

CHAPTER
TRADE IN GOODS

Article 1- Scope

The provisions of this chapter shall apply to goods originating in Israel and in MERCOSUR (except as otherwise provided in this agreement)

Article 2- Basic Principles

1. For the purposes of this Agreement the Israeli customs tariff shall apply to the classification of goods for imports to Israel, and the MERCOSUR Common Nomenclature shall apply with regard to the classification of goods for imports to MERCOSUR, at a level of (8) digits, both based on the Harmonized Goods Description and Coding System in its [2002] version.

A Party may create new tariff openings, provided that the Customs duties applicable to the corresponding originating goods are not higher than those applicable to the tariff fraction segregated.

Article 3- Customs Duties and Tariff Elimination

1. The basic customs duty for the successive reductions set out in this Agreement shall be the most-favored-nation rate effectively applied by each Party on 27.04.2006. If, after this date, any tariff reduction is applied on a most-favored-nation basis, such reduced customs duties shall replace the basic customs duties as from the date when such reduction is effectively applied. To this end, each Party shall cooperate to inform the other Party of basic customs duties and preferential rates in force.

2. [Customs duties on imports applied by each Party on goods originating in the other Party ~~classified in Chapters 25 to 98 of the Harmonized System~~, other than those specified in Annex A,C and E (for products originating in Israel imported to MERCOSUR) and Annex B, D and F (for products originating in MERCOSUR imported to Israel), shall be abolished from the date of entry into force of this Agreement.

- (i) Each Party shall eliminate its customs duties on goods classified in the Harmonized System headings or subheadings listed in Annex A and Annex B (Products with Tariff Elimination Schedule for 4 years) in 4 equal stages, the first one taking place on the date of entry into force of this Agreement, and the other 3 on January 1 of each successive year, so that these customs duties are completely eliminated by January 1, 200X;

- (ii) Each Party shall eliminate its customs duties on goods classified in the Harmonized System headings or subheadings listed in Annex C and Annex D (Products with Tariff Elimination Schedule for 8 years) in 8 equal stages, the first one taking place on the date of entry into force of this Agreement, and the other 7 on January 1 of each successive year, so that these customs duties are completely eliminated by January 1, 200X;
- (iii) Each Party shall eliminate its customs duties on goods classified in the Harmonized System headings or subheadings listed in Annex E and Annex F (Products with Tariff Elimination Schedule for 10 years) in 10 equal stages, the first one taking place on the date of entry into force of this Agreement, and the other 9 on January 1 of each successive year, so that these customs duties are completely eliminated by January 1, 200X;
- (iv) None of the Parties may increase any Customs duties applied to trade between the Parties, in respect of any originating goods, except as established in art. (antidumping measures) of this annex and chapter xxx (Safeguards Measures).
- iii) Except as otherwise provided in this Agreement, no Party may increase any existing customs duty, or adopt any customs duty, on an originating good of the other Party referred to in paragraph 2.
- (v) for the purpose of elimination of duties in accordance with this Article, rates shall be rounded down, at least to the nearest tenth of a percentage point or, if the rate of duty is expressed in monetary units, at least to the nearest .01 of the official monetary unit of the Party; and]

~~[3. — Custom duties on originating goods of the other Party classified in Chapters 1 to 24 of the Harmonized System and listed in Annex E (Concessions made by Israel to MERCOSUR) and Annex F (Concessions made by MERCOSUR to Israel) shall be subject to the conditions set out in those Annexes.~~

3. Upon request of either Party, the Parties shall consult to consider accelerating the elimination or reduction of customs duties set out in the Annexes referred to in paragraph 2. ~~The Parties shall examine, upon request of either Party, the possibilities of granting each other further concessions in trade in agricultural goods.]~~

Article 5 – Import and Export Restrictions

1. Except as otherwise provided in this Agreement, no Party may adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party whether applied by quotas, licenses or other measures, except in accordance with Article XI of GATT 1994, including its interpretative notes. To this end, Article XI of GATT 1994 and its interpretative notes, or any equivalent provision of a successor agreement to which the Parties are party, are incorporated

into and made a part of this Agreement.

2. The Parties understand that the rights and obligations incorporated by paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, export price requirements and, except as permitted in enforcement of countervailing and antidumping orders and undertakings, import price requirements.

3. Notwithstanding the provisions of Paragraph 1, the Parties may maintain current measures established in Annex _____ (ar, br, py, rou, il)

Article 6 - Customs Valuation

The Agreement on the Application of Article VII of the General Agreement on Tariffs and Trade of 1994 (Agreement of the WTO on Customs Valuation) shall govern the Customs valuation rules applied by the Parties to their mutual trade.

Article 7 - Duty-free import for certain commercial samples and printed advertising materia

Each Signatory Party shall authorize the duty-free import of commercial samples of insignificant value and printed advertising materials from the territory of the other Signatory Party.

[Article 8 - Goods Reimported after being repaired or modified]

1. Neither of the Parties may apply Customs duties to a good which is reimported to its territory after export to the territory of the other Party in order to be repaired or modified.

2. Neither of the Parties may apply Customs duties to goods which, regardless of their origin, are temporarily admitted in the territory of the other Party in order to be repaired or modified.]

[Article 9 – Domestic Support]

The domestic support for agricultural goods of each Party shall be consistent with the provisions of the Agreement on Agriculture, which forms part of the WTO Agreement and to the disciplines established within the framework of future multilateral negotiations in that field.

Article 10 - Export subsidies

1. The Parties share the goal of achieving the multilateral elimination of export subsidies for agricultural products and shall cooperate in efforts to achieve an agreement within the framework of the WTO to eliminate such subsidies.

2. The Signatory Parties agree not to apply to their mutual agricultural trade export subsidies and other measures and practices of equivalent effect which distort trade and production of agricultural origin.]