

CHAPTER 2: TRADE IN GOODS

ARTICLE 2.1

Scope and Coverage

Except as otherwise provided, this Chapter applies to trade in all goods of a Party.

ARTICLE 2.2

National Treatment

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

ARTICLE 2.3

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 territory of the Parties.
2. A Party shall not increase an existing customs duty or introduce a new customs duty on imports of an originating good.
3. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods of the other Party in accordance with its Tariff Schedule at Annex 1. The base rate and the interim rate of customs duty at each stage of reduction for an item are indicated for the item in each Party's Schedule. Reductions shall occur upon entry into force of the Agreement and thereafter on 1 January of each year, as provided for in each Party's Schedule.
4. Each Party may adopt or maintain measures necessary to administer a tariff quota set out in its Tariff Schedule, including allocating access to that quota opportunity. Such measures shall be transparent and predictable and shall not have trade restrictive effects on imports additional to those caused by the imposition of the tariff quota.

5. On the written request of the other Party, a Party applying or intending to apply measures pursuant to Paragraph 4 shall consult to consider a review of the administration of those measures.

ARTICLE 2.4

Accelerated Tariff Elimination

1. Each Party is prepared to eliminate its customs duties more rapidly than provided for in Article 2.3 or otherwise to improve the conditions of access of originating goods taking into account its general economic situation and the economic situation of the sector concerned.

2. On the request of a Party, the Parties shall promptly enter into consultations to accelerate the elimination of customs duties on originating goods as set out in its Tariff Schedule in Annex 1.

3. 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 notification advising that they have completed the necessary internal legal procedures and on such date or dates as may be agreed between them.

4. A Party may at any time accelerate unilaterally the elimination of customs duties on originating goods of the other Party set out in its Tariff Schedule. A Party considering doing so shall inform the other Party as early as practicable before the new rate of customs duties takes effect.

ARTICLE 2.5

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 or other internal charge applied consistently with Article III.2 of GATT 1994, and anti-dumping and countervailing duties) 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 2.6

Agricultural Export Subsidies

1. For the purposes of this Article, agricultural goods means those products listed in Annex 1 of the *WTO Agreement on Agriculture*.
2. The Parties share the objective of the multilateral elimination of all forms of export subsidies for agricultural goods and shall work towards an agreement in the WTO to eliminate those subsidies and prevent the introduction in any form of any new export subsidies for agricultural goods.
3. Recognising the trade-distorting nature of export subsidies and consistent with their rights and obligations under the *WTO Agreement on Agriculture*, neither Party shall introduce or maintain any form of export subsidy on any agricultural good destined for the territory of the other Party.
4. If a Party believes that a policy or measure implemented by the other Party has the effect of providing an export subsidy on any agricultural good exported to that Party, it may request consultations with the aim of preventing such subsidisation occurring on trade between the Parties.

ARTICLE 2.7

Non-Tariff Measures

1. A Party shall not adopt or maintain any non-tariff measures 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 WTO rights and obligations or in accordance with other provisions of this Agreement.
2. Each Party shall ensure the transparency of its non-tariff measures permitted in Paragraph 1 and shall ensure that any such measures are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to trade between the Parties.