

GENERAL NOTES
TARIFF SCHEDULE OF THE REPUBLIC OF EL SALVADOR

1. The provisions of this schedule are generally expressed in terms of the *Arancel Centroamericano de Importación*, which includes the *Sistema Arancelario Centroamericano* (“SAC”), and the interpretation of the provisions of this schedule, including the product coverage of subheadings of this schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the *Arancel Centroamericano de Importación*. To the extent that provisions of this schedule are identical to the corresponding provisions of the *Arancel Centroamericano de Importación*, the provisions of this schedule shall have the same meaning as the corresponding provisions of the *Arancel Centroamericano de Importación*.
2. The base rates of duty set out in this schedule reflect the *Arancel Centroamericano de Importación* MFN rates of duty in effect September 1, 2003.
3. In addition to the staging categories listed in Annex 3.3, paragraph 1, this schedule contains staging categories **M, N, O, P** and **Q**.
 - (a) Duties on originating goods provided for in the items in staging category M shall be removed in ten stages. On the date this Agreement enters into force, duties shall be reduced by two percent of the base rate, and by an additional two percent on January 1 of year two. On January 1 of year three, duties shall be reduced by an additional eight percent of the base rate, and by an additional eight percent of the base rate each year thereafter through year six. On January 1 of year seven duties shall be reduced by an additional 16 percent of the base rate, and by an additional 16 percent of the base rate each year thereafter through year nine, and such goods shall be duty-free effective January 1 of year ten.
 - (b) Duties on originating goods provided for in the items in staging category N shall be removed in 12 equal annual stages beginning on January 1 of year one, and such goods shall be duty-free, effective January 1 of year 12.
 - (c) Duties on originating goods provided for in the items in staging category O shall remain at base rates for years one through six. On January 1 of year seven, duties shall be reduced by eight percent of the base rate, and by an additional eight percent of the base rate each year thereafter through year 11. On January 1 of year 12, duties shall be reduced by an additional 15 percent of the base rate, and by an additional 15 percent of the base rate each year thereafter through year 14, and such goods shall be duty-free effective January 1 of year 15.
 - (d) Duties on originating goods provided for in the items in staging category P shall remain at base rates for years one through ten. On January 1 of year 11, duties shall be reduced by 8.25 percent of the base rate, and by an additional 8.25 percent of the base rate each year thereafter through year 14. On January 1 of year 15, duties shall be reduced by an

additional 16.75 percent of the base rate, and by an additional 16.75 percent of the base rate through year 17, and such goods shall be duty-free effective January 1 of year 18.

- (e) Duties on originating goods provided for in items in staging category Q shall be reduced to 15 percent on January 1 of year one. On January 1 of year four, duties shall be reduced by 6.6 of 15 percent, and by an additional 6.6 percent of 15 percent each year thereafter through year eight. On January 1 of year nine, duties shall be reduced by an additional 9.6 percent of 15 percent each year thereafter through year 14, and such goods shall be duty-free effective January 1 of year 15.

4. During the transition period, only a qualifying good is eligible for the in-quota tariff rate for each such good specified in Appendix I; originating goods that are not qualifying goods shall be subject to the over-quota tariff rate for the good specified in Appendix I. For purposes of this paragraph, “qualifying good” means a good that satisfies the requirements of Chapter Four (Rules of Origin and Origin Procedures), except that operations performed in or material obtained from a Central American Party shall be considered as if the operations were performed in a non-Party and the material was obtained from a non-Party.

5. Originating goods imported into El Salvador shall not be subject to any duties applied pursuant to Article 5 of the WTO Agreement on Agriculture.

6. With respect to goods provided for in the heading 1701 and subheadings 0901.11, 0901.12, 0901.21, and 0901.22, the tariff commitments set out in the attached Schedule shall apply only to a United States originating good. For purposes of this paragraph, a “United States originating good” means a good that satisfies the requirements of Chapter Four (Rules of Origin and Origin Procedures), except that operations performed in or material obtained from a Central American Party shall be considered as if the operations were performed in a non-Party and the material was obtained from a non-Party. In the event that El Salvador provides preferential tariff treatment to a good covered by this paragraph to one or more Central American Parties under the legal instruments of Central American integration, this paragraph shall no longer apply to such good.

Appendix I

Tariff-Rate Quotas

Notes

1. This Appendix contains temporary modifications of the provisions of the *Arancel Centroamericano de Importación* (“ACI”) pursuant to this Agreement. Subject to note 4 of the General Notes of El Salvador, originating goods included in the provisions of this Appendix are subject to the rates of duty set out in this Appendix in lieu of the rates of duty set out in Chapters 1 through 97 of the ACI. Notwithstanding any tariff-rate quota provisions provided for elsewhere in the ACI, originating goods shall be permitted entry into El Salvador according to the provisions of this Appendix. Furthermore, any quantity of goods provided for the United States under a tariff-rate quota provided in this Appendix shall not be counted toward any tariff-rate quota provided for such goods elsewhere in the ACI.

2. Except as otherwise provided in this Appendix, El Salvador’s *Ministerio de Economía* shall allocate the in-quota quantities of each qualifying good to persons based on the proportion of the total quantity of imports of the good that each person imported during a previous representative period, while also allowing access for new entrants. The *Ministerio de Economía* shall establish, on entry into force of this Agreement, a mechanism for reallocating unused in-quota quantities to interested persons.

3. El Salvador may maintain and administer performance requirements existing on the date of entry into force of this Agreement for the goods specified in this Appendix provided that:

- (a) the performance requirements are maintained at a level not to exceed the fixed percentage of the total in-quota quantity specified for the good;
- (b) the performance requirements are administered so as not to impair the orderly fill of the in-quota quantity;
- (c) the performance requirements are eliminated when the over-quota duty reaches zero; and
- (d) the share of the in-quota quantity not subject to the performance requirements shall be opened and operated simultaneously with the share of in-quota quantity subject to the performance requirements.

Beef

4. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u> (5% simple growth)	<u>Quantity</u> (Metric tons)
1	105
2	110
3	115
4	120
5	125
6	130
7	135
8	140
9	145
10	150
11	155
12	160
13	165
14	170
15	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category Q in paragraph 3(e) of the General Notes of El Salvador to Annex 3.3.
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 02012000, 02013000, 02022000, and 02023000, except for prime and choice beef, for which duties shall be removed in accordance with the provisions of staging category A in Annex 3.3, paragraph 1(a). **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.

Pork

- 5. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u> (10% simple growth)	<u>Quantity</u> (Metric tons)
1	1,650

2	1,800
3	1,950
4	2,100
5	2,250
6	2,400
7	2,550
8	2,700
9	2,850
10	3,000
11	3,150
12	3,300
13	3,450
14	3,600
15	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category O in paragraph 3(c) of the General Notes of El Salvador to Annex 3.3.
- (c) Subparagraphs (a), (b), (d) and (e) apply to the following SAC provisions: 02031100, 02031200, 02031900, 02032100, 02032200, and 02032900.
- (d) El Salvador shall allocate the in-quota quantities pursuant to paragraph 2, except for in-quota quantities that are subject to performance requirements, which shall be allocated to persons that satisfy those requirements. El Salvador and the United States may consult on the possibility of applying for an Export Trade Certificate. If an Export Trade Certificate (“ETC”) is approved pursuant to the Export Trading Company Act of 1982, 15 U.S.C. Sec. 4011-4021 (2000), and if El Salvador and the United States agree that the in-quota quantities should be allocated pursuant to that ETC, El Salvador shall adopt or maintain appropriate procedures to allocate the in-quota quantities under subparagraph (a) pursuant to the terms of the ETC. There shall be no separate import licensing requirement for quantities allocated pursuant to the ETC.
- (e) El Salvador may maintain performance requirements as set out in paragraph 3 of this Appendix on the in-quota quantities specified below:

Years	Amount Subject to Performance Requirements	Amount Not Subject to Performance Requirements
	(Metric tons)	(Metric tons)
1	750	900
2	750	1,050
3	750	1,200
4	750	1,350

5	750	1,500
6	750	1,650
7	750	1,800
8	750	1,950
9	750	2,100
10	750	2,250
11	750	2,400
12	750	2,550
13	750	2,700
14	750	2,850

El Salvador shall cease to maintain performance requirements on the goods listed in subparagraph (c) by year 15.

Liquid Dairy

6. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u>
(5% compounded growth)	(Metric tons)
1	10
2	11
3	11
4	12
5	12
6	13
7	13
8	14
9	15
10	16
11	16
12	17
13	18
14	19
15	20
16	21
17	22
18	23
19	24
20	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 04011000, 04012000, and 04013000.

Milk Powder

- 7. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u> (5% compounded growth)	<u>Quantity</u> (Metric tons)
1	300
2	315
3	331
4	347
5	365
6	383
7	402
8	422
9	443
10	465
11	489
12	513
13	539
14	566
15	594
16	624
17	655
18	688
19	722
20	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).

- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 04021000, 04022111, 04022112, 04022121, 04022122 and 04022900.

Buttermilk, Curdled Cream and Yogurt

8. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u> (5% compounded growth)	<u>Quantity</u> (Metric tons)
1	10
2	11
3	11
4	12
5	12
6	13
7	13
8	14
9	15
10	16
11	16
12	17
13	18
14	19
15	20
16	21
17	22
18	23
19	24
20	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 04031000, 04039010 and 04039090.

Butter

9. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u> (5% compounded growth)	<u>Quantity</u> (Metric tons)
1	100
2	105
3	110
4	116
5	122
6	128
7	134
8	141
9	148
10	155
11	163
12	171
13	180
14	189
15	198
16	208
17	218
18	229
19	241
20	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 04051000, 04052000, and 04059090.

Cheese

10. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u> (5% compounded growth)	<u>Quantity</u> (Metric tons)
1	410
2	431
3	452
4	475
5	498
6	523
7	549
8	577
9	606
10	636
11	668
12	701
13	736
14	773
15	812
16	852
17	895
18	940
19	987
20	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).
- (c) Subparagraphs (a) and (b) apply to the following SAC provisions: 04061000, 04062090, 04063000, 04069010, 04069020 and 04069090.

Ice Cream

- 11. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u> (5% compounded growth)	<u>Quantity</u> (Metric tons)
1	120
2	126

3	132
4	139
5	146
6	153
7	161
8	169
9	177
10	186
11	195
12	205
13	216
14	226
15	238
16	249
17	262
18	275
19	289
20	unlimited

(b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).

(c) Subparagraphs (a) and (b) apply to the following SAC provision: 21050000.

Other Dairy Products

12. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u>
(5% compounded growth)	(Metric tons)
1	120
2	126
3	132
4	139
5	146
6	153
7	161
8	169
9	177

10	186
11	195
12	205
13	216
14	226
15	238
16	249
17	262
18	275
19	289
20	unlimited

(b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category F in Annex 3.3, paragraph 1(f).

(c) Subparagraphs (a) and (b) apply to the following SAC provision: 21069020.

Yellow Corn

13. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u>
(5 % simple growth)	(Metric tons)
1	367,500
2	385,000
3	402,500
4	420,000
5	437,500
6	455,000
7	472,500
8	490,000
9	507,500
10	525,000
11	542,500
12	560,000
13	577,500
14	595,000
15	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category O in paragraph 3(c) of the General Notes of El Salvador to Annex 3.3.
- (c) Subparagraphs (a) and (b) apply to the following SAC provision: 10059020.
- (d) El Salvador may maintain performance requirements as set out in paragraph 3 of this Appendix on the in-quota quantities specified below:

<u>Years</u>	<u>Amount Subject to Performance Requirements</u> (Metric tons)	<u>Amount Not Subject to Performance Requirements</u> (Metric tons)
1	100,000	267,500
2	100,000	285,000
3	100,000	302,500
4	100,000	320,000
5	100,000	337,500
6	100,000	355,000
7	100,000	372,500
8	100,000	390,000
9	100,000	407,500
10	100,000	425,000
11	100,000	442,500
12	100,000	460,000
13	100,000	477,500
14	100,000	495,000

El Salvador shall allocate the in-quota quantities pursuant to paragraph 2, except for in-quota quantities that are subject to performance requirements, which shall be allocated to persons that satisfy those requirements.

El Salvador shall cease to maintain performance requirements on the goods listed in subparagraph (c) by year 15.

White Corn

- 14. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u> (2 % simple growth)	<u>Quantity</u> (Metric tons)
1	35,700
2	36,400
3	37,100
4	37,800
5	38,500
6	39,200
7	39,900
8	40,600
9	41,300
10	42,000
11	42,700
12	43,400
13	44,100
14	44,800
15	45,500

After year 15, the in-quota quantity grows at 700 MT per year.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category H in Annex 3.3, paragraph 1(h).
- (c) Subparagraphs (a) and (b) apply to the following SAC provision: 10059030.
- (d) El Salvador may maintain performance requirements as set out in paragraph 3 of this Appendix on the in-quota quantities specified below:

<u>Years</u>	<u>Amount with</u> <u>Performance Requirements</u> (Metric tons)	<u>Amount without</u> <u>Performance Requirements</u> (Metric tons)
1	15,000	20,700
2	15,000	21,400
3	15,000	22,100
4	15,000	22,800
5	15,000	23,500
6	15,000	24,200
7	15,000	24,900
8	15,000	25,600
9	15,000	26,300

10	15,000	27,000
11	15,000	27,700
12	15,000	28,400
13	15,000	29,100
14	15,000	29,800
15	15,000	30,500

El Salvador shall allocate the in-quota quantities pursuant to paragraph 2, except for in-quota quantities that are subject to performance requirements, which shall be allocated to persons that satisfy those requirements.

El Salvador shall cease to maintain performance requirements on goods listed in subparagraph (c) by year 16.

Sorghum

15. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u>
(5 % simple growth)	(Metric tons)
1	263
2	275
3	288
4	300
5	313
6	325
7	338
8	350
9	363
10	375
11	388
12	400
13	413
14	425
15	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category D, in Annex 3.3, paragraph 1(d).

(c) Subparagraphs (a) and (b) apply to the following SAC provision: 10070090.

Chicken Leg Quarters

16. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

<u>Year</u>	<u>Quantity</u> (Metric tons)
1	0
2	0
3	464
4	928
5	1,391
6	1,855
7	2,319
8	2,783
9	3,247
10	3,711
11	4,174
12	4,638
13	To Be Determined
14	To Be Determined
15	To Be Determined
16	To Be Determined
17	To Be Determined
18	unlimited

(b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category P in paragraph 3(d) of the General Notes of El Salvador to Annex 3.3.

(c) Subparagraphs (a) and (b) apply to the following SAC provisions: 02071399, 02071499, and 16023200.

(d) The aggregate quantity of goods entered under subparagraph (a) in years 13 to 17 shall be determined through consultations between the United States and El Salvador. In the event that the United States and El Salvador fail to reach an agreement, the aggregate quantity of goods entered under subparagraph (a) in any such year shall be equal to five percent of the national poultry production of El Salvador.

- (e) If an Export Trade Certificate (“ETC”) is approved pursuant to the Export Trading Company Act of 1982, 15 U.S.C. Sec. 4011-4021 (2000), and if El Salvador and the United States agree that the in-quota quantities should be allocated pursuant to that ETC, El Salvador shall adopt or maintain appropriate procedures to allocate the in-quota quantities under subparagraph (a) pursuant to the terms of the ETC. There shall be no separate import licensing requirement for quantities allocated pursuant to the ETC.
- (f) If El Salvador and the United States do not agree that the in-quota quantities should be allocated pursuant to the ETC, or the ETC is not approved, the in-quota quantities shall be allocated pursuant to an open and public auction system, the terms of which are to be established by mutual agreement of El Salvador and the United States.

Rough Rice

17. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

Year	Quantity
(2% simple growth)	(Metric tons)
1	62,220
2	63,440
3	64,660
4	65,880
5	67,100
6	71,320
7	72,540
8	73,760
9	74,980
10	76,200
11	77,420
12	78,640
13	79,860
14	81,080
15	82,300
16	83,520
17	84,740
18	unlimited

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category P in paragraph 3(d) of the General Notes of El Salvador to Annex 3.3.
- (c) Subparagraphs (a) and (b) apply to the following SAC provision: 10061090.
- (d) The aggregate quantity of goods entered from the United States under the provisions listed in subparagraph (f) shall be free of duty in any calendar year specified herein, and shall not exceed 3,000 MT for “parboiled rough” rice or its equivalent “parboiled milled” rice quantity in any such year. Parboiled milled equivalency shall be calculated according to a 0.7 conversion factor, where 1 MT of parboiled rough rice is equivalent to 0.7 MT of parboiled milled rice.
- (e) Duties on goods entered from the United States in aggregate quantities in excess of the quantities provided in subparagraph (d) shall be removed in accordance with the provisions of staging category P in paragraph 3(d) of the General Notes of El Salvador to Annex 3.3.
- (f) Subparagraphs (d) and (e) apply to “parboiled” rice entered under the following SAC provision: 1006.
- (g) El Salvador may maintain performance requirements as set out in paragraph 3 of this Appendix on the in-quota quantities set out in subparagraphs (a) and (d). El Salvador shall cease to maintain performance requirements on good listed in subparagraphs (c) and (f) by year 18.

El Salvador shall allocate the in-quota quantities that are subject to performance requirements to persons that satisfy those requirements.

Milled Rice

- 18. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for the United States in each such year:

Year	Quantity (Metric tons)
1	5,625
2	6,000
3	6,375
4	6,750
5	7,125
6	8,125

7	8,445
8	8,765
9	9,085
10	9,405
11	9,725
12	10,045
13	10,365
14	10,685
15	11,005
16	11,325
17	11,645
18	unlimited

For a period not greater than three years from the date of entry into force of the Agreement, El Salvador's *Ministerio de Economía* shall allocate the in-quota quantities on an objective basis consistent with Article 3.13. Thereafter, the *Ministerio de Economía* shall allocate the in-quota quantities to persons based on the proportion of the total quantity of the good that each person imported during a previous representative period, while also allowing access for new entrants. The *Ministerio de Economía* shall establish a mechanism for reallocating unused in-quota quantities to interested persons.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category P in paragraph 3(d) of the General Notes of El Salvador to Annex 3.3.
- (c) Subparagraphs (a) and (b) apply to white milled rice of the following SAC provisions: 10062000, 10063010, 10063090, and 10064000.