

Annex III.3.1

Tariff Elimination

1. The method for determining the interim rate of customs duty at each stage of reduction for an item is indicated for the item in each Party's Schedule attached to this Annex.
2. For the purpose of the elimination of customs duties in accordance with Article III.3, interim staged rates shall be rounded down, except as set out in each Party's Schedule attached to this Annex, 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.
3. **Tariff rate quota** means a mechanism that provides for the application of a customs duty at a certain rate to imports of a particular good up to a specified quantity (in-quota quantity), and at a different rate to imports of that good that exceed that quantity. The in-quota quantities which are set out in the Annexes correspond to calendar years, except where otherwise indicated. In the year that this Agreement enters into force, the in-quota quantity will be proportional to the number of days remaining in that year.

Schedule of Canada

(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)

Schedule of Costa Rica

(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)

Annex III.3.2

Special Safeguards

1. Each Party may, for the agricultural goods specified by each Party in Appendix III.3.2.1 adopt a special safeguard in the form of a tariff rate quota if the volume of imports of that good from the other Party exceeds the trigger level for that good specified in Appendix III.3.2.1
2. The trigger levels specified in Appendix III.3.2.1 shall be increased by 5 percent on January 1 of each year for ten years after the year of entry into force of the Agreement unless otherwise provided.
3. Notwithstanding Article III.3 (Tariff Elimination) a Party may not apply an over-quota tariff rate under a special safeguard for a good specified in Appendix III.3.2.1 that exceeds the lesser of: (a) the applied MFN rate as of April 1, 2001; or (b) the MFN rate in effect at the time the special safeguard is implemented.
4. A Party proposing to implement an over-quota tariff under this Annex shall provide the other Party with 15 days advance notice and upon request, shall enter into consultations with that Party within 15 days.
5. Neither Party may apply an over-quota tariff rate under this Annex and take an emergency action under Article VI.2 (Emergency Action) for the same good at the same time.
6. An over-quota tariff imposed under this Annex may be maintained only until the end of the calendar year in which it has been imposed. For the following calendar year the tariff shall return to the level specified for that good for that year under Article III.3 (Tariff Elimination).
7. Any supplies of the good in question which were en route on the basis of a contract settled before any additional over-quota tariff is imposed shall be exempted from the over-quota tariff, provided that they may be counted in the volume of imports of the product in question during the following year for the purposes of triggering the provisions of paragraph 1 in that year.
8. The provisions of this Annex shall apply to the goods specified in Appendix III.3.2.1 for the duration of the phase-out period of each good.

