

CHAPTER ONE

OBJECTIVES AND INITIAL PROVISIONS

Article 1.1: Establishment of the Free Trade Area

The Parties to this Agreement, consistent with Article XXIV of the GATT 1994 and Article V of the GATS, hereby establish a free trade area.

Article 1.2: Objectives

1. The objectives of this Agreement are:
 - (a) to create opportunities for economic development;
 - (b) to eliminate barriers to trade in, and facilitate the cross-border movement of goods and services between the territories of the Parties;
 - (c) to increase substantially investment opportunities in the territories of the Parties;
 - (d) to promote conditions of fair competition in the free trade area;
 - (e) to establish a framework for further bilateral, regional, and multilateral cooperation to expand and enhance the benefits of this Agreement; and
 - (f) to establish effective procedures for the implementation and application of this Agreement, for its joint administration, and for the resolution of disputes.

2. The Parties shall interpret and apply the provisions of this Agreement in a manner that reflects the objectives set out in paragraph 1 and in accordance with applicable rules of international law.

Article 1.3: 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 they are party.
2. In the event of any inconsistency between this Agreement and the agreements referred to in paragraph 1, this Agreement prevails, except as otherwise provided in this Agreement.
3. The WTO Agreement exclusively governs the rights and obligations of the Parties regarding subsidies and the application of anti-dumping and countervailing measures, including the settlement of any disputes about those matters.

Article 1.4: Relation to Multilateral Environmental Agreements

In the event of any inconsistency between an obligation in this Agreement and an obligation of a Party under:

- (a) the *Convention on International Trade in Endangered Species of Wild Fauna and Flora*, done at Washington on 3 March 1973, as amended 22 June 1979;
- (b) the *Montreal Protocol on Substances that Deplete the Ozone Layer*, done at Montreal on 16 September 1987, as amended 29 June 1990, as amended 25 November 1992, as amended 17 September 1997, as amended 3 December 1999;
- (c) the *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal*, done at Basel on 22 March 1989;
- (d) the *Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade*, done at Rotterdam on 10 September 1998; or

- (e) the *Stockholm Convention on Persistent Organic Pollutants*, done at Stockholm on 22 May 2001,

the obligation in the agreements listed in sub-paragraphs (a) through (e) prevails. If, however, a Party has a choice among equally effective and reasonably available means of complying with that obligation, the Party shall choose the alternative that is the least inconsistent with the other provisions of this Agreement.

Article 1.5: Extent of Obligations

Each Party is fully responsible for the observance of all provisions of this Agreement and shall take reasonable measures available to it to ensure that the sub-national governments and authorities within its territory observe the provisions of this Agreement.

Article 1.6: Reference to Other Agreements

When this Agreement refers to or incorporates by reference other agreements or legal instruments in whole or in part, those references include:

- (a) related footnotes, interpretative notes, and explanatory notes; and
- (b) successor agreements to which the Parties are party or amendments binding on the Parties, except when the reference affirms existing rights.