

FREE TRADE AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE
GOVERNMENT OF THE STATE OF ISRAEL

PREAMBLE

The Government of the State of Israel and the Government of Canada:

DESIRING to strengthen their economic relations and to promote economic development;

WISHING to create a framework for promoting investment and cooperation;

RESOLVED to foster the development of their trade with due regard to fair conditions of competition;

RECALLING the mutual interest of the Government of the State of Israel and the Government of Canada in reinforcement of the multilateral trading system as reflected in the WTO;

RECALLING that the Government of Canada and the Government of the State of Israel entered into a Memorandum of Understanding on September 27, 1976 which established a Joint Economic Commission, which was continued under a Memorandum of Understanding on Economic Cooperation entered into on August 5, 1993;

WISHING to establish a free trade area between the two countries through the removal of trade barriers;

DECLARING their readiness to explore other possibilities for extending their economic relations to other fields not covered by this Agreement;

HAVE AGREED as follows:

PART ONE

GENERAL PART

Chapter One
Objectives

Article 1.1: Establishment of the Free Trade Area

The Parties to this Agreement, consistent with Article XXIV of the General Agreement on Tariffs and Trade 1994, as specified in Annex 1A of the Agreement Establishing the World Trade Organization, hereby establish a free trade area.

Article 1.2: Objective

1. The objective of this Agreement, as elaborated more specifically in its provisions, is to eliminate barriers to trade in, and facilitate the movement of, goods between the

territories of the Parties, and thereby to promote conditions of fair competition and increase substantially investment opportunities in the free trade area.

2. The Parties shall interpret and apply the provisions of this Agreement in the light of its objective set out in paragraph 1 and in accordance with applicable rules of international law.

3. Each Party shall administer in a consistent, impartial and reasonable manner all laws, regulations, decisions and rulings affecting matters covered by this Agreement.

Article 1.3: Relation to Other Agreements

1. The Parties affirm their existing rights and obligations with respect to each other under the Agreement Establishing the World Trade Organization, (hereinafter referred to as the WTO Agreement), including the General Agreement on Tariffs and Trade 1994, (hereinafter referred to as GATT 1994), and its successor agreements and other agreements to which both Parties are party.

2. In the event of any inconsistency between this Agreement and such other agreements, this Agreement shall prevail to the extent of the inconsistency, except as otherwise provided in this Agreement.

Article 1.4: Definitions of General Application

1. For the purposes of this Agreement, unless otherwise specified:

enterprise means any entity constituted or organized under applicable law, whether or not for profit, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, sole proprietorship, joint venture or other association;

good of a Party means a domestic good as this is understood in the GATT 1994 or such a good as the Parties may agree, and includes an originating good of that Party;

Harmonized System means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes and Chapter Notes, as adopted and implemented by the Parties in their respective tariff laws;

originating good or material means a good or material that qualifies as originating under Chapter Three;

person means a natural person or an enterprise; and

territory means:

(a) with respect to Canada the territory to which its customs laws apply, including any areas beyond the territorial seas of Canada within which, in accordance with international law and its domestic law, Canada may exercise rights with respect to the seabed and subsoil and their natural resources;

(b) with respect to Israel the territory where its customs laws are applied;

2. The rights and obligations of the Parties relating to the observance of this Agreement by regional and local governments shall be governed by Article XXIV:12 of the GATT 1994.

PART TWO

TRADE IN GOODS

Chapter Two

Tariff Elimination and Related Matters

TARIFF ELIMINATION

Article 2.1: Tariff Elimination

1. Except as otherwise provided in this Agreement, neither Party may increase any existing customs duty, or adopt any customs duty, or any charge of equivalent effect on an originating good to which paragraph 2 applies.

2. Except as otherwise provided in this Agreement, each Party shall,

(a) by January 1, 1997, eliminate its customs duties on originating goods listed in Chapters 25 to 97 of the Harmonized System with the exception of the tariff items listed in Annex 2.1.1 and

(b) in the case of originating goods listed in Chapters 1 to 24 of the Harmonized System eliminate or reduce duties on goods in accordance with Annex 2.1.2.

RELATED MATTERS

Article 2.2: Customs Duties: Repair and Alteration

1. Neither Party may apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been exported from its territory to the territory of the other Party for repair or alteration, regardless of whether such repair or alteration could be performed in its territory.

2. Neither Party may apply a customs duty to a good, regardless of its origin, imported temporarily from the territory of the other Party for repair or alteration.

3. The Parties shall comply with the requirements set out in Annex 2.2.3, as amended by the Parties from time to time, to verify that the repair or alteration has been performed in the territory of one of the Parties.

Article 2.3: Definitions