

AGREEMENT BETWEEN THE CZECH REPUBLIC AND THE STATE OF ISRAEL

Preamble

The Czech Republic and the State of Israel (hereinafter "the Parties"),

Reaffirming their commitment to the principles of market economy, which constitutes the basis for their economic relations, and their compliance with the rights and obligations arising out of the agreements of the World Trade Organization/General Agreement on Tariffs and Trade 1994 (hereinafter "WTO/GATT 1994"),

Considering their common desire to participate actively in the process of international economic integration;

Resolved to this end to eliminate progressively the obstacles to substantially all their mutual trade, in accordance with the provisions of the General Agreement on Tariffs and Trade 1994;

Convinced that this Agreement will create a new climate for their economic relations and, in particular, for the development of trade, investment and economic and technological co-operation:

Have agreed as follows:

Article 1

Objectives

1. The Parties shall gradually establish a free-trade area on substantially all their bilateral trade in a transitional period ending on 1 January 1999, in accordance with the provisions of this Agreement and in conformity with those of the WTO/GATT 1994, with particular regard to Article XXIV of the GATT 1994.

2. The objectives of this Agreement are:

- (a) to promote through the expansion of mutual trade the harmonious development of economic relations between the Parties and thus to foster in the Parties the advance of economic activity;
- (b) to provide fair conditions of competition for trade between the Parties;
- (c) to contribute by the removal of barriers to trade to the harmonious development and expansion of world trade;
- (d) to promote co-operation in areas which are of mutual interest to the Parties.

CHAPTER I

Industrial Products

Article 2

Scope

The provisions of this Chapter shall apply to industrial products originating in the Parties, where the term "industrial products" means, for the purpose of this Agreement, the products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System, with the exception of the products listed in Annex I of this Agreement (hereinafter "Annex I").

Article 3

Customs Duties on Imports

1. No new customs duty on imports shall be introduced in trade between the Parties.
2. Customs duties and charges having equivalent effect on imports shall be abolished in accordance with the provisions of Protocol 1 to this Agreement (hereinafter "Protocol 1").

Article 4

Basic Duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the most-favoured-nation rate of duty in force on 1 January 1995.
2. If, after entry into force of this Agreement, any tariff reduction is applied on an erga omnes basis, such reduced duties shall replace the basic duties referred to in paragraph 1 as from that date when such reductions are applied.
3. The reduced duties calculated in accordance with Protocol 1 shall be applied rounded to the first decimal place, or, in case of specific duties, to the second decimal place.
4. The Parties shall notify each other their respective national basic rates of duties in accordance with the provisions of paragraph 2.

Article 5

Charges Equivalent to Duties

1. No new charge having an effect equivalent to a customs duty on imports shall be introduced in trade between the Parties.
2. All charges having an effect equivalent to customs duties on imports shall be abolished on the date of entry into force of this Agreement.

Article 6

Fiscal Duties

1. The provisions of Article 3 shall also apply to customs duties of a fiscal nature.
2. The Parties may replace a customs duty of a fiscal nature or the fiscal element of a customs duty by an internal tax, in accordance with the provisions of Article 14.

Article 7

Customs Duties on Exports and Charges have Equivalent Effect

1. No new customs duty on exports or charge having equivalent effect shall be introduced in trade between the Parties.
2. The Parties shall abolish between them on the date of entry into force of this Agreement any customs duties on exports and any charges having equivalent effect.

Article 8

Quantitative Restrictions on Imports and Measures having Equivalent Effect

1. No new quantitative restrictions on imports or measures having equivalent effect shall be introduced in trade between the Parties.
2. All quantitative restrictions and measures having equivalent effect on imports of products originating in the Parties shall be abolished on the date of entry into force of this Agreement, except as provided for in Annexes IIa and IIb to this Agreement.

Article 9

Quantitative Restrictions on Exports and Measures having Equivalent Effect

1. No new quantitative restrictions on exports or measures having equivalent effect shall be introduced in trade between the Parties.
2. All quantitative restrictions on exports from the Parties and measures having equivalent effect shall be abolished on the date of entry into force of this Agreement.

CHAPTER II

Agricultural Products

Article 10

Scope

The provisions of this Chapter shall apply to agricultural products originating in the Parties, where the term "agricultural products" means for the purpose of this Agreement the products falling within Chapters 1 to 24 of the Harmonized Commodity Description and Coding System and to all the products listed in Annex I.

Article 11

Trade in Agricultural Products

1. The Parties shall grant each other the concessions specified in the Annexes to Protocol 2 to this Agreement as laid down in that Protocol and in accordance with the provisions of this Chapter.

2. The Parties shall apply their sanitary and phytosanitary measures in accordance with the provisions of the GATT 1994 and the other relevant WTO agreements. The Parties shall not apply their regulations in veterinary, plant health and health matters in an arbitrary, unjustifiable or discriminatory way or as a disguised restriction on trade between them.

3. Without prejudice to the concessions granted pursuant to this Article, the provisions of paragraph 1 shall not restrict in anyway the pursuance of the respective agricultural policies of the Parties or the taking of any measures under such policies. The Parties shall notify each other as soon as possible changes in their respective agricultural policies which may affect the conditions of trade in agricultural products between them. In such cases, prompt consultations shall be held, upon request of any Party, to examine the situation.

4. The Parties shall examine periodically, within the framework of the Joint Committee, the possibilities of granting each other further concessions in trade in agricultural products.

CHAPTER III

General Provisions

Article 12

Rules of Origin

Protocol 3 to this Agreement (hereinafter "Protocol 3") lays down the rules of origin and the proof of origin requirements.

Article 13

Customs Co-operation

1. The customs authorities of the Parties shall co-operate and coordinate in order to ensure that the provisions of Protocol 3 and the relevant Articles of this Agreement are effectively and harmoniously applied, in accordance with the laws of each Party, to reduce, as far as possible, the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

2. Co-operation between the customs authorities of the Parties will focus, in particular, on the simplification and computerization of customs procedures, on the confirmation of the origin of goods and on the prevention of smuggling, evasion of taxes relating to the movement of goods between the Parties and illicit trade in drugs.

Article 14

Internal Taxation

1. The Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products originating in the Parties.

2. Products exported to the territory of one of the Parties may not benefit from repayment of internal taxation in excess of the amount of indirect taxation imposed on these products.

Article 15

General Exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; of the protection of health and life of humans, animals or plants, including environmental measures necessary to protect human, animal or plant life or health; of the protection of national treasures possessing artistic, historic or archaeological value; of the protection of intellectual property, or of the rules relating to gold or silver or to the conservation of exhaustible natural resources. Such prohibitions or restrictions shall not, however, constitute means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 16

Security Exceptions

Nothing in this Agreement shall prevent a Party from taking any appropriate measure which it considers necessary:

- (a) to prevent the disclosure of information contrary to its essential security interests;

- (b) for the protection of its essential security interests or for the implementation of international obligations or national policies;
 - (i) relating to the traffic in arms, ammunition and implements of war, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or
 - (ii) relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or
 - (iii) taken in time of war or other serious international tension.

Article 17

State Monopolies

1. The Parties shall ensure that any state monopoly of a commercial character be adjusted so that no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Parties.
2. The provisions of this Article shall apply to anybody through which the competent authorities of the Parties, in law or in fact, either directly or indirectly supervise, determine or appreciably influence imports or exports between the Parties or sales on the domestic markets. These provisions shall likewise apply to monopolies delegated by the State to other bodies.

Article 18

Payments

1. Payments in freely convertible currencies relating to commercial transactions within the framework of this Agreement between the Parties and the transfer of such payments to the territory of the Party where the creditor resides shall be free from any restrictions.
2. The Parties shall refrain from any exchange or administrative restrictions on the grant, repayment or acceptance of short and medium term credits covering commercial transactions within the framework of this Agreement in which their resident participates.
3. Notwithstanding the provisions of paragraph 2, any measures concerning current payments connected with the movement of goods shall be in conformity with the conditions laid down under Article VIII of the Articles of Agreement of the International Monetary Fund.

Article 19

Rules of Competition concerning Undertakings

1. The following are incompatible with the proper functioning of this Agreement insofar as they may affect trade between the Parties:

- (a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
- (b) abuse by one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof.

2. The provisions of paragraph 1 shall apply to the activities of all undertakings including public undertakings and undertakings to which the Parties grant special or exclusive rights.

Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly, shall be subject to provisions of paragraph 1 insofar as the application of these provisions does not obstruct the performance, in law or fact, of the particular public tasks assigned to them.

3. With regard to products covered by Chapter II the provisions in paragraph 1(a) shall not apply to such agreements, decisions and practices which form an integral part of a national market organization.

4. If a Party considers that a given practice is incompatible with this Article and if such practice causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry, it may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 29.

5. Subject to its laws, regulations and policies, each Party will accord fair and equitable treatment to the individuals, companies, government agencies and other entities of the other Party engaged in the pursuit of activities under this Agreement.

Article 20

State Aid

1. Any aid granted by a Party or through State resources in any form which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, insofar as it may affect trade between the Parties, be incompatible with the proper functioning of this Agreement.

2. The provisions of paragraph 1 shall not apply to products covered by Chapter II.

3. The Parties shall ensure transparency in the area of state aid, in accordance with the provisions of the Agreement on Subsidies and Countervailing Measures and the WTO/GATT 1994 and each Party, upon request of the other Party, will provide information on aid schemes and on particular individual cases of state aid.

- 4 If a Party considers that a particular practice, including that in agriculture:
- is incompatible with the terms of paragraph 1, and
 - if such practice causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry and agriculture,

it may take appropriate measures under the conditions of, and in accordance with, the provisions laid down in Article 29. Such appropriate measures may only be taken in conformity with the procedures and under the conditions laid down by the Agreement on Subsidies and Countervailing Measures and the WTO/GATT 1994 and in accordance with the relevant internal legislation of the importing Party.

Article 21

Public Procurement

1. The Parties consider the liberalization of their respective public procurement markets as an objective of this Agreement.
2. The Parties shall progressively develop their respective regulations for public procurement with a view to grant suppliers of the other Party by the end of 1998, at the latest, access to contract award procedures on their respective public procurement markets according to the provisions of the Agreement on Government Procurement concluded in the framework of the WTO and the Parties' undertakings therein.
3. The Joint Committee shall examine developments related to the achievement of the objectives of this Article and may recommend practical modalities of implementing the provisions of paragraph 2 so as to ensure free access, transparency and a mutual opening of their respective public procurement markets.
4. During the examination referred to in paragraph 3, the Joint Committee may consider, especially in the light of development in this area in international relations, the possibility of expanding the coverage of the market opening provided for in paragraph 2.
5. The Parties shall endeavour to accede to the relevant agreements negotiated under the auspices of the World Trade Organization.

Article 22

Standards

1. The rights and obligations of the Parties relating to standards or technical regulations and related measures shall be governed by the WTO Agreement on Technical Barriers to Trade.
2. Each Party, upon request of the other Party, shall provide information on particular individual cases of standards-related measures.

3. The Parties shall aim to reduce technical barriers to trade. To this end, the Parties will enter where appropriate into negotiations for the conclusions of agreements for the mutual recognition in the field of conformity assessment, in the spirit of the recommendations of the WTO Agreement on Technical Barriers to Trade.

Article 23

Dumping

If a Party finds that dumping within the meaning of Article VI of the GATT 1994 is taking place in trade relations governed by this Agreement, it may take appropriate measures against that practice in accordance with the WTO Agreement on Implementation of Article VI of the GATT 1994.

Article 24

Protection of Intellectual Property

1. The Parties shall grant and ensure adequate, effective and non-discriminatory protection of intellectual property rights, including measures for the granting and the enforcement of such rights. The protection, where necessary, shall be extended, before the end of 1998, to a level corresponding to the substantive standards of the multilateral agreements which are specified in Annex III to this Agreement.

2. For the purpose of this Agreement "intellectual property protection" includes, in particular, protection of copyright and neighbouring rights in original literary, scientific and artistic works, including musical works, computer programmes, databases, audio and visual recordings, trade marks, geographical indications, industrial designs, patents, topographies of integrated circuits, undisclosed information including "know-how" and protection of new varieties of plants.

3. The Parties shall co-operate in matters of intellectual property. They shall hold, upon request of any Party, experts consultations on these matters, in particular, on activities relating to the existing or to future international conventions on harmonization, administration and enforcement of intellectual property and on activities in international organizations, such as the World Trade Organization, the World Intellectual Property Organization, as well as relations of the Parties with other countries on matters concerning intellectual property.

Article 25

General Safeguards

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

- (a) serious injury to domestic producers of like or directly competitive products in the territory of the importing Party; or
- (b) serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region,

the Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 29.

2. When in view of the importing Party, the importation of a product from the other Party is not a substantial cause of serious injury or threat thereof, the product of the other Party shall be exempted from any safeguard measure that may be imposed with respect to imports of that product from other countries.

Article 26

Structural Adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 3 may be taken by any of the Parties in the form of increased custom duties.

2. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.

3. Customs duties on imports applicable in the Party concerned to products originating in the other Party introduced by these measures may not exceed 25 per cent ad valorem and shall maintain an element of preference in customs duties for products originating in the Parties. The total value of imports of the products which are subject to these measures may not exceed 15 per cent of total imports of industrial products from the other Party, as defined in Chapter I, during the last year for which statistics are available.

4. These measures may be applied for a period not exceeding three years. They shall cease to apply at the latest on 1 January 2001.

5. No such measures may be introduced in respect of a product if more than three years elapsed since the elimination of all customs duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product.

6. The Party concerned shall inform the other Party of any exceptional measures it intends to take and, at the request of the other Party, consultations shall be held within the Joint Committee on such measures and the sectors to which they apply prior to their introduction. When taking such measures the Party concerned shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing-out of these duties starting at the latest two years after their introduction, at equal annual rates. The Joint Committee may decide on a different schedule.

Article 27

Re-export and Serious Shortage

Where compliance with the provisions of Articles 7 and 9 leads to:

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

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 29. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 28

Fulfilment of Obligations

1. The Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. They shall see to it that the objectives set out in this Agreement are attained.
2. If a Party considers that the other Party has failed to fulfil an obligation under this Agreement, the Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 29.

Article 29

Procedure for the Application of Safeguard Measures

1. Before initiating the procedure for the application of safeguard measures set out in the following paragraphs of this Article, the Parties shall endeavour to solve any differences between them through direct consultations.
2. In the event of a Party subjecting imports of products liable to give rise to the situation referred to in Article 25 to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other Party.
3. Without prejudice to paragraph 7 of this Article, a Party which considers resorting to safeguard measures shall promptly notify the other Party thereof and supply all relevant information. Consultations between the Parties shall take place without delay in the Joint Committee with a view to finding a solution acceptable to the Parties.
4. (a) With regard to Articles 25 and 27, the Joint Committee shall examine the case or the situation and may take any decision needed to put an end to the difficulties notified by the Party concerned. In the absence of such decision within forty-five days of the matter being referred to the Joint Committee, or if no other satisfactory solution is reached within forty-five days from the day of notification to the other Party, the Party concerned may adopt the measures necessary in order to remedy the situation.

- (b) With regard to Article 28, the Party concerned may take appropriate measures after the consultations have been concluded or a period of three months has elapsed from the date of notification to the other Party.
- (c) With regard to Articles 19 and 20, the Party concerned shall give the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the Party in question fails to put an end to the practice objected to within the period fixed by the Joint Committee or if the Joint Committee fails to reach an agreement within forty-five days of the matter being referred to, the Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

5. The safeguard measures taken shall be immediately notified to the other Party. They shall be restricted with regard to their extent and to their duration to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the injury caused by the practice or the difficulty in question. Priority shall be given to such measures which will least disturb the functioning of this Agreement. The measures taken by a Party against an action or an omission of the other Party may only affect the trade with that Party.

6. The safeguard measures taken shall be the subject of periodic consultations within the Joint Committee with a view to their relaxation as soon as possible, or abolition when conditions no longer justify their maintenance.

7. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the cases of Articles 19, 20, 25 and 27, apply forthwith the provisional measures strictly necessary to remedy the situation. The measures shall be notified without delay and consultations between the Parties shall take place as soon as possible within the Joint Committee.

Article 30

Balance of Payments Difficulties

1. The Parties shall endeavour to avoid the imposition of restrictive measures including measures relating to imports for balance of payments purposes.

2. Where one of the Parties is in serious balance of payments difficulties, or under imminent threat thereof, the Party concerned may, in accordance with the conditions established under the WTO/GATT 1994, adopt restrictive measures, including measures related to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The measures shall be progressively relaxed as balance of payments conditions improve and they shall be eliminated when conditions no longer justify their maintenance. The Party concerned shall inform the other Party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

3. In applying temporary trade measures, the Party in question will accord treatment no less favourable to imports originating in the other Party than to

imports originating in any other country, and will not impair the relative benefits accorded to the other Party under this Agreement.

4. Significant intensification of trade measures may be a cause for consultation between the Parties.

Article 31

Evolutionary Clause

1. Where a Party considers that it would be useful in the interests of the economies of the Parties to develop and to deepen the relations established by this Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Party. The Joint Committee shall examine such a request and, where appropriate, may make recommendations, particularly with a view to opening negotiations.

2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to the ratification or approval by the Parties in accordance with their internal legislation and procedures.

CHAPTER IV

Institutional and Final Provisions

Article 32

The Joint Committee

1. A Joint Committee is hereby established and shall be composed of the representatives of the Governments of the Parties.

2. The Joint Committee shall be responsible for the administration of this Agreement and shall ensure its proper implementation. It shall examine any major issue arising within the framework of this Agreement and any other trade or economic issues of mutual interest. The Joint Committee shall keep under review the possibility of further removal of the obstacles to trade between the Parties.

3. For the purpose of the proper implementation of this Agreement, the Parties shall exchange information and, at the request of any Party, shall hold consultations within the Joint Committee.

4. The Joint Committee may take decisions in the cases provided for in this Agreement. These decisions shall be implemented by the Parties in accordance with their internal legislation. The Joint Committee may also make recommendations on any other trade and economic matter of mutual interest to the Parties.

Article 33

Procedures of the Joint Committee

1. For the proper implementation of this Agreement, the Joint Committee shall meet whenever necessary but at least once a year. Each Party may request that a meeting be held.
2. The Joint Committee shall act by common agreement.
3. If the representative of a Party in the Joint Committee has accepted, under reservation, a decision subject to the fulfilment of internal legal requirements, the decision shall enter into force, if no later date is contained therein, on the date of the receipt of a written notification as to the fulfilment of such requirements.
4. For the purpose of this Agreement, the Joint Committee shall adopt its rules of procedure which shall, inter alia, contain provisions for convening meetings and for the designation of the Chairman and his term of office.
5. The Joint Committee may decide to set up sub-committees and working groups as it considers necessary to assist it in accomplishing its tasks.

Article 34

Dispute Settlement

1. Each Party may refer to the Joint Committee any dispute relating to the application or the interpretation of this Agreement.
2. The Joint Committee may settle the dispute by means of a decision.
3. Each Party shall be bound to take measures involved in carrying out the decision referred to in paragraph 2.
4. If a dispute referred to the Joint Committee has not been resolved in accordance with paragraph 2 of this Article, each Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a second arbitrator within two months.
5. The Joint Committee shall then choose, within sixty days, among experts proposed by the two arbitrators, a third arbitrator who shall not be a national of either Party (or of the Slovak Republic) and who will serve as the chairman.
6. The arbitrators' decisions shall be taken by majority vote within ninety days or within such longer period as may be agreed by the Joint Committee.
7. Each Party must take the steps required to implement the decision of the arbitrators.

Article 35

Trade Relations Governed by this and other Agreements

This Agreement shall not prevent the maintenance or establishment of customs unions, free-trade areas or arrangements for frontier trade which are in accordance with the provisions of Article XXIV of the GATT 1994 and with the Understanding on the Interpretation of Article XXIV of the GATT 1994.

Article 36

Annexes and Protocols

1. The Annexes and the Protocols to this Agreement are an integral part of it.
2. The Joint Committee may decide to modify or amend the Annexes and the Protocols. In this case the modifications or amendments shall enter into force on the date of a receipt of the latter diplomatic note confirming the approval by the Government of the respective Party.

Article 37

Territorial Application

This Agreement shall apply to the customs territories and free zones of the Czech Republic and of the State of Israel.

Article 38

Amendments

Amendments to this Agreement other than those referred to in paragraph 2 of Article 36 shall enter into force on the date of a receipt of the latter diplomatic note confirming that all internal legal procedures required by each Party for their entry into force have been completed.

Article 39

Entry into Force

1. This Agreement is subject to the ratification by the Parties and shall enter into force on the first day of the following month after the date of exchange of the instruments of ratification.
2. The exchange of the instruments of ratification shall take place in Jerusalem.

Article 40

Validity and Termination

1. This Agreement is concluded for an unlimited period.
2. Each Party may terminate this Agreement by a written notification to the other Party. The termination shall take effect on the first day of the seventh month following the date on which the notification was received by the other Party.

IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorized thereto, have signed this Agreement.

Done at Prague, this 20th day of May 1996 which corresponds to the 2 of Nissan, 5,776, in two originals in the Czech, Hebrew and English languages, all texts being equally authentic. In case of differences of interpretation, the English text shall prevail.

For the Government of
the Czech Republic

For the Government of
the State of Israel

Record of Understandings

1. The Parties declare their readiness to examine in the Joint Committee the possibility of granting each other further concessions, inter alia, taking into account concessions granted to other countries with which both Parties have concluded free trade agreements.

2. With regard to paragraph 2 of Article 4 of the Agreement, the Parties agree that where a reduction of duties is effected by way of a suspension of duties made for a particular period of time, such reduced duties shall replace the basic duties only for the period of such suspension; and that whenever a partial suspension of duties is made, the preferential margin between the Parties will be preserved.

3. With regard to Articles 8 and 9 of the Agreement the Parties confirm that, besides the exceptions listed in Annex IIa and Annex IIb, they apply measures resulting from their international multilateral obligations in accordance with Articles 15 and 16 of the Agreement.

4. With regard to Article 13, the Parties agree that their respective customs authorities shall sign a detailed agreement on customs co-operation and mutual assistance on customs matters, as mentioned in Article 13, in the spirit of the recommendations of the World Trade Organization.

5. With regard to Article 21, in the period before the mutual opening the respective public procurement markets of both Parties, the Czech Republic declare and confirm to provide the Israeli entities and the products originating in the State of Israel, according to its internal legislation in force, the treatment not less favourable than that provided to any other country, with regard to public procurement from the signing of the Agreement.

For this period, the State of Israel declare and confirm to provide the Czech entities and the products originating in the Czech Republic, according to its internal legislation in force, the treatment not less favourable than that provided to any other country, which is not bound by the provisions of the Agreement on Government Procurement within the WTO, with regard to public procurement from the signing of the Agreement.

6. For the purposes of implementing Article 13 of Protocol 3 the Parties agree that working and processing carried out outside the Parties shall be effected by means of outward processing or a similar system.