



## Summary of the U.S. - Israel Free Trade Agreement

The information presented on this website is meant to serve as a guide. Only the agreement text and the customs regulations issued to implement the agreement are definitive.

If you have any questions about this Agreement, please contact Linda Martinich, Office of Textiles and Apparel, (202) 482-3588.

Status: Entered into force on September 1985

### How U.S. Textile and Apparel Companies Benefit

Under the United States-Israel Free Trade Area Agreement (USIFTA), signed in 1985, the United States and Israel agreed to phased tariff reductions culminating in the complete elimination of duties on all products by January 1, 1995.

### Tariff Elimination

As of January 1, 1995, all qualifying U.S. textile, apparel, footwear, and travel goods products exported to Israel were accorded duty-free treatment. However certain customs fees and taxes may still apply. Note: The USIFTA does not cover exports to the West Bank or the Gaza Strip. However, the Palestinian Authority agreed to provide reciprocal duty-free treatment for U.S. products entering the West Bank and Gaza.

Also see the [FTA Tariff Tool](#) for the duty-free status or reduced duties that apply to products eligible under U.S. free trade agreements.

### Rules of Origin

In order to take advantage of the duty elimination, products must qualify as "originating" goods under the terms of the Agreement. In general, if the product is not entirely produced or manufactured in the United States, it must have sufficient U.S. or Israeli content or processing to meet the FTA rules of origin criteria. For example, simple garments such as tee shirts would have to be cut and then, to meet the 35% value-added requirement, be either wholly or partially sewn, and finished in the territory of one or more of the signatory parties to the Agreement. Tailored garments would qualify if they meet the 35% value added requirement and are fully assembled and finished in the territory of one or more of the parties.

A good imported into the Customs territory of Israel is eligible for FTA benefits, if:

- the article is wholly the growth, product, or manufacture of a party or is a new or different article of commerce that has been grown, produced, or manufactured in a Party;
- that article is imported directly from one Party into the other Party; and
- the sum of (1) the cost or value of the materials produced in the exporting Party, plus (2) the direct costs of processing operations performed in the exporting Party is not less than 35 percent of the appraised value of the article at the time of import.

No article shall be considered a new or different article of commerce under this Agreement and no material shall be eligible for inclusion as domestic content under this Agreement by virtue of

having merely undergone simple combining or packaging operations or mere dilution with water or with another substance that does not materially alter the characteristics of the article or material.

For purposes of determining the 35% domestic content requirement under this Agreement, the cost or value of materials that are used in the production of an article in one Party, and which are products of the other Party, may be counted in an amount up to 15 percent of the appraised value of the article. Such materials must in fact be products of the importing Party under the country of origin criteria set forth in this Agreement.

### **Documentation Requirements**

Effective January 10, 2018, U.S. exporters to Israel are no longer required to provide Israeli authorities a hard copy Certificate of Origin (commonly referred to as the “Green Form” or “Form A”) to qualify for preferential access to the Israeli market under the United States-Israel Free Trade Agreement (FTA). Instead, U.S. exporters are required to print and sign a U.S. content (*Origin Declaration*) on the shipping invoice. American exporters are advised to ensure that they carefully review and understand the language of the FTA’s Rules of Origin Provision before they sign the *Origin Declaration*. See [Invoice Declaration for Exports to Israel](#) for the form and additional guidelines.

### **Intellectual Property Rights**

The FTA provides full intellectual property rights for U.S. products. The FTA reaffirms obligations under bilateral and multilateral agreements relating to intellectual property rights.

### **Government Procurement**

Under the USIFTA, Israel agreed to eliminate all restrictions on government procurement and to relax offset requirements on purchases by government agencies other than the Ministry of Defense.

### **Qualifying Industrial Zones (QIZs)**

In 1996, the U.S. Congress established the QIZ initiative to support the peace process in the Middle East. This initiative allows Egypt and Jordan to export products to the United States duty-free, as long as these products contain inputs from Israel. The QIZ legislation authorizes the President to proclaim elimination of duties on articles produced in the West Bank, Gaza Strip, and qualifying industrial zones in Jordan and Egypt. In order to obtain duty-free access to the U.S. market under the initiative, the goods must be produced in designated QIZ factories and meet specific rules of origin requirements. See the OTEXA web page on [QIZs](#) for more information.

### **Supporting Documentation**

[Full Text of the Agreement](#)