

CHAPTER 1 INITIAL PROVISIONS

Article 1.1 Establishment of a Free Trade Area

The Parties, consistent with Article XXIV of the General Agreement on Tariffs and Trade 1994, hereby establish a free trade area.

Article 1.2 Objectives

The objectives of this Agreement are:

- (a) to increase and enhance the economic cooperation between the Parties;
- (b) to promote the expansion of trade through the harmonious development of the economic relations between the Parties;
- (c) to gradually eliminate difficulties and restrictions on trade between the Parties so as to improve the efficiency and competitiveness of their respective sectors;
- (d) to establish a framework of transparent and predictable rules to facilitate trade between the Parties; and
- (e) to create an environment conducive to broadening and supplementing the scope of this Agreement to include trade in services and bilateral investment.

Article 1.3 Relation to Other Agreements

Nothing in this Agreement shall derogate from the existing rights and obligations of a Party under the WTO Agreement or any other multilateral or bilateral agreement to which it is a party. In the event of any inconsistency between this Agreement and any other agreement to which the Parties are party, the Parties shall immediately consult with each other within the Joint Committee with a view to finding a mutually satisfactory solution, taking into consideration general principles of public international law.

Article 1.4 Customs Unions and Free Trade Areas

Nothing in this Agreement shall preclude the maintenance or establishment of customs unions, free trade areas or other arrangements between either of the Parties and third countries, insofar as they do not alter the rights and obligations provided for in this Agreement.