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FREE TRADE AGREEMENT BETWEEN HUNGARY AND ISRAEL

The following text reproduces the Agreement between the Republic of Hungary and the State of Israel.[FOOTNOTE: The Annexes and Protocols thereto have been submitted to the Secretariat for consultation by interested Members (Office 3006)].

Agreement between the Republic of Hungary and the State of Israel

Preamble

The Republic of Hungary (hereinafter referred to as "Hungary")
and
The State of Israel (hereinafter referred to as "Israel"),

Recalling their intention to participate actively in the process of economic integration in Europe, and expressing their readiness to co-operate in seeking ways and means to strengthen this process,

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

Convinced that this Agreement shall 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 to this Agreement (hereinafter referred to as "the Parties") shall gradually establish a free-trade area in accordance with the provisions of the present

Agreement and in conformity with Article XXIV of the GATT 1994 in a transitional period ending 1 January 2001 at the latest.

2. The objectives of this Agreement are:

- (a) to promote, through the expansion of reciprocal trade, the harmonious development of economic relations between the Parties and thus to foster the advance of their economic activity, the improvement of living and employment conditions, and increased productivity and financial stability;
- (b) to provide fair conditions of competition in 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.

Article 2

Scope

The provisions of this Agreement shall apply

- (a) 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 1(a) and 1(b) to this Agreement (hereinafter referred to as "Annex 1")
- (b) to agricultural products originating in the Parties, where the term "agricultural products" means for the purpose of this Agreement the products falling within Chapter 1 to 24 of the Harmonized Commodity Description and Coding System and the products listed in Annex 1 under the terms and conditions contained in Title II.

TITLE I

Industrial Products

Article 3

Customs Duties on Imports

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

Article 4

Basic Duties

1. The basic duty to which the successive reductions set out in this Agreement are to be applied shall be; for goods imported into Hungary: the most-favoured-nations rate of duty in force on 29 February 1992; for goods imported into Israel: the most-favoured-nation rate of duty in force on 1 September 1996.

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 Article 3 shall be applied rounded off to the first decimal place, or in case of specific duties to the second decimal place.

Article 5

Charges on Imports Equivalent to Customs 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 the entry into force of this Agreement, except as provided for in Annex 2 to this Agreement (hereinafter referred to as "Annex 2").

Article 6

Customs Duties of a Fiscal Nature

The provisions of Article 3 shall also apply to customs duties of a fiscal nature. 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 customs duty on exports or charge having equivalent effect shall be introduced in trade between the Parties.

2. Customs duties on exports and any charges having equivalent effect shall be abolished upon entry into force of this Agreement.

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 into a Party of products originating in the other Party shall be abolished on the date of the entry into force of this Agreement, except as provided for in Annexes 3(a), 3(b) and 3(c) to this Agreement (hereinafter referred to as "Annex 3").

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. The Parties shall abolish on the date of the entry into force of this Agreement any quantitative restrictions and measures having equivalent effect, except those that might be required for the administration of international obligations.

TITLE II

Agricultural Products

Article 10

Trade in Agricultural Products

1. The Parties declare their readiness to foster insofar as their agricultural policies allow, harmonious development of trade in agricultural products and to discuss this issue periodically within the Joint Committee.

2. The Parties shall apply their sanitary and phytosanitary measures in accordance with the provision of the WTO/GATT 1994 Agreements. The Parties shall not apply their regulations in veterinary, plant health and health matters as an arbitrary or unjustifiable discrimination between the Parties, where the same conditions prevail or as a disguised restriction on trade between them.

3. Without prejudice to the concessions granted pursuant to Article 11, the provisions of paragraph 1 of this Article shall not restrict in anyway the pursuance of the respective agricultural policies of the Parties or the taking of any measures under such policies. Each Party shall promptly notify the other about changes in its agricultural policy which may adversely affect trade in agricultural products between the Parties. In such cases, prompt consultations shall be held upon request of the other Party, to examine the situation and, if necessary, find a mutually acceptable solution.

Article 11

Exchange of Concessions

1. The Parties shall grant each other concessions, specified in Protocol 2 to this Agreement (hereinafter referred to as "Protocol 2"), in accordance with provisions of this Title and as laid down in that Protocol.

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

TITLE III

General Provisions

Article 12

Rules of Origin

Protocol 3 to this Agreement (hereinafter referred to as "Protocol 3") lays down the rules of origin and 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 shall 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, tax evasion and illicit trade in drugs.
3. To this end, a detailed and separate agreement on customs co-operation shall be signed.

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 indirect internal taxation in excess of the amount of indirect taxation imposed on them.

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 protection of intellectual property; of rules relating to gold or silver, or the conservation of exhaustible natural resources. Such prohibitions or restrictions shall not, however, constitute a 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 measure, in accordance with Article XXI of the GATT 1994, which it considers necessary.

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 market. These provisions shall likewise apply to monopolies delegated by the State to others.

Article 18

Payments

1. Payments in freely convertible currencies relating to trade in goods between the Parties and the transfer of such payments to the territory of a 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 concerning commercial transactions in which a resident participates.
3. 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 Statutes 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 the provisions of paragraph 1 insofar as the application of these provisions does not obstruct the performance, in law or in fact, of the particular public tasks assigned to them.

3. 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.

4. Subject to its laws, regulations and policies, each Party shall 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 referred to in Article 2(b) and in Title 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 of WTO/GATT 1994, inter alia, by reporting annually to the Joint Committee. Each Party, upon request of the other Party, shall provide information on aid schemes and on particular individual uses of state aid.

4. If a Party considers that a particular practice,

- is incompatible with the terms of paragraph 1, or

- if such practice causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry, or 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 of the WTO/GATT 1994.

Article 21

Public Procurement

1. The Parties consider the liberalization of their respective public procurement markets as an objective of this Agreement.
2. As of the entry into force of this Agreement, Israel shall grant Hungarian companies access to contract award procedures in its government procurement of goods, according to the Agreement on Government Procurement of 15 April 1994, subject to its undertakings therein.
3. As of the entry into force of this Agreement, Hungary shall grant Israeli companies access to contract award procedures under a treatment no less favourable than that accorded to companies of any other country.
4. The Joint Committee, acting in accordance with Articles 32 and 33, shall deal with the practical modalities for the implementation of paragraphs 2 and 3 above.

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 shall conclude where appropriate agreements on mutual recognition in the field of conformity assessment.

Article 23 Dumping

If a Party finds that dumping within the meaning of Article VI of the WTO/GATT 1994 is taking place in trade relations governed by this Agreement, it may take appropriate measures against that practice in accordance with Article VI of the WTO/GATT 1994 and agreements related to that Article, under the conditions and in accordance with the procedure laid down in Article 29.

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 grant and 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 4 to this Agreement (hereinafter referred to as "Annex 4").

2. For the purpose of this Agreement "intellectual property protection" includes in particular protection of copyright, including computer programmes and databases, and neighbouring rights, trade marks, geographical indications, industrial designs, patents, topographies of integrated circuits, as well as 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, expert 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, World Intellectual Property Organization, as well as relations of Parties with third 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 import relief that may be imposed with respect to imports of that product from third 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 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 Title I, during the last year for which statistics are available.

4. These measures may be applied for a period not exceeding five years unless a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest at the expiration of the transitional period.

5. No such measures can be introduced in respect of a product if more than three years elapsed since the elimination of all 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 procedures 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) As regards Article 23, the Party in question shall be informed of the dumping case as soon as the authorities of the importing Party have initiated an investigation. If no end has been put to the dumping or no other satisfactory solution has been reached within thirty days of the notification being made, the importing Party may adopt the appropriate measures.

(b) As regards Articles 25, 26 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 thirty days of the matter being referred to the Joint Committee, or if no other satisfactory solution is reached within thirty days, the Party concerned may adopt the measures necessary in order to remedy the situation.

(c) As regards 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.

(d) As regards Articles 19 and 20, the Parties 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 thirty working days of the matter being referred to it, 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 notified immediately 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 as 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 object 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 23, 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 shall accord treatment no less favourable to imports originating in the other Party than to imports originating in any other country.

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 deepen the relations established by the 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 ratification or approval by the Parties in accordance with their national legislation and procedures.

TITLE IV

Final Provisions

Article 32

The Joint Committee

1. A Joint Committee is hereby established which 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 obstacles to trade between the Parties, including quantitative restrictions on imports.
2. 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.
3. The Joint Committee shall take decisions in the cases provided for in this Agreement and make recommendations on any other trade and economic matter of mutual interest.
4. The Joint Committee shall consist of the representatives of 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 a representative of a Party in the Joint Committee has accepted a decision subject to the fulfilment of legislative requirements, the decision shall enter into force, if no later date is contained therein, on the day of the notification that such requirements have been fulfilled.
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 such sub-committees and working parties 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. When in particular, a Party considers that the other Party has failed to carry out its obligations under this Agreement, or has

taken measures which severely distort the balance of trade benefits or substantially undermine fundamental objectives of this Agreement, it may refer to the dispute to the Joint Committee.

2. The Joint Committee may settle the dispute by means of a decision. Each Party shall be bound to take measures involved in carrying out that decision.

Article 35

Trade Relations Governed by this and other Agreements

1. 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 WTO/GATT 1994.

2. Consultations between the Parties, shall take place, on request, within the Joint Committee concerning agreements establishing such customs unions or free-trade areas.

Article 36

Annexes and Protocols

The Annexes and the Protocols to this Agreement are an integral part of it. The Joint Committee may decide to amend the Annexes and Protocols in accordance with the provisions of paragraph 3 of Article 33.

Article 37

Territorial Application

This Agreement shall apply to the customs territories of the Parties.

Article 38

Amendments

Amendments to this Agreement other than those referred to in paragraph 1 of Article 32 which are approved by the Joint Committee shall be submitted to the Parties for acceptance and shall enter into force if accepted by both Parties.

Article 39

Entry into Force

1. This Agreement shall enter into force on 1 January 1998, provided that the Parties exchange the notes confirming the completion of the internal procedures of ratification prior to 1 December 1997.

2. In case this Agreement cannot enter into force on that date, the effective date shall be the first day of the second month after the Parties notify each other through diplomatic channels of its ratification.

Article 40

Validity and Withdrawal

This Agreement is concluded for an unlimited period.

Either Party may denounce this Agreement by written notification to the other Party through diplomatic channels. This Agreement shall cease to apply six months after the date of such notification.

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

Done at, this day of 1997, which corresponds to the day of, 5,757 in three originals, in the Hungarian, Hebrew and English languages, all texts being equally authentic. In case of any divergence of interpretation the English text shall prevail.

For the Republic of Hungary For the Government of the State of Israel

Record of Understanding

1. In case Hungary agrees with the European Union to accelerate the reduction of tariffs or the removal of quantitative restrictions, charges and measures having equivalent effect at the entry into force of the Agreement establishing an Association between Hungary and the European Union and its Member States, the Parties shall consult about the terms and conditions of extending such liberalization to Israel in conjunction with changes in the Israeli reduction schedule for sensitive products. Balance of both sides should be basically maintained during the whole transitional period and concessions exchange under special conditions should be considered in the Joint Committee.
2. With respect to Article 5, the Parties shall apply the same charges equivalent to duties, which are applicable in their trade with the European Union.
3. The Parties agree that measures referred to in Article 15 for the protection of the environment may be applied to the extent permitted under Article XX of the General Agreement on Tariffs and Trade 1994, and any other relevant instruments negotiated under its auspices which are applicable between the Parties.
4. For the purpose of interpreting Article 20, the Parties agree that measures aimed at promoting the restructuring of Hungary's economy, shall be considered as not being inconsistent with Article 20(1) provided that they are not incompatible with the state aid practises applied by Hungary under the Agreement establishing an Association between Hungary and the European Union and its Member States.
5. Each Party shall apply any measures under Article 26 to the extent being applied with respect to imports from the European Union.

6. Once the European Union and its Member States implements the necessary modifications in its Agreement with Israel, similar amendments shall be introduced in the Protocol on rules of origin of the Hungary-Israel Free Trade Agreement thereby providing the condition for triangular cumulation under the rules of origin.

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