

[RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION]

1. When a product is being imported in such increased quantities as to be a substantial cause of serious injury or the threat thereof to domestic producers of like or directly competitive products, the importing Party shall consult with the other Party in accordance with Article 18 before taking any action affecting the trade of the other Party.

2. Neither Party shall take an action which provides solely for a suspension of the reduction or elimination of any duty provided for by this Agreement unless the serious injury or threat thereof which is substantially caused by imports to the domestic producers of like or directly competitive products results from the reduction or elimination of a duty provided for by this Agreement.

3. When, in the view of the importing Party, the importation of a product from the other Party is not a substantial cause of the serious injury or threat thereof referred to in paragraph 1, the importing Party may except the product of the other Party from any import relief that may be imposed with respect to imports of that product from third countries, taking into account the objective of achieving bilateral free trade as embodied in this Agreement, the domestic laws and international obligations of the Parties.

ARTICLE 6

[IMPORT RESTRICTIONS ON AGRICULTURE]

Import restrictions, other than customs duties, including, but not limited to, quantitative restrictions and fees, based on agricultural policy considerations may be maintained by the Parties.

ARTICLE 7

[GENERAL AND SECURITY EXCEPTIONS]

Article XX and XXI of the GATT are hereby incorporated into and made a part of this Agreement.

ARTICLE 8

[SPECIAL EXCEPTION FOR KASHRUTH]

This Agreement shall not preclude the adoption or enforcement by either Party of measures relating to prohibitions on religious or ritual grounds provided that they are applied in accordance with the principle of national treatment.

ARTICLE 9

[HEALTH]

1. The Parties shall review their current and future rules on veterinary and plant health matters to insure that these rules are applied in a non-discriminatory manner, and that these rules do not have the effect of unduly obstructing trade.

2. With reference to the matters in paragraph 1, the Parties shall consult on any difficulties that may arise in their trade in agricultural products and shall seek to provide solutions which will allow trade in agricultural products insofar as they do not endanger animal and plant health.

3. To insure harmonious development of trade in agricultural products, the Joint Committee shall establish a working group, in accordance with subparagraph 3 (b) of Article 17, which shall convene at the request of either Party to consider matters relating to paragraphs 1 and 2 of this Article.

ARTICLE 10

[INFANT INDUSTRY]

1. Insofar as its industrialization and development make protective measures necessary Israel may through December 31, 1990, after consultation within the Joint Committee, and after that date, upon agreement within the Joint Committee, introduce, increase or re-introduce ad valorem customs duties not exceeding 20 percentage points above the level that would otherwise be in effect. The total value of the products for which these measures can be applied may not exceed 10% of the total value of Israel's imports from the United States in 1984.

2. These measures may be taken only if they are necessary to protect and favor the development of a new processing industry not already existing in Israel on the date of the entry into force of the Agreement; they may be applied only with respect to the production of specific goods.

3. Twenty-four months after introducing, increasing or re-introducing customs duties, Israel shall reduce the tariffs by at least 5% per year in respect of imports of the products in question originating in the United States. The abolition of such duties must be completed by not later than January 1, 1995.

ARTICLE 11

[BALANCE OF PAYMENTS]

1. a. A Party may apply temporary trade measures when it is threatened by, or suffers from, a serious balance of payments situation. A Party may impose temporary trade measures only to provide time for macroeconomic adjustment measures to correct its balance of payments problems to take effect. Temporary trade measures permitted by this paragraph may not be used to protect individual industries or sectors.

b. A serious balance of payments situation would be indicated by one or more of the following: a substantial deterioration in the trade and current account positions, significant pressure on the exchange rate, or a substantial fall in net reserves, as projected either in a decrease of reserves or in an increase of short term debt.

2. Temporary trade measures which may be applied under paragraph 1 are:

- a. an import surcharge in the form of import duties;
- b. an import deposit; or
- c. quantitative restrictions.

3. a. Whenever practicable the Parties will prefer the use of the temporary measures specified in subparagraphs 2 (a) and 2 (b). Quantitative restrictions will be imposed when measures 2(a) and 2(b) would be inadequate in terms of their balance of payments effects.

b. Whenever practicable, the Parties will avoid applying more than one of the measures specified in paragraph 2 to any single product at the same time.

4. A temporary trade measure applied under paragraph 1 may remain in force for a period not exceeding 150 days unless extended by the appropriate legislative body of the Party concerned for a subsequent period of 150 days. Quantitative restrictions may be extended only for one additional period of 150 days.

5. Temporary trade measures applied under paragraph 1 will be consistent in duration and effect with the severity of the balance of payments problem experienced by the Party imposing the measures and will be progressively relaxed consistent with improvements in that Party's balance of payments situation.

6. In the event that temporary trade measures are applied under paragraph 1, consultations will be held between the Parties on the balance of payments situation, to consider, inter alia, other economic measures which might be taken to deal with the balance of payments problems to permit early elimination of the temporary trade measures. Significant intensification of trade measures may be a cause for consultations between the Parties.

7. In applying temporary trade measures, the Parties will accord treatment no less favorable to imports originating in the other Party than to imports originating in third countries, and will not impair the relative benefits accorded to the other Party under this Agreement.

8. Temporary trade measures specified under subparagraphs 2 (a) and 2 (b) shall apply to all imports, except that certain imports may be excluded if their exclusion improves the effectiveness of the measures consistent with the purposes stated in paragraph 1.

Article 11 shall be subject to the procedures of Articles 18 and 19. It is understood that notification for balance of payments reasons will generally be provided under paragraph 3 of Article 18.