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January 28, 2004

Chapter Three

National Treatment and Market Access for Goods

Article 3.1: Scope and Coverage

Except as otherwise provided, this Chapter applies to trade in goods of a Party.

Section A: National Treatment

Article 3.2: National Treatment

1. Each Party shall accord national treatment to the goods of the other Parties in accordance with Article III of the GATT 1994, including its interpretive 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*.
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 do not apply to the measures set out in Annex 3.2.

Section B: Tariff Elimination

Article 3.3: Tariff Elimination

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 eliminate its customs duties on originating goods, in accordance with Annex 3.3.¹

¹ For greater certainty, each Central American Party shall provide that any originating good is entitled to obtain the tariff treatment for the good set out in the importing Party's Schedule to Annex 3.3, regardless of whether the good is imported into its territory from the territory of the United States or from the territory of another Central American Party.

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3. For greater certainty, paragraph 2 shall not prevent a Central American Party from providing more favorable tariff treatment to a good as provided for under the legal instruments of Central American integration.

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. 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 for such good when approved by each such Party in accordance with its applicable legal procedures. The Parties agreeing to accelerate the elimination of customs duty 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.

4. 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.

Section C: Special Regimes

Article 3.4: Waiver of Customs Duties

1. Except as provided in paragraph 3, 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. Except as provided in paragraph 3, no Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.

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3. Except as provided in paragraph 4, a Party may maintain a measure inconsistent with paragraphs 1 and 2, provided the Party maintains that measure in accordance with Article 27.4 of the SCM Agreement. However, no Party shall maintain such a measure after December 31, 2009.

4. A Party provided for under Annex VII to the SCM Agreement may maintain a measure inconsistent with paragraphs 1 and 2, provided the Party maintains that measure in accordance with Article 27.4 of the SCM Agreement.

Article 3.5: Temporary Admission of Goods

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 imported 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.

3. No 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 charges that would otherwise be owed on entry or final importation, releasable on exportation of the good;

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- (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.
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 domestic 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.
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.
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) 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;

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- (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 the other Party into its territory be the same vehicle or carrier that takes such container to the territory of the other 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.

Article 3.6: Goods Re-entered after Repair or Alteration

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. 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.

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 another Party, regardless of their origin, but a Party 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

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- (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.

Section D: Non-tariff measures

Article 3.8: Import and Export Restrictions

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 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*. For greater certainty, this paragraph applies 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 duties orders and undertakings;
- (b) import licensing conditioned on the fulfillment of a performance requirement except as provided in Annex 3.3;
- (c) voluntary export restraints not consistent with Article VI of the GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement; or
- (d) import licensing procedures not consistent with the WTO Agreement on Import Licensing Procedures.

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, no other Party shall construe this Agreement to prevent the Party adopting or maintaining the prohibition or restriction from:

- (a) limiting or prohibiting the importation from the territory of another Party of such good of that non-Party; or

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- (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 another 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.
6. Upon entry into force of this Agreement, each Party shall notify to all other Parties its import licensing procedures, and thereafter shall notify to all other Parties all new import licensing procedures and changes to import licensing procedures within 60 days of their effective date.
7. Notifications of import licensing procedures pursuant to paragraph 6 shall include the information specified in Article 5 of the Import Licensing Procedures Agreement.
8. A Party's notification of import licensing procedures and changes to import licensing procedures referred to in paragraph 6. is without prejudice to their consistency with the Party's rights and obligations under this Agreement.
9. No Party shall apply import licensing procedures, or changes to import licensing procedures, not notified in accordance with paragraph 6 to goods of another Party until such time as the Party notifies the import licensing procedures in accordance with paragraph 7.
10. Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua shall not, 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 the importing Party.
11. Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua shall not, as a remedy for a violation or alleged violation of any law, regulation or other measure regulating or otherwise relating to the relationship between any dealer and any person of another Party, restrict or prohibit imports from another Party.
12. For purposes of paragraphs 10 and 11:

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;

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person means a national or an enterprise;

remedy means a measure to obtain redress, including a provisional, precautionary, or permanent measure.

Article 3.9: Administrative Fees and Formalities

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. 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 and maintain through the Internet a current list of the fees and charges it imposes in connection with importation and exportation.

4. The United States shall eliminate its Merchandise Processing Fee on originating goods of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

Article 3.10: Export Taxes

1. 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 also adopted or maintained on:

- (a) exports of any such good to the territory of all other Parties; and
- (b) any such good when destined for domestic consumption.

Section E: Other Measures

Article 3.11: Distinctive Products

1. The Parties shall recognize Bourbon Whiskey and Tennessee Whiskey, which is a straight Bourbon Whiskey authorized to be produced only in the State of Tennessee, as

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distinctive products of the United States. Accordingly, the 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. A Party may request that the Committee on Trade in Goods consider designating a good a distinctive product for the purposes of this Article.

Section F: Agriculture²

Article 3.12: Tariff-Rate Quota Implementation and Administration

1. Each Party shall implement and administer the tariff-rate quotas (TRQ) set out in its Schedule to Annex 3.3 (Tariff Elimination) in accordance with Article XIII of GATT 1994, including its interpretive notes, and the WTO Agreement on Import Licensing Procedures. To this end, Article XIII of GATT 1994 and its interpretive notes and the WTO Agreement on Import Licensing Procedures are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. Each Party shall ensure that:

- (a) its policies and procedures for the administration of its TRQs are transparent, timely, nondiscriminatory, responsive to market conditions, minimally burdensome to trade, made available to the public, and reflect end user preferences;
- (b) any person that fulfils the Party's legal and administrative requirements shall be eligible to apply and to be considered for a quota license or allocation; and
- (c) government authorities administer its TRQs, except as otherwise provided in this Agreement.

3. Upon request of any Party, an importing Party shall consult with the requesting Party regarding the administration of its TRQs.

4. Each Party shall make every effort to administer its TRQs so as to achieve their full utilization.

² Negotiator's Note: Certain provisions in this section may be subject to further discussion regarding their application among the Central American Parties.

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5. Each Party shall distribute TRQ allocations in commercially viable shipping quantities and, to the maximum extent possible, in the amounts requested by importers.
6. No Party may condition application for, or utilization of, an import license or a TRQ allocation on re-export of a good.
7. No Party may allocate any portion of a TRQ to producer groups or non-government organizations or delegate administration of a TRQ to such groups or organizations, except as otherwise provided in this Agreement.
8. Food aid and other non-commercial shipments of a good shall not count against a TRQ on that good.

Article 3.13: 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.
2. Except as provided in paragraphs 3 and 4, 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 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-upon measures, the exporting Party shall refrain from applying any export subsidy to exports of such good to the territory of the importing Party.
4. A Party shall only introduce or maintain an export subsidy on an agricultural good in order to counter the trade distorting effect of subsidized third country exports of that good into the Party's market. The export subsidy shall not bestow any additional competitive advantages on the Party introducing or maintaining the subsidy.

Article 3.14: Agricultural Safeguard Measures

1. Notwithstanding Article 3.3 (Tariff Elimination), a Party may impose a measure in the form of an additional duty on an originating agricultural good as provided in that Party's section of Annex 3.14 (Agricultural Safeguard Measures), provided that the conditions in paragraphs 2

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through 7 are met. The sum of any such additional 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 maintain an agricultural safeguard measure only until the end of the calendar year in which the Party imposes the measure.

3. A Party may impose an agricultural safeguard measure during any calendar year on an originating agricultural good if the volume of imports of the originating agricultural good during such year exceeds the quantity of the good set forth in its section of Annex 3.14.

4. The additional duty under paragraph 1 shall be set according to each Party's Schedule to Annex 3.14.

5. No Party may, with respect to the same agricultural good, at the same time, impose or maintain an agricultural safeguard measure under this Article and:

- (a) a safeguard measure under Chapter Eight (Trade Remedies); or
- (b) a measure under Article XIX of GATT 1994 and the Safeguards Agreement.

6. A Party may impose an agricultural safeguard measure only during the tariff elimination period. No Party may impose an agricultural safeguard measure on an originating agricultural good once the good achieves duty-free status under this Agreement. No Party may impose an agricultural safeguard measure that increases an in-quota duty on an originating agricultural good subject to a tariff-rate quota.

7. A Party shall implement an agricultural safeguard measure in a transparent manner. Within 60 days after imposing such a measure, a Party shall notify the Party subject to the measure, in writing, and shall provide it relevant data concerning the measure. On request, the Party imposing the measure shall consult with the Party subject to the measure regarding the application of the measure.

8. The general operation of this Article may be the subject of discussion and review in the Commission or the Committee on Agricultural Trade established under Article 3.18.

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9. For purposes of this Article, **agricultural safeguard measure** means an agricultural safeguard measure described in paragraph 1.

Article 3.15: 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 the United States' Schedule 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 this option is exercised. The United States shall provide the Party with 90 days prior notice of its intent to exercise this option and, upon request, will enter into consultations with the Party regarding the application of the mechanism.

2. For purposes of this Article, **sugar good** means a good provided for in the tariff items listed in subparagraph 3(c) of Annex 1 to the U.S. Schedule to Annex 3.3.

Article 3.16: Consultation on Trade in Poultry

The Parties shall consult on and review the implementation and operation of the Agreement as it relates to trade in poultry in year nine of the Agreement.

Article 3.17: Agriculture Review Commission

The Parties shall establish an Agriculture Review Commission in year 14 of the Agreement to review the operation of the Agreement as it relates to trade in agriculture. The Agriculture Review Commission shall evaluate the effects of trade liberalization under the Agreement, the operation and potential extension of Article 3.14 (Agricultural Safeguard Measures), progress toward global agricultural trade reform in the WTO, and developments in world agricultural markets. The Agriculture Review Commission shall provide a report of its findings and any recommendations to the Commission for consideration.

Article 3.18: Committee on Agricultural Trade

1. The Parties shall establish a Committee on Agricultural Trade, comprising representatives of each Party within 90 days after the date of entry into force of this Agreement.

2. The Committee shall provide a forum for:

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- (a) monitoring and promoting cooperation on the implementation and administration of this Section;
 - (b) consultation between the Parties on issues related to this Section in coordination with other committees, subcommittees, working groups, or other bodies established under this Agreement; and
 - (c) undertaking any additional tasks assigned to the Committee by the Commission.
3. Decisions of the Committee shall be reached by consensus.
4. The Committee shall meet at least once a year unless the Parties otherwise agree. Meetings shall be chaired by the representatives of the Party hosting the meeting.

Section G: Textiles and Apparel³

Article 3.19: Scope and Coverage

This Section applies to textile and apparel goods as defined in Article 3.29.

Article 3.20: Tariff Elimination

Effective as of January 1, 2004, each Party shall provide the preferential tariff treatment required under its Schedule to Annex 3.3 (Tariff Elimination) to imports of textile and apparel goods that qualify for preferential tariff treatment under this Agreement.⁴

Article 3.21: Duty-Free Treatment of 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

³ Negotiator's Note: Certain provisions in this section may be subject to further discussion regarding their application among the Central American Parties.

⁴ This Article shall not apply to imports of textile and apparel goods that qualify for preferential tariff treatment under Articles 9 and 10.

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(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.

Article 3.22: Elimination of Existing Quantitative Restrictions

The United States shall eliminate the existing quantitative restrictions it maintains under the WTO Agreement on Textiles and Clothing (ATC) on imports of textile and apparel goods from Costa Rica, El Salvador, and Guatemala.⁵

Article 3.23: Textile Safeguard Measures

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 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

⁵ For Costa Rica, this means that the existing quantitative restrictions on the following categories shall be eliminated:

Category 340/640:	Cotton and man-made fibre shirts, for men and boys
Category 342/642:	Cotton and man-made fibre 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

For El Salvador, this means that the existing quantitative restrictions on the following category shall be eliminated:

Category 340/640:	Cotton and man-made fibre shirts, for men and boys
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For Guatemala, this means that the existing quantitative restrictions on the following categories shall be eliminated:

Category 340/640:	Cotton and man-made fibre shirts, for men and boys
Category 347/348:	Cotton trousers, breeches and shorts
Category 351/651:	Cotton and man-made fibre nightwear
Category 443:	Wool suits for men and boys
Category 448:	Wool trousers for women and girls

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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, increase 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 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.
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, either alone or combined with other factors 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.
3. The importing Party may apply a textile safeguard measure only following an investigation by its competent authority.
4. On the basis of the results of the investigation pursuant to paragraph 3, the importing Party shall provide promptly 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. Such consultations shall commence without delay and be completed 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 apply to any textile safeguard measure:
 - (a) a Party may not maintain a textile safeguard measure for a period exceeding three years;
 - (b) a Party may not apply a textile safeguard measure on the same good of another Party more than once;

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- (c) on termination of the textile safeguard measure, the Party applying the measure shall apply the rate of duty set out in the Party's Schedule to Annex 3.3 (Tariff Elimination) as if the safeguard measure had never been applied; and
- (d) regardless of its duration, a Party shall not maintain a textile safeguard measure beyond the transition period.

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 safeguard measure. Such concessions shall be limited to the textile and apparel goods, unless the consulting Parties otherwise agree. If the consulting Parties are unable to agree on compensation within 30 days of application of the textile safeguard measure, the Party against whose good the measure is taken may take tariff action having trade effects substantially equivalent to the trade effect 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. (a) Each Party retains its rights and obligations under Article XIX of GATT 1994 and the WTO Agreement on Safeguards, and the ATC.
- (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 GATT 1994 and the WTO Agreement on Safeguards, or the ATC.

Article 3.24: Customs Cooperation on Textile and Apparel Trade Matters

- 1. The customs authorities⁶ of the Parties shall cooperate with each other for purposes of:
 - (a) enforcing their own laws, regulations, and procedures, or assisting in the enforcement of the other Parties' laws, regulations, and procedures implementing

⁶ For purposes of this provision, "customs authorities" means the competent authority that, according to the legislation of each Party, is responsible for the administration of its customs laws and regulations.

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this Agreement affecting trade in textile and apparel goods;

- (b) ensuring the accuracy of claims of origin for textile and apparel goods; and
 - (c) deterring circumvention of laws, regulations, and procedures of any Party or international agreements affecting trade in textile and apparel goods.
2. (a) On the written request of an importing Party, an exporting Party shall conduct a verification for purposes of enabling the importing Party:
- (i) to determine that a claim of origin for a textile or apparel good is accurate, or
 - (ii) to determine that the exporter or producer is complying with applicable customs laws, regulations, and procedures regarding trade in textile and 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 and apparel goods.
- (b) Such request shall include specific information regarding the nature of the suspected violation and the determination to be made.
- (c) The exporting Party shall conduct such a verification, regardless of whether an importer claims preferential tariff treatment for the good.
3. An importing Party, through its competent authority, may undertake or assist in a verification conducted pursuant to paragraph 2, 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.
4. (a) The competent authority of the importing Party seeking to conduct site visits of enterprises in the exporting Party shall provide a written request to the competent authority of the exporting Party 20 days prior to the proposed date of the visit. The request will identify the competent authority issuing the notification, the names and titles of the authorized personnel performing the verification visit, the

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reason for the visit, including reference to 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 may perform the visit. The exporting Party shall seek, in accordance with its domestic laws, regulations, or procedures, permission from the enterprise to conduct the visit. If consent is not provided, the importing Party may deny preferential tariff treatment to imports of the type of goods of the exporter or producer that would have been examined in the visit, except that the importing Party shall not deny preferential treatment to such goods based solely on a postponement of the visit, if there is adequate reason for such postponement.
- (c) Visits shall be conducted by authorized personnel of both Parties in accordance with domestic laws, regulations, and procedures of the exporting Party. Upon completion of a site visit, the importing Party shall brief the exporting Party and shall provide to that Party a written report of the results of the visit on or about 45 days after 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 the enterprise's maintenance of production records relating to rules of origin or records pertaining to compliance with claims for preferential tariff treatment.

5. A Party shall provide to the other Party, consistent with its domestic laws, regulations, and procedures, production, trade, and transit documents and other information necessary to conduct verifications under paragraph 2. Any information or documents exchanged between Parties during a verification shall be considered confidential, as provided for in Article 5.X (Confidentiality). A Party may make public the name of an enterprise that the Party has found to be engaged in intentional circumvention or to have failed to demonstrate its production of, or capability to produce, textile or apparel goods.

- 6. (a) (i) During a verification conducted pursuant to paragraph 2, the importing Party may take appropriate action, which may include suspending the application of preferential tariff treatment to any textile or apparel good for which a claim for preferential tariff treatment has been made, if there is

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insufficient information to support a claim for such treatment.

- (ii) The importing Party may take appropriate action, which may include denying the application of preferential treatment to any textile or apparel good for which a claim for preferential tariff treatment has been made, if:
 - (A) upon completion of a verification conducted pursuant to paragraph 2, there is insufficient information to support a claim for such treatment; or
 - (B) during or after a verification conducted pursuant to paragraph 2, it discovers that incorrect information has been given to support a claim for such treatment.
- (b) (i) During a verification conducted pursuant to paragraph 2, the importing Party may take appropriate action, which may include detention of any textile or apparel good for which there is insufficient information to confirm the country of origin until sufficient information is received, but for no longer than the period permitted under the laws of the importing Party.
- (ii) The importing Party may take appropriate action, which may include denying entry to any textile or apparel good, if:
 - (A) upon completion of a verification conducted pursuant to paragraph 2, there is insufficient information to confirm the country of origin of the good; or
 - (B) during or after a verification conducted pursuant to paragraph 2, it discovers that incorrect information has been given as to the country of origin of the good.
- (c) The importing Party may only take action under this Article after providing a written notice of the reasons for the denial.

7. The Party conducting a verification under paragraph 2 shall provide the other Party with a written report on the results of the verification no later than 45 days after completion of the verification, which shall include all documents and facts supporting any conclusion that the Party reaches. After receiving the report, the importing Party shall notify the exporting Party of the action that will be taken based on the information provided in the report.

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8. At the request of a Party, two or more 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. Unless the Parties agree otherwise, they shall hold the consultations within 30 days of receipt of a written request by a Party and conclude consultations within 90 days of receipt of the request.

9. A Party may request technical or other assistance from another Party in implementing this Article. The Party receiving such a request shall make every effort to respond favorably and promptly to it.

Article 3.25: Rules of Origin and Related Matters: General Provisions

Reviews and Revision of Rules of Origin

1. On request of a Party, the Parties shall begin consulting within 30 days to consider whether the rules of origin applicable to particular textile or apparel goods should be revised.

2. In the consultations referred to in paragraph 1, each Party shall consider all data presented by a 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.

3. The Parties shall endeavor to conclude consultations within 90 days of the request. An agreement among 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 19.X (Amendments).

Fabrics, Yarns, and Fibers Not Available in Commercial Quantities within the Region

4. Notwithstanding any provision of Annex 4.1 (Rules of Origin), the Parties shall consider a textile or apparel good to be an originating good if it would have qualified as an originating good but for the use of fabrics, yarns, or fibers set out in Annex 3.25.

5. (a) At the request of an interested entity, the United States shall, within 30 working days of receiving the request, amend Annex 3.25 to include an additional fabric, fiber, or yarn, or a specified amount thereof, if the United States determines, based on information supplied by interested entities, that such 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.

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- (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 working days, in order to meet with interested entities to substantiate the information.
- (c) The United States may amend Annex 3.25 to include an unrestricted amount of a fabric, fiber, or yarn that has been included in a specified amount in Annex 3.25 during the previous six months.
- (d) If the United States determines that any additional fabrics or yarns are not available in commercial quantities in the United States pursuant to section 112(b)(5)(B) of the African Growth and Opportunity Act (AGOA) (19 USC 3721(b), section 204(b)(3)(B)(ii) of the Andean Trade Preference Act (ATPA) (19 USC 3203(b)(3)(B)(ii)), or section 213(b)(2)(A)(v)(II) of the Caribbean Basin Economic Recovery Act (CBERA) (19 USC 2703(b)(2)(A)(v)(II)), prior to the date this Agreement comes into effect, the United States shall amend Annex 3.XXXX (Short Supply List) to include such fabrics or yarns.

6. At the request of an interested entity made no sooner than six months after a particular fabric, yarn, or fiber has been included in Annex 3.25 pursuant to paragraph 5, the United States may, within 30 working days of receiving such request, amend Annex 3.25 to remove or reduce the amount of such fabric, yarn, or fiber, if the United States determines, based on the information supplied by interested entities, that such fabric, yarn, or fiber is available in commercial quantities in a timely manner in the territory of any Party, provided that such decision shall not take effect until six months after public notice of such decision has been made.

7. The United States shall publish procedures to be followed in considering requests under paragraphs 5 and 6.

De Minimis

8. 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 (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 (10) percent of the total weight of that component. Notwithstanding the preceding sentence, a good containing elastomeric yarns (except latex) in

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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.⁷

Treatment of Sets

9. Notwithstanding the good-specific rules in Annex 4.1 (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 products 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 adjusted value of the set.

Treatment of Nylon Filament Yarn

10. Textile or apparel goods otherwise eligible for preferential treatment under this Agreement shall not be ineligible for such treatment because they contain the yarns 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)).

Article 3.26: Certain Goods Dutiable on Value Added

For textile and apparel goods provided for in Chapters 61 through 63 of the Harmonized System otherwise ineligible for preferential treatment under this Agreement, the United States shall apply the MFN rate of duty only to the value of the assembled good minus the value of the fabrics wholly formed in the United States or the components knit-to-shape in the United States. Such goods must be sewn or otherwise assembled in 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.⁸

Article 3.27: (See Annex 3.27)

Article 3.28: (See Annex 3.28)

⁷ 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.

⁸ 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. **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.

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Article 3.29: Definitions

For purposes of this Section:

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;

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;

textile or apparel good means a good listed in the Annex to the World Trade Organization Agreement on Textiles and Clothing (ATC), except for those goods listed in Annex 3.29;

textile safeguard measure means a measure applied under Article 3.23.1; and

transition period means five years from the date of entry into force of this Agreement.

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.
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).
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.

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- (c) providing to the Committee on Trade Capacity Building advice and recommendations on technical assistance needs in areas relating to this Chapter, Chapter Four (Rules of Origin and Origin Procedures), or Chapter Five (Customs Administration).

Section I: Definitions

Article 3.31: Definitions

For the 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;

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;

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 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;

customs duties means any customs or import duty and a charge of any kind imposed in

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connection with the importation of a good, including any form of surtax or surcharge in connection with such importation, but does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article III:2 of the GATT 1994, in respect of like, directly competitive or substitutable goods of the Party, or in respect of goods from which the imported good has been manufactured or produced in whole or in part;
- (b) antidumping or countervailing duty that is applied pursuant to a Party's domestic law; and
- (c) fee or other charge in connection with importation commensurate with the cost of services rendered;

duty-free means free of customs duty;

fungible goods means goods that are interchangeable in accordance with the definition in Chapter Four (Rules of Origin and Origin Procedures);

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 imported;

goods of a Party means domestic products as these are understood under GATT 1994 or such goods as the Parties determine under the rules of origin applied in the normal course of trade, and includes originating goods of a 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;

Import Licensing Agreement means the WTO Agreement on Import Licensing Procedures;

material means a material in accordance with the definition in Chapter Four (Rules of Origin and Origin Procedures);

performance requirement means a requirement that:

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- (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 of import license be substituted for imported goods;
- (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;
- (d) 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;
- (e) 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
- (f) 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;

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;

regional level of government means, for the United States, a state of the United States, the District of Columbia, or Puerto Rico. For Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua, as unitary states, “regional level of government” is not applicable.

remanufactured goods means remanufactured goods in accordance with the definition in Chapter Four (Rules of Origin and Origin Procedures);

SCM Agreement means the *Agreement on Subsidies and Countervailing Measures*, which is part of the WTO Agreement.

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Annex 3.2

National Treatment and Import and Export Restrictions

Section A: Measures of the United States

1. Article 3.2 and Article 3.9 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 2 and 9;
 - (c) actions by the United States authorized by the Dispute Settlement Body of the WTO; and
 - (d) actions by the United States authorized by the Agreement on Textiles and Clothing.

Section B: Measures of Costa Rica

1. Article 3.2 and Article 3.9 shall not apply to:
 - (a) controls by Costa Rica on the import of crude oil, its fuel, derivatives, asphalt and gasoline pursuant to Law No. 7356 of September 6, 1993;
 - (b) controls by Costa Rica on the export of wood in logs and boards from forests pursuant to Law No. 7575 of April 16, 1996;

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- (c) controls by Costa Rica on the export of hydrocarbons pursuant to Law No. 7399 of May 3, 1994;
- (d) controls by Costa Rica on the export of coffee pursuant to Law No. 2762 of June 21, 1961;
- (e) controls by Costa Rica on the import and export of ethanol and crude rums pursuant to [];
- (f) controls by Costa Rica to establish a minimum export price for bananas, pursuant to Law No. 7472 of January 19, 1995; and
- (g) actions by Costa Rica authorized by the Dispute Settlement Body of the WTO.

Section C: Measures of El Salvador

- 1. Article 3.2 and Article 3.9 shall not apply to:
 - (a) controls by El Salvador on the importation arms and ammunition, parts and accessories included in HS Chapter 93, pursuant to Decree 655 of July 26, 1999 and its amendment pursuant to Decree 1035 of November 13, 2002.
 - (b) controls by El Salvador on the importation of motor vehicles older than eight years, and on buses and trucks older than fifteen years pursuant to Article 1 of Decree No. 357 of April 6, 2001.⁹
 - (c) controls by El Salvador on the importation of sacks and bags made out of jute and other similar textile fibers in HS subheading 6305.10 pursuant to Article 1 of Decree 1097 of July 10, 1953. Such prohibition shall be eliminated ten years after entry into force of this Agreement.

Section D: Measures of Guatemala

- 1. Article 3.2 and Article 3.9 shall not apply to:
 - (a) controls by Guatemala on the exportation of timber in round logs or worked logs and sawn timber measuring more than eleven centimeters in thickness, pursuant to Forest Law, Legislative Decree No. 101-96 of April 12, 1996.

⁹ Such restrictions or prohibitions do not apply to remanufactured goods.

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- (b) controls by Guatemala on the exportation of coffee pursuant to the Coffee Law, Legislative Decree No. 19-69 of April 22, 1969.
- (c) controls by Guatemala on the importation of weapons pursuant to the Weapon Law, Legislative Decree No. 39-89 of June 29, 1989.
- (d) actions by Guatemala authorized by the Dispute Settlement Body of the WTO.

Section E: Measures of Honduras

- 1. Article 3.2 and Article 3.9 shall not apply to:
 - (a) controls by Honduras on the exportation of wood from broadleaved forests pursuant to Decree No. 323-98 of December 29, 1998;
 - (b) controls by Honduras on the importation of arms and ammunitions pursuant to Article 292 of Decree 131 of January 11, 1982;
 - (c) controls by Honduras on the importation of motor vehicles older than seven (7) years and buses older than ten (10) years pursuant to Article 7 of Decree 194-2002 of May 15, 2002.¹⁰

Section F: Measures of Nicaragua

- 1. Article 3.2 and Article 3.9 shall not apply to:
 - (a) controls by Nicaragua on the exportation of basic foodstuffs provided that these are used to temporarily alleviate a critical shortage of that particular food item. For the purposes of this paragraph, temporarily means up to one (1) year, or a longer period as agreed to between the United States and Nicaragua.

For the purposes of paragraph 1, basic foodstuffs include the following:

Vegetable oil
Rice
Brown sugar
Coffee
Chicken meat

¹⁰ Such restrictions or prohibitions do not apply to remanufactured goods.

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Beans
Corn flour
Powdered milk
Corn
Salt
Corn tortillas

(b) controls by Nicaragua on the importation of motor vehicles older than seven years pursuant to Article 112 of Decree No. 453 of May 6, 2003.¹¹

2. Notwithstanding Article 3.2 and Article 3.9, for the first ten years after the date of entry into force of this Agreement, Nicaragua may maintain existing prohibitions or restrictions on the importation of the used goods set out below:

(Note: descriptions are provided for reference purposes only)

<u>Tariff Classification</u>	<u>Description</u>
Subheading 4012.10	Used retreaded tires ¹²
Subheading 4012.20	Used pneumatic tires ¹
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

¹¹ Such restrictions or prohibitions do not apply to remanufactured goods.

¹² Such restrictions or prohibitions do not apply to remanufactured goods.

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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:
- (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;
 - (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 January 1 of year one, 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 ten equal annual stages beginning on January 1 of year one, 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 January 1 of year one, 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 remain at base rates for years one through six. Beginning January 1 of year 7, duties shall be reduced by 33 percent in four equal annual stages. Beginning on January 1 of year 11, duties shall be reduced by 67 percent in five equal annual stages, and such goods shall be duty-free effective January 1 of year 15;
 - (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) goods provided for in the items in staging category G in a Party's schedule shall continue to receive duty-free treatment; and
 - (h) goods provided for in the items in staging category H in a Party's schedule shall continue to receive MFN treatment.

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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.

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.

4. For purposes of this Annex, **year one** means:

- (a) the year the Agreement enters into force, if the date of entry into force is in the first six-month period of a year; or
- (b) the year following entry into force, if the date of entry into force is in the second six-month period of a year.

If this Agreement enters into force for a Party after year one, that Party shall immediately reduce its customs duties to the level they would have reached if the Agreement had entered into force for that Party on the initial date of entry into force of the Agreement.

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Annex 3.10

Export Taxes

In the case of Costa Rica:

Article 3.10 shall not apply to 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, Livestock Law for National Consumption and Export Supply, and Law No. 7837 of October 5, 1998, Law Creating the Livestock Corporation.

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Annex 3.14

Agricultural Safeguard Measures

General Note

For the goods listed in this Annex for which the agricultural safeguard trigger volume of a Party is based on a percentage of the applicable tariff-rate quota (TRQ), the trigger volume in any year shall be based on the in-quota quantity for that year as set out in Annex 1 (TRQ Annex) to the Party's Schedule to Annex 3.3. For the goods listed in this Annex for which the agricultural safeguard trigger volume is based on a fixed initial trigger level with a yearly growth rate, the yearly growth rate shall be calculated, starting in year one, as a simple growth rate calculated as a percentage of the initial trigger level.

(TO BE UPDATED TO REFLECT SPECIFIC TARIFF PHASE-OUT SCHEDULES, TARIFF HEADINGS AND PRODUCT LIST FOR COSTA RICA)

Central American Product List

1. Except as otherwise provided in paragraphs 2 and 3, an agricultural safeguard measure in the form of an additional duty under Article 3.14 shall be set according to the following schedule:
 - (a) for years one through five, a Party may impose an additional duty of less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good;
 - (b) for years six through ten, a Party may impose an additional duty of less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good; and
 - (c) for years 11 through 14, a Party may impose an additional duty of less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good.

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2. For the cheese, butter, milk powder, ice cream, liquid dairy and other dairy goods listed below, an agricultural safeguard measure in the form of an additional duty under Article 3.14 shall be set according to the following schedule:

- (a) for years one through 15, a Party may impose an additional duty of less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good;
- (b) for years 16 through 18, a Party may impose an additional duty of less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good; and
- (c) for years 19 through 20, a Party may impose an additional duty of less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good.

3. For the poultry and rice (rough and milled) goods listed below, an agricultural safeguard measure in the form of an additional duty under Article 3.14 shall be set according to the following schedule:

- (a) for years one through 14, a Party may impose an additional duty of less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good;
- (b) for years 15 through 16, a Party may impose an additional duty of less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good; and
- (c) for year 17, a Party may impose an additional duty of less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good.

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Commodity	Tariff Codes Subject to Safeguard	Trigger Level	Trigger Growth Rate
Poultry	02071399, 02071499, 16023200	130% of TRQ established in U.S. General Notes, Annex 3.3	
Cheese	04061008, 04061018, 04061028, 04061038, 04061048, 04061058, 04061068, 04061078, 04061088, 04062028, 04062033, 04062039, 04062048, 04062053, 04062063, 04062067, 04062071, 04062075, 04062079, 04062083, 04062087, 04062091, 04063018, 04063028, 04063038, 04063048, 04063053, 04063063, 04063067, 04063071, 04063075, 04063079, 04063083, 04063087, 04063091, 04064070, 04069012, 04069018, 04069032, 04069037, 04069042, 04069048, 04069054, 04069068, 04069074, 04069078, 04069084, 04069088, 04069092, 04069094, 04069097 19019036	130% of TRQ established in U.S. General Notes, Annex 3.3	
Butter	04013075, 04022190, 04039065, 04039078, 04051020, 04052030, 04059020, 21069026, 21069036	130% of TRQ established in U.S. General Notes, Annex 3.3	
Milk Powder	04021050, 04022125, 04022150, 04039055, 04039045, 04041090, 23099028, 23099048	130% of TRQ established in U.S. General Notes, Annex 3.3	
Ice Cream	AG21050020	130% of TRQ established in U.S. General Notes, Annex 3.3	
Liquid Dairy	AG04013025, AG04039016	130% of TRQ established in	

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		U.S. General Notes, Annex 3.3	
Other Dairy	04022950, 04029170, 04029190, 04029945, 04029955, 04029990, 04031050, 04039095, 04041015, 04049050, 04052070, 15179060, 17049058, 18062026, 18062028, 18062036, 18062038, 18062082, 18062083, 18062087, 18062089, 18063206, 18063208, 18063216, 18063218, 18063270, 18063280, 18069008, 18069010, 18069018, 18069020, 18069028, 18069030, 19011030, 19011040, 19011075, 19011085, 19012015, 19012050, 19019043, 19019047, 21050040, 21069009, 21069066, 21069087, 22029028	130% of TRQ established in U.S. General Notes, Annex 3.3	
Pork	02031100, 02031200, 02031900, 02032100, 02032200, 02032900,	130% of TRQ established in U.S. General Notes, Annex 3.3	
Rough Rice	10061090	110% of TRQ established in U.S. General Notes, Annex 3.3	
Milled Rice	10062000, 10063000, 10064090	110% of TRQ established in U.S. General Notes, Annex 3.3	
Beans (Adzuki)	07133200, 07133390	60 MT	10.0%
Sorghum	10070090	100 MT	10.0%
Vegetable Oil	15079000, 15122900, 15152900, 15162090	8000 MT	5.0%
Canned Meat	16010010, 16010030, 16010080, 16010090	400 MT	10.0%
High Fructose Corn Syrup	17023020, 17024000, 17025000, 17026000	75 MT	10.0%

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GUATEMALA

Commodity	Tariff Codes Subject to Safeguard	Trigger Level	Trigger Growth Rate
Chiles	07096010	25 MT	10.0%
Onions	07031012	64 MT	10.0%
Potatoes	07019000	350 MT	10.0%
Tomatoes	07020000	150 MT	10.0%
Whole Beans	07133310	50 MT	5.0%
Pork	02031100, 02031200, 02031900, 02032100, 02032200, 02032900	130% of TRQ established in U.S. General Notes, Annex 3.3	
Poultry	02071399, 02071499, 16023200	130% of TRQ established in U.S. General Notes, Annex 3.3	
Cheese	04061008, 04061018, 04061028, 04061038, 04061048, 04061058, 04061068, 04061078, 04061088, 04062028, 04062033, 04062039, 04062048, 04062053, 04062063, 04062067, 04062071, 04062075, 04062079, 04062083, 04062087, 04062091, 04063018, 04063028, 04063038, 04063048, 04063053, 04063063, 04063067, 04063071, 04063075, 04063079, 04063083, 04063087, 04063091, 04064070, 04069012, 04069018, 04069032, 04069037, 04069042, 04069048, 04069054, 04069068, 04069074, 04069078, 04069084, 04069088, 04069092, 04069094, 04069097 19019036	130% of TRQ established in U.S. General Notes, Annex 3.3	
Butter	04013075, 04022190, 04039065, 04039078, 04051020, 04052030, 04059020, 21069026, 21069036	130% of TRQ established in U.S. General Notes, Annex 3.3	

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Milk Powder	04021050, 04022125, 04022150, 04039055, 04039045, 04041090, 23099028, 23099048	130% of TRQ established in U.S. General Notes, Annex 3.3	
Ice Cream	AG21050020	130% of TRQ established in U.S. General Notes, Annex 3.3	
Liquid Dairy	AG04013025, AG04039016	130% of TRQ established in U.S. General Notes, Annex 3.3	
Other Dairy	04022950, 04029170, 04029190, 04029945, 04029955, 04029990, 04031050, 04039095, 04041015, 04049050, 04052070, 15179060, 17049058, 18062026, 18062028, 18062036, 18062038, 18062082, 18062083, 18062087, 18062089, 18063206, 18063208, 18063216, 18063218, 18063270, 18063280, 18069008, 18069010, 18069018, 18069020, 18069028, 18069030, 19011030, 19011040, 19011075, 19011085, 19012015, 19012050, 19019043, 19019047, 21050040, 21069009, 21069066, 21069087, 22029028	130% of TRQ established in U.S. General Notes, Annex 3.3	
High Fructose Corn Syrup	17023020, 17024000, 17026000	100 MT	10.0%
Vegetable Oils	15079000, 15121900, 15122900, 15152900, 15162090, 15179090	2600 MT	5.0%

HONDURAS

Commodity	Tariff Codes Subject to Safeguard	Trigger Level	Trigger Growth Rate
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Pork	02031100, 02031200, 02031900, 02032100, 02032200, 02032900	130% of TRQ established in U.S. General Notes, Annex 3.3	
Poultry	02071399, 02071499, 16023200	130% of TRQ established in U.S. General Notes, Annex 3.3	
Cheese	04061008, 04061018, 04061028, 04061038, 04061048, 04061058, 04061068, 04061078, 04061088, 04062028, 04062033, 04062039, 04062048, 04062053, 04062063, 04062067, 04062071, 04062075, 04062079, 04062083, 04062087, 04062091, 04063018, 04063028, 04063038, 04063048, 04063053, 04063063, 04063067, 04063071, 04063075, 04063079, 04063083, 04063087, 04063091, 04064070, 04069012, 04069018, 04069032, 04069037, 04069042, 04069048, 04069054, 04069068, 04069074, 04069078, 04069084, 04069088, 04069092, 04069094, 04069097 19019036	130% of TRQ established in U.S. General Notes, Annex 3.3	
Butter	04013075, 04022190, 04039065, 04039078, 04051020, 04052030, 04059020, 21069026, 21069036	130% of TRQ established in U.S. General Notes, Annex 3.3	
Milk Powder	04021050, 04022125, 04022150, 04039055, 04039045, 04041090, 23099028, 23099048	130% of TRQ established in U.S. General Notes, Annex 3.3	
Ice Cream	AG21050020	130% of TRQ established in U.S. General Notes, Annex 3.3	
Liquid Dairy	AG04013025, AG04039016	130% of TRQ established in	

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		U.S. General Notes, Annex 3.3	
Other Dairy	04022950, 04029170, 04029190, 04029945, 04029955, 04029990, 04031050, 04039095, 04041015, 04049050, 04052070, 15179060, 17049058, 18062026, 18062028, 18062036, 18062038, 18062082, 18062083, 18062087, 18062089, 18063206, 18063208, 18063216, 18063218, 18063270, 18063280, 18069008, 18069010, 18069018, 18069020, 18069028, 18069030, 19011030, 19011040, 19011075, 19011085, 19012015, 19012050, 19019043, 19019047, 21050040, 21069009, 21069066, 21069087, 22029028	130% of TRQ established in U.S. General Notes, Annex 3.3	
Onions	07031011, 07031012	480 MT	10.0%
Rough Rice	10061090	110% of TRQ established in U.S. General Notes, Annex 3.3	
Milled Rice	10062000, 10063090, 10064090	110% of TRQ established in U.S. General Notes, Annex 3.3	
Wheat Flour	11010000	210 MT	10.0%
Vegetable Oils	15079000, 15121900, 15122900, 15152900, 15162090, 15171000, 15179010, 15179090	3,500 MT	5.0%
Canned Meat	16010090	140 MT	10.0%
High Fructose Corn Syrup	17023020, 17024000, 17026000	214 MT	10.0%

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NICARAGUA

Commodity	Tariff Codes Subject to Safeguard	Trigger Level	Trigger Growth Rate
Beef	02011000, 02012000, 02013000, 02021000, 02022000, 02023000	300 MT	10.0%
Poultry	02071399, 02071499, 16023200	130% of TRQ established in U.S. General Notes, Annex 3.3	
Cheese	04061008, 04061018, 04061028, 04061038, 04061048, 04061058, 04061068, 04061078, 04061088, 04062028, 04062033, 04062039, 04062048, 04062053, 04062063, 04062067, 04062071, 04062075, 04062079, 04062083, 04062087, 04062091, 04063018, 04063028, 04063038, 04063048, 04063053, 04063063, 04063067, 04063071, 04063075, 04063079, 04063083, 04063087, 04063091, 04064070, 04069012, 04069018, 04069032, 04069037, 04069042, 04069048, 04069054, 04069068, 04069074, 04069078, 04069084, 04069088, 04069092, 04069094, 04069097 19019036	130% of TRQ established in U.S. General Notes, Annex 3.3	
Butter	04013075, 04022190, 04039065, 04039078, 04051020, 04052030, 04059020, 21069026, 21069036	130% of TRQ established in U.S. General Notes, Annex 3.3	
Milk Powder	04021050, 04022125, 04022150, 04039055, 04039045, 04041090, 23099028, 23099048	130% of TRQ established in U.S. General Notes, Annex 3.3	

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Ice Cream	AG21050020	130% of TRQ established in U.S. General Notes, Annex 3.3	
Liquid Dairy	AG04013025, AG04039016	130% of TRQ established in U.S. General Notes, Annex 3.3	
Other Dairy	04022950, 04029170, 04029190, 04029945, 04029955, 04029990, 04031050, 04039095, 04041015, 04049050, 04052070, 15179060, 17049058, 18062026, 18062028, 18062036, 18062038, 18062082, 18062083, 18062087, 18062089, 18063206, 18063208, 18063216, 18063218, 18063270, 18063280, 18069008, 18069010, 18069018, 18069020, 18069028, 18069030, 19011030, 19011040, 19011075, 19011085, 19012015, 19012050, 19019043, 19019047, 21050040, 21069009, 21069066, 21069087, 22029028	130% of TRQ established in U.S. General Notes, Annex 3.3	
Yellow Corn	10059020	115% of TRQ established in U.S. General Notes, Annex 3.3	
Beans (Red)	07133200	700 MT	10.0%
Onions	07031011, 07031012	450 MT	10.0%
Rough Rice	10061090	110% of TRQ established in U.S. General Notes, Annex 3.3	
Milled Rice	10062000, 10063010, 10063090, 10064000	110% of TRQ established in U.S. General Notes, Annex 3.3	
High Fructose	17023020, 17024000, 17026000	75 MT	10.0%

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Corn Syrup			
Sorghum	10070090	1000 MT	10.0%

United States Product List

1. For the cheese, butter, milk powder, ice cream, liquid dairy, and other dairy goods listed below, an agricultural safeguard measure in the form of an additional duty under Article 3.14 shall be set according to the following schedule:

- (a) for years one through 15, a Party may impose an additional duty of less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good;
- (b) for years 16 through 18, a Party may impose an additional duty of less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good; and
- (c) for years 19 through 20, a Party may impose an additional duty of less than or equal to 50 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good.

2. For the peanut goods listed below, an agricultural safeguard measure in the form of an additional duty under Article 3.14 shall be set according to the following schedule:

- (a) for years one through five, a Party may impose an additional duty of less than or equal to 100 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good;
- (b) for years six through ten, a Party may impose an additional duty of less than or equal to 75 percent of the difference between the appropriate MFN rate as determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good; and
- (c) for years 11 through 14, a Party may impose an additional duty of less than or equal to 50 percent of the difference between the appropriate MFN rate as

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determined under Article 3.14.1 and the applicable tariff rate in the Party's Schedule to Annex 3.3 on the agricultural good.

Commodity	Tariff Codes Subject to Safeguard	Trigger Level
Cheese	04061008, 04061018, 04061028, 04061038, 04061048, 04061058, 04061068, 04061078, 04061088, 04062028, 04062033, 04062039, 04062048, 04062053, 04062063, 04062067, 04062071, 04062075, 04062079, 04062083, 04062087, 04062091, 04063018, 04063028, 04063038, 04063048, 04063053, 04063063, 04063067, 04063071, 04063075, 04063079, 04063083, 04063087, 04063091, 04064070, 04069012, 04069018, 04069032, 04069037, 04069042, 04069048, 04069054, 04069068, 04069074, 04069078, 04069084, 04069088, 04069092, 04069094, 04069097 19019036	130% of TRQ established in U.S. General Notes, Annex 3.3
Butter	04013075, 04022190, 04039065, 04039078, 04051020, 04052030, 04059020, 21069026, 21069036	130% of TRQ established in U.S. General Notes, Annex 3.3
Ice Cream	AG21050020	130% of TRQ established in U.S. General Notes, Annex 3.3
Liquid Dairy	AG04013025, AG04039016	130% of TRQ established in U.S. General Notes, Annex 3.3
Other Dairy	04022950, 04029170, 04029190, 04029945, 04029955, 04029990, 04031050, 04039095, 04041015, 04049050, 04052070, 15179060, 17049058, 18062026, 18062028, 18062036, 18062038, 18062082, 18062083, 18062087, 18062089, 18063206, 18063208, 18063216, 18063218, 18063270, 18063280, 18069008, 18069010, 18069018, 18069020, 18069028, 18069030, 19011030, 19011040, 19011075, 19011085, 19012015, 19012050, 19019043, 19019047, 21050040, 21069009, 21069066, 21069087, 22029028	130% of TRQ established in U.S. General Notes, Annex 3.3
Peanut Butter	20081115	130% of TRQ established in U.S. General Notes,

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		Annex 3.3
Peanuts	12021080, 12022080, 20081135, 20081160	130% of TRQ established in U.S. General Notes, Annex 3.3

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Annex 3.25

Short Supply List

1	Velveteen fabrics classified in subheading 5801.23, containing 85 percent or more by weight of cotton.
2	Corduroy fabrics classified in subheading 5801.22, containing 85 percent or more by weight of cotton and containing more than 7.5 wales per centimeter.
3	Fabrics classified in subheadings 5111.11 or 5111.19, if hand-woven, with a loom width of less than 76 cm, woven in the United Kingdom in accordance with the rules and regulations of the Harris Tweed Association, Ltd., and so certified by the Association.
4	Fabrics classified in subheading 5112.30, weighing not more than 340 grams per square meter, containing wool, not less than 20 percent by weight of fine animal hair and not less than 15 percent by weight of man-made staple fibers.
5	Batiste fabrics classified in subheadings 5513.11 or 5513.21, of square construction, of single yarns exceeding 76 metric count, containing between 60 and 70 warp ends and filling picks per square centimeter, of a weight not exceeding 110 grams per square meter.
6	Fabrics classified in subheadings 5208.21, 5208.22, 5208.29, 5208.31, 5208.32, 5208.39, 5208.41, 5208.42, 5208.49, 5208.51, 5208.52 or 5208.59, of average yarn number exceeding 135 metric.
7	Fabrics classified in subheadings 5513.11 or 5513.21, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric.
8	Fabrics classified in subheadings 5210.21 or 5210.31, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric.
9	Fabrics classified in subheadings 5208.22 or 5208.32, not of square construction, containing more than 75 warp ends and filling picks per square centimeter, of average yarn number exceeding 65 metric.
10	Fabrics classified in subheadings 5407.81, 5407.82 or 5407.83, weighing less than 170 grams per square meter, having a dobby weave created by a dobby attachment.
11	Fabrics classified in subheadings 5208.42 or 5208.49, not of square construction, containing more than 85 warp ends and filling picks per square centimeter, of average yarn number exceeding 85 metric.
12	Fabrics classified in subheading 5208.51, of square construction, containing more than 75 warp ends and filling picks per square centimeter, made with single yarns, of average yarn number 95 or greater metric.

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13	Fabrics classified in subheading 5208.41, of square construction, with a gingham pattern, containing more than 85 warp ends and filling picks per square centimeter, made with single yarns, of average yarn number 95 or greater metric, and characterized by a check effect produced by the variation in color of the yarns in the warp and filling.
14	Fabrics classified in subheading 5208.41, with the warp colored with vegetable dyes, and the filling yarns white or colored with vegetable dyes, of average yarn number greater than 65 metric.
15	Circular knit fabric, wholly of cotton yarns, exceeding 100 metric number per single yarn, classified in subheadings 6006.21.aa, 6006.22.aa, 6006.23.aa, and 6006.24.aa.
16	100% polyester crushed panne velour fabric of circular knit construction classified in subheading 6001.92.aa.
17	Viscose rayon yarns clasified in subheadings 5403.31 and 5403.32.
18	Yarn of combed cashmere, combed cashmere blends, or combed camel hair classified in subheading 5108.20.aa.
19	Fabric and a knitted inner-fusible material with an adhesive (thermoplastic resin) coating, both classified in subheading 5903.90.bb. The approved items are: (1) a knitted outer-fusible material with a fold line that is knitted into the fabric. The fabric is a 45mm wide base substrate, knitted in narrow width, synthetic fiber based (made of 49% polyester/43% elastomeric filament/8% nylon with a weight of 4.4 oz., a 110/110 stretch, and a dull yarn), stretch elastomeric material with an adhesive (thermoplastic resin) coating. The 45mm width is divided as follows: 34mm solid, followed by a 3mm seam allowing it to fold over, followed by 8mm of solid. (2) A knitted inner-fusible material with an adhesive (thermoplastic resin) coating that is applied after going through a finishing process to remove all shrinkage from the product. The fabric is a 40mm synthetic fiber based stretch elastomeric fusible consisting of 80% nylon type 6/20% elastomeric filament with a weight of 4.4 oz., a 110/110 stretch, and a dull yarn.
20	Fabrics classified in subheadings 5210.21 or 5210.31, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 135 metric.
21	Fabrics classified in subheadings 5208.22 or 5208.32, not of square construction, containing more than 75 warp ends and filling picks per square centimeter, of average yarn number exceeding 135 metric.
22	Fabrics classified in subheadings 5407.81, 5407.82 or 5407.83, weighing less than 170 grams per square meter, having a dobby weave created by a dobby attachment of average yarn number exceeding 135 metric.
23	Cuprammonium rayon filament yarn classified in subheading 5403.39.

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24	Fabrics classified in subheadings 5208.42 or 5208.49, not of square construction, containing more than 85 warp ends and filling picks per square centimeter, of average yarn number exceeding 85 metric or average yarn number exceeding 135 metric if the fabric is Oxford construction.
25	Ring spun single yarn of English yarn numbers 30 and 50, containing 50 percent or more, but less than 85 percent, by weight of 0.9 denier or finer micro modal fiber, mixed solely with U.S. origin extra long pima cotton, classified in subheading 5510.30.
26	Tow of viscose rayon classified in heading 55.02.
27	100 percent cotton woven flannel fabrics, made from 21 through 36 NM single ring-spun yarns of different colors, classified in subheading 5208.43.00, of 2 X 2 twill weave construction, weighing not more than 200 grams per square meter.
28	Fabrics classified in the following subheadings of average yarn number exceeding 93 metric: 5208.21.aa, 5208.22.aa, 5208.29.aa, 5208.31.aa, 5208.32.aa, 5208.39.aa, 5208.41.aa, 5208.42.aa, 5208.49.aa, 5208.51.aa, 5208.52.aa, 5208.59.aa, 5210.21.aa, 5210.29.aa, 5210.31.aa, 5210.39.aa, 5210.41.aa, 5210.49.aa, 5210.51.aa, 5210.59.aa.
29	Certain yarns of carded cashmere or of carded camel hair, classified in subheading 5108.10.aa, used to produce woven fabrics classified in subheadings 5111.11 and 5111.19.
30	Acid-dyeable acrylic tow classified in subheading 5501.30, for production of yarn classified in subheading 5509.31.
31	Certain untextured flat yarns of nylon classified in subheading 5402.41.aa. The yarns are described as: (1) of nylon, 7 denier/5 filament nylon 66 untextured (flat) semi-dull yarn; multifilament, untwisted or with a twist not exceeding 50 turns/m. (2) Of nylon, 10 denier/7 filament nylon 66 untextured (flat) semi-dull yarn; multifilament, untwisted or with a twist not exceeding 50 turns/m. (3) Of nylon, 12 denier/5 filament nylon 66 untextured (flat) semi-dull yarn; multifilament, untwisted or with a twist not exceeding 50 turns/m. The rules of origin for gimped yarns classified in subheading 5606.00 will be modified to allow the use of non-U.S. or Central America yarns of the type described above.
32	Woven fabric classified in subheading 5515.13.aa, combed of polyester staple fibers mixed with wool, and containing less than 36% by weight of wool.
33	Knitted fabric of 85% spun silk/15% wool (210 grams per square meter), classified in subheading [to be inserted].
34	Woven fabrics classified in subheading 5512.99, containing 100% by weight of synthetic staple fibers; not of square construction; of average yarn number greater than 55.
35	Woven fabrics classified in subheadings 5512.21 or 5512.29; of 100% acrylic fibers; of average yarn number greater than 55.
36	Rayon filament sewing thread, classified in subheading 5401.20.

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37	Poplin, ring spun, woven fabric of 97% cotton, 3% Lycra, classified in subheading 5208.32.bb.
38	Polyester/Nylon/Spandex Synthetic Tri-blend (74/22/4 %) woven fabric classified in subheading 5512.99.aa.
39	Two-way stretch woven fabric of polyester/rayon/spandex (62/32/6 %) classified in subheading 5515.19.aa.
40	Two-way stretch woven fabric of polyester/rayon/spandex (71/23/16 %) classified in subheading 5515.19.aa.
41	Dyed rayon blend (70% rayon/30% polyester) herringbone twill fabric classified in subheading 5516.92 and weighing more than 200 grams per square meter.
42	Printed 100% rayon herringbone fabric classified in subheading 5516.14 weighing more than 200 grams per square meter.
43	Leaver's Lace classified in subheadings 5804.21 and 5804.29

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Annex 3.27

**Special Provisions - Preferential Tariff Treatment
for Non-Originating Apparel Goods from Nicaragua**

1. Subject to paragraph 4, the United States shall apply the rate of duty applicable to originating goods set out in its Schedule to Annex 3.3 (Tariff Elimination) 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 under this Agreement 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 from fabric or yarn produced or obtained outside the territory of the Parties.
2. For purposes of determining the Harmonized System numbers and the quantity of square meter equivalents (SME) that is charged against the annual quantity, the conversion factors listed in the *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 will apply.
3. The following conversion factors shall be used to calculate quantities in SME for purposes of this Annex:

CAT	SMEF	Description	Unit of Measure¹
237	19.20	PLAYSUITS, SUNSUITS, ETC	DZ
239	6.30	BABIES' GARMENTS & CLOTHING ACCESS	KG
330	1.40	COTTON HANDKERCHIEFS	DZ
331	2.90	COTTON GLOVES AND MITTENS	DPR
332	3.80	COTTON HOSIERY	DPR
333	30.30	M&B SUITTYPE COATS, COTTON	DZ
334	34.50	OTHER M&B COATS, COTTON	DZ
335	34.50	W&G COTTON COATS	DZ
336	37.90	COTTON DRESSES	DZ
338	6.00	M&B COTTON KNIT SHIRTS	DZ
339	6.00	W&G COTTON KNIT SHIRTS/BLOUSES	DZ

¹ For purposes of this paragraph:

DZ means dozen;
KG means kilogram;
DPR means dozen pairs; and
NO means number.

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340	20.10	M&B COTTON SHIRTS, NOT KNIT	DZ
341	12.10	W&G COTTON SHIRTS/BLOUSES,NOT KNIT	DZ
342	14.90	COTTON SKIRTS	DZ
345	30.80	COTTON SWEATERS	DZ
347	14.90	M&B COTTON TROUSERS/BREECHES/SHORTS	DZ
348	14.90	W&G COTTON TROUSERS/BREECHES/SHORTS	DZ
349	4.00	BRASSIERES, OTHER BODY SUPPORT GARMENTS	DZ
350	42.60	COTTON DRESSING GOWNS, ROBES ETC.	DZ
351	43.50	COTTON NIGHTWEAR/PAJAMAS	DZ
352	9.20	COTTON UNDERWEAR	DZ
353	34.50	M&B COTTON DOWNFILLED COATS	DZ
354	34.50	W&G COTTON DOWNFILLED COATS	DZ
359	8.50	OTHER COTTON APPAREL	KG
630	1.40	MMF HANDKERCHIEFS	DZ
631	2.90	MMF GLOVES AND MITTENS	DPR
632	3.80	MMF HOSIERY	DPR
633	30.30	M&B MMF SUITTYPE COATS	DZ
634	34.50	OTHER M&B MMF COATS	DZ
635	34.50	W&G MMF COATS	DZ
636	37.90	MMF DRESSES	DZ
638	15.00	M&B MMF KNIT SHIRTS	DZ
639	12.50	W&G MMF KNIT SHIRTS & BLOUSES	DZ
640	20.10	M&B NOT-KNIT MMF SHIRTS	DZ
641	12.10	W&G NOT-KNIT MMF SHIRTS & BLOUSES	DZ
642	14.90	MMF SKIRTS	DZ
643	3.76	M&B MMF SUITS	NO
644	3.76	W&G MMF SUITS	NO
645	30.80	M&B MMF SWEATERS	DZ
646	30.80	W&G MMF SWEATERS	DZ
647	14.90	M&B MMF TROUSERS/BREECHES/SHORTS	DZ
648	14.90	W&G MMF TROUSERS/BREECHES/SHORTS	DZ
649	4.00	MMF BRAS & OTHER BODY SUPPORT GARMENTS	DZ
650	42.60	MMF ROBES, DRESSING GOWNS, ETC.	DZ
651	43.50	MMF NIGHTWEAR & PAJAMAS	DZ
652	13.40	MMF UNDERWEAR	DZ
653	34.50	M&B MMF DOWNFILLED COATS	DZ
654	34.50	W&G MMF DOWNFILLED COATS	DZ
659	14.40	OTHER MMF APPAREL	KG

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

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- (a) in each of the first 5 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.

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Annex 3.28

**Special Provisions - 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 duty rate in column 1 of the Harmonized Tariff Schedule of the United States to men's, boys', women's, and girls' tailored wool apparel in textile categories 433, 435 (suit-type jackets only: 6204.31, 6204.33.40, 6204.39.20, 6204.39.8020), 442, 443, 444, 447, and 448, all within headings 6203 and 6204, that are both cut and sewn or otherwise assembled in the territory of Costa Rica from fabric produced or obtained outside the territory of the Parties. Such apparel must meet all other applicable conditions for preferential tariff treatment, including notes 1, 3, and 4 to the rules of origin for Chapter 62 of the Harmonized System as set out in Annex 4.1 (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 the *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, will apply.
3. The following conversion factors shall be used to calculate quantities in SME for purposes of this Annex:

CAT	SMEF	Description	Unit of Measure¹
433	30.10	M/B SUIT-TYPE JACKETS	DZ
435	45.10	W/G SUIT-TYPE JACKETS ²	DZ
442	15.00	W/G SKIRTS	DZ
443	3.76	M/B SUITS	NO
444	3.76	W/G SUITS	NO
447	15.00	M/B SHORTS, TROUSERS, BREECHES	DZ
448	15.00	W/G SHORTS, TROUSERS, BREECHES	DZ

¹ For purposes of this paragraph:

DZ means dozen; and
NO means number.

² Subheadings 6204.31, 6204.33.40, 6204.3920, and 6204.398020 of the Harmonized Tariff Schedule of the United States only.

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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 2 years after the date of entry into force of this Agreement.

5. Costa Rica and the United States agree to meet 18 months after this Agreement comes into effect to discuss this special provision and the availability of wool fabric in the region.

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Annex 3.29

Textile and Apparel Goods Not Covered by this Section

Note: Descriptions are provided next to the corresponding item for purposes of reference only. For legal purposes, coverage shall be determined according to the terms of the Harmonized System.

HS No.	Product Description
3005.90	Wadding, gauze, bandages and the like
ex 3921.12 ex 3921.13 ex 3921.90	Woven, knitted or non-woven fabrics coated, covered or laminated with plastics
ex 6405.20	Footwear with soles and uppers of wool felt
ex 6406.10	Footwear uppers of which 50% or more of the external surface area is textile material
ex 6406.99	Leg warmers and gaiters of textile material
6501.00	Hat-forms, hat bodies and hoods of felt; plateaux and manchons of felt
6502.00	Hat-shapes, plaited or made by assembling strips of any material
6503.00	Felt hats and other felt headgear
6504.00	Hats & other headgear, plaited or made by assembling strips of any material
6505.90	Hats & other headgear, knitted or made up from lace, or other textile material
8708.21	Safety seat belts for motor vehicles
8804.00	Parachutes; their parts and accessories
9113.90	Watch straps, bands and bracelets of textile materials
9502.91	Garments for dolls
ex 9612.10	Woven ribbons, of man-made fibres, other than those measuring less than 30 mm in width and permanently put up in cartridges