CHAPTER 2

NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

ARTICLE 2.1

Scope

Unless otherwise provided for in this Agreement, this Chapter shall apply to trade in goods between the State Parties.

ARTICLE 2.2

Definitions

For the purposes of this Chapter:

(a) "advertising films and recordings" means recorded visual media or audio materials, consisting essentially of images or sound, showing the nature or operation of goods or services offered for sale or lease by a person of a State Party, provided that such materials are of a kind suitable for exhibition to prospective customers but not for broadcast to the general public;

(b) "commercial samples of negligible value" means commercial or trade samples imported in reasonable quantities and values, pursuant to each State Party's laws and regulations, or so marked, torn, perforated or otherwise treated that they are unsuitable for sale or for use except as commercial samples;

(c) "customs duty" includes a customs or import duty or a charge of any kind imposed on or in connection with the importation of a good, including a form of surtax or surcharge in connection with that importation, but does not include:

(i) a charge equivalent to an internal tax imposed in accordance with Article III(2) (National Treatment on Internal Taxation and Regulation) of GATT 1994;

(ii) an anti-dumping or countervailing duty imposed in accordance with Articles VI (Anti-dumping and Countervailing Duties) and XVI (Subsidies) of GATT 1994, the Anti-Dumping Agreement, the SCM Agreement, and Chapter 5 (Trade Remedies);

(iii) a fee or other charge imposed in accordance with Article VIII (Fees and Formalities connected with Importation and Exportation) of GATT 1994;

(iv) safeguard measures applied in accordance with Article XIX (Emergency Action on Imports of Particular Products) of GATT 1994, the Safeguards Agreement, and with Chapter 6 (Bilateral Safeguards);

(v) measures authorised by the WTO Dispute Settlement Body or under Chapter 18 (Dispute Settlement); and

(vi) measures adopted to safeguard a State Party's external financial position and its balance of payments, in accordance with Article XII (Restrictions to Safeguard the Balance of Payments) of GATT 1994 and the Understanding on Balance of Payments Provisions of GATT 1994.

(d) "duty-free" means free of customs duty;

(e) "goods admitted for sports purposes" means sports requisites admitted into the territory of the Importing State Party for use in sports contests, demonstrations or training in the territory of that Party;

(f) "import licensing" means an administrative procedure requiring the submission of an application or other documentation (other than that generally required for customs clearance purposes) to the relevant administrative body of the importing State Party as a prior condition for importation into the territory of the importing State Party;

(g) "originating" means qualifying as originating under the rules of origin set out in Chapter 3 (Rules of Origin and Origin Procedures); and

(h) "printed advertising materials" means those goods classified in Chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks published by trade associations, tourist promotional materials and posters, that are used to promote, publicise or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge.

ARTICLE 2.3

National Treatment

Each State Party shall accord national treatment to the goods of another State Party in accordance with Article III (National Treatment on Internal Taxation and Regulation) of GATT 1994, including its interpretative notes. To this end, the obligations contained in Article III (National Treatment on Internal Taxation and Regulation) of GATT 1994, including its interpretative notes, are incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.4

Classification of goods

For the purposes of this Agreement, the Parties shall apply their respective customs classification systems, at the eight-digit level, which shall be based on the HS in its 2017 version or any subsequent amendment thereto approved by the Parties.

ARTICLE 2.5

Customs valuation

The Customs Valuation Agreement shall govern the customs valuation rules applied by the State Parties to their mutual trade.

ARTICLE 2.6

Elimination of customs duties on imports

1. Unless otherwise provided for in this Agreement, each Party shall eliminate its customs duties on originating goods in accordance with its Schedule in Annex 2-A.

2. For each originating good under paragraph 1, the base rate of custom duties on imports shall be that specified in a Party's Schedule in Annex 2-A.

3. Unless otherwise provided for in this Agreement, a Party shall not increase any existing customs duty nor introduce any new customs duty, on the importation of a good originating in another Party. This shall not preclude a Party from raising a customs duty to the level established in its Schedule in Annex 2-A following a unilateral reduction.

4. On request of a Party, no sooner than 3 (three) years after entry into force of this Agreement for Singapore and all Signatory MERCOSUR States, the Parties shall consider accelerating the elimination of customs duties set out in their respective Schedules in Annex 2-A.

5. An agreement between the Parties to accelerate the elimination of a customs duty on an originating good shall supersede any duty rate or staging category determined pursuant to their Schedules in Annex 2-A for that good when approved by the Parties in accordance with their applicable legal procedures.

6. A Party may at any time unilaterally accelerate the elimination of customs duties on originating goods of another Party set out in its Schedule in Annex 2-A. A Party shall inform another Party as early as practicable before the new rate of customs duty takes effect.

7. For greater certainty, a Party shall not prohibit an importer from claiming for an originating good the rate of customs duty applied under the WTO Agreement.

ARTICLE 2.7

Goods re-entered after repair

1. A State Party shall not apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been temporarily exported from its territory to the territory of another State Party for repair, provided that the importer or exporter proves that it is a free repair, due to a contractual obligation of guarantee, regardless of whether such repair could be performed in the territory of the State Party from which the good was exported for repair.

2. A State Party shall not apply a customs duty and internal taxes to a good, regardless of its origin, admitted temporarily from the territory of another State Party for repair.

3. For the purposes of this Article, "repair" means any processing operation undertaken on goods to remedy operating defects or material damage and entailing the re-establishment of goods to their original function and performance or to ensure their compliance with technical requirements for their use, without which the goods could no longer be used in the normal way for the purpose for which they were intended. Repair of goods includes restoring and maintenance. For greater certainty, repair does not include an operation or process that:

(a) destroys a good's essential characteristics or creates a new or commercially different good; or

(b) transforms an unfinished good into a finished good.

ARTICLE 2.8

Commercial samples

Each State Party shall grant duty free entry of commercial samples of negligible value and printed advertising materials from the territory of another State Party.

ARTICLE 2.9

Temporary admission of goods

1. For the purposes of this Article, the term "temporary admission" means the customs procedure that allows goods to be brought into a State Party's customs territory conditionally relieved from payment of import duties and taxes and without application of import restrictions or prohibitions of economic character, if such goods are brought into a State Party's customs territory for a specific purpose, are intended for re-exportation within a specific period, and have not undergone any change except normal depreciation and wastage due to the use made of them, as provided for in that State Party's laws and regulations.

2. Each State Party shall grant temporary admission, with total conditional relief from import duties and taxes, for the following goods, regardless of their origin:

(a) professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, that is necessary for carrying out the business activity, trade or profession of a person who qualifies for temporary entry pursuant to the laws of the importing State Party;

(b) goods intended for display, demonstration or use at exhibitions, fairs, meetings or similar events**,** including their component parts, ancillary apparatus, and accessories;

(c) commercial samples and advertising films and recordings; and

(d) goods admitted for sports purposes.

3. Each State Party shall, on request of the person concerned and for reasons its customs authority considers valid, extend the time limit for temporary admission, with total conditional relief from import duties and taxes, beyond the period initially fixed.

4. A State Party shall not condition the temporary admission, with total relief from import duties and taxes, of the goods referred to in paragraph 1, other than to require that those goods:

(a) be used solely by or under the personal supervision of a national of another State Party in the exercise of the business activity, trade, profession or sport of that national;

(b) not be sold or leased while in its territory;

(c) be accompanied by a guarantee in an amount no greater than the charges that would otherwise be owed on entry or final importation, releasable on exportation of the goods;

(d) be capable of identification when imported and exported;

(e) be exported on the departure of the national referred to in subparagraph (a), or within any other period reasonably related to the purpose of the temporary admission that the State Party may establish, or within one year, unless extended;

(f) be admitted in no greater quantity than is reasonable for their intended use; and

(g) be otherwise admissible into the State Party's territory under its laws.

5. Each State Party shall grant temporary admission, with total conditional relief from import duties and taxes, for containers and pallets regardless of their origin, that are in use or to be used in the shipment of goods in international traffic.

6. If any condition that a State Party imposes under paragraph 3 has not been fulfilled, the State Party may apply the customs duty and any other charge that would normally be owed on the good in addition to any other charges or penalties provided for under its law.

7. Each State Party shall adopt and maintain procedures providing for the expeditious release of goods admitted pursuant to this Article. To the extent possible, those procedures shall provide that when a good admitted pursuant to this Article accompanies a national of another State Party who is seeking temporary entry, the good shall be released simultaneously with the entry of that national.

8. Each State Party shall permit a good temporarily admitted pursuant to this Article to be exported through a customs port other than the port through which it was admitted.

9. Each State Party shall, in accordance with its laws and regulations, provide that the importer or other person responsible for a good admitted pursuant to this Article shall not be liable for failure to export the good on presentation of satisfactory proof to the importing State Party that the good was destroyed within the period fixed for temporary admission, including any lawful extension.

10. Unless otherwise provided for in this Agreement:

(a) each State Party shall allow a container used in international traffic that enters its territory from the territory of another State Party to exit its territory on any route that is reasonably related to the economic and prompt departure of such container;

(b) a State Party shall not require any guarantee or impose any penalty or charge solely by reason of any difference between the port of entry and the port of departure of a container;

(c) a State Party shall not condition the release of any obligation, including any guarantee, that it imposes in respect of the entry of a container into its territory on its exit through any particular port of departure; and

(d) a State Party shall not require that the carrier bringing a container from the territory of another State Party into its territory be the same carrier that takes the container to the territory of that other State Party.

ARTICLE 2.10

Quantitative import and export restrictions

1. Unless otherwise provided for in this Agreement, a State Party shall not adopt or maintain any prohibition or restriction other than duties, taxes and other charges on the importation of any good of another State Party or on the exportation or sale for export of any good destined for the territory of another State Party, except in accordance with Article XI (General Elimination of Quantitative Restrictions) of GATT 1994, including its interpretative notes. To this end, Article XI (General Elimination of Quantitative Restrictions) of GATT 1994, including its interpretative notes, or any

equivalent provision of a successor agreement to which the State Parties are party, are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. The Parties understand that GATT 1994 rights and obligations incorporated by paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, a State Party from adopting or maintaining:

(a) export or import price requirements, except as permitted in enforcement of anti-dumping and countervailing duty orders or price undertakings; or

(b) voluntary export restraints inconsistent with Article VI (Anti-dumping and Countervailing Duties) of GATT 1994, as implemented under Article 18 (Undertakings) of the SCM Agreement and Article 8 (Price Undertakings) of the Anti-Dumping Agreement.

ARTICLE 2.11

Export prohibitions and restrictions on foodstuffs

1. Without prejudice to the conditions set out in Article 12(1) (Disciplines on Export Prohibitions and Restrictions) of the Agreement on Agriculture under which a State Party may apply an export prohibition or restriction, other than a duty, tax or other charge, on foodstuffs, a State Party that imposes such a prohibition or restriction on the exportation or sale for export of foodstuffs considered critical[1] to another State Party shall notify the measure to that other State Party as far in advance as practicable.

2. A State Party that is required to notify a measure pursuant to paragraph 1 shall respond to any question posed by another State Party regarding the measure, in writing, within 30 (thirty) days of the receipt of the question when feasible.

[1] The State Party that imposes such a prohibition or restriction should be a net exporter of that foodstuff, and that prohibition or restriction should affect the food security of the importing State Party.

3. A State Party contemplating continuation of a measure notified pursuant to paragraph 1 beyond one year from the date it is imposed should notify the other State Parties as far in advance as practicable.

ARTICLE 2.12

Administrative fees and formalities

1. Each State Party shall ensure, in accordance with Article VIII (Fees and Formalities connected with Importation and Exportation) of GATT 1994, including its interpretative notes, that all fees and charges of whatever character (other than export taxes, customs duties, charges equivalent to an internal tax or other internal charge applied consistently with Article III(2) (National Treatment on Internal Taxation and Regulation) of GATT 1994, and anti-dumping and countervailing duties) imposed on, or in connection with importation or exportation of, goods are limited in amount to the approximate cost of services rendered, which shall not be calculated on an *ad valorem* basis, unless it has a fixed maximum fee, and do not represent an indirect protection to domestic goods or a taxation of imports or exports for fiscal purposes. Each State Party shall endeavour to phase out any *ad valorem* based fees and charges.

2. Each State Party shall make available online a current list of the fees and charges it imposes in connection with importation or exportation.

3. Each State Party shall periodically review its fees and charges, including consular fees applied on imports, with a view to either eliminating them, or reducing their number and diversity, where practicable.

ARTICLE 2.13

Import and export licensing

1. The State Parties shall introduce and administer any import or export licensing procedure in accordance with:

(a) Paragraphs 1 through 9 of Article 1 (General Provisions) of the Import Licensing Agreement;

(b) Article 2 (Automatic Import Licensing) of the Import Licensing Agreement; and

(c) Article 3 (Non-Automatic Import Licensing) of the Import Licensing Agreement.

To this end, the provisions referred to in subparagraphs (a), (b) and (c) are incorporated into and made part of this Agreement. The State Parties shall apply those provisions, *mutatis mutandis*, for any export licensing procedures.

2. A State Party shall only adopt or maintain licensing procedures as a condition for importation into its territory or exportation from its territory to another State Party when other appropriate procedures to achieve an administrative purpose are not reasonably available.

3. A State Party shall not adopt or maintain non-automatic import or export licensing procedures unless necessary to implement a measure that is consistent with this Agreement. A State Party adopting non-automatic licensing procedures shall indicate clearly the measure being implemented through such licensing procedure.

4. Each State Party shall respond within 60 (sixty) days to enquiries from another State Party regarding any licensing procedures which the State Party to which the request is addressed intends to adopt or has adopted or maintained, as well as the criteria for granting or allocating import or export licenses.

5. Promptly after this Agreement enters into force for a State Party, that State Party shall notify the other State Parties of its existing import licensing procedures, if any. The notification shall include the information specified in Article 5(2) (Notification) of the Import Licensing Agreement.

6. A State Party shall be deemed to be in compliance with paragraph 5 with respect to an existing import licensing procedure if:

(a) it has notified that procedure to the Committee on Import Licensing provided for in Article 4 (Institutions) of the Import Licensing Agreement together with the information specified in Article 5(2) (Notification) of that agreement; or

(b) in the most recent annual submission due before entry into force of this Agreement for that State Party to the Committee on Import Licensing in response to the annual questionnaire on import licensing procedures described in Article 7(3) (Review) of the Import Licensing Agreement, it has provided, with respect to that procedure, the information requested in that questionnaire.

7. Each State Party shall notify the other State Parties of any new import licensing procedures it adopts and any modifications it makes to its existing import licensing procedures, whenever possible, no later than 60 (sixty) days before the new procedure or modification takes effect. In no case shall a State Party provide such notification later than 60 (sixty) days following the date of its publication. A State Party that notifies a new import licensing procedure or a modification to an existing import licensing procedure to the Committee on Import Licensing in accordance with Article 5(1), 5(2) and 5(3) (Notification) of the Import Licensing Agreement shall be deemed to have complied with this requirement.

8. Where a State Party has denied an import license application with respect to a good of another State Party, it shall, on request of the applicant and within a reasonable period after receiving the request, provide the applicant with a written explanation of the reason(s) for the denial.

ARTICLE 2.14

Technical consultations

1. Each Party shall designate and notify a contact point to facilitate communications amongst the Parties on any matter covered by this Chapter.

2. A Party may request technical consultations to discuss any matter arising under this Chapter, by making a request to another Party through the contact points referred to in paragraph 1. The

request shall identify the reasons for the request, including a description of the Party's concerns and an indication of the provisions of this Chapter to which the concerns relate.

3. Within a reasonable period of time after the receipt of a request under paragraph 2, the Party which has received the request shall provide a reply. If still deemed necessary, within 30 (thirty) days of the receipt of the reply, the Parties shall discuss, in person or via electronic means, the matter identified in the request. If the Parties choose to meet in person, the meeting shall take place in such locations and through such means as the Parties mutually decide.

4. Unless the Parties that participate in the technical consultations agree otherwise, the discussions and any information exchanged in the course of the consultations shall be confidential.

5. This Article refers to technical consultations and is without prejudice to a Party's rights and obligations under Chapter 18 (Dispute Settlement). For greater certainty, a request for technical consultations under this Article shall not be deemed to be a request for consultation under Chapter 18 (Dispute Settlement).

ARTICLE 2.15

Subcommittee on Trade in Goods and Rules of Origin

1. The Parties hereby establish a Subcommittee on Trade in Goods and Rules of Origin (hereinafter referred to as Subcommittee in this Chapter), composed of government representatives of each State Party.

2. The Subcommittee shall meet as necessary at the request of a Party or the Joint Committee to consider matters arising under this Chapter and Chapter 3 (Rules of Origin).

3. The Subcommittee’s functions shall include:

(a) reviewing and monitoring the implementation and administration of the chapters referred to above;

(b) promoting trade in goods between the Parties, including:

(i) addressing non-tariff measures covered under the chapters referred to in paragraph 2;

(ii) consulting on broadening and accelerating tariff elimination under this Agreement; or

(iii) proposing any modification to the product specific rules of origin;

(c) reviewing the future amendments to the HS to ensure that each Party's obligations under this Agreement are not altered;

(d) consulting on and endeavoring to resolve any differences that may arise between the Parties on matters related to:

(i) the classification of goods under the HS; or

(ii) Annex 2-A and national nomenclatures.

(e) making recommendations and endeavouring to resolve any issue relating to the chapters referred to in paragraph 2;

(f) undertaking any additional work that the Joint Committee may assign to it;

(g) ensuring the proper functioning of the Rules of Origin Chapter and examining all issues arising thereunder;

(h) agreeing to hold *ad hoc* meetings on any aspect related to the implementation of the chapters referred to in paragraph 2, including their annexes and appendices; and

(i) preparing and submitting reports on modifications to the Chapter 3 (Rules of Origin), to be considered by the Joint Committee.

4. The Subcommittee shall consult, as appropriate, with other subcommittees, working groups and other bodies established under this Agreement when addressing issues of relevance to those subcommittees.