Appendix 2

1. The first sentence of the lead-in of Section 3 of Annex 1 of the Agreement shall be replaced by the following:

The terms and conditions in the following notes indicated with a serial number from 1 through 28 shall apply to originating goods imported from Japan specified with that number in the Column 5 of the Schedule.

2. The following new Notes shall be added immediately after Note 25 of Section 3 of Annex 1 of the Agreement:

26. Mexico shall apply a tariff rate quota, in accordance with the following:

(a) From the eighth year (2012) to the twelfth year (2016), the aggregate quota quantity shall be 500 metric tons for each year.

(b) The in-quota rate of Customs Duties applied during the period from the eighth year (2012) to the twelfth year (2016) shall be lower than the most-favored-nation applied rate of Customs Duty in effect at the time of importation by 50 percent of that most-favored-nation applied rate.

(c) For the purposes of subparagraphs (a) and (b) above, 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 in cooperation with the exporting Party and the aggregate quota quantity shall be allocated by the importing Party.

(d) On the request of either Party, the Parties shall consult as soon as possible to resolve any matter arising related to administration of the quota.

(e) In accordance with subparagraph 3(a)(i) of Article 5, the Parties shall negotiate in the eleventh year (2015) the aggregate quota quantity of the tariff rate quota and in-quota rate of Customs Duties after the twelfth year (2016), taking into consideration among others, the quota quantity during the twelfth year (2016) and records of trade between the Parties. In the absence of agreement between the Parties and until such an agreement is reached as a result of the negotiation, the aggregate quota quantity and in-quota rate of Customs Duties for the twelfth year (2016) shall be applied.

27. Mexico shall apply a tariff rate quota, in accordance with the following:

(a) From the eighth year (2012) to the twelfth year (2016), the aggregate quota quantity shall be 500 metric tons for each year.

(b) The in-quota rate of Customs Duties applied during the period from the eighth year (2012) to the twelfth year (2016) shall be lower than the most-favored-nation applied rate of Customs Duty in effect at the time of importation by 50 percent of that most-favored-nation applied rate.

(c) For the purposes of subparagraphs (a) and (b) above, 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 in cooperation with the exporting Party and the aggregate quota quantity shall be allocated by the importing Party.