

CHAPTER 2

TRADE IN GOODS

SECTION A

General provisions

ARTICLE 2.1

Objective

The objective of this Chapter is to facilitate trade in goods between the Parties and to progressively liberalise trade in goods in accordance with the provisions of this Agreement.

ARTICLE 2.2

Scope

Unless otherwise provided for in this Agreement, this Chapter applies to trade in goods between the Parties.

ARTICLE 2.3

Definitions

For the purposes of this Chapter:

- (a) 'export licensing procedures' means administrative procedures, whether or not referred to as licensing, used by a Party for the operation of export licensing regimes requiring the submission of an application or other documentation, other than that required for customs procedures, to the relevant administrative body as a prior condition for exportation from that Party;
- (b) 'non-automatic import or export licensing procedures' means licensing procedures where approval of the application is not granted for all persons who fulfil the requirements of the Party concerned for engaging in import or export operations involving the goods subject to those licensing procedures; and
- (c) 'originating' means qualifying as originating in a Party under the provisions of Chapter 3.

ARTICLE 2.4

Customs duty

Each Party shall reduce or eliminate customs duties pursuant to paragraph 1 of Article 2.8. For the purposes of this Chapter, 'customs duties' means any duty or charge of any kind imposed on or in connection with the importation of a good, including any form of surtax or surcharge imposed on or in connection with such importation, but does not include any:

- (a) charge equivalent to an internal tax imposed in accordance with Article III of GATT 1994;
- (b) duty applied in accordance with Articles VI and XIX of GATT 1994, the Agreement on Anti-Dumping, the SCM Agreement, the Agreement on Safeguards and Article 22 of the DSU; and
- (c) fees or other charges imposed in accordance with Article 2.16.

ARTICLE 2.5

Agricultural safeguards

1. Agricultural goods qualifying as originating goods of a Party (hereinafter referred to as 'originating agricultural goods') shall not be subject to any duties applied by the other Party pursuant to a special safeguard measure taken under the Agreement on Agriculture.
2. Agricultural safeguard measures on the originating agricultural goods under this Agreement may be applied in accordance with Section C of Part 3 of Annex 2-A.

SECTION B

National treatment and market access for goods

ARTICLE 2.6

Classification of goods

1. The classification of goods in trade between the Parties shall be in conformity with the Harmonized System.
2. Each Party shall ensure consistency in applying its laws and regulations on tariff classification of originating goods of the other Party.

ARTICLE 2.7

National treatment

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

ARTICLE 2.8

Reduction and elimination of customs duties on imports

1. Unless otherwise provided for in this Agreement, each Party shall reduce or eliminate customs duties on originating goods of the other Party in accordance with Annex 2-A.
2. Where a Party reduces its most-favoured-nation applied rate of customs duty, that duty rate shall apply to an originating good of the other Party if, and for as long as, it is lower than the customs duty rate on the same good calculated in accordance with Annex 2-A.
3. The treatment of originating goods of a Party classified under the tariff lines indicated with 'S' in the Column 'Note' in the Schedule of the European Union in Section B of Part 2 of Annex 2-A and in the Schedule of Japan in Section D of Part 3 of Annex 2-A, shall be subject to review by the Parties in the fifth year following the date of entry into force of this Agreement or in a year on which the Parties otherwise agree, whichever comes first. The review shall proceed with a view to improving market access conditions through, for example, measures such as faster reduction or elimination of customs duties, streamlining of tendering processes and increasing of quota quantities, as well as addressing issues related to levies.
4. Where a Party grants a larger or faster tariff reduction, higher quota or any other more favourable treatment than that provided for under this Agreement to a third country based on an international agreement for goods covered by paragraph 3 which affects the balance in the European Union's or Japan's market of such goods, the Parties shall, with a view to ensuring that the other Party obtains at least the same preference, commence such a review within three months of the date of entry into force of the international agreement between the European Union and that third country or between Japan and that third country, and will conduct the review with the aim of concluding it within six months of the same date.

ARTICLE 2.9

Goods re-entered after repair and alteration

1. A Party shall not apply a customs duty to a good, regardless of its origin, that re-enters its customs territory after having been temporarily exported from its customs territory to the customs territory of the other Party for repair or alteration, regardless of whether that repair or alteration could have been performed in the customs territory of the former Party, provided that the good concerned re-enters the customs territory of that former Party within the period as specified in its laws and regulations ⁽¹⁾.
2. Paragraph 1 does not apply to a good in the customs territory of a Party under customs control without payment of import duties and taxes that is exported for repair or alteration and that does not re-enter the customs territory under customs control without payment of import duties and taxes.

⁽¹⁾ In the European Union, the outward processing procedure set out in Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code is used for the purpose of this paragraph.

3. A Party shall not apply a customs duty to a good, regardless of its origin, imported temporarily from the customs territory of the other Party for repair or alteration, provided that the good is re-exported from the customs territory of the importing Party within the period specified in its laws and regulations ⁽¹⁾.

4. For the purposes of this Article, 'repair' or 'alteration' means any operation or process undertaken on a good to remedy operational defects or material damage and entailing the re-establishment of the good to its original function, or to ensure its compliance with technical requirements for its use. Repair or alteration of a good includes restoring and maintenance regardless of a possible increase in the value of the good, but does not include an operation or process that:

- (a) destroys a good's essential characteristics or creates a new or commercially different good;
- (b) transforms an unfinished good into a finished good; or
- (c) changes the function of a good.

ARTICLE 2.10

Temporary admission of goods

Each Party shall grant duty-free temporary admission into its customs territory for the following goods in accordance with its laws and regulations, provided that such goods do not undergo any change except normal depreciation due to the use made of them and that they are exported within the time period set by each Party:

- (a) goods for display or use at exhibitions, fairs, meetings or similar events;
- (b) professional equipment, including equipment for the press or for sound or television broadcasting, cinematographic equipment, ancillary apparatus for such equipment and accessories thereto;
- (c) commercial samples and advertising films and recordings;
- (d) containers and pallets in use or to be used in the shipment of goods in international traffic, accessories and equipment therefor;
- (e) welfare materials for seafarers;
- (f) goods imported exclusively for scientific purposes;
- (g) goods imported for international sports contests, demonstrations or training;
- (h) personal effects owned by temporarily visiting travellers; and
- (i) tourist publicity materials.

ARTICLE 2.11

Customs valuation

For the purpose of determining the customs value of goods traded between the Parties, the 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 shall apply, *mutatis mutandis*.

ARTICLE 2.12

Export duties

A Party shall not adopt or maintain any duties, taxes, fees or other charges of any kind imposed on goods exported from that Party to the other Party, or any internal taxes or other charges on goods exported to the other Party that are in excess of those that would be imposed on like goods destined for domestic consumption. For the purpose of this Article, fees or other charges of any kind shall not include fees or other charges imposed in accordance with Article 2.16 that are limited to the amount of the approximate cost of service rendered.

⁽¹⁾ In the European Union, the inward processing procedure as laid down in Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code is used for the purpose of this paragraph.

ARTICLE 2.13

Standstill

1. Unless otherwise provided for in this Agreement, a Party shall not increase any customs duty on originating goods of the other Party from the rate to be applied in accordance with Annex 2-A.
2. For greater certainty, a Party may raise a customs duty to the level set out in the Schedule of the European Union in Section B of Part 2 of Annex 2-A and in the Schedule of Japan in Section D of Part 3 of Annex 2-A for the respective year following a unilateral reduction of the customs duty.

ARTICLE 2.14

Export competition

1. For the purposes of this Article, 'export subsidies' means subsidies referred to in subparagraph (e) of Article 1 of the Agreement on Agriculture and other subsidies listed in Annex I to the SCM Agreement that may be applied to agricultural goods which are listed in Annex 1 to the Agreement on Agriculture.
2. The Parties affirm their commitment, expressed in the Ministerial Decision of 19 December 2015 on Export Competition (WT/MIN(15)/45, WT/L/980) of the WTO, to exercise utmost restraint with regard to export subsidies and export measures with equivalent effect as set out in that decision.

ARTICLE 2.15

Import and export restrictions

1. A Party shall not adopt or maintain any prohibition or restriction other than customs duties on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the customs territory of the other Party, except in accordance with Article XI of GATT 1994. To that end, Article XI of GATT 1994 is incorporated into and made part of this Agreement, *mutatis mutandis*.
2. If a Party intends to adopt a prohibition or restriction on the exportation or sale for export of any good listed in Annex 2-B in accordance with paragraph 2 of Article XI or with Article XX of GATT 1994, the Party shall:
 - (a) seek to limit that prohibition or restriction to the extent necessary, giving due consideration to its possible negative effects on the other Party;
 - (b) provide the other Party with written notice thereof, wherever possible prior to the introduction of such prohibition or restriction and as far in advance as practicable, or, if not, no later than 15 days after the date of introduction, whereby that written notice shall include a description of the good involved, the introduced prohibition or restriction, including its nature, its reasons, and the date of introduction of such prohibition or restriction as well as its expected duration; and
 - (c) upon request, provide the other Party with a reasonable opportunity for consultation with respect to any matter related to such prohibition or restriction.

ARTICLE 2.16

Fees and formalities connected with importation and exportation

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, export duties and taxes in accordance with Article III of GATT 1994, imposed by that Party on or in connection with importation or exportation are limited to the amount of the approximate cost of services rendered, which shall not be calculated on an *ad valorem* basis, and shall not represent an indirect protection to domestic goods or a taxation of imports for fiscal purposes.
2. A Party shall not require consular transactions, including related fees and charges. For the purposes of this paragraph, 'consular transactions' means requirements by the consul of the importing Party located in the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests, shippers' export declarations, or any other customs documentation required on or in connection with importation.

ARTICLE 2.17

Import and export licensing procedures

1. The Parties affirm their existing rights and obligations under the Agreement on Import Licensing Procedures.
2. Each Party shall adopt or maintain export licensing procedures in accordance with paragraphs 1 to 9 of Article 1 and with Article 3 of the Agreement on Import Licensing Procedures. A Party may adopt or maintain export licensing procedures in accordance with Article 2 of the Agreement on Import Licensing Procedures. To that end, those provisions of the Agreement on Import Licensing Procedures are incorporated into and made part of this Agreement, *mutatis mutandis*, and shall apply to export licensing procedures between the Parties. Paragraphs 2 to 8 apply to any good listed in Annex 2-B.
3. Each Party shall ensure that all export licensing procedures are neutral in application and administered in a fair, equitable, non-discriminatory and transparent manner.
4. Each Party shall adopt or maintain import or export licensing procedures only when other appropriate procedures to achieve an administrative purpose are not reasonably available.
5. A Party shall not adopt or maintain non-automatic import or export licensing procedures unless necessary to implement a measure that is consistent with this Agreement. A Party adopting non-automatic licensing procedures shall clearly indicate the measure being implemented through such licensing procedure.
6. Each Party shall respond, within 60 days, to any enquiry from the other Party regarding import or export licensing procedures which the former Party intends to adopt, has adopted or maintains, as well as the criteria for granting or allocating import or export licenses.
7. In applying export restrictions to a good in the form of a quota, a Party shall aim at a distribution of trade in that good approaching as closely as possible the shares which would be expected in the absence of that restriction.
8. If a Party adopts or maintains export licensing procedures, the Parties shall hold consultations, on request of the other Party, on any issues related to the implementation of those procedures, and give due consideration to the results of those consultations.

ARTICLE 2.18

Remanufactured goods

1. Unless otherwise provided for in this Agreement, each Party shall provide that remanufactured goods are treated as new goods. Each Party may require that remanufactured goods be identified as such for distribution or sale.
2. For the purposes of this Article, 'remanufactured goods' means goods classified under heading 40.12, Chapters 84 to 90 or heading 94.02 of the Harmonized System that: ⁽¹⁾
 - (a) are entirely or partially composed of parts obtained from used goods;
 - (b) have a similar life expectancy and performance compared to such goods, when new; and
 - (c) have a factory warranty similar to that applicable to such goods, when new.

ARTICLE 2.19

Non-tariff measures

1. Specific commitments relating to non-tariff measures on goods by each Party are set out in Annexes 2-C and 2-D.

⁽¹⁾ For greater certainty, the references to the tariff classification number of the Harmonized System in this Chapter are based on the Harmonized System, as amended on 1 January 2017.

2. After 10 years from the date of entry into force of this Agreement, or on request of a Party, the Parties shall evaluate whether issues resulting from non-tariff measures on goods can be addressed effectively within the framework of this Agreement. As a result of this evaluation, the Parties shall enter into consultations to consider broadening the scope of existing commitments or undertaking additional commitments of mutual interest on non-tariff measures on goods, including on cooperation. On the basis of those consultations, the Parties may agree to enter into negotiations of mutual interest. In implementing this paragraph, the Parties shall take into account the experience gained during the preceding period of implementation of this Agreement.

ARTICLE 2.20

Restrictions to safeguard the balance of payments

1. Nothing in this Agreement shall be construed as preventing a Party from taking any measures for balance-of-payments purposes. A Party taking such measures shall do so in accordance with the conditions established in Article XII of 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 Agreement 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 2.21

Origin marking

Unless otherwise provided for in this Agreement, where a Party applies obligatory country of origin marking requirements to goods other than food, agricultural or fishery goods as defined in the laws and regulations of that Party, the marking 'Made in Japan' or a similar marking in the local language of the importing country, for the European Union, and the marking 'Made in EU' or a similar marking in Japanese, for Japan, shall be accepted as fulfilling those requirements. Chapter 3 does not apply to this Article.

ARTICLE 2.22

General exceptions

1. For the purposes of this Chapter, Article XX of GATT 1994 is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

2. If a Party intends to take any measures in accordance with subparagraphs (i) and (j) of Article XX of GATT 1994, the Party shall:

- (a) provide the other Party with all relevant information; and
- (b) upon request, provide the other Party with a reasonable opportunity for consultation with respect to any matter related to such measure, with a view to seeking a mutually acceptable solution.

3. The Parties may agree on any means needed to put an end to the matters subject to consultation referred to in subparagraph 2(b).

4. If exceptional and critical circumstances requiring immediate action make prior provision of information or examination impossible, the Party intending to take the measures concerned may apply immediately the measures necessary to deal with the circumstances and shall immediately inform the other Party thereof.

SECTION C

Facilitation of wine product export

ARTICLE 2.23

Scope

The provisions of this Section do not apply to any goods other than wine products classified under the heading 22.04 of the Harmonized System.

ARTICLE 2.24

General principle

Unless otherwise provided for in Articles 2.25 to 2.28, the importation and sale of wine products traded between the Parties covered by this Section shall be conducted in compliance with the laws and regulations of the importing Party.

ARTICLE 2.25

Authorisation of oenological practices – phase one

1. From the date of entry into force of this Agreement, the European Union shall authorise the importation and sale of wine products for human consumption in the European Union originating in Japan and produced in accordance with:

- (a) product definitions and oenological practices authorised and restrictions applied in Japan for the sale of Japan wine as referred to in Section A of Part 2 of Annex 2-E provided that they comply with product definitions and oenological practices and restrictions as referred to in Section A of Part 1 of Annex 2-E; and
- (b) the oenological practices as referred to in Section B of Part 2 of Annex 2-E.

2. From the date of entry into force of this Agreement, Japan shall authorise the importation and sale of wine products for human consumption in Japan originating in the European Union and produced in accordance with:

- (a) product definitions and oenological practices authorised and restrictions applied in the European Union as referred to in Section A of Part 1 of Annex 2-E provided that they comply with product definitions and oenological practices and restrictions as referred to in Section A of Part 2 of Annex 2-E; and
- (b) the oenological practices as referred to in Section B of Part 1 of Annex 2-E.

3. On the date of entry into force of this Agreement, the Parties shall exchange notifications confirming that their procedures for the authorisation of oenological practices referred to in Section B of Part 1 and Section B of Part 2 of Annex 2-E, respectively, have been completed.

ARTICLE 2.26

Authorisation of oenological practices - phase two

1. The European Union shall expeditiously take necessary steps with a view to authorising the oenological practices as referred to in Section C of Part 2 of Annex 2-E and notify Japan that its procedures for that authorisation have been completed.

2. Japan shall expeditiously take necessary steps with a view to authorising the oenological practices as referred to in Section C of Part 1 of Annex 2-E and notify the European Union that its procedures for that authorisation have been completed.

3. The authorisation referred to in paragraphs 1 and 2 shall enter into force on the date of the latter notification by either Party.

ARTICLE 2.27

Authorisation of oenological practices – phase three

1. The European Union shall take necessary steps with a view to authorising the oenological practices as referred to in Section D of Part 2 of Annex 2-E and notify Japan that its procedures for that authorisation have been completed.

2. Japan shall take necessary steps with a view to authorising the oenological practices as referred to in Section D of Part 1 of Annex 2-E and notify the European Union that its procedures for that authorisation have been completed.

3. The authorisation referred to in paragraphs 1 and 2 shall enter into force on the date of the latter notification by either Party.

ARTICLE 2.28

Self-certification

1. A certificate authenticated in conformity with the laws and regulations of Japan, including a self-certificate established by a producer authorised by the competent authority of Japan, shall suffice as documentation serving as evidence that the requirements for the importation and sale in the European Union of wine products originating in Japan referred to in Article 2.25, 2.26 or 2.27 have been fulfilled.
2. The Working Group on Wine established pursuant to Article 22.4 shall adopt, upon the entry into force of this Agreement, by decision, the modalities:
 - (a) for the implementation of paragraph 1, in particular the forms to be used and the information to be provided on the certificate; and
 - (b) for the cooperation between the contact points designated by the European Union for each of its Member States and by Japan.
3. No certificate or other equivalent documentation is required as evidence that the requirements for the importation and sale in Japan of wine products originating in the European Union referred to in Article 2.25, 2.26 or 2.27 have been fulfilled.

ARTICLE 2.29

Review, consultations and temporary suspension of self-certification

1. The Parties shall review the implementation of:
 - (a) Article 2.26 regularly and at least once a year during the two years after the date of entry into force of this Agreement; and
 - (b) Article 2.27 no later than three years after the date of entry into force of this Agreement.
2. If the Parties find, in the process of review of the implementation of Article 2.26, that the notifications provided for in Article 2.26 have not been exchanged within two years of the date of entry into force of this Agreement, the Parties shall enter into consultations with a view to agreeing on a practical solution.
3. Where the notification referred to in paragraph 2 of Article 2.26 has not been sent within two years of the date of entry into force of this Agreement and the notification referred to in paragraph 1 of Article 2.26 has been sent, the European Union may temporarily suspend the acceptance of self-certification of wine products provided for in Article 2.28, if a practical solution as referred to in paragraph 2 is not agreed upon within three months of the initiation of the consultations referred to in paragraph 2.
4. The temporary suspension of the acceptance of the self-certification referred to in paragraph 3 shall be immediately terminated when Japan sends the notification provided for in paragraph 2 of Article 2.26 to the European Union.
5. If the Parties find, in the process of review on the implementation of Article 2.27 referred to in paragraph 1, that the notifications provided for in Article 2.27 have not been exchanged within five years of the date of entry into force of this Agreement, the Parties shall enter into consultations.
6. Nothing in this Article shall affect the rights and obligations of a Party under the SPS Agreement.

ARTICLE 2.30

Standstill

1. For matters covered by Articles 2.25 to 2.28, a Party shall not impose less favourable conditions than those provided for in this Section or in its laws and regulations in force on the date of signature of this Agreement.
2. Paragraph 1 shall be without prejudice to the right of the Parties to take sanitary and phytosanitary measures necessary for the protection of human, animal or plant life or health, provided that such measures are not inconsistent with the provisions of the SPS Agreement.

ARTICLE 2.31

Amendments

The Joint Committee may adopt decisions amending Annex 2-E, to add, delete or modify references to oenological practices, restrictions and other elements, in accordance with paragraph 3 of Article 23.2.

SECTION D

Other provisions

ARTICLE 2.32

Exchange of information

1. For the purpose of monitoring the functioning of this Agreement and for the period of 10 years after the entry into force of this Agreement, the Parties shall annually exchange import statistics for the period covering the most recent calendar year available. The period may be extended by the Committee on Trade in Goods established pursuant to Article 22.3 for another five years.
2. The exchange of import statistics referred to in paragraph 1 shall cover, to the extent possible, data pertaining to the period covering the most recent calendar year available, including value and volume, based on the nomenclature of the Party, of imports of goods of the other Party benefitting from preferential tariff treatment under this Agreement and those that do not receive preferential tariff treatment.

ARTICLE 2.33

Special measures concerning the management of preferential tariff treatment

1. The Parties recognise that breaches of their customs legislation relating to the preferential tariff treatment under this Agreement could adversely affect the domestic industry and agree to cooperate on preventing, detecting and combating such breaches in accordance with the relevant provisions of Chapter 3 and the Agreement between the European Community and the Government of Japan on Co-operation and Mutual Administrative Assistance in Customs Matters, done at Brussels on 30 January 2008 (hereinafter referred to as 'CMAA').
2. A Party may, in accordance with the procedure laid down in paragraphs 4 to 7, temporarily suspend the preferential tariff treatment under this Agreement for the goods concerned which are related to the systematic breaches referred to in subparagraph (a), if the Party has made a finding, on the basis of objective, compelling and verifiable information, that:
 - (a) systematic breaches in its customs legislation related to the preferential tariff treatment under this Agreement for a certain good have been committed; and
 - (b) the other Party has systematically and unjustifiably refused or has otherwise failed to conduct the cooperation referred to in paragraph 1 in relation to the systematic breaches referred to in subparagraph (a).
3. Notwithstanding paragraph 2, the temporary suspension shall not be applied to traders who fulfil the compliance criteria agreed by the Parties through the consultations referred to in paragraph 4.
4. The Party which has made the finding referred to in paragraph 2 shall, without undue delay, notify the other Party of that finding with sufficient information to justify the initiation of consultations, including a summary of essential facts related to subparagraphs 2(a) and (b), and enter into consultations with the other Party in the Committee on Trade in Goods with a view to reaching a solution acceptable to both Parties and agreeing on the compliance criteria with regard to the requirements of this Agreement and the relevant customs legislation.
5. The Party which has made the finding referred to in paragraph 2 shall, before a final decision is made, inform all interested parties of its intention to apply a temporary suspension, and shall ensure that they have a full opportunity for defending their interests. A temporary suspension shall not be applied to interested parties, provided that they objectively and satisfactorily demonstrate to the Party which has made the finding that they are not involved in the systematic breaches referred to in subparagraph 2(a).

6. Following the processes referred to in paragraphs 4 and 5, if the Parties have failed to agree on an acceptable solution within six months of the notification, the Party which has made the finding may decide to suspend temporarily the preferential tariff treatment under this Agreement for the goods concerned, duly taking into account the exception provided for in paragraph 3. A temporary suspension shall be notified to the other Party without undue delay.

7. A temporary suspension shall be applied only for the period necessary to counteract the breaches and no longer than six months. If a Party has made a finding that the conditions that gave rise to the initial suspension persist at the expiry of the temporary suspension, that Party may decide to renew the temporary suspension, after notifying the other Party of such a finding with sufficient information to justify the renewal. Any temporary suspension shall be terminated on a date no later than two years from the initial suspension unless it has been demonstrated to the Committee on Trade in Goods that the conditions that gave rise to the initial suspension still persist at the expiry of the period of each renewal.

8. The applied temporary suspensions shall be subject to periodic consultations in the Committee on Trade in Goods.

9. The Party which has made the finding referred to in paragraph 2 or 7 shall publish, in accordance with its internal procedures, notices to importers about any notification and decision concerning temporary suspensions referred to in paragraphs 4 to 7.

10. A temporary suspension shall not apply to traders other than the traders referred to in paragraph 3 and the interested parties referred to in paragraph 5, provided that they objectively and satisfactorily demonstrate to the Party which has made the finding referred to in paragraph 2 or 7 that they are not involved in the systematic breaches referred to in subparagraph 2(a).

11. For greater certainty, nothing in this Article shall be construed as preventing traders or interested parties from claiming compensation for damage illegally incurred by the measures referred to in paragraph 6, against the Party which has made the finding referred to in paragraph 2 or 7, in accordance with its laws and regulations.

ARTICLE 2.34

Committee on Trade in Goods

1. The Committee on Trade in Goods established pursuant to Article 22.3 (hereinafter referred to in this Article as 'the Committee') shall be responsible for the effective implementation and operation of this Chapter.

2. The Committee shall have the following functions:

- (a) reviewing and monitoring the implementation and operation of this Chapter;
- (b) reporting the findings of the Committee to the Joint Committee; and
- (c) carrying out other functions as may be delegated by the Joint Committee pursuant to subparagraph 5(b) of Article 22.1.

3. The Committee shall hold meetings at such times and venues, or by such means, as may be agreed by the representatives of the Parties.

ARTICLE 2.35

Working Group on Wine

1. The Working Group on Wine established pursuant to Article 22.4 shall be responsible for the effective implementation and operation of Section C and Annex 2-E.

2. The Working Group on Wine shall have the following functions:

- (a) adopting the modalities concerning the self-certification referred to in paragraph 2 of Article 2.28;
- (b) monitoring the implementation of Articles 2.25 to 2.29, including the review and consultations under Article 2.29; and
- (c) considering amendments of Annex 2-E and making recommendations to the Joint Committee regarding the adoption of a decision with respect to those amendments.

3. The Working Group on Wine shall hold its first meeting on the date of entry into force of this Agreement.

CHAPTER 3

RULES OF ORIGIN AND ORIGIN PROCEDURES

SECTION A

Rules of origin

ARTICLE 3.1

Definitions

For the purposes of this Chapter:

- (a) 'aquaculture' means the farming of aquatic organisms, including fish, molluscs, crustaceans, other aquatic invertebrates and aquatic plants from seed stock such as eggs, fry, fingerlings, larvae, parr, smolts or other immature fish at a post-larval stage by intervention in the rearing or growth processes to enhance production such as regular stocking, feeding or protection from predators;
- (b) 'consignment' means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;
- (c) 'exporter' means a person, located in a Party, who, in accordance with the requirements laid down in the laws and regulations of that Party, exports or produces the originating product and makes out a statement on origin;
- (d) 'importer' means a person who imports the originating product and claims preferential tariff treatment for it;
- (e) 'material' means any matter or substance used in the production of a product, including any components, ingredients, raw materials or parts;
- (f) 'non-originating material' means a material which does not qualify as originating under this Chapter, including a material whose originating status cannot be determined;
- (g) 'preferential tariff treatment' means the rate of customs duties applicable to an originating good in accordance with paragraph 1 of Article 2.8;
- (h) 'product' means any matter or substance resulting from production, even if it is intended for use as a material in the production of another product, and shall be understood as a good referred to in Chapter 2; and
- (i) 'production' means any kind of working or processing including assembly.

ARTICLE 3.2

Requirements for originating products

1. For the purpose of the application of preferential tariff treatment by a Party to an originating good of the other Party in accordance with paragraph 1 of Article 2.8, the following products, if they satisfy all other applicable requirements of this Chapter, shall be considered as originating in the other Party:

- (a) wholly obtained or produced products as provided for in Article 3.3;
- (b) products produced exclusively from materials originating in that Party; or
- (c) products produced using non-originating materials provided they satisfy all applicable requirements of Annex 3-B.

2. For the purposes of this Chapter, the territorial scope of a Party does not include the sea, seabed and subsoil beyond its territorial sea.

3. If a product has acquired originating status, the non-originating materials used in the production of the product shall not be considered non-originating when that product is incorporated as material into another product.