

CHAPTER 2

TRADE IN GOODS

Article 2.1: Definitions

For the purposes of this Chapter, unless otherwise specified:

Agreement on Agriculture means the *Agreement on Agriculture* in Annex 1A to the WTO Agreement;

consular transactions means requirements that documents related to goods of a Party intended for export to the territory of the other Party must first be submitted to the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas. Such documents may include commercial invoices, certificates of origin, manifests, shippers' export declarations, or any other customs documentation required on or in connection with importation;

export subsidy means a subsidy as defined by Article 3 of the SCM Agreement and includes export subsidies listed in Article 9 of the Agreement on Agriculture; and

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 of the importing Party as a prior condition for importation into the territory of that Party.

Article 2.2: Reduction or Elimination of Customs Duties

1. Except as otherwise provided in this Agreement, each Party shall reduce or eliminate its customs duties on originating goods of the other Party in accordance with its schedule of tariff commitments in Annex 2-A.

2. Except as otherwise provided in this Agreement, neither Party shall apply customs duties on an originating good of the other Party above the rate specified in its schedule of tariff commitments in Annex 2-A.

3. If the most-favoured-nation (hereinafter referred to as "MFN") 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 of tariff commitments in Annex 2-A, that Party shall:

(a) apply the lower rate to the originating good of the other Party; and

- (b) publish changes to the MFN rate on the internet.

Article 2.3: Tariff Rate Quotas

For products in respect of which a Party establishes a Tariff Rate Quota (“TRQ”) in its Schedule to Annex 2-A, that Party shall grant tariff preference to imports of such products from the other Party as specified in the Appendix to the first Party’s Schedule.

Article 2.4: National Treatment on Internal Taxation and Regulation

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 shall be incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.5: Customs Valuation

For the purposes of determining the customs value of goods traded between the Parties, the provisions of Part I of the Customs Valuation Agreement shall apply *mutatis mutandis*.

Article 2.6: Acceleration or Improvement of Tariff Commitments

1. On the request of a Party, the other Party shall consult with the requesting Party to consider accelerating or improving its schedule of tariff commitments in Annex 2-A.
2. An agreement between the Parties to accelerate or improve the schedule of tariff commitments in Annex 2-A shall be incorporated into this Agreement in accordance with Article 2 (Amendments) of Chapter 21 (Final Provisions).
3. A Party may at any time unilaterally accelerate or improve its schedule of tariff commitments in Annex 2-A. A Party intending to do so shall inform the other Party before the new schedule of tariff commitments takes effect, or, in any event, as early as practicable. For greater certainty, a Party may raise a customs duty to the level established in its schedule of tariff commitments in Annex 2-A following a temporary unilateral acceleration or improvement.

Article 2.7: Elimination of Export Subsidies

Neither Party shall adopt or maintain any export subsidy on any good destined for the territory of the other Party.

Article 2.8: Administrative Fees and Formalities

1. Article VIII of the GATT 1994 is incorporated into and made part of this agreement, *mutatis mutandis*.
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 publicly available including on the internet where feasible details of the fees and charges that it imposes in connection with importation and exportation.

Article 2.9: Duty-Free Entry of Commercial Samples of Negligible Value

Each Party shall grant duty-free entry to commercial samples of negligible value imported from the territory of the other Party, regardless of their origin, but may require that 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 and not be imported for commercial sale.

Article 2.10: Classification of Goods and Transposition of Schedules of Tariff Commitments

1. The classification of goods in trade between the Parties shall be in conformity with the Harmonised System and its amendments.
2. The Parties shall mutually decide whether any revisions are necessary to implement Annex 2-A due to periodic amendments and transposition of the HS Code.
3. If the Parties decide that revisions are necessary in accordance with paragraph 2, the transposition of the schedules of tariff commitments shall be carried out in accordance with the methodologies and procedures adopted by the Committee on Trade in Goods. The procedures should, at a minimum, provide for:
 - (a) the timely circulation by a Party of a draft schedule of tariff commitments in the nomenclature of the revised HS Code accompanied by a two-way transposition setting out at national tariff line level:
 - (i) a concordance between the draft schedule of tariff commitments in the nomenclature of the revised HS Code and the schedule of tariff commitments in the nomenclature of the then current HS Code; and

(ii) a concordance between the schedule of tariff commitments in the nomenclature of the then current HS Code and the draft schedule of tariff commitments in the nomenclature of the revised HS Code;

(b) the provision of comments by the other Party on the draft schedules circulated in accordance with sub-paragraph (a), and consultations between the Parties, as necessary, with a view to resolving any concerns raised. Consultations shall take place within 60 days of a Party requesting such consultations.

4. Following completion of the transposition process in paragraph 3, the Parties through the Committee on Trade in Goods shall endorse and publish such revisions in a timely manner.

5. Each Party shall ensure that the transposition of its schedule of tariff commitments under paragraph 3 does not afford less favourable treatment to an originating good of the other Party set out in its schedule of tariff commitments in Annex 2-A.

Article 2.11: Committee on Trade in Goods

1. The Parties hereby establish a Committee on Trade in Goods (“the Committee”) comprising representatives of each Party.

2. The Committee shall meet as necessary to consider any matters arising under this Chapter. The Committee shall meet at least once a year unless agreed otherwise by the Parties.

3. The Committee shall establish a contact point for each Party at a senior level to facilitate communication between the Parties, including to encourage consultation, as early as practicable, on any matter relating to this Chapter or Chapter 3 (Non-Tariff Measures) that creates disruption or may affect trade in goods between the Parties.

4. The Committee’s functions shall include, *inter alia*:

(a) reviewing and monitoring the implementation of this Chapter;

(b) promoting trade in goods between the Parties, including consultations on accelerating or improving tariff commitments under this Agreement and other issues as appropriate;

(c) addressing barriers to trade in goods between the Parties especially those related to the application of non-tariff measures, and, where appropriate, referring any matters to the Joint Committee for consideration;

(d) endorsing the transposition of the schedules of tariff commitments in Annex 2-A in accordance with Article 2.10, and consulting to resolve any

conflicts;

- (e) reviewing and endorsing reports from:
 - (i) the Sub-Committee on Sanitary and Phytosanitary Matters;
 - (ii) the Sub-Committee on Technical Barriers to Trade;
 - (iii) the Sub-Committee on Trade Facilitation; and
 - (iv) the Sub-Committee on Rules of Origin;
- (f) identifying, reviewing and recommending activities to be submitted to the Committee on Economic Cooperation, including activities proposed by the Sub-Committees referred to in sub-paragraph (e) above; and
- (g) discussing any other matter arising under this Chapter as agreed by the Parties.

5. The Committee shall consult, as appropriate, with other committees established under this Agreement when addressing issues of relevance to those committees.

6. The Committee shall prepare and submit a report on its work to the Joint Committee annually, or as otherwise agreed by the Parties. In preparing such reports, the Committee shall consult, as appropriate, with the Sub-Committee on Sanitary and Phytosanitary Matters, the Sub-Committee on Technical Barriers to Trade, the Sub-Committee on Trade Facilitation and the Sub-Committee on Rules of Origin.

7. The meetings of the Committee may occur in person, or by any other means as agreed by the Parties.

Article 2.12: Exchange of Data

1. The Parties recognise the value of trade data in accurately analysing the implementation of the Agreement. The Parties shall cooperate with a view to conducting periodic exchanges of data relating to trade in goods between the Parties. The Committee on Trade in Goods may determine procedures, as appropriate, for any exchanges of data under this paragraph.

2. A Party shall give positive consideration to a request from the other Party for technical assistance for the purposes of exchange of data under paragraph 1.

Article 2.13: Relation to Safeguard Measures Under the WTO Agreement

1. Nothing in this Agreement shall affect the rights and obligations of the Parties under Article XIX of GATT 1994, the Safeguards Agreement and Article 5 of the Agreement on Agriculture.

2. Except as provided in paragraph 3, nothing in this Agreement shall confer any rights or impose any obligations on the Parties with regard to actions taken in accordance with Article XIX of GATT 1994, the Safeguards Agreement or Article 5 of the Agreement on Agriculture.

3. On the request of the other Party, a Party that initiates a safeguard investigatory process shall provide to the other Party an electronic copy of the notification given to the WTO Committee on Safeguards under Article 12.1(a) of the Safeguards Agreement.

Article 2.14: Antidumping and Countervailing Duties

Each Party retains its rights and obligations under Article VI of the GATT 1994, the AD Agreement and the SCM Agreement, and nothing in this Agreement shall be construed to confer any additional rights or impose any additional obligations on a Party.

Article 2.15: Trade Remedies Dialogue

1. In order to enhance transparency and mutual understanding on trade remedies including on their respective trade remedies system and practices, the Parties agree to establish a High Level Dialogue.

2. The Parties shall meet at senior officials' level. The first meeting shall be within one year of entry into force of this Agreement and subsequent meetings shall be as agreed by the Parties thereafter.