

Annex 1 referred to in Chapter 2  
Schedules in relation to Article 19

Part 1  
General Notes

1. For the purposes of Article 19, the following categories indicated in Column 4 and applicable terms and conditions set out in the notes indicated in Column 5 in each Country's Schedule, in Section 2 of Part 2 and Section 2 of Part 3, shall be applied:

- (a) Customs duties on originating goods classified under the tariff lines indicated with "A" shall be eliminated as from the date of entry into force of this Agreement;
- (b) Customs duties on originating goods classified under the tariff lines indicated with "B3" shall be eliminated in 4 equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement;
- (c) Customs duties on originating goods classified under the tariff lines indicated with "B4" shall be eliminated in 5 equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement;
- (d) Customs duties on originating goods classified under the tariff lines indicated with "B4\*" shall be eliminated in equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement, in accordance with the following:
  - (i) The first and subsequent reductions shall take place in accordance with subparagraphs 5(a) and (b) of this Part; and
  - (ii) The final reduction shall take place on January 1, 2010;
- (e) Customs duties on originating goods classified under the tariff lines indicated with "B5" shall be eliminated in 6 equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement;

- (f) Customs duties on originating goods classified under the tariff lines indicated with "B6" shall be eliminated in 7 equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement;
- (g) Customs duties on originating goods classified under the tariff lines indicated with "B7" shall be eliminated in 8 equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement;
- (h) Customs duties on originating goods classified under the tariff lines indicated with "B9" shall be eliminated in 10 equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement;
- (i) Customs duties on originating goods classified under the tariff lines indicated with "B9\*" shall be eliminated in equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement, in accordance with the following:
  - (i) The first and subsequent reductions shall take place in accordance with subparagraphs 5(a) and (b) of this Part; and
  - (ii) The final reduction shall take place on January 1, 2015;
- (j) Customs duties on originating goods classified under the tariff lines indicated with "B10" shall be eliminated in 11 equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement;
- (k) Customs duties on originating goods classified under the tariff lines indicated with "B15" shall be eliminated in 16 equal annual installments from the Base Rate to free, as from the date of entry into force of this Agreement;
- (l) Customs duties on originating goods classified under the tariff lines indicated with "P" shall be as provided for in the terms and conditions set out in the note indicated in Column 5 in each Country's Schedule;

- (m) Customs duties on originating goods classified under the tariff lines indicated with "Q" shall be as provided for in the terms and conditions set out in the note indicated in Column 5 in each Country's Schedule;
- (n) Customs duties on originating goods classified under the tariff lines indicated with "R" shall be subject to negotiation provided for in the terms and conditions set out in the note indicated in Column 5 in the Schedule of Japan; and
- (o) The originating goods classified under the tariff lines indicated with "X" shall be excluded from any commitment of reduction or elimination of customs duties and commitment of negotiation referred to in subparagraph (n).

2. For the purposes of the elimination or reduction of customs duties in accordance with this Annex, any fraction less than 0.1 of a percentage point shall be rounded to one decimal place (in the case of 0.05 percent, the fraction is rounded to 0.1 percent) in the cases of ad valorem duties, and any fraction smaller than 0.01 of the official monetary unit of each Country shall be rounded to two decimal places (in the case of 0.005, the fraction is rounded to 0.01) in the cases of specific duties. This shall not be applied to the case of customs duties on originating goods classified in HS 0703.10, derived from the difference between the value for customs duty and the value specified in Column 3 of the Schedule of Japan in Section 2 of Part 2.

3. This Annex is made based on the Harmonized System, as amended on January 1, 2002.

4. For the purposes of this Annex, Base Rate, as specified in Column 3 of each Country's Schedule in Section 2 of Part 2 and Section 2 of Part 3, means only the starting point of reduction or equal annual installments of elimination of customs duties.

5. For the purposes of implementing equal annual installments, the following shall apply:

- (a) The reduction for the first year shall take place on the date of entry into force of this Agreement; and

- (b) The subsequent annual reductions shall take place on April 1 of each following year in the cases of this Part and Part 2, and on January 1 of each following year in the cases of this Part and Part 3.

6. For the purposes of this Part and Part 2, the term "year" means, with respect to the first year, the period from the date of entry into force of this Agreement until the coming March 31 and, with respect to each subsequent year, the twelve-month period which starts on April 1 of that year.

7. For the purposes of this Part and Part 3, the term "year" means, with respect to the first year, the period from the date of entry into force of this Agreement until the coming December 31 and, with respect to each subsequent year, the twelve-month period which starts on January 1 of that year.

8. For the purposes of implementing tariff rate quota, where the first year is less than twelve months, the aggregate quota quantity for the first year set out in Section 1 of Part 2 and Section 1 of Part 3 shall be reduced to a part of the aggregate quota quantity that is proportional to the number of complete months remaining in the first year. For the purposes of this note, any fraction less than 1.0 shall be rounded to the nearest whole number (in the case of 0.5, the fraction is rounded to 1.0), provided that the unit specified in relevant notes in Section 1 of Part 2 and Section 1 of Part 3 shall be applied.