

CHAPTER 1

INITIAL PROVISIONS

Article 1 Establishment of the Free Trade Area

The Parties to this Agreement, consistent with Article XXIV of GATT 1994 and Article V of GATS, hereby establish a free trade area.

Article 2 Objectives

1. The objectives of this Agreement, as elaborated more specifically through its principles and rules, are to:

- (a) encourage expansion and diversification of trade between the Parties;
- (b) eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the Parties;
- (c) promote conditions of fair competition in the free trade area;
- (d) substantially increase investment opportunities between the Parties;
- (e) provide for the protection and enforcement of intellectual property rights in each Party's territory in accordance with the provisions of the TRIPS Agreement and enhance and strengthen cooperation on intellectual property rights; and
- (f) create an effective mechanism to prevent and resolve trade disputes.

2. The Parties seek to support the wider liberalisation process in APEC consistent with its goals of free and open trade and investment.

Article 3 Relation to Other Agreements

1. 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.

2. 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 with a view to finding a mutually satisfactory solution in accordance with customary rules of interpretation of public international law.