

**ANNEX 2-[x]**

**REDUCTION AND/OR ELIMINATION OF CUSTOMS DUTIES**

**Section A. General provisions**

1. Except as otherwise provided in a Party's Schedule in this Annex, the following staging categories apply to the reduction and/or elimination of customs duties on originating goods from the other Party set out in each Party's Schedule in this Annex pursuant to Article [7][*reduction and/or elimination of customs duties*]:

(a) customs duties on originating goods provided for in the items in staging category "A" in a Party's Schedule shall be eliminated entirely and such goods shall be free of any customs duty on the date this Agreement enters into force;

(b) customs duties on originating goods provided for in the items in staging category "B3" in a Party's Schedule shall be removed in four equal annual stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;

(c) customs duties on originating goods provided for in the items in staging category "B5" in a Party's Schedule shall be removed in six equal annual stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;

(d) customs duties on originating goods provided for in the items in staging category "B7" in a Party's Schedule shall be removed in eight equal annual stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;

(f) customs duties on originating goods provided for in the items in staging category "B9" in the Vietnam's Schedule shall be removed in 10 equal annual stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;

(g) customs duties on originating goods provided for in the items in staging category "B10" in a Party's Schedule shall be removed in 11 equal annual stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;

(h) customs duties on originating goods provided for in the items in staging category "B10\*" in the Vietnam's Schedule shall be removed in 11 annual stages , beginning on the date this Agreement enters into force, pursuant to the table below, and such goods shall thereafter be free of any customs duty;

Tariff code	Year										
HS 2012	1	2	3	4	5	6	7	8	9	10	11
2203.00.10 2203.00.90	34 %	33 %	32 %	30 %	29 %	25 %	22 %	18%	15 %	11 %	0 %

(i) customs duties on originating goods provided for in the items in staging category “B10\*\*” in the Vietnam’s Schedule shall be removed in 11 annual stages, beginning on the date this Agreement enters into force pursuant to the table below, and such goods shall thereafter be free of any customs duty. In the case this Agreement enters into force in 2016, customs duties on originating goods shall remain at the base rate in 2016, then reduced to rates of year 1, year 2, year 3, year 4, year 5, year 6, year 7, year 8, year 9, year 10, year 11 in 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027 accordingly.

Tariff code HS 2012	Base rate	Year										
		1	2	3	4	5	6	7	8	9	10	11
2710.12.11 2710.12.12 2710.12.13 2710.12.14 2710.12.15 2710.12.16	20 %	20 %	20 %	20 %	20 %	8 %	8 %	7 %	7 %	7 %	7 %	0 %
2710.12.20	10 %	10 %	10 %	10 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	0 %
2710.12.30	20 %	20 %	20 %	20 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	0 %
2710.12.40 2710.12.50 2710.12.60	20 %	17 %	16 %	14 %	13 %	11 %	10%	8 %	7 %	7 %	7 %	0 %
2710.12.70	20 %	20 %	20 %	20 %	20 %	8 %	8 %	7 %	7 %	7 %	7 %	0 %
2710.12.80 2710.12.90	20 %	20 %	20 %	20 %	20 %	15 %	10 %	7 %	7 %	7 %	7 %	0 %
2710.19.71 2710.19.72	8 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	0 %
2710.19.79 2710.19.81 2710.19.82 2710.19.83	10 %	9 %	8 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	0 %
2710.20.00	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	7 %	0 %
2710.91.00 2710.99.00	40 %	40 %	20 %	20 %	20 %	11 %	9 %	7 %	7 %	7 %	7 %	0 %

(j) customs duties on originating goods provided for in the items in staging category “B15” in Vietnam’s Schedule shall be removed in 16 equal annual stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;

(k) the ad valorem component of the customs duties on originating goods provided for in the items in staging category A+EP in the EU's Schedule shall be eliminated upon the date of entry into force of this Agreement; the tariff elimination shall apply to the ad valorem duty only; the specific duty resulting from the entry price system that the EU applies to certain fruits and vegetables in accordance with the Common Customs Tariff provided for in Commission Implementing Regulation (EU) No 543/ of 7 June 2011 laying down detailed rules for the application of Council Regulation (EC) No 1234/2007 in respect of the fruit and vegetables and processed fruit and vegetables sectors<sup>1</sup> shall be maintained.

<sup>1</sup> EU OJ L 157, 15.6.2011, p. 1.

(l) customs duties on originating goods provided for in the items in staging category “R75” in the EU's Schedule, shall be applied pursuant to the below table:

Year	Customs duty (EUR / tonnes.)
2016	120
2017	115
2018	110
2019	105
2020	100
2021	95
2022	90
2023	85
2024	80
From 2025 onwards	75

The preferential customs duties indicated in the table above shall apply from the date of entry into force of this Agreement in the relevant year and onwards. The duties shall not be retroactively reduced;

(m) Tariff lines with “CKD” indicated in the “Base rate” and “Category” columns in the Vietnam’s Schedule are not applicable.

2. The base rate of customs duty and staging category for determining the interim rate of customs duty at each stage of reduction for an item are specified for the item in each Party’s Schedule.

3. Without prejudice to Article 7 of Chapter [x] National Treatment and Market Access for Goods to this Agreement, under no circumstances shall the EU preferential customs duty under this Agreement be higher than EU customs duties applied to goods originating in Vietnam on the day before the date of entry into force of this Agreement, from that date until the seventh year after entry into force.

4. Rates of customs duties in the interim stages shall be rounded down, at least to the nearest 10th of a percentage point, or, if the rate of customs duty is expressed in monetary units, at least to the nearest 10th of one euro cent in the case of the EU Party.

5. For the purposes of this Annex and a Party's Schedule in this Annex, the first reduction shall take effect on the date of entry into force of this agreement. Any subsequent annual reduction shall take effect on 1 January of the relevant year following the year of entry into force as provided for in Article [X.15] (Entry into force).

**Section B. Tariff rate quotas**

6. For the administration in Year 1 of each tariff rate quota established under this Agreement, the Parties shall calculate the volume of that tariff rate quota by discounting the volume corresponding to the period running between the 1st of January and the date of entry into force of the Agreement.

**EU – tariff Rate Quotas**

7. The EU shall administer its tariff quotas in accordance with its internal regulations that facilitate trade between the two parties with a view to maximizing utilization of TRQ quantities.

8. Birds' egg and egg yolks tariff rate quota

Originating goods classified in the following tariff lines in the EUs' Schedule shall be duty-free within the following aggregated quantity as specified below:

- 0408.11.80
- 0408.19.81
- 0408.19.89
- 0408.91.80
- 0408.99.80

Aggregate Annual Quantity (Metric Tonnes): 500 tonnes

9. Garlic

Originating goods classified in the following tariff line in the EUs' Schedule shall be duty-free within the following aggregated quantity as specified below:

- 0703.20.00

Annual Quantity (Metric Tonnes): 400 tonnes

10. Sweetcorn

a) Originating goods classified in the following tariff lines in the EUs' Schedule shall be duty-free within the following aggregated quantity as specified below:

- 0710.40.00A
- 2001.90.30A
- 2005.80.00A

Aggregate Annual Quantity (Metric Tonnes): 5.000 tonnes

b) The aggregated quantity of originating goods classified in the following tariff lines in the EU's Schedule shall not be counted in the tariff rate quota quantity;

0710.40.00B  
2001.90.30B  
2005.80.00B

11. Rice

a) Originating goods classified in the following tariff lines in the EUs' Schedule shall be duty-free within the following aggregated quantity as specified below:

1006.10.21	1006.20.11
1006.10.23	1006.20.13
1006.10.25	1006.20.15
1006.10.27	1006.20.17
1006.10.92	1006.20.92
1006.10.94	1006.20.94
1006.10.96	1006.20.96
1006.10.98	1006.20.98

Annual Quantity (Metric tonnes expressed in husked rice equivalent): 20.000 tonnes

b) Originating goods classified in the following tariff lines in the EUs' Schedule shall be duty-free within the following aggregated quantity as specified below:

1006.30.21	1006.30.61
1006.30.23	1006.30.63
1006.30.25	1006.30.65
1006.30.27	1006.30.67
1006.30.42	1006.30.92
1006.30.44	1006.30.94
1006.30.46	1006.30.96
1006.30.48	1006.30.98

Annual Quantity (Metric Tonnes expressed in milled rice equivalent): 30.000 tonnes

c) Originating goods classified in the following tariff lines in the EUs' Schedule shall be duty-free within the following aggregated quantity as specified below:

1006.10.21	1006.20.11	1006.30.21	1006.30.61
1006.10.23	1006.20.13	1006.30.23	1006.30.63
1006.10.25	1006.20.15	1006.30.25	1006.30.65
1006.10.27	1006.20.17	1006.30.27	1006.30.67
1006.10.92	1006.20.92	1006.30.42	1006.30.92
1006.10.94	1006.20.94	1006.30.44	1006.30.94
1006.10.96	1006.20.96	1006.30.46	1006.30.96
1006.10.98	1006.20.98	1006.30.48	1006.30.98

Annual Quantity (Metric Tonnes expressed in milled rice equivalent): 30.000 tonnes

To be eligible for duty free import under the quota under point 11.c of this Annex quota, rice must belong to a one of the following varieties of fragrant rice:

{Jasmine 85  
ST 5, ST 20  
Nang Hoa 9 (Nàng Hoa 9)  
VD 20  
RVT  
OM 4900  
OM 5451  
Tai nguyen Cho Dao (Tài nguyên Chợ Đào)}

This list may be amended by the Committee on trade in Goods in accordance with the procedure foreseen under the chapter [XX] Institutional, General and Final Provisions.

Furthermore, it should be accompanied by an authenticity certificate issued by the competent authorities of Viet Nam stating that the rice belongs to one of the varieties mentioned above.

## 12. Manioc (cassava) starch

Originating goods classified in the following tariff line in the EU's Schedule shall be duty-free within the following aggregated quantity as specified below:

1108.14.00

Annual Quantity (Metric Tonnes): 30.000 tonnes

## 13. Tuna

Originating goods classified in the following tariff lines in the EU's Schedule within the following aggregated quantity shall be duty-free as specified below:

1604.14.11

1604.14.18  
1604.14.90  
1604.19.39  
1604.20.70

Aggregate Annual Quantity (Metric Tonnes): 11.500 tonnes

14. Surimi

Originating goods classified in the following tariff line in the EU's Schedule within the following aggregated quantity and shall be duty-free as specified below:

1604.20.05

Annual Quantity (Metric Tonnes): 500 tonnes

15. Sugar and other products containing high levels of sugar

Originating goods classified in the following tariff lines in the EU's Schedule shall be duty-free within the following aggregated quantity as specified below:

1701.13.10	1702.90.50
1701.13.90	1702.90.71
1701.14.10	1702.90.75
1701.91.00	1702.90.79
1701.99.10	1702.90.95
1701.99.90	1806.10.30
1702.30.50	1806.10.90

Aggregate annual quantity (Metric Tonnes expressed in raw sugar equivalent): 20.000 tonnes

16. Speciality sugar

Originating goods classified in the following tariff lines in the EU's Schedule shall be duty-free within the following aggregated quantity as specified below:

1701.14.90

Annual Quantity (Metric Tonnes): 400 tonnes

17. Mushrooms

Originating goods classified in the following tariff lines in the EU's Schedule shall be duty-free within the following aggregated quantity as specified below:

0711.51.00  
2001.90.50  
2003.10.20  
2003.10.30

Aggregate annual quantity (Metric Tonnes): 350 tonnes

18. Ethanol

Originating goods classified in the following tariff lines in the EU's Schedule within the following aggregated quantity shall be duty-free as specified below:

2207.10.00  
2207.20.00

Aggregate annual quantity (Metric Tonnes): 1.000 tonnes

19. Manitol, Sorbitol, Dextrins and other modified starches

Originating goods classified in the following tariff lines in the EU's Schedule within the following aggregated quantity shall be duty-free as specified below:

2905.43.00  
2905.44.11  
2905.44.19  
2905.44.91  
3505.10.10  
3505.10.90  
3824.60.19

Aggregate annual quantity (Metric Tonnes): 2.000 tonnes

**Vietnam tariff rate quotas**

20. The implementation period, volume of quotas, administration methods and other terms and conditions relating to the allocation of Viet Nam tariff rate quotas for the following products shall be consistent with Viet Nam's commitments in the WTO.
21. The in quota customs duties on originating goods provided for in the items in staging category "B10-in quota" in the Vietnam's Schedule shall be removed in 11 equal annual stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any in quota customs duty. The out of quota customs duties on originating goods provided for in the items in staging category "B10-in quota" in the Vietnam's Schedule are unbound.

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**TARIFF SCHEDULE OF VIETNAM**

**GENERAL NOTES**



1. Relation to the Vietnam's Export and Import Classification Nomenclature (EICN). The provisions of this Schedule are generally expressed in terms of the EICN, 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 EICN. To the extent that provisions of this Schedule are identical to the corresponding provisions of the EICN, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the EICN.

2. Base Rates of Customs Duty. Except as otherwise provided in this Annex, the base rates of customs duty set out in this Schedule reflect the Vietnam's Most-Favoured-Nation (MFN) rates of duty in effect on 26 June 2012.

[insert Vietnam's schedule here]

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## **TARIFF SCHEDULE OF THE EU**

### **GENERAL NOTES**

1. Relation to the Combined Nomenclature (CN) of the European Community. The provisions of this Schedule are generally expressed in terms of the CN, 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 CN. To the extent that provisions of this Schedule are identical to the corresponding provisions of the CN, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the CN.

2. Base Rates of Customs Duty. The base rates of customs duty set forth in this Schedule reflect the European Community's Common Customs Tariff rates of duty in effect on 26 June 2012.

[insert EU's schedule here]

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### **APPENDIX 1-[x]**

#### **EXPLANATORY NOTE**

#### **Athletic/Sports footwear**

Footwear covered by the ex-out description for CN codes 6403.91.11B, 6403.91.13B, 6403.91.16B, 6403.91.18B, 6403.99.91B, 6403.99.93B, 6403.99.96B and 6403.99.98B in the

EU's Schedule must have a non-slip outer sole manufactured from synthetic materials such as low-density polymers or have technical features such as hermetic pads containing gas or fluid, mechanical components specially designed to absorb impacts, or special materials such as low-density polymers. In addition such shoes must have a fastening device or lacing system with a minimum of 5 eyelet holes on each side of the upper of the shoe, which gives the foot stability in the shoe. The inner sole of such shoes must be molded.