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87 US-Israel Free Trade Zone Agreement ratified- 20 August 1985

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87. U.S.-Israel Free Trade Zone Agreement ratified, 20 August 1985.

The Free Trade Agreement was signed in April in Washington by American and Israeli officials. It was approved by the U.S. House of Representatives in early May by a vote of 422-0. On May 23 the Senate approved the agreement as well. The agreement called for the gradual elimination of tariffs on Israeli exports to the U.S. Another important benefit to Israel was the permission given to American businessmen to use Israel's preferential ties with the European Economic Community of which Israel was an Associate Member. American industrialists could establish plants in Israel and export from there to the EEC The following text was communicated by the Ministry of Trade and Industry:

On Sunday the cabinet ratified the Free Trade Zone Agreement between Israel and the U.S. The agreement's ratification is aimed at bringing about the initial reduction of tariffs, in accordance with the agreement, at the date agreed upon, on the first of September this year,

This comes following the agreement reached in a discussion between Minister Sharon and Ambassador Pickering and discussions in Washington, according to which contacts should be continued regarding the future of textile and clothing products exports to the U.S., with the goal of soon reaching an understanding which will permit the development of our exports.

On 1 September all tariffs on most of Israel's exports to the U.S. will be reduced or abolished.

The Foreign Trade Administration announced that the exemption from tariffs will include, among other things, products which were in danger of being taken off the list of preferred items given to Israel, such as medical equipment and gold jewelry (with the exception of gold chains which at this stage will continue to be included in the exemption within the framework of the preferred items). Similarly, a

number of items will benefit from an immediate exemption from tariffs on 1 September which in the past were excluded from the preferred items list (such as solar collectors) and other products today requiring the payment of tariffs, for example -electronic components, iron pipes and other iron products, chemicals and certain food products (such as fresh tomatoes, fresh and frozen broccoli, melons, araq and other alcoholic beverages, and soups), cigarettes, veneered wood, and certain textile products such as bathing suits, carpets, certain bed products, undecorated underwear, leatherware and furs.

Most of the other export products which have not gained an immediate exemption from tariffs beginning on 1 September will have their tariffs reduced by an average rate of 20%. Included are food products, among them avocado, apricot preserves and wines, certain chemicals, wall tiles and coverings, footwear, travel products, and all the other textile and clothing products not included in the list of those products benefitting from the immediate exemption, which includes many other products.

In the case of seven products, termed very sensitive in terms of import to the U.S., there will be no reduction in tariffs on 1 September. The seven products are: Roses, tomato products, onion and dried garlic, juices and citrus concentrates, olives, gold chains (which will continue to enjoy the exemption in the framework of the GSP until 1992) and certain bromides.

In terms of imports to Israel, the list of products benefitting from the immediate exemption (on 1 September 1985) include products which are essentially already exempt today, with the addition of a very limited list of products for which tariffs must be paid upon import from the U.S. but are exempted when they are imported from common market countries (for example: Camera parts, silicones, and some other products).

A series of products will have their tariffs made equal to the rate applied today to imports from the Common Market: This applies to raw materials and products which are not produced in Israel and also other products upon which the tariff will be lowered at the same time as the tariff for the common market is reduced (office equipment, computers, measuring equipment, lifting equipment, etc.)

Tariffs on batteries, communications equipment parts, and most textile and clothing products will be lowered on 1 September by some 20%, but in every case not below the tariff rates applied to imports from the Common Market.

Regarding many other products, declared sensitive for competitive import (such as certain food products, petrochemical products, medicines, paper goods, engines, air conditioners, communications equipment, and others) there will be no reduction in tariffs at this stage.

Only products which meet the original guidelines detailed in the agreement will be able to benefit from a tariff exemption or a reduction in tariffs in the framework of the agreement. For this reason, every shipment will have to be accompanied by a source document, filled out as required

and signed by the exports. This form can already be obtained from the Tel Aviv-Jaffa trade office and the Israel-America trade office. In coming days these forms will also be available at the exports institute and from other bodies.

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