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Subject to Legal Review for Accuracy, Clarity, and Consistency
February 9, 2004

GENERAL NOTES
TARIFF SCHEDULE OF THE REPUBLIC OF HONDURAS

1. Relation to the Harmonized Tariff Schedule of the Republic of Honduras. The provisions of this schedule are generally expressed in terms of the Arancel Centroamericano de Importación, 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. Base Rates of Customs Duty. The base rates of duty set forth in this schedule reflect the Arancel Centroamericano de Importación MFN rates of duty in effect December 10, 2003.
3. Staging. In addition to the staging categories listed in Annex 3.3, paragraph 1, this schedule contains staging categories **M**, **N**, **O** and **P**.
 - (a) Duties on goods provided for in the items in staging category M shall be removed in ten stages. Beginning on the date this Agreement enters into force, duties shall be reduced by two percent each year through January 1 of year two. On January 1 of year three duties shall be reduced by an additional eight percent each year through year six. On January 1 of year seven duties shall be reduced by an additional 16 percent each year, and such goods shall be duty-free effective January 1 of year ten;
 - (b) Duties on goods provided for in the items in staging category 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 twelve;
 - (c) Duties on goods provided for in the items in staging category O shall remain at base rates for years one through six. Beginning January 1 of year seven, duties shall be reduced by 40 percent in five equal annual stages. Beginning on January 1 of year twelve, duties shall be reduced by 60 percent in four equal annual stages, and such goods shall be duty-free effective January 1 of year fifteen;
 - (d) Duties on goods provided for in the items in staging category P shall remain at base rates for years one through ten. Beginning January 1 of year eleven, duties shall be reduced by 33 percent in four equal annual stages. Beginning on January 1 of year fifteen, duties shall be reduced by 67 percent in four equal annual stages, and such goods shall be duty-free effective January 1 of year eighteen.

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4. Tariff-rate Quotas. During the transition period, only a qualifying good is eligible for the in-quota tariff rate for each such good specified in Annex 1; originating goods that are not qualifying goods shall be subject to the over-quota tariff rate for the good specified in Annex 1. For purposes of this note, “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. Exception. With respect to goods provided for in HS headings 2207, 2208, 2710 2712, 2713 and 2715, and subheading 090120, the tariff commitments set out in the attached Schedule shall apply only to a United States originating good. For purposes of this note, a “United States originating good” means a good that satisfies the requirements of Chapter Four (Rules of Origin and Origin Procedures) except that operations performed in or material obtained from a Central American Party shall be considered as if the operations were performed in a non-Party and the material was obtained from a non-Party. In the event that Honduras provides preferential tariff treatment to a good covered by this note to one or more Central American Parties under the legal instruments of Central American integration, this note shall no longer apply to such good.