

**ANNEX 2-A**  
**ELIMINATION OF CUSTOMS DUTIES**

**Section A: Tariff Schedule of Australia**

1. Relation to the Australian Customs Tariff Act 1995. The items set forth in Section B of this Annex are generally expressed in terms of the corresponding items in Schedule 3 to the *Australian Customs Tariff Act 1995* (Tariff Act) and the interpretation of the items in Section B of this Annex, including the product coverage of subheadings in Section B of this Annex, shall be governed by the Tariff Act. To the extent that the items set forth in Section B of this Annex are identical to the corresponding items in Schedule 3 of the Tariff Act the items in Section B of this Annex shall have the same meaning as the corresponding items in the Tariff Act.
2. Base Rates of Customs Duty. The base rates of customs duty set out in this schedule reflect the Australian most-favoured-nation rates of duty in effect on 1 January 2010.
3. Staging. The following staging categories apply to the elimination of customs duties by Australia pursuant to Article 2.3:
  - (a) category “0” – customs duties on originating goods provided for in the items in staging category “0” shall be eliminated entirely and such goods shall be free of customs duty on the date of entry into force of this Agreement;
  - (b) category “3” – customs duties on goods in category 3 shall be reduced to 3.3 per cent on the date this Agreement enters into force and shall then be reduced to 1.7 per cent on 1 January of year two, and such goods shall be free of customs duty, effective 1 January of year three;
  - (c) category “3A” – the *ad valorem* component of compound customs duties on goods in category 3A shall be reduced to 3.3 per cent on the date this Agreement enters into force and shall then be reduced to 1.7 per cent on 1 January of year two. The specific component of compound customs duties on goods in category 3A shall be reduced to A\$8,000 on the date this Agreement enters into force and shall then be reduced to A\$4,000 on 1 January of year two. Such goods shall be free of customs duty, effective 1 January of year three;
  - (d) category “5” – customs duties on goods in category 5 shall be reduced to 4 per cent on the date this Agreement enters into force and shall then be removed in four equal annual stages beginning on 1 January of year two,

and such goods shall be free of customs duty, effective 1 January of year five;

- (e) category “8A” – customs duties on goods in category 8A shall be removed in five equal annual stages beginning on 1 January of year four, and such goods shall be free of customs duty, effective 1 January of year eight;

4. The base rate of customs duty and staging category for an item are indicated for the item in Australia’s Schedule.

5. 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 Australian dollar.

6. For the purposes of this Schedule, **year one** means the year of entry into force of this Agreement.

7. For the purposes of this Schedule, beginning in year two, each annual stage of tariff reduction shall take effect on 1 January of the relevant year.

## **Section B: Tariff Schedule of Korea**

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 customs duty set out in this Schedule reflect the Korean Customs Duty most-favoured-nation rates of duty in effect on 1 January 2010.
3. Staging. The following staging categories apply to the reduction or elimination of customs duties by Korea pursuant to Article 2.3:
  - (a) customs duties on originating goods provided for in the items in staging category “0” shall be eliminated entirely and such goods shall be free of customs duty on the date of entry into force of this Agreement;
  - (b) customs duties on originating goods provided for in the items in staging category “3” shall be removed in three equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year three;
  - (c) customs duties on originating goods provided for in the items in staging category “5” shall be removed in five equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year five;
  - (d) customs duties on originating goods provided for in the items in staging category “7” shall be removed in seven equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year seven;
  - (e) customs duties on originating goods provided for in the items in staging category “10” shall be removed in 10 equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 10;
  - (f) customs duties on originating goods provided for in the items in staging category “12” shall be removed in 12 equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 12;

- (g) customs duties on originating goods provided for in the items in staging category “13” shall be removed in 13 equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 13;
- (h) customs duties on originating goods provided for in the items in staging category “15” shall be removed in 15 equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 15;
- (i) customs duties on originating goods provided for in the items in staging category “17” shall be removed in 17 equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 17;
- (j) customs duties on originating goods provided for in the items in staging category “18” shall be removed in 18 equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 18;
- (k) customs duties on originating goods provided for in the items in staging category “20” shall be removed in 20 equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 20;
- (l) customs duties on originating goods provided for in the items in staging category “B” shall be reduced by 50 per cent in 10 equal annual stages beginning on the date of entry into force of this Agreement and shall remain at that rate thereafter;
- (m) customs duties on originating goods provided for in the items in staging category “S-1” shall be subject to the following provisions:
  - (i) for goods entered into Korea from 1 December through 30 April, customs duties shall be eliminated entirely and such goods shall be free of customs duty on the date of entry into force of this Agreement; and
  - (ii) for goods entered into Korea from 1 May through 30 November, customs duties shall be removed in 15 equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 15;

- (n) customs duties on originating goods provided for in the items in staging category “S-2” shall be subject to the following provisions:
  - (i) for goods entered into Korea from 1 October through 31 March, customs duties shall remain at base rates; and
  - (ii) for goods entered into Korea from 1 April through 30 September, customs duties shall be reduced to 30 per cent *ad valorem* on the date of entry into force of this Agreement. Beginning 1 January of year two, customs duties shall be removed in six equal annual stages, and such goods shall be free of customs duty, effective 1 January of year seven;
- (o) customs duties on originating goods provided for in the items in staging category “S-3” shall be subject to the following provisions:
  - (i) for goods entered into Korea from 1 October through 31 March, customs duties shall remain at base rates; and
  - (ii) for goods entered into Korea from 1 April through 30 September, customs duties shall be removed in 18 equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 18;
- (p) customs duties on originating goods provided for in the items in staging category “S-4” shall be subject to the following provisions:
  - (i) for goods entered into Korea from 1 May through 30 November, customs duties shall remain at base rates; and
  - (ii) for goods entered into Korea from 1 December through 30 April, customs duties shall be reduced to 24 per cent *ad valorem* on the date of entry into force of this Agreement. Beginning 1 January of year two, customs duties shall be removed in four equal annual stages, and such goods shall be free of customs duty, effective 1 January of year five;
- (q) customs duties on originating goods provided for in the items in staging category “S-5” shall be subject to the following provisions:
  - (i) for goods entered into Korea from 1 November through 30 April, customs duties shall remain at base rates; and
  - (ii) for goods entered into Korea from 1 May through 31 October, customs duties shall be removed in 15 equal annual stages

beginning on the date of entry into force of this Agreement, and such goods shall be free of customs duty, effective 1 January of year 15;

- (r) customs duties on originating goods provided for in the items in staging category “E” shall remain at base rates; and
- (s) no obligations regarding customs duties in this Agreement shall apply with respect to items in staging category “R”. Nothing in this Agreement shall affect Korea’s rights and obligations with respect to its implementation of the commitments set out in the WTO document WT/Let/492 (*Certification of Modifications and Rectifications to Schedule LX – Republic of Korea*) dated 13 April, 2005 and any amendments thereto.

4. The base rate of customs duty and staging category are indicated in Korea’s Schedule.

5. Interim staged rates shall be rounded down, at least to the nearest tenth of a percentage point or, if the rate of customs duty is expressed in monetary units, at least to the nearest Korean won.

6. For the purposes of this Schedule, **year one** means the year of entry into force of this Agreement.

7. For the purposes of this Schedule, beginning in year two, each annual stage of tariff reduction shall take effect on 1 January of the relevant year.