

**Draft**  
**Subject to Legal Review for Accuracy, Clarity, and Consistency**  
**October 18, 2005**

**ANNEX 2-B**  
**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:
  - (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 on the date this Agreement enters into force, 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 the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year ten; and
  - (d) goods provided for in the items in staging category D in a Party's Schedule shall continue to receive duty-free treatment.
  - (e) Duties on goods provided for in the items in staging category E shall remain at base rates during years one through nine. Duties shall be removed, and such goods shall be duty-free, effective January 1 of year ten.
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 purposes of this Annex and a Party's Schedule, **year one** means the year the 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.