

## Annex I Elimination of Import Customs Duties

**Phase I:** Within five years after entry into force of this Agreement

### Tariff Reduction Modality of China

Category No.	Track	No. of Tariff Lines	% of Tariff lines at 8 digit
I	Elimination of tariff (Three years)	2681	35.5%
II	0-5% ( five years )	2604	34.5%
III	Reduction on Margin of Preference of 50%( five years )	604	8%
IV	Reduction on Margin of Preference from 20%( five years)	529	7%
V	No Concession	1132	15%

### Tariff Reduction Modality of Pakistan

Category No.	Track	No. of Tariff Lines	% of Tariff lines at 8 digit
I	Elimination of tariff (Three years)	2423	35.6%
II	0-5% ( five years)	1338	19.9%
III	Reduction on Margin of Preference from 50%( five years)	157	2.0%
IV	Reduction on Margin of Preference from 20%( five years)	1768	26.1%
V	No Concession	1025	15.0%
VI	Exclusion	92	1.4%

**Note:** elimination of tariff on the products covered in the Early Harvest Program (EHP) shall continue in accordance with the earlier agreed modality of tariff elimination for EHP.

**Phase II:** Both Parties shall endeavor to eliminate the tariffs of no less than 90% of products, both in terms of tariff lines and trade volume within a reasonable period of time on the basis of friendly consultation and accommodation of the concerns of both Parties.

## Section I

### Import Customs Duties on Imports Originating in Pakistan

The categories which are applicable to imports into China from Pakistan are the following:

- 1) "**Category I**": import customs duties shall be removed in four stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1st of year three. Each year's Margin of Preference (MOP) is as follows:

Category	Entry into force	01.01.08	01.01.09	01.01.10
I	25%	50%	75%	100%

- 2) "**Category II**": import customs duties shall be reduced to or below 5% in five years after entry into force of this Agreement. The MOP is as follows:

Category	Entry into force	01.01.08	01.01.09	01.01.10	01.01.11	01.01.12
II	$\frac{X-5}{6X}$	$\frac{2(X-5)}{6X}$	$\frac{3(X-5)}{6X}$	$\frac{4(X-5)}{6X}$	$\frac{5(X-5)}{6X}$	$\frac{6(X-5)}{6X}$

X refers to applied MFN tariff rates of the current year

- 3) "**Category III**": import customs duties shall be reduced by the margin of preference of 50% within five years of entry into force of this Agreement. Each year's MOP is as follows:

Category	Entry into force	01.01.08	01.01.09	01.01.10	01.01.11	01.01.12
III	8%	16%	25%	33%	41%	50%

- 4) "**Category IV**": import customs duties shall be reduced by the margin of preference of 20% within five years of entry into force of this Agreement. Each year's MOP is as follows:

Category	Entry into force	01.01.08	01.01.09	01.01.10	01.01.11	01.01.12
IV	3%	6%	10%	13%	16%	20%

- 5) "**Category V**": No concession

### Schedule of China

The Schedule of China is attached to this Section.

Note: The base year for tariff reduction/elimination is 2006 for China

## Section II

### Import Customs Duties on Imports Originating in China

The categories which are applicable to imports into Pakistan from China are the following:

1)"Category I": import customs duties shall be removed in four stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1st of year three. Each year's MOP is as follows:

Category	Entry into force	01.01.08	01.01.09	01.01.10
I	25%	50%	75%	100%

2)"Category II": import customs duties shall be reduced to or below 5% in five years after entry into force of this Agreement. The MOP is as follows:

Category	Entry into force	01.01.08	01.01.09	01.01.10	01.01.11	01.01.12
II	$\frac{X-5}{6X}$	$\frac{2(X-5)}{6X}$	$\frac{3(X-5)}{6X}$	$\frac{4(X-5)}{6X}$	$\frac{5(X-5)}{6X}$	$\frac{6(X-5)}{6X}$

X refers to applied MFN tariff rates of the current year

3)"Category III": import customs duties shall be reduced by the margin of preference of 50% within five years of entry into force of this Agreement. Each year's MOP is as follows:

Category	Entry into force	01.01.08	01.01.09	01.01.10	01.01.11	01.01.12
III	8%	16%	25%	33%	41%	50%

4)"Category IV": import customs duties shall be reduced by the margin of preference of 20% within five years of entry into force of this Agreement. Each year's MOP is as follows:

Category	Entry into force	01.01.08	01.01.09	01.01.10	01.01.11	01.01.12
IV	3%	6%	10%	13%	16%	20%

5)"Category V": No concession

6)"Category VI": Exclusion

### Schedule of Pakistan

The Schedule of Pakistan is attached to this Section.

**Note:** The base year for tariff reduction/ elimination is the fiscal year of 2006-2007 for Pakistan.