

ANNEX IV

REFERRED TO IN PARAGRAPH 1(b) OF ARTICLE 2.1

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 and measures adopted upon export 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 2

Taking into account the provisions laid down in Article 1 the EFTA States shall, based on reviews that can be requested by either Korea or an EFTA State, accord to products listed in Table 1, originating in Korea, treatment no less favourable than that accorded to the European Community on 1 April 2005.

Article 3

1. For products listed in Table 1, originating in an EFTA State, Korea shall accord treatment as specified in Table 2.

2. For products, for which the preferential duty rate is indicated as "B2", the customs duties shall be gradually eliminated in six equal steps, with the first step taking effect on the date of entry into force of the Agreement, and the following steps taking effect on 1 January each year, starting on 1 January 2007 and with total elimination from 1 January 2011.

3. For products, for which the preferential duty rate is indicated as "B4", the customs duties shall be gradually eliminated in 11 equal steps, with the first step taking effect on the date of entry into force of the Agreement, and the following steps taking effect on 1 January each year, starting on 1 January 2007 and with total elimination from 1 January 2016.

Article 4

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

Article 5

Korea and the EFTA States shall review in the Joint Committee 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 other free trade partners or in the WTO, Korea and the EFTA States 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.
