ANNEX 3

The system applicable to the reduction of moderate rates of duty

1. A demarcation line shall be fixed for each of the SITC items at 30% below the simple average of the tariff duties of participating countries applicable to each such item.

   Note: In cases where an item in the tariff of a participating country consists of several products, the duty rate applicable to the item should be the simple average of the amount of duty levied on the products classified under that item.

2. Any rate of duty which is already at the level of the demarcation line, and those duty rates which would be levelled off to the demarcation line, should be deemed to have been reduced by 30% and should be taken into account on the basis of that percentage for the purpose of the computation of the reduction of the average level of the sector.

   Note: In cases where an item in the tariff of a participating country consists of several products, only the duty rates which would be reduced to the level of the demarcation line, or which were already at that level at the beginning of the operation, should be taken into account for the purpose of the computation.