

ATTACHMENT B**ISRAEL**

(Authentic in the English Language only)

ANNEX 1**CENTRAL GOVERNMENT ENTITIES****Thresholds:**

| | |
|------------------------------------|---------------|
| Goods | SDR 130,000 |
| Services | SDR 130,000 |
| Construction Services ¹ | SDR 8,500,000 |

List of Entities:

1. House of Representatives (the Knesset);
2. Prime Minister's Office;
3. Ministry of Agriculture and Rural Development;
4. Ministry of Communications;
5. Ministry of Construction and Housing;
6. Ministry of Education;
7. Ministry of Culture and Sport;
8. Ministry of National Infrastructures, Energy and Water Resources excluding Fuel Authority;
9. Ministry of Environmental Protection;
10. Ministry of Finance;
11. Civil Service Commission;
12. Ministry of Foreign Affairs;
13. Ministry of Health (Note 1);
14. Ministry of Immigrants Absorption;
15. Ministry of Economy;
16. Ministry of the Interior;
17. Ministry of Justice;
18. Ministry of Social Affairs and Social Services;
19. Ministry of Science, Technology and Space;
20. Ministry of Tourism;
21. Ministry of Transport and Road Safety;
22. Office of the State Comptroller and Ombudsman;
23. Central Bureau of Statistics;
24. Geological Survey of Israel;
25. The Administration for Rural Residential, Education and Youth Aliyah;
26. Survey of Israel.

Note to Annex 1

1. Ministry of Health - Excepted Products:

- a. Intravenous solution;
- b. Administration sets for transfusions;
- c. Hemi-dialysis and blood lines.

¹ Starting from the sixth year after coming into force of the Agreement for Israel: SDR 5,000,000.

ANNEX 2**SUB-CENTRAL GOVERNMENT ENTITIES****Thresholds:**

| | |
|-----------------------|---------------|
| Goods | SDR 250,000 |
| Services | SDR 250,000 |
| Construction Services | SDR 8,500,000 |

List of Entities:

1. Municipalities of Jerusalem, Tel-Aviv and Haifa;
2. Local Government Economic Services Ltd.

ANNEX 3**OTHER ENTITIES****Thresholds:**

| | |
|-----------------------|---------------|
| Goods | SDR 355,000 |
| Services | SDR 355,000 |
| Construction Services | SDR 8,500,000 |

List of Entities:

1. Israel Airports Authority;
2. Israel Ports Development and Assets Company Ltd. (Note 1);
3. Ashod Port Company Ltd. (Note 1);
4. Haifa Port Company Ltd. (Note 1);
5. Eilat Port Company Ltd. (Note 1);
6. Israel Railways Ltd. (Note 1);
7. Israel Broadcasting Authority;
8. Israel Educational Television;
9. Israel Postal-Company Ltd.;
10. The Israel Electric Corp. Ltd. (Note 1) (Note 2);
11. Mekorot Water Co. Ltd.;
12. Sports' Gambling Arrangement Board;
13. The Standards Institution of Israel;
14. National Insurance Institute of Israel;
15. Environmental Services Company Ltd.;
16. Arim Urban Development Ltd.;
17. The Marine Trust Ltd.;
18. The Dead Sea Preservation Government Company Ltd.;
19. Eilat Foreshore Development Company Ltd.;
20. Old Acre Development Company Ltd.;
21. The Geophysical Institute of Israel;
22. Association of Better Housing;
23. The Marine Education and Training Authority;
24. All entities operating in the field of urban transport, except those operating in the field of bus services (Note 3).

Notes to Annex 3

1. Procurement of cables is excluded.
2. Excluded products: cables (HS 8544), transformers (HS 8504), disconnectors and switchers (HS 8535-8537), electric motors (HS 8501 2099, 85015299, 85015199, 85015290, 85014099, 85015390).
3. With regard to procurement by entities operating in the field of urban transport, except those operating in the field of bus service, such procurement is open to all Parties to the Agreement under the condition of mutual reciprocity.

ANNEX 4

GOODS

The Agreement covers procurement of all goods procured by the entities listed in Annexes 1 through 3, unless otherwise specified in the Agreement.

ANNEX 5**SERVICES**

Of the Universal List of Services, as contained in document MTN. GNS/W/120, the following services are covered:

| Description | CPC Prov. Reference No. |
|--|-------------------------|
| 1. Maintenance and repair services | 6112, 6122, 633, 886 |
| 2. Hotel and similar accommodation services | 641 |
| 3. Food and beverage serving services | 642-643 |
| 4. Land transport services | 712 |
| 5. Passenger transportation services | 73 |
| 6. Travel agency and tour operator services | 7471 |
| 7. Commercial courier services (including multi-modal) | 7512 |
| 8. Telecommunications services | 752 |
| 9. Financial services (insurance services, banking and investment services) | 812, 814 |
| 10. Real estate services involving own or leased property | 821 |
| 11. Leasing or rental services concerning machinery and equipment without operator only | 83106-83109 |
| 12. Leasing or rental services concerning personal and household goods only | 83203-83209 |
| 13. Computer and related services | 84 |
| 14. Legal services (advisory services on foreign and international law only) | 861 |
| 15. Accounting, auditing and bookkeeping services | 862 |
| 16. Taxation services (excluding legal services) | 863 |
| 17. Market research and public opinion polling services | 864 |
| 18. Management consulting | 865-866 |
| 19. Architectural services; engineering services and integrated engineering services, urban planning and landscape architectural services; related scientific and technical consulting services; technical testing and analysis services | 867 |
| 20. Advertising services | 871 |

| | Description | CPC Prov. Reference No. |
|-----|--|-------------------------|
| 21. | Armoured car services | 87304 |
| 22. | Building-cleaning services and property management services | 874, 82201-82206 |
| 23. | Packaging services | 876 |
| 24. | Services incidental to forestry and logging, including forest management | 8814 |
| 25. | Services incidental to mining, including drilling and field services | 883 |
| 26. | Publishing and printing services on a fee or contract basis | 88442 |
| 27. | Services incidental to energy distribution | 887 |
| 28. | Adult education services | 924 |
| 29. | Other education services | 929 |
| 30. | Sewage and refuse disposal; sanitation and similar services | 94 |

Note to Annex 5

The coverage regarding services (including construction) is subject to the limitation and conditions specified in Israel's schedule of the GATS.

ANNEX 6**CONSTRUCTION SERVICES****List of Construction Services (Division 51, CPC Prov.):**

| | Description | CPC Prov. Reference No. |
|----|--|--------------------------------|
| 1. | Pre-erection work at construction sites | 511 |
| 2. | Construction work for buildings | 512 |
| 3. | Construction work for civil engineering | 513 |
| 4. | Assembly and erection of prefabricated construction | 514 |
| 5. | Special trade construction work | 515 |
| 6. | Installation work | 516 |
| 7. | Building completion and finishing work | 517 |
| 8. | Renting services related to equipment for construction | 518 |

ANNEX 7

GENERAL NOTES

1. The Agreement shall not apply to procurement awarded for purposes of re-sale or hire to third parties, provided that the procuring entity enjoys no special or exclusive right to sell or hire the subject of such and other entities are free to sell or hire it under the same conditions as the procuring entity.
2. The Agreement shall not apply to procurement for the purchase of water and for the supply of energy and of fuels for the production of energy.

NOTE**OFFSET**

1. Having regard to general policy considerations Israel may operate provisions which require the limited incorporation of domestic content, offset procurement or transfer of technology, in the form of objective and clearly defined conditions for participation in procedures for the award of procurement, which do not discriminate between other Parties. This shall be done under the following terms:

- a. Israel shall ensure that its entities indicate the existence of such conditions in their tender notices and specify them clearly in the contract documents.
- b. Suppliers will not be required to purchase goods that are not offered on competitive terms, including price and quality, or to take any action which is not justified from a commercial standpoint.
- c. Upon entry into force for Israel of the revised GPA, for procurement above the threshold of 3 million SDR, offsets in any form may be required up to 20 per cent of the contract.
- d. Starting from the sixth year after coming into force for Israel of the Agreement, for procurement above the threshold of 3 million SDR, offsets shall no longer be applied by entities covered under Annexes 1, 2 and 3, excluding the following entities which will continue requiring offset up to 20 per cent of the contract, until the beginning of the ninth year, after which they will apply offset up to 18 per cent:

Annex 1

1. Ministry of Agriculture and Rural Development;
2. Ministry of Construction and Housing;
3. Ministry of National Infrastructures excluding Fuel Authority;
4. Ministry of Finance;
5. Ministry of Health;
6. Ministry of the Interior;
7. Ministry of Transport.

Annex 2

1. Local Government Economic Services Ltd.

Annex 3

1. Israel Airports Authority;
2. Israel Ports Development and Assets Company Ltd.;
3. Association of Better Housing;
4. Ashod Port Company Ltd.;
5. Haifa Port Company Ltd.;
6. Eilat Port Company Ltd.;
7. Arim Urban Development Ltd.;
8. Eilat Foreshore Development Company Ltd.;
9. Old Acre Development Company Ltd.;
10. Israel Railways Ltd.;
11. Israel Postal Company Ltd.;
12. The Israel Electric Corp. Ltd.;
13. Mekorot Water Co. Ltd.;
14. All entities operating in the field of urban transport, except those operating in the field of bus services.

- e. Starting from the eleventh year after coming into force for Israel of the revised GPA, for procurement above the threshold of 3 million SDR, offsets shall no longer be applied by entities covered under Annexes 1, 2 and 3, excluding the following entities which will continue requiring offsets up to 18 per cent of the contract:

Annex 1

1. Ministry of National Infrastructures excluding Fuel Authority;
2. Ministry of Finance;
3. Ministry of Health;
4. Ministry of Transport.

Annex 2

1. Local Government Economic Services Ltd.

Annex 3

1. Israel Airports Authority;
 2. Israel Ports Development and Assets Company Ltd.;
 3. Ashod Port Company Ltd.;
 4. Haifa Port Company Ltd.;
 5. Eilat Port Company Ltd.;
 6. Israel Railways Ltd.;
 7. Israel Postal Company Ltd.;
 8. The Israel Electric Corp. Ltd.;
 9. Mekorot Water Co. Ltd.
- f. Starting from the 16th year after coming into force of the revised GPA, the requirement for offsets will not be applied with regard to covered procurement.
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