

CHAPTER 1
GENERAL PROVISIONS

ARTICLE 1.1

Establishment of a Free Trade Area

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

ARTICLE 1.2

Objectives

The objectives of this Agreement are:

- (a) the expansion and the diversification of trade in goods, in conformity with Article XXIV of GATT 1994, between the Parties, through the reduction or the elimination of tariff and non-tariff barriers to trade;
- (b) the facilitation of trade in goods, in particular, through, the agreed provisions regarding customs and trade facilitation, standards, technical regulations and conformity assessment procedures as well as sanitary and phytosanitary measures, while preserving the right of the Parties to regulate to achieve public policy objectives;
- (c) the liberalisation of trade in services, in conformity with Article V of GATS;
- (d) the development of a climate conducive to increased investment flows, the improvement of the conditions of establishment on the basis of the principle of non-discrimination while preserving each Party's right to adopt and enforce measures necessary to pursue legitimate policy objectives;
- (e) the facilitation of trade and investment among the Parties including through the free transfer of current payments and capital movements;
- (f) the effective and reciprocal opening of government procurement markets of the Parties;

- (g) the promotion of innovation and creativity by ensuring an adequate and effective protection of all intellectual property rights, in accordance with international obligations applicable between the Parties;
- (h) the promotion of conditions fostering undistorted competition in the economic activities, in particular with regard to trade and investment between them;
- (i) the development of international trade in a way as to contribute to sustainable development in its economic, social and environmental dimensions;
- (j) the establishment of an effective, fair and predictable dispute settlement mechanism to solve disputes on the interpretation and application of this Agreement.

ARTICLE 1.3

Definitions of General Application

Unless otherwise specified, for the purposes of this Agreement, the below terms shall have the following meaning:

- (a) "Antidumping Agreement" means the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, contained in Annex 1A to the WTO Agreement;
- (b) "Agreement on Agriculture" means the Agreement on Agriculture, contained in Annex 1A to the WTO Agreement;
- (c) "Agricultural good" means a product listed in Annex 1 to the Agreement on Agriculture;
- (d) "Customs duty" means any duty or charge of any kind imposed on or in connection with the importation of a good, not including any:
 - (i) charge equivalent to an internal tax imposed in accordance with Article X.4 (National Treatment on Internal Taxation and Regulation) of the Trade in Goods Chapter;

- (ii) anti-dumping, special safeguard, countervailing or safeguard duty applied in conformity with the GATT 1994, the Anti-dumping Agreement, the Agreement on Agriculture, the Agreement on Subsidies and Countervailing Measures and the Agreement on Safeguards, as appropriate; and
- (iii) fee or other charge imposed on or in connection with importation that is limited in amount to the approximate cost of the services rendered.
- (e) "CPC" means the Provisional Central Product Classification (Statistical Papers Series M No.77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);
- (f) "Days" means calendar days, including weekends and holidays;
- (g) "Existing" means in effect on the date of entry into force of this Agreement;
- (h) "GATS" means the General Agreement on Trade in Services, contained in Annex 1B to the WTO Agreement;
- (i) "GATT 1994" means the General Agreement on Tariffs and Trade 1994, contained in Annex 1A to the WTO Agreement;
- (j) "Good of a Party" means a domestic good as that is understood in the GATT 1994, and includes originating goods of that Party;
- (k) "Harmonized System" or "HS" means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes, and Chapter Notes developed by the WCO;
- (l) "Heading" means the first four digits in the tariff classification number under the Harmonized System;
- (m) "Juridical person" means any legal entity duly constituted or otherwise organised under applicable law, whether for profit or otherwise, and whether privately-owned or

governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association;

- (n) "Measure" includes any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, requirement, practice or any other form;
- (o) "Measures of a Party" means any measures adopted or maintained by:¹
 - (i) governments and authorities at all levels;
 - (ii) non-governmental bodies in the exercise of powers delegated by governments or authorities at all levels;² or
 - (iii) any entity which is in fact acting on the instructions of or under the direction or the control of a Party with regard to the measure;³
- (p) "Natural person of a Party" means, for the European Union, a national of a Member State of the European Union, and for Chile, a national of Chile, in accordance with their respective applicable legislation⁴;
- (q) "Person" means a natural person or a juridical person;
- (r) "Safeguards Agreement" means the Agreement on Safeguards, contained in Annex 1A to the WTO Agreement;
- (s) "Sanitary or phytosanitary measure" means any measure referred to in paragraph 1 of Annex A to the SPS Agreement;

¹ For greater certainty, "measure" includes a Party's omissions to take actions that are necessary to fulfil its obligations under the Agreement.

² For greater certainty, the obligations of a Party under this Agreement shall apply to a State-owned enterprise or another person when it exercises any regulatory or administrative authority or other governmental authority delegated to them by that Party, such as the authority to expropriate, issue licences, approve commercial transactions or impose quotas, fees or other charges.

³ For greater certainty, if a Party claims that an entity is acting as referred to in subparagraph (iii) such Party bears the burden of proof and at least must provide solid indicia.

⁴ For the purposes of the Investment and Trade in Services Chapter, the definition of a "natural person of a Party" also includes a natural person permanently residing in the Republic of Latvia who is not a citizen of the Republic of Latvia or any other state but who is entitled, under the laws and regulations of the Republic of Latvia, to receive a non-citizen passport.

- (t) "SCM Agreement" means the Agreement on Subsidies and Countervailing Measures, contained in Annex 1A to the WTO Agreement;
- (u) "SPS Agreement" means the Agreement on the Application of Sanitary and Phytosanitary Measures, contained in Annex 1A to the WTO Agreement;
- (v) "TBT Agreement" means the Agreement on Technical Barriers to Trade, contained in Annex 1 to the WTO Agreement;
- (w) "Third country" means a country or territory outside the territorial scope of application of this Agreement;
- (x) "TRIPS Agreement" means the Agreement on Trade-Related Aspects of Intellectual Property Rights, contained in Annex 1C to the WTO Agreement
- (y) "Vienna Convention on the Law of Treaties" means the Vienna Convention on the Law of Treaties, done at Vienna on 23 May 1969; and
- (z) "WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh on 15 April 1994.

ARTICLE 1.4

Relation to the WTO Agreement and other agreements

1. The Parties affirm their rights and obligations with respect to each other under the WTO Agreement and other agreements to which they are party.
2. Nothing in this Agreement shall be construed as requiring either Party to act in a manner inconsistent with its obligations under the WTO Agreement.

3. In the event of any inconsistency between this Agreement and any agreement other than the WTO Agreement to which both Parties are party, the Parties shall immediately consult with each other with a view to finding a mutually satisfactory solution.

ARTICLE 1.5

References to laws and other Agreements

1. Unless otherwise provided, where reference is made in this Agreement to laws and regulations of a Party, those laws and regulations shall be understood to include amendments thereto.
2. Unless otherwise provided in this Agreement, where international agreements are referred to or incorporated into this Agreement, in whole or in part, they shall be understood to include amendments thereto or their successor agreements entering into force for both Parties on or after the date of signature of this Agreement. If any matter arises regarding the implementation or application of the provisions of this Agreement as a result of such amendments or successor agreements, the Parties may, on request of either Party, consult with each other with a view to finding a mutually satisfactory solution to this matter as necessary.

ARTICLE 1.6

Fulfilment of Obligations

1. The Parties shall take any general or specific measures required to fulfil their obligations under this Agreement.
2. If either Party considers that the other Party has failed to fulfil any of the obligations that are described as essential elements in Article 2.2, Article 4.1 of the Advanced Framework Agreement, it may take appropriate measures pursuant to the provisions in Article XX para 2 and 4 of the Advanced Framework Agreement [fulfilment of obligations]. For the purpose of this paragraph, ‘appropriate measures’ may include the suspension, in part or in full, of this Agreement.

The right conferred by this paragraph may be exercised by either Party, irrespective of whether the relevant provisions of the Advanced Framework Agreement have entered into force or are being applied provisionally.