

Chapter I

Initial Provisions

Article 1-01: General Definitions

For purposes of this Agreement, unless otherwise specified:

customs duty: includes any duty and charge of any kind imposed in connection with the importation of a good, including any form of surtax or surcharge in connection with such importation, but does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article III:2 of GATT 1994;
- (b) antidumping or countervailing duty or levy;
- (c) safeguard duty or levy; and
- (d) fee or other charge provided that it is commensurate with the cost of services rendered;

GATT 1994 means the General Agreement of Tariffs and Trade of 1994, which is part of the WTO Agreement;

good means a domestic good as this is understood in GATT 1994 or such a good as the Parties may agree, and includes an originating good of that Party;

Harmonized System means the Harmonized Commodity Description and Coding System, and its General Rules of Interpretation, Section notes and Chapter notes, as adopted and implemented by the Parties in their respective tariff laws;

measure includes any law, regulation, procedure, requirement or practice;

originating goods means good or material that qualifies as originating under the provisions of Chapter III (Rules of Origin); and

WTO Agreement means the Marrakesh Agreement Establishing the World Trade Organization, including GATT 1994.

Article 1-02: Establishment of the Free Trade Area

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

Article 1-03: Objectives

1. The objectives of this Agreement, as elaborated more specifically through its principles and rules, including national treatment, most-favored-nation treatment and transparency, are to:

- (a) eliminate barriers to trade in, and facilitate the movement of goods between the territories of the Parties;
- (b) promote conditions of fair competition in the free trade area;
- (c) increase substantially investment opportunities in the territories of the Parties;
- (d) create effective procedures for the implementation, application and compliance with this Agreement, and its joint administration; and
- (e) establish a framework for further bilateral and multilateral cooperation to expand and enhance the benefits of this Agreement.

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

3. Each Party shall administer in a consistent, impartial and reasonable manner all laws, regulations, decisions and rulings affecting matters covered by this Agreement.

Article 1-04: Relation to Other Agreements

1. The Parties affirm their rights and obligations with respect to each other in accordance with the WTO Agreement, including GATT 1994, and its successor agreements and other agreements to which both Parties are party.
2. In the event of any inconsistency between this Agreement and such other agreements, this Agreement shall prevail to the extent of the inconsistency, except as otherwise provided in this Agreement.

Article 1-05: Extent of Obligations

Each Party shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement, including their observance by states and municipal governments and authorities within its territory.