

CHAPTER TWO

NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

Article 201: Scope and Coverage

Except as otherwise provided in this Agreement, this Chapter applies to trade in goods of a Party.

Section A - National Treatment

Article 202: National Treatment

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of the GATT 1994, including its interpretive notes, and to this end Article III of the GATT 1994 and its interpretive notes are incorporated into and made part of this Agreement, *mutatis mutandis*.
2. Paragraph 1 does not apply to the measures set out in Annex 202.2.

Section B - Tariff Elimination

Article 203: Tariff Elimination

1. Except as otherwise provided in this Agreement, no Party may increase any existing customs duty, or adopt any new customs duty, on an originating good.
2. Except as otherwise provided in this Agreement, each Party shall eliminate its customs duties on originating goods, in accordance with Annex 203.2.
3. During the tariff elimination process the Parties agree to apply to originating goods traded between them the lesser of the customs duties resulting from a comparison between the rate established in accordance with Annex 203.2 and the existing rate pursuant to Article II of GATT 1994.
4. On the request of a Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in Annex 203.2. Notwithstanding Article 2001 (Administration of this Agreement - The Joint Commission), a joint decision by the Parties to accelerate the elimination of a customs duty on a good shall supersede any duty rate or staging category determined pursuant to Annex 203.2 for that good when approved by each Party in accordance with its applicable legal procedures.
5. For greater certainty, a Party may:
 - (a) increase a customs duty to the level established in Annex 203.2 following a unilateral reduction; and
 - (b) maintain or increase a customs duty as authorized by this Agreement, the Dispute Settlement Body of the WTO or any agreement under the WTO Agreement.

Section C - Special Regimes

Article 204: Temporary Admission of Goods

1. Each Party shall grant duty-free temporary admission for the following goods, regardless of their origin and regardless of whether like, directly competitive or substitutable goods are available in the territory of the Party:
 - (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 person who qualifies for temporary entry pursuant to Chapter Twelve (Temporary Entry for Business Persons);
 - (b) goods admitted for sports purposes and goods intended for display or demonstration; and
 - (c) commercial samples and advertising films and recordings.
2. Each Party, at the request of the person concerned and for reasons its customs authority considers valid, shall extend the time limit for temporary admission beyond the period initially fixed.
3. No Party may condition the duty-free temporary admission of a good referred to in subparagraphs 1 (a) or (b), other than to require that such good:
 - (a) be imported by a national or resident of the other Party who seeks temporary entry;

- (b) be used solely by or under the personal supervision of such person in the exercise of the business activity, trade, profession or sport of that person;
- (c) not be sold or leased while in its territory;
- (d) 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;
- (e) be capable of identification when exported;
- (f) be exported on the departure of that person or within such other period related to the purpose of the temporary admission; and
- (g) be admitted in no greater quantity than is reasonable for its intended use.

4. No Party may condition the duty-free temporary admission of a good referred to in subparagraph 1(c), other than to require that such good:

- (a) be imported solely for the solicitation of orders for goods, or services provided from the territory, of the other Party or a non-Party;
- (b) not be sold, leased or put to any use other than exhibition or demonstration while in its territory;
- (c) be capable of identification when exported;
- (d) be exported within such period as is reasonably related to the purpose of the temporary importation;

- (e) be imported in no greater quantity than is reasonable for its intended use; and
- (f) 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.

5. Where a good is temporarily admitted duty-free under paragraph 1 and any condition a Party imposes under paragraphs 3 and 4 has not been fulfilled, the Party may impose:

- (a) the customs duty and any other charge that would be owed on entry or final importation of the good; and
- (b) any penalties provided for under its law.

6. Each Party 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 with the entry of that national or resident.

7. 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.

8. Each Party shall provide that its customs authority or other competent authority refund the security to the importer or another person responsible for a good admitted under this Article and release the importer or the other person of any liability for failure to export the good on presentation of satisfactory proof to the customs authority of the importing Party that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.

9. Except as otherwise provided in this Agreement, no Party:
- (a) may prevent 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) may require any security 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) may condition the release of any obligation, including any security, 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; or
 - (d) 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.
10. For purposes of paragraph 9, “vehicle” means a truck, a truck tractor, a tractor, a trailer unit or trailer, a locomotive, or a railway car or other railroad equipment.

Article 205: Goods Re-entered After Repair or Alteration

1. No 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 the territory of the Party from which the good was exported for repair or alteration.

2. No 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 the essential characteristics of a good or creates a new or commercially different good; or
- (b) transforms an unfinished good into a finished good.

Article 206: 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 207: Import and Export Restrictions

1. Except as otherwise provided in this Agreement, no 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 the GATT 1994, and to this end Article XI of the GATT 1994 is incorporated into and made a part of this Agreement, *mutatis mutandis*.
2. The Parties understand that the GATT 1994 rights and obligations incorporated by paragraph 1 prohibit, subject to Article XI:2 of the GATT 1994, a Party from adopting or maintaining:
 - (a) export and import price requirements, except as permitted in enforcement of countervailing and antidumping duty orders and undertakings; or
 - (b) voluntary export restraints inconsistent with Article VI of the GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.
3. Paragraphs 1 and 2 do not apply to the measures set out in Annex 202.2.

4. 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, no provision of 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.

5. 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 a Party, shall consult with a view to avoiding undue interference with or distortion of pricing, marketing, or distribution arrangements in the other Party.

6. No Party may, as a condition for engaging in importation or for the import of a good, require a person of the other Party to establish or maintain a contractual relationship with a distributor in its territory.

7. Nothing in paragraph 6 prevents a Party from requiring the designation of an agent for the purpose of facilitating communications between regulatory authorities of the Party and a person of the other Party.

8. For purposes of paragraph 6, “distributor” means a person of a Party who is responsible for the commercial distribution, concession, or representation in the territory of that Party of goods of the other Party.

Article 208: Import Licensing

1. No Party may adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.
2. Each Party shall notify the other Party of any existing import licensing procedures promptly after entry into force of this Agreement.
3. Each Party shall publish any new import licensing procedure and any modification to its existing import licensing procedures or list of products, whenever practicable 21 days prior to the effective date of the requirement but in all events no later than such effective date.
4. Each Party shall notify the other Party of any other new import licensing procedures and any modification to its existing import licensing procedures within 60 days of publication. Such publication shall be in accordance with the procedures as set out in the Import Licensing Agreement.
5. Notification provided under paragraphs 2 and 4 shall:
 - (a) include the information specified in Article 5 of the Import Licensing Agreement; and
 - (b) be without prejudice as to whether the import licensing procedure is consistent with this Agreement.

Article 209: Administrative Fees and Formalities

1. Each Party shall ensure, in accordance with Article VIII:1 of the GATT 1994, 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 the GATT 1994, and antidumping and countervailing duties) imposed on or in connection with importation or exportation are limited 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. No 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 and maintain through the Internet a current list of the fees and charges it imposes in connection with importation or exportation.

Article 210: Export Taxes

No 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 also adopted or maintained on any such good when destined for domestic consumption.

Article 211: Customs Valuation

The Customs Valuation Agreement shall govern the customs valuation rules applied by the Parties to their reciprocal trade.

Section E - Geographical Indications for Wines and Spirits

Article 212: Geographical Indications for Wines and Spirits

Pursuant to Part II, Section 3 of the TRIPS Agreement and as set out in Annex 212, each Party shall provide the legal means to protect geographical indications for wines and spirits.

Section F – Agriculture

Article 213: Scope and Coverage

1. This section applies to the measures adopted or maintained by the Parties related to agricultural goods.
2. For agricultural goods, in the event of any inconsistency between this Section and any other Section or Chapter of this Agreement, this Section shall prevail to the extent of the inconsistency.

Article 214: Administration and Implementation of Tariff-Rate Quotas

1. Each Party shall implement and administer its TRQs in accordance with Article XIII of the GATT 1994 and the Import Licensing Agreement.
2. Each Party shall ensure that:
 - (a) its procedures for administering its TRQs are transparent, made available to the public, timely, non-discriminatory, responsive to market conditions and minimally burdensome to trade;
 - (b) subject to subparagraph (c), any person of a Party that fulfills that Party's legal and administrative requirements shall be eligible to apply and to be considered for an import license or an in-quota quantity allocation under the Party's TRQs;

- (c) it does not, under its TRQs:
 - (i) allocate any portion of an in-quota quantity to a producer or a producer's group,
 - (ii) condition access to an in-quota quantity on purchase of domestic production,
 - (iii) limit access to an in-quota quantity only to processors, or
 - (iv) allocate any portion of an in-quota quantity to a distributor or a distributor's group;
- (d) only national governments, sub-national governments or state enterprises administer its TRQs, and that such administration is not delegated to other persons except as otherwise provided in this Agreement; and
- (e) it allocates in-quota quantities under its TRQs in commercially viable shipping quantities and, to the maximum extent possible, in the amounts that importers request.

3. Each Party shall make every effort to administer its TRQs in a manner that allows importers to fully utilize them.

4. No Party may condition application for or use of an in-quota quantity allocation under a TRQ on the re-export of an agricultural good.

5. No Party may count food aid or other non-commercial shipments in determining whether an in-quota quantity under a TRQ has been filled.

6. On request of the exporting Party, the importing Party shall consult with the exporting Party regarding the administration of the importing Party's TRQs and licenses. Such consultations shall be deemed to satisfy the requirements of Article 2104 (Dispute Settlement - Consultations).

Article 215: Agricultural Export Subsidies

1. The Parties share the objective of the multilateral elimination of agricultural export subsidies and shall work together toward an agreement in the WTO to eliminate those subsidies and avoid their reintroduction in any form.

2. A Party shall not maintain, introduce or reintroduce agricultural export subsidies on any agricultural good originating in or shipped from its territory that are exported directly or indirectly to the territory of the other Party.

3. If either Party maintains, introduces or re-introduces an export subsidy on a product that is exported to the other Party, the Party applying the measure shall, at the request of the other Party, consult with a view to agreeing on specific measures that either Party may adopt to counter the effects of such export subsidy, including an increase of the rate of duty on such imports up to the applied Most-Favoured Nation (MFN) tariff. Such consultations shall be deemed to satisfy the requirements of Article 2104 (Dispute Settlement - Consultations).

Article 216: State Trading Enterprises

1. The rights and obligations of the Parties with respect to state trading enterprises shall be governed by Article XVII of the GATT 1994 and the *Understanding on the Interpretation of Article XVII of the GATT 1994*, which are incorporated into and made part of this Agreement, *mutatis mutandis*.
2. The Parties agree to cooperate in the WTO negotiations to ensure transparency regarding the operation and maintenance of state trading enterprises.

Article 217: Domestic Support Measures for Agricultural Products

1. The Parties agree to cooperate in the WTO agricultural negotiations in order to achieve a substantial reduction of production and trade-distorting domestic support measures.
2. If either Party maintains, introduces or re-introduces a domestic support measure that the other Party considers to distort bilateral trade covered by this Agreement, the Party applying the measure shall, at the request of the other Party, consult with a view to avoiding the nullification and impairment on the concessions granted under this Agreement. Such consultations shall be deemed to satisfy the requirements of Article 2104 (Dispute Settlement - Consultations).

Article 218: Price Band System

Except as otherwise provided in this Agreement, Peru may maintain its Price Band System established in the D.S. N° 115-2001-EF and its amendments, with respect to the products subject to the application of the system as set out in Annex 218.

Section G - Institutional Provisions

Article 219: 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 a Party or the Commission to consider matters under this Chapter, Chapter Three (Rules of Origin) and Chapter Four (Origin Procedures and Trade Facilitation).
3. The Committee's functions shall include, *inter alia*:
 - (a) promoting trade in goods between the Parties, including through consultations on accelerating tariff elimination under this Agreement and other issues as appropriate;
 - (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;
 - (c) providing to the Committee on Trade-Related Cooperation advice and recommendations on technical assistance needs regarding matters relating to this Chapter, Chapter Three (Rules of Origin) Chapter Four (Origin Procedures and Trade Facilitation) and Chapter Seven (Emergency Action and Trade Remedies);

- (d) reviewing future amendments to the Harmonized System to ensure that each Party's obligations under this Agreement are not altered and consulting to resolve any conflicts between:
 - (i) subsequent amendments to Harmonized System 2007 and Annex 203.2, or
 - (ii) Annex 203.2 and national nomenclatures; and
- (e) consulting on and endeavouring to resolve any difference that may arise between the Parties on matters related to the classification of goods under the Harmonized System.

Article 220: Agricultural Sub-Committee

1. At the request of a Party, the Parties shall establish a Sub-Committee on Agriculture comprising representatives of both Parties.
2. The Sub-Committee shall have the following functions:
 - (a) monitoring and promoting cooperation on the implementation and administration of Section F, in a way that real access to agricultural goods is ensured;
 - (b) providing a forum for the Parties to consult on issues resulting from the implementation and administration of this Agreement for agricultural goods;
 - (c) consulting the Parties on matters related to Section F in coordination with other committees, sub-committees and other working groups established in this Agreement;

- (d) evaluating agricultural trade development under this Agreement, its impacts in the agricultural sector of each Party and the operation of the Agreement's tools, and recommending any necessary actions to the Committee on Trade in Goods;
- (e) submitting to the Committee on Trade in Goods for its consideration any matter arising under this article;
- (f) reporting to the Committee on Trade in Goods any matter relating to Section F; and
- (g) undertaking any additional work that the Committee on Trade in Goods may assign.

3. The Sub-Committee shall meet within 60 days of a request by a Party or as otherwise agreed by the Parties. The meetings of the Sub-Committee shall be presided by the representatives of the hosting Party of the meeting. The Sub-Committee shall inform the Committee on Trade in Goods of the results of its meetings.

4. All the decisions taken by the Sub-Committee shall be reached by consensus.

Section H - Definitions

Article 221: Definitions

For purposes of this Chapter:

AD Agreement means the *WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*;

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;

agricultural export subsidies means export subsidies defined in Article 1(e) of the *WTO Agreement on Agriculture*;

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

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 the currency of the other Party, or so marked, torn, perforated or otherwise treated that they are unsuitable for sale or 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 for 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 the value, form or use of the good or in the production of another good;

customs duty includes any customs or import duty and a charge of any kind imposed in connection with the importation of a good, including any form of surtax or surcharge in connection with such importation, but does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article III:2 of the GATT 1994, in respect of like, directly competitive or substitutable goods of the Party, or in respect of goods from which the imported good has been manufactured or produced in whole or in part;
- (b) antidumping or countervailing duty that is applied pursuant to a Party's domestic law; or
- (c) fee or other charge in connection with importation commensurate with the cost of services rendered.

duty-free means free of customs duty;

goods 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 temporarily admitted;

goods intended for display or demonstration includes their component parts, ancillary apparatus and accessories;

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;

Import Licensing Agreement means the *WTO Agreement on Import Licensing Procedures*;

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;

SCM Agreement means the *WTO Agreement on Subsidies and Countervailing Measures*; and

TRQ means a tariff rate quota set out in Annex 203.2, subparagraphs 1(j) through (n).

Annex 202.2

Exceptions to National Treatment and Import and Export Restrictions

Section A - Measures of Peru

Articles 202 and 207 do not apply to any measure, including that measure's continuation, prompt renewal or amendment, in respect of the following:

- (a) the measures of Peru related to the importation of used clothing and footwear pursuant to *Ley N° 28514*, as amended;
- (b) used vehicles and used automotive engines, parts and replacements pursuant to *Decreto Legislativo N° 843* and *Decreto de Urgencia N° 079-2000*, as amended;
- (c) used tires pursuant to *Decreto Supremo N° 003-97-SA*, as amended;
- (d) used goods, machinery and equipment which utilize radioactive sources pursuant to *Ley N° 27757*, as amended; and
- (e) actions authorized by the Dispute Settlement Body of the WTO.

Section B - Measures of Canada

Articles 202 and 207 do not apply to any measure, including that measure's continuation, prompt renewal or amendment, in respect of the following:

- (a) controls by Canada on the export of logs of all species pursuant to the *Export and Import Permits Act*, R.S., 1985, c. E-19, as amended;
- (b) controls by Canada on the export of unprocessed fish pursuant to the following statutes, as amended:
 - (i) New Brunswick *Fish Processing Act*, S.N.B.1982, c. F-18.01, and *Fisheries Development Act*, S.N.B. 1977 c. F-15.1,
 - (ii) Newfoundland *Fish Inspection Act*, R.S.N.L. 1990, c. F-12,
 - (iii) Nova Scotia *Fisheries and Coastal Resources Act*, S.N.S. 1996, c. 25,
 - (iv) Prince Edward Island *Fish Inspection Act*, R.S.P.E.I. 1988, c. F-13, and
 - (v) *The Marine Products Processing Act* of Quebec, R.S.Q. 1999, C.T-11-01;
- (c) the importation of any goods of the prohibited provisions of tariff items 9897.00.00, 9898.00.00 and 9899.00.00 referred to in the Schedule of the *Customs Tariff* (1997, c. 36), as amended;

- (d) Canadian excise duties on absolute alcohol used in manufacturing under the existing provisions of the *Excise Act, 2001* (2002, c. 22), as amended;
- (e) measures by Canada relating to the use of ships in the coasting trade of Canada pursuant to the *Coasting Trade Act*, S.C. (1992, c. 31), as amended;
- (f) the internal sale and distribution of wine and distilled spirits; and
- (g) actions authorized by the Dispute Settlement Body of the WTO.

Annex 203.2

Tariff Elimination

1. Except as otherwise provided in a Party's Schedule to this Annex, the following staging categories apply to the elimination of customs duties by each Party pursuant to paragraph 2 of Article 203:
 - (a) duties on originating 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 originating goods provided for in the items in staging category B in the Schedule of Canada shall be removed in three equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year three;
 - (c) duties on originating goods provided for in the items in staging category B in the Schedule of Peru shall be removed in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year five;
 - (d) duties on originating goods provided for in the items in staging category C in the Schedule of Canada shall be removed in seven equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year seven;

- (e) duties on originating goods provided for in the items in staging category C in the Schedule of Peru 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 10;
- (f) duties on originating goods provided for in the items in staging category D in the Schedule of Peru 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 12;
- (g) duties on originating goods provided for in the items in staging category F in the Schedule of Peru shall be removed in fifteen equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 15;
- (h) duties on originating goods provided for in the items in staging category G in the Schedule of Peru shall remain at base rates during years one through eight. Beginning on January 1 of year nine, duties shall be reduced in nine equal annual stages, and such goods shall be duty-free, effective January 1 of year 17;
- (i) duties on originating goods provided for in the items in staging category E in a Party's schedule are exempt from tariff elimination;

- (j) duties on originating goods provided for in the items in staging category “Sugar TRQ” in the Schedule of Canada are exempt from tariff elimination, except for the following aggregate quantities, which shall be free of duty in any calendar year specified herein:

Tariff Lines Covered	Year	Aggregate Quantity (Metric Tonnes)
1701.91.00	1	0
1701.99.00	2	0
1702.90.11	3	0
1702.90.12	4	0
1702.90.13	5	0
1702.90.14	6	3,000
1702.90.15	7	3,413
1702.90.16	8	3,827
1702.90.17	9	4,240
1702.90.18	10	4,654
1702.90.20 1702.90.30 1702.90.60	11 and following	4,654

- (k) duties on originating goods provided for in the items in staging category “Cupo Azúcar” in the Schedule of Peru are exempt from tariff elimination, except for the following aggregate quantities, which shall be free of any duty in any calendar year specified herein:

Tariff Lines Covered	Year	Aggregate Quantity (Metric Tonnes)
1701910000 1701991000 1701999000 1702901000 1702902000 1702903000 1702904000 1702909000	1	0
	2	0
	3	0
	4	0
	5	0
	6	3,000
	7	3,413
	8	3,827
	9	4,240
	10	4,654
	11 and following	4,654

- (l) duties on originating goods provided for in the items in staging category “Cupo Cerdo” in the Schedule of Peru shall remain at base rates during years one through ten. Beginning on January 1 of year 11, duties shall be reduced in seven equal annual stages, and such goods shall be duty-free, effective January 1 of year 17. Notwithstanding the above, the following aggregate quantities shall be free of duty in any calendar year specified herein:

Tariff Lines Covered	Year	Aggregate Quantity (Metric Tonnes)
0203110000	1	325
0203120000	2	341
0203190000	3	358
0203210000	4	376
0203220000	5	395
0203290000	6	415
0206300000	7	436
0206410000	8	457
0206490000	9	480
0209001000	10	504
0209009000		
0210110000	11 and following	504
0210120000		
0210190000		

(m) duties on originating goods provided for in the items in staging category “Cupo Carne Deshuesada - Corte Rib” in the Schedule of Peru are exempt from tariff elimination, except for the following aggregate quantities of boneless cuts of rib muscles, which shall be free of any duty in any calendar year specified herein:

Tariff Lines Covered	Year	Aggregate Quantity (Metric Tonnes)
0201309000	1	100
0202309000	2	105
	3	110
	4	116
	5	122
	6 and following	122

- (n) duties on originating goods provided for in the items in staging category “Cupo Despojos” in the Schedule of Peru 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 10. Notwithstanding the above, the following aggregate quantities shall be free of duty in any calendar year specified herein:

Tariff Lines Covered	Year	Aggregate Quantity (Metric Tonnes)
0206100000 0206210000 0206220000 0206290000	1	5,000
	2	5,250
	3	5,513
	4	5,788
	5	6,078
	6	6,381
	7	6,700
	8	7,036
	9	7,387
	10	7,757

2. For Canada, the base rate of customs duty shall be the most-favoured-nation customs duty rate applied on 1 January 2007, which is indicated for each item in Canada’s Tariff Schedule. For Peru, the base rate of customs duty shall be the most-favoured-nation customs duty rate applied on 1 April 2007, which is indicated for each item in Peru’s Tariff Schedule. The staging category for determining the rate of customs duty at each stage of reduction for each item shall be the category indicated for the item in a Party’s Tariff Schedule.

3. Staged rates of customs duties 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 0.001 of the official monetary unit of the Party.

4. For purposes of this Annex and a Party's Schedule, year one means the year this Agreement enters into force as provided in Article 2304 (Final Provisions - Entry into Force).

5. For purposes of this Annex and a Party's Schedule, beginning in year two, each annual stage of tariff reduction shall take effect on January 1 of the relevant year.

6. If the entry into force of the Agreement corresponds to a date after January 1 and before December 31 of the same year, the in-quota quantity will be pro-rated on a proportional basis for the remainder of the calendar year.

Schedule of Canada

(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)

Schedule of Peru

(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)

Annex 212

Geographical Indications for Wines and Spirits

1. The obligations in this Annex shall become effective six months following the date of entry into force of this Agreement.
2. Each Party shall protect geographical indications for wines and spirits of the other Party, in accordance with the TRIPS Agreement and in the manner set out in its domestic laws, including provisions of its laws stating protection criteria and application requirements.
3. Pursuant to paragraphs 4 to 7, Peru shall allow for the protection of the indications “Canadian Whisky” and “Canadian Rye Whisky”, as well as “Whisky Canadiense” and “Whisky Canadiense de Centeno”, and Canada shall allow for the protection of the indication “Pisco, Perú”.
4. The indications “Canadian Whisky” and “Canadian Rye Whisky”, as well as “Whisky Canadiense” and “Whisky Canadiense de Centeno”, identify spirits originating in the territory of Canada where a quality, reputation or other characteristic of the spirits are essentially attributable to their geographical origin and are protected as geographical indications within the meaning of Article 22.1 of the TRIPS Agreement under the laws of Canada. Further to its obligations under Part II, Section 3 of the TRIPS Agreement, and subject to Paragraph 5 of this Annex, Peru agrees that “Canadian Whisky” and “Canadian Rye Whisky”, as well as “Whisky Canadiense” and “Whisky Canadiense de Centeno”, are geographical indications within the meaning of Article 22.1 of the TRIPS Agreement and as such are eligible for protection as geographical indications in Peru.

5. In accordance with the application process under Peruvian law, and subject to the exceptions set out in Article 24 of the TRIPS Agreement, Peru shall take the necessary steps to provide the protection set out in Article 23 of that Agreement to the indications in paragraph 4 after an application has been made in good and due form.

6. The indication “Pisco, Perú” identifies a spirit originating in the territory of Peru where a quality, reputation or other characteristic of the spirit¹ are essentially attributable to their geographical origin and is protected as a geographical indication within the meaning of Article 22.1 of the TRIPS Agreement under the laws of Peru. Further to its obligations under Part II, Section 3 of the TRIPS Agreement, and subject to Paragraph 7 of this Annex, Canada agrees that “Pisco, Peru” is a geographical indication within the meaning of Article 22.1 of that Agreement and as such is eligible for protection as a geographical indication in Canada.

7. In accordance with the application process under Canadian law, and subject to the exceptions set out in Article 24 of the TRIPS Agreement, Canada shall take the necessary steps to provide the protection set out in Article 23 of that Agreement to the indication in paragraph 6 after an application has been made in good and due form.

8. The Parties may exchange information, as appropriate, on other geographical indications for wines and spirits for which the Parties or persons of the Parties may seek protection.

¹ The specifications of the product are established in the Peruvian Technical Standard No.211.001.