



Department for
International Trade

Continuing the United Kingdom's trade relationship with Israel

Trade and Partnership Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the State of Israel

February 2019



Continuing the United Kingdom's trade relationship with Israel

Presented to Parliament

by the Secretary of State for International Trade

by Command of Her Majesty

February 2019



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Introduction

1. In line with commitments provided for in the Trade Bill 2017-19, this report explains the Government's approach to delivering continuity in the UK's trade relationship with Israel as we leave the European Union (EU).
2. As the UK leaves the EU, the Government has sought to deliver the maximum possible certainty to businesses and consumers through ensuring continuity in the UK's existing trade relationships. It is in no-one's interests to disrupt existing trade flows.
3. To achieve this, the Government has developed new bilateral agreements that replicate, as far as possible, the effects of the UK's existing trade agreements with existing partners. The agreements provide for entry into force when the existing agreements between the EU and a third country cease to apply to the UK, whether the UK leaves the EU with no agreement or at the end of the Implementation Period if the Withdrawal Agreement is ratified. In either event, the EU agreements will form the starting point for the UK's future trade agreements with partners.
4. Wherever possible, the Government has sought a technical replication of these agreements, but in some cases, it has applied bespoke solutions for individual agreements as necessary to ensure continuity of effect in a bilateral context.
5. In order to replicate fully our trading relationship with Israel, we have worked to transition the agreements relevant for trade by incorporating them into one UK-Israel Trade and Partnership Agreement. This approach does not impact on the content of the agreement or on our approach of seeking continuity of effect.
6. The main bilateral EU-Israel trade agreements relevant for trade and incorporated in the UK-Israel Trade and Partnership Agreement are:
 - a. The 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, done at Brussels on 20th November 1995 (the "EU-Israel Association Agreement")
 - b. The Agreement between the European Community and the State of Israel on government procurement done at Brussels on 10th July 1997 (the "EU-Israel Procurement Agreement").
 - c. The Protocol to the 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, on Conformity Assessment and Acceptance of Industrial Products done at Brussels on 6th May 2010 (the "EU-Israel Conformity Assessment Agreement").
7. Collectively these agreements are hereafter referred to as the "EU-Israel Agreements".
8. This report gives details of, and explains the reasons for, any significant differences between:
 - a. The Trade and Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland and Israel (the UK-Israel Agreement); and
 - b. The EU-Israel Association Agreement.

9. This report also addresses the other EU-Israel trade agreements listed above. The additional agreements are included to allow a clearer explanation of how the provisions of the UK-Israel Agreement continue the EU's existing trade relationship with Israel in a single agreement.
10. It was jointly agreed by Israel and the UK that the 'Agreement on mutual recognition of Organisation for Economic Co-operation and Development (OECD) principles of good laboratory practice (GLP) and compliance monitoring programmes between the European Community and the State of Israel' signed in 1999 has not been incorporated into the UK-Israel Agreement. This agreement has been superseded by the OECD's Mutual Acceptance of Data Agreement, of which both Israel and the UK are members. As a consequence, there will be no impact on UK or Israeli businesses by not transitioning this agreement.
11. It was jointly agreed by Israel and the UK that the 'Agreement between the European Community and the State of Israel on procurement by telecommunications operators (1997)' has also not been incorporated into the UK Israel Agreement. This agreement is no longer required or relevant to government procurement as the UK and Israeli entities covered under this agreement have been privatised. As a consequence, there will be no impact on UK business by not transitioning this agreement.
12. The report first sets out the general drafting changes necessary across all the UK's short form continuity trade agreements and which have no significant impact on the UK's current trade relationships. It then considers articles of the UK-Israel Agreement, in turn explaining any significant differences between the trade-related provisions of the UK-Israel Agreement and the corresponding provisions of the EU-Israel Agreements. To assist the reader, we have included some discussion of the economic impacts. This report focuses solely on the changes made to the trading arrangements between the UK and Israel in preparation for the UK ceasing to be bound by the EU-Israel Trade Agreements and entering into the UK-Israel Agreement. Any wider economic impacts resulting from the UK's exit from the EU or the nature of the Future Economic Partnership (the "FEP") have been excluded from this report.

Legal approach

13. The UK has agreed with many third countries that the most appropriate and proportionate form of legal instrument to ensure continuity is a short form agreement which incorporates by reference the relevant provisions of the underlying EU-third country agreement with relatively few necessary modifications, and this is the approach taken in the UK-Israel Agreement. The approach is like that used in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), where Article 1 of the CPTPP incorporates by reference the provisions of the Trans-Pacific Partnership Agreement, of 4 February 2016, into and makes them part of, *mutatis mutandis*, the CPTPP. The advantages of this approach include:
 - a. the short form agreement may more easily be adapted to accommodate different scenarios, such as the various possible outcomes of the UK's ongoing negotiations with the EU regarding the end state of the UK-EU relationship;
 - b. the format itself will send a clear message to businesses, consumers and investors in both the UK and third countries that the aim is simply to secure continuity in existing trading arrangements, with the only changes being the ones clearly specified on the face of the agreement; and
 - c. the approach will provide a clear legal text, making rights and obligations unambiguous where they had by necessity changed, yet reduce the burden on both countries of legal scrubbing, translation, domestic procedures and, potentially, ratification.

14. The UK-Israel Agreement reproduces the effects of the EU-Israel Trade Agreements as closely as possible, including the establishment of institutional arrangements (namely, the Joint Council and Joint Committee) between the UK and Israel based on existing structures that allow for the ongoing management and updating of the Agreement.
15. Many of the general changes to the EU-Israel Trade Agreements (such as replacing “EU” with “UK”) are applied *mutatis mutandis*, that is, with the technical changes necessary to apply the Agreement as if it had been concluded between the UK and Israel in the first instance. The interpretive *mutatis mutandis* principle applies to most references to EU law so that, where appropriate, such references are to be read as references to retained EU law or to EU law incorporated in the law of the territories for whose international relations the UK is responsible when relevant EU law ceases to apply to the UK, or legislation in the UK or the territories that replaces that legislation. This has avoided the need to reproduce every page and has significantly reduced the volume of text required.
16. Where more substantive amendments were required to ensure operability in a bilateral context, or where the UK and Israel jointly agreed that *mutatis mutandis* would not deliver adequate certainty over rights and obligations, detailed amendments have been included in the Annex to the UK-Israel Agreement.

Resources

17. This report is intended to aid businesses, consumers and parliamentarians in understanding any significant changes made to the UK’s trading relationship with Israel by the UK-Israel Agreement, the reasons for any changes, and their impact.
18. Should you wish to view the EU-Israel Trade Agreements, these can be found online on the EUR-Lex website at the following links. These are links to an original EU agreement or the latest consolidated version¹:
 - a. [https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1551087644215&uri=CELEX:02000A0621\(01\)-20100101](https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1551087644215&uri=CELEX:02000A0621(01)-20100101)
 - b. [https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1551088333351&uri=CELEX:21997A0730\(02\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1551088333351&uri=CELEX:21997A0730(02))
 - c. [https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1551088449724&uri=CELEX:22013A0104\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1551088449724&uri=CELEX:22013A0104(01))
19. The consolidated text is not an authoritative version of the Agreement but will assist readers to understand how the Agreement has been amended since its entry into force.
20. Should you wish to view the full text of the UK-Israel Agreement, it will be laid in Parliament alongside an Explanatory Memorandum as part of the UK’s treaty ratification process in accordance with the Constitutional Reform and Governance Act 2010. The text will also be available on GOV.UK.

¹ The links are correct at time of printing, and are for reference purposes only

Economic Background

Trade between the UK and Israel

21. Israel is the UK's 46th largest trading partner,² accounting for 0.3% of total UK trade. Total trade in goods and services between the UK and Israel was £3.9 billion in 2017.³

22. In 2017, UK exports to Israel were £2.3 billion, making it the UK's 42nd largest export market (accounting for 0.4% of all UK exports). UK imports from Israel were £1.6 billion, making it the UK's 47th largest import source (accounting for 0.3% of all UK imports).

Table 1: Trade between the UK and Israel, 2017 (£, billion)

	Trade in goods	Trade in services	Total trade
UK exports to Israel	1.2	1.0	2.3
UK imports from Israel	1.1	0.6	1.6
Total trade	2.3	1.6	3.9

Source: [ONS, \(2018\). UK trade: August 2018](#); [ONS, \(2018\). UK trade in services by partner country experimental data: April to June 2018](#).

23. Using data from HMRC for trade in goods only, Table 2 shows the top goods exported to Israel were in vehicles other than railway or tramway stock (£230 million in 2017) and machinery and mechanical appliances (£184 million), representing over a third of the total value of goods exported to Israel. The UK's top goods imported from Israel were largely in plastics and plastic products (£156 million in 2017), precious stones and metals (£153 million), and machinery and mechanical appliances (£132 million), and electrical machinery and equipment (£122 million).

Table 2: Top 5 UK goods exports to & imports from Israel 2017 (at HS2⁴, £ million)

Top 5 UK goods exports to Israel	Value	Top 5 UK goods imports from Israel	Value
Vehicles other than railway or tramway stock	230	Plastics and articles thereof	156
Machinery and mechanical appliances	184	Precious stones and metals	153
Pharmaceutical products	157	Machinery and mechanical appliances	132
Electrical machinery and equipment	104	Electrical machinery and equipment	122

² EU members are treated as individual trading partners with the UK.

³ [ONS, \(2018\). UK trade: August 2018](#); [ONS, \(2018\). UK trade in services by partner country experimental data: April to June 2018](#).

⁴ The Harmonized System (HS) is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes.

Optical, photographic, cinematographic and medical equipment	97	Optical, photographic, cinematographic and medical equipment	64
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Source: [HMRC trade statistics by commodity code](#) (accessed 5th November 2018). Sectors classified according to Harmonised System Sections. Data presented is recorded on a 'physical movement' basis where a good is recorded as an export (import) if it physically leaves (enters) the economic territory of a country.

24. Table 3 shows that in 2017 other business services (comprised of sectors including legal, accounting, management consulting, and others) was both the largest UK service exported to and imported from Israel, valued at £247 million and £156 million respectively in 2017. This is followed by travel services as both the second-largest export and import.

Table 3: Top 5 UK services exports to & imports from Israel, 2017 (£ million)

Top 5 UK services exports to Israel	Value	Top 5 UK services imports from Israel	Value
Other business services	247	Other business services	156
Travel	241	Travel	109
Transportation	201	Telecommunications, computer and information services	91
Telecommunications, computer and information services	94	Government	71
Intellectual Property	90	Transportation	69

Source: [ONS, \(2018\). Pink Book 2018](#); [ONS, \(2018\). UK trade in services by partner country experimental data: April to June 2018](#).

Note: Data for 'manufacturing' and 'maintenance and repair' sectors have been omitted by the ONS as the data might be disclosive, but the values are included in the overall totals. Services data is always reported on a 'change of ownership' (Balance of Payments) basis.

25. The goods and services trade figures in the tables above are not directly comparable. The ONS data is recorded on a 'Balance of Payments' or 'change of ownership' basis where a good or service leaving (entering) the economic territory of a country is recorded as an export (import) only if it has changed ownership between the resident of the reporting country and non-residents. Goods exports (imports) are recorded by HMRC if a good physically leaves (enters) the economic territory of a country.

UK businesses exporting to and importing from Israel

26. In 2017, HMRC estimated that 6,700 VAT registered UK businesses exported goods to and 3,300 imported goods from Israel.⁵ Around 60% were micro and small businesses, around 25%

⁵ HMRC, (2018). [Trade in Goods by Business Characteristics 2017](#).

medium sized and 15% large.⁶ The majority of these were in the 'services' sector, where 3,700 businesses exported goods and 2,300 businesses imported goods.⁷ As these figures only include businesses trading in goods they are likely to underestimate the number of businesses trading with Israel.

27. For context, provisional survey data from the ONS⁸ shows that around 340,500 (non-financial) registered businesses in Great Britain traded either goods or services or both in 2017 with another country. This was just under 15% of all VAT/PAYE registered businesses. There were around 203,900 (non-financial) registered businesses in Great Britain engaged in goods trade with another country and 194,600 (non-financial) registered businesses trading in services in 2017. Some of these businesses traded in both goods and services. There will be other businesses trading internationally, which are not identified by these surveys as they are not registered for VAT. Neither of these sources include businesses trading below the VAT registration threshold.

Economic impact of the existing FTA

28. The EU-Israel Association Agreement, which includes a Free Trade Agreement, entered into force in 2000. The Agreement was amended to implement greater liberalisation of trade in agricultural products in 2010. Israel is also part of the Euromed agreement – a trade grouping aimed at creating a Euro-Mediterranean free trade area (EUMFTA). These deals removed tariffs on a number of goods, and non-tariff barriers.⁹

29. A 2007 sustainability impact assessment was undertaken on the EUMFTA.¹⁰ The report finds a small positive impact on EU welfare from this agreement which includes Israel.¹¹ EU welfare is estimated to increase by 0.2% of GDP as a result of industrial product liberalisation.

30. A 2017 study looking at European Economic Integration Agreements included analysis on the EU-Israel trade agreement.¹² It found that this arrangement had a statistically significant impact on increasing trade flows.

31. A 2018 European Commission report looking at implementation of EU free trade agreements included information on the EU-Israel trade agreement.¹³ It highlighted that between 2002 and 2017 goods exports from EU to Israel had increased by 54% and goods imports into the EU from Israel increased by 62%. In terms of service trade, EU imports from Israel increased by 50% and EU exports to Israel increased by 74% between 2010 and 2016.

⁶ In this analysis micro and small businesses are defined as having 0-49 employees, medium 50-249, and large over 250. Figures are rounded to the nearest 5%, therefore any remaining businesses are in the 'unknown' category for business size.

⁷ This data does not include services traded. Instead it refers to those businesses in the services industry that trade in goods.

⁸ ONS, (2018). [Annual Business Survey: Non-financial business economy, exporters and importers in Great Britain](#) 2017.

⁹ For more on the [EU-Israel Agreements](#).

¹⁰ SIA-EMFTA Consortium. (2007). 'Sustainability Impact Assessment of the Euro-Mediterranean Free Trade Area'.

¹¹ The Mediterranean countries in the agreement are Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Syria, Tunisia, Turkey.

¹² Soete S and Van Hove J. (2017). '[Dissecting the Trade Effects of Europe's Economic Integration Agreements](#)'. *Journal of Economic Integration*, 32(1), pp. 193-243.

¹³ European Commission. (2018). '[Individual reports and info sheets on Implementation of EU Free Trade Agreements](#)'.

Potential loss to UK if the UK-Israel Agreement is not brought into force

32. Not being able to bring into force this transitioned agreement would result in UK businesses losing the preferences negotiated in the EU-Israel Association Agreement. This would include the re-imposition of many tariffs, returning to MFN treatment with Israel. The benefits derived from trading under preferences within the FTA, such as increases in trade flows, may then be reversed.
33. It is unlikely that the entire effect of the agreement would disappear. Tariffs would automatically revert to MFN rates – discussed in further detail below – but it could take longer for some of the other benefits to be lost. Some gains might endure even in the long-run. For example, the UK might still benefit from any regulatory arrangements agreed because of the EU-Israel Association Agreement. Business connections formed because of the EU-Israel Association Agreement might endure.
34. The size of the impact of not bringing into force the UK-Israel Agreement would depend on the responsiveness of trade flows to increased costs brought about by the loss of provisions within the agreement.¹⁴

Immediate impact

Tariffs

35. Much international goods trade takes place in products for which MFN rates are already zero. However, free trade agreements provide additional opportunities by reducing tariffs in products where this is not the case. If the UK-Israel Agreement were not approved and ratified, tariffs between the two countries would automatically revert to MFN rates for all trade. This would lead to an increase in duties on some UK exports to and imports from Israel.
36. To estimate the potential impact of losing tariff preferences, assumptions have to be made. If all current trade between the UK and Israel occurred at the negotiated preferential tariff rate, if current patterns of trade remained unchanged in future, and without taking into account the effect of any unilateral preferences, reverting to the UK and Israel's current MFN tariff rates would result in an annual increase in total duties of around £65 million. This would predominantly be duties on imports from Israel of up to almost £36 million, with duties on UK exports increasing by up to nearly £30 million.¹⁵
37. However, these estimates assume that all tariff preferences offered under the current agreement are fully utilised by exporters. This is unlikely to be true. For example, in 2016, the

¹⁴ Head K and Mayer T. (2014). ['Gravity Equations - Workhorse, toolkit and cookbook'](#). *Handbook of International Economics*, 4, pp. 131-195.

Dhingra S, et al. (2018). ['Beyond Tariff Reductions: What Extra Boost From Trade Agreement Provisions?'](#). *CEP Discussion Paper No 1532*, LSE, pp. 1-38.

¹⁵ DIT's own calculations using tariff data from [ITC Market Access Map \(MacMap\)](#) and HMRC trade statistics (accessed 24th October 2018). Implied additional duties are calculated using the difference in MFN and preferential tariff rates and the current value of trade for each product at HS2 level, 2017. MFN tariff rates for imports into the UK are trade-weighted average rates using a reference group of countries by ITC Market Access Map, rather than bilateral trade data. This is to overcome endogeneity bias which may show low average tariff rates where there are low bilateral trade values. These results assume all trade occurs under preferential FTA tariff rates. Different approaches to this analysis are likely to yield different results. The estimate of implied additional duties may be lower than which would be generated if trade and tariff data at a more disaggregated level (CN8 level) were used, as we might expect that tariffs would be higher in the tariff lines where imports are higher.

evidence suggests that 82% of the UK's eligible goods exports to Israel (defined as those which occurred under tariff lines where a preferential rate was offered under the agreement) actually utilised the tariff preferences.¹⁶ In 2016, DIT estimates suggest that 91% of the UK's eligible goods imports from Israel were imported utilising the preferences under the agreement.¹⁷ This means that the actual increase in duties could be lower than the estimates above.

38. The total duty which would in fact be charged on exports and imports would depend on how quantities and prices of traded products adjusted to the imposition of tariffs. If UK producers were not previously utilising the preferential rates or producers and consumers changed their behaviour in response to higher tariffs, this cost would be lower than estimated above. These are strong assumptions, so this figure should be treated as an indicative estimate of the magnitude of the trade barrier under this scenario.
39. The indicative estimate is that the largest implied increases in UK export duties will be for vehicles (HS87) of up to £9 million, and machinery and mechanical appliances (HS84) up to almost £5 million, which correspond to the top UK goods exported to Israel. On the imports side, the largest implied increases in duties will be in plastics and plastic products (HS39) of up to almost £10 million and edible fruits and nuts (HS08) up to just over £5 million. Plastics and plastic products are the top UK goods (in terms of value) imported from Israel.
40. Indicative estimates of implied additional tariff duties are provided above to give a sense of scale of possible additional costs of trade. Tariff duties are transfers, where the cost to business is equal to the extra tariff revenue collected by the UK Exchequer and the Israeli government. However, there could be wider effects of increased costs of trade, including negative impacts on consumer choice, prices, and ultimately economic growth and welfare.

Businesses

41. Additional duties could be absorbed by either UK or Israeli businesses (depending on whether it is the importer or exporter paying the duty), passed on to consumers, or existing trade patterns could be interrupted. This could impact UK competitiveness, leading to disruptions in supply chains and job losses in the short term.
42. Businesses that rely on imports as part of their supply chains may be affected if import prices rise, including UK exporters that rely on Israeli inputs to export goods to the rest of the world. In 2015 (latest data), around 15.1% of the value added in UK's gross exports reflected imports from abroad, including 0.1% from Israel.¹⁸ UK companies which rely on Israeli imports would become less competitive. Given the small share of UK trade under this agreement, in this case we would expect these impacts to be relatively small, but they could be noticeable for some specific companies.

¹⁶ Nilsson L and Preillon N. (2018). ['EU Exports, Preferences Utilisation and Duty Savings by Member State, Sector and Partner Country'](#). *European Commission*, pp. 1-17. This report uses data collected by EU Delegations from relevant authorities in countries with which the EU has bilateral reciprocal trade agreements in place.

¹⁷ DIT's own calculations using data from [Eurostat](#) (accessed 19th November 2018). Note that using a single year does not account for fluctuating trends in bilateral trade flows, which can be significant. In general, data on the preference utilisation of trade deals is not readily accessible and should be treated with caution. They indicate whether businesses trading in goods are benefitting from negotiated preferences, but do not tell us which or how many businesses are using these preferences. Nor do they cover services trade.

¹⁸ OECD, 2018. [Trade in Value Added \(TIVA\): Origin of value added in gross exports, December 2018](#). Experimental statistics.

Consumers

43. Imported products could be more expensive for consumers if retailers pass on additional duties to consumers through increases in domestic prices. This could disproportionately affect certain groups of consumers, for example those at the lower end of the income distribution, depending on the specific sectors affected. Consumers might also see a reduction in choice of products and services available. Given the small share of UK trade under this agreement, in this case we would expect these impacts to be relatively small overall, but they could be noticeable on specific product lines.

Longer-term impact

44. In the long run, the UK would forgo the longer-term benefits that the Association Agreement would have brought to UK. This could result in the long-term UK GDP marginally decreasing if a deal is not reached. Given that a relatively small share of total UK trade is with Israel, we would expect the impact on GDP to be relatively small.

Explanation of this Agreement, including significant differences between the UK-Israel Agreement and the EU-Israel Trade Agreements

45. The UK-Israel Agreement follows the short form approach explained above in paragraphs 8-11. Beyond the general *mutatis mutandis* changes explained above, this section describes global changes made to continuity free trade agreements following the short form approach and goes on to provide a detailed discussion of the UK-Israel Agreement.

General Provisions

Removal and replacement of references to the EU

46. Many of the general changes to the EU-Israel Trade Agreements (such as replacing references to the “European Union”, “the European Community”, the “EU” “EU Party”, and “Member States” with “UK”) are applied *mutatis mutandis*, that is, with the technical changes necessary to apply the Agreement as if it had been concluded between the UK and Israel in the first instance. The interpretive *mutatis mutandis* principle applies to references to EU institutions, which have been replaced with appropriate references to the equivalent institutions in the UK (for example, the Competition and Markets Authority).

Territorial Application

47. Territorial application provisions in a treaty outline the territory to which a treaty applies and how it applies. In the EU-Israel Trade Agreements, the relevant provisions define the territorial application of the Agreement by reference to the EU Treaties. The UK-Israel Agreement retains this provision and incorporates it into the new agreement, but includes an additional article, Article 4, which clarifies that, as far as the UK is concerned, the Agreement applies to the UK and the territories for whose international relations it is responsible. As far as those territories are concerned, the agreement applies to the same extent as the EU-Israel Agreement did. This clarification is required to reflect the change in territorial application in respect to the EU.

48. With regard to Israel, the EU-Israel Trade Agreements apply to the State of Israel. The same position is being incorporated into the UK-Israel Agreement. The UK does not recognise the Occupied Palestinian Territories (OPTs), including the settlements, as part of the State of Israel. The OPTs are not covered by the current EU-Israel Trade Agreements, nor by the UK-Israel Agreement. Products produced in the Israeli settlements located within the territories brought under Israeli administration since June 1967 are not entitled to benefit from preferential tariff treatment under the EU-Israel Trade Agreements. The arrangement by which this is achieved will be replicated under the UK-Israel Agreement.

Continuation of Time Periods

49. Certain provisions of the EU-Israel Trade Agreements that provide for a transitional period, requiring a party to complete an action within a certain timeframe, but which may not yet have been fulfilled under the conditions of the Agreement. These periods have been amended in the UK-Israel Agreement so that the Agreement reflects the remaining time in which the obligation must be fulfilled. Where a time bound commitment has been completed, reference to the time period has been left in and is covered by the interpretative *mutatis mutandis* principle to reflect any continuing obligations of either party. The general commitment to continue time periods in the EU-Israel Trade Agreements can be found in Article 5(1) of the UK-Israel Agreement.

50. Article 5(2) also provides an exception for time periods which relate to a procedure or other administrative matter, such as a review, committee procedure or notification. These periods are not affected and therefore ‘start again’ when the UK- Israel Agreement enters into force.

Institutions and Committees

51. Most of the institutional provisions and bodies provided for in the EU-Israel Trade Agreements are incorporated and retained *mutatis mutandis*, although some modifications have been made to the composition and function of these bodies to ensure they are operable in a bilateral context. For example, the Association Council and Association Committee are renamed Joint Council and Joint Committee, respectively, to reflect the bilateral relationship. The Joint Council shall consist of “representatives of the Government of the United Kingdom on the one hand and representatives of the Government of Israel on the other”, rather than being held “at

ministerial level” as in the underlying EU-Israel Trade Agreements (see Section 2 of the Annex to the UK-Israel Agreement).

52. Article 7 of the UK-Israel Agreement tasks the newly established Joint Council and the Joint Committee with ensuring that the Agreement operates properly from entry into force. It further stipulates that the Joint Committee established under the UK-Israel Agreement is deemed to have adopted the decisions of the Association Council and Association Committee or any other committees or working groups established under any of the EU-Israel Trade Agreements, to the extent those decisions relate to the UK and Israel, *mutatis mutandis*.

Amendment Clauses

53. Amendment clauses set out the process that must be followed if the parties agree to amend the provisions of the agreement after it enters into force. Though parties to an agreement are generally free to amend it as they deem necessary, amendment clauses serve to make the process clearer and more transparent.
54. The UK-Israel Agreement contains an amendment clause which outlines the process that must be followed if the Parties agree to amend the provisions of the Agreement after it enters into force. Article 8 provides that amendments must be agreed in writing and will enter into force on such a date as the parties agree following the date of the later of the Parties’ notifications confirming that they have completed any necessary legal requirements and procedures. The UK-Israel Agreement also enables the Joint Committee to decide to amend the annexes and protocols to the Agreement, which the Parties may subsequently adopt.
55. The insertion of an amendment article into the UK-Israel Agreement does not commit the UK to making any changes to the Agreement once it enters into force. It simply sets out a process which may be used if needed. Therefore, the insertion of an amendment clause is not expected to have an impact on the operability of the Agreement in a bilateral context.

Entry into Force and Provisional Application

56. Entry into force provisions specify the date from which the terms of the Agreement will bind the parties. Existing entry into force provisions have been replaced with new provisions to ensure that, whatever the scenario in which the EU-Israel Trade Agreements cease to apply to the UK, the UK-Israel Agreement enters into force as swiftly as possible. For the UK-Israel Agreement to enter into force, it must first be ratified by both the UK and Israel. In UK domestic law, before an agreement subject to ratification may be formally ratified, it must be laid before Parliament for scrutiny under the Constitutional Reform and Governance Act 2010 (CRaG Act).
57. Provisional application is a mechanism which allows an agreement to be applied prior to its entry into force. This means that the treaty can be provisionally applied prior to completion of the procedures required by the domestic law of the respective negotiating parties for its entry into force, provided any necessary domestic implementing measures are in place. Where the negotiating parties have agreed that a continuity agreement may be provisionally applied from the date the underlying EU agreement ceases to apply to the UK, the treaty may be operated provisionally from that date if this becomes necessary while, in the case of the UK, the treaty completes the procedures set out in the CRaG Act. A number of the existing EU agreements provide for provisional application and were provisionally applied by the UK as an EU Member State.
58. The UK and Israel have agreed to allow the UK-Israel Agreement to be provisionally applied (see Article 9(3) and 9(4)) in the event that this is necessary. Given that the Government is seeking to maintain the effects of the existing EU agreements as the UK leaves the EU, this is a proportionate approach to manage the timing constraints during this unique period and

reduces the risk of businesses and consumers experiencing disruption as the UK leaves the EU.

Trade Remedies and Dispute Settlement

59. Trade remedies provide a safety net for domestic industry against unfair or injurious trading practices caused by dumped, subsidised or unexpected surges of imports of goods. Most WTO members have a trade remedies regime.
60. The economic benefits of a trade agreement can only be realised if they are faithfully implemented and complied with. A dispute settlement mechanism in an agreement signals the parties' intention to abide by the agreement, thereby increasing business and stakeholder confidence that commitments set out in the agreement can, and will, be upheld. The dispute settlement mechanism therefore provides an important deterrent function. It also provides an effective mechanism for enforcing those commitments, and for resolving any disputes arising.
61. The UK-Israel Agreement replicates the effects of the trade remedies and dispute settlement provisions in the EU-Israel Trade Agreements *mutatis mutandis*.
62. One of the impacts of transitioning the dispute settlement chapters in the existing EU trade agreements is that, in the event that a dispute arises, the UK will be directly responsible for any relevant costs associated with the dispute settlement process.

Approximation

63. Approximation is the process by which "EU partners must align their national laws, rules and procedures in order to give effect to the entire body of EU law contained in the *acquis communautaire*."¹⁹
64. Articles mandating or promoting the gradual approximation of legislation between the EU and Israel have been removed. Maintaining these commitments would require our partners to approximate to both the UK and the EU's legislation, which would create an inappropriate commitment in a UK specific bilateral context. This alignment may be helpful, however we do not expect this change to have a direct impact on trade.

¹⁹ [http://ec.europa.eu/environment/archives/guide/part1.htm#\(2\)](http://ec.europa.eu/environment/archives/guide/part1.htm#(2))

Annexes and Protocols

Goods

65. Goods chapters in trade agreements set out the treatment and the level of access to the domestic market granted to goods of the respective parties. Such provisions include setting tariff levels and quotas on various products, establishing agricultural safeguards and determining the rules of origin for goods to qualify for preferential treatment. Commitments on tariffs for both the UK and Israel have, other than in those cases detailed below, been transitioned without changes. This means that tariff preferences applied by the UK for products from Israel will remain the same as those applied by the EU on the date the UK ceases to be bound by the EU-Israel Agreements, and, likewise, Israel will continue to apply the same preferences to products from the UK that it is applying to products from the EU.
66. The main exception to tariff commitments being transitioned without modifications relates to the size of tariff-rate quotas (see below), which can be found in Appendices 1 and 2 of the Annex to the UK-Israel Agreement (concerning Protocols 1 and 2 of the EU-Israel Agreements, as incorporated) where these have to be resized to deal with the fact that the UK will no longer be a member of the EU. These changes are detailed further below.

Tariff Rate Quotas (TRQs)

Justification for policy change

67. Tariff-rate quotas (TRQs) allow a certain quota of a product to enter the market at a zero or reduced tariff rate. Imports above the quota are subject to a higher tariff rate – usually the MFN rate. The EU has agreed TRQs, both for imports to the EU and to partner countries, in some of its trade agreements. In order for products to be able to continue to benefit from the use of TRQs in trade between the UK and its FTA partners, these quotas need to be present in the new UK agreements with those partners.
68. TRQs administered by the UK and by FTA partners have been re-sized to reflect the fact that the UK is a smaller importer and exporter than the EU28. Solutions were agreed with Israel to set quotas to a sufficient level that will allow for continuity of historical trade flows, in most circumstances, for importers and exporters from both sides.
69. Where possible, TRQs have been re-sized based on three years of customs data, which detail actual usage of the TRQs by importers. It includes information on the quantity and date of individual shipments of goods. Where there is not three years' worth of customs data, trade flow data have been used instead. In order to address future market access opportunities for UK and Israeli businesses, it was also agreed that a minimum level of access should be provided for all quotas, based on a proxy measure relevant to UK trade. Doing so allows future market access opportunities for UK and Israeli businesses using a fair and evidence-based methodology.
70. The quotas given in the UK-Israel Agreement were calculated based on a mixture of customs and trade flow data.

Impacts

71. Without transitioning these TRQs, and without any other mitigating actions, goods imported from Israel that are currently covered by TRQs in the existing EU agreement could face MFN tariffs. This could make these imports more expensive. For example, UK imports of “dried tomatoes, whole, cut, sliced, broken or in powder, but not further prepared” (HS code 07129030) could face an MFN rate of 12.8% rather than the in-quota rate of 0%. This example is not representative of all quotas. The nature of the impact of this will depend on a number of factors, including existing trading patterns and the behaviour and responsiveness of domestic consumers and businesses to the change in tariff. UK imports from Israel, based on trade data (at HS6 level) covering these products²⁰ were worth £11.7m in total in 2017²¹, equivalent to 1% of total UK goods imports from Israel.
72. Trade in goods currently exported from the United Kingdom to Israel could also be adversely affected if the relevant TRQs are not transitioned. In the absence of any explicit action by the Israeli government, that trade would face MFN tariffs. As explored above for UK imports, the nature of the impact will depend on a number of factors.
73. We expect that the overall, immediate, impact on UK producers and consumers resulting from this approach to resizing TRQs will be limited.

Entry Price System

74. The European Union’s (EU) Entry Price System (EPS) is a variable tariff mechanism for 15 types of fruit and vegetable. The system applies to apples, apricots, artichokes, cherries, clementines, courgettes, cucumbers, lemons, mandarins, oranges, peaches/nectarines, pears, plums, table grapes and tomatoes during their respective, approximate European growing seasons.
75. Under the EPS, an additional specific duty is charged in addition to the ad valorem duty, whenever the price at which the goods are imported is below a pre-determined entry price. The specific duty varies depending on the difference between the entry price and the import price of the goods. If the import price of the consignment under cuts the entry price by more than 8%, the full bound tariff is applied. These entry prices and specific tariffs are bound in the EU’s WTO Goods Schedule.

Justification for policy change

76. The UK is retaining the flexibility to implement an EPS following its withdrawal from the EU. The annex to this short form agreement ensures the UK’s right to operate an EPS, which reflects the EU EPS, at the time this agreement enters into force.
77. This provision ensures that the UK’s right to apply an EPS is incorporated into this agreement in line with the objective of continuity. However, the UK will have no obligation to apply an EPS.

²⁰ Trade data at HS6 level. Products covered by quotas taken from the EU’s [TARIC database](#).

²¹ HM Revenue and Customs, UK trade statistics data. <https://www.uktradeinfo.com/Pages/Home.aspx>. 2017 average. It should be noted that not all commodity codes within the HS product codes will be covered in every TRQ. Further, it is not necessarily the case that all trade in products under the quota will enter under this access commitment. As such, estimates based on HS6 data are likely to give an upper bound to the volume of imports and exports covered by the TRQ.

Impact

78. In the event that the UK applies an EPS, this agreement provides that the *ad valorem* part of the duty is eliminated, but the additional specific duty is retained. The additional specific duty would be applicable, regardless of the elimination of the *ad valorem* part of the duty provided for by this Agreement. This approach is consistent with the preferential terms outlined in the existing EU-Israel Trade Agreements. The UK retains the right to ‘switch on’ an EPS at any point after this agreement enters into force.
79. The UK’s WTO Goods Schedule (published 24 July 2018) replicates the entry prices and specific tariffs as bound in the EU’s WTO Schedule. Any future UK Entry Price System will have product coverage no greater, entry prices no lower, and specific duties no higher than those specified in the UK’s WTO Goods Schedule. Such a UK system will thus represent no reduction in market access commitments as compared with the current EU system.

Rules of Origin

Justification for policy change

80. In free trade agreements, Rules of Origin are used to determine the economic nationality of a good. In order to qualify for preferential tariff rates, a good must “originate” in one of the parties to the agreement. Trade agreements may also allow materials originating and/or processing in a country other than the exporting Party to count towards meeting the specific origin requirements for preferential treatment, a process known as “cumulation”.
81. There are two categories relevant to determining whether goods “originate” in the exporting country for the purposes of a free trade agreement:
- a. Wholly obtained – These are goods that are wholly obtained or produced entirely in a single country. Examples include mineral products extracted from the soil and live animals born and raised there.
 - b. Substantial transformation – These are goods that are made from materials which come from more than one country, and the origin is therefore defined as that of the country where the goods were last substantially transformed. This can be determined in three ways:
 - i. *Value added* – This type of rule requires that a particular proportion of the final value of the product be added in the exporting country.
 - ii. *Change in Tariff Classification (“CTC”)* – This type of rule requires that the final product be sufficiently different from the imported materials so that it moves to a different tariff classification altogether.
 - iii. *Specific processing or manufacturing* – These rules typically apply where value added or CTC rules may not adequately determine originating status, and where specific processes are required to meet originating criteria.
82. As a member of the EU, all UK content is currently considered as “originating” in the EU and UK exports are designated as “EU origin”. This means that originating materials from, and processing in, the UK and the rest of the EU can be used interchangeably in bilateral trade with existing EU FTA partners. This will no longer be the case when existing EU FTAs cease to apply to the UK. At this point, the designation of UK exports will shift from “EU” originating, to

“UK” originating and EU content will (unless specific provision is made in new agreements) no longer count towards meeting the origin requirements for preferential treatment for either party. This would have implications for goods traded between the UK, EU and Israel.

83. To address these implications and to provide maximum continuity for business, it has been agreed in the UK-Israel Trade Agreement that EU materials can be recognised (i.e. cumulated) in UK and Israel exports to one another. Furthermore, EU processing can be recognised (i.e. cumulated) in UK exports to Israel. The cumulation arrangements are set out in detail in Title II (Definition of the concept of ‘originating products’) of the Rules of Origin Protocol and are subject to satisfying certain conditions specified in the agreement.
84. The EU and Israel are currently contracting parties to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (PEM Convention). The PEM Convention is a multilateral agreement that harmonises preferential rules of origin across the Euro-Med area and provides for cumulation between contracting parties to that Convention. The UK’s future relationship with the PEM Convention will, in part, depend on UK-EU arrangements, so the UK-Israel Trade Agreement reflects the provisions of the PEM Convention in a bilateral context with modifications.
85. The text of the Rules of Origin Protocol can be found in Appendix 3 to the Annex of the UK-Israel Trade Agreement.

Impact

86. If cumulation of EU content for the UK and Israel were not permitted under the UK-Israel Trade Agreement, some UK and Israel based exporters might find themselves unable to access preferences as they are currently able to under the proposed EU-Israel Trade Agreements. UK exporters to Israel who rely on EU content might have to revert to paying Most Favoured Nation (MFN)²² tariff rates, if they continued using EU content, or they might have to review and reassess their existing supply and value chains as a result of this change to existing terms. The impact would, of course, vary across sectors.
87. The UK-Israel Trade Agreement provides only for trade between the UK and Israel and does not provide for either party’s direct trade with the EU.

Services

88. Services chapters and corresponding annexes in trade agreements set out the treatment and the level of access to the domestic market granted to that trade partner’s service suppliers and services. Commitments build upon the level of access and the treatment granted to all WTO members, whilst protecting governments’ right to regulate the domestic markets. In the EU-Israel Agreement, Title III (Right of Establishment and Supply of Services) contains the agreement’s services content. These provisions are limited and the effect of all the provisions have been retained as they were in the EU-Israel Agreement.

The Incorporated Procurement Agreement

89. Public procurement commitments in trade agreements provide enforceable rules and standards for a transparent and non-discriminatory framework on government procurement. They also

²² ‘Most Favoured Nation’ treatment is applied to all World Trade Organisation (WTO) members, which states that members should accord similar treatment for all other members. Preferential Trade Agreements are allowed as an exception to this provision, under Article VI of WTO law, if they cover ‘substantially all trade’.

liberalise specific procurement markets between the parties and provide enforceable market access commitments.

90. The commitments on public procurement that relate to the UK and Israel have been retained in the UK-Israel Agreement.
91. Beyond the application, *mutatis mutandis*, by Article 3 of the UK-Israel Agreement, amendments have been made to the EU-Israel Procurement Agreement, as expressed in Annex II of the UK-Israel Agreement, in order to ensure continuity of rights and obligations currently enjoyed under the WTO Government Procurement Agreement (GPA).
92. The GPA currently applies in and to the UK by virtue of the UK's membership of the EU. The UK is in the process of acceding to the GPA as an independent member after we exit the EU. In the event of a gap in continuity of the UK's GPA membership there is a risk that some of the market access commitments in this Agreement would become inoperable, in their application between the UK and Israel. The original commitments in the EU-Israel Trade Agreement were made between GPA members in relation to GPA market access and therefore operated in the wider context of the GPA.
93. As such, to replicate the current legal effect and intention of these original commitments it was necessary to maintain continuity of all GPA rights and obligations between Israel and the UK. This agreement therefore incorporates, in a bilateral arrangement between Israel and the UK, all of the existing obligations that the Parties owe to each other by virtue of the UK's membership of the GPA (through the EU). This approach has enabled the UK and Israel to maintain continuity for all aspects of procurement market access contained in the original Agreement.
94. We have also removed the Joint Declaration on public procurement (one of 15 Joint Declarations that form part of the EU-Israel Trade Agreements), which was in part deemed to be obsolete, in the context of the 2012 Government Procurement Agreement. A reference to the liberalisation of telecommunications service markets is no longer applicable, having already taken place. The remaining part of the Joint Declaration committed Israel not to seek further discriminatory measures in the fields of heavy electrical and medical equipment beyond the existing provisions in Israel's GPA 2012 market offer – there is no change in market access for UK stakeholders caused by its deletion.

The Incorporated Protocol on Conformity Assessment and Acceptance of Industrial Products (CAA)

95. The provisions of the EU-Israel Protocol on Conformity Assessment and Acceptance of Industrial Products (CAA) have been incorporated into the UK-Israel Agreement. The CAA reduces technical barriers to trade for pharmaceutical products, through mutual recognition of each party's inspectorate results for Good Manufacturing Practice (GMP) for pharmaceuticals. In practice this means that Israeli inspectors do not need to inspect EU facilities and vice versa.
96. Beyond the application, *mutatis mutandis*, by Article 3 of the UK-Israel Agreement, amendments have been made to the CAA, as expressed in Annex II of the UK-Israel Agreement. These changes have been made in order to remove the approximation elements of the agreement, which required Israel to approximate its rules to EU law. Such provisions would not be appropriate for a bilateral UK-Israel agreement.
97. We have kept the aspects allowing for the mutual recognition of obligatory conformity assessment requirements. For GMP inspections, this means that the UK and Israel will

continue to accept each other's inspectorate results for GMP of pharmaceuticals. In practice this achieves continuity of effect of the existing obligations set out in the EU-Israel CAA.

98. £131.7m of total UK Exports to Israel are covered by the CAA, which is 11.3% of total UK goods exports to Israel. £160.0m of total UK Imports from Israel covered by the CAA, which is 12.8% of total UK goods imports from Israel.²³

Wider Provisions

99. As part of our approach to seek technical replication of the EU agreements as the UK leaves the EU, we have also incorporated elements which go beyond trade. As with the trade focused provisions, we have amended these where necessary to ensure operability in a bilateral context
100. In Title VIII (Social Matters), the original EU-Israel Trade Agreement contains social security arrangements that are concerned with combining (aggregating) periods of insurance, employment or residence in EU Member States with periods of insurance, employment or residence in the UK, for the purpose of pensions, invalidity benefits and medical care for legally employed Israeli workers and their families. Under this agreement, citizens from Israel who are legally working in the UK are allowed to access family allowances in the UK for their family members resident in the UK. Pensions and various benefits, such as for occupational illness and invalidity can be accessed, both in the UK and if they return to Israel.
101. In a No Deal scenario, the UK may not have an appropriate data sharing arrangement with the EU which allows us to aggregate periods of insurance, employment or residence in the UK with periods of insurance, employment or residence in Member States for the purpose of pensions and invalidity benefits. Leaving the text as it is creates an obligation on the UK to aggregate with Member States, something we cannot do until we have such an agreement with the EU.
102. Therefore, the changes we have made under the UK-Israel agreement in Annex II will not implement the measures relating to aggregation of insurance or employment until the UK and EU reach an appropriate agreement on how to do this.
103. In 2015 there were round 22,000 migrants of UK origin in Israel and around 20,000 migrants of Israeli origin in the UK.

²³ based on 5 year averages (2013-2017), source: HMRC (OTS):

Annex A

Inward TRQs

Quota No. ⁽¹⁾	Product Description ⁽²⁾	New UK quota volume (Tonnes net weight, unless otherwise indicated)
0105 12 00	Live turkeys weighing not more than 185 g	17 695 pieces
0207 27 10	Boneless turkeys cuts, frozen	545
0207 27 30 0207 27 40 0207 27 50 0207 27 60 0207 27 70	Turkeys cuts with bone in, frozen	
ex 0207 33	Meat of ducks and geese, not cut in pieces, frozen	76
ex 0207 35	Other meat and edible offal of ducks and geese, fresh or chilled	
ex 0207 36	Other meat and edible offal of ducks and geese, frozen	
0404 10	Whey and modified whey, whether or not concentrated or containing added sugar or other sweetening matter	177
0603 11 00 0603 12 00 0603 13 00 0603 14 00 0603 19 10	Cut flowers and flower buds, fresh	3 023

0603 19 90		
0603 19 90	Other fresh cut flowers and buds from 1 November to 15 April	1 068
0701 90 50	New potatoes, from 1 January to 30 June, fresh or chilled	9 689
ex 0702 00 00	Cherry tomatoes, fresh or chilled ⁽³⁾	3 814
ex 0702 00 00	Tomatoes, fresh or chilled, other than cherry tomatoes	681
0707 00 05	Cucumbers, fresh or chilled	136
0709 60 10	Sweet peppers, fresh or chilled	2 349
0709 90 70	Courgettes, fresh or chilled, from 1 December to end February	—
0710 40 00 2004 90 10	Sweet corn, frozen	1 444
0711 90 30 2001 90 30 2005 80 00	Sweet corn, not frozen	735
0712 90 30	Dried tomatoes, whole, cut, sliced, broken or in powder, but not further prepared	163
ex 0805 10	Oranges, fresh	30 509 ⁽⁴⁾
ex 0805 20 10 ex 0805 20 50	Clementines, mandarins and wilkings, fresh	5 448
ex 0805 20 10 ex 0805 20 50	Clementines, mandarins and wilkings, fresh from 15 March to 30 September	2 136

0806 10 10	Table grapes, fresh from 1 April to 31 July	—
0807 19 00	Other fresh melons (excl. watermelons), from 1 August to 31 May	4 086
0810 10 00	Strawberries fresh, from 1 November to 30 April	681
1602 31 19	Prepared or preserved meat, meat offal or blood of turkeys, containing 57 % or more by weight of poultry meat or offal, other than exclusively uncooked turkey meat	681
1602 31 30	Prepared or preserved meat, meat offal or blood of turkeys, containing 25 % or more but less than 57 % by weight of poultry meat or offal	
1602 32 19	Prepared or preserved meat, meat offal or blood of fowls of the species <i>Gallus domes ticus</i> , containing 57 % or more by weight of poultry meat or offal, other than uncooked	272
1602 32 30	Prepared or preserved meat, meat offal or blood of fowls of the species <i>Gallus domes ticus</i> , containing 25 % or more but less than 57 % by weight of poultry meat or offal	
1704 10 90	Chewing gum whether or not sugar-coated, not containing cocoa, containing 60 % or more by weight of sucrose (including invert sugar expressed as sucrose)	14
		341

1806 10 20	Cocoa powder containing 5 % or more by weight of sucrose (including invert sugar expressed as sucrose) or isoglucose expressed as sucrose	
1806 10 30		
1806 10 90		
	Other food preparations containing cocoa in blocks, slabs or bars weighing more than 2 kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packagings, of a content exceeding 2 kg	
1806 20		
1905 20 30	Gingerbread and the like, containing by weight 30 % or more of sucrose (including invert sugar expressed as sucrose)	436
1905 20 90		
2002 90 91	Tomatoes, prepared or preserved otherwise than by vinegar or acetic acid, with a dry matter content of more than 30 % by weight	107
2002 90 99		
ex 2008 70 71	Slices of peaches, fried in oil	15
2009 11 2009 12 00 2009 19	Orange juice	4 767, of which, in packs of 2 L or less, not more than 2 898
ex 2009 90	Mixtures of citrus juices	2 677

2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009	1 216hl
3505 20	Glues based on starches, or on dextrins or other modified starches	34

- (1) [CN] codes corresponding to [Regulation (EU) No 861/2010 (OJ L 284, 29.10.2010, p. 1).]
- (2) Notwithstanding the rules for the interpretation of the [combined nomenclature], the wording for the description of the products is to be considered as having no more than an indicative value, the preferential scheme being determined, within the context of this Annex, by the coverage of the [CN] codes. Where 'ex' [CN] codes are indicated, the preferential scheme is to be determined by the application of the [CN] codes and corresponding description taken together.
- (3) Entry under this subheading is subject to the conditions laid down in the relevant Union provisions (Part 10 of Part B (Specific Marketing Standards) of Annex I to Regulation (EU) No 543/2011, as amended).
- (4) Within this tariff quota, if the United Kingdom introduces an entry price scheme as provided in paragraph [x] of the Annex, the specific duty provided in the United Kingdom's list of concessions to the WTO is reduced to zero for the period from 1 December to 31 May, if the entry price is not less than [EUR] 264/tonne, being the entry price agreed between the United Kingdom and Israel. If the entry price for a consignment is 2, 4, 6 or 8 % lower than the agreed entry price, the specific customs quota duty shall be equal respectively to 2, 4, 6 or 8 % of this agreed entry price. If the entry price of a consignment is less than 92 % of the agreed entry price, the specific customs duty bound within the WTO shall apply.

(*) In this respect, 'agricultural component' is the specific part of the duty established in [Regulation (EU) No 861/2010 (OJ L 284,29.10.2010, p. 1).]

(**) For those products the applicable duty beyond the tariff quota is established in Table 3 of the Annex to Protocol 1.

Outward TRQs

Quota No. ⁽¹⁾	Product Description ⁽²⁾	New Israel quota volume (Tonnes net weight, unless otherwise indicated)
ex 0102 90	Live calves for slaughter	163
ex 0105 12	Live ducks, geese, turkeys and guinea fowls, weighing not more than 185 g	280
0105 19		572 pieces
201	Meat of bovine animals, fresh or chilled	153
204	Meat of sheep or goats, fresh, chilled or frozen	109

ex 0207	Meat and edible offal of poultry of heading 0105, fresh, chilled or frozen, not including ducks (meat or liver)	
ex 0207 34	Goose fatty liver	14
ex 0207 36	Goose meat and liver, frozen	68
0302 31 20	Of the kind detailed in subheading 0302 31 00 only albacore or long finned tunas (<i>Thunnus alalunga</i>)	34
0303 31 10	Of the kind detailed in subheading 0303 31 00 only halibut (<i>Reinhardtius hippoglossoides</i> , <i>Hippoglossus hippoglossus</i> , <i>Hippoglossus stenolepis</i>)	14
0303 33 10	Of the kind detailed in subheading 0303 33 00 only sole (<i>Solea</i> spp.)	
0303 39 10	Of the kind detailed in subheading 0303 39 00 only (Other than <i>Reinhardtius hippoglossoides</i> , <i>Hippoglossus hippoglossus</i> , <i>Hippoglossus stenolepis</i> , <i>Pleuronectes platessa</i> , <i>Solea</i> spp.)	
0303 79 91	Approved by the Director-General of the Ministry of Agriculture as fish of the kinds that do not grow or are not fished in Israel or in the Mediterranean Sea	—
0304 19 41	Of the kind detailed in subheading 0304 19 40 only (<i>Pleuronectidae</i> , <i>Bothidae</i> , <i>Cynoglossidae</i> , <i>Thunnus</i> , <i>Skipjack</i> , <i>Euthynnus pelamis</i> , <i>Herrings</i> , <i>Cod</i> , <i>Sardines</i> , <i>Haddock</i> , <i>Coalfish</i> , <i>Mackerel</i> , <i>Dogfish</i> , <i>Anguilla</i> , <i>Hake</i> , <i>Red Fish</i> , <i>Nile Perch</i>)	50
0402 10 21	Milk and cream in powder, granules or other solid form, of a fat content, by weight, not exceeding 1,5 %	297
0402 10 10	Milk and cream in powder, granules or other solid form, of a fat content, by weight, not exceeding 1,5 %	297

0402 21	Milk and cream in powder, granules or other solid form, of a fat content, by weight, exceeding 1,5 %, not containing added sugar or other sweetening matter	602
ex 0402 91 ex 0402 99	Condensed milk	14
403	Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa	27
404	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included	191
405 0405 10 0405 10 31 0405 10 39 0405 10 91 0405 10 99 0405 20	Butter and other fats and oils derived from milk; dairy spreads: – Butter: -- In packings of net content exceeding 1 kg: --- Within the framework of the Fifth Addition --- Others -- In packings of a net content not exceeding 1 kg: --- Within the framework of the Fifth Addition --- Other – Dairy spreads: -- Within the framework of the Fifth Addition	89

0405 20 10	-- Other	
0405 20 90	- Other fats and oils derived from milk: -- Within the framework of the Fifth Addition	
0405 90 19	-- Others	
0405 90 90		
406	Cheese and curd	113
ex 0407	Bird's eggs, in shell, fresh, preserved or cooked for consumption	1 090 254 pieces
ex 0407	Bird's eggs, in shell, fresh, for hatching	6 810 pieces
ex 0409	Natural honey	25
ex 0409	Natural honey in packages exceeding 50 kg	41
0701 90	Potatoes, fresh or chilled, other than seed	869
0703 10	Onions and shallots, fresh or chilled	313
0703 20	Garlic, fresh or chilled	31
ex 0709 20	Asparagus, white, fresh or chilled	14
ex 0709 51 ex 0709 59	Mushrooms, fresh or chilled, other than released in the months June to September	27
0710 10	Potatoes (uncooked or cooked by steaming or boiling in water), frozen	34

0710 21	Shelled or unshelled peas (<i>Pisum sativum</i>) (uncooked or cooked by steaming or boiling in water), frozen	148
0710 22	Shelled or unshelled beans (<i>Vigna</i> spp., <i>Phaseolus</i> spp.) (uncooked or cooked by steaming or boiling in water), frozen	199
0710 29	Other leguminous vegetables, shelled or unshelled (uncooked or cooked by steaming or boiling in water), frozen	90
0710 30	Spinach, New Zealand spinach and orache spinach (garden spinach) (uncooked or cooked by steaming or by boiling in water), frozen	89
0710 80	Other vegetables (uncooked or cooked by steaming or boiling in water), frozen	215
0710 90	Mixtures of vegetables (uncooked or cooked by steaming or boiling in water), frozen	
ex 0712 90	Other vegetables and mixtures of vegetables, dried, whole, cut, sliced, broken or in powder, but not further prepared, other than sweet corn, beans with shell, broccoli, garlic and dried tomatoes	48
0712 90 81	Garlic, dried, whole, cut, sliced, broken or in powder, but not further prepared	8
ex 0712 90 30	Dried tomatoes, whole, cut, sliced, broken or in powder, but not further prepared	
2002 90 20	Tomatoes, other than whole or in pieces, prepared or preserved otherwise than by vinegar or acetic acid, in powder form	168

ex 0802 60	Macadamia nuts, fresh or dried, whether or not shelled or peeled	
	Pecan and other nuts, fresh or dried, whether or not shelled or peeled excluding pecans, macadamia and pine nuts	76
0802 90		
ex 0804 20	Figs, dried	76
0805 10 10	Oranges, fresh	136
[0805 20 10	<i>Fresh mandarins (including tangerines</i>	2 000
0805 50 10	Fresh lemons (<i>Citrus limon</i> ,	68
0806 10	Grapes, fresh	68
0806 20	Grapes, dried	16
0807 11	Watermelons, fresh	102
0807 19	Melons, fresh	41
0808 10	Apples, fresh	447
ex 0808 20	Pears, fresh	291
ex 0808 20	Quinces, fresh	52
0809 10	Apricots, fresh	41
0809 20	Cherries, fresh	14
0809 30	Peaches, including nectarines	41
0809 40	Plums and sloes	68
0810 50	Fresh kiwifruit	27
ex 0811 20	Raspberries, blackcurrants, redcurrants, blackberries and mulberries uncooked or cooked by steaming or boiling in water, frozen, unsweetened	22
0811 90	Other fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter	90
0812 10	Cherries, provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption	84
0812 90 10	Strawberries, provisionally preserved, but unsuitable in that state for immediate consumption	14

0813 20	Prunes, dried	99
0904 20	Fruits of genus <i>Capsicum</i> or <i>Pimenta</i> ,	15
1001 10	Durum wheat	1 449
1001 90	Other wheat and meslin	25 992
ex 1001 90	Other wheat and meslin ⁽³⁾ , for feed	40 860
1209 99 20	Watermelon seeds	76
1507 10 10	Soya bean oil, whether or not degummed, edible	391
1507 90 10		
1509 10	Olive oil, virgin	41
1509 90 30	Olive oil, other than virgin, edible	
1509 90 90	Olive oil, other than virgin, other than edible	95
ex 1512	Sunflower-seed, safflower or cotton- seed oil and fractions thereof, whether or not refined, but not chemically modified, edible	unlimited
ex 1514	Rape, colza or mustard oil and fractions thereof, whether or not refined, but not chemically modified, edible	unlimited
1601	Sausages and similar products, of	68
1602 31	Prepared or preserved meat or	681
1602 32	Prepared or preserved meat or meat	272
1602 50	Prepared and preserved meat offal of bovine animal	340
1604 11 10	Salmon, in airtight containers	100
1604 12 90	Others	unlimited
1604 13	<i>Sardines</i>	230
1604 14	Tuna	45
ex 1604 15 90	Mackerel	11
1604 16 00	Anchovies	unlimited
ex 1604 19 90	Cod, coalfish, hake, Alaska Polack	20
ex 1604 20 90	Herring, swordfish, mackerel	14
1604 30	Caviar and caviar substitutes	25
1702 30 10	Glucose in liquid state	unlimited
1704 10 90	Chewing gum, whether or not sugar coated not containing 10 % or more gum base by weight	10
1905 31 10	Sweet biscuits, containing eggs at a rate of 10 % or	163

	more of the weight, but not less than 1,5 % of milk fats and not less than 2,5 % of milk protein	
1905 32 20	Waffles and wafers, others, without filling	
1905 32 30	Waffles and wafers with filling containing not less than 1,5 % of milk fats, and not less than 2,5 % milk proteins	
1905 32 90	Others	
2001 10	Cucumbers and gherkins, prepared or preserved by vinegar or acetic acid	8
2001 90 90	Other, than cucumbers and gherkins, olives, sweetcorn (<i>Zea mays</i> var. <i>saccharata</i>), yams, sweet potatoes and similar edible parts of plants containing 5 % or more by weight of starch, prepared or preserved by vinegar or acetic acid	136
2002 10	Tomatoes whole or in pieces prepared or preserved otherwise than by vinegar or acetic acid	14
ex 2002 90 10 ex 2002 90 90	Tomato paste, approved by the Director-General Ministry of Industry, for ketchup producers	140
ex 2004 90	Other vegetables and mixtures of vegetables, other than homogenised preparations, in the form of flour or meal	46
ex 2004 90	Other vegetables, other than homogenised preparations	unlimited
2005 20 90	Potatoes, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	34

2005 40 90	Peas, other than homogenised preparations, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	41
2005 51	Beans, shelled, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	41
2005 70	Olives, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	34
2005 99 70	Chili Pepper, in packages exceeding 50kg	178
2005 99 90	Other vegetables and mixtures of vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen	178
2006 00	Vegetables, fruit, nuts, fruit peel and other parts of plants, preserved by sugar (drained, glace or cryst allised)	14
ex 2007 99	Other jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, obtained by cooking with a sugar content exceeding 30 % by weight, excluding strawberries	195
2008 40	Pears, otherwise prepared or preserved	68
2008 50	Apricots, otherwise prepared or preserved	71
ex 2008 60	Sour cherries, prepared or preserved, containing no spirit but with added sugar	37
2008 70	Peaches including nectarines otherwise prepared or preserved	305
ex 2008 80	Strawberries, otherwise prepared or preserved in packings of not less than 4,5 kg (excl. added sugar or spirit)	30

ex 2008 92	Mixtures of tropical fruit, without strawberries, nuts and citrus	76
2008 99	Other, fruit, nut and other edible part of plants, otherwise prepared whether or not containing added sugar or other sweetening matter or spirit not elsewhere specified or included	68
ex 2009 11 ex 2009 19	Orange juice, frozen and not frozen, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter, of a Brix value not exceeding 67, in packings of more than 230 kg	unlimited
ex 2009 29	Grapefruit juice, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter, of a Brix value not exceeding 67, in packings of more than 230 kg	
ex 2009 31	Lemon juice, unfermented and not containing added spirit, not containing added sugar or other sweetening matter, of a Brix value not exceeding 20	76
ex 2009 39 11	Other lemon juice, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter, of a Brix value exceeding 50	147
2009 61 ex 2009 69	Grape juice, (incl. grape must), unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter, of a Brix value not exceeding 30 Other grape juice (incl. grape must), unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter, of a Brix value exceeding 67	31

2009 71	Apple juice, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter, of a Brix value not exceeding 20	108
ex 2009 79	Other apple juice, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter of a Brix value exceeding 20	227
ex 2009 80	Juice of any other single fruit or vegetable, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter, of a Brix value exceeding 67	120
ex 2009 90	Mixtures of juices excluding grapes and tomatoes, of a Brix value exceeding 20	82
[2105 00	Ice cream and other edible ice, whether or not containing cocoa	500
2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009	586hl
2205 10 2205 90	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances	272hl
2207 10 51 2207 10 91	Undenatured ethyl alcohol obtained from grapes of an alcoholic strength by volume of 80 % vol or higher	3 450
2208 20 91	Spirits obtained by distilling grape wine or grape marc, containing 17 % or more alcohol by volume, whose price per centilitre exceeds the shekel equivalent of 0,05 dollar	2 000 Hpa
2304	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya-bean oil	408
2306 30 00	Oilcake and other solid residues	781

2306 41	Rape seed meal	3 920
2309 10 20	Dog or cat food, put up in packing for retail sale, containing, by weight, not less than 15 % and not more than 35 % protein materials and not less than 4 % fat materials	157
2309 90 20	Other preparations of a kind used in animal feeding, containing, by weight, not less than 15 % and not more than 35 % protein materials and not less than 4 % fat materials and prepared food for ornamental fishes and birds	219
3502 11 3502 19	Egg Albumin	7

- (1) Israeli codes corresponding to the Israeli Customs file, published in Jerusalem on 1.1.2010 Version 1590.
- (2) Notwithstanding the rules for the interpretation of the Harmonised System (HS) or of the Israeli tariff nomenclature, the wording for the description of the products is to be considered as having no more than an indicative value, the preferential scheme being determined, within the context of this Annex, by the coverage of the HS codes or of the Israeli tariff codes. Where 'ex' HS codes or 'ex' Israeli tariff codes are indicated, the preferential scheme is to be determined by the application of the HS codes or Israeli tariff codes and corresponding description taken together.
- (3) Approved by the Director-General of the Ministry of Agriculture.
- (*) Preferential duties beyond the tariff quota established in Table 3 of the Annex to Protocol 2.

(**) The Agricultural Component may be applied by Israel in respect of the relevant products originating in the United Kingdom on terms no less favourable than any Agricultural Component is applied by Israel to the same products originating in the European Union pursuant to Table 2 of the Annex to Protocol 2 of the EU-Israel Association Agreement. Israel will inform the United Kingdom of any new fixation of these Agricultural Components.

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