

CHAPTER 2

TRADE IN GOODS

ARTICLE 2.1: SCOPE

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

ARTICLE 2.2: NATIONAL TREATMENT

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

ARTICLE 2.3: ELIMINATION 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. Unless otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods in accordance with its Schedule to Annex 2-A.
3. If at any moment a Party reduces its applied most-favoured-nation (hereinafter referred to as “MFN”) customs duty rate after the date of entry into force of this Agreement, that duty rate shall apply as regards trade covered by this Agreement if and for as long as it is lower than the customs duty rate calculated in accordance with its Schedule included in Annex 2-A.
4. On request of a Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules to Annex 2-A. 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 to Annex 2-A for that good when approved by each Party in accordance with its applicable legal procedures.
5. For greater certainty, a Party may raise a customs duty to the level established in its Schedule to Annex 2-A following a temporary unilateral reduction.

ARTICLE 2.4: GOODS RE-ENTERED AFTER REPAIR OR ALTERATION

1. Neither Party shall apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of whether the repair or alteration:

- (a) could be performed in the territory of the Party from which the good was exported for repair or alteration; or
- (b) may have resulted in an increased value of the good.

2. Neither Party shall apply a customs duty to a good, regardless of its origin, admitted temporarily from the territory of the other Party for repair or alteration.

3. For the purposes of this Article, repair or alteration does not include an operation or process that:

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

ARTICLE 2.5: DUTY-FREE ENTRY OF COMMERCIAL SAMPLES OF NEGLIGIBLE VALUE AND PRINTED ADVERTISING MATERIALS

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

ARTICLE 2.6: IMPORT AND EXPORT RESTRICTIONS

1. 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, including its interpretive

notes, and to this end Article XI of GATT 1994, including its interpretive notes, is incorporated into and made part of this Agreement, *mutatis mutandis*.

2. Where a Party proposes to adopt an export prohibition or restriction on foodstuffs or energy and mineral resources in accordance with paragraph 2(a) of Article XI of GATT 1994, the Party shall:

- (a) seek to limit such proposed prohibition or restriction to the extent necessary, giving due consideration to its possible effects on the other Party's foodstuff or energy and mineral resources security;
- (b) provide notice in writing, as far in advance as practicable, to the other Party of such proposed prohibition or restriction and its reasons together with its nature and expected duration; and
- (c) on request, provide the other Party with a reasonable opportunity for consultation with respect to any matter related to the proposed prohibition or restriction.

ARTICLE 2.7: IMPORT LICENSING

1. Neither Party shall adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.

2. Promptly after the date of entry into force of this Agreement, each Party shall notify the other Party of its existing import licensing procedures, if any. The notification shall:

- (a) include the information specified in Article 5 of the Import Licensing Agreement; and
- (b) be without prejudice as to whether the import licensing procedure is consistent with this Agreement.

3. Prior to applying any new or modified import licensing procedure, a Party shall publish the new procedure or modification on an official government Internet site or in a single official journal. To the extent possible, the Party shall do so at least 21 days before the new procedure or modification takes effect.

ARTICLE 2.8: ADMINISTRATIVE FEES AND FORMALITIES

1. Each Party shall ensure, in accordance with Article VIII:1 of GATT 1994, including its interpretive notes, 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 any additional customs duty collected as a result of a measure consistent with Chapter 6 (Trade Remedies)) 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 related fees and charges, in connection with the importation of any good of the other Party.

3. Each Party shall make available and maintain through the Internet a current list of the fees and charges it imposes in connection with importation or exportation.

ARTICLE 2.9: EXPORT DUTIES, TAXES OR OTHER CHARGES

Neither Party shall adopt or maintain any duty, tax or other charge on the export of any good to the territory of the other Party, unless the duty, tax or charge is also adopted or maintained on the good when destined for domestic consumption.

ARTICLE 2.10: NON-TARIFF MEASURES

1. Further to Chapter 19 (Transparency), the Parties recognise the importance of ensuring the transparency of non-tariff measures affecting trade between the Parties and that any such measures should not create an unnecessary obstacle to trade between the Parties.

2. To this end, the Committee on Trade in Goods established in Article 21.4 (Committees and Working Groups) shall, when a Party identifies a specific non-tariff measure, review that measure. The Committee on Trade in Goods shall review the non-tariff measure only after either Party objectively demonstrates that the relevant coordination mechanism, technical meeting, committee or working group, if any, that is most closely related to such a measure has failed to produce a satisfactory resolution within a reasonable period of time.

3. The Committee on Trade in Goods shall, for the non-tariff measure referred to in paragraph 2, consider approaches that may better facilitate trade between the Parties and present to the Parties the results of its consideration, including any recommendations, preferably within 12 months. If necessary, the results of the consideration and recommendations of the Committee on Trade in Goods shall be submitted to the next meeting of the Joint Committee for consideration and/or action.

ARTICLE 2.11: COMMITTEE ON TRADE IN GOODS

1. The functions of the Committee on Trade in Goods established in accordance with Article 21.4 (Committees and Working Groups) shall include:
 - (a) promoting trade in goods between the Parties, including through consultations on accelerating tariff elimination under this Agreement and other issues as appropriate; and
 - (b) addressing tariff and non-tariff barriers to trade in goods between the Parties and, if appropriate, referring such matters, with any recommendation, to the Joint Committee for its consideration.
2. The Committee shall meet on request of a Party or the Joint Committee to consider any matters relating to trade in goods.

ARTICLE 2.12: DEFINITIONS

For the purposes of this Chapter:

commercial samples of negligible value means commercial samples having a value, individually or in the aggregate as shipped, of not more than the amount specified in a Party's laws, regulations or procedures governing temporary admission, or so marked, torn, perforated, or otherwise treated that they are unsuitable for sale or use except as commercial samples;

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;

import licensing means an administrative procedure requiring the submission of an application or other documentation (other than that generally required for customs clearance purposes) to the relevant administrative body as a prior condition for importation into the territory of the importing Party; and

printed advertising materials means those goods classified in Chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks published by trade associations, tourist promotional materials and posters, that are used to promote, publicise, or advertise a good or service, or are essentially intended to advertise a good or service, and are supplied free of charge.