(g) The originating goods classified under the tariff lines indicated with "X" shall be excluded from any commitment of reduction or elimination of customs duties.

2. For the purposes of the elimination or reduction of customs duties in accordance with this Annex, any fraction less than 0.1 of a percentage point shall be rounded to one decimal place (in the case of 0.05 percent, the fraction is rounded to 0.1 percent) in the cases of ad valorem duties, and any fraction smaller than 0.01 of the official monetary unit of each Party 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 originating goods classified in tariff item number 84082020 and 87084000 of the Schedule of India in Part 2, and in HS 0703.10, 7403.11, 7403.12, 7403.13, 7403.19, 7801.10, 7901.11 and 7901.12, derived from the difference between the value for customs duty and the value specified in Column 3 of the Schedule of Japan in Part 3.

3. This Annex is made based on the Harmonized System, as amended on January 1, 2007.

4. For the purposes of this Annex, Base Rate shall be the rate specified in Column 3 in each Party's Schedule in Part 2 and Part 3. The rate indicated in Column 3 of the Schedule of India in Part 2 is made based on the most-favoured-nation applied rate on April 1, 2007 of India.

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

(a) Base Rate is only the starting point of equal annual instalments of elimination or reduction of customs duties;

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

(c) The subsequent annual reductions shall take place on the first day of each following year.

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

(b) Notwithstanding subparagraph (a), in the case of customs duties on originating goods classified in tariff item number 84082020 and 87084000 of the Schedule of India in Part 2, the term "year" means, with respect to the first year, the period from the date of entry into force of this Agreement until the coming December 31 and, with respect to each subsequent year, the twelve-month period which starts on January 1 of that year.