CHAPTER 3
RULES OF ORIGIN

ARTICLE 3.1: DEFINITIONS

For the purposes of this Chapter:

aquaculture means the farming of aquatic organisms, including fish, molluscs, crustaceans, other aquatic invertebrates and aquatic plants, from seed stock such as eggs, fry, fingerlings and larvae, by intervention in the rearing or growth processes to enhance production, such as regular stocking, feeding, protection from predators, etc.;

chapters, "headings" and “subheadings” mean the chapters, the headings and the subheadings (two, four and six digit codes respectively) used in the nomenclature which makes up the HS;

CIF Value means the value of the goods, including freight and insurance costs to the port of importation in Israel or in Panama;

classification refers to the classification of a product or material under a particular heading or sub-heading;

competent authority refers to:

(a) in Israel the customs directorate of the Israel Tax Authority of the Ministry of Finance, or their successor; and

(b) in Panamá, the Ministry of Commerce and Industries (Ministerio de Comercio e Industrias) for issuance of Certificate of Origin; and the National Customs Authority (Autoridad Nacional de Aduanas) for verification of proofs of origin, or their successors;

consignment means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;

customs value means the value as determined in accordance with Article VII of GATT 1994 and the Customs Valuation Agreement;

ex-works price means the price paid for the product ex-works to the manufacturer in Israel or in Panama in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used, minus any internal taxes which are, or may be, repaid when the product obtained is exported;

goods means any materials, and products;

manufacture means any kind of working or processing, including assembly or specific operations;
**material** means any ingredient, raw material, component or part, etc., used in the manufacture of the product;

**non-Party** means the countries with which both Parties have entered separately into a Free Trade Agreement under Article XXIV of GATT 1994 or with which both sides may conclude such a Free Trade Agreement in the future;

**product** means the product manufactured, even if it is intended for later use in another manufacturing operation;

**third country** means any country other than Israel and Panama; and

**value of non-originating materials** means the CIF value or if it is not known its equivalent in accordance with Article VII of GATT 1994 and the Customs Valuation Agreement.

**ARTICLE 3.2: GENERAL REQUIREMENTS**

For the purpose of this Chapter, the following products shall be considered as originating in a Party:

(a) products wholly obtained or produced in a Party, in accordance with Article 3.4;

(b) products obtained in a Party incorporating non-originating materials which have not been wholly obtained there, provided that such materials have undergone sufficient worked or processed in the Party within the meaning of Article 3.5.

**ARTICLE 3.3: CUMULATION**

1. **Bilateral Cumulation**
   Notwithstanding Article 3.2, goods that originate in a Party, shall be considered as goods originating in the other Party and it shall not be necessary that such goods had undergone working or processing.

2. **Diagonal Cumulation**
   Where each Party entered or will enter separately into a free trade agreement under Article XXIV of the GATT 1994 with the same non-Party, and the goods qualify for tariff preferences under the agreement of one of the Parties with the non-Party, the goods will be considered as originating goods according to the present Agreement, if they are used as a material in the production of another good in the territory of the other Party.

3. A Party shall apply paragraph 2, only when the free trade agreement between each Party and the non-Party are in force.
ARTICLE 3.4: WHOLLY OBTAINED PRODUCTS

For the purposes of Article 3.2(a), the following shall be considered as wholly produced or obtained by the Parties:

(a) mineral products extracted from the soil or subsoil of any of the Parties, including its territorial seas, continental shelf or exclusive economic zone;

(b) plants and vegetable products grown, harvested, picked or gathered there, including in their territorial seas, exclusive economic zone or continental shelf;

(c) live animals born and raised there, including by aquaculture;

(d) products from live animals as in subparagraph (c);

(e) animals and products obtained by hunting, trapping, collecting, fishing and capturing in a Party; including in its territorial seas, continental shelf or in the exclusive economic zone;

(f) used articles collected there fit only for the recovery of raw materials;

(g) waste and scrap resulting from utilization, consumption or manufacturing operations conducted there;

(h) products of sea fishing and other products taken from the waters in the high seas (outside the continental shelf or in the exclusive economic zone of the Parties), only by their vessels;

(i) products of sea fishing obtained, only by their vessels, under a specific quota or other fishing rights allocated to a Party by the international agreements to which the Parties are parties;

(j) products made aboard their factory ships exclusively from products referred to in subparagraphs (h) and (i);

(k) products obtained from the seabed and subsoil, in those maritime areas beyond the territorial sea of either Party, over which that Party, in accordance with international law or the laws of a Party, exercises sovereign rights or jurisdiction.

(l) goods produced in any of the Parties exclusively from the products specified in subparagraphs (a) to (g).

2. The terms “their vessels” and 'their factory ships' in paragraph 1(h), 1(i) and 1(j) shall apply only to vessels and factory ships:

(a) which are flagged and registered or recorded in a Party; and
(b) which are owned by a natural person with domicile in that Party or by a commercial company with domicile in that Party, established and registered in accordance with the laws of the Party and performing its activities in conformity with the laws and regulations of the Party.

ARTICLE 3.5: SUFFICIENTLY WORKED OR PROCESSED PRODUCTS

1. For the purpose of Article 3.2, a product is considered to be originating if the non-originating materials used in its manufacture undergo working or processing beyond the operations referred to in Article 3.6; and

   a) the production process results in a tariff change of the non-originating materials from a four-digit heading of the HS into another four-digit heading; or
   
   b) the value of all non-originating materials used in its manufacture does not exceed 50% of the ex-works price; or
   
   c) if the product falls within the classifications included in the list in Annex 3-A, subparagraphs (a) and (b) above shall not apply. In this case it must fulfill the specific rule detailed therein.

2. A product will be considered as having undergone a change in tariff classification pursuant to subparagraph 1(a) if the value of all non-originating materials which have been used in the production of the good and have not undergone the change which must be applied in tariff classification do not exceed 10% of the ex-works value of the product.

3. The Committee, established in the Article 4.13 (Committee on Rules of Origen and Customs Procedures and Trade Facilitation) may recommend to the Joint Committee any modification for specific rules of origin by mutual agreement.

ARTICLE 3.6: INSUFFICIENT WORKING OR PROCESSING

1. The following operations shall be considered as insufficient working or processing to confer the status of originating products, whether or not the requirements of Article 3.5 are satisfied:

   (a) preserving operations to ensure that the products remain in good condition during transport and storage;

   (b) simple changing of packaging and breaking-up and assembly of packages;

   (c) washing, cleaning, removal of dust, oxide, oil, paint or other coverings;

   (d) simple painting and polishing operations, including applying oil;

   (e) husking, partial or total bleaching, polishing, and glazing of cereals and rice;

   (f) ironing or pressing of textiles;
(g) operations to colour sugar or form sugar lumps;
(h) peeling, stoning and shelling, of fruits, nuts and vegetables;
(i) sharpening, simple grinding or simple cutting;
(j) sifting, screening, sorting, classifying, grading, matching (including the making-up of sets of articles);
(k) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;
(l) dilution in water or other substances, providing that the characteristics of the products remain unchanged;
(m) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
(n) simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;
(o) simple mixing of products, whether or not of different kinds;
(p) slaughter of animals;
(q) a combination of two or more of the above operations.

ARTICLE 3.7: UNIT OF QUALIFICATION

1. The unit of qualification for the application of the provisions of this Chapter shall be the particular product which is considered as the basic unit when determining classification using the nomenclature of the HS.

2. Pursuant to paragraph 1, it follows that:

(a) when a product composed of a group or assembly of articles is classified under the terms of the HS in a single heading, the whole constitutes the unit of qualification;

(b) when a consignment consists of a number of identical products classified under the same heading of the HS, each product must be taken individually when applying the provisions of this Chapter.

3. Where, under General Rule 5 of the HS, packaging is included with the product for classification purposes, it shall be included for the purposes of determining origin.

4. Subject to General Rule 5 of the HS, when the products qualify as wholly obtained according to Article 3.4, the packaging shall not be taken into consideration for the
purposes of determining origin.

ARTICLE 3.8: ACCOUNTING SEGREGATION

1. For the purpose of establishing if a product is originating when in its manufacture are utilized originating and non-originating fungible materials, mixed or physically combined, the origin of such materials can be determined by any of the inventory management methods applicable in the Party.

2. For the purposes of this Article, “fungible materials” means materials that are of the same kind and commercial quality, with the same technical and physical characteristics, and which cannot be distinguished from one another once they are incorporated into the finished product.

3. Where considerable cost or material difficulties arise in keeping separate stocks of originating and non-originating materials which are identical and interchangeable, the customs authorities may authorize the so-called "accounting segregation" method to be used for managing such stocks.

4. This method must be able to ensure that the number of products obtained which could be considered as "originating" is the same as that which would have been obtained if there had been physical segregation of the stocks.

5. The customs authorities may grant such authorizations, subject to any conditions deemed appropriate.

6. This method is recorded and applied on the basis of the general accounting principles applicable in the Party where the product was manufactured.

7. The user of this method may issue or apply for proofs of origin providing information about the inventory management method used, as the case may be, for the quantity of products which may be considered as originating. The management method selected for a particular fungible material or material shall continue to be used for that good or material throughout the fiscal year for the person that selected the inventory management method.

8. A producer using an inventory management system shall keep records of the operation of the system that are necessary for the competent authorities of the Party concerned to verify compliance with the provisions of this Chapter.

9. A Party may require that the application of an inventory management system as provided for in this Article be subject to prior authorization.

ARTICLE 3.9: ACCESSORIES, SPARE PARTS AND TOOLS

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle, which are part of the normal equipment and included in the price
thereof or which are not separately invoiced, shall be regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

**ARTICLE 3.10: SETS**

Sets, as defined in General Rule 3 of the HS, shall be regarded as originating when all component goods are originating. Nevertheless, when a set is composed of originating and non-originating goods, the set as a whole shall be regarded as originating, provided that the CIF value of the non-originating goods does not exceed 20% of the ex-works price of the set.

**ARTICLE 3.11: NEUTRAL ELEMENTS**

In order to determine whether a product originates, it shall not be necessary to determine the origin of the following which might be used in its manufacture:

(a) energy and fuel;
(b) plant and equipment;
(c) machines and tools;
(d) goods which do not enter into the final composition of the product.

**ARTICLE 3.12: PRINCIPLE OF TERRITORIALITY**

1. Except as provided for in Article 3.3 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Article 3.5 must be fulfilled without interruption in the Parties.

2. Where originating goods exported from the Parties to a third-country, returned to the exporting Party, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

   (a) the returning goods are the same as those exported; and
   
   (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that third-country or while being exported.

3. The acquisition of originating status in accordance with the conditions set out in this Chapter shall not be affected by working or processing done outside the Parties on materials exported from the Parties and subsequently re-imported there, provided that:

   (a) the said materials are wholly obtained in the Parties or have undergone working or processing beyond the operations referred to in Article 3.6 prior to being exported; and
   
   (b) it can be demonstrated to the satisfaction of the customs authorities that:
(i) re-imported goods have been obtained by working or processing the exported materials; and

(ii) total added value acquired outside the Parties by applying the provisions of this Article does not exceed 20% of the ex-works price of the end product for which originating status is claimed.

4. For the purposes of applying the provisions of paragraph 3:

(a) “total added value” shall be taken to mean all costs arising outside the Parties, including the value of the materials incorporated there;

(b) the total added value as detailed in paragraph (a) shall be considered as non-originating materials for the purposes of Article 3.5.1(b) or Annex 3-A (Product Specific Rules of Origin).

5. The provisions of paragraph 3 shall not apply to products which do not fulfil the conditions set out in Article 3.5, and to products of Chapters 1 to 24, Chapter 34, Chapter 39 and Chapter 48 of the HS.

6. In the cases where paragraph 3 applies, that fact will be indicated in Field No. 13 in the Certificate of Origin, in accordance with Annex 3-B.

ARTICLE 3.13: DIRECT TRANSPORT

1. The preferential treatment provided under this Agreement applies only to products, satisfying the requirements of this Chapter, which are transported directly between the Parties.

2. However, products originating in the territories of the Parties and constituting one single consignment which is not split up may be transported through other territories with, should the occasion arise, transshipment or temporary warehousing in such territories, under the surveillance of the customs authorities therein, provided that:

   (a) the transit is justified for geographical or international transport;

   (b) during transit or transshipment the goods have not been processed; or

   (c) have not undergone operations other than unloading, reloading or any operation designed to preserve them in good condition.

3. Evidence that the conditions set out in paragraph 1 have been fulfilled shall be supplied to the customs authorities of the importing Party by the production of:

   (a) any single transport document, that meets international standards and that proves that the goods were directly transported from the exporting Party
through the third country where the goods are in transit to the importing Party; or

(b) a certificate issued by the customs authorities of the third country where the goods were in transit which contains an exact description of the goods, the date and place the loading and reloading of the goods in that third country and the conditions under which the good were placed; or

(c) in the absence of any of the above documents, any other documents that will prove the direct shipment.

4. Goods exported from one of the Parties will retain their originating status when they are reimported into that Party.

5. Notwithstanding the provisions in paragraphs 1 and 2, originating goods of one Party that entered the territory of a non-Party shall not lose their originating status on the condition that they have not undergone additional processing other than that detailed in Article 3.6.

For the purpose of this paragraph, the exporter in the territory of the exporting Party shall be responsible for all operations the goods have undergone in a non-Party, and shall indicate in the Certificate of Origin which operations, as listed in Article 3.6, the goods have undergone.

ARTICLE 3.14: RE-EXPORTED GOODS

1. Goods re-exported from a free zone located in the territory of one Party (hereinafter referred to as the "reexporting Party"), to the territory of the other Party (hereinafter referred to as the "importing Party"), shall maintain the originating status granted under a preferential trade agreement in accordance with Article XXIV of the GATT 1994 between the importing Party and a non-Party (hereinafter referred to as the "preferential trade agreement"), subject to the provisions established in paragraph 2.

2. For the purpose of the application of paragraph 1, it is required that:

   (a) the goods remained under customs control and supervision, of the reexporting Party;

   (b) the goods have not undergone operations besides those allowed by the preferential trade agreement. Unless otherwise provided by the preferential trade agreement, these operations may include: transshipment, warehousing, deconsolidation or splitting up of consignments, sales, packaging, bottling, making up of sets, labeling of packages or consolidation;

   (c) the goods have not undergone production in the free zones; and

   (d) all other provisions of the said preferential trade agreement are fulfilled.
3. The importer that requests preferential tariff treatment in accordance with the preferential trade agreement between the importing Party and the non-Party shall present, together with the Certificate of Origin or preferential document according to the preferential trade agreement, a certificate of reexportation or any other document that confirms and specifies the operations that the goods have undergone and that they remained under customs control.

4. The provisions of this Article shall not prejudice the preferential trade agreement between the importing Party and the non-Party. In case of contradiction between the provisions of this article and the preferential trade agreement between the importing Party and the non-Party, the preferential trade agreement shall prevail.

ARTICLE 3.15: EXHIBITIONS

1. Originating goods, sent for exhibition to a third country other than the Parties and sold after the exhibition for importation in the Parties shall benefit on importation from the provisions of this Agreement providing the satisfaction of the customs authorities that:

   (a) an exporter has consigned these goods from the Parties to the third country in which the exhibition is held and has exhibited them there;

   (b) the goods have been sold or otherwise disposed of by that exporter to a person in the Parties;

   (c) the goods have been consigned during the exhibition or immediately thereafter in the third country to which they were sent for exhibition; and

   (d) the goods have not been used, since they were consigned for exhibition, for any purpose other than demonstration at the exhibition.

2. A proof of origin must be issued or made out in accordance with the provisions of this Chapter and submitted to the customs authorities of the importing Party in the normal manner. The name and address of the exhibition must be indicated thereon.

3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organized for private purposes in shops or business premises with a view to the sale of foreign goods, and during which the goods remain under customs control.

ARTICLE 3.16: GENERAL REQUIREMENTS FOR PROOF OF ORIGIN

For the purpose of this Chapter, Certificate of Origin means either an Electronic Certificate of Origin or a Paper Certificate of Origin.

1. Products originating in a Party, on importation into the other Party, shall, benefit from this Agreement upon submission in accordance with the law of the importing Party of one of the following proofs of origin:
(a) a Certificate of Origin, set out in Annex 3-B; or

(b) in the cases specified in Article 3.20, a declaration, subsequently referred to as the 'Invoice Declaration' given by an exporter on an invoice, which describes the products concerned in sufficient detail to enable them to be identified; the text of the Invoice Declaration is set out in Annex 3-D; or

(c) in the cases specified in Article 3.21, a declaration, subsequently referred to as the 'Approved Exporter Declaration' given by an Approved Exporter on an invoice, which describes the products concerned in sufficient detail to enable them to be identified; the text of the Approved Exporter Declaration is set out in Annex 3-E.

2. Notwithstanding paragraph 1, originating products within the meaning of this Chapter shall, in the cases specified in Article 3.25, benefit from this Agreement without submit any of the documents referred to above.

ARTICLE 3.17: PROCEDURES FOR THE ISSUANCE OF CERTIFICATES OF ORIGIN

1. Certificates of Origin shall be issued by the competent authorities of the exporting Party, either upon an electronic application or an application in paper form, by the exporter or under the exporter's responsibility by his authorized representative, in accordance with the law of the exporting Party.

2. For the purpose of paragraph 1, the exporter or his authorized representative shall fill out the electronic or paper form in accordance with Annex 3-B. These forms shall be completed in English. In special cases, the importing Party may require a translation of the Certificate of Origin.

3. The exporter applying for the issuance of a Certificate of Origin shall be prepared to submit at any time, at the request of the customs authorities of the exporting Party, all appropriate documents proving the originating status of the goods concerned, as well as the fulfillment of the other requirements of this Chapter.

4. Certificates of Origin shall be issued if the goods to be exported can be considered as products originating in the exporting Party in accordance with this Chapter.

5. The competent authorities shall take any steps necessary to verify the originating status of the products and the fulfillment of the other requirements of this Chapter. For this purpose, they shall have the right to require any evidence and to carry out any inspection of the exporter's books or any other check considered appropriate.

6. Each Certificate of Origin will be assigned a specific number by the issuing competent authorities.

7. Certificates of Origin shall be issued by the competent authorities and made available to the exporter as soon as the actual exportation has been effected or ensured.
ARTICLE 3.18: CERTIFICATES OF ORIGIN ISSUED RETROSPECTIVELY

1. Notwithstanding Article 3.17.7, a Certificate of Origin may exceptionally be issued after exportation of the products to which it relates if it was not issued at the time of exportation because of errors or involuntary omissions or special circumstances or it is demonstrated to the satisfaction of the competent authorities that the Certificate was issued but was not accepted at importation for technical reasons.

2. For the implementation of paragraph 1, the exporter must indicate in his application the place and date of exportation of the products to which the Certificate of Origin relates, and state the reasons for his request.

3. The issuing competent authorities may issue a Certificate of Origin retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file.

4. It shall be indicated on the Certificates of Origin issued in accordance with this Article that they were issued retrospectively in the Field No. 13, as detailed in Annex 3-B.

5. The provisions of this Article may also be applied to goods that on the date of entry into force of the Agreement are either in transit or are in Israel or in Panama in temporary storage under customs control, subject to the submission to the competent authorities of the importing Party, within six (6) months of the said date, of a Certificate of Origin issued retrospectively by the competent authorities of the exporting Party together with the documents showing that the goods have been transported directly in accordance with the provisions of Article 3.13.

ARTICLE 3.19: DUPLICATE CERTIFICATES OF ORIGIN

1. In the event of theft, loss or destruction of a Certificate of Origin in paper form, the exporter may apply to competent authorities that issued it for a duplicate made out on the basis of the export documents in their possession.

2. The Certificates of Origin shall indicate, in Field No. 13 that they are duplicates, as detailed in Annex 3-B.

3. The duplicate, shall bear the date of issue of the original Certificate of Origin, and shall take effect as from that date.

ARTICLE 3.20: CONDITIONS FOR MAKING OUT AN INVOICE DECLARATION

1. An Invoice Declaration as referred to in Article 3.16.1(b) may be made out by any exporter where the value of the originating good does not exceed one thousand US dollar (USD 1.000). An invoice declaration as referred to in Article 3.16(1)(c) may only be made out by an approved exporter as per Article 3.21.
2. The exporter or the approved exporter making out an invoice declaration shall be prepared to submit at any time, at the request of the competent authorities of the exporting Party, all appropriate documents proving the originating status of the products concerned, as well as the fulfilment of the other requirements of this Chapter.

3. An Invoice Declaration, which text appears in Annex 3-D shall be made out either by the approved exporter as per Article 3.21, or the exporter as per Article 3.16(1)(b) by typing, or handwriting in printed characters on the invoice, the delivery note or another commercial document.

ARTICLE 3.21: APPROVED EXPORTERS

1. The competent authorities of the exporting Party may grant the status of ‘approved exporter’ to any exporter, who makes frequent shipments of products under this Agreement, in order to make out invoice declarations irrespective of the value of the products concerned. An exporter seeking such authorisation must offer to the satisfaction of the competent authorities all guarantees necessary to verify the originating status of the products as well as the fulfilment of the other requirements of this Chapter.

2. The competent authorities may grant the status of approved exporter subject to any conditions which they consider appropriate.

3. The competent authorities shall provide the approved exporter with a customs authorisation number which shall be indicated on the Invoice Declaration.

4. The competent authorities shall monitor the use of the authorisation by the approved exporter.

5. The competent authorities may withdraw the authorization at any time. It shall do so where the approved exporter no longer offers the guarantees referred to in paragraph 1, no longer fulfils the conditions referred to in paragraph 2 or otherwise makes an incorrect use of the authorization.

ARTICLE 3.22: VALIDITY OF PROOF OF ORIGIN

1. Proof of origin shall be valid for twelve (12) months from the date of issue in the exporting Party, and must be submitted within that period to the customs authorities of the importing Party.

2. Proof of origin which are submitted to the customs authorities of the importing Party after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit these documents by the final date set is due to exceptional circumstances.

3. In other cases of belated presentation, the customs authorities of the importing Party may accept the proofs of origin where the products have been submitted before the said final date.
ARTICLE 3.23: SUBMISSION OF PROOF OF ORIGIN

Proof of origin shall be submitted to the customs authorities of the importing Party in accordance with the procedures applicable in that Party. Those authorities may require the import declaration to be accompanied by a statement from the importer to the effect that the products meet the conditions required for the implementation of this Agreement.

ARTICLE 3.24: IMPORTATION BY INSTALLMENTS

Where, at the request of the importer and on the conditions laid down by the customs authorities of the importing Party, dismantled or non-assembled products within the meaning of General Rule 2(a) of the HS are imported by installments; a single proof of origin for such products shall be submitted to the customs authorities upon importation of the first installment.

ARTICLE 3.25: EXEMPTIONS FROM PROOF OF ORIGIN

1. Products sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating products without requiring the submission of a proof of origin, provided that such products are not imported by way of trade and have been declared as meeting the requirements of this Chapter and where there is no doubt as to the veracity of such a declaration. In the case of products sent by post, this declaration can be made on the customs declaration or on a sheet of paper annexed to that document.

2. Imports which are occasional and consist solely of products for the personal use of the recipients or travellers or their families shall not be considered as imports by way of trade if the nature and quantity of the products is not for commercial purpose.

3. Furthermore, the total value of these products shall not exceed five hundred US dollar (USD 500) in the case of small packages or one thousand US dollar (USD 1,000) in the case of products forming part of travellers' personal luggage.

ARTICLE 3.26: AMOUNTS EXPRESSED IN US DOLLAR

1. For the application of the provisions of Article 3.20 and Article 3.25(3) of this Chapter in cases where products are invoiced in a currency other than US dollar, amounts in the national currencies of the Parties equivalent to the amounts expressed in US dollar shall be fixed annually by each of the Parties.

2. A consignment shall benefit from the provisions of Articles 3.20 and 3.25(3) by reference to the currency in which the invoice is drawn up, according to the amount fixed by the Party concerned.

3. The amounts to be used in any given national currency shall be the equivalent in that currency of the amounts expressed in US dollar as at the first working day of October.
The amounts shall be communicated to the competent authorities the other Party by October 15 and shall apply from January 1 the following year.

4. A Party may round up or down the amount resulting from the conversion into its national currency of an amount expressed in US dollar. The rounded off amount may not differ from the amount resulting from the conversion by more than 5%. A country may retain unchanged its national currency equivalent of an amount expressed in USD if, at the time of the annual adjustment provided for in paragraph 3, the conversion of that amount, prior to any rounding off, results in an increase of less than 15% in the national currency equivalent. The national currency equivalent may be retained unchanged if the conversion would result in a decrease in that equivalent value.

ARTICLE 3.27: SUPPORTING DOCUMENTS

1. The documents referred to in Articles 3.17(3) and 3.20(2) used for the purpose of proving that products covered by a Certificate of Origin or an Invoice Declaration can be considered as products originating in the Parties and fulfill the other requirements of this Chapter may consist inter alia of the following:

   (a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example in his accounts or internal bookkeeping;

   (b) documents proving the originating status of materials used, issued or made out in the Parties where these documents are used in accordance with the laws of the Parties;

   (c) documents proving the working or processing of materials in the Parties, issued or made out in the Parties, where these documents are used in accordance with the laws of the Parties;

   (d) Certificates of Origin or invoice declarations proving the originating status of materials used, issued or made out in the Parties in accordance with this Chapter;

   (e) appropriate evidence concerning working or processing undergone outside Israel or Panama by application of Article 3.12, proving that the requirements of that Article have been satisfied.

2. In the case where an operator situated in a third country which is not the exporting Party, issues an invoice covering the consignment, that fact shall be indicated in the Certificate of Origin in accordance with Annex 3-B.

ARTICLE 3.28: PRESERVATION OF PROOF OF ORIGIN AND SUPPORTING DOCUMENTS

1. The exporter applying for the issue of the Certificate of Origin shall keep for at least five (5) years the documents referred to in Article 3.17(3) as well as the supporting documents to the certificate of origin.
2. The exporter making out an Invoice Declaration shall keep for at least five (5) years a copy of this Invoice Declaration, as well as the documents referred to in Article 3.20(2).

3. The competent authorities in the exporting Party that issued a Certificate of Origin shall keep for at least five (5) years any document relating to the application procedure referred to in Article 3.17(2).

4. The competent authorities of the importing Party shall keep for at least five (5) years the Certificates of Origin and the Invoice Declarations submitted to them.

ARTICLE 3.29: DISCREPANCIES AND FORMAL ERRORS

1. The discovery of slight discrepancies between the statements made in the proofs of origin and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not ipso facto render the proofs of origin null and void if it is duly established that this document does correspond to the products submitted.

2. Obvious formal errors on a proof of origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

ARTICLE 3.30: MUTUAL ASSISTANCE

1. The customs authorities of the Parties shall provide each other with the addresses of the customs authorities responsible for verifying Certificates of Origin and Invoice Declarations.

2. In order to ensure the proper application of this Chapter, the customs authorities of the Parties shall assist each other, through their respective customs authorities, in checking the authenticity of the Certificates of Origin, the Invoice Declarations and the correctness of the information given in these documents. To the extent of each Party's competence, its resources and in accordance with its law, such assistance shall include, inter alia, granting, to the designated customs officers from one Party, access to the other Party's website where the Certificates of Origin are stored.

ARTICLE 3.31: VERIFICATION OF PROOFS OF ORIGIN

1. Subsequent verifications of proofs of origin shall be carried out at random or whenever the customs authorities of the importing Party have reasonable doubts of the authenticity of proofs of origin, the originating status of the products concerned or the fulfilment of the other requirements of this Chapter.

2. For the purposes of implementing the provisions of paragraph 1, the customs authorities of the importing Party shall transmit requests for verification of origin through
electronic means to the customs authorities of the exporting Party. The request for verification shall include the number of the Certificate of Origin or in the case of an Invoice Declaration, a copy thereof. In support of the request for verification, where needed, the reasons for the request should be indicated, and any documents and information obtained suggesting that the information given on the proofs of origin is incorrect should be attached.

3. The verification shall be carried out by the customs authorities of the exporting Party. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's books or any other check considered appropriate.

4. If the customs authorities of the importing Party decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary.

5. The customs authorities requesting the verification shall be informed of the results of this verification by electronic means as soon as possible, but not later than ten (10) months from the date of the request. These results must indicate clearly whether the information contained in the proofs of origin and the supporting documents is correct, and whether the products concerned can be considered as products originating in the Parties and fulfil the other requirements of this Chapter.

6. If in cases of reasonable doubt there is no reply within ten (10) months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the proofs of origin or the real origin of the products, the requesting customs authorities shall, except in exceptional circumstances, refuse entitlement to the preferences.

7. This Article shall not preclude the exchange of information or the granting of any other assistance as provided for in customs cooperation agreements.

8. Where disputes arise in relation to the verification procedures which cannot be settled between the customs authorities requesting a verification and the customs authorities responsible for carrying out the verification or with respect to the interpretation of this Chapter, the matter shall be submitted to the Committee established in Article 4.13 (Committee on Rules of Origin, Custom Procedures and Trade Facilitation).

9. In all cases of disputes between the importer and the customs authorities of the importing Party shall be under the law of such Party.

ARTICLE 3.32: COMMON PROCEDURES

The Committee on Rules of Origin, Custom Procedures and Trade Facilitation may draft uniform procedures, which it considers necessary to be submitted to the Joint Committee for its approval.
ARTICLE 3.33: AMENDMENTS TO THE CHAPTER

The Joint Committee may decide to amend the provisions of this Chapter.