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**PROPOSAL**

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from: the Commission  
dated: 26 October 2011

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Subject: Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other - ANNEX II (PART I)

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Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

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Encl.: COM(2011) 679 final - ANNEX II (PART I)



EUROPEAN COMMISSION

Brussels, 25.10.2011  
COM(2011) 679 final

Annex II (Part I)

**ANNEX**

**ANNEX II (PART I)**

**Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other**

**Annex I: Elimination of customs duties**

*Accompanying the document*

**Proposal for a Council Decision**

**on the conclusion of the Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other**

## ANNEX

### ANNEX II (PART I)

#### **Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other**

##### **Annex I: Elimination of customs duties**

###### *Accompanying the document*

###### **Proposal for a Council Decision**

#### **on the conclusion of the Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other**

##### **Section A**

1. For the EU Party, the elimination of customs duties described in the staging categories set out in subparagraphs (a), (b), (c), (e), (f), (l), (m), (n), (o), (p), (q) and (r) of paragraph 3 *infra*, shall be applied to the base rate indicated in its Schedule to this Annex.
2. For each Republic of the CA Party, the elimination of customs duties described in the staging categories set out in subparagraphs (a), (b), (c), (d), (e), (f), (g), (h), (j), (k) and (q) of paragraph 3 *infra*, shall apply for each year of the tariff elimination period as follows:
  - (a) if by applying the staging categories to the CA base rate, a tariff higher than the base rate of one of the Republics of the CA Party is obtained, the applicable tariff for that Republic shall be its base rate;
  - (b) if by applying the staging categories to the CA base rate, a tariff lower or equal to the base rate of one of the Republics of the CA Party is obtained, the applicable tariff for that Republic shall be the result of applying the staging category to the CA base rate.
3. Unless otherwise provided in the General Notes to the Schedule of each Party, the following categories apply to the elimination of customs duties by each Party pursuant to Article 83 (Elimination of Customs Duties) of Chapter 1 of Title II (Trade in Goods) of Part IV of this Agreement:
  - (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 of entry into force of this Agreement;
  - (b) duties on goods provided for in the items in staging category B in a Party's Schedule shall be removed in three equal annual stages beginning on the date

of entry into force of this Agreement, and such goods shall be duty-free, effective January 1 of year three;

- (c) duties on goods provided for in the items in staging category C in a Party's Schedule shall be removed in five equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be duty-free, effective January 1 of year five;
- (d) duties on goods provided for in the items in staging category C1 in a Party's Schedule shall be removed in six equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be duty-free, effective January 1 of year six;
- (e) duties on goods provided for in the items in staging category D in a Party's Schedule shall be removed in seven equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be duty-free, effective January 1 of year seven;
- (f) duties on goods provided for in the items in staging category E in a Party's Schedule shall be removed in ten equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be duty-free, effective January 1 of year ten;
- (g) duties on goods provided for in the items in staging category E1 in a Party's Schedule shall remain at its base rate from years one through five. Duties on these goods shall be removed in five equal annual stages beginning January 1 of year six, and such goods shall be duty-free effective January 1 of year ten;
- (h) duties on goods provided for in the items in staging category E2 in a Party's Schedule shall be removed in ten annual stages. Upon the date of entry into force of this Agreement, duties shall be reduced by two percent of the base rate and on January 1 of year two an additional two percent. As of January 1 of year three, duties shall be reduced by an additional eight percent of the base rate; and thereafter, an additional eight percent of the base rate each year until year six. As of January 1 of year seven, duties shall be reduced by an additional sixteen percent of the base rate, and by an additional sixteen percent each year thereafter until year nine, and such goods shall be duty-free effective January 1 of year ten. The duty reduction process for this category is detailed in the following table:

Annual Cut (Percentage)	Year	Cumulative Cut	Duty reductions under category E2			
			5%	10%	15%	20%
2%	1	2%	4.9%	9.8%	14.7%	19.6%
	2	4%	4.8%	9.6%	14.4%	19.2%
8%	3	12%	4.4%	8.8%	13.2%	17.6%

	4	20%	4.0%	8.0%	12.0%	16.0%
	5	28%	3.6%	7.2%	10.8%	14.4%
	6	36%	3.2%	6.4%	9.6%	12.8%
<b>16%</b>	7	52%	2.4%	4.8%	7.2%	9.6%
	8	68%	1.6%	3.2%	4.8%	6.4%
	9	84%	0.8%	1.6%	2.4%	3.2%
	10	100%	0.0%	0.0%	0.0%	0.0%

- (i) duties on goods provided for in the items in staging category F in a Party's Schedule shall remain at base rate<sup>1</sup>, except as provided in subparagraph (c) of Article 84 (Standstill) of Chapter I of Title II (Trade in Goods) of Part IV of this Agreement. These goods are excluded from duty elimination or reduction;
- (j) duties on goods provided for in the items in staging category G in a Party's Schedule shall be removed in thirteen equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be duty-free, effective January 1 of year thirteen;
- (k) duties on goods provided for in the items in staging category H in a Party's Schedule shall be removed in fifteen equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall be duty-free, effective January 1 of year fifteen;
- (l) *ad valorem* duties on goods provided for in the items in staging category I in a Party's Schedule shall be removed and these goods shall be *ad valorem* duty-free beginning on the date of entry into force of this Agreement. Specific duties on these goods, applicable under the mechanism of "entry prices", shall remain at base rate as indicated in paragraph 4, Section A of this Annex;
- (m) *ad valorem* duties on goods provided for in the items in staging category J in a Party's Schedule shall be removed and these goods shall be *ad valorem* duty-free beginning on the date of entry into force of this Agreement. Specific duties on these goods shall remain at base rate;
- (n) *ad valorem* duties on goods provided for in the items in staging category K in a Party's Schedule shall be removed and these goods shall be *ad valorem* duty-free beginning on the date of entry into force of this Agreement. Specific duties on these goods shall be eliminated in three annual stages beginning on the date

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<sup>1</sup> For the Republics of the CA Party this refers to the base rate of each Republic, as indicated in the relevant Schedule.

of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year three;

- (o) *ad valorem* duties on goods provided for in the items in staging category L in a Party's Schedule shall be removed in three equal annual stages beginning on the date of entry into force of this Agreement and such goods shall be *ad valorem* duty-free effective January 1 of year three. Specific duties on these goods, applicable under the mechanism of "entry prices", shall remain at base rate as indicated in paragraph 4, Section A of this Annex;
  - (p) *ad valorem* duties on goods provided for in the items in staging category M in a Party's Schedule shall be removed and these goods shall be *ad valorem* duty-free beginning on the date of entry into force of this Agreement. Specific duties on these goods shall be eliminated in ten annual stages beginning on the date of entry into force of this Agreement and such goods shall be duty-free, effective January 1 of year ten;
  - (q) duties on goods provided for in the items in staging category Q in a Party's Schedule shall be applied as indicated in Appendix 1 (Import Tariff Quotas of the Republics of the CA Party) and Appendix 2 (Import Tariff Quotas of the EU Party) to this Annex;
  - (r) duties on goods provided for in the items in staging category ST in a Party's Schedule shall be applied as indicated in Appendix 3 (Special Treatment on Bananas) to this Annex.
4. Unless otherwise provided for in this Agreement, the European Union may apply the Entry Price System's customs duties laid down in Annex 2 of Commission Regulation (EC) No 1549/2006 of 17 October 2006.
  5. Unless otherwise provided for in this Agreement, the terms "EA", "AD S/Z" and "AD F/M" included in the base rates of the Schedule of the EU Party refer to the customs duties laid down in Annex 1 of Commission Regulation (EC) No 1549/2006 of 17 October 2006.
  6. For the purpose of the elimination of customs duties in accordance with Article 83 (Elimination of Customs Duties) of Chapter 1 of Title II (Trade in Goods) of Part IV of this Agreement, 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 0.1 of the official monetary unit of the Party.
  7. For the purposes of this Annex and a Party's Schedule, year one means the year the Agreement enters into force as provided in paragraph 4 of Article 353 (Entry into Force) of Part V of this Agreement.
  8. For the purposes of this Annex and a Party's Schedule, beginning in year two, each annual stage of duty reduction shall take effect on January 1 of the relevant year.
  9. For the purposes of paragraph 3 (q) of this Annex, if the entry into force of the Agreement corresponds to a date after 1st January and before 31st December of the same calendar year, the in quota quantity will be pro-rated on a proportional basis for the remainder of that calendar year.

## **Section B: General Notes to the Schedule of the Republics of the CA Party**

1. In compliance with the *Decreto No. 902* of January 9<sup>th</sup>, 2006, El Salvador applies a tariff of 15% to all imports of iron and steel rods with a cross section area smaller or equal to 16 mm, with a carbon content inferior to 0.4% of its weight, classified under tariff line 7214.99.90 of SAC 2007. These products are currently classified under tariff line 7214.99.30, created by El Salvador on a national level, by the Decree previously mentioned.
2. For the goods classified under tariff line 0808.10.00 of SAC 2007, Guatemala will continue to apply the provisions contained in the *Ley del Fondo de Cooperación a la Fruticultura Decidua Nacional, Decreto No. 15-2007* of the *Congreso de la República de Guatemala* and its amendments, relating to the import duties and apple production.
3. In case of a fiscal emergency, Guatemala may increase temporarily and automatically the customs duties applied for the goods classified under tariff lines 2709.00.10, 2709.00.90, 2710.11.20, 2710.11.30, 2710.19.11, 2710.19.21, 2710.19.22 of SAC 2007. In such case, the custom duty shall not be greater than the one applied to all countries during the emergency period that justifies the adoption of the tariff increase.
4. For the goods classified under tariff lines 1005.90.20, 1005.90.30, 1007.00.90, 1102.20.00, 1103.13.10, 1103.13.90 and 1104.23.00 of SAC 2007, Honduras will maintain the application of the *Decreto No. 31-92* of March 5<sup>th</sup>, 1992 and its regulations in the *Acuerdo No. 105-93* and its amendments.
5. For the goods classified under tariff lines 0402.91.10, 0402.99.10, 2002.90.10 of SAC 2007, Panama will apply Category F, in accordance to paragraph 3(i) of Section A of this Annex.
6. For the goods classified under tariff lines 2208.30.10, 2208.30.90 of SAC 2007, Panama will apply Category A, in accordance with paragraph 3(a) of Section A of this Annex.
7. For the goods classified under tariff line 2106.90.99 of SAC 2007, Panama will apply Category F, in accordance to paragraph 3 (i) of Section A of this Annex.
8. Imitations of cheese are products of the physical appearance of cheese, which are reasonably deemed to be used as a cheese and do not meet simultaneously the three criteria set out in Note 3 to Chapter 4 of the Harmonized System. Usually, these products comply with at least one of the mentioned criteria.

### **APPENDIX 1**

#### **IMPORT TARIFF-RATE QUOTAS OF THE REPUBLICS OF THE CA PARTY**

1. This Appendix includes import tariff-rate quotas for originating goods of the EU Party under staging category “Q” in the Schedule of the Republics of the CA Party. Each Republic of the CA Party shall administer these tariff-rate quotas in accordance with its internal regulations.

2. Importations under the tariff-rate quotas set forth in paragraphs 3, 5, and 7 of this Appendix shall be subject to the presentation of an export certificate issued by the competent authority of the EU Party.

3. **Cured hams and streaky bacon:**

(a) The Republics of the CA Party shall grant the EU Party a joint quota of 900 tonnes per year, with an annual growth of 45 tonnes for the goods entered in accordance with subparagraph (c). The quantity entered within quota shall be free of customs duties at any moment of the calendar year.

(b) Customs duties on goods entered in aggregate quantities in excess of the quota listed in subparagraph (a), shall be eliminated in accordance with the provisions of category H of subparagraph 3(k) of Section A of Annex I.

(c) Subparagraphs (a) and (b) apply to the following tariff lines in the Schedule of the Republics of the CA Party: 0210.11.00, 0210.12.00 and 0210.19.00 of SAC 2007.

4. **Powdered Milk:**

(a) Each Republic of the CA Party shall grant the EU Party a quota for goods entered in accordance with subparagraphs (b) and (d). The volume for year one and successive annual growth starting on year two for each Republic of the CA Party, is detailed below:

	Tonnes Year one	Growth per year in Tonnes
Costa Rica	200	10
El Salvador	200	10
Guatemala	400	20
Honduras	400	20
Nicaragua	200	10
Panamá	500	25

(b) Under this quota the aggregate quantity of goods entered under tariff lines listed in subparagraph (d) shall be free of customs duties in any calendar year and shall not exceed the amounts specified in the table of subparagraph (a) for the EU Party, for each year.

(c) Customs duties on goods entered in aggregate quantities in excess of the amounts listed in subparagraph (a) shall be applied in accordance with the provisions of category F of subparagraph 3(i) of Section A of Annex I.

(d) Subparagraphs (a), (b) and (c) apply to the following tariff lines in the Schedule of the Republics of the CA Party: 0402.10.00, 0402.21.11, 0402.21.12, 0402.21.21, 0402.21.22 and 0402.29.00 of SAC 2007.

5. **Whey:**



- (a) The Republics of the CA Party shall grant the EU Party a joint quota of 100 tonnes per year, with an annual growth of 10 tonnes for goods entered in accordance with subparagraph (c). The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
- (b) Customs duties on goods entered in aggregate quantities in excess of the quota listed in subparagraph (a), shall be eliminated in accordance with the provisions of category B of subparagraph 3(b) of Section A of Annex I.
- (c) Subparagraphs (a) and (b) apply to the following tariff lines of the Schedule of the Republics of the CA Party: 0404.90.00 (except lactose-free milk) of SAC 2007.

**6. Cheese:**

- (a) Each Republic of the CA Party shall provide the EU Party a quota for goods entered in accordance with subparagraphs (b) and (d). The quota for year one and successive annual growth starting on year two for each Republic of the CA Party, is detailed below:

	Tonnes Year one	Growth per year in Tonnes
Costa Rica	317	16
El Salvador	583	29
Guatemala	600	30
Honduras	500	25
Nicaragua	400	20
Panamá	600	30

- (b) Under this quota the aggregate quantity of goods entered under the tariff lines listed in subparagraph (d) shall be free of customs duties in any calendar year and shall not exceed the quota amount specified in the table of subparagraph (a) for the EU Party, for each year.
- (c) Customs duties on goods entered in aggregate quantities in excess of the amounts listed in subparagraph (a) shall be applied in accordance with the provisions of category F of subparagraph 3(i) of Section A of Annex I.
- (d) Subparagraphs (a), (b) and (c) apply to the following tariff lines of the Schedule of the Republics of the CA Party: 0406.20.90, 0406.30.00, 0406.90.10, 0406.90.20 and 0406.90.90 of SAC 2007.

**7. Prepared or preserved swine meat**

- (a) The Republics of the CA Party shall grant the EU Party a joint quota of 900 tonnes per year, with an annual growth of 45 tonnes, for goods entered in accordance with subparagraph (c). The quantity entered within quota shall be free of customs duties at any moment of the calendar year.

- (b) Customs duties on goods entered in aggregate quantities in excess of the quota listed in subparagraph (a), shall be eliminated in accordance with the provisions of category H of subparagraph 3(k) of Section A of Annex I.
- (c) Subparagraphs (a) and (b) apply to the following tariff lines of the Schedule of the Republics of the CA Party: 1602.41.00, 1602.42.00 and 1602.49.90 of SAC 2007.

## **APPENDIX 2**

### **IMPORT TARIFF-RATE QUOTAS OF THE EU PARTY**

1. This Appendix includes import tariff-rate quotas for originating goods of Central America under staging category “Q” in the Schedule of the EU Party. The EU Party shall administer these tariff-rate quotas in accordance with its internal regulations.
2. Importations under the tariff-rate quotas set forth in paragraphs 8 to 11 of this Appendix shall be subject to the presentation of an export certificate issued in accordance with the provisions of paragraph 3 *infra* by the competent authority of the relevant Republic of the CA Party.
3. The Republics of the CA Party shall agree on a distribution of the regional tariff-rate quotas set forth in paragraphs 8 to 11 of this Appendix and, based on it, each Republic of the CA Party shall issue the corresponding export certificates.
4. **Garlic:**
  - (a) The EU Party shall grant the Republics of the CA Party a quota of 550 tonnes per year for the goods entered in accordance with subparagraph (c). The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
  - (b) Customs duties on goods entered in aggregate quantities in excess of the quota listed in subparagraph (a), shall be applied in accordance with the provisions of category F of subparagraph 3(i) of Section A of Annex I (Elimination of Customs Duties).
  - (c) Subparagraphs (a) and (b) apply to the following tariff line in the Schedule of the EU Party: 0703.20.00.
5. **Manioc starch:**
  - (a) The EU Party shall grant the Republics of the CA Party a quota of 5,000 tonnes per year for the goods entered in accordance with subparagraph (c). The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
  - (b) Customs duties on goods entered in aggregate quantities in excess of the quota listed in subparagraph (a), shall be applied in accordance with the provisions of category F of subparagraph 3(i) of Section A of Annex I (Elimination of Customs Duties).

- (c) Subparagraphs (a) and (b) apply to the following tariff line in the Schedule of the EU Party: 1108.14.00.

**6. Sweet corn:**

- (a) The EU Party shall grant the Republics of the CA Party a quota of 1,440 tonnes per year, with an annual growth of 120 tonnes, for the goods entered in accordance with subparagraph (c). The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
- (b) Customs duties on goods entered in aggregate quantities in excess of the quota listed in subparagraph (a), shall be applied in accordance with the provisions of category J of subparagraph 3(m) of Section A of Annex I (Elimination of Customs Duties).
- (c) Subparagraphs (a) and (b) apply to the following tariff lines in the Schedule of the EU Party: 0710.40.00, 0711.90.30, 2001.90.30, 2004.90.10 and 2005.80.00.

**7. Mushrooms:**

- (a) The EU Party shall grant the Republics of the CA Party a quota of 275 tonnes per year for the goods entered in accordance with subparagraph (c). The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
- (b) Customs duties on goods entered in aggregate quantities in excess of the quota listed in subparagraph (a), shall be applied in accordance with the provisions of category J of subparagraph 3(m) of Section A of Annex I (Elimination of Customs Duties).
- (c) Subparagraphs (a) and (b) apply to the following tariff lines in the Schedule of the EU Party: 0711.51.00, 2003.10.20 and 2003.10.30.

**8. Beef:**

- (a) The EU Party shall grant exclusively to Nicaragua a quota of 500 tonnes (Carcass Weight Equivalent) per year, with an annual growth of 25 tonnes. The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
- (b) Additionally, the EU Party shall grant the Republics of the CA Party a regional quota of 9,500 tonnes (Carcass Weight Equivalent) per year, with an annual growth of 475 tonnes. The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
- (c) Customs duties on goods entered in aggregate quantities in excess of the quotas listed in subparagraphs (a) and (b), shall be applied in accordance with the provisions of category F of subparagraph 3(i) of Section A of Annex I (Elimination of Customs Duties).
- (d) Subparagraphs (a), (b) and (c) apply to the following tariff lines in the Schedule of the EU Party: 0201.10.00, 0201.20.20, 0201.20.30, 0201.20.50,

0201.20.90, 0201.30.00, 0202.10.00, 0202.20.10, 0202.20.30, 0202.20.50, 0202.20.90, 0202.30.10, 0202.30.50 and 0202.30.90.

**9. Sugar, including organic sugar, and goods with high sugar content:**

- (a) The EU Party shall grant exclusively to Panama a quota of 12,000 tonnes of raw sugar equivalent<sup>2</sup> per year, with an annual growth of 360 tonnes. The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
- (b) Additionally, the EU Party shall grant the Republics of the CA Party, except Panama, a regional quota of 150,000 tonnes of raw sugar equivalent<sup>3</sup> per year, with an annual growth of 4,500 tonnes. The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
- (c) Customs duties on goods entered in aggregate quantities in excess of the quotas listed in subparagraphs (a) and (b), shall be applied in accordance with the provisions of category F of subparagraph 3(i) of Section A of Annex I (Elimination of Customs Duties), for the tariff lines indicated in subparagraph (d)(i); and in accordance with the provisions of category J of subparagraph 3(m) of Section A of Annex I (Elimination of Customs Duties), for the tariff lines indicated in subparagraph (d)(ii).
- (d) Subparagraphs (a), (b) and (c) apply to the following tariff lines in the Schedule of the EU Party:
- i. 1701.11.10, 1701.11.90, 1701.91.00, 1701.99.10, 1701.99.90, 1702.30.10, 1702.30.51, 1702.30.59, 1702.30.91, 1702.30.99, 1702.40.90, 1702.90.30, 1702.90.50, 1702.90.71, 1702.90.75, 1702.90.79, 1702.90.80, and 1702.90.99.
- ii. 1702.50.00, 1704.90.99, 1806.10.30, 1806.10.90, 1806.20.95ex2, 1806.90.90ex2, 1901.90.99, 2006.00.31, 2006.00.38, 2007.91.10, 2007.99.20, 2007.99.31, 2007.99.33, 2007.99.35, 2007.99.39, 2009.11.11ex2, 2009.11.91, 2009.19.11ex2, 2009.19.91, 2009.29.11ex2, 2009.29.91, 2009.39.11ex2, 2009.39.51, 2009.39.91, 2009.49.11ex2, 2009.49.91, 2009.80.11ex2, 2009.80.35ex2, 2009.80.61, 2009.80.86, 2009.90.11ex2, 2009.90.21ex2, 2009.90.31, 2009.90.71, 2009.90.94, 2101.12.98ex2, 2101.20.98ex2, 2106.90.98ex2, and 3302.10.29.

**10. Rice:**

- (a) The EU Party shall grant the Republics of the CA Party a regional quota of 20,000 tonnes per year, with an annual growth of 1,000 tonnes. The quantity entered within quota shall be free of customs duties at any moment of the calendar year.

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<sup>2</sup> Raw sugar of the standard quality shall be sugar with a yield in White sugar of 92 per cent.

<sup>3</sup> *Idem*.

- (b) Customs duties on goods entered in aggregate quantities in excess of the quota listed in subparagraph (a), shall be applied in accordance with the provisions of category F of subparagraph 3(i) of Section A of Annex I (Elimination of Customs Duties).
- (c) Subparagraphs (a) and (b) apply to the following tariff lines in the Schedule of the EU Party: 1006.20.15, 1006.20.17, 1006.20.96, 1006.20.98, 1006.30.25, 1006.30.27, 1006.30.46, 1006.30.48, 1006.30.65, 1006.30.67, 1006.30.96, 1006.30.98.

**11. Bulk rum:**

- (a) The EU Party shall grant exclusively to Panama a quota of 1,000 hl (pure alcohol equivalent) per year, with an annual growth of 50 hl. The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
- (b) Additionally, the EU Party shall grant the Republics of the CA Party, except Panama, a regional quota of 7,000 hl (pure alcohol equivalent) per year, with an annual growth of 300 hl. The quantity entered within quota shall be free of customs duties at any moment of the calendar year.
- (c) Customs duties on goods entered in aggregate quantities in excess of the quotas listed in subparagraphs (a) and (b), shall be applied in accordance with the provisions of category F of subparagraph 3(i) of Section A of Annex I (Elimination of Customs Duties).
- (d) Subparagraphs (a), (b) and (c) apply to the following tariff lines in the Schedule of the EU Party: 2208.40.51 and 2208.40.99.

**APPENDIX 3**

**SPECIAL TREATMENT ON BANANAS**

1. For the agricultural product originating in Central America under heading 0803.00.19 of the Combined Nomenclature (fresh Bananas, excluding plantains) and listed under category "ST" in the Schedule of the EU Party, the following preferential customs duty shall apply:

Year	Preferential customs duty	Trigger import volume, in tonnes					
	(€/t.)	Costa Rica	Panama	Honduras	Guatemala	Nicaragua	El Salvador
Until 31 December 2010	145	1 025 000	375 000	50 000	50 000	10 000	2 000
1.1-31.12.2011	138	1 076 250	393 750	52 500	52 500	10 500	2 100
1.1-31.12.2012	131	1 127 500	412 500	55 000	55 000	11 000	2 200
1.1-31.12.2013	124	1 178 750	431 250	57 500	57 500	11 500	2 300
1.1-31.12.2014	117	1 230 000	450 000	60 000	60 000	12 000	2 400
1.1-31.12.2015	110	1 281 250	468 750	62 500	62 500	12 500	2 500
1.1-31.12.2016	103	1 332 500	487 500	65 000	65 000	13 000	2 600

1.1-31.12.2017	96	1 383 750	506 250	67 500	67 500	13 500	2 700
1.1-31.12.2018	89	1 435 000	525 000	70 000	70 000	14 000	2 800
1.1-31.12.2019	82	1 486 250	543 750	72 500	72 500	14 500	2 900
1.1.2020 and after	75	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable

2. The preferential customs duties indicated in the table above shall apply from the date of entry into force of the Agreement onwards. The duties shall not be retroactively reduced.
3. In 2019, the Parties shall examine the improvement of tariff liberalisation of bananas.
4. A stabilisation clause shall be based on the following elements:
  - (a) A trigger import volume is set for imports from the Republics of the CA Party for each of the years during the transition period as indicated in the above table. The trigger volume shall apply to individual Republics of the CA Party as stipulated in the table above<sup>4</sup>;
  - (b) Once this trigger volume is met during a calendar year, the EU Party may temporarily suspend the preferential customs duty set out in the table above for a period of time not exceeding three months, and not going beyond the end of the calendar year;
  - (c) In case it suspends said preferential customs duty, the EU Party shall apply the least of the base rate (as indicated in its Schedule) or the MFN duty that will be applied at the time this action will be taken;
  - (d) In case it applies the actions mentioned above under paragraphs (b) and (c), the EU Party shall immediately enter into consultations with the Republics of the CA Party to analyse and evaluate the situation on the basis of factual available data;
  - (e) The measures mentioned above under paragraphs (b) or (c) shall be applicable only during the transition period.

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<sup>4</sup> For the purpose of recording imports to be considered for the trigger volumes set out in paragraph 1, the EU Party shall require the presentation of an export certificate issued by the competent authority of the exporting Republic of the CA Party.