

CHAPTER 1

GENERAL PROVISIONS

ARTICLE 1.1

Objectives

1. The Parties hereby establish a free trade area in accordance with the provisions of this Agreement, which is based on trade relations between market economies and on the respect for democratic principles and human rights, with a view to spurring prosperity and sustainable development.

2. The objectives of this Agreement are:

- (a) to liberalise trade in goods, in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994);
- (b) to liberalise trade in services, in conformity with Article V of the General Agreement on Trade in Services (GATS);
- (c) to mutually enhance investment opportunities;
- (d) to prevent or eliminate unnecessary technical barriers to trade and unnecessary sanitary and phytosanitary measures;
- (e) to promote competition in their economies, particularly as it relates to the economic relations between the Parties;
- (f) to improve mutual access to the government procurement markets of the State Parties;
- (g) to ensure adequate and effective protection of intellectual property rights, in accordance with international standards;
- (h) to develop international trade in such a way as to contribute to the objective of sustainable development and to ensure that this objective is integrated and reflected in the Parties' trade relations; and
- (i) to contribute to the harmonious development and expansion of world trade.

ARTICLE 1.2

Geographical Scope

1. Except as otherwise specified in Annex I (Rules of Origin), this Agreement applies to:

- (a) the land territory, internal waters and the territorial sea of a State Party, and the air-space above the territory of a State Party, in accordance with international law; and
- (b) the exclusive economic zone and the continental shelf of a State Party, in accordance with international law.

2. This Agreement shall not apply to the Norwegian territory of Svalbard, with the exception of trade in goods.

ARTICLE 1.3

Trade and Economic Relations Governed by this Agreement

1. This Agreement applies to the trade and economic relations between, on the one side, the individual EFTA States and, on the other side, the individual MERCOSUR States or MERCOSUR. This Agreement applies neither to the economic relations between individual EFTA States, nor to the economic relations between the MERCOSUR States, unless otherwise provided for in this Agreement.

2. In accordance with the Customs Treaty of 29 March 1923 between Switzerland and Liechtenstein, Switzerland shall represent Liechtenstein in matters covered therein.

ARTICLE 1.4

Relation to Other International Agreements

1. The Parties affirm their rights and obligations under the WTO Agreement and the other agreements negotiated thereunder to which they are a party, and any other international agreement to which they are a party.

2. If a Party considers that the development or establishment of a customs union, free trade area or another preferential agreement by another Party has the effect of altering the trade regime provided for by this Agreement, it may request consultations. The Party concluding such agreement shall afford adequate opportunity for consultations with the requesting Party.

ARTICLE 1.5

Fulfilment of Obligations

1. Each Party shall take any general or specific measures required to fulfil its obligations under this Agreement.

2. Each State Party shall ensure the observance of all obligations and commitments under this Agreement by its respective central, regional and local governments and authorities, and by non-governmental bodies in the exercise of governmental powers delegated to them by central, regional and local governments or authorities.

ARTICLE 1.6

Transparency

1. The Parties shall publish, or otherwise make publicly available, their laws, regulations, judicial decisions, administrative rulings of general application as well as their respective international agreements, that may affect the operation of this Agreement.
2. The Parties shall promptly respond to specific questions and provide, upon request, information to each other on matters referred to in paragraph 1.
3. Nothing in this Agreement shall be construed to require any Party to disclose confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice the legitimate commercial interests of any economic operator.
4. In case of any inconsistency between this Article and provisions relating to transparency in other parts of this Agreement, the latter shall prevail to the extent of the inconsistency.