

Article 12 Communications

Each Party shall designate a contact point to facilitate communications among the Parties on, except as otherwise provided for in Article 61, any matter relating to this Agreement. All official communications in this regard shall be done in the English language.

Chapter 2 Trade in Goods

Article 13 Definitions

For the purposes of this Chapter, the term:

- (a) "customs duties" means any customs or import duty and a charge of any kind imposed in connection with the importation of a good, but does not include any:
 - (i) 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 goods or in respect of goods from which the imported goods have been manufactured or produced in whole or in part;
 - (ii) anti-dumping or countervailing duty applied consistently with the provisions of Article VI of GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, and the Agreement on Subsidies and Countervailing Measures in Annex 1A to the WTO Agreement; or
 - (iii) fee or any charge commensurate with the cost of services rendered;
- (b) "customs laws" means such laws and regulations administered and enforced by the customs authority of each Party concerning the importation, exportation, and transit of goods, as they relate to customs duties, charges, and other taxes, or to prohibitions, restrictions, and other similar controls with respect to the movement of controlled items across the boundary of the customs territory of each Party;

- (c) "customs value of goods" means the value of goods for the purposes of levying ad valorem customs duties on imported goods;
- (d) "domestic industry" means the producers as a whole of the like or directly competitive goods operating in a Party, or those whose collective output of the like or directly competitive goods constitutes a major proportion of the total domestic production of those goods;
- (e) "originating goods" means goods that qualify as originating in accordance with the provisions of Chapter 3;
- (f) "serious injury" means a significant overall impairment in the position of a domestic industry; and
- (g) "threat of serious injury" means serious injury that, on the basis of facts and not merely on allegation, conjecture or remote possibility, is clearly imminent.

Article 14 Classification of Goods

The classification of goods in trade between the Parties shall be in conformity with the Harmonized System.

Article 15 National Treatment on Internal Taxation and Regulation

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

Article 16 Elimination or Reduction of Customs Duties

1. Except as otherwise provided for in this Agreement, each Party shall, in accordance with its Schedule in Annex 1, eliminate or reduce its customs duties on originating goods of the other Parties. Such elimination or reduction shall be applied to originating goods of all the other Parties on a non-discriminatory basis.

2. The Parties shall endeavour to take further steps towards liberalisation of trade in goods through unilateral, bilateral or regional efforts consistent with GATT 1994.

3. The Parties reaffirm that, as is provided for in Article 7, nothing in this Chapter shall be construed to prevent a Party which is a party to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal or other relevant international agreements from adopting or enforcing any measure in relation to hazardous wastes or hazardous substances based on its laws and regulations, in accordance with such international agreements.

Article 17 Customs Valuation

For the purposes of determining the customs value of goods traded between the Parties, the provisions of Part I of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement (hereinafter referred to as "the Agreement on Customs Valuation") shall apply, *mutatis mutandis*.

Note: In the case of the Kingdom of Cambodia, the Agreement on Customs Valuation, as implemented in accordance with the provisions of the Protocol on the Accession of the Kingdom of Cambodia to the World Trade Organization, shall apply, *mutatis mutandis*.

Article 18 Non-tariff Measures

1. Each Party shall not institute or maintain any non-tariff measures including quantitative restrictions on the importation of any good of the other Parties or on the exportation or sale for export of any good destined for another Party, except the same measures as those permitted under the WTO Agreement.

2. Each Party shall ensure transparency of its non-tariff measures permitted under paragraph 1, including quantitative restrictions. Each Party which is a member of the World Trade Organization shall ensure full compliance with the obligations under the WTO Agreement with a view to minimising possible distortions to trade to the maximum extent possible.

Article 19 Modification of Concessions

1. The Parties shall not nullify or impair any of the concessions under this Agreement, except in cases provided for in this Agreement.

2. Any Party may negotiate with any interested Party to modify or withdraw its concession made under this Agreement. In such negotiations, which may include compensatory adjustment with respect to other goods, the Parties concerned shall maintain a general level of reciprocal and mutually advantageous concessions not less favourable to trade than that provided for in this Agreement prior to such negotiations. In reflecting the results of such negotiations to this Agreement, Article 77 shall apply.

Article 20 Safeguard Measures

1. A Party which is a member of the World Trade Organization may apply a safeguard measure to an originating good of the other Parties in accordance with Article XIX of GATT 1994 and the Agreement on Safeguards in Annex 1A to the WTO Agreement (hereinafter referred to as "the Agreement on Safeguards"), or Article 5 of the Agreement on Agriculture in Annex 1A to the WTO Agreement (hereinafter referred to as "Agreement on Agriculture"). Any action taken pursuant to Article XIX of GATT 1994 and the Agreement on Safeguards, or Article 5 of the Agreement on Agriculture shall not be subject to Chapter 9 of this Agreement.

2. Each Party shall be free to apply a safeguard measure provided for under this Article (hereinafter referred to as "an AJCEP safeguard measure"), to the minimum extent necessary to prevent or remedy the serious injury to a domestic industry of that Party and to facilitate adjustment, if as an effect of the obligations incurred by that Party under this Agreement, including tariff concessions, or if as a result of unforeseen developments and of the effects of the obligations incurred by that Party under this Agreement, an originating good of the other Parties is being imported in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry of the importing Party that produces like or directly competitive goods in the importing Party.

3. An AJCEP safeguard measure shall not be applied against an originating good of a Party which is an ASEAN Member State, as long as its share of imports of the good concerned in the importing Party does not exceed three (3) per cent of the total imports from the other Parties, provided that those Parties with less than three (3) per cent import share collectively account for not more than nine (9) per cent of total imports of the good concerned from the other Parties.

4. A Party shall not apply an AJCEP safeguard measure to an originating good imported up to the limit of quota quantities granted under tariff rate quotas applied in accordance with its Schedule in Annex 1.

5. A Party applying an AJCEP safeguard measure may:

- (a) suspend the further reduction of any customs duty on the originating good of the other Parties provided for under this Chapter; or
- (b) increase the customs duty on the originating good of the other Parties to a level not to exceed the lesser of:
 - (i) the applied most-favoured-nation rate (hereinafter referred to as "applied MFN rate") on the good in effect on the day when the AJCEP safeguard measure is applied; and
 - (ii) the applied MFN rate on the good in effect on the day immediately preceding the date of entry into force of this Agreement pursuant to paragraph 1 of Article 79.

6. (a) A Party may apply an AJCEP safeguard measure only after an investigation has been carried out by the competent authorities of that Party in accordance with the same procedures as those provided for in Article 3 and paragraph 2 of Article 4 of the Agreement on Safeguards.

- (b) The investigation referred to in subparagraph (a) shall be completed within one (1) year following its date of initiation.

7. The following conditions and limitations shall apply with regard to an AJCEP safeguard measure:

- (a) A Party shall immediately give a written notice to the other Parties upon:

- (i) initiating an investigation referred to in subparagraph 6(a) relating to serious injury, or threat of serious injury, and the reasons for it;
 - (ii) making a finding of serious injury or threat of serious injury caused by increased imports; and
 - (iii) taking a decision to apply or extend an AJCEP safeguard measure.
- (b) The Party giving the written notice referred to in subparagraph (a) shall provide the other Parties with all pertinent information, which shall include:
 - (i) in the written notice referred to in subparagraph (a)(i), the reason for the initiation of the investigation, a precise description of an originating good subject to the investigation and its heading or subheading of the Harmonized System, on which the Schedules in Annex 1 are based, the period subject to the investigation and the date of initiation of the investigation; and
 - (ii) in the written notice referred to in subparagraphs (a)(ii) and (iii), the evidence of serious injury or threat of serious injury caused by the increased imports of the originating good, a precise description of the originating good subject to the proposed safeguard measure and its heading or subheading of the Harmonized System, on which the Schedules in Annex 1 are based, a precise description of the AJCEP safeguard measure, the proposed date of its introduction and its expected duration.
- (c) A Party proposing to apply or extend an AJCEP safeguard measure shall provide adequate opportunity for prior consultations with those Parties which would be affected by the AJCEP safeguard measure with a view to reviewing the information arising from the investigation referred to in subparagraph (a), exchanging views on the AJCEP safeguard measure and reaching an agreement on compensation set out in paragraph 8.

- (d) No AJCEP safeguard measure shall be maintained except to the extent and for such time as may be necessary to prevent or remedy serious injury and to facilitate adjustment, provided that such time shall not exceed a period of three (3) years. An AJCEP safeguard measure may be extended, provided that the conditions set out in this Article are met. The total duration of the AJCEP safeguard measure, including any extensions thereof, shall not exceed four (4) years. In order to facilitate adjustment in a situation where the expected duration of an AJCEP safeguard measure is over one (1) year, the Party maintaining the AJCEP safeguard measure shall progressively liberalise the AJCEP safeguard measure at regular intervals during the period of application.
 - (e) No AJCEP safeguard measure shall be applied again to the import of a particular originating good which has been subject to such an AJCEP safeguard measure, for a period of time equal to the duration of the previous safeguard measure or one (1) year, whichever is longer.
 - (f) Upon the termination of an AJCEP safeguard measure on a good, the rate of the customs duty for that good shall be the rate that, in accordance with the Schedule of the Party applying the AJCEP safeguard measure set out in Annex 1, would have been in effect had the AJCEP safeguard measure not been applied.
- 8.
- (a) A Party proposing to apply or extend an AJCEP safeguard measure shall provide to the other Parties mutually agreed adequate means of trade compensation in the form of substantially equivalent level of concessions or other obligations to that existing under this Agreement between the Party applying the AJCEP safeguard measure and the exporting Parties which would be affected by such a measure.
 - (b) In seeking compensation provided for in subparagraph (a), the Parties shall hold consultations in the Joint Committee. Any proceedings arising from such consultations shall be completed within thirty (30) days from the date on which the AJCEP safeguard measure was applied.

- (c) If no agreement on the compensation is reached within the time frame specified in subparagraph (b), the Parties other than the one applying the AJCEP safeguard measure shall be free to suspend concessions of customs duties under this Agreement, which is substantially equivalent to the AJCEP safeguard measure, on originating goods of the Party applying the AJCEP safeguard measure. The Parties may suspend the concessions only for the minimum period necessary to achieve the substantially equivalent effects and only while the AJCEP safeguard measure is maintained. The right of suspension provided for in this subparagraph shall not be exercised for the first two (2) years that an AJCEP safeguard measure is in effect, provided that the AJCEP safeguard measure has been applied as a result of an absolute increase in imports and that such an AJCEP safeguard measure conforms to the provisions of this Article.
- 9.
 - (a) A Party applying a safeguard measure in connection with an importation of an originating good of another Party in accordance with Article XIX of GATT 1994 and the Agreement on Safeguards, or Article 5 of the Agreement on Agriculture, shall not apply the AJCEP safeguard measure to that importation.
 - (b) The period of application of the AJCEP safeguard measure referred to in subparagraph 7(d) shall not be interrupted by the Party's non-application of the AJCEP safeguard measure in accordance with subparagraph (a).
- 10.
 - (a) Within ten (10) years after the entry into force of this Agreement pursuant to paragraph 1 of Article 79, the Parties shall review this Article with a view to determining whether there is a need to maintain the AJCEP safeguard mechanism.
 - (b) If the Parties do not agree to remove the AJCEP safeguard mechanism during the review pursuant to subparagraph (a), the Parties shall thereafter conduct reviews to determine the necessity of the AJCEP safeguard mechanism, in conjunction with the general review pursuant to Article 75.

11. (a) In critical circumstances, where delay would cause damage which it would be difficult to repair, a Party may apply a provisional AJCEP safeguard measure, which shall take the form of the measure set out in subparagraph 5(a) or 5(b), pursuant to a preliminary determination that there is clear evidence that increased imports of an originating good have caused or are threatening to cause serious injury to a domestic industry.
- (b) A Party shall give a written notice to the other Parties prior to applying a provisional AJCEP safeguard measure. Consultations by the Parties in the Joint Committee on the application of the provisional AJCEP safeguard measure shall be initiated immediately after the provisional AJCEP safeguard measure is applied.
- (c) The duration of a provisional AJCEP safeguard measure shall not exceed two hundred (200) days. During that period, the pertinent requirements of paragraph 6 shall be met. The duration of the provisional AJCEP safeguard measure shall be counted as a part of the period referred to in subparagraph 7(d).
- (d) Paragraph 3 and subparagraph 7(f) shall apply, *mutatis mutandis*, to the provisional AJCEP safeguard measure.
- (e) The customs duty imposed as a result of the provisional AJCEP safeguard measure shall be refunded if the subsequent investigation referred to in subparagraph 6(a) does not determine that increased imports of the originating good have caused or threatened to cause serious injury to a domestic industry.

12. All official communications and documentations exchanged among the Parties relating to an AJCEP safeguard measure shall be in writing and shall be in the English language.

Article 21
Measures to Safeguard the Balance of Payments

Nothing in this Chapter shall be construed to prevent a Party from taking any measure for balance-of-payments purposes. A Party taking such measure shall do so in accordance with the conditions established under Article XII of GATT 1994 and the Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement.

Article 22
Customs Procedures

1. Each Party shall endeavour to apply its customs procedures in a predictable, consistent and transparent manner.

2. Recognising the importance of improving transparency in the area of customs procedures, each Party, subject to its laws and regulations, and available resources, shall endeavour to provide information relating to specific matters raised by interested persons of the Parties pertaining to its customs laws. Each Party shall endeavour to supply not only such information but also other pertinent information which it considers the interested persons should be made aware of.

3. For prompt customs clearance of goods traded among the Parties, each Party, recognising the significant role of customs authorities and the importance of customs procedures in promoting trade facilitation, shall endeavour to:

- (a) simplify its customs procedures; and
- (b) harmonise its customs procedures, to the extent possible, with relevant international standards and recommended practices such as those made under the auspices of the Customs Co-operation Council.

Chapter 3
Rules of Origin

Article 23
Definitions

For the purposes of this Chapter, the term:

- (a) "exporter" means a natural or juridical person located in an exporting Party who exports a good from the exporting Party;