

# Trade Agreements

The PNA has signed trade agreements with many regional and international counterparts. They are applicable to all companies operating in Palestine, whether Palestinian-owned or not.

## Free Trade Agreement with the United States

- In April 1995, the US president granted Palestinian products from the West Bank and Gaza preferential status.
- Under the arrangement, duty free treatment was granted to all Palestinian products entering the United States and vice versa.
- In order to benefit from the duty-free treatment, the goods must meet the requirements of the American Rule of Origin.

## Interim Agreement on Trade and Cooperation with the European Union

- The Interim Association Agreement on Trade & Cooperation with the European Union (EU) was signed in 1997.
- The agreement grants reciprocal duty-free treatment to industrial products complying with the EU rule of origin.
- The agreement aimed to increase cooperation between the two parties.
- For agricultural items, the EU grants duty-free or reduced tariff treatment on products exported to the EU within specified quotas.
- The same applies to agricultural imports from the EU to Palestine. The certificate of origin requirements must be satisfied to grant duty-free access.

## Interim Agreement with the EFTA States

- Iceland, Liechtenstein, Norway and Switzerland, four member countries of the European Free Trade Association (EFTA), signed an Interim Agreement with the PLO in 1998.
- The agreement provides duty-free treatment for most Palestinian and EFTA industrial products, fish and other marine products.
- The majority of Palestinian and EFTA-processed agricultural products are granted reduced tariffs and some benefit from full duty-free treatment.
- The PLO signed separate protocols with the four EFTA countries to identify agricultural duty-free products, because EFTA countries do not share a common agricultural policy.
- The EFTA Rule of Origin is the same as applied by the European Union.

## Free Trade Arrangement with Canada:

- Canada signed an Interim Free Trade Agreement with the PLO in 1999.
- The agreement grants tariff elimination on industrial products and tariff reduction or elimination on agricultural products and processed food, in accordance with established quotas.
- The products must qualify under the Canadian Rule of Origin to benefit from the arrangement.





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### Agreement on Commercial Cooperation with Russia

Russia and the Palestinian Authority offered one another the status of the Most Favoured Nation in regard to trade. Imports and exports between the two parties are duty free for the following goods:

- Instruments and items specified for montage and repair.
- Equipment and instruments specified for undertaking experiments and scientific research.
- Articles for demonstration during fairs and exhibitions.
- Containers and similar packages utilized in international trade on a return basis.

### Preferential Treatment: Trading with the Arab World

In 2001, the Arab League granted duty-free treatment for Palestinian products. Importers could trade with all Arab countries when importing goods included in Lists A1 and A2 of the Paris Protocol, within pre-defined quotas. Moreover, separate economic agreements regulate preferential trade relations with Jordan, Egypt and Saudi Arabia.

### Economic Agreement with Jordan

Jordan signed an Interim Agreement with the PLO in 1998. The Palestinian-Jordanian Trade Agreement provides preferential tariffs for goods traded between Palestine and Jordan. Goods in Lists A1, A2, and B of the Paris Protocol entering Palestine and the agreed-upon products entering Jordan are duty-free, provided that the import volume does not exceed predetermined quotas and the goods meet the Jordanian Rule of Origin.

### Economic Agreement with Egypt

In 1994, Egypt signed an Interim Agreement with the PLO. The Palestinian-Egyptian Trade Agreement states that Egyptian products of national origin are exempt from customs and related duties if on Lists A1, A2 or B of the Paris Protocol. Palestinian products are granted duty-free entrance to Egypt according to a defined list and if they satisfy the requirements of the Egyptian Rule of Origin.

### Economic agreement with Turkey

In 2004, Turkey signed an Interim Free trade Agreement with the PLO. The agreement was to gradually establish a free trade area and to promote economic and trade cooperation. One of the objectives of the agreement was to gradually eliminate difficulties and restrictions on the trade of goods, including agricultural products. Another was to provide fair conditions of competition in trade between the Parties.

### Economic agreement with Israel

The Paris Protocol and the Declaration of Principles signed between the PLO and Israel in 1994 specified the rules and regulations that govern economic relations between the West Bank and Gaza Strip and Israel during the interim period. The economic agreement stipulates the basic principle of free trade with Israel.

The agreement, signed between the two sides, includes 11 separate articles on trade. The most important of these deal with taxes, revenue policies, monetary issues, money, direct and indirect taxes, labour, agriculture, industry, tourism and insurance. One outcome of implementing the policy is that the bilateral trade agreements between Israel and other parties are legal and effective in the West Bank and Gaza Strip.

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