

CHAPTER 2 TRADE IN GOODS

ARTICLE 2.1 Scope and Coverage

Except as otherwise provided in this Agreement, this Chapter applies to trade in goods between the Parties.

ARTICLE 2.2 Definitions

For the purposes of this Chapter:

“Customs Administration” means the authority that, according to the laws and regulations of each Party, is responsible for the administration and enforcement of the customs laws and regulations of that Party. For UAE, it shall be the Federal Authority for Identity, Citizenship, Customs & Port Security, and for India, it shall be the Central Board of Indirect Taxes and Customs; and

“customs duty” refers to 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 in conformity with Article III of the GATT 1994;
- (b) anti-dumping or countervailing duty that is applied consistently with the provisions of Article VI of the GATT 1994, the Agreement on the Implementation of Article VI of the GATT 1994 (Anti-Dumping Agreement), and the Agreement on Subsidies and Countervailing Measures (SCM Agreement), set out in Annex 1A to the WTO Agreement, respectively, or
- (c) fee or other charge in connection with importation commensurate with the cost of services rendered in conformity with Article VIII of the GATT 1994.

ARTICLE 2.3 National Treatment on Internal Taxation and Regulation

1. The Parties shall accord national treatment in accordance with Article III of the GATT 1994, including its interpretative notes. To this end, Article III of the GATT 1994 and its interpretative notes are incorporated into and form part of this Agreement, *mutatis mutandis*.

2. The treatment to be accorded by a Party under paragraph 1 means, with respect to a sub-central level of government, treatment no less favourable than the most favourable treatment that sub-central level of government accords to any like, directly competitive, or substitutable goods, as the case may be, of the Party of which it forms a part.

ARTICLE 2.4

Customs Duties

1. The Parties shall not nullify or impair any of the tariff concessions made by them under this Agreement, except as provided in this Agreement.
2. Upon the entry into force of this Agreement, India shall eliminate its customs duties applied on goods originating from the UAE in accordance with Annex 2A (Schedule of Specific Tariff Commitments of India) and the UAE shall eliminate its customs duties on goods from India in accordance with Annex 2B (Schedule of Specific Tariff Commitments of the UAE).
3. Where a Party reduces its most-favoured nation (MFN) 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 2A (for India) or Annex 2B (for the UAE).

ARTICLE 2.5

Classification of Goods and Transposition of Schedules

1. The classification of goods traded between the Parties shall be in conformity with the HS and its amendments. Each Party shall ensure consistency in applying its laws and regulations on tariff classification of originating goods of the other Party.
2. Pursuant to paragraph 1, each Party shall ensure that the transposition of its schedule of tariff commitments, undertaken in order to implement Annex 2A (for India) or Annex 2B (for the UAE) in the nomenclature of the revised HS Code following periodic amendments to the HS Code, is carried out without impairing or diminishing the tariff commitments set out in its Schedule of Tariff Commitments in Annex 2A (for India) or Annex 2B (for the UAE).
3. The Parties shall publish such revisions in a timely manner.
4. Each Party shall, on the request of the other Party and within a reasonable period of time after receiving the request, provide the other Party a brief explanation in response to any concerns raised regarding the transposition of its Schedule of Tariff Commitments.

ARTICLE 2.6

Temporary Admission

1. Each Party shall, in accordance with its laws and regulations, grant temporary admission free of customs duties for the following goods imported from the other Party regardless of their origin:
 - (a) professional and scientific equipment and materials, including their spare parts, and goods for sports purposes, that are necessary for carrying out the business activity, trade, or profession of a person who qualifies for temporary entry pursuant to the laws of the importing Party;

- (b) goods intended for display or use at playgrounds, theatres, exhibitions, fairs or other similar events, including commercial samples, advertising materials including printed materials, films and recordings;
- (c) containers and pallets in use or to be used for refilling;
- (d) machinery and equipment for completion of projects or for conducting the experiments and tests relating to such projects, or for repair; and
- (e) goods entered for completion of processing.

2. A Party shall not impose any condition on the temporary admission of a good referred to in paragraph 1, other than to require that such good:

- (a) be accompanied by a security deposit in an amount no greater than the customs duty or charges that would otherwise be owed on importation, releasable on exportation of the good;
- (b) be exported on the departure of the person referred to in subparagraph 1(a) or within such period of time as is reasonably related to the purpose of temporary admission;
- (c) be capable of identification when exported;
- (d) not be sold or leased while in its territory;
- (e) not be imported in a quantity greater than is reasonable for its intended use; and
- (f) be otherwise admissible into the importing Party's territory under its laws.

3. If any condition that a Party imposes under paragraph 2 has not been fulfilled, that Party may apply the customs duty and any other charge that would normally be owed on importation of the good.

4. Each Party shall, at the request of the importer and for reasons deemed valid by its Customs Administration, extend the time limit for temporary admission beyond the period initially fixed.

5. Each Party shall relieve the importer of liability for failure to export a temporarily admitted good upon presentation of satisfactory proof to the Party's Customs Administration that the good has been destroyed within the original time limit for temporary admission or any lawful extension. A Party may condition relief of liability under this paragraph by requiring the importer to receive prior approval from the Customs Administration of the importing Party before the good can be so destroyed.

6. Each Party, through its Customs Administration, shall adopt and maintain procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, these procedures shall provide that when such goods

accompany a national or resident of the other Party who is seeking temporary entry, the good shall be released simultaneously with the entry of that national or resident.

ARTICLE 2.7

Duty-Free Entry of Commercial Samples of Negligible Value and Printed Advertising Materials

1. Each Party shall, in accordance with its laws and regulations, grant duty-free entry to commercial samples of negligible value, and to printed advertising materials, imported from the territory of the other Party, regardless of their origin, but may require that:

- (a) such samples be imported solely for the solicitation of orders for goods, or the solicitation of orders for services provided from the territory, of the other Party or a non-Party; or
- (b) such advertising materials be imported in packets that each contain no more than one copy of each such material and that neither such materials nor packets form part of a larger consignment.

ARTICLE 2.8

Goods Returned or Re-Entered After Repair or Alteration

1. Neither Party may apply a customs duty to a good, regardless of its origin, that re-enters its territory within one (1) year after that good has been exported from its territory to the territory of the other Party for repair or alteration, regardless of whether such repair or alteration could be performed in its territory, except that a customs duty may be applied to the addition resulting from the repair or alteration that was performed in the territory of the other Party.

2. Neither Party may apply a customs duty to a good, regardless of its origin, imported temporarily from the territory of the other Party for repair or alteration, provided such good is exported from the territory of the importing Party within one (1) year of its entry.

3. 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, renovating, cleaning, resterilising, maintenance, or other operation or process, regardless of a possible increase in the value of the good, that does not:

- (a) destroy a good’s essential characteristics or create a new or commercially different good;
- (b) transform an unfinished good into a finished good; or
- (c) changes the function of a good.

4. The Parties shall commence a review of this Article within two (2) years of the date of entry into force of this Agreement and, thereafter, every three (3) years, or as the Parties agree otherwise.

ARTICLE 2.9

Import and Export Restrictions

Article XI of the GATT 1994 and its interpretive notes are incorporated into and form part of this Agreement, *mutatis mutandis*.

ARTICLE 2.10

Import Licensing

1. Each Party shall ensure that all automatic and non-automatic import licensing procedures are implemented in a transparent and predictable manner, and applied in accordance with the Import Licensing Agreement. No Party shall adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.

2. Promptly after entry into force of this Agreement, each Party shall notify the other Party of any existing import licensing procedures. The notification shall include the information specified in Article 5.2 of the Import Licensing Agreement. A Party shall be deemed to be in compliance with this paragraph if:

- (a) it has notified that procedure to the WTO Committee on Import Licensing provided in Article 4 of the Import Licensing Agreement together with the information specified in Article 5.2 of the Import Licensing Agreement; and
- (b) in the most recent annual submission due before the date of entry into force of this Agreement for the Party to the WTO Committee on Import Licensing, in response to the annual questionnaire on import licensing procedures as described in Article 7.3 of the Import Licensing Agreement, it has provided with respect to that procedure, the information requested in the questionnaire.

3. Thereafter, each Party shall notify the other Party of any new import licensing procedure and any modification it makes to its existing import licensing procedures, to the extent possible thirty (30) days before it takes effect. In no case shall a Party provide the notification later than sixty (60) days after the date of its publication. A notification provided under this Article shall include the information specified in Article 5 of the Import Licensing Agreement. A Party shall be deemed to be in compliance with this obligation if it notifies a new import licensing procedure or a modification to an existing import licensing procedure to the WTO Committee on Import Licensing in accordance with Articles 5.1, 5.2 or 5.3 of the Import Licensing Agreement.

4. Before applying any new or modified import licensing procedure, a Party shall publish the new procedure or modification on an official government website. To the extent possible, the Party shall do so at least twenty-one (21) days before the new procedure or modification takes effect.

5. The notification required under paragraphs 2 and 3 is without prejudice to whether the import licensing procedure is consistent with this Agreement.

6. No application shall be refused for minor documentation errors which do not alter the basic data contained therein. Minor documentation errors may include formatting errors (for instance, the width of a margin or the font used) and errors with spelling which are made without fraudulent intent or gross negligence.

7. A notification made under paragraph 3 shall state if, under any procedure that is a subject of the notification:

- (a) the terms of an import license for any product limit the permissible end users of the product; or
- (b) the Party imposes any of the following conditions on eligibility for obtaining a license to import any product
 - (i) membership in an industry association;
 - (ii) approval by an industry association of the request for an import license;
 - (iii) a history of importing the product, or similar products;
 - (iv) minimum importer or end use production capacity;
 - (v) minimum importer or end use registered capital; or
 - (vi) a contractual or other relationship between the importer and distributor in the Party's territory.

8. Each Party shall, to the extent possible, answer within sixty (60) days all reasonable enquiries from the other Party with regard to the criteria employed by its respective licensing authorities in granting or denying import licenses. The importing Party shall publish sufficient information for the other Party and traders to know the basis for granting or allocating import licences.

9. If a Party denies an import licence application with respect to a good of the other Party, it shall, on request of the applicant and within a reasonable period after receiving the request, provide the applicant with an explanation of the reason for the denial.

ARTICLE 2.11

Customs Valuation

The Parties shall determine the customs value of goods traded between them in accordance with Article VII of the GATT 1994 and the Customs Valuation Agreement, *mutatis mutandis*.

ARTICLE 2.12

Export Subsidies

1. The Parties shall not introduce or maintain export subsidies that are contrary to their obligations under the SCM Agreement on all goods traded between them.
2. The Parties reaffirm their commitments made in the WTO Ministerial Conference Decision on Export Competition adopted in Nairobi on 19 December 2015, including the elimination of scheduled export subsidy entitlements for agricultural goods.
3. The Parties share the objective of the multilateral elimination of export subsidies for agricultural goods and shall work together to prevent their reintroduction in any form.

ARTICLE 2.13

Transparency

Article X of the GATT 1994 is incorporated into and forms part of this Agreement, *mutatis mutandis*.

ARTICLE 2.14

Restrictions to Safeguard the Balance-of-Payments

1. The Parties shall endeavour to avoid the imposition of restrictive measures for balance-of-payments purposes.
2. Any such measures taken for trade in goods shall be in accordance with Article XII of the GATT 1994 and the Understanding on the Balance-of-Payments Provisions of the GATT 1994, the provisions of which are incorporated into and form part of this Agreement, *mutatis mutandis*.

ARTICLE 2.15

Administrative Fees and Formalities

1. Each Party shall ensure, in accordance with Article VIII:1 of the GATT 1994 and its interpretive notes and Article 6 of the WTO Agreement on Trade Facilitation, that all fees and charges of whatever character (other than import and export duties, charges equivalent to an internal tax or other internal charges applied consistently with Article III:2 of the GATT 1994, and anti-dumping and countervailing duties applied pursuant to its laws and regulations) imposed on, or in connection with, importation or exportation, are limited in amount to the approximate cost of services rendered to imports or exports and do not represent a direct or indirect protection for domestic goods or a taxation of imports for fiscal purposes.
2. Each Party shall promptly publish details and shall make such information available on the internet regarding the fees and charges it imposes in connection with importation or exportation and shall make such information available to the other Party, upon written request, in the English language.

ARTICLE 2.16

Non-Tariff Measures

1. Unless otherwise provided, neither Party shall adopt or maintain any non-tariff measure 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 with this Agreement.
2. Each Party shall ensure the transparency of its non-tariff measures permitted under paragraph 1 and shall ensure that any such measures are not prepared, adopted or applied with the view to, or with the effect of, creating unnecessary obstacles to trade with the other Party. Any new measure or modification to an existing measure shall be duly notified to the other Party as soon as practicable, but, in any event, no later than the day the measure takes effect.
3. Each Party shall ensure that its laws, regulations, procedures and administrative rulings relating to non-tariff measures are promptly published, including on the internet where feasible, or otherwise made available in such a manner as to enable the other Party to become acquainted with them.
4. If a Party considers that a non-tariff measure of the other Party is an unnecessary obstacle to trade, that Party may nominate such a non-tariff measure for review by the Committee on Trade in Goods (CTG), established under this Agreement, by notifying the other Party no later than thirty (30) days before the date of the next scheduled meeting of the CTG. A nomination of a non-tariff measure for review shall include reasons for its nomination and, if possible, suggested solutions. The CTG shall immediately review the measure with a view to securing a mutually agreed solution to the matter. Review by the CTG is without prejudice to the Parties' rights under Chapter 15 (Dispute Settlement).

ARTICLE 2.17

State Trading Enterprises

Nothing in this Agreement shall be construed to prevent a Party from maintaining or establishing a state trading enterprise in accordance with Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII of the GATT 1994.

ARTICLE 2.18

Revision Clause

1. Upon request of a Party, the Parties shall consult to consider accelerating, or broadening the scope of the elimination of customs duties as set out in Annex 2A (Schedule of Specific Tariff Commitments of India) and Annex 2B (Schedule of Specific Tariff Commitments of the UAE). Further commitments between the Parties to accelerate the elimination of a customs duty on a good, or to include a good in Annex 2A (for India) and Annex 2B (for the UAE), shall supersede any duty rate or staging category determined pursuant to their respective Schedules of Tariff Commitments. These commitments shall enter into force on the date specified by the Parties following the exchange of notifications certifying that they have completed their internal legal procedures.

2. Nothing in this Agreement shall prohibit a Party from unilaterally accelerating, or broadening the scope of the elimination of customs duties set out in its Schedule of Tariff Commitments in Annex 2A (for India) or Annex 2B (for the UAE). Any such unilateral acceleration, or broadening of the scope of the elimination of customs duties will neither permanently supersede any duty rate or staging category determined pursuant to their respective Schedule nor will serve to waive that Party's right to impose at a later time the duty rate or staging category that is determined for that later time by their respective Schedule.

3. For greater certainty with respect to paragraph 2, a Party may:

- (a) raise a customs duty back to the level established in its respective Schedule of Tariff Commitments in Annex 2A (for India) or Annex 2B (for the UAE) following a unilateral reduction; or
- (b) maintain or increase a customs duty as authorised by the Dispute Settlement Body of the WTO.

ARTICLE 2.19

Exchange of Data

1. The Parties recognise the value of trade data in accurately analysing the implementation of this Agreement. The Parties shall cooperate with a view to conducting periodic exchanges of data relating to trade in goods between the Parties.

2. The Parties may engage in such periodic exchanges within the CTG for such purposes and for any other purposes in furtherance of the obligations described in this Chapter as the CTG may determine.

3. A Party shall give positive consideration to a request from the other Party for technical assistance for the purposes of the exchange of data under paragraph 1.

ARTICLE 2.20

Committee on Trade in Goods

1. The CTG is established under the Joint Committee.

2. The functions of the CTG shall include:

- (a) the monitoring and review of measures taken and implementation of commitments;
- (b) the exchange of information and review of developments;
- (c) the preparation of technical amendments, including HS updating, and otherwise assisting the Joint Committee;
- (d) any other matter referred to it by the Joint Committee; and
- (e) the preparation of recommendations and reports to the Joint Committee, as necessary.

3. The CTG shall establish such subcommittees as may be necessary under this Agreement, including on Customs Procedures and Trade Facilitation, Technical Barriers to Trade, Sanitary and Phytosanitary Measures, and Trade Remedies. All such subcommittees shall report to the CTG.
4. Each Party has the right to be represented in the CTG. The CTG shall act by consensus.
5. The CTG shall meet at least every two (2) years or more frequently as the Parties agree otherwise. The meetings of the CTG shall be chaired jointly by the UAE and India.
6. The Parties shall examine any difficulties that might arise in their goods trade and shall endeavour to seek appropriate solutions through dialogue and consultations.