# ANNEX I
# Referred to in Chapter 2 (Trade in Goods)

## SCHEDULES IN RELATION TO ARTICLE 2.4 (ELIMINATION OF CUSTOMS DUTIES)

## PART 1
## GENERAL NOTES

1. This Annex is based on the Harmonized System, as amended on 1 January 2012.

2. For the purposes of this Annex, the term "Base Rate", as specified in Column 3 of each Party's Schedule means the starting point of elimination of customs duties.

3. For the purposes of implementing equal annual instalments:

   (a) the reduction for the first year shall take place on the date of entry into force of this Agreement; and

   (b) the subsequent annual reductions shall take place on 1 January of each following year.

4. For the purposes of this Annex, the term "year" means, with respect to the first year, the period from the date of entry into force of this Agreement until the following 1 January and, with respect to each subsequent year, the twelve-month period which starts on 1 January of that year.

5. If, as a result of the elimination or reduction of its customs duty applied on a particular good on a most-favoured-nation basis, the most-favoured-nation applied rate becomes lower than the rate of customs duty to be applied in accordance with Article 2.4.1 (Elimination of Customs Duties) of Chapter 2 (Trade in Goods) on the originating good which is classified under the same tariff line as that particular good, each Party shall apply the lower rate with respect to that originating good.

## PART 2
## SCHEDULE OF THE PEOPLE'S REPUBLIC OF CHINA

### Section A
### Notes for Schedule of the People's Republic of China

1. Relation to the National Tariff Nomenclature. The items set forth in Section B of Part 2 of this Annex are based on China's national tariff nomenclature, effective on January 1, 2015. Subsequent changes in nomenclature, if any, will not affect the application of the preferential tariff rates.

2. Base Rates of Customs Duty. The base rates of customs duty set out in this Schedule reflect the Chinese most-favoured-nation (MFN) rates of duty in effect on 1 January 2015.

3. Staging. The following staging categories apply to the elimination of customs duties by China in accordance with Article 2.4.1 (Elimination of Customs Duties) of Chapter 2 (Trade in Goods):

(a) category "A" – the base rate of duty shall be eliminated and bound at zero for products of Georgian origin from entry into force of the Agreement;

(b) category "B" – the base rate of duty shall be reduced to and bound at zero for products of Georgian origin over five (5) equal annual stages beginning from entry into force of the Agreement;

(c) category "C" – the base rate of duty shall apply for products of Georgian origin.

4. The base rate of customs duty and staging category for an item are indicated for the item in Section B (Schedule of the People's Republic of China) of Part 2 of this Annex.