

Draft as of March 22, 2007
Subject to legal review for accuracy, clarity, and consistency.

Annex 3.3

Tariff Elimination

1. Except as otherwise provided in a Party's Schedule to this Annex, the following staging categories apply to the elimination of customs duties by each Party pursuant to Article 3.3.2:
 - (a) duties on originating 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 originating goods provided for in the items in staging category B in a Party's Schedule shall be removed in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year five;
 - (c) duties on originating 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 the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year ten;
 - (d) duties on originating goods provided for in the items in staging category D in a Party's Schedule shall remain at base rates during years one through five. Beginning on January 1 of year six, duties shall be reduced in five equal annual stages, and such goods shall be duty-free, effective January 1 of year ten;
 - (e) duties on originating goods provided for in the items in staging category E in a Party's Schedule shall be removed in 15 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 15;
 - (f) duties on originating goods provided for in the items in staging category F in a Party's Schedule shall remain at base rates during years one through five. Beginning on January 1 of year six, duties shall be reduced in ten equal annual stages, and such goods shall be duty-free, effective January 1 of year 15;
 - (g) duties on originating goods provided for in the items in staging category G in a Party's Schedule shall remain at base rates during years one through eight. Beginning on January 1 of year nine, duties shall be reduced in seven equal annual stages, and such goods shall be duty-free, effective January 1 of year 15;
 - (h) duties on originating goods provided for in the items in staging category H in a Party's Schedule shall remain at base rates during years one through nine. Beginning on January 1 of year ten, duties shall be reduced in eight equal annual stages, and such goods shall be duty-free, effective January 1 of year 17; and

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- (i) originating goods provided for in the items in staging category I in a Party's Schedule shall continue to receive duty-free treatment.
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.
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 and a Party's Schedule, **year one** means the year this Agreement enters into force as provided in Article 22.5 (Entry into Force and Termination).
5. For purposes of this Annex and a Party's Schedule, beginning in year two, each annual stage of tariff reduction shall take effect on January 1 of the relevant year.