

**ANNEX I  
PREFERENTIAL TREATMENT SCHEDULES**

(referred to in Article 10)

1. The Preferential Treatment Schedules in this Annex contain the following five columns:

- (a) HS Code: the code used in the nomenclature of the Harmonized Commodity Description and Coding System 2017;
- (b) Description of Goods: description of goods as used in the nomenclature of the Harmonized Commodity Description and Coding System 2017;
- (c) Tariff Preference Modality: the preferential treatment to be applied for products concerned;
- (d) Preference Rate (%): percentage tariff reductions from the base rate of customs duty where applicable, and
- (e) Remarks: notes on the Tariff Preference Modality where necessary.

2. Except as otherwise provided in a Party's Preferential Treatment Schedule included in this Annex, the following tariff preference modalities apply to the reduction of customs duties by each Party pursuant to Article 10 (Tariff Preference) of this Agreement:

- (a) originating goods provided for the items in Tariff Preference Modality "0" shall be subject to 100% tariff preference on the date of entry into force of this Agreement, and no customs duties shall apply to such goods thereafter;
- (b) customs duties on originating goods provided for the items in Tariff Preference Modality "3" shall be subject to percentage tariff reductions from the base rate of customs duty in three equal stages until reaching full reduction, and no customs duties shall apply to such goods thereafter;
- (c) customs duties on originating goods provided for the items in Tariff Preference Modality "5" shall be subject to percentage tariff reductions from the base rate of customs duty in five equal stages until reaching full reduction, and no customs duties shall apply to such goods thereafter;
- (d) customs duties on originating goods provided for in the items in Tariff Preference Modality "7" shall be subject to percentage tariff reductions from the base rate of customs duty in seven equal stages until reaching full reduction, and no customs duties shall apply to such goods thereafter;
- (e) customs duties on originating goods provided for in the items in Tariff Preference Modality "7A" shall be subject to reductions expressed as

percent of the base rate of customs duty in seven stages in accordance with the following table until reaching full reduction, and no customs duties shall apply to such goods thereafter,

Stage Modality	One	Two	Three	Four	Five	Six	Seven
7A	60%	60%	60%	60%	70%	80%	100%

- (f) customs duties on originating goods provided for the items in Tariff Preference Modality "PR" (Partial Reduction) shall be subject to percentage tariff reductions from the base rate of customs duty as indicated in each Party's Schedule on the date of entry into force of this Agreement, and the reduced customs duty shall apply to such goods thereafter;
- (g) originating goods provided for the items in Tariff Preference Modality "TRQ" (Tariff Rate Quota) shall be subject to 100% tariff preference for the in-quota quantities indicated in each Party's Schedule on the date of entry into force of this Agreement, and out-of-quota quantities shall be subject to customs duties applicable to imports from third countries;
- (h) customs duties on originating goods provided for in the items in Tariff Preference Modality "TRQ+PR" shall be subject to the percentage tariff reductions from the base rate of customs duty for the in-quota quantities indicated in each Party's Schedule on the date of entry into force of this Agreement, and out-of-quota quantities shall be subject to customs duties applicable to imports from third countries;

3. The base rates of customs duties, to which the successive percentage tariff reductions set out in this Agreement are to be applied for imports between the Parties, shall be the customs duties applied on imports from third countries on 1 January 2017.

4. The Parties shall communicate to each other their respective base rates of customs duties through diplomatic channels within one month after the entry into force of this Agreement.

5. The customs duties on the originating goods provided for the tariff lines that are subject to specific customs duties shall be reduced in accordance with the Tariff Preference Modality set out in paragraph 2.

6. For the purposes of this Annex, the first tariff reduction shall be made upon the entry into force of this Agreement and the subsequent reductions shall be made on 1 January of each subsequent year.