

GENERAL NOTES
TARIFF SCHEDULE OF THE REPUBLIC OF NICARAGUA

1. The provisions of this Schedule are generally expressed in terms of the *Arancel Centroamericano de Importación*, which includes the *Sistema Arancelario Centroamericano* (“SAC”), and the interpretation of the provisions of this Schedule, including the product coverage of tariff items of this Schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the *Arancel Centroamericano de Importación*. To the extent that provisions of this Schedule are identical to the corresponding provisions of the *Arancel Centroamericano de Importación*, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the *Arancel Centroamericano de Importación*.
2. The base rates of duty set out in this Schedule reflect the *Arancel Centroamericano de Importación* MFN rates of duty in effect on November 18, 2004.
3. In addition to the staging categories listed in Annex 3.3, paragraph 1, this Schedule contains staging categories **M, N, O, P, and Q**.
 - (a) Duties on originating goods provided for in the items in staging category M shall be removed in ten stages. On the date this Agreement enters into force, duties shall be reduced by two percent of the base rate, and by an additional two percent on January 1 of year two. On January 1 of year three, duties shall be reduced by an additional eight percent of the base rate, and by an additional eight percent of the base rate each year through year six. On January 1 of year seven, duties shall be reduced by an additional 16 percent of the base rate, and by an additional 16 percent of the base rate each year thereafter through year nine, and such goods shall be duty-free effective January 1 of year ten.
 - (b) Duties on originating goods provided for in the items in staging category N shall be removed in 12 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 12.
 - (c) Duties on originating goods provided for in the items in staging category P shall remain at base rates for years one through ten. On January 1 of year 11, duties shall be reduced by 8.25 percent of the base rate, and by an additional 8.25 percent of the base rate each year through year 14. On January 1 of year 15, duties shall be reduced by an additional 16.75 percent of the base rate, and by an additional 16.75 percent of the base rate each year thereafter through year 17, and such goods shall be duty-free effective January 1 of year 18.
 - (d) Duties on originating goods provided for in items in staging category Q shall be reduced to 15 percent on January 1 of year one. On January 1 of year four, duties shall be reduced by 6.6 of 15 percent, and by an additional 6.6 percent of 15 percent each year thereafter through year eight. On January 1 of year nine, duties shall be reduced by an additional 9.6 percent of 15 percent each year thereafter through year 14, and such goods shall be duty-free effective January 1 of year 15.

4. During the transition period, only a qualifying good is eligible for the in-quota tariff rate for each such good specified in Appendix I; originating goods that are not qualifying goods shall be subject to the over-quota tariff rate for the good specified in Appendix I. For purposes of this note, “qualifying good” means a good that satisfies the requirements of Chapter Four (Rules of Origin and Origin Procedures), except that operations performed in or material obtained from a Central American Party or the Dominican Republic shall be considered as if the operations were performed in a non-Party and the material was obtained from a non-Party.

5. Originating goods imported into Nicaragua shall not be subject to any duties applied pursuant to Article 5 of the WTO Agreement on Agriculture.

6. With respect to goods provided for in heading 1701 and subheadings 0901.11, 0901.12, 0901.21, 0901.22, the tariff commitments set out in this Schedule shall apply only to a United States originating good. For purposes of this note, a “United States originating good” means a good that satisfies the requirements of Chapter Four (Rules of Origin and Origin Procedures), except that operations performed in or material obtained from a Central American Party or the Dominican Republic shall be considered as if the operations were performed in a non-Party and the material was obtained from a non-Party. In the event that Nicaragua provides preferential tariff treatment to a good covered by this note under the legal instruments of Central American integration or pursuant to an agreement with the Dominican Republic, this note shall no longer apply to such good.

7. (a) Except as Nicaragua and the Dominican Republic may otherwise agree, the tariff commitments set out in this Schedule shall not apply to an originating good classified under heading 2203, 2207, or 2208, or subheading 2401.20, 2402.20 (only goods containing *rubio*), or 2403.10 that is imported directly from the territory of the Dominican Republic.
- (b) Nicaragua and the Dominican Republic shall conclude negotiations on the tariff treatment to be applied to originating goods classified under subheadings 0207.11, 0207.12, 0207.13, 0207.14, 0402.10, 0402.21, 0402.29, 0703.10, 0703.20, 0713.31, 0713.32, 0713.33, 1006.10, 1006.20, 1006.30, 1006.40, and 1101.00, and headings 2710, except mineral solvents, 2712, 2713, except subheading 2713.20, and 2715 that are imported directly into the territory of Nicaragua from the territory of the Dominican Republic no later than the date that is one year after the date on which this Agreement enters into force with respect to Nicaragua and the Dominican Republic, and any agreed tariff treatment shall form part of this Schedule. During this one-year period, duties on such goods shall remain at base rates. At the expiration of the one-year period, if Nicaragua and the Dominican Republic have not reached an agreement regarding the tariff treatment of any such good, duties on the good shall remain at base rates for years one through ten. On January 1 of year 11, duties on the good shall be reduced by eight percent of the base rate, and by an additional eight percent of the base rate each year thereafter through year 15. On January 1 of year 16, duties on the good shall be reduced by an additional 12 percent of the base rate, and by an additional

12 percent of the base rate through year 19, and the good shall be duty-free effective January 1 of year 20.

8. Nicaragua shall apply the following tariff treatment to originating goods classified under tariff item 1507.90.00, 1508.90.00, 1509.90.00, 1510.00.00, 1511.90.90 (except palm stearin), 1512.19.00, 1512.29.00, 1513.19.00, 1513.29.00, 1514.19.00, 1514.99.00, 1515.19.00, 1515.29.00, 1515.30.00, 1515.40.00, 1515.50.00, 1515.90.10, 1515.90.20, 1515.90.90, 1516.10.00, 1516.20.10, 1516.20.90, 1517.10.00, 1517.90.10, 1517.90.20, 1517.90.90, or 1518.00.00 that are imported directly from the territory of the Dominican Republic: Duties on these goods shall remain at base rates for years one through five. Beginning on January 1 of year six, duties shall be reduced by eight percent of the base rate annually through year ten. Beginning on January 1 of year 11, duties shall be reduced by an additional 12 percent of the base rate annually through year 14, and such goods shall be duty-free effective January 1 of year 15.

9. Appendix II provides tariff-rate quotas with respect to the goods set out in that Appendix.

10. For purposes of these General Notes, a good shall not be considered to be imported directly from the territory of the Dominican Republic if the good:

- (a) undergoes subsequent production or any other operation outside the territory of the Dominican Republic, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to the territory of Nicaragua; or
- (b) does not remain under the control of customs authorities in the territory of the United States or a non-Party.

Appendix I

Tariff-Rate Quotas

Notes

1. This Appendix contains modifications of the provisions of the *Arancel Centroamericano de Importación* (“ACI”) as applied by Nicaragua. Subject to note 4 of the General Notes of Nicaragua, originating goods included in this Appendix are subject to the rates of duty set out in this Appendix in lieu of the rates of duty set out in Chapters 1 through 97 of the ACI.

Notwithstanding any tariff-rate quota provisions provided for elsewhere in the ACI, originating goods shall be permitted entry into Nicaragua as provided in this Appendix. Furthermore, any quantity of goods imported from the United States under a tariff-rate quota provided in this Appendix shall not be counted toward the in-quota amount of any tariff-rate quota provided for such goods elsewhere in the ACI.

2. Except as otherwise provided in this Appendix, Nicaragua shall allocate the in-quota quantities of each qualifying good to persons based on the proportion of the total quantity of imports of the good that each person imported during a previous representative period, while also allocating a reasonable proportion of the in-quota quantities to new entrants, if any.

Nicaragua shall establish, on entry into force of this Agreement, a mechanism for reallocating unused in-quota quantities to interested persons.

Pork

3. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	1,100
2	1,200
3	1,300
4	1,400
5	1,500
6	1,600
7	1,700
8	1,800
9	1,900
10	2,000
11	2,100
12	2,200
13	2,300

14	2,400
15	unlimited

For a period not greater than three years from the date of entry into force of the Agreement, Nicaragua shall allocate the in-quota quantities on an objective basis consistent with Article 3.13. Thereafter, Nicaragua shall allocate the in-quota quantities to persons based on the proportion of the total quantity of the good that each person imported during a previous representative period, while also allocating a reasonable proportion of the in-quota quantities to new entrants, if any. Nicaragua shall establish a mechanism for reallocating unused in-quota quantities to interested persons.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category D in Annex 3.3, paragraph 1(d).
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 02031100, 02031200, 0203190010, 0203190090, 02032100, 02032200, 0203290010, and 0203290090.

Chicken Leg Quarters

- 4. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	0
2	0
3	317
4	635
5	952
6	1,269
7	1,587
8	1,904
9	2,222
10	2,539
11	2,856
12	3,174
13	To Be Determined
14	To Be Determined
15	To Be Determined

16	To Be Determined
17	To Be Determined
18	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category P in paragraph 3(c) of the General Notes of Nicaragua to Annex 3.3.
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 0207139920, 0207149920, and 16023200A.
- (d) The aggregate quantity of goods entered under subparagraph (a) in years 13 to 17 shall be determined through consultations between the United States and Nicaragua. In the event that the United States and Nicaragua fail to reach an agreement, the aggregate quantity of goods entered under subparagraph (a) in any such year shall be equal to five percent of the national chicken production of Nicaragua.
- (e) If an Export Trade Certificate (“ETC”) is approved pursuant to the Export Trading Company Act of 1982, 15 U.S.C. Sec. 4011-4021 (2000), and if Nicaragua and the United States agree that the in-quota quantities should be allocated pursuant to that ETC, Nicaragua shall adopt or maintain appropriate procedures to allocate the in-quota quantities under subparagraph (a) pursuant to the terms of the ETC. There shall be no separate import licensing requirement for quantities allocated pursuant to the ETC.
- (f) If Nicaragua and the United States do not agree that the in-quota quantities should be allocated pursuant to the ETC, or the ETC is not approved, the in-quota quantities shall be allocated pursuant to an open and public auction system, the terms of which are to be established by mutual agreement of Nicaragua and the United States.

Milk Powder

- 5. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	650
2	683
3	717

4	752
5	790
6	829
7	871
8	915
9	960
10	1,008
11	1,059
12	1,112
13	1,167
14	1,226
15	1,287
16	1,351
17	1,419
18	1,490
19	1,564
20	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provision of staging category F in Annex 3.3, paragraph 1(f).
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 04021000, 04022111, 04022112, 04022121, 04022122, and 04022900.

Butter

- 6. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	150
2	158
3	165
4	174
5	182
6	191
7	201
8	211
9	222

10	233
11	244
12	256
13	269
14	283
15	297
16	312
17	327
18	344
19	361
20	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 04051000 and 04052000.

Cheese

- 7. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	575
2	604
3	634
4	666
5	699
6	734
7	770
8	809
9	849
10	892
11	937
12	983
13	1,033
14	1,084
15	1,138

16	1,195
17	1,255
18	1,318
19	1,384
20	unlimited

(b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).

(c) Subparagraphs (a) and (b) apply to the following SAC provisions: 04061000, 04062090, 04063000, 04064000, 04069010, 04069020, and 04069090.

Ice Cream

8. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Liters)
1	72,815
2	76,456
3	80,279
4	84,293
5	88,507
6	92,933
7	97,579
8	102,458
9	107,581
10	112,960
11	118,608
12	124,539
13	130,766
14	137,704
15	144,169
16	151,378
17	158,947
18	166,894
19	175,239
20	unlimited

(b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).

(c) Subparagraphs (a) and (b) apply to the following SAC provision: 21050000.

Other Dairy Products

9. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	50
2	52
3	55
4	58
5	61
6	64
7	67
8	70
9	74
10	77
11	81
12	85
13	90
14	94
15	99
16	104
17	109
18	115
19	120
20	unlimited

(b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).

(c) Subparagraphs (a) and (b) apply to the following SAC provisions: 19019090, 22029090 (milk-based drinks only).

Yellow Corn

10. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	68,250
2	71,500
3	74,750
4	78,000
5	81,250
6	84,500
7	87,750
8	91,000
9	94,250
10	97,500
11	100,750
12	104,000
13	107,250
14	110,500
15	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category E in Annex 3.3, paragraph 1(e).
- (c) Subparagraphs (a) and (b) apply to the following SAC provision: 10059020.

White Corn

11. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	5,100
2	5,200
3	5,300
4	5,400

5	5,500
6	5,600
7	5,700
8	5,800
9	5,900
10	6,000
11	6,100
12	6,200
13	6,300
14	6,400
15	6,500
16	6,600
17	6,700
18	6,800
19	6,900
20	7,000

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be applied in accordance with the provisions of staging category H in Annex 3.3, paragraph 1(h).
- (c) Subparagraphs (a) and (b) apply to the following SAC provision: 10059030.

Rough Rice

- 12. (a) Nicaragua may maintain and administer performance requirements existing on the date of entry into force of this Agreement for rough rice provided that:
 - (i) the performance requirements are maintained at a level not to exceed the total in-quota quantity specified for the good;
 - (ii) the performance requirements are administered so as not to impair the orderly fill of the in-quota quantity; and
 - (iii) the performance requirements are eliminated when the over-quota duty reaches zero.
- (b) The aggregate quantity of goods entered under the provisions listed in subparagraph (d) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
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1	92,700
2	95,400
3	98,100
4	100,800
5	103,500
6	106,200
7	108,900
8	111,600
9	114,300
10	117,000
11	119,700
12	122,400
13	125,100
14	127,800
15	130,500
16	133,200
17	135,900
18	unlimited

Nicaragua shall allocate the in-quota quantities that are subject to performance requirements to persons that satisfy those requirements.

- (c) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (b) shall be removed in accordance with the provisions of staging category P in paragraph 3(c) of the General Notes of Nicaragua to Annex 3.3.
- (d) Subparagraphs (a), (b) and (c) apply to the following SAC provision: 10061090.

Milled Rice

- 13. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	13,650
2	14,300
3	14,950
4	15,600
5	16,250
6	16,900
7	17,550

8	18,200
9	18,850
10	19,500
11	20,150
12	20,800
13	21,450
14	22,100
15	22,750
16	23,400
17	24,050
18	unlimited

For a period not greater than three years from the date of entry into force of the Agreement, Nicaragua shall allocate the in-quota quantities on an objective basis consistent with Article 3.13. Thereafter, Nicaragua shall allocate the in-quota quantities to persons based on the proportion of the total quantity of the good that each person imported during a previous representative period, while also allocating a reasonable proportion of the in-quota quantities to new entrants, if any. Nicaragua shall establish a mechanism for reallocating unused in-quota quantities to interested persons.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category P in paragraph 3(c) of the General Notes of Nicaragua to Annex 3.3.
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 10062000, 10063010, 10063090, and 10064000.

Appendix II

Tariff-Rate Quotas

Notes

1. This Appendix contains modifications of the provisions of the *Arancel Centroamericano de Importación* (“ACI”) as applied by Nicaragua. Pursuant to note 9 of the General Notes of Nicaragua, originating goods imported directly from the territory of the Dominican Republic and included in this Appendix are subject to the rates of duty set out in this Appendix in lieu of the rates of duty set out in Chapters 1 through 97 of the ACI. Notwithstanding any tariff-rate quota provisions provided for elsewhere in the ACI, originating goods imported directly from the territory of the Dominican Republic shall be permitted entry into Nicaragua as provided in this Appendix. Furthermore, any quantity of goods imported from the Dominican Republic under a tariff-rate quota provided in this Appendix shall not be counted toward the in-quota amount of any tariff-rate quota provided for such goods elsewhere in the ACI.

2. For a period not greater than three years from the date of entry into force of the Agreement, Nicaragua’s *Ministerio de Fomento, Industria y Comercio* shall allocate the in-quota quantities of each originating good subject to this Appendix on an objective basis consistent with Article 3.13. Thereafter, the *Ministerio de Fomento, Industria y Comercio* shall allocate the in-quota quantities of each such good to persons based on the proportion of the total quantity of the good that each person imported during a previous representative period, while also allocating a reasonable proportion of the in-quota quantities to new entrants, if any. The *Ministerio de Fomento, Industria y Comercio* shall establish a mechanism for reallocating unused in-quota quantities to interested persons.

Chicken Breasts

3. (a) In any calendar year, an aggregate quantity of 443 metric tons of goods classified under the provisions listed in subparagraph (c) may be entered subject to the following duty treatment: 10 percent *ad valorem*.
- (b) Duties on goods entered in aggregate quantities in excess of the quantity set out in subparagraph (a), shall be applied in accordance with note 7(b) of Nicaragua’s General Notes.
- (c) Subparagraphs (a) and (b) apply to chicken breasts entered under the following SAC provisions: 0207.13.91 and 0207.14.91.

Onions and Shallots

4. (a) In any calendar year, an aggregate quantity of 375 metric tons of goods classified under the provisions listed in subparagraph (c) may be entered subject to the following duty treatment: 7.5 percent *ad valorem*.
- (b) Duties on goods entered in aggregate quantities in excess of the quantity set out in subparagraph (a), shall be applied in accordance with note 7(b) of Nicaragua's General Notes.
- (c) Subparagraphs (a) and (b) apply to onions and shallots entered under the following SAC provision: 0703.10.

Beans

5. (a) In any calendar year, an aggregate quantity of 1,800 metric tons of goods classified under the provisions listed in subparagraph (c) may be entered subject to the following duty treatment:
 - (i) For beans provided for in subheading 0713.32, beginning on the date this Agreement enters into force, duties shall be 20 percent *ad valorem*. Duties shall be removed in four equal annual stages beginning January 1 of year two, and such goods shall be duty-free effective January 1 of year five.
 - (ii) For beans provided for in subheading 0713.31 and 0713.33, beginning on the date this Agreement enters into force, duties shall be 20 percent *ad valorem*. Duties shall be removed in two equal annual stages beginning January 1 of year two, and such goods shall be duty-free effective January 1 of year three.
- (b) Duties on goods entered in aggregate quantities in excess of the quantity set out in subparagraph (a), shall be applied in accordance with note 7(b) of Nicaragua's General Notes.
- (c) Subparagraphs (a) and (b) apply to beans entered under the following SAC provisions: 0713.31, 0713.32, and 0713.33.