

APPENDIX 1

CHAPTER 2 (TRADE IN GOODS)

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TRADE IN GOODS

Article 1

Reduction and/or Elimination of Customs Duties

Except as otherwise provided in this Agreement, each Party shall progressively reduce and/or eliminate customs duties on originating goods of the other Parties in accordance with its schedule of tariff commitments in Annex 1 (Schedules of Tariff Commitments).

Article 2

Acceleration of Tariff Commitments

1. Nothing in this Agreement shall preclude all Parties from negotiating and entering into arrangements to accelerate and/or improve tariff commitments made under this Agreement. An agreement among all Parties to accelerate and/or improve tariff commitments shall be incorporated into this Agreement, in accordance with Article 6 (Amendments) of Chapter 18 (Final Provisions). Such acceleration and/or improvement of tariff commitments shall be implemented by all the Parties.

2. Two or more Parties may also consult to consider accelerating and/or improving tariff commitments set out in their schedules of tariff commitments in Annex 1 (Schedules of Tariff Commitments). An agreement between these Parties to accelerate and/or improve their respective tariff commitments under this Agreement shall be incorporated into this Agreement, in accordance with Article 6 (Amendments) of Chapter 18 (Final Provisions). Tariff concessions arising from such acceleration and/or improvement of tariff commitments shall be extended to all Parties.

3. A Party may, at any time, unilaterally accelerate the reduction and/or elimination of customs duties on originating goods of the other Parties set out in its schedule of tariff commitments in Annex 1 (Schedules of Tariff Commitments). A Party intending to do so shall inform the other Parties before the new rate of customs duties takes effect, or in any event, as early as practicable.

Article 3
Elimination of Agricultural Export Subsidies

Consistent with their rights and obligations under the WTO Agreement, each Party agrees to eliminate and not reintroduce all forms of export subsidies for agricultural goods destined for the other Parties.

Article 4
National Treatment on Internal Taxation and Regulation

Each Party shall accord national treatment to the goods of the other Parties in accordance with Article III of GATT 1994. To this end, Article III of GATT 1994 shall be incorporated into and shall form part of this Agreement, *mutatis mutandis*.

Article 5
Fees and Charges Connected with Importation and Exportation

1. Each Party shall ensure that fees and charges connected with importation and exportation shall be consistent with its rights and obligations under GATT 1994.
2. Each Party shall make available details of the fees and charges that it imposes in connection with importation and exportation and, to the extent possible and in accordance with its domestic laws and regulations, make such information available on the internet.
3. A Party may not require consular transactions, including related fees and charges, in connection with the importation of any good of any other Party.

Article 6
Publication and Administration of Trade Regulations

1. Article X of GATT 1994 shall be incorporated into and shall form part of this Agreement, *mutatis mutandis*.
2. In accordance with its domestic laws and regulations and to the extent possible, each Party shall make laws, regulations, decisions and rulings of the kind referred to in Paragraph 1 available on the internet.

Article 7
Quantitative Restrictions and Non-Tariff Measures

1. No Party shall adopt or maintain any prohibition or quantitative restriction on the importation of any good of any other Party or on the exportation of any good destined for the territory of any other Party, except in accordance with its WTO rights and obligations or this Agreement. To this end, Article XI of GATT 1994 shall be incorporated into and shall form part of this Agreement, *mutatis mutandis*.

2. Except as otherwise provided in this Agreement, a Party shall not adopt or maintain any non-tariff measure on the importation of any good of any other Party or on the exportation of any good destined for the territory of any other Party, except in accordance with its WTO rights and obligations or in accordance with this Agreement.

3. Each Party shall ensure the transparency of its non-tariff measures permitted under Paragraph 2 and shall ensure that any such measures are not prepared, adopted or applied with the view to or with the effect of creating unnecessary obstacles to trade among the Parties.

4. The Goods Committee established pursuant to Article 11 (Committee on Trade in Goods) shall review non-tariff measures covered by this Chapter with a view to considering the scope for additional means to enhance the facilitation of trade in goods between the Parties. The Goods Committee shall submit to the FTA Joint Committee an initial report on progress in its work, including any recommendations, within two years of entry into force of this Agreement. Any Party may nominate measures for consideration by the Goods Committee.

Article 8
Import Licensing

1. Each Party shall ensure that all automatic and non-automatic import licensing measures are implemented in a transparent and predictable manner, and applied in accordance with the *Agreement on Import Licensing Procedures* in Annex 1A to the WTO Agreement.

2. Each Party shall promptly notify the other Parties of existing import licensing procedures. Thereafter, each Party shall notify the other Parties of any new import licensing procedures and any modification to its existing import licensing procedures, to the extent

possible 60 days before it takes effect, but in any case no later than within 60 days of publication. The information in any notification under this Article shall be in accordance with Article 5.2 and 5.3 of the *Agreement on Import Licensing Procedures* in Annex 1A to the WTO Agreement.

3. Upon request of another Party, a Party shall, promptly and to the extent possible, respond to the request of that Party for information on import licensing requirements of general application.

Article 9 Modification of Concessions

In exceptional circumstances where a Party faces unforeseen difficulties in implementing its tariff commitments, that Party may, with the agreement of all other interested Parties, modify or withdraw a concession contained in its schedule of tariff commitments in Annex 1 (Schedules of Tariff Commitments). In order to seek to reach such agreement, the relevant Party shall engage in negotiations with any interested Parties. In such negotiations, the Party proposing to modify or withdraw its concessions shall maintain a level of reciprocal and mutually advantageous concessions no less favourable to the trade of all other interested Parties than that provided for in this Agreement prior to such negotiations, which may include compensatory adjustments with respect to other goods. The mutually agreed outcome of the negotiations, including any compensatory adjustments, shall apply to all the Parties and shall be incorporated into this Agreement in accordance with Article 6 (Amendments) of Chapter 18 (Final Provisions).

Article 10 Contact Points and Consultations

1. Each Party shall designate a contact point to facilitate communication among the Parties on any matter relating to this Chapter.

2. Where a Party considers that any proposed or actual measure of another Party or Parties may materially affect trade in goods between the Parties, that Party may, through the contact point, request detailed information relating to that measure and, if necessary, request consultations with a view to resolving any concerns about the measure. The other Party or Parties shall respond promptly to such requests for information and consultations.

Article 11
Committee on Trade in Goods

1. The Parties hereby establish a Committee on Trade in Goods (Goods Committee) consisting of representatives of the Parties. The Goods Committee may meet at the request of any Party or the FTA Joint Committee to consider any matter arising under this Chapter, or under:

- (a) Chapter 3 (Rules of Origin);
- (b) Chapter 4 (Customs Procedures);
- (c) Chapter 5 (Sanitary and Phytosanitary Measures);
- (d) Chapter 6 (Standards, Technical Regulations and Conformity Assessment Procedures); and
- (e) Chapter 7 (Safeguard Measures).

2. The functions of the Goods Committee shall include:

- (a) reviewing implementation of, and measures taken pursuant to, the Chapters referred to in Paragraph 1;
- (b) receiving reports from, and reviewing the work of:
 - (i) the ROO Sub-Committee established pursuant to Article 18 (Sub-Committee on Rules of Origin) of Chapter 3 (Rules of Origin);
 - (ii) the SPS Sub-Committee established pursuant to Article 10 (Meetings Among the Parties on Sanitary and Phytosanitary Matters) of Chapter 5 (Sanitary and Phytosanitary Measures); and
 - (iii) the STRACAP Sub-Committee established pursuant to Article 13 (Sub-Committee on Standards, Technical Regulations and Conformity Assessment Procedures) of Chapter 6 (Standards, Technical Regulations and Conformity Assessment Procedures);
- (c) implementing the work programme provided for in Article 7.4 (Quantitative Restrictions and Non-Tariff Measures);

- (d) identifying and recommending measures to promote and facilitate improved market access, including any acceleration of tariff commitments under Article 2.1 (Acceleration of Tariff Commitments); and
- (e) reporting, as required, to the FTA Joint Committee.

3. The Goods Committee may agree to establish subsidiary working groups or refer issues for consideration to the ROO Sub-Committee established pursuant to Article 18 (Sub-Committee on Rules of Origin) of Chapter 3 (Rules of Origin).

4. The meetings of the Goods Committee may occur in person, or by any other means as mutually determined by the Parties.

Article 12 Application

Each Party shall take such reasonable measures as may be available to it to ensure observance of the provisions of this Chapter by the regional and local governments and authorities within its territories.

Article 13 Transposition of Schedules of Tariff Commitments

1. Each Party shall ensure that the transposition of its schedule of tariff commitments, undertaken in order to implement Annex 1 (Schedules of Tariff Commitments) in the nomenclature of the revised HS Code following periodic amendments to the HS Code, is carried out without impairing existing tariff concessions.

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 the 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 other Parties on the draft schedules circulated in accordance with Subparagraph (a), and consultations between the Parties, as necessary, with a view to resolving any concerns raised;
- (c) the schedules of tariff commitments in the nomenclature of the revised HS Code shall be made publicly available in a timely manner, following completion of the process in Subparagraphs (a) and (b); and
- (d) for the purpose of Subparagraph (a), proposals for technical assistance shall receive positive consideration.