

**EURO-MEDITERRANEAN AGREEMENT BETWEEN
THE EUROPEAN COMMUNITIES AND ISRAEL**

EURO-MEDITERRANEAN AGREEMENT ESTABLISHING AN ASSOCIATION
BETWEEN THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES,
OF THE ONE PART, AND THE STATE OF ISRAEL, OF THE OTHER PART

The Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland,

Contracting Parties to the Treaty establishing The European Community and the Treaty establishing the European Coal and Steel Community,

hereinafter referred to as the "Member States", and

The European Community, the European Coal and Steel Community, hereinafter referred to as "the Community",

of the one part, and

The State of Israel, hereinafter referred to as 'Israel',

of the other part,

Considering the importance of the existing traditional links between the Community, its Member States and Israel, and the common values that they share;

Considering that the Community, its Member States and Israel wish to strengthen those links and to establish lasting relations, based on reciprocity and partnership, and promote a further integration of Israel's economy into the European economy;

Considering the importance which the Parties attach to the principle of economic freedom and to the principles of the United Nations Charter, particularly the observance of human rights and democracy, which form the very basis of the Association;

Conscious of the need to associate their efforts to strengthen political stability and economic development through the encouragement of regional cooperation;

Desirous of establishing and developing regular political dialogue on bilateral and international issues of mutual interest;

Desirous of maintaining and intensifying a dialogue on economic, scientific, technological, cultural, audiovisual and social matters to the benefit of the Parties;

Considering the respective commitments of the Community and Israel to free trade, and in particular to compliance with the rights and obligations arising out of the General Agreement on Tariffs and Trade (GATT) as it results from the negotiations of the Uruguay Round;

Convinced that the Association Agreement will create a new climate for their economic relations and in particular for the development of trade, investment and economic and technological cooperation,

Have agreed as follows:

Article 1

1. An association is hereby established between the Community and its Member States, of the one part, and Israel, of the other part.
2. The aims of this Agreement are:
 - to provide an appropriate framework for political dialogue, allowing the development of close political relations between the Parties,
 - through the expansion, *inter alia*, of trade in goods and services, the reciprocal liberalisation of the right of establishment, the further progressive liberalisation of public procurement, the free movement of capital and the intensification of cooperation in science and technology to promote the harmonious development of economic relations between the Community and Israel and thus to foster in the Community and in Israel the advance of economic activity, the improvement of living and employment conditions, and increased productivity and financial stability,
 - to encourage regional cooperation with a view to the consolidation of peaceful coexistence and economic and political stability,
 - to promote cooperation in other areas which are of reciprocal interest.

Article 2

Relations between the Parties, as well as all the provisions of the Agreement itself, shall be based on respect for human rights and democratic principles, which guides their internal and international policy and constitutes an essential element of this Agreement.

TITLE I

Political Dialogue

Article 3

1. A regular political dialogue shall be established between the Parties. It shall strengthen their relations, contribute to the development of a lasting partnership and increase mutual understanding and solidarity.
2. The political dialogue and cooperation shall in particular:
 - develop better mutual understanding and an increasing convergence of positions on international issues, and in particular on those issues likely to have substantial effects on one or the other Party,
 - enable each Party to consider the position and interests of the other,

- enhance regional security and stability.

Article 4

The political dialogue shall cover all subjects of common interest, and shall aim to open the way to new forms of cooperation with a view to common goals, in particular peace, security and democracy.

Article 5

1. The political dialogue shall facilitate the pursuit of joint initiatives and shall take place in particular:
 - (a) at ministerial level;
 - (b) at senior official level (political directors) between representatives of Israel, of the one part, and of the Council Presidency and the Commission, of the other;
 - (c) by taking full advantage of all diplomatic channels including regular briefings by officials, consultations on the occasion of international meetings and contacts between diplomatic representatives in third countries;
 - (d) by providing regular information to Israel on issues relating to the common foreign and security policy, which shall be reciprocated;
 - (e) by any other means which would make a useful contribution to consolidating, developing and stepping up this dialogue.
2. There shall be a political dialogue between the European Parliament and the Israeli Knesset.

TITLE II

Free Movement of Goods

CHAPTER 1

Basic Principles

Article 6

1. The free trade area between the Community and Israel shall be reinforced according to the modalities set out in this Agreement and in conformity with the provisions of the General Agreement on Tariffs and Trade of 1994 and of other multilateral agreements on trade in goods annexed to the Agreement establishing the World Trade Organisation (WTO), hereinafter referred to as the "GATT".
2. The Combined Nomenclature and the Israeli customs tariff shall be used for the classification of goods in trade between the Parties.

CHAPTER 2

Industrial Products

Article 7

The provisions of this Chapter shall apply to products originating in the Community and in Israel other than those listed in Annex II to the Treaty establishing the European Community and, as far as products originating in Israel are concerned, other than those listed in Annex I to this Agreement.

Article 8

Customs duties on imports and exports, and any charges having equivalent effect, shall be prohibited between the Community and Israel. This shall also apply to customs duties of a fiscal nature.

Article 9

1. (a) The provisions of this chapter shall not preclude the retention by the Community of an agricultural component in respect of goods originating in Israel and listed in Annex II to this Agreement, with the exception of those listed in Annex III.
(b) This agricultural component shall be calculated on the basis of the difference between the prices on the Community market of the agricultural products considered to have been used in the production of the goods and the prices of imports from third countries, where the total cost of the basic products in question is higher in the Community. The agricultural component may take the form of a flat-rate amount or an *ad valorem* duty. In cases where this agricultural component has been subject to tariffication it will be replaced by the respective specific duty.
2. (a) The provisions of this chapter shall not preclude the retention by Israel of an agricultural component in respect of goods originating in the Community and listed in Annex IV, with the exception of those listed in Annex V.
(b) This agricultural component shall be calculated *mutatis mutandis* on the basis of the criteria referred to in paragraph 1(b). It may take the form of a flat-rate amount or an *ad valorem* duty.
(c) Israel may enlarge the list of goods to which this agricultural component applies, provided the goods are other than those listed in Annex V and are included in Annex II to this Agreement. Before its adoption, this agricultural component shall be notified for examination to the Association Committee which may take any decision needed..
3. By way of derogation from Article 8, the Community and Israel may apply to the goods listed respectively in Annexes III and V the duties indicated in respect of each of the goods.
4. Where, in trade between the Community and Israel, the charge applicable to a basic agricultural product is reduced, or as a result of mutual concessions for processed agricultural products, the agricultural components applied in accordance with paragraphs 1 and 2 may be reduced.
5. The reduction referred to in paragraph 4, the list of goods concerned and, where applicable, the tariff quotas to which the reduction refers, shall be established by the Association Council.

6. The list of goods which are subject to a concession in form of a reduced agricultural component in trade between the Community and Israel as well as the extent of these concessions are set out in Annex VI.

CHAPTER 3

Agricultural Products

Article 10

The provisions of this Chapter shall apply to products originating in the Community and Israel and listed in Annex II to the Treaty establishing the European Community.

Article 11

The Community and Israel shall progressively establish a greater liberalisation of their trade in agricultural products of interest to both Parties. From 1 January 2000 the Community and Israel shall examine the situation in order to determine the measures to be applied by the Community and Israel from 1 January 2001 in accordance with this objective.

Article 12

Agricultural products originating in Israel listed in Protocols 1 and 3 on importation into the Community shall be subject to the arrangements set out in those Protocols.

Article 13

Agricultural products originating in the Community listed in Protocols 2 and 3 on importation into Israel shall be subject to the arrangements set out in those Protocols.

Article 14

Without prejudice to Article 11 and taking account of the volume of trade in agricultural products between them and of their particular sensitivity, the Community and Israel shall examine in the Association Council, product by product and on an orderly and reciprocal basis, the possibility of granting each other further concessions.

Article 15

The Community and Israel agree to examine, at the latest three years after entry into force of the Agreement, the possibility of granting each other, on the basis of reciprocity and mutual interest, concessions in trade in fisheries products.

CHAPTER 4

Common Provisions

Article 16

Quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between the Community and Israel.

Article 17

Quantitative restrictions on exports and all measures having equivalent effect shall be prohibited between the Community and Israel.

Article 18

1. Products originating in Israel shall not on importation into the Community be accorded a treatment more favourable than that which the Member States apply among themselves.
2. Application of the provisions of this Agreement shall be without prejudice to Council Regulation (EEC) No. 1911/91 of 26 June 1991 on the application of the provisions of Community law to the Canary Islands.

Article 19

1. The Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products of one Party and like products originating in the territory of the other Party.
2. Products exported to the territory of one of the Parties may not benefit from repayment of indirect internal taxation in excess of the amount of indirect taxation imposed on them directly or indirectly.

Article 20

1. In the event of specific rules being established as a result of the implementation of its agricultural policy or of any alteration of the current rules or in the event of any alteration or extension of the provisions relating to the implementation of the agricultural policy, the Party in question may amend the arrangements resulting from the Agreement in respect of the products which are the subject of those rules or alterations.
2. In such cases the Party in question shall take due account of the interests of the other Party. To this end the Parties may consult each other within the Association Council.

Article 21

1. The Agreement shall not preclude the maintenance or establishment of customs unions, free-trade areas or arrangements for frontier trade, except in so far as they alter the trade arrangements provided for in the Agreement.
2. Consultation between the Community and Israel shall take place within the Association Council concerning agreements establishing customs unions or free-trade areas and, where required, on other major issues related to their respective trade policy with third countries. In particular, in the event of a third country acceding to the European Union, such consultation shall take place so as to ensure that account can be taken of the mutual interests of the Community and Israel.

Article 22

If one of the Parties finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the GATT, it may take appropriate measures against this practice in accordance with the Agreement on implementation of Article VI of the GATT and with its relevant internal legislation, under the conditions and in accordance with the procedures laid down in Article 25.

Article 23

Where any product is being imported in such increased quantities and under such conditions as to cause or threaten to cause:

- serious injury to domestic producers of like or directly competitive products in the territory of one of the Parties, or
- serious disturbances in any sector of the economy, or
- difficulties which could bring about serious deterioration in the economic situation of a region,

the Community or Israel may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 25.

Article 24

Where compliance with the provisions of Article 17 leads to:

- (i) re-export towards a third country against which the exporting Party maintains, for the product concerned, quantitative export restrictions, export duties, or measures having equivalent effect, or
- (ii) a serious shortage, or threat thereof, of a product essential to the exporting Party,

and where the situations referred to above give rise, or are likely to give rise, to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 25. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 25

1. In the event of the Community or Israel subjecting imports of products liable to give rise to the difficulties referred to in Article 23, to an administrative procedure, the purpose of which is to provide rapid information on the trend of trade flows, it shall inform the other Party.

2. In the cases specified in Articles 22, 23 and 24, before taking the measures provided for therein or, as soon as possible in cases to which paragraph 3(d) applies, the Party in question shall supply the Association Committee with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In the selection of appropriate measures, priority shall be given to those which least disturb the functioning of the Agreement.

The safeguard measures shall be notified immediately to the Association Committee and shall be the subject of periodical consultations within the Committee, particularly with a view to their abolition as soon as circumstances permit.

3. For the implementation of paragraph 2, the following provisions shall apply:
- (a) as regards Article 22, the Association Committee shall be informed of the dumping case as soon as the authorities of the importing Party have initiated an investigation. If no end has been put to the dumping or no other satisfactory solution has been reached within 30 days of the notification being made, the importing Party may adopt the appropriate measures;
 - (b) as regards Article 23, the difficulties arising from the situation referred to in that Article shall be referred for examination to the Association Committee, which may take any decision needed to put an end to such difficulties.

If the Association Committee or the exporting Party has not taken a decision putting an end to the difficulties or no other satisfactory solution has been reached within 30 days of the matter being referred, the importing Party may adopt the appropriate measures to remedy the problem. These measures must not exceed the scope of what is necessary to remedy the difficulties which have arisen;

- (c) as regards Article 24, the difficulties arising from the situations referred to in that Article shall be referred for examination to the Association Committee.

The Association Committee may take any decision needed to put an end to the difficulties. If it has not taken such a decision within 30 days of the matter being referred to it, the exporting Party may apply appropriate measures on the exportation of the product concerned;

- (d) where exceptional circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the Party concerned may, in the situations specified in Articles 22, 23 and 24 apply forthwith such precautionary measures as are strictly necessary to remedy the situation, and shall inform the other Party immediately.

Article 26

When one or more Member States of the Community or Israel is in serious balance of payments difficulties or under threat thereof, the Community or Israel, as the case may be, may, in accordance with the conditions laid down within the framework of the GATT and with Articles VIII and XIV of the Articles of Agreement of the International Monetary Fund, adopt restrictive measures which shall be of limited duration and may not go beyond what is necessary to remedy the balance-of-payments situation. The Community or Israel, as the case may be, shall inform the other Party forthwith and present to the other Party, as soon as possible, a time schedule for their removal.

Article 27

Nothing in this Agreement shall preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; the protection of intellectual, industrial and commercial property or rules concerning gold and silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 28

The concept of "originating products" for the application of this title and the methods of administrative cooperation relating to them are set out in Protocol 4.

TITLE III

Right of Establishment and Supply of Services

Article 29

1. The Parties agree to widen the scope of the Agreement to cover the right of establishment of firms of one Party in the territory of another Party and the liberalisation of the provision of services by one Party's firms to consumers of services in the other.
2. The Association Council shall make the necessary recommendations for the implementation of the objective described in paragraph 1. In making such recommendations, the Association Council shall take account of past experience of implementation of the reciprocal most-favoured-nation treatment and of the obligations of each Party under the General Agreement on Trade in Services, hereinafter referred to as the "GATS", particularly those in Article V of the latter.
3. The Association Council shall make a first assessment of the achievement of this objective no later than three years after the Agreement enters into force.

Article 30

1. At the outset, each of the Parties reaffirms its obligations under the GATS, particularly the obligation to grant reciprocal most-favoured-nation treatment in the services sectors covered by that obligation.
2. In accordance with the GATS, this treatment shall not apply to:
 - (a) advantages accorded by either Party under the terms of an agreement of the type defined in Article V of the GATS nor to measures taken on the basis of such an agreement;
 - (b) other advantages granted in accordance with the list of most-favoured-nation exemptions annexed by either Party to the GATS.

TITLE IV

Capital Movements, Payments, Public Procurement, Competition and Intellectual Property

CHAPTER 1

Capital Movements and Payments

Article 31

Within the framework of the provisions of this Agreement, and subject to the provisions of Articles 33 and 34, there shall be no restrictions between the Community of the one part, and Israel of the other part, on the movement of capital and no discrimination based on the nationality or on the place of residence of their nationals or on the place where such capital is invested.

Article 32

Current payments connected with the movement of goods, persons, services or capital within the framework of this Agreement shall be free of all restrictions.

Article 33

Subject to other provisions in this Agreement and other international obligations of the Community and Israel, the provisions of Articles 31 and 32 shall be without prejudice to the application of any restriction which exists between them on the date of entry into force of this Agreement, in respect of the movement of capital between them involving direct investment, including in real estate, establishment, the provision of financial services or the admission of securities to capital markets.

However, the transfer abroad of investments made in Israel by Community residents or in the Community by Israeli residents and of any profit stemming therefrom shall not be affected.

Article 34

Where, in exceptional circumstances, movements of capital between the Community and Israel cause, or threaten to cause, serious difficulties for the operation of exchange rate policy or monetary policy in the Community or Israel, the Community or Israel respectively may, in conformity within the conditions laid down within the framework of the GATS and with Articles VIII and XIV of the Articles of Agreement of the International Monetary Fund, take safeguard measures with regard to movements of capital between the Community and Israel for a period not exceeding six months if such measures are strictly necessary.

CHAPTER 2

Public Procurement

Article 35

The Parties shall take measures with a view to a mutual opening of their respective government procurement markets and the procurement markets of undertakings operating in the utilities sectors for purchase of goods, works and services beyond the scope of what has been mutually and reciprocally covered under the Government Procurement Agreement concluded in the framework of the WTO.

CHAPTER 3

Competition

Article 36

1. The following are incompatible with the proper functioning of the Agreement, in so far as they may affect trade between the Community and Israel:

- (i) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;

- (ii) abuse by one or more undertakings of a dominant position in the territories of the Community or Israel as a whole or in a substantial part thereof;
- (iii) any public aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.

2. The Association Council shall, within three years of the entry into force of the Agreement, adopt by decision the necessary rules for the implementation of paragraph 1. Until these rules are adopted, the provisions of the Agreement on interpretation and application of Articles VI, XVI and XXIII of the GATT shall be applied as the rules for the implementation of paragraph 1(iii).

3. Each Party shall ensure transparency in the area of public aid, *inter alia*, by reporting annually to the other Party on the total amount and the distribution of the aid given and by providing, upon request, information on aid schemes. Upon request by one Party, the other Party shall provide information on particular individual cases of public aid.

4. With regard to agricultural products referred to in Title II, Chapter 3, paragraph 1(iii) does not apply.

5. If the Community or Israel considers that a particular practice is incompatible with the terms of paragraph 1 and:

- is not adequately dealt with under the implementing rules referred to in paragraph 2, or
- in the absence of such rules, and if such practice causes or threatens to cause serious prejudice to the interest of the other Party or material injury to its domestic industry, including its services industry,

it may take appropriate measures after consultation within the Association Committee or after 30 working days following referral for such consultation.

With reference to practices incompatible with paragraph 1(iii), such appropriate measures, when the GATT is applicable to them, may only be adopted in accordance with the procedures and under the conditions laid down by the GATT or by any other relevant instrument negotiated under its auspices and applicable to the Parties.

6. Notwithstanding any provisions to the contrary adopted in accordance with paragraph 2, the Parties shall exchange information taking into account the limitations imposed by the requirements of professional and business secrecy.

Article 37

1. The Member States and Israel shall progressively adjust any State monopolies of a commercial character, so as to ensure that, by the end of the fifth year following the entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Member States and Israel.

2. The Association Committee shall be informed about the measures adopted to implement this objective.

Article 38

With regard to public undertakings and undertakings to which special or exclusive rights have been granted, the Association Council shall ensure that as from the fifth year following the date of

entry into force of this Agreement there is neither enacted nor maintained any measure distorting trade between the Community and Israel to an extent contrary to the Parties' interests. This provision should not obstruct the performance in law or in fact of the particular tasks assigned to those undertakings.

CHAPTER 4

Intellectual, Industrial and Commercial Property

1. Pursuant to the provisions of this Article and of Annex VII, the Parties shall grant and ensure adequate and effective protection of intellectual, industrial and commercial property rights in accordance with the highest international standards, including effective means of enforcing such rights.
2. The implementation of this Article and of Annex VII shall be regularly reviewed by the Parties. If problems in the area of intellectual, industrial and commercial property affecting trading conditions were to occur, urgent consultation within the Association Committee shall be undertaken, at the request of either Party, with a view to reaching mutually satisfactory solutions.

TITLE V

Scientific and Technological Cooperation

Article 40

The Parties undertake to intensify scientific and technological cooperation. Detailed arrangements for the implementation of this objective shall be set out in separate agreements concluded for this purpose.

TITLE VI

Economic Cooperation

Article 41

Objectives

The Community and Israel undertake to promote economic cooperation to their mutual benefit and on the basis of reciprocity in accordance with the overall objectives of the Agreement.

Article 42

Scope

1. Cooperation shall focus principally on sectors relevant to the rapprochement of the economies of the Community and Israel or producing growth or employment. The main sectors of cooperation are set out in Articles 44 to 57, without prejudice to the possibility of including cooperation in other sectors of interest to the Parties.
2. Conservation of the environment and ecological balance shall be taken into account in the implementation of the various sectors of economic cooperation to which it is relevant.

Article 43

Methods and modalities

Economic cooperation shall be implemented in particular by:

- (a) a regular economic dialogue between the Parties, which covers all areas of economic policy and, in particular, fiscal policy, balance of payments and monetary policy, and which shall enhance close collaboration between the authorities concerned with economic policy, each in their respective areas of competence within the Association Council or any other forum designated by the Association Council;
- (b) a regular exchange of information and ideas in every sector of cooperation including meetings of officials and experts;
- (c) transfer of advice, expertise and training;
- (d) implementation of joint actions such as seminars and workshops;
- (e) technical, administrative and regulatory assistance;
- (f) the dissemination of information on cooperation.

Article 44

Regional cooperation

The Parties shall encourage operations designed to promote regional cooperation.

Article 45

Industrial cooperation

The Parties shall promote cooperation in particular in the following areas:

- industrial cooperation between economic operators in the Community and in Israel, including access for Israel to Community networks for the rapprochement of businesses and decentralised cooperation,
- diversification of industrial output in Israel,
- cooperation between small and medium-sized enterprises in the Community and Israel,
- easier access to investment finance,
- information and support services,
- stimulation of innovation.

Article 46

Agriculture

The Parties shall focus cooperation in particular on:

- support for policies implemented by them to diversify production,
- promotion of environment-friendly agriculture,
- closer relations between businesses, groups and organisations representing trades and professions in Israel and in the Community on a voluntary basis,
- technical assistance and training,
- harmonisation of phytosanitary and veterinary standards,
- integrated rural development, including improvement in basic services and development of associated economic activities,
- cooperation among rural regions, exchange of experience and know-how concerning rural development.

Article 47

Standards

The Parties shall aim to reduce differences in standardisation and conformity assessment. To this end the Parties shall conclude where appropriate agreements on mutual recognition in the field of conformity assessment.

Article 48

Financial services

The Parties shall cooperate, where appropriate through the conclusion of agreements, on the adoption of common rules and standards, inter alia, for accounting and for supervisory and regulatory systems of banking, insurance and other financial sectors.

Article 49

Customs

1. The Parties commit themselves to developing customs cooperation to ensure that the provisions on trade are observed. For this purpose they shall establish a dialogue on customs matters.
2. Cooperation shall focus on the simplification and computerisation of customs procedures, which shall, in particular, take the form of exchange of information among experts and vocational training.
3. Without prejudice to other forms of cooperation envisaged in this agreement, notably for the fight against drugs and money laundering, the Parties' administrations shall provide mutual assistance in accordance with the provisions of Protocol 5.

Article 50

Environment

1. The Parties shall promote cooperation in the tasks of preventing deterioration of the environment, controlling pollution and ensuring the rational use of natural resources, with a view to ensuring sustainable development and promoting regional environmental projects.

2. Cooperation shall focus, in particular, on:

- desertification,
- the quality of Mediterranean water and the control and prevention of marine pollution,
- waste management,
- salinization,
- environmental management of sensitive coastal areas,
- environmental education and awareness,
- the use of advanced tools of environmental management, environmental monitoring methods and surveillance, including the use of environmental information systems (EIS) and environmental impact assessment,
- the impact of industrial development on the environment in general and the safety of industrial facilities in particular,
- the impact of agriculture on soil and water quality.

Article 51

Energy

1. The Parties consider that global warming and the depletion of fossil fuel sources are a serious threat to mankind. The Parties shall therefore cooperate with a view to developing sources of renewable energy, to ensure the use of fuels with the purpose of limiting pollution of the environment and promoting energy conservation.

2. The Parties shall endeavour to encourage operations designed to favour regional cooperation on matters such as transit of gas, oil and electricity.

Article 52

Information Infrastructures and Telecommunications

The Parties shall promote cooperation in the development of information infrastructures and telecommunications to their mutual benefit. Cooperation shall focus primarily on pursuing actions related to research and technological development, harmonisation of standards and modernisation of technology.

Article 53

Transport

1. The Parties shall promote cooperation in the field of transport and related infrastructure, in order to improve the efficiency of movement of passengers and of goods, both at bilateral and regional level.

2. Cooperation shall focus, in particular, on:

- achieving high standards of safety and security in maritime and air transport; for this purpose the Parties shall establish consultations at expert level to exchange information,
- standardisation of technical equipment, in particular in combined, multimodal transport and transshipment,
- promotion of joint technological and research programmes.

Article 54

Tourism

The Parties shall exchange information on planned tourism development and tourism marketing projects, tourism shows, exhibitions, conventions and publications.

Article 55

Approximation of Laws

The Parties shall use their best endeavours to approximate their respective laws in order to facilitate the implementation of this Agreement.

Article 56

Drugs and Money Laundering

1. The Parties shall cooperate with a view in particular to:

- improving the effectiveness of policies and measures to counter the supply of, and illicit trafficking in, narcotic drugs and psychotropic substances and the reduction of the abuse of these products,
- encouraging a joint approach to reducing demand,
- preventing the use of the Parties' financial systems to launder capital arising from criminal activities in general and drug trafficking in particular.

2. Cooperation shall take the form of exchange of information and, where appropriate, joint activities on:

- drafting and implementation of national legislation,
- monitoring trade in precursors,
- establishment of social and health institutions and information systems and the implementation of projects along these lines, including training and research projects,

- implementation of the highest possible international standards relating to the fight against money laundering and the misuse of chemical precursors, in particular those adopted by the Financial Action Task Force (FATF) and the Chemical Action Task Force (CATF).

3. The Parties shall determine together, in accordance with their respective legislation, the strategies and cooperation methods appropriate for attaining these objectives. Their operations, other than joint operations, shall form the subject of consultations and close coordination.

The relevant public and private sector bodies, in accordance with their own powers, working with the competent bodies of Israel, the Community and its Member States, may take part in these operations.

Article 57

Migration

The Parties shall cooperate with a view in particular to:

- defining areas of mutual interest concerning policies on immigration,
- increasing the effectiveness of measures aimed at preventing or curbing illegal migratory flows.

TITLE VII

Cooperation on Audiovisual and Cultural Matters, Information and Communication

Article 58

1. The Parties shall undertake to promote cooperation in the audiovisual sector to their mutual benefit.

2. The Parties shall seek ways of associating Israel with Community initiatives in this sector, thus enabling cooperation in such areas as coproduction, training, development and distribution.

Article 59

The Parties shall promote cooperation on education, training and youth exchange. The areas of cooperation may include in particular: youth exchanges, cooperation among universities and other educational/training institutions, language training, translation and other ways of promoting better mutual understanding of their respective cultures.

Article 60

The Parties shall promote cultural cooperation. The areas of cooperation may include in particular translation, exchange of works of art and artists, conservation and restoration of historic and cultural monuments and sites, training of persons working in the cultural field, the organisation of European-oriented cultural events, raising mutual awareness and contributing to the dissemination of information on outstanding cultural events.

Article 61

The Parties shall promote activities of mutual interest in the field of information and communication.

Article 62

Cooperation shall be implemented in particular through:

- (a) a regular dialogue between the Parties;
- (b) a regular exchange of information and ideas in every sector of cooperation including meetings of officials and experts;
- (c) transfer of advice, expertise and training;
- (d) implementation of joint actions such as seminars and workshops;
- (e) technical, administrative and regulatory assistance;
- (f) the dissemination of information on cooperation initiatives.

TITLE VIII

Social Matters

Article 63

1. The Parties shall conduct a dialogue covering all aspects of mutual interest. The dialogue shall cover in particular questions relating to social problems of post-industrial societies, such as unemployment, rehabilitation of disabled people, equal treatment for men and women, labour relations, vocational training, work safety and hygiene, etc.
2. Cooperation will take place through experts' meetings, seminars and workshops.

Article 64

1. In order to coordinate the social security regimes of Israeli workers legally employed on the territory of a Member State and of their family members legally resident there, the following provisions should apply, subject to the conditions and modalities applicable in each Member State:
 - all periods of insurance, employment or residence fulfilled by such workers in the different Member States shall be totalled for the purposes of the establishment of the right to old age, invalidity and survivors' pensions and allowances and for the purposes of medical care for themselves and their families,
 - all pensions and allowances for old age, survivors, accident at work, occupational illness or invalidity, with the exception of non-contributory payments, shall benefit from free transfer to Israel at the rate applicable resulting from the legislation of the liable Member State(s),
 - the workers concerned shall receive family allowances for the members of their family referred to above.

2. Israel shall grant to workers who are nationals of a Member State legally employed on its territory and to their family members legally resident there a treatment similar to that referred to in paragraph 1, second and third indents, subject to the conditions and modalities applicable in Israel.

Article 65

1. The Association Council shall decide on the provisions for the implementation of the objectives contained in Article 64.

2. The Association Council shall decide on the modalities of administrative cooperation to guarantee the management and control necessary for the implementation of the provisions contained in paragraph 1.

Article 66

The arrangements decided by the Association Council, in accordance with Article 65, shall in no way affect the rights and obligations resulting from bilateral agreements between Israel and the Member States where these agreements provide for a more favourable treatment of Israeli nationals or for nationals of the Member States.

TITLE IX

Institutional, General and Final Provisions

Article 67

An Association Council is hereby established which shall meet at ministerial level once a year and when circumstances require, at the initiative of its Chairman and in accordance with the conditions laid down in its rules of procedure. It shall examine any major issues arising within the framework of this Agreement and any other bilateral or international issues of mutual interest.

Article 68

1. The Association Council shall consist of the members of the Council of the European Union and members of the Commission of the European Communities, on the one hand, and members of the Government of the State of Israel, on the other.

2. The Association Council shall establish its Rules of Procedure.

3. Members of the Association Council may arrange to be represented in accordance with the provisions laid down in its Rules of Procedure.

4. The Association Council shall be chaired in turn by a member of the Council of the European Union and a member of the Government of the State of Israel, in accordance with the provisions laid down in its Rules of Procedure.

Article 69

1. The Association Council shall, for the purpose of attaining the objectives of the Agreement, have the power to take decisions in the cases provided for therein. These decisions shall be binding on the Parties which shall take the measures necessary to implement the decisions taken. The Association Council may also make appropriate recommendations.

2. The Association Council shall draw up its decisions and recommendations by agreement between the Parties.

Article 70

1. Subject to the powers of the Association Council, an Association Committee is hereby established which shall be responsible for the implementation of the Agreement.

2. The Association Council may delegate to the Association Committee, in full or in part, any of its powers.

Article 71

1. The Association Committee, which shall meet at official level, shall consist of representatives of the members of the Council of the European Union and of members of the Commission of the European Communities, on the one hand, and of representatives of the Government of the State of Israel, on the other.

2. The Association Committee shall establish its Rules of Procedure.

3. The Association Committee shall be chaired in turn by a representative of the Presidency of the Council of the European Union and by a representative of the Government of the State of Israel.

Article 72

1. The Association Committee shall have the power to take decisions for the management of the Agreement as well as in those areas in which the Association Council has delegated its powers to it. These decisions shall be binding on the Parties which shall take the measures necessary to implement the decisions taken.

2. The Association Committee shall draw up its decisions by agreement between the Parties.

Article 73

The Association Council may decide to set up any working group or body necessary for the implementation of the Agreement.

Article 74

The Association Council shall take all appropriate measures to facilitate cooperation and contacts between the European Parliament and the Knesset of the State of Israel, and between the Economic and Social Committee of the Community and the Economic and Social Council of Israel.

Article 75

1. Each of the Parties may refer to the Association Council any dispute relating to the application or interpretation of this Agreement.

2. The Association Council may settle the dispute by means of a decision.

3. Each Party shall be bound to take the measures involved in carrying out the decision referred to in paragraph 2.

4. In the event of it not being possible to settle the dispute in accordance with paragraph 2, either Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a

second arbitrator within two months. For the application of this procedure, the Community and the Member States shall be deemed to be one Party to the dispute. The Association Council shall appoint a third arbitrator. The arbitrators' decisions shall be taken by majority vote. Each party to the dispute must take the steps required to implement the decision of the arbitrators.

Article 76

Nothing in the Agreement shall prevent a Party from taking any measures:

- (a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;
- (b) which relate to the production of, or trade in, arms, munitions or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;
- (c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

Article 77

In the fields covered by this Agreement, and without prejudice to any special provisions contained therein:

- the arrangements applied by Israel in respect of the Community shall not give rise to any discrimination between the Member States, their nationals, or their companies or firms,
- the arrangements applied by the Community in respect of Israel shall not give rise to discrimination between Israeli nationals or its companies or firms.

Article 78

As regards direct taxation, nothing in the Agreement shall have the effect of:

- extending the fiscal advantages granted by either Party in any international agreement or arrangement by which it is bound,
- preventing the adoption or application by either Party of any measure aimed at preventing the avoidance or the evasion of taxes,
- opposing the right of either Party to apply the relevant provisions of its tax legislation to taxpayers whose position, as regards place of residence, is not identical.

Article 79

1 The Parties shall take any general or specific measures required to fulfil their obligations under the Agreement. They shall see to it that the objectives set out in the Agreement are attained.

2. If either Party considers that the other Party has failed to fulfil an obligation under the Agreement, it may take appropriate measures. Before so doing, except in cases of special urgency, it shall supply the Association Council with all relevant information required for a thorough

examination of the situation with a view to seeking a solution acceptable to the Parties. In the selection of measures, priority shall be given to those which least disturb the functioning of the Agreement. These measures shall be notified immediately to the Association Council and shall be the subject of consultations within the Association Council if the other Party so requests.

Article 80

Protocols 1 to 5, Annexes I to VII shall form an integral part of this Agreement. Declarations and Exchanges of Letters shall appear in the Final Act, which shall form an integral part of this Agreement.

Article 81

For the purpose of this Agreement the term "Parties" shall mean the Community, or the Member States, or the Community and the Member States, in accordance with their respective powers, of the one part, and Israel of the other part.

Article 82

The Agreement is concluded for an unlimited period. Each of the Parties may denounce the Agreement by notifying the other Party. The Agreement shall cease to apply six months after the date of such notification.

Article 83

This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Community and the European Coal And Steel Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of the State of Israel.

Article 84

This Agreement is drawn up in duplicate in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish, Swedish and Hebrew languages; each of these texts being equally authentic, shall be deposited with the General Secretariat of the Council of the European Union.

Article 85

This Agreement shall be approved by the Parties in accordance with their own procedures.

This Agreement shall enter into force on the first day of the second month following the date on which the Parties notify each other that the procedures referred to in the first paragraph have been completed.

Upon its entry into force this Agreement shall replace the Agreement between the European Community and the State of Israel, and the Agreement between the Member States of the European Coal and Steel Community, of the one part, and the State of Israel, of the other part, signed in Brussels on 11 May 1975.

Done at Brussels on the twentieth day of November in the year one thousand, nine hundred and ninety-five.
