

GENERAL NOTES
TARIFF SCHEDULE OF THE UNITED STATES

1. Relation to the Harmonized Tariff Schedule of the United States (HTSUS). The provisions of this Schedule are generally expressed in terms of the HTSUS, and the interpretation of the provisions of this Schedule, including the product coverage of subheadings of this Schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the HTSUS. To the extent that provisions of this Schedule are identical to the corresponding provisions of the HTSUS, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the HTSUS.
2. Base Rates of Customs Duty. The base rates of customs duty set forth in this Schedule reflect the HTSUS Column 1 General rates of duty in effect on January 1, 2004.
3. Staging. In addition to the staging categories listed in Annex 2.3, this Schedule contains staging categories **Q**, **R**, and **S**:
 - (a) duties on originating goods provided for in the items in staging category Q shall be removed in seventeen equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 17;
 - (b) for goods provided for in the items in staging category R, at the time of importation the duty imposed upon the assembled article to be applied in accordance with the procedures specified in U.S. note 3 of subchapter II, chapter 98, of the HTSUS, shall be the rate applicable to the full value of the article itself under the staging obligations set forth for the appropriate provision in Chapters 1 through 97 of this Schedule, until January 1 of year ten, at which time such goods shall be duty-free; and
 - (c) duties on originating goods provided for in the items in staging category S shall be eliminated entirely and such goods shall be duty-free on the date this Agreement enters into force. For goods in tariff items 98120020, 98120040, 98130005, 98130010, 98130015, 98130020, 98130025, 98130030, 98130035, 98130040, 98130045, 98130050, 98130055, 98130060, 98130070, 98130075, and 98140050 duty-free means free without bond.
4. During the transition period, only a qualifying good is eligible for the in-quota tariff rate for each good specified in Appendix I; originating goods that are not qualifying goods shall be subject to the over-quota tariff rate for the good specified in Appendix I. For purposes of this note, “qualifying good” means a good that satisfies the requirements of Chapter Four (Rules of Origin and Origin Procedures), except that operations performed in or materials obtained from a Party other than Peru shall be considered as if the operations were performed in a non-Party and the material was obtained from a non-Party.

5. Originating goods shall not be subject to any duty provided for in heading 9901 of the HTSUS, provided that (a) the goods are imported directly from Peru into the customs territory of the United States and (b) the sum of the cost or value of the materials produced in the territory of Peru plus the direct costs of processing operations performed in the territory of Peru is not less than 35 percent of the appraised value of such goods at the time they are entered.

Appendix I

Notes

1. This Appendix contains modifications of the provisions of the HTSUS. Subject to Note 4 of the General Notes of the United States, originating goods included in this Appendix are subject to the rates of duty set out in this Appendix in lieu of the rates of duty set out in Chapters 1 through 97 of the HTSUS. Notwithstanding any tariff-rate quota provisions provided for elsewhere in the HTSUS, originating goods shall be permitted entry into the United States as provided in this Appendix. Furthermore, any quantity of goods imported from Peru under a tariff-rate quota provided in this Appendix shall not be counted toward the in-quota amount of any tariff-rate quota provided for such goods elsewhere in the HTSUS.

Cheese

2. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for Peru in each such year:

Year	Quantity (Metric tons)
1	2,000
2	2,800
3	3,136
4	3,512
5	3,934
6	4,406
7	4,935
8	5,527
9	6,190
10	6,933
11	7,765
12	8,696
13	9,740
14	10,909
15	12,218
16	13,684
17	unlimited

The quantities shall enter on a first-come, first-served basis.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) shall be removed in accordance with the provisions of staging category E in Annex 2.3, paragraph 1(e).
- (c) Subparagraphs (a) and (b) apply to the following Table 1 provisions:
AG04061008, AG04061018, AG04061028, AG04061038, AG04061048,

AG04061058, AG04061068, AG04061078, AG04061088, AG04062028, AG04062033, AG04062039, AG04062048, AG04062053, AG04062063, AG04062067, AG04062071, AG04062075, AG04062079, AG04062083, AG04062087, AG04062091, AG04063018, AG04063028, AG04063038, AG04063048, AG04063053, AG04063063, AG04063067, AG04063071, AG04063075, AG04063079, AG04063083, AG04063087, AG04063091, AG04064070, AG04069012, AG04069018, AG04069032, AG04069037, AG04069042, AG04069048, AG04069054, AG04069068, AG04069074, AG04069078, AG04069084, AG04069088, AG04069092, AG04069094, AG04069097, and AG19019036.

Condensed and Evaporated Milk

3. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for Peru in each such year:

Year	Quantity (Metric tons)
1	6,000
2	6,720
3	7,526
4	8,430
5	9,441
6	10,574
7	11,843
8	13,264
9	14,856
10	16,638
11	18,635
12	20,871
13	23,376
14	26,181
15	29,323
16	32,841
17	unlimited

The quantities shall enter on a first-come, first-served basis.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) and duties on goods of Peru entered under the provisions listed in subparagraph (c) shall be removed in accordance with the provisions of staging category E in Annex 2.3, paragraph 1(e).
- (c) Subparagraphs (a) and (b) apply to the following Table 1 provisions: AG04029170, AG04029190, AG04029945, and AG04029955.

Processed Dairy Products

4. (a) The aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for Peru in each such year:

Year	Quantity (Metric tons)
1	2,000
2	2,200
3	2,420
4	2,662
5	2,928
6	3,221
7	3,543
8	3,897
9	4,287
10	4,716
11	5,187
12	5,706
13	6,277
14	6,905
15	unlimited

The quantities shall enter on a first-come, first-served basis.

- (b) Duties on goods entered in aggregate quantities in excess of the quantities listed in subparagraph (a) and duties on goods of Peru entered under the provisions listed in subparagraph (c) shall be removed in accordance with the provisions of staging category D in Annex 2.3, paragraph 1(d).
- (c) Subparagraphs (a) and (b) apply to the following Table 1 provisions:
 AG04022950, AG04029990, AG04031050, AG04039095, AG04041015,
 AG04049050, AG04052070, AG15179060, AG17049058, AG18062082,
 AG18062083, AG18063270, AG18063280, AG18069008, AG18069010,
 AG19011040, AG19011085, AG19012015, AG19012050, AG19019043,
 AG19019047, AG21050040, AG21069009, AG21069066, AG21069087, and
 AG22029028.

Sugar

5. (a) Subject to subparagraph (d), the aggregate quantity of goods entered under the provisions listed in subparagraph (c) shall be free of duty in any calendar year specified herein, and shall not exceed the quantity specified below for Peru in each such year:

Year	Quantity
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	(Metric tons)
1	9,000
2	9,180
3	9,360
4	9,540
5	9,720
6	9,900
7	10,080
8	10,260
9	10,440
10	10,620
11	10,800
12	10,980
13	11,160
14	11,340
15	11,520

After year 15, the in-quota quantity grows at 180 MT per year.

The quantities of goods under the following tariff items shall be entered on a raw-value equivalent basis: AG17011150, AG17011250, AG17019130, AG17019950, AG17029020, and AG21069046. Raw-value equivalents for sugar goods are contained in Chapter 17, U.S. Additional Note 5(c) to the HTSUS.

The United States may administer the duty-free quantities established in this subparagraph through regulations, including licenses.

- (b) Goods entered in aggregate quantities in excess of the quantities provided under subparagraph (a) shall continue to receive most-favored-nation treatment.
- (c) Subparagraphs (a) and (b) apply to the following Table 1 provisions: AG17011150, AG17011250, AG17019130, AG17019148, AG17019158, AG17019950, AG17022028, AG17023028, AG17024028, AG17026028, AG17029020, AG17029058, AG17029068, AG17049068, AG17049078, AG18061015, AG18061028, AG18061038, AG18061055, AG18061075, AG18062073, AG18062077, AG18062094, AG18062098, AG18069039, AG18069049, AG18069059, AG19012025, AG19012035, AG19012060, AG19012070, AG19019054, AG19019058, AG21011238, AG21011248, AG21011258, AG21012038, AG21012048, AG21012058, AG21039078, AG21069046, AG21069072, AG21069076, AG21069080, AG21069091, AG21069094, and AG21069097.
- (d) In any year, duty-free tariff treatment under subparagraph (a) for Peru shall be accorded to the lesser of (i) the aggregate quantity set out in subparagraph (a) for Peru, or (ii) a quantity equal to the amount by which Peru's exports to all destinations exceeds its imports from all sources ("trade surplus") for goods classified under the following subheadings: HS1701.11, HS1701.12, HS1701.91,

HS1701.99, HS1702.40, and HS1702.60, except that Peru's exports to the United States of goods classified under subheadings HS1701.11, HS1701.12, HS1701.91, and HS1701.99 and its imports of originating goods of the United States classified under HS1702.40 and HS1702.60 shall not be included in the calculation of its trade surplus. Peru's trade surplus shall be calculated using the most recent annual data available.

- (e) The aggregate quantity of goods of Peru entered under the provisions listed in subparagraph (g) shall be free of duty in any calendar year and shall not exceed 2,000 metric tons in any year. The quantities shall enter on a first-come, first-served basis.
- (f) Goods of Peru entered in aggregate quantities in excess of the quantities provided in subparagraph (e) shall continue to receive most-favored-nation treatment.
- (g) Subparagraphs (e) and (f) apply to specialty sugars as provided for in Additional U.S. Note 5 to Chapter 17 of the Harmonized Tariff Schedule of the United States and classified in the following Table 1 provisions: AG17011110, AG17011210, AG17019110, AG17019910, AG17029010, and AG21069044.

Table 1

<u>Heading</u>	<u>Article Description</u>
AG04022950	Provided for in tariff item 04022950
AG04029170	Provided for in tariff item 04029170
AG04029190	Provided for in tariff item 04029190
AG04029945	Provided for in tariff item 04029945
AG04029955	Provided for in tariff item 04029955
AG04029990	Provided for in tariff item 04029990
AG04031050	Provided for in tariff item 04031050
AG04039095	Provided for in tariff item 04039095
AG04041015	Provided for in tariff item 04041015
AG04049050	Provided for in tariff item 04049050
AG04052070	Provided for in tariff item 04052070
AG04061008	Provided for in tariff item 04061008
AG04061018	Provided for in tariff item 04061018
AG04061028	Provided for in tariff item 04061028
AG04061038	Provided for in tariff item 04061038
AG04061048	Provided for in tariff item 04061048
AG04061058	Provided for in tariff item 04061058
AG04061068	Provided for in tariff item 04061068
AG04061078	Provided for in tariff item 04061078
AG04061088	Provided for in tariff item 04061088
AG04062028	Provided for in tariff item 04062028
AG04062033	Provided for in tariff item 04062033
AG04062039	Provided for in tariff item 04062039
AG04062048	Provided for in tariff item 04062048
AG04062053	Provided for in tariff item 04062053
AG04062063	Provided for in tariff item 04062063
AG04062067	Provided for in tariff item 04062067
AG04062071	Provided for in tariff item 04062071
AG04062075	Provided for in tariff item 04062075
AG04062079	Provided for in tariff item 04062079
AG04062083	Provided for in tariff item 04062083
AG04062087	Provided for in tariff item 04062087
AG04062091	Provided for in tariff item 04062091
AG04063018	Provided for in tariff item 04063018
AG04063028	Provided for in tariff item 04063028
AG04063038	Provided for in tariff item 04063038
AG04063048	Provided for in tariff item 04063048
AG04063053	Provided for in tariff item 04063053
AG04063063	Provided for in tariff item 04063063
AG04063067	Provided for in tariff item 04063067
AG04063071	Provided for in tariff item 04063071
AG04063075	Provided for in tariff item 04063075
AG04063079	Provided for in tariff item 04063079

AG04063083 Provided for in tariff item 04063083
AG04063087 Provided for in tariff item 04063087
AG04063091 Provided for in tariff item 04063091
AG04064070 Provided for in tariff item 04064070
AG04069012 Provided for in tariff item 04069012
AG04069018 Provided for in tariff item 04069018
AG04069032 Provided for in tariff item 04069032
AG04069037 Provided for in tariff item 04069037
AG04069042 Provided for in tariff item 04069042
AG04069048 Provided for in tariff item 04069048
AG04069054 Provided for in tariff item 04069054
AG04069068 Provided for in tariff item 04069068
AG04069074 Provided for in tariff item 04069074
AG04069078 Provided for in tariff item 04069078
AG04069084 Provided for in tariff item 04069084
AG04069088 Provided for in tariff item 04069088
AG04069092 Provided for in tariff item 04069092
AG04069094 Provided for in tariff item 04069094
AG04069097 Provided for in tariff item 04069097
AG15179060 Provided for in tariff item 15179060
AG17011110 Provided for in tariff item 17011110
AG17011150 Provided for in tariff item 17011150
AG17011210 Provided for in tariff item 17011210
AG17011250 Provided for in tariff item 17011250
AG17019110 Provided for in tariff item 17019110
AG17019130 Provided for in tariff item 17019130
AG17019148 Provided for in tariff item 17019148
AG17019158 Provided for in tariff item 17019158
AG17019910 Provided for in tariff item 17019910
AG17019950 Provided for in tariff item 17019950
AG17022028 Provided for in tariff item 17022028
AG17023028 Provided for in tariff item 17023028
AG17024028 Provided for in tariff item 17024028
AG17026028 Provided for in tariff item 17026028
AG17029010 Provided for in tariff item 17029010
AG17029020 Provided for in tariff item 17029020
AG17029058 Provided for in tariff item 17029058
AG17029068 Provided for in tariff item 17029068
AG17049058 Provided for in tariff item 17049058
AG17049068 Provided for in tariff item 17049068
AG17049078 Provided for in tariff item 17049078
AG18061015 Provided for in tariff item 18061015
AG18061028 Provided for in tariff item 18061028
AG18061038 Provided for in tariff item 18061038
AG18061055 Provided for in tariff item 18061055
AG18061075 Provided for in tariff item 18061075

AG18062073 Provided for in tariff item 18062073
AG18062077 Provided for in tariff item 18062077
AG18062082 Provided for in tariff item 18062082
AG18062083 Provided for in tariff item 18062083
AG18062094 Provided for in tariff item 18062094
AG18062098 Provided for in tariff item 18062098
AG18063270 Provided for in tariff item 18063270
AG18063280 Provided for in tariff item 18063280
AG18069008 Provided for in tariff item 18069008
AG18069010 Provided for in tariff item 18069010
AG18069039 Provided for in tariff item 18069039
AG18069049 Provided for in tariff item 18069049
AG18069059 Provided for in tariff item 18069059
AG19011040 Provided for in tariff item 19011040
AG19011085 Provided for in tariff item 19011085
AG19012015 Provided for in tariff item 19012015
AG19012025 Provided for in tariff item 19012025
AG19012035 Provided for in tariff item 19012035
AG19012050 Provided for in tariff item 19012050
AG19012060 Provided for in tariff item 19012060
AG19012070 Provided for in tariff item 19012070
AG19019036 Provided for in tariff item 19019036
AG19019043 Provided for in tariff item 19019043
AG19019047 Provided for in tariff item 19019047
AG19019054 Provided for in tariff item 19019054
AG19019058 Provided for in tariff item 19019058
AG21011238 Provided for in tariff item 21011238
AG21011248 Provided for in tariff item 21011248
AG21011258 Provided for in tariff item 21011258
AG21012038 Provided for in tariff item 21012038
AG21012048 Provided for in tariff item 21012048
AG21012058 Provided for in tariff item 21012058
AG21039078 Provided for in tariff item 21039078
AG21050040 Provided for in tariff item 21050040
AG21069009 Provided for in tariff item 21069009
AG21069044 Provided for in tariff item 21069044
AG21069046 Provided for in tariff item 21069046
AG21069066 Provided for in tariff item 21069066
AG21069072 Provided for in tariff item 21069072
AG21069076 Provided for in tariff item 21069076
AG21069080 Provided for in tariff item 21069080
AG21069087 Provided for in tariff item 21069087
AG21069091 Provided for in tariff item 21069091
AG21069094 Provided for in tariff item 21069094
AG21069097 Provided for in tariff item 21069097
AG22029028 Provided for in tariff item 22029028