

Section I Institutions
Section II Dispute Settlement
Section III Domestic Proceedings and Private Commercial Dispute Settlement

• **PART FIVE: OTHER PROVISIONS**

Chapter O: Exceptions
Chapter P: Final Provisions

PART ONE:

GENERAL PART

CHAPTER A: OBJECTIVES

Article A-01:

Establishment of the Free Trade Area

The Parties to this Agreement, consistent with Article XXIV of the General Agreement on Tariffs and Trade 1994 and Article V of the General Agreement on Trade in Services which are part of the Marrakesh Agreement Establishing the World Trade Organization, hereby establish a free trade area.

Article A-02:

Objectives

1. The objectives of this Agreement, as elaborated more specifically through its principles and rules, including national treatment, most-favoured-nation treatment and transparency, are to:
 - (a) eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the territories of the Parties;
 - (b) promote conditions of fair competition in the free trade area;
 - (c) increase substantially investment opportunities in the territories of the Parties;
 - (d) create effective procedures for the implementation and application of this Agreement, for its joint administration and for the resolution of disputes; and
 - (e) establish a framework for further bilateral, regional and multilateral cooperation to expand and enhance the benefits of this Agreement.
2. The Parties shall interpret and apply the provisions of this Agreement in the light of its objectives set out in paragraph 1 and in accordance with applicable rules of international law.

Article A-03:

Relation to Other Agreements

1. The Parties affirm their existing rights and obligations with respect to each other under the Marrakesh Agreement Establishing the World Trade Organization and other agreements to which such Parties are party.
2. In the event of any inconsistency between this Agreement and such other agreements, this Agreement shall prevail to the extent of the inconsistency, except as otherwise provided in this Agreement.

Article A-04:

Relation to Environmental and Conservation Agreements

In the event of any inconsistency between this Agreement and the specific trade obligations set out in:

- (a) the Convention on International Trade in Endangered Species of Wild Fauna and Flora, done at Washington, March 3, 1973, as amended June 22, 1979;
- (b) the Montreal Protocol on Substances that Deplete the Ozone Layer, done at Montreal, September 16, 1987, as amended June 29, 1990; or
- (c) the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, done at Basel, March 22, 1989, such obligations shall prevail to the extent of the inconsistency, provided that where a Party has a choice among equally effective and reasonably available means of complying with such obligations, the Party chooses the alternative that is the least inconsistent with the other provisions of this Agreement.

Article A-05:

Extent of Obligations

The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement, including their observance, except as otherwise provided in this Agreement, by provincial governments.

CHAPTER B: GENERAL DEFINITIONS

Article B-01:

Definitions of General Application

1. For purposes of this Agreement, unless otherwise specified:

Canada-United States Free Trade Agreement means the Canada-United States Free Trade Agreement, done on January 2, 1988;

citizen means a citizen as defined in Annex B-01.1 for the Party specified in that Annex;

Commission means the Free Trade Commission established under Article N-01(1) (The Free Trade Commission);

Customs Valuation Code means the Agreement on Implementation of Article VII of the General

Agreement on Tariffs and Trade 1994, including its interpretative notes, which is part of the WTO Agreement;

days means calendar days, including weekends and holidays;

Dispute Settlement Understanding (DSU) means the Understanding on Rules and Procedures Governing the Settlement of Disputes, which is part of the WTO Agreement;

enterprise means any entity constituted or organized under applicable law, whether or not for profit, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, sole proprietorship, joint venture or other association;

enterprise of a Party means an enterprise constituted or organized under the law of a Party;

existing means in effect on the date of entry into force of this Agreement;

GATS means the General Agreement on Trade in Services, which is part of the WTO Agreement;

GATT 1994 means the General Agreement on Tariffs and Trade 1994, which is part of the WTO Agreement;

Generally Accepted Accounting Principles means the recognized consensus or substantial authoritative support in the territory of a Party with respect to the recording of revenues, expenses, costs, assets and liabilities, disclosure of information and preparation of financial statements. These standards may be broad guidelines of general application as well as detailed standards, practices and procedures;

goods of a Party means domestic products as these are understood in the GATT 1994 or such goods as the Parties may agree, and includes originating goods of that Party ¹;

Harmonized System (HS) means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes and Chapter Notes, as adopted and implemented by the Parties in their respective tariff laws;

measure includes any law, regulation, procedure, requirement or practice;

NAFTA means the North American Free Trade Agreement, done on December 17, 1992;

national means a natural person who is a citizen or permanent resident of a Party and any other natural person referred to in Annex B-01.1;

originating means qualifying under the rules of origin set out in Chapter D (Rules of Origin);

person means a natural person or an enterprise;

person of a Party means a national, or an enterprise of a Party;

province means a province of Canada, and includes the Yukon Territory and the Northwest Territories and their successors,

Secretariat means the Secretariat established under Article N-02(1) (The Secretariat);

state enterprise means an enterprise that is owned, or controlled through ownership interests, by a Party;

territory means for a Party the territory of that Party as set out in Annex B-01.1;

TRIPS Agreement means the Agreement on Trade-Related Aspects of Intellectual Property Rights, which is part of the WTO Agreement; and

WTO Agreement means the Marrakesh Agreement Establishing the World Trade Organization, done on April 15, 1994.

2. For purposes of this Agreement, unless otherwise specified, a reference to a province includes local governments of that province.
3. Country-specific definitions of national government are set out in Annex B-01.1.

Annex B-01.1

Country-Specific Definitions

For purposes of this Agreement, unless otherwise specified:

citizen means:

- (a) with respect to Canada, a natural person who is a citizen of Canada under the Citizenship Act, R.S.C. 1985, c. C-29, as amended from time to time or under any successor legislation; and
- (b) with respect to Chile, a Chilean as defined in Article 10 of the Political Constitution of the Republic of Chile ("Constitución Política de la República de Chile");

national also includes, with respect to Chile, a Chilean as defined in Article 10 of the Political Constitution of the Republic of Chile ("Constitución Política de la República de Chile"); and

national government means:

- (a) with respect to Canada, the Government of Canada; and

- (b) with respect to Chile, the Government of the Republic of Chile;

territory means:

- (a) with respect to Canada, the territory to which its customs laws apply, including any areas beyond the territorial seas of Canada within which, in accordance with international law and its domestic law, Canada may exercise rights with respect to the seabed and subsoil and their natural resources; and
- (b) with respect to Chile, the land, maritime, and air space under its sovereignty, and the exclusive economic zone and the continental shelf over which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law.

PART TWO:

TRADE IN GOODS

CHAPTER C: NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

Article C-00:

Scope and Coverage

This Chapter applies to trade in goods of a Party, including:

- (a) goods covered by Annex C-00-A (Trade and Investment in the Automotive Sector); and
- (b) goods covered by Annex C-00-B (Textile and Apparel Goods), except as provided in such Annex.

Section I – National Treatment

Article C-01:

National Treatment

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of the GATT 1994, including its interpretative notes, and to this end Article III of the GATT 1994 and its interpretative notes, or any equivalent provision of a successor agreement to which both Parties are party, are incorporated into and made part of this Agreement.
2. The provisions of paragraph 1 regarding national treatment shall mean, with respect to a province, treatment no less favourable than the most favourable treatment accorded by such province to any like, directly competitive or substitutable goods, as the case may be, of the Party of which it forms a part¹.
3. Paragraphs 1 and 2 do not apply to the measures set out in Annex C-01.3.