

PART TWO**TRADE IN GOODS****CHAPTER TWO****Tariff Elimination and Related Matters****TARIFF ELIMINATION****Article 2.1: Tariff Elimination**

1. Except as otherwise provided in this Agreement, neither Party may increase any existing customs duty, or adopt any customs duty, or any charge of equivalent effect on an originating good to which paragraph 2 applies.
2. Except as otherwise provided in this Agreement, each Party shall,
 - (a) by January 1, 1997, eliminate its customs duties on originating goods listed in Chapters 25 to 97 of the Harmonized System with the exception of the tariff items listed in Annex 2.1.1 and
 - (b) in the case of originating goods listed in Chapters 1 to 24 of the Harmonized System eliminate or reduce duties on goods in accordance with Annex 2.1.2.

RELATED MATTERS**Article 2.2: Customs Duties: Repair and Alteration**

1. Neither Party may apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been exported from its territory to the territory of the other Party for repair or alteration, regardless of whether such repair or alteration could be performed in its territory.
2. Neither Party may apply a customs duty to a good, regardless of its origin, imported temporarily from the territory of the other Party for repair or alteration.
3. The Parties shall comply with the requirements set out in Annex 2.2.3, as amended by the Parties from time to time, to verify that the repair or alteration has been performed in the territory of one of the Parties.