

PART IV

TRADE

TITLE I

INITIAL PROVISIONS

ARTICLE 77

Establishment of a Free Trade Area and Relation to the WTO Agreement

1. The Parties to this Agreement, consistent with Article XXIV of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as "GATT 1994") and Article V of the General Agreement on Trade in Services (hereinafter referred to as "GATS"), hereby establish a free trade area.
2. The Parties reaffirm their existing¹ rights and obligations with respect to each other under the WTO Agreement.

¹ The term "existing" implies that the paragraph applies exclusively to any existing provision of the WTO Agreement and not to any amendments or provisions agreed later than the finalization of this Agreement.

ARTICLE 78

Objectives

The objectives of Part IV of this Agreement are:

- (a) the expansion and the diversification of trade in goods between the Parties, through the reduction or the elimination of tariff and non tariff barriers to trade;
- (b) the facilitation of trade in goods through, in particular, the agreed provisions regarding customs and trade facilitation, standards, technical regulations and conformity assessment procedures as well as sanitary and phytosanitary measures;
- (c) the liberalisation of trade in services, in conformity with Article V of GATS;
- (d) the promotion of economic regional integration in the area of customs procedures, technical regulations and sanitary and phytosanitary measures to facilitate the circulation of goods between and within the Parties;
- (e) the development of a climate conducive to increased investment flows, the improvement of the conditions of establishment between the Parties on the basis of the principle of non-discrimination and the facilitation of trade and investment among the Parties through current payments and capital movements related to direct investment;

- (f) the effective, reciprocal and gradual opening of government procurement markets of the Parties;
- (g) the adequate and effective protection of intellectual property rights, in accordance with international obligations in force between the Parties, so as to ensure the balance between the rights of the right-holders and public interest, taking into consideration the differences between the Parties and the promotion of technology transfer between the regions;
- (h) the promotion of free and undistorted competition in the economic and trade relations between the Parties;
- (i) the establishment of an effective, fair and predictable dispute settlement mechanism; and
- (j) the promotion of international trade and investment between the Parties in a way that contributes to the objective of sustainable development through joint collaborative work.

ARTICLE 79

Definitions of General Application

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

- "Central America" means the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama;
- "customs duty" includes any duty or charge of any kind imposed on or in connection with the importation of a good, including any form of surtax or surcharge imposed on or in connection with such importation. A "customs duty" does not include any:
 - (a) charge equivalent to an internal tax imposed consistently with Article 85 of Chapter 1 (National Treatment and Market Access for Goods) of Title II;
 - (b) duty imposed pursuant to a Party's domestic legislation and consistently with Chapter 2 (Trade Remedies) of Title II;
 - (c) fee or other charge imposed pursuant to a Party's domestic law and consistently with Article 87 of Chapter 1 of Title II;

- "days" means calendar days, including weekends and holidays unless otherwise defined in this Agreement;
- "Harmonized System" or "HS" means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes, and Chapter Notes, as adopted and implemented by the Parties in their respective tariff laws;
- "juridical person" or "legal 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;
- "measure" means any act or omission, including any law, regulation, procedure, requirement or practice;
- "national" means a natural person who has the nationality of one of the Member States of the European Union or of a Republic of the CA Party according to their respective legislation;
- "person" means a natural person or a juridical or legal person;
- "preferential tariff treatment" means the rate of customs duty applicable under this Agreement to an originating good.