

ELIMINATION OF CUSTOMS DUTIES

GENERAL PROVISIONS

1. This Annex specifies the obligations of each Party with regard to the elimination, through successive reductions, of customs duties in accordance with Article 2.6 (Elimination of customs duties on imports) of Chapter 2 (National Treatment and Market Access for Goods), as specified in paragraph 6 of this Annex.
2. Each Party shall eliminate customs duties pursuant to Article 2.6(1) (Elimination of customs duties on imports) in accordance with the tariff schedule set out in:
 - (a) for MERCOSUR, Appendix 2-A-1 (Tariff Schedule of MERCOSUR); and
 - (b) for Singapore, Appendix 2-A-2 (Tariff Schedule of Singapore).
3. Appendices 2-A-1 (Tariff Schedule of MERCOSUR) and 2-A-2 (Tariff Schedule of Singapore) are an integral part of this Annex.
4. For the purposes of this Annex, "year 0" means the period of time beginning on the date of entry into force of this Agreement for each State Party and ending on 31 December of the same calendar year¹. "Year 1" and the following years mean the subsequent calendar years. As provided for in Article 19.13 of Chapter 19 (Institutional, General and Final Provisions) of this Agreement, different years may apply for each Signatory MERCOSUR State and Singapore in accordance with the respective date of entry into force of the Agreement for each of them.

¹ For greater certainty, calendar year is a one-year period beginning on 1 January and ending on 31 December.

5. Customs duties subject to tariff elimination shall be eliminated in equal annual stages beginning on the date of entry into force of the Agreement, with each subsequent tariff reduction taking effect on 1 January of each subsequent year.

6. For originating goods from the other Party:

6.1 The following staging categories shall apply to the elimination of customs duties by each Party pursuant to Article 2.6 (Elimination of customs duties on imports), as established in Table 1:

- (a) Customs duties on originating goods provided for in items in staging category "0" shall be eliminated entirely and such goods will be duty free on the date this Agreement enters into force;
- (b) Customs duties on originating goods provided for in the items in staging category "4" in a Party's Schedule shall be removed in 5 (five) equal annual stages and such goods shall be duty-free on 1 January of "year 4";
- (c) Customs duties on originating goods provided for in the items in staging category "8" in a Party's Schedule shall be removed in 9 (nine) equal annual stages and such goods shall be duty-free on 1 January of "year 8";
- (d) Customs duties on originating goods provided for in the items in staging category "10" in a Party's Schedule shall be removed in 11 (eleven) equal annual stages and such goods shall be duty-free on 1 January 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 16 (sixteen) equal annual stages and such goods shall be duty-free on 1 January of "year 15"; and
- (f) Customs duties on originating goods provided for in the items in the staging category "X or excluded" in a Party's Schedule are excluded from tariff preferences.

6.2. The following table summarizes MERCOSUR's tariff elimination schedule, in terms of the margin of preference granted to each category during the dismantling period:

Table 1: Tariff elimination schedule for MERCOSUR (Margin of Preference)

Category	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
0	100%															
4	20%	40%	60%	80%	100%											
8	11,1%	22,2%	33,3%	44,4%	55,6%	66,7%	77,8%	88,9%	100%							
10	9,1%	18,2%	27,3%	36,4%	45,5%	54,6%	63,6%	72,7%	81,8%	90,9%	100%					
15	6,3%	12,5%	18,8%	25,0%	31,3%	37,5%	43,8%	50,0%	56,3%	62,5%	68,8%	75,0%	81,3%	87,5%	93,8%	100%

6.3 No obligations pursuant to Article 2.6 (Elimination of customs duties on imports) regarding custom duties shall apply with respect to items in the staging category "X or excluded".

7. For the purposes of the elimination of customs duties in accordance with paragraph 4, interim staged duty rates shall be rounded down at least to the nearest 10th (tenth) of a percentage point.