

# **CHAPTER 1**

## **OBJECTIVES, ESTABLISHMENT OF A FREE TRADE AREA AND DEFINITIONS**

### **Article 1.1: Objectives**

1. The objectives of the Parties in concluding this Agreement are:
  - (a) to establish a free trade area that will promote market opportunities for goods, services and investment between them;
  - (b) to strengthen the relationship between them, through the conclusion of a free trade agreement, which addresses their economic interest and the evolution of the multilateral trading system;
  - (c) to establish a cooperative framework for further promote and enhance the economic, trade and investment cooperation between them;
  - (d) to liberalise and promote trade in goods and services between them and to establish a transparent, predictable and facilitative investment regime;
  - (e) to improve the efficiency and competitiveness of their goods and services sectors and expand trade and investment between them;
  - (f) to establish a framework of transparent rules to govern and regulate trade and investment between them;
  - (g) to maximise opportunities for cooperation between them in logistics sectors and in services, such as telecommunication, maritime and banking;
  - (h) to promote and facilitate cooperation activities between them;
  - (i) to facilitate and enhance economic cooperation and integration with other economies in the Americas and the Asia-Pacific region; and
  - (j) to build upon their commitments at the World Trade Organization, and to support its efforts to create a predictable, and more free and open global trading environment.

## Article 1.2: Establishment of a Free Trade Area

1. The Parties to this Agreement, consistent with Article XXIV of the *General Agreement on Tariffs and Trade 1994* and Article V of the *General Agreement on Trade in Services*, hereby establish a free trade area.
2. The Parties reaffirm their existing rights and obligations with respect to each other under existing bilateral and multilateral agreements to which both Parties are party, including the WTO Agreement.
3. This Agreement shall not be construed to derogate from any international legal obligations between the Parties that entitles goods or services, or suppliers of goods or services, or investors or investments of investors, to treatment more favourable than that accorded by this Agreement.

## Article 1.3: Definitions of General Application

Unless otherwise provided for this Agreement, the following definitions shall apply:

1. **Customs Valuation Agreement** means the *Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994*, which is part of the WTO Agreement;
2. **days** means calendar days, including weekends and holidays;
3. **enterprise** means any entity constituted or organized, under applicable law, whether or not for profit, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, sole proprietorship, joint venture, or other association;
4. **enterprise of a Party** means an enterprise constituted or organized, under the law of a Party;
5. **GATS** means the *General Agreement on Trade in Services*, which is part of the WTO Agreement;
6. **GATT 1994** means the *General Agreement on Tariffs and Trade 1994*, which is part of the WTO Agreement;
7. **Goods of a Party** means domestic products as these are understood in the GATT 1994 or such goods as the Parties may agree, and includes originating goods of that Party<sup>1</sup>;
8. **measure** includes any law, regulation, rule, procedure or administrative action adopted or maintained by a Party;

---

<sup>1</sup> For greater certainty, goods and products shall be understood to have the same meaning unless the context otherwise requires.

9. **national** means a natural person who has the nationality of a Party according to Annex 1A;
10. **natural person of a Party** means a natural person that resides in the territory of the Party or elsewhere and who under the law of that Party is a national of that Party or has the right of permanent residence in that Party;
11. **originating goods** means goods qualifying under the rules of origin set out in Chapter 3 (*Rules of Origin*);
12. **Party** means any country for which this Agreement is in force;
13. **person** means a natural person or an enterprise;
14. **person of a Party** means a natural person or an enterprise of a Party;
15. **territory** means for a Party the territory of that Party as set out in Annex 1A;
16. **TRIPS Agreement** means the *Agreement on Trade-Related Aspects of Intellectual Property* which is part of the WTO Agreement; and
17. **WTO Agreement** means the *Marrakesh Agreement Establishing the World Trade Organization*, done on April 15, 1994.

#### **Article 1.4: Extent of Obligations**

1. Each Party is fully responsible for the observance of all the provisions of this Agreement.
2. In fulfilling its obligations and commitments under this Agreement, each Party shall ensure their observance by regional and local governments and authorities in its territory as well as their observance by non-governmental bodies in the exercise of powers delegated by central, regional or local governments and authorities within its territory.

## **Annex 1A**

### **Country-Specific Definitions**

For purposes of this Agreement, unless otherwise specified:

(1) National means:

- (a) with respect to **Panama**, any person who is a citizen within the meaning of its Constitution and domestic laws; and
- (b) with respect to **Singapore**, any person who is a citizen within the meaning of its Constitution and domestic laws.

(2) Territory means:

- (a) with respect to **Panama**: the land, maritime and air space under its sovereignty, as well as its exclusive economic zone and its continental shelf within which it exercises its sovereign rights and jurisdiction in accordance with international law and its domestic law;
- (b) with respect to **Singapore**: its land territory, internal waters and territorial sea as well as and any maritime area situated beyond the territorial sea which has been or might in future be designated under its national law, in accordance with international law, as an area within which Singapore may exercise sovereign rights or jurisdiction with regard to the sea, sea-bed, the subsoil and the natural resources.