ANNEX IV

REFERRED TO IN ARTICLE 7(b)

PROCESSED AGRICULTURAL PRODUCTS
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PROCESSED AGRICULTURAL PRODUCTS

Article 1

This Agreement applies to the products listed in Table I.

Article 2

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 of this Annex, this Agreement does not preclude:

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

2. The fixed duties, 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

1. For products originating in Chile listed in Tables II, III and IV, Iceland, Liechtenstein/Switzerland and Norway, respectively, shall accord the concessions indicated in those Tables.

2. Taking into account the provisions laid down in Article 2 of this Annex, Iceland, Liechtenstein/Switzerland and Norway shall, based on reviews that can be requested by either side, accord for products listed respectively in Tables II, III and IV, originating in Chile, treatment no less favourable than that accorded to the European Community.

Article 4

For products originating in an EFTA State, Chile shall accord treatment as specified in Table V. Based on any duty reduction according to Article 3(2) granted by the EFTA States to Chile, Chile shall reciprocally reduce its duties. The reduction shall be proportional to the lowest reduction granted by an EFTA State to Chile.
Article 5

The EFTA States shall notify Chile and Chile shall notify the EFTA States of all measures applied under Article 2 of this Annex at an early stage, and at the latest before their entering into force.

Article 6

The EFTA States and Chile 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 in the WTO, the EFTA States and Chile 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 2 of this Annex.