

ELIMINATION OF CUSTOMS DUTIES

1. Pursuant to Article 2.6 (Reduction or Elimination of Customs Duties on Imports), each Party shall eliminate all customs duties imposed on goods originating in the other Party as from the date of the entry into force of this Agreement, except as otherwise provided in the respective Party's Schedules included in this Annex.

2. The following staging categories apply to the elimination of customs duties by each Party pursuant to Article 2.6 (Reduction or Elimination of Customs Duties on Imports) for those customs duties not eliminated at the entry into force of this Agreement:
 - (a) customs duties on originating goods provided for in the items in staging category "3" in a Party's Schedule shall be removed in four equal annual stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;

 - (b) customs duties on originating goods provided for in the items in staging category "5" in a Party's Schedule shall be removed in six equal stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty; and

- (c) no obligations under this Agreement regarding customs duties shall apply with respect to items in staging category "X".

- 3. In relation to goods under a particular tariff code, the base rate of the customs duty and the staging category for determining the interim rate of the customs duty at each stage of reduction are indicated for that tariff code in each Party's Schedule.

- 4. For the purposes of paragraph 2, rates of customs duties in the interim stages shall be rounded down, at least to the nearest tenth of a percentage point or, in the case of the Union, to the nearest euro cent, where applicable.

- 5. For the purposes of this Annex and a Party's Schedule, each annual reduction shall take effect on the first day of the relevant year as defined in paragraph 6 of this Annex.

- 6. For the purposes of this Annex:
 - (a) "year one" means the twelve-month period beginning on the date this Agreement enters into force;

 - (b) "year two" means the twelve-month period beginning on the first anniversary of the entry into force of this Agreement;

- (c) "year three" means the twelve-month period beginning on the second anniversary of the entry into force of this Agreement;
 - (d) "year four" means the twelve-month period beginning on the third anniversary of the entry into force of this Agreement; and
 - (e) "year five" means the twelve-month period beginning on the fourth anniversary of the entry into force of this Agreement.
7. Appendices 2-A-1 (Tariff Schedule of the Union) and 2-A-2 (Tariff Schedule of Singapore) form an integral part of this Annex.