

## **ANNEX III**

REFERRED TO IN PARAGRAPH 1(b) OF ARTICLE 6

PROCESSED AGRICULTURAL PRODUCTS

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#### PROCESSED AGRICULTURAL PRODUCTS

##### Article 1

1. In order to take account of differences in the cost of the agricultural raw materials incorporated into the products referred to in Article 2, this Agreement does not preclude:

- (a) the levying, upon import, of a duty; and
- (b) the application of measures adopted upon export.

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.

3. Products covered by this Annex are listed in the Table to this Annex.

##### Article 2

1. Taking into account the provisions laid down in Article 1, the EFTA States shall accord for products originating in SACU treatment no less favourable than that accorded to the European Community, as indicated in the Table to this Annex.

2. For products listed in the Table to this Annex, originating in an EFTA State, SACU shall reduce its customs duties as specified in Table 2 of Annex VII.

##### Article 3

1. The EFTA States and SACU shall notify each other at an early stage, at least before the entry into force, of all measures applied under Article 1.

2. SACU and the EFTA States shall inform each other of all changes in the treatment accorded to the European Community.

##### Article 4

1. The Parties shall not apply export subsidies, as defined in Article 9 of the WTO Agreement on Agriculture, in their trade in products subject to tariff concessions in accordance with this Annex.

2. The Parties shall provide in a transparent and expeditious manner the necessary information to allow them to monitor compliance with paragraph 1.

#### Article 5

The EFTA States and SACU shall review periodically the development of their trade in products covered by this Annex. In the light of these reviews and taking into account the arrangements between the Parties and the European Community or in WTO, the EFTA States and SACU shall decide on possible changes to the product coverage of this Annex, as well as on a possible development of the measures applied under Article 1.

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