

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND ISRAEL

Summary

The Free Trade Agreement between the EFTA States and Israel was signed in Geneva, Switzerland on 17 September 1992. It entered into force on 1 January 1993 (link: Article 33). The Agreement covers trade in industrial products as well as fish and marine products. In addition, bilateral agricultural agreements between the individual EFTA countries and Israel have been concluded which form part of the instruments creating the free trade area.

Among the objectives of the Agreement (link: Objectives, Article 1) are the progressive liberalisation of trade in goods in conformity with Article XXIV of the GATT. As of 1 January 1993 virtually all customs duties on trade in industrial goods and fish and other marine products were eliminated. The Agreement includes provisions relating to the elimination of customs duties and other trade barriers as well as other trade-related disciplines such as rules of competition, protection of intellectual property, public procurement, state monopolies, state aid, and payments and transfers. Under the Agreement a Joint Committee is established which supervises the Agreement.

NAVIGATING THE AGREEMENT

The Agreement consists of a total of 37 Articles, a Record of Understanding, eight Annexes (I to VIII), and four Protocols (A to D). (link: table of contents).

- **General provisions**
- **Trade in Goods**
- **Public Procurement**
- **Intellectual Property**
- **Competition**
- **State Aid**
- **Dispute settlement**
- **Institutional Provisions**
- **Final clauses**

TRADE IN GOODS

Israel is an important trading partner for the EFTA States in Eastern Europe and an important market for its exports, with significant growth potential.

Bilateral trade in goods in 2001 amounted to 1156,755 million USD (EFTA exports amounting to 825,493 million USD, whereas Israel's exports to the EFTA States represented 331,262 million USD (link: [EFTA trade statistics/Israel](#)).

Rules of Origin

The rules of origin for industrial goods (link: [Protocol B](#)) concerning the definition of the concept of originating products and the methods for administrative co-operation, are based on the current pan-European model, maintaining the general structure and the substance of the European standard rules. The specific list rules (link: [Annex II to Protocol B](#)) are also based on the current pan-European model.

Industrial Goods

The Agreement provides for effective market access for industrial goods in terms of tariffs and rules of origin, creating EFTA and EU parity for EFTA exports to Israel. As from entry into force all industrial goods originating in the EFTA States or Israel enjoy duty free access (link: [Article 4](#)).

Fish and marine products

The Agreement covers trade in all fish and other marine products (link: [Article 2 and Annex II](#)). The EFTA States and Israel grant duty free access on virtually all imports of fish products after the end of the transitional period on 31 December 2003.

Agricultural products

Trade in agricultural products is covered in three bilateral agricultural agreements negotiated between the respective EFTA State (Iceland (link: [Agricultural Agreement between Iceland and Israel](#)), Norway (link: [Agricultural Agreement between Norway and Israel](#)) and Switzerland/Liechtenstein (link: [Agricultural Agreement between Switzerland and Israel](#)) and Israel.

These agreements form part of the instruments establishing the free trade area and are subject to the relevant disciplines for trade in goods in the main agreement.

They provide for substantial concessions on both sides, while taking into account the respective sensitivities. Each agreement contains specific rules of origin, generally based on the “wholly-obtained” criteria.

PUBLIC PROCUREMENT

The Article on public procurement (link: [Article 14](#)) contains a review clause with a view to further liberalization of the public procurement markets in the Partner countries.

INTELLECTUAL PROPERTY

The provisions on protection of intellectual property rights (link: Article 15 and Annex V) covers, inter alia, patents, trademarks and copyright and geographical indications.

The level of protection in certain areas goes beyond what is stipulated under the WTO Agreement on Trade Related aspects of Intellectual Property, taking into account the principles of most favoured nation treatment and of national treatment.

COMPETITION

Regarding competition (link: Article 17), the agreement includes provisions on co-operation and exchange of information with the aim of ensuring and facilitating the enforcement of the Parties' respective competition laws.

STATE AID

The Agreement contains comprehensive and specific rules governing the granting of state aid by public authorities of the partner countries (link: Article 18). The objective of these provisions is to ensure that aid granted by the authorities to private entities do not distort, or threaten to distort, competition among undertakings in the applicable territories of the agreement.

INSTITUTIONAL ISSUES: JOINT COMMITTEE AND DISPUTE SETTLEMENT

A Joint Committee comprising the EFTA States and Israel supervises the implementation of the free trade agreement (link: Articles 26 and 27).

Consultations are the fundamental mechanism of dispute settlement between the FTA partners. The agreement implies that the Parties are to endeavour to solve any differences between them on the interpretation and application of the agreement by direct consultations, and, if need be, through consultations in the Joint Committee. For cases where the consultations do not led to a satisfactory solution, the Parties may revert to arbitration (link: Article 25bis). Annex VIII (link: Annex VIII) governs the constitution and functioning of the tribunal.