1. For the purposes of Article 16, the following categories indicated in Column 4 in the Schedule of Japan, in Section 2 of this Part, shall apply:

(a) customs duties on originating goods classified under the tariff lines indicated with “A” shall be eliminated as from the date of entry into force of this Agreement;

(b) customs duties on originating goods classified under the tariff lines indicated with “B5” shall be eliminated in six (6) equal annual instalments from the Base Rate to free;

(c) customs duties on originating goods classified under the tariff lines indicated with “B7” shall be eliminated in eight (8) equal annual instalments from the Base Rate to free;

(d) customs duties on originating goods classified under the tariff lines indicated with “B10” shall be eliminated in eleven (11) equal annual instalments from the Base Rate to free;

(e) customs duties on originating goods classified under the tariff lines indicated with “B15” shall be eliminated in sixteen (16) equal annual instalments from the Base Rate to free;

(f) customs duties on originating goods classified under the tariff lines indicated with “C” shall apply at the Base Rate as from the date of entry into force of this Agreement;

(g) customs duties on originating goods classified under the tariff lines indicated with “R” shall be reduced in accordance with the terms and conditions set out in the note indicated in Column 5 in the Schedule of Japan, in Section 2 of this Part; and
the originating goods classified under the tariff lines indicated with “X” shall be excluded from any tariff commitment referred to in subparagraphs (a) through (g).

2. The terms and conditions in the following note indicated with (a) through (bb) shall apply to originating goods specified with the corresponding letter in Column 5 in the Schedule of Japan, in Section 2 of this Part.

(a) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 3.8 per cent;

(b) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 3.9 per cent;

(c) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 4.0 per cent;

(d) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 4.2 per cent;

(e) The rate of customs duty shall be reduced in eight (8) equal annual instalments from the Base Rate to 5.0 per cent;

(f) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 5.0 per cent;

(g) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 5.3 per cent;

(h) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 5.9 per cent;

(i) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 6.0 per cent;
The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
6.2 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
6.4 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
6.6 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
6.7 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
7.2 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
7.4 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
7.8 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
8.0 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
9.0 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
9.3 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
10.0 per cent;

The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to
10.6 per cent;
(v) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 12.5 per cent;

(w) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 15.0 per cent;

(x) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from the Base Rate to 20.0 per cent;

(y) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from 24 yen per kilogram to 12 yen per kilogram;

(z) The rate of customs duty shall be reduced in eleven (11) equal annual instalments from 8.50 yen per kilogram to 4.20 yen per kilogram;

(aa) The rate of customs duty shall be reduced in accordance with the following:

(i) 8.2 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the date of entry into force of this Agreement;

(ii) 7.9 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the second year;

(iii) 7.5 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the third year;

(iv) 7.2 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the fourth year;

(v) 6.9 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the fifth year;
(vi) 6.6 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the sixth year;

(vii) 6.3 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the seventh year;

(viii) 6.0 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the eighth year;

(ix) 5.6 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the ninth year;

(x) 5.3 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the tenth year; and

(xi) 5.0 per cent or the difference between 73.70 yen per kilogram and the value for customs duty per kilogram, whichever is the less, as from the first day of the eleventh year; or

(bb) The rate of customs duty shall be as follows:

(i) the rate of customs duty shall be reduced as follows:

   (1) 27.9 per cent or 21.56 yen per kilogram, whichever is the greater, as from the date of entry into force of this Agreement;

   (2) 26.1 per cent or 20.13 yen per kilogram, whichever is the greater, as from the first day of the second year;

   (3) 24.2 per cent or 18.69 yen per kilogram, whichever is the greater, as from the first day of the third year;
(4) 22.4 per cent or 17.25 yen per kilogram, whichever is the greater, as from the first day of the fourth year;

(5) 20.5 per cent or 15.81 yen per kilogram, whichever is the greater, as from the first day of the fifth year;

(6) 18.6 per cent or 14.38 yen per kilogram, whichever is the greater, as from the first day of the sixth year;

(7) 16.8 per cent or 12.94 yen per kilogram, whichever is the greater, as from the first day of the seventh year;

(8) 14.9 per cent or 11.50 yen per kilogram, whichever is the greater, as from the first day of the eighth year;

(9) 13.0 per cent or 10.06 yen per kilogram, whichever is the greater, as from the first day of the ninth year;

(10) 11.2 per cent or 8.63 yen per kilogram, whichever is the greater, as from the first day of the tenth year; and

(11) 9.3 per cent or 7.19 yen per kilogram, whichever is the greater, as from the first day of the eleventh year; and

(ii) notwithstanding subparagraph (i), the rate of customs duty shall be 50 per cent if the specific duty under subparagraph (i) is greater than 50 per cent.

3. Paragraph 1 of Part 1 shall not apply to the case of customs duties on originating goods classified under subheading 0703.10 of the HS, derived from the difference between the value for customs duty and the value specified in Column 3 in the Schedule of Japan in this Part.
4. For the purposes of this Part, 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 31 March and, with respect to each subsequent year, the twelve-month period which starts on 1 April of that year.

5. In cases where its most-favoured-nation applied rate of customs duty on a particular good is lower than the rate of customs duty to be applied in accordance with this Part on the originating good which is classified under the same tariff line as that particular good, Japan shall apply the lower rate with respect to that originating good.