

## ANNEX 2

### 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 paragraph 2 of Article 3 (Tariff Elimination) of Chapter 2 (National Treatment and Market Access for Goods):

- (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<sup>st</sup> 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<sup>st</sup> of year ten;
- (d) duties on originating goods provided for in the items in staging category D in a Party's schedule are exempt from tariff elimination;
- (e) duties on originating goods provided for in the items in staging category E in a Party's Schedule shall be removed as follows:

<b>Year</b>	<b>Margin of Preference</b>
1	3.00%
2	3.00%
3	5.00%
4	7.00%
5	7.00%
6	5.00%
7	7.00%
8	7.00%
9	7.00%
10	7.00%

<b>Year</b>	<b>Margin of Preference</b>
11	7.00%
12	7.00%
13	7.00%
14	7.00%
15	7.00%
16	7.00%

- (f) duties on originating goods provided for in the items in staging category F in the Schedule of China shall be removed in eight equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1<sup>st</sup> of year eight;
- (g) duties on originating goods provided for in the items in staging category G in a Party's Schedule shall be removed in twelve equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1<sup>st</sup> of year twelve;
- (h) duties on originating goods provided for in the items in staging category H in a Party's Schedule shall be removed in fifteen equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1<sup>st</sup> of year fifteen;
- (i) duties on originating goods provided for in the items in staging category I the Schedule of China shall be removed in seventeen equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1<sup>st</sup> of year seventeen;
- (j) duties on originating goods provided for in the items in staging category J1 the Schedule of Peru shall remain at base rates during years one through four. Beginning on January 1<sup>st</sup> of year five, duties shall be reduced in thirteen equal annual stages, and such goods shall be duty-free, effective January 1<sup>st</sup> of year seventeen;
- (k) duties on originating goods provided for in the items in staging category J2 the Schedule of Peru shall remain at base rates during years one through eight. Beginning on January 1<sup>st</sup> of year nine, duties shall be reduced in nine equal annual stages, and such goods shall be duty-free, effective January 1<sup>st</sup> of year seventeen;
- (l) duties on originating goods provided for in the items in staging category J3 the Schedule of Peru shall remain at base rates during years one through ten. Beginning

on January 1<sup>st</sup> of year eleven, duties shall be reduced in seven equal annual stages, and such goods shall be duty-free, effective January 1<sup>st</sup> of year seventeen;

(m) duties on originating goods provided for in the items in staging category K in the Schedule of China shall be removed as follows on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1<sup>st</sup>, 2015:

<b>Applied Tariff</b>	<b>Jan 1<sup>st</sup> 2009</b>	<b>Jan 1<sup>st</sup> 2010</b>	<b>Jan 1<sup>st</sup> 2011</b>	<b>Jan 1<sup>st</sup> 2012</b>	<b>Jan 1<sup>st</sup> 2013</b>	<b>Jan 1<sup>st</sup> 2014</b>	<b>Jan 1<sup>st</sup> 2015</b>
	7.80%	6.50%	5.20%	3.90%	2.60%	1.30%	0.00%

(n) duties on originating goods provided for in the items in staging category L in the Schedule of China shall be removed as follows on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1<sup>st</sup>, 2015:

<b>Applied Tariff</b>	<b>Jan 1<sup>st</sup> 2009</b>	<b>Jan 1<sup>st</sup> 2010</b>	<b>Jan 1<sup>st</sup> 2011</b>	<b>Jan 1<sup>st</sup> 2012</b>	<b>Jan 1<sup>st</sup> 2013</b>	<b>Jan 1<sup>st</sup> 2014</b>	<b>Jan 1<sup>st</sup> 2015</b>
	1.20%	1.00%	0.80%	0.60%	0.40%	0.20%	0.00%

2. For purposes of this Annex and a Party's Schedule, year one means the year this Agreement enters into force as provided in Article 200 (Entry into Force and Termination) of Chapter 17 (Final Provisions).
3. 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<sup>st</sup> of the relevant year.