

ANNEX V

CUSTOMS DUTIES

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Referred to in Article 6, paragraph 2

1. On the date of entry into force of this Agreement, Mexico shall eliminate all customs duties on imports of products originating in an EFTA State listed in Appendix (Tariff Elimination Schedule of Mexico) under category "A".

2. Customs duties on imports into Mexico of products originating in an EFTA State listed in Appendix (Tariff Elimination Schedule of Mexico) under category "B" shall be eliminated in three stages, the first one taking place on the date of entry into force of this Agreement, reducing the duties to 50 % of the base rate specified in Appendix, and the other two in equal stages on 1 January of each successive year, so that these customs duties are completely eliminated by 1 January 2003.

3. Customs duties on imports into Mexico of products originating in an EFTA State listed in Appendix (Tariff Elimination Schedule of Mexico) under category "B+" shall be eliminated in accordance with the following schedule, so that such customs duties are completely eliminated by 1 January 2005:

Mexican Base Rate	2001	2002	2003	2004	2005
20	12	8	5	2.5	0
15	10	7	5	2.5	0
10	6	4	4	2	0
7	4	3	2	1	0
5	3	2	2	1	0

4. Customs duties on imports into Mexico of products originating in an EFTA State listed in Appendix (Tariff Elimination Schedule of Mexico) under category "C" shall be eliminated in accordance with the following schedule, so that such customs duties are completely eliminated by 1 January 2007:

Mexican Base Rate	2001	2002	2003	2004	2005	2006	2007
20	12	8	5	5	4	3	0
15	10	7	5	5	4	3	0
10	6	5	4	4	3	1	0
7	4	3	3	2	2	1	0
5	3	2	2	2	1	1	0

5. Mexico declares its readiness to reduce its customs duties more rapidly than is provided for in this Annex if its general economic situation and the situation of the economic sector concerned so permits. A Decision by the Joint Committee to accelerate the elimination of a customs duty shall supersede the terms established in this Annex for the product concerned.

6. Customs duties on imports into Mexico of products originating in an EFTA State listed in Appendix (Tariff Elimination Schedule of Mexico) under category "1/", shall be no greater than:

- (a) 5 per cent *ad valorem* as of the day of entry into force of the Agreement until 31 December 2003;
- (b) 4 per cent *ad valorem* as of 1 January 2004 until 31 December 2005;
and
- (c) 3 per cent *ad valorem* as of 1 January 2006 until 31 December 2006.

Such customs duties shall be completely eliminated by 1 January 2007.

7. Notwithstanding paragraph 4, customs duties on imports into Mexico of products originating in an EFTA State listed in Appendix (Tariff Elimination Schedule of Mexico) under category "C 2/", shall be 10 per cent *ad valorem* between 1 January 2002 and 31 December 2006 only when the customs value at the time of importation for each of these products is 40 USD or less. This customs duty shall be completely eliminated no later than 1 January 2007.
