

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 confirm their rights and obligations under the WTO *Agreement on Agriculture*, unless otherwise specified in this Agreement.

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 differences 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 the Table 1 of Annex III (Processed Agricultural Products), originating in Colombia, treatment no less favourable than that accorded to the European Community on 1 January, 2008
2. For products listed in Table 2 of Annex III (Processed Agricultural Products), and originating in an EFTA State, Colombia shall reduce its customs duties as specified therein.

ARTICLE 3.4

Agricultural Export Subsidies

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

ARTICLE 3.5

Price Band System

Colombia may maintain its Price Stabilization Mechanism for agricultural products as set out in Table 3 to Annex III (Processed Agricultural Products).

ARTICLE 3.6

Notification

The EFTA States shall notify Colombia at an early stage, at the latest before the entry into force of this Agreement, of all measures applied under Article 3.2 (Price Compensation Measures). The EFTA States shall inform Colombia of all changes in the treatment accorded to the European Community.

ARTICLE 3.7

Consultation

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