

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 subheadings 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 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 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 January 1 of year one, 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 paragraph, “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 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 the attached Schedule shall apply only to a United States originating good. For purposes of this paragraph, 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 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 paragraph to one or more Central American Parties under the legal instruments of Central American integration, this paragraph shall no longer apply to such good.

Appendix I

Tariff-Rate Quotas

Notes

1. This Appendix contains temporary modifications of the provisions of the *Arancel Centroamericano de Importación* (“ACI”) pursuant to this Agreement. Subject to note 4 of the General Notes of Honduras, originating goods included in the provisions of 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 according to the provisions of this Appendix. Furthermore, any quantity of goods provided for the United States under a tariff-rate quota provided in this Appendix shall not be counted toward 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 allowing access for new entrants. 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	To Be Determined

- (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: 02071399, 02071499, and 16023200.
- (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 poultry 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.

Powder Milk

- 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
7	402

<u>Year</u>	<u>Quantity</u> (Metric tons)
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
11	163

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

- 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.

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 allowing access for new entrants. 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

<u>Year</u>	<u>Quantity</u> (Metric tons)
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 allowing access for new entrants. 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.