

#### **Annex 3.4.1**

##### **Tariff Elimination**

1. For the purposes of eliminating customs duties in accordance with Article 3.4, interim staged rates shall be rounded down, except as set out in each Party's Schedule 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 of the Party.
2. Except as otherwise provided in a Party's Schedule to this Annex, the following staging categories apply to the elimination of customs duties by each Party pursuant to Article 3.4:
  - (a) duties on originating goods shall be eliminated entirely and those goods shall be duty-free on the date this Agreement enters into force:
    - (i) for Honduras, for goods provided for in the items in staging category A in the Schedule of Honduras, and
    - (ii) for Canada, for goods of Chapters 1 through 97 that are not listed in the Schedule of Canada;
  - (b) duties on originating goods provided for in the items in staging category B in a Party's Schedule shall be removed in 3 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 3;
  - (c) duties on originating goods provided for in the items in staging category C in a Party's Schedule shall be removed in 5 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 5;
  - (d) duties on originating goods provided for in the items in staging category D in a Party's Schedule shall be removed in 7 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 7;
  - (e) duties on originating goods provided for in the items in staging category F 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 January 1 of year 10;