

DRAFT
Subject to Legal Review for Accuracy, Clarity, and Consistency

GENERAL NOTES
TARIFF SCHEDULE OF THE UNITED STATES

1. Relation to the Harmonized Tariff Schedule of the United States (“HTSUS”): The provisions of this Schedule are generally expressed in terms of the HTSUS, and the interpretation of the provisions of this Schedule, including the product coverage of subheadings of this Schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the HTSUS. To the extent that provisions of this Schedule are identical to the corresponding provisions of the HTSUS, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the HTSUS.
2. Base Rates of Customs Duty. The base rates of customs duty set forth in this Schedule reflect the HTSUS Column 1 General rates of duty in effect on January 1, 2006.
3. Staging: In addition to the staging categories listed in paragraph 1 of Annex 2-B (Tariff Elimination), this Schedule contains staging categories R and S:
 - (a) for goods provided for in the items in staging category R, at the time of importation the duty imposed upon the assembled article to be applied in accordance with the procedures specified in U.S. note 3 of subchapter II, chapter 98, of the HTSUS, shall be the rate applicable to the full value of the article itself under the staging obligations set forth for the appropriate provision in Chapters 1 through 97 of this Schedule, until January 1 of year ten, at which time such goods shall be duty-free.
 - (b) duties on originating goods provided for in the items in staging category S shall be eliminated entirely and such goods shall be duty-free on the date this Agreement enters into force. For goods in tariff items 98120020, 98120040, 98130005, 98130010, 98130015, 98130020, 98130025, 98130030, 98130035, 98130040, 98130045, 98130050, 98130055, 98130060, 98130070, 98130075, and 98140050 duty-free means free without bond.
4. A motor vehicle with two or more distinct power or fuel sources (“hybrid vehicle”), in which a spark-ignition internal combustion reciprocating piston engine or compression-ignition internal combustion piston engine provides the vehicle’s power system its essential character, shall be accorded the tariff treatment provided to a motor vehicle whose sole power or fuel source is a spark-ignition internal combustion reciprocating piston engine or compression-ignition internal combustion piston engine with the same cylinder capacity and ignition type, wherever the hybrid vehicle is classified.