(B) The in-quota rate of customs duty on imports shall be 21.0 per cent.

(C) For the purposes of subparagraphs (A) and (B), the tariff rate quota shall be implemented through a certificate of tariff rate quota issued by the importing Party. The tariff rate quota shall be administered by the importing Party, and the aggregate quota quantity shall be allocated by the importing Party.

(ii) The originating products classified under the tariff lines indicated with "(Qf)" other than those imported under the tariff rate quota shall be excluded from any tariff commitment referred to in subparagraphs 1(a) to 1(w).

3. For the purposes of the elimination or reduction of customs duties on imports in accordance with this Appendix, any fraction of less than 0.1 of a percentage point shall be rounded to one decimal place (in the case of 0.05 per cent, the fraction is rounded to 0.1 per cent) in the cases of *ad valorem* duties, and any fraction smaller than 0.01 of the official monetary unit of Japan shall be rounded to two decimal places (in the case of 0.005, the fraction is rounded to 0.01) in the cases of specific duties. This shall not be applied to the case of customs duties on imports on originating products classified in HS 0703.10 derived from the difference between the value for customs duty and the value specified in Column 3 of the Schedule of Japan in Section 2.

4. The Schedule of Japan in Section 2 is made based on the Harmonized System, as amended on 1 January 2007.

5. For the purposes of this Appendix, Base Rate, as specified in Column 3 in the Schedule of Japan in Section 2 means only the starting point of equal annual instalments of elimination or reduction of customs duties on imports.

6. For the purposes of implementing equal annual instalments, the following shall apply:

(a) The reduction for the first year shall take place on the date of entry into force of this Agreement; and

(b) The subsequent annual reductions shall take place on 1 April of each following year.

7. For the purposes of this Appendix, "year" means, with respect to the first year, the period from the date of entry into force of this Agreement until the coming 31 March and, with respect to each subsequent year, the twelve-month period which starts on 1 April of that year.

8. For the purposes of implementing tariff rate quota, where the first year is less than twelve months, the aggregate quota quantity for the first year set out in this Section shall be reduced to a part of the aggregate quota quantity that is proportional to the number of complete months remaining in the first year. For the purposes of this note, any fraction of less than 1.0 shall be rounded to the nearest whole number (in the case of 0.5, the fraction is rounded to 1.0), provided that the unit specified in relevant notes in this Section shall be applied.