential Information

1. Laws, regulations, judicial decisions, administrative rulings of general application of the Parties, as well as their respective international agreements, that may affect the operation of this Agreement, shall be published or otherwise made publicly available by the Parties.
2. Each Party shall respond to a request with respect to specific questions, and provide information requested by another Party on matters referred to in paragraph 1 in a timely manner.
3. Nothing in this Agreement shall require any Party to disclose confidential information that would impede law enforcement, or otherwise be contrary to the public interest or that would prejudice the legitimate commercial interests of any economic operator.
4. Each Party shall treat as confidential the information submitted by another Party, which has been designated as confidential by the Party submitting the information.
5. In case of any inconsistency between this Article and provisions relating to transparency in other parts of this Agreement, the latter shall prevail to the extent of the inconsistency.

ARTICLE 1.8

Taxation Exception

1. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

2. Nothing in this Agreement shall affect the rights and obligations of a Party under a tax convention applicable between the relevant EFTA State and Indonesia. In the event of any inconsistency between this Agreement and any such tax convention, that tax convention shall prevail to the extent of the inconsistency. The competent authorities under that tax convention shall have the sole responsibility to determine whether an inconsistency exists between this Agreement and that tax convention.

3. Notwithstanding paragraph 1, the provisions referred to hereafter shall apply to taxation measures:

- (a) Article 2.9 (Internal Taxation and Regulations) and such other provisions of this Agreement as are necessary to give effect to that Article to the same extent as does Article III of the GATT 1994; and
- (b) Articles 3.16 (General Exceptions) and 4.11 (General Exceptions) to the same extent as does Article XIV of the GATS.

4. For the purposes of this Article, taxation measures do not include any import duties as defined in Article 2.2 (Import Duties) nor export duties as defined in Article 2.3 (Export Duties).