

CHAPTER
GENERAL PROVISIONS

Article 1 – National Treatment

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, including its interpretative notes, and to this end Article III of GATT 1994 and its interpretative notes, or any equivalent provision of a successor agreement to which both Parties are party, are incorporated into and made part of this Agreement. 1.

The Signatory Parties agree, in accordance with their constitutional rules, to comply with the provisions of paragraph 1 in their territory at federal, provincial or State level. 2.

Article 2 Customs Unions, Free Trade Areas and Frontier Trade

1. This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade which are in accordance with the provisions of Article XXIV of the GATT 1994 and with the Understanding on the Interpretation of Article XXIV of the GATT 1994.

Upon request, consultations between the Parties shall take place within the Joint Committee in order for the Parties to inform each other on agreements establishing customs unions or free trade areas and, where required, on other major issues related to their respective trade policy with third countries. 2.

[Article 3 - Antidumping, Subsidies and Countervailing Measures

In the application of antidumping or countervailing measures, the Signatory Parties shall be governed by their respective legislations, which shall be consistent with the Agreement on the Application of Article VI of GATT 1994, and the WTO Agreement on Subsidies and Countervailing Measures. Furthermore, the Signatory Parties shall comply with the commitments assumed in respect of subsidies within the WTO

sphere.] Israel will send new proposal

[Article 5 Bilateral Emergency Measures

1. For purposes of this Article and Article 7:

competent investigating authority means

- (a) in the case of Israel, the Commissioner of Trade Levies, or its successor; and
- (b) in the case of Mercosur, XXXXXXXXXX or its successor

contribute importantly means an important cause, but not necessarily the most important cause;

domestic industry means the producers as a whole of the like or directly competitive goods operating in the territory of a Party or whose collective output of the like or directly competitive products constitutes a major proportion of the total production of such products;

emergency measure does not include any emergency measure pursuant to a proceeding instituted prior to the entry into force of this Agreement;

good originating in the territory of a Party means an “originating good”, as defined in Chapter ??? (Rules of Origin);

interested parties means:

- a. exporter or foreign producer or the importer of goods subject to investigation, or a trade or business association, a majority of the members of which are producers, exporters or importers of such goods;
- b. the government of the exporting Party; and
- c. producer of the like or directly competitive goods in the importing Party or a trade and business association of the members of which produce the like or directly competitive goods in the territory of the importing Party including an enterprise established by law which represents the aforementioned producers;

like good means a good which, although not alike in all respects, has like characteristics and like component materials which enable it to perform the same functions and to be commercially interchangeable with the good to which it is compared;

;

serious injury- means the significant overall impairment in the position of a domestic industry;

threat of serious injury means “serious injury” that is clearly imminent, based on facts and not merely on allegation, conjecture or remote possibility.

2. Subject to paragraph 6, if a good originating in the territory of a Party, as a result of the reduction or elimination of a customs duty provided for in this Agreement, is being imported into the territory of the other Party in such increased quantities, in absolute and relative terms, and under such conditions that the imports of the good from that Party alone constitute a substantial cause of serious injury or threat to serious injury to a domestic industry, the Party into whose territory the goods is being imported may, to the minimum extent necessary to remedy the injury:

- (a) suspend the further reduction of any rate of a customs duty provided for under this Agreement on the goods; or
- (b) increase the rate of a customs duty on the goods to a level not exceeding the base rate of customs duty, as referred to in (Chapter on trade in goods, tariff elimination) or
- (c) establish an import quota for the goods by mutual agreement between the parties administered by the exporting Party.

3The investigation to determine serious injury or threat thereof shall be carried out in accordance with the provisions of Article 4.2 (a) and (b) of the WTO Agreement on Safeguards .

4. MERCOSUR may apply emergency measures:

- (a) as a sole entity, as far as all requirements to determine the existence of serious injury or threat thereof is being caused by the imports of a product as a result of the reduction or elimination of a customs duty provided for in this Agreement, have been fulfilled on the basis of conditions applied to MERCOSUR as a whole; or
- (b) on behalf of one of its States Parties, in which case the requirements for the determination of the existence of serious injury or threat thereof, being caused by the imports as a result of the reduction or elimination of a customs duty provided for in this Agreement,, shall be based on the conditions prevailing in the relevant State Party of the customs union and the measure shall be limited to that State Party.

5. Israel may apply emergency measures only to the imports from Signatory Party or Contracting Party where such serious injury or threat thereof is being caused by the imports of a product as a result of the reduction or elimination of a customs duty provided for in this Agreement.

6. The following conditions and limitations shall apply to a proceeding that may result in emergency measures under paragraph 2:

(a) each Party shall establish or maintain transparent, effective and equitable procedures for the impartial and reasonable application of emergency measures;

(b) the Party initiating such a proceeding shall, without delay, deliver to the other Party written notice thereof including the following information:

- (i) the name of the petitioner;
- (ii) the complete description of the imported goods under investigation, which is sufficient for customs purposes, and its classification under the Harmonized System;
- (iii) the deadline for the request for hearings and the venue where hearings shall be held;
- (iv) the deadline for the submission of information, statements and other documents;
- (v) the address where request or other documents related to the investigation can be examined;
- (vi) the name, address and telephone number of the competent authority which can provide further information; and
- (vii) a summary of the facts upon which the initiation of the investigation was based, including data on imports that have supposedly increased in absolute or relative terms to total production or internal consumption and analysis of the domestic industry situation ;

(c) the Party applying emergency measures shall without delay, deliver to the other Party written notice thereof including the following:

- (i) the complete description of the goods subject to the emergency measure, which is sufficient for customs purposes, and its tariff classification under the Harmonised System;
- (ii) information and evidence leading to the decision, such as: the increasing or increased preferential imports, the situation of the domestic industry, the fact that the increase in imports are causing or threatening to cause serious injury to the domestic industry;
- (iii) other reasoned findings and conclusions on all relevant issues of fact and law;
- (iv) description of the measure to be adopted;
- (v) the date of entry into force of the measure and its duration.

(d) Prior to the application of emergency measures the Party applying those measures shall give written notification to the other Party and supply all relevant information as specified in paragraph (c) for the purpose of holding consultations. Consultations, with a view to finding an appropriate and mutually acceptable solution, shall take place in the Joint Committee if any Party so requests within 10 days from receipt of the notification. In case of the absence of a decision or if no satisfactory solution is reached within 30 days of the notification being made the

Party may apply the measures.

(e) any emergency measure shall be taken no later than 215 days after the date of initiation of the proceeding;

(f) no measure may be taken by a Party against any particular good originating in the territory of the other Party more than two times or for a cumulative period exceeding two years; g) upon termination of the measure, the rate of duty or quota shall be the level which would have been in effect but for the measure;

(h) priority shall be given to such measures as will least disturb the functioning of this Agreement.

(i) if a Party subjects imports of goods to an administrative procedure, the purpose of which is the rapid provision of information on the trend of trade flows, liable to give rise to emergency measures, it shall inform the other Party.

(j) the measures taken shall be subject to periodic consultations within the Joint Committee with a view to their relaxation or abolition when conditions no longer justify their maintenance.

Article 6 Global Emergency Measures

1. Each Party retains its rights and obligations under Article XIX of GATT 1994, the WTO Agreement on Safeguards or any other safeguard agreement pursuant thereto except those regarding exclusion from a measure to the extent that such right or obligation is inconsistent with this Article. Any Party taking an emergency measure under Article XIX, the WTO Agreement on Safeguards or any such agreement shall exclude imports of a goods from the other Party from the measure unless:

(a) imports from the other Party account for a substantial share of total imports; and

(b) imports from the other Party contribute importantly to the serious injury or threat thereof caused by total imports.

2. In determining whether:

(a) imports from the other Party account for a substantial share of total imports, those imports normally shall not be considered to account for a substantial share of total imports if that Party is not among the top five suppliers and does not supply at least 15 percent of the good subject to the proceeding, measured in terms of import share during the most recent representative period, that shall normally be three-years. During the first three years after the entry into force of this Agreement, the import share may be calculated for a period shorter than three years to the extent not to include the years before the date of entry into force of this Agreement; and

- (b) imports from the other Party contribute importantly to the serious injury or threat thereof, the competent investigating authority shall consider such factors as the change in the import share of the other Party and the level and change in the level of imports of the other Party. In this regard, imports from the other Party normally shall not be deemed to contribute importantly to serious injury or threat thereof, if the growth rate of imports from that Party during the period in which the injurious increase in imports occurred is appreciably lower than the growth rate of total imports from all sources over the same period.
- 3. The following conditions and limitations shall apply to a proceeding that may result in emergency measures under paragraph 1 or 4:
 - (a) the Party initiating such a proceeding shall, without delay, deliver to the other Party written notice thereof;
 - (b) where, as a result of a measure, the rate of a customs duty is increased, the margin of preference shall be maintained;
 - (c) no measure may be taken by a Party against any particular good originating in the territory of the other Party more than two times or for a cumulative period exceeding two years; and
 - (d) upon the termination of the measure, the rate of a customs duty or quota shall be the rate which would have been in effect but for the measure.
- 3. A Party taking such measures, from which a good from the other Party is initially excluded pursuant to paragraph 1, shall have the right subsequently to include that good from the other Party in the measure in the event that the competent investigating authority determines that an increase in imports of such good from the other Party is contributing importantly to the serious injury or threat thereof and thereby undermines the effectiveness of the measure.]

Re-exports and Serious Shortage Article 7

In the event that a Party adopts or maintains a prohibition or restriction on 1.
the importation from or exportation to a non-Party of a good, nothing in
this Agreement shall be construed to prevent the Party from:

- (a) limiting or prohibiting the importation from the territory of the other
Party of such good of that non-Party; or
- (b) requiring as a condition of export of such good of the Party to the
territory of the other Party, that the good not be re-exported to the non-Party,
directly or indirectly, without being consumed in the territory of the other

Party.

A Party adopting or maintaining a prohibition or restriction as described above shall do so in accordance with the procedures laid down in Article 8 .

2. Where compliance with the provisions of Articles (Chapter- Trade in Goods) leads to a serious shortage, or threat thereof, of goods essential to the exporting Party and where this situation gives rise or is likely to give rise to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 8 in a non-discriminatory manner.

State Trading Enterprises Article 8

Each signatory party shall ensure that any State Trading Enterprise it maintains or establishes acts in a manner consistent with the provisions of Article XVII of GATT 1994.

Payments [Article 9

1. Payments in freely convertible currencies relating to trade in goods between the Parties and the transfer of such payments to the territory of a Party, where the creditor resides, shall be free from any restrictions.
2. The Parties shall refrain from any exchange or administrative restrictions on the grant, repayment or acceptance of short and medium credits concerning commercial transactions in which a resident participates.
3. Any measures concerning current payments connected with the movement of goods shall be in conformity with the conditions laid down under Article VIII of the Statutes of the International Monetary Fund.] MS will send new text

Rules of Competition Concerning Undertakings [Article 10

1. The following are incompatible with the proper functioning of this Agreement in so far as they may affect trade between the Parties:
 - (a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the

prevention, restriction or distortion of competition;
(b) abuse by one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof.

2. The provisions of paragraph 1 shall apply to the activities of all undertakings including public undertakings and undertakings to which the Parties grant special or exclusive rights. Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly, shall be subject to provisions of paragraph 1 insofar as the application of these provisions does not obstruct the performance, in law or in fact, of the particular public tasks assigned to them.

With regard to goods referred to in (Agricultural Goods Article), the 3 provisions stipulated in Paragraph 1(a) shall not apply to such decisions and practices which form an integral part of national marketing organization.

4. If a Party considers that a given practice is incompatible with paragraphs 1 and 2 of this Article, and if such practice causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry, the Party concerned may take appropriate measures after consultation within the Joint Committee or after thirty working days following referral for such consultation.

5. Subject to its laws, regulations and policies, each Party shall accord fair and equitable treatment to the individuals, companies, government agencies and other entities of the other Party engaged in the pursuit of activities under this Agreement.]

MS will send new proposal.

Balance of Payments Difficulties Article 12

The Parties shall endeavour to avoid the imposition of restrictive measures for 1. balance-of-payments purposes.

A Party in serious balance-of-payments difficulties, or under imminent threat 2. thereof, may, in accordance with the conditions established under the GATT 1994 and the WTO Understanding on the Balance-of-Payments Provisions, adopt trade restrictive measures, which shall be of limited duration and non-discriminatory, and may not go beyond what is necessary to remedy the balance-of-payments situation. The relevant provisions of the GATT 1994 and the WTO Understanding on the

Balance-of-Payments Provisions are hereby incorporated into and made part of this Agreement.

3. In applying temporary trade measures as described in paragraph 2, the Party in question will accord treatment no less favourable to imports originating in the other Party than to imports originating in any other country.

The Party introducing a measure under this Article shall promptly notify the other Parties and the Joint Committee thereof.

Protection of Intellectual Property [Article 13

1. The Parties shall grant and ensure protection of intellectual property rights in accordance with the obligations arising from the WTO Agreement on Trade - Related Aspects of Intellectual Property Rights, ~~including granting and enforcing of such rights. The protection shall conform with the substantive standards of the multilateral Agreements which are specified in Annex X (IP).~~

2. ~~For the purpose of this Agreement the term "intellectual property" shall be defined as that term is defined in the TRIPS Agreement, including inter alia, Copyright and Related Rights; Trademarks; Geographical Indications; Industrial Designs; Patents; Layout Designs (Topographies) of Integrated Circuits; Undisclosed Information, and Protection of new plant varieties.~~

3. ~~The Parties shall co-operate in matters of intellectual property. Upon request of either Party, they shall hold consultations of experts on these matters, in particular with respect to activities, relating to existing or to future international conventions on the harmonization, administration and enforcement of intellectual property rights, and on activities in international organizations, such as the WTO, World Intellectual Property Organization, as well as concerning the relations of the Parties with third countries with respect to the intellectual property matters.~~

4. ~~The implementation of this article shall be assessed by the Parties. Upon difficulties in trade in relation to the rights of intellectual property, either of the Parties may request urgent consultations for finding a mutually acceptable solution.]~~

Israel will send new text

Services and investments Article 14

1. The Parties recognize the growing importance of certain areas, such as services and investments. In their efforts to gradually deepen and broaden their co-operation, they will cooperate with the aim of achieving a progressive liberalization and mutual opening of markets for investments and trade in services, taking into account relevant GATS work.
2. The modalities for this co-operation will be discussed in the Joint Committee, with a view to opening negotiations.

Customs Cooperation Article 15

The Parties commit themselves to developing customs cooperation to ensure that the provisions on trade are observed. For this purpose they establish a dialogue on customs matters and shall provide mutual assistance in accordance with the provisions of Annex X [Mutual Assistance].

Article 17 Technical Regulations, Standards and Conformity Assessment Procedures

General Provisions

Article 1 - The Parties recognize the important role of harmonised international standards in technical regulations in the development of trade.

Article 2.- The provisions of this Annex are intended to prevent the technical regulations, standards and conformity assessment procedures, and metrology, adopted and applied by the Signatory Parties from becoming unnecessary technical barriers to mutual trade. In this regard the Signatory Parties reaffirm their rights and obligations in respect of the Agreement on Technical Barriers to Trade (WTO/TBT Agreement), and agree on the provisions established in this Annex.

Paragraph 1 – The provisions of this Annex do not apply to sanitary and phytosanitary measures, supply of services and government procurement.

Paragraph 2 – The definitions of Annex 1 of the WTO/TBT Agreement, of the International Vocabulary of Basic and General Terms in Metrology – VIM – and the Vocabulary of Legal Metrology shall apply to this Annex.

Paragraph 3 – The Signatory Parties agree to comply with the International System of Units (SI). [The Parties shall adopt the recommendations and documents of the International Organization of Legal Metrology (OIML) for activities related to legal Metrology.] **Consultations Israel**

Article 3.- The Signatory Parties agree to strengthen their national standardization, technical regulation, conformity assessment and metrology systems, based on relevant international standards or international standards in imminent completion.

Article 4.- The Signatory Parties, in order to facilitate trade, may commence negotiations with a view to the signing of Recognition Agreements between competent bodies of each Signatory Party in the areas of technical regulation, conformity assessment and metrology based on the WTO/TBT Agreement principles and the international references in each matter.

Paragraph 1 – In order to facilitate this process, preliminary negotiations may begin to assess equivalence between their technical regulations.

Paragraph 2 – In the framework of this recognition process, the Signatory Parties shall facilitate access to their territories to demonstrate the implementation of their conformity assessment system.

Paragraph 3 – The terms of the Recognition Agreements of conformity assessment systems and equivalence of the technical regulations shall be defined in each case by the competent bodies, which, among other things, shall establish the conditions and terms of compliance.

[Article 5 - The Parties shall meet once a year, in order to discuss ways of enhancing and improving cooperation, with a view to opening negotiations on mutual recognition agreement.] **Consultations Israel**

Technical Cooperation

Article 6.- The Signatory Parties agree to provide mutual cooperation and technical assistance through competent international or regional organizations in order to:

- a) Promote the application of this Annex;
- b) Promote the application of the WTO/TBT Agreement;
- c) Strengthen their respective metrology, standardization, technical regulation, conformity assessment bodies as well as their information and notification systems within the framework of the WTO/TBT Agreement;
- d) Strengthen technical confidence between such bodies, mainly with a view to establishing Mutual Recognition Agreements of interest to the Signatory Parties;
- e) Increase participation and seek coordination of common positions at international organizations on issues related to standardization and conformity assessment;
- f) Support the development and application of international standards;
- g) Increase the training of the human resources needed for the purposes of this Annex;
- h) Increase the development of joint activities between the technical bodies involved in the activities covered by this Annex.

Transparency

Article 7.- The Signatory Parties shall favour the adoption of a mechanism to identify and look for concrete ways to overcome unnecessary technical barriers to trade arising from the application of technical regulations, standards and conformity assessment procedures.

[Article 8 - The Parties shall cooperate and exchange information in the field of standardization, metrology, conformity assessment and product certification, with the aim of eliminating technical barriers in trade. The Parties shall periodically exchange information on the list of mandatory standards, as well as a list of conformity assessment bodies and testing laboratories working in this field. Each Party, upon a request by the other Party, shall submit information on particular individual cases of standards, technical rules or similar measures.]

Consultations
Israel

Article 9.- The Signatory Parties agree to promote articulation between its focal points of information on technical barriers to trade, in order to meet the needs derived from the implementation of this Annex