Part 2

Section 1
Notes for Schedule of Japan

1. For the purposes of Article 16, the following categories indicated in Column 4 in the Schedule of Japan, in Section 2 of this Part, shall be applied:

(a) Customs duties on originating goods 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 originating goods classified under the tariff lines indicated with "B3" shall be eliminated in four equal annual installments from the Base Rate to free;

(c) Customs duties on originating goods classified under the tariff lines indicated with "B5" shall be eliminated in six equal annual installments from the Base Rate to free;

(d) Customs duties on originating goods classified under the tariff lines indicated with "B7" shall be eliminated in eight equal annual installments from the Base Rate to free;

(e) Customs duties on originating goods classified under the tariff lines indicated with "B10" shall be eliminated in 11 equal annual installments from the Base Rate to free;

(f) Customs duties on originating goods classified under the tariff lines indicated with "B15" shall be eliminated in 16 equal annual installments from the Base Rate to free;

(g) Customs duties on originating goods classified under the tariff lines indicated with "C" shall apply at the Base Rate as from the date of entry into force of this Agreement;

(h) Customs duties on originating goods classified under the tariff lines indicated with "P" shall be reduced in accordance with the terms and conditions set out in the notes indicated in Column 5 in the Schedule of Japan, in Section 2 of this Part;

(i) Customs duties on originating goods classified under the tariff lines indicated with "Q" shall be applied in accordance with the following terms and conditions;

(i) A tariff rate quota shall be applied in accordance with the following:

(A) The aggregate quota quantity for each year shall be as follows:

(aa) 100 metric tons for the first year;

(bb) 105 metric tons for the second year;

(cc) 110 metric tons for the third year;

(dd) 115 metric tons for the fourth year;

(ee) 120 metric tons for the fifth year;

(ff) 125 metric tons for the sixth year;

(gg) 130 metric tons for the seventh year;

(hh) 135 metric tons for the eighth year;

(ii) 140 metric tons for the ninth year;

(jj) 145 metric tons for the 10th year; and

(kk) 150 metric tons for the 11th year and for each subsequent year.

(B) The in-quota rate of customs duty shall be 12.8 percent.

(C) For the purposes of subparagraphs (A) and (B), the tariff rate quota shall be implemented through a certificate of