

GENERAL NOTES
TARIFF SCHEDULE OF THE REPUBLIC OF HONDURAS

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 December 10, 2003.
3. In addition to the staging categories listed in Annex 3.3, paragraph 1, this Schedule contains staging categories **M**, **N**, **O** and **P**.
 - (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, 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 thereafter 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 O shall remain at base rates for years one through six. Beginning January 1 of year seven, duties 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 11. On January 1 of year 12, duties shall be reduced by an additional 15 percent of the base rate, and by an additional 15 percent of the base rate each year thereafter through year 14, and such goods shall be duty-free effective January 1 of year 15.
 - (d) 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 thereafter 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.

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 Honduras 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, and 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 Honduras 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 Honduras and the Dominican Republic may otherwise agree, the tariff commitments set out in this Schedule shall not apply to an originating good classified under subheading 0207.11, 0207.12, 0207.13, 0207.14, 0402.10, 0402.21, 0402.29, 0713.31, 0713.32, 0713.33, 1006.10, 1006.20, 1006.30, 1006.40, or 1101.00, 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) Honduras and the Dominican Republic shall conclude negotiations on the tariff treatment to be applied to originating goods classified under subheadings 0703.10 and 0703.20, and headings 2710, except mineral solvents, 2712, 2713, except subheading 2713.20, and 2715 that are imported directly into the territory of Honduras 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 Honduras 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 Honduras 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. Honduras 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. 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 Honduras; 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 Honduras. Subject to note 4 of the General Notes of Honduras, 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 Honduras 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, for a period not greater than three years from the date of entry into force of the Agreement, Honduras shall allocate the in-quota quantities of each qualifying good on an objective basis consistent with Article 3.13. Thereafter, Honduras shall allocate the in-quota quantities of each qualifying 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. Honduras shall establish 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 | 2,150 |
| 2 | 2,300 |
| 3 | 2,450 |
| 4 | 2,600 |
| 5 | 2,750 |
| 6 | 2,900 |
| 7 | 3,050 |
| 8 | 3,200 |
| 9 | 3,350 |
| 10 | 3,500 |
| 11 | 3,650 |
| 12 | 3,800 |

| | |
|----|-----------|
| 13 | 3,950 |
| 14 | 4,100 |
| 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 O in paragraph 3(c) of the General Notes of Honduras to Annex 3.3.
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 02031100, 02031200, 02031900, 02032100, 02032200, and 02032900.
- (d) In the event that an Export Trade Certificate (ETC) is approved pursuant to the provisions of the *Export Trading Company Act of 1982*, 15 U.S.C. Sec. 4011-4021 (2000), the allocations of the duty-free quantities under subparagraph (a) that are established pursuant to the terms of the ETC shall be respected by Honduras through the adoption or maintenance of appropriate procedures. There shall be no separate import licensing requirement for such access. In the event that an ETC is not approved, Honduras shall allocate the in-quota quantities pursuant to paragraph 2.

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 | 534 |
| 4 | 1,069 |
| 5 | 1,603 |
| 6 | 2,138 |
| 7 | 2,672 |
| 8 | 3,206 |
| 9 | 3,741 |
| 10 | 4,275 |
| 11 | 4,810 |
| 12 | 5,344 |
| 13 | To Be Determined |
| 14 | To Be Determined |
| 15 | To Be Determined |
| 16 | To Be Determined |

17
18

To Be Determined
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(d) of the General Notes of Honduras to Annex 3.3.
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 02071399B, 02071499B, 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 Honduras. In the event that the United States and Honduras 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 Honduras.
- (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 Honduras and the United States agree that the in-quota quantities should be allocated pursuant to that ETC, Honduras 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 Honduras 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 Honduras 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 | 300 |
| 2 | 315 |
| 3 | 331 |
| 4 | 347 |
| 5 | 365 |
| 6 | 383 |

| <u>Year</u> | <u>Quantity</u> (Metric tons) |
|-------------|----------------------------------|
| 7 | 402 |
| 8 | 422 |
| 9 | 443 |
| 10 | 465 |
| 11 | 489 |
| 12 | 513 |
| 13 | 539 |
| 14 | 566 |
| 15 | 594 |
| 16 | 624 |
| 17 | 655 |
| 18 | 688 |
| 19 | 722 |
| 20 | unlimited |

The quantities shall enter on a first-come, first-served basis.

- (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: 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 | 100 |
| 2 | 105 |
| 3 | 110 |
| 4 | 116 |
| 5 | 122 |
| 6 | 128 |
| 7 | 134 |
| 8 | 141 |
| 9 | 148 |
| 10 | 155 |

| <u>Year</u> | <u>Quantity</u> (Metric tons) |
|-------------|----------------------------------|
| 11 | 163 |
| 12 | 171 |
| 13 | 180 |
| 14 | 189 |
| 15 | 198 |
| 16 | 208 |
| 17 | 218 |
| 18 | 229 |
| 19 | 241 |
| 20 | unlimited |

The quantities shall enter on a first-come, first-served basis.

- (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, 04052000, and 04059090.

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 | 410 |
| 2 | 431 |
| 3 | 452 |
| 4 | 475 |
| 5 | 498 |
| 6 | 523 |
| 7 | 549 |
| 8 | 577 |
| 9 | 606 |
| 10 | 636 |
| 11 | 668 |
| 12 | 701 |
| 13 | 736 |
| 14 | 773 |

| | |
|----|-----------|
| 15 | 812 |
| 16 | 852 |
| 17 | 895 |
| 18 | 940 |
| 19 | 987 |
| 20 | unlimited |

The quantities shall enter on a first-come, first-served basis.

- (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, 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> (Metric tons) |
|-------------|----------------------------------|
| 1 | 100 |
| 2 | 105 |
| 3 | 110 |
| 4 | 116 |
| 5 | 122 |
| 6 | 128 |
| 7 | 134 |
| 8 | 141 |
| 9 | 148 |
| 10 | 155 |
| 11 | 163 |
| 12 | 171 |
| 13 | 180 |
| 14 | 189 |
| 15 | 198 |
| 16 | 208 |
| 17 | 218 |
| 18 | 229 |
| 19 | 241 |
| 20 | unlimited |

The quantities shall enter on a first-come, first-served basis.

- (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 | 140 |
| 2 | 147 |
| 3 | 154 |
| 4 | 162 |
| 5 | 170 |
| 6 | 179 |
| 7 | 188 |
| 8 | 197 |
| 9 | 207 |
| 10 | 217 |
| 11 | 228 |
| 12 | 239 |
| 13 | 251 |
| 14 | 264 |
| 15 | 277 |
| 16 | 291 |
| 17 | 306 |
| 18 | 321 |
| 19 | 337 |
| 20 | unlimited |

The quantities shall enter on a first-come, first-served basis.

- (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:

22029090 (milk-based drinks only).

Rough Rice

10. (a) Honduras 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) |
|-------------|----------------------------------|
| 1 | 91,800 |
| 2 | 93,600 |
| 3 | 95,400 |
| 4 | 97,200 |
| 5 | 99,000 |
| 6 | 100,800 |
| 7 | 102,600 |
| 8 | 104,400 |
| 9 | 106,200 |
| 10 | 108,000 |
| 11 | 109,800 |
| 12 | 111,600 |
| 13 | 113,400 |
| 14 | 115,200 |
| 15 | 117,000 |
| 16 | 118,800 |
| 17 | 120,600 |
| 18 | unlimited |

Honduras 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 (a) shall be removed in accordance with the provisions of staging category P in paragraph 3(d) of the General Notes of Honduras to Annex 3.3.

(d) Subparagraphs (a), (b) and (c) apply to the following SAC provision: 10061090.

Milled Rice

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 | 8,925 |
| 2 | 9,350 |
| 3 | 9,775 |
| 4 | 10,200 |
| 5 | 10,625 |
| 6 | 11,050 |
| 7 | 11,475 |
| 8 | 11,900 |
| 9 | 12,325 |
| 10 | 12,750 |
| 11 | 13,175 |
| 12 | 13,600 |
| 13 | 14,025 |
| 14 | 14,450 |
| 15 | 14,875 |
| 16 | 15,300 |
| 17 | 15,725 |
| 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(d) of the General Notes of Honduras to Annex 3.3.

(c) Subparagraphs (a) and (b) apply to the following SAC provisions: 10062000, 10063010, 10063090 and 10064000.

Yellow Corn

12. (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 | 190,509 |
| 2 | 199,581 |
| 3 | 208,653 |
| 4 | 217,724 |
| 5 | 226,796 |
| 6 | 235,868 |
| 7 | 244,940 |
| 8 | 254,012 |
| 9 | 263,084 |
| 10 | 272,156 |
| 11 | 281,227 |
| 12 | 290,299 |
| 13 | 299,371 |
| 14 | 308,443 |
| 15 | unlimited |

Honduras shall allocate the in-quota quantities 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. Honduras shall establish, on entry into force of this Agreement, 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 E in Annex 3.3, paragraph 1(e).
- (c) Subparagraphs (a) and (b) apply to the following SAC provision: 10059020.

White Corn

- 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 | 23,460 |
| 2 | 23,920 |
| 3 | 24,380 |
| 4 | 24,840 |
| 5 | 25,300 |
| 6 | 25,760 |
| 7 | 26,220 |
| 8 | 26,680 |
| 9 | 27,140 |
| 10 | 27,600 |
| 11 | 28,060 |
| 12 | 28,520 |
| 13 | 28,980 |
| 14 | 29,440 |
| 15 | 29,900 |
| 16 | 30,360 |
| 17 | 30,820 |
| 18 | 31,280 |
| 19 | 31,740 |
| 20 | 32,200 |

After year 20, the in-quota quantity grows at 460 MT per year.

Honduras shall allocate the in-quota quantities 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. Honduras shall establish, on entry into force of this Agreement, 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 H in Annex 3.3, paragraph 1(h).
- (c) Subparagraphs (a) and (b) apply to the following SAC provision: 10059030.