

## **CHAPTER 1**

### **INITIAL AND GENERAL PROVISIONS**

#### **Article 1.1**

##### **Objective**

The objective of this Agreement is to foster the contribution of international trade in addressing climate change and other serious environmental challenges, including loss of biological diversity and pollution, thereby contributing to the achievement of sustainable development, through such actions as:

- (a) removing tariffs on environmental goods;
- (b) liberalising trade in environmental and environmentally related services;
- (c) disciplining and eliminating harmful fossil fuel subsidies in order to mitigate their adverse impact on the environment and contribute to global efforts to rapidly reduce greenhouse gas emissions resulting from production and consumption of fossil fuels; and
- (d) providing guidelines for voluntary eco-labelling programmes and mechanisms.

#### **Article 1.2**

##### **Geographical Scope**

Unless otherwise provided, this Agreement shall apply:

- (a) for Costa Rica, to the national territory including air and maritime space, where the State exercises complete and exclusive sovereignty or special jurisdiction in accordance with Articles 5 and 6 of the *Constitución Política de la República de Costa Rica* and international law;
- (b) for Iceland:
  - (i) to the land territory, internal waters and the territorial sea, and the air-space above the territory of Iceland, in accordance with international law; and
  - (ii) to the exclusive economic zone and the continental shelf, in accordance with international law;
- (c) for New Zealand, to the territory of New Zealand and the exclusive economic zone, seabed and subsoil over which New Zealand

exercises sovereign rights with respect to natural resources in accordance with international law, but does not include Tokelau; and

- (d) for Switzerland, to the territory of Switzerland, including land, internal waters and air-space, in accordance with international law and its domestic law.

### **Article 1.3 Definitions**

For the purposes of this Agreement:

- (a) “days” means calendar days;
- (b) “export duty” means any duty or charge of any kind imposed on, or in connection with, the exportation of a good, except where any such duty or charge is:
  - (i) adopted or maintained on that good when destined for domestic consumption; or
  - (ii) imposed in conformity with Article VIII of GATT 1994;
- (c) “Harmonized System” or “HS” means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes, Chapter Notes and Subheading Notes as adopted and implemented by the Parties in their respective laws;
- (d) “GATS” means the *General Agreement on Trade in Services*, set out in Annex 1B to the WTO Agreement;
- (e) “GATT 1994” means the *General Agreement on Tariffs and Trade 1994*, set out in Annex 1A to the WTO Agreement. For greater certainty, references in this Agreement to articles in GATT 1994 include the interpretative notes;
- (f) “import duty” means any duty or charge of any kind imposed on, or in connection with, the importation of a good, except where any such duty or charge is:
  - (i) in conformity with Article III of GATT 1994;
  - (ii) an anti-dumping or countervailing duty applied in conformity with GATT 1994, the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*, set out in Annex 1A to the WTO Agreement, and the SCM Agreement; or

- (iii) in conformity with Article VIII of GATT 1994; and
- (g) “SCM Agreement” means the *Agreement on Subsidies and Countervailing Measures*, set out in Annex 1A to the WTO Agreement.

#### **Article 1.4** **Relation to Other International Agreements**

1. Recognising the Parties’ intention for this Agreement to coexist with their existing international agreements, each Party affirms:

- (a) in relation to existing international agreements to which all Parties are party, its existing rights and obligations with respect to the other Parties; and
- (b) in relation to existing international agreements to which that Party and at least one other Party are party, its existing rights and obligations with respect to that other Party or Parties, as the case may be.

2. If a Party considers that a provision of this Agreement is inconsistent with a provision of another agreement to which it and at least one other Party are party, the relevant Parties to the other agreement shall, upon request, consult with a view to reaching a mutually satisfactory solution taking into consideration general principles of international law. This paragraph is without prejudice to a Party’s rights and obligations under Chapter 7 (Dispute Settlement).

3. As a result of the customs union established by the *Customs Treaty of 29 March 1923* between Switzerland and Liechtenstein, Switzerland shall represent Liechtenstein in matters covered thereby.

#### **Article 1.5** **Most-Favoured-Nation Application**

The Parties affirm their intention to apply this Agreement in accordance with their obligations under paragraph 1 of Article I of GATT 1994 and paragraph 1 of Article II of GATS.

#### **Article 1.6** **Transparency**

1. Each Party shall promptly publish, or otherwise make publicly available, its laws, regulations, judicial decisions, administrative rulings of general application as

well as its respective international agreements that may affect the operation of this Agreement.

2. Each Party shall respond without undue delay to specific questions and provide, upon request, information to other Parties on matters referred to in paragraph 1.

3. To the extent possible, each Party shall promote public awareness of this Agreement and its related laws, regulations and practices, take the necessary measures to make information relevant to this Agreement easily accessible to the public by electronic means and provide access to the public upon request to such information, in accordance with its laws and regulations. Each Party undertakes to be open to receive and take into consideration input from the public on matters relevant to this Agreement in accordance with its laws and regulations.

4. Nothing in this Agreement shall be construed to require any Party to disclose information, if the Party considers that such disclosure would:

- (a) be contrary to the public interest;
- (b) be contrary to its domestic law;
- (c) impede law enforcement; or
- (d) prejudice the legitimate commercial interests of any economic operator.

5. In case of inconsistency between this Article and provisions relating to transparency in other chapters of this Agreement, the latter shall prevail to the extent of the inconsistency.

### **Article 1.7 Cooperation in International Fora**

The Parties shall strive to strengthen their cooperation on trade and environmental issues of mutual interest in relevant bilateral, regional and multilateral *fora* in which they participate.

### **Article 1.8 Security Exceptions**

1. For the purposes of this Agreement, Article XXI of GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

2. For the purposes of this Agreement, Article XIV***bis*** of GATS shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

**Article 1.9**  
**Restrictions to Safeguard the Balance of Payments**

1. Where a Party is in serious balance of payments and external financial difficulties or under threat thereof, it may:
  - (a) in the case of trade in environmental goods covered by this Agreement, in accordance with the conditions provided for under GATT 1994 and the *WTO Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade 1994*, set out in Annex 1A to the WTO Agreement, adopt restrictive import measures;
  - (b) in the case of trade in environmental and environmentally related services, in accordance with the conditions provided for under Article XII of GATS, adopt or maintain restrictions on services on which it has undertaken commitments under this Agreement, including on payments or transfers for transactions related to such commitments.
2. Any restrictions adopted or maintained by a Party under paragraph 1, or any changes thereto, shall be notified promptly to the other Parties. A notification by a Party in accordance with its international obligations as set out in paragraph 1 shall be deemed equivalent to a notification under this Agreement.

**Article 1.10**  
**Taxation**

1. For the purposes of this Article:
  - (a) “tax convention” means a convention for the avoidance of double taxation or other international taxation agreement or arrangement; and
  - (b) taxation measures do not include import duties and export duties as defined in Article 1.3 (Definitions).
2. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.
3. Nothing in this Agreement shall affect the rights and obligations of a Party under any tax convention. In the event of any inconsistency between this Agreement and any such tax convention, the latter shall prevail to the extent of the inconsistency. The competent authorities under that tax convention shall have the sole responsibility to determine whether an inconsistency exists between this Agreement and that tax convention. The determination shall be issued within six months of referral to the competent authorities, to the extent possible. An arbitration panel established under Chapter 7 (Dispute Settlement) to consider a dispute related to a taxation measure

shall accept as binding a determination of the competent authorities of the Parties made under this paragraph.

4. Subject to paragraph 3, the provisions referred to hereafter shall apply to taxation measures:

- (a) Chapter 3 (Trade in Environmental Services); and
- (b) Chapter 4 (Fossil Fuel Subsidies).

**Article 1.11**  
**Tiriti o Waitangi / Treaty of Waitangi**

1. Provided that such measures are not used as a means of arbitrary or unjustified discrimination against persons of the other Parties or as a disguised restriction on trade in goods, trade in services and investment, nothing in this Agreement shall preclude the adoption by New Zealand of measures it deems necessary to accord more favourable treatment to Māori in respect of matters covered by this Agreement including in fulfilment of its obligations under the Tiriti o Waitangi / Treaty of Waitangi.

2. The Parties agree that the interpretation of the Tiriti o Waitangi / Treaty of Waitangi, including as to the nature of the rights and obligations arising under it, shall not be subject to the dispute settlement provisions of this Agreement. Chapter 7 (Dispute Settlement) shall otherwise apply to this Article. An arbitral tribunal established under Article 7.7 (Establishment of an Arbitral Tribunal) may be requested by another Party to determine only whether any measure referred to in paragraph 1 is inconsistent with its rights under this Agreement.