

ANNEX 3.04
TARIFF REDUCTION SCHEDULE
OF THE REPUBLIC OF CHINA

The tariff reduction schedule to this Annex contains the following columns:

- (a) "Code": the tariff item number of the goods (HS 96);
 - (b) "Description": the tariff description of the goods;
 - (c) "Base Rate": initial tariff of the tariff reduction schedule; and
 - (d) "Staging": the stagings of tariff elimination to be applied to the imports originating in the Republic of Panama.
1. For purposes of description and classification of the goods covered by the tariff reduction schedule, the nomenclature of the Harmonized Commodity Description and Coding System will be used.
 2. For purposes of this Annex, *calendar year* shall be defined as a year beginning on January 1 until December 31 of the same year.
 3. The term "base rate" is understood to be the base tariff rate, which shall be the Most-Favored-Nation (MFN) rate (Column 2 Rate) of the Customs Import Tariff of the Republic of China in effect January 1, 2003, and expressed as *ad valorem*, specific or conditional rates, from which the tariff reduction begins as a basis for the originating goods of the Republic of Panama, in accordance with this Annex.
 4. The Republic of China shall apply, as stipulated in the tariff reduction schedule of this Annex, the following tariff reduction stagings (*see example*) to the originating goods imported from the Republic of Panama, in accordance with Article 3.04 (Tariff Reduction Schedule).

Staging A: the customs duties applicable to the originating goods of the Republic of Panama covered by the tariff lines marked "A" in the "Staging" column shall be eliminated immediately, so that these goods are exempted from customs duties on the date of entry into force of the Agreement.

Staging B: the customs duties applicable to the originating goods of the Republic of Panama covered by the tariff lines marked "B" in the "Staging" column shall be eliminated in five (5) equal annual stages beginning at the date of entry into force of the Agreement, so that these goods are exempted from customs duties on the first day of Year 5 after entry into force of the Agreement. The annual reduction will be applied to the indicated customs duties in the column of "base rate".

Staging B+: the customs duties applicable to the originating goods of the Republic of Panama covered by the tariff lines marked “B+” in the “Staging” column shall be reduced by 50% at the date of entry into force of the Agreement, the rest shall be eliminated in four (4) equal annual stages beginning on January 1 of Year 2, so that these goods are exempted from customs duties on January 1 of Year 5 after entry into force of the Agreement.

Staging C: the customs duties applicable to the originating goods of the Republic of Panama covered by the tariff lines marked "C" in the “Staging” column shall be eliminated in ten (10) equal annual stages beginning at the date of entry into force of the Agreement, so that these goods are exempted from customs duties on the first day of Year 10 after entry into force of the Agreement. The annual reduction will be applied to the indicated customs duties in the column of “baserate”.

Exclusion: The goods covered by tariff items marked “Excl.” in the “Staging” column are excluded from the tariff reduction schedule. The Republic of China will maintain Most-Favored-Nation (MFN) customs duties on such goods.

(Example)

DATE	AD-VALOREM BASE RATE: 10%					SPECIFIC BASE RATE: NT\$ 15				
	A	B	B+	C	D	A	B	B+	C	D
Upon the entry into force until December 31 st of the same calendar year (Year 1)	0	8	5	9	10	\$0	\$12	\$7.5	\$13.5	\$15
the following calendar year after the entry into force of the Agreement (Year 2)	0	6	3.7	8	10	\$0	\$9	\$5.6	\$12	\$15
the following calendar year after Year 2 (Year 3)	0	4	2.5	7	10	\$0	\$6	\$3.7	\$10.5	\$15
the following calendar year after Year 3 (Year 4)	0	2	1.2	6	10	\$0	\$3	\$1.8	\$9	\$15
the following calendar year after Year 4 (Year 5)	0	0	0	5	10	\$0	\$0	\$0	\$7.5	\$15
the following calendar year after Year 5 (Year 6)	0	0	0	4	10	\$0	\$0	\$0	\$6	\$15
the following calendar year after Year 6 (Year 7)	0	0	0	3	10	\$0	\$0	\$0	\$4.5	\$15
the following calendar year after Year 7 (Year 8)	0	0	0	2	10	\$0	\$0	\$0	\$3	\$15
the following calendar year after Year 8 (Year 9)	0	0	0	1	10	\$0	\$0	\$0	\$1.5	\$15
the following calendar year after Year 9 (Year 10)	0	0	0	0	10	\$0	\$0	\$0	\$0	\$15

The reduced rate should in each stage be rounded off to the first decimal.

5. The goods covered by tariff items marked “Q” in the “Staging” column are excluded from the tariff reduction schedule, however, the Republic of China shall grant quotas to the originating goods imported from the Republic of Panama, as described below.

PRODUCT	TARIFF ITEM NUMBERS	ANNUAL QUOTA QUANTITY
Pork belly	02031911, 02031991, 02032911, 02032991	1,000 MT
Mackerel	03026400, 03026993, 03037400, 03037993, 03042060, 03053010, 03056940, 16041510	377 MT
Sardine and herring	03024000, 03026100, 03035000, 03037100, 03042041, 03042042, 03054950, 03055941, 03055950, 03056100, 03056300, 16041210, 16041310, 16041320, 16041600	191 MT
Carangid	03026992, 03037992, 03042050, 16041920	164 MT
Liquid milk	04011010, 04011020, 04012010, 04012020, 04013010, 04013020, 04029910, 04029920, 04029992	1,065 MT
Banana	08030000	1,000 MT
Pineapple	08043000	1,200 MT
Prepared or preserved drum sticks and wings of fowls ; Other prepared or preserved meat of fowls	16023210, 16023220	800 MT
Other prepared or preserved meat offal of fowls	16023290	500 MT
Refined Sugar	17019910, 17019920, 17019990	5,000 MT

6. Administration of quota

Upon the entry into force of the Agreement until December 31 of the same calendar year, the proportion of the quota quantity will be set according to the number of remaining implementation months of that year divided by twelve (12).

Within thirty (30) calendar days of the entry into force of this Agreement, the Republic of Panama shall decide and notify the ROC which Party is to administer the quota allocation for TRQ products negotiated under this Agreement.

Panama shall notify the ROC within the first thirty (30) calendar days of each following quota year of this Agreement which Party is to administer the quota allocation for the TRQ products negotiated under this Agreement.

In the event that Panama does not notify the ROC within the above-mentioned period, the same quota administration system shall continue its operations for that quota year.

In the event that Panama administers the allocation of quota, the ROC shall only apply the in-quota tariff rates it has committed under the WTO for those products. It is understood that the ROC shall not apply any other duties, taxes or charges to the TRQ products, with the exception of Harbor Construction Service Dues, Value-added Taxes and Trade Promotion Fees, which the ROC applies to all imports.

In the event that Panama requests the ROC to administer the quota, the ROC shall not apply in-quota tariffs or any other duties, taxes or charges, except for Harbor Construction Service Dues, Value-added Taxes, Trade Promotion Fees, and rent for import rights for the TRQ products. In this case, the ROC shall allocate a quota on pineapple twice a year and on all other products quarterly. In the event that a quota is not fully allocated, the unallocated portion of the quota will be added to the next allocation term of the same quota year.

Imports exceeding the TRQ amount specified under the Agreement shall be subject to their respective MFN out-quota rates.

Import licenses issued for the TRQ products can be used at any time during the year, with the exception of pineapple for which the importation periods will be from January 1 to March 31 and from August 1 to December 31 of the same year.

7. In the event that either Party grants to another country a better market access level in any tariff line code where the Party has granted a tariff quota under this Agreement, that Party shall grant the same level of market access to the other Party in a period no greater than sixty (60) days counted from the entry into force of the new market access level.
8. **Additional requirements for beef Import under preferential treatment:**

The ROC shall require Panama to provide the following additional information on beef import:

- (a) Serial number of cattle;
- (b) Farm in which cattles were born;
- (c) Feeding farm before slaughter; and
- (d) Slaughter house.

However, the ROC will grant Panama a transitional period of three years. During this period, the ROC will not request the information of item A (Serial Number of cattle) and B (Farm in which cattles were born) as mentioned above. After three years of entry into force of this Agreement, Panama shall comply with all the requirements afore-mentioned.

ANNEX 3.04
TARIFF REDUCTION SCHEDULE
OF THE REPUBLIC OF PANAMA

The tariff reduction schedule to this Annex contains the following columns:

- (a) "Code": the tariff item number of the goods (HS 96);
 - (b) "Description": the tariff description of the goods;
 - (c) "Base Rate": initial tariff of the tariff reduction schedule; and
 - (d) "Staging": the stagings of tariff elimination to be applied to the imports originating in the Republic of China.
1. For purposes of description and classification of the goods covered by the tariff reduction schedule, the nomenclature of the Harmonized Commodity Description and Coding System will be used.
 2. For purposes of this Annex, *calendar year* shall be defined as a year beginning on January 1 until December 31 of the same year.
 3. The term "base rate" is understood as being the base tariff rate, which shall be the Most-Favored-Nation (MFN) rate, expressed as *ad valorem* rates, from which the tariff reduction begins as a basis for the originating goods of the Republic of China, in accordance with this Annex.
 4. The Republic of Panama shall apply, as stipulated in the tariff reduction schedule of this Annex, the following tariff reduction stagings (*see example*) to the originating goods imported from the Republic of China, in accordance with Article 3.04 (Tariff Reduction Schedule).

Staging A: the customs duties applicable to the originating goods of the Republic of China covered by the tariff lines marked "A" in the "Staging" column shall be eliminated immediately, so that these goods are exempted from customs duties on the date of entry into force of the Agreement.

Staging B: the customs duties applicable to the originating goods of the Republic of China covered by the tariff lines marked "B" in the "Staging" column shall be eliminated in five (5) equal annual stages beginning at the date of entry into force of the Agreement, so that these goods are exempted from of customs duties on the first day of Year 5 after entry into force of the Agreement. The annual reduction will be applied to the indicated customs duties in the column of "baserate".

Staging C: the customs duties applicable to the originating goods of the Republic of China covered by the tariff lines marked "C" in the "Staging" column shall be eliminated in ten (10) equal annual stages beginning at the

date of entry into force of the Agreement, so that these goods are exempted from customs duties on the first day of Year 10 after entry into force of the Agreement. The annual reduction will be applied to the indicated customs duties in the column of "baserate".

Exclusion: The goods covered by tariff items and marked "Excl." in the "Staging" column are excluded from the tariff reduction schedule. The Republic of Panama will maintain Most-Favored-Nation (MFN) customs duties on such goods.

(Example)

DATE	AD-VALOREM BASE RATE: 10%				SPECIFIC BASE RATE: NT\$ 15			
	A	B	C	D	A	B	C	D
Upon the entry into force until December 31 st of the same calendar year (Year 1)	0	8	9	10	\$0	\$12	\$13.5	\$15
the following calendar year after the entry into force of the Agreement (Year 2)	0	6	8	10	\$0	\$9	\$12	\$15
the following calendar year after Year 2 (Year 3)	0	4	7	10	\$0	\$6	\$10.5	\$15
the following calendar year after Year 3 (Year 4)	0	2	6	10	\$0	\$3	\$9	\$15
the following calendar year after Year 4 (Year 5)	0	0	5	10	\$0	\$0	\$7.5	\$15
the following calendar year after Year 5 (Year 6)	0	0	4	10	\$0	\$0	\$6	\$15
the following calendar year after Year 6 (Year 7)	0	0	3	10	\$0	\$0	\$4.5	\$15
the following calendar year after Year 7 (Year 8)	0	0	2	10	\$0	\$0	\$3	\$15
the following calendar year after Year 8 (Year 9)	0	0	1	10	\$0	\$0	\$1.5	\$15
the following calendar year after Year 9 (Year 10)	0	0	0	10	\$0	\$0	\$0	\$15

The reduced rate should in each stage be rounded off to the first decimal.

5. In the event that either Party grants to another country a better market access level in any tariff line code where the Party has granted a tariff quota under this Agreement, that Party shall grant the same level of market access to the other Party in a period no greater than sixty (60) days counted from the entry into force of the new market access level.