

**SPECIAL PROVISIONS ON ADMINISTRATIVE COOPERATION**

1. The Parties agree that administrative cooperation between their competent authorities is essential for the implementation and the control of the preferential treatment granted under this Agreement and underline their commitment to combat potential problems in this respect.
2. Where a Party has made a finding, on the basis of objective information, of a failure to provide administrative cooperation with respect to the preferences granted under this Agreement, the Party concerned may, in accordance with this Annex, temporarily suspend the relevant preferential treatment of the product(s) concerned by the failure to provide administrative cooperation, the products concerned being of a specific origin and of the same tariff classification.
3. For the purposes of this Annex, a failure to provide administrative cooperation between the Competent Authorities of the Parties means:
  - (a) a repeated failure to fulfil the obligation to verify the originating status of the product(s) concerned under Article 31 of Annex II (Concerning the Definition of the Concept of "Originating Products" and Methods of Administrative Cooperation);

- (b) a repeated refusal or undue delay in carrying out and/or communicating the result of the verification of the proof of origin under Article 31 of Annex II (Concerning the Definition of the Concept of "Originating Products" and Methods of Administrative Cooperation);
  - (c) a repeated refusal or undue delay in obtaining authorisation to participate, along with officials of the exporting Party, in visits in the territory of the exporting Party to verify the origin of the products, when requested by the importing Party.
4. The application of a temporary suspension shall be subject to the following conditions:
- (a) the Party which has made a finding, on the basis of objective information, of a failure to provide administrative cooperation shall raise the issue with the Subcommittee on Customs, Trade Facilitation and Rules of Origin and, without undue delay, notify the Trade Committee of its finding together with the objective information. Such Party shall enter into consultations within the Trade Committee, on the basis of all relevant information and objective findings, with a view to reaching a solution acceptable to both Parties;

- (b) where the Parties have entered into consultations within the Trade Committee as indicated in subparagraph (a) and have failed to agree on an acceptable solution within three months following the notification, the Party concerned may temporarily suspend the relevant preferential treatment of the product or products concerned by the failure to provide administrative co-operation;
  - (c) temporary suspensions shall not exceed a period of six months, which may be renewed if the conditions that gave rise to the suspension persist; a temporary suspension and its renewal shall be notified to the Trade Committee without undue delay and shall be subject to periodic consultations within the Trade Committee in particular with a view to their termination as soon as the conditions for their application no longer apply.
5. Once a Party has temporarily suspended preferential tariff treatment, the Parties are entitled to request the activation of the Dispute Settlement mechanism under Title XII of this Agreement. In that case, the stage of consultations established in paragraph 4(a) shall replace the stage of consultations established in Article 301 of this Agreement, provided that the conditions provided for in paragraph 9 of that Article are fulfilled<sup>204</sup>.

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<sup>204</sup> For the purposes of this paragraph, the reference to a subcommittee in Article 301 paragraph 9 shall be understood as referring to the Trade Committee.