

CHAPTER 2
NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

ARTICLE 2.1: SCOPE

Except as otherwise provided in this Agreement, this Chapter shall apply to trade in goods of a Party.

Section A: National Treatment

ARTICLE 2.2: NATIONAL TREATMENT

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, including its interpretative notes. To this end, Article III of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.
2. Paragraph 1 shall not apply to the measures set out in Annex 2-A.

Section B: Elimination of Customs Duties

ARTICLE 2.3: CLASSIFICATION OF GOODS

The classification of goods in trade between the Parties shall be that set out in each Party's tariff nomenclature in conformity with the Harmonized System.

ARTICLE 2.4: ELIMINATION OF CUSTOMS DUTIES

1. Except as otherwise provided in this Agreement, neither Party may increase any existing customs duty, or adopt any new customs duty, on an originating good.
2. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods in accordance with its Schedule to Annex 2-B.
3. If at any moment a Party reduces its applied MFN customs duty rate after the date of entry into force of this Agreement, that duty rate shall apply as regards trade covered by this Agreement if and for as long as it is lower than the customs duty rate calculated in accordance with its Schedule included in Annex 2-B.
4. On the request of either Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules to Annex 2-B. Notwithstanding Article 21.1 (Joint Committee), an agreement between the Parties to accelerate the elimination of a customs duty on a good shall supersede any duty rate or

staging category determined pursuant to their Schedules to Annex 2-B for such good when approved by such Parties in accordance with their applicable legal procedures. After such Parties conclude an agreement under this paragraph, they shall notify the other Republics of Central America of the terms of that agreement.

5. For greater certainty, a Party may:
 - (a) raise a customs duty to the level established in its Schedule to Annex 2-B following a unilateral reduction; or
 - (b) maintain or increase a customs duty as authorized by the Dispute Settlement Body of the WTO.

Section C: Special Regimes

ARTICLE 2.5: WAIVER OF CUSTOMS DUTIES

1. Except as otherwise provided in this Agreement, neither Party may adopt any new waiver of customs duties, or expand with respect to existing recipients or extend to any new recipient the application of an existing waiver of customs duties, where the waiver is conditioned, explicitly or implicitly, on the fulfillment of a performance requirement.
2. Neither Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.
3. Honduras and Nicaragua may each maintain measures inconsistent with paragraphs 1 and 2 for such time as it is an Annex VII country for the purposes of the SCM Agreement. Thereafter, Honduras and Nicaragua shall maintain any such measures in accordance with Article 27.4 of the SCM Agreement.

ARTICLE 2.6: TEMPORARY ADMISSION OF GOODS

1. Each Party shall grant duty-free temporary admission for the following goods, regardless of their origin:
 - (a) professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, necessary for carrying out the business activity, trade, or profession of a person who qualifies for temporary entry, pursuant to the laws of the importing Party;
 - (b) goods intended for display or demonstration;
 - (c) commercial samples and advertising films and recordings; and
 - (d) goods admitted for sports purposes.

2. Each Party shall, at the request of the person concerned and for reasons its customs authority considers valid, extend the time limit for temporary admission beyond the period initially fixed.

3. Neither Party may condition the duty-free temporary admission of a good referred to in paragraph 1, other than to require that the good:

- (a) be used solely by or under the personal supervision of a national or resident of the other Party in the exercise of the business activity, trade, profession, or sport of that person;
- (b) not be sold or leased while in its territory;
- (c) be accompanied by a security in an amount no greater than the charges that would otherwise be owed on entry or final importation, releasable on exportation of the good;
- (d) be capable of identification when exported;
- (e) be exported on the departure of the person referenced in subparagraph (a), or within such other period related to the purpose of the temporary admission as the Party may establish, or within one year, unless extended;
- (f) be admitted in no greater quantity than is reasonable for its intended use; and
- (g) be otherwise admissible into the Party's territory under its law.

4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on the good plus any other charges or penalties provided for under its law.

5. Each Party, through its customs authority, shall adopt or maintain procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, such procedures shall provide that when such a good accompanies a national or resident of the other Party who is seeking temporary entry, the good shall be released simultaneously with the entry of that national or resident.

6. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than that through which it was admitted.

7. Each Party shall provide that the importer or other person responsible for a good admitted under this Article shall not be liable for failure to export the good on presentation of satisfactory proof to the importing Party that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.

8. Subject to Chapters 9 (Investment) and 10 (Cross-Border Trade in Services):

- (a) each Party shall allow a container used in international traffic, that enters its territory from the territory of the other Party, to exit its territory on any

route that is reasonably related to the economic and prompt departure of such container;

- (b) neither Party may require any security or impose any penalty or charge solely by reason of any difference between the port of entry and the port of departure of a container;
- (c) neither Party may condition the release of any obligation, including any security, that it imposes in respect of the entry of a container into its territory on its exit through any particular port of departure; and
- (d) neither Party may require that the carrier bringing a container from the territory of the other Party into its territory, be the same carrier that takes the container to the territory of the other Party.

ARTICLE 2.7: GOODS RE-ENTERED AFTER REPAIR OR ALTERATION

1. Neither Party may apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of whether the repair or alteration:

- (a) could be performed in the territory of the Party from which the good was exported for repair or alteration; or
- (b) has increased the value of the good.

2. Neither Party may apply a customs duty to a good, regardless of its origin, admitted temporarily from the territory of the other Party for repair or alteration.

3. For the purposes of this Article, “repair or alteration” does not include an operation or process that:

- (a) destroys a good’s essential characteristics or creates a new or commercially different good; or
- (b) transforms an unfinished good into a finished good.

ARTICLE 2.8: DUTY-FREE ENTRY OF COMMERCIAL SAMPLES OF NEGLIGIBLE VALUE AND PRINTED ADVERTISING MATERIALS

Each Party shall grant duty-free entry to commercial samples of negligible value, and to printed advertising materials, imported from the territory of the other Party, regardless of their origin, but may require that:

- (a) the samples be imported solely for the solicitation of orders for goods, or services provided from the territory, of the other Party or a non-Party; or

- (b) the advertising materials be imported in packets that each contain no more than one copy of each such material and that neither the materials nor the packets form part of a larger consignment.

Section D: Non-Tariff Measures

ARTICLE 2.9: IMPORT AND EXPORT RESTRICTIONS

1. Except as otherwise provided in this Agreement, neither Party may adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation of any good destined for the territory of the other Party, except in accordance with Article XI of GATT 1994 and its interpretative notes, and to this end, Article XI of GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. The Parties understand that the GATT 1994 rights and obligations incorporated by paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, a Party from adopting or maintaining:

- (a) export and import price requirements, except as permitted in enforcement of countervailing and antidumping duty orders and undertakings;
- (b) import licensing conditioned on the fulfillment of a performance requirement; or
- (c) voluntary export restraints inconsistent with Article VI of GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.

3. Neither Party may, as a condition for engaging in importation or for the importation of a good, require a person of the other Party to establish or maintain a contractual or other relationship with a distributor in its territory.

4. For greater certainty, paragraph 3 does not prevent a Party from requiring a person referred to in that paragraph to designate an agent for the purposes of facilitating communications between its regulatory authorities and that person.

5. For the purposes of paragraph 3, **distributor** means a person of a Party who is responsible for the commercial distribution, agency, concession, or representation in the territory of that Party of goods of the other Party.

6. Paragraphs 1 and 2 shall not apply to the measures set out in Annex 2-A.

ARTICLE 2.10: IMPORT LICENSING

1. Neither Party may adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.

2. (a) After the date of entry into force of this Agreement, each Party shall promptly notify the other Party of any existing import licensing procedures. The notification shall:
 - (i) include the information specified in Article 5 of the Import Licensing Agreement; and
 - (ii) be without prejudice as to whether the import licensing procedure is consistent with this Agreement.
 - (b) Before applying any new or modified import licensing procedure, a Party shall publish the new procedure or modification on an official government Internet site. To the extent possible, the Party shall do so at least 30 days before the new procedure or modification takes effect.
3. Neither Party may apply an import licensing procedure to a good of the other Party unless it has complied with the requirements of paragraph 2 with respect to that procedure.

ARTICLE 2.11: ADMINISTRATIVE FEES AND FORMALITIES

1. Each Party shall ensure that all fees and charges imposed in connection with importation and exportation shall be consistent with their obligations under Article VIII:1 of GATT 1994 and its interpretive notes, which are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.
2. Neither Party may require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.
3. Each Party shall make available and maintain through the internet an updated list of the fees and charges it imposes in connection with importation or exportation.

ARTICLE 2.12: EXPORT DUTIES, TAXES, OR OTHER CHARGES

Except as otherwise provided in this Agreement, neither Party may adopt or maintain any duty, tax, or other charge on the export of any good to the territory of the other Party, unless the duty, tax, or charge is also adopted or maintained on the good when destined for domestic consumption. This paragraph shall not apply to the measures set out in Annex 2-C.

ARTICLE 2.13: STATE TRADING ENTERPRISES

The rights and obligations of the Parties with respect to state trading enterprises shall be governed by Article XVII of GATT 1994, its interpretative notes, and the *Understanding on the Interpretation of Article XVII of GATT 1994*, which are incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.14: TRADE RELATED NON-TARIFF MEASURES

1. Each Party shall ensure the transparency of its non-tariff measures affecting trade between the Parties and that any such measures are not prepared, adopted or applied with the view to or with the effect of creating unnecessary obstacles to trade between the Parties.
2. The Committee on Trade in Goods shall review the non-tariff measure referred to in paragraph 1¹, consider approaches that may better facilitate trade between the Parties and present to the Parties the results of its consideration, including any recommendation, preferably within 12 months. If necessary, the results of the consideration and recommendations of the Committee on Trade in Goods shall be submitted to the Joint Committee for consideration and/or action during their next meeting.

ARTICLE 2.15: TARIFF RATE QUOTA (TRQ) ADMINISTRATION

1. Each Party shall implement and administer tariff-rate quotas (hereinafter referred to as the “TRQs”) set out in Appendix 2-B-1 of its Schedule to Annex 2-B in accordance with Article XIII of GATT 1994, including its interpretive notes, and the Import Licensing Agreement.
2. Each Party shall ensure that:
 - (a) its procedures for administering its TRQs are transparent, made available to the public, timely, non-discriminatory, responsive to market conditions, minimally burdensome to trade, and reflect end-user preferences; and
 - (b) any person of a Party that fulfills the importing Party’s legal and administrative requirements shall be eligible to apply and to be considered for a TRQ allocation by the Party.
3. Each Party shall make every effort to administer its TRQs in a manner that allows importers to fully utilise the TRQs quantities.
4. On the written request of either Party, the Parties shall consult regarding a Party’s administration of its TRQs.

Section E: Institutional Provisions

ARTICLE 2.16: COMMITTEE ON TRADE IN GOODS

1. The Parties hereby establish a Committee on Trade in Goods (hereinafter referred to as the “Committee”), comprising representatives of each Party.

¹ The Committee on Trade in Goods may review the non-tariff measure, unless such measure could be addressed under a Chapter-specific consultation mechanism established under another Chapter.

2. Unless the Parties otherwise agree, the Committee shall meet at least once a year or upon request of a Party or the Joint Committee to consider matters arising under this Chapter and Chapter 7 (Trade Remedies). Meetings may be conducted in person or by any technological means available to the Parties.
3. The Committee's functions shall include:
 - (a) monitoring the correct application and administration of this Chapter and Chapter 7 (Trade Remedies);
 - (b) promoting trade in goods between the Parties, including through consultations on accelerating elimination of customs duties under this Agreement and other issues as appropriate;
 - (c) addressing barriers to trade in goods between the Parties, especially those related to the application of non-tariff measures, and, if appropriate, referring such matters to the Joint Committee for its consideration;
 - (d) providing a forum for discussion or the exchange of information on matters related to this Chapter and Chapter 7 (Trade Remedies), which may, directly or indirectly affect trade between the Parties with a view to minimizing their negative effects on trade and seeking mutually acceptable alternatives;
 - (e) making recommendations to the Joint Committee with regards to matters of its competence; and
 - (f) carrying out other functions as may be assigned by the Joint Committee or agreed by the Parties.

Section F: Definitions

ARTICLE 2.17: DEFINITIONS

For the purposes of this Chapter:

advertising films and recordings means recorded visual media or audio materials, consisting essentially of images and/or sound, showing the nature or operation of goods or services offered for sale or lease by a person established or resident in the territory of a Party, provided that such materials are of a kind suitable for exhibition to prospective customers, but not for broadcast to the general public;

commercial samples of negligible value means commercial samples having a value, individually or in the aggregate as shipped, of not more than the amount specified in a Party's laws, regulations, or procedures governing temporary admission, or so marked, torn, perforated, or otherwise treated that they are unsuitable for sale or use except as commercial samples;

consular transactions means requirements that goods of a Party, intended for export to the territory of the other Party, must first be submitted to the supervision of the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests, shippers' export declarations or any other customs documentation required on or in connection with importation;

consumed means:

- (a) actually consumed; or
- (b) further processed or manufactured so as to result in a substantial change in the value, form or use of the good or in the production of another good;

duty-free means free of customs duty;

goods intended for display or demonstration includes their component parts, ancillary apparatus and accessories;

goods admitted for sports purposes means sports requisites for use in sports contests, demonstrations or training in the territory of the Party into whose territory such goods are admitted;

import licensing means an administrative procedure requiring the submission of an application or other documentation (other than that generally required for customs clearance purposes) to the relevant administrative body as a prior condition for importation into the territory of the importing Party;

performance requirement means a requirement that:

- (a) a given level or percentage of goods or services be exported;
- (b) domestic goods or services of the Party granting a waiver of customs duties or an import license be substituted for imported goods;
- (c) a person benefiting from a waiver of customs duties or an import license purchase other goods or services in the territory of the Party granting the waiver of customs duties or the import license, or accord a preference to domestically produced goods;
- (d) a person benefiting from a waiver of customs duties or an import license produce goods or supply services, in the territory of the Party granting the waiver of customs duties or the import license, with a given level or percentage of domestic content; or
- (e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows;

but does not include a requirement that an imported good be:

- (f) subsequently exported;

- (g) used as a material in the production of another good that is subsequently exported;
- (h) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported; or
- (i) substituted by an identical or similar good that is subsequently exported;
and

printed advertising materials means those goods classified in Chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks published by trade associations, tourist promotional materials and posters, that are used to promote, publicize, or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge.

ANNEX 2-A
NATIONAL TREATMENT AND IMPORT AND EXPORT RESTRICTIONS

The provisions of Articles 2.2 and 2.9 shall not apply to measures adopted by:

Section A: Measures of Korea

- (a) actions authorized by the Dispute Settlement Body of the WTO.

Section B: Measures of Costa Rica

- (a) controls on the import of crude oil, its fuel, derivatives, asphalt, and gasoline pursuant to Law No. 7356 of September 6, 1993 and its amendments;
- (b) controls on the export of wood in logs and boards from forests pursuant to Law No. 7575 of April 16, 1996 and its amendments;
- (c) controls on the export of hydrocarbons pursuant to Law No. 7399 of May 3, 1994 and its amendments;
- (d) controls on the export of coffee pursuant to Law No. 2762 of June 21, 1961 and its amendments;
- (e) controls on the import and export of ethanol and crude rums pursuant to Law No. 8 of October 31, 1885 and its amendments;
- (f) controls to establish a minimum export price for bananas, pursuant to Law No. 7472 of January 19, 1995 and its amendments; and
- (g) actions authorized by the Dispute Settlement Body of the WTO.

Section C: Measures of El Salvador

- (a) controls on the importation of arms and ammunition, parts, and accessories included in HS Chapter 93, pursuant to Decree No. 655 of July 26, 1999 and its amendments;
- (b) controls on the importation of motor vehicles older than eight years, on buses older than ten years and trucks older than fifteen years, pursuant to Decree No. 477 of October 19, 1995 and its amendments;
- (c) controls on the importation of sacks and bags made out of jute and other similar textile fibers in subheading 6305.10 pursuant to Article 1 of Decree

No. 1097 of July 10, 1953. El Salvador shall eliminate the controls identified in this subparagraph ten years after the date of entry into force of this Agreement; and

- (d) actions authorized by the Dispute Settlement Body of the WTO.

Section D: Measures of Honduras

- (a) controls on the exportation of wood from broadleaved forests pursuant to Decree No. 323-98 of December 29, 1998;
- (b) controls on the importation of arms and ammunitions pursuant to Article 292 of Decree No. 131 of January 11, 1982;
- (c) controls on the importation of motor vehicles older than seven years and buses older than ten years pursuant to Article 7 of Decree No. 194-2002 of May 15, 2002; and
- (d) actions authorized by the Dispute Settlement Body of the WTO.

Section E: Measures of Nicaragua

- (a) controls on the exportation of basic foodstuffs², provided that these controls are used to temporarily alleviate a critical shortage of that food item. For the purposes of this subparagraph, "temporarily" means up to one year or such longer period as Korea and Nicaragua may agree;
- (b) controls on imports of motor vehicles older than seven years, in accordance with Law No. 891, Law on Amendments and Additions to Law No. 822, Tax Concertation Law (*Ley de Concertación Tributaria*), published in the Official Journal "*La Gaceta*" No. 240 of December 18, 2014 and its Errata published in the Official Journal "*La Gaceta*" No. 10 of January 16, 2015; and
- (c) actions authorized by the Dispute Settlement Body of the WTO.

Section F: Measures of Panama

- (a) a measure to regulate the importation of lottery tickets in official circulation pursuant to Cabinet Decree No. 19 of June 30, 2004;
- (b) import controls on used vehicles pursuant to Law No. 36 of May 17, 1996;

² For the purposes of subparagraph (a), "basic foodstuffs" include beans, brown sugar, chicken meat, coffee, corn, corn flour, corn tortillas, powdered milk, rice, salt and vegetable oil.

- (c) import controls of video and other games classified under heading 95.04 providing cash prizes pursuant to Decree Law No. 2 of February 10, 1998; and
- (d) actions authorized by the Dispute Settlement Body of the WTO.

ANNEX 2-B
ELIMINATION OF CUSTOMS DUTIES

1. Except as otherwise provided in a Party's Schedule to this Annex, the following staging categories apply to the elimination of customs duties by each Party pursuant to Article 2.4.2:

- (a) duties on originating goods provided for in the items in staging category A in a Party's Schedule shall be eliminated entirely and such goods shall be duty-free on the date of entry into force of this Agreement;
- (b) duties on originating goods provided for in the items in staging category B in a Party's Schedule shall be removed in 3 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 3;
- (c) duties on originating goods provided for in the items in staging category C in a Party's Schedule shall be removed in 5 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 5;
- (d) duties on originating goods provided for in the items in staging category D in a Party's Schedule shall be removed in 7 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 7;
- (e) duties on originating goods provided for in the items in staging category K in a Party's Schedule shall be removed in 8 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 8;
- (f) duties on originating goods provided for in the items in staging category J in a Party's Schedule shall be removed in 9 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 9;
- (g) duties on originating goods provided for in the items in staging category J1 in a Party's Schedule shall be removed in 9 annual stages. Upon the date of entry into force of this Agreement, duties shall be reduced by two percent of the base rate and on January 1 of year two an additional two percent. As of January 1 of year three, duties shall be reduced by an additional eight percent of the base rate; and thereafter, an additional eight percent of the base rate each year until year five. As of January 1 of year six, duties shall be reduced by an additional eighteen percent of the base rate, and by an additional eighteen percent each year thereafter until year eight, and such goods shall be duty-free effective January 1 of year nine. The duty reduction process for this category is detailed in the following table:

Annual Cut (Percentage)	Year	Cumulative Cut
2%	1	2%
	2	4%
8%	3	12%
	4	20%
	5	28%
18%	6	46%
	7	64%
	8	82%
	9	100%

- (h) duties on originating goods provided for in the items in staging category E in a Party's Schedule shall be removed in 10 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 10;
- (i) duties on originating goods provided for in the items in staging category E1 in a Party's Schedule shall be removed in 10 annual stages. Upon the date of entry into force of this Agreement, duties shall be reduced by two percent of the base rate and on January 1 of year two an additional two percent. As of January 1 of year three, duties shall be reduced by an additional eight percent of the base rate; and thereafter, an additional eight percent of the base rate each year until year six. As of January 1 of year seven, duties shall be reduced by an additional sixteen percent of the base rate, and by an additional sixteen percent each year thereafter until year nine, and such goods shall be duty-free effective January 1 of year ten. The duty reduction process for this category is detailed in the following table:

Annual Cut (Percentage)	Year	Cumulative Cut
2%	1	2%
	2	4%
8%	3	12%
	4	20%
	5	28%
	6	36%
16%	7	52%
	8	68%
	9	84%
	10	100%

- (j) duties on originating goods provided for in the items in staging category F in a Party's Schedule shall be removed in 12 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 12;

- (k) duties on originating goods provided for in the items in staging category G in a Party's Schedule shall be removed in 15 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 15;
- (l) duties on originating goods provided for in the items in staging category H in a Party's Schedule shall be removed in 16 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 16;
- (m) duties on originating goods provided for in the items in staging category I in a Party's Schedule shall be removed in 19 equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year 19;
- (n) no obligations regarding tariffs in this Agreement shall apply with respect to items in staging category Y; and
- (o) goods provided for in the items in staging category X in a Party's Schedule shall continue to receive MFN treatment³.

2. The base rate of customs duty and staging category for determining the interim rate of customs duty at each stage of reduction for an item are indicated for the item in each Party's Schedule.

3. Interim staged rates shall be rounded down, at least to the nearest tenth of a percentage point. If the rate of customs duty is expressed in monetary units, in the case of Korea, the interim staged rates shall be rounded down at least to the nearest Korean won, and in the case of Panama, the interim staged rates shall be rounded down at least to the nearest 0.01 of its official monetary unit.

4. For the purposes of this Annex and a Party's Schedule, year one means the year of entry into force of the Agreement, as provided in Article 24.5 (Entry into Force).

5. For the purposes of this Annex and a Party's Schedule, beginning in year two, each annual stage of tariff reduction shall take effect on January 1 of the relevant year.

³ If a Party raises a MFN applied rate of duty above the base rate for a product in staging category X in the Party's Schedule to this Annex, the Party shall notify the other Party in advance of its intention. Upon the request of the other Party, both Parties will enter into discussion with an aim of sharing information and addressing any related issues.

GENERAL NOTES
TARIFF SCHEDULE OF KOREA

1. Relation to the Harmonized Tariff Schedule of Korea (hereinafter referred to as the “HSK”). The provisions of this Schedule are generally expressed in terms of the HSK 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 HSK. To the extent that provisions of this Schedule are identical to the corresponding provisions of the HSK, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the HSK.

2. Base Rates of Customs Duty. The base rates of customs duty set out in this Schedule reflect the Korean Customs Duty MFN rates of duty in effect on January 1, 2015.

GENERAL NOTES
TARIFF SCHEDULE OF COSTA RICA

1. The provisions of this Schedule are generally expressed in terms of the Central American Import Tariff (*Arancel Centroamericano de Importación*), which includes the Central American Tariff System (*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 Central American Import Tariff (*Arancel Centroamericano de Importación*). To the extent that provisions of this Schedule are identical to the corresponding provisions of the Central American Import Tariff (*Arancel Centroamericano de Importación*), the provisions of this Schedule shall have the same meaning as the corresponding provisions of the Central American Import Tariff (*Arancel Centroamericano de Importación*).

2. The base rates of customs duty set out in this Schedule reflect the Central American Import Tariff (*Arancel Centroamericano de Importación*) MFN rates of duty in effect on January 1, 2015.

GENERAL NOTES
TARIFF SCHEDULE OF EL SALVADOR

1. The provisions of this Schedule are generally expressed in terms of the Central American Import Tariff (*Arancel Centroamericano de Importación*), which includes the Central American Tariff System (*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 Central American Import Tariff (*Arancel Centroamericano de Importación*). To the extent that provisions of this Schedule are identical to the corresponding provisions of the Central American Import Tariff (*Arancel Centroamericano de Importación*), the provisions of this Schedule shall have the same meaning as the corresponding provisions of the Central American Import Tariff (*Arancel Centroamericano de Importación*).

2. The base rates of customs duty set out in this Schedule reflect the Central American Import Tariff (*Arancel Centroamericano de Importación*) MFN rates of duty in effect on January 1, 2015.

GENERAL NOTES
TARIFF SCHEDULE OF HONDURAS

1. The provisions of this Schedule are generally expressed in terms of the Central American Import Tariff (*Arancel Centroamericano de Importación*), which includes the Central American Tariff System (*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 Central American Import Tariff (*Arancel Centroamericano de Importación*). To the extent that provisions of this Schedule are identical to the corresponding provisions of the Central American Import Tariff (*Arancel Centroamericano de Importación*), the provisions of this Schedule shall have the same meaning as the corresponding provisions of the Central American Import Tariff (*Arancel Centroamericano de Importación*).

2. The base rates of customs duty set out in this Schedule reflect the Central American Import Tariff (*Arancel Centroamericano de Importación*) MFN rates of duty in effect on January 1, 2015.

GENERAL NOTES
TARIFF SCHEDULE OF NICARAGUA

1. The provisions of this Schedule are generally expressed in terms of the Central American Import Tariff (*Arancel Centroamericano de Importación*), which includes the Central American Tariff System (*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 Central American Import Tariff (*Arancel Centroamericano de Importación*). To the extent that provisions of this Schedule are identical to the corresponding provisions of the Central American Import Tariff (*Arancel Centroamericano de Importación*), the provisions of this Schedule shall have the same meaning as the corresponding provisions of the Central American Import Tariff (*Arancel Centroamericano de Importación*).

2. The base rates of customs duty set out in this Schedule reflect the Central American Import Tariff (*Arancel Centroamericano de Importación*) MFN rates of duty in effect on January 1, 2015.

GENERAL NOTES
TARIFF SCHEDULE OF PANAMA

1. The provisions of this Schedule are generally expressed in terms of the Import Tariff of the Republic of Panama (*Arancel de Importación de la República de Panamá*), 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 Import Tariff of the Republic of Panama (*Arancel de*

Importación de la República de Panamá). To the extent that provisions of this Schedule are identical to the corresponding provisions of the Import Tariff of the Republic of Panama (*Arancel de Importación de la República de Panamá*), the provisions of this Schedule shall have the same meaning as the corresponding provisions of the Import Tariff of the Republic of Panama (*Arancel de Importación de la República de Panamá*).

2. The base rates of customs duty set out in this Schedule reflect the MFN applied rates of duty under the Import Tariff of the Republic of Panama (*Arancel de Importación de la República de Panamá*) in effect on January 1, 2015.

APPENDIX 2-B-1
KOREA

1. This Appendix shall apply to TRQs provided for in this Agreement and sets out modifications to the HSK that reflect the TRQs that Korea shall apply to certain originating goods under this Agreement. In particular, originating goods of Central America included under this Appendix shall be subject to the rates of customs duty set out in this Appendix in lieu of the rates of customs duty specified in Chapters 1 through 97 of the HSK. Notwithstanding any other provisions of the HSK, originating goods of Central America in the quantities described in this Appendix shall be permitted entry into the territory of Korea as provided in this Appendix. Furthermore, any quantity of originating goods imported from Central America shall not be counted toward the in-quota amount of any TRQ provided for such goods elsewhere in the HSK.

2. Korea shall allow duty free importation of originating goods classified under HSK provision: 0306179090 as specified in paragraphs 3 through 6. Korea Fishery Trade Association shall administer these TRQs and allocate the in-quota quantity of the TRQ through auction system.

3. For El Salvador:

- (a) the aggregate quantity of originating goods of El Salvador under HSK 0306179090 which shall be permitted to enter duty free is 100 metric tons annually, and,
- (b) customs duties on goods entered in aggregate quantities in excess of 100 metric tons shall be treated in accordance with staging category X as described in paragraph 1 (o) of Annex 2-B.

4. For Honduras:

- (a) the aggregate quantity of originating goods of Honduras under HSK 0306179090 which shall be permitted to enter duty free is 600 metric tons annually, and,
- (b) customs duties on goods entered in aggregate quantities in excess of 600 metric tons shall be treated in accordance with staging category I as described in paragraph 1 (m) of Annex 2-B.

5. For Nicaragua:

- (a) the aggregate quantity of originating goods of Nicaragua under HSK 0306179090 which shall be permitted to enter duty free is 500 metric tons annually, and,
- (b) customs duties on goods entered in aggregate quantities in excess of 500 metric tons shall be treated in accordance with staging category I as described in paragraph 1 (m) of Annex 2-B.

6. For Panama:

- (a) the aggregate quantity of originating goods of Panama under HSK 0306179090 which shall be permitted to enter duty free is 200 metric tons annually, and,
- (b) customs duties on goods entered in aggregate quantities in excess of 200 metric tons shall be treated in accordance with staging category I as described in paragraph 1 (m) of Annex 2-B.

ANNEX 2-C
EXPORT DUTIES, TAXES, OR OTHER CHARGES

Section A: Measures of Costa Rica

Costa Rica may maintain its existing taxes on the export of the following goods:

- (a) bananas, pursuant to Law No. 5515 of April 19, 1974 and its amendments, and Law No. 4895 of November 16, 1971 and its amendments;
- (b) coffee, pursuant to Law No. 2762 of June 21, 1961 and its amendments;
and
- (c) meat, pursuant to Law No. 6247 of May 2, 1978 and Law No. 7837 of October 5, 1998 and its amendments.

Section B: Measures of Nicaragua

Nicaragua may continue to apply the measures listed below after the date of entry into force of this Agreement:

- (a) Law for the Transformation and Development of the Coffee Growing (*Ley para la Transformación y Desarrollo de la Caficultura*), Law No. 853 of December 11, 2013. Published in the Official Journal “*La Gaceta*”, No. 239 of December 17, 2013 and its amendments.