

1. Chapter Two (National Treatment and Market Access for Goods) is hereby replaced with the following:

“CHAPTER TWO

NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

SECTION A

COMMON PROVISIONS

ARTICLE 2.1

Objective

The Parties shall progressively and reciprocally liberalise trade in goods over a transitional period in accordance with this Agreement and in conformity with Article XXIV of GATT 1994.

ARTICLE 2.2

Scope and Coverage

This Chapter shall apply to trade in goods¹ between the Parties.

ARTICLE 2.3

Definitions

For the purposes of this Chapter:

advertising films and recordings means recorded visual media or audio materials, consisting essentially of images or sound, showing the nature or operation of goods or services offered for sale or lease by a person established or resident in the territory of a Party, provided that such materials are of a kind suitable for exhibition to prospective customers but not for broadcast to the general public;

commercial samples of negligible value means commercial samples having a value, individually or in the aggregate as shipped, of not more than an 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;

¹ For the purposes of this Agreement, **goods** means products as understood in GATT 1994 unless otherwise provided in this Agreement.

customs duty includes any duty or charge of any kind imposed on, or in connection with, the importation of a good, including any form of surtax or surcharge imposed on, or in connection with, such importation². A customs duty does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article 2.12 in respect of the like domestic good or in respect of an article from which the imported good has been manufactured or produced in whole or in part;
- (b) duty imposed pursuant to a Party's law consistently with Chapter Three (Trade Remedies);
- (c) fee or other charge imposed pursuant to a Party's law consistently with Article 2.16; or
- (d) duty imposed pursuant to a Party's law consistently with Article 5 of *the Agreement on Agriculture*, contained in Annex 1A to the WTO Agreement (hereinafter referred to as the "Agreement on Agriculture").

export licensing procedure 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 of the exporting Party as a prior condition for exportation from the territory of the exporting Party;

goods intended for display or demonstration includes their component parts, ancillary apparatus, and accessories;

goods temporarily admitted for sports purposes means sports requisites for use in sports contests, demonstrations, or training in the territory of the Party into whose territory such goods are admitted;

Harmonized System or **HS** means the Harmonized Commodity Description and Coding System, including its general rules and legal notes, as adopted and implemented by the Parties in their respective domestic law;

Import Licensing Agreement means the *Agreement on Import Licensing Procedures*, set out in Annex 1A to the WTO Agreement;

import licensing procedure 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 of the importing Party as a prior condition for importation into the territory of the importing Party;

printed advertising materials means those goods classified in Chapter 49 of the HS, 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

² The Parties understand that this definition is without prejudice to the treatment that the Parties, in line with the WTO Agreement, may accord to trade conducted on a most favoured nation basis.

good or service, are essentially intended to advertise a good or service, and are supplied free of charge; and

remanufactured good means a good that:

- (a) is entirely or partially comprised of recovered materials;
- (b) has a similar performance compared to the equivalent good when new; and
- (c) has a warranty similar to that applicable to the equivalent good when new.

ARTICLE 2.4

Classification of Goods

The classification of goods in trade between the Parties shall be that set out in each Party's respective tariff nomenclature interpreted in conformity with the Harmonized System.

SECTION B

ELIMINATION OF CUSTOMS DUTIES

ARTICLE 2.5

Elimination of Customs Duties

1. Except as otherwise provided in this Agreement, each Party shall eliminate its customs duties on originating goods of the other Party in accordance with its Schedule included in Annex 2-A.
2. For each good, the base rate of customs duties, to which the successive reductions are to be applied under paragraph 1, shall be that specified in the Schedules included in 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 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. Three years after the entry into force of this Agreement, on the request of either Party, the Parties shall consult to consider accelerating and broadening the scope of the elimination of customs duties on imports between them. A decision by the Parties in the Trade Committee, established under Article 15.1 (Trade Committee), following such consultations, on the acceleration or broadening of the scope of the elimination of a customs duty on a good shall supersede any duty rate or staging category determined pursuant to their Schedules included in Annex 2-A for that good.

ARTICLE 2.6

Standstill

Except as otherwise provided in this Agreement, including as explicitly set out in each Party's Schedule included in Annex 2-A, neither Party may increase any existing customs duty, or adopt any new customs duty, on an originating good of the other Party. This shall not preclude that either Party may raise a customs duty to the level established in its Schedule included in Annex 2-A following a unilateral reduction.

ARTICLE 2.7

Administration and Implementation of Tariff-Rate Quotas

1. Each Party shall administer and implement the tariff-rate quotas (hereinafter referred to as "TRQs") set out in Appendix 2-A-1 of its Schedule included in Annex 2-A in accordance with Article XIII of GATT 1994, including its interpretative notes, and the Import Licensing Agreement.

2. Each Party shall ensure that:

- (a) its procedures for administering its TRQs are transparent, made available to the public, timely, non-discriminatory, responsive to market conditions, minimally burdensome to trade, and reflect end-user preferences;
- (b) any person of a Party that fulfils the importing Party's legal and administrative requirements shall be eligible to apply and to be considered for a TRQ allocation by the importing Party. Unless the Parties otherwise agree by decision of the Committee on Trade in Goods established under Article 15.2 (Specialised Committees), any processor, retailer, restaurant, hotel, food service distributor or institution, or any other person is eligible to apply for, and to be considered to receive, a TRQ allocation. Any fees charged for services related to an application for a TRQ allocation shall be limited to the actual cost of the services rendered;
- (c) except as specified in Appendix 2-A-1 of its Schedule included in Annex 2-A, it does not allocate any portion of a TRQ to a producer group, condition access to a TRQ allocation on the purchase of domestic production, or limit access to a TRQ allocation to processors; and
- (d) it allocates TRQs in commercially viable shipping quantities and, to the maximum extent possible, in the amounts that importers request. Except as otherwise stipulated in the provisions for each TRQ and the applicable tariff line in Appendix 2-A-1 of a Party's Schedule included in Annex 2-A, each TRQ allocation shall be valid for any item or mixture of items subject to a particular TRQ, regardless of the item's or mixture's specification or grade,

and shall not be conditioned on the item's or mixture's intended end-use or package size.

3. Each Party shall identify the entities responsible for administering its TRQs.
4. Each Party shall make every effort to administer its TRQs in a manner that allows importers to fully utilise TRQ quantities.
5. Neither Party may condition application for, or utilisation of, TRQ allocations on the re-export of a good.
6. On the written request of either Party, the Parties shall consult regarding a Party's administration of its TRQs.
7. Except as otherwise provided in Appendix 2-A-1 of its Schedule included in Annex 2-A, each Party shall make the entire quantity of the TRQ established in that Appendix available to applicants as from 1 July each year. Over the course of each year, the importing Party's administering authority shall publish, in a timely fashion on its designated publicly available Internet site, utilisation rates and remaining quantities available for each TRQ.

SECTION C

SPECIAL REGIMES

ARTICLE 2.8

Temporary Admission of Goods

1. Each Party shall grant temporary admission³ for goods, regardless of their origin, if such goods are:
 - (a) intended for display or demonstration;
 - (b) professional equipment necessary to carry out a trade or profession in relation to a specific task in the territory;
 - (c) imported in connection with a commercial operation but whose importation itself does not constitute that commercial operation, including samples, advertising films and recordings, goods used to carry out tests, and goods subject to tests;
 - (d) containers, packing materials, and pallets that are in use or to be used in the shipment of goods in international traffic; or

³ The term "temporary admission" shall be interpreted in accordance with the definition in Chapter 1 (General Provisions); Article 1(a) (Definitions) of the *Convention on Temporary Admission* done at Istanbul on 26 June 1990.

- (e) travellers' personal effects and goods imported for sports purposes.
2. Each Party shall, upon the request of the person concerned, and provided that its customs administration considers the reasons for the request to be valid, extend the time limit for duty-free temporary admission beyond the period initially fixed.
3. A Party shall not impose any condition on the duty-free temporary admission of goods referred to in paragraph 1, other than to require that those goods:
- (a) are used solely by or under the personal supervision of a person established or resident in another Party in the exercise of the business activity, trade, profession, or sport of that person of another Party;
 - (b) are not sold or leased while in its territory;
 - (c) are accompanied by a security, if requested by the importing Party, in an amount no greater than the charges that would otherwise be owed on entry or final importation, releasable on exportation of the goods;
 - (d) are exported on or before the departure of the person carrying out the relevant trade or profession referenced in subparagraph 1(b), or within another period reasonably related to the purpose of the temporary admission as the Party may establish, or within the maximum timeframe set by a Party for temporary admission of a good, unless extended;
 - (e) are admitted in no greater quantity than is reasonable for their intended use; or
 - (f) are otherwise admissible into the Party's territory under its law.
4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, this Article shall not prevent that Party from applying the import duties and taxes, and any other charge that would normally be owed on the good in addition to any other charges or penalties consistent with this Agreement which are provided for under its law.
5. Each Party shall adopt and maintain procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, such procedures shall provide that when such a good accompanies 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.
6. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than through which it was admitted.
7. Each Party shall provide that the importer or other person responsible for a good admitted under this Article shall not be liable for failure to export the good upon presentation of satisfactory proof to the importing Party that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.

ARTICLE 2.9

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) commercial samples of negligible value 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) printed 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 2.10

Goods Re-Entered After Repair or Alteration

1. A Party shall not apply a customs duty to a good, regardless of its origin, that re-enters the Party's territory after that good has been temporarily exported from its territory to the territory of the other Party for repair or alteration.

2. A Party shall not apply customs duties 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;
- (b) transforms an unfinished good into a finished good; or
- (c) substantially changes the technical performance or function of a good.

ARTICLE 2.11

Remanufactured Goods

1. For greater certainty, Article 2.13 applies to import or export prohibitions or restrictions on remanufactured goods.

2. If a Party adopts or maintains import or export prohibitions or restrictions on used goods, it shall not apply those measures to remanufactured goods.

3. Subject to its obligations under this Agreement and the WTO Agreement, a Party may require that a remanufactured good be identified as such for distribution or sale in its territory.

SECTION D

NON-TARIFF MEASURES

ARTICLE 2.12

National Treatment

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

ARTICLE 2.13

Import and Export Restrictions

Neither Party may adopt or maintain any prohibition or restriction other than duties, taxes or other charges 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, in accordance with Article XI of GATT 1994 and its interpretative notes. To this end, Article XI of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.14

Import Licensing

1. Each Party shall ensure that its import licensing procedures are implemented in a transparent and predictable manner, and are applied in accordance with the Import Licensing Agreement. Articles 1, 2, and 3 of the Import Licensing Agreement are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. Each Party shall publish, on an official government website, any new or modified import licensing procedure, including any information that it is required to publish pursuant to Article 1.4(a) of the Import Licensing Agreement.

3. Each Party shall notify the other Party of any new import licensing procedure it adopts and any modification it makes to its existing import licensing procedures, if possible at least 30 days before the new procedure or modification takes effect, but in all events, a Party shall provide the notification no later than 60 days after the date of publication of the new procedure or modification.

4. A Party shall be deemed to be compliant with the obligations in paragraph 3 with respect to a new import licensing procedure or a modification to an existing procedure if it notifies the WTO Committee on Import Licensing in accordance with Articles 5.1 through 5.3 of the Import Licensing Agreement.

5. In respect of import licensing procedures, each Party's notifications to the other Party or to the WTO Committee on Import Licensing shall state, in the sources notified to the other Party or the WTO Committee on Import Licensing, whether the terms of an import license limit the permissible end users of the product or impose conditions on eligibility for obtaining a license to import the product.

6. A Party shall respond within 60 days to a reasonable enquiry from the other Party concerning its licensing rules and procedures for the submission of an application for an import licence, including the eligibility of persons, firms, and institutions to make an application, the administrative body or bodies to be approached and the list of products subject to the licensing requirement.

7. If a Party denies an import licence application with respect to a good of the other Party, it shall, upon request of the applicant and within a reasonable period after receiving that request, provide the applicant with a written explanation of the reasons for the denial.

ARTICLE 2.15

Export Licensing

1. Each Party shall ensure that its export licensing procedures are neutral in application and are implemented in a fair, equitable, non-discriminatory, and transparent manner.

2. Each Party shall publish, on an official government website, any new export licensing procedure, and any modification to an existing export licensing procedure. Such publication shall take place no later than 30 days after the procedure or modification takes effect.

3. Each Party shall ensure that, where applicable, the following information is included in each publication referred to in paragraph 2:

- (a) the texts of its export licensing procedures, including any modification it makes to those procedures;
- (b) the goods subject to each export licensing procedure;
- (c) for each export licensing procedure, a description of:
 - (i) the process for applying for a licence; and
 - (ii) any criteria an applicant must meet to be eligible to apply for a licence, such as possessing an activity licence, establishing or maintaining an investment, or operating through a particular form of establishment in a Party's territory;

- (d) the administrative body to which an application for a licence or other relevant documentation must be submitted; and
- (e) the period during which each export licensing procedure will be in effect, unless the procedure will remain in effect until withdrawn or revised in a new publication.

4. For greater certainty, nothing in this Article requires a Party to grant an export licence, or prevents a Party from adopting, maintaining, or implementing an export control regime or sanctions regime or from implementing its obligations or commitments under *United Nations Security Council Resolutions*, as well as under multilateral non-proliferation regimes and export control arrangements.

ARTICLE 2.16

Fees and Other Charges on Imports or Exports

1. Each Party shall ensure that all fees and charges of whatever character (other than customs duties and the items that are excluded from the definition of a customs duty pursuant to Article 2.3(a), (b), and (d) of that definition) imposed on, or in connection with, importation or exportation are limited in amount to the approximate cost of services rendered, are not calculated on an *ad valorem* basis, and do not represent an indirect protection to domestic goods or taxation of imports for fiscal purposes.
2. Each Party shall promptly publish all fees and charges it imposes in connection with importation or exportation through a publicly available website to enable governments, traders and other interested parties, to become acquainted with them.

ARTICLE 2.17

Duties, Taxes or Other Fees and Charges on Exports

Neither Party may maintain or institute any duties, taxes or other fees and charges imposed on, or in connection with, the exportation of goods to the other Party, or any internal taxes, fees, and charges on goods exported to the other Party that are in excess of those imposed on like goods destined for internal sale.

ARTICLE 2.18

Customs Valuation

The Agreement on Implementation of Article VII of GATT 1994 contained in Annex 1A to the WTO Agreement (hereinafter referred to as the “Customs Valuation Agreement”), is incorporated into and made part of this Agreement, *mutatis mutandis*. The reservations and

options provided for in Article 20 and paragraphs 2 through 4 of Annex III of the Customs Valuation Agreement shall not be applicable.

ARTICLE 2.19

State Trading Enterprises

1. The Parties affirm their existing rights and obligations pursuant to Article XVII of GATT 1994, its interpretative notes, and the *Understanding on the Interpretation of Article XVII of GATT 1994* contained in Annex 1A to the WTO Agreement which are incorporated into and made part of this Agreement, *mutatis mutandis*.
2. Where a Party requests information from the other Party on individual cases of state trading enterprises, the manner of their operation and the effect of their operations on bilateral trade, the requested Party shall have regard to the need to ensure maximum transparency possible without prejudice to Article XVII.4(d) of GATT 1994 on confidential information.

ARTICLE 2.20

Elimination of Sectoral Non-Tariff Measures

1. The Parties shall implement their commitments on sector-specific non-tariff measures on goods in accordance with the commitments set out in Annexes 2-B through 2-E.
2. Three years after the entry into force of this Agreement and on the request of either Party, the Parties shall consult to consider broadening the scope of their commitments on sector specific non-tariff measures on goods.

SECTION E

INSTITUTIONAL PROVISIONS

ARTICLE 2.21

Committee on Trade in Goods

1. The Committee on Trade in Goods shall meet on the request of a Party or of the Trade Committee to consider any matter arising under this Chapter and comprise representatives of the Parties.
2. The Committee's functions shall include:
 - (a) promoting trade in goods between the Parties, including through consultations on accelerating and broadening the scope of tariff elimination and broadening

of the scope of commitments on non-tariff measures under this Agreement and other issues as appropriate; and

- (b) addressing tariff and non-tariff measures to trade in goods between the Parties and, where appropriate, referring such matters to the Trade Committee for its consideration,

in so far as these tasks have not been entrusted to the relevant Working Groups established pursuant to Article 15.3 (Working Groups).

ARTICLE 2.22

Special Provisions on Administrative Cooperation

1. The Parties agree that administrative cooperation is essential for the implementation and the control of preferential tariff treatment granted under this Chapter and underline their commitments to combat irregularities and fraud in customs and related matters.
2. Where a Party has made a finding, on the basis of objective information, of a failure to provide administrative cooperation, irregularities, or fraud, on the request of that Party, the Customs Committee established under Article 15.2 (Specialised Committees) shall meet within 20 days of such request to seek, as a matter of urgency, to resolve the situation. The consultations held within the framework of the Customs Committee will be considered as fulfilling the same function as consultation under Article 14.3 (Consultations).

ARTICLE 2.23

Data Sharing on Preference Utilisation

1. For the purposes of monitoring the functioning of this Agreement and calculating preference utilisation rates, the Parties shall annually exchange detailed import statistics for the period of 10 years after the entry into force of this Agreement, or for such period of time as may be decided by the Committee on Trade in Goods.
2. The exchange of import statistics shall cover data pertaining to the most recent year available, including value and, if applicable, volume, at the tariff line level for imports of goods of the other Party benefitting from preferential duty treatment under this Agreement and for those that received non-preferential treatment.”