

ANNEX II

'SUBSECTION 3

TARIFF ELIMINATION SCHEDULE OF THE EU PARTY FOR GOODS ORIGINATING IN ECUADOR

1. The base rate of customs duty and staging category to determine the interim rate of customs duty at each stage of reduction are indicated for each tariff line in the Tariff Elimination Schedule of the EU Party included in this Subsection (hereinafter referred to as the "Schedule").
2. For the purposes of the elimination of customs duties, interim staged rates shall be rounded down at least to the nearest tenth of a percentage point or, if the rate of customs duty is expressed in monetary units, at least to the nearest tenth of a euro.
3. For the purposes of this Subsection, "year one" means the year this Agreement enters into force as provided in Article 330 (Entry into Force) of this Agreement.
4. For the purposes of this Subsection, beginning in year two, each annual reduction shall take effect on 1 January of the relevant year.
5. If the entry into force of this Agreement falls on a date after 1 January and before 31 December of the same year, the in-quota quantity will be pro-rated on a proportional basis for the remainder of the calendar year.

A. Tariff Elimination

Except as otherwise provided in the Schedule, the following categories shall apply to the elimination of customs duties by the EU Party pursuant to Article 22 (Elimination of Customs Duties) of Title III (Trade in Goods) of this Agreement:

- (a) customs duties on goods originating in Ecuador (hereinafter referred to as "originating goods") corresponding to the tariff lines in staging category (hereinafter referred to as "category") "0" in the Schedule shall be eliminated entirely and such goods shall be free of any customs duty on the date this Agreement enters into force;
- (b) customs duties on originating goods corresponding to the tariff lines in category "3" in the Schedule shall be removed in four equal yearly stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective on 1 January of year four;
- (c) customs duties on originating goods corresponding to the tariff lines in category "5" in the Schedule shall be removed in six equal yearly stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective 1 January of year six;
- (d) customs duties on originating goods corresponding to the tariff lines in category "7" in the Schedule shall be removed in eight equal yearly stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective 1 January of year eight;
- (e) customs duties on originating goods corresponding to the tariff lines in category "10" in the Schedule shall be removed in eleven equal yearly stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective 1 January of year eleven;
- (f) customs duties on originating goods corresponding to the tariff lines in category "—" in the Schedule shall remain at base rate; these goods are excluded from duty elimination or reduction;
- (g) customs duties on originating goods provided for in the tariff lines in staging category '0+EP' in the Schedule shall be eliminated on the date this Agreement enters into force; the liberalisation concerns the *ad valorem* duty only; the specific duty linked to the entry price system applicable for these originating goods as laid down in Section A of Appendix 2 of this Annex shall be maintained;
- (h) customs duties on originating goods provided for in the tariff lines in staging category "0/5+EP" in the Schedule shall be eliminated (i) for the period between 1 May and 31 October on the date this Agreement enters into force and (ii) for the period between 1 November and 30 April on 1 January of year six, in six equal yearly stages, beginning on the date this Agreement enters into force; the liberalisation concerns the *ad valorem* duty only; the specific duty linked to the entry price system applicable for these originating goods as laid down in Section A of Appendix 2 of this Annex shall be maintained;

- (i) for the tariff lines in staging category AV0 in the Schedule, the *ad valorem* element of the customs duty shall be eliminated on the entry into force of this Agreement;
- (j) for the tariff lines in staging category AV0-3 in the Schedule, the *ad valorem* element of the customs duty shall be eliminated on the entry into force of this Agreement; the specific element of the customs duty shall be removed in four equal stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;
- (k) for the tariff lines in staging category AV0-5 in the Schedule, the *ad valorem* element of the customs duty shall be eliminated on the entry into force of this Agreement; the specific element of the customs duty shall be removed in six equal stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;
- (l) for the tariff lines in staging category AV0-7 in the Schedule, the *ad valorem* element of the customs duty shall be eliminated on the entry into force of this Agreement; the specific element of the customs duty shall be removed in eight equal stages beginning on the date this Agreement enters into force, and such goods shall thereafter be free of any customs duty;
- (m) the following preferential customs duty on originating goods corresponding to the tariff lines in staging category “SP1” in the Schedule shall apply:

Year	Preferential customs duty (EUR/t.)	Trigger import volume (Metric Tonnes)
From 1 January until 31 December 2014	118	1 566 772
From 1 January until 31 December 2015	111	1 645 111
From 1 January until 31 December 2016	104	1 723 449
From 1 January until 31 December 2017	97	1 801 788
From 1 January until 31 December 2018	90	1 880 127
From 1 January until 31 December 2019	83	1 957 500
As from 1 January 2020	75	Not applicable

The preferential customs duties indicated in the table shall apply from the date of the entry into force of this Agreement; the duties shall not be retroactively reduced;

In 2019, the EU Party and Ecuador shall examine the improvement of tariff liberalisation of goods included in staging category “SP1”;

A stabilisation clause shall be based on the following elements:

- (i) a trigger import volume is set for imports of originating goods provided for in the tariff lines in staging category “SP1” for each of the years during the transition period, as indicated in the third column of the table above;
- (ii) once the trigger volume is met during the corresponding calendar year, the EU Party may temporarily suspend the preferential customs duty applicable during that same year for a period of time not exceeding three months, and not going beyond the end of the corresponding calendar year;
- (iii) in the event that the EU Party suspends the said preferential customs duty, the EU Party shall apply the least of the base rate or the Most Favoured Nation (hereinafter referred to as “MFN”) duty that will apply at the time this action will be taken;
- (iv) in the event that the EU Party applies the actions mentioned under paragraphs (ii) and (iii), the EU Party shall immediately enter into consultations with Ecuador in order to analyse and evaluate the situation on the basis of available factual data;
- (v) the measures mentioned under paragraphs (ii) and (iii) may be applicable only during the transition period ending on 31 December 2019;

- (n) goods originating in Ecuador corresponding to the tariff lines in categories “GC”, “MM”, “MZ”, “RI”, “MC”, “RM”, “SC1”, “SC2”, “SR” and “SP” shall be liberalised within a tariff quota under the conditions laid down in point B of this Subsection.

B. Tariff Quotas for specific goods

The following tariff concessions shall apply as from the date of entry into force of this Agreement on an annual basis to imports into the EU Party of originating goods.

The EU Party shall allow duty-free imports of the following quantities and goods:

- (a) an aggregate quantity 500 metric tonnes of goods listed in category “GC”;
- (b) an aggregate quantity of 100 metric tonnes of goods listed in category “MM”;
- (c) an aggregate quantity of 37 000 metric tonnes, with an increase by 1 110 metric tonnes each year, of goods listed in category “MZ”;
- (d) an aggregate quantity of 5 000 metric tonnes of goods listed in category “RI” ⁽¹⁾;
- (e) an aggregate quantity of 3 000 metric tonnes of goods listed in category “MC”;
- (f) an aggregate quantity of 250 hl of pure alcohol equivalent, with an increase by 10 hl each year, of goods listed in category “RM”;
- (g) an aggregate quantity of 400 metric tonnes of goods listed in category “SC1”;
- (h) an aggregate quantity of 300 metric tonnes of goods listed in category “SC2”;
- (i) an aggregate quantity of 15 000 metric tonnes, with an increase by 450 metric tonnes each year, of goods listed in category “SR” (raw sugar and panela).
- (j) an aggregate quantity of 10 000 metric tonnes expressed in raw sugar equivalent, with an increase by 150 metric tonnes each year, of goods listed in category “SP” (raw sugar of the standard quality with a yield in white sugar of 92 %).

TARIFF ELIMINATION SCHEDULE OF THE EU PARTY

GENERAL NOTES

Relation with the Combined Nomenclature (hereinafter referred to as the “CN”) of the European Union: The provisions of this Schedule are generally expressed in terms of the CN, and the interpretation of the provisions of this Schedule, including the goods coverage of subheadings of this Schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the CN. To the extent that provisions of this Schedule are identical to the corresponding provisions of the CN, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the CN.

⁽¹⁾ Five years after the entry into force of this Agreement, the EU Party and Ecuador shall examine the possibility of improving market access for this product.’.