

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM (78) 662 final

Brussels, 27 November 1978

## COMMISSION COMMUNICATION TO THE COUNCIL ON THE EXPLORATORY TALKS WITH ISRAEL

### RECOMMENDATION FOR A COUNCIL DECISION CONCERNING THE NEGOTIATION OF AN AGREEMENT WITH ISRAEL

(Submitted by the Commission to the Council)

COM (78) 662 final



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COMMISSION COMMUNICATION TO THE COUNCIL ON THE EXPLORATORY TALKS WITH  
ISRAEL

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1. Exploratory talks took place on 25 September 1978 in Brussels between a Commission Delegation and an Israeli Delegation in connection with the implementation of Article 22 of the Agreement. In accordance with that Article, the two delegations reviewed the results of the Agreement since it came into force and discussed any improvements that could be made from 1 January 1979 on the basis of the objectives of the Agreement and the experience gained. The meeting served notably to clarify Israel's position in this matter.

I. REVIEW OF THE RESULTS OF THE AGREEMENT

(a) Trade

2. During the examination of trade developments, problems were encountered in the comparison of statistics relating to the balance of trade between the two parties<sup>1</sup>, and opinions diverged in the assessment of the trend of trade between them. The Community's trade figures indicate that Community imports from Israel grew by 72% from 1975 to 1977 and that they were significantly diversified. On the other hand, the Community's sales to Israel over the same period remained virtually stable, though they increased slightly in 1977. There has thus been a considerable reduction since 1975 in the trade surplus with Israel, despite a small absolute but not relative increase in 1977 (see Annex I).

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<sup>1</sup>The two delegations agreed that their experts should continue to examine the statistical data and how they are gathered.

The Israeli Delegation did not question the general trend of Israel's trade with the Community but stressed the size of the country's trade deficit and underlined the fact that, contrary to the aims of the Agreement, Israeli sales on the Community market increased less rapidly than sales to the rest of the world, whereas imports from the Community increased more rapidly than imports from the rest of the world. The Israeli Delegation indicated that Israel's trade deficit with the Community had increased appreciably during the first four months of 1978 (\$411 million as against \$176 million over the same period in 1977), which suggested a reversal of the trend. From Israel's point of view, therefore, the first three years in which the Agreement had operated had not allowed full advantage to be taken of the free trade zone and had not produced significant results.

As far as the structure of trade was concerned, Israel's privileged links with the Community had at least enabled Israel to diversify its exports to some extent. There had been a marked increase in sales of chemicals, ready-made garments and electronic goods in particular.

3. Israel's agricultural exports had also increased considerably, both of products falling within the Agreement and of those not included. The Israeli Delegation felt however that the results achieved in this field were not as good as had been hoped for owing to the residual tariff protection at the Community's frontiers or the effects of certain provisions of the common agricultural policy, or both.

On the subject of citrus fruits, the Israeli Delegation expressed its deep disappointment over the Community's attitude to the problem of the increase in the tariff preference provided for in the Agreement for Israeli products. The Israeli Delegation felt that a change in the tariff reduction from 60% to 65%, which the Council appeared to favour, was "derisory".

(b) Economic cooperation

4. On the achievements of the Agreement in the field of cooperation, the Israeli Delegation complained generally about the lack of urgency with which cooperation schemes had been implemented and stressed the need for

more rapid progress. The delegation felt that cooperation projects would doubtless have been facilitated if budgetary funds, in the form of grants or special loans, had been made available by the Agreement.

In the field of industrial cooperation the Joint Committee had already begun identifying those sectors of industry in which cooperation projects might be undertaken and had made a recommendation as to how cooperation projects in those fields could best be undertaken. On this basis a symposium on investment opportunities in Israel is currently being organized and should take place on 23 November of this year.

The Joint Committee has also identified the areas of cooperation in agriculture and suitable ways of promoting cooperation projects. However, as so little time has elapsed since this project identification took place, no concrete action has yet been taken.

In the field of scientific cooperation, the two delegations noted that cooperation schemes had already been undertaken (exchange of scholarship holders, symposiums, etc.). The Israeli Delegation, however, considered that such schemes were not sufficient in view of the opportunities for scientific cooperation that Israel can offer.

On cooperation within the COST sphere in particular, the Israeli Delegation felt that preparations for Israel's participation in the two scientific cooperation projects already approved by the Council should be speeded up. In this connection, the Commission informed the Israeli Delegation of the progress made and said that as soon as a standard agreement for the collaboration of a third country in a COST project had been drawn up, negotiations on Israel's participation in the COST projects in question would be started.

## II. POSSIBLE IMPROVEMENTS

### (a) Industrial sector

5. In the industrial sector, the two delegations noted that the difficulties encountered in exporting to each other's markets were generally of a non-tariff nature and could be solved in the context of the Agreement's provisions

on the functioning of the free trade area. These problems were already being examined from a technical angle by a group of experts from the Commission and Israel. Consequently it was not felt that there was a need to improve the provisions of the Agreement in this field.

On the other hand, the difficulties experienced in the past in connection with the establishment by the Community of specific measures in the textile sector<sup>1</sup> have suggested that the consultation procedures set out in the Agreement should be more clearly defined. This would enable the two parties to exchange detailed information on specific fields, to assess developments in the situation and to take such measures as they consider appropriate in the light of the information.

(b) Tariff dismantling

6. The Israeli Delegation requested the application of Article 22(2) of the Agreement, which provides for the possibility of extending by two years the timetable for tariff dismantling set out in Article 1 of Protocol 2 to the Agreement. The economic reasons given in support of this request were the size of Israel's trade deficit with the Community, the precarious situation of Israeli industry, the average levels of the two parties' customs tariffs (7.5% in the Community, 25% in Israel) and the new trade liberalization policy adopted by the Israeli Government in October 1977.

For the same reasons, the Israeli Delegation also requested a two-year extension of the time limit of 31 December 1983 laid down in Article 3 of Protocol 2, which allows Israel to take measures to protect and favour the development of new industries.

Lastly, the Israeli Delegation asked for a change in the rules of origin provided for in the Agreement relating to products falling within heading Nos 84.55, 85.19 and 85.21 to increase from 5% to 40% the proportion of non-originating parts that can be used in the manufacture of the products in question. The Israeli Delegation explained that modern manufacturing processes made it impossible to respect the 5% limit.

(c) Agriculture

7. The Israeli Delegation asked for a number of improvements in the provisions of the Agreement which would, in its opinion, ensure more satisfactory growth in Israeli agricultural exports to the Community.

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<sup>1</sup> Israel has only been affected by the increase in customs duties applicable to cotton yarn under a tariff ceiling.

★ Israel's principal requests are:

- (i) The total abolition of customs duties on peeled tomatoes, tomato juices and tomato concentrates and an end to the system of voluntary restraint in respect of these products. The Israeli Delegation felt that the introduction under the common agricultural policy of a system of production aid for products processed from tomatoes made Israel's exports less competitive on the Community market. The Israeli Delegation also felt that only a blanket reduction in the protective tariffs at the frontier would remedy this situation.
- (ii) Bigger tariff reductions and an extension of the existing timetable for most of the products currently covered by the Agreement (see Annex II, list A).
- (iii) The introduction of concessions for a number of products which are currently not covered by the Agreement, such as fresh and preserved fish, flowers, certain kinds of lettuce, fresh and processed apricots and peaches, liquer wines, etc. (see Annex II, list B).

Although the two parties are not engaged in actual negotiations, the Commission representative felt it necessary to reject the requests for compensation relating to products processed from tomatoes and expressed the strongest doubts about the chances of the Israeli requests, in view of the fact that there were no economic grounds for them, given the growth in Israel's exports of these products, whether or not covered by the Agreement (see Annex III), and in view of the wider context of Mediterranean problems given the prospect of enlargement.

(d) Enlargement

8. The Israeli Delegation stressed once again that Israel was apprehensive about the effect enlargement of the Community might have on its foreign trade. The Delegation requested a permanent dialogue between the Community and Israel which would entail appropriate consultations throughout the duration of the enlargement negotiations. Such consultations would enable Israel to make known its difficulties and would facilitate the adoption of solutions to avoid the dangerous effects that enlargement might have, especially in the agricultural sector, before the Community adopted definitive positions in the accession negotiations.

(e) Financial cooperation

9. The Israeli Delegation announced that it wanted the Financial Protocol to be renewed from 31 October 1981 on the basis of a credit volume and on terms which were more in line with the changes in requirements and the new situation created by the application of the free-trade Agreement.

III. THE COMMISSION'S ASSESSMENT

10. Although considerable progress has been made in the field of trade between the two parties in both volume and qualitative terms, it should be stressed that as the Agreement has only been in force for a short period definitive conclusions cannot be drawn regarding the results achieved. This applies in particular to economic cooperation, as this is a field in which the effects of the measures taken will not be felt for some while, and not until greater progress has been made.

The Commission and Israeli Delegations therefore both feel that the provisions of the Agreement relating to the establishment of a free trade area and economic cooperation do not require any amendment to ensure the proper functioning of the Agreement.

However, the Commission wishes to avoid a reoccurrence of the difficulties already encountered in the textiles sector, which might spread to other sectors in the future. It considers that it would be appropriate to use the consultation procedures set out in the Agreement with a view to improving and updating the information available to the two parties. On the trends and prospects relating to markets, production capacity, consumption and exports in specific sectors. The consultations would be held at the request of either party and would involve representatives from business and labour in the sectors concerned.

11. As far as the Israeli request relating to the implementation of Article 22(2) is concerned, the Commission considers that Israel's economic situation, especially in the industrial sector, justifies the granting of the two-year extension of the tariff dismantling timetable provided for in Article 1(2) of Protocol No 2 to the Agreement.



This extension would only apply to those products listed in Annex A to the Protocol. This Annex covered 40% of Israel's imports from the Community at the time of the signing of the Agreement. Most of Israel's sensitive products figure on this list in view of the restructuring and development programme being conducted in this field. In practical terms, the extension means allowing Israel to postpone until 1 July 1981 the additional reduction of 10% which was scheduled under the Agreement for 1 July 1979<sup>1</sup>.

The Commission shares the view that the application of this additional reduction on 1 July 1979 could, in Israel's present economic situation, have a detrimental effect on Israel's import situation and thus bring about a deterioration in the country's trade balance with the Community.

For the same reasons, the Commission considers that Israel could be allowed to continue applying protective measures to support new industries until 31 December 1985 instead of 31 December 1983, provided that no amendments are made to the conditions and time limits laid down in the Agreement for the application and abolition of these protective measures.

On the question of the change in the 5% rule provided for in the origin protocol for products falling within heading Nos 84.55, 85.19 and 85.21, the Commission would like to stress that it would be difficult to meet Israel's request for a derogation considering the purpose of these rules and the fact that they apply to all the Mediterranean countries. It considers, however, that this matter could be examined further at a technical level with a view to a proper assessment of the economic grounds. The provisions of the Agreement allow the Joint Committee to amend these rules if it is felt to be necessary (see Article 24 of Protocol No 3).

12. As for the improvements requested by the Israeli Delegation in the agricultural sector, the Commission feels that new concessions going beyond those already offered and still on offer with respect to citrus fruit cannot be considered given the situation regarding Israel's exports of agricultural products. The Commission does not underestimate Israel's apprehensions as to the difficulties that some of its agricultural exports to the Community might encounter and is aware of the problems that are likely to arise in the future as a result of the enlargement of the Community. It considers, however, that Article 22 of the Agreement is not the appropriate framework for a proper assessment of these problems.

<sup>1</sup> Israel has already reduced duties on these products by 20% as of 1 July 1978.

These problems can only be properly examined during the negotiations which will have to be conducted in the near future with a view to adapting the Agreement to the new situation resulting from the enlargement of the Community. The Commission therefore feels that it would be inappropriate to present proposals to the Council in this field, but it stresses the need to find a satisfactory solution in the Council without delay regarding the tariff reduction for citrus fruits.

13. As far as Israel's request for consultations is concerned, the Commission does not think that this request need be met or that a special procedure need be set up for consultations on the enlargement of the Community. In accordance with what has already been agreed in the context of the Conference on Greek Accession (Doc. CONF.GR/30/78), it is clear that at the appropriate time the Community will have to begin negotiations with Israel on a protocol to adapt the Agreement to the changed situation resulting from enlargement. It will always be possible for Israel to obtain information on the progress of the accession negotiations, and to make known its fears via the normal diplomatic channels.

The Commission is of the view that there is a pressing need to consider carefully the effects of enlargement on the economics of Southern Mediterranean exporting countries, and in particular on Israel, Marocco and Tunisia, which are all major fruit and vegetable exporters. It seems most desirable that as soon as possible there should be an examination of the possible new balance of trade across the Mediterranean at the end of the next decade, but this falls for the moment outside the activities of our existing co-operation agreements.

Finally, the Commission considers that the question of Israel's request for a renewal of the Financial Protocol should be examined in a wider context, when the expiry date of the Financial Protocol draws closer.

14. In the communication of the Commission to the Council of 8 November 1978<sup>1</sup>, the Commission drew the attention of the Council to its conclusions about the value of tying the advantages offered to third parties to the observance of certain basic and internationally accepted standards

<sup>1</sup> See Doc. COM 78/492/Final.

governing working conditions. The Commission accordingly reserves the right to raise this problem in the context of the agreement with Israel in the course of negotiations on the basis of Article 22 or at a later date, when the Community has adopted such a policy with respect to all the relevant countries.

Furthermore, the Commission feels that, as is foreseen for the new LSC-ACP Convention, the Community and Israel should affirm clearly both their common aim of promoting human development and ensuring respect for the dignity of man, and of their commitment to the basic rights of the individual as set out in Article 3 and 5 of the United Nations' 1948 Universal Declaration of Human Rights and the obligation of all to respect these rights following the directives which appear in Annex IV to this communication.

#### CONCLUSION

The Commission does not consider that improvements to the Agreement are necessary pursuant to Article 22(1) of the Agreement except in the case of the sectoral consultation procedures in the context of cooperation between the two parties.

The Commission recommends to the Council that negotiations be opened with Israel on the basis of the directives contained in Annex IV to this communication with a view to the implementation of the provisions of Article 22(2).



Tableau I

Evolution des échanges commerciaux entre la Communauté et Israël (en Mio UCE)

	<u>1970</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>Indice 1977/75</u>
Importations communautaires	314	573	815	983	172
Exportations communautaires	669	1.298	1.296	1.482	114
Solde	355	725	481	499	69
Taux de couverture	213	227	159	151	

Tableau II

Participation d'Israël au commerce communautaire

	<u>1960</u>	<u>1970</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Participation dans les importations communautaires	0,36	0,53	0,46	0,51	0,57
Participation dans les exportations communautaires	0,76	1,20	1,07	0,91	0,90

**EXPORT TO THE EEC COUNTRIES (FOB)**

(in mil. \$)

	1976				1977				
	Citrus	Diamonds	Indust. Exports incl. Dia.	Total Export	Citrus	Diamonds	Indust. Exports incl. Dia.	Total Export	%
U.K.	35.9	21.6	141.0	183.0	45.3	27.5	174.3	227.1	24
France	29.1	29.2	88.9	134.3	37.2	38.8	107.8	161.7	20
Ireland	2.0	0	1.6	3.6	2.1	0	4.1	6.4	80
Denmark	4.0	0.4	10.6	15.4	3.4	0.4	9.7	13.7	-10
Italy	5.4	2.9	65.5	76.8	4.7	10.2	69.9	80.3	4
Germany	40.9	41.7	139.5	201.0	48.4	61.9	197.5	279.3	40
Netherlands	8.3	97.5	146.9	163.7	9.3	96.7	156.6	178.6	9
Belgium & Lux.	5.3	66.2	95.9	102.1	5.9	113.4	153.1	159.6	56
TOTAL EEC	130.9	259.5	690.0	880.5	156.3	348.9	872.4	1106.7	26
WORLD	204.0	818.0	2112.8	2414.5	229.8	1133.3	2721.2	3083.2	28

(1-4) 1977

(1-4) 1978

	(1-4) 1977				(1-4) 1978				
	Citrus	Diamonds	Indust. Exports incl. Dia.	Total Export	Citrus	Diamonds	Indust. Exports incl. Dia.	Total Export	%
U.K.	28.1	11.2	50.1	79.9	28.4	11.1	61.8	95.3	16
France	8.2	12.9	33.8	56.6	7.8	14.4	34.3	60.9	7
Ireland	-	-	-	2.5	-	-	-	2.6	86
Denmark	2.0	-	2.3	4.5	3.4	130.9	3.3	7.2	56.
Italy	2.8	2.3	19.5	26.5	3.0	7.3	25.9	31.1	27
Germany	29.0	15.2	49.1	95.2	28.8	29.8	70.0	130.0	39
Netherlands	5.7	35.7	56.3	72.7	5.4	30.8	70.6	89.0	31.
Belgium & Lux.	3.0	35.3	51.3	52.0	3.0	52.0	55.5	59.1	8
TOTAL EEC	78.8	112.8	262.4	389.7	79.8	276.3	321.4	475.2	23
WORLD	126.5	343.9	736.5	972.6	132.4	486.2	1019.9	1319.2	35

**ISRAEL-EEC TRADE BALANCE**  
**1975-1977 (mil. \$) 1978 (I-IV)**

	Imports (CIF)				Exports (FOB)			
	1975	1976	1977	%	1975	1976	1977	%
Italy	205.9	171.5	194.2	13	56.6	76.8	80.3	5
Ireland	13.1	7.8	8.2	5	5.0	3.6	6.4	78
Belgium & Lux.	159.1	126.6	209.1	65	80.1	102.1	159.6	56
Germany	457.5	417.0	446.8	7	160.5	201.0	279.3	39
Denmark	18.1	16.8	19.7	17	12.0	15.1	13.7	-10
Netherlands	182.1	241.8	414.1	71	129.3	163.7	178.6	9
U.K.	560.2	462.8	488.5	6	169.3	183.8	227.1	24
France	155.0	151.7	189.5	25	112.0	134.3	161.7	20
<b>TOTAL EEC</b>	<b>1751.1</b>	<b>1596.0</b>	<b>1970.1</b>	<b>23</b>	<b>724.9</b>	<b>880</b>	<b>1106.7</b>	<b>26</b>
<b>TOTAL WORLD</b>	<b>4172.6</b>	<b>4136.8</b>	<b>4,845.2</b>	<b>17</b>	<b>1940.7</b>	<b>2414.5</b>	<b>3083.2</b>	<b>27.7</b>

**GAP**

	1975	1976	1977	%	(1-4) 1978
Italy	149.3	94.7	113.9	20	49
Ireland	8.1	4.2	1.8	-57	-1
Belgium & Lux.	79.0	24.5	49.5	102	35.9
Germany	297.0	216.0	167.5	-32	41.0
Denmark	6.1	1.7	6.0	253	0.4
Netherlands	52.8	78.1	235.5	201	180.7
U.K.	390.9	279.0	261.4	-6	85.0
France	42.9	17.4	27.8	60	20.3
<b>TOTAL EEC</b>	<b>1026.1</b>	<b>715.5</b>	<b>863.4</b>	<b>21</b>	<b>411.3</b>
<b>TOTAL WORLD</b>	<b>2231.9</b>	<b>1722.3</b>	<b>1762.0</b>	<b>2.3</b>	<b>613.0</b>

**IMPORT FROM THE EEC COUNTRIES (CIF)****(in ml. \$)**

	1975	1976	1977	%
U.K.	560.2	462.8	488.5	6
France	155.0	151.7	189.5	25
Ireland	13.1	7.8	8.2	5
Denmark	18.1	16.8	19.7	17
Italy	205.9	171.5	194.2	13
W. Germany	457.5	417.0	446.8	7
Netherlands	182.1	241.8	414.1	71
Belgium & Lux.	159.1	126.6	209.1	65
TOTAL EEC	1751.0	1596.0	1970.1	23
WORLD	4172.6	4136.8	4845.2	17

	(1-4) 1977	(-14) 1978	%
U.K.	134.5	180.3	34
France	61.3	81.2	32
Ireland	4.7	1.6	-66
Denmark	5.3	7.6	43
Italy	51.0	80.1	57
W. Germany	135.0	171.0	26.6
Netherlands	122.4	269.7	120
Belgium & Lux.	52.0	95.0	83
TOTAL EEC	556.2	886.5	57
WORLD	1476.984	1932.2	31



GAP

	1976	1977	%	(1-4) 1977	(1-4) 1978	%
Italy	94.7	113.9	20	24.5	49.0	100
Ireland	4.2	1.8	-57	2.2	-1.0	-145
Netherlands & Lux.	24.5	49.5	102	0	35.9	359
Germany	216.0	167.5	-32	39.8	41.0	3
Denmark	1.7	6.0	253	0.8	0.4	-50
Netherlands	78.1	235.5	201	49.7	180.7	263
France	279.0	261.4	-6	54.6	85.0	56
Spain	17.4	27.8	60	4.7	20.3	331
AL EEC	715.5	863.4	21	176.5	411.3	133
LD	1722.3	1762.0	2.3	504.3	613	22

**ISRAELI REQUESTS TO THE EEC FOR  
CONCESSIONS IN THE AGRICULTURAL SECTOR**

**List A : Additions /changes on items covered by present Agreement**

**List B : Addition of items not covered by present Agreement.**

**The requests pertain to Article 22 of the Agreement between the  
EEC and Israel.**

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC:

LIST A: Additions/Changes on Items covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Existing Concession to Israel	Israel's Request (Concessions)	Israel's Export to EEC - \$ 1000 -		Remarks
					1976	1977	
07.01	Vegetables fresh or chilled 6. Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots: ex II. Carrots and turnips: - Carrots	17%	40% from 1 Jan. to 31 Mar.	80% from 1 Jan. to 15 May	149	1789	
07.01	Vegetables fresh or chilled: ex H, Onions, shallots and Garlic: - Onions	12%	60% from 15 Feb. to 15 May	60% from 15 Feb. to 30 June	2030	4743	

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC:

LIST A: Additions/Changes on Items covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Existing Concession to Israel	Israel's Request	Israel's Export to EEC - \$ 1000 -		Remarks
					1976	1977	
07.01	Vegetables fresh or chilled: S. Sweet Peppers	9%	40% ;	60%	4490	6643	
07.01	Vegetables fresh or chilled: ex T. Other - Aubergines	16%	60% from 15. Jan. to 30. Apr.	80% from 1. Oct. to 31. May	334	970	
07.01	Vegetables fresh or chilled: ex T. other - stick celery	16%	50% from 1. Jan. to 30 Apr.	80% from 15. Nov. to 30. Apr.	2502	1769	
07.01	Vegetables fresh or chilled: ex T. Other - Courgettes	16%	60% from 1. Dec. to end Feb.	60% from 1. Feb. to 30. Apr.	58	33	

08.02

A & B  
Oranges, Mandarines etc

4-20%

60%

80%

71000

81000

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC:

LIST A: Additions/Changes on Items covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Existing Concession to Israel	Israel's Request	Israel's Export to EEC - \$ 1000 -		Remarks
					1976	1977	
08.08	Berries, fresh: A. Strawberries ex II. from 1. Aug. to 30 Apr.:	14%	60% from 1. Nov. to 31. Mar.	80% from 1. Nov. to 30. Apr.	3993 ;	5529	
08.09	Other fruit, fresh: - Melons	11%	50% from 1. Nov. to 31. May	80% all year	3686	2556	
08.09	Other fruit, fresh: - Watermelons	11%	50% from 1. Apr. to 15 June	80% from 1. Apr. to 15. June	2501	2802	
13.03	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners derived from vegetable pro- ducts: ex B.I Pectic substances and pectinates, dry	24%	25%	80%	232	154	Israel request to adjust the tariff for pectic sub- stances to the rate applied to other citrus pro- ducts.

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC:

LIST A: Additions/Changes on Items covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Existing Concession to Israel	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
					1976	1977	
20.02	Vegetables prepared or preserved otherwise than by vinegar or acetic acid: ex. C. Tomatoes: - <u>Peeled tomatoes</u> - <u>Tomato concentrate</u>	18% 18%	30% 30% (see remarks)	100% 100%	771 2723	591 4075	The existing concession was not implemented
20.06	Fruit otherwise prepared or preserved, whether or not containing added sugar or spirit: B. Other: II. Not containing added spirit: (a) containing added sugar, in immediate packings of a net capacity of more than 1 kg: 7. Peaches and apricots: ex. aa) with sugar content exceeding 13% by weight: - Apricots ex bb) Other: - Apricots	22% 22%	30% 20%	100% 100%	801	977	

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC:

LIST A: Additions/Changes on Items covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Existing Concession to Israel	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
					1976	1977	
20.06	Fruit otherwise prepared or preserved, whether or not containing added sugar or spirit: B. Other: II. Not containing added spirit a) containing added sugar in immediate packings of a net capacity of more than 1 kg: ex 9-mixtures of fruit: bb) fruit salads  b) containing added sugar, in immediate packings of a net capacity of 1 kg or less: ex. 9 Mixtures of fruit bb) fruit salads	          21%          22%	          55%          55%	          80% and abolishment of quota          80% and abolishment of quota	          46          139	          Every definition of this item should enable the continuation of the Israeli export which is composed of slices of oranges and grapefruit, as was to now.	

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC:

LIST A: Additions/Changes on Items covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Existing Concession to Israel	Israel's Request	Israel's Export to EEC - \$ 1000 -		Remarks
					1976	1977	
20.07	<p>Fruit juices (including grape must) and vegetable juices, whether or not containing added sugar, but unfermented and not containing spirit:</p> <p>B. of a specific gravity of 1.33 or less at 15°C:</p> <p>II. Other:</p> <p>a) of a value exceeding 30 u.a. per 100 kg. net weight:</p> <p>5. Tomato juice ex. bb) not containing added sugar</p>	21%	60%	100 %	5308	3911	



ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (CONCESSIONS)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
03.01	Fish, fresh (live or dead), chilled or frozen:					
	A. Freshwater fish					
	I. Trout and other salmonidae:					
	a) Trout	12%	80%			
	III. Carp	8%	80%			
	IV. Other	8% Suspended	80%	1342	1240	
	B. Saltwater fish:					
I. Whole, headless or in pieces:						
P) Sea-bream of the species Dentex dentex and Pagellus	15	80%				
Q) Other	15	80%				

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (Concessions)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
06.02	Other live plants, including trees, shrubs, bushes, roots, cuttings, and slips:					
	A. Unrooted cuttings and slips:	12%	80%	} 982	1285	
	II. Other	13%	80%			
06.03	D. Other					
	Cut flowers and flower buds of a kind suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated, or otherwise prepared:					
07.01	A. Fresh					
	II. From 1. Nov. to 31 May	17%	80%	19,287	26,955	
07.01	Vegetables, fresh or chilled:					
	A. Potatoes					
	II. New Potatoes					
	ex a) From 1. Jan. to 15 May	15%	40% from 1. Jan. to 31. Mar.	2513	1367	
	b) From 16. May to 30 June	21%	40%			
07.01	Vegetables, fresh or chilled: B. Cabbages, cauliflowers and brussel sprouts ex III. Other - Chinese leaves					
		15%	60% from 10 Dec. to 30 Apr.	200*	600*	

\* Estimate

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of items not covered by present Agreement

CCT #	Description of Comodity	CCT Rate	Israel's Request (Concessions)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
07.01	Vegetables, fresh or chilled: D. Salad vegetables, including endive or chicory: ex II. Other - Iceberg Lettuce	13% <i>3110 Yellow</i>	80%	88	225	
07.01	Vegetables, fresh or chilled: F. Leguminous vegetables, shelled or unshelled II. Beans (of the species Phasedus) a) From 1. Oct. to 30 June	13% with a min. of 2 u.a. per 100 kg net	100%	0	10	
07.01	Vegetables, fresh or chilled: G. Carrots, turnips, salad, beet-root, salisfy, celeriac, radishes and similar edible roots: exIV. Other - Radishes	17%	100%	100*	300*	

\* Estimate

*Termination 2483  
2770*

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
07.01	Vegetables, fresh or chilled: M. Tomatoes: ex I. From 1. Nov. to 14 May	11% with a min. of 2 u.a. per 100 kg.net	60% from 15 Nov. to 31 March	1,605	2,866	subject to reference price
07.02	Vegetables (whether or not cooked) preserved by freezing ex. B. Other	18%	100%	122	270	
07.04	Dried, dehydrated or evaporated vegetables, whole, cut, sliced, broken or in powder, but not further prepared: A. Onions B. Other	18%	100%	75	450	
		16%	100%	1980	1998	
08.04	Grapes, fresh or dried: A. Fresh I. Table grapes ex. a) From 1. Nov. to 14 July  ex. b) From 15. July to 31. Oct.	18%	60% from 1. May to 14. July	867	411	subject to reference price
		22%	60% from 15 July to 30 July			subject to reference price

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
08.05	Nuts, other than those falling within heading No. 08.01, fresh or dried, shelled or not: E. Pecans	3%	100%	400*	600*	
08.07	Stone fruit, fresh: ex A. Apricots	25%	60% from 1. May to 30 June	241	127	
08.07	Stone fruit, fresh ex B. Peaches, including nectarines	22%	60% from 1. May to 30 June	584	319	Subject to Reference Price
08.10	Fruit (whether or not cooked) preserved by freezing, not containing added sugar: ex. A. Strawberries - ex B. Other ex Frozen fruit salad	18% 20%	100% 100%	28	-	Israel requests establishing a new sub-item for-frozen avocado -frozen fruit salad New factory for frozen avocado is under construction

\* Estimate

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
08.12	Fruit, dried, other than that falling within heading No. 08.01, 08.02, 08.03, 08.04, or 08.05					
	ex A. Apricots	7%	100%	-	-	
	ex C. Prunes	16%	100%			
	ex D. Apples and pears	8%	100%			
11.05	Flour, meal and flakes of potato	19%	100%	-	-	
15.07	Fixed vegetable oils, fluid or solid, crude, refined or purified:					
	D. Other oils:					Israel requests establishing new sub-item for avocado oil for cosmetic industry
	I. For technical or industrial uses other than the manufacture of foodstuffs for human consumption					
	ex a) Crude:		80%			
	3. Other	5%				
D.II. Other:						New factory for palm oil is under construction
ex a) Palm oil		80%				
1. Crude	6%					
	2. Other	14%	80%			

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
cont. 15.07	D. II Other: b) Other: ex. 2. Solid, other; fluid: aa) crude bb) other	10% 15%	80% 80%	-	-	
15.13	Margarine, imitation lard and other prepared edible fats ex. Lecithin	25%	80%	-	-	
16.02	Other prepared or preserved meat or meat offal: A. Liver ex 1. Goose liver B. Other I. Poultry meat or offal a) containing 57% or more by weight of poultry meat	16% 17%	100% 80%	-	-	

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of items not covered by present Agreement

CCT /	Description of Commodity	CCT Rate	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
16.04	Prepared or preserved fish, including caviar and caviar substitutes:					
	ex. D. Sardines	25%	80%	126	113	
	ex E. Tunny	24%	80%			
	ex G. Other : Gefillte fish	20%	80%			
20.01	Vegetables and fruit, prepared or preserved by vinegar or acetic acid with or without sugar, whether or not containing salt, spices, or mustard:					
	ex B. Other	22%	100%	120	556	
20.02	Vegetables prepared or preserved otherwise than by vinegar or acetic acid:					
	ex. F. Capers and olives					
	- Olives	20%	100%	19	31	
	ex. G. Peas; beans in pod					
- Beans in pod	24%	100%	374	25		
ex. H. Other, including mixtures	22%	100%	1863	1.670		



ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (Concessions)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
20.05	Jams, fruit, jellies, marmalades, fruit puree and fruit pastes, being cooked preparations whether or not containing added sugar ex B. Jams and marmalades of citrus fruit ex C. Other	27% 30%	100% 100%	63	70	Israel requests the adjustment of the tariff to the other citrus fruit products for which concessions have been granted
20.06	Fruit otherwise prepared or preserved whether or not containing added sugar or spirit: A. Nuts (including ground nuts) roasted, in immediate packings of a net capacity: ex 1. Of more than 1 kg ex 2. Of 1 kg or less B. Other: II. Not containing added spirit: a) containing added sugar in immediate packings of a net capacity of more than 1 kg: ex 4. Grapes ex 7. Peaches and apricots: aa) with sugar content exceeding 13% by weight: - Peaches bb) Other: - Peaches	15% 17%  22% 22% 22%	80% 80%  80% 80%	107	105	

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
Cont. 20.06	Cont. 20.06 B II a					
	ex 8. Other fruits:					Israel requests establishing a new sub-item for orange segments and for melon
	- Orange segments	22%	100%	372	416	
	- Melon	22%	100%			
	b) Containin added sugar, in immediate packings of a net capacity of 1 kg or less:					
	ex 4. Grapes	24%	80%			
	ex 7. Peaches and apricots:					
	aa) with a sugar content exceeding 15% by weight	24%	80%			
	bb) Other	24%	80%			
	ex . 8. Other fruits:					Israel requests establishing a new sub-item for orange segments and for melon
	- Orange segments	24%	100%			
	- Melon	24%	100%			
	c) not containing added sugar, in immediate packings of a net capacity:					
	1. Of 4.5 kg. or more		80%			Request to apply sub-item to packings of net capacity of 4 kg or more ( and not 4.5 kg or more). The capacity of packings usually supplied to industry is 4.2 kg.
	ex. aa) Apricots	23%				
	2. Of less than 4.5 kg:					
	ex bb) Other fruits					
	- Apricots	23%	80%			

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST B.: Addition of Items not covered by present Agreement

CCT /	Description of Commodity	CCT Rate	Israel's Request (Concession)	Israel's Export to EEC + \$ 1000 -		Remarks
				1976	1977	
20.07	Fruit juices (including grape must) and vegetable juices, whether or not containing added sugar, but unfermented and not containing spirit:					
	B. Of a specific gravity of 1.33 or less at 15°C:					
	II Other:					
	a) Of a value exceeding 30 u.a. per 100 kg. net weight:					
	ex. 3. Lemon juice:					
	aa) containing added sugar	18%	100%	292	402	
	ex. G. Other fruit and vegetable juices:					
	ex.bb) Other					
	- Beetroot juice	22%	80%			
	20.07 B II a)					
	7. Mixtures:					
	bb) Other:					
	ex 22) other:					
	- Of citrus fruit juices and bananas	22%	100%			Israel requests establishing a new sub-item for citrus fruit juices and bananas.

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC -

LIST D.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
Cont. 20.07	b) of a value of 30 u.a. or less per 100kg net weight: 8. Mixtures: bb) Other: 33) Not containing added sugar - Of citrus fruit juices and bananas	22%	- 100% -			Israel requests establishing a new sub-item for citrus fruit juices and bananas.
22.05	Wine of fresh grapes, grape must with fermentation arrested by the addition of alcohol: C. Other III. Of an actual alcoholic strength exceeding 15 but not exceeding 18, in containers holding: ex a) two litres or less 2. Other ex b) More than two litres 3. Other	17 u.a. per hl 14 u.a. per hl	80% - 80% -			

*Wine*

*18*

ISRAELI REQUESTS FOR AGRICULTURAL SECTOR CONCESSIONS FROM THE EEC

LIST D.: Addition of Items not covered by present Agreement

CCT #	Description of Commodity	CCT Rate	Israel's Request (Concession)	Israel's Export to EEC - \$ 1000 -		Remarks
				1976	1977	
22.05 (Cont)	IV. of an actual alcoholic strength exceeding 18° but not exceeding 22° in containers holding:					
	22.05 C. IV					
	ex a) Two litres or less:					
	2. Other	19 u.a. per hl.	80%			
	ex b) More than two litres:					
	3. Other:	19 u.a. per hl.	80%			

1

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RECOMMENDATION FOR A COUNCIL DECISION CONCERNING THE NEGOTIATION OF AN  
AGREEMENT WITH ISRAEL

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Recommendation from the Commission,

Having regard to Article 22 of the Agreement between the European Economic  
Community and Israel,

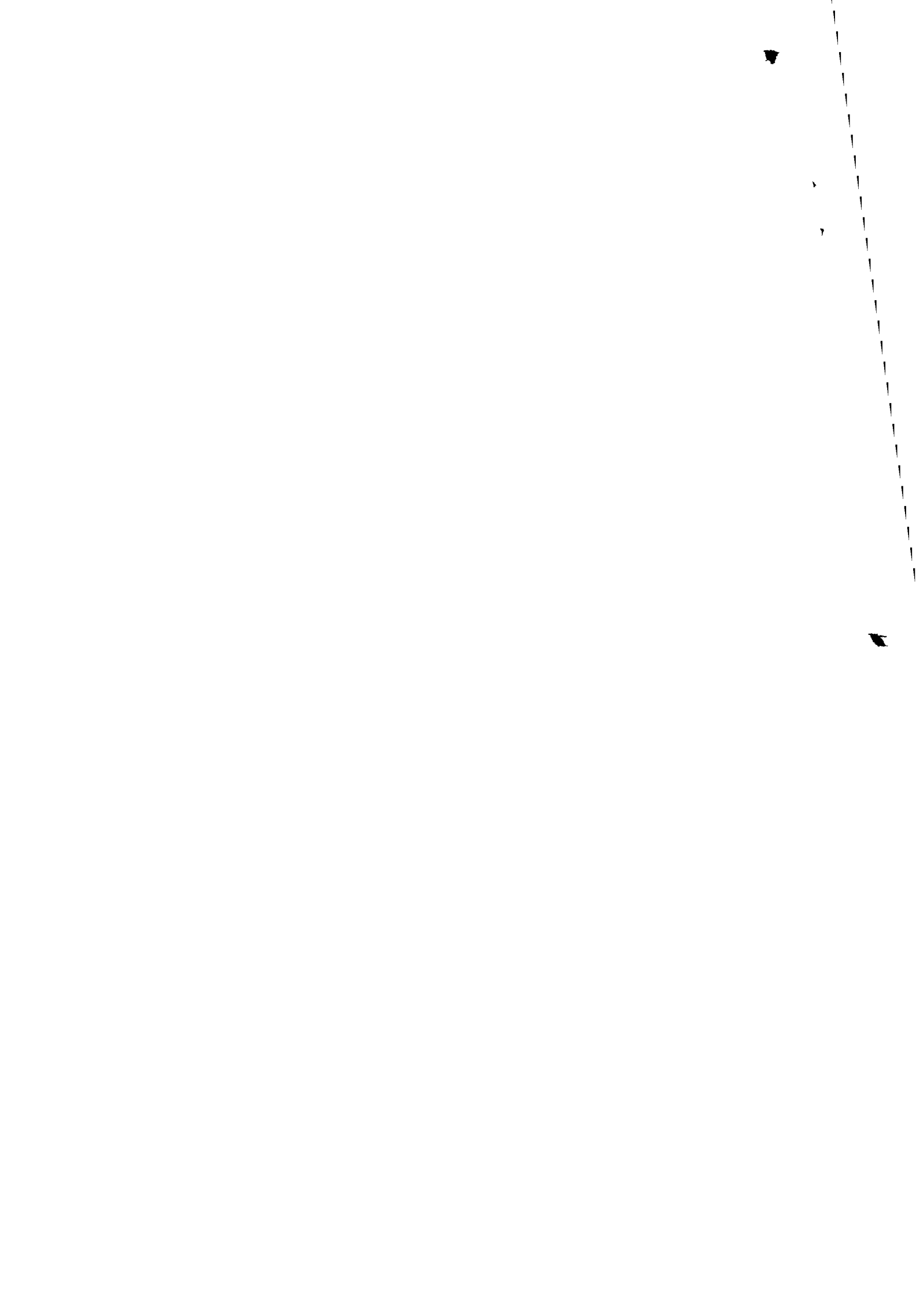
Whereas negotiations should be conducted with a view to the implementation  
of the provisions of Article 22 of that Agreement,

HAS DECIDED AS FOLLOWS:

Sole Article

The Commission is hereby authorized to conduct negotiations, on behalf of  
the Community, with a view to amending certain provisions of the Agreement  
with Israel.

It shall conduct these negotiations in accordance with the directives  
contained in the Annex and in consultation with the Special Committee  
provided for in Article 113.





NEGOTIATING DIRECTIVES

I. TARIFF DISMANTLING

The tariff dismantling timetable provided for in Article 1(2) of Protocol 2 for the products listed in Annex A to that Protocol would be amended as follows:

TIMETABLE	RATE OF REDUCTION
- .....	-
- .....	-
- from 1 July 1981	30%
- from 1 January 1983	50%
- from 1 January 1985	80%
- from 1 January 1987	100%

The time limit of 31 December 1983 laid down in Article 3(1) of Protocol 2 shall be changed to 31 December 1985.

II. SECTORAL CONSULTATIONS

In an exchange of letters annexed to the Agreement, it would be agreed that in the context of the implementation of the provisions of Article 18 concerning cooperation, the consultation procedures provided for in Article 19(2) could be applied with a view to improving and updating the information available to the two parties on the trends and prospects relating to markets, production capacity, consumption and exports in specific sectors. The consultations would be held at the request of either party and would involve representatives from business and labour in the sectors concerned.

### III. HUMAN RIGHTS

The Agreement's preamble will contain a clear affirmation of the signatories' common aim of promoting human development and ensuring respect for the dignity of man, and of their commitment to the basic rights of the individual as set out in Articles 3 and 5 of the United Nations' 1948 Universal Declaration of Human Rights, which are to be respected by all.

In a unilateral declaration to be annexed to the agreement, the Community will reserve its right to pronounce publicly on clear violations of the principles and aims so defined, while continuing co-operation as defined by the Agreement in such a way that it contributes effectively to the fulfilment of these stated aims of the Convention.