

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4033
28 May 1974

Limited Distribution

Original: French

AGREEMENT BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND ISRAEL

The following communication has been received from the parties to the Agreement.

Covering Note Concerning the Communication Addressed by the Parties to the Agreement to the CONTRACTING PARTIES to GATT

1. At a meeting of the Council on 29 September 1970, the representatives of the European Community and of Israel informed the CONTRACTING PARTIES of the Agreement¹ concluded by them on 29 June 1970 (C/M/64). The Council then decided to set up a Working Party to examine the Agreement in the light of the relevant provisions of the General Agreement. The Working Party met on 13 July and 15 September 1971 and presented its report to the Council (L/3581 of 22 September 1971).

2. On 30 January 1973 a Protocol was signed at Brussels, establishing certain provisions regarding the Agreement between the EEC and Israel by reason of the accession of new member States to the Community. The Protocol contains no additional provisions in relation to the existing Agreement, but in its objectives provides for the negotiation of a new agreement within the framework of the global approach of the Community with the countries in the Mediterranean basin.

The objective of the new agreement would be to further the achievement of the free-trade area between the Community and Israel. The negotiations on this subject were initiated on 18 July 1973 and are expected to be continued shortly.

3. Pending the conclusion of these negotiations, the parties to the Agreement have thought it useful to communicate to the CONTRACTING PARTIES a report on the development of the situation within the framework of the Agreement under reference.

¹The text of the Agreement, which entered into force on 1 October 1970, is contained in document L/3428 and Corr.1. The questions addressed to the parties to the Agreement, as well as the replies thereto, are contained in L/3532.

IMPLEMENTATION OF THE EEC-ISRAEL AGREEMENT

Communication Addressed by the Parties to the Agreement to the
CONTRACTING PARTIES to GATT

1. The achievement of the free-trade area whose formation is provided for in the Agreement between the EEC and Israel has proceeded in accordance with the Agreement since 1 October 1970, when that instrument entered into force.

Israeli industrial products are admitted into the Community without quantitative restriction, and since 1 January 1974 they benefit from a 50 per cent reduction of customs duties (with the exception of a very small number of products). The Community has not invoked the safeguard clause.

Israeli agricultural products which are of special interest to that country and are listed in Annex I to the Agreement enjoy preferential treatment (reduction of 30 and 40 per cent of the basic duties, according to the product concerned).

2. Products originating in the Community countries are admitted into Israel with the tariff reductions provided for by the Agreement.

Since 1 January 1974, the products mentioned in the four lists in Annex II to the Agreement enjoy reductions of 10 to 30 per cent in the Israeli customs duties.

As a general rule, these products are not subject to restrictions upon import, regardless of their origin.

The table annexed to the present communication shows the evolution of Israel's imports and exports by area of origin and destination.

EXTERNAL TRADE ISRAEL-EEC
(in \$ million)

<u>Imports</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
EEC (6)	320,628	401,286	444,982	559,032	685,217
Other European countries	378,496	411,232	419,970	535,649	588,962
United States and Canada	256,171	323,828	342,246	441,562	395,466
Other countries	<u>165,489</u>	<u>194,247</u>	<u>243,979</u>	<u>271,377</u>	<u>278,169</u>
Total	1,120,784	1,330,593	1,451,177	1,807,620	1,947,814
<u>Exports</u>					
EEC (6)	173,366	189,190	202,509	257,526	302,933
Other European countries	182,504	200,731	210,440	227,205	271,389
United States and Canada	131,610	152,553	164,182	201,578	241,918
Other countries	<u>151,739</u>	<u>186,836</u>	<u>198,461</u>	<u>271,770</u>	<u>331,787</u>
Total	639,219	729,310	775,592	958,079	1,148,027