

CHAPTER 11

SUPPLY CHAIN CONNECTIVITY

Article 11.1: Definitions

For the purposes of this Chapter:

- (a) **supply chain** means a system of resources, technologies, enterprises, activities, and relevant information¹ involved in the production and in the act of transporting goods, especially essential goods, from producer to consumer or user;
- (b) **connectivity** means physical infrastructure, and ways to facilitate the movement of goods and services, especially essential goods and services, related to supply chains within and across borders;
- (c) **essential goods** means goods considered by a Party as essential for disaster relief and urgent medical purposes during a humanitarian crisis or a supply chain disruption;²
- (d) **essential services** means services directly related to the production or movement of essential goods within the supply chain;
- (e) **supply chain disruption** means a severe interruption, delay, or shortage that:
 - (i) impacts one or more Parties; and
 - (ii) significantly impairs the production of, the cross-border movement of, or access to essential goods and services as determined by Parties; and
- (f) **humanitarian crisis** means an event that poses, or series of events that pose, an imminent threat to or affect the health, safety or well-being of, Parties or a region,

¹ For greater certainty, information does not include confidential information as determined by the providing Party.

² A Party may refer to guidelines issued by relevant international organisations, of which all Parties are members, when determining if a good is essential.

such as pandemics, epidemics, natural or human-induced disasters and may occur throughout a large land area.

Article 11.2: Objectives

Drawing from the lessons learnt from the COVID-19 pandemic, to the extent practicable, the Parties shall cooperate to strengthen the resilience and connectivity of regional supply chains, giving priority to the continued and smooth cross-border flow of essential goods and services:

- (a) to keep markets open and facilitate trade in the region, as well as to continuously broaden and deepen mutually beneficial cooperation to further strengthen the China-ASEAN Comprehensive Strategic Partnership and promote supply chain connectivity;
- (b) to promote and facilitate investments to diversify supply chain and strengthen connectivity;
- (c) to cooperate to identify and address potential supply shortages, supply chain bottlenecks, and other similar risks and vulnerabilities in the supply chains;
- (d) to reduce the impact of regional supply chain disruptions; and
- (e) to take advantage of opportunities brought by digital economy and promote technology adoption by the Parties.

Article 11.3: Strengthening Supply Chains Connectivity

Keep the Market Open

1. The Parties reaffirm their commitment to market access in trade in goods under this Agreement.
2. The Parties should uphold the rules-based multilateral trading system and foster a free, fair, open inclusive, equitable, sustainable, transparent, non-discriminatory, and predictable market environment.
3. The Parties should endeavour to refrain from taking unnecessary barriers to trade in essential goods, and strengthen

collaboration to support the smooth supply chain of essential goods.

Improve the Facilitation Level of Trade in Goods

4. With an aim to improve the level of trade facilitation in the region, the Parties should implement the commitments on customs procedures and trade facilitation, sanitary and phytosanitary measures, standards, technical regulations and conformity assessment procedures under this Agreement.
5. The Parties may further explore relevant measures to further improve the level of trade facilitation in this region on a voluntary basis.

Strengthen Infrastructure Connectivity

6. In order to ensure the continued and smooth cross-border flow of essential goods and services, subject to laws, regulations, and policies, the Parties are encouraged to advance cooperation in infrastructure connectivity, including multimodal transport,³ promote sustainable port⁴ development, port⁴ productivity and efficiency, and address the choke points in logistics and transportation.

Enhance Technology and Innovation

7. The Parties shall endeavour to take advantage of the opportunities brought by the digital economy, encourage enterprises, especially the micro, small, and medium enterprises, to utilise digital technologies to carry out production and business activities, and promote digital solutions to enhance the resilience and connectivity of regional supply chains.

Article 11.4: Responding to Supply Chain Emergencies

³ Multimodal transport refers to the carriage of goods by at least two different modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country.

⁴ Port refers to airport, dry port, and seaport.

Non-Tariff Measures on Essential Goods during Humanitarian Crises

1. During a humanitarian crisis, nothing in this Article shall prevent a Party from exercising its rights or obligations under the WTO Agreement, or any other international agreements to which it is a party.
2. During a humanitarian crisis, which adversely impact the Parties on a substantial scale, each Party shall, to the extent possible:
 - (a) facilitate timely information-sharing with regard to non-tariff measures on essential goods;
 - (b) refrain from introducing trade-restricting non-tariff measures on essential goods unless necessary, and in which case such non-tariff measures must be targeted, proportionate, transparent, temporary, and in conformity with its rights and obligations under the WTO Agreement and other relevant international agreements; and
 - (c) endeavour to ensure the timely notification and publication, in accordance with the WTO Agreement, of regulatory information on matters pertaining to its non-tariff measures on essential goods.
3. The CAFTA-JC shall be convened, where necessary and possible, to identify and expeditiously eliminate unnecessary non-tariff measures on trade in essential goods in an expedited and timely manner during a humanitarian crisis. A Party may request essential goods from another Party and the requested Party shall, to the extent possible, positively consider the request, subject to the requested Party's internal situation and considerations of the requested Party.

Facilitation of Essential Goods During Humanitarian Crises or Supply Chain Disruptions

4. Each Party shall, to the extent permitted by its laws, regulations, and policies, expedite and facilitate the movement, release and clearance, including transit through its exit or entry points, of all essential goods.
5. Each Party shall, to the extent permitted by its laws, regulations, and policies, expedite the release of essential goods upon

arrival, including by adopting or maintaining procedures to permit the submission of import documentation and other required information, including manifests, prior to the arrival of the essential goods, so that the processing of such documentation and information to begin prior to the arrival of the essential goods.

6. Each Party shall, to the extent permitted by its laws, regulations, and policies, clear essential goods using documents received through electronic means during a humanitarian crisis or a supply chain disruption.

Article 11.5: Cooperation

1. The Parties shall, to the extent practicable:
 - (a) promote cooperation in the supply chain field, such as pilot projects and initiatives, actively explore capacity building through various means such as seminars and training, and build cooperation platforms for enterprises through exhibitions and forums, so as to strengthen supply chains and help the enterprises in the region, especially the micro, small, and medium-sized enterprises, to better integrate into the regional and global supply chain;
 - (b) strengthen communication and coordination on measures that may affect the supply chain, exchange and share policy information adopted to address and alleviate the humanitarian crisis in a timely manner, stabilise the supply chain in the region and reduce adverse effects;
 - (c) communicate and consult in a timely manner to address related issues as soon as possible when supply chain disruption occurs in the region;
 - (d) prepare for possible supply chain disruption in the region and formulate relevant recovery plans;
 - (e) give positive consideration to proposals for cooperation during humanitarian crisis situations or to strengthen supply chain in the region which could include, where possible, emergency transportation of essential goods, developing appropriate mechanisms to facilitate timely

information sharing, and conducting joint actions to better anticipate and respond to supply chain disruptions;

- (f) consider conduct of activities to promote investment and encourage public-private joint efforts and other business match making activities to help enterprises identify potential partners in the Parties with the aim of strengthening the resilience and connectivity of regional supply chains including the diversification of supply chains; and
 - (g) explore joint research and development to support the resilience and connectivity of supply chains.
2. Cooperation shall be undertaken through ways and means considered appropriate by the CAFTA-JC. The CAFTA-JC may task the Parties to meet and discuss issues and undertake cooperation related to the implementation of this Chapter. The Parties shall report the results of each meeting to the CAFTA-JC.
 3. The cooperation activities under this Chapter are subject to the availability of funds and human and other resources, and to the applicable laws, regulations, and policies of the Parties.

Article 11.6: Contact Points

1. Each Party shall designate its contact point to facilitate communication between the Parties for the implementation of this Chapter.
2. Each Party shall notify the other Parties through the ASEAN Secretariat in writing of its designated contact point including information of their contact details no later than 60 days after the date of entry into force of the CAFTA 3.0 Upgrade Protocol for that Party.
3. A Party shall notify the other Parties of any change of its contact point or the details of the relevant officials.
4. Each Party shall, to the extent possible, ensure that its contact point facilitates the exchange of information between the Parties on the implementation of this Chapter.

Article 11.7: Non-Application of Dispute Settlement

1. The Agreement on Dispute Settlement Mechanism, as reaffirmed in Chapter 14 (Dispute Settlement), shall not apply to any matter arising under this Chapter.
2. Any dispute concerning the interpretation, implementation, or application of this Chapter shall be settled amicably by the Parties.

Article 11.8: General Exceptions

Article XX of GATT 1994 and Article XIV of GATS are incorporated into and made part of this Chapter, *mutatis mutandis*.^{5, 6}

Article 11.9: Security Exceptions

Nothing in this Chapter shall be construed:

- (a) to require any Party to furnish any information the disclosure of which it considers contrary to its essential security interests;
- (b) to prevent any Party from taking any action which it considers necessary for the protection of its essential security interests, including but not limited to:
 - (i) action relating to fissionable materials or the materials from which they are derived;
 - (ii) action relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

⁵ The Parties understand that the measures referred to in subparagraph (b) of Article XX of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health, and that subparagraph (g) of Article XX of GATT 1994 applies to measures relating to the conservation of living and non-living exhaustible natural resources.

⁶ The Parties understand that the measures referred to in subparagraph (b) of Article XIV of GATS include environmental measures necessary to protect human, animal or plant life or health.

- (iii) action taken so as to protect critical communications infrastructure from deliberate attempts intended to disable or degrade such infrastructure;
 - (iv) action taken in time of war or other emergency in domestic or international relations; or
- (c) to prevent any Party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.