

May 28, 2004

The Honorable Miguel Lacayo
Minister of Economy
San Salvador, El Salvador

Dear Minister Lacayo:

This letter describes the tariff treatment to be applied by the United States to certain finished confectionery products under the Free Trade Agreement between our Governments signed this day (the "Agreement").

Finished confectionary products classified in headings 1704 and 1806 of the Harmonized Tariff Schedule of the United States ("HTSUS") that are excluded from Additional U.S. Note 2 to chapter 17 of the HTSUS, Additional U.S. Note 3 to chapter 17 of the HTSUS, and Additional U.S. Notes 2 and 3 to chapter 18 of the HTSUS are not subject to the tariff-rate quota on sugar goods established in subparagraph 3 of Appendix I to the Schedule of the United States to Annex 3.3. Instead, such goods will be treated in accordance with the provisions of staging category A of Annex 3.3.

Additional U.S. Note 2 to chapter 17 of the HTSUS, which covers articles containing over 65 percent sugar, excludes products "prepared for marketing to the ultimate consumer in the identical form and package in which imported."

Additional U.S. Note 3 to chapter 17 of the HTSUS, which covers articles containing over 10 percent sugar, excludes articles that are prepared for marketing to the ultimate consumer in the identical form and package in which imported provided they are "not principally of crystalline structure or not in dry amorphous form."

Additional U.S. Notes 2 and 3 to chapter 18 of the HTSUS, which cover chocolate preparations, exclude "articles for consumption at retail as candy or confection."

I trust that this explanation clarifies the tariff treatment to be applied by the United States to these confectionery goods under the Agreement.

Sincerely,

Robert B. Zoellick