

**DRAFT**  
**Subject to Legal Review for Accuracy, Clarity, and Consistency**  
**April 9, 2004**

GENERAL NOTES  
TARIFF SCHEDULE OF THE UNITED STATES

1. Relation to the Harmonized Tariff Schedule of the United States (HTSUS). The provisions of this schedule are generally expressed in terms of the Harmonized Tariff Schedule of the United States, 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 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 duty set forth in this schedule reflect the HTSUS Column 1 General rates of duty in effect January 10, 2003.
3. Staging. In addition to the staging categories listed in Annex 3.3, paragraph 1, this schedule contains staging categories **I, J, K, and L**.
  - (a) Duties on goods of another Party provided for in the items in staging category I 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, 2005. 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 sixteen 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 J shall be removed immediately in accordance with existing WTO duty-elimination commitments (WTO Schedule XX for the United States).
  - (c) Duties on goods of another Party provided for in the items in staging category K shall be eliminated entirely and such goods shall be duty-free on January 1 of year one. For goods in subheadings 98120020, 98120040, 98130005, 98130010, 98130015, 98130020, 98130025, 98130030, 98130035, 98130040, 98130045, 98130050, 98130055, 98130060, 98130070, 98130075, and 98140050 duty-free means free without bond.
  - (d) Duties on goods of another Party provided for in the items in staging category L shall be subject to the following provisions during the tariff elimination period until January 1 of year ten, at which time such goods shall be free of duty:

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- (i) For goods described in subheading 9802.00.60, at the time of entry the duty imposed upon the value of the processing outside the United States to be applied in accordance with the procedures specified in U.S. note 3 of subchapter II, chapter 98, of the HTS, shall be the rate which would apply to the article itself under the staging obligations set forth for the appropriate provision in Chapters 1 to 97 of this schedule.
4. Tariff-rate Quotas. During the transition period, only a qualifying good is eligible for the in-quota tariff rate for each such good specified in Annex 1; originating goods that are not qualifying goods shall be subject to the over-quota tariff rate for the good specified in Annex 1. 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 the United States shall be considered as if the operations were performed in a non-Party and the material was obtained from a non-Party. For purposes of determining which country-specific tariff-rate quota applies to a qualifying good, the United States shall apply the non-preferential rules of origin that it applies in the normal course of trade.