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ANNEX 3.3

GENERAL NOTES
TARIFF SCHEDULE OF THE REPUBLIC OF NICARAGUA

1. Relation to the Harmonized Tariff Schedule of the Republic of Nicaragua. The provisions of this schedule are generally expressed in terms of the *Sistema Arancelario Centroamericano*, and the interpretation of the provisions of this schedule, including the product coverage of subheadings of this schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the *Sistema Arancelario Centroamericano*. To the extent that provisions of this schedule are identical to the corresponding provisions of the *Sistema Arancelario Centroamericano*, the provisions of this schedule shall have the same meaning as the corresponding provisions of the *Sistema Arancelario Centroamericano*.
2. Base Rates of Customs Duty. The base rates of duty set forth in this schedule reflect the *Sistema Arancelario Centroamericano* MFN rates of duty in effect on November 18, 2004.
3. Staging. In addition to the staging categories listed in Annex *X.X*, paragraph 1, this schedule contains staging categories **M, N, O, P and Q**.
 - (a) Duties on goods provided for in the items in staging category M shall be removed in ten stages. Beginning on the date this Agreement enters into force, duties shall be reduced by two percent each year through January 1 of year two. On January 1 of year three duties shall be reduced by an additional eight percent each year through year six. On January 1 of year seven duties shall be reduced by an additional 16 percent each year, and such goods shall be duty-free effective January 1 of year ten;
 - (b) Duties on goods provided for in the items in staging category N shall be removed in 12 equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year 12;
 - (c) Duties on 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 40 percent in four equal annual stages. Beginning on January 1 of year 11, duties shall be reduced by 60 percent in five equal annual stages, and such goods shall be duty-free effective January 1 of year 15.
 - (d) Duties on goods provided for in the items in staging category P shall remain at base rates for years one through ten. Beginning January 1 of year 11, duties shall be reduced by 33 percent in four equal annual stages. Beginning on January 1 of year 15, duties shall be reduced by 67 percent in four equal annual stages, and such goods shall be duty-free effective January 1 of year 18.

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- (e) Duties on goods provided for in items in staging category Q shall be reduced to 15% on January 1 of year one. Beginning January of year 4, duties shall be reduced by 33% in 5 equal annual stages. Beginning January of year 9, duties shall be reduced by 67% in 7 equal annual stages, and such goods shall be duty free effective January 1 of year 15.

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Notes

This annex contains temporary modifications of the provisions of the Sistema Arancelario Centroamericano pursuant to this Agreement. Originating goods of the United States described in the provisions of this Annex are subject to duty at the rate set forth in this Annex in lieu of the rate provided therefore in Chapters 1 through 97. Notwithstanding tariff-rate quota provisions provided for elsewhere in the Sistema Arancelario Centroamericano, originating goods of the United States shall be permitted to enter Nicaragua in accordance with the provisions of this Annex. Furthermore, any quantity provided for the United States on goods described in this Annex shall not be counted toward any tariff-rate quota provided for such goods elsewhere in the Sistema Arancelario Centroamericano. Originating goods of the United States imported into Nicaragua also shall not be subject to any of the provisions, duties or limitations of Chapter 98 of the Sistema Arancelario Centroamericano.

1. Pork

- a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall not exceed the quantity specified below for 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

- 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 D in Annex XX, paragraph XX

- c. Subparagraph a) and b) apply to the following Table 1 provisions:
0203.11.00; 0203.12.00; 0203.19.00.10; 0203.19.00.90; 0203.21.00; 0203.22.00
0203.29.00.10; 0203.29.00.90

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2. Poultry

- a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall no exceed the quantity specified below for 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	TBD
14	TBD
15	TBD
16	TBD
17	TBD
18	TBD

- 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 P in Annex XX, subparagraph XX).

- c. Subparagraph a) and b) apply to the following Table 1 provisions:
0207.13.99.20; 0207.14.99.20; Ex1602.32.00

- d. The aggregate quantity of goods entered for years 13 to 18 will be determine after consultations by the Parties.

3. Powder milk

- a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall no exceed the quantity specified below for each such year:

<u>Year</u>	<u>Quantity</u>
	(Metric tons)

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1	650
2	682
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 XX, paragraph XX.

c. Subparagraph a) and b) apply to the following Table 1 provisions:
0402.10.00; 0402.21.11; 0402.21.12; 0402.21.21; 0402.21.22; 0402.29.00

4. Butter

a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall no exceed the quantity specified below for each such year:

<u>Year</u>	<u>Quantity</u>
	(Metric tons)
1	150
2	157
3	165
4	174
5	182
6	191
7	201
8	211
9	222
10	233

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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 provision of staging category F in Annex XX, paragraph XX.

c. Subparagraph a) and b) apply to the following Table 1 provisions:
0405.10.00; 0405.20.00

5. Cheese

a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall not exceed the quantity specified below for each such year:

Year	Quantity
	(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

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- 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 XX, paragraph XX.
- c. Subparagraph a) and b) apply to the following Table 1 provisions:
0406.10.00; 0406.20.90; 0406.30.00; 0406.40.00; 0406.90.10; 0406.90.20
0406.90.90

6. Ice cream

- a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall no exceed the quantity specified below for 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 provision of staging category F in Annex XX, paragraph XX.
- c. Subparagraph a) and b) apply to the following Table 1 provisions 2105.00.00

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7. Other Dairy

- a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall no exceed the quantity specified below for 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 provision of staging category F in Annex XX, paragraph XX.

- c. Subparagraph a) and b) apply to the following Table 1 provisions:
1901.90.90; Ex2202.90.90; Ex2106.90.90

8. Yellow corn

- a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall no exceed the quantity specified below for each such year:

<u>Year</u>	<u>Quantity</u>
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	(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 provision of staging category E in Annex XX, paragraph XX.

c. Subparagraph a) and b) apply to the following Table 1 provisions 1005.90.20

9. White corn

a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall no exceed the quantity specified below for 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

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16	6,600
17	6,700
18	6,800
19	6,900
20	7,000

After year 20, the quota grows at 100 MT per year.

b. Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph a) shall be applied in accordance with the provision of staging category H in Annex XX, paragraph XX.

c. Subparagraph a) and b) apply to the following Table 1 provisions 1005.90.30

10. Rough rice

a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall no exceed the quantity specified below for each such year:

Year	Quantity
	(Metric tons)
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

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 P in Annex XX, paragraph XX)

c. Subparagraph a) and b) apply to the following Table 1 provisions 1006.10.90

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11. Milled rice

- a. The aggregate quantity of goods entered under the provision listed in subparagraph c) shall be free of duty in any calendar years specified here in, and shall no exceed the quantity specified below for 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

- 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 P in Annex XX, paragraph XX)
- c. Subparagraph a) and b) apply to the following Table 1 provisions:
1006.20.00; 1006.30.10; 1006.30.90; 1006.40.00