

## **CHAPTER TWO**

### **NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS**

#### **Article 2.1: Scope and Coverage**

Except as otherwise provided in this Agreement, this Chapter applies to trade in goods of a Party.

#### **Section A – National Treatment**

##### **Article 2.2: National Treatment**

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of the GATT 1994 and, for greater certainty, its interpretative notes, and to this end Article III of the GATT 1994 and, for greater certainty, its interpretative notes, or an equivalent provision of a successor agreement to which both Parties are party, are incorporated into and made part of this Agreement.
2. The treatment to be accorded by a Party pursuant to paragraph 1 means, with respect to a sub-national government, treatment no less favourable than the most favourable treatment that sub-national government accords to like, directly competitive or substitutable goods of the Party of which it forms a part.
3. Paragraph 1 does not apply to the measures set out in Annex 2-A.

#### **Section B – Tariffs**

##### **Article 2.3: Tariff Elimination**

1. Except as otherwise provided in this Agreement, a Party shall not increase an existing customs duty, or adopt a customs duty, on an originating good.

2. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods in accordance with its Schedule to Annex 2-D.
3. Each party shall apply to an originating good the lesser of:
  - (a) The tariff rate applicable under its Schedule to Annex 2-D; or
  - (b) The most-favoured-nation (MFN) applied tariff rate.
4. At the request of a Party, the Parties shall consult to consider accelerating the elimination of customs duties on a good after the entry into force of this Agreement. An agreement between the Parties to accelerate elimination of customs duties on an originating good shall supersede a duty rate or staging category determined pursuant to their Schedules for that good when approved by each Party in accordance with its applicable domestic legal procedures.
5. For greater certainty, a Party may:
  - (a) modify its tariffs outside this Agreement on goods for which no tariff preference is claimed under this Agreement;
  - (b) increase a customs duty to the level established in its Schedule to Annex 2-D following a unilateral reduction; and
  - (c) maintain or increase a customs duty as authorised by this Agreement, the Dispute Settlement Body of the WTO, or any agreement under the WTO Agreement.

#### **Article 2.4: Temporary Admission of Goods**

1. Each Party shall grant duty-free temporary admission for the following goods imported from the territory of the other Party, regardless of their origin and regardless of whether like, directly competitive or substitutable goods are available in the territory of the Party:
  - (a) professional equipment necessary for carrying out the business activity, trade, or profession of a business person who qualifies for temporary entry under Chapter Twelve (Temporary Entry for Business Persons);

- (b) equipment for the press or for sound or television broadcasting and cinematographic equipment;
- (c) goods imported for sports purposes and goods intended for display or demonstration; and
- (d) commercial samples and advertising films and recordings.

2. Except as otherwise provided in this Agreement, a Party shall not condition the duty-free temporary admission of a good under paragraph 1(a), (b), or (c), other than to require that the good:

- (a) be imported by a national or resident of the other Party who seeks temporary entry;
- (b) be used only by or under the personal supervision of that person in the exercise of the business activity, trade, profession, or sport of that person;
- (c) not be sold or leased while in its territory;
- (d) be accompanied by a bond in an amount no greater than the charges that would otherwise be owed on entry or final importation, or by another form of security, releasable on exportation of the good, except that a bond for customs duties shall not be required for an originating good<sup>1</sup>;
- (e) be capable of identification when exported;
- (f) be exported on the departure of that person or within another period of time that is reasonably related to the purpose of the temporary admission within one year, or such other longer period in accordance with the domestic law and practices of the Party; and
- (g) be imported in no greater quantity than is reasonable for its intended use.

3. Except as otherwise provided in this Agreement, a Party shall not condition the duty-free temporary admission of a good under paragraph 1(d), other than to require that the good:

- (a) be imported only for the solicitation of orders for goods, or services provided from the territory, of the other Party or a non-party;

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<sup>1</sup> If another form of monetary security is used, it shall not be more burdensome than the bonding requirement referred to in this subparagraph. If a Party uses a non-monetary form of security, it shall not be more burdensome than existing forms of security used by that Party.

- (b) not be sold, leased, or put to use other than for exhibition or demonstration while in its territory;
- (c) be capable of identification when exported;
- (d) be exported within a period of time that is reasonably related to the purpose of the temporary importation; and
- (e) be imported in no greater quantity than is reasonable for its intended use.

4. If a good is temporarily admitted duty-free pursuant to paragraph 1 and a condition that the Party imposes pursuant to paragraphs 2 and 3 has not been fulfilled, a Party may impose:

- (a) the customs duty and any other charge that would be owed on entry or final importation of the good; and
- (b) any other charges or penalties provided under its domestic law.

5. Subject to Chapters Eight (Investment) and Nine (Cross-Border Trade in Services):

- (a) each Party shall allow a container used in international traffic that enters its territory from the territory of the other Party to exit its territory on a route that is reasonably related to the economic and prompt departure of that container;
- (b) a Party shall not require a bond or impose a penalty or charge only by reason of a difference between the port of entry and the port of departure of a container;
- (c) a Party shall not condition the release of an obligation, including a bond, that it imposes in respect of the entry of a container into its territory, on its exit through a particular port of departure; and
- (d) a Party shall not require that the carrier bringing a container from the territory of the other Party into its territory be the same carrier that takes such container to the territory of the other Party.

## **Article 2.5: Duty-Free Entry of Certain Commercial Samples and Printed Advertising Materials**

Each Party shall grant duty-free entry to commercial samples of negligible value, and to printed advertising materials, imported from the territory of the other Party, regardless of their origin, but may require that:

- (a) the commercial samples be imported only for the solicitation of orders for goods, or services provided from the territory, of the other Party or a non-party; or
- (b) the printed advertising materials be imported in packets, each of which contains no more than one copy of the material, and that neither the materials nor the packets form part of a larger consignment.

## **Article 2.6: Goods Re-Entered after Repair or Alteration**

1. Except as provided in Annex 2-E, a Party shall not apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of whether the repair or alteration could be performed in its territory.<sup>2</sup>
2. A Party shall not apply a customs duty to a good, regardless of its origin, imported temporarily from the territory of the other Party for repair or alteration.

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<sup>2</sup> This paragraph does not cover goods imported in bond, into foreign trade zones, or in similar status, that are exported for repair and are not re-imported in bond, into foreign trade zones, or in similar status.

## Section C – Non-Tariff Measures

### Article 2.7: Import and Export Restrictions

1. Except as otherwise provided in this Agreement, a Party shall not adopt or maintain a prohibition or restriction on the importation of a good of the other Party, or on the exportation or sale for export of a good destined for the territory of the other Party, except in accordance with Article XI of the GATT 1994 and, for greater certainty, its interpretative notes, and to this end Article XI of the GATT 1994 and, for greater certainty, its interpretative notes, or an equivalent provision of a successor agreement to which both Parties are party, are incorporated into and made a part of this Agreement.
2. The Parties understand that the GATT 1994 rights and obligations incorporated by paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, export price requirements and, except as permitted in enforcement of countervailing and antidumping orders and undertakings, import price requirements.
3. If a Party adopts or maintains a prohibition or restriction on the importation from, or exportation to, a non-party of a good, this Agreement is not to be construed to prevent the Party from:
  - (a) limiting or prohibiting the importation from the territory of the other Party of a good of that non-party; or
  - (b) requiring as a condition of export of a good of the Party to the territory of the other Party, that the good not be re-exported to the non-party, directly or indirectly, without being consumed in the territory of the other Party.
4. If a Party adopts or maintains a prohibition or restriction on the importation of a good from a non-party, on request of the other Party, the Parties shall consult with a view to avoiding undue interference with, or distortion of, pricing, marketing, and distribution arrangements in the other Party.
5. Paragraphs 1 through 4 do not apply to the measures set out in Annex 2-A.

## **Article 2.8: Export Duties, Taxes or Other Charges**

A Party shall not adopt or maintain duties, taxes, or other charges on the export of a good to the territory of the other Party, unless the duties, taxes, or charges are also adopted or maintained on the good when destined for domestic consumption.

## **Article 2.9: Most-Favoured-Nation Treatment for Internal Taxes and Emissions Regulations**

With respect to internal taxes and emissions regulations related to automotive goods, each Party shall accord to the products originating in the other Party no less favourable treatment than that accorded to the like products originating in a non-party, including as provided in any free trade agreement with that non-party.

## **Article 2.10: Customs User Fees**

1. A Party shall not adopt or maintain a customs user fee or other similar charge in connection with importation of a good of the other Party that is not commensurate with the cost of services rendered.
2. The Parties affirm that nothing in this Article modifies Article VIII of the GATT 1994 as it applies between them.

## **Article 2.11: Customs Valuation Agreement**

The Customs Valuation Agreement or any successor agreement to which both Parties are party shall govern the customs valuation rules applied by the Parties to their reciprocal trade.

## **Article 2.12: Agricultural Safeguard Measures**

1. Notwithstanding Article 2.3, a Party may impose an agricultural safeguard measure in the form of a higher import duty, consistent with paragraphs 2 through 7, on an originating agricultural good listed in its Schedule to Annex 2-F, if the aggregate volume of imports of a good in a year exceeds a trigger level as set out in its Schedule to Annex 2-F.

2. The duty pursuant to paragraph 1 shall not exceed the lesser of the prevailing most-favoured-nation (MFN) applied rate, or the MFN applied rate of duty in effect on the day immediately preceding the date of entry into force of this Agreement, or the tariff rate set out in its Schedule to Annex 2-F.

3. The duty imposed pursuant to paragraph 1 shall be set according to the Party's Schedule to Annex 2-F and shall only be maintained until the end of the year, as defined in Annex 2-D, in which it has been imposed.

4. A Party shall not apply or maintain an agricultural safeguard measure and at the same time apply or maintain, with respect to the same good:

- (a) a safeguard measure under Chapter Seven (Trade Remedies);
- (b) a measure under Article XIX of the GATT 1994 and the Safeguards Agreement; or
- (c) a measure under any agricultural safeguard provisions of the *WTO Agreement on Agriculture*.

5. Each Party shall implement an agricultural safeguard measure in a transparent manner. Within 60 days after imposing a measure, the Party applying the measure shall notify the other Party in writing and shall provide it with relevant data concerning the measure. On the written request of the exporting Party, the Parties shall consult regarding the application of the measure.

6. The implementation and operation of this Article may be the subject of discussion and review in the Committee on Trade in Goods or in a sub-committee established under Article 2.14.

7. A Party shall not apply or maintain an agricultural safeguard measure on an originating agricultural good:

- (a) after the expiration of the period specified in the agricultural safeguard provisions of the Party's Schedule to Annex 2-F; and
- (b) that increases the in-quota duty on a good subject to a tariff rate quota (hereinafter referred to as "TRQ").



### **Article 2.13: Administration and Implementation of TRQs**

1. A Party that has established TRQs as set out in Annex 2-G shall implement and administer these TRQs in accordance with Article XIII of the GATT 1994 and, for greater certainty, its interpretive notes, and the *WTO Agreement on Import Licensing Procedures*, and any other WTO agreement.
2. A Party shall ensure that:
  - (a) its procedures for administering its TRQs are transparent, made available to the public, timely, non-discriminatory, responsive to market conditions, minimally burdensome to trade, and reflect end user preferences; and
  - (b) an enterprise or a person of a Party that fulfils the importing legal and administrative requirements shall be eligible to apply and to be considered for a quota allocation under the TRQs.
3. Over the course of each year, the administering authority of a Party shall publish, in a timely fashion on its designated publicly available Internet site, administration procedures, utilisation rates, and remaining available quantities for each of the TRQs.
4. A Party shall notify the other Party of new or modified administration of TRQs established in Annex 2-G prior to its application.
5. A Party shall make every effort to administer its TRQs in a manner that allows importers to fully utilise them. On the written request of a Party, the Parties shall discuss a Party's administration of its TRQs at the next meeting of Committee on Trade in Goods to arrive at a mutually satisfactory agreement. The Parties shall consider prevailing supply and demand conditions in the discussions.

## **Section D – Committee on Trade in Goods**

### **Article 2.14: Committee on Trade in Goods**

1. The Parties hereby establish a Committee on Trade in Goods, composed of representatives of each Party.

2. The Committee shall meet periodically, and at any other time at the request of either Party or the Commission, to ensure the effective implementation and administration of this Chapter. In this regard, the Committee shall:

- (a) monitor the implementation and administration by the Parties of this Chapter;
- (b) at the request of either Party, review proposed modifications of or additions to this Chapter;
- (c) recommend to the Commission modifications of or additions to this Chapter, and to other provisions of this Agreement to conform with any change to the Harmonized System;
- (d) consider any tariff or non-tariff issue raised by either Party<sup>3</sup>; and
- (e) consider any other matter relating to the implementation and administration by the Parties of this Chapter raised by:
  - (i) a Party; or
  - (ii) any sub-committee established pursuant to paragraph 4.

3. If the Committee fails to resolve a matter referred to it within 30 days of such referral, either Party may request a meeting of the Commission under Article 20.1 (Joint Commission).

4. Upon written request of a Party, a sub-committee shall be established and convene a meeting of relevant officials from each Party within 90 days or at a mutually agreed time for discussions with a view to resolving issues resulting from the implementation and administration of this Chapter and its Annexes. The sub-committee may refer to the Committee any matter for its consideration.

5. Each Party shall, to the extent practicable, take all necessary measures to implement modifications of, or additions to, this Chapter within 180 days of the date on which the Commission agrees on the modification or addition.

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<sup>3</sup> The Parties agree to discuss issues related to icewine including labelling and definition pursuant to this paragraph.

6. This Chapter is not to be construed to prevent a Party from issuing a determination of origin or an advance ruling relating to a matter under consideration by the Committee or from taking other action it considers necessary, pending a resolution of the matter under this Agreement.

7. The Parties hereby establish a Sub-Committee on Trade in Forest Products as set out in Annex 2-B.

8. The Parties hereby establish a Sub-Committee on Trade in Automotive Goods as set out in Annex 2-C.

## **Section E – Definitions**

### **Article 2.15: Definitions**

For the purposes of this Chapter:

**advertising films and recordings** means recorded visual media or audio materials, consisting essentially of images or sound, showing the nature or operation of a good or service offered for sale or lease by a person established or resident in the territory of a Party, provided that those materials are of a kind suitable for exhibition to a prospective customer but not for broadcast to the general public, and provided that they are imported in a packet that contains no more than one copy of each film or recording and that does not form part of a larger consignment;

**agricultural goods** means the products listed in Annex 1 of the WTO *Agreement on Agriculture* with any subsequent changes agreed in the WTO to be automatically effective for this Agreement;

**automotive good** means all forms of motor vehicles, systems, and parts thereof falling under Chapters 40, 84, 85, 87, and 94 of the Harmonized System, except for the following goods:

- (a) tractors (in HS 8701.10, 8701.20, 8709.11, 8709.19, and 8709.90);
- (b) snow mobiles and golf carts (in HS 8703.10); and
- (c) construction machinery (in HS 8413.40, 8425.11, 8425.19, 8425.31, 8425.39, 8425.41, 8425.42, 8425.49, 8426.11, 8426.12, 8426.19, 8426.20, 8426.30, 8426.41, 8426.49, 8426.91, 8426.99, 8427.20, 8428.10, 8428.20, 8428.31, 8428.32, 8428.33, 8428.39, 8428.40, 8428.60, 8428.90, 8429.11, 8429.19, 8429.20, 8429.30, 8429.40, 8429.51, 8429.52, 8429.59, 8430.10, 8430.20, 8430.31, 8430.39, 8430.41, 8430.49, 8430.50, 8430.61, 8430.69, 8431.10, 8431.31, 8431.39, 8431.41, 8431.42, 8431.43, 8431.49, 8474.10, 8474.20, 8474.31, 8474.32, 8474.39, 8474.80, 8474.90, 8479.10, 8701.30, 8704.10, 8705.10, 8705.20, 8705.40, and 8705.90);

**commercial samples of negligible value** means commercial samples having a value, individually or in the aggregate as shipped, of not more than US\$1, or the equivalent amount in the currency of a Party, or so marked, torn, perforated or otherwise treated that they are unsuitable for sale or for use except as commercial samples;

**consumed** means:

- (a) actually consumed; or
- (b) further processed or manufactured so as to result in a substantial change in value, form, or use of the good or in the production of another good;

**duty-free** means free of customs duties;

**goods imported for sports purposes** means sports requisites for use in sports contests, demonstrations, or training in the territory of the Party into whose territory the goods are imported;

**goods intended for display or demonstration** includes their component parts, ancillary apparatus, and accessories;

**goods of a Party** means domestic products as understood in the GATT 1994 or goods as the Parties may agree, and includes originating goods of that Party;

**printed advertising materials** means those goods classified in Chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks published by trade associations, and tourist promotional materials and posters, that are used to promote, publicise, or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge;

**repair or alteration** does not include an operation or process that either destroys the essential characteristics of a good or creates a new or commercially different good<sup>4</sup>; and

**tariff elimination schedule** means the provisions of Annex 2-D.

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<sup>4</sup> An operation or process that is part of the production or assembly of an unfinished good into a finished good is not repair of the unfinished good; a component of a good is a good that may be subject to repair or alteration.

## **Annex 2-A**

### **Exceptions to Articles 2.2 and 2.7**

#### **Section A – Measures of Korea**

1. Without prejudice to Canada's rights under the WTO Agreement, Articles 2.2 and 2.7 shall not apply to:

- (a) actions by Korea authorised by the Dispute Settlement Body of the WTO;  
and
- (b) a measure that Korea applies to address market disruption pursuant to procedures that have been incorporated into the WTO Agreement.

#### **Section B – Measures of Canada**

2. Without prejudice to Korea's rights under the WTO Agreement, Articles 2.2 and 2.7 shall not apply to:

- (a) a measure, including that measure's continuation, prompt renewal, or amendment, in respect of the following:
  - (i) the export of logs;
  - (ii) the export of unprocessed fish pursuant to applicable provincial legislation;
  - (iii) the importation of any goods of the prohibited provisions of tariff items 9897.00.00, 9898.00.00, and 9899.00.00 referred to in the Schedule of the *Customs Tariff*;
  - (iv) Canadian excise duties on absolute alcohol used in manufacturing under the existing provisions of the *Excise Act*, 2001, S.C. 2002, c.22, as amended;

- (v) the use of ships in the coasting trade of Canada pursuant to the *Coasting Trade Act*, S.C. 1992, c. 31; and
  - (vi) the internal sale and distribution of wine and distilled spirits; and
- (b) actions by Canada authorised by the Dispute Settlement Body of the WTO.

3. With respect to paragraph 2(a)(i), Canada shall ensure that procedures under the *Export and Import Permits Act* (hereinafter referred to as the “EIPA”) controlling the export of logs are transparent, made available to the public, and shall notify Korea in writing of proposed amendments to the EIPA that relates to controls on the export of logs within 30 days of publication of such proposals. Canada will endeavour to ensure that EIPA procedures controlling the export of logs continue to be applied in a manner that does not constitute a disguised restriction on international trade. In respect of the export of logs, the Parties maintain their rights and obligations under the WTO Agreement, and any dispute regarding a matter relating to the export of logs shall be settled under the WTO.

## **Annex 2-B**

### **Sub-Committee on Trade in Forest Products**

1. The Parties hereby establish a Sub-Committee on Trade in Forest Products. The Sub-Committee shall include officials from each of the Parties, including international trade officials, regulatory officials, and those responsible for controls on the export of logs, and may include or consult with interested parties.
2. The Sub-Committee shall:
  - (a) monitor the implementation of obligations of this Agreement that may affect trade in forest products;
  - (b) at the request of a Party, discuss a matter related to trade in forest products between the Parties;
  - (c) endeavour to promote cooperation relating to trade in forest products in such international fora as the WTO and other relevant international organisations; and
  - (d) take any other action, as the Parties may agree, to achieve the objectives of this Agreement, as they apply to trade in forest products.
3. The Sub-Committee shall meet at the request of a Party.
4. The Sub-Committee shall report relevant activities and outcomes regularly to the Committee on Trade in Goods.
5. If a Party considers that Sub-Committee discussions have failed to resolve a matter related to trade in forest products, that Party may, on written notification to the other Party, refer the matter to the Committee on Trade in Goods.



## **Annex 2-C**

### **Sub-Committee on Trade in Automotive Goods**

1. The Parties hereby establish a Sub-Committee on Trade in Automotive Goods that shall:
  - (a) include government officials with expertise in automotive issues from each of the Parties, including regulatory, international trade, and industry officials;
  - (b) monitor the implementation of obligations of this Agreement that may affect a matter related to trade in automotive goods;
  - (c) at the request of a Party, consult on a matter related to trade in automotive goods of a Party;
  - (d) unless otherwise agreed by the Parties, be the sole forum for consideration of a matter related to trade in automotive goods of a Party;
  - (e) endeavour to promote cooperation in such international fora addressing automotive goods issues as the WTO, the Organisation for Economic Cooperation and Development (OECD), and the APEC Automotive Dialogue; and
  - (f) take any other action, as the Parties may agree, to achieve the objectives of this Agreement as they apply to trade in automotive goods.
2. The Sub-Committee may include or consult with other experts, stakeholders, and interested parties as the Parties deem necessary and appropriate.
3. The Sub-Committee shall meet annually at the request of a Party or as otherwise agreed by the Parties.
4. The Sub-Committee shall report relevant activities and outcomes to the Committee on Trade in Goods as the Parties deem necessary and appropriate.

## **Annex 2-D**

### **Tariff Elimination**

#### **Section A – Staging Categories Applicable to both Parties**

1. The classification of goods between the Parties is that set out in each Party's respective tariff nomenclature in conformity with the Harmonized System.
2. As provided in each Party's Schedule attached to this Annex, the following staging categories apply to the elimination of customs duties by each Party pursuant to Article 2.3.2:
  - (a) 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 duty-free on the date this Agreement enters into force;
  - (b) duties on originating goods provided for in the items in staging category **B** in a Party's Schedule shall be removed in three equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year three. For greater certainty, the rate of duty as a percentage of the base rate indicated in each Party's Schedule, shall be as follows:
    - (i) Year one: 66.7%
    - (ii) Year two: 33.3%
    - (iii) Year three: 0%
  - (c) duties on originating goods provided for in the items in staging category **C** in a Party's Schedule shall be removed in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year five. For greater certainty, the rate of duty as a percentage of the base rate indicated in each Party's Schedule, shall be as follows:
    - (i) Year one: 80%

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|-------|-------------|-----|
| (ii)  | Year two:   | 60% |
| (iii) | Year three: | 40% |
| (iv)  | Year four:  | 20% |
| (v)   | Year five:  | 0%  |
- (d) duties on originating goods provided for in the items in staging category **D** in a Party's Schedule shall be removed in 10 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year ten. For greater certainty, the rate of duty as a percentage of the base rate indicated in each Party's Schedule, shall be as follows:
- |        |             |     |
|--------|-------------|-----|
| (i)    | Year one:   | 90% |
| (ii)   | Year two:   | 80% |
| (iii)  | Year three: | 70% |
| (iv)   | Year four:  | 60% |
| (v)    | Year five:  | 50% |
| (vi)   | Year six:   | 40% |
| (vii)  | Year seven: | 30% |
| (viii) | Year eight: | 20% |
| (ix)   | Year nine:  | 10% |
| (x)    | Year ten:   | 0%  |
- (e) duties on originating goods provided for in the items in staging category **E** in a Party's schedule are exempt from tariff elimination;

- (f) duties on originating goods provided for in the items in staging category **F** 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 be duty-free, effective on the anniversary of the date of entry into force in year eleven. For greater certainty, the rate of duty as a percentage of the base rate indicated in each Party’s Schedule, shall be as follows:
- |        |              |       |
|--------|--------------|-------|
| (i)    | Year one:    | 90.9% |
| (ii)   | Year two:    | 81.8% |
| (iii)  | Year three:  | 72.7% |
| (iv)   | Year four:   | 63.6% |
| (v)    | Year five:   | 54.5% |
| (vi)   | Year six:    | 45.5% |
| (vii)  | Year seven:  | 36.4% |
| (viii) | Year eight:  | 27.3% |
| (ix)   | Year nine:   | 18.2% |
| (x)    | Year ten:    | 9.1%  |
| (xi)   | Year eleven: | 0%    |

3. For the purposes of this Annex, Annexes 2-F, 2-G, and a Party’s Schedule:
- (a) Year one means the 12-month period beginning on the date this Agreement enters into force as provided in Article 23.4 (Entry into Force);
  - (b) Year two means the 12-month period beginning on the first anniversary of the entry into force of this Agreement;
  - (c) Year three means the 12-month period beginning on the second anniversary of the entry into force of this Agreement;
  - (d) Year four means the 12-month period beginning on the third anniversary of the entry into force of this Agreement;

- (e) Year five means the 12-month period beginning on the fourth anniversary of the entry into force of this Agreement;
- (f) Year six means the 12-month period beginning on the fifth anniversary of the entry into force of this Agreement;
- (g) Year seven means the 12-month period beginning on the sixth anniversary of the entry into force of this Agreement;
- (h) Year eight means the 12-month period beginning on the seventh anniversary of the entry into force of this Agreement;
- (i) Year nine means the 12-month period beginning on the eighth anniversary of the entry into force of this Agreement;
- (j) Year ten means the 12-month period beginning on the ninth anniversary of the entry into force of this Agreement;
- (k) Year eleven means the 12-month period beginning on the tenth anniversary of the entry into force of this Agreement;
- (l) Year twelve means the 12-month period beginning on the eleventh anniversary of the entry into force of this Agreement;
- (m) Year thirteen means the 12-month period beginning on the twelfth anniversary of the entry into force of this Agreement;
- (n) Year fourteen means the 12-month period beginning on the thirteenth anniversary of the entry into force of this Agreement;
- (o) Year fifteen means the 12-month period beginning on the fourteenth anniversary of the entry into force of this Agreement;
- (p) Year sixteen means the 12-month period beginning on the fifteenth anniversary of the entry into force of this Agreement;
- (q) Year seventeen means the 12-month period beginning on the sixteenth anniversary of the entry into force of this Agreement;
- (r) Year eighteen means the 12-month period beginning on the seventeenth anniversary of the entry into force of this Agreement;
- (s) Year nineteen means the 12-month period beginning on the eighteenth anniversary of the entry into force of this Agreement;

- (t) Year twenty means the 12-month period beginning on the nineteenth anniversary of the entry into force of this Agreement; and
- (u) Year twenty-one means the 12-month period beginning on the twentieth anniversary of the entry into force of this Agreement.

4. The base rate of customs duty for an item shall be the most-favoured-nation customs duty rate applied on January 1, 2011.

5. For the purpose of the elimination of customs duties in accordance with Article 2.3, interim staged rates shall be rounded down, except as set out in each Party’s Schedule attached to this Annex, 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 0.001 of the official monetary unit for Canada, and at least to the nearest 1 of the official monetary unit for Korea.

**Section B – Staging Categories Applicable only to Korea**

6. This Section applies only to goods listed in Korea’s Tariff Schedule, which is attached to this Annex.

Staging Categories:

- (a) duties on originating goods provided for in the items in staging category **G** shall be removed in six equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year six. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea’s Schedule, shall be as follows:
 

|       |             |       |
|-------|-------------|-------|
| (i)   | Year one:   | 83.3% |
| (ii)  | Year two:   | 66.7% |
| (iii) | Year three: | 50.0% |
| (iv)  | Year four:  | 33.3% |
| (v)   | Year five:  | 16.7% |
| (vi)  | Year six:   | 0%    |

(b) duties on originating goods provided for in the items in staging category **H** shall be removed in seven equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year seven. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea’s Schedule, shall be as follows:

|       |             |       |
|-------|-------------|-------|
| (i)   | Year one:   | 85.7% |
| (ii)  | Year two:   | 71.4% |
| (iii) | Year three: | 57.1% |
| (iv)  | Year four:  | 42.9% |
| (v)   | Year five:  | 28.6% |
| (vi)  | Year six:   | 14.3% |
| (vii) | Year seven: | 0%    |

(c) duties on originating goods provided for in the items in staging category **I** shall be reduced by 5 percent of the base rate on the date this Agreement enters into force, by 8 percent of the base rate on the anniversary of the date of entry into force in year two, by 10 percent of the base rate on the anniversary of the date of entry into force in each year from years three through nine, and by 17 percent of the base rate on the anniversary of the date of entry into force in year ten, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year ten. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea’s Schedule, shall be as follows:

|       |             |     |
|-------|-------------|-----|
| (i)   | Year one:   | 95% |
| (ii)  | Year two:   | 87% |
| (iii) | Year three: | 77% |
| (iv)  | Year four:  | 67% |
| (v)   | Year five:  | 57% |
| (vi)  | Year six:   | 47% |
| (vii) | Year seven: | 37% |

- |        |             |     |
|--------|-------------|-----|
| (viii) | Year eight: | 27% |
| (ix)   | Year nine:  | 17% |
| (x)    | Year ten:   | 0%  |
- (d) duties on originating goods provided for in the items in staging category **J** shall be reduced by 5 percent of the base rate on the date this Agreement enters into force and through year two, by 7 percent of the base rate on the anniversary of the date of entry into force in each year from years three through five, by 10 percent of the base rate in each year from years six through eight, by 17 percent of the base rate on the anniversary of the date of entry into force in year nine, and by 22 percent of the base rate on the anniversary of the date of entry into force in year ten, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year ten. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea's Schedule, shall be as follows:
- |        |             |     |
|--------|-------------|-----|
| (i)    | Year one:   | 95% |
| (ii)   | Year two:   | 90% |
| (iii)  | Year three: | 83% |
| (iv)   | Year four:  | 76% |
| (v)    | Year five:  | 69% |
| (vi)   | Year six:   | 59% |
| (vii)  | Year seven: | 49% |
| (viii) | Year eight: | 39% |
| (ix)   | Year nine:  | 22% |
| (x)    | Year ten:   | 0%  |



(e) duties on originating goods provided for in the items in staging category **K** shall be reduced by 5 percent of the base rate on the date this Agreement enters into force and through year two, by 7 percent of the base rate on the anniversary of the date of entry into force in each year from years three through five, by 10 percent of the base rate on the anniversary of the date of entry into force in each year from years six through seven, by 12 percent of the base rate on the anniversary of the date of entry into force in year eight, by 17 percent of the base rate on the anniversary of the date of entry into force in year nine, and by 20 percent of the base rate on the anniversary of the date of entry into force in year ten, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year ten. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea’s Schedule, shall be as follows:

|        |             |     |
|--------|-------------|-----|
| (i)    | Year one:   | 95% |
| (ii)   | Year two:   | 90% |
| (iii)  | Year three: | 83% |
| (iv)   | Year four:  | 76% |
| (v)    | Year five:  | 69% |
| (vi)   | Year six:   | 59% |
| (vii)  | Year seven: | 49% |
| (viii) | Year eight: | 37% |
| (ix)   | Year nine:  | 20% |
| (x)    | Year ten:   | 0%  |

(f) duties on originating goods provided for in the items in staging category **L** shall be reduced to 25 percent on the date this Agreement enters into force and the remaining duty shall be removed in nine equal annual stages, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year ten. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea’s Schedule, shall be as follows:

|      |           |       |
|------|-----------|-------|
| (i)  | Year one: | 50.6% |
| (ii) | Year two: | 45.0% |

|        |             |       |
|--------|-------------|-------|
| (iii)  | Year three: | 39.4% |
| (iv)   | Year four:  | 33.7% |
| (v)    | Year five:  | 28.1% |
| (vi)   | Year six:   | 22.5% |
| (vii)  | Year seven: | 16.9% |
| (viii) | Year eight: | 11.2% |
| (ix)   | Year nine:  | 5.6%  |
| (x)    | Year ten:   | 0%    |

- (g) duties on originating goods provided for in the items in staging category **M** shall remain at base rates during years one through eight and from year nine removed in four equal annual stages on the anniversary of the date of entry into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year twelve. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea's Schedule, shall be as follows:

|        |              |      |
|--------|--------------|------|
| (i)    | Year one:    | 100% |
| (ii)   | Year two:    | 100% |
| (iii)  | Year three:  | 100% |
| (iv)   | Year four:   | 100% |
| (v)    | Year five:   | 100% |
| (vi)   | Year six:    | 100% |
| (vii)  | Year seven:  | 100% |
| (viii) | Year eight:  | 100% |
| (ix)   | Year nine:   | 75%  |
| (x)    | Year ten:    | 50%  |
| (xi)   | Year eleven: | 25%  |
| (xii)  | Year twelve: | 0%   |

(h) duties on originating goods provided for in the items in staging category **N** shall be reduced to 7.5 percent on the date this Agreement enters into force and the customs duty shall remain at 7.5 percent during years two through nine and from year ten removed in three equal annual stages on the anniversary of the date of entry into force, and such goods shall be duty-free, effective on the anniversary of the entry into force in year twelve. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea’s Schedule, shall be as follows:

|        |              |       |
|--------|--------------|-------|
| (i)    | Year one:    | 75.0% |
| (ii)   | Year two:    | 75.0% |
| (iii)  | Year three:  | 75.0% |
| (iv)   | Year four:   | 75.0% |
| (v)    | Year five:   | 75.0% |
| (vi)   | Year six:    | 75.0% |
| (vii)  | Year seven:  | 75.0% |
| (viii) | Year eight:  | 75.0% |
| (ix)   | Year nine:   | 75.0% |
| (x)    | Year ten:    | 50.0% |
| (xi)   | Year eleven: | 25.0% |
| (xii)  | Year twelve: | 0%    |

(i) duties on originating goods provided for in items in staging category **O** shall be removed in 12 equal stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year twelve. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea’ Schedule, shall be as follows:

|       |             |       |
|-------|-------------|-------|
| (i)   | Year one:   | 91.7% |
| (ii)  | Year two:   | 83.3% |
| (iii) | Year three: | 75.0% |

|        |              |       |
|--------|--------------|-------|
| (iv)   | Year four:   | 66.7% |
| (v)    | Year five:   | 58.3% |
| (vi)   | Year six:    | 50.0% |
| (vii)  | Year seven:  | 41.7% |
| (viii) | Year eight:  | 33.3% |
| (ix)   | Year nine:   | 25.0% |
| (x)    | Year ten:    | 16.7% |
| (xi)   | Year eleven: | 8.3%  |
| (xii)  | Year twelve: | 0%    |

- (j) duties on originating goods provided for in the items in staging category **P** shall be removed in 13 equal stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year thirteen. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea's Schedule, shall be as follows:

|        |              |       |
|--------|--------------|-------|
| (i)    | Year one:    | 92.3% |
| (ii)   | Year two:    | 84.6% |
| (iii)  | Year three:  | 76.9% |
| (iv)   | Year four:   | 69.2% |
| (v)    | Year five:   | 61.5% |
| (vi)   | Year six:    | 53.8% |
| (vii)  | Year seven:  | 46.2% |
| (viii) | Year eight:  | 38.5% |
| (ix)   | Year nine:   | 30.8% |
| (x)    | Year ten:    | 23.1% |
| (xi)   | Year eleven: | 15.4% |

- |        |                |      |
|--------|----------------|------|
| (xii)  | Year twelve:   | 7.7% |
| (xiii) | Year thirteen: | 0%   |
- (k) duties on originating goods provided for in the items in staging category **Q** shall be removed in 15 equal stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year fifteen. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea's Schedule, shall be as follows:
- |        |                |       |
|--------|----------------|-------|
| (i)    | Year one:      | 93.3% |
| (ii)   | Year two:      | 86.7% |
| (iii)  | Year three:    | 80.0% |
| (iv)   | Year four:     | 73.3% |
| (v)    | Year five:     | 66.7% |
| (vi)   | Year six:      | 60.0% |
| (vii)  | Year seven:    | 53.3% |
| (viii) | Year eight:    | 46.7% |
| (ix)   | Year nine:     | 40.0% |
| (x)    | Year ten:      | 33.3% |
| (xi)   | Year eleven:   | 26.7% |
| (xii)  | Year twelve:   | 20.0% |
| (xiii) | Year thirteen: | 13.3% |
| (xiv)  | Year fourteen: | 6.7%  |
| (xv)   | Year fifteen:  | 0%    |

(l) duties on originating goods provided for in the items in staging category **R** shall be removed in 18 equal stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year eighteen. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea’s Schedule, shall be as follows:

|         |                 |       |
|---------|-----------------|-------|
| (i)     | Year one:       | 94.4% |
| (ii)    | Year two:       | 88.9% |
| (iii)   | Year three:     | 83.3% |
| (iv)    | Year four:      | 77.8% |
| (v)     | Year five:      | 72.2% |
| (vi)    | Year six:       | 66.7% |
| (vii)   | Year seven:     | 61.1% |
| (viii)  | Year eight:     | 55.6% |
| (ix)    | Year nine:      | 50.0% |
| (x)     | Year ten:       | 44.4% |
| (xi)    | Year eleven:    | 38.9% |
| (xii)   | Year twelve:    | 33.3% |
| (xiii)  | Year thirteen:  | 27.8% |
| (xiv)   | Year fourteen:  | 22.2% |
| (xv)    | Year fifteen:   | 16.7% |
| (xvi)   | Year sixteen:   | 11.1% |
| (xvii)  | Year seventeen: | 5.6%  |
| (xviii) | Year eighteen:  | 0%    |

(m) duties on originating goods provided for in the items in staging category S shall be subject to the following provisions:

- (i) for goods entered into Korea from December 1 through April 30 in each of years one through fifteen, customs duties shall be eliminated entirely and such goods shall be duty-free on the date this Agreement enters into force; and
- (ii) for goods entered into Korea from May 1 through November 30, customs duties shall remain at the base rate during years one through seven and from year eight removed in eight equal annual stages, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year fifteen. For greater certainty, the rate of duty as a percentage of the base rate indicated in Korea’s Schedule, shall be as follows:

|        |                |       |
|--------|----------------|-------|
| (i)    | Year one:      | 100%  |
| (ii)   | Year two:      | 100%  |
| (iii)  | Year three:    | 100%  |
| (iv)   | Year four:     | 100%  |
| (v)    | Year five:     | 100%  |
| (vi)   | Year six:      | 100%  |
| (vii)  | Year seven:    | 100%  |
| (viii) | Year eight:    | 87.5% |
| (ix)   | Year nine:     | 75.0% |
| (x)    | Year ten:      | 62.5% |
| (xi)   | Year eleven:   | 50.0% |
| (xii)  | Year twelve:   | 37.5% |
| (xiii) | Year thirteen: | 25.0% |
| (xiv)  | Year fourteen: | 12.5% |
| (xv)   | Year fifteen:  | 0%    |

- (n) rates of customs duties on originating goods provided for in the items in staging category **T** shall be applied in accordance with the following table, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year seven.

| Year       | Rate of Customs Duties (%) |
|------------|----------------------------|
| Year One   | 4.2                        |
| Year Two   | 3.5                        |
| Year Three | 2.8                        |
| Year Four  | 2.1                        |
| Year Five  | 1.4                        |
| Year Six   | 0.7                        |
| Year Seven | 0                          |

- (o) rates of customs duties on originating goods provided for in the items in staging category **U** shall be applied in accordance with the following table, and such goods shall be duty-free, effective on the anniversary of the date of entry into force in year three.

| Year       | Rate of Customs Duties (%) |
|------------|----------------------------|
| Year One   | 3.3                        |
| Year Two   | 1.6                        |
| Year Three | 0                          |

- (p) no obligations regarding customs duties in this Agreement shall apply with respect to items in staging category **X**. 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 April 13, 2005, and amendments thereto.



**Schedule of Korea**

(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)

**Schedule of Canada**

(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)

## **Annex 2-E**

### **Goods Re-Entered after Repair or Alteration**

For the following goods of HS Chapter 89 that re-enter the territory of Canada from the territory of Korea, and are registered under the *Canada Shipping Act*, Canada may apply to the value of repair or alteration of such goods, the rate of customs duty for these goods in accordance with its Schedule to Annex 2-D:

- 8901.10.10
- 8901.10.90
- 8901.20.10
- 8901.20.90
- 8901.90.91
- 8901.90.99
- 8902.00.10
- 8904.00.00
- 8905.10.00
- 8905.20.10
- 8905.20.20
- 8905.90.10
- 8905.90.90
- 8906.90.91
- 8906.90.99

Annex 2-F

Agricultural Safeguard Measures

Agricultural Safeguard List for Korea

Subject Goods, Trigger Levels, and Maximum Duties

1. This Annex sets out those originating goods that may be subject to agricultural safeguard measures under Article 2.12, the trigger levels for applying such measures, and the maximum duty that may be applied each year for each such good.
2. Agricultural safeguard measures shall not be applied or maintained after the date the safeguard duties set out below are zero.
- (a) For beef as covered below:

Coverage: HSK 0201100000, 0201201000, 0201209000, 0201300000, 0202201000, 0202209000, 0202300000, 1602501000, and 1602509000

| Year  | 1      | 2      | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10     |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Trigger Level (MT)  | 17,769 | 18,302 | 18,851 | 19,417 | 19,999 | 20,599 | 21,217 | 21,854 | 22,509 | 23,185 |
| Safeguard Duty (%)<br>HSK<br>0201100000,<br>0201201000,<br>0201209000,<br>0201300000,<br>0202201000,<br>0202209000,<br>0202300000 | 40.0   | 40.0   | 40.0   | 40.0   | 40.0   | 30.0   | 30.0   | 30.0   | 30.0   | 30.0   |
| Safeguard Duty (%)<br>HSK<br>1602501000,<br>1602509000  | 72.0   | 72.0   | 72.0   | 72.0   | 72.0   | 54.0   | 54.0   | 54.0   | 54.0   | 54.0   |

| Year  | 11     | 12     | 13     | 14     | 15     | 16  |
|---|--------|--------|--------|--------|--------|-----|
| Trigger Level (MT)  | 23,880 | 24,596 | 25,334 | 26,094 | 26,877 | N/A |
| Safeguard Duty (%)<br>HSK<br>0201100000,<br>0201201000,<br>0201209000,<br>0201300000,<br>0202201000,<br>0202209000,<br>0202300000 | 24.0   | 24.0   | 24.0   | 24.0   | 24.0   | 0   |
| Safeguard Duty (%)<br>HSK<br>1602501000,<br>1602509000  | 43.2   | 43.2   | 43.2   | 43.2   | 43.2   | 0   |

(b) For pork as covered below:

Coverage: HSK 0203191000 and 0203199000

| Year               | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Trigger Level (MT) | 6,818 | 7,091 | 7,374 | 7,669 | 7,976 | 8,295 | 8,627 | 8,972 | 9,331 | 9,704 |
| Safeguard Duty (%) | 22.5  | 22.5  | 22.5  | 22.5  | 22.5  | 15.8  | 14.6  | 13.5  | 12.4  | 11.3  |

| Year               | 11     | 12     | 13     | 14  |
|--------------------|--------|--------|--------|-----|
| Trigger Level (MT) | 10,092 | 10,496 | 10,916 | N/A |
| Safeguard Duty (%) | 10.1   | 9.0    | 7.9    | 0   |

(c) For pork as covered below:

Coverage: HSK 0203291000

| Year               | 1    | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   |
|--------------------|------|------|------|------|------|------|------|------|------|------|
| Trigger Level (MT) | 545  | 567  | 589  | 613  | 638  | 663  | 690  | 717  | 746  | 776  |
| Safeguard Duty (%) | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 17.5 | 16.3 | 15.0 | 13.8 | 12.5 |

| Year               | 11   | 12   | 13  | 14  |
|--------------------|------|------|-----|-----|
| Trigger Level (MT) | 807  | 839  | 873 | N/A |
| Safeguard Duty (%) | 11.3 | 10.0 | 8.8 | 0   |

(d) For pork as covered below:

Coverage: HSK 0203299000

| Year               | 1      | 2      | 3      | 4      | 5      | 6   |
|--------------------|--------|--------|--------|--------|--------|-----|
| Trigger Level (MT) | 60,986 | 63,425 | 65,962 | 68,601 | 71,345 | N/A |
| Safeguard Duty (%) | 25.0   | 20.0   | 17.5   | 15.0   | 12.5   | 0   |

(e) For apples as covered below:

Coverage: HSK 0808100000

| Year               | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Trigger Level (MT) | 3,600 | 3,708 | 3,819 | 3,934 | 4,052 | 4,173 | 4,299 | 4,428 | 4,560 | 4,697 |
| Safeguard Duty (%) | 45.0  | 45.0  | 45.0  | 45.0  | 45.0  | 33.8  | 33.8  | 33.8  | 33.8  | 33.8  |

| Year               | 11    | 12    | 13    | 14    | 15    | 16    | 17    | 18    | 19    | 20    | 21  |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| Trigger Level (MT) | 4,838 | 4,983 | 5,133 | 5,287 | 5,445 | 5,609 | 5,777 | 5,950 | 6,129 | 6,313 | N/A |
| Safeguard Duty (%) | 27.0  | 27.0  | 27.0  | 27.0  | 27.0  | 22.5  | 22.5  | 22.5  | 22.5  | 22.5  | 0   |

The trigger level is the total metric tonnes of all non-fuji varieties of apples being imported.

(f) For pears as covered below:

Coverage: HSK 0808201000

| Year               | 1    | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   |
|--------------------|------|------|------|------|------|------|------|------|------|------|
| Trigger Level (MT) | 223  | 230  | 237  | 244  | 251  | 259  | 266  | 274  | 282  | 291  |
| Safeguard Duty (%) | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 33.8 | 33.8 | 33.8 | 33.8 | 33.8 |

| Year               | 11   | 12   | 13   | 14   | 15   | 16   | 17   | 18   | 19   | 20   | 21  |
|--------------------|------|------|------|------|------|------|------|------|------|------|-----|
| Trigger Level (MT) | 300  | 309  | 318  | 327  | 337  | 347  | 358  | 369  | 380  | 391  | N/A |
| Safeguard Duty (%) | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 22.5 | 22.5 | 22.5 | 22.5 | 22.5 | 0   |

The trigger level is the total metric tonnes of all non-Asian varieties of pears being imported.

(g) For unhulled and naked barley as covered below:

Coverage: HSK 1003009010 and 1003009020

| Year               | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Trigger level (MT) | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| Safeguard Duty (%) |       |       |       |       |       |       |       |       |       |       |
| ① 1003009010       | 324   | 324   | 324   | 324   | 324   | 243   | 243   | 243   | 243   | 243   |
| ② 1003009020       | 299.7 | 299.7 | 299.7 | 299.7 | 299.7 | 224.8 | 224.8 | 224.8 | 224.8 | 224.8 |

| Year               | 11    | 12    | 13    | 14    | 15    | 16  |
|--------------------|-------|-------|-------|-------|-------|-----|
| Trigger level (MT) | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | N/A |
| Safeguard Duty (%) |       |       |       |       |       |     |
| ① 1003009010       | 194   | 194   | 194   | 194   | 194   | 0   |
| ② 1003009020       | 179.7 | 179.7 | 179.7 | 179.7 | 179.7 | 0   |

For quantities entered at or below the safeguard duty trigger level, see paragraph 3 of Annex 2-G.

(h) For flour, meal, powder, flakes, granules and pellets of potatoes as covered below:

Coverage: HSK 1105100000 and 1105200000

| Year               | 1   | 2   | 3   | 4   | 5   | 6   | 7   | 8   | 9   | 10  | 11  |
|--------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Trigger level (MT) | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | N/A |
| Safeguard Duty (%) | 304 | 304 | 304 | 304 | 304 | 228 | 228 | 228 | 228 | 228 | 0   |

For quantities entered at or below the safeguard duty trigger level, see paragraph 4 of Annex 2-G.

(i) For adzuki beans as covered below:

Coverage: HSK 0713329000

| Year   | 1   | 2   | 3   | 4   | 5   | 6   | 7   | 8   |
|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Main<br>Safeguard<br>Trigger Level<br>(MT)         | 238 | 298 | 357 | 417 | 476 | 500 | 524 | 547 |
| Intermediate<br>Safeguard<br>Trigger Level<br>(MT) | 119 | 186 | 268 | 364 | N/A |     |     |     |
| Main<br>Safeguard<br>Duty (%)                      | 412 | 403 | 394 | 385 | 376 | 338 | 325 | 311 |
| Intermediate<br>Safeguard<br>Duty (%)              | 55  | 40  | 25  | 15  | N/A |     |     |     |

| Year                                       | 9   | 10  | 11  | 12  | 13  | 14  | 15  | 16  |
|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Main<br>Safeguard<br>Trigger Level<br>(MT) | 571 | 595 | 619 | 643 | 666 | 690 | 714 | N/A |
| Main<br>Safeguard<br>Duty (%)              | 297 | 283 | 217 | 199 | 180 | 162 | 143 | 0   |

For greater certainty, for years one through four, all quantities entered at or below the Intermediate Safeguard Trigger Level shall enter duty-free on a first-come, first-served basis, and all quantities entered above the Intermediate Safeguard Trigger Level and at or below the Main Safeguard Trigger Level shall enter at the Intermediate Safeguard Duty listed in the table above.



Beginning with year five, all quantities entered at or below the Main Safeguard Trigger Level shall enter duty-free on a first-come, first-served basis. In any year, all quantities entered above the Main Safeguard Trigger Level shall enter at the Main Safeguard Duty listed in the table above.

**Annex 2-G**

**Administration and Implementation of TRQs**

1. This Annex sets out modifications to the Harmonized Schedule of Korea (HSK) that reflect the TRQs that Korea shall apply to certain originating goods under this Agreement. In particular, originating goods of Canada included under this Annex shall be subject to the rates of duty set out in this Annex in lieu of the rates of duty specified in Chapters 1 through 97 of the HSK. Notwithstanding any other provision of the HSK, originating goods of Canada in the quantities described in this Annex shall be permitted entry into the territory of Korea as provided in this Annex. Furthermore, any quantity of originating goods imported from Canada under a TRQ provided for in this Annex shall not be counted toward the in-quota amount of any TRQ provided for such goods elsewhere in the HSK.

*Honey, natural*

2. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be duty-free in any year specified below, and shall not exceed the quantities specified below for Canada in each such year:

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 1    | 100                         |
| 2    | 105                         |
| 3    | 110                         |
| 4    | 115                         |
| 5    | 120                         |
| 6    | 125                         |
| 7    | 130                         |
| 8    | 135                         |
| 9    | 140                         |
| 10   | 145                         |
| 11   | 150                         |
| 12   | 155                         |
| 13   | 160                         |
| 14   | 165                         |
| 15   | 170                         |

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 16   | 175                         |
| 17   | 180                         |
| 18   | 185                         |
| 19   | 190                         |
| 20   | 195                         |
| 21   | 200                         |

After year twenty-one, the in-quota quantity will be 200 metric tonnes annually.

TRQs shall be administered by the Korea Agro-Fisheries Trade Corporation, or its successor, using an auction on a quarterly basis (December, March, June, and September).

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be treated in accordance with the provisions of staging category E as specified in paragraph 2(e) of Annex 2-D.
- (c) Subparagraphs (a) and (b) apply to the following  
HSK Provision: 0409000000.

*Unhulled and naked barley*

- 3. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be duty-free in any year specified below, and shall not exceed the quantities specified below for Canada in each such year:

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 1-14 | 2,500 (per year)            |
| 15   | Unlimited                   |

These TRQs shall be administered by the Korea Agro-Fisheries Trade Corporation, or its successor. The Corporation shall allocate licenses on written application on a first-come, first-served basis between the first business day and the last business day of the first month of each year. If the total amount of originating goods applied for during the first month of the year exceeds the total amount of originating goods available within the TRQ, licenses shall be allocated on a prorated basis. If the total amount of originating goods applied for during the first month of the year is less than the total quantity available within the TRQ, licenses shall continue to be available throughout the year. Each license allocated by the Corporation is valid for a period of 90 days from the date of allocation, and unused licenses shall be surrendered to the Corporation upon the expiration of the 90-day period and reallocated to applicants on a first-come, first-served basis within 45 days of the date of surrender.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the safeguard duty listed in subparagraph (g) in Annex 2-F.
- (c) Subparagraphs (a) and (b) apply to the following  
HSK Provisions: 1003009010 and 1003009020.

*Flour, meal, powder, flakes, granules and pellets of potatoes*

- 4. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be duty-free in any year specified below, and shall not exceed the quantities specified below for Canada in each such year:

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 1-9  | 500 (per year)              |
| 10   | Unlimited                   |

These TRQs shall be administered by the Korea Agro-Fisheries Trade Corporation, or its successor. The Corporation shall allocate licenses upon written application on a first-come, first-served basis between the first business day and the last business day of the first month of each year. If the total amount of originating goods applied for during the first month of the year exceeds the total amount of originating goods available within the TRQ, licenses shall be allocated on a prorated basis. If the total amount of originating goods applied for during the first month of the year is less than the total quantity available within the TRQ, licenses shall continue to be available throughout the year. Each license allocated by the Corporation is valid for a period of 90 days from the date of allocation, and unused licenses shall be surrendered to the Corporation upon the expiration of the 90-day period and reallocated to applicants on a first-come, first-served basis within 45 days of the date of surrender.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the safeguard duty listed in subparagraph (h) in Annex 2-F.
- (c) Subparagraphs (a) and (b) apply to the following  
HSK Provisions: 1105100000 and 1105200000.

Malt

- 5. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be duty-free in any year specified below, and shall not exceed the quantities specified below for Canada in each such year:

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 1    | 13,000                      |
| 2    | 14,200                      |
| 3    | 15,400                      |
| 4    | 16,600                      |
| 5    | 17,800                      |
| 6    | 19,000                      |
| 7    | 20,200                      |
| 8    | 21,400                      |
| 9    | 22,600                      |
| 10   | 23,800                      |

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 11   | 25,000                      |
| 12   | Unlimited                   |

These TRQs shall be administered by the Korea Agro-Fisheries Trade Corporation, or its successor. The Corporation shall allocate licenses upon written application on a first-come, first-served basis between the first business day and the last business day of the first month of each year. If the total amount of originating goods applied for during the first month of the year exceeds the total amount of originating goods available within the TRQ, licenses shall be allocated on a prorated basis. If the total amount of originating goods applied for during the first month of the year is less than the total quantity available within the TRQ, licenses shall continue to be available throughout the year. Each license allocated by the Corporation is valid for a period of 90 days from the date of allocation, and unused licenses shall be surrendered to the Corporation upon the expiration of the 90-day period and reallocated to applicants on a first-come, first-served basis within 45 days of the date of surrender.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category O as specified in paragraph 6(i) of Annex 2-D.
- (c) Subparagraphs (a) and (b) apply to the following  
HSK Provision: 1107100000.

*Soybeans for Human Consumption, Identity Preserved*

- 6. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (e) shall be duty-free in any year specified below, and shall not exceed the quantities specified below for Canada in each such year:

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 1    | 5,000                       |
| 2    | 7,500                       |
| 3    | 10,000                      |
| 4    | 12,500                      |
| 5    | 15,000                      |
| 6    | 15,400                      |

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 7    | 15,800                      |
| 8    | 16,200                      |
| 9    | 16,600                      |
| 10   | 17,000                      |

After year ten the in-quota quantity will be 17,000 metric tonnes annually.

An association of soybean processors, which includes the Korea Federation of Soybean Curd Industry Cooperatives, Korea Soy Sauce Industrial Cooperative, Korea Foods Industry Association, and other appropriate associations representing processors of soybeans, shall administer this TRQ through the Korea Agro-Fisheries Trade Corporation. The association shall allocate the TRQ as set out in subparagraph (b) and the Corporation shall automatically issue import licenses for quantities that the association allocates.

- (b) The Association shall allocate the TRQ in response to written applications from importers accompanied by signed letters of intent to purchase identity preserved soybeans, for delivery no earlier than seven months after an importer applies for an allocation. The Association shall begin allocating the TRQ no later than 1 April of the year prior to the year of importation. Each license is valid for the entire quota year for which it is issued. When requested by the importer, shipments shall be accompanied by a statement from an independent third-party inspector certifying that the product meets the specifications listed in subparagraph (d) for identity-preserved soybeans.
- (c) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be treated in accordance with the provisions of staging category E as specified in paragraph 2(e) of Annex 2-D.

- (d) **Identity Preserved Soybeans** means a shipment of soybeans that are not less than 95 percent of any single variety of soybean, and with not more than one percent of foreign material. Identity Preserved Soybeans shall not be shipped in bulk, but shall be shipped in bags or containers.
- (e) Subparagraphs (a) through (d) apply to the following HSK Provisions: 1201009010 and 1201009090.

*Fodder, Other*

- 7. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be duty-free in any year specified below, and shall not exceed the quantities specified below for Canada in each such year:

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 1    | 20,000                      |
| 2    | 25,000                      |
| 3    | 30,000                      |
| 4    | 35,000                      |
| 5    | 40,000                      |
| 6    | 45,000                      |
| 7    | 50,000                      |
| 8    | 55,000                      |
| 9    | 55,000                      |
| 10   | Unlimited                   |

These TRQs shall be administered by the Korea Feed Ingredients Association, the Korea Feed Association, and the National Agricultural Cooperative Federation, or their respective successors, and allocated through import licenses. Registered mixed feed producers, registered feed ingredients producers, and the livestock breeders are eligible to receive a TRQ quantity based on the performance of the previous 24 months and the quantity requested for the year.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category D as specified in paragraph 2(d) of Annex 2-D.



- (c) Subparagraphs (a) and (b) apply to the following  
HSK Provision: 1214909090.

*Supplementary Feeds, Animal*

- 8. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be duty-free in any year specified herein, and shall not exceed the quantities specified below for Canada in each such year:

| Year | Quantity<br>(Metric Tonnes) |
|------|-----------------------------|
| 1    | 500                         |
| 2    | 600                         |
| 3    | 700                         |
| 4    | 700                         |
| 5    | 800                         |
| 6    | 800                         |
| 7    | 900                         |
| 8    | 900                         |
| 9    | 1,000                       |
| 10   | Unlimited                   |

These TRQs shall be administered by the Korea Feed Ingredients Association and the Korea Feed Milk Replacer Association, or their respective successors, and allocated through import licenses based on performance of the previous 24 months and the quantity requested for the year.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category D as specified in paragraph 2(d) of Annex 2-D.
- (c) Subparagraphs (a) and (b) apply to the following  
HSK Provisions: 2309902099 and 2309909000.