

Part 2

Section 1
Notes for Schedule of Japan

1. For the purposes of Article 21, the following categories indicated in Column 4 in the Schedule of Japan in Section 2 shall apply:

- (a) customs duties on originating goods classified under the tariff lines indicated with "A" shall be eliminated entirely, and such goods shall be duty free on the date of entry into force of this Agreement;
- (b) customs duties on originating goods classified under the tariff lines indicated with "B3" shall be eliminated, from the base rate to free, in four equal annual installments beginning on the date of entry into force of this Agreement, and such goods shall be duty free, effective on April 1 of the fourth year;
- (c) customs duties on originating goods classified under the tariff lines indicated with "B5" shall be eliminated, from the base rate to free, in six equal annual installments beginning on the date of entry into force of this Agreement, and such goods shall be duty free, effective on April 1 of the sixth year;
- (d) customs duties on originating goods classified under the tariff lines indicated with "B7" shall be eliminated, from the base rate to free, in eight equal annual installments beginning on the date of entry into force of this Agreement, and such goods shall be duty free, effective on April 1 of the eighth year;
- (e) customs duties on originating goods classified under the tariff lines indicated with "B10" shall be eliminated, from the base rate to free, in 11 equal annual installments beginning on the date of entry into force of this Agreement, and such goods shall be duty free, effective on April 1 of the 11th year;

- (f) customs duties on originating goods classified under the tariff lines indicated with "B15" shall be eliminated, from the base rate to free, in 16 equal annual installments beginning on the date of entry into force of this Agreement, and such goods shall be duty free, effective on April 1 of the 16th year;
- (g) customs duties on originating goods classified under the tariff lines indicated with "B16" shall be eliminated, from the base rate to free, in 17 equal annual installments beginning on the date of entry into force of this Agreement, and such goods shall be duty free, effective on April 1 of the 17th year;
- (h) customs duties on originating goods classified under the tariff lines indicated with "P" shall be reduced in accordance with the terms and conditions set out in note 2(a) through 2(e) as indicated in Column 5 in the Schedule of Japan in Section 2;
- (i) customs duties on originating goods classified under the tariff lines indicated with "Q" shall be as provided for in the terms and conditions set out in note 2(f) through 2(k) as indicated in Column 5 in the Schedule of Japan in Section 2;
- (j) customs duties on originating goods classified under the tariff lines indicated with "R" shall be excluded from any tariff commitment referred to in subparagraphs (a) through (i), and be subject to negotiation between the Parties in the fifth year from the date of entry into force of this Agreement; and
- (k) the originating goods classified under the tariff lines indicated with "X" shall be excluded from any tariff commitment referred to in subparagraphs (a) through (j).

2. The terms and conditions in the following notes indicated with (a) to (k) shall apply to originating goods specified with the corresponding letter in Column 5 of the Schedule of Japan in Section 2.

- (a) The rate of customs duty shall be 2 percent, as from the date of entry into force of this Agreement;
- (b) The rate of customs duty shall be 3 percent, as from the date of entry into force of this Agreement;
- (c) The rate of customs duty shall be 4 percent, as from the date of entry into force of this Agreement;
- (d) The rate of customs duty shall be 5 percent, as from the date of entry into force of this Agreement;
- (e) The rate of customs duty shall be 8 percent, as from the date of entry into force of this Agreement;
- (f) (i) A tariff rate quota shall be applied in accordance with the following:
 - (A) The aggregate quota quantity for each year shall be as follows:
 - (aa) 1,000 metric tons for the first year;
 - (bb) 2,000 metric tons for the second year;
 - (cc) 3,000 metric tons for the third year;
 - (dd) 4,000 metric tons for the fourth year; and
 - (ee) 5,000 metric tons for the fifth year and for each subsequent year.
 - (B) The in-quota rate of customs duty on the originating goods shall be as follows:

- (aa) The in-quota rate of customs duty on the originating goods, of which value for customs duty per kilogram is not more than 53.53 yen, shall be 482 yen per kilogram.
 - (bb) The in-quota rate of customs duty on the originating goods, of which value for customs duty per kilogram is more than 53.53 yen but not more than the value obtained by dividing 535.53 yen by 1.022, shall be the difference between 535.53 yen per kilogram and the value for customs duty per kilogram.
 - (cc) The in-quota rate of customs duty on the originating goods, of which value for customs duty per kilogram is more than the value obtained by dividing 535.53 yen by 1.022 shall be 2.2 percent.
- (C) For the purposes of subparagraphs (A) and (B), the tariff rate quota shall be implemented through a certificate of tariff rate quota issued by the importing Party on the basis of the certificate issued by the exporting Party for each export.
- (ii) The originating goods classified under the tariff lines indicated with "(f)" other than those imported under the tariff rate quota shall be excluded from any tariff commitment referred to in subparagraphs 1(a) through 1(j).

- (iii) The tariff emergency measures on pork stipulated in paragraph 1 of Article 7-6 of Temporary Tariff Measures Law of Japan (Law No. 36 of 1960), and special safeguard measures on pork stipulated in paragraph 2 of Article 7-6 of the Law shall not be applied to the originating goods imported under this tariff rate quota.
- (g) (i) A tariff rate quota shall be applied in accordance with the following:
 - (A) The aggregate quota quantity for each year shall be as follows:
 - (aa) 3,500 metric tons for the first year;
 - (bb) 4,000 metric tons for the second year;
 - (cc) 4,500 metric tons for the third year;
 - (dd) 5,000 metric tons for the fourth year; and
 - (ee) 5,500 metric tons for the fifth year and for each subsequent year.
 - (B) The in-quota rate of customs duty on the originating goods shall be as follows:
 - (aa) The in-quota rate of customs duty on the originating goods indicated with one asterisk ("*") in Column 2 shall be 3.6 percent;
 - (bb) The in-quota rate of customs duty on the originating goods indicated with two asterisks ("**") in Column 2 shall be 6.8 percent;

- (cc) The in-quota rate of customs duty on the originating goods indicated with three asterisks ("***") in Column 2 shall be 7.6 percent;
 - (dd) The in-quota rate of customs duty on the originating goods indicated with four asterisks ("****") in Column 2 shall be 10.7 percent;
 - (ee) The in-quota rate of customs duty on the originating goods indicated with five asterisks ("*****") in Column 2 shall be 19.1 percent; and
 - (ff) The in-quota rate of customs duty on the originating goods indicated with six asterisks ("*****") in Column 2 shall be as follows, respectively:
 - (AA) 10.7 percent for the first and second years; and
 - (BB) 8.5 percent for the third year and for each subsequent year.
- (C) For the purposes of subparagraphs (A) and (B), the tariff rate quota shall be implemented through a certificate of tariff rate quota issued by the importing Party on the basis of the certificate issued by the exporting Party for each export.
- (ii) The originating goods classified under the tariff lines indicated with "(g)" other than those imported under the tariff rate quota shall be excluded from any tariff commitment referred to in subparagraphs 1(a) through 1(j).
- (h) (i) A tariff rate quota shall be applied in accordance with the following:

- (A) The aggregate quota quantity for each year shall be as follows:
 - (aa) 1,500 metric tons for the first year;
 - (bb) 3,000 metric tons for the second year;
 - (cc) 4,500 metric tons for the third year;
 - (dd) 5,500 metric tons for the fourth year; and
 - (ee) 6,500 metric tons for the fifth year and for each subsequent year.
- (B) The in-quota rate of customs duty on the originating goods shall be free.
- (C) For the purposes of subparagraphs (A) and (B), 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, and the aggregate quota quantity shall be allocated by the importing Party.
 - (ii) The originating goods classified under the tariff lines indicated with "(h)" other than those imported under the tariff rate quota shall be excluded from any tariff commitment referred to in subparagraphs 1(a) through 1(j).
- (i) (i) A tariff rate quota shall be applied in accordance with the following:
 - (A) The aggregate quota quantity for each year shall be as follows:
 - (aa) 500 metric tons for the first year;

- (bb) 1,000 metric tons for the second year;
- (cc) 2,000 metric tons for the third year;
- (dd) 3,000 metric tons for the fourth year; and
- (ee) 4,000 metric tons for the fifth year and for each subsequent year.

- (B) The in-quota rate of customs duty on the originating goods shall be free.
- (C) For the purposes of subparagraphs (A) and (B), 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, and the aggregate quota quantity shall be allocated by the importing Party.

- (ii) The originating goods classified under the tariff lines indicated with "(i)" other than those imported under the tariff rate quota shall be excluded from any tariff commitment referred to in subparagraphs 1(a) through 1(j).

- (j) (i) A tariff rate quota shall be applied in accordance with the following:
 - (A) The aggregate quota quantity shall be 100 metric tons for each year.
 - (B) The in-quota rate of customs duty on the originating goods shall be free.

- (C) For the purposes of subparagraphs (A) and (B), the tariff rate quota shall be implemented through a certificate of tariff rate quota issued by the importing Party on the basis of the certificate issued by the exporting Party for each export.
- (ii) The originating goods classified under the tariff lines indicated with "(j)" other than those imported under the tariff rate quota shall be excluded from any tariff commitment referred to in subparagraphs 1(a) through 1(j).
- (k) (i) A tariff rate quota shall be applied in accordance with the following:
 - (A) The aggregate quota quantity shall be 10 metric tons for each year.
 - (B) The in-quota rate of customs duty on the originating goods shall be free.
 - (C) For the purposes of subparagraphs (A) and (B), the tariff rate quota shall be implemented through a certificate of tariff rate quota issued by the importing Party on the basis of the certificate issued by the exporting Party for each export.
- (ii) The originating goods classified under the tariff lines indicated with "(k)" other than those imported under the tariff rate quota shall be excluded from any tariff commitment referred to in subparagraphs 1(a) through 1(j).

3. Paragraph 1 of Part 1 shall not be applied to the case of customs duties on originating goods classified in HS 0203.22, 0203.29, 0703.10, 7403.13, 7403.19, 7901.11 and 7901.12, derived from the difference between the value for customs duty and the value specified in note 2(f) or in Column 3 in the Schedule of Japan in Section 2.

4. For the purposes of paragraph 2(b) of Article 30, the Base Rate on originating goods classified under the tariff lines indicated with "G" in Column 5 shall be replaced by the most-favored-nation applied rate on April 1, 2009.

5. For the purposes of implementing tariff rate quota, where the first year is less than 12 months, the aggregate quota quantity for the first year set out in this Section shall be reduced to a part of the aggregate quota quantity that is proportional to the number of complete months remaining in the first year. For the purposes of this note, any fraction of less than 1.0 shall be rounded to the nearest whole number (in the case of 0.5, the fraction is rounded to 1.0), provided that the unit specified in relevant notes in this Section shall be applied.

6. The originating goods classified under the tariff lines indicated with one asterisk ("*") in Column 5 of the Schedule of Japan in Section 2 shall be accompanied by a certificate of a good for the preferential tariff treatment in accordance with this Annex.

7. The details and procedures of tariff rate quota and certificate of a good under this Section shall be specified in Section 3.

