

ANNEX 2-A

REDUCTION OR ELIMINATION OF CUSTOMS DUTIES

1. Except as otherwise provided in a Party's Schedule to this Annex, the following staging categories apply to the reduction or elimination of customs duties by each Party pursuant to Article 2.4.1:
 - (a) customs duties on originating goods provided for in the items in staging category "0" in a Party's Schedule shall be eliminated entirely and such goods shall be free of customs duty on the date this Agreement enters into force;
 - (b) customs duties on originating goods provided for in the items in staging category "5" in a Party's Schedule shall be removed in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall be free of customs duty, effective January 1 of year five;
 - (c) customs duties on originating goods provided for in the items in staging category "10" in a Party's Schedule shall be removed in 10 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be free of customs duty, effective January 1 of year 10;
 - (d) customs duties on originating goods provided for in the items in staging category "10-A" in a Party's Schedule shall remain at base rates during years one through eight. Beginning on January 1 of the year nine, customs duties shall be removed in two equal annual stages, and such goods shall be duty-free, effective January 1 of year 10;
 - (e) customs duties on originating goods provided for in the items in staging category "15" in a Party's Schedule shall be removed in 15 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be free of customs duty, effective January 1 of year 15;
 - (f) customs duties on originating goods provided for in the items in staging category "20" in a Party's Schedule shall be removed in 20 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be free of customs duty, effective January 1 of year 20;
 - (g) customs duties on originating goods provided for in the items in staging category "PR-10" in a Party's Schedule shall be reduced by ten percent of the base rate in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall remain at 90 percent of the base rate, effective January 1 of year five;
 - (h) customs duties on originating goods provided for in the items in staging category "PR-20" in a Party's Schedule shall be reduced by 20 percent of the

base rate in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall remain at 80 percent of the base rate, effective January 1 of year five;

- (i) customs duties on originating goods provided for in the items in staging category “PR-30” in a Party’s Schedule shall be reduced by 30 percent of the base rate in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall remain at 70 percent of the base rate, effective January 1 of year five; and
- (j) customs duties on originating goods provided for in the items in staging category “E” in a Party’s Schedule shall remain at base rates.

2. The base rate of customs duty and staging category for determining the interim rate of customs duty at each stage of reduction for an item are indicated for the item in each Party’s Schedule.

3. Interim staged rates shall be rounded down, at least to the nearest tenth of a percentage point or, if the rate of duty is expressed in monetary units, at least to the nearest tenth of one Chinese Yuan in the case of China and the nearest Korean Won in the case of Korea.

4. For the purposes of this Annex and a Party’s Schedule, **year one** means the year this Agreement enters into force.

5. For the purposes of this Annex and a Party’s Schedule, beginning in year two, each annual stage of tariff reduction shall take effect on January 1 of the relevant year.

TARIFF SCHEDULE OF CHINA

GENERAL NOTES

1. Base Rates of Customs Duty. The base rates of duty set out in this Schedule reflect the Most-Favored-Nation tariff rates of the Chinese customs duty in effect on January 1, 2012.
2. Staging. In addition to the staging categories listed in paragraph 1 of Annex 2-A, this Schedule contains staging categories 15-A, PR-8, PR-15, PR-35 and PR-50:
 - (a) customs duties on originating goods provided for in the items in staging category "15-A" shall remain at base rates during years one through 10. Beginning on January 1 of the year 11, customs duties shall be removed in five equal annual stages, and such goods shall be duty-free, effective January 1 of year 15;
 - (b) customs duties on originating goods provided for in the items in staging category "PR-8" shall be reduced by eight percent of the base rate in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall remain at 92 percent of the base rate, effective January 1 of year five;
 - (c) customs duties on originating goods provided for in the items in staging category "PR-15" shall be reduced by 15 percent of the base rate in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall remain at 85 percent of the base rate, effective January 1 of year five;
 - (d) customs duties on originating goods provided for in the items in staging category "PR-35" shall be reduced by 35 percent of the base rate in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall remain at 65 percent of the base rate, effective January 1 of year five; and
 - (e) customs duties on originating goods provided for in the items in staging category "PR-50" shall be reduced by 50 percent of the base rate in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall remain at 50 percent of the base rate, effective January 1 of year five.

TARIFF SCHEDULE OF KOREA

GENERAL NOTES

1. Relation to the Harmonized Tariff Schedule of Korea (HSK). The provisions of this Schedule are generally expressed in terms of the HSK, and the interpretation of the provisions of this Schedule, including the product coverage of subheadings of this Schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the HSK. To the extent that provisions of this Schedule are identical to the corresponding provisions of the HSK, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the HSK.
2. Base Rates of Customs Duty. The base rates of duty set out in this Schedule reflect the Korean Customs Duty Most-Favored-Nation rates of duty in effect on January 1, 2012.
3. Staging. In addition to the staging categories listed in paragraph 1 of Annex 2-A, this Schedule contains staging categories 20-A, 20-B, PR-1 and PR-130:
 - (a) customs duties on originating goods provided for in the items in staging category “20-A” shall remain at base rates during years one through 10. Beginning on January 1 of the year 11, customs duties shall be removed in ten equal annual stages, and such goods shall be duty-free, effective January 1 of year 20;
 - (b) customs duties on originating goods provided for in the items in staging category “20-B” shall remain at base rates during years one through 12. Beginning on January 1 of the year 13, customs duties shall be removed in eight equal annual stages, and such goods shall be duty-free, effective January 1 of year 20;
 - (c) customs duties on originating goods provided for in the items in staging category “PR-1” shall be reduced by one percent of the base rate on the date this Agreement enters into force; and
 - (d) customs duties on originating goods provided for in the items in staging category “PR-130” shall be reduced to 130 percent *ad valorem* in ten equal annual stages beginning on the date this Agreement enters into force, and such goods shall remain at 130 percent *ad valorem*, effective January 1 of year 10.

APPENDIX 2-A-1

KOREA

1. This Appendix applies to tariff rate quotas (TRQs) provided for in this Agreement and sets out modifications to the Harmonized Schedule of Korea (HSK) that reflect the TRQs that Korea shall apply to certain originating goods under this Agreement. In particular, originating goods of China included under this Appendix shall be subject to the rates of duty as set out in this Appendix in lieu of the rates of duty specified in Chapters 1-97 of the HSK. Notwithstanding any other provision of the HSK, originating goods of China in the quantities described in this Appendix shall be permitted entry into the territory of Korea as provided in this Appendix. Furthermore, any quantity of originating goods imported from China under a TRQ provided for in this Appendix shall not be counted toward the in-quota amount of any TRQ provided for such goods elsewhere in the HSK.

2. (a) The aggregate quantity of originating goods of China that shall be permitted to enter free of customs duty is specified below.

No	HSK 2012	Product	Annual Quantity (Metric Tons)
1	0301999020	Puffer (live)	140
2	0301999070	Loaches (live)	3,200
3	0302899040	Angler (Monkfish) (fresh/chilled)	17
4	0303440000	Bigeye tunas (<i>Thunnus obesus</i>) (frozen)	270
5	0303899060	Angler (Monkfish) (frozen)	1,900
6	0307511000	Poulp squid (live, fresh, or chilled)	6,100
7	0307591020	Poulp squid (other)	19,400
8	0307714000	Baby clams (live, fresh, or chilled)	15,800
9	0307791030	Baby clams (frozen)	330
10	0307793020	Baby clams (salted or in brine)	290
11	0713329000	Small red (adzuki) beans(other)	3,000
12	1107100000	Malt (not roasted)	5,000
13	1108191000	Other starches (of sweet potato)	5,000
14	1201903000	Soya beans (for bean sprouts)*	3,000
15	1201909000	Soya beans (other)*	7,000
16	1207400000	Sesamum seeds	24,000
17	1605542091	Seasoned squid	980
18	1605542099	Squid (other, prepared or preserved)	1,300

* Note: TRQs for HSK 1201903000 and 1201909000 should be limited to soya beans for human consumption, identity-preserved.

- (1) Identity-preserved soya beans means a shipment of soya beans containing not less than 95 percent of any single variety of soya bean and not more than one percent of foreign material.
- (2) Identity preserved soya beans may not be shipped in bulk, but shall be shipped in bags or containers.

19	1605592090	Top shell (other, prepared/preserved)	7
20	1605639000	Jellyfish (other, prepared/preserved)	4
21	2308009000	Vegetable materials and vegetable waste, vegetable residues and by-products (other)	38,000

(b) Customs duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be treated in accordance with staging category “E” as described in paragraph 1(j) of Annex 2-A.

3. Over the course of each year, the administering authority of a Party shall publish, in a timely fashion on its designated publicly available Internet site, administration procedures, utilization rates, and remaining available quantities for each of the TRQs.

4. Each Party shall notify the other Party of any new or modified administration of a TRQ established in this Appendix prior to its application. On written request of a Party, the Parties shall consult regarding a Party’s administration of its TRQs at the next meeting of the Committee on Trade in Goods to arrive at a mutually satisfactory agreement on administration. The Parties shall consider prevailing supply and demand conditions in the consultations.