Chapter Three: National Treatment and Market Access for Goods

Comparative Study | Table of Contents

CHILE – U.S. Date of Signature: June 6, 2003 Chapter Three: National Treatment and Market Access for Goods	DR - CAFTA Date of Signature: August 5, 2004 Chapter Three: National Treatment and Market Access for Goods
Article 3.1: Scope and Coverage	*Article 3.1: Scope and Coverage*
Except as otherwise provided, this Chapter applies to trade in goods of a Party.	Except as otherwise provided, this Chapter applies to trade in goods of a Party.
Section A - National Treatment *Article 3.2: National Treatment*	**Section A: National Treatment** *Article 3.2: 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, and to this end Article III of GATT 1994, and its interpretative notes, are incorporated into and made part of this Agreement, *mutatis mutandis*.	1. Each Party shall accord national treatment to the goods of another Party in accordance with Article III of the GATT 1994, including its interpretive notes, and to this end Article III of the GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, *mutatis mutandis*.
2. The provisions of paragraph 1 regarding national treatment shall mean, with respect to a regional level of government, treatment no less favorable than the most favorable treatment that regional level of government accords to any like, directly competitive, or substitutable goods, as the case may be, of the Party of which it forms a part.[1] [1] For greater certainty, "goods of the Party" includes goods produced in a state or region of that Party.	2. The provisions of paragraph 1 regarding national treatment shall mean, with respect to a regional level of government, treatment no less favorable than the most favorable treatment that regional level of government accords to any like, directly competitive, or substitutable goods, as the case may be, of the Party of which it forms a part.
3. Paragraphs 1 and 2 shall not apply to the measures set out in Annex 3.2.	3. Paragraphs 1 and 2 shall not apply to the measures set out in Annex 3.2.
Section B - Tariff Elimination *Article 3.3: Tariff Elimination*	**Section B: Tariff Elimination** *Article 3.3: Tariff Elimination*

1. Except as otherwise provided in this Agreement, neither Party may increase any existing customs duty, or adopt any customs duty, on an originating good.	1. Except as otherwise provided in this Agreement, no 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 Annex 3.3.	2. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods, in accordance with Annex 3.3. [1] [1] For greater certainty, except as otherwise provided in this Agreement, each Central American Party and the Dominican Republic shall provide that any originating good is entitled to the tariff treatment for the good set out in its Schedule to Annex 3.3, regardless of whether the good is imported into its territory from the territory of the United States or any other Party. An originating good may include a good produced in a Central American Party or the Dominican Republic with materials from the United States.
3. The United States shall eliminate customs duties on any non-agricultural originating goods that, after the date of entry into force of this Agreement, are designated as articles eligible for duty-free treatment under the U.S. *Generalized System of Preferences*, effective from the date of such designation.	3. For greater certainty, paragraph 2 shall not prevent a Central American Party from providing identical or more favorable tariff treatment to a good as provided for under the legal instruments of Central American integration, provided that the good meets the rules of origin under those instruments.
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 3.3. An agreement between the Parties to accelerate the elimination of a customs duty on a good shall supercede any duty rate or staging category determined pursuant to their Schedules to Annex 3.3 for such good when approved by each Party in accordance with Article 21.1(3)(b) (The Free Trade Commission) and its applicable legal procedures.	4. On the request of any Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules to Annex 3.3. Notwithstanding Article 19.1.3(b) (The Free Trade Commission), an agreement between two or more Parties to accelerate the elimination of a customs duty on a good shall supercede any duty rate or staging category determined pursuant to their Schedules to Annex 3.3 for such good when approved by each such Party in accordance with its applicable legal procedures. Promptly after two or more Parties conclude an agreement under this paragraph they shall notify the other Parties of the terms of that agreement.

5. For greater certainty, a Party may: (a) raise a customs duty back to the level established in its Schedule to Annex 3.3 following a unilateral reduction; or (b) maintain or increase a customs duty as authorized by the Dispute Settlement Body of the WTO.	5. For greater certainty, a Party may: (a) raise a customs duty back to the level established in its Schedule to Annex 3.3 following a unilateral reduction; or (b) maintain or increase a customs duty as authorized by the Dispute Settlement Body of the WTO.
	6. Annex 3.3.6 applies to the Parties specified in that Annex.
Chile General Notes Chile Tariff Schedule	Costa Rica General Notes and Appendix I Schedule of Costa Rica to Annex 3.3
	Dominican Republic General Notes and Appendix I Schedule of Dominican Republic to Annex 3.3
	El Salvador General Notes and Appendix I Schedule of El Salvador to Annex 3.3
	Guatemala General Notes and Appendix I Schedule of Guatemala to Annex 3.3
	Honduras General Notes and Appendix I Schedule of Honduras to Annex 3.3
	Nicaragua General Notes and Appendix I Schedule of Nicaragua to Annex 3.3
US General Notes US Tariff Schedule	US General Notes and Appendix I Schedule of U.S. to Annex 3.3
Article 3.4: Used Goods	
On entry into force of this Agreement, Chile shall cease applying the 50 percent surcharge established in the *Regla General Complementaria N° 3* of *Arancel Aduanero* with respect to originating goods of the other Party that benefit from preferential tariff treatment.	*NO CORRESPONDING ARTICLE*
Article 3.5: Customs Valuation of Carrier Media	

1. For purposes of determining the customs value of carrier media bearing content, each Party shall base its determination on the cost or value of the carrier media alone. 2. For purposes of the effective imposition of any internal taxes, direct or indirect, each Party shall determine the tax basis according to its domestic law.	*NO CORRESPONDING ARTICLE*
Section C - Special Regimes *Article 3.6: Waiver of Customs Duties*	**Section C: Special Regimes** *Article 3.4: Waiver of Customs Duties*
1. 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.	1. No 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. This Article shall not apply to measures subject to Article 3.8.	2. No Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.
NO CORRESPONDING PARAGRAPH	3. Costa Rica, the Dominican Republic, El Salvador, and Guatemala may each maintain existing measures inconsistent with paragraphs 1 and 2, provided it maintains such measures in accordance with Article 27.4 of the SCM Agreement. Costa Rica, the Dominican Republic, El Salvador, and Guatemala may not maintain any such measures after December 31, 2009. 4. Nicaragua and Honduras may each maintain measures inconsistent with paragraphs 1 and 2 for such time as it is an Annex VII country for purposes of the SCM Agreement. Thereafter, Nicaragua and Honduras shall maintain any such measures in accordance with Article 27.4 of the SCM Agreement.
Article 3.7: Temporary Admission of Goods	*Article 3.5: Temporary Admission of Goods*

1. Each Party shall grant duty-free temporary admission for: (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 business 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, regardless of their origin.	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 business 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 deemed valid by its customs authority, extend the time limit for temporary admission beyond the period initially fixed.	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 goods referred to in paragraph 1, other than to require that such goods: (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	3. No Party may condition the duty-free temporary admission of a good referred to in paragraph 1, other than to require that such good: (a) be used solely by or under the personal supervision of a national or resident of another 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 their intended use; and (g) be otherwise admissible into the Party's territory under its laws.	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 penalities provided for under its domestic 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 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.	5. Each Party, through its customs authority, shall adopt 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 another 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.	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, through its customs authority, consistent with domestic law, shall relieve the importer or other person responsible for a good admitted under this Article from any liability for failure to export the good on presentation of satisfactory proof to customs authorities that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.	7. Each Party shall provide that its customs authority or other competent authority shall relieve the importer or other person responsible for a good admitted under this Article from any liability for failure to export the good on presentation of satisfactory proof to the importing Party's customs authority that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.
8. Subject to Chapters Ten (Investment) and Eleven (Cross-Border Trade in Services): (a) each Party shall allow a vehicle or 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 vehicle or container; (b) neither Party may require any bond or impose any penalty or charge solely by reason of any difference between the port of entry and the port of departure of a vehicle or container; (c) neither Party may condition the release of any obligation, including any bond, that it imposes in respect of the entry of a vehicle or container into its territory on its exit through any particular port of departure; and (d) neither Party may require that the vehicle or carrier bringing a container from the territory of the other Party into its territory be the same vehicle or carrier that takes such container to the territory of the other Party.	8. Subject to Chapters Ten (Investment) and Eleven (Cross-Border Trade in Services): (a) each Party shall allow a vehicle or container used in international traffic that enters its territory from the territory of another Party to exit its territory on any route that is reasonably related to the economic and prompt departure of such vehicle or container; (b) no Party may require any bond or impose any penalty or charge solely by reason of any difference between the port of entry and the port of departure of a vehicle or container; (c) no Party may condition the release of any obligation, including any bond, that it imposes in respect of the entry of a vehicle or container into its territory on its exit through any particular port of departure; and (d) no Party may require that the vehicle or carrier bringing a container from the territory of another Party into its territory be the same vehicle or carrier that takes such container to the territory of another Party.

9. For purposes of paragraph 8, **vehicle** means a truck, a truck tractor, tractor, trailer unit or trailer, a locomotive, or a railway car or other railroad equipment.	9. For purposes of paragraph 8, **vehicle** means a truck, a truck tractor, tractor, trailer unit or trailer, a locomotive, or a railway car or other railroad equipment.
Article 3.8: Drawback and Duty Deferral Programs	
1. Except as otherwise provided in this Article, neither Party may refund the amount of customs duties paid, or waive or reduce the amount of customs duties owed, on a good imported into its territory, on condition that the good is: (a) subsequently exported to the territory of the other Party; (b) used as a material in the production of another good that is subsequently exported to the territory of the other Party; or (c) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of the other Party.	*NO CORRESPONDING ARTICLE*
2. Neither Party may, on condition of export, refund, waive, or reduce: (a) an antidumping or countervailing duty; (b) a premium offered or collected on an imported good arising out of any tendering system in respect of the administration of quantitative import restrictions, tariff rate quotas, or tariff preference levels; or (c) customs duties paid or owed on a good imported into its territory and substituted by an identical or similar good that is subsequently exported to the territory of the other Party.	*NO CORRESPONDING ARTICLE*

3. Where a good is imported into the territory of a Party pursuant to a duty deferral program and is subsequently exported to the territory of the other Party, or is used as a material in the production of another good that is subsequently exported to the territory of the other Party, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of the other Party, the Party from whose territory the good is exported shall assess the customs duties as if the exported good had been withdrawn for domestic consumption.	*NO CORRESPONDING ARTICLE*
4. This Article does not apply to: (a) a good entered under bond for transportation and exportation to the territory of the other Party; (b) a good exported to the territory of the other Party in the same condition as when imported into the territory of the Party from which the good was exported (testing, cleaning, repacking, inspecting, sorting, marking, or preserving a good shall not be considered to change the good's condition). Where such a good has been commingled with fungible goods and exported in the same condition, its origin for purposes of this subparagraph may be determined on the basis of such inventory management methods as first-in, first-out or last-in, first-out. Nothing in this subparagraph shall be construed to permit a Party to waive, refund, or reduce a customs duty contrary to paragraph 2(c); (c) a good imported into the territory of a Party that is deemed to be exported from its territory, or used as a material in the production of another good that is deemed to be	*NO CORRESPONDING ARTICLE*

exported to the territory of the other Party, or is substituted by an identical or similar good used as a material in the production of another good that is deemed to be exported to the territory of the other Party, by reason of

(i) delivery to a duty-free shop,

(ii) delivery for ship's stores or supplies for ships or aircraft, or

(iii) delivery for use in joint undertakings of the Parties and that will subsequently become the property of the Party into whose territory the good was deemed to be exported;

(d) a refund of customs duties by a Party on a particular good imported into its territory and subsequently exported to the territory of the other Party, where that refund is granted by reason of the failure of such good to conform to sample or specification, or by reason of the shipment of such good without the consent of the consignee; or

(e) an originating good that is imported into the territory of a Party and is subsequently exported to the territory of the other Party, or used as a material in the production of another good that is subsequently exported to the territory of the other Party, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported

to the territory of the other Party.	
5. This Article shall take effect beginning eight years after the date of entry into force of this Agreement, and thereafter a Party may refund, waive, or reduce duties paid or owed under the Party's duty drawback or deferral programs according to the following schedule: (a) no more than 75 percent in year nine; (b) no more than 50 percent in year 10; (c) no more than 25 percent in year 11; and (d) zero in year 12 and thereafter.	
6. For purposes of this Article: **good** means "good" as defined in Article 4.18 (Definitions); **identical or similar goods** means "identical goods" and "similar goods", respectively, as defined in the Customs Valuation Agreement; **material** means "material" as defined in Article 4.18 (Definitions); and **used** means used or consumed in the production of goods.	
Article 3.9: Goods Re-entered after Repair or Alteration	*Article 3.6: Goods Re-entered after Repair or Alteration*

1. Neither Party may apply a customs duty to a good, regardless of its origin, that reenters 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 such repair or alteration could be performed in its territory.	1. No 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 another Party for repair or alteration, regardless of whether such repair or alteration could be performed in the territory of the Party from which the good was exported for repair or alteration.
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.	2. No Party may apply a customs duty to a good, regardless of its origin, admitted temporarily from the territory of another Party for repair or alteration.
3. For 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.	3. For 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 3.10: Duty-Free Entry of Commercial Samples of Negligible Value and Printed Advertising Materials	*Article 3.7: 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) such 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) such advertising materials be imported in packets that each contain no more than one copy of each such material and that neither such materials nor packets form part	Each Party shall grant duty-free entry to commercial samples of negligible value and to printed advertising materials, imported from the territory of another Party, regardless of their origin, but may require that: (a) such samples be imported solely for the solicitation of orders for goods, or services provided from the territory, of another Party or a non-Party; or (b) such advertising materials be imported in packets that each contain no more than one copy of each such material and that neither such materials nor packets form part

of a larger consignment.	of a larger consignment.
Section D - Non-Tariff Measures *Article 3.11: Import and Export Restrictions*	**Section D: Non-Tariff Measures** *Article 3.8: 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 or sale for export 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 a part of this Agreement, *mutatis mutandis*.	1. Except as otherwise provided in this Agreement, no Party may adopt or maintain any prohibition or restriction on the importation of any good of another Party or on the exportation or sale for export of any good destined for the territory of another Party, except in accordance with Article XI of the GATT 1994 and its interpretative notes, and to this end Article XI of the GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, *mutatis mutandis*.[2] [2] For greater certainty, this paragraph applies, *inter alia*, to prohibitions or restrictions on the importation of remanufactured goods.
2. The Parties understand that the GATT 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 orders and undertakings; (b) import licensing conditioned on the fulfilment of a performance requirement; or (c) voluntary export restraints not consistent with Article VI of GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.	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, except as provided in a Party's schedule to Annex 3.3; or (c) voluntary export restraints inconsistent with Article VI of the GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.

3. In the event that a Party adopts or maintains a prohibition or restriction on the importation from or exportation to a non-Party of a good, nothing in this Agreement shall be construed to prevent the Party from: (a) limiting or prohibiting the importation from the territory of the other Party of such good of that non-Party; or (b) requiring as a condition of export of such good of the Party to the territory of the other Party, that the good not be re-exported to the non-Party, directly or indirectly, without being consumed in the territory of the other Party.	3. In the event that a Party adopts or maintains a prohibition or restriction on the importation from or exportation to a non-Party of a good, nothing in this Agreement shall be construed to prevent the Party from: (a) limiting or prohibiting the importation from the territory of another Party of such good of that non-Party; or (b) requiring as a condition of export of such good of the Party to the territory of another Party, that the good not be re-exported to the non-Party, directly or indirectly, without being consumed in the territory of the other Party.
4. In the event that a Party adopts or maintains a prohibition or restriction on the importation of a good from a non-Party, the Parties, on the request of either Party, shall consult with a view to avoiding undue interference with or distortion of pricing, marketing, and distribution arrangements in the other Party.	4. In the event that a Party adopts or maintains a prohibition or restriction on the importation of a good from a non-Party, the Parties, on the request of any Party, shall consult with a view to avoiding undue interference with or distortion of pricing, marketing, or distribution arrangements in another Party.
5. Paragraphs 1 through 4 shall not apply to the measures set out in Annex 3.2.	5. Paragraphs 1 through 4 shall not apply to the measures set out in Annex 3.2.
NO CORRESPONDING PARAGRAPH	6. Neither a Central American Party nor the Dominican Republic may, as a condition for engaging in importation or for the import of a good, require a person of another Party to establish or maintain a contractual or other relationship with a dealer in its territory.
NO CORRESPONDING PARAGRAPH	7. Neither a Central American Party nor the Dominican Republic may remedy a violation or alleged violation of any law, regulation, or other measure regulating or otherwise relating to the relationship between any dealer in its territory and any person of another Party, by prohibiting or restricting the importation of any good of another Party.

NO CORRESPONDING DEFINITION	8. For purposes of this Article: **dealer** means a person of a Party who is responsible for the distribution, agency, concession, or representation in the territory of that Party of goods of another Party; and
NO CORRESPONDING DEFINITION	**remedy** means to obtain redress or impose a penalty, including through a provisional, precautionary, or permanent measure.
	Article 3.9: Import Licensing
NO CORRESPONDING ARTICLE	1. No Party may adopt or maintain a measure that is inconsistent with the Import Licensing Agreement. 2. Promptly after entry into force of this Agreement, each Party shall notify the other Parties of any existing import licensing procedures, and thereafter shall notify the other Parties of any new import licensing procedure and any modification to its existing import licensing procedures, within 60 days before it takes effect. A notification provided under this Article shall: (a) include the information specified in Article 5 of the Import Licensing Agreement; and (b) be without prejudice as to whether the import licensing procedure is consistent with this Agreement. 3. No Party may apply an import licensing procedure to a good of another Party unless it has provided notification in accordance with paragraph 2.
Article 3.12: Administrative Fees and Formalities	*Article 3.10: Administrative Fees and Formalities*

1. Each Party shall ensure, in accordance with Article VIII:1 of GATT 1994 and its interpretive notes, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax or other internal charge applied consistently with Article III:2 of GATT 1994, and antidumping and countervailing duties) imposed on or in connection with importation or exportation are limited in amount to the approximate cost of services rendered and do not represent an indirect protection to domestic goods or a taxation of imports or exports for fiscal purposes.	1. Each Party shall ensure, in accordance with Article VIII:1 of the GATT 1994 and its interpretive notes, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax or other internal charge applied consistently with Article III:2 of the GATT 1994, and antidumping and countervailing duties) imposed on or in connection with importation or exportation are limited in amount to the approximate cost of services rendered and do not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes.
2. Neither Party may require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.	2. No Party may require consular transactions, including related fees and charges, in connection with the importation of any good of another Party.
3. Each Party shall make available through the Internet or a comparable computerbased telecommunications network a current list of the fees and charges it imposes in connection with importation or exportation.	3. Each Party shall make available and maintain through the Internet a current list of the fees and charges it imposes in connection with importation or exportation.
4. The United States shall eliminate its merchandise processing fee on originating goods of Chile.	4. The United States shall eliminate its merchandise processing fee on originating goods.
Article 3.13: Export Taxes	*Article 3.11: Export Taxes*
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 such duty, tax, or charge is adopted or maintained on any such good when destined for domestic consumption.	Except as provided in Annex 3.10, no Party may adopt or maintain any duty, tax, or other charge on the export of any good to the territory of another Party, unless such duty, tax, or charge is adopted or maintained on any such good: (a) when exported to the territories of all other Parties; and (b) any such good when destined for domestic consumption.
Article 3.14: Luxury Tax	

Chile shall eliminate the Luxury Tax established in Article 46 of *Decreto Ley 825* of 1974, according to the schedule set out in Annex 3.14.	*NO CORRESPONDING ARTICLE*

Section E - Other Measures *Article 3.15: Distinctive Products*	**Section E: Other Measures** *Article 3.12: Distinctive Products*
1. Chile shall recognize Bourbon Whiskey and Tennessee Whiskey, which is a straight Bourbon Whisky authorized to be produced only in the State of Tennessee, as distinctive products of the United States. Accordingly, Chile shall not permit the sale of any product as Bourbon Whiskey or Tennessee Whiskey, unless it has been manufactured in the United States in accordance with the laws and regulations of the United States governing the manufacture of Bourbon Whiskey and Tennessee Whiskey.	1. Each Central American Party and the Dominican Republic shall recognize Bourbon Whiskey and Tennessee Whiskey, which is a straight Bourbon Whiskey authorized to be produced only in the State of Tennessee, as distinctive products of the United States. Accordingly, those Parties shall not permit the sale of any product as Bourbon Whiskey or Tennessee Whiskey, unless it has been manufactured in the United States in accordance with the laws and regulations of the United States governing the manufacture of Bourbon Whiskey and Tennessee Whiskey.
2. The United States shall recognize *Pisco Chileno* (Chilean Pisco), *Pajarete*, and *Vino Asoleado*, which is authorized in Chile to be produced only in Chile, as distinctive products of Chile. Accordingly, the United States shall not permit the sale of any product as *Pisco Chileno* (Chilean Pisco), *Pajarete*, or *Vino Asoleado*, unless it has been manufactured in Chile in accordance with the laws and regulations of Chile governing the manufacture of *Pisco*, *Pajarete*, and *Vino Asoleado*.	2. At the request of a Party, the Committee on Trade in Goods shall consider whether to recommend that the Parties amend the Agreement to designate a good as a distinctive product for purposes of this Article.
Section F - Agriculture	**Section F: Agriculture** *Article 3.13: Administration and Implementation of Tariff-Rate Quotas*

NO CORRESPONDING ARTICLE	1. Each Party shall implement and administer the tariff-rate quotas for agricultural goods set out in Appendix I or, if applicable, Appendix II or III to its Schedule to Annex 3.3 (hereafter “TRQs”) in accordance with Article XIII of the 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, nondiscriminatory, responsive to market conditions, minimally burdensome to trade, and reflect end user preferences; (b) any person of a Party that fulfills the Party’s legal and administrative requirements shall be eligible to apply and to be considered for an import license or quota allocation under the Party’s TRQs; (c) it does not allocate any portion of a quota to an industry association or nongovernmental organization, except as otherwise provided in this Agreement; (d) solely government authorities administer its TRQs, except as otherwise provided in this Agreement; and (e) it allocates quotas under its TRQs in commercially viable shipping quantities and, to the maximum extent possible, in the amounts that importers request. 3. Each Party shall strive to administer its TRQs in a manner that allows importers to fully utilize import quotas.

	4. No Party may condition application for, or utilization of, import licenses or quota allocations under its TRQs on the re-export of an agricultural good. 5. No Party may count food aid or other non-commercial shipments in determining whether an import quota under its TRQs has been filled. 6. On request of any Party, an importing Party shall consult with the requesting Party regarding the administration of its TRQs.
Article 3.16: Agricultural Export Subsidies	*Article 3.14: Agricultural Export Subsidies*
1. The Parties share the objective of the multilateral elimination of export subsidies for agricultural goods and shall work together toward an agreement in the World Trade Organization to eliminate those subsidies and prevent their reintroduction in any form.	1. The Parties share the objective of the multilateral elimination of export subsidies for agricultural goods and shall work together toward an agreement in the WTO to eliminate those subsidies and prevent their reintroduction in any form.
2. Except as provided in paragraph 3, neither Party shall introduce or maintain any export subsidy on any agricultural good destined for the territory of the other Party.	2. Except as provided in paragraph 3, no Party may introduce or maintain any export subsidy on any agricultural good destined for the territory of another Party.
3. Where an exporting Party considers that a non-Party is exporting an agricultural good to the territory of the other Party with the benefit of export subsidies, the importing Party shall, on written request of the exporting Party, consult with the exporting Party with a view to agreeing on specific measures that the importing Party may adopt to counter the effect of such subsidized imports. If the importing Party adopts the agreed-upon measures, the exporting Party shall refrain from applying any export subsidy to exports of such good to the territory of the importing Party.	3. Where an exporting Party considers that a non-Party is exporting an agricultural good to the territory of another Party with the benefit of export subsidies, the importing Party shall, on written request of the exporting Party, consult with the exporting Party with a view to agreeing on specific measures that the importing Party may adopt to counter the effect of such subsidized imports. If the importing Party adopts the agreed-on measures, the exporting Party shall refrain from applying any subsidy to its exports of the good to the territory of the importing Party. If the importing Party does not adopt the agreed-on measures, the exporting Party may apply an export subsidy on its exports of the good to the territory of the importing Party only to the extent necessary to counter the trade-distorting effect of subsidized exports of the good from the non-Party to the importing Party's territory.

Article 3.17: Agricultural Marketing and Grading Standards	*NO CORRESPONDING ARTICLE*
1. Where a Party adopts or maintains a measure respecting the classification, grading, or marketing of a domestic agricultural good, or a measure to expand, maintain, or develop its domestic market for an agricultural good, it shall accord treatment to a like good of the other Party that is no less favorable than it accords under the measure to the domestic agricultural good, regardless of whether the good is intended for direct consumption or for processing. 2. Paragraph 1 shall be without prejudice to the rights of either Party under the WTO Agreement or under this Agreement regarding measures respecting the classification, grading, or marketing of an agricultural good. 3. The Parties hereby establish a Working Group on Agricultural Trade, comprising representatives of the Parties, which shall meet annually or as otherwise agreed. The Working Group shall review, in coordination with the Committee on Technical Barriers to Trade established in Article 7.8 (Committee on Technical Barriers to Trade), the operation of agricultural grade and quality standards and programs of expansion and development that affect trade between the Parties, and shall resolve any issues that may arise regarding the operation of those standards and programs. The Group shall report to the Committee on Trade in Goods established in Article 3.23. 4. Each Party shall recognize the other Party's grading programs for beef, as set out in Annex 3.17.	
Annex 3.17 Mutual Recognition of Grading Programs For the Purpose of Marketing Beef	*NO CORRESPONDING ANNEX*

Further to Article 3.17(4), this Annex sets out commitments of each Party to recognize the other Party's grading programs for beef.

Background on the Chilean and U.S. Grading Programs

The Official Chilean "Norms" for grading beef (*Norma Chilena* 1306-2002) provide for five categories (*V*, *C*, *U*, *N*, and *O*) that differentiate the beef carcass population based on a combination of yield and palatability characteristics. Those characteristics include sex class, maturity as determined by dentition, and a subjective overall fat covering score. The "*V*" and "*C*" classifications are perceived as highest in "value," while the "*U*" and "*N*" classifications are considered the lowest in "value." The "*O*" classification applies only to calves. Bulls in Chile are only eligible for the "*U*" and "*N*" categories.

The Official United States *Standards for Grades of Carcass Beef* outline two distinct types of beef grades for use in the United States – quality grades and yield grades. Beef carcasses may carry a quality grade, a yield grade, both a quality and a yield grade, or may be left ungraded. USDA quality grades indicate expected palatability or eating satisfaction of the meat and USDA yield grades are estimates of the percentage of a carcass that yields boneless, closely trimmed retail cuts from the round, loin, rib and chuck.

USDA beef quality grades are *USDA Prime, USDA Choice, USDA Select, USDA Standard, USDA Commercial, USDA Utility, USDA Cutter,* and *USDA Canner*. Beef steers and heifers are eligible for all the quality grade designations. Cows are eligible for all but the *USDA Prime* grade. Bullocks may only be graded *USDA Prime*, *USDA Choice*, *USDA Select*, *USDA Standard,* and *USDA Utility*. Bulls may not be quality graded.

Because grading is voluntary in the United States, not all carcasses are quality graded. Beef products merchandised as ungraded in the United States usually originate from those carcasses that did not

qualify for one of the highest three grades (*USDA Prime, USDA Choice, and USDA Select*). The U.S. industry generally terms ungraded beef carcasses and their resulting cuts as "No Roll" beef, because a grade stamp has not been rolled on the carcass. For the USDA quality grade standards, maturity and marbling are the major considerations in beef quality grading.

Because most beef that packers market in the United States is not in carcass form, but instead is in the form of vacuum packaged subprimal cuts, only the quality grade is routinely used as a value determining trait in the marketing of beef products in the United States and ultimately passed on to the consumer. Accordingly, Article 3.17 and this Annex do not apply to USDA yield grades.

Commitments Regarding Mutual Recognition of the Chilean and U.S. Grading Programs

The Parties confirm their shared understanding that:

1. Chile acknowledges that USDA's Agricultural Marketing Service (AMS) is a competent entity of grading quality, certifying all materials referred to in Article No. 5 of Regulation No. 19.162, with respect to meats exported to Chile from the United States.

2. The United States recognizes the competency of certification entities inscribed in the *Registro de Certificadores de Carne* division of the *Servicio Agrícola y Ganadero* of Chile (SAG) to certify Chilean meats destined toward that market.

3. AMS and SAG shall recognize each other's respective beef grading systems for the purposes of:

(a) the marketing of USDA graded beef in Chile;[2] and

[2] The table comparing Chilean beef norms and USDA quality grades is intended to serve as a reference for consumers in Chile by

describing USDA beef quality grade names in terms that are easily and already understood. However, this comparison is not intended to denote equivalency between the two grading systems for the purposes of reciprocal grading or the marketing of SAG classified beef under USDA grade names in the United States.

(b) the marketing of beef classified by SAG to Chilean norms in the United States.

4. The comparative beef cut nomenclature table set out in Appendix 3.17-A shall serve as a reference for the labeling of beef traded between the two markets under the terms of Article 3.17 and this Annex.

5. The standards of grading systems employed by Chile and the United States are described in Appendix 3.17-B. The Parties may modify Appendix 3.17-B by means of exchanges of letters between the USDA, AMS and the SAG. Furthermore, by means of written communications, the USDA, AMS, and the SAG may institute and modify standards of Chilean meat cuts and North American meat cuts.

6. USDA graded beef (*e.g.*, *USDA Prime, USDA Choice, and USDA Select*) produced in the United States may be exported to Chile provided that a label indicates its Chilean equivalent and its country of origin.

7. Beef produced in Chile may be exported to the United States provided that the label or sticker indicates the applicable Chilean norm and country of origin.

8. AMS and SAG shall work cooperatively to assist the beef industries of the United States and Chile in following these procedures.

Appendix 3.17-A *Comparative Beef Cut Nomenclature Table / Equivalencia De Cortes*	*NO CORRESPONDING APPENDIX*

Comparative Beef Cut Nomenclature Table / Equivalencia De Cortes	
Appendix 3.17-B *Comparison of Chilean Beef Norms and USDA Beef Quality Grades*	*NO CORRESPONDING APPENDIX*
Comparison of Chilean Beef Norms and USDA Beef Quality Grades	
Article 3.18: Agricultural Safeguard Measures	*Article 3.15: Agricultural Safeguard Measures*
1. Notwithstanding Article 3.3(2), each Party may impose a safeguard measure in the form of additional import duties, consistent with paragraphs 2 through 7, on an originating agricultural good listed in its section of Annex 3.18. The sum of any such additional duty and any import duties or other charges applied pursuant to Article 3.3(2) shall not exceed the lesser of: (a) the prevailing most-favored-nation (MFN) applied rate; or (b) the MFN applied rate of duty in effect on the day immediately preceding the date of entry into force of this Agreement.	1. Notwithstanding Article 3.3, each Party may apply a measure in the form of an additional import duty on an agricultural good listed in that Party's Schedule to Annex 3.15, provided that the conditions in paragraphs 2 through 7 are met. The sum of any such additional import duty and any other customs duty on such good shall not exceed the lesser of: (a) the prevailing most-favored-nation (MFN) applied rate of duty; or (b) the MFN applied rate of duty in effect on the day immediately preceding the date of entry into force of this Agreement.
2. A Party may impose a safeguard measure only if the unit import price of the good enters the Party's customs territory at a level below a trigger price for that good as set out in that Party's section of Annex 3.18. (a) The unit import price shall be determined on the basis of the C.I.F. import price of the good in U.S. dollars for goods entering Chile, and on the basis of the F.O.B. import price of the good in U.S. dollars for goods entering the United States. (b) The trigger prices for the goods eligible for a safeguard measure,	2. A Party may apply an agricultural safeguard measure during any calendar year if the quantity of imports of the good during such year exceeds the trigger level for that good set out in its Schedule to Annex 3.15.

which reflect historic unit import values for the products concerned, are listed in Annex 3.18. The Parties may mutually agree to periodically evaluate and update the trigger prices.	
3. The additional duties under paragraph 2 shall be set in accordance with the following schedule: (a) if the difference between the unit import price of the item expressed in terms of domestic currency (the "import price") and the trigger price as defined under paragraph 2(b) is less than or equal to 10 percent of the trigger price, no additional duty shall be imposed; (b) if the difference between the import price and the trigger price is greater than 10 percent but less than or equal to 40 percent of the trigger price, the additional duty shall equal 30 percent of the difference between the MFN rate applicable under paragraph 1 and the preferential tariff rate; (c) if the difference between the import price and the trigger price is greater than 40 percent but less than or equal to 60 percent of the trigger price, the additional duty shall equal 50 percent of the difference between the MFN rate applicable under paragraph 1 and the preferential tariff rate; (d) if the difference between the import price and the trigger price is greater than 60 percent but less than or equal to 75 percent, the additional duty shall equal 70 percent of the difference between the MFN rate applicable under paragraph 1 and the preferential	3. The additional duty under paragraph 1 shall be set according to each Party's Schedule to Annex 3.15.

tariff rate; and (e) if the difference between the import price and the trigger price is greater than 75 percent of the trigger price, the additional duty shall equal 100 percent of the difference between the MFN rate applicable under paragraph 1 and the preferential tariff rate.	
4. Neither Party may, with respect to the same good, at the same time: (a) impose a safeguard measure under this Article; and (b) take a safeguard action under Section A of Chapter Eight (Trade Remedies).	4. No Party may apply an agricultural safeguard measure and at the same time apply or maintain: (a) a safeguard measure under Chapter Eight (Trade Remedies); or (b) a measure under Article XIX of the GATT 1994 and the Safeguards Agreement; with respect to the same good.
5. Neither Party may impose a safeguard measure on a good that is subject to a measure that the Party has imposed pursuant to Article XIX of GATT 1994 and the Safeguards Agreement, and neither Party may continue maintaining a safeguard measure on a good that becomes subject to a measure that the Party imposes pursuant to Article XIX of GATT 1994 and the Safeguards Agreement.	5. No Party may apply or maintain an agricultural safeguard measure: (a) on or after the date that a good is subject to duty-free treatment under the Party's Schedule to Annex 3.3; or (b) that increases the in-quota duty on a good subject to a TRQ.
6. A Party may impose a safeguard measure only during the 12-year period beginning on the date of entry into force of this Agreement. Neither Party may impose a safeguard measure on a good once the good achieves duty-free status under this Agreement. Neither Party may impose a safeguard measure that increases a zero in-quota duty on a good subject to a tariff-rate quota.	6. Each Party shall implement an agricultural safeguard measure in a transparent manner. Within 60 days after applying a measure, a Party shall notify any Party whose good is subject to the measure, in writing, and shall provide it relevant data concerning the measure. On request, the Party applying the measure shall consult with any Party whose good is subject to the measure regarding application of the measure.

7. Each Party shall implement any safeguard measure in a transparent manner. Within 60 days after imposing a measure, a Party shall notify the other Party, in writing, and shall provide it relevant data concerning the measure. On request, the Party imposing the measure shall consult with the other Party with respect to the conditions of application of the measure.	7. A Party may maintain an agricultural safeguard measure only until the end of the calendar year in which the Party applies the measure.
8. The general operation of the agricultural safeguard provisions and the trigger prices for their implementation may be the subject of discussion and review in the Committee on Trade in Goods.	8. The Commission and the Committee on Agricultural Trade may review the implementation and operation of this Article.
9. For purposes of this Article, **safeguard measure** means an agricultural safeguard measure described in paragraph 1.	9. For purposes of this Article and Annex 3.15, **agricultural safeguard measure** means a measure described in paragraph 1.
Annex 3.18 *Product Lists and Trigger Prices for Agricultural Safeguard*	*NO CORRESPONDING ANNEX*
Product Lists and Trigger Prices for Agricultural Safeguard	
NO CORRESPONDING ANNEX	*Annex 3.15* *Agricultural Safeguard Measures*
	General Notes 1. For each good listed in a Party's Schedule to this Annex for which the agricultural safeguard trigger level is set out in that Schedule as a percentage of the applicable tariff-rate quota (TRQ), the trigger level in any year shall be determined by multiplying the in-quota quantity for that good for that year, as set out in Appendix I or, if applicable, Appendix II or III to the Party's Schedule to Annex 3.3, by the applicable percentage. For each good listed in a Party's Schedule to this Annex for which the trigger level is set out as a fixed initial amount in the Party's Schedule, the trigger level set out in the Schedule shall be the trigger level in year one. The trigger level in any subsequent year shall be determined by adding to that amount the quantity derived by applying the applicable simple annual trigger

growth rate to that amount. For purposes of this Annex, the term “year one” shall have the meaning given to that term in Annex 3.3.

2. For purposes of this Annex, **prime and choice beef** shall mean prime and choice grades of beef as defined in the United States Standards for Grades of Carcass Beef, promulgated pursuant to the *Agricultural Marketing Act of 1946* (7 U.S.C. §§ 1621-1627), as amended.

3. (a) Costa Rica and the Dominican Republic shall conclude negotiations on the agricultural safeguard trigger levels to be applied to originating goods classified under tariff items 0207.13.91 and 0207.14.91 and subheadings 0402.10, 0402.21, and 0402.29 that are imported directly into the territory of Costa Rica from the territory of the Dominican Republic no later than one year after the date on which this Agreement enters into force with respect to Costa Rica and the Dominican Republic and any agreed trigger levels shall form part of this Annex.[18]

[18] For greater certainty, Costa Rica shall apply note 7(b) of Costa Rica’s General Notes to Annex 3.3 to such goods.

(b) At the expiration of the one-year period, if Costa Rica and the Dominican Republic have not reached an agreement with respect to the agricultural safeguard trigger levels for goods classified under the tariff items and subheadings listed in subparagraph (a), Costa Rica may apply an agricultural safeguard trigger level for such goods in an amount equivalent to 130 percent of the in-quota quantity of the applicable tariff-rate quota set out in Appendix II of Costa Rica’s General Notes to Annex 3.3.

4. (a) Costa Rica and the Dominican Republic shall conclude negotiations on the agricultural safeguard trigger levels to be applied to originating goods classified under tariff items 0207.13.91 and 0207.14.91 and subheadings 0402.10, 0402.21, and 0402.29 that are imported directly into the territory of the Dominican Republic from the territory of Costa Rica no later than one year after the date on which this Agreement enters into force with respect to Costa Rica and the Dominican Republic and any agreed trigger levels shall form part of this Annex.[19]

[19] For greater certainty, the Dominican Republic shall apply note 7(b) of the Dominican Republic's General Notes to Annex 3.3 to such goods.

(b) At the expiration of the one-year period, if Costa Rica and the Dominican Republic have not reached an agreement with respect to the agricultural safeguard trigger levels for goods classified under the tariff items and subheadings listed in subparagraph (a), the Dominican Republic may apply an agricultural safeguard trigger level for such goods in an amount equivalent to 130 percent of the in-quota quantity of the applicable tariff-rate quota set out in Appendix II of the Dominican Republic's General Notes to Annex 3.3.

5. (a) The Dominican Republic and Nicaragua shall conclude negotiations on the agricultural safeguard trigger levels to be applied to originating goods classified under tariff items 0207.13.91 and 0207.14.91 that are imported directly into the territory of

Nicaragua from the territory of the Dominican Republic no later than one year after the date on which this Agreement enters into force with respect to the Dominican Republic and Nicaragua and any agreed trigger levels shall form part of this Annex.[20]

[20] For greater certainty, Nicaragua shall apply note 7(b) of Nicaragua's General Notes to Annex 3.3 to such goods.

(b) At the expiration of the one-year period, if the Dominican Republic and Nicaragua have not reached an agreement with respect to the agricultural safeguard trigger levels for goods classified under the tariff items listed in subparagraph (a), Nicaragua may apply an agricultural safeguard trigger level for such goods in an amount equivalent to 130 percent of the in-quota quantity of the applicable tariff-rate quota set out in Appendix II of Nicaragua's General Notes to Annex 3.3.

6. (a) The Dominican Republic and Nicaragua shall conclude negotiations on the agricultural safeguard trigger levels to be applied to originating goods classified under tariff items 0207.13.91 and 0207.14.91 that are imported directly into the territory of the Dominican Republic from the territory of Nicaragua no later than one year after the date on which this Agreement enters into force with respect to the Dominican Republic and Nicaragua and any agreed trigger levels shall form part of this Annex.[21]

[21] For greater certainty, the Dominican Republic shall apply note 11(b) of the

Dominican Republic's General Notes to Annex 3.3 to such goods.

(b) At the expiration of the one-year period, if the Dominican Republic and Nicaragua have not reached an agreement with respect to the agricultural safeguard trigger levels for goods classified under the tariff items listed in subparagraph (a), the Dominican Republic may apply an agricultural safeguard trigger level for such goods in an amount equivalent to 130 percent of the in-quota quantity of the applicable tariff-rate quota set out in Appendix III of the Dominican Republic's General Notes to Annex 3.3.

7. For purposes of this Annex:

Central America or Dominican Republic good shall mean 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; and **United States good** shall mean a good that satisfies the requirements of Chapter Four (Rules of Origin and Origin Procedures), except a good produced entirely in and exclusively of materials obtained from the territory of a Central American Party, the Dominican Republic, or a non-Party.

Schedule of Costa Rica

Schedule of the Dominican Republic

Schedule of El Salvador

Schedule of Guatemala

Schedule of Honduras

	Schedule of Nicaragua Schedule of the United States[22] [22] For purposes of determining the country-specific application of agricultural safeguard measures, the United States shall apply the non-preferential rules of origin that it applies in the normal course of trade.
NO CORRESPONDING ARTICLE	*Article 3.16: Sugar Compensation Mechanism*
	1. In any year, the United States may, at its option, apply a mechanism that results in compensation to a Party's exporters of sugar goods in lieu of according duty-free treatment to some or all of the duty-free quantity of sugar goods established for that Party in Appendix I to the Schedule of the United States to Annex 3.3. Such compensation shall be equivalent to the estimated economic rents that the Party's exporters would have obtained on exports to the United States of any such amounts of sugar goods and shall be provided within 30 days after the United States exercises this option. The United States shall notify the Party at least 90 days before it exercises this option and, on request, shall enter into consultations with the Party regarding application of the mechanism. 2. For purposes of this Article, **sugar good** means a good provided for in the subheadings listed in subparagraph 3(c) of Appendix I to the Schedule of the United States to Annex 3.3.
NO CORRESPONDING ARTICLE	*Article 3.17: Consultations on Trade in Chicken*
	The Parties shall consult on, and review the implementation and operation of the Agreement as it relates to, trade in chicken in the ninth year after the date of entry into force of this Agreement.
NO CORRESPONDING ARTICLE	*Article 3.18: Agriculture Review Commission*

	The Parties shall establish an Agriculture Review Commission in the 14th year after the date of entry into force of this Agreement to review the implementation and operation of the Agreement as it relates to trade in agricultural goods. The Agriculture Review Commission shall evaluate the effects of trade liberalization under the Agreement, the operation of Article 3.15 and possible extension of agricultural safeguard measures under that Article, progress toward global agricultural trade reform in the WTO, and developments in world agricultural markets. The Agriculture Review Commission shall report its findings and any recommendations to the Commission.
	Article 3.19: Committee on Agricultural Trade
see Article 3.17.3	1. Not later than 90 days after the date of entry into force of this Agreement, the Parties shall establish a Committee on Agricultural Trade, comprising representatives of each Party. 2. The Committee shall provide a forum for: (a) monitoring and promoting cooperation on the implementation and administration of this Section; (b) consultation between the Parties on matters related to this Section in coordination with other committees, subcommittees, working groups, or other bodies established under this Agreement; and (c) undertaking any additional work that the Commission may assign. 3. The Committee shall meet at least once a year unless it decides otherwise. Meetings of the Committee shall be chaired by the representatives of the Party hosting the meeting. 4. All decisions of the Committee shall be taken by consensus, unless the Committee otherwise decides.

Section G - Textiles and Apparel	Section G: Textiles and Apparel *Article 3.20: Refund of Customs Duties*
NO CORRESPONDING ARTICLE	1. On request of an importer, a Party shall refund any excess customs duties paid in connection with the importation into its territory of an originating textile or apparel good between January 1, 2004 and the date of entry into force of this Agreement for that Party. For purposes of applying this Article, the importing Party shall consider a good to be originating if the Party would have considered the good to be originating had it been imported into its territory on the date of entry into force of this Agreement for that Party. 2. Paragraph 1 shall not apply with respect to textile or apparel goods imported into, or imported from, the territory of a Party if it provides written notice to the other Parties by no later than 90 days before the date of entry into force of this Agreement for that Party that it will not comply with paragraph 1. 3. Notwithstanding paragraph 2, paragraph 1 shall apply with respect to textile or apparel goods imported from the territory of a Party if it provides written notice to the other Parties by no later than 90 days before the date of entry into force of this Agreement for that Party that it shall provide a benefit for textile or apparel goods imported into its territory that the importing and exporting Parties have agreed is equivalent to the benefit provided in paragraph 1. 4. This Article shall not apply to a textile or apparel good that qualifies for preferential tariff treatment under Article 3.21, 3.27, or 3.28.
NO CORRESPONDING ARTICLE	*Article 3.21: Duty-Free Treatment for Certain Goods*

	1. An importing and an exporting Party may identify at any time particular textile or apparel goods of the exporting Party that they mutually agree fall within: (a) hand-loomed fabrics of a cottage industry; (b) hand-made cottage industry goods made of such hand-loomed fabrics; or c) traditional folklore handicraft goods. 2. The importing Party shall grant duty-free treatment to goods so identified, if certified by the competent authority of the exporting Party.
NO CORRESPONDING ARTICLE	*Article 3.22: Elimination of Existing Quantitative Restrictions* Not later than the date of entry into force of this Agreement, the United States shall eliminate the existing quantitative restrictions it maintains under the Agreement on Textiles and Clothing as set out in Annex 3.22.
Article 3.19: Bilateral Emergency Actions	*Article 3.23: Textile Safeguard Measures*
1. If, as a result of the elimination of a duty provided for in this Agreement, a textile or apparel good benefiting from preferential tariff treatment under this Agreement is being imported into the territory of a Party in such increased quantities, in absolute terms or relative to the domestic market for that good, and under such conditions as to cause serious damage, or actual threat thereof, to a domestic industry producing a like or directly competitive good, the importing Party may, to the extent and for such time as may be necessary to prevent or remedy such damage and to facilitate adjustment, take emergency action, consisting of an increase in the rate of duty on the good to a level not to exceed the lesser of: (a) the most-favored-nation (MFN) applied rate of duty in effect at the	1. Subject to the following paragraphs, and during the transition period only, if, as a result of the reduction or elimination of a duty provided for in this Agreement, a textile or apparel good of another Party is being imported into the territory of a Party in such increased quantities, in absolute terms or relative to the domestic market for that good, and under such conditions as to cause serious damage, or actual threat thereof, to a domestic industry producing a like or directly competitive good, the importing Party may, to the extent necessary to prevent or remedy such damage and to facilitate adjustment, apply a textile safeguard measure to that good, consisting of an increase in the rate of duty on the good to a level not to exceed the lesser of: (a) the most-favored-nation (MFN)

time the action is taken; and (b) the MFN applied rate of duty in effect on the date of entry into force of this Agreement.	applied rate of duty in effect at the time the measure is applied; and (b) the MFN applied rate of duty in effect on the date of entry into force of this Agreement.
2. In determining serious damage, or actual threat thereof, the importing Party: (a) shall examine the effect of increased imports from the other Party on the particular industry, as reflected in changes in such relevant economic variables as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits and investment, none of which is necessarily decisive; and (b) shall not consider changes in technology or consumer preference as factors supporting a determination of serious damage or actual threat thereof.	2. In determining serious damage, or actual threat thereof, the importing Party: (a) shall examine the effect of increased imports of the good of the other Party on the particular industry, as reflected in changes in such relevant economic variables as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits, and investment, none of which, either alone or combined with other factors, shall necessarily be decisive; and (b) shall not consider changes in technology or consumer preference as factors supporting a determination of serious damage or actual threat thereof.
3. The importing Party may take an emergency action under this Article only following an investigation by its competent authorities.	3. The importing Party may apply a textile safeguard measure only following an investigation by its competent authority.

4. The importing Party shall deliver to the other Party, without delay, written notice of its intent to take emergency action, and, on request of the other Party, shall enter into consultations with that Party.	4. If, on the basis of the results of the investigation under paragraph 3, the importing Party intends to apply a textile safeguard measure, the importing Party shall promptly provide written notice to the exporting Party of its intent to apply a textile safeguard measure, and on request shall enter into consultations with that Party. The importing Party and the exporting Party shall begin the consultations without delay and shall complete them within 60 days of the date of receipt of the request. The importing Party shall make a decision on whether to apply a safeguard measure within 30 days of completion of the consultations.
5. The following conditions and limitations shall apply to any emergency action taken under this Article: (a) no emergency action may be maintained for a period exceeding three years; (b) no emergency action may be taken or maintained beyond the period ending eight years after duties on a good have been eliminated pursuant to this Agreement; (c) no emergency action may be taken by an importing Party against any particular good of the other Party more than once; and (d) on termination of the action, the good will return to duty-free status.	5. The following conditions and limitations apply to any textile safeguard measure: (a) no Party may maintain a textile safeguard measure for a period exceeding three years; (b) no Party may apply a textile safeguard measure to the same good of another Party more than once; (c) on termination of the textile safeguard measure, the Party applying the measure shall apply the rate of duty set out in its Schedule to Annex 3.3, as if the measure had never been applied; and (d) no Party may maintain a textile safeguard measure beyond the transition period.

6. The Party taking an emergency action under this Article shall provide to the Party against whose good the action is taken mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the emergency action. Such concessions shall be limited to textile and apparel goods, unless the Parties otherwise agree. If the Parties are unable to agree on compensation, the Party against whose good the emergency action is taken may take tariff action having trade effects substantially equivalent to the trade effects of the emergency action taken under this Article. Such tariff action may be taken against any goods of the Party taking the emergency action. The Party taking the tariff action shall apply such action only for the minimum period necessary to achieve the substantially equivalent trade effects. The importing Party's obligation to provide trade compensation and the exporting Party's right to take tariff action shall terminate when the emergency action terminates.	6. The Party applying a textile safeguard measure shall provide to the Party against whose good the measure is taken mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the textile safeguard measure. Such concessions shall be limited to textile or apparel goods, unless the consulting Parties otherwise agree. If the consulting Parties are unable to agree on compensation within 30 days of application of a textile safeguard measure, the Party against whose good the measure is taken may take tariff action having trade effects substantially equivalent to the trade effects of the textile safeguard measure. Such tariff action may be taken against any goods of the Party applying the measure. The Party taking the tariff action shall apply such action only for the minimum period necessary to achieve the substantially equivalent trade effects. The importing Party’s obligation to provide trade compensation and the exporting Party’s right to take tariff action shall terminate when the textile safeguard measure terminates.
7. Nothing in this Agreement shall be construed to limit a Party's right to restrain imports of textile and apparel goods in a manner consistent with the Agreement on Textiles and Clothing or the Safeguards Agreement. However, a Party may not take or maintain an emergency action under this Article against a textile or apparel good that is subject, or becomes subject, to a safeguard measure that a Party takes pursuant to either such WTO agreement.	7. (a) Each Party retains its rights and obligations under Article XIX of the GATT 1994 and the Safeguards Agreement. (b) No Party may apply, with respect to the same good at the same time, a textile safeguard measure and: (i) a safeguard measure under Chapter Eight (Trade Remedies); or (ii) a measure under Article XIX of the GATT 1994 and the Safeguards Agreement.

Article 3.20: Rules of Origin and Related Matters	*Article 3.25: Rules of Origin and Related Matters*
Application of Chapter Four 1. Except as provided in this Section, Chapter Four (Rules of Origin and Origin Procedures) applies to textile and apparel goods. 2. The rules of origin set forth in this Agreement shall not apply in determining the country of origin of a textile or apparel good for non-preferential purposes.	*NO CORRESPONDING PARAGRAPH*
Consultations 3. On the request of either Party, the Parties shall consult to consider whether the rules of origin applicable to particular textile and apparel goods should be revised to address issues of availability of supply of fibers, yarns or fabrics in the territories of the Parties.	*Consultations on Rules of Origin* 1. On request of a Party, the Parties shall, within 30 days after the request is delivered, consult on whether the rules of origin applicable to a particular textile or apparel good should be modified.
4. In the consultations referred to in paragraph 3, each Party shall consider all data presented by the other Party showing substantial production in its territory of the particular good. The Parties shall consider that substantial production has been shown if a Party demonstrates that its domestic producers are capable of supplying commercial quantities of the good in a timely manner.	2. In the consultations referred to in paragraph 1, each Party shall consider all data that a Party presents demonstrating substantial production in its territory of the good. The Parties shall consider that there is substantial production if a Party demonstrates that its domestic producers are capable of supplying commercial quantities of the good in a timely manner.
5. The Parties shall endeavor to conclude consultations within 60 days of a request. An agreement between the Parties resulting from the consultations shall supersede any prior rule of origin for such good when approved by the Parties in accordance with Article 24.2 (Amendments).	3. The Parties shall endeavor to conclude the consultations within 90 days after delivery of the request. If the Parties reach an agreement to modify a rule of origin for a particular good, the agreement shall supersede that rule of origin when approved by the Parties in accordance with Article 19.1.3(b) (The Free Trade Commission).

NO CORRESPONDING PARAGRAPH	*Fabrics, Yarns, and Fibers Not Available in Commercial Quantities* 4. (a) At the request of an interested entity, the United States shall, within 30 business days of receiving the request, add a fabric, fiber, or yarn in an unrestricted or restricted quantity to the list in Annex 3.25, if the United States determines, based on information supplied by interested entities, that the fabric, fiber, or yarn is not available in commercial quantities in a timely manner in the territory of any Party, or if no interested entity objects to the request. (b) If there is insufficient information to make the determination in subparagraph (a), the United States may extend the period within which it must make that determination by no more than 14 business days, in order to meet with interested entities to substantiate the information. (c) If the United States does not make the determination in subparagraph (a) within 15 business days of the expiration of the period within which it must make that determination, as specified in subparagraph (a) or (b), the United States shall grant the request. (d) The United States may, within six months after adding a restricted quantity of a fabric, fiber, or yarn to the list in Annex 3.25 pursuant to subparagraph (a), eliminate the restriction. (e) If the United States determines before the date of entry into force of this Agreement that any fabrics or yarns not listed in Annex 3.25 are

not available in commercial quantities in the United States pursuant to section 112(b)(5)(B) of the *African Growth and Opportunity Act* (19 U.S.C. § 3721(b)), section 204(b)(3)(B)(ii) of the *Andean Trade Preference Act* (19 U.S.C.§ 3203(b)(3)(B)(ii)), or section 213(b)(2)(A)(v)(II) of the *Caribbean Basin Economic Recovery Act* (19 U.S.C. § 2703(b)(2)(A)(v)(II)), the United States shall add such fabrics or yarns in an unrestricted quantity to the list in Annex 3.25.

5. At the request of an interested entity made no earlier than six months after the United States has added a fabric, yarn, or fiber in an unrestricted quantity to Annex 3.25 pursuant to paragraph 4, the United States may, within 30 business days after it receives the request:

(a) delete the fabric, yarn, or fiber from the list in Annex 3.25; or

(b) introduce a restriction on the quantity of the fabric, yarn, or fiber added to Annex 3.25, if the United States determines, based on the information supplied by interested entities, that the fabric, yarn, or fiber is available in commercial quantities in a timely manner in the territory of any Party. Such deletion or restriction shall not take effect until six months after the United States publishes its determination.

6. Promptly after the date of entry into force of this Agreement, the United States shall publish the procedures it will follow in considering requests under paragraphs 4 and 5.

De Minimis 6. A textile or apparel good provided for in Chapters 50 through 63 of the Harmonized System that is not an originating good, because certain fibers or yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 4.1 (Specific Rules of Origin), shall nonetheless be considered to be an originating good if the total weight of all such fibers or yarns in that component is not more than seven percent of the total weight of that component. Notwithstanding the preceding sentence, a good containing elastomeric yarns in the component of the good that determines the tariff classification of the good shall be considered to be an originating good only if such yarns are wholly formed in the territory of a Party.	*De Minimis* 7. A textile or apparel good that is not an originating good because certain fibers or yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 4.1 (Specific Rules of Origin), shall nonetheless be considered to be an originating good if the total weight of all such fibers or yarns in that component is not more than ten percent of the total weight of that component.[4] [4] For greater certainty, when the good is a fiber, yarn, or fabric, the "component of the good that determines the tariff classification of the good" is all of the fibers in the yarn, fabric, or group of fibers. 8. Notwithstanding paragraph 7, a good containing elastomeric yarns[5] in the component of the good that determines the tariff classification of the good shall originate only if such yarns are wholly formed in the territory of a Party.[6] [5] For greater certainty, the term "elastomeric yarns" does not include latex. [6] For purposes of this paragraph, "wholly formed" means that all the production processes and finishing operations, starting with the extrusion of filaments, strips, film, or sheet, and including slitting a film or sheet into strip, or the spinning of all fibers into yarn, or both, and ending with a finished yarn or plied yarn, took place in the territory of a Party.

Treatment of Sets 7. Notwithstanding the good specific rules in Annex 4.1 (Specific Rules of Origin), textile and apparel goods classifiable as goods put up in sets for retail sale as provided for in General Rule of Interpretation 3 of the Harmonized System shall not be regarded as originating goods unless each of the goods in the set is an originating good or the total value of the non-originating goods in the set does not exceed 10 percent of the customs value of the set. *Preferential Tariff Treatment for Non-Originating Cotton and Man-made Fiber Fabric Goods (Tariff Preference Levels)* 8. Subject to paragraph 9, the following goods, if they meet the applicable conditions for preferential tariff treatment under this Agreement other than the condition that they be originating goods, shall be accorded preferential tariff treatment as if they were originating goods: (a) cotton or man-made fiber fabric goods provided for in Chapters 52, 54, 55, 58, and 60 of the Harmonized System that are wholly formed in the territory of a Party from yarn produced or obtained outside the territory of a Party; and (b) cotton or man-made fiber fabric goods provided for in Annex 4.1 (Specific Rules of Origin) that are wholly formed in the territory of a Party from yarn spun in the territory of a Party from fiber produced or obtained outside the territory of a Party. 9. The treatment described in paragraph 8 shall be limited to goods imported into the territory of a Party up to an annual total quantity of 1,000,000 SME. *Preferential Tariff Treatment for Non-Originating*	*Treatment of Sets* 9. Notwithstanding the specific rules of origin in Annex 4.1 (Specific Rules of Origin), textile or apparel goods classifiable as goods put up in sets for retail sale as provided for in General Rule of Interpretation 3 of the Harmonized System, shall not be regarded as originating goods unless each of the products in the set is an originating good or the total value of the nonoriginating goods in the set does not exceed ten percent of the adjusted value of the set. *Treatment of Nylon Filament Yarn* 10. A textile or apparel good that is not an originating good because certain yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 4.1 (Specific Rules of Origin), shall nonetheless be considered to be an originating good if the yarns are those described in section 204(b)(3)(B)(vi)(IV) of the *Andean Trade Preference Act* (19 U.S.C. § 3203(b)(3)(B)(vi)(IV)).

Cotton and Man-made Fiber Apparel Goods (Tariff Preference Levels)

10. Subject to paragraph 11, cotton or man-made fiber apparel goods provided for in Chapters 61 and 62 of the Harmonized System that are both cut (or knit to shape) and sewn or otherwise assembled in the territory of a Party from fabric or yarn produced or obtained outside the territory of a Party, and that meet the applicable conditions for preferential tariff treatment under this Agreement other than the condition that they be originating goods, shall be accorded preferential tariff treatment as if they were originating goods.

11. The treatment described in paragraph 10 shall be limited as follows:

(a) in each of the first 10 years after the date of entry into force of this Agreement, the treatment shall apply to goods described in that paragraph imported into the territory of a Party up to a quantity of 2,000,000 SME; and

(b) in the eleventh year, and for each year thereafter, the treatment shall apply to goods described in that paragraph imported into the territory of a Party up to a quantity of 1,000,000 SME.

Certification for Tariff Preference Level

12. A Party, through its competent authorities, may require that an importer claiming preferential tariff treatment for a textile or apparel good under paragraph 8 or 10 present to such competent authorities at the time of importation a certification of eligibility for preferential tariff treatment under such paragraph. A certification of eligibility shall be prepared by the importer and shall consist of information demonstrating that the good satisfies the requirements for preferential tariff treatment under paragraph 8 or 10.

Article 3.21: Customs Cooperation	*Article 3.24: Customs Cooperation*[3] [3] Paragraphs 2, 3, 4, 6, and 7 of this Article shall not apply between the Central American Parties or between any Central American Party and the Dominican Republic.
1. The Parties shall cooperate for purposes of: (a) enforcing or assisting in the enforcement of their laws, regulations, and procedures implementing this Agreement affecting trade in textile and apparel goods; (b) ensuring the accuracy of claims of origin; and (c) preventing circumvention of laws, regulations, and procedures of either Party or international agreements affecting trade in textile and apparel goods.	1. The customs authorities of the Parties shall cooperate for purposes of: (a) enforcing or assisting in the enforcement of their respective laws, regulations, and procedures affecting trade in textile or apparel goods; (b) ensuring the accuracy of claims of origin for textile or apparel goods; and (c) deterring circumvention of laws, regulations, and procedures of any Party or international agreements affecting trade in textile or apparel goods.
2. On the request of the importing Party, the exporting Party shall conduct a verification for purposes of enabling the importing Party to determine that a claim of origin for a textile or apparel good is accurate. The exporting Party shall conduct such a verification, regardless of whether an importer claims preferential tariff treatment for the good. The exporting Party also may conduct such a verification on its own initiative.	2. (a) On the written request of an importing Party, an exporting Party shall conduct a verification for purposes of enabling the importing Party to determine: (i) that a claim of origin for a textile or apparel good is accurate, or (ii) that the exporter or producer is complying with applicable customs laws, regulations, and procedures regarding trade in textile or apparel goods, including: (A) laws, regulations, and procedures that the exporting Party adopts and maintains pursuant to this Agreement; and (B) laws, regulations, and

	procedures of the importing Party and the exporting Party implementing other international agreements regarding trade in textile or apparel goods. (b) A request under subparagraph (a) shall include specific information regarding the reason the importing Party is requesting the verification and the determination the importing Party is seeking to make. (c) The exporting Party shall conduct a verification under subparagraph (a)(i), regardless of whether an importer claims preferential tariff treatment for the textile or apparel good for which a claim of origin has been made.
3. Where the importing Party has a reasonable suspicion that an exporter or producer of the exporting Party is engaging in unlawful activity relating to trade in textile and apparel goods, the importing Party may request the exporting Party to conduct a verification for purposes of enabling the importing Party to determine that the exporter or producer is complying with applicable customs laws, regulations, and procedures regarding trade in textile and apparel goods, including laws, regulations, and procedures that the exporting Party adopts and maintains pursuant to this Agreement and laws, regulations, and procedures of either Party implementing other international agreements regarding trade in textile and apparel goods, and to determine that claims of origin regarding textile or apparel goods exported or produced by that person are accurate. For purposes of this paragraph, a reasonable suspicion of unlawful activity shall be based on factors including relevant factual information of the type set forth in Article 5.5 (Cooperation) or that, with respect to a particular shipment, indicates	3. The importing Party, through its competent authority, may assist in a verification conducted under paragraph 2(a), or, at the request of the exporting Party, undertake such a verification, including by conducting, along with the competent authority of the exporting Party, visits in the territory of the exporting Party to the premises of an exporter, producer, or any other enterprise involved in the movement of textile or apparel goods from the territory of the exporting Party to the territory of the importing Party.

circumvention by the exporter or producer of applicable customs laws, regulations, or procedures regarding trade in textile and apparel goods, including laws, regulations, or procedures adopted to implement this Agreement, or international agreements affecting trade in textile and apparel goods.	
4. The importing Party, through its competent authorities, may undertake or assist in a verification conducted pursuant to paragraph 2 or 3, including by conducting, along with the competent authorities of the exporting Party, visits in the territory of the exporting Party to the premises of an exporter, producer, or any other enterprise involved in the movement of textile or apparel goods from the territory of the exporting Party to the territory of the importing Party.	4. (a) The competent authority of the importing Party shall provide a written request to the competent authority of the exporting Party 20 days before the proposed date of a visit under paragraph 3. The request shall identify the competent authority making the request, the names and titles of the authorized personnel that will conduct the visit, the reason for the visit, including a description of the type of goods that are the subject of the verification, and the proposed dates of the visit. (b) The competent authority of the exporting Party shall respond within 10 days of receipt of the request, and shall indicate the date on which authorized personnel of the importing Party may perform the visit. The exporting Party shall seek, in accordance with its laws, regulations, and procedures, permission from the enterprise to conduct the visit. If consent is not provided, the importing Party may deny preferential tariff treatment to the type of goods of the enterprise that would have been the subject of the verification, except that the importing Party may not deny preferential tariff treatment to such goods based solely on a postponement of the visit, if there is adequate reason for such postponement. (c) Authorized personnel of the importing and exporting Parties shall conduct the visit in accordance with the laws, regulations, and procedures of the exporting Party. (d) On completion of a visit, the importing Party shall provide the exporting Party with an oral summary of the results of the visit and provide it with a written report of the results of the visit within approximately 45 days of the visit. The written report shall include: (i) the name of the enterprise visited; (ii) particulars of the shipments that were checked;

	(iii) observations made at the enterprise relating to circumvention; and (iv) an assessment of whether the enterprise's production records and other documents support its claims for preferential tariff treatment for: (A) a textile or apparel good subject to a verification conducted under paragraph 2 (a)(i); or (B) in the case of a verification conducted under paragraph 2(a)(ii), any textile or apparel good exported or produced by the enterprise.
5. Each Party shall provide to the other Party, consistent with its laws, regulations, and procedures, production, trade, and transit documents and other information necessary to conduct verifications under paragraphs 2 and 3. Any documents or information exchanged between the Parties in the course of such a verification shall be considered confidential, as provided for in Article 5.6 (Confidentiality).	5. On request of a Party conducting a verification under paragraph 2(a), a Party shall provide, consistent with its laws, regulations, and procedures, production, trade, and transit documents and other information necessary to conduct the verification. Where the providing Party designates the information as confidential, Article 5.6 (Confidentiality) shall apply. Notwithstanding the foregoing, a Party may publish the name of an enterprise that: (a) the Party has determined to be engaged in intentional circumvention of laws, regulations, and procedures of any Party or international agreements affecting trade in textile or apparel goods; or (b) has failed to demonstrate that it produces, or is capable of producing, textile or apparel goods.

6. While a verification is being conducted, the importing Party may take appropriate action, which may include suspending the application of preferential tariff treatment to: (a) the textile or apparel good for which a claim of origin has been made, in the case of a verification under paragraph 2; or (b) the textile and apparel goods exported or produced by the person subject to a verification under paragraph 3, where the reasonable suspicion of unlawful activity relates to those goods.	6. (a) (i) During a verification conducted under paragraph 2(a), if there is insufficient information to support a claim for preferential tariff treatment, the importing Party may take appropriate action, which may include suspending the application of such treatment to: (A) in the case of a verification conducted under paragraph 2(a)(i), the textile or apparel good for which a claim for preferential tariff treatment has been made; and (B) in the case of a verification conducted under paragraph 2(a)(ii), any textile or apparel good exported or produced by the enterprise subject to that verification for which a claim for preferential tariff treatment has been made. (ii) On completion of a verification conducted under paragraph 2(a), if there is insufficient information to support a claim for preferential tariff treatment, the importing Party may take appropriate action, which may include denying the application of such treatment to any textile or apparel good described in clauses (i)(A) and (B). (iii) During or on completion of a verification conducted under paragraph 2 (a), if the importing Party discovers that an enterprise has provided incorrect information to support a claim for preferential tariff treatment, the importing Party may take appropriate action, which may include denying the application of such treatment to any textile or apparel good described in clauses (i)(A) and (B). (b) (i) During a verification conducted under paragraph 2(a), if there is insufficient information to determine the country of origin, the importing Party may take appropriate action, which may include detention of any textile or apparel good exported or produced by the enterprise subject to the verification, but for no longer than the period permitted

	under its law. (ii) On completion of a verification conducted under paragraph 2(a), if there is insufficient information to determine the country of origin, the importing Party may take appropriate action, which may include denying entry to any textile or apparel good exported or produced by the enterprise subject to the verification. (iii) During or on completion of a verification conducted under paragraph 2 (a), if the importing Party discovers that an enterprise has provided incorrect information as to the country of origin, the importing Party may take appropriate action, which may include denying entry to any textile or apparel good exported or produced by the enterprise subject to the verification. (c) The importing Party may continue to take appropriate action under any provision of this paragraph only until it receives information sufficient to enable it to make the determination in paragraph 2 (a)(i) or (ii), as the case may be, but in any event for no longer than the period permitted under its law. (d) The importing Party may deny preferential tariff treatment or entry under this paragraph only after providing a written determination to the importer of the reason for the denial.

7. The Party conducting a verification under paragraph 2 or 3 shall provide the other Party with a written report on the results of the verification, which shall include all documents and facts supporting any conclusion that the Party reaches.	7. Not later than 45 days after it completes a verification conducted under paragraph 2(a), the exporting Party shall provide the importing Party a written report on the results of the verification. The report shall include all documents and facts supporting any conclusion that the exporting Party reaches. After receiving the report, the importing Party shall notify the exporting Party of any action it will take under paragraph 6(a)(ii) or (iii) or 6(b)(ii) or (iii), based on the information provided in the report.
8. (a) If the importing Party is unable to make the determination described in paragraph 2 within 12 months after its request for a verification, it may take action as permitted under its law with respect to the textile and apparel good subject to the verification, and with respect to similar goods exported or produced by the person that exported or produced the good. (b) If the importing Party is unable to make the determinations described in paragraph 3 within 12 months after its request for a verification, it may take action as permitted under its law with respect to any textile or apparel goods exported or produced by the person subject to the verification. *see paragraph 5 above*	8. On the written request of a Party, two or more Parties shall enter into consultations to resolve any technical or interpretive difficulties that may arise, or to discuss ways to improve customs cooperation, regarding the application of this Article. Unless the consulting Parties otherwise agree, consultations shall begin within 30 days after delivery of the request, and conclude within 90 days after delivery.
9. Prior to commencing appropriate action under paragraph 8, the importing Party shall notify the other Party. The importing Party may continue to take appropriate action under paragraph 8 until it receives information sufficient to enable it to make the determination described in paragraph 2 or 3, as the case may be. 10. Chile shall implement its obligations under paragraphs 2, 3, 6, 7, 8, and 9 no later than two years after the date of entry into force of this Agreement. Before Chile fully implements those provisions, if the importing Party requests a verification, the verification shall be conducted principally by that Party, including through means described in paragraph 4.	9. A Party may request technical or other assistance from any other Party in implementing this Article. The Party receiving such a request shall make every effort to respond favorably and promptly to it.

Nothing in this paragraph shall be construed to waive or limit the importing Party's rights under paragraphs 6 and 8. 11. On the request of either Party, the Parties shall enter into consultations to resolve any technical or interpretive difficulties that may arise under this Article or to discuss ways to improve the effectiveness of their cooperative efforts. In addition, either Party may request technical or other assistance from the other Party in implementing this Article. The Party receiving such a request shall make every effort to respond favorably and promptly to it.	

NO CORRESPONDING ARTICLE	*Article 3.26: Most-Favored-Nation Rates of Duty on Certain Goods*
	For a textile or apparel good provided for in chapters 61 through 63 of the Harmonized System that is not an originating good, the United States shall apply its MFN rate of duty only on the value of the assembled good minus the value of fabrics formed in the United States, components knit-to-shape in the United States, and any other materials of U.S. origin used in the production of such a good, provided that the good is sewn or otherwise assembled in the territory of another Party or Parties with thread wholly formed in the United States, from fabrics wholly formed in the United States and cut in one or more Parties, or from components knit-to-shape in the United States, or both.[7] [7] For purposes of this paragraph, “wholly formed,” when used in reference to fabrics, means that all the production processes and finishing operations, starting with the weaving, knitting, needling, tufting, felting, entangling, or other process, and ending with a fabric ready for cutting or assembly without further processing, took place in the United States. The term “wholly formed,” when used in reference to thread, means that all the production processes, starting with the extrusion of filaments, strips, film, or sheet, and including slitting a film or sheet into strip, or the spinning of all fibers into thread, or both, and ending with thread, took place in the United States.
NO CORRESPONDING ARTICLE	*Article 3.27: Preferential Tariff Treatment for Wool Apparel Goods Assembled in Costa Rica*

	Annex 3.27 sets out provisions applicable to certain apparel goods of Costa Rica.
NO CORRESPONDING ARTICLE	*Article 3.28: Preferential Tariff Treatment for Non-Originating Apparel Goods of Nicaragua*
	Annex 3.28 sets out provisions applicable to certain apparel goods of Nicaragua.
Article 3.22: Definitions	*Article 3.29: Definitions*
For purposes of this Section:	For purposes of this Section:
claim of origin means a claim that a textile or apparel good is an originating good or a good of a Party;	**claim of origin** means a claim that a textile or apparel good is an originating good or a good of a Party;
exporting Party means the Party from whose territory a textile or apparel good is exported;	**exporting Party** means the Party from whose territory a textile or apparel good is exported;
importing Party means the Party into whose territory a textile or apparel good is imported;	**importing Party** means the Party into whose territory a textile or apparel good is imported;
NO CORRESPONDING DEFINITION	**interested entity** means a Party, a potential or actual purchaser of a textile or apparel good, or a potential or actual supplier of a textile or apparel good;
SME means square meter equivalents, as calculated in accordance with the conversion factors set out in the *Correlation: Textile and Apparel Categories with the Harmonized Tariff Schedule of the United States, 2002* (or successor publication), published by the United States Department of Commerce, International Trade Administration, Office of Textiles and Apparel, Trade and Data Division, Washington, D.C.; and	*NO CORRESPONDING DEFINITION*
textile or apparel good means a good listed in the Annex to the Agreement on Textiles and Clothing.	**textile or apparel good** means a good listed in the Annex to the Agreement on Textiles and Clothing, except for those goods listed in Annex 3.29;
NO CORRESPONDING DEFINITION	**textile safeguard measure** means a measure applied under Article 3.23.1; and
NO CORRESPONDING DEFINITION	**transition period** means the five-year period beginning on the date of entry into force of this Agreement.
Section H - Institutional Provisions *Article 3.23: Committee on Trade in Goods*	**Section H: Institutional Provisions** *Article 3.30: Committee on Trade in Goods*

1. The Parties hereby establish a Committee on Trade in Goods, comprising representatives of each Party.	1. The Parties hereby establish a Committee on Trade in Goods, comprising representatives of each Party.
2. The Committee shall meet on the request of either Party or the Commission to consider any matter arising under this Chapter, Chapter Four (Rules of Origin and Origin Procedures), or Chapter Five (Customs Administration).	2. The Committee shall meet on the request of a Party or the Commission to consider any matter arising under this Chapter, Chapter Four (Rules of Origin and Origin Procedures), or Chapter Five (Customs Administration and Trade Facilitation).
3. The Committee's functions shall include: (a) promoting trade in goods between the Parties, including through consultations on accelerating tariff elimination under this Agreement and other issues as appropriate; and (b) 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 Commission for its consideration.	3. The Committee's functions shall include: (a) promoting trade in goods between the Parties, including through consultations on accelerating tariff elimination under this Agreement and other issues as appropriate; (b) 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 Commission for its consideration; and
NO CORRESPONDING PARAGRAPH	(c) providing to the Committee on Trade Capacity Building advice and recommendations on technical assistance needs regarding matters relating to this Chapter, Chapter Four (Rules of Origin and Origin Procedures), or Chapter Five (Customs Administration and Trade Facilitation).
Section I - Definitions *Article 3.24: Definitions*	**Section I: Definitions** *Article 3.31: Definitions*

For purposes of this Chapter: **AD Agreement** means the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*, which is part of the WTO Agreement;	For purposes of this Chapter: **AD Agreement** means the WTO *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*;
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, and provided that they are imported in packets that each contain no more than one copy of each film or recording and that do not form part of a larger consignment;	**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;
Agreement on Textiles and Clothing means the *Agreement on Textiles and Clothing*, which is part of the WTO Agreement;	**Agreement on Textiles and Clothing** means the WTO *Agreement on Textiles and Clothing*;
agricultural goods means those goods referred to in Article 2 of the *Agreement on Agriculture*, which is part of the WTO Agreement;	**agricultural goods** means those goods referred to in Article 2 of the WTO *Agreement on Agriculture;*
articles eligible for duty-free treatment under the U.S. Generalized System of Preferences does not include articles eligible only when imported from least-developed beneficiary developing countries or from beneficiary sub-Saharan African countries under the *African Growth and Opportunity Act*;	*NO CORRESPONDING DEFINITION*
carrier media means any good of heading 8523 or 8524;	*NO CORRESPONDING DEFINITION*

commercial samples of negligible value means commercial samples having a value, individually or in the aggregate as shipped, of not more than one U.S. dollar, or the equivalent amount in Chilean currency, or so marked, torn, perforated, or otherwise treated that they are unsuitable for sale or for use except as commercial samples;	**commercial samples of negligible value** means commercial samples having a value, individually or in the aggregate as shipped, of not more than one U.S. dollar, or the equivalent amount in the currency of another Party, or so marked, torn, perforated, or otherwise treated that they are unsuitable for sale or for 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;	**consular transactions** means requirements that goods of a Party intended for export to the territory of another 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 value, form, or use of the good or in the production of another good;	**consumed** means (a) actually consumed; or (b) further processed or manufactured so as to result in a substantial change in value, form, or use of the good or in the production of another good;
duty-free means free of customs duty;	**duty-free** means free of customs duty;
duty deferral program includes measures such as those governing foreign-trade zones, *regímenes de zonas francas y regímenes aduaneros especiales*, temporary importations under bond, bonded warehouses, and inward processing programs;	*NO CORRESPONDING DEFINITION*
export subsidies shall have the meaning assigned to that term in Article 1(e) of the WTO Agreement on Agriculture, including any amendment of that article;	**export subsidies** shall have the meaning assigned to that term in Article 1(e) of the WTO *Agreement on Agriculture*, including any amendment of that article;
goods intended for display or demonstration includes their component parts, ancillary apparatus, and accessories;	**goods intended for display or demonstration** includes their component parts, ancillary apparatus, and accessories;

goods temporarily 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;	**goods temporarily 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;	**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;
NO CORRESPONDING DEFINITION	**Import Licensing Agreement** means the WTO *Agreement on Import Licensing Procedures*;
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 or services; (c) a person benefitting 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 or services; (d) a person benefitting 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	**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 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.	(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:
NO CORRESPONDING DEFINITION	(f) an imported good be subsequently exported; (g) an imported good be used as a material in the production of another good that is subsequently exported; (h) an imported good be substituted by an identical or similar good used as a material in the production of another good that is subsequently exported; or (i) an imported good be substituted by an identical or similar good that is subsequently exported;
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; 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; and
SCM Agreement means the *Agreement on Subsidies and Countervailing Measures*, which is part of the WTO Agreement	**SCM Agreement** means the WTO *Agreement on Subsidies and Countervailing Measures*.
Annex 3.2 National Treatment and Import and Export Restrictions Section A - Measures of the United States	Annex 3.2 National Treatment and Import and Export Restrictions Section G: Measures of the United States

Article 3.2 and Article 3.11 shall not apply to: (a) controls by the United States on the export of logs of all species; (b) (i) measures under existing provisions of the *Merchant Marine Act of 1920*, 46 App. U.S.C. § 883; the *Passenger Vessel Act*, 46 App. U.S.C. §§ 289, 292 and 316; and 46 U.S.C. § 12108, to the extent that such measures were mandatory legislation at the time of the United States accession to the General Agreement on Tariffs and Trade 1947 and have not been amended so as to decrease their conformity with Part II of GATT 1947; (ii) the continuation or prompt renewal of a non-conforming provision of any statute referred to in clause (i); and (iii) the amendment to a non-conforming provision of any statute referred to in clause (i) to the extent that the amendment does not decrease the conformity of the provision with Articles 3.2 and 3.11; (c) actions by the United States	Articles 3.2 and 3.8 shall not apply to: (a) controls on the export of logs of all species; (b) (i) measures under existing provisions of the *Merchant Marine Act of 1920*, 46 App. U.S.C. § 883; the *Passenger Vessel Act*, 46 App. U.S.C. §§ 289, 292, and 316; and 46 U.S.C. § 12108, to the extent that such measures were mandatory legislation at the time of the accession of the United States to the General Agreement on Tariffs and Trade 1947 (GATT 1947) and have not been amended so as to decrease their conformity with Part II of the GATT 1947; (ii) the continuation or prompt renewal of a non-conforming provision of any statute referred to in clause (i); and (iii) the amendment to a non-conforming provision of any statute referred to in clause (i) to the extent that the amendment does not decrease the conformity of the provision with Articles 3.2 and 3.8;

authorized by the Dispute Settlement Body of the WTO; and (d) actions by the United States authorized by the Agreement on Textiles and Clothing.	(c) actions authorized by the Dispute Settlement Body of the WTO; and (d) actions authorized by the Agreement on Textiles and Clothing.

Section B - Measures of Chile	**Section A: Measures of Costa Rica**
1. Article 3.2 and Article 3.11 shall not apply to actions by Chile authorized by the Dispute Settlement Body of the WTO. 2. Article 3.11 shall not apply to measures of Chile relating to imports of used vehicles.	Articles 3.2 and 3.8 shall not apply to: (a) controls on the import of crude oil, its fuel, derivatives, asphalt, and gasoline pursuant to Law No. 7356 of September 6, 1993; (b) controls on the export of wood in logs and boards from forests pursuant to Law No. 7575 of April 16, 1996; (c) controls on the export of hydrocarbons pursuant to Law No. 7399 of May 3, 1994; (d) controls on the export of coffee pursuant to Law No. 2762 of June 21, 1961; (e) controls on the import and export of ethanol and crude rums pursuant to Law No. 8 of October 31, 1885; (f) controls to establish a minimum export price for bananas, pursuant to Law No. 7472 of January 19, 1995; and (g) actions authorized by the Dispute Settlement Body of the WTO.
	Section B: Measures of the Dominican Republic

NO CORRESPONDING SECTION	Articles 3.2 and 3.8 shall not apply to: (a) controls on the importation of motor vehicles and motorcycles older than five years, and vehicles greater or equal to five tons older than 15 years, pursuant to Law No. 147 of December 27, 2000, and Law No. 12-01 of January 17, 2001;[8] [8] The controls identified in this subparagraph do not apply to remanufactured goods. (b) controls on the importation of used household appliances, pursuant to Law No. 147 of December 27, 2000;[9] [9] The controls identified in this subparagraph do not apply to remanufactured goods. (c) controls on the importation of used clothes, pursuant to Law No. 458 of January 3, 1973; (d) controls on the importation of motor vehicles not suitable for operation, pursuant to Decree No. 671-02 of August 27, 2002;[10] and [10] The controls identified in this subparagraph do not apply to remanufactured goods. (e) actions by the Dominican Republic authorized by the Dispute Settlement Body of the WTO.
	Section C: Measures of El Salvador

NO CORRESPONDING SECTION	Articles 3.2 and 3.8 shall not apply to: (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 amendment pursuant to Decree No. 1035 of November 13, 2002; (b) controls on the importation of motor vehicles older than eight years, and on buses and trucks older than 15 years, pursuant to Article 1 of Decree No. 357 of April 6, 2001;[11] [11] The controls identified in this subparagraph do not apply to remanufactured goods. (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 Guatemala
NO CORRESPONDING SECTION	Articles 3.2 and 3.8 shall not apply to: (a) controls on the exportation of timber in round logs or worked logs and sawn timber measuring more than 11centimeters in thickness, pursuant to the *Ley de Bosques*, Legislative Decree No. 101-96 of October 31, 1996; (b) controls on the exportation of coffee pursuant to the *Ley del Café*, Legislative Decree No. 19-69 of April 22, 1969; (c) controls on the importation of weapons pursuant to the *Ley de Armas y Municiones*, Legislative Decree No. 39-89 of June 29, 1989; and

	(d) actions authorized by the Dispute Settlement Body of the WTO.
	Section E: Measures of Honduras
NO CORRESPONDING SECTION	Articles 3.2 and 3.8 shall not apply to: (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;[12] and [12] The controls identified in this subparagraph do not apply to remanufactured goods. (d) actions authorized by the Dispute Settlement Body of the WTO.
	Section F: Measures of Nicaragua
NO CORRESPONDING SECTION	1. Articles 3.2 and 3.8 shall not apply to: (a) controls on the exportation of basic foodstuffs provided that these controls are used to temporarily alleviate a critical shortage of that particular food item. For the purposes of this subparagraph, “temporarily” means up to one year, or such longer period as the United States and Nicaragua may agree; (b) controls on the importation of

motor vehicles older than seven years pursuant to Article 112 of Decree No. 453 of May 6, 2003;[13] and

[13] The controls identified in this subparagraph do not apply to remanufactured goods.

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

2. For purposes of paragraph 1, “basic foodstuffs” include the following:

Beans
Brown sugar
Chicken meat
Coffee
Corn
Corn flour
Corn tortillas
Powdered milk
Rice
Salt
Vegetable oil

3. Notwithstanding Articles 3.2 and 3.8, for the first ten years after the date of entry into force of this Agreement, Nicaragua may maintain its existing prohibitions or restrictions on the importation of the used goods set out below:

Tariff Classification	Description
Subheading 4012.10	Used retreaded tires[14]
Subheading 4012.20	Used pneumatic tires[15]
Heading 63.09	Used clothing

	Heading 63.10	Rags, scrap twine, cordage, rope, and cable, and worn out or unusable articles of twine, cordage, rope, or cables, of textile materials

[14] The controls identified in this subparagraph do not apply to remanufactured goods.

[15] The controls identified in this subparagraph do not apply to remanufactured goods.

(Note: Descriptions are provided for reference purposes only. To the extent of a conflict between the tariff classification and the description, the tariff classification governs.)

Annex 3.3 ***Tariff Elimination***	***Annex 3.3*** ***Tariff Elimination***
1. Except as otherwise provided in a Party's Schedule attached to this Annex, the following staging categories apply to the elimination of customs duties by each Party pursuant to Article 3.3(2): (a) duties on 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 this Agreement enters into force;	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 3.3.2: (a) duties on 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: (i) for textile or apparel goods: (A) as of January 1, 2004, with respect to those goods to which Article 3.20.1 applies; or (B) with respect to any other such goods, on the date this Agreement enters into force; and

	(ii) for all other goods, on the date this Agreement enters into force;
(b) duties on goods provided for in the items in staging category B in a Party's Schedule shall be removed in four equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year four;	(b) duties on goods provided for in the items in staging category B in a Party's Schedule shall be removed in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year five;
(c) duties on goods provided for in the items in staging category C in a Party's Schedule shall be removed in eight equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year eight;	(c) duties on goods provided for in the items in staging category C in a Party's Schedule shall be removed in ten equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year ten;
(d) duties on goods provided for in the items in staging category D in a Party's Schedule shall be removed in ten equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year ten;	(d) duties on goods provided for in the items in staging category D in a Party's Schedule shall be removed in 15 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 15;
(e) duties on goods provided for in the items in staging category E in a Party's schedule shall be removed in twelve equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year twelve;	(e) duties on goods provided for in the items in staging category E in a Party's Schedule shall remain at base rates for years one through six. Duties on these goods shall be reduced by 8.25 percent of the base rate on January 1 of year seven, and by an additional 8.25 percent of the base rate each year thereafter through year ten. Beginning on January 1 of year 11, duties shall be reduced by an additional 13.4 percent of the base rate annually through year 15, and such goods shall be duty-free effective January 1 of year 15;
(f) goods provided for in the items in staging category F in a Party's schedule shall continue to receive duty-free treatment;	(f) duties on goods provided for in the items in staging category F in a Party's Schedule shall remain at base rates for years one through ten. Beginning January 1 of year 11, duties shall be reduced in ten equal annual stages, and such goods shall be duty-free effective January 1 of year 20;

(g) duties on goods provided for in the items in staging category G shall remain at base rates during years one through four. Duties on these goods shall be reduced by 8.3 percent of the base rate on January 1 of year five, and by an additional 8.3 percent of the base rate each year thereafter though year eight. Beginning January 1 of year nine, duties on these goods shall be reduced by an additional 16.7 percent of the base rate annually through year twelve and shall be duty-free effective January 1 of year twelve; and	(g) goods provided for in the items in staging category G in a Party's Schedule shall continue to receive duty-free treatment; and
(h) duties on goods provided for in the items in staging category H shall remain at base rates during years one and two. Beginning January 1 of year three, duties on these goods shall be removed in eight equal annual stages, and such goods shall be duty-free effective January 1 of year ten.	(h) goods provided for in the items in staging category H in a Party's Schedule shall continue to receive most-favored-nation treatment.
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 attached to this Annex.	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. For the purpose of the elimination of customs duties in accordance with Article 3.3, interim staged rates shall be rounded down, at least to the nearest tenth of a percentage point or, if the rate of duty is expressed in monetary units, at least to the nearest 0.001 of the official monetary unit of the Party.	3. For the purpose of the elimination of customs duties in accordance with Article 3.3, interim staged rates shall be rounded down, at least to the nearest tenth of a percentage point or, if the rate of duty is expressed in monetary units, at least to the nearest 0.001 of the official monetary unit of the Party.
NO CORRESPONDING PARAGRAPH	4. If this Agreement enters into force for a Central American Party or the Dominican Republic as provided in Article 22.5.2 (Entry into Force), the Party shall apply the rates of duty set out in its Schedule as if the Agreement had entered into force for that Party on the date the Agreement entered into force as provided in Article 22.5.1 (Entry into Force). 5. For purposes of this Annex and a Party's schedule, **year one** means the year the Agreement enters into force as provided in Article 22.5.1 (Entry into Force). 6. Notwithstanding paragraph 5, for purposes of the tariff treatment of textile or apparel goods to

	which Article 3.20.1 applies, **year one** shall be the year beginning January 1, 2004. Any Party that provides written notice under Article 3.20.2 shall apply the rates of duty set out in its Schedule for textile or apparel goods as if the Agreement had entered into force for that Party on January 1, 2004. 7. For 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.
	Annex 3.3.4 *Implementation of Modifications Approved by the Parties to Accelerate the Elimination of Customs Duties*
NO CORRESPONDING ANNEX	In the case of Costa Rica, agreements of the Parties under Article 3.3.4 will be equivalent to the instrument referred to in Article 121.4, third paragraph (*protocolo de menor rango*) of the *Constitución Política de la República de Costa Rica*.
	Annex 3.3.6 16 16 For greater certainty, an importer may elect to make a claim for preferential tariff treatment either under this Annex or under a Party's Schedule to Annex 3.3, provided that the good meets the applicable rules of origin.
NO CORRESPONDING ANNEX	1. Except as otherwise provided in this Annex: (a) each Central American Party shall provide duty-free treatment to any good imported directly from the territory of the Dominican Republic that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures); and (b) the Dominican Republic shall provide duty-free treatment to any good imported directly from the territory of a Central American Party that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures).

2. Notwithstanding paragraph 1:

(a) each Central American Party may assess a duty of up to 15 percent *ad valorem* on any good classified under tariff items 1507.90.00, 1508.90.00, 1509.90.00, 1510.00.00, 1511.90.90 (except palm stearin), 1512.19.00, 1512.29.00, 1513.19.00, 1513.29.00, 1514.19.00, 1514.99.00, 1515.19.00, 1515.29.00, 1515.30.00, 1515.40.00, 1515.50.00, 1515.90.10, 1515.90.20, 1515.90.90, 1516.10.00, 1516.20.10, 1516.20.90, 1517.10.00, 1517.90.10, 1517.90.20, 1517.90.90, or 1518.00.00 that is imported directly from the territory of the Dominican Republic and that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures); and

(b) the Dominican Republic may assess a duty of up to 15 percent *ad valorem* on any good classified under tariff items 1507.90.00, 1508.90.00, 1509.90.00, 1510.00.00, 1511.90.00 (except palm stearin), 1512.19.00, 1512.29.00, 1513.19.00, 1513.29.10, 1513.29.20, 1514.91.00, 1514.99.00, 1515.19.00, 1515.29.00, 1515.30.00, 1515.40.00, 1515.50.00, 1515.90.90, 1516.10.00, 1516.20.00, 1517.10.00, 1517.90.00, 1518.00.10, or 1518.00.90 that is imported directly from the territory of a Central American Party and that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures).

3. Notwithstanding paragraph 1, for any good classified under heading 2710, except mineral solvents, 2712, 2713, except subheading 2713.20, or 2715 that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures):

(a) each Central American Party shall eliminate duties on any such good imported directly from the territory of the Dominican Republic as follows: Duties on such goods shall remain at base rates for years one through five. Beginning on January 1 of year six, duties shall be reduced by eight percent of the base rate annually through year ten. Beginning on January 1 of year 11, duties shall be reduced by an additional 12 percent of the base rate annually through year 14, and such goods shall be duty-free effective January 1 of year 15; and

(b) the Dominican Republic shall eliminate duties on any such good imported directly from the territory of a Central American Party as follows: Duties on such goods shall remain at base rates for years one through five. Beginning on January 1 of year six, duties shall be reduced by eight percent of the base rate annually through year ten. Beginning on January 1 of year 11, duties shall be reduced by an additional 12 percent of the base rate annually through year 14, and such goods shall be duty-free effective January 1 of year 15.

4. Paragraph 1 shall not apply to any good listed in Appendix 3.3.6.4 that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures).[17]

[17] Notwithstanding paragraph 4, a good classified under heading 2208, except tariff item 2208.90.10, that meets the rules of origin for the good set out in Chapter Four (Rules of Origin and Origin Procedures) that is imported directly from the territory of El Salvador into the territory of the Dominican Republic or from the territory of the Dominican Republic into the territory of El Salvador shall not be subject to duties.

5. An importing Party may deny the preferential tariff treatment provided for in paragraphs 1 through 3 of this Annex if the good is produced in a duty-free zone or under another special tax or customs regime in the territory of a Central American Party or the Dominican Republic, as the case may be, provided however that the importing Party shall provide to any such good tariff treatment that is no less favorable than the tariff treatment it applies to the good when produced in its own duty-free zones or other special tax or customs regimes and entered into its territory.

6. The Central American Parties and the Dominican Republic may agree to modify the rules of origin set out in Appendix 3.3.6 (Special Rules of Origin), provided that they notify the United States and provide an opportunity for consultations regarding the proposed modifications at least 60 days before concluding any such agreement.

7. For purposes of this Annex:

(a) any reference in Chapter Four (Rules of Origin and Origin Procedures) to:

(i) a “Party” shall be understood to mean a Central American Party or the Dominican Republic; and

(ii) “Annex 4.1” shall be understood to mean Appendix 3.3.6;

(b) each Central American Party

shall provide that a good shall not be considered to be imported directly from the territory of the Dominican Republic if the good:

(i) undergoes subsequent production or any other operation outside the territory of the Dominican Republic, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to its territory; or

(ii) does not remain under the control of customs authorities in the territory of the United States or a non-Party; and

(c) The Dominican Republic shall provide that a good shall not be considered to be imported directly from the territory of a Central American Party if the good:

(i) undergoes subsequent production or any other operation outside the territory of the Central American Party, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to its territory; or

	(ii) does not remain under the control of customs authorities in the territory of the United States or a non-Party.
NO CORRESPONDING APPENDIX	*Appendix 3.3.6* *Special Rules of Origin*
	Special Rules of Origin
	Appendix 3.3.6.4 Exceptions from Preferential Tariff Treatment

HS No.	Description
0207.11	Chicken
0207.12	Chicken
0207.13	Chicken
0207.14	Chicken
0402.10	Milk powder
0402.21	Milk powder
0402.29	Milk powder
0703.10	Onions
0703.20	Garlic
0713.31	Beans
0713.32	Beans
0713.33	Beans
0901.11	Coffee
0901.12	Coffee
0901.21	Coffee
0901.22	Coffee
1006.10	Rice
1006.20	Rice
1006.30	Rice
1006.40	Rice
1101.00	Wheat flour
1701.11	Sugar
1701.91	Sugar
1701.99	Sugar
2203	Beer
2207	Alcohol
2208	Alcohol
2401.20	Tobacco
2402.20	Tobacco (only goods containing *rubio*)
2403.10	Tobacco

Note: The descriptions provided in this Appendix are for reference purposes only.

Annex 3.14: Luxury Tax	*NO CORRESPONDING ANNEX*
1. Chile shall eliminate the Luxury Tax established in Article 46 of *Decreto Ley 825 of 1974 according to the following schedule:* *Year* / *Tax Rate* *1* / *63.75%* *2* / *42.50%* *3* / *21.25%* 4 / *4 0.00%* 2. Upon the date of entry into force of this Agreement, Chile shall increase the threshold at which the tax is applied to US$2,500 above the level provided for that year under Article 46 of Decreto Ley 825, and increase the threshold each subsequent year by an additional US$2,500 until the tax is eliminated.	
NO CORRESPONDING ANNEX	*Annex 3.11: Export Taxes*
	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 amendment (Law No. 5538 of June 18, 1974), and Law No. 4895 of November 16, 1971 and its amendments (Law No. 7147 of April 30, 1990 and Law No. 7277 of December 17, 1991); (b) coffee, pursuant to Law No. 2762 of June 21, 1961 and its amendment (Law No. 7551 of September 22, 1995); and (c) meat, pursuant to Law No. 6247 of May 2, 1978 and Law No. 7837 of October 5, 1998.

NO CORRESPONDING ANNEX	Annex 3.22 *Elimination of Existing Quantitative Restrictions*
	1. For Costa Rica: Category 340/640: Cotton and man-made fiber shirts, for men and boys Category 342/642: Cotton and man-made fiber skirts Category 347/348: Cotton trousers, breeches, and shorts Category 443: Wool suits, for men and boys Category 447: Wool trousers, for men and boys 2. For the Dominican Republic: Category 338/638: Knit fabric, cotton, and man-made fiber shirts, for men and boys Category 339/639: Knit fabric, cotton, and man-made fiber shirts, for women and girls Category 340/640: Cotton and man-made fiber shirts, for men and boys Category 342/642: Cotton and man-made fiber skirts Category 347/348: Cotton trousers, breeches, and shorts Category 351/651: Cotton and man-made fiber nightwear Category 433: Wool suits, for men and boys Category 442: Wool skirts Category 443: Wool suits, for men and boys Category 444: Wool suits, for women and girls Category 448: Wool trousers, for women and girls Category 633: Man-made fiber suits, for men and boys Category 647/648: Man-made fiber trousers, breeches, and shorts 3. For El Salvador: Category 340/640: Cotton and man-made fiber shirts, for men and boys 4. For Guatemala: Category 340/640: Cotton and man-made fiber shirts, for men and boys Category 347/348: Cotton trousers, breeches, and shorts Category 351/651: Cotton and man-made fiber nightwear Category 443: Wool suits, for men and boys

	Category 448: Wool trousers, for women and girls
NO CORRESPONDING ANNEX	*Annex 3.25:* *Short Supply List*
	Short Supply List
	Note: This list shall remain in effect until the United States publishes a replacement list that makes changes to the list pursuant to Article 3.25.4 or 3.25.5. Any replacement list shall supersede this list and any prior replacement list, and the United States shall publish the replacement list at the same time that the United States makes a determination pursuant to Article 3.25.4, and six months after the United States makes a determination pursuant to Article 3.25.5. The United States shall transmit a copy of any replacement list to the other Parties at the time it publishes the list.
	Annex 3.27 *Preferential Tariff Treatment for Wool Apparel Goods Assembled in Costa Rica*
	1. Subject to paragraph 4, the United States shall apply a rate of duty that is 50 percent of the MFN rate of duty to men's, boys', women's, and girls' tailored wool apparel goods in textile categories 433, 435 (suit-type jackets only), 442, 443, 444, 447, and 448, all within headings 6203 and 6204, if they meet all applicable conditions for preferential tariff treatment,[23] and are both cut and sewn or otherwise assembled in the territory of Costa Rica, regardless of the origin of the fabric used to make the goods. [23] For greater certainty, the applicable conditions for preferential tariff treatment include Chapter Rules 1, 3, and 4 for Chapter 62 of the specific rules of origin in Annex 4.1 (Specific Rules of Origin). 2. For purposes of determining the quantity of square meter equivalents (SME) charged against the limits set out in paragraph 4, the conversion factors listed in *Correlation: U.S. Textile and Apparel Category System with the Harmonized Tariff Schedule of the United States of America 2003*, U.S. Department of Commerce, Office of Textiles and Apparel, or successor publication, and

	reproduced in paragraph 3, shall apply. 3. The treatment described in paragraph 1 shall apply to the following goods:[24] Preferential Tariff Treatment for Wool Apparel Goods Assembled in Costa Rica [25] [24] For purposes of this paragraph: **DZ** means dozen; **M&B** means men's and boys'; **NO** means number; **SMEF** means SME factor; and **W&G** means women's and girls'. [25] For category 435, preferential tariff treatment is available only for suit-type jackets classified in subheading 6204.31 and tariff items 6204.33.aa, 6204.39.aa, and 6204.39.dd 4. The treatment described in paragraph 1 shall be limited to goods imported into the territory of the United States up to a quantity of 500,000 SME in each of the first two years after the date of entry into force of this Agreement. 5. Costa Rica and the United States shall consult 18 months after the date of entry into force of this Agreement regarding the operation of this Annex and the availability of wool fabric in the region.
	Annex 3.28 *Preferential Tariff Treatment for Non-Originating Apparel Goods of Nicaragua*

1. Subject to paragraph 4, the United States shall apply the applicable rate of duty set out in its Schedule to Annex 3.3 to the cotton and man-made fiber apparel goods listed in paragraph 3 and provided for in chapters 61 and 62 of the Harmonized System, if they meet the applicable conditions for preferential tariff treatment other than the condition that they be originating goods, and are both cut or knit to shape, and sewn or otherwise assembled, in the territory of Nicaragua.

2. For purposes of determining the quantity of square meter equivalents (SME) that is charged against the annual quantity, the conversion factors listed in *Correlation: U.S. Textile and Apparel Category System with the Harmonized Tariff Schedule of the United States of America 2003*, U. S. Department of Commerce, Office of Textiles and Apparel, or successor publication, and reproduced in paragraph 3, shall apply.

3. The treatment described in paragraph 1 shall apply to the following goods:[26]

Preferential Tariff Treatment
for Wool Apparel Goods Assembled in Costa Rica

[26] For purposes of this paragraph:

DZ means dozen;
KG means kilogram;
DPR means dozen pairs;
M&B means men's and boys';
MMF means man-made fiber;
NO means number;
SMEF means SME factor; and
W&G means women's and girls'

4. The treatment described in paragraph 1 shall be limited as follows:

(a) in each of the first five years after the date of entry into force of this Agreement, to goods imported into the territory of the United States up

	to a quantity of 100,000,000 SME; (b) in the sixth year, to goods imported into the territory of the United States up to a quantity of 80,000,000 SME; (c) in the seventh year, to goods imported into the territory of the United States up to a quantity of 60,000,000 SME; (d) in the eighth year, to goods imported into the territory of the United States up to a quantity of 40,000,000 SME; and (e) in the ninth year, to goods imported into the territory of the United States up to a quantity of 20,000,000 SME. Beginning the tenth year after the date of entry into force of this Agreement, this Annex shall cease to apply.
NO CORRESPONDING ANNEX	*Annex 3.29* *Textile or Apparel Goods Not Covered by Section G* *Textile or Apparel Goods Not Covered by Section G* **Note:** Whether or not a textile or apparel good is covered by this Section shall be determined in accordance with the Harmonized System. The descriptions provided in this Annex are for reference purposes only.