

CHAPTER 2 TRADE IN GOODS

ARTICLE 2.1: SCOPE

This Chapter applies to trade in goods between the Parties.

ARTICLE 2.2: DEFINITIONS

For the purposes of this Chapter:

- (a) **Agreement on Import Licensing Procedures** means the *Agreement on Import Licensing Procedures* contained in Annex 1A to the *Marrakesh Agreement Establishing the World Trade Organization Agreement*;
- (b) **customs duty** means any customs or import duty and a charge of any kind, including any form of surtax or surcharge, imposed in connection with the importation of a good, but does not include any:
 - (i) charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article III of the GATT 1994, in respect of the like goods or, directly competitive or substitutable goods of the Party or in respect of goods from which the imported goods have been manufactured or produced in whole or in part;
 - (ii) anti-dumping or countervailing duty applied pursuant to a Party's law and applied consistently with the provisions of Article VI of the GATT 1994, the Agreement on the Implementation of Article VI of the GATT 1994 and the Agreement on Subsidies and Countervailing Measures; or
 - (iii) fees or other charges commensurate with the cost of services rendered.

ARTICLE 2.3: 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 is incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.4: ELIMINATION OF CUSTOMS DUTIES

1. Except as otherwise provided in this Agreement, the Parties shall eliminate its customs duties on originating goods (as defined in Article 3.2) originating in the other Party, as from the date of entry into force of this Agreement in accordance with its Schedule to Annex I (Schedules in Relation to Article 2.4 (Elimination of Customs Duties)).
2. Neither Party shall increase any existing customs duty or introduce a new customs duty on imports of an originating good of the other Party other than in accordance with this Agreement.

ARTICLE 2.5: 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 2012 Harmonised System and subsequent amendments thereto.

ARTICLE 2.6: NON-TARIFF MEASURES

Unless otherwise provided in this Agreement, neither Party shall adopt or maintain any prohibition or restriction or measure having equivalent effect, including quantitative restrictions, on the importation of a good originating in the territory of the other Party, or on the exportation or sale for export of a 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 2.7: IMPORT LICENSING

Each Party shall ensure that import licensing regimes applied to goods originating in the other Party are applied in accordance with the WTO Agreement, and in particular, with the provisions of the Agreement on Import Licensing Procedures.

ARTICLE 2.8: ADMINISTRATIVE FEES AND FORMALITIES

Each Party shall ensure, in accordance with Article VIII:1 of GATT 1994, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax or other internal charges applied consistently with Article III:2 of GATT 1994, and antidumping and countervailing duties applied in accordance with Article VI and XVI of the GATT 1994, the Agreement on the Implementation of Article VI of the GATT 1994 and the Agreement on Subsidies and Countervailing Measures), imposed on or in connection with importation or exportation, are limited in

amount to the approximate cost of services rendered and do not represent indirect protection of domestic products or a taxation of imports or exports for fiscal purposes.

ARTICLE 2.9: ADMINISTRATION OF TRADE REGULATIONS

1. In accordance with Article X of GATT 1994, each Party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, judicial decisions and administrative rulings pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing, inspection, exhibition, processing, mixing or other use.

2. In accordance with Article VIII of GATT 1994, neither Party shall impose substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation, which is easily rectified and obviously made without fraudulent intent or gross negligence, shall be greater than necessary to serve merely as a warning.

ARTICLE 2.10: DISPUTE SETTLEMENT

The dispute settlement provisions in Chapter 13 (Dispute Settlement) shall apply to any matter arising under this Chapter.