

**AGREEMENT****in the form of an Exchange of Letters between the European Community and the Palestine Liberation Organisation (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip concerning reciprocal liberalisation measures and the replacement of Protocols 1 and 2 to the EC-Palestinian Authority Interim Association Agreement***A. Letter from the Community*

Sir,

I have the honour to refer to the negotiations which took place under Article 12 of the Euro-Mediterranean Interim Association Agreement between the European Community, of the one part, and the Palestine Liberation Organisation (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip (hereinafter the Palestinian Authority), of the other part (hereinafter the Interim Association Agreement), in force since 1 July 1997, which states that the Community and the Palestinian Authority shall progressively establish greater liberalisation, *inter alia*, of their trade in agricultural products of interest to both Parties.

These negotiations were held in accordance with the provisions of Article 14, which stipulates that, from 1 January 1999, the Community and the Palestinian Authority shall examine the situation in order to determine the measures to be applied by the Community and the Palestinian Authority from 1 January 2000 in accordance with the objective set out in said Article 12.

On the conclusion of the negotiations, the two Parties agreed to the following:

1. Protocols 1 and 2 to the Interim Association Agreement and their annexes shall be replaced by Protocols 1 and 2 and their annexes appearing in Annexes I and II to this Exchange of Letters;
2. the Agreement in the form of an Exchange of Letters between the Community and the Palestinian Authority annexed to the Interim Association Agreement, relating to Protocol 1 and concerning imports into the Community of fresh cut flowers and flower buds falling within subheading 0603 10 of the Common Customs Tariff, is hereby repealed;
3. no later than in 2007, the Community and the Palestinian Authority will assess the situation with a view to determining the liberalisation measures to be applied by the Community and the Palestinian Authority from 1 January 2008, in accordance with the objective laid down in Article 12 of the Interim Association Agreement.

The provisions of this Agreement in the form of an Exchange of Letters shall apply from 1 January 2005.

I would be grateful if you could inform me of the agreement of your Government to the above.

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

*On behalf of the Council of the European Union*

B. *Letter from the Palestinian Authority*

Sir,

I have the honour to acknowledge receipt of your letter of today's date, worded as follows:

I have the honour to refer to the negotiations which took place under Article 12 of the Euro-Mediterranean Interim Association Agreement between the European Community, of the one part, and the Palestine Liberation Organisation (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip (hereinafter the Palestinian Authority), of the other part (hereinafter the Interim Association Agreement), in force since 1 July 1997, which states that the Community and the Palestinian Authority shall progressively establish greater liberalisation, *inter alia*, of their trade in agricultural products of interest to both Parties.

These negotiations were held in accordance with the provisions of Article 14, which stipulates that, from 1 January 1999, the Community and the Palestinian Authority shall examine the situation in order to determine the measures to be applied by the Community and the Palestinian Authority from 1 January 2000 in accordance with the objective set out in said Article 12.

On the conclusion of the negotiations, the two Parties agreed to the following:

1. Protocols 1 and 2 to the Interim Association Agreement and their annexes shall be replaced by Protocols 1 and 2 and their annexes appearing in Annexes I and II to this Exchange of Letters;
2. the Agreement in the form of an Exchange of Letters between the Community and the Palestinian Authority annexed to the Interim Association Agreement, relating to Protocol 1 and concerning imports into the Community of fresh cut flowers and flower buds falling within subheading 0603 10 of the Common Customs Tariff, is hereby repealed;
3. no later than in 2007, the Community and the Palestinian Authority will assess the situation with a view to determining the liberalisation measures to be applied by the Community and the Palestinian Authority from 1 January 2008, in accordance with the objective laid down in Article 12 of the Interim Association Agreement.

The provisions of this Agreement in the form of an Exchange of Letters shall apply from 1 January 2005.

I would be grateful if you could inform me of the agreement of your Government to the above.'

I have the honour to inform you of the agreement of the Palestinian Authority to the contents of this letter.

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

*For the Palestinian Authority*

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## ANNEX I

## PROTOCOL 1

**concerning the arrangements applicable to imports into the Community of agricultural products originating in the West Bank and the Gaza Strip**

1. The products listed in the Annex, originating in the West Bank and the Gaza Strip shall be admitted for importation into the Community, according to the conditions contained hereafter and in the Annex.

- (a) Customs duties are eliminated or reduced as indicated in column 'a'.
- (b) For certain products, for which the Common Customs Tariff provides the application of an *ad valorem* duty and a specific duty, the rates of reduction, indicated in columns 'a' and 'c', only apply to the *ad valorem* duty. However, for the product corresponding to the subheading 1509 10, the duty reduction applies to the specific duty.
- (c) For certain products, customs duties are eliminated within the limit of the tariff quotas listed in column 'b' for each of them; the tariff quotas shall apply on an annual basis from 1 January to 31 December, unless otherwise specified.
- (d) For the quantities imported in excess of the quotas, the common customs duties are, according to the product concerned, applied in full or reduced, as indicated in column 'c'.

2. For certain products, the exemption of customs duties is granted in the framework of reference quantities as indicated in column 'd'.

Should the volume of imports of one of these products exceed the reference quantity, the Community, having regard to an annual review of trade flows which it shall carry out, may make the product in question subject to a Community tariff quota, the volume of which shall be equal to the reference quantity. In that case, for quantities imported in excess of the quota, the common customs duty is, according to the product concerned, applied in full or reduced as indicated in column 'c'.

3. For the first year of application, the volumes of the tariff quotas and the reference quantities shall be calculated as a pro rata of the basic volumes, taking into account the period elapsed before the date of entry into force of this Protocol.

4. For some products listed in the Annex, the volume of the tariff quota is increased twice, on the basis of the volume indicated in column 'e'. The first increase takes place on the date when each tariff quota is opened for the second time.

## ANNEX TO PROTOCOL 1

CN Code <sup>(1)</sup>	Description <sup>(2)</sup>	Reduction of the MFN customs duty (%) <sup>(3)</sup>	Tariff quota (t, unless otherwise indicated)	Reduction of the MFN customs duty beyond current or possible tariff quota (%) <sup>(3)</sup>	Reference quantity (t, unless otherwise indicated)	Specific provisions
		a	b	c	d	
0409 00 00	Natural honey	100	500	0		point 4 — yearly increase of 250 t
ex 0603 10	Cut flowers and flower buds, fresh	100	2 000	0		point 4 — yearly increase of 250 t
0702 00 00	Tomatoes, fresh or chilled, from 1 December to 31 March	100		60	2 000	
ex 0703 10	Onions, fresh or chilled, from 15 February to 15 May	100		60		
0709 30 00	Aubergines (eggplants), fresh or chilled, from 15 January to 30 April	100		60	3 000	

CN Code (1)	Description (2)	Reduction of the MFN customs duty (%) (3)	Tariff quota (t, unless otherwise indicated)	Reduction of the MFN customs duty beyond current or possible tariff quota (%) (3)	Reference quantity (t, unless otherwise indicated)	Specific provisions
		a	b	c	d	
ex 0709 60	Fruits of the genus <i>Capsicum</i> or of the genus <i>Pimenta</i> , fresh or chilled:					
0709 60 10	Sweet peppers	100		40	1 000	
0709 60 99	Other	100		80		
0709 90 70	Courgettes, fresh or chilled, from 1 December to end of February	100		60	300	
ex 0709 90 90	Wild onions of the species <i>Muscari comosum</i> , fresh or chilled, from 15 February to 15 May	100		60		
0710 80 59	Fruits of the genus <i>Capsicum</i> or <i>Pimenta</i> , other than sweet peppers, uncooked or cooked by steaming or boiling in water, frozen	100		80		
0711 90 10	Fruits of the genus <i>Capsicum</i> or <i>Pimenta</i> , other than sweet peppers, provisionally preserved but unsuitable in that state for immediate consumption	100		80		
0712 31 00 0712 32 00 0712 33 00 0712 39 00	Mushrooms, wood ears ( <i>Auricularia</i> spp.), jelly fungi ( <i>Tremella</i> spp.) and truffles, dried	100	500	0		
ex 0805 10	Oranges, fresh	100		60	25 000	
ex 0805 20	Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids, fresh	100		60	500	
0805 40 00	Grapefruit	100		80		
ex 0805 50 10	Lemons ( <i>Citrus limon</i> , <i>Citrus limonum</i> ), fresh	100		40	800	
0806 10 10	Fresh table grapes, from 1 February to 14 July	100	1 000	0		point 4 — yearly increase of 500 t
0807 19 00	Melons (excluding water-melons), fresh, from 1 November to 31 May	100		50	10 000	
0810 10 00	Fresh strawberries, from 1 November to 31 March	100	2 000	0		point 4 — yearly increase of 500 t
0812 90 20	Oranges, provisionally preserved, but unsuitable in that state for immediate consumption	100		80		

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		a	b	c	d	
0904 20 30	Fruits of the genus <i>Capscium</i> or of the genus <i>Pimenta</i> , other than sweet peppers, dried, neither crushed or ground	100		80		
1509 10	Virgin olive oil	100	2 000	0		point 4 — yearly increase of 500 t
2001 90 20	Fruits of the genus <i>Capsicum</i> , other than sweet peppers or pimentos, prepared or preserved by vinegar or acetic acid	100		80		
2005 90 10	Fruits of the genus <i>Capsicum</i> , other than sweet peppers or pimentos, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	100		80		

<sup>(1)</sup> CN codes corresponding to Regulation (EC) No 1789/2003 (OJ L 281, 30.10.2003, p. 1).

<sup>(2)</sup> Without prejudice to the rules for the interpretation of the combined nomenclature, the description of the products is deemed to be indicative only, the preferential scheme being determined, for the purposes of this Annex, by the coverage of the CN codes. Where ex CN codes are indicated, the preferential scheme is to be determined by application of the CN code and corresponding description taken together.

<sup>(3)</sup> Duty reduction applies only to *ad valorem* customs duties. However, for the product corresponding to the subheading 1509 10, the duty reduction applies to the specific duty.

## ANNEX II

## PROTOCOL 2

**concerning the arrangements applicable to imports into the West Bank and the Gaza Strip of agricultural products originating in the Community**

1. The products listed in the Annex originating in the Community shall be admitted for importation into the West Bank and the Gaza Strip according to the conditions contained herein and in the Annex.
2. Import duties on imports are either eliminated or reduced to the level indicated in column 'a', within the limit of the annual tariff quota listed in column 'b', and subject to the specific provisions indicated in column 'c'.
3. For the quantities imported in excess of the tariff quotas, the general customs duties applied to third countries shall apply, subject to the specific provisions indicated in column 'c'.
4. For the first year of application, the volumes of the tariff quotas and the reference quantities shall be calculated as a pro rata of the basic volumes, taking into account the period elapsed before the date of entry into force of this Protocol.

## ANNEX TO PROTOCOL 2

CN Code	Description	Duty (%)	Tariff quota (t, unless otherwise indicated)	Specific provisions
		a	b	c
0102 90 71	Live bovine animals, of a weight exceeding 300 kg, for slaughter, other than heifers and cows	0	300	
0202 30 90	Meat of bovine animals, boneless excluding fore-quarters, 'compensated' quarters, crop, chuck and blade and brisket cuts, frozen	0	200	
0206 22 00	Edible livers of bovine animals frozen	0	100	
0406	Cheese and curd	0	200	
0407 00 19	Poultry eggs for hatching, other than those of turkeys or geese	0	120 000 pieces	
1101 00 15	Flour of common wheat and spelt	0	13 000	
2309 90 99	Other preparations of a kind used in animal feeding	2	100	