

## **Chapter 1 Initial Provisions**

### **Article 1.1 Establishment of a Free Trade Area**

The Parties to this Agreement, consistent with Article XXIV of the *General Agreement on Tariffs and Trade 1994*, hereby establish a free trade area.

### **Article 1.2 Objectives**

1. The objectives of this Agreement, as elaborated more specifically through its principles and rules, including national treatment, most-favored-nation (hereinafter referred to as “MFN”) treatment, and transparency, are to:

- (a) encourage expansion and diversification of trade between the Parties;
- (b) eliminate barriers to trade in, and facilitate the cross-border movement of, goods between the Parties;
- (c) promote conditions of fair competition in the free trade area;
- (d) establish comprehensible rules in order to ensure a regulated and transparent environment for the trade of goods between the Parties;
- (e) create new employment opportunities;
- (f) create effective procedures for the implementation and application of this Agreement, for its joint administration, and for the resolution of disputes; and
- (g) establish a framework for further bilateral, regional, and multilateral cooperation to expand and enhance the benefits of this Agreement.

2. The Parties shall interpret and apply the provisions of this Agreement in the light of its objectives set out in paragraph 1 and in accordance with customary rules of interpretation of public international law.

### **Article 1.3 Geographical Scope**

For China, this Agreement shall apply to the entire customs territory of the People’s Republic of China, including land territory, territorial airspace, internal waters, territorial sea as well as their bed and subsoil, and any area beyond its territorial sea within which it may exercise sovereign rights and/or jurisdiction in accordance with international law and its domestic law.

For Ecuador, the mainland and adjacent islands; the Galapagos Islands; the subsoil; the territorial sea and other maritime spaces; and, the respective airspace, over which it exercises sovereignty and jurisdiction in accordance with international law and its domestic law.

**Article 1.4      Relation to Other Agreements**

1. The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreement and other agreements to which one Party is a Party.

2. If any provision of the WTO Agreement that the Parties have incorporated to this Agreement is amended and accepted by the Parties at the WTO, such amendment shall be deemed incorporated automatically to this Agreement.

**Article 1.5      Extent of Obligations**

The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement in their respective territories.