NOTIFICATION UNDER ARTICLE 5 AND PARAGRAPH 4 OF  
ANNEX II TO THE AGREEMENT ON RULES OF ORIGIN

NON-PREFERENTIAL AND PREFERENTIAL RULES OF ORIGIN

1. According to Article 5.1 of the Agreement on Rules of Origin, each Member shall provide to the Secretariat, within 90 days after the date of entry into force of the WTO Agreement for it, its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on that date. If, by inadvertence, a rule of origin has not been provided, the Member concerned shall provide it immediately after this fact becomes known. Article 5.2 of the Agreement provides, moreover, that during the period referred to in Article 2, Members introducing modifications, other than *de minimis* modifications, to their rules of origin or introducing new rules of origin, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a Member.

2. Furthermore, paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall promptly provide to the Secretariat their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. In this respect, the Committee on Rules of Origin further agreed that notifications made to the Committee on Regional Trade Agreements (CRTA) or the Committee on Trade and Development (CTD) could also suffice to discharge Members' notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had been initially received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. Information regarding such notifications, including related to preferential rules of origin, can also be obtained through the WTO database on regional trade agreements ([http://rtais.wto.org](http://rtais.wto.org/)) or the WTO database on preferential trade agreements (<http://ptadb.wto.org>).

3. With reference to these rules, the following notification has been received:

**ISRAEL**

A. NON-PREFERENTIAL RULES OF ORIGIN

At this time, Israel does not have in its legislation non-preferential rules of origin, and has no judicial decisions or administrative rulings of general application concerning non‑preferential rules of origin.

**B. PREFERENTIAL RULES OF ORIGIN**

**- Agreement on the Establishment of a Free Trade Area between the Government of the United States of America and the Government of Israel**

The above mentioned Agreement has been notified under The General Agreement on Tariffs and Trade ("GATT") Article XXIV on 1 May 1985 in document L/5862. The text of the Agreement was circulated in document L/5862/Add.1 and can be found at:

<http://economy.gov.il/InternationalAffairs/TradePolicyAndAgreements/BilateralAgreementsDivision/Pages/USA.aspx>

Rules of Origin provisions can be found in Annex 3 of the Agreement.

Summary of Rules of Origin provisions in the IL-US FTA

To receive Free Trade Agreement ("FTA") benefits, three tests must be met: (i) the article must be wholly produced in a Party OR undergo substantial transformation in a Party; (ii) the article must be imported directly from the other Party; and (iii) the sum of the costs of input produced in the exporting Party plus the direct processing costs performed in the exporting Party must comprise at least 35% of the appraised value of the article when imported into the other Party. The FTA rules specifically exclude any article from eligibility by virtue of merely undergoing (a) simple combining or packaging operations or (b) mere dilution with water or mere dilution with other substances that do not materially alter the characteristics of the article. These rules do not create any extra barriers *vis-à-vis* third countries.

**- EFTA (Iceland, Liechtenstein, Norway, and Switzerland) – Israel Free Trade Agreement**

The above mentioned Agreement has been notified under GATT Article XXIV on 30 November 1992 in document L/7129. The text of the Agreement is circulated in document L/7129/Add.1. Rules of Origin provisions can be found in Article 3 and Protocol B of the Agreement.

<http://economy.gov.il/InternationalAffairs/TradePolicyAndAgreements/BilateralAgreementsDivision/Pages/EFTA.aspx>

Summary of Rules of Origin provisions

Wholly obtained or sufficiently worked or processed based on conditions set out in a "processing list" (change in tariff heading and/or added value). Pan-Euromed rules of origin with diagonal cumulation.

**- EURO-Mediterranean Agreement between the European Communities and Israel**

The above mentioned Agreement has been notified under GATT Article XXIV on 20 September 2000 in document WT/REG110/N/1. The text of the Agreement is circulated in document WT/REG110/1.

<http://economy.gov.il/InternationalAffairs/TradePolicyAndAgreements/BilateralAgreementsDivision/Pages/EU.aspx>

Rules of Origin provisions can be found in Article 28 and Protocol Number 4 of the Agreement. Title II of Protocol 4 of the Agreement defines "originating products". The concept of bilateral cumulation with materials originating in the European Communities is treated in Article 3 of Title II of Protocol 4 of the Agreement.

Summary of Rules of Origin provisions

Pan-Euromed rules of origin with diagonal cumulation applies. Evidence of the originating status of products is furnished by the EUR.1 movement certificate.

**- Free Trade Agreement between Canada and Israel**

The above mentioned Agreement has been notified under GATT Article XXIV on 15 January 1997 in document WT/REG31/N/1. The text of the Agreement is circulated in document WT/REG31/2.

<http://economy.gov.il/InternationalAffairs/TradePolicyAndAgreements/BilateralAgreementsDivision/Pages/Canada.aspx>

Rules of Origin provisions can be found in Chapter Three, Annex 3.1 and Chapter Five.

Summary of Rules of Origin provisions

In general, origin is conferred when: (i) the good is wholly obtained or produced in the territory of a Party; (ii) each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification set out in the specific rule for that good, and the good satisfies any other applicable requirement set out in that rule, as a result of production occurring entirely in the territory of one or both of the Parties; (iii) the good is produced entirely in the territory of one or both of the Parties exclusively from originating materials; (iv) or, other particular circumstances as set out in Chapter Three. The Agreement contains a *de minimis* rule for originating goods and diagonal cumulation is permitted with countries with which the parties each separately has an FTA which predates this Agreement.

**- Free Trade Agreement between Turkey and Israel**

The above mentioned agreement has been notified under GATT Article XXIV on 16 April 1998 in document WT/REG60/N/1. The text of the Agreement is circulated in documents WT/REG60/1 and WT/REG60/1/Corr.1.

<http://economy.gov.il/InternationalAffairs/TradePolicyAndAgreements/BilateralAgreementsDivision/Pages/Turkey.aspx>

Rules of Origin provisions can be found in Article 11, 12, and Protocol B of the Agreement.

Summary of Rules of Origin provisions

In general, origin is confirmed when: the good is wholly obtained or produced in the territory of a Party; or each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification, or the good satisfies other particular circumstances. Bilateral cumulation is allowed and there is up to 10% tolerance for non‑originating materials and outward processing.

**- Free Trade Agreement between Israel and Mexico**

The above mentioned Agreement has been notified under GATT Article XXIV on 22 February 2001 in document WT/REG124/N/1. The text of the Agreement is circulated in document WT/REG124/1.

<http://economy.gov.il/InternationalAffairs/TradePolicyAndAgreements/BilateralAgreementsDivision/Pages/Mexico.aspx>

Rules of Origin provisions can be found in Chapter III of the Agreement.

Summary of Rules of Origin provisions

The requirements for the determination of origin are: (i) the products is wholly obtained or produced in one of the parties; (ii) it has been sufficiently worked or processed, which is determined by a change in the tariff classification; (iii) in some cases, an additional method to determine origin, based on a percentage of value added to the product is also available. In the case of a change in tariff heading requirement, the headings are clearly specified, while the methods for calculating origin based on the value added percentage criterion, are also indicated in Chapter III of the Agreement. The Agreement also contains provisions on, *inter alia*, regional value content, cumulation, *de minimis*, etc.

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