

## **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 Party in accordance with Article III of GATT 1994, including its interpretative 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.<sup>1</sup>
3. Paragraphs 1 and 2 shall 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, neither Party may increase any existing customs duty, or adopt any customs duty, on an originating good.
2. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods in accordance with Annex 3.3.
3. The United States shall eliminate customs duties on any non-agricultural originating goods that, after the date of entry into force of this Agreement, are designated as articles eligible for duty-free treatment under the U.S. *Generalized System of Preferences*, effective from the date of such designation.
4. On the request of either Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules to Annex 3.3. An agreement

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<sup>1</sup> For greater certainty, “goods of the Party” includes goods produced in a state or region of that Party.

between the 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 to Annex 3.3 for such good when approved by each Party in accordance with Article 21.1(3)(b) (The Free Trade Commission) and its applicable legal procedures.

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.

#### **Article 3.4: Used Goods**

On entry into force of this Agreement, Chile shall cease applying the 50 percent surcharge established in the *Regla General Complementaria N° 3 of Arancel Aduanero* with respect to originating goods of the other Party that benefit from preferential tariff treatment.

#### **Article 3.5: Customs Valuation of Carrier Media**

1. For purposes of determining the customs value of carrier media bearing content, each Party shall base its determination on the cost or value of the carrier media alone.
2. For purposes of the effective imposition of any internal taxes, direct or indirect, each Party shall determine the tax basis according to its domestic law.

### **Section C - Special Regimes**

#### **Article 3.6: Waiver of Customs Duties**

1. Neither 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. Neither Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.
3. This Article shall not apply to measures subject to Article 3.8.

#### **Article 3.7: Temporary Admission of Goods**

1. Each Party shall grant duty-free temporary admission for:

- (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 admitted for sports purposes,

regardless of their origin.

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. Neither 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;
- (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) neither 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;
- (c) neither 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) neither 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 3.8: Drawback and Duty Deferral Programs**

1. Except as otherwise provided in this Article, neither Party may refund the amount of customs duties paid, or waive or reduce the amount of customs duties owed, on a good imported into its territory, on condition that the good is:

- (a) subsequently exported to the territory of the other Party;

- (b) used as a material in the production of another good that is subsequently exported to the territory of the other Party; or
  - (c) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of the other Party.
2. Neither Party may, on condition of export, refund, waive, or reduce:
- (a) an antidumping or countervailing duty;
  - (b) a premium offered or collected on an imported good arising out of any tendering system in respect of the administration of quantitative import restrictions, tariff rate quotas, or tariff preference levels; or
  - (c) customs duties paid or owed on a good imported into its territory and substituted by an identical or similar good that is subsequently exported to the territory of the other Party.
3. Where a good is imported into the territory of a Party pursuant to a duty deferral program and is subsequently exported to the territory of the other Party, or is used as a material in the production of another good that is subsequently exported to the territory of the other Party, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of the other Party, the Party from whose territory the good is exported shall assess the customs duties as if the exported good had been withdrawn for domestic consumption.
4. This Article does not apply to:
- (a) a good entered under bond for transportation and exportation to the territory of the other Party;
  - (b) a good exported to the territory of the other Party in the same condition as when imported into the territory of the Party from which the good was exported (testing, cleaning, repacking, inspecting, sorting, marking, or preserving a good shall not be considered to change the good's condition). Where such a good has been commingled with fungible goods and exported in the same condition, its origin for purposes of this subparagraph may be determined on the basis of such inventory management methods as first-in, first-out or last-in, first-out. Nothing in this subparagraph shall be construed to permit a Party to waive, refund, or reduce a customs duty contrary to paragraph 2(c);

- (c) a good imported into the territory of a Party that is deemed to be exported from its territory, or used as a material in the production of another good that is deemed to be exported to the territory of the other Party, or is substituted by an identical or similar good used as a material in the production of another good that is deemed to be exported to the territory of the other Party, by reason of
  - (i) delivery to a duty-free shop,
  - (ii) delivery for ship's stores or supplies for ships or aircraft, or
  - (iii) delivery for use in joint undertakings of the Parties and that will subsequently become the property of the Party into whose territory the good was deemed to be exported;
- (d) a refund of customs duties by a Party on a particular good imported into its territory and subsequently exported to the territory of the other Party, where that refund is granted by reason of the failure of such good to conform to sample or specification, or by reason of the shipment of such good without the consent of the consignee; or
- (e) an originating good that is imported into the territory of a Party and is subsequently exported to the territory of the other Party, or used as a material in the production of another good that is subsequently exported to the territory of the other Party, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of the other Party.

5. This Article shall take effect beginning eight years after the date of entry into force of this Agreement, and thereafter a Party may refund, waive, or reduce duties paid or owed under the Party's duty drawback or deferral programs according to the following schedule:

- (a) no more than 75 percent in year nine;
- (b) no more than 50 percent in year 10;
- (c) no more than 25 percent in year 11; and
- (d) zero in year 12 and thereafter.

6. For purposes of this Article:

**good** means "good" as defined in Article 4.18 (Definitions);

**identical or similar goods** means “identical goods” and “similar goods”, respectively, as defined in the Customs Valuation Agreement;

**material** means “material” as defined in Article 4.18 (Definitions); and

**used** means used or consumed in the production of goods.

**Article 3.9: Goods Re-entered after Repair or Alteration**

1. Neither 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 the other Party for repair or alteration, regardless of whether such repair or alteration could be performed in its territory.

2. Neither Party may apply a customs duty to a good, regardless of its origin, admitted temporarily from the territory of the other 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 3.10: 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 the other Party, regardless of their origin, but may require that:

- (a) such samples be imported solely for the solicitation of orders for goods, or services provided from the territory, of the other Party or a non-Party; or
- (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 3.11: Import and Export Restrictions

1. Except as otherwise provided in this Agreement, neither Party may adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party, except in accordance with Article XI of GATT 1994 and its interpretative notes and to this end Article XI of GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, *mutatis mutandis*.
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 orders and undertakings;
  - (b) import licensing conditioned on the fulfilment of a performance requirement; or
  - (c) voluntary export restraints not consistent with Article VI of GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.
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, nothing in this Agreement shall be construed to prevent the Party from:
  - (a) limiting or prohibiting the importation from the territory of the other Party of such good of that non-Party; or
  - (b) requiring as a condition of export of such good of the Party to the territory of the other Party, that the good not be re-exported to the non-Party, directly or indirectly, without being consumed in the territory of the other 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 either Party, shall consult with a view to avoiding undue interference with or distortion of pricing, marketing, and distribution arrangements in the other Party.
5. Paragraphs 1 through 4 shall not apply to the measures set out in Annex 3.2.

**Article 3.12: Administrative Fees and Formalities**

1. Each Party shall ensure, in accordance with Article VIII:1 of 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 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 goods or a taxation of imports or exports for fiscal purposes.
2. Neither Party may require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.
3. Each Party shall make available through the Internet or a comparable computer-based telecommunications network a current list of the fees and charges it imposes in connection with importation or exportation.
4. The United States shall eliminate its merchandise processing fee on originating goods of Chile.

**Article 3.13: Export Taxes**

Neither Party may adopt or maintain any duty, tax, or other charge on the export of any good to the territory of the other Party, unless such duty, tax, or charge is adopted or maintained on any such good when destined for domestic consumption.

**Article 3.14: Luxury Tax**

Chile shall eliminate the Luxury Tax established in Article 46 of *Decreto Ley* 825 of 1974, according to the schedule set out in Annex 3.14.

**Section E - Other Measures**

**Article 3.15: Distinctive Products**

1. Chile shall recognize Bourbon Whiskey and Tennessee Whiskey, which is a straight Bourbon Whisky authorized to be produced only in the State of Tennessee, as distinctive products of the United States. Accordingly, Chile 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. The United States shall recognize *Pisco Chileno* (Chilean Pisco), *Pajarete*, and *Vino Asoleado*, which is authorized in Chile to be produced only in Chile, as distinctive products

of Chile. Accordingly, the United States shall not permit the sale of any product as *Pisco Chileno* (Chilean Pisco), *Pajarete*, or *Vino Asoleado*, unless it has been manufactured in Chile in accordance with the laws and regulations of Chile governing the manufacture of *Pisco*, *Pajarete*, and *Vino Asoleado*.

## **Section F - Agriculture**

### **Article 3.16: Agricultural 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 paragraph 3, neither Party shall introduce or maintain any export subsidy on any agricultural good destined for the territory of the other Party.
3. Where an exporting Party considers that a non-Party is exporting an agricultural good to the territory of the other 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.

### **Article 3.17: Agricultural Marketing and Grading Standards**

1. Where a Party adopts or maintains a measure respecting the classification, grading, or marketing of a domestic agricultural good, or a measure to expand, maintain, or develop its domestic market for an agricultural good, it shall accord treatment to a like good of the other Party that is no less favorable than it accords under the measure to the domestic agricultural good, regardless of whether the good is intended for direct consumption or for processing.
2. Paragraph 1 shall be without prejudice to the rights of either Party under the WTO Agreement or under this Agreement regarding measures respecting the classification, grading, or marketing of an agricultural good.
3. The Parties hereby establish a Working Group on Agricultural Trade, comprising representatives of the Parties, which shall meet annually or as otherwise agreed. The Working Group shall review, in coordination with the Committee on Technical Barriers to Trade established in Article 7.8 (Committee on Technical Barriers to Trade), the operation of agricultural grade and quality standards and programs of expansion and development that affect trade between the Parties, and shall resolve any issues that may arise regarding the

operation of those standards and programs. The Group shall report to the Committee on Trade in Goods established in Article 3.23.

4. Each Party shall recognize the other Party's grading programs for beef, as set out in Annex 3.17.

### **Article 3.18: Agricultural Safeguard Measures**

1. Notwithstanding Article 3.3(2), each Party may impose a safeguard measure in the form of additional import duties, consistent with paragraphs 2 through 7, on an originating agricultural good listed in its section of Annex 3.18. The sum of any such additional duty and any import duties or other charges applied pursuant to Article 3.3(2) shall not exceed the lesser of:

- (a) the prevailing most-favored-nation (MFN) applied rate; 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 impose a safeguard measure only if the unit import price of the good enters the Party's customs territory at a level below a trigger price for that good as set out in that Party's section of Annex 3.18.

- (a) The unit import price shall be determined on the basis of the C.I.F. import price of the good in U.S. dollars for goods entering Chile, and on the basis of the F.O.B. import price of the good in U.S. dollars for goods entering the United States.
- (b) The trigger prices for the goods eligible for a safeguard measure, which reflect historic unit import values for the products concerned, are listed in Annex 3.18. The Parties may mutually agree to periodically evaluate and update the trigger prices.

3. The additional duties under paragraph 2 shall be set in accordance with the following schedule:

- (a) if the difference between the unit import price of the item expressed in terms of domestic currency (the "import price") and the trigger price as defined under paragraph 2(b) is less than or equal to 10 percent of the trigger price, no additional duty shall be imposed;
- (b) if the difference between the import price and the trigger price is greater than 10 percent but less than or equal to 40 percent of the trigger price, the additional duty shall equal 30 percent of the difference between the MFN rate applicable under paragraph 1 and the preferential tariff rate;

- (c) if the difference between the import price and the trigger price is greater than 40 percent but less than or equal to 60 percent of the trigger price, the additional duty shall equal 50 percent of the difference between the MFN rate applicable under paragraph 1 and the preferential tariff rate;
  - (d) if the difference between the import price and the trigger price is greater than 60 percent but less than or equal to 75 percent, the additional duty shall equal 70 percent of the difference between the MFN rate applicable under paragraph 1 and the preferential tariff rate; and
  - (e) if the difference between the import price and the trigger price is greater than 75 percent of the trigger price, the additional duty shall equal 100 percent of the difference between the MFN rate applicable under paragraph 1 and the preferential tariff rate.
4. Neither Party may, with respect to the same good, at the same time:
- (a) impose a safeguard measure under this Article; and
  - (b) take a safeguard action under Section A of Chapter Eight (Trade Remedies).
5. Neither Party may impose a safeguard measure on a good that is subject to a measure that the Party has imposed pursuant to Article XIX of GATT 1994 and the Safeguards Agreement, and neither Party may continue maintaining a safeguard measure on a good that becomes subject to a measure that the Party imposes pursuant to Article XIX of GATT 1994 and the Safeguards Agreement.
6. A Party may impose a safeguard measure only during the 12-year period beginning on the date of entry into force of this Agreement. Neither Party may impose a safeguard measure on a good once the good achieves duty-free status under this Agreement. Neither Party may impose a safeguard measure that increases a zero in-quota duty on a good subject to a tariff-rate quota.
7. Each Party shall implement any safeguard measure in a transparent manner. Within 60 days after imposing a measure, a Party shall notify the other Party, in writing, and shall provide it relevant data concerning the measure. On request, the Party imposing the measure shall consult with the other Party with respect to the conditions of application of the measure.
8. The general operation of the agricultural safeguard provisions and the trigger prices for their implementation may be the subject of discussion and review in the Committee on Trade in Goods.

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

## **Section G - Textiles and Apparel**

### **Article 3.19: Bilateral Emergency Actions**

1. If, as a result of the 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 thereof, to a domestic industry producing a like or directly competitive good, the importing Party may, to the extent and for such time as may be necessary to prevent or remedy such damage and to facilitate adjustment, take emergency action, consisting of an increase in 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 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 take an emergency action under this Article only following an investigation by its competent authorities.

4. The importing Party shall deliver to the other Party, without delay, written notice of its intent to take emergency action, and, on request of the other Party, shall enter into consultations with that Party.

5. The following conditions and limitations shall apply to any emergency action taken under this Article:

- (a) no emergency action may be maintained for a period exceeding three years;
- (b) no emergency action may be taken or maintained beyond the period ending eight years after duties on a good have been eliminated pursuant to this Agreement;
- (c) no emergency action may be taken by an importing Party against any particular good of the other Party more than once; and
- (d) on termination of the action, the good will return to duty-free status.

6. The Party taking an emergency action under this Article shall provide to the Party against whose good the action 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 emergency action. Such concessions shall be limited to textile and apparel goods, unless the Parties otherwise agree. If the Parties are unable to agree on compensation, the Party against whose good the emergency action is taken may take tariff action having trade effects substantially equivalent to the trade effects of the emergency action taken under this Article. Such tariff action may be taken against any goods of the Party taking the emergency action. 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 emergency action terminates.

7. Nothing in this Agreement shall be construed to limit a Party's right to restrain imports of textile and apparel goods in a manner consistent with the Agreement on Textiles and Clothing or the Safeguards Agreement. However, a Party may not take or maintain an emergency action under this Article against a textile or apparel good that is subject, or becomes subject, to a safeguard measure that a Party takes pursuant to either such WTO agreement.

### **Article 3.20: Rules of Origin and Related Matters**

#### *Application of Chapter Four*

1. Except as provided in this Section, Chapter Four (Rules of Origin and Origin Procedures) applies to textile and apparel goods.
2. The rules of origin set forth in this Agreement shall not apply in determining the country of origin of a textile or apparel good for non-preferential purposes.

#### *Consultations*

3. On the request of either Party, the Parties shall consult to consider whether the rules

of origin applicable to particular textile and apparel goods should be revised to address issues of availability of supply of fibers, yarns or fabrics in the territories of the Parties.

4. In the consultations referred to in paragraph 3, each Party shall consider all data presented by the other 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.

5. The Parties shall endeavor to conclude consultations within 60 days of a request. An agreement between 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 24.2 (Amendments).

#### *De Minimis*

6. 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 (Specific 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 seven percent of the total weight of that component. Notwithstanding the preceding sentence, a good containing elastomeric yarns in the component of the good that determines the tariff classification of the good shall be considered to be an originating good only if such yarns are wholly formed in the territory of a Party.

#### *Treatment of Sets*

7. Notwithstanding the good specific rules in Annex 4.1 (Specific 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 goods 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 customs value of the set.

#### *Preferential Tariff Treatment for Non-Originating Cotton and Man-made Fiber Fabric Goods (Tariff Preference Levels)*

8. Subject to paragraph 9, the following goods, if they meet the applicable conditions for preferential tariff treatment under this Agreement other than the condition that they be originating goods, shall be accorded preferential tariff treatment as if they were originating goods:

- (a) cotton or man-made fiber fabric goods provided for in Chapters 52, 54, 55,

58, and 60 of the Harmonized System that are wholly formed in the territory of a Party from yarn produced or obtained outside the territory of a Party; and

- (b) cotton or man-made fiber fabric goods provided for in Annex 4.1 (Specific Rules of Origin) that are wholly formed in the territory of a Party from yarn spun in the territory of a Party from fiber produced or obtained outside the territory of a Party.

9. The treatment described in paragraph 8 shall be limited to goods imported into the territory of a Party up to an annual total quantity of 1,000,000 SME.

*Preferential Tariff Treatment for Non-Originating Cotton and Man-made Fiber Apparel Goods (Tariff Preference Levels)*

10. Subject to paragraph 11, cotton or man-made fiber apparel goods provided for in Chapters 61 and 62 of the Harmonized System that are both cut (or knit to shape) and sewn or otherwise assembled in the territory of a Party from fabric or yarn produced or obtained outside the territory of a Party, and that meet the applicable conditions for preferential tariff treatment under this Agreement other than the condition that they be originating goods, shall be accorded preferential tariff treatment as if they were originating goods.

11. The treatment described in paragraph 10 shall be limited as follows:

- (a) in each of the first 10 years after the date of entry into force of this Agreement, the treatment shall apply to goods described in that paragraph imported into the territory of a Party up to a quantity of 2,000,000 SME; and
- (b) in the eleventh year, and for each year thereafter, the treatment shall apply to goods described in that paragraph imported into the territory of a Party up to a quantity of 1,000,000 SME.

*Certification for Tariff Preference Level*

12. A Party, through its competent authorities, may require that an importer claiming preferential tariff treatment for a textile or apparel good under paragraph 8 or 10 present to such competent authorities at the time of importation a certification of eligibility for preferential tariff treatment under such paragraph. A certification of eligibility shall be prepared by the importer and shall consist of information demonstrating that the good satisfies the requirements for preferential tariff treatment under paragraph 8 or 10.

**Article 3.21: Customs Cooperation**

1. The Parties shall cooperate for purposes of:

- (a) enforcing or assisting in the enforcement of their laws, regulations, and

procedures implementing this Agreement affecting trade in textile and apparel goods;

- (b) ensuring the accuracy of claims of origin; and
- (c) preventing circumvention of laws, regulations, and procedures of either Party or international agreements affecting trade in textile and apparel goods.

2. On the request of the importing Party, the exporting Party shall conduct a verification for purposes of enabling the importing Party to determine that a claim of origin for a textile or apparel good is accurate. The exporting Party shall conduct such a verification, regardless of whether an importer claims preferential tariff treatment for the good. The exporting Party also may conduct such a verification on its own initiative.

3. Where the importing Party has a reasonable suspicion that an exporter or producer of the exporting Party is engaging in unlawful activity relating to trade in textile and apparel goods, the importing Party may request the exporting Party to conduct a verification for purposes of enabling the importing Party to determine that the exporter or producer is complying with applicable customs laws, regulations, and procedures regarding trade in textile and apparel goods, including laws, regulations, and procedures that the exporting Party adopts and maintains pursuant to this Agreement and laws, regulations, and procedures of either Party implementing other international agreements regarding trade in textile and apparel goods, and to determine that claims of origin regarding textile or apparel goods exported or produced by that person are accurate. For purposes of this paragraph, a reasonable suspicion of unlawful activity shall be based on factors including relevant factual information of the type set forth in Article 5.5 (Cooperation) or that, with respect to a particular shipment, indicates circumvention by the exporter or producer of applicable customs laws, regulations, or procedures regarding trade in textile and apparel goods, including laws, regulations, or procedures adopted to implement this Agreement, or international agreements affecting trade in textile and apparel goods.

4. The importing Party, through its competent authorities, may undertake or assist in a verification conducted pursuant to paragraph 2 or 3, including by conducting, along with the competent authorities 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.

5. Each Party shall provide to the other Party, consistent with its laws, regulations, and procedures, production, trade, and transit documents and other information necessary to conduct verifications under paragraphs 2 and 3. Any documents or information exchanged between the Parties in the course of such a verification shall be considered confidential, as provided for in Article 5.6 (Confidentiality).

6. While a verification is being conducted, the importing Party may take appropriate

action, which may include suspending the application of preferential tariff treatment to:

- (a) the textile or apparel good for which a claim of origin has been made, in the case of a verification under paragraph 2; or
- (b) the textile and apparel goods exported or produced by the person subject to a verification under paragraph 3, where the reasonable suspicion of unlawful activity relates to those goods.

7. The Party conducting a verification under paragraph 2 or 3 shall provide the other Party with a written report on the results of the verification, which shall include all documents and facts supporting any conclusion that the Party reaches.

- 8. (a) If the importing Party is unable to make the determination described in paragraph 2 within 12 months after its request for a verification, it may take action as permitted under its law with respect to the textile and apparel good subject to the verification, and with respect to similar goods exported or produced by the person that exported or produced the good.
- (b) If the importing Party is unable to make the determinations described in paragraph 3 within 12 months after its request for a verification, it may take action as permitted under its law with respect to any textile or apparel goods exported or produced by the person subject to the verification.

9. Prior to commencing appropriate action under paragraph 8, the importing Party shall notify the other Party. The importing Party may continue to take appropriate action under paragraph 8 until it receives information sufficient to enable it to make the determination described in paragraph 2 or 3, as the case may be.

10. Chile shall implement its obligations under paragraphs 2, 3, 6, 7, 8, and 9 no later than two years after the date of entry into force of this Agreement. Before Chile fully implements those provisions, if the importing Party requests a verification, the verification shall be conducted principally by that Party, including through means described in paragraph 4. Nothing in this paragraph shall be construed to waive or limit the importing Party's rights under paragraphs 6 and 8.

11. On the request of either Party, the 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. In addition, either Party may request technical or other assistance from the other Party in implementing this Article. The Party receiving such a request shall make every effort to respond favorably and promptly to it.

### **Article 3.22: Definitions**

For purposes of this Section:

**claim of origin** means a claim that a textile or apparel good is an originating good or a good of a Party;

**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;

**SME** means square meter equivalents, as calculated in accordance with the conversion factors set out in the *Correlation: Textile and Apparel Categories with the Harmonized Tariff Schedule of the United States, 2002* (or successor publication), published by the United States Department of Commerce, International Trade Administration, Office of Textiles and Apparel, Trade and Data Division, Washington, D.C.; and

**textile or apparel good** means a good listed in the Annex to the Agreement on Textiles and Clothing.

## **Section H - Institutional Provisions**

### **Article 3.23: 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.

## Section I - Definitions

### Article 3.24: Definitions

For 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, and provided that they are imported in packets that each contain no more than one copy of each film or recording and that do not form part of a larger consignment;

**Agreement on Textiles and Clothing** means the *Agreement on Textiles and Clothing*, which is part of the WTO Agreement;

**agricultural goods** means those goods referred to in Article 2 of the *Agreement on Agriculture*, which is part of the WTO Agreement;

**articles eligible for duty-free treatment under the U.S. Generalized System of Preferences** does not include articles eligible only when imported from least-developed beneficiary developing countries or from beneficiary sub-Saharan African countries under the *African Growth and Opportunity Act*;

**carrier media** means any good of heading 8523 or 8524;

**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 Chilean currency, 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 the other 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;

**duty-free** means free of customs duty;

**duty deferral program** includes measures such as those governing foreign-trade zones, *regímenes de zonas francas y regímenes aduaneros especiales*, temporary importations under bond, bonded warehouses, and inward processing programs;

**export subsidies** shall have the meaning assigned to that term in Article 1(e) of the WTO Agreement on Agriculture, including any amendment of that article;

**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 admitted;

**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;

**performance requirement** means a requirement that:

- (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 or an import license be substituted for imported goods or services;
- (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 or services;
- (d) 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
- (e) 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; and

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

## Annex 3.2

### National Treatment and Import and Export Restrictions

#### Section A - Measures of the United States

Article 3.2 and Article 3.11 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 3.2 and 3.11;
- (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 Chile**

1. Article 3.2 and Article 3.11 shall not apply to actions by Chile authorized by the Dispute Settlement Body of the WTO.
2. Article 3.11 shall not apply to measures of Chile relating to imports of used vehicles.

### **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(2):

- (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 four equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year four;
- (c) duties on goods provided for in the items in staging category C in a Party's Schedule shall be removed in eight equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year eight;
- (d) duties on goods provided for in the items in staging category D in a Party's Schedule shall be removed in ten 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;
- (e) duties on goods provided for in the items in staging category E in a Party's schedule shall be removed in twelve equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year twelve;
- (f) goods provided for in the items in staging category F in a Party's schedule shall continue to receive duty-free treatment;
- (g) duties on goods provided for in the items in staging category G shall remain at base rates during years one through four. Duties on these goods shall be reduced by 8.3 percent of the base rate on January 1 of year five, and by an additional 8.3 percent of the base rate each year thereafter through year eight. Beginning January 1 of year nine, duties on these goods shall be reduced by an additional 16.7 percent of the base rate annually through year twelve and shall be duty-free effective January 1 of year twelve; and
- (h) duties on goods provided for in the items in staging category H shall remain at base rates during years one and two. Beginning January 1 of year three,

duties on these goods shall be removed in eight equal annual stages, and such goods shall be duty-free effective January 1 of year ten.

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.

## **Annex 3.14**

### **Luxury Tax**

1. Chile shall eliminate the Luxury Tax established in Article 46 of *Decreto Ley* 825 of 1974 according to the following schedule:

| Year | Tax Rate |
|------|----------|
| 1    | 63.75%   |
| 2    | 42.50%   |
| 3    | 21.25%   |
| 4    | 0.00%    |

2. Upon the date of entry into force of this Agreement, Chile shall increase the threshold at which the tax is applied to US\$2,500 above the level provided for that year under Article 46 of *Decreto Ley* 825, and increase the threshold each subsequent year by an additional US\$2,500 until the tax is eliminated.

## Annex 3.17

### **Mutual Recognition of Grading Programs For the Purpose of Marketing Beef**

Further to Article 3.17(4), this Annex sets out commitments of each Party to recognize the other Party's grading programs for beef.

#### *Background on the Chilean and U.S. Grading Programs*

The Official Chilean "Norms" for grading beef (*Norma Chilena 1306-2002*) provide for five categories (*V, C, U, N, and O*) that differentiate the beef carcass population based on a combination of yield and palatability characteristics. Those characteristics include sex class, maturity as determined by dentition, and a subjective overall fat covering score. The "*V*" and "*C*" classifications are perceived as highest in "value," while the "*U*" and "*N*" classifications are considered the lowest in "value." The "*O*" classification applies only to calves. Bulls in Chile are only eligible for the "*U*" and "*N*" categories.

The Official United States *Standards for Grades of Carcass Beef* outline two distinct types of beef grades for use in the United States – quality grades and yield grades. Beef carcasses may carry a quality grade, a yield grade, both a quality and a yield grade, or may be left ungraded. USDA quality grades indicate expected palatability or eating satisfaction of the meat and USDA yield grades are estimates of the percentage of a carcass that yields boneless, closely trimmed retail cuts from the round, loin, rib and chuck.

USDA beef quality grades are *USDA Prime, USDA Choice, USDA Select, USDA Standard, USDA Commercial, USDA Utility, USDA Cutter, and USDA Canner*. Beef steers and heifers are eligible for all the quality grade designations. Cows are eligible for all but the *USDA Prime* grade. Bullocks may only be graded *USDA Prime, USDA Choice, USDA Select, USDA Standard, and USDA Utility*. Bulls may not be quality graded.

Because grading is voluntary in the United States, not all carcasses are quality graded. Beef products merchandised as ungraded in the United States usually originate from those carcasses that did not qualify for one of the highest three grades (*USDA Prime, USDA Choice, and USDA Select*). The U.S. industry generally terms ungraded beef carcasses and their resulting cuts as "No Roll" beef, because a grade stamp has not been rolled on the carcass. For the USDA quality grade standards, maturity and marbling are the major considerations in beef quality grading.

Because most beef that packers market in the United States is not in carcass form, but instead is in the form of vacuum packaged subprimal cuts, only the quality grade is routinely used as a value determining trait in the marketing of beef products in the United States and ultimately passed on to the consumer. Accordingly, Article 3.17 and this Annex do not apply to USDA yield grades.

*Commitments Regarding Mutual Recognition of the Chilean and U.S. Grading Programs*

The Parties confirm their shared understanding that:

1. Chile acknowledges that USDA's Agricultural Marketing Service (AMS) is a competent entity of grading quality, certifying all materials referred to in Article No. 5 of Regulation No. 19.162, with respect to meats exported to Chile from the United States.
2. The United States recognizes the competency of certification entities inscribed in the *Registro de Certificadores de Carne* division of the *Servicio Agrícola y Ganadero* of Chile (SAG) to certify Chilean meats destined toward that market.
3. AMS and SAG shall recognize each other's respective beef grading systems for the purposes of:
  - (a) the marketing of USDA graded beef in Chile;<sup>2</sup> and
  - (b) the marketing of beef classified by SAG to Chilean norms in the United States.
4. The comparative beef cut nomenclature table set out in Appendix 3.17-A shall serve as a reference for the labeling of beef traded between the two markets under the terms of Article 3.17 and this Annex.
5. The standards of grading systems employed by Chile and the United States are described in Appendix 3.17-B. The Parties may modify Appendix 3.17-B by means of exchanges of letters between the USDA, AMS and the SAG. Furthermore, by means of written communications, the USDA, AMS, and the SAG may institute and modify standards of Chilean meat cuts and North American meat cuts.
6. USDA graded beef (*e.g., USDA Prime, USDA Choice, and USDA Select*) produced in the United States may be exported to Chile provided that a label indicates its Chilean equivalent and its country of origin.
7. Beef produced in Chile may be exported to the United States provided that the label or sticker indicates the applicable Chilean norm and country of origin.
8. AMS and SAG shall work cooperatively to assist the beef industries of the United States and Chile in following these procedures.

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<sup>2</sup> The table comparing Chilean beef norms and USDA quality grades is intended to serve as a reference for consumers in Chile by describing USDA beef quality grade names in terms that are easily and already understood. However, this comparison is not intended to denote equivalency between the two grading systems for the purposes of reciprocal grading or the marketing of SAG classified beef under USDA grade names in the United States.

## Appendix 3.17-A

### Comparative Beef Cut Nomenclature Table / Equivalencia De Cortes

| CHILE                     |                     | USA <sup>3</sup> |                               |
|---------------------------|---------------------|------------------|-------------------------------|
| Cuarto Delantero (Paleta) |                     | Forequarter      |                               |
| Cortes sin Hueso          |                     | Boneless Cuts    |                               |
| 1                         | Malaya              | 1                | Subcutaneous muscle           |
| 2                         | Plateada            | 2                | Cup of cube roll              |
| 3                         | Sobrecostilla       | 3                | Chuck (pony)                  |
| 4                         | Tapapecho           | 4                | Brisket                       |
| 5                         | Cogote              | 5                | Clod and sticking             |
| 6                         | Huachalomo          | 6                | Neck                          |
| 7                         | Choclillo           | 7                | Chuck tender                  |
| 8                         | Punta de paleta     | 8                | Blade clod                    |
| 9                         | Asado del carnicero | 9                | Chuck cover                   |
| 10                        | Posta de paleta     | 10               | Shoulder clod                 |
| 11                        | Lagarto             | 11               | Shank meat                    |
| 12                        | Lomo vetado         | 12               | Cube roll                     |
| 13                        | Entraña             | 13               | Skirt (diaphragm)             |
| Cortes con Hueso          |                     | Cuts with bone   |                               |
| 1                         | Asado de tira       | 1                | Short ribs                    |
| 2                         | Costillas arqueadas | 2                | Back ribs                     |
| 3                         | Aletillas           | 3                | Sternum ribs                  |
| 4                         | Osobuco de mano     | 4                | Foreshank                     |
| Cuarto Trasero (pierna)   |                     | Hindquarter      |                               |
| Cortes sin Hueso          |                     | Boneless Cuts    |                               |
| 1                         | Lomo liso           | 1                | Striploin                     |
| 2                         | Filete              | 2                | Tenderloin                    |
| 3                         | Punta de ganso      | 3                | Outside round                 |
| 4                         | Ganso               | 4                | Silverside                    |
| 5                         | Pollo ganso         | 5                | Cup of rump                   |
| 6                         | Posta negra         | 6                | Top, inside, or topside round |
| 7                         | Posta rosada        | 7                | Knuckle or sirloin tip        |
| 8                         | Asiento             | 8                | Sirloin butt                  |
| 9                         | Punta de picana     | 9                | Tri – tip                     |
| 10                        | Tapabarriga         | 10               | Thin flank                    |
| 11                        | Palanca             | 11               | Flank steak                   |
| 12                        | Pollo barriga       | 12               | Thick skirt                   |
| 13                        | Abastero            | 13               | Heel (gastrocnemius)          |

<sup>3</sup> Proper nomenclature for beef cuts traded in the United States can be found in, and should reference, the U.S. Department of Agriculture's Institutional Meat Purchase Specifications (IMPS).

| Cortes con Hueso |                   | Cuts with bone |            |
|------------------|-------------------|----------------|------------|
| 1                | Coluda            | 1              | Ribs steak |
| 2                | Osobuco de pierna | 2              | Shank      |
| 3                | Cola              | 3              | Tail       |

## Appendix 3.17-B

### Comparison of Chilean Beef Norms and USDA Beef Quality Grades

| <b>Chilean Beef Norm</b>  | <b>USDA Beef Quality Grade</b>   |
|---|--|
| <p>V.</p> <ul style="list-style-type: none"> <li>• Young bulls with milk teeth (10-24 months); Fat Score 1, 2, and 3.</li> <li>• Steers, heifers, and young cows with 4 permanent teeth (10-34 months); Fat Score 1, 2, and 3.</li> </ul>   | <p><i>USDA Prime, USDA Choice, and USDA Select.</i></p> <ul style="list-style-type: none"> <li>• Young beef (steers and heifers) less than 42 months. Slight and above marbling.</li> </ul>  |
| <p>C.</p> <ul style="list-style-type: none"> <li>• Steers and cows with 6 permanent teeth (35-42 months); Fat Score 1, 2, and 3.</li> </ul>   | <p><i>USDA Standard.</i></p> <ul style="list-style-type: none"> <li>• Young beef (steers and heifers) less than 42 months. Practically devoid to small marbling.</li> </ul>  |
| <p>U.</p> <ul style="list-style-type: none"> <li>• Adult and old cows with 8 or leveled permanent teeth (over 43 months); Fat Score 1, 2, and 3.</li> <li>• Bulls and bullocks with 4 permanent teeth and over; Fat Score 1, 2, and 3.</li> <li>• Oxen with 8 permanent teeth (43-58 months); Fat Score 1, 2, and 3.</li> </ul> | <p><i>USDA Commercial, USDA Utility, USDA Cutter, and USDA Canner.</i></p> <ul style="list-style-type: none"> <li>• Mature cows over 42 months. Practically devoid to small marbling.</li> </ul>   |
| <p>N.</p> <ul style="list-style-type: none"> <li>• All classes but calves, no teeth requirements; Fat Score 0.</li> <li>• Third degree bruised carcasses of any class; Fat Score 1, 2, and 3.</li> </ul>  | <ul style="list-style-type: none"> <li>• USDA has separate classification and grade system for bullocks (young bulls under 24 months of age) from USDA Utility to USDA Prime. Mature bulls are not eligible for USDA quality grades (eligible for yield grades only).</li> </ul> |
| <p>O.</p> <ul style="list-style-type: none"> <li>• Male and female calves with milk teeth (up to 9 months); no Fat Score requirements.</li> </ul>   | <p><i>United States Standards for Grades of Veal and Calf Carcasses.</i></p> <ul style="list-style-type: none"> <li>• There are five official USDA grades for veal and calf carcasses: <i>USDA Prime, USDA Choice, USDA Good,</i></li> </ul>                                     |

|  |  |
|--|--|
|  | <p><i>USDA Standard, and USDA Utility. These grades are based on conformation, maturity (under 9 months determined mostly by lean color) and feathering and flank fat streaking (quality).</i></p> |
|--|--|

**Annex 3.18**

**Product Lists and Trigger Prices for Agricultural Safeguard**

| <b>United States Agricultural Safeguard Product List</b> |   |                      |  |
|--|---|----------------------|--|
|  | (US\$ / KG.)  |                      |  |
| <b>HS 2002</b>   | <b>Description</b>  | <b>Trigger price</b> |  |
| 0704904020   | BROCCOLI INCLUDING SPROUTING BROCCOLI, FRESH OR CHILLED   | 0.38                 |  |
| 0706100500   | CARROTS, REDUCED IN SIZE, FRESH OR CHILLED  | 0.46                 |  |
| 0709402000   | CELERY OTHER THAN CELERIAC, REDUCED IN SIZE, FRESH OR CHILLED                                     | 0.58                 |  |
| 0709700000   | SPINACH, NEW ZEALAND & ORACHE (GARDEN), FRESH OR CHILLED  | 0.65                 |  |
| 0709904500   | SWEET CORN, FRESH OR CHILLED  | 0.51                 |  |
| 07099091   | VEGETABLES, NESOI, FRESH OR CHILLED   | 0.70                 |  |
| 07149005   | CHINESE WATER CHESNUTS, FRESH OR CHILLED  | 0.70                 |  |
| 0710808500   | BRUSSELS SPROUTS REDUCED IN SIZE, RAW OR COOKED BY STEAMING OR BOILING, FROZEN                    | 0.85                 |  |
| 07115100   | MUSHROOMS OF THE GENUS AGARICUS   | 1.44                 |  |
| 0711591000   | MUSHROOMS, NESOI, PROVISIONALLY PRESERVED, BUT UNSUITABLE IN THAT STATE FOR IMMEDIATE CONSUMPTION | 1.44                 |  |
| 0712202000   | ONION POWDER OR FLOUR   | 0.77                 |  |
| 0712204000   | ONIONS, DRIED, EXCEPT POWDER OR FLOUR   | 1.48                 |  |
| 0712904020   | GARLIC POWDER OR FLOUR  | 0.56                 |  |
| 0712904040   | GARLIC, DRIED   | 0.43                 |  |
| 0804400000   | AVOCADOS, FRESH OR DRIED  | 1.05                 |  |
| 0807198000   | MELONS, NESOI, FRESH, ENTERED 6/1 THRU 11/30  | 0.28                 |  |
| 0811908040   | CERRIES, SWEET VARIETIES, UNCOOKED OR COOKED BY WATER, FROZEN                                     | 1.24                 |  |
| 0811908060   | CERRIES, TART VARIETIES   | 1.01                 |  |
| 0811908080   | FRUITS NESOI & NUTS   | 0.86                 |  |

|            |  |      |  |
|------------|--|------|--|
| 2002100020 | TOMATOES WHOLE OR IN PIECES, PREPARED OR PRESERVED NESOI, IN CONTAINERS HOLDING LESS THAN 1.4 KG | 0.47 |  |
| 2002100080 | TOMATOES WHOLE OR IN PIECES, PREPARED OR PRESERVED NESOI, IN CONTAINERS HOLDING 1.4 KG OR MORE   | 0.35 |  |
| 2002908010 | TOMATO PASTE IN CONTAINERS HOLDING LESS THAN 1.4 KG.   | 0.66 |  |
| 2002908020 | TOMATO PASTE IN CONTAINERS HOLDING 1.4 KG. OR MORE   | 0.53 |  |
| 2002908030 | TOMATO PUREE IN CONTAINERS HOLDING LESS THAN 1.4 KG.   | 0.61 |  |
| 2002908040 | TOMATO PUREE IN CONTAINERS HOLDING 1.4 KG. OR MORE   | 0.38 |  |
| 2002908050 | TOMATOES NESOI PREPARED OR PRESERVED   | 0.65 |  |
| 2003900010 | STRAW MUSHROOM PREPARED OR PRESERVED EXCEPT BY VINEGAR OR ACETIC ACID                            | 1.39 |  |
| 2003900090 | OTHER MUSHROOMS  | 1.39 |  |
| 2003100127 | MUSHROOM WHOLE OR BUTTON, PREPARED OR PRESERVED, IN CONTAINERS HOLDING NOT MORE THAN 225 GRAMS   | 2.33 |  |
| 2003100131 | MUSHROOM SLICED, PREPARED OR PRESERVED, IN CONTAINERS HOLDING NOT MORE THAN 225 GRAMS            | 2.25 |  |
| 2003100137 | MUSHROOM NESOI, IN CONTAINERS HOLDING NOT MORE THAN 225 GRAMS                                    | 1.90 |  |
| 2003100143 | MUSHROOM WHOLE OR BUTTON, PREPARED OR PRESERVED, IN CONTAINERS HOLDING MORE THAN 225 GRAMS       | 1.68 |  |
| 2003100147 | MUSHROOM SLICED, PREPARED OR PRESERVED, IN CONTAINERS HOLDING MORE THAN 225 GRAMS                | 1.49 |  |
| 2003100153 | MUSHROOM NESOI, PREPARED OR PRESERVED, IN CONTAINERS HOLDING MORE THAN 225 GRAMS                 | 1.44 |  |

|            |   |      |  |
|------------|---|------|--|
| 2005600000 | ASPARAGUS, PREPARED OR PRESERVED NESOI, NOT FROZEN  | 1.12 |  |
| 2005908000 | ARTICHOKES, PREPARED OR PRESERVED NESOI, NOT FROZEN   | 1.29 |  |
| 2006002000 | CHERRIES, PRESERVED BY SUGAR  | 2.06 |  |
| 2006005000 | MIXTURES OF FRUIT, NUTS AND PLANT PARTS PRESERVED BY SUGAR  | 1.56 |  |
| 2007100000 | HOMOGENIZED PREPARATIONS OF FRUIT   | 1.41 |  |
| 2008303500 | ORANGE PULP, PREPARED OR PRESERVED NESOI  | 1.30 |  |
| 2008400020 | PEARS, PREPARED OR PRESERVED, NESOI, IN CONTAINERS HOLDING LESS THAN 1.4 KG                             | 0.66 |  |
| 2008400040 | PEARS, PREPARED OR PRESERVED, NESOI, IN CONTAINERS 1.4 KG OR MORE                                       | 0.65 |  |
| 2008504000 | APRICOTS, PREPARED OR PRESERVED NESOI   | 0.90 |  |
| 2008929030 | FRUIT MIXTURES WITH PEACHES OR PEARS PACKED IN LIQUID, IN CONTAINERS HOLDING LESS THAN 1.4 KG           | 0.81 |  |
| 2008929035 | FRUIT MIXTURES WITH PEACHES OR PEARS PACKED IN LIQUID, IN CONTAINERS HOLDING MORE THAN 1.4 KG           | 0.77 |  |
| 2008929040 | FRUIT MIXTURES CONTAINING ORANGES OR GRAPEFRUIT   | 1.21 |  |
| 2008929050 | FRUIT MIXTURES NESOI  | 0.92 |  |
| 2008929092 | MIXTURES FRUITS, NUTS OR EDIBLE PARTS OF PLANTS, PREPARED CEREAL PRODUCTS, NESOI, PREPARED OR PRESERVED | 3.63 |  |
| 2008929094 | MIXTURES FRUITS, NUTS OR EDIBLE PARTS OF PLANTS, NESOI, PREPARED OR PRESERVED                           | 2.46 |  |
| 2009110020 | ORANGE JUICE UNFERMENTED FROZEN CONTAINER UNDER .946 LITER  | 0.25 |  |
| 2103204020 | TOMATO SAUCES NESOI IN CONTAINERS HOLDING LESS THAN 1.4 KG  | 0.80 |  |

|            |  |      |  |
|------------|--|------|--|
| 2103204040 | TOMATO SAUCES NESOI IN<br>CONTAINERS HOLDING 1.4 KG OR<br>MORE | 0.31 |  |
|------------|--|------|--|

| <b>Chile Agricultural Safeguard Product List</b> |  |                |
|--|--|----------------|
| (US\$ / kgs.)                                    |  |                |
| <b>HS 2002</b>                                   | <b>Description</b>   | <b>Trigger</b> |
|  |  | <b>Price</b>   |
| 02109100   | LAS DEMAS CARNES O DESPOJOS COMESTIBLES DE PRIMATES  | 3.49           |
| 02109200   | LAS DEMAS CARNES O DESPOJOS COMESTIBLES DE BALLENAS, DELFINES Y MARSOPAS; DE MANATIES Y DUGONES O DUGONGOS   | 3.49           |
| 02109300   | LAS DEMAS CARNES O DESPOJOS COMESTIBLES DE REPTILES ( INCLUIDAS LAS SERPIENTES Y TORTUGAS DE MAR )   | 3.49           |
| 02109900   | LAS DEMAS CARNES O DESPOJOS COMESTIBLES  | 3.49           |
| 04070010   | HUEVOS DE AVES CON CASCARA, FRESCOS, CONSERVADOS O COCIDOS, PARA CONSUMO   | 23.61          |
| 04070090   | LOS DEMAS HUEVOS DE AVE CON CASCARA, FRESCOS, CONSERVADOS O COCIDOS  | 23.61          |
| 10062000   | ARROZ DESCASCARILLADO (ARROZ CARGO O ARROZ PARDO)  | 0.52           |
| 10063010   | ARROZ SEMIBLANQUEADO O BLANQUEADO, INCLUSO PULIDO O GLASEADO, CON UN CONTENIDO DE GRANO PARTIDO INFERIOR O IGUAL AL 5% EN PESO                       | 0.27           |
| 10063020   | ARROZ SEMIBLANQUEADO O BLANQUEADO, INCLUSO PULIDO O GLASEADO, CON UN CONTENIDO DE GRANO PARTIDO SUPERIOR AL 5% PERO INFERIOR O IGUAL AL 15%, EN PESO | 0.27           |
| 10063090   | LOS DEMAS ARROZ SEMIBLANQUEADO O BLANQUEADO, INCLUSO PULIDO O GLASEADO   | 0.27           |
| 10064000   | ARROZ PARTIDO  | 0.21           |
| 11023000   | HARINA DE ARROZ  | 0.74           |
| 11031100   | GRANONES Y SEMOLA, DE TRIGO  | 0.35           |
| 11081100   | ALMIDON DE TRIGO   | 0.30           |
| 11090000   | GLUTEN DE TRIGO, INCLUSO SECO  | 0.85           |