

- (g) Sub-Committee on Energy and Mineral Resources;
- (h) Sub-Committee on Intellectual Property;
- (i) Sub-Committee on Government Procurement;
- (j) Sub-Committee on Improvement of Business Environment and Promotion of Business Confidence;
and
- (k) Sub-Committee on Cooperation.

2. A Sub-Committee shall:

- (a) be composed of representatives of the Governments of the Parties and may, by mutual consent of the Parties, invite representatives of relevant entities other than the Governments of the Parties with the necessary expertise relevant to the issues to be discussed; and
- (b) be co-chaired by officials of the Governments of the Parties.

3. A Sub-Committee shall meet at such times and venues as may be agreed upon by the Parties.

4. A Sub-Committee may, as necessary, establish its rules and procedures.

5. A Sub-Committee may establish and delegate its responsibilities to Working Groups.

Article 16 Communications

Each Party shall designate a contact point to facilitate communications between the Parties on any matter relating to this Agreement.

Chapter 2 Trade in Goods

Article 17 Definitions

For the purposes of this Chapter:

- (a) the term "bilateral safeguard measure" means a bilateral safeguard measure provided for in paragraph 1 of Article 24;

- (b) the term "customs value of goods" means the value of goods for the purposes of levying *ad valorem* customs duties on imported goods;
- (c) the term "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;
- (d) the term "export subsidies" means export subsidies listed in subparagraphs 1(a) through (f) of Article 9 of the Agreement on Agriculture in Annex 1A to the WTO Agreement (hereinafter referred to in this Chapter as "the Agreement on Agriculture");
- (e) the term "originating goods" means goods which qualify as originating goods under the provisions of Chapter 3;
- (f) the term "other duties or charges of any kind" means those provided for in subparagraph 1(b) of Article II of the GATT 1994;
- (g) the term "provisional bilateral safeguard measure" means a provisional bilateral safeguard measure provided for in subparagraph 9(a) of Article 24;
- (h) the term "serious injury" means a significant overall impairment in the position of a domestic industry; and
- (i) the term "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 18 Classification of Goods

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

Article 19 National Treatment

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of the GATT 1994.

Article 20
Elimination of Customs Duties

1. Except as otherwise provided for in this Agreement, each Party shall eliminate or reduce its customs duties on originating goods of the other Party designated for such purposes in its Schedule in Annex 1, in accordance with the terms and conditions set out in such Schedule.
2. Upon the request of either Party, the Parties shall negotiate on issues such as improving market access conditions on originating goods designated for negotiation in the Schedule in Annex 1, in accordance with the terms and conditions set out in such Schedule.
3. Each Party shall eliminate other duties or charges of any kind imposed on or in connection with the importation of goods of the other Party, if any. Neither Party shall introduce other duties or charges of any kind imposed on or in connection with the importation of goods of the other Party.
4. Nothing in this Article shall prevent a Party from imposing, at any time, on the importation of any good of the other Party:
 - (a) a charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article III of the GATT 1994, in respect of the like domestic good or in respect of a good from which the imported good has been manufactured or produced in whole or in part;
 - (b) any anti-dumping or countervailing duty applied consistently with the provisions of Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement, and the Agreement on Subsidies and Countervailing Measures in Annex 1A to the WTO Agreement; and
 - (c) fees or other charges commensurate with the cost of services rendered.
5. If, as a result of the elimination or reduction of its customs duty applied on a particular good on a most-favoured-nation basis, the most-favoured-nation applied rate becomes equal to, or lower than, the rate of customs duty to be applied in accordance with paragraph 1 on the originating good which is classified under the same tariff line as that particular good, each Party shall notify the other Party of such elimination or reduction without delay.

6. In cases where its most-favoured-nation applied rate of customs duty on a particular good is lower than the rate of customs duty to be applied in accordance with paragraph 1 on the originating good which is classified under the same tariff line as that particular good, each Party shall apply the lower rate with respect to that originating good.

Article 21 Customs Valuation

For the purposes of determining the customs value of goods traded between the Parties, 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*.

Article 22 Export Subsidies

Neither Party shall introduce or maintain any export subsidies on any agricultural good which is listed in Annex 1 to the Agreement on Agriculture.

Article 23 Non-tariff Measures

Each Party shall not introduce or maintain any non-tariff measures on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the other Party which are inconsistent with its obligations under the WTO Agreement.

Article 24 Bilateral Safeguard Measures

1. Subject to the provisions of this Article, each Party may, as a bilateral 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:

- (a) suspend the further reduction of any rate of customs duty on the originating good provided for in this Chapter; or
- (b) increase the rate of customs duty on the originating good to a level not to exceed the lesser of:

- (i) the most-favoured-nation applied rate of customs duty in effect at the time when the bilateral safeguard measure is taken; and
- (ii) the most-favoured-nation applied rate of customs duty in effect on the day immediately preceding the date of entry into force of this Agreement,

if an originating good of the other Party, as a result of the elimination or reduction of a customs duty in accordance with Article 20, is being imported into the former Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that the imports of that originating good constitute a substantial cause of serious injury, or threat of serious injury, to a domestic industry of the former Party.

2. Each Party shall not apply a bilateral safeguard measure on 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.

3. (a) A Party may take a bilateral safeguard measure only after an investigation has been carried out by the competent authorities of that Party in accordance with Article 3 and paragraph 2 of Article 4 of the Agreement on Safeguards in Annex 1A to the WTO Agreement (hereinafter referred to in this Article as "the Agreement on Safeguards").

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

4. The following conditions and limitations shall apply with regard to a bilateral safeguard measure:

- (a) A Party shall immediately deliver a written notice to the other Party upon:
 - (i) initiating an investigation referred to in subparagraph 3(a) relating to serious injury, or threat of serious injury, and the reasons for it; and
 - (ii) taking a decision to apply or extend a bilateral safeguard measure.

- (b) The Party making the written notice referred to in subparagraph (a) shall provide the other Party 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 the originating good subject to the investigation and its subheading of the Harmonized System, the period subject to the investigation and the date of initiation of the investigation; and
 - (ii) in the written notice referred to in subparagraph (a)(ii), 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 bilateral safeguard measure and its subheading of the Harmonized System, a precise description of the bilateral safeguard measure, the proposed date of its introduction and its expected duration.
- (c) A Party proposing to apply or extend a bilateral safeguard measure shall provide adequate opportunity for prior consultations with the other Party with a view to reviewing the information arising from the investigation referred to in subparagraph 3(a), exchanging views on the bilateral safeguard measure and reaching an agreement on compensation set out in paragraph 5.
- (d) No bilateral 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 four years. However, in very exceptional circumstances, a bilateral safeguard measure may be extended, provided that the total period of the bilateral safeguard measure, including such extensions, shall not exceed five years. In order to facilitate adjustment in a situation where the expected duration of a bilateral safeguard measure is over one year, the Party maintaining the bilateral safeguard measure shall progressively liberalize the bilateral safeguard measure at regular intervals during the period of application.

- (e) No bilateral safeguard measure shall be applied again to the import of a particular originating good which has been subject to such a bilateral safeguard measure, for a period of time equal to the duration of the previous bilateral safeguard measure or one year, whichever is longer.
 - (f) Upon the termination of a bilateral safeguard measure, the rate of customs duty shall be the rate which would have been in effect but for the bilateral safeguard measure.
- 5.
 - (a) A Party proposing to apply or extend a bilateral safeguard measure shall provide to the other Party mutually agreed adequate means of trade compensation in the form of concessions of customs duties whose levels are substantially equivalent to the value of the additional customs duties expected to result from the bilateral safeguard measure.
 - (b) If the Parties are unable to agree on the compensation within 30 days after the commencement of the consultation pursuant to subparagraph 4(c), the Party against whose originating good the bilateral safeguard measure is taken shall be free to suspend the application of concessions of customs duties under this Agreement, which are substantially equivalent to the bilateral safeguard measure. The Party exercising the right of suspension may suspend the application of concessions of customs duties only for the minimum period necessary to achieve the substantially equivalent effects and only while the bilateral safeguard measure is maintained.
- 6. Nothing in this Chapter shall prevent a Party from applying safeguard measures to an originating good in accordance with:
 - (a) Article XIX of the GATT 1994 and the Agreement on Safeguards; or
 - (b) Article 5 of the Agreement on Agriculture.
- 7. Each Party shall ensure the consistent, impartial and reasonable administration of its laws and regulations relating to the bilateral safeguard measure.

8. Each Party shall adopt or maintain equitable, timely, transparent and effective procedures relating to the bilateral safeguard measure.
9. (a) In critical circumstances, where delay would cause damage which it would be difficult to repair, a Party may take a provisional bilateral safeguard measure, which shall take the form of the measure set out in subparagraph 1(a) or (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 deliver a written notice to the other Party prior to applying a provisional bilateral safeguard measure. Consultations between the Parties on the application of the provisional bilateral safeguard measure shall be initiated immediately after the provisional bilateral safeguard measure is taken.
- (c) The duration of the provisional bilateral safeguard measure shall not exceed 200 days. During that period, the pertinent requirements of paragraph 3 shall be met. The duration of the provisional bilateral safeguard measure shall be counted as a part of the period referred to in subparagraph 4(d).
- (d) Subparagraph 4(f) and paragraphs 7 and 8 shall be applied *mutatis mutandis* to the provisional bilateral safeguard measure. The customs duty imposed as a result of the provisional bilateral safeguard measure shall be refunded if the subsequent investigation referred to in subparagraph 3(a) does not determine that increased imports of the originating good have caused or threatened to cause serious injury to a domestic industry.
10. Written notice referred to in subparagraphs 4(a) and 9(b) and any other communication between the Parties shall be done in the English language.
11. The Parties shall review the provisions of this Article, if necessary, five years after the date of entry into force of this Agreement, unless otherwise agreed by the Parties.

Article 25
Restrictions to Safeguard the Balance of Payments

1. 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 the 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.
2. Nothing in this Chapter shall preclude the use by a Party of exchange controls or exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund.

Article 26
Sub-Committee on Trade in Goods

For the purposes of the effective implementation and operation of this Chapter, the functions of the Sub-Committee on Trade in Goods (hereinafter referred to in this Article as "the Sub-Committee") established in accordance with Article 15 shall be:

- (a) reviewing and monitoring the implementation and operation of this Chapter;
- (b) discussing any issues related to this Chapter;
- (c) reporting the findings of the Sub-Committee to the Joint Committee;
- (d) reviewing and making appropriate recommendations, as necessary, to the Joint Committee on the Operational Procedures for Trade in Goods referred to in Article 27; and
- (e) carrying out other functions as may be delegated by the Joint Committee in accordance with Article 14.

Article 27
Operational Procedures for Trade in Goods

Upon the date of entry into force of this Agreement, the Joint Committee shall adopt the Operational Procedures for Trade in Goods that provide detailed regulations pursuant to which the relevant authorities of the Parties shall implement their functions under this Chapter.