

CHAPTER 2
TRADE IN GOODS

ARTICLE 5

Scope

Except as otherwise provided in this Agreement, this Chapter shall apply to trade in goods between the Parties.

ARTICLE 6

National Treatment

Each Party shall accord National Treatment to the goods of the other Party, in accordance with Article III of the GATT 1994, including its interpretative notes. To that end, Article III of the GATT 1994 and its interpretative notes are incorporated into and form an integral part of this Agreement, *mutatis mutandis*.

ARTICLE 7

Elimination of Customs Duties

1. Except as otherwise provided in this Agreement, neither Party shall increase any existing customs duty or adopt any new customs duty on an originating good of the other Party.

2. 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 the Chapter 3 (Rules of Origin and Implementation Procedures), in accordance with its Schedule in Annex 1 (Schedule of Tariff Commitments).

3. Customs duty includes any duty or charge of any kind imposed in connection with the importation of a good, but does not include:

(a) any charge equivalent to an internal tax imposed consistently with Article III.2 of GATT 1994;

(b) any anti-dumping or countervailing duty applied consistently with the provisions of Article VI of GATT 1994, the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, or the WTO Agreement on Subsidies and Countervailing Measures, any duty applied consistently with Article XIX of GATT 1994 and WTO Agreement on Safeguards; and

(c) any fee or other charge in connection with importation commensurate with the cost of services rendered.

ARTICLE 8

Base Rate

1. For each product the base rate of customs duties, to which the successive reductions set out in Annex 1 (Schedule of Tariff Commitments) is to be applied for imports between the Parties, shall be the most-favoured-nation (hereinafter referred to as “MFN”) customs duty rate applied by each Party on January 1, 2022.

2. If at any moment a Party reduces its applied MFN customs duty rate after the entry into force of this Agreement, that duty rate shall apply as regards trade covered by this Agreement if and for as long as it is lower than the customs duty rate calculated in accordance with its Schedule to Annex 1 (Schedule of Tariff Commitments).

ARTICLE 9

Quantitative Restrictions

The rights and obligations of the Parties in respect of quantitative restrictions, shall be governed by Article XI of the GATT 1994, which is hereby incorporated into and made part of this Agreement.

ARTICLE 10

Sanitary and Phytosanitary Measures

1. The rights and obligations of the Parties in respect of sanitary and phytosanitary measures shall be governed by the WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

2. The Parties shall exchange names and information of contact points with sanitary and phytosanitary expertise and competent authorities in order to facilitate communication and the exchange of information.

ARTICLE 11

Technical Regulations

1. The rights and obligations of the Parties in respect of technical regulations, standards and conformity assessment procedures shall be governed by the WTO Agreement on Technical Barriers to Trade.

2. The Parties shall strengthen their co-operation in the field of technical regulations, standards and conformity assessment procedures, with a view to increasing the mutual understanding of their respective systems and facilitating access to their respective markets.

ARTICLE 12

State Trading Enterprises

The rights and obligations of the Parties in respect of state trading enterprises shall be governed by Article XVII of the GATT 1994, its interpretative notes, and the Understanding on the Interpretation of Article XVII of the GATT 1994, which are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 13

Subsidies and Countervailing Measures

1. The rights and obligations of the Parties relating to subsidies and countervailing measures shall be governed by Articles VI and XVI of the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures, except as provided for in paragraph 2.

2. Before one of the Parties, as the case may be, initiates an investigation to determine the existence, degree and effect of any alleged subsidy in the other Party, as provided for in Article 11 of the WTO Agreement on Subsidies and Countervailing Measures, the Party considering initiating an investigation shall notify in writing the Party whose goods are subject to investigation as soon as possible and allow for consultation with a view to finding a mutually acceptable solution. The consultations shall take place if either Party so requests within 15 days from the receipt of the notification.

ARTICLE 14

Anti-dumping

1. The rights and obligations of the Parties in respect of antidumping measures shall be governed by Article VI of the GATT 1994 and the WTO Agreement on Implementation of Article VI of the GATT 1994. The Parties agree not to take such measures in an arbitrary or protectionist manner.

2. As soon as possible following the acceptance of a properly documented application from an industry in one Party for the initiation of an antidumping investigation in respect of goods from the other Party and before proceeding to initiate such investigation, that Party shall notify the other Party.

3. Both Parties confirm that there shall be no practice between the two Parties to use a methodology based on surrogate value of a third country, including the use of surrogate price or surrogate cost in determining normal value and export price when determining dumping margin during an anti-dumping procedure.

ARTICLE 15

Global Safeguard Measures

The rights and obligations of the Parties in respect of global safeguards shall be governed by Article XIX of GATT 1994 and the WTO Agreement on Safeguards.

ARTICLE 16

Bilateral Safeguard Measures

1. Where, as a result of the reduction or elimination of a customs duty under this Agreement, any product originating in a Party is being imported into the territory of other Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to constitute a substantial cause of serious injury or threat thereof to the domestic industry of like or directly competitive products in the territory of the importing Party, the importing Party may take bilateral safeguard measures to the minimum extent necessary to remedy or prevent the injury, subject to the provisions of paragraphs 2 to 12 during the transition period only.

2. Bilateral safeguard measures shall only be taken upon clear evidence that increased imports have caused or are threatening to cause serious injury pursuant to an investigation in accordance with the procedures laid down in the WTO Agreement on Safeguards.

3. If the conditions set out in paragraph 1 are met, the importing Party may take measures consisting in:

- (a) suspending the further reduction of any rate of duty provided for under this Agreement for the product; or
- (b) increasing the rate of customs duty for the product to a level not to exceed the lesser of:
 - (i) the MFN rate of duty applied at the time the action is taken; or
 - (ii) the MFN rate of duty applied on the day immediately preceding the date of the entry into force of this Agreement.

4. A Party shall immediately deliver written notice to the other Party upon:

- (a) initiating a bilateral safeguard investigation;
- (b) taking a provisional safeguard measure according to paragraph 10;
- (c) making a finding of serious injury or threat thereof caused by increased imports;
- (d) taking a decision to apply or extend a safeguard measure; and
- (e) taking a decision to modify a measure previously undertaken.

5. In making the notification referred to in paragraphs 4 (b) to (e), the Party proposing to apply or extend a bilateral safeguard measure shall provide the other Party with all pertinent information, which shall include evidence of serious injury or threat thereof caused by the increased imports, precise description of the good involved and the proposed measure, proposed date of introduction and expected duration; the Party proposing to apply a measure shall also provide any additional information which the other Party considers pertinent.

6. A Party proposing to apply or extend a bilateral safeguard measure shall provide adequate opportunity for prior consultations with the other Party as far in advance of

taking any such measure as practicable, with a view to reviewing the information arising from the investigation, exchanging views on the measure and reaching an agreement on compensation set out in paragraph 11. The Parties shall in such consultations review, *inter alia*, the information provided under paragraph 5, to determine:

- (a) compliance with the other provisions of this Article;
- (b) whether any proposed measure should be taken; and
- (c) the appropriateness of the proposed measure, including consideration of alternative measures.

7. Bilateral safeguard measures shall be taken for a period not exceeding two years. In very exceptional circumstances, measures may be taken up to a total maximum period of three years. No bilateral safeguard measure shall be applied to the import of a product which has previously been subject to such a measure.

8. No bilateral safeguard measure shall be taken against a particular product while a global safeguard measure in respect of that product is in place; in the event that a global safeguard measure is taken in respect of a particular product, any existing bilateral safeguard measure which is taken against that product shall be terminated.

9. Upon the termination of the bilateral safeguard measure, the rate of customs duty shall be the rate which would have been in effect but for the measure.

10. In critical circumstances, where delay would cause damage which would be difficult to repair, a Party may take a provisional bilateral safeguard measure pursuant to a preliminary determination that there is clear evidence that increased imports constitute a substantial cause of serious injury, or threat thereof, to the domestic industry. Any provisional measure shall be terminated within 200 days at the latest. The period of application of any such provisional measure shall be counted as part of the duration of the measure set out in paragraph 7 and any extension thereof. Any tariff increases shall be promptly refunded if the investigation described in paragraph 2 does not result in a finding that the conditions of paragraph 1 are met.

11. The Party proposing to apply a measure described in paragraph 3 shall provide to the other Party a mutually agreed adequate means of trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the measure. If the Parties are unable to agree on compensation within 30 days in the consultations referred to in paragraph 6, the Party against whose originating goods the measure is applied may take action having trade effects substantially equivalent to the measure applied under this Article. This action shall be applied only for the minimum period necessary to achieve the substantially equivalent effects, and in any case shall be terminated no later than the date of the termination of the bilateral safeguard measure. The right for action referred to in this paragraph shall not be exercised for the first eighteen months that a bilateral safeguard measure is in effect, provided that the safeguard measure has been taken as a result of an absolute increase in imports and that such a measure conforms to the provisions of this Agreement.

12. For the purposes of this Article, “transition period” means the five-year period beginning on the date of entry into force of this Agreement, except that in the case of a product where the liberalization process lasts five or more years, the transition period

shall last until such product reaches zero tariff according to the Schedule as set out in Annex 1 (Schedule of Tariff Commitment) plus two years.

ARTICLE 17

General Exceptions

The rights and obligations of the Parties in respect of general exceptions shall be governed by Article XX of the GATT 1994, which is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 18

Security Exceptions

The rights and obligations of the Parties in respect of security exceptions shall be governed by Article XXI of the GATT 1994, which is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 19

Measures to Safeguard the Balance of Payments

Where any Party is in a serious balance of payments and external financial difficulties, or under threat thereof, it may, in accordance with Article XII of the GATT 1994 and the Understanding on the Balance-of-Payments Provisions of the GATT 1994, adopt restrictive import measures. Such restrictive measures shall be consistent with the Articles of Agreement of the International Monetary Fund.

ARTICLE 20

Disclosure of Information

Nothing in this Agreement shall be construed to require a Party to furnish or allow access to confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice the legitimate commercial interests of particular enterprises, public or private.

ARTICLE 21

Confidentiality

Unless otherwise provided in this Agreement, where a Party provides information to another Party in accordance with this Agreement and designates the information as confidential, the other Party shall, subject to its laws and regulations, maintain the confidentiality of the information.