

**ANNEX 1  
SCHEDULES OF CONCESSIONS**

**Part 1  
General Notes**

The reduction and elimination of tariff rates for tariff lines covered under the Agreement between the Government of Malaysia and the Government of the Islamic Republic of Pakistan for Closer Economic Partnership (“this Agreement”) shall be subject to the following terms and conditions:

1. The base rate for reduction and elimination of tariff under this Agreement is the applied most-favoured-nation (“MFN”) tariff rates as of:

- (a) 1 January 2006 in the case of Malaysia; and
- (b) 1 July 2006 in the case of Pakistan.

2. The tariff rates of all tariff lines under the Agreement on the Early Harvest Programme for the Free Trade Agreement between the Government of Malaysia and the Government of the Islamic Republic of Pakistan signed in Kuala Lumpur on 1 October 2005 (“EHP”) shall be phased out at the rates not higher than the end rates as set out in the modality for tariff reduction or elimination as set out in the Annex to the EHP.

3. Tariff rates specified in the schedules in paragraphs 6, 7, 10, 12, and 13 shall reflect the applicable preferential tariff rates to be applied in the specified year.

4. The Parties shall not increase the preferential tariff rates for any tariff line, unless otherwise provided in this Agreement.

5. Except for tariff lines placed in Margin of Preference Track 2 pursuant to paragraph 19, specific duties shall be converted to *ad valorem* equivalent at the time of entry into force of the Agreement and reduced according to the relevant timeframe provided for in this General Notes and indicated in each Party’s Schedule in Parts 2 and 3 of this Annex. The tariff rates as set out in the Schedules may remain in *ad valorem* or their specific duty equivalent. The formula for the conversion from specific duty to *ad valorem* equivalent is as follows:

- (a) export price method:

$$\frac{\text{Specific Duty}}{\text{Export Price}} \times 100$$

Export Price = cost and freight price of principal exporting countries

- (b) import unit value method:

$$\text{AVE} = (\text{SP} \times 100) / \text{UV}$$

AVE: ad valorem equivalent (per cent)  
 SP: specific duty (monetary value of duty per unit of imports)  
 UV: import unit value  
 Where  $UV = V/(Q \times C_Q)$   
 $V$  = value of imports  
 $Q$  = quantity of imports  
 $C_Q$  = conversion factor for quantity units, where appropriate (tonne, kilogram, litre, etc)

### Fast Track

6. Tariff lines placed by each Party in the Fast Track and indicated with the note "FT" in the sixth column of each Party's Schedule shall have their respective base rates eliminated in accordance with the schedule set out as follows:

x = Base Rate (%)	MPCEPA Preferential Tariff Rate (%) 1 January	
	2008	2009
$x \geq 30$	15	0
$20 \leq x < 30$	10	0
$10 \leq x < 20$	5	0
$5 \leq x < 10$	5	0
$x < 5$	0	0

### Normal Track

7. Tariff lines placed by each Party in the Normal Track and indicated with the note "NT" in the sixth column of each Party's Schedule shall have their respective base rates reduced in accordance with the schedule as follows:

x = Base Rate (%)	MPCEPA Preferential Tariff Rate (%) (1 January)				
	2008	2009	2010	2011	2012
$x \geq 30$	25	15	10	5	0
$20 \leq x < 30$	20	15	10	5	0
$10 \leq x < 20$	15	10	5	5	0
$5 \leq x < 10$	5	5	5	5	0
$x < 5$	Standstill		0	0	0

8. Notwithstanding paragraph 7, tariff lines HS 6302 21 000, 6302 31 000, 6304 19 200, 6304 19 900 and 6304 92 900 placed in the Normal Track and indicated with the note "NT\*" in the sixth column of Malaysia's Schedule shall have their tariff rates reduced to 5% in 2012 and eliminated in 2015.

### Sensitive Tracks

9. The Sensitive Tracks consist of Sensitive Tracks 1, 2 and 3.

10. Tariff lines placed by each Party in Sensitive Track 1 and indicated with the note "ST1" in the sixth column of each Party's Schedule shall have their base rates reduced in accordance with the schedule as follows:

x = Base Rate (%)	MPCEPA Preferential Tariff Rate (%) (1 January)						
	2008	2009	2010	2011	2012	2013	2014
$x \geq 30$	25	10	10	5	5	5	5
$20 \leq x < 30$	20	10	10	5	5	5	5
$10 \leq x < 20$	15	10	10	5	5	5	5
$5 \leq x < 10$	5	5	5	5	5	5	5

11. Notwithstanding paragraph 10, tariff lines indicated with the note "ST1\*" in the sixth column of Pakistan's Schedule shall have the base rates reduced as follows:

x = Base Rate (%)	MPCEPA Preferential Tariff Rate (%) (1 January)						
	2008	2009	2010	2011	2012	2013	2014
$10 \leq x < 20$	15	10	10	10	10	10	5

12. Tariff lines placed by each Party in Sensitive Track 2 and indicated with the note "ST2" in the sixth column of each Party's Schedule shall have their base rates reduced in accordance with the schedule as follows:

x = Base Rate (%)	MPCEPA Preferential Tariff Rate (%) (1 January)						
	2008	2009	2010	2011	2012	2013	2014
$x \geq 20$	20	20	20	15	15	15	10
$10 \leq x < 20$	15	15	10	10	10	10	10

13. Tariff lines placed by each Party in Sensitive Track 3 and indicated with the note "ST3" in the sixth column of each Party's Schedule shall have the base rates reduced in accordance with the schedule as follows:

x = Base Rate (%)	MPCEPA Preferential Tariff Rate (%) (1 January)			
	2008	2009	2010	2011
$x \geq 50$	40	30	25	20
$40 \leq x < 50$	35	30	25	20
$30 \leq x < 40$	25	25	20	20
$20 \leq x < 30$	25	25	20	20

14. Notwithstanding paragraph 13, tariff lines HS 3305 1000, 3307 2000, 5607 4100, 7308 4000, 7308 9010, 7308 9090, 7309 0000, 8418 2200, 8421 2100, 8415 1010, 8528 2110, 8528 2190, 9403 8000 and 9405 6000 placed in the Sensitive Track 3 and indicated with the note "ST3\*" in the sixth column of Pakistan's Schedule shall have their base rates reduced to 20% in 2009.

15. Nothing in this Agreement shall prevent either Party from unilaterally transferring any tariff line from the Sensitive Tracks 1, 2 and 3 to the Normal Track.

#### Margin of Preference Tracks 1 and 2

16. In the case of Pakistan, the Margin of Preference (“MoP”) Tracks consist of MoP Tracks 1 and 2.

17. The MoP shall be based on the prevailing applied MFN tariff rates in the current year or upon entry into force of this Agreement, whichever are the lower.

#### *Margin of Preference Track 1*

18. Tariff lines placed by Pakistan in the MoP Track 1 and indicated with the note “MOP T1” in the sixth column of Pakistan’s Schedule shall have their tariff rates reduced on a margin of preference in accordance with the following schedule:

Year (1 January)	2008	2009	2010	2011
Margin of Preference of the prevailing Applied MFN Tariff Rate in the current year or MFN rate upon entry into force of the Agreement, whichever is lower	5%	10%	15%	20%

#### *Margin of Preference Track 2*

19. Tariff lines placed in the MoP Track 2 and indicated with the note “MOP T2” in the sixth column of Pakistan’s Schedule of Concessions shall have the tariff rates reduced on a margin of preference in accordance with the following schedule:

Margin of Preference of the prevailing Applied MFN Tariff Rate in the current year or MFN rate upon entry into force of the Agreement, whichever is lower (1 January)			
Tariff Lines (HS Code)	2008	2009	2010
1511 10 00, 1511 90 10, 1511 90 20, 1511 90 30, 1511 90 90, 1513 21 00, 1513 29 00;	10%	10%	15%
1513 11 00, 1513 19 00.	10%	10%	10%

#### Highly Sensitive List

20. Tariff lines placed by each Party in the Highly Sensitive List are indicated with the note "HSL" in the sixth column of each Party's Schedule of Concessions.

21. Tariff lines placed in the Highly Sensitive List shall remain unbound and shall be subject to review pursuant to Article 130 of this Agreement.

#### Tariff Rate Quota

22. Malaysia reserves the right to maintain tariff rate quotas as set out in Section I-B of Part I of Malaysia's Schedule to the GATT 1994.

#### *In-Quota Tariff Rates*

23. The in-quota tariff rates for the tariff lines set out in a schedule in Part 4 will be at 0% from the date of entry into force of this Agreement.

#### *In-Quota Volume*

24. Malaysia shall allocate the amount of in-quota volume for tariff lines set out in the schedule in Part 4. Pakistan may utilise the MFN in-quota volume when the allocated volume for Pakistan is exhausted. However, for such MFN in-quota volume, the MFN in-quota tariff rates shall apply.

#### *Out-Quota Tariff Rates*

25. Malaysia reserves the right to impose out-quota rates on tariff lines set out in the schedule in Part 4

#### Exclusion List

26. Tariff lines placed by each Party in the Exclusion List shall be for the purpose of fulfilling a legitimate objective such as national security requirements, the prevention of deceptive practices, protection of human health or safety, animal or plant life or health, or the environment.

27. Tariff lines in each Party's Exclusion List shall not be subject to the terms and conditions of this Agreement.

28. The tariff lines placed by each Party in the Exclusion List are indicated with the note "EL" in the sixth column of each Party's Schedule.

**Part 4**  
**Schedule on Tariff Rate Quota of Malaysia**

<b>NO</b>	<b>HS Code</b>	<b>Description of Goods</b>	<b>SPECIFIC QUOTA FOR PAKISTAN</b>	<b>IN QUOTA RATE (%)</b>	<b>OUT QUOTA RATE (%)</b>
1	0105 11 100	Day old chicks	23,318 HEAD	0	10
2	0105 92 000	- - Fowls of the species Gallus domesticus, weighing not more than 2,000 g.	19,431 HEAD	0	10
3	0207 11 000	- - Not cut in pieces, fresh or chilled.	47,000 KG	0	20
4	0207 12 000	- - Not cut in pieces, frozen.	47,000 KG	0	20
5	0207 13 000	- - Cuts and offal, fresh or chilled.	47,000 KG	0	20
6	0207 14 000	- - Cuts and offal, frozen.	47,000 KG	0	10
7	0401 10 100	In hermetically sealed containers	10,000 LITRE	0	20
8	0401 10 900	Other	10,000 LITRE	0	20
9	0401 20 100	In hermetically sealed containers	10,000 LITRE	0	20
10	0401 20 900	Other	10,000 LITRE	0	20
11	0401 30 100	In hermetically sealed containers	10,000 LITRE	0	20
12	0401 30 900	Other	10,000 LITRE	0	20
13	0407 00 111	hens's egg	785,000 UNIT	0	10
14	0407 00 112	ducks' eggs	785,000 UNIT	0	10
15	0407 00 910	hens' eggs	785,000 UNIT	0	10
16	0407 00 920	ducks' eggs	785,000 UNIT	0	10
17	0704 90 110	round cabbages	300 TONNES	0	50