

CHAPTER 2 : TRADE IN GOODS

ARTICLE 2.1 : SCOPE AND COVERAGE

Except as otherwise provided, this Chapter applies to the trade in goods between the Parties.

ARTICLE 2.2 : DEFINITIONS

For the purpose of this Chapter:

1. **AD Agreement** refers to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, which is part of the WTO Agreement;
2. **advertising films and recordings** means recorded visual media or audio materials, consisting essentially of images and/or sound, designed to advertise or promote goods or services by any company, firm or person, having an established business or resident in the territory of a Party, excluding such media for broadcast to the general public;
3. **commercial samples of negligible value** means commercial samples having a value, individually or in the aggregate as shipped, of not more than one U.S. dollar, or the equivalent amount in the currency of another Party, or so marked, torn, perforated, or otherwise treated that they are unsuitable for sale or for use except as commercial samples;
4. **consular transactions:** means requirements that goods of a Party intended for export to the territory of another 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;
5. **customs duties** includes any customs or import duty and a charge of any kind imposed in connection with the import of a good, including any form of surtax or surcharge in connection with such import, but does not include any:
 - (a) charge equivalent to an internal tax imposed consistently with Article III (2) of GATT 1994, including excise duties and goods and services tax or sales tax;

- (b) anti-dumping or countervailing duty applied consistently with the provisions of GATT 1994, the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, and the WTO Agreement on Subsidies and Countervailing Measures; and
 - (c) fee or other charge in connection with importing commensurate with the cost of services rendered and do not represent a direct or indirect protection for domestic goods or a taxation of imports for fiscal purposes;
6. **duty-free** means free of customs duty;
7. **goods intended for display or demonstration** includes their component parts, ancillary apparatus, and accessories;
8. **goods temporarily admitted for sports purposes** means sports equipment for use in sports contests, events, or training in the territory of the Party into whose territory such goods are admitted;
9. **performance requirement** means a requirement that:
- (a) a given level or percentage of goods or services be exported;
 - (b) domestic goods or services of the Party granting a waiver of customs duties or an import license be substituted for imported goods or services;
 - (c) a person benefiting from a waiver of customs duties or an import license purchase other goods or services in the territory of the Party granting the waiver of customs duties or the import license, or accord a preference to domestically produced goods;
 - (d) a person benefiting from a waiver of customs duties or an import license produce goods or supply services, in the territory of the Party granting the waiver of customs duties or the import license, with a given level or percentage of domestic content; or
 - (e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows;

but **performance requirement** does not include a requirement that an imported good be:

- (a) subsequently exported;

- (b) used as a material in the production of another good that is subsequently exported;
- (c) substituted by an identical good or similar good used as a material in the production of another good that is subsequently exported; or
- (d) substituted by an identical or similar good that is subsequently exported;

10. **printed advertising materials:** means those goods classified in Chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks of trade associations, tourist promotional materials, and posters, that are used to promote, publicize, or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge; and

11. **SCM Agreement** refers to the Agreement on Subsidies and Countervailing Measures, which is part of the WTO Agreement.

ARTICLE 2.3 : NATIONAL TREATMENT

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

ARTICLE 2.4 : ELIMINATION OF CUSTOMS DUTIES

1. The provisions of this Chapter concerning the elimination of customs duties on imports shall apply to goods originating in the territories of the Parties.
2. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods in accordance with Annex 2A (Peru Tariff Schedule) and Annex 2B (Singapore Tariff Schedule).
3. Peru shall maintain the application of its Price Band System as established in Supreme Decrees 115-2001-EF and 197-2002-EF and its subsequent legal modifications or succeeding system, for the products covered by that Decrees.
4. During the customs duties elimination process, the Parties agree to apply to originating goods traded between them, the lesser of the customs duties resulting from a comparison between the rate established in

accordance with Annex 2A (Peru Tariff Schedule) and Annex 2B (Singapore Tariff Schedule) and the existing rate pursuant to Article II of the GATT 1994.

5. Each Party shall not increase an existing customs duty, introduce a new customs duty or impose an additional customs duty to that determined under paragraph 2, on the importation of originating goods.

6. Each Party shall refrain from applying any measure that reduces or nullifies the commitment of this Chapter.

7. The tariff classification of trade in goods between the Parties shall be governed by national nomenclature of each Party, which will be consistent with the Harmonized System and its amendments.

8. The Tariff Elimination Program shall not be applicable to used goods.

9. Remanufactured goods identified in Annex 4B (Remanufactured Goods) will not be affected by paragraph 8.

ARTICLE 2.5 : ACCELERATED TARIFF ELIMINATION

1. On the request of a Party, the Parties shall consult to consider accelerating the elimination of customs duties on originating goods as set out in Annex 2A (Peru Tariff Schedule) and Annex 2B (Singapore Tariff Schedule) or incorporating into the Party's schedule, goods that are not subject to the elimination schedule.

2. An agreement by the Parties to accelerate the elimination of customs duties on originating goods shall enter into force after the Parties have exchanged written notification advising that they have completed necessary internal legal procedures and on such date or dates as may be agreed between them.

3. A Party may at any time accelerate unilaterally the elimination of customs duties on originating goods of the other Party set out in its Schedule in Annex 2A (Peru Tariff Schedule) and Annex 2B (Singapore Tariff Schedule). A Party considering doing so shall inform the other Party as early as practicable.

ARTICLE 2.6 : EXPORT DUTIES

A Party shall not adopt or maintain any duty, tax or other charge on the exportation of goods to the territory of the other Party, unless such duty, tax or charge is adopted or maintained on any such good when destined for domestic consumption.

ARTICLE 2.7 : CUSTOMS VALUATION

The Parties shall determine the customs value of goods traded between them in accordance with the provisions of Article VII of the GATT 1994 and the WTO Agreement on Implementation of Article VII of the GATT 1994.

ARTICLE 2.8 : ADMINISTRATIVE FEES AND FORMALITIES

Each Party shall ensure, in accordance with Article VIII (1) of GATT 1994, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax or other internal charge applied consistently with Article III (2) of GATT 1994, and antidumping and countervailing duties) imposed on or in connection with import or export are limited in amount to the approximate cost of services rendered and do not represent an indirect protection to domestic goods or a taxation on imports or exports for fiscal purposes.

ARTICLE 2.9 : CONSULAR FEES

1. No Party may require consular transactions, including related fees and charges, in connection with the importation of any good of another Party.
2. Each Party shall make available and maintain through the Internet a current list of the fees and charges it imposes in connection with importation or exportation.

ARTICLE 2.10 : TEMPORARY ADMISSION OF GOODS

1. With the exception of liquor and tobacco products, each Party shall grant duty-free temporary admission for the following goods, regardless of their origin, imported by or for the use of a national or resident of the other Party:

- (a) professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, 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 Party;
- (b) goods intended for display or demonstration;
- (c) commercial samples and advertising films and recordings;
and

(d) goods admitted for sports purposes.

2. Each Party, at the request of the person concerned and for reasons its customs authority considers valid, shall extend the time limit for temporary admission beyond the period initially fixed.

3. No Party shall condition the duty-free temporary admission of a good referred to in paragraph 1, other than to require that such good:

- (a) be used solely by or under the personal supervision of a national or resident of the other Party in the exercise of the business activity, trade, profession, or sport of that person;
- (b) not be sold or leased or consumed while in its territory;
- (c) be accompanied by a security in an amount no greater than the charges that would otherwise be owed on entry or final importation, releasable upon exportation of the good;
- (d) be capable of identification when admitted and exported;
- (e) be exported on the departure of the person referenced in subparagraph (a), or within such other period that is reasonably related to the purpose of the temporary admission, as the Party may establish, or within one year, unless extended;
- (f) be admitted in no greater quantity than is reasonable for its intended use; and
- (g) be otherwise admissible into the Party's territory under its law.

4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on the final importation of the good plus any other charges or penalties provided for under its law.

5. Each Party, through its customs authority, shall adopt procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, such procedures shall provide that when such a good accompanies a national or resident of the other Party who is seeking temporary entry, the good shall be released simultaneously with the entry of that national or resident.

6. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than that through which it was admitted.

7. Each Party shall provide that its customs authority or other competent authority relieve the importer or other person responsible for a good admitted under this Article from any liability for failure to export the good on presentation of satisfactory proof to the importing Party's customs authority that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.

ARTICLE 2.11 : GOODS RE-ENTERED AFTER REPAIR OR ALTERATION

1. No Party shall 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 the other Party for repair or alteration, regardless of whether such repair or alteration could be performed in the territory of the Party from which the good was exported for repair or alteration.

2. A Party shall not apply a customs duty to a good regardless of its origin, imported temporarily from the territory of the other Party for repair or alteration.

3. For purposes of this Article, repair or alteration 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 2.12 : DUTY-FREE ENTRY OF COMMERCIAL SAMPLES OF NEGLIGIBLE VALUE AND PRINTED ADVERTISING MATERIALS

With the exception of liquor and tobacco products, each Party shall grant duty-free entry to commercial samples of negligible value, and to printed advertising materials, imported from the territory of another Party, regardless of their origin, but may require that:

- (a) such samples be imported solely for the solicitation of orders for goods or services provided from the territory of another Party or a non-Party; or
- (b) such advertising materials be imported in packets that each contain no more than one copy of each such material and that neither such materials nor packets form part of a larger consignment.

ARTICLE 2.13 : NON-TARIFF MEASURES

1. Except as otherwise provided in this Agreement, no Party shall maintain or adopt non-tariff measures that prohibit or restrict the importation of any good of the other Party or on the export or sale for export of any good destined for the territory of the other Party, except in accordance with Article XI of GATT 1994 including its interpretative notes, and to this end Article XI of GATT 1994, including its interpretative notes, is incorporated into and made a part of this Agreement²⁻¹.

2. Each Party shall ensure the transparency of its non-tariff measures permitted in paragraph 1 and shall ensure 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.

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

- (a) export and import price requirements, except as permitted in enforcement of countervailing and antidumping duty orders and undertakings;
- (b) import licensing conditioned on the fulfilment of a performance requirement; or
- (c) voluntary export restraints inconsistent with Article VI of the GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.

4. Paragraphs 1 to 3 of this Article shall not be applied to measures established in Annex 2C (Restrictions on Import and Export).

5. No Party shall require, as a condition for engaging in importation or for the import of a good, a person of another Party to establish or maintain a contractual or other relationship with a distributor in its territory.

6. Nothing in paragraph 5 prevents a Party from requiring the designation of an agent for the purpose of facilitating communications between regulatory authorities of the Party and a person of the other Party.

7. For purpose of paragraph 5:

distributor means a person of a Party who is responsible for the

²⁻¹ For greater certainty, this paragraph applies, *inter alia*, to prohibitions or restrictions on the importation of remanufactured goods listed in Annex 4B (Remanufactured Goods).

distribution, agency, concession, or representation in the territory of that Party of goods of the other Party.

ARTICLE 2.14 : ANTIDUMPING DUTIES

Nothing in this agreement affects the rights and obligations of the Parties under Article VI of GATT 1994, the Agreement on Implementation of Article VI of the General Agreement of Tariffs and Trade 1994 with regard to the application of antidumping duties or any amendments or provisions that supplement or replace them.

ARTICLE 2.15 : SUBSIDIES AND COUNTERVAILING MEASURES

1. Each Party maintains its rights and obligations under the WTO Agreement on Subsidies and Countervailing Measures.
2. Consistent with their rights and obligations under the WTO Agreement, neither Party shall introduce or maintain any export subsidy on any agricultural product destined for the territory of the other Party.
3. The Parties share the objective of the multilateral elimination of export subsidies on agricultural products and shall work towards an agreement in the WTO to eliminate those subsidies and prevent the introduction in any form of any new export subsidies on agricultural products.

ARTICLE 2.16 : RESTRICTIONS TO SAFEGUARD THE BALANCE OF PAYMENTS

1. The Parties shall endeavour to avoid the imposition of restrictive measures for balance-of-payments purposes.
2. Any such measure taken for trade in goods must be in accordance with Article XII of the GATT 1994 and the Understanding on the Balance-of-Payments Provisions of the GATT 1994, which shall be incorporated into and made a part of this Agreement.

ARTICLE 2.17 : PROTECTION OF GEOGRAPHICAL INDICATIONS

1. The Parties affirm that their obligations in the Agreement on Trade Related Aspects of Intellectual Property Rights (“TRIPS Agreement”) will be applicable to the geographical indications under paragraphs 2 and 3 below.
2. The geographical indications “Pisco”, “Maíz Blanco Gigante Cusco” and “Chulucanas” are recognized as geographical indications for spirits and products, respectively, in Peru, within the meaning of

paragraph 1 of Article 22 of the TRIPS Agreement. Subject to Singapore's domestic laws²⁻², in a manner that is consistent with the TRIPS Agreement, such terms will be protected as geographical indications in Singapore.

3. The Parties may by mutual consent accord similar recognition and protection as under paragraph 2 above to other geographical indications of the Parties.

ARTICLE 2.18 : DISTINCTIVE PRODUCTS

The Parties shall endeavour to consider the recognition of distinctive products²⁻³ after one year following the entry into force of this Agreement.

²⁻² For greater certainty, the Parties acknowledge that the geographical indications listed in paragraph 2 will be recognized and protected in Singapore only to the extent permitted by and according to the terms and conditions set out in Singapore's domestic laws.

²⁻³ With respect to Peru, it will be seeking the recognition as distinctive products of Peru: "Pisco", "Maíz Blanco Gigante Cusco" and "Chulucanas".