

CHAPTER 2

TRADE IN GOODS

ARTICLE 2.1

Scope

1. This Chapter shall apply, as specified therein, to any product traded between the customs territories of the Parties. The customs territory of Switzerland includes the territory of the Principality of Liechtenstein, as long as the Customs Union Treaty of 29 March 1923 between the Swiss Confederation and the Principality of Liechtenstein remains in force.
2. Goods and products shall be understood to have the same meaning, unless the context otherwise requires.

ARTICLE 2.2

National Treatment on Internal Taxation and Regulation

Each Party shall accord national treatment to the products of the customs territory of the other Party in accordance with Article III of the GATT 1994. To this end, Article III of the GATT 1994 and its interpretative notes shall apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.3

Customs Duties on Imports

1. Customs duty on imports means any duty or charge of any kind imposed in connection with the importation of a product, but does not include any:
 - (a) charge equivalent to an internal tax imposed consistently with paragraph 2 of Article III of the GATT 1994;
 - (b) anti-dumping or countervailing duty applied consistently with Article VI of the GATT 1994, the WTO Agreement on Implementation of Article VI of the GATT 1994, or the WTO Agreement on Subsidies and Countervailing Measures; and
 - (c) fee or other charge in connection with the importation commensurate with the cost of services rendered, imposed consistently with the provisions of Article VIII of the GATT 1994.
2. Except as otherwise provided for in this Chapter, each Party shall, upon entry into force of this Agreement, eliminate or reduce its customs duties imposed in

connection with the importation of products originating in either Party, in accordance with the terms and conditions set out in its Schedule in Annex I.

3. Except as otherwise provided in this Agreement, neither Party shall increase any existing customs duty, or adopt any new customs duty, on an originating product of the other Party, which is not in accordance with the terms and conditions set out in its schedule in Annex I.

ARTICLE 2.4

Base Rate of Customs Duties on Imports

1. For each product the base rate of customs duty to which the successive reductions set out in Annex 1 are to be applied, shall be the most-favoured nation (hereinafter referred to as “MFN”) import customs duty rate applied on 1 January 2010.

2. If a Party reduces its applied MFN import customs duty rate after 1 January 2010 and before the end of the tariff elimination period, the tariff elimination schedule of that Party set out in Annex I shall be applied to the reduced rate as from the date on which the reduction is applied.

3. The reduced import customs duty rates calculated in accordance with Annex I, shall be applied rounded to the first decimal place.

ARTICLE 2.5

Import and Export Restrictions

With respect to export and import restrictions, Article XI of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.6

State Trading Enterprises

With respect to state trading enterprises, Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII of the GATT 1994 shall apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.7

Exceptions

With respect to general and security exceptions, Articles XX and XXI of the GATT 1994 shall apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.8

Review Mechanism

Two years after the entry into force of this Agreement, the Parties shall in the Joint Committee review this Chapter and the Tariff Schedules of the Parties set out in Annex I. The Parties shall thereafter conduct biennial reviews of this matter in the Joint Committee.