

Draft as of March 22, 2007
Subject to legal review for accuracy, clarity, and consistency.

GENERAL NOTES
SCHEDULE OF THE UNITED STATES TO ANNEX 3.3

1. Relation to the Harmonized Tariff Schedule of the United States (HTSUS). The provisions of this Schedule are generally expressed in terms of the HTSUS, 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 HTSUS. To the extent that provisions of this Schedule are identical to the corresponding provisions of the HTSUS, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the HTSUS.
2. Base Rates of Customs Duty. The base rates of customs duty set forth in this Schedule reflect the HTSUS Column 1 General rates of duty in effect on January 1, 2004.
3. Staging. In addition to the staging categories listed in Annex 3.3, paragraph 1, this Schedule contains staging categories **J**, **K**, and **L**:
 - (a) Duties on originating goods provided for in the items in staging category J shall be removed in the following manner: the base rate of duty shall reflect the HTSUS Column 1 Special Rates of Duty designated under the *Caribbean Basin Trade Partnership Act* (“R”), in effect January 1, 2007. Duties shall be reduced by three percent on the date this Agreement enters into force, and by an additional three percent on January 1 of year two. Duties shall be reduced by an additional five percent of the base rate on January 1 of year three, and by an additional five percent of the base rate each year thereafter through year six. Duties shall be reduced by an additional 18 percent of the base rate on January 1 of year seven, and by an additional 18 percent of the base rate in year eight. Duties shall be reduced by an additional 19 percent in year nine, and such goods shall be duty-free, effective January 1 of year ten.
 - (b) For goods provided for in the items in staging category K, at the time of importation the duty imposed upon the assembled article to be applied in accordance with the procedures specified in U.S. note 4 of subchapter II, chapter 98, of the HTSUS, shall be the rate applicable to the full value of the article itself under the staging obligations set forth for the appropriate provision in Chapters 1 through 97 of this Schedule, until January 1 of year ten, at which time such goods shall be duty-free.
 - (c) Duties on originating goods provided for in the items in staging category L shall be eliminated entirely and such goods shall be duty-free on the date this Agreement enters into force. For goods in tariff items 98120020, 98120040, 98130005, 98130010, 98130015, 98130020, 98130025, 98130030, 98130035, 98130040, 98130045, 98130050, 98130055, 98130060, 98130070, 98130075, and 98140050 duty-free means free without bond.

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4. The United States shall treat Panama as a “beneficiary country” for purposes of Section 423 of the *Tax Reform Act of 1986*, as amended (19 U.S.C. § 2703 note; Pub. L. 99-514, as amended by Pub. L. 100-418 and Pub. L. 101-221) (“Section 423”), and any successor provisions.