

DRAFT
Subject to Legal Review for Accuracy, Clarity, and Consistency
April 9, 2004

Annex 3.3
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 3, paragraph 3:
 - (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 five equal annual stages beginning January 1 of year one, and such goods shall be duty-free effective January 1 of year five;
 - (c) duties on goods provided for in the items in staging category C 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;
 - (d) duties on goods provided for in the items in staging category D in a Party's Schedule shall be removed in fifteen equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year fifteen;
 - (e) duties on goods provided for in the items in staging category E in a Party's Schedule shall remain at base rates for years one through six. Beginning January 1 of year seven, duties shall be reduced by 33 percent in four equal annual stages. Beginning on January 1 of year eleven, duties shall be reduced by 67 percent in five equal annual stages, and such goods shall be duty-free effective January 1 of year fifteen;
 - (f) duties on goods provided for in the items in staging category F in a Party's Schedule shall remain at base rates for years one through ten. Beginning January 1 of year eleven, duties shall be reduced in ten equal annual stages, and such goods shall be duty-free effective January 1 of year twenty;
 - (g) goods provided for in the items in staging category G in a Party's schedule shall continue to receive duty-free treatment; and
 - (h) goods provided for in the items in staging category H in a Party's schedule shall continue to receive MFN treatment.

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2. The base rate of customs 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 of customs duties in accordance with Article 3.3, 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 purposes of this Annex, **year one** means:

- (a) the year the Agreement enters into force, if the date of entry into force is in the first six-month period of a year; or
- (b) the year following entry into force, if the date of entry into force is in the second six-month period of a year.

If this Agreement enters into force for a Party after year one, that Party shall immediately reduce its customs duties to the level they would have reached if the Agreement had entered into force for that Party on the initial date of entry into force of the Agreement.