

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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AGREEMENT BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE STATE OF ISRAEL

The Director-General has received the following communication from the Council of the European Communities and from the Government of Israel.

"I have the honour to inform you that an Agreement between the European Economic Community and the State of Israel was signed on 29 June 1970 in Luxembourg.

"I am pleased to send you herewith, for the information of the contracting parties, a copy of this Agreement, which in the opinion of both parties is consistent with the spirit and the objectives of the General Agreement."

The document submitted has the following sections:

1. Text of the Agreement.
2. Application of Article 2, paragraph 1, of the Agreement (Annex I).
3. Application of Article 2, paragraph 2, of the Agreement (Annex II).
4. Protocol concerning the definition of the term "products originating in" and concerning methods of administrative co-operation.
5. Final Act.
6. Exchange of letters concerning bilateral trade agreements.

Sections 1, 2, 3 and 6 are reproduced in full herewith. As however, Sections 3 and 4 contain extensive product lists, only the main provisions of these sections are reproduced. The complete lists will be found in the Journal Officiel of the European Communities No. L 183, a copy of which is now being made available to each contracting party.

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AND THE STATE OF ISRAEL

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AGREEMENT
BETWEEN THE
EUROPEAN ECONOMIC COMMUNITY
AND
THE STATE OF ISRAEL

THE COUNCIL OF THE EUROPEAN COMMUNITIES, of the one part,

THE GOVERNMENT OF THE STATE OF ISRAEL, of the other part,

DETERMINED to consolidate and extend the economic and commercial relations existing between the European Economic Community and Israel,

AWARE of the importance of an harmonious development of commerce between the Contracting Parties,

DESIRING to lay the foundations of a progressive expansion of trade between them,

CONSIDERING that this Agreement offers an opportunity to remove many of the obstacles to trade between the European Economic Community and Israel and provides that, eighteen months before its expiry, negotiations may be started for the purpose of reaching an agreement for the progressive elimination of obstacles to substantially all the trade between the European Economic Community and Israel, in observance of the provisions of the General Agreement on Tariffs and Trade,

CONSIDERING the concern of the European Economic Community to develop its economic and commercial relations with the coastal countries of the Mediterranean basin,

HAVE DECIDED to conclude an Agreement between the European Economic Community and the State of Israel, and to this effect have designated as their plenipotentiaries:

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

Mr. Pierre HARMEL,
currently President of the Council of the European Communities,
Minister of Foreign Affairs

Mr. Jean REY,
President of the Commission of the European Communities

THE GOVERNMENT OF THE STATE OF ISRAEL:

Mr. Abba EBAN,
Minister of Foreign Affairs

WHO, having exchanged their full powers, found in good and due form,
HAVE AGREED AS FOLLOWS:

ARTICLE 1

The object of this Agreement is to promote the growth of trade between the European Economic Community and the State of Israel and thus to contribute to the development of international trade.

PART I

TRADE

ARTICLE 2

1. Products originating in Israel shall upon importation into the Community benefit from the provisions set forth in Annex I.
2. Products originating in the Community shall upon importation into Israel benefit from the provisions set forth in Annex II.
3. The Contracting Parties shall take all general or special measures calculated to ensure execution of the obligations arising out of the Agreement.

They shall abstain from any action likely to jeopardize attainment of the aims of the Agreement.

ARTICLE 3

Any measure or practice of an internal fiscal character that establishes, whether directly or indirectly, a discrimination as between the products of one Contracting Party and the like products originating in the other Contracting Party shall be prohibited.

ARTICLE 4

The trade régime applied by Israel to products originating in or consigned to the Community may not result in any discrimination between the member States, their nationals or their companies.

ARTICLE 5

The treatment accorded by Israel to products originating in the Community may in no case be less favourable than that accorded to products originating in the most-favoured third State.

ARTICLE 6

To the extent that export duties are charged on the products of one Contracting Party when consigned to the other Contracting Party, those duties may not be in excess of those imposed on products consigned to the most-favoured third State.

ARTICLE 7

The provisions of articles 5 and 6 shall not prevent the establishment by Israel of customs unions or free-trade areas, to the extent that these do not have the effect of changing the trade régime, and in particular the provisions concerning rules of origin, provided for by the present Agreement.

ARTICLE 8

The provisions set forth in the Protocol define the rules of origin applicable to products covered by this Agreement.

ARTICLE 9

1. A Contracting Party becoming aware of dumping practices in its relations with the other Contracting Party may, after consultation in the Joint Commission established by article 14, take measures of defence against such practices in accordance with the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade.

In case of urgency the said Contracting Party may, after notifying the Joint Commission, take the provisional measures prescribed by the said Agreement. Consultations thereon shall be held not later than two weeks after the taking of the measures.

2. In taking measures against bonuses and subsidies the Contracting Parties undertake to observe the provisions of Article VI of the General Agreement on Tariffs and Trade.

3. Dumping practices, bonuses and subsidies observed and measures taken against them shall, at the request of one of the Contracting Parties, be the subject of consultations every three months in the Joint Commission.

ARTICLE 10

Payments in respect of trade in goods and likewise the transfer of such payments to the member State in which the creditor resides or to Israel, shall not be subject to any restriction to the extent that such trade falls within the purview of this Agreement.

ARTICLE 11

1. If serious disturbances occur in a sector of Israel's economic activity or threaten its external financial stability, or if difficulties arise that have the effect of altering the economic situation of any of its areas, Israel may take the necessary safeguard measures.

These measures and their implementing modalities shall be notified without delay to the Joint Commission.

2. If serious disturbances occur in a sector of the economic activity of the Community or of one or more of the member States, or threaten their external financial stability, or if difficulties arise that have the effect of altering the economic situation of any area of the Community, the latter may take or authorize the member State or States concerned to take the necessary safeguard measures.

These measures and their implementing modalities shall be notified without delay to the Joint Commission.

3. For the implementation of the provisions of paragraphs 1 and 2, the measures selected must as a matter of priority be those causing the least possible disturbance in the functioning of the régime established by the Agreement. These measures must not exceed what is strictly necessary to remedy the difficulties which have arisen.

4. Consultations may take place in the Joint Commission on measures taken in pursuance of paragraphs 1 and 2.

ARTICLE 12

1. To the extent that protective measures prove necessary for the industrialization and development needs of Israel, the latter may withdraw concessions granted on the products listed in Annex II, subject to their replacement by other concessions so as to maintain the equilibrium of the Agreement.

2. These withdrawal and replacement measures shall be taken after consultation in the Joint Commission.

ARTICLE 13

The provisions of this Agreement shall not prevent prohibitions or restrictions being imposed on imports, exports or transit on the grounds of public morality, public order, public security, protection of human or animal life or health, the preservation of plant life, the protection of national treasures of artistic, historical or archaeological value, or the protection of industrial or commercial property. Such prohibitions or restrictions shall not, however, constitute either a means of arbitrary discrimination or a disguised restriction on trade.

PART II

GENERAL AND FINAL PROVISIONS

ARTICLE 14

1. A Joint Commission is hereby established to administer this Agreement and ensure its proper execution. To this end it shall make recommendations; it shall take decisions in the cases provided for in this Part.
2. The Contracting Parties agree to inform each other and, on request by either of them, to consult in the Joint Commission with a view to the proper implementation of this Agreement.
3. The Joint Commission shall by decision establish its rules of procedure.

ARTICLE 15

1. The Joint Commission shall consist, on the one hand, of representatives of the Community and, on the other hand, of representatives of Israel.
2. The decisions of the Joint Commission shall be taken by agreement.

ARTICLE 16

1. The Joint Commission shall be presided over in turn by each Contracting Party in the conditions set forth in its rules of procedure.
2. The Joint Commission shall be convened once a year by its Chairman.

In addition, the Joint Commission shall meet whenever circumstances require, at the request of one of the Contracting Parties, in the conditions set forth in its rules of procedure.

3. The Joint Commission may decide to set up any working party that can help it to discharge its tasks.

ARTICLE 17

1. The Agreement is concluded for a period of five years from the date of its entry into force.
2. Eighteen months before the expiry of the Agreement, negotiations may be started for the conclusion of a new agreement on broader foundations.

ARTICLE 18

The Agreement may be denounced by either Contracting Party subject to six months' advance notice.

ARTICLE 19

1. The present Agreement shall apply to the European territories in which the Treaty establishing the European Economic Community is in operation, on the one hand, and to the State of Israel on the other hand.

2. It shall also apply to the French overseas departments in the sectors covered by this Agreement corresponding to those listed in paragraph 2, sub-paragraph 1 of Article 227 of the Treaty establishing the European Economic Community.

The conditions governing the application to these departments of the provisions of the present Agreement concerning the other sectors shall be determined subsequently by agreement between the Contracting Parties.

ARTICLE 20

Annexes I and II, the lists contained therein, and the Protocol shall form an integral part of the Agreement.

ARTICLE 21

The present Agreement shall come into force on the first day of the month following the date on which the Contracting Parties notify each other that the necessary procedures for this purpose have been completed.

ARTICLE 22

The present Agreement is drawn up in duplicate in the German, French, Italian, Dutch and Hebrew languages, each text being equally authentic.

IN FAITH WHEREOF the undersigned plenipotentiaries have attached their signatures to the present Agreement.

Done in Luxembourg on the twenty-ninth day of June, one thousand nine hundred and seventy.

For the Council of the European Communities,

Pierre HARMEL

Jean REY

Subject to the reservation that the European Economic Community shall be definitely committed only after the other Contracting Party has been notified of the completion of the procedures required by the Treaty establishing the European Economic Community, more particularly the consultation of the Assembly.

For the Government of the State of Israel,

Abba EBAN

ANNEX I

APPLICATION OF ARTICLE 2, PARAGRAPH 1, OF THE AGREEMENT

ARTICLE 1

Subject to the special provisions of articles 2 and 3, the customs duties applicable on importation into the Community to products originating in Israel other than those enumerated in Annex II of the Treaty establishing the European Economic Community and other than those in lists A and B shall be those of the Common Tariff Schedule reduced in the proportions and according to the time-table immediately following:

Time-table	Rate of reduction
Date of entry of the Agreement into force	30%
From 1 January 1971	35%
From 1 January 1972	40%
From 1 January 1973	45%
From 1 January 1974	50%

ARTICLE 2

The following products originating in Israel shall be subject on importation into the Community to the duties of the Common Tariff Schedule, reduced in the proportions and according to the time-table immediately following:

Tariff heading	Description of goods	Rate of reduction	
		On entry of the Agreement into force	From 1.1.1971
76.02	Wrought bars, rods, angles, shapes and sections, of aluminium; aluminium wire	30%	34%
76.03	Wrought plates, sheets and strip, of aluminium, of a thickness exceeding 0.20 mm.	30%	34%
76.04	Aluminium foil (whether or not embossed, cut to shape, perforated, coated, printed, or backed with paper or other reinforcing materials), of a thickness (excluding any backing) not exceeding 0.20 mm.		

Tariff heading	Description of goods	Rate of reduction	
		On entry of the Agreement into force	From 1.1.1971
76.04 (cont'd)	A. Backed, of a thickness (excluding any backing) of: I. 0.15 mm. or less II. 0.15 mm. exclusive to 0.20 mm. inclusive B. Other	30% 30% 30%	34% 34% 34%
76.06	Tubes and pipes and blanks therefor, of aluminium; hollow bars of aluminium	30%	34%
76.10	Casks, drums, cans, boxes and similar containers (including rigid and collapsible tubular containers) of aluminium, of a description commonly used for the conveyance or packing of goods: A. Rigid and collapsible tubular containers	30%	34%
76.12	Stranded wire, cables, cordage, plaited bands and the like, of aluminium wire, but excluding insulated electric wires and cables	30%	34%
87.02	Motor vehicles for the transport of persons, goods or materials (including sports motor vehicles and trolleybuses): A. For the transport of persons, including dual purpose vehicles: I. With spark-ignition or compression-ignition engines: (b) Other B. For the transport of goods or materials: II. Other: (a) With spark-ignition or compression-ignition engines: 2. Other	 28% 28%	 28% 28%

ARTICLE 3

1. For the following products originating in Israel the Community shall grant an annual Community tariff quota of 300 tons:

Tariff heading	Description of goods
55.09	Other woven fabrics of cotton

2. The customs duties applicable within this tariff quota are those defined in article 1 of this Annex.

3. If the date of the entry of the Agreement into force does not coincide with the beginning of the civil year, the quota shall be granted "pro rata temporis":

- for the first year, from the date of entry of the Agreement into force,
- for the last year, until the date of expiry of the Agreement.

ARTICLE 4

Products originating in Israel other than those listed in Annex II of the Treaty establishing the European Economic Community and other than those included in headings 28.01 C, 28.33 and 29.02 A III of the Common Tariff Schedule may be imported into the Community without quantitative restrictions.

ARTICLE 5

1. The following products originating in Israel shall be subject on importation into the Community to customs duties equal to 60 per cent of those of the Common Tariff Schedule:

Tariff heading	Description of goods
ex 08.02 A	Oranges
ex 08.02 B	Mandarines and satsumas, clementines, tangerines and other similar citrus hybrids
ex 08.02 C	Lemons

2. During the period when threshold prices apply, the provisions of paragraph 1 shall be applied provided that the prices of citrus fruits imported from Israel on the market of the Community are, after duty has been paid and taking into account the coefficients applicable to different categories of citrus fruits and after deducting transport costs and import dues other than customs, equal to or higher than the threshold prices for the period in question adjusted to take account of the incidence of customs duties on the threshold prices and of a lump sum of 1.20 u.a. per 100 kgs.

3. The cost of transport and import dues other than customs duties referred to in paragraph 2 are those laid down for calculating the entry price referred to in Regulation No. 23 providing for the gradual establishment of a joint market organization for fruit and vegetables.

Nevertheless, as regards the deduction of import dues other than customs duties as mentioned in paragraph 2, the Community reserves the right to calculate the amount to be deducted in such a way as to avoid any possible disadvantages resulting from the incidence of those dues on entrance prices according to the origin of the products.

4. The provisions of article 11 of Regulation No. 23 shall continue to apply.

5. If the advantages resulting from the provisions of paragraph 1 are or seem likely to be offset because of abnormal conditions of competition, consultations may take place within the Joint Commission in order to study the problems arising out of that situation.

ARTICLE 6

1. The following products originating in Israel shall be subject on importation into the Community to customs duties equal to 60 per cent of those of the Common Tariff Schedule:

Tariff heading	Description of goods
08.01	Dates, bananas, coconuts, Brazil nuts, cashew nuts, pineapples, avocados, mangoes, guavas and mangosteens, fresh or dried, shelled or not: D. Avocados G. Other (mangoes, mangosteens and guavas)
08.02	Citrus fruit, fresh or dried: D. Grapefruit and pomelos
08.10	Fruit (whether or not cooked) preserved by freezing, not containing added sugar: ex B. Other: - Grapefruit and pomelo segments

2. In case of disturbance of the marketing of the products in sub-headings 08.01 D (avocados), ex 08.01 G (mangoes) and 08.02 D (grapefruit and pomelos) of the Common Tariff Schedule, consultations shall be held in the Joint Commission to find remedial solutions.

ARTICLE 7

The following products originating in Israel shall be subject on importation into the Community to customs duties equal to 70 per cent of those of the Common Tariff Schedule:

Tariff heading	Description of goods
07.01	Vegetables, fresh or chilled: ex S. Sweet capsicum (Capsicum grossum): - from 15 November to 30 April
09.04	Pepper of the genus "Piper"; pimento of the genus "Capsicum" or the genus "Pimenta": A. Neither crushed nor ground: II. Pimento: ex (c) Other: - from 15 November to 30 April B. Crushed or ground: I. Pimento of the genus "Capsicum" II. Other

ARTICLE 8

Without prejudice to collection of the additional levy on sugar content determined in accordance with article 2 of Regulation No. 865/68/EEC providing for common organization of markets for processed fruit and vegetables, the following products originating in Israel shall be subject on importation into the Community to customs duties equal to 60 per cent of those of the Common Tariff Schedule:

Tariff heading	Description of goods
20.03	<p>Fruit preserved by freezing, containing added sugar:</p> <p>ex A. With a sugar content exceeding 13 per cent by weight:</p> <p>- Grapefruit and pomelo segments</p> <p>ex B. Other:</p> <p>- Grapefruit and pomelo segments</p>
20.06	<p>Fruit otherwise prepared or preserved, whether or not containing added sugar or spirit:</p> <p>B. Other:</p> <p>II. not containing added spirit:</p> <p>(a) containing added sugar, in immediate packagings, of a net capacity of more than 1 kg.:</p> <p>2. Grapefruit and pomelo segments</p> <p>ex 7. Other fruits:</p> <p>- Grapefruit and pomelos</p> <p>(b) containing added sugar, in immediate packagings of a net capacity of 1 kg. or less:</p> <p>2. Grapefruit and pomelo segments</p> <p>ex 7. Other fruits:</p> <p>- Grapefruit and pomelos</p> <p>(c) not containing added sugar, in immediate packagings of a net capacity:</p> <p>1. of 4.5 kgs. or more:</p> <p>ex (cc) Other fruits:</p> <p>- Grapefruit and pomelos</p> <p>ex 2. of less than 4.5 kgs.:</p> <p>- Grapefruit and pomelos</p>

ARTICLE 9

1. The rates of duty of the Common Tariff Schedule to be considered in calculating the reduced rates mentioned in articles 1, 2, 3, 5, 6, 7 and 8 shall be those actually applied at the time to third States.

2. The reduced duties calculated under articles 1, 2, 3, 5, 6, 7 and 8 shall on application be rounded, where necessary, to the first place of decimals.

ARTICLE 10

1. In the case of products mentioned in this Annex other than those falling under Annex II of the Treaty establishing the European Economic Community, the Community reserves the right, if specific regulations are established in consequence of the operation of the common agricultural policy, to modify the system laid down in this Annex, particularly in order to avoid certain distortions of competition or substitutions.

If the said regulations are established and the system is modified, the Community shall have regard to Israel's interests.

2. In the case of products mentioned in this Annex and falling under Annex II of the Treaty establishing the European Economic Community, the Community reserves the right, if its regulations are modified, to modify the system laid down in this Annex.

If the system is modified, the Community shall grant to imports originating in Israel a preference equivalent to that laid down in this Annex.

3. For the purpose of applying this article, consultations may take place in the Joint Commission.

ARTICLE 11

The products originating in Israel which are listed in this Annex shall not be entitled to more favourable treatment than that granted to each other by member States under the Treaty establishing the European Economic Community.

List A

of products subject on importation into the Community to specific
regulations in consequence of the operation of the common
agricultural policy and excluded from the system
laid down in article 1

Tariff heading	Description of goods
17.02	<p>Other sugars; sugar syrup; artificial honey (whether or not mixed with natural honey); caramel:</p> <p>A. Lactose and lactose syrup:</p> <p>I. Containing 99% or more of the pure product by weight, dry</p> <p>B. Glucose and glucose syrup:</p> <p>I. Containing 99% or more of the pure product by weight, dry:</p> <p>(a) Glucose in the form of white crystalline powder, whether or not agglomerated</p> <p>(b) Other</p>
ex 17.04	<p>Sugar confectionery, not containing cocoa, except liquorice extract containing more than 10% by weight of sugar but not containing other added substances</p>
18.06	<p>Chocolate and other food preparations containing cocoa</p>
19.01	<p>Malt extract</p>
19.02	<p>Preparations of flour, starch or malt extract, of a kind used as infant food or for dietetic or culinary purposes, containing less than 50% by weight of cocoa</p>
19.03	<p>Macaroni, spaghetti and similar products</p>
19.04	<p>Tapioca and sago, tapioca and sago substitutes obtained from potato and other starches</p>
19.05	<p>Prepared foods obtained by the swelling or roasting of cereals or cereal products (puffed rice, corn flakes and similar products)</p>
19.06	<p>Communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products</p>
19.07	<p>Bread, ship's biscuits and other ordinary bakers' wares, not containing sugar, honey, eggs, fats, cheese or fruit</p>
19.08	<p>Pastry, biscuits, cakes and other fine bakers' wares, whether or not containing cocoa in any proportion</p>

Tariff heading	Description of goods
ex 21.01	Roasted chicory and other roasted coffee substitutes; extracts thereof:
	- excluding roasted chicory and extracts thereof
21.06	Natural yeasts (active or inactive); prepared baking powders: A. Active natural yeasts: II. Baker's yeast
ex 21.07	Food preparations not elsewhere specified or included, containing sugar, dairy products, cereals or products based on cereals ⁽¹⁾
ex 22.02	Lemonade, flavoured spa waters and flavoured aerated waters, and other non-alcoholic beverages, not including fruit and vegetable juices falling within heading No. 20.07: - containing milk or fats derived from milk
29.04	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives: C. Polyhydric alcohols: II. Mannitol III. Sorbitol
ex 35.01	Casein, caseinates and other casein derivatives
35.02	Albumins, albuminates and other albumin derivatives: A. Albumins: II. Other: (a) Ovoalbumin and lactalbumin: 1. dried (in sheets, scales, flakes, powder, etc.) 2. other
35.05	Dextrins and dextrin glucos; soluble or roasted starches; starch glucos
38.12	Prepared glazings, prepared dressings and prepared mordants, of a kind used in the textile, paper, leather or like industries: A. Prepared glazings and prepared dressings: I. With a basis of amylaceous substances

(1) This wording applies only to products subject on importation into the Community to the charge laid down in the Common Tariff Schedule, consisting of (a) an ad valorem duty constituting its fixed component; (b) a variable component.

List B

products excluded from the system laid down in article 1

Tariff heading	Description of goods
13.03	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners, derived from vegetable products: A. Vegetable saps and extracts: IV. Liquorice
25.23	Portland cement, ciment fondu, slag cement, supersulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinker
28.01	Halogens (fluorine, chlorine, bromine and iodine): C. Bromine
28.10	Phosphorus pentoxide and phosphoric acids (meta-, ortho- and pyro-)
28.33	Bromides, oxybromides, bromates and perbromates and hypobromites
28.40	Phosphites, hypophosphites and phosphates: B. Phosphates: ex II. Other, including polyphosphates: - Bicalcium phosphates containing less than 0.2% of fluorine and more than 0.01% of iron
29.02	Halogenated derivatives of hydrocarbons: A. Halogenated derivatives of acyclic hydrocarbons: III. Bromides and polybromides
29.16	Alcohol-acids, aldehyde-acids, ketone-acids, phenol-acids and other single or complex oxygen-function acids and their anhydrides, acid halides, acid peroxides and peracids, and their halogenated, sulphonated, nitrated or nitrosated derivatives: A. Alcohol-acids IV. Citric acid, its salts and esters
31.03	Mineral or chemical fertilizers, phosphatic: A. Mentioned in (A) of Note 2 to Chapter 31: II. Superphosphates

Tariff heading	Description of goods
39.02	<p>Polymerization and copolymerization products (for example, polyethylene, polytetrahaloethylenes, polyisobutylene, polystyrene, polyvinyl chloride, polyvinyl acetate, polyvinyl chloreactate and other polyvinyl derivatives, polyacrylic and polymethacrylic derivatives, coumarone-indene resins):</p> <p>C. Other:</p>
	<p>VII. Polyvinyl chloride:</p> <p>(a) In one of the forms mentioned in Note 3(a) and (b) to Chapter 39</p>
44.15	<p>Plywood, blockboard, laminboard, battenboard and similar laminated wood products (including veneered panels and sheets); inlaid wood and wood marquetry</p>
55.05	<p>Cotton yarn, not put up for retail sale</p>
60.03	<p>Stockings, under stockings, socks, ankle-socks, sockettes and the like, knitted or crocheted, not elastic nor rubberized</p>
60.05	<p>Outergarments and other articles, knitted or crocheted, not elastic nor rubberized</p>
70.05	<p>Unworked drawn or blown glass (including flashed glass); in rectangles</p>
73.18	<p>Tubes and pipes and blanks therefor, of iron or steel, excluding articles in 73.19 (high-pressure hydro-electric conduits)</p>
74.19	<p>Other articles of copper</p>

ANNEX II

APPLICATION OF ARTICLE 2, PARAGRAPH 2 OF THE AGREEMENT

ARTICLE 1

1. The customs duties applicable on importation into Israel of the products originating in the Community shown in lists 1, 2, 3 and 4 shall be those of the Israel customs tariff reduced in the proportions and according to the time-table immediately following:

Product	Rates of reduction of the duties of the Israel customs tariff				
	On entry of the Agreement into force	1.1.1971	1.1.1972	1.1.1973	1.1.1974
List 1	10%	15%	20%	25%	30%
List 2	5%	10%	15%	20%	25%
List 3	5%	10%	15%	15%	15%
List 4	5%	10%	10%	10%	10%

2. If duties of the Israel customs tariff are modified, the reduction percentages granted to the Community under paragraph 1 shall remain unchanged.

ARTICLE 2

1. If customs duties are introduced for each of the products shown in list 5, and exempt from duties at the entry of this Agreement into force, the duties applicable on importation into Israel of these products originating in the Community shall be the new customs duties reduced by 15 per cent.

2. Israel shall notify to the Community forthwith every modification of the customs duties charged on the products in list 5, and measures taken in accordance with paragraph 1.

ARTICLE 3

1. The products in lists 1, 2, 3, 4 and 5 originating in the Community may be imported into Israel free of duty.

2. Products originating in the Community other than those referred to in paragraph 1 and, at the entry of this Agreement into force, exempt from duty on importation into Israel shall remain exempt.

3. On the entry of this Agreement into force, Israel shall furnish the Community with a list of the products then exempt from duty and covered by paragraph 2.

ARTICLE 4

1. Over a period of two years after the entry of the Agreement into force Israel shall progressively liberate the products in list 6, which are subject to quantitative restrictions at the entry of the Agreement into force.

2. On the liberation of one or more of those products, the customs duties applicable on importation into Israel of those products originating in the Community shall be those of the Israel customs tariff reduced in the proportions relating to list 3 in article 1 paragraph 1. Article 3 shall then apply also to those products.

3. Israel shall notify to the Community promptly any modification of the freedom of the products in list 6, and measures taken in accordance with paragraph 2.

ARTICLE 5

The rates of duties of the Israel customs tariff to be considered in calculating the reduced duties in article 1 paragraph 1, article 2 paragraph 1, and article 4 paragraph 2 shall be those actually applied at the time to third States.

ARTICLE 6

Israel shall take all necessary measures to ensure that the objectives of this Annex are achieved in all cases in which imports fall within the competence of a national commercial monopoly or a body by which imports are directly or indirectly restricted, controlled, diverted or influenced.

Lists 1, 2, 3, 4, 5 and 6

PROTOCOL

Concerning the Definition of the Term "Products
Originating In" and Concerning Methods of
Administrative Co-operation

PART I

Provisions Concerning the Definition of the
Term "Products Originating In"

ARTICLE 1

For the purposes of applying the provisions of the Agreement between the European Economic Community and the State of Israel:

1. Products originating in the Community, provided they are transported directly to Israel in accordance with article 5, shall be deemed to be:

(a) products obtained entirely within member States;

(b) products obtained in member States and manufactured from products other than those referred to in sub-paragraph (a) above, provided that those products have been sufficiently worked up or transformed in accordance with article 3. This condition is not required in the case of products originating in Israel within the terms of the present Protocol;

2. Products originating in Israel, provided they have been transported directly to the importing member State in accordance with article 5, shall be deemed to be:

(a) products obtained entirely in Israel;

(b) products obtained in Israel and manufactured from products other than those referred to in sub-paragraph (a) provided that these products have been sufficiently worked up or transformed in accordance with article 3. This condition is not required in the case of products originating in the Community within the terms of the present Protocol.

The products mentioned in list C are temporarily excluded from the provisions of the present Protocol.

ARTICLE 2

For the purposes of article 1, paragraph 1(a) and paragraph 2(a) the following products shall be regarded as "obtained entirely" within member States or in Israel:

- (a) mineral products extracted from their soil;
- (b) products of the vegetable kingdom harvested in those countries;
- (c) live animals born and reared there;
- (d) products coming from live animals reared there;
- (e) products of hunting and fishing practised in those countries;
- (f) marine products obtained from the sea by their boats;
- (g) scrap and waste from manufacturing operations and articles no longer fit for use, provided that they were collected in those countries and cannot be used for any purpose other than recuperating the raw materials concerned;
- (h) goods obtained entirely from the animals or products mentioned under subparagraphs (a) to (g) above or their by-products.

ARTICLE 3

For the purposes of article 1, paragraph 1(b) and paragraph 2(b) the following working up or transformation shall be deemed to be sufficient:

- (a) working up or transformation which brings the resulting articles under a tariff heading other than that applying to each of the products in question except those which are enumerated in list A, to which the special provisions of that list apply;
- (b) working up and transformation as shown in list B.

Tariff headings shall be deemed to mean those of the Brussels Nomenclature for the Classification of Goods in Customs Tariffs.

ARTICLE 4

When lists A and B referred to in article 3 prescribe that the goods obtained in a member State or in Israel shall be considered as originating in those countries only on condition that the value of the products worked up does not exceed by a given percentage the value of the final commodities, the values to be taken into account in determining this percentage shall be:

- on the one hand,

the customs value at the time of importation in the case of products which can be shown to have been imported;

the first price which can be checked as having been paid for those products in the country in which they were manufactured, in the case of products of which the origin is uncertain;

- on the other hand,

the ex-works price of the goods after deducting any internal taxes which have been or will be refunded when the goods are exported.

ARTICLE 5

The following shall be considered as having been transported directly from the exporting member State to Israel, or from Israel to the importing member State:

- (a) products which are transported without passing through any territory other than those of the two contracting parties;
- (b) products which are transported through territories other than those of the contracting parties or which are trans-shipped in such territories provided that their passage through those territories or their trans-shipment is covered by a single transport document drawn up in a member State or in Israel.

Direct transport shall not be deemed to be interrupted by trans-shipment in ports situated in territories other than those of the contracting parties if such trans-shipment is the result of force majeure or is the consequence of conditions at sea.

PART II

Provisions Concerning Methods of Administrative Co-operation

ARTICLE 6

"Products originating in" any of the countries concerned within the meaning of the present Protocol shall be admitted to an importing member State or to Israel in accordance with the provisions of the Agreement on presentation of a certificate for the transport of goods A.I.L. 1 issued by the customs authorities of Israel or of the member State.

Nevertheless, products which are sent through the post (including parcel post) and which contain only products originating in the countries concerned and whose value does not exceed one thousand units of account per shipment shall be admitted in accordance with the terms of the Agreement to Israel or to a member State on presentation of the form A.I.L. 2.

ARTICLE 7

The certificate for the transport of goods A.II.1 shall be issued only when the exporter so requests in writing and shall be drawn up in the prescribed form.

ARTICLE 8

The certificate for the transport of goods A.II.1 shall be countersigned when the goods to which it refers are exported; this shall be done by the customs authorities of the exporting country. It shall be returned to the exporter as soon as the goods are actually exported or an assurance is given that this will be done.

Exceptionally the certificate A.II.1 may also be countersigned after the goods to which it refers have been exported in cases in which it is not produced at the moment of exportation owing to an error or an involuntary omission. In such cases the certificate shall specifically mention the conditions under which it was countersigned.

The certificate A.II.1 may not be countersigned except in cases when it is likely to be required as justification for the application of the preferential terms prescribed in the Agreement.

ARTICLE 9

The certificate for the transport of goods A.II.1 shall be produced within a period of four months following the date on which it was countersigned by the customs authorities of the exporting country and submitted to the customs authorities of the importing country to whom the goods are presented.

ARTICLE 10

The certificate for the transport of goods A.II.1 shall be drawn up in accordance with the form of which a specimen is attached to the present Protocol. It shall be drawn up in one of the official languages of the European Economic Community or in the English language and in accordance with the legal provisions in force in the exporting country. It may be typed or hand-written, but in the latter case it shall be filled up in ink and in block capitals.

The size of the certificate shall be 21 x 29.7 cm. The paper used shall be paper not containing mechanically-produced pulp and shall be suitable for writing and weigh not less than 64 grammes per square metre or between 25-30 grammes per square metre if airmail paper is being used. It shall be backed by a chequered pattern in green which will show up any forgery by mechanical or chemical processes.

Across the front of each certificate there shall be three blue diagonal strips, each of 3 mm. in width, running from the lower left-hand corner to the upper right-hand corner.

The member States and Israel may reserve the right to print those certificates themselves or to entrust the task to printers duly authorized by them. In the latter case, each form shall contain a reference to this authorization. Each certificate shall also carry a distinctive design allocated to the approved printers and a serial number which will permit it to be identified.

ARTICLE 11

In the importing country the certificate for the transport of goods shall be produced to the customs authorities in accordance with the prescriptions laid down in the regulations of that country. Those authorities may demand a translation. They may also require the declaration to be supplemented by a certificate from the importer to the effect that the goods fulfil the conditions required for the application of the provisions of this Agreement.

ARTICLE 12

Form A.I.L. 2, of which a specimen is attached to the present Protocol, shall be filled up by the exporter. It shall be drawn up in one of the official languages of the European Economic Community or in the English language and in accordance with the legal provisions in force in the exporting country. It may be typed or hand-written, but in the latter case it shall be filled up in ink and in block capitals.

The form A.I.L. 2 consists of two sheets each measuring 21 x 14.8 cm. The paper used shall be white paper not containing mechanically-produced pulp, prepared for writing and weighing not less than 64 grammes per square metre. Across the front of each sheet there shall be three blue diagonal strips each 3 mm. in width going from the lower left-hand corner to the upper right-hand corner.

The form A.I.L. 2 may be perforated by machine in order to make it possible to separate one sheet from the other and also to detach the part of the form which has to be attached to the package. The back of this part may be gummed.

The member States and Israel may print this form themselves or may entrust the task to a printing shop approved by them. In the latter case reference to this approval shall be made on every form. In addition, each sheet shall carry the distinctive design allocated to the approved printers and a serial number to permit it to be identified.

ARTICLE 13

A form A.I.L. 2 shall be filled up for every parcel sent through the post. When he has filled up and signed both sheets of the form the exporter shall place the declaration (sheet 1) inside the parcel and gum the label from sheet 2 of the form A.I.L. 2 on the outside of the parcel.

These rules shall not exonerate the exporter from carrying out the other formalities prescribed in customs or postal regulations.

ARTICLE 14

Unless they have reason to suspect fraud, the customs authorities of the member State or of Israel shall accept under the provisions of this Agreement all goods contained in any parcel bearing the label A.II. 2.

As an occasional random check, or if they have doubts as to whether the operation is above board, the customs authorities of the member State or of Israel may ask the customs authorities of Israel or of the member State to make a check and for this purpose shall forward to them sheet 1 of form A.II. 2 contained in the parcel. Pending the results of this check they shall suspend the application of the provisions of the Agreement. Nevertheless, the goods may be released to the importer subject to such precautions as may be thought necessary.

ARTICLE 15

1. The member States and Israel may admit as products originating in one or other of the countries concerned for the purpose of this Agreement, without production of transport certificate A.II. 1 or of the form A.II. 2, goods in small quantities addressed to individuals or contained in the personal luggage of travellers, provided that the goods thus imported are not intended for purposes of trade, that they are declared to satisfy the conditions required for the enforcement of these provisions and that there is no reason to doubt the sincerity of this declaration.

2. Imported goods shall be deemed not to be intended for purposes of trade when they are imported only occasionally and are intended solely for the personal use of the addressees or the traveller and their families. Their nature and their quantity shall be such that there is no indication that they are intended for purposes of trade. The total value of these goods shall not exceed 60 units of account in the case of small deliveries or 200 units of account in the case of the personal luggage of travellers.

ARTICLE 16

In order to ensure the due enforcement of the provisions of this Part, the member States and Israel shall help each other through their respective customs administrations in checking the authenticity and regularity of transport certificate A.II. 1 and the declarations of exporters on forms A.II. 2.

The Joint Commission shall make any necessary recommendations for the enforcement of the provisions of the present Protocol, and particularly of the present Part thereof, so that administrative co-operation can be ensured in good time between the member States and Israel.

PART III

Concluding Provisions

ARTICLE 17

The member States and Israel shall take all necessary steps to ensure that the transport certificates A.I.L. 1 can be produced as required by article 11 as from the date on which this Agreement comes into force.

ARTICLE 18

Israel, the member States and Community shall in their respective spheres take all necessary steps to ensure the enforcement of the provisions of the present Protocol.

ARTICLE 19

The explanatory notes, lists A, B and C, the specimen certificate for the transport of goods A.I.L. 1, and the specimen form A.I.L. 2 shall be deemed to constitute an integral part of the present Protocol.

ARTICLE 20

Goods which comply with the provisions of Part I and which on the date at which this Agreement comes into force are in course of transport, or have been placed in a member State or in Israel on provisional deposit, in a customs warehouse or in a free zone, may be deemed to fall under the provisions of the Agreement provided that - within four months of that date - a certificate A.I.L. 1 drawn up subsequently by the competent authorities of the country of export together with documents certifying direct transport are submitted to the customs authorities of the importing country.

EXPLANATORY NOTES

Note 1 - to article 1

The term "in a member State" or "in Israel" shall apply equally to their territorial waters and to vessels operating on the high seas, including factory ships on which the products of the catch are transformed or worked up, provided that they fulfil the conditions laid down in Explanatory Note 4.

Note 2 - to article 1

In order to determine whether any commodity originated in the Community or in Israel no account is taken of whether the sources of energy, plant, machines or tools used in producing this commodity did or did not originate in third party countries.

Note 3 - to article 1

Packing cases or other wrappings shall be deemed to form a unit with the commodities which they contain. This provision shall not apply however in the case of packing cases or wrappings which are not of the type normally used for the product in question or which have a lasting utility value in themselves apart from their use for packing purposes.

Note 4 - to article 2(f)

The term "their vessels" shall apply only to vessels:

- which are registered in a member State or in Israel;
- which fly the flag of a member State or of Israel;
- which are owned to at least 50 per cent by citizens of member States and of Israel or by a company having its main headquarters in one of these States and of which the managers, the chairman of the board of directors or supervisors and the majority of the members of those boards are citizens of the member States or of Israel, provided also that, in the case of associations of individuals or limited liability companies, at least half the capital belongs to the States in question or to public bodies or nationals of those States;
- of which all the officers are citizens of member States and of Israel;
- and of which not less than 75 per cent of the crew are citizens of member States and of Israel.

Note 5 - to article 4

The term "ex-works price" shall be deemed to mean the price paid to the manufacturer in the undertaking in which the goods were worked up or transformed to a sufficient extent. When the working up or transforming took place in two or more successive undertakings the price to be taken into account shall be that paid to the last manufacturer.

Note 6 - to article 8

When a transport certificate A.II. 1 refers to products originally imported from a member State or from Israel which are re-exported as they are, the new certificates issued by the country of re-exportation shall mention the country in which the original transport certificate was issued.

Note 7 - to article 13

After filling up the form A.II. 2, the exporter shall indicate "A.II. 2" followed by the serial number of the form on the green label C 1 or on the declaration C 2 or C 2 M or in the "remarks" section of the customs declarations CP 3 or CP 3 M.

FINAL ACT

The plenipotentiaries

of the Council of the European Economic Community,

of the one part,
and

of the Government of the State of Israel,

of the other part,

met in Luxembourg on the twenty-ninth day of June one thousand nine hundred and seventy corresponding to the twenty-fifth day of Sivan five thousand seven hundred and thirty of the Hebrew calendar

for the signature of the Agreement between the European Economic Community and the State of Israel

have, when signing this Agreement,

- adopted the joint declarations of the Contracting Parties listed below:

1. Joint declaration of the Contracting Parties concerning article 4, of Annex I to the Agreement,
2. Joint declaration of the Contracting Parties concerning the interpretation of articles 5 and 8 of Annex I to the Agreement,
3. Joint declaration of the Contracting Parties concerning the régime to be applied to petroleum derivatives,
4. Joint declaration of the Contracting Parties concerning customs tariffs,
5. Joint declaration of the Contracting Parties concerning juices of citrus fruits,
6. Joint declaration of the Contracting Parties concerning bilateral trade agreements,

- taken note of the declaration by the delegation of the Community concerning article 13 of the Agreement,

- taken note of the declaration by the delegation of Israel concerning the bonding system applicable to imports into Israel.

The declarations mentioned above are appended to the present Final Act.

The plenipotentiaries agree that these declarations shall, as far as necessary, be subject to the procedures required for ensuring their enforcement under the same conditions as the Agreement.

IN FAITH OF WHICH, the undersigned plenipotentiaries have appended their signatures under the present Final Act.

Done in Luxembourg on the twenty-ninth day of June one thousand nine hundred and seventy, corresponding to the twenty-fifth day of Sivan five thousand seven hundred and thirty of the Hebrew calendar.

For the Council of the European Communities,

Subject to the reservation that the Community shall be definitely committed only after the other Contracting Party has been notified of the completion of the procedures required by the Treaty establishing the European Economic Community, more particularly the consultation of the European Parliamentary Assembly.

For the Government of the State of Israel.

ANNEX

Joint Declaration of the Contracting Parties
Concerning Article 4
of Annex I to the Agreement

The Contracting Parties declare that the provisions of article 4 of Annex I of the present Agreement do not affect the regulations applied to the importation into member States of petroleum derivatives originating in Israel.

Joint Declaration of the Contracting Parties Concerning
Articles 5 and 8 of Annex I of the Agreement

The Contracting Parties agree that, where reference is made in Annex I of the Agreement to the provisions of article 11 of Regulation No. 23 and article 2 of Regulation No. 865/68/EEC, the Community is referring to the régime applicable to third States on importation of the particular products.

Joint Declaration of the Contracting Parties
Concerning Petroleum Derivatives

In regard to petroleum derivatives the Community reserves the right to modify the régime set forth in Annex I of this Agreement when establishing a common policy in this sector.

In that event the Community shall grant to imports of these products originating in Israel preference equivalent to those laid down in Annex I of this Agreement.

Joint Declaration of the Contracting Parties
Concerning Customs Tariffs

The Contracting Parties agree to notify one another promptly of all modifications made in their customs tariffs.

Joint Declaration of the Contracting Parties
Concerning Juices of Citrus Fruits

The Contracting Parties agree that, if the Community concludes with one or more third States, which are important producers of citrus fruit juices (Common Tariff Schedule, ex 20.07) an agreement that might substantially affect the supply of these products to the Community's market, the question shall be examined in the Joint Commission.

Joint Declaration of the Contracting Parties
Concerning Bilateral Trade Agreements

The Contracting Parties agree that:

1. The provisions of the Agreement between the European Economic Community and the State of Israel, both general and specific, concerning determined products shall replace those provisions of the agreements concluded between Israel and the States members of the Community which are incompatible or identical with them.
 2. Matters relating to Article 113 of the Treaty establishing the European Economic Community and not dealt with by the Agreement, particularly those contained in bilateral agreements between Israel and the States members, shall be settled in accordance with the common trade policy of the European Economic Community.
-

Declaration of the Delegation of the Community
Concerning Article 13 of the Agreement

The Community declares that article 13 of the Agreement lays down exceptions to the prohibition of quantitative restrictions.

Prohibitions justified on religious or ritual grounds and applied impartially to imported and to national products are not quantitative restrictions and are therefore not covered by article 13 of the Agreement.

If, however, such prohibitions were so applied as to constitute quantitative restrictions, they might come within the exceptions laid down in article 13 of the Agreement.

Declaration of the Delegation of Israel
Concerning the Bonding System
Applicable to Importation into Israel

Considering that the system of bonds, to be furnished by importers is incompatible with the spirit of the Agreement, the Government of Israel declares that this system is temporary only.

The Government of Israel declares its intention to abolish this system not later than 31 December 1970.

The Government of Israel observes, however, that the precise object of the safeguard clause in the Agreement is to remedy situations of the kind which the bonding system is intended to meet.

Exchange of letters
concerning bilateral trade agreements

COMMISSION
OF THE
EUROPEAN COMMUNITIES

Luxembourg, 29 June 1970

Mr. President,

I have the honour to inform you that the representatives of the Governments of the States members of the European Economic Community have made the following declaration:

"Sir,

As regards products not listed in the Agreement between the European Economic Community and the State of Israel, the commercial advantages granted by either party on a bilateral basis shall continue in force in accordance with the conditions laid down in the trade agreements, without prejudice to present or future provisions of the common trade policy of the European Economic Community."

I should be obliged if you would be good enough to acknowledge receipt of this letter and to confirm to me that your Government agrees with this declaration.

I have the honour to be, Mr. President,

(letter incomplete)

MISSION OF ISRAEL
TO THE
EUROPEAN COMMUNITIES

Luxembourg, 29 June 1970

Mr. President,

In your letter of today's date you were good enough to make me the following declaration:

"Mr. President,

I have the honour to inform you that the representatives of the Governments of the States members of the European Economic Community have made the following declaration:

"As regards products not listed in the Agreement between the European Economic Community and the State of Israel, the commercial advantages granted by either party on a bilateral basis shall continue in force in accordance with the conditions laid down in the trade agreements, without prejudice to present or future provisions of the common trade policy of the European Economic Community."

I should be greatly obliged if you would be good enough to acknowledge receipt of this letter and to confirm to me that your Government agrees with this declaration.

I have the honour to be, Mr. President, your obedient servant."

I have the honour to acknowledge receipt of this communication and to confirm to you that my Government agrees with this declaration.

I have the honour to be, Mr. President, your obedient servant.