

Draft
Subject to Legal Review for Accuracy, Clarity, and Consistency.
March 31, 2004

ANNEX V
TARIFF ELIMINATION

1. Except as otherwise provided in a Party's Schedule attached to this Annex, the following staging categories apply to the elimination of duties by each Party pursuant to Article 3, paragraph 2:

- (a) duties on goods provided for in the items in staging category A in a Party's Schedule shall be eliminated entirely and such goods shall be duty-free on the date this Agreement enters into force;
- (b) duties on goods provided for in the items in staging category B in a Party's Schedule shall be removed in two equal annual stages beginning January 1 of year one, and such goods shall be duty-free effective January 1 of year two;
- (c) duties on goods provided for in the items in staging category C in a Party's Schedule shall be removed in five equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year five;
- (d) duties on goods provided for in the items in staging category D in a Party's Schedule shall be reduced to 50 percent of that Party's base rate of duty on January 1 of year one. Thereafter, duties shall be removed in five equal annual stages beginning on January 1 of year two, and such goods shall be duty free, effective on January 1 of year six;
- (e) duties on goods provided for in the items in staging category E in a Party's Schedule shall be removed in eight equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year eight;
- (f) duties on goods provided for in the items in staging category F in a Party's Schedule shall be removed in nine equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year nine;
- (g) duties on goods provided for in the items in staging category G in a Party's Schedule shall be removed in ten equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year ten;
- (h) duties on goods provided for in staging category H in a Party's Schedule shall be removed in ten stages. Beginning on January 1 of year one, rates of duty shall be reduced by three percent each year until year five. Thereafter, duties shall be

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removed in six equal annual stages beginning on January 1 of year five, and such goods shall be duty free, effective on January 1 of year ten.

- (i) duties on goods provided for in the items in staging category I in a Party's Schedule shall be removed in 12 equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year 12;
 - (j) duties on goods provided for in the items in staging category J in a Party's Schedule shall be removed in 15 equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year 15;
 - (k) duties on goods provided for in the items in staging category K in a Party's Schedule shall remain at base rates during years one through six. Duties on these goods shall be reduced by 5.6 percent of the base rate on January 1 of year seven and by an additional 5.6 percent of the base rate on January 1 of each year thereafter through year twelve. Beginning January 1 of year thirteen, duties on these goods shall be reduced by an additional 11.1 percent of the base rate annually through year eighteen and shall be duty-free effective January 1 of year eighteen;
 - (l) goods provided for in the items in staging category L in a Party's schedule shall continue to receive duty-free treatment.
2. The base rate of duty and staging category for determining the interim rate of customs duty at each stage of reduction for an item are indicated for the item in each Party's Schedule attached to this Annex.
3. For the purpose of the elimination duties in accordance with Article 2 of Chapter 2, interim staged rates shall be rounded down, at least to the nearest tenth of a percentage point or, if the rate of duty is expressed in monetary units, at least to the nearest 0.001 of the official monetary unit of the Party.