

CHAPTER 2

TRADE IN GOODS

Article 2.1

Definitions

For the purposes of this Chapter:

“consular transactions” means the procedure of obtaining from a consul of the importing Party in the territory of the exporting Party, or in the territory of a third party, a consular invoice or a consular visa for a commercial invoice, certificate of origin, manifest, shippers’ export declaration or any other customs documentation in connection with the importation of the good;

“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 purposes) to the relevant administrative body or bodies as a prior condition for importation into the territory of the importing Party;

“originating good” has the meaning given in Chapter 3 (Rules of Origin); and

“repair” means any processing operation undertaken on a good with the aim of remedying operating defects or material damage and substantially re-establishing the good to its original function or of ensuring compliance with technical requirements for its use, without which the good could no longer be used in the normal way for the purposes for which it was intended, and repair of goods includes restoration and maintenance.

Article 2.2

Objective

The objective of this Chapter is to facilitate trade in goods between the Parties and to progressively liberalise trade in goods in accordance with the provisions of this Agreement and in conformity with Article XXIV of GATT 1994.

Article 2.3

Scope

This Chapter shall apply to trade in goods between the Parties, unless otherwise provided for in this Agreement.

Article 2.4
National Treatment

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994. To this end, Article III of GATT 1994 is incorporated into and made part of this Agreement, *mutatis mutandis*.
2. Paragraph 1 means, with respect to a regional or state level of government, as the case may be, treatment no less favourable than that accorded by that regional or state level government, as the case may be, to like, directly competitive or substitutable goods of the Party of which it forms part.

Article 2.5
Classification of Goods and Transposition of Schedules

1. For the purposes of this Agreement, the classification of goods in trade between the Parties shall be governed by each Party's respective tariff nomenclature in conformity with the Harmonized System and its legal notes and amendments.
2. Each Party shall ensure that the transposition of its Schedule of Tariff Commitments, undertaken in order to implement Annex 2A (Schedules of Tariff Commitments for Goods) in the nomenclature of the revised HS Code following periodic amendments to the HS Code, is carried out without impairing or diminishing the tariff commitments set out in its Schedule of Tariff Commitments in Annex 2A (Schedules of Tariff Commitments for Goods).

Article 2.6
Treatment of Customs Duties

1. Unless otherwise provided in this Agreement, each Party shall reduce or eliminate customs duties on originating goods of the other Party in accordance with the tariff commitments set out in its Schedule of Tariff Commitments in Annex 2A (Schedules of Tariff Commitments for Goods).
2. For each good, the base rate of customs duty to which successive reductions under paragraph 1 are to be applied shall be specified in the Party's Schedule of Tariff Commitments in Annex 2A (Schedules of Tariff Commitments for Goods).
3. Where and for so long as a Party's applied most-favoured-nation customs duty is lower than the rate calculated pursuant to paragraph 1 or 2, an importer may claim the lower most-favoured-nation customs duty and the Party shall apply the lower rate to the originating goods of the other Party.
4. A Party may at any time unilaterally accelerate the elimination or reduction of customs duties set out in its Schedule of Tariff Commitments in Annex 2A (Schedules of Tariff Commitments for Goods).

5. For greater certainty, a Party may raise a customs duty to the level for a specific year as set out in its Schedule of Tariff Commitments in Annex 2A (Schedules of Tariff Commitments for Goods) following a unilateral reduction as set out in paragraph 4.
6. On the request of a Party, the Parties may consult to consider accelerating or broadening the scope of the elimination or reduction of customs duties set out in their respective Schedules of Tariff Commitments in Annex 2A (Schedules of Tariff Commitments for Goods).

Article 2.7

Modification of Concessions

1. A Party to this Agreement may request the other Party to enter into discussions for the purpose of modifying or withdrawing a concession contained in its Schedule of Tariff Commitments in Annex 2A (Schedules of Tariff Commitments for Goods). Any such modification or withdrawal of concession can be effected only with the agreement of both Parties.
2. A mutually agreed outcome shall be reflected in the relevant amended Schedule of Tariff Commitments in Annex 2A (Schedules of Tariff Commitments for Goods).
3. A Party shall not modify or withdraw a concession without the prior agreement of the other Party.

Article 2.8

Administrative Fees and Formalities

1. Each Party shall ensure, in accordance with Article VIII:1 of GATT 1994 and its interpretative notes, that all fees and other charges of whatever character (other than import duties and export 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, safeguards and measures applied in accordance with Article 22 of the Dispute Settlement Understanding) imposed by that Party on, or in connection with, the importation or exportation of goods of a Party, are limited to the amount of the approximate cost of services rendered and shall not represent an indirect protection to domestic goods or a taxation of imports or of exports for fiscal purposes.
2. Each Party shall promptly publish on the internet all fees and charges it imposes in connection with importation or exportation, including any updates or changes to such fees and charges. Fees and charges shall not be applied until information on them, including the responsible authority and when and how payment is to be made, has been published, to the extent possible in the English language.
3. No Party shall require consular transactions, including related fees and other charges, in connection with the importation of any good of the other Party.

Article 2.9

Temporary Admission

1. Each Party shall allow, as provided for in its laws and regulations, goods regardless of their origin, including their means of transport, to be brought into its territory conditionally relieved from payment of import duties and taxes, if such goods:
 - (a) are intended for re-exportation within a specific period without having undergone any change except normal depreciation and wastage due to the use made of them; and
 - (b) are brought into its territory for one of the following purposes:
 - (i) goods intended for display or use at playgrounds, theatres, exhibitions, fairs or other similar events;
 - (ii) professional equipment, necessary to carry out a trade or profession, which qualifies for temporary entry pursuant to the laws or regulations of the Party;
 - (iii) goods imported in connection to a commercial operation but whose importation itself does not constitute that commercial operation, including samples, advertising films, recordings, goods used to carry out tests and goods subject to tests;
 - (iv) containers packing or packaging and pallets all of which are durable, reusable and that are in use or to be used in the shipment of goods in international traffic;
 - (v) goods imported exclusively for educational or scientific purposes or cultural activities and events;
 - (vi) goods imported for sports purposes; or
 - (vii) animals imported for participation in shows, exhibitions, contests, competitions, demonstrations, entertainment, exercise of public functions (such as police dogs, sniffer dogs) or guide dogs.
2. Each Party shall allow, as provided for in its laws and regulations, goods imported in connection with a manufacturing operation or process, including specific tools, models and plans, brought into its custom territory for subsequent re-exportation, conditionally relieved, totally or partially, from payment of import duties and taxes, or eligible for duty drawback.
3. Each Party shall, as provided for in its laws and regulations, on the request of the person concerned and for reasons its customs authority considers valid, extend the time limit for duty-free temporary admission beyond the period initially fixed.

4. A Party may impose a condition for the duty-free temporary admission of goods referred to in paragraph 1, among others, on goods that:
- (a) are intended for re-exportation without having undergone any change except normal depreciation including wastage due to the use made of them and be capable of identification when exported;
 - (b) are used solely by or under the personal supervision of a person established or resident in the other Party in the exercise of the business activity, trade, profession or sport of that person of the other Party;
 - (c) are not sold or leased while in its territory; except on payment of applicable duties and interests on such release;
 - (d) are accompanied by a security, if requested by the importing Party, in an amount no greater than the customs duty or charges that would otherwise be owed on entry or final importation, releasable on exportation of the goods;
 - (e) are exported on or before the departure of the person carrying out the relevant trade or profession referenced in sub-subparagraph 1(b)(ii), or within such period of time 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;
 - (f) are admitted in no greater quantity than is reasonable for their intended use; and
 - (g) are otherwise admissible into the Party's territory under its laws.
5. If any condition that a Party imposes under paragraph 4 has not been fulfilled, the Party may apply the import duties and taxes and any other charge that would normally be owed on the good in addition to any other charges, penalties or actions provided for under its law.

Article 2.10

Customs Valuation

For the purpose of determining the customs value of goods traded between the Parties, the Parties reaffirm their commitment to Part I of the Customs Valuation Agreement.

Article 2.11

Import and Export Restrictions

Unless otherwise provided in this Agreement, no 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. To this end, Article XI of GATT 1994 is incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.12

Import Licensing

1. A Party shall only adopt or maintain import licensing procedures which are consistent with the Import Licensing Agreement and to that end Articles 1 through 3 of the Import Licensing Agreement are incorporated into and made part of this Agreement, *mutatis mutandis*.
2. A Party shall publish on an official government website any new or modified import licensing procedure, including any information that it is required to publish under Article 1.4(a) of the Import Licensing Agreement. To the extent practicable, the Party shall do so at least 21 days before the new procedure or modification takes effect.
3. A Party shall be deemed to be in compliance with paragraph 2 with respect to a new or modified import licensing procedure if it notifies that procedure including the information specified in Article 5(2) of the Import Licensing Agreement to the WTO Committee on Import Licensing provided for in Article 4 of the Import Licensing Agreement.
4. At the request of a Party, the other Party shall provide the information specified in Article 5(2) of the Import Licensing Agreement, with regard to any import licensing procedures that it adopts or maintains, or changes to existing licensing procedures.

Article 2.13

Agricultural Safeguards

Originating agricultural goods from a Party shall not be subject to any duties applied by a Party pursuant to a special safeguard taken under the *Agreement on Agriculture*, set out in Annex 1A to the WTO Agreement.

Article 2.14

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, except that a customs duty may be applied to the value-added resulting from the repair or alteration (including cost of material used in repairs, insurance and freight charges both ways) that was performed in the territory of the other Party.
2. Paragraph 1 does not apply to:

- (a) a good that has not entered into free circulation in a Party prior to being exported for repair or alteration;¹ or
 - (b) any materials used in the repair or alteration which were not in free circulation in the Party where the repair or alteration occurred, unless a payment equivalent to the applicable duty for that material to enter into free circulation has subsequently been made.
- 3. Neither Party shall, as provided for in its laws and regulations, apply customs duties to a good, regardless of its origin, admitted temporarily from the customs territory of the other Party for repair or alteration.
- 4. 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 2.15 **Non-Tariff Measures**

- 1. No Party shall 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 its WTO rights and obligations or in accordance with this Agreement.
- 2. Each Party shall ensure the transparency of its non-tariff measures permitted in paragraph 1 of this Article.

Article 2.16 **Data Sharing on Preference Utilisation**

- 1. For the purpose of monitoring the functioning of this Agreement and calculating preference utilisation rates, the Parties shall annually exchange import statistics starting one year after the date of entry into force of this Agreement.
- 2. The exchange of import statistics shall cover data pertaining to the most recent year available, including value and, where applicable, volume, at the tariff line level for imports of goods of the other Party benefitting from preferential duty treatment under this Agreement and those that received non-preferential treatment.

¹ In “free circulation” means the good has cleared customs, applicable duties have been paid, and the good is available for use in the domestic market of the importing Party.

Article 2.17
Subcommittee on Trade in Goods

1. The Parties hereby establish a Subcommittee on Trade in Goods (“Goods Subcommittee”), comprising representatives of each Party. The Goods Subcommittee shall act by mutual agreement.
2. The Goods Subcommittee shall meet at the request of either Party to consider any matter arising under this Chapter at such times and venues or by such means as agreed on by the representatives of the Parties. The Goods Subcommittee shall meet at least every two years or more frequently as the Parties agree. The meetings of the Goods Subcommittee shall be chaired jointly by the Parties.
3. The Goods Subcommittee’s functions shall include:
 - (a) promoting trade in goods between the Parties, including through consultation on accelerating customs duty elimination under this Agreement and other issues as appropriate;
 - (b) reviewing and monitoring the implementation of this Chapter and Chapter 3 (Rules of Origin). Working groups under this Chapter shall report to the Goods Subcommittee;
 - (c) to the extent possible, promptly seeking to address tariff and non-tariff barriers to trade in goods between the Parties;
 - (d) reviewing the future amendments to and updating of the Harmonized System to ensure that the obligations of the Parties are not altered;
 - (e) addressing issues relating to the administration and operation of tariff rate quotas;
 - (f) where appropriate, referring matters considered by the Goods Subcommittee to the Joint Committee; and
 - (g) undertaking any other work that the Joint Committee assigns to it.