

FREE TRADE AGREEMENT
BETWEEN MERCOSUR AND THE STATE OF ISRAEL

THE ARGENTINE REPUBLIC, THE FEDERATIVE REPUBLIC OF BRAZIL,
THE REPUBLIC OF PARAGUAY, AND THE REPÚBLICA ORIENTAL DEL
URUGUAY, STATES PARTIES OF THE SOUTHERN COMMON MARKET
(MERCOSUR)

AND THE STATE OF ISRAEL

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Preamble

The Argentine Republic, The Federative Republic of Brazil, The Republic of Paraguay, and the República Oriental del Uruguay (hereinafter- referred to as "the MERCOSUR States")

and

The State of Israel (hereinafter- referred to as "Israel"),

HAVING REGARD to the Treaty establishing the Southern Common Market between the Argentine Republic, the Federal Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay (hereinafter- referred to as "MERCOSUR");

CONSIDERING the Framework Agreement signed by the State of Israel and by the MERCOSUR on December 8, 2005;

CONSIDERING the importance of the existing economic links between the MERCOSUR and its Member States and Israel, and the common values that they share;

DESIROUS to strengthen their economic relations and to promote economic cooperation; in particular for the development of trade and investments as well as technological cooperation;

DESIROUS to create an expanded and secure market for their goods;

WISHING to establish clear, predictable and lasting rules governing their trade;

WISHING to promote the development of their trade with due regard to fair conditions of competition;

CONSIDERING the mutual interest of the Government of the State of Israel and

the Governments of MERCOSUR in reinforcement of the multilateral trading system as reflected in the WTO;

RESOLVED TO:

ESTABLISH a free trade area between the two Parties through the removal of trade barriers;

DECLARE their readiness to explore other possibilities for extending their economic relations to other fields not covered by this Agreement;

HAVE AGREED as follows:

Chapter X

Initial Provisions

Article 1-Contracting Parties

For the purposes of this Agreement, the “Contracting Parties”, hereinafter referred to as “Parties” are MERCOSUR and the State of Israel. The “Signatory Parties” are the Argentine Republic, The Federative Republic of Brazil, The Republic of Paraguay, and the República Oriental del Uruguay, and the State of Israel.

Article 2- Establishment of the Free Trade Area

The Parties to this Agreement, consistent with Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994, hereby establish a free trade area.

Article 3-Objectives

The objectives of this Agreement, as elaborated more specifically in its provisions, including national treatment, most-favored-nation treatment and transparency, are to:

- (a) eliminate barriers to trade in, and facilitate the movement of goods between the territories of the Parties;
- (b) promote conditions of fair competition in the free trade area;
- (c) increase substantially investment opportunities in the territories of the Parties, and increase co-operation in areas which are of mutual interest to the Parties;
- (d) create effective procedures for the implementation, application and compliance with this Agreement, and its joint administration;
and
- (e) establish a framework for further bilateral and multilateral cooperation to expand and enhance the benefits of this Agreement.

Article 4 –Interpretation and administration

1. The Parties shall interpret and apply the provisions of this Agreement in the light of its objectives set out in Article 3 and in accordance with applicable rules of international law.

2. Each Party shall administer in a consistent, impartial and reasonable manner all its laws, regulations, decisions and rulings affecting matters covered by this Agreement.

Article 5 –Relations to other agreements

The Parties affirm their rights and obligations with respect to each other in accordance with the WTO Agreement, including GATT 1994, and its successor agreements and other agreements to which both Parties are party.

Article 6 -Extent of obligation

Each Party shall ensure that the necessary measures are taken in order to give effect to the provisions of this Agreement, including their observance by states, provinces and municipal governments and authorities within its territory.

Article 7-Definitions

For the purposes of this Agreement, unless otherwise specified:

customs duty: includes any duty and charge of any kind imposed in connection with the importation of a good, including any form of surtax or surcharge in connection with such importation, but does not include any:

a) internal taxes or other internal charges imposed in accordance with Article III of the General Agreement on Tariffs and Trade (GATT) 1994;

b) antidumping or countervailing duty imposed in accordance with Articles VI and XVI of GATT 1994, the WTO Agreement on Implementation of Article VI of GATT 1994, and the WTO Agreement on Subsidies and Countervailing Measures;

c) safeguard duty or levy imposed in accordance with Article XIX of GATT 1994, the WTO Agreement on Safeguards and Article 6 of Chapter [redacted] (General Provisions) of this Agreement.

d) other fees or charges imposed in accordance with Article VIII of GATT 1994 and the Understanding on the Interpretation of Article II:1 (b) of the GATT 1994.

GATT 1994 means the General Agreement of Tariffs and Trade of 1994, which is part of the WTO Agreement;

Good means a domestic good as this is understood in GATT 1994 or such a good as the Parties may agree, and includes an originating good of that Party;

Harmonized System means the Harmonized Commodity Description and Coding System, and its General Rules of Interpretation, Section notes and Chapter notes, as adopted and implemented by the Parties in their respective tariff laws;

Measure includes any law, regulation, procedure, requirement or practice;

Originating goods or material means a good or material that qualifies as originating under the provisions of Chapter X (Rules of Origin); and

Territory means

With respect to Israel, its customs territories and free trade zones; including its respective territorial seas and the air space above, and other maritime zones, including the Exclusive Economic Zones and Continental Shelves over which they respectively have sovereignty, sovereign rights or exclusive jurisdiction in accordance with their respective laws in force, and international law.

with respect to MERCOSUR the "territory" of the Member States of MERCOSUR means the respective territories of the Member States of MERCOSUR, including their respective territorial seas and the air space above, and other maritime zones, including the Exclusive Economic Zones and Continental Shelves over which they respectively have sovereignty, sovereign rights or exclusive jurisdiction in accordance with their respective laws in force, the 1982 United Nations Convention on the Law of the Sea and international law.

WTO Agreement means the Marrakesh Agreement Establishing the World Trade Organization, including GATT 1994.