

CHAPTER I

INITIAL PROVISIONS

Article 1 - Contracting and Signatory 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 Oriental Republic of Uruguay, Member States of MERCOSUR, 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 are to:

1. eliminate barriers to trade in, and facilitate the movement of goods between the territories of the Parties;
2. promote conditions of fair competition in the free trade area;
3. increase substantially investment opportunities in the territories of the Parties, and increase cooperation in areas which are of mutual interest to the Parties;
4. create effective procedures for the implementation, application and compliance with this Agreement, and its joint administration; and



5. 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 and Signatory Parties shall interpret and apply the provisions of this Agreement in the light of its objectives set out in Article 3 of this Chapter and in accordance with applicable rules of international law.
2. Each Party and Signatory 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 and Signatory 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 the Parties and Signatory Parties are party.

Article 6 - Extent of Obligation

Each Signatory 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:

1. 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 2 of Chapter V (Safeguards) 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.
2. GATT 1994 means the General Agreement on Tariffs and Trade of 1994, which is part of the WTO Agreement;
3. 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;
4. 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;
5. Measure includes any law, regulation, procedure, requirement or practice;
6. Originating goods or material means a good or material that qualifies as originating under the provisions of Chapter IV (Rules of Origin); and
7. WTO Agreement means the Marrakesh Agreement Establishing the World Trade Organization, including GATT 1994.

