

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

1. All customs duties by a Party on goods originating in the other Party shall be eliminated as from the date of the entry into force of this Agreement, except as otherwise provided in the respective Party's Schedules included in this Annex.
2. The following staging categories shall apply to the elimination of customs duties by each Party pursuant to Article 2.6 (Reduction and/or Elimination of Customs Duties on Imports) for those customs duties not eliminated at the entry into force of this Agreement:
 - (a) customs duties on originating goods provided for in the items in staging category "3" in a Party's Schedule shall be removed in four equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of any customs duties, effective 1 January of year four;
 - (b) customs duties on originating goods provided for in the items in staging category "5" in a Party's Schedule shall be removed in six equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of any customs duties, effective 1 January of year six;
 - (c) customs duties on originating goods provided for in the items in staging category "7" in a Party's Schedule shall be removed in eight equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of any customs duties, effective 1 January of year eight;
 - (d) customs duties on originating goods provided for in the items in staging category "10" in a Party's Schedule shall be removed in eleven equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be free of any customs duties, effective 1 January of year eleven;
 - (e) no obligations under this Agreement regarding customs duties shall apply with respect to items in staging category "X".
3. In relation to goods under a particular tariff code, the base rate of the customs duty and the staging category for determining the interim rate of the customs duty at each stage of reduction are indicated for that tariff code in each Party's Schedule.
4. For the purposes of paragraph 2, rates of customs duties in the interim stages shall be rounded down, at least to the nearest tenth of a percentage point and/or, in the case of Turkey, to the nearest tenth of one Turkish Liras, or any other equivalent currency unit, where applicable.
5. For the purposes of this Annex and a Party's Schedule, "year one" means the year of entry into force of this Agreement and "year two" means the calendar year following "year one" and so on.

6. 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 1 January of the relevant year.
7. Appendices 2-A-1, 2-A-2, 2-A-3 and 2-A-4 form an integral part of this Annex.