

ANNEX IV
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 customs duties by each Party pursuant to Article 2.3 (Tariff Elimination):

- (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. Beginning on January 1 of year two, duties shall be removed in five equal annual stages, and such goods shall be duty-free, effective 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. On January 1 of year one, duties shall be reduced by three percent of that Party's base rate, and by an additional three percent of the base rate on January 1 of each year thereafter through year four. Beginning on January 1 of year five, duties shall be removed in six equal annual stages, and such goods shall be duty-free, effective 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. On January 1 of year seven, duties shall be reduced by 5.6 percent of that Party's base rate, and by an additional 5.6 percent of the base rate on January 1 of each year thereafter through year 12. On January 1 of year 13, duties shall be reduced by an additional 11.1 percent of the base rate, and by an additional 11.1 percent of the base rate on January 1 of each year thereafter through year 18. Such goods shall be duty-free, effective January 1 of year 18; and
- (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. 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.

4. For greater certainty, each Party shall implement each equal annual tariff reduction on January 1 of the relevant year.