ANNEX II
TARIFFS AND TARIFF-RELATED PROVISIONS OF THE UNITED STATES

General Notes of the United States

1. The provisions of this Schedule are generally expressed in terms of the Harmonized Tariff Schedule of the United States (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. The base rates of customs duty set out in this Schedule reflect the United States' Most-Favored-Nation (MFN) rates of duty in effect on January 1, 2019.

3. Interim staged and final duty rates shall be rounded up to the nearest hundredth of a percentage point.

4. The United States 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 A 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 B shall be reduced by three percentage points on the date of entry into force of this Agreement, and these originating goods shall be duty-free in year two;

(c) customs duties on originating goods provided for in the items in staging category C shall be eliminated in two equal annual stages, and these originating goods shall be duty-free in year two;

(d) customs duties on originating goods provided for in the items in staging category D shall be eliminated in five equal annual stages, and these originating goods shall be duty-free in year five;

(e) customs duties on originating goods provided for in the items in staging category E shall be eliminated in ten equal annual stages, and these originating goods shall be duty-free in year ten;

(f) customs duties on originating goods provided for in the items in staging category F shall be reduced to 50 percent of the base rate on the date of entry into force of this Agreement, and duties on these originating goods shall remain at the resulting duty rates;

(g) customs duties on originating goods provided for in the items in staging category G shall be reduced by three percentage points on the date of entry into force of this Agreement, and shall be further reduced to 50 percent of the base rate in year two. Duties on these originating goods shall remain at the resulting duty rates;

(h) customs duties on originating goods provided for in the items in staging category H shall be reduced by three percentage points on the date of entry into force of this Agreement, and shall be further reduced by three percentage points in year two. Duties on these originating goods shall be reduced to 50 percent of the base rate in year three, and shall remain at the resulting duty rates;

(i) customs duties on originating goods provided for in the items in staging category I shall be reduced to 50 percent of the base rate in two equal annual stages, and duties on these originating goods shall remain at the resulting duty rates;

(j) customs duties on originating goods provided for in the items in staging category J shall be reduced to 50 percent of the base rate in three equal annual stages, and duties on these originating goods shall remain at the resulting duty rates; and

(k) customs duties on originating goods provided for in the items in staging category K shall be reduced to 50 percent of the base rate in five equal annual stages, and duties on these originating goods shall remain at the resulting duty rates.

5. For purposes of this Schedule, "year one" means the year this Agreement enters into force as provided for in Article 9.

6. For purposes of this Schedule, the annual stage of tariff reduction in year two shall take effect on the date that is one year after the date of entry into force of this Agreement. Beginning in year three, each annual stage of tariff reduction shall take effect on the date that is one year after the date of the previous tariff reduction.

7. Customs duties on automobile and auto parts will be subject to further negotiations with respect to the elimination of customs duties.