

CHAPTER 3

PROCESSED AGRICULTURAL PRODUCTS

ARTICLE 3.1

Scope

1. Processed agricultural products shall be governed by Chapter 2 (Trade in Goods), unless otherwise provided for in this Chapter.
2. The Parties reaffirm their rights and obligations under the WTO Agreement on Agriculture.

ARTICLE 3.2

Price Compensation Measures

1. In order to take account of differences in the cost of the agricultural raw materials incorporated into the products referred to in Article 3.3 (Tariff Concessions), this Agreement does not preclude the levying, upon import, of a duty.
2. The duty levied upon import shall be based on, but not exceed, the difference between the domestic price and the world market price of the agricultural raw materials incorporated into the products concerned.

ARTICLE 3.3

Tariff Concessions

1. Taking into account the provisions laid down in Article 3.2 (Price Compensation Measures) the EFTA States shall accord for products listed in Appendix 1 to Annex III (Processed Agricultural Products), originating in Peru, treatment no less favourable than that accorded to the European Union.
2. Based on any reduction of customs duties on imports according to paragraph 1 granted by the EFTA States to Peru, Peru shall reciprocally reduce its customs duties on imports. The reduction shall be proportional to the lowest reduction granted by an EFTA State to Peru.
3. For products listed in Appendix 2 to Annex III (Processed Agricultural Products), and originating in an EFTA State, Peru shall reduce its customs duties on imports as specified therein.

ARTICLE 3.4

Agricultural Export Subsidies

1. Notwithstanding paragraph 2 of Article 3.1, the Parties shall not adopt, maintain, introduce or re-introduce export subsidies, as defined in the WTO Agreement on Agriculture, in their trade in products subject to tariff concessions in accordance with this Agreement.
2. Should a Party adopt, maintain, introduce or re-introduce export subsidies on a product subject to a tariff concession in accordance with Article 3.3 (Tariff Concessions), the other Party may increase the rate of duty on such imports up to the applied MFN customs duty on imports in effect at that date. If a Party increases the rate of duty, it shall notify the other Party within 30 days following the date the duty was increased.

ARTICLE 3.5

Price Band System

Peru may maintain its Price Band System for agricultural products as set out in Appendix 3 to Annex III (Processed Agricultural Products).

ARTICLE 3.6

Notification

1. The EFTA States shall notify Peru, of all measures applied under Article 3.2 (Price Compensation Measures), at an early stage, at the latest 30 days after the entry into force of this Agreement.
2. The EFTA States shall inform Peru of all changes in the treatment accorded to the European Union.

ARTICLE 3.7

Consultations

Peru and the EFTA States shall periodically review the development of their trade in processed agricultural products covered by this Chapter. In light of these reviews and taking into account the arrangements between the Parties and the European Union or in the WTO, the Parties shall decide on possible changes to this Chapter.