

Part 11

Section 1

Notes for Schedule of the Socialist Republic of Viet Nam

1. For the purposes of Article 16, the following categories indicated in Column 4 in the Schedule of the Socialist Republic of Viet Nam, in Section 2 of this Part, shall apply:

- (a) customs duties on originating goods classified under the tariff lines indicated with "A" shall be eliminated upon entry into force of this Agreement;
- (b) customs duties on originating goods classified under the tariff lines indicated with "B2" shall be eliminated in three (3) equal annual instalments from the Base Rate to free;
- (c) customs duties on originating goods classified under the tariff lines indicated with "B4" shall be eliminated in five (5) equal annual instalments from the Base Rate to free;
- (d) customs duties on originating goods classified under the tariff lines indicated with "B5\*" shall be applied at the Base Rate and eliminated as from the first day of the sixth year;
- (e) customs duties on originating goods classified under the tariff lines indicated with "B6" shall be eliminated in seven (7) equal annual instalments from the Base Rate to free;
- (f) customs duties on originating goods classified under the tariff lines indicated with "B8" shall be eliminated in nine (9) equal annual instalments from the Base Rate to free;
- (g) customs duties on originating goods classified under the tariff lines indicated with "B10" shall be eliminated in eleven (11) equal annual instalments from the Base Rate to free;
- (h) customs duties on originating goods classified under the tariff lines indicated with "B10\*" shall be applied at the Base Rate and eliminated as from the first day of the eleventh year;

- (i) customs duties on originating goods classified under the tariff lines indicated with "B10\*\*" shall be eliminated in accordance with the terms and conditions set out in the note indicated in Column 5 in the Schedule of the Socialist Republic of Viet Nam, in Section 2 of this Part;
- (j) customs duties on originating goods classified under the tariff lines indicated with "B15" shall be eliminated in sixteen (16) equal annual instalments from the Base Rate to free;
- (k) customs duties on originating goods classified under the tariff lines indicated with "B15\*" shall be applied at the Base Rate and eliminated as from the first day of the sixteenth year;
- (l) customs duties on originating goods classified under the tariff lines indicated with "B16" shall be eliminated in seventeen (17) equal annual instalments from the Base Rate to free;
- (m) customs duties on originating goods classified under the tariff lines indicated with "B16\*" shall be applied at the Base Rate and eliminated as from the first day of the seventeenth year;
- (n) customs duties on originating goods classified under the tariff lines indicated with "C" shall be applied at the Base Rate;
- (o) customs duties on originating goods classified under the tariff lines indicated with "R1" shall be applied at the Base Rate and be reduced to 5.0 per cent as from the first day of the eighteenth year;
- (p) customs duties on originating goods classified under the tariff lines indicated with "R2" shall be applied at the Base rate and be reduced to 50.0 per cent as from the first day of the sixteenth year;
- (q) the originating goods classified under the tariff lines indicated with "X" shall be excluded from any tariff commitment referred to in subparagraphs (a) through (p); and

- (r) customs duties on originating goods classified under the tariff lines indicated with "\*" shall be determined in accordance with the corresponding domestic classification.

2. The terms and conditions in the following note indicated with (a) through (d) shall apply to originating goods specified with the corresponding letter in Column 5 of the Schedule of the Socialist Republic of Viet Nam, in Section 2 of this Part.

- (a) The rate of customs duty shall be reduced to 2.0 per cent upon entry into force of this Agreement and eliminated as from the first day of the eleventh year;
- (b) The rate of customs duty shall be reduced to 3.0 per cent upon entry into force of this Agreement and eliminated as from the first day of the eleventh year;
- (c) The rate of customs duty shall be the Base Rate upon entry into force of this Agreement, reduced to 1.0 per cent as from the first day of the second year, and eliminated as from the first day of the eleventh year; or
- (d) The rate of customs duty shall be the Base Rate upon entry into force of this Agreement, reduced to 3.0 per cent as from the first day of the second year, and eliminated as from the first day of the eleventh year.

3. Notwithstanding paragraph 1 of Part 1, for the purposes of the elimination or reduction of custom duties in accordance with this Part, any fraction less than 1.0 of a percentage point shall be rounded to the nearest whole number in cases of ad valorem duties (in the case of 0.5 per cent, the fraction rounded to 1.0 per cent).

4. For the purposes of this Part, 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 31 March and, with respect to each subsequent year, the twelve-month period which starts on 1 April of that year.

5. In cases where the most-favoured-nation applied rate of

customs duty on a particular good is lower than the rate of customs duty to be applied in accordance with this Part on the originating good which is classified under the same tariff line as that particular good, the Socialist Republic of Viet Nam shall apply the most-favoured-nation applied rate with respect to that originating good in accordance with its domestic regulations and procedures.