Appendix 2

Section 1
Notes for the Schedule of Switzerland

1. For the purposes of Article 15, the following categories indicated in Column 3, the preferential duty rate applied (CHF) indicated in Column 4, the preferential duty rate MFN minus (CHF) indicated in Column 5 and the applicable terms and conditions set out in Column 6 in the Schedule of Switzerland in Section 2 of this Appendix shall apply:

(a) customs duties on imports on originating products classified under the tariff lines indicated with "A" shall be eliminated as from the date of entry into force of this Agreement;

(b) customs duties on imports on originating products classified under the tariff lines indicated with "P1" shall, as from the date of entry into force of this Agreement, be the duty rate indicated in Column 4;

(c) customs duties on imports on originating products classified under the tariff lines indicated with "P2" shall be the duty rate, as from the date of entry into force of this Agreement, computed by reducing from the most-favoured-nation applied rate at the time of importation the duty rate indicated in Column 5;

(d) for the purposes of subparagraphs (a) to (c), the terms and conditions set out in Column 6 shall apply. The originating products which are not fit for the terms and conditions shall be excluded from any tariff commitment on imports referred to in subparagraphs (a) to (c).

(e) customs duties on imports on originating products classified under the tariff lines indicated with "P3" shall, as from the date of entry into force of this Agreement, be limited to the Agricultural Element (AE) of the respective duty rate;

(f) the originating products classified under the tariff lines indicated with "X" shall be excluded from any commitment of reduction or elimination of customs duties on imports; and

(g) the originating products classified under the tariff lines indicated with "Y" of chapter 19 of the Harmonized System shall be excluded from any commitment of reduction or elimination of customs duties on imports. In addition, for these tariff lines export subsidies as defined in Article 9 of the WTO Agreement on Agriculture may be maintained.

2. For products referred to in column 6 as AE (Agricultural Element) the following shall apply:

(a) In order to take account of differences in the cost of the agricultural raw materials incorporated into these products, this Agreement does not preclude the levying of the AE of the customs duty rate on imports.

(b) The AE of the customs duty rate, levied upon import, shall be based on, but not exceed, the difference between the domestic price on the Swiss market and the world market price of the agricultural raw materials incorporated into the products concerned.

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

4. 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 December and, with respect to each subsequent year, the twelve-month period which starts on 1 January of that year.

5. 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 Section 2 shall apply for that year, irrespective of the date of entry into force of this Agreement.