

CHAPTER TWO TRADE IN GOODS

Article 2.1: Scope and Coverage

Except as otherwise provided in this Agreement, 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 interpretative notes, and to this end Article III of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.3: Classification of Goods

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

Article 2.4: Elimination of Customs Duties

1. Except as otherwise provided in this Agreement, neither Party shall increase any existing customs duty, or adopt any new customs duty, on an originating good.
2. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods in accordance with its Schedule to Annex 2A.
3. If at any moment a Party reduces its applied most-favored-nation 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 2A.
4. On the request of either Party, the Parties shall hold consultations, to examine the possibility of the acceleration or improvement of tariff commitments set out in their Schedules to Annex 2A. Agreements in this regard

between the Parties shall be adopted through a modification to their Schedules in Annex 2A, in accordance with Article 18.5 (Amendments).

5. For greater certainty, a Party may raise a customs duty to the level established in its Schedule to Annex 2A following a unilateral reduction, and any such decision by a Party may be communicated to the other Party.

Article 2.5: Temporary Admission of Goods

Both Parties shall apply the international agreement in the field of temporary admission of which each Party is a member.

Article 2.6: Import and Export Restrictions

1. Except as 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 its interpretative notes, and to this end Article XI of GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, *mutatis mutandis*.¹

2. The Parties understand that the GATT 1994 rights and obligations incorporated by paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, a Party from adopting or maintaining:

- (a) export and import price requirements, except as permitted in enforcement of countervailing and antidumping duty orders and undertakings;
- (b) import licensing conditioned on the fulfillment of a performance requirement; or
- (c) voluntary export restraints inconsistent with Article VI of GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.

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

¹ For greater certainty, paragraph 1 applies, *inter alia*, to prohibitions or restrictions on the importation of remanufactured goods.

- (a) seek to limit such proposed prohibition or restriction to the extent necessary, giving due consideration to its possible effects on the other Party;
- (b) publish, as far in advance as practicable, information 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

Neither Party shall adopt or maintain a measure that is inconsistent with the WTO Agreement on Import Licensing Procedures.²

Article 2.8: Administrative Fees and Formalities

Each Party shall ensure that all fees and charges imposed in connection with importation and exportation shall be consistent with their obligations under Article VIII:1 of the GATT 1994 and its interpretative notes, which are hereby incorporated into and made a part of this Agreement, *mutatis mutandis*.

Article 2.9: State Trading Enterprises

The Parties affirm their existing rights and obligations under 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*.

Article 2.10: Customs Valuation

For purposes of determining the customs value of goods traded between the Parties, the provisions of Article VII of GATT 1994, and the provisions of Part I and the Interpretative Notes of Annex I of the Customs Valuation Agreement shall apply, *mutatis mutandis*.

² For purposes of this Article and for greater certainty, in determining whether a measure is inconsistent with the WTO Agreement on Import Licensing Procedures, the Parties shall apply the definition of “import licensing” contained in that Agreement.

Article 2.11: Committee on Trade in Goods

1. For purposes of the effective implementation and operation of this Chapter, the Parties hereby establish a Committee on Trade in Goods consisting of representatives of the Parties.

2. The Committee on Trade in Goods shall meet on the request of a Party or the Joint Committee, at a mutually agreed time, venue, and means, to consider any matter arising under this Chapter.