ARTICLE 2.7

National treatment

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994. To that end, Article III of GATT 1994 is incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.8

Reduction and elimination of customs duties on imports

1. Unless otherwise provided for in this Agreement, each Party shall reduce or eliminate customs duties on originating goods of the other Party in accordance with Annex 2-A.

2. Where a Party reduces its most-favoured-nation applied rate of customs duty, that duty rate shall apply to an originating good of the other Party if, and for as long as, it is lower than the customs duty rate on the same good calculated in accordance with Annex 2-A.

3. (a) The treatment of originating goods of a Party classified under the tariff lines indicated with "S" in the Column "Note" in the Schedule of the United Kingdom in Section B of Part 2 of Annex 2-A and in the Schedule of Japan in Section D of Part 3 of Annex 2-A, shall be subject to review by the Parties in the fifth year following the date of entry into force of this Agreement or in a year on which the Parties otherwise agree, whichever comes first. The review shall proceed with a view to improving market access conditions through, for example, measures such as faster reduction or elimination of customs duties, streamlining of tendering processes, and improving the design and operation of the scheme set out in Section B of Part 3 of Annex 2, as well as addressing issues related to levies.

(b) The Parties shall commence a review of treatment of originating agricultural goods other than those covered by subparagraph (a) in the fifth year following the date of entry into force of this Agreement, with a view to improving market access conditions through, for example, measures such as faster reduction or elimination of customs duties, streamlining of tendering processes, and improving the design and operation of the scheme set out in Section B of Part 3 of Annex 2-A, as well as addressing issues related to levies.

4. Where a Party grants a larger or faster tariff reduction, higher quota or any other more favourable treatment than that provided for under this Agreement to a third country based on an international agreement for goods covered by subparagraph 3(a) which affects the balance in the United Kingdom's or Japan's market of such goods, the Parties shall, with a view to ensuring that the other Party obtains at least the same preference, commence such a review within three months of the date of entry into force of the international agreement between the United Kingdom and that third country or between Japan and that third country, and will conduct the review with the aim of concluding it within six months of the same date.

ARTICLE 2.9

Goods re-entered after repair and alteration

1. A Party shall not apply a customs duty to a good, regardless of its origin, that re-enters its customs territory after having been temporarily exported from its customs territory to the customs territory of the other Party for repair or alteration, regardless of whether that repair or alteration could have been performed in the customs territory of the former Party, provided that the good concerned re-enters the customs territory of that former Party within the period as specified in its laws and regulations.