

CHAPTER 2 TRADE IN GOODS

Article 2.1 Objectives

The objectives of this Chapter are to promote closer integration between the economies of the Parties through:

- (a) the reduction and/or elimination of customs duties on trade in goods between the Parties; and
- (b) more generally, facilitating trade in goods between the Parties.

Article 2.2 Scope

This Chapter shall apply to trade in goods of a Party.

Article 2.3 Reduction and/or Elimination of Customs Duties

1. Each Party shall progressively reduce and/or eliminate its customs duties on originating goods of the other Party in accordance with Annex 1 (Schedules of Tariff Commitments).
2. Neither Party may increase an existing customs duty or introduce a new customs duty on imports of an originating good of the other Party, other than as permitted by this Agreement.

Article 2.4 Accelerated Tariff Reduction and/or Elimination

1. On the request of a Party, the Parties shall consult to consider accelerating the reduction and/or elimination of customs duties on originating goods as set out in Annex 1 (Schedules of Tariff Commitments).
2. An agreement by the Parties to accelerate the reduction and/or elimination of the customs duty on an originating good shall supersede any duty rate or staging category for such good set out in Annex 1 (Schedules of Tariff Commitments) on the entry into force of such an agreement in accordance with Article 21.6 (Amendments) of Chapter 21 (Final Provisions).
3. A Party may at any time unilaterally accelerate the reduction and/or elimination of customs duties on originating goods of the other Party set out in Annex 1 (Schedules of Tariff Commitments). A Party intending to do so shall inform the other Party before the new rate of customs duties takes effect, or, in any event, as early as practicable.

Article 2.5
National Treatment on Internal Taxation and Regulation

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

Article 2.6
Administrative Fees and Formalities

1. Each Party shall ensure, in accordance with Article VIII of GATT 1994, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax or other internal charges applied consistently with Article III:2 of GATT 1994, and antidumping and countervailing duties applied pursuant to Articles VI and XVI of GATT 1994 and the Anti-Dumping Agreement and the Agreement on Subsidies and Countervailing Measures) imposed on or in connection with importation or exportation are limited in amount to the approximate cost of service rendered and do not represent indirect protection of domestic products or a taxation of imports or exports for fiscal purposes.
2. Neither Party may require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.
3. Each Party shall make available on the internet a current list of the fees and charges it imposes in connection with importation or exportation.

Article 2.7
Administration of Trade Regulations

1. Article X of GATT 1994 shall be incorporated into and shall form part of this Agreement, *mutatis mutandis*.
2. In accordance with its laws and regulations and to the extent possible, each Party shall make laws, regulations, decisions and rulings of the kind referred to in paragraph 1 available on the internet.

Article 2.8
Customs Valuation

The Parties shall apply the provisions of Article VII of GATT 1994 and the Customs Valuation Agreement for the purposes of determining the customs value of goods traded between the Parties.

Article 2.9
Transparency

In accordance with Article X of GATT 1994, each Party shall promptly make available in printed and/or, wherever possible, electronic form all laws, regulations, judicial decisions and administrative rulings of general application to imports or exports, including information pertaining to the classification or the valuation of products for

customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefore, or affecting their sale, distribution, transportation, insurance, warehousing, inspection, exhibition, processing, mixing or other use, to enable the other Party and traders to become acquainted with them.

Article 2.10

Non-Tariff Measures

1. Except as otherwise provided in this Agreement, neither Party may adopt or maintain any prohibition or restriction on 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 Article XI of GATT 1994 and to this end Article XI of GATT 1994 is incorporated into and shall form part of this Agreement, *mutatis mutandis*.
2. The Parties shall not adopt or maintain any other non-tariff measure on 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 obligations under the WTO Agreement or in accordance with this Agreement.
3. The Parties shall ensure the transparency of its non-tariff measures mentioned in paragraph 2, and shall ensure that any such measures are not prepared, adopted or applied with the view to, or with the effect of, creating unnecessary obstacles to trade between the Parties.
4. The Parties shall consult on non-tariff measures covered by this Chapter with a view to considering the scope for additional means to enhance the facilitation of trade in goods between the Parties.

Article 2.11

Import Licensing

1. Each Party shall ensure that all automatic and non-automatic import licensing measures are implemented in a transparent and predictable manner, and applied in accordance with the *Agreement on Import Licensing Procedures*, in Annex 1A to the WTO Agreement (Import Licensing Agreement).
2. Each Party shall promptly notify the other Party of existing import licensing procedures. Thereafter, each Party shall notify any new import licensing procedures and any modification to its existing import licensing procedures, to the extent possible 60 days before it takes effect, but in any case no later than the effective date of the licensing requirement. The information in any notification under this Article shall be in accordance with Articles 5.2 and 5.3 of the Import Licensing Agreement.
3. Upon request of the other Party, a Party shall provide information within 30 days on the criteria employed by its licensing authorities in granting or denying import licenses. The importing Party shall also consider publication of such criteria.

4. The consultations provided for in paragraph 4 of Article 2.10 (Non-Tariff Measures) shall include elements in non-automatic import licensing procedures that may be impeding trade.

Article 2.12 Amendments to the HS

1. The Parties shall mutually decide whether any revisions are necessary to implement Annex 1 (Schedules of Tariff Commitments) due to periodic amendments to the HS.

2. Where the Parties decide that revisions are necessary in accordance with paragraph 1, the Parties, through the FTA Joint Commission or a relevant subsidiary body established by it, shall endorse and promptly publish such revisions.

3. The provisions of this Article are without prejudice to the rights of the Parties to amend the Agreement in accordance with Article 21.6 (Amendments) of Chapter 21 (Final Provisions).

Article 2.13 Institutional Arrangements

The FTA Joint Commission, or a subsidiary body established by it, may consider any matters relating to the implementation of this Chapter and the implementation of Chapter 3 (Rules of Origin), Chapter 4 (Customs Procedures and Cooperation), Chapter 5 (Sanitary and Phytosanitary Measures), Chapter 6 (Standards, Technical Regulations and Conformity Assessment Procedures), and Chapter 7 (Trade Remedies), including:

- (a) reviewing and monitoring the implementation and operation of these chapters;
- (b) identifying areas to be improved for facilitating trade between the Parties;
- (c) discussing any other issues related to these chapters; and
- (d) reviewing implication of HS amendments.