

PART ONE: GENERAL ASPECTS

CHAPTER 1: INITIAL PROVISIONS

Article 1.01 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. Except as otherwise provided, the Republic of El Salvador and the Republic of Honduras, considered individually, will apply this Agreement on a bilateral basis with the Republic of China (Taiwan). This Agreement does not apply to the trade relations between the Republic of El Salvador and the Republic of Honduras.

Article 1.02 Objectives

1. The objectives of this Agreement are to:

- (a) promote the expansion and diversification of trade of goods and services between the Parties;
- (b) eliminate barriers to trade in, and facilitate the cross-border movement of goods and services between the territories of the Parties;
- (c) promote fair competition between the Parties;
- (d) promote, protect and substantially increase investments in each Party;
- (e) create effective procedures for the implementation and application of this Agreement, and for its joint administration and dispute settlement; and
- (f) establish a framework for further bilateral cooperation based on mutually agreed terms and conditions in order to expand and enhance the benefits of this Agreement.

2. The Parties shall interpret and apply the provisions of this Agreement in the light of its objectives set out in paragraph 1 and in accordance with applicable rules of international law.

Article 1.03 Relation to Other International Agreements

1. The Parties reaffirm their rights and obligations with respect to each other under the WTO Agreement and other agreements to which the Parties are party.

2. In case of any inconsistency between the provisions of this Agreement and the provisions of the agreements mentioned in paragraph 1, the provisions of this Agreement shall prevail, unless otherwise agreed.

3. In the event of any inconsistency between this Agreement and the specific trade obligations set forth in:

(a) the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), done at Washington, March 3, 1973, as amended June 22, 1979;

(b) the Montreal Protocol on Substances that Deplete the Ozone Layer, done at Montreal, September 16, 1987, as amended June 29, 1990 and September 27, 1997; or

(c) the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal, done at Basel, March 22, 1989;

such obligations shall prevail to the extent of the inconsistency, provided that where a Party has a choice among equally effective and reasonably available means of complying with such obligations, the Party chooses the alternative that is the least inconsistent with the other provisions of this Agreement.

Article 1.04 Extent of Obligations

Each Party shall ensure, in conformity with its Constitutional rules, the adoption of all necessary measures to comply with the provisions of this Agreement in its territory and at all levels of government.

Article 1.05 Succession of Agreements

Any reference in this Agreement to any other treaty or international agreement shall be made in the same terms to its successor treaty or international agreement to which the Parties are party.