

CHAPTER 2 TRADE IN GOODS

Article 2.1 Definitions

For the purposes of this Chapter:

- (a) **consular transactions** means requirements that goods of a Party intended for export to the territory of the other Party must first be submitted to the supervision of the consul of the importing Party in the territory of 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;
- (b) **customs duty** means any duty or charge of any kind imposed on or in connection with the importation of a good, and any cess, surtax or surcharge imposed in connection with such importation, but does not include any:
 - (i) charge equivalent to an internal tax imposed consistently with Article III:2 of GATT 1994;
 - (ii) fee or other charge in connection with the importation commensurate with the cost of services rendered; or
 - (iii) anti-dumping or countervailing duty applied pursuant to the laws of a Party and applied consistently with the provisions of Article VI of GATT 1994, the Anti-Dumping Agreement, and the SCM Agreement;
- (c) **goods of a Party** means domestic products as these are understood in GATT 1994 or such goods as the Parties may agree, and includes originating goods of a Party.

Article 2.2 Scope

Unless otherwise provided in this Agreement, this Chapter shall apply to trade in goods of a Party.

Article 2.3
Elimination or Reduction of Customs Duties

1. Unless otherwise provided in this Agreement, neither Party shall increase any existing customs duty, or adopt any new customs duty, on an originating good.
2. Each Party shall progressively eliminate or reduce its customs duties on originating goods in accordance with its Schedule in Annex 2A (Tariff Commitments).
3. On request of a Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules in Annex 2A (Tariff Commitments). An agreement by the Parties to accelerate the elimination of a customs duty on a good shall supersede any duty rate or staging category determined in accordance with their Schedules in Annex 2A (Tariff Commitments) for that good when approved by each Party in accordance with its applicable domestic requirements, including internal legal procedures.
4. A Party may at any time unilaterally accelerate the elimination of customs duties set out in its Schedule in Annex 2A (Tariff Commitments) on originating goods of the other Party. The Party shall inform the other Party as early as practicable before the new rate of customs duty takes effect.
5. If the most-favoured-nation rate of customs duty applied by a Party on a particular good is lower than the rate of customs duty provided for in its Schedule in Annex 2A (Tariff Commitments), that Party shall apply the lower rate to the originating good of the other Party.

Article 2.4
National Treatment

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

Article 2.5
Administrative Fees and Formalities

1. Each Party shall ensure, in accordance with Article VIII:1 of GATT 1994, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax or other internal charges applied consistently with Article III:2 of GATT 1994, and anti-dumping and countervailing duties) imposed on or in connection with importation or exportation are limited in amount to the approximate cost of services rendered and do not represent an indirect

protection to domestic goods or a taxation of imports or exports for fiscal purposes.

2. Neither Party shall require consular transactions, including any related fees and charges, in connection with the importation of any good of the other Party.
3. Each Party shall make publicly available on the internet a current list of the fees and charges it imposes in connection with importation or exportation.

Article 2.6 Customs Valuation

Each Party shall determine the customs value of goods traded between the Parties in accordance with Article VII of GATT 1994 and the Customs Valuation Agreement.

Article 2.7 Classification of Goods

The classification of goods traded between the Parties shall be in conformity with the Harmonized System.

Article 2.8 Import and Export Restrictions

Unless otherwise provided in this Agreement, neither Party shall adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party, except in accordance with Article XI of GATT 1994, and to this end Article XI of GATT 1994, is incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.9 Application of Non-Tariff Measures

1. A Party shall not 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 the WTO Agreement or this Agreement.
2. Each Party shall ensure the transparency of its non-tariff measures permitted in 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 between the Parties.

Article 2.10
Publication and Administration of Trade Regulations

1. Each Party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, decisions and rulings respecting any matter covered by this Chapter. To this end, Article X of GATT 1994 is incorporated into and made part of this Agreement, *mutatis mutandis*.
2. To the extent possible, each Party shall make its laws, regulations, decisions and rulings of the kind referred to in paragraph 1 publicly available on the internet.

Article 2.11
Agricultural Cooperation

The Parties shall undertake cooperation and capacity building activities in areas related to agriculture and agricultural trade for mutual benefit.

Article 2.12
Subcommittee on Trade in Goods

1. The Parties hereby establish a Subcommittee on Trade in Goods (“the Subcommittee on Goods”) composed of government representatives of each Party.
2. The Subcommittee on Goods’ functions shall include:
 - (a) reviewing and monitoring the implementation and operation of this Chapter;
 - (b) promoting trade in both agricultural and non-agricultural goods between the Parties, including through consultations on accelerating tariff elimination under this Agreement, and addressing non-tariff barriers to trade in goods between the Parties;
 - (c) addressing issues relating to the administration and operation of tariff rate quotas; and
 - (d) reporting on its activities and work programme to the Joint Committee.

3. The Subcommittee on Goods shall meet within one year of the date of entry into force of this Agreement and thereafter at such times as the Parties may agree. Meetings may occur in person, or by any other means as mutually determined by the Parties.
4. The Subcommittee on Goods may establish technical working groups to consider any matter relating to this Chapter that creates disruption or may affect trade in goods between the Parties. Any technical working group established shall report to the Subcommittee on Goods on the progress of its work.