Sub-Section 2
Tariff Elimination or Reduction

1. The base rate of customs duty and the staging category for determining the rate of customs duty of each stage of reduction for an item are indicated for that item in the Schedule of Japan set out in Sub-Section 5 (“Schedule of Japan”).

2. Japan shall eliminate or reduce customs duties pursuant to paragraph 1 of Article 5 in accordance with the following staging categories:

(a) customs duties on originating goods provided for in the items in staging category EIF shall be eliminated entirely, and these originating goods shall be duty-free on the date of entry into force of this Agreement;

(b) customs duties on originating goods provided for in the items in staging category B4 shall be eliminated as follows:

(i) the customs duties shall be reduced by 50 percent of the base rate on the date of entry into force of this Agreement; and

(ii) the customs duties shall be eliminated from the level calculated, without rounding, in subparagraph (i) in two annual stages beginning on April 1 of Year 2, and these originating goods shall be duty-free effective April 1 of Year 3;

(c) customs duties on originating goods provided for in the items in staging category B6 shall be eliminated as follows:

(i) the customs duties shall be reduced by one third of the base rate on the date of entry into force of this Agreement; and

(ii) the customs duties shall be eliminated from the level calculated, without rounding, in subparagraph (i) in four annual stages beginning on April 1 of Year 2, and these originating goods shall be duty-free effective April 1 of Year 5;

(d) customs duties on originating goods provided for in the items in staging category JPB6* shall be eliminated as follows:

(i) the customs duties shall be reduced by 20 percent of the base rate, and further reduced by 20 percent of that resulting rate, on the date of entry into force of this Agreement; and

(ii) the customs duties shall be eliminated from the level calculated, without rounding, in subparagraph (i) in four annual stages beginning on April 1 of Year 2, and these originating goods shall be duty-free effective April 1 of Year 5;

(e) customs duties on originating goods provided for in the items in staging category JPB6** shall be eliminated as follows:

(i) the customs duties shall be reduced by 50 percent of the base rate, and further reduced by 20 percent of that resulting rate, on the date of entry into force of this Agreement; and

(ii) the customs duties shall be eliminated from the level calculated, without rounding, in subparagraph (i) in four annual stages beginning on April 1 of Year 2, and these originating goods shall be duty-free effective April 1 of Year 5;

(f) customs duties on originating goods provided for in the items in staging category JPB6**** shall be eliminated as follows:

(i) the customs duties shall be reduced to 25 percent *ad valorem* and 40 yen per kilogram, and further reduced by 20 percent of that resulting rate, on the date of entry into force of this Agreement; and

(ii) the customs duties shall be eliminated from the level calculated, without rounding, in subparagraph (i) in four annual stages beginning on April 1 of Year 2, and these originating goods shall be duty-free effective April 1 of Year 5;

(g) customs duties on originating goods provided for in the items in staging category JPB6***** shall be eliminated as follows:

(i) the customs duties shall be reduced to 35 percent *ad valorem* and 40 yen per kilogram, and further reduced by 20 percent of that resulting rate, on the date of entry into force of this Agreement; and

(ii) the customs duties shall be eliminated from the level calculated, without rounding, in subparagraph (i) in four annual stages beginning on April 1 of Year 2, and these originating goods shall be duty-free effective April 1 of Year 5;

(h) customs duties on originating goods provided for in the items in staging category B8 shall be eliminated as follows: