ARTICLE 2.32

Special measures concerning the management of preferential tariff treatment

1. The Parties recognise that breaches of their customs legislation relating to the preferential tariff treatment under this Agreement could adversely affect the domestic industry and agree to cooperate on preventing, detecting and combating such breaches in accordance with the relevant provisions of Chapter 3 and an agreement on cooperation and mutual administrative assistance in customs matters to be concluded between the Governments of the Parties (hereinafter referred to as "CMAA").

2. A Party may, in accordance with the procedure laid down in paragraphs 4 to 7, temporarily suspend the preferential tariff treatment under this Agreement for the goods concerned which are related to the systematic breaches referred to in subparagraph (a), if the Party has made a finding, on the basis of objective, compelling and verifiable information, that:

(a) systematic breaches in its customs legislation related to the preferential tariff treatment under this Agreement for a certain good have been committed; and

(b) the other Party has systematically and unjustifiably refused or has otherwise failed to conduct the cooperation referred to in paragraph 1 in relation to the systematic breaches referred to in subparagraph (a).

3. Notwithstanding paragraph 2, the temporary suspension shall not be applied to traders who fulfil the compliance criteria agreed by the Parties through the consultations referred to in paragraph 4.

4. The Party which has made the finding referred to in paragraph 2 shall, without undue delay, notify the other Party of that finding with sufficient information to justify the initiation of consultations, including a summary of essential facts related to subparagraphs 2(a) and (b), and enter into consultations with the other Party in the Committee on Trade in Goods with a view to reaching a solution acceptable to both Parties and agreeing on the compliance criteria with regard to the requirements of this Agreement and the relevant customs legislation.

5. The Party which has made the finding referred to in paragraph 2 shall, before a final decision is made, inform all interested parties of its intention to apply a temporary suspension, and shall ensure that they have a full opportunity for defending their interests. A temporary suspension shall not be applied to interested parties, provided that they objectively and satisfactorily demonstrate to the Party which has made the finding that they are not involved in the systematic breaches referred to in subparagraph 2(a).

6. Following the processes referred to in paragraphs 4 and 5, if the Parties have failed to agree on an acceptable solution within six months of the notification, the Party which has made the finding may decide to suspend temporarily the preferential tariff treatment under this Agreement for the goods concerned, duly taking into account the exception provided for in paragraph 3. A temporary suspension shall be notified to the other Party without undue delay.

7. A temporary suspension shall be applied only for the period necessary to counteract the breaches and no longer than six months. If a Party has made a finding that the conditions that gave rise to the initial suspension persist at the expiry of the temporary suspension, that Party may decide to renew the temporary suspension, after notifying the other Party of such a finding with sufficient information to justify the renewal. Any temporary suspension shall be terminated on a date no later than two years from the initial suspension unless it has been demonstrated to the Committee on Trade in Goods that the conditions that gave rise to the initial suspension still persist at the expiry of the period of each renewal.

8. The applied temporary suspensions shall be subject to periodic consultations in the Committee on Trade in Goods.