

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

Part 2

Section 1  
Notes for Schedule of Japan

1. The terms and conditions in the following notes indicated with a serial number from 1 through 10 shall apply to originating goods of Malaysia imported from Malaysia specified with that number in Column 5 of the Schedule of Japan, in Section 2 of this Part.

1. In accordance with paragraph 3 of Article 19, the Countries shall negotiate on issues such as improving market access conditions on the occasion of the general review referred to in Article 155, unless otherwise agreed by both Countries.

2. (a) A tariff rate quota shall be applied in accordance with the following:

(i) From the first year and after, the aggregate quota quantity shall be 1,000 metric tons for each year.

(ii) The in-quota rate of customs duty shall be free.

(iii) For the purposes of subparagraphs (i) and (ii), the tariff rate quota shall be implemented through a certificate of tariff rate quota issued by the importing Country on the basis of the certificate issued by the exporting Country for each export.

(iv) In accordance with paragraph 3 of Article 19, the Countries shall negotiate, after the fourth year, on the aggregate quota quantity thereafter. In the absence of agreement between the Countries and until such an agreement is reached as a result of the negotiation, the aggregate quota quantity provided for in subparagraph (i) shall be applied.

(b) The rate of customs duty applied to originating goods other than those imported under the tariff rate quota shall be the following:

(i) 10.0 percent, for the originating goods imported during the period from April 1 to September 30; and

- (ii) 20.0 percent, for the originating goods imported during the period from October 1 to March 31,

as from the date of entry into force of this Agreement.

3. The rate of customs duty shall be reduced in accordance with the following:

- (i) 28.0 percent, as from the date of entry into force of this Agreement;
- (ii) 26.0 percent, as from the first day of the fourth year; and
- (iii) 25.0 percent, as from the first day of the sixth year.

In accordance with paragraph 3 of Article 19, the Countries shall negotiate, in the fifth year, on the rate of customs duty after the sixth year.

4. In accordance with paragraph 3 of Article 19, the Countries shall negotiate, in the fifth year, on issues such as improving market access conditions.

5. In accordance with paragraph 3 of Article 19, the Countries shall negotiate, in the fourth year, on issues such as improving market access conditions.

6. The customs duty shall be eliminated in accordance with the following:

- (i) 3.0 percent, as from the date of entry into force of this Agreement;
- (ii) 2.0 percent, as from the first day of the third year; and
- (iii) free, as from the first day of the sixth year.

7. The customs duty shall be eliminated in accordance with the following:

- (i) 7.0 percent, as from the date of entry into force of this Agreement;
- (ii) 6.0 percent, as from the first day of the third year;

- (iii) 3.0 percent, as from the first day of the fifth year; and
- (iv) free, as from the first day of the eighth year.

8. The customs duty shall be eliminated in accordance with the following:

- (i) 10.0 percent, as from the date of entry into force of this Agreement;
- (ii) 7.0 percent, as from the first day of the third year;
- (iii) 3.0 percent, as from the first day of the fifth year; and
- (iv) free, as from the first day of the eighth year.

9. The customs duty shall be eliminated in accordance with the following:

- (i) 12.0 percent, as from the date of entry into force of this Agreement;
- (ii) 8.0 percent, as from the first day of the sixth year;
- (iii) 4.0 percent, as from the first day of the eleventh year; and
- (iv) free, as from the first day of the sixteenth year.

10. The customs duty shall be eliminated in accordance with the following:

- (i) 12.5 percent, as from the date of entry into force of this Agreement;
- (ii) 10.0 percent, as from the first day of the sixth year;
- (iii) 5.0 percent, as from the first day of the eleventh year; and
- (iv) free, as from the first day of the sixteenth year.