ANNEX 2-A

TARIFF ELIMINATION AND REDUCTION

PART 1

General notes

1. For the purposes of Article 2.8, each Party shall entirely eliminate customs duties on originating goods of the other Party on the date of entry into force of this Agreement, unless otherwise provided for in this Annex.

2. For the purposes of this Annex, "year" means:

   (a) in the case of Part 2, with respect to the first year, the period from the date of entry into force of this Agreement until the following 31 January and, with respect to each subsequent year, the 12-month period starting on 1 February of that year; and

   (b) in the case of Part 3, with respect to the first year, the period from the date of entry into force of this Agreement until the following 31 March and, with respect to each subsequent year, the 12-month period starting on 1 April of that year.

3. For the purposes of implementing equal annual instalments, the annual reductions shall take place on the first day of each year.

4. The base rate of customs duty and the category for determining the interim rate of customs duty at each stage of reduction for a tariff line are specified for that tariff line in the Schedules of the United Kingdom in Section B of Part 2 and of Japan in Section D of Part 3.

5. For the purposes of this Annex, unless otherwise provided for in Parts 2 and 3, "base rate" means the starting point of elimination or reduction of customs duties.

6. Unless otherwise provided for in this Annex, for the purposes of the elimination or reduction of customs duties in accordance with this Annex, in the case of *ad valorem* duties any fraction less than 0.1 of a percentage point shall be rounded to the nearest one decimal place (in the case of 0.05 per cent, the fraction shall be rounded to 0.1 per cent), and in the case of specific duties any fraction smaller than 0.01 of one pound or one Japanese yen shall be rounded to the nearest two decimal places (in the case of 0.005, the fraction shall be rounded to 0.01).

7. This Annex is based on the Harmonized System, as amended on 1 January 2017 and:

   (a) in the case of Part 2, the eight-digit code of the tariff classification numbers of the United Kingdom and the corresponding description for each tariff line referred to in the Schedule of the United Kingdom are based on the combined nomenclature of the European Union (Combined Nomenclature of 1 January 2017); and

   (b) in the case of Part 3, the nine-digit code of the tariff classification numbers of Japan and the corresponding description for each tariff line referred to in the Schedule of Japan are based on the national nomenclature of Japan (Statistical Code Lists for Imports as of 1 April 2017).

8. For greater certainty, the tariff classification numbers and their corresponding descriptions referred to in the Schedule of each Party may be subject to change in case of any change to its nomenclature referred to in paragraph 7 in accordance with its laws, regulations or public notifications, and shall be referred to together with the correlation tables published by each Party in case of any change of nomenclature.

9. For the purposes of implementing any annual tariff commitments provided for in this Annex, if this Agreement enters into force on any date after 1 January 2021, the Parties shall apply Parts 2 and 3 from that date as if this Agreement had entered into force on 1 January 2021 and calculate the number of years as if the first year had commenced on 1 January 2021.