

ANNEX 3.04

TARIFF REDUCTION SCHEDULE

1. Except as otherwise provided in a Party's Schedule to this Annex, the following staging categories apply to the reduction of customs duties by each Party:

- (a) duties on originating 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 as the Agreement enters into force;
- (b) duties on originating goods provided for in the items in staging category "B" in a Party's Schedule shall be removed in five (5) equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year five (5);
- (c) duties on originating goods provided for in the items in staging category "C" in a Party's Schedule shall be removed in ten (10) equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year ten (10);
- (d) duties on originating goods provided for in the items in staging category "C-" will remain at the base rate during years one (1) through five (5). Beginning on January 1st of year six (6), such tariff lines shall be removed in five (5) equal annual stages, and such goods shall be duty-free, effective January 1 of year ten (10);
- (e) duties on originating goods provided for in the items in staging category "D" in a Party's Schedule shall be removed in fifteen (15) equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year fifteen (15);
- (f) duties on originating goods provided for in the items in staging category "D-" will remain at the base rate during years one (1) through ten (10). Beginning on January 1st of year eleven (11), such tariff lines shall be removed in five (5) equal annual stages, and such goods shall be duty-free, effective January 1 of year fifteen (15);
- (g) duties on originating goods provided for in the items in staging category "E" in a Party's Schedule shall be deemed as sensitive and free from any reduction commitment;

- (h) duties on originating goods provided for in the items in staging category “F” in a Party’s Schedule shall be reduced by twenty percent (20%) from the base rate beginning on the date this Agreement enters into force and afterward the said reduced duties will remain at that level and without any further reduction; and
- (i) duties on originating goods provided for in the items in staging category “G” in a Party’s Schedule shall remain at base rates for years one (1) through ten (10). Beginning January 1 of year eleven (11), duties shall be removed in ten equal annual stages, and such goods shall be duty-free effective January 1 of year twenty (20).

2. The goods included in the tariff lines marked “Q” in the staging column are described below:

- (a) the Republic of China (Taiwan) shall implement a duty-free (0%) quota for sugar originating from the Republic of El Salvador or from the Republic of Honduras for the tariff lines set below. For the sugar included in the duty-free (0%) quota, the Republic of China (Taiwan) will require the Certificate of Origin and Tariff Quota Certificate (TQC) issued by the Republic of El Salvador or by the Republic of Honduras, depending on the origin of the sugar;
- (b) for year one, the quota level will be set at 35,000 metric tons for the Republic of El Salvador and 35,000 metric tons for the Republic of Honduras. For year two the quota level will be set at 50,000 metric tons for the Republic of El Salvador and 50,000 metric tons for the Republic of Honduras. For year three and next years the quota level will be set at 60,000 metric tons for the Republic of El Salvador and 60,000 metric tons for the Republic of Honduras. The use of quota quantity shall be based on free market mechanism;
- (c) the quota will have a limit of 5,000 metric tons of refined sugar each for the Republic of El Salvador and for the Republic of Honduras, to be exported from the aforementioned countries to the Republic of China (Taiwan), every year. However the Republic of El Salvador or the Republic of Honduras may choose to export raw sugar instead of refined sugar, up to 100% of the total quota;
- (d) the relevant tariff lines for raw sugar and refined sugar are set out below:

Goods	Tariff lines of the Republic of China
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	(Taiwan)
Raw sugar	1701.11.00 1701.91.10
Refined sugar	1701.91.20 1701.99.10 1701.99.20 1701.99.90

In case the Republic of China (Taiwan) includes a new tariff line for raw or refined sugar, this tariff code will be automatically included in this list; and

- (e) the sugar quota administration shall only require a Certificate of Origin and a Tariff Quota Certificate (TQC), which will be provided by the Consejo Salvadoreño de la Agroindustria Azucarera (CONSAA) of the Republic of El Salvador; and the Secretaría de Estado en los Despachos de Industria y Comercio of the Republic of Honduras, according to the exporting country.

3. Additional requirements for beef import under preferential treatment:

The Republic of China (Taiwan) shall require the government authority of the Republic of Honduras to issue certificate including the following information:

- (a) serial number of cattle;
- (b) farm in which cattle were born;
- (c) feeding farm before slaughter; and
- (d) slaughterhouse.

The said beefs are including goods classified under tariff classification 0202.10.10, 0202.10.90, and 0202.30.90.

4. The base rate, which shall be the Most-Favored-Nation (MFN) rate in effect January 1, 2006 for the Republic of China (Taiwan) and July 1, 2006 for the Republic of El Salvador and the Republic of Honduras, of the Imported Tariff Schedule of the respective Party, 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.

5. For the purpose of the elimination of customs duties, 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.

6. For purposes of this Annex and a Party's Schedule, year one (1) means the year the Agreement enters into force as provided in Article 18.03 (Entry into Force).

7. For purposes of this Annex and a Party's Schedule, beginning in year two (2), each annual stage of tariff reduction shall take effect on January 1 of the following years.

