

**Article 10**  
**General Review**

The Parties shall undertake a general review of the operation of this Agreement in 2007 and every five years thereafter.

**CHAPTER 2**  
**TRADE IN GOODS**

**Article 11**  
**Definitions under Chapter 2**

For the purposes of this Chapter:

- (a) the term “originating goods of the other Party” means goods of the other Party which are treated as originating goods in accordance with Chapter 3;
- (b) the term “other duties or charges” means those provided for in sub-paragraph (b) of paragraph 1 of Article II of GATT 1994;
- (c) the term “customs value of goods” means the value of goods for the purposes of levying ad valorem customs duties on imported goods;
- (d) the term “transition period” means the period of 10 years immediately following the entry into force of this Agreement;
- (e) the term “serious injury” means a significant overall impairment in the position of a domestic industry;
- (f) the term “threat of serious injury” means serious injury that, on the basis of facts and not merely on allegation, conjecture or remote possibility, is clearly imminent; and
- (g) the term “domestic industry” means the producers as a whole of the like or directly competitive good operating in the territory of a Party, or those whose collective output of the like or directly competitive good constitutes a major proportion of the total domestic production of the good.

**Article 12**  
**Classification of Goods**

The classification of goods in trade between the Parties shall be in conformity with the Harmonized Commodity Description and Coding System (hereinafter referred to in this Agreement as “the Harmonized System”).

**Article 13**  
**National Treatment under Chapter 2**

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994.

**Article 14**  
**Elimination of Customs Duties**

1. Each Party shall eliminate its customs duties on goods of the other Party in accordance with its Schedule in Annex I. The preferential tariff treatment shall be accorded only to originating goods of the other Party whose importation meets the consignment criteria provided for in Article 27.
2. On the request of either Party, the Parties shall consult to consider:
  - (a) accelerating the elimination of customs duties on goods as set out in the Schedules in Annex I; or
  - (b) scheduling the elimination of customs duties on goods that are not yet set out in the Schedules in Annex I.
3. Any agreement for the further liberalisation of trade in goods reached as a result of consultations pursuant to paragraph 2 above shall be reflected in Annex I.
4. Each Party shall eliminate other duties or charges of any kind imposed on or in connection with the importation of goods of the other Party, if any. Neither Party shall increase or introduce other duties or charges of any kind imposed on or in connection with the importation of goods of the other Party.
5. Nothing in this Article shall prevent a Party from imposing, at any time, on the importation of any goods of the other Party:
  - (a) a charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article III of GATT 1994 in respect of the like domestic product or in respect of an article from which the imported product has been manufactured or produced in whole or in part;
  - (b) any anti-dumping or countervailing duty applied consistently with the provisions of Article VI of GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 and the Agreement on Subsidies and Countervailing Measures in Annex 1A to the WTO Agreement; and
  - (c) fees or other charges commensurate with the cost of services rendered.

## **Article 15 Customs Valuation**

The Parties shall apply the provisions of Part I of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement (hereinafter referred to in this Agreement as “the Agreement on Customs Valuation”) for the purposes of determining the customs value of goods traded between the Parties.

## **Article 16 Export Duties**

Neither Party shall adopt or maintain any duties on goods exported from its territory into the territory of the other Party.

## **Article 17 Non-tariff Measures**

Each Party shall:

- (a) not institute or maintain any non-tariff measures on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party which are inconsistent with its obligations under the WTO Agreement; and
- (b) ensure the transparency of its non-tariff measures permitted under paragraph (a) above and their full compliance with its obligations under the WTO Agreement with a view to minimising possible distortion to trade to the maximum extent possible.

## **Article 18 Emergency Measures**

1. Subject to the provisions of this Article, each Party may, only during the transition period and to the minimum extent necessary to prevent or remedy the injury and to facilitate adjustment:

- (a) suspend the further reduction of any rate of customs duty on the good provided for in this Chapter; or
- (b) increase the rate of customs duty on the good to a level not to exceed the lesser of:
  - (i) the most-favoured-nation applied rate of customs duty in effect at the time when the measure set out in this paragraph is taken; and
  - (ii) the most-favoured-nation applied rate of customs duty in effect on the day immediately preceding the date of entry into force of this Agreement;

if an originating good of the other Party, which is accorded the preferential tariff treatment provided for in Article 14, as a result of the reduction or elimination of a customs duty, is being imported into the territory of the former Party in such increased quantities, in absolute terms, and under such conditions that the imports of that originating good alone constitute a substantial cause of serious injury, or threat thereof, to a domestic industry of the former Party.

2. A Party may take a measure set out in paragraph 1 above only after an investigation has been carried out by the competent authorities of that Party in accordance with the same procedures as those provided for in Article 3 and paragraph 2 of Article 4 of the Agreement on Safeguards in Annex 1A to the WTO Agreement (hereinafter referred to in this Chapter as “the Agreement on Safeguards”). The investigation shall in all cases be completed within one year following its date of institution.

3. The following conditions and limitations shall apply to the taking of a measure pursuant to paragraph 1 of this Article:

- (a) a Party shall immediately deliver a written notice to the other Party upon:
  - (i) initiating an investigatory process relating to serious injury, or threat thereof, and the reasons for it;
  - (ii) making a finding of serious injury, or threat thereof, caused by increased imports; and
  - (iii) taking a decision to apply such a measure;
- (b) in making the notification referred to in sub-paragraph (a) above, the Party proposing to apply a 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, a precise description of the good involved and the proposed measure, the proposed date of introduction of the measure and its expected duration;
- (c) a Party proposing to apply a measure shall provide adequate opportunity for prior consultations with the other Party 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 4 below. The Parties shall, in such consultations, review, *inter alia*, the information provided pursuant to sub-paragraph (b) above, to determine:
  - (i) whether the provisions of this Article have been complied with;
  - (ii) whether any proposed measure should be taken; and

- (iii) whether any proposed measure would operate so as to constitute an unnecessary obstacle to trade between the Parties;
- (d) no measure shall be maintained except to the extent and for such time as may be necessary to prevent or remedy serious injury and to facilitate adjustment provided that such time shall not exceed a period of one year. In very exceptional circumstances, after the prior consultations referred to in sub-paragraph (c) above, a measure may be maintained for up to a total maximum period of three years. A Party taking such measure shall present to the other Party a schedule leading to its progressive elimination;
- (e) no measure shall be applied again to the import of a particular originating good which has been subject to the measure during the transition period; and
- (f) upon the termination of the measure, the rate of customs duty shall be the rate which would have been in effect but for the measure.

4. A Party proposing to apply a measure set out in paragraph 1 of this Article shall provide to the other Party mutually agreed adequate means of trade compensation in the form of concessions of customs duties whose levels are substantially equivalent to the value of the additional duties expected to result from the measure. If the Parties are unable to agree on the compensation within 30 days of the commencement of the consultations pursuant to sub-paragraph (c) of paragraph 3 above, the Party against whose originating good the measure is taken shall be free to suspend the application of concessions of customs duties under this Agreement, which are substantially equivalent to the measure applied under paragraph 1 of this Article. The Party exercising the right of suspension may suspend the application of concessions of customs duties only for the minimum period necessary to achieve the substantially equivalent effects.

5. Nothing in this Chapter shall prevent a Party from applying safeguard measures to a good being imported to that Party irrespective of its source, including such a good being imported from the other Party, unless such measures are inconsistent with Article XIX of GATT 1994 and the Agreement on Safeguards.

6. Each Party shall ensure the consistent, impartial and reasonable administration of its laws, regulations and decisions governing proceedings of the measure.

7. Each Party shall, to the extent provided by its laws and regulations, maintain judicial tribunals or procedures for the purpose of the prompt review of administrative actions relating to measures set out in paragraph 1 of this Article. Such tribunals or procedures shall be independent of the authorities responsible for the determination of the measure in question.

8. Each Party shall adopt or maintain equitable, timely, transparent and effective procedures relating to the measure.

**Article 19**  
**General Exceptions under Chapter 2**

1. Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination against the other Party, or a disguised restriction on trade in goods between the Parties, nothing in this Chapter shall be construed to prevent the adoption or enforcement by either Party of measures:

- (a) necessary to protect public morals;
- (b) necessary to protect human, animal or plant life or health;
- (c) relating to the importation or exportation of gold or silver;
- (d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of GATT 1994, including those relating to customs enforcement, the enforcement of monopolies operated under paragraph 4 of Article II and Article XVII of GATT 1994, the protection of patents, trade marks and copyrights, and the prevention of deceptive practices;
- (e) relating to the products of prison labour;
- (f) imposed for the protection of national treasures of artistic, historic or archaeological value;
- (g) relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;
- (h) undertaken in pursuance of obligations under any inter-governmental commodity agreement which conforms to criteria submitted to the members of the WTO and not disapproved by them or which is itself so submitted and not so disapproved;
- (i) involving restrictions on exports of domestic materials necessary to ensure essential quantities of such materials to a domestic processing industry during periods when the domestic price of such materials is held below the world price as part of a governmental stabilisation plan; provided that such restrictions shall not operate to increase the exports of or the protection afforded to such domestic industry, and shall not depart from the provisions of GATT 1994 relating to non-discrimination; and
- (j) essential to the acquisition or distribution of products in general or local short supply; provided that any such measures shall be consistent with the principle that all members of the WTO are

entitled to an equitable share of the international supply of such products, and that any such measures, which are inconsistent with the other provisions of this Agreement shall be discontinued as soon as the conditions giving rise to them have ceased to exist.

2. In the application of paragraph 1 above, the relevant interpretations and operation of the WTO Agreement shall, where appropriate, be taken into account.

## **Article 20**

### **Restrictions to Safeguard the Balance of Payments under Chapter 2**

Nothing in this Chapter shall be construed to prevent a Party from taking any measure for balance-of-payments purposes. A Party taking such measure shall do so in accordance with the conditions established under Article XII of GATT 1994 and the Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement.

## **Article 21**

### **Miscellaneous Provisions under Chapter 2**

1. In fulfilling its obligations under this Chapter, each Party shall take such reasonable measures as may be available to it to ensure the observance of the provisions of this Chapter by local governments within its territory.
2. If a Party has entered into an international agreement on trade in goods with a non-Party, or enters into such an agreement after this Agreement comes into force, it shall favourably consider according to goods originating in or destined for the territory of the other Party, treatment no less favourable than the treatment which it accords to like goods originating in or destined for the territory of that non-Party pursuant to such an agreement.

## **CHAPTER 3**

### **RULES OF ORIGIN**

## **Article 22**

### **Definitions under Chapter 3**

For the purposes of this Chapter:

- (a) the term "material" includes ingredients, parts, components, subassemblies and goods that were physically incorporated into another good or were subject to a process in the production of another good;
- (b) the term "non-originating material" means a material whose country of origin, as determined under this Chapter, is not the