



CHAPTER 3

TRADE IN GOODS

Article 3.1: Definitions

For the purposes of this Chapter:

agricultural goods mean those goods referred to in Article 2 of the *Agreement on Agriculture*, contained in Annex 1A to the WTO Agreement (WTO Agreement on Agriculture);

agricultural export subsidies shall have the meaning assigned to that term in Article 1 (e) of the WTO Agreement on Agriculture, including any amendment of that Article;

consular transactions mean requirements that goods of a Party intended for export to the territory of the other Party must first be submitted to the supervision of the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests, shippers' export declarations or any other customs documentation required on or in connection with importation;

duty-free means free of customs duty;

Import Licensing Agreement means the *Agreement on Import Licensing Procedures*, contained in Annex 1A to the WTO Agreement; and

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

Article 3.2: Scope and Coverage

This Chapter applies to trade in all goods between the Parties.

Article 3.3: National Treatment

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, including its interpretative notes. To this end, Article III of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.



Article 3.4: Reduction and/or Elimination of Customs Duties

1. Except as otherwise provided in this Agreement, each Party shall progressively reduce and/or eliminate customs duties on originating goods of the other Party in accordance with its Schedule of Tariff Commitments in Annex 3-A.
2. Except as otherwise provided in this Agreement, a Party shall not increase any existing customs duty or introduce a new customs duty on an originating good covered by this Agreement.
3. If the Most Favoured Nation (MFN) rate of customs duties applied by a Party on a particular good is lower than the rate of customs duty provided for in its schedule of tariff commitments set out in Annex 3-A, that Party shall apply the lower rate to the originating good of the other Party.
4. On request of either Party, the Parties shall consult to consider improving tariff commitments set out in their Schedules set out in Annex 3-A. An agreement between the Parties to improve tariff commitments under this Agreement shall be considered and adopted in accordance with Article 11.1.4(c) (IC-CEPA Joint Commission).
5. A Party may at any time accelerate unilaterally the reduction and/or elimination of customs duties on originating goods of the other Party set out in its Schedule in Annex 3-A. A Party considering doing so shall inform the other Party as early as practicable.

Article 3.5: Administrative Fees and Formalities

1. Each Party shall ensure that fees, charges, formalities and requirements imposed in connection with the importation and exportation of goods shall be consistent with its rights and obligations under GATT 1994.
2. Each Party shall not require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.
3. Each Party shall, to the extent possible, in accordance with its respective laws and regulations, make a list of current fees and charges that it imposes in connection with importation and exportation, and make such information publicly available on the internet or other similar means.

Article 3.6: Non-Tariff Measures

1. Each Party shall not adopt or maintain any prohibition or restriction 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, except in accordance with its rights



and obligations under the WTO Agreement or this Agreement. To this end, Article XI of GATT 1994 and its interpretative notes shall be incorporated into and shall form part of this Agreement, *mutatis mutandis*.

2. The Parties shall not adopt or maintain any other non-tariff measures on the importation of any good of the Party or on the exportation of any good destined to the territory of the other Party, except in accordance with its obligations under the WTO Agreement or this Agreement.

3. Each Party shall ensure the transparency of its non-tariff measures permitted in paragraph 1 and that any such measures are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to trade between the Parties.

Article 3.7: Import Licensing

1. The Parties may not adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.

2. Each Party shall ensure that all automatic and non-automatic import licensing measures are implemented in a transparent and predictable manner, and applied in accordance with the Import Licensing Agreement.

3. Each Party shall notify the other Party of its existing import licensing procedures, unless these were already notified or provided under Articles 5 or 7.3 of the Import Licensing Agreement. The notification shall contain the same information as referred to in Articles 5 or 7.3 of the Import Licensing Agreement.

4. On request of the other Party, a Party shall, promptly and to the extent possible, respond to the request of that other Party for information on import licensing requirements of general application.

Article 3.8: Agricultural Export Subsidies

The Parties shall not introduce or maintain any export subsidies on any agricultural goods.

Article 3.9: Classification of Goods and Transposition of Schedules of Tariff Commitments

1. The classification of goods traded between the Parties shall be in conformity with the HS and its amendments.



2. The Parties shall mutually decide whether any revisions are necessary to implement Annex 3-A due to periodic amendments or transposition of the HS.

3. The transposition of the schedules of tariff commitments shall be carried out in accordance with the methodologies and procedures adopted by the Committee on Trade in Goods. The said methodologies and procedures may provide for the timely circulation of the draft schedule of tariff commitments, the provision of comments by the other Party on the aforementioned draft schedule, and the exchange of correlation table for the transposition.

4. If the Parties decide that revisions are necessary in accordance with paragraph 2, the Parties, through the Committee on Trade in Goods shall endorse and promptly publish such revisions.

Article 3.10: Geographical Indications

1. Each Party shall provide the means for persons of the other Party to apply for protection of geographical indications. Each Party shall accept applications, without the requirement for intercession by a Party on behalf of its persons.

2. The terms listed in Annex 3.10-A and Annex 3.10-B are respectively geographical indications of Chile and Indonesia, within the meaning of Article 22.1 of the *Agreement on Trade-Related Aspects of Intellectual Property Rights*, contained in Annex 1C to the WTO Agreement (TRIPS Agreement). Subject to the laws and regulations of each Party, in a manner that is consistent with the TRIPS Agreement, such terms shall be protected as geographical indications in the territory of the other Party.

3. On request of a Party, the Commission may decide to add to, or remove from Annex 3.10-A and Annex 3.10-B, geographical indications.

Article 3.11: Committee on Trade in Goods

1. The Parties hereby establish a Committee on Trade in Goods (Committee), which shall comprise representatives of the Parties.

2. Under the framework of this Committee there are three Sub-Committees:

- (a) the Sub-Committee on Rules of Origin set out in Article 4.15 (Sub-Committee on Rules of Origin);
- (b) the Sub-Committee on Sanitary and Phytosanitary Measures set out in Article 6.10 (Sub-Committee on Sanitary and Phytosanitary Measures); and



- (c) the Sub-Committee on Technical Barriers to Trade set out in Article 7.13 (Sub-Committee on Technical Barriers to Trade).

3. For the purposes of the effective implementation and operation of this Chapter, the functions of the Committee shall be:

- (a) monitoring the implementation and operation of this Chapter and Chapters 4 (Rules of Origin), 6 (Sanitary and Phytosanitary Measures) and 7 (Technical Barriers to Trade);
- (b) consulting any issues related to this Chapter and its Sub-Committees;
- (c) reporting the conclusions and the outcome of discussions to the Commission;
- (d) identifying and recommending measures to promote and facilitate improved market access, including any improvement of tariff commitments under Article 3.4;
- (e) assessing barriers to trade in goods between the Parties, especially those related to the application of non-tariff measures, and, if appropriate, referring such matters to the Commission for its consideration;
- (f) receiving reports from, and reviewing the work of the sub-committees referred to in paragraph 2; and
- (g) carrying out other functions as may be delegated by the Commission.

4. The Committee shall meet at such venue and time in person or by any other means as may be agreed by the Parties.

Article 3.12: Contact Points

1. Each Party shall designate a contact point to facilitate communication between the Parties on any matter relating to this Chapter.

2. If a Party considers that any proposed or actual measure of the other Party may materially affect trade in goods between them, that Party may, through the contact point, request detailed information relating to that measure and, if necessary, request consultations with a view to resolving any concern about the measure. The other Party shall respond promptly to such requests for information and consultation.