

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 608 final

Brussels, 18 November 1976

## COMMISSION COMMUNICATION TO THE COUNCIL

on the negotiations

between the European Economic Community

and the State of Israel

## RECOMMENDATION FOR REGULATION (EEC) OF THE COUNCIL

ADDITIONAL PROTOCOL  
TO THE AGREEMENT BETWEEN THE  
EUROPEAN ECONOMIC COMMUNITY AND THE  
STATE OF ISRAEL

(submitted to the Council by the Commission)

COM(76) 370 final

COMMISSION COMMUNICATION TO THE COUNCIL

on the negotiations between  
the European Economic Community and the State of Israel

1. The negotiations between the European Economic Community and the State of Israel for the conclusion of an Additional Protocol to the Agreement between the European Economic Community and the State of Israel of 11 May 1975, and of a Financial Protocol, ended in Brussels on 10 October 1976.

The texts in French of the Additional Protocol, the Financial Protocol and the Declarations and Exchanges of Letters annexed to the Final Act were initialled by the Head of the Community Delegation and the Head of the Israeli Delegation, who indicated their agreement on the contents except for Article 2 of the Financial Protocol as regards the duration of the latter.

The Israeli Delegation requested that the Community reconsider its position on this matter and that the duration of the Protocol be fixed at three years from the date of signature.

The initialled texts represent the results of negotiations conducted on the basis of the Council directives of 18-19 October 1976.

2. A decision on the request presented by Israel must be taken by the Council. Since the request concerns the only point outstanding, the resolution of which would permit the negotiations to be concluded, and a reservation similar to that made by the three Mashreq countries in the negotiations with those countries, the Commission considers that any solution adopted by the Council on this question as regards the Mashreq countries should also be applied to Israel. The Commission suggests therefore that the date of expiry of the Financial Protocol with Israel be 31 October 1981, the date suggested by the Commission for the expiry of the financial protocols to be concluded with the three Mashreq countries.

The Commission considers that such a solution would enable the negotiations to be concluded and the procedures set in motion for the signature and conclusion of the Additional Protocol and the Financial Protocol. The Commission accordingly transmits herewith to the Council a recommendation for a regulation concluding the Additional Protocol and the Financial Protocol (Annex I).

The Commission would point out that the Head of the Israeli Delegation had asked that the procedures be completed in time for the Additional Protocol to be signed in Israel before the end of 1976.

3. The Commission would also inform the Council that during the negotiations the Israeli Delegation formally requested that a Commission delegation be established in Israel. The mission of this delegation would be to ensure and facilitate implementation of the economic cooperation provided for in the Agreement of 11 May 1975 and the Additional Protocol thereto, and also to facilitate management of the amounts committed by the EIB as financial cooperation.

RECOMMENDATION

FOR

COUNCIL REGULATION (EEC) NO

concluding an Additional Protocol to the Agreement between  
the European Economic Community and the State of Israel,  
and a Financial Protocol

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Article 238 thereof,

Having regard to the Recommendation from the Commission,

Having regard to the Opinion of the European Parliament,

Whereas the Additional Protocol to the Agreement between the European  
Economic Community and the State of Israel, and the Financial Protocol,  
signed at ..... on ..... should be concluded,

HAS ADOPTED THIS REGULATION:

Article 1

The Additional Protocol to the Agreement between the European Economic  
Community and the State of Israel, the Financial Protocol and the  
Declarations and Exchanges of Letters annexed to the Final Act are  
hereby concluded, adopted and confirmed on behalf of the Community.

The texts of the Additional Protocol, the Financial Protocol and  
the Final Act are annexed to this Regulation.

Article 2

Pursuant to Article 16 of the Additional Protocol to the Agreement between the European Economic Community and the State of Israel and Article 13 of the Financial Protocol, the President of the Council of the European Communities shall give notification that the procedures necessary for the entry into force of the Protocols have been completed on the part of the Community.

Article 3

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council

**COMMISSION  
DES  
COMMUNAUTÉS EUROPÉENNES**

....., le .....

**Direction générale  
du développement**

PROCOLE ADDITIONNEL

A

L'ACCORD ENTRE LA COMMUNAUTÉ ECONOMIQUE EUROPEENNE

ET

L'ETAT D'ISRAEL

(PROJET)

HIS MAJESTY THE KING OF THE BELGIANS

HER MAJESTY THE QUEEN OF DENMARK,

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY,

THE PRESIDENT OF THE FRENCH REPUBLIC,

THE PRESIDENT OF IRELAND,

THE PRESIDENT OF THE ITALIAN REPUBLIC,

HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG,

HER MAJESTY THE QUEEN OF THE NETHERLANDS,

HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND,

and

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE PRESIDENT OF THE STATE OF ISRAEL,

of the other part,

WISHING to demonstrate their common desire to widen and strengthen their links on the basis of the Agreement between the European Economic Community and the State of Israel, for the mutual benefit of the Parties,

RESOLVED to establish wider-ranging cooperation which will contribute to Israel's economic development and help to strengthen relations between the European Economic Community and Israel,

HAVE DECIDED to conclude this Protocol and to this end have designated as their plenipotentiaries:



Article 1

The provisions of the Agreement between the European Economic Community and the State of Israel signed on 11 May 1975, hereinafter called the "Agreement", shall be supplemented as follows:

TITLE I

ECONOMIC, TECHNICAL AND FINANCIAL COOPERATION

Article 2

1. In order to strengthen existing links between the Contracting Parties on as wide a basis as possible for their mutual benefit, the Community and Israel shall institute cooperation with the aim of contributing to the development of Israel and the harmonious development of their economic relations.

Article 3

In order to achieve the cooperation referred to in Article 2, account shall be taken, in particular, of the following:

- (a) the objectives and priorities of Israel's development plans and programmes;
- (b) the importance of schemes into which different operations are integrated.

Article 4

1. The purpose of cooperation between the Community and Israel shall be to promote in particular:

- (a) the development of Israel's production and economic infrastructure in order to foster the complementarity of the two economies and, in particular, to promote the industrialization of Israel;

- (b) the sales promotion of products exported by Israel;
- (c) industrial cooperation through, inter alia, measures:
  - (i) to encourage the implementation of Israel's industrial development programmes;
  - (ii) to foster the organization of contacts and meetings between Israeli and Community industrial policy-makers, promoters and firms in order to strengthen their relations in the industrial field in conformity with the objectives of the Agreement;
  - (iii) to facilitate access to technological know-how and the acquisition of patents and other industrial property;
  - (iv) to eliminate non-tariff and non-quota barriers likely to impede access to either market;
- (d) cooperation in the agricultural and fishery sectors with a view to achieving complementarity between the two economies;
- (e) the encouragement of private investments which are in the mutual interest of both Parties;
- (f) exchange of information on the economic and financial situation, and on the trend thereof, as required for the proper functioning of the Agreement;
- (g) cooperation in the fields of science, technology and the protection of the environment.

2. The Contracting Parties may decide on further areas of cooperation.

#### Article 5

1. Periodically the Cooperation Council shall define the guidelines of cooperation for the purpose of attaining the aims set out in the Agreement.
2. The Cooperation Council shall be responsible for seeking ways and means of establishing cooperation in the areas defined in Article 4. To that end it is empowered to make decisions.

Article 6

The Community shall participate in the financing of any measures to promote the development of Israel under the conditions laid down in Protocol No 1 relating to financial cooperation.

Article 7

The Contracting Parties shall facilitate the proper performance of cooperation and investment contracts which are of interest to both Parties and come within the framework of the Agreement.

Article 8

Article 18 of the Agreement is hereby repealed.

TITLE II

GENERAL AND FINAL PROVISIONS

Article 9

1. The term "Joint Committee" as used in the Agreement, the Protocols thereto, and the Declarations and Exchanges of Letters annexed to the Final Act, signed on 11 May 1975, shall be replaced by the term "Cooperation Council".

2. The term "working party" used in Article 21(3) shall be replaced by the term "committee".

Article 10

Article 19 of the Agreement shall be replaced by the following:

1. A Cooperation Council is hereby established, which shall have the power, for the purpose of attaining the aims set out in the Agreement, to take decisions in the cases provided for in the Agreement.

The decisions taken shall be binding on the Contracting Parties, which shall take such measures as are required to implement them.

2. The Cooperation Council may also formulate any resolutions, recommendations or opinions which it considers desirable for the attainment of the common aims and the smooth functioning of the Agreement.

3. The Cooperation Council shall adopt its rules of procedure.

#### Article 11

Article 20(1) of the Agreement shall be replaced by the following:

1. The Cooperation Council shall be composed, on the one hand, of representatives of the Community and its Member States and, on the other hand, of representatives of Israel.

#### Article 12

1. The Cooperation Council may decide to set up any committee that can assist it in carrying out its duties.

2. The Cooperation Council shall determine the composition and duties of such committees and how they shall function.

3. Article 21(3) of the Agreement is hereby repealed.

#### Article 13

The Cooperation Council shall take any appropriate measures to facilitate cooperation and necessary contacts between the European Parliament and the representatives of the Knesset.

#### Article 14

This Protocol shall form an integral part of the Agreement.

Article 15

This Protocol is drawn up in duplicate in the Danish, Dutch, English, French, German, Italian and Hebrew languages, each of these texts being equally authentic.

Article 16

1. This Protocol shall be subject to ratification, acceptance or approval in accordance with the Contracting Parties' own procedures; the Contracting Parties shall notify each other that the procedures necessary to this end have been completed.

2. This Protocol shall enter into force on the first day of the second month following the date on which the notifications provided for in paragraph 1 have been given.

FINANCIAL PROTOCOL  
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY  
AND THE STATE OF ISRAEL

HIS MAJESTY THE KING OF THE BELGIANS,  
HER MAJESTY THE QUEEN OF DENMARK,  
THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY,  
THE PRESIDENT OF THE FRENCH REPUBLIC,  
THE PRESIDENT OF IRELAND,  
THE PRESIDENT OF THE ITALIAN REPUBLIC,  
HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG,  
HER MAJESTY THE QUEEN OF THE NETHERLANDS,  
HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND,

and

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE PRESIDENT OF THE STATE OF ISRAEL,

of the other part,

HAVE DESIGNATED as their Plenipotentiaries:

Article 1

The Community shall participate, within the framework of financial cooperation, in the financing of projects designed to contribute to the economic development of Israel.

Article 2

1. For the purposes specified in Article 1, the Community shall ask the European Investment Bank, hereinafter called the "Bank", to make available to Israel funds of up to 30 million European units of account (EUA). This amount may be committed, for a period of

of this Protocol, in the form of loans granted in accordance with the conditions, detailed rules and procedures laid down by the Bank's Statute.

2. The following shall be eligible for financing: capital projects helping to increase productivity and to achieve complementarity between the two economies, and promoting in particular the industrialization of Israel that have been submitted to the Bank by the State of Israel or, with the latter's agreement, by public or private undertakings having their seat or a place of business in Israel.

3. (a) Examination of the eligibility of the projects and the granting of loans shall be undertaken in accordance with the detailed rules, conditions and procedures laid down by the Bank's Statute.

(b) The conditions governing repayment of each loan shall be established on the basis of the economic and financial characteristics of the project to be financed.

(c) Loans will carry the same rate of interest as that applied by the Bank on the day of signature of the loan agreement.

Article 3

1. The amounts to be committed each year shall be distributed as evenly as possible throughout the period of application of this Protocol. During the initial period of application, however, a proportionately higher amount may, within reasonable limits, be committed.



2. Any funds not committed by the end of the period of five years referred to in Article 2(1) shall be used, until exhausted, in accordance with the same arrangements as provided for in this Protocol.

Article 4

Aid contributed by the Bank for the execution of projects may, with the agreement of Israel, take the form of cofinancing.

Article 5

The execution, management and maintenance of works that are the subject of financing under this Protocol shall be the responsibility of Israel or the other recipients referred to in Article 2.

The Bank shall make sure that its financial aid is expanded in accordance with the agreed allocations and to the best economic advantage.

Article 6

1. Israel shall apply to contracts awarded for the execution of projects financed by the Bank fiscal and customs arrangements at least as favourable as those applied in respect of other international organizations.

2. Israel shall take the necessary measures to ensure that interest and all other payments due to the Bank in respect of loans granted under this Protocol are exempted from any national or local taxes or levies.

Article 7

Where a loan is accorded to a beneficiary other than the State of Israel, the provision of a guarantee by the latter may be required by the Bank as a condition of the grant of the loan.

Article 8

As regards projects and measures financed by the Bank, participation in tendering procedures and other procedures for the award of contracts shall be open, on equal terms, to all natural or legal persons of Israel and of the Member States.

Article 9

Throughout the duration of the loans accorded pursuant to this Protocol, Israel shall undertake to make available to debtors enjoying such loans and guarantors of the loans the foreign currency necessary for the payment of interest and commission and the repayment of capital.

Article 10

The results of financial cooperation may be examined within the Cooperation Council.

Article 11

This Protocol forms an integral part of the Agreement between the European Economic Community and the State of Israel signed on 11 May 1975.

Article 12

This Protocol is drawn up in duplicate in the Danish, Dutch, English, French, German, Italian and Hebrew languages, each of these texts being equally authentic.

Article 13

1. This Protocol shall be subject to ratification, acceptance or approval in accordance with the Contracting Parties' own procedures; the Contracting Parties shall notify each other that the procedures necessary to this end have been completed.

2. This Protocol shall enter into force on the first day of the second month following the date on which the notifications provided for in paragraph 1 have been given.

FINAL ACT

The plenipotentiaries of

His Majesty the King of the Belgians,

Her Majesty the Queen of Denmark,

The President of the Federal Republic of Germany,

The President of the French Republic,

The President of Ireland,

The President of the Italian Republic,

His Royal Highness the Grand Duke of Luxembourg,

Her Majesty the Queen of the Netherlands,

Her Majesty the Queen of the United Kingdom of Great Britain and  
Northern Ireland,

and of **THE COUNCIL OF THE EUROPEAN COMMUNITIES,**

of the one part,

and of **THE PRESIDENT OF THE STATE OF ISRAEL,**

of the other part,

meeting at Brussels on . . . . . for the signature  
of the Additional Protocol to the Agreement between the European  
Economic Community and the State of Israel,  
and of the Financial Protocol,  
have, on signing the Protocols,

- adopted the Joint Declaration on the concept of "Contracting Parties",
- taken note of the Declarations listed below:

1. Declaration by the European Economic Community on the European unit of account referred to in Article 2 of the Financial Protocol,
2. Declaration by the Representative of the Government of the Federal Republic of Germany on the application of the Additional Protocol and the Financial Protocol to Berlin,
3. Declaration by the Representative of the Government of the Federal Republic of Germany on the definition of the expression "German National",

- and taken note of the Exchanges of Letters listed below:

1. Exchange of Letters on implementation of the Additional Protocol before its entry into force in respect of economic and financial cooperation.
2. Exchange of Letters on scientific and technological cooperation.

The above Declarations and Exchanges of Letters are annexed to this Final Act.

The Plenipotentiaries have agreed that the Declarations and Exchanges of Letters shall be subjected, in the same manner as the Protocols, to any procedures that may be necessary to ensure their validity.

JOINT DECLARATION ON THE CONCEPT OF "CONTRACTING PARTIES"

The Contracting Parties agree to interpret the Additional Protocol and the Financial Protocol to the effect that the expression "Contracting Parties" which appears in the Protocols means on the one hand the Community and the Member States, or either the Community or the Member States alone, and on the other hand the State of Israel. The meaning to be attributed to this expression in each case is to be deduced from the corresponding provisions of the Treaty establishing the European Economic Community.

Declaration by the European Economic Community on  
the European unit of account referred to in  
Article 2 of the Financial Protocol

1. The European unit of account used to express the amounts specified in Article 2 of the Financial Protocol is defined as the sum of the following amounts in the currencies of the Member States of the Community:

German mark	0.828
Pound sterling	0.0885
French franc	1.15
Italian lira	109
Dutch guilder	0.286
Belgian franc	3.66
Luxembourg franc	0.14
Danish krone	0.217
Irish pound	0.00759

2. The value of the European unit of account in any given currency is equal to the sum of the equivalent in that currency of the amounts of currency referred to in paragraph 1. It is calculated by the Commission using daily market exchange rates.

The daily values of the unit of account in the various national currencies are published in the Official Journal of the European Communities.

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Declaration by the Representative of the Government  
of the Federal Republic of Germany on the  
application of the Additional Protocol and  
the Financial Protocol to Berlin

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The Additional Protocol and the Financial Protocol shall equally apply to Land Berlin unless, within a period of three months from the entry into force of the said Protocols, the Government of the Federal Republic of Germany has made a declaration to the contrary to the other Contracting Party.

Declaration by the Representative of the Government  
of the Federal Republic of Germany on the  
definition of the expression "German National"

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All Germans within the meaning of the Basic Law for the Federal Republic of Germany are to be considered nationals of the Federal Republic of Germany.



Exchange of letters on implementation of the Additional Protocol before its entry into force in respect of economic and financial cooperation

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Your Excellency,

I have the honour to inform you that once the Protocol and the internal Community texts relating thereto have been signed, the Community will be prepared, in conjunction with your Government, to:

undertake preparatory work on setting cooperation in train so that concrete measures may be taken upon the entry into force of the Protocol;

continue to that end the work assigned to the working party set up by the EEC-Israel Joint Committee on 7 June 1976, namely to gather and analyse information permitting opportunities for cooperation on the basis of requests presented by Israel on that occasion to be identified;

appraise, under the provisions relating to financial cooperation, projects submitted by Israel or, with Israel's agreement, by other aid recipients, it being understood that final approval for such projects cannot be given until after the entry into force of the Protocol.

I should be grateful if you would acknowledge receipt of this letter.

Please accept, Your Excellency, the assurance of my highest consideration.

(s)

Head of the Delegation of the  
European Economic Community

Sir,

In your letter of today's date you inform me as follows:

"I have the honour to inform you that once the Agreement and the internal Community texts relating thereto have been signed, the Community will be prepared, in conjunction with your Government, to:

undertake preparatory work on setting cooperation in train so that concrete measures may be taken upon the entry into force of the Agreement;

continue to that end the work assigned to the working party set up by the EEC-Israel Joint Committee on 7 June 1976, namely to gather and analyse information permitting opportunities for cooperation on the basis of requests presented by Israel on that occasion to be identified;

appraise, under the provisions relating to financial cooperation, projects submitted by Israel or, with Israel's agreement, by other aid recipients, it being understood that final approval for such projects cannot be given until after the entry into force of the Agreement.

I should be grateful if you would acknowledge receipt of this letter."

I have the honour to acknowledge receipt of your letter.

Please accept, Sir, the assurance of my highest consideration.

(s)  
Head of the Israel Delegation

Exchange of letters on scientific and technological cooperation

Sir,

I have the honour to inform you that as regards cooperation in the fields of science, technology and protection of the environment, which is referred to in Article 4 of the Additional Protocol, it is the Israel Government's intention to submit to the Cooperation Council requests for, inter alia:

participation by Israel in certain Community research projects for which Israel possesses specific expertise;

exchange of scientific and technological information in the mutual interest;

implementation of joint research programmes between Israel and the Community in the fields of technology, applied science and industrial R&D;

inclusion of Israeli scientific institutions amongst those contracting to undertake Community indirect scientific research projects.

I should be grateful if you would acknowledge receipt of this letter.

Please accept, Sir, the assurance of my highest consideration.

(s)

Head of the Israel Delegation

Your Excellency,

In your letter of today's date you inform me as follows:

"I have the honour to inform you that as regards cooperation in the fields of science, technology and the protection of the environment, which is referred to in Article 4 of the Additional Protocol, it is the Israel Government's intention to submit to the Cooperation Council requests for, inter alia:

participation by Israel in certain Community research projects for which Israel possesses specific expertise;

the exchange of scientific and technological information in the mutual interest;

the implementation of joint research programmes between Israel and the Community in the fields of technology, applied science and industrial R&D;

inclusion of Israeli scientific institutions among those contracting to undertake Community indirect scientific research projects.

I should be grateful if you would acknowledge receipt of this letter."

I have the honour to acknowledge receipt of your letter.

I can inform you that any requests submitted to the Cooperation Council will be examined on their merits in accordance with the procedures and provisions laid down by the Agreement and the Additional Protocol thereto as regards the implementation of cooperation.

Please accept, Your Excellency, the assurance of my highest consideration.

(s)

Head of the Delegation of  
the European Economic Community

Initialed at Brussels, 10 November 1976.

Head of the Delegation of the  
European Economic Community

Head of the Israel Delegation