

Annex 1
referred to in Chapter 2

Schedules in relation to Article 21

Part 1
General Notes

1. Unless otherwise provided for in this Annex, 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 the nearest 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 the nearest two decimal places (in the case of 0.005, the fraction is rounded to 0.01) in the cases of specific duties.

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

3. For the purposes of this Annex, Base Rate, as specified in Column 3 of each Party's Schedule means the starting point of elimination or reduction of customs duties.

4. For the purposes of implementing equal annual installments, the following shall apply:

- (a) The reduction for the first year shall take place on the date of entry into force of this Agreement; and
- (b) The subsequent annual reductions shall take place on April 1 of each following year.

5. 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.