

# **AGREEMENT ON THE GAZA STRIP AND THE JERICHO AREA**

*Cairo, 4 May 1994*

The Government of the State of Israel and the Palestine Liberation Organization (hereinafter "the PLO"), the representative of the Palestinian people;

## **PREAMBLE**

WITHIN the framework of the Middle East peace process initiated at Madrid in October 1991;

REAFFIRMING their determination to live in peaceful coexistence, mutual dignity and security, while recognizing their mutual legitimate and political rights;

REAFFIRMING their desire to achieve a just, lasting and comprehensive peace settlement through the agreed political process;

REAFFIRMING their adherence to the mutual recognition and commitments expressed in the letters dated September 9, 1993, signed by and exchanged between the Prime Minister of Israel and the Chairman of the PLO;

REAFFIRMING their understanding that the interim self-government arrangements, including the arrangements to apply in the Gaza Strip and the Jericho Area contained in this Agreement, are an integral part of the whole peace process and that the negotiations on the permanent status will lead to the implementation of Security Council Resolutions 242 and 338;

DESIROUS of putting into effect the Declaration of Principles on Interim Self-Government Arrangements signed at Washington, D.C. on September 13, 1993, and the Agreed Minutes thereto (hereinafter "the Declaration of Principles"), and in particular the Protocol on withdrawal of Israeli forces from the Gaza Strip and the Jericho Area;

HEREBY AGREE to the following arrangements regarding the Gaza Strip and the Jericho Area:

### Article I

#### Definitions

For the purpose of this Agreement:

- a. the Gaza Strip and the Jericho Area are delineated on map Nos. 1 and 2 attached to this Agreement;
- b. "the Settlements" means the Gush Katif and Erez settlement areas, as well as the other settlements in the Gaza Strip, as shown on attached map No. 1;
- c. "the Military Installation Area" means the Israeli military installation area along the Egyptian border in the Gaza Strip, as shown on map No. 1; and
- d. the term "Israelis" shall also include Israeli statutory agencies and corporations registered in Israel.

## Article II

### Scheduled Withdrawal of Israeli Military Forces

1. Israel shall implement an accelerated and scheduled withdrawal of Israeli military forces from the Gaza Strip and from the Jericho Area to begin immediately with the signing of this Agreement. Israel shall complete such withdrawal within three weeks from this date.
2. Subject to the arrangements included in the Protocol Concerning Withdrawal of Israeli Military Forces and Security Arrangements attached as Annex I, the Israeli withdrawal shall include evacuating all military bases and other fixed installations to be handed over to the Palestinian Police, to be established pursuant to Article IX below (hereinafter "the Palestinian Police").
3. In order to carry out Israel's responsibility for external security and for internal security and public order of Settlements and Israelis, Israel shall, concurrently with the withdrawal, redeploy its remaining military forces to the Settlements and the Military Installation Area, in accordance with the provisions of this Agreement. Subject to the provisions of this Agreement, this redeployment shall constitute full implementation of Article XIII of the Declaration of Principles with regard to the Gaza Strip and the Jericho Area only.
4. For the purposes of this Agreement, "Israeli military forces" may include Israel police and other Israeli security forces.
5. Israelis, including Israeli military forces, may continue to use roads freely within the Gaza Strip and the Jericho Area. Palestinians may use public roads crossing the Settlements freely, as provided for in Annex I.
6. The Palestinian Police shall be deployed and shall assume responsibility for public order and internal security of Palestinians in accordance with this Agreement and Annex I.

## Article III

### Transfer of Authority

1. Israel shall transfer authority as specified in this Agreement from the Israeli military government and its Civil Administration to the Palestinian Authority, hereby established, in accordance with Article V of this Agreement, except for the authority that Israel shall continue to exercise as specified in this Agreement.
2. As regards the transfer and assumption of authority in civil spheres, powers and responsibilities shall be transferred and assumed as set out in the Protocol Concerning Civil Affairs attached as Annex II.
3. Arrangements for a smooth and peaceful transfer of the agreed powers and responsibilities are set out in Annex II.
4. Upon the completion of the Israeli withdrawal and the transfer of powers and responsibilities as detailed in paragraphs 1 and 2 above and in Annex II, the Civil Administration in the Gaza Strip and the Jericho Area will be dissolved and the Israeli military government will be withdrawn. The withdrawal of the military government shall not prevent it from continuing to exercise the powers and responsibilities specified in this Agreement.
5. A Joint Civil Affairs Coordination and Cooperation Committee (hereinafter "the CAC") and two Joint Regional Civil Affairs Subcommittees for the Gaza Strip and the Jericho Area respectively shall be

established in order to provide for coordination and cooperation in civil affairs between the Palestinian Authority and Israel, as detailed in Annex II.

6. The offices of the Palestinian Authority shall be located in the Gaza Strip and the Jericho Area pending the inauguration of the Council to be elected pursuant to the Declaration of Principles.

#### Article IV

##### Structure and Composition of the Palestinian Authority

1. The Palestinian Authority will consist of one body of 24 members which shall carry out and be responsible for all the legislative and executive powers and responsibilities transferred to it under this Agreement, in accordance with this Article, and shall be responsible for the exercise of judicial functions in accordance with Article VI, subparagraph 1.b. of this Agreement.

2. The Palestinian Authority shall administer the departments transferred to it and may establish, within its jurisdiction, other departments and subordinate administrative units as necessary for the fulfillment of its responsibilities. It shall determine its own internal procedures.

3. The PLO shall inform the Government of Israel of the names of the members of the Palestinian Authority and any change of members. Changes in the membership of the Palestinian Authority will take effect upon an exchange of letters between the PLO and the Government of Israel.

4. Each member of the Palestinian Authority shall enter into office upon undertaking to act in accordance with this Agreement.

#### Article V

##### Jurisdiction

1. The authority of the Palestinian Authority encompasses all matters that fall within its territorial, functional and personal jurisdiction, as follows:

a. The territorial jurisdiction covers the Gaza Strip and the Jericho Area territory, as defined in Article I, except for Settlements and the Military Installation Area.

Territorial jurisdiction shall include land, subsoil and territorial waters, in accordance with the provisions of this Agreement.

b. The functional jurisdiction encompasses all powers and responsibilities as specified in this Agreement. This jurisdiction does not include foreign relations, internal security and public order of Settlements and the Military Installation Area and Israelis, and external security.

c. The personal jurisdiction extends to all persons within the territorial jurisdiction referred to above, except for Israelis, unless otherwise provided in this Agreement.

2. The Palestinian Authority has, within its authority, legislative, executive and judicial powers and responsibilities, as provided for in this Agreement.

3. a. Israel has authority over the Settlements, the Military Installation Area, Israelis, external security, internal security and public order of Settlements, the Military Installation Area and Israelis, and those agreed powers and responsibilities specified in this Agreement.

b. Israel shall exercise its authority through its military government, which, for that end, shall continue to have the necessary legislative, judicial and executive powers and responsibilities, in accordance with international law. This provision shall not derogate from Israel's applicable legislation over Israelis in personam. 4. The exercise of authority with regard to the electromagnetic sphere and airspace shall be in accordance with the provisions of this Agreement.

5. The provisions of this Article are subject to the specific legal arrangements detailed in the Protocol Concerning Legal Matters attached as Annex III. Israel and the Palestinian Authority may negotiate further legal arrangements.

6. Israel and the Palestinian Authority shall cooperate on matters of legal assistance in criminal and civil matters through the legal subcommittee of the CAC.

## Article VI

### Powers and Responsibilities of the Palestinian Authority

1. Subject to the provisions of this Agreement, the Palestinian Authority, within its jurisdiction:

a. has legislative powers as set out in Article VII of this Agreement, as well as executive powers;

b. will administer justice through an independent judiciary;

c. will have, inter alia, power to formulate policies, supervise their implementation, employ staff, establish departments, authorities and institutions, sue and be sued and conclude contracts; and

d. will have, inter alia, the power to keep and administer registers and records of the population, and issue certificates, licenses and documents.

2. a. In accordance with the Declaration of Principles, the Palestinian Authority will not have powers and responsibilities in the sphere of foreign relations, which sphere includes the establishment abroad of embassies, consulates or other types of foreign missions and posts or permitting their establishment in the Gaza Strip or the Jericho Area, the appointment of or admission of diplomatic and consular staff, and the exercise of diplomatic functions.

b. Notwithstanding the provisions of this paragraph, the PLO may conduct negotiations and sign agreements with states or international organizations for the benefit of the Palestinian Authority in the following cases only:

(1) economic agreements, as specifically provided in Annex IV of this Agreement;

(2) agreements with donor countries for the purpose of implementing arrangements for the provision of assistance to the Palestinian Authority;

(3) agreements for the purpose of implementing the regional development plans detailed in Annex IV of the Declaration of Principles or in agreements entered into in the framework of the multilateral negotiations; and

(4) cultural, scientific and educational agreements.

c. Dealings between the Palestinian Authority and representatives of foreign states and international organizations, as well as the establishment in the Gaza Strip and the Jericho Area of representative offices other than those described in subparagraph 2.a. above, for the purpose of implementing the agreements referred to in subparagraph 2.b. above, shall not be considered foreign relations.

## Article VII

### Legislative Powers of the Palestinian Authority

1. The Palestinian Authority will have the power, within its jurisdiction, to promulgate legislation, including basic laws, laws, regulations and other legislative acts.
2. Legislation promulgated by the Palestinian Authority shall be consistent with the provisions of this Agreement.
3. Legislation promulgated by the Palestinian Authority shall be communicated to a legislation subcommittee to be established by the CAC (hereinafter "the Legislation Subcommittee"). During a period of 30 days from the communication of the legislation, Israel may request that the Legislation Subcommittee decide whether such legislation exceeds the jurisdiction of the Palestinian Authority or is otherwise inconsistent with the provisions of this Agreement.
4. Upon receipt of the Israeli request, the Legislation Subcommittee shall decide, as an initial matter, on the entry into force of the legislation pending its decision on the merits of the matter.
5. If the Legislation Subcommittee is unable to reach a decision with regard to the entry into force of the legislation within 15 days, this issue will be referred to a board of review. This board of review shall be comprised of two judges, retired judges or senior jurists (hereinafter "Judges"), one from each side, to be appointed from a compiled list of three Judges proposed by each.  
  
In order to expedite the proceedings before this board of review, the two most senior Judges, one from each side, shall develop written informal rules of procedure.
6. Legislation referred to the board of review shall enter into force only if the board of review decides that it does not deal with a security issue which falls under Israel's responsibility, that it does not seriously threaten other significant Israeli interests protected by this Agreement and that the entry into force of the legislation could not cause irreparable damage or harm.
7. The Legislation Subcommittee shall attempt to reach a decision on the merits of the matter within 30 days from the date of the Israeli request. If this Subcommittee is unable to reach such a decision within this period of 30 days, the matter shall be referred to the Joint Israeli-Palestinian Liaison Committee referred to in Article XV below (hereinafter "the Liaison Committee"). This Liaison Committee will deal with the matter immediately and will attempt to settle it within 30 days.
8. Where the legislation has not entered into force pursuant to paragraphs 5 or 7 above, this situation shall be maintained pending the decision of the Liaison Committee on the merits of the matter, unless it has decided otherwise.
9. Laws and military orders in effect in the Gaza Strip or the Jericho Area prior to the signing of this Agreement shall remain in force, unless amended or abrogated in accordance with this Agreement.

## Article VIII

### Arrangements for Security and Public Order

1. In order to guarantee public order and internal security for the Palestinians of the Gaza Strip and the Jericho Area, the Palestinian Authority shall establish a strong police force, as set out in Article IX below. Israel shall continue to carry the responsibility for defense against external threats, including the responsibility for protecting the Egyptian border and the Jordanian line, and for defense against external threats from the sea and from the air, as well as the responsibility for overall security of Israelis and

Settlements, for the purpose of safeguarding their internal security and public order, and will have all the powers to take the steps necessary to meet this responsibility.

2. Agreed security arrangements and coordination mechanisms are specified in Annex I.

3. A joint Coordination and Cooperation Committee for mutual security purposes (hereinafter "the JSC"), as well as three joint District Coordination and Cooperation Offices for the Gaza district, the Khan Yunis district and the Jericho district respectively (hereinafter "the DCOs") are hereby established as provided for in Annex I.

4. The security arrangements provided for in this Agreement and in Annex I may be reviewed at the request of either Party and may be amended by mutual agreement of the Parties. Specific review arrangements are included in Annex I.

## Article IX

### The Palestinian Directorate of Police Force

1. The Palestinian Authority shall establish a strong police force, the Palestinian Directorate of Police Force (hereinafter "the Palestinian Police"). The duties, functions, structure, deployment and composition of the Palestinian Police, together with provisions regarding its equipment and operation, are set out in Annex I, Article III. Rules of conduct governing the activities of the Palestinian Police are set out in Annex I, Article VIII.

2. Except for the Palestinian Police referred to in this Article and the Israeli military forces, no other armed forces shall be established or operate in the Gaza Strip or the Jericho Area.

3. Except for the arms, ammunition and equipment of the Palestinian Police described in Annex I, Article III, and those of the Israeli military forces, no organization or individual in the Gaza Strip and the Jericho Area shall manufacture, sell, acquire, possess, import or otherwise introduce into the Gaza Strip or the Jericho Area any firearms, ammunition, weapons, explosives, gunpowder or any related equipment, unless otherwise provided for in Annex I.

## Article X

### Passages

Arrangements for coordination between Israel and the Palestinian Authority regarding the Gaza-Egypt and Jericho-Jordan passages, as well as any other agreed international crossings, are set out in Annex I, Article X.

## Article XI

### Safe Passage between the Gaza Strip and the Jericho Area

Arrangements for safe passage of persons and transportation between the Gaza Strip and the Jericho Area are set out in Annex I, Article IX.

## Article XII

### Relations Between Israel and the Palestinian Authority

1. Israel and the Palestinian Authority shall seek to foster mutual understanding and tolerance and shall accordingly abstain from incitement, including hostile propaganda, against each other and, without

derogating from the principle of freedom of expression, shall take legal measures to prevent such incitement by any organizations, groups or individuals within their jurisdiction.

2. Without derogating from the other provisions of this Agreement, Israel and the Palestinian Authority shall cooperate in combatting criminal activity which may affect both sides, including offenses related to trafficking in illegal drugs and psychotropic substances, smuggling, and offenses against property, including offenses related to vehicles.

### Article XIII

#### Economic Relations

The economic relations between the two sides are set out in the Protocol on Economic Relations signed in Paris on April 29, 1994 and the Appendices thereto, certified copies of which are attached as Annex IV, and will be governed by the relevant provisions of this Agreement and its Annexes.

### Article XIV

#### Human Rights and the Rule of Law

Israel and the Palestinian Authority shall exercise their powers and responsibilities pursuant to this Agreement with due regard to internationally-accepted norms and principles of human rights and the rule of law.

### Article XV

#### The Joint Israeli-Palestinian Liaison Committee

1. The Liaison Committee established pursuant to Article X of the Declaration of Principles shall ensure the smooth implementation of this Agreement. It shall deal with issues requiring coordination, other issues of common interest and disputes.

2. The Liaison Committee shall be composed of an equal number of members from each Party. It may add other technicians and experts as necessary.

3. The Liaison Committee shall adopt its rules of procedure, including the frequency and place or places of its meetings.

4. The Liaison Committee shall reach its decisions by Agreement.

### Article XVI

#### Liaison and Cooperation with Jordan and Egypt

1. Pursuant to Article XII of the Declaration of Principles, the two Parties shall invite the Governments of Jordan and Egypt to participate in establishing further liaison and cooperation arrangements between the Government of Israel and the Palestinian representatives on the one hand, and the Governments of Jordan and Egypt on the other hand, to promote cooperation between them. These arrangements shall include the constitution of a Continuing Committee.

2. The Continuing Committee shall decide by agreement on the modalities of admission of persons displaced from the West Bank and the Gaza Strip in 1967, together with necessary measures to prevent disruption and disorder.

3. The Continuing Committee shall deal with other matters of common concern.

## Article XVII

### Settlement of Differences and Disputes

Any difference relating to the application of this Agreement shall be referred to the appropriate coordination and cooperation mechanism established under this Agreement. The provisions of Article XV of the Declaration of Principles shall apply to any such difference which is not settled through the appropriate coordination and cooperation mechanism, namely:

1. Disputes arising out of the application or interpretation of this Agreement or any subsequent agreements pertaining to the interim period shall be settled by negotiations through the Liaison Committee.
2. Disputes which cannot be settled by negotiations may be settled by a mechanism of conciliation to be agreed between the Parties.
3. The Parties may agree to submit to arbitration disputes relating to the interim period, which cannot be settled through conciliation. To this end, upon the agreement of both Parties, the Parties will establish an Arbitration Committee.

## Article XVIII

### Prevention of Hostile Acts

Both sides shall take all measures necessary in order to prevent acts of terrorism, crime and hostilities directed against each other, against individuals falling under the other's authority and against their property, and shall take legal measures against offenders. In addition, the Palestinian side shall take all measures necessary to prevent such hostile acts directed against the Settlements, the infrastructure serving them and the Military Installation Area, and the Israeli side shall take all measures necessary to prevent such hostile acts emanating from the Settlements and directed against Palestinians.

## Article XIX

### Missing Persons

The Palestinian Authority shall cooperate with Israel by providing all necessary assistance in the conduct of searches by Israel within the Gaza Strip and the Jericho Area for missing Israelis, as well as by providing information about missing Israelis. Israel shall cooperate with the Palestinian Authority in searching for, and providing necessary information about, missing Palestinians.

## Article XX

### Confidence Building Measures

With a view to creating a positive and supportive public atmosphere to accompany the implementation of this Agreement, and to establish a solid basis of mutual trust and good faith, both Parties agree to carry out confidence building measures as detailed herewith:

1. Upon the signing of this Agreement, Israel will release, or turn over, to the Palestinian Authority within a period of 5 weeks, about 5,000 Palestinian detainees and prisoners, residents of the West Bank and the Gaza Strip. Those released will be free to return to their homes anywhere in the West Bank or the Gaza

Strip. Prisoners turned over to the Palestinian Authority shall be obliged to remain in the Gaza Strip or the Jericho Area for the remainder of their sentence.

2. After the signing of this Agreement, the two Parties shall continue to negotiate the release of additional Palestinian prisoners and detainees, building on agreed principles.

3. The implementation of the above measures will be subject to the fulfillment of the procedures determined by Israeli law for the release and transfer of detainees and prisoners.

4. With the assumption of Palestinian authority, the Palestinian side commits itself to solving the problem of those Palestinians who were in contact with the Israeli authorities. Until an agreed solution is found, the Palestinian side undertakes not to prosecute these Palestinians or to harm them in any way.

5. Palestinians from abroad whose entry into the Gaza Strip and the Jericho Area is approved pursuant to this Agreement, and to whom the provisions of this Article are applicable, will not be prosecuted for offenses committed prior to September 13, 1993.

## Article XXI

### Temporary International Presence

1. The Parties agree to a temporary international or foreign presence in the Gaza Strip and the Jericho Area (hereinafter "the TIP"), in accordance with the provisions of this Article.

2. The TIP shall consist of 400 qualified personnel, including observers, instructors and other experts, from 5 or 6 of the donor countries.

3. The two Parties shall request the donor countries to establish a special fund to provide finance for the TIP.

4. The TIP will function for a period of 6 months. The TIP may extend this period, or change the scope of its operation, with the agreement of the two Parties.

5. The TIP shall be stationed and operate within the following cities and villages: Gaza, Khan Yunis, Rafah, Deir El Ballah, Jabaliya, Absan, Beit Hanun and Jericho.

6. Israel and the Palestinian Authority shall agree on a special Protocol to implement this Article, with the goal of concluding negotiations with the donor countries contributing personnel within two months.

## Article XXII

### Rights, Liabilities and Obligations

1. a. The transfer of all powers and responsibilities to the Palestinian Authority, as detailed in Annex II, includes all related rights, liabilities and obligations arising with regard to acts or omissions which occurred prior to the transfer. Israel will cease to bear any financial responsibility regarding such acts or omissions and the Palestinian Authority will bear all financial responsibility for these and for its own functioning.

b. Any financial claim made in this regard against Israel will be referred to the Palestinian Authority.

c. Israel shall provide the Palestinian Authority with the information it has regarding pending and anticipated claims brought before any court or tribunal against Israel in this regard.

d. Where legal proceedings are brought in respect of such a claim, Israel will notify the Palestinian Authority and enable it to participate in defending the claim and raise any arguments on its behalf.

e. In the event that an award is made against Israel by any court or tribunal in respect of such a claim, the Palestinian Authority shall reimburse Israel the full amount of the award.

f. Without prejudice to the above, where a court or tribunal hearing such a claim finds that liability rests solely with an employee or agent who acted beyond the scope of the powers assigned to him or her, unlawfully or with willful malfeasance, the Palestinian Authority shall not bear financial responsibility.

2. The transfer of authority in itself shall not affect rights, liabilities and obligations of any person or legal entity, in existence at the date of signing of this Agreement.

## Article XXIII

### Final Clauses

1. This Agreement shall enter into force on the date of its signing.

2. The arrangements established by this Agreement shall remain in force until and to the extent superseded by the Interim Agreement referred to in the Declaration of Principles or any other agreement between the Parties.

3. The five-year interim period referred to in the Declaration of Principles commences on the date of the signing of this Agreement.

4. The Parties agree that, as long as this Agreement is in force, the security fence erected by Israel around the Gaza Strip shall remain in place and that the line demarcated by the fence, as shown on attached map No. 1, shall be authoritative only for the purpose of this Agreement.

5. Nothing in this Agreement shall prejudice or preempt the outcome of the negotiations on the interim agreement or on the permanent status to be conducted pursuant to the Declaration of Principles. Neither Party shall be deemed, by virtue of having entered into this Agreement, to have renounced or waived any of its existing rights, claims or positions.

6. The two Parties view the West Bank and the Gaza Strip as a single territorial unit, the integrity of which will be preserved during the interim period.

7. The Gaza Strip and the Jericho Area shall continue to be an integral part of the West Bank and the Gaza Strip, and their status shall not be changed for the period of this Agreement. Nothing in this Agreement shall be considered to change this status.

8. The Preamble to this Agreement, and all Annexes, Appendices and maps attached hereto, shall constitute an integral part hereof.

Done in Cairo this fourth day of May, 1994.

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For the Government of the State of Israel

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For the PLO

Witnessed By:

\_\_\_\_\_

The United States of America

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The Russian Federation

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The Arab Republic of Egypt

## **ANNEX I**

### Protocol Concerning Withdrawal of Israeli Military Forces and Security Arrangements

#### Article I

##### Arrangements for Withdrawal of Israeli Military Forces

1. Subject to the provisions of this Annex, withdrawal of Israeli military forces from the Gaza Strip and from the Jericho Area shall begin on the date of the signing of this Agreement and shall be completed within three weeks (21 days) from that date.

2. a. The Joint Security Coordination and Cooperation Committee set up under Article II hereunder shall develop a plan to ensure full coordination between the Israeli military forces and the Palestinian Police during the withdrawal phases and the entry and deployment of the Palestinian Police.

b. This coordination will be implemented through the District Coordination Offices set up under Article II hereunder, that shall start functioning on the date of the signing of this Agreement.

c. The plan will include arrangements for the entry of the Palestinian Police, the introduction of police arms, ammunition and equipment and related matters, as well as arrangements intended to facilitate a smooth transfer of responsibility, including the transfer of civil authority, so that no vacuum in authority exists.

#### Article II

##### Coordination and Cooperation In Security Matters

###### 1. Joint Security Coordination and Cooperation Committee

a. A joint Security Coordination and Cooperation Committee for Mutual Security Purposes (hereinafter "the JSC") is hereby established.

b. The JSC shall:

(1) recommend security policy guidelines for the approval of the Joint Israeli- Palestinian Liaison Committee and implement such approved guidelines;

(2) deal with security issues raised by either side;

(3) provide the proper channel for exchanging information between the two sides, needed to solve security problems; and

(4) provide directives for the District Coordination Offices.

c. The JSC shall comprise between five and seven members from each side. Decisions of the JSC will be reached by agreement between the two sides.

d. The JSC shall determine its rules of procedure. Meetings of the JSC shall be held every two weeks. In the event that either side requests a special meeting, it shall be convened within forty-eight (48) hours.

e. Unless otherwise agreed by the two sides, JSC meetings will be hosted by each of the sides alternately.

## 2. District Coordination Offices

a. Three (3) District Coordination Offices are hereby established, one each for the districts of Gaza, Khan Yunis and Jericho (hereinafter "the DCOs").

b. The DCOs shall:

(1) monitor and manage the matters requiring coordination as determined by the JSC, according to the policy and guidelines established by the JSC;

(2) monitor and manage all matters of a joint nature within the specific district of each DCO, including the coordination of activities by one side which may affect the other side;

(3) review, investigate and report to the JSC on the overall situation within the DCO's respective district, with special regard to specific events, incidents and activities occurring in the district;

(4) direct the Joint Patrols and Joint Mobile Units as defined in this Article, operating within the DCO's respective district; and

(5) direct the Liaison Bureau established under Article X below, operating at passages and crossing points as detailed in Article VII and X below, in conjunction with the Joint Civil Affairs Coordination and Cooperation Committee set up under Annex II to the Agreement (hereinafter the "CAC").

c. Each DCO will be continuously staffed by a team of up to six officers from each side, comprising one commander and five duty officers.

d. The DCOs will be operated jointly by both sides, 24 hours a day. At least one duty officer from each side will be present during each eight-hour shift, as well as the necessary number of assistants.

e. With a view to preventing friction and to enabling the two sides to deal with possible incidents, both sides shall ensure that the relevant DCO shall immediately be notified of any of the following events:

(1) routine, scheduled or irregular activity or deployment by the Israeli military forces or the Palestinian Police that directly affect the other side. This includes activity or deployment in the proximity of Settlements or Palestinian villages, as the case may be;

(2) events that pose a threat to public order;

(3) activities which disturb the regular flow of traffic on the main roads, including roadblocks and road works;

(4) incidents involving both Israelis and Palestinians, such as road accidents, rescue of casualties or persons in mortal danger, engagement steps or any incident in which a weapon is used;

(5) a terrorist action of any kind and from any source;

(6) infiltrations across the lines of the Gaza Strip and the Jericho Area; and

(7) all cases in which Israelis are hospitalized in the Gaza Strip or the Jericho Area or in which Palestinians of the Gaza Strip or the Jericho Area are hospitalized in Israel.

f. Each DCO shall notify the relevant Israeli and Palestinian headquarters, as well as the Joint Patrols and Joint Mobile Units operating in the relevant district, of the occurrence of any of the events listed in subparagraph e. above.

g. The JSC may modify the content of the list of events outlined in subparagraph e. above.

h. Any event involving injury to Israelis, at any location within the Gaza Strip or the Jericho Area, shall be immediately reported to Israel through the relevant DCO. Israel may employ any means necessary for the evacuation and treatment of such injured persons, and will coordinate such activity through the relevant DCO.

i. The DCOs shall be equipped with the necessary means of communication to enable direct and immediate contact both with the Joint Patrols and the Joint Mobile Units, as well as with the respective district headquarters.

### 3. Joint Patrols

a. The mission of the Joint Patrols is to ensure free, unimpeded and secure movement along the roads and in the areas described in Articles IV and V of this Annex.

b. Unless the JSC decides otherwise, the Joint Patrols shall each be composed of two 4-wheel drive vehicles, one Palestinian and one Israeli. The vehicles shall be marked so as to be easily distinguishable from all other vehicles in the area. There will be four persons in each vehicle: an officer, a signal operator, a driver and a guard.

c. The Joint Patrols will patrol 24 hours a day, in vehicles and on foot, along their routes of activity and on the adjacent sides of the roads upon which the security of traffic along these roads is dependent, or as directed by the DCO.

d. In roads under Israeli security responsibility, the Israeli vehicle will be the leading vehicle. In roads under Palestinian security responsibility, the Palestinian vehicle will be the leading vehicle. The Joint Patrol will be under the direction of the relevant DCO.

e. The Joint Patrols shall monitor continuously movement within their area of operation with a view to preventing incidents that may threaten or endanger persons using the roads. They shall report any such incident or threat thereof to the relevant DCO, and to the Israeli and Palestinian district headquarters.

f. On reaching the scene of an incident, the Joint Patrol will provide as much assistance as possible. Where the incident is dealt with by the authorities functioning in the area, the Joint Patrol shall verify that the appropriate measures have been taken and report to the relevant DCO accordingly.

g. Immediately upon becoming aware of the occurrence of one of the events listed in subparagraph 2.e above, the Joint Patrols shall report the event to the relevant DCO, as well as to the respective headquarters of the two sides.

#### 4. Joint Mobile Units

a. The mission of the Joint Mobile Units is to provide rapid response in the event of incidents and emergency situations, in order to ensure free, unimpeded and secure movement at the junctions where they are located, as well as along their designated routes of activity.

b. The composition of the Joint Mobile Units shall be similar to that of the Joint Patrols.

c. The duties of the Joint Mobile Units are:

(1) to monitor movement along designated roads from stationary locations on agreed junctions, from where they may patrol at random on agreed roads as directed by the relevant DCO, in which case their duties shall be the same as those of Joint Patrols; and

(2) in the event of an incident involving both Israelis and Palestinians, to reach the site of the incident in order to provide assistance and to investigate.

#### 5. Review of Security Arrangements

The JSC shall meet six months after the signing of this Agreement, and at six-month intervals thereafter, to review the security arrangements and to recommend changes. Amendments will be adopted by mutual agreement based, among other factors, on the regular reports and recommendations received from the DCOs.

### Article III

#### The Palestinian Directorate of Police Force

##### 1. General

The Palestinian Directorate of Police Force (hereinafter "the Palestinian Police") shall function in accordance with the following principles:

a. It will be responsible for public order and internal security within the jurisdiction of the Palestinian Authority in accordance with Article V of the Agreement.

b. Movement of Palestinian policemen between the Gaza Strip and the Jericho Area will be conducted in accordance with Article IX of this Annex.

##### 2. Duties and Functions

a. Subject to the provisions of this Agreement, in the areas under Palestinian jurisdiction the duties of the Palestinian Police shall be as follows:

(1) performing normal police functions, including maintaining internal security and public order;

(2) protecting the public and its property and acting to provide a feeling of security and safety;

(3) adopting all measures necessary for preventing crime in accordance with the law; and

(4) protecting public installations and places of special importance.

##### 3. Structure and Composition

a. The Palestinian Police shall consist of one integral unit under the control of the Palestinian Authority. It shall be composed of four branches:

- (1) Civil Police (Al Shurta);
- (2) Public Security;
- (3) Intelligence; and
- (4) Emergency Services and Rescue (Al Difa'a Al Madani).

In each district, all members of the four Police branches shall be subordinate to one central command.

b. The Palestinian Police will establish a Palestinian Coastal Police unit (hereinafter the "Palestinian Coastal Police") in accordance with Article XI of this Annex.

c. The Palestinian Police will be comprised of up to 9,000 policemen in all its branches.

#### 4. Recruitment

a. The Palestinian Police shall consist of policemen recruited locally, and from abroad (from among individuals holding Jordanian passports or Palestinian documents issued by Egypt). The number of Palestinian recruits from abroad shall not exceed 7,000, of whom 1,000 will arrive three months after the signing of the Agreement.

b. Palestinians recruited from abroad should be trained as policemen. The employment of policemen who have been convicted of serious crimes or have been found to be actively involved in terrorist activities subsequent to their employment will be immediately terminated. The list of Palestinians recruited, whether locally or from abroad, shall be agreed on by both sides.

c. Palestinian policemen coming from abroad may be accompanied by spouse and children.

#### 5. Arms, Ammunition and Equipment

a. Uniformed policemen, as well as other policemen on duty who hold special accreditation, may carry arms.

b. The Palestinian Police will possess the following arms and equipment:

- (1) 7,000 light personal weapons.
- (2) Up to 120 machine guns of 0.3" or 0.5" caliber.
- (3) Up to 45 wheeled armored vehicles of a type to be agreed on between the two sides, and of which 22 will be deployed in protecting Palestinian Authority installations. The use of wheeled armored vehicles in the Security Perimeter, on the Lateral Roads and on their adjacent sides, or in the vicinity of the Settlements shall be approved through the relevant DCO. Movement of such vehicles along the central North-South road (Road No. 4) in the Gaza Strip may take place only after providing notification to the relevant DCO.
- (4) Communication systems, subject to Article II of Annex II of this Agreement.
- (5) Distinctive uniforms, identification badges and vehicle markings.

c. Relevant police equipment and infrastructure funded from the budget of the Civil Administration shall be transferred to the Palestinian Police.

#### 6. Introduction of Arms and Equipment and Foreign Assistance

a. All foreign contributions and other forms of assistance to the Palestinian Police must comply with the provisions of this Agreement.

b. The introduction into the Gaza Strip or the Jericho Area of arms, ammunition or equipment for the Palestinian Police, from all sources, shall be coordinated through the JSC.

#### 7. Deployment

The Palestinian Police shall be initially deployed in the Gaza Strip and the Jericho Area as shown on attached maps Nos. 4 and 5. Any changes to this deployment will be agreed on in the JSC.

### Article IV

#### Security Arrangements in the Gaza Strip

##### 1. The Delimiting Line

For the purpose of the present Agreement only, and without prejudice to the final status, the line delimiting the northern and eastern edge of the Gaza Strip follows the fence on the ground, as delineated on attached map No. 1 by an unbroken green line (hereinafter "the Delimiting Line") and shall have no other effect.

##### 2. Security Perimeter

a) There will be a security perimeter along the Delimiting Line inside the Gaza Strip as delineated on attached map No. 1 by a broken green line (hereinafter "the Security Perimeter").

b) In accordance with the provisions of this Agreement, the Palestinian Police will be responsible for security in the Security Perimeter.

c) The Palestinian Police will enforce special security measures aimed at preventing infiltrations across the Delimiting Line or the introduction into the Security Perimeter of any arms, ammunition or related equipment, except for the arms, ammunition or equipment of the Palestinian Police, authorized through the relevant DCO.

d) Activities of the Palestinian Police inside the Security Perimeter will be coordinated through the relevant DCO. Security activities in Israel in the vicinity of the Delimiting Line that directly affect the other side will be coordinated with the Palestinian Police through the relevant DCO.

##### 3. The Israeli Settlements

a. In accordance with the Declaration of Principles, during the interim period, the Gush Katif and Erez settlement areas, as well as the other settlements in the Gaza Strip, as delineated on attached map No. 1 by a blue line, will be under Israeli authority.

b. Palestinians will be free to move along the coast road and along the road from the Netzarim Junction to the seashore.

##### 4. The Yellow Areas

a. In the areas delineated by a broken red line and shaded in yellow on attached map No. 1 (hereinafter "the Yellow Areas"), and without derogating from Palestinian authority, responsibility will be shared as follows: The Israeli authorities will have the overriding responsibility and powers for security, and the Palestinian Authority will have the responsibility and powers for civil affairs, subject to this Agreement. In addition, with regard to the Yellow Areas, cooperation and coordination in security matters, including joint patrols, as agreed, will be implemented.

b. Entry of Palestinian policemen into the Yellow Areas and their activity therein may take place as agreed upon through the relevant DCO.

#### 5. The Mawasi Area

a. Two joint patrols will operate in the Mawasi area, the fishermen's wharves of Rafah and Khan Yunis, and along the coast road led by the Israeli vehicle.

b. Access of Palestinians to the Mawasi Area, as delineated on attached map No. 1, will be by the following roads:

- (1) Rafah - Tel Sultan - Mawasi;
- (2) Khan Yunis - El Bahr Village; and
- (3) Deir El Ballah - along the beach to the Mawasi.

#### c. The Mawasi Beach

(1) Notwithstanding Israeli authority over the Gush Katif settlement area, the Palestinian Authority may operate sections of the Mawasi beach extending to the east up to the coast road, totalling, together with the Rafah and Khan Yunis wharves, five (5) kilometers.

(2) Upon the completion of the withdrawal of Israeli military forces from the Gaza Strip and the Jericho Area, Israel will notify the Palestinian Authority of the locations of these sections.

(3) These sections may be used for the following purposes:

- (a) sport and recreation, including boat hire facilities;
- (b) operating food establishments;
- (c) enlarging the wharves; and
- (d) expanding the facilities for fishermen, such as offices, warehouses and cold storage facilities.

(4) In these sections, the Palestinian Authority, in exercising its civil authority, will be able to grant licenses for businesses, collect fees and taxes, set and enforce public health standards and develop and manage the tourist sector.

(5) In each of the fishermen's wharves, the Palestinian Authority may have an office building which shall be protected.

(6) There will be not be any construction by Israelis of new sites along the beach.

(7) During a period of three months from the signing of this Agreement, Israel may consider, in light of the security situation, the use by the Palestinian Authority of additional beach sections.

## 6. The Egyptian Border

The Military Installation Area along the Egyptian border in the Gaza Strip, as delineated on attached map No. 1 by a blue line and shaded in pink, will be under Israeli authority.

The village of Dahaniya will remain part of the Military Installation Area pending a declaration of a general amnesty for the residents of the village, and provision having been made for their protection. Upon realization of the above amnesty and protection, the village of Dahaniya will become part of the Yellow Area.

## 7. Lateral Roads to the Settlements

a. Without derogating from Palestinian authority and in accordance with the Declaration of Principles:

(1) On the three lateral roads connecting the Israeli settlements in the Gaza Strip to Israel, namely: the Kissufim-Gush Katif road; the Sufa-Gush Katif road; and the Karni-Netzarim road, as delineated by a light blue line on attached map no. 1, including the adjacent sides upon which the security of traffic along these roads is dependent (hereinafter "the Lateral Roads"), the Israeli authorities will have all necessary responsibilities and powers in order to conduct independent security activity, including Israeli patrols.

(2) Joint Israeli-Palestinian patrols will operate along the Lateral Roads. Such joint patrols will be led by the Israeli vehicle.

(3) Where the Israeli authorities carry out engagement steps, they will do so with a view to transferring, at the earliest opportunity, the continued handling of the incidents falling within Palestinian responsibility, to the Palestinian Police.

(4) Overpasses will be constructed on intersections between the Lateral Roads and the central North-South road (Road No. 4).

(5) These arrangements will be reviewed by the JSC one year after the date of the signing of this Agreement.

b. Where the Lateral Roads overlap the Security Perimeter the two sides, in the exercise of their respective powers and responsibilities, will fully coordinate their activity in order to prevent friction.

8. The Central North-South Road (Road No. 4) A joint patrol led by the Palestinian vehicle will be operated along the central North-South road (Road No. 4) in the Gaza Strip between Kfar Darom and Wadi Gaza.

## 9. Joint Mobile Units

a. Joint Mobile Units will be located at the following junctions:

- (1) the Nissanit junction;
- (2) the Netzarim junction;
- (3) the Deir el-Ballah junction; and
- (4) the Sufa-Morag junction.

b. At the Netzarim junction, the Israeli side of this Joint Mobile Unit will check Israeli vehicles, which will then be able to continue their journey without interference. This Joint Mobile Unit will also operate as a Joint Patrol between the Netzarim Junction and Wadi Gaza under the direction of the relevant DCO.

10. Coordination and Cooperation in the Gaza Strip Two DCOs will function in the Gaza Strip as follows:

a. A DCO for the Gaza district, located at the Erez crossing point with subordinate Joint Liaison Bureaus at the Erez and Nahal Oz crossing points.

b. A DCO for the Khan Yunis district, located at the Nuriya Camp with subordinate Joint Liaison Bureaus at the Sufa crossing point and at the Rafah terminal.

## Article V

### Security Arrangements in the Jericho Area

1. Clarifications Concerning the Jericho Area With regard to the definition of the Jericho Area, as delineated on attached map No. 2, it is hereby clarified that Route No. 90 crossing Auja from South to North and the East-West road connecting Route No. 90 with Yitav, and their adjacent sides, shall remain under Israeli authority. For the purpose of this Article, the width of each such road and its adjacent sides, as shown on attached map No. 2, shall extend at least 12 meters on each side measured from its center.

2. A Joint patrol led by the Palestinian vehicle shall operate along the main North-South road crossing Jericho (Route No. 90).

#### 3. Joint Mobile Units

a. A Joint Mobile Unit shall be located at the Auja junction being the intersection of Route No. 90 and the road to Yitav. This unit shall be led by the Israeli vehicle, and may be directed by the DCO to deal with certain incidents occurring on the road between Auja and Jericho in which Palestinians are involved.

b. A Joint Mobile Unit shall be located at the Nahal Elisha junction on the road from Jericho to the Mousa Allami project.

4. Coordination and Cooperation in the Jericho Area A DCO located at the Vered Yericho crossing point will function in the Jericho Area and will maintain a subordinate Joint Liaison Bureau in the Allenby Terminal.

5. a. Pending the entry into force of the interim agreement, the holy site of Nebi Mousa will be under the auspices of the Palestinian Authority, for religious purposes.

b. During religious events that take place three times a year and other special occasions that will be coordinated with the Israeli authorities, Palestinians will have the right to religious pilgrimage to the al-Maghtas under the Palestinian flag.

c. Palestinian private projects, as well as joint ventures in accordance with the Declaration of Principles, will be located as agreed on the shore of the Dead Sea.

d. Safe passage will be provided from the Jericho Area to Nebi Mousa, al-Maghtas and the projects and ventures as agreed in subparagraph c. above on the shore of the Dead Sea for the aforementioned purposes.

6. Within three months of the signing of this Agreement, Israel may consider, in light of the security situation, the possibility of widening of the Jericho Area.

## Article VI

### Security Arrangements Concerning Planning, Building and Zoning

1. Notwithstanding the provisions relating to planning, building and zoning set out elsewhere in this Agreement, the provisions of this Article shall apply with respect to the areas specified below.
2. These arrangements will be reviewed within a period of six months from the signing of this Agreement and, thereafter, every six months, with a view to modifying them, with due consideration to Palestinian plans for establishing economic projects, and to the security concerns of both sides.
3. The limitations set out below on the construction of buildings and installations in specific areas shall not require the demolition or removal of existing buildings or installations.
4. The existing buildings, installations and natural and artificial culture in the Gaza Strip within a distance of 100 meters from the Delimiting Line shall remain as they are at present.
5. Within the next 500 meters of the Security Perimeter, and within the Yellow Areas, buildings or installations may be constructed, provided that:
  - a. one building or installation may be constructed on each plot, the size of which shall not be less than 25 dunams; and
  - b. such building or installation shall not exceed two floors, of a size not exceeding 180 sq. meters per floor.

The Palestinian Authority shall maintain the predominantly agricultural character of the remaining areas of the Security Perimeter.

6. Buildings or installations shall not be constructed on either side of the Lateral Roads up to a distance of 75 meters from the center of these Roads.
7. In the Jericho Area, no bridges or other structures will be built above Route No. 90 which may prevent the movement on this road of vehicles with a height of up to 5.25 meters.
8. For the purpose of enforcing this Article, the United States will provide both sides with satellite photographs of the Gaza Strip depicting the buildings, installations and natural and artificial culture existing at the time of the signing of this Agreement.

## Article VII

### The Crossing Points

#### 1. General

- a. Israel declares that work to relocate the Erez, Nahal Oz and Sufa crossing points currently within the Gaza Strip, to a location within Israel adjacent to the Delimiting Line, is underway. Israel will attempt to complete this work not later than 12 months from the date of the signing of this Agreement with regard to the Erez crossing point, and not later than 8 months from the date of the signing of this Agreement with regard to the Nahal Oz and Sufa crossing points. Pending the completion of this work, Israel shall retain control over these crossing points and operate them in accordance with the provisions of this Article.
- b. Israelis entering the Gaza Strip and the Jericho Area shall carry Israeli documentation (if they are above the age of 16) and, if driving a vehicle, a driving license and vehicle registration documentation

recognized in Israel. Tourists to Israel entering the Gaza Strip and the Jericho Area shall carry their passports and other relevant documentation.

c. Entry of residents of the Gaza Strip and the Jericho Area to Israel shall be subject to Israeli laws and procedures regulating entry into Israel, and such residents shall be required to carry the identity card as agreed upon in this Agreement, as well as documentation specified by Israel and notified through the CAC to the Palestinian Authority.

d. The provisions of this Agreement shall neither prejudice the use of safe passage nor Israel's right, for security and safety considerations, to close the crossing points to Israel and to prohibit or limit the entry into Israel of residents and of vehicles from the Gaza Strip and the Jericho Area.

## 2. Passage between the Gaza Strip and Israel

a. Passage between the Gaza Strip and Israel will be via one or more of the following crossing points:

(1) the Erez crossing point;

(2) the Nahal Oz crossing point; and

(3) the Sufa crossing point.

b. The Palestinian Authority may set up a checkpoint, within the Gaza Strip, on the road leading to the Erez crossing point and on the road leading to the Nahal Oz crossing point, at locations to be coordinated between the two sides, for the purpose of inspection and identification of passengers and vehicles. Israelis and tourists to Israel passing through these checkpoints may be only required to identify themselves by presenting Israeli documentation or a passport, as set out in subparagraph 1.b. above. The above requirements shall not apply to uniformed members of the Israeli military forces.

c. The Palestinian Authority may set up a checkpoint, within the Gaza Strip, on the road leading to the Sufa crossing point, at a location acceptable to both sides, for the purpose of inspection and identification of Palestinian passengers and vehicles. Israeli vehicles may bypass this checkpoint unimpeded.

d. Passage of Israelis, and tourists to Israel, between the Gaza Strip and Israel may, in addition, be via the following crossing points:

(1) the Karni crossing point;

(2) the Kisufim crossing point;

(3) the Kerem Shalom crossing point; and

(4) the Elei Sinai crossing point.

e. Israelis, and tourists to Israel, who have passed through any of the above crossing points into the Gaza Strip shall not be required to undergo any inspection, identification or other requirement in addition to the stated provisions for entry into the Gaza Strip outlined in this Article.

Tourists to the Gaza Strip and the Jericho Area from countries having diplomatic relations with Israel, who have passed through an international crossing, will not be required to pass any additional entry control before entry to Israel.

f. Arrangements for the movement of goods between the Gaza Strip and Israel through the crossing points are set out in Annex IV

g. A Palestinian liaison officer will be present at each of the crossing points on the Lateral Roads.

### 3. Passage to and from the Jericho Area

a. Passage between the Jericho Area and the rest of the West Bank shall be governed by the same rules regulating the movement of persons and vehicles within the West Bank, and shall not need to be effected through designated crossing points.

b. Passage between the Jericho Area and Israel via the West Bank shall be governed by the currently applicable rules regulating the movement of persons and vehicles between the West Bank and Israel.

## Article VIII

### Rules of Conduct in Security Matters

1. Subject to the provisions of this Agreement, the security and public order personnel of both sides shall exercise their powers and responsibilities pursuant to this Agreement with due regard to internationally-accepted norms of human rights and the rule of law and shall be guided by the need to protect the public, respect human dignity and avoid harassment.

2. In the Yellow Areas and on the Lateral Roads and their adjacent sides, vehicles bearing Israeli license plates shall not be stopped, obstructed or delayed by the Palestinian Police, and no identification shall be required.

3. On the central North-South road (Road No. 4) in the Gaza Strip between the Netzarim Junction and Kfar Darom, and on the main North-South road crossing the Jericho Area (Route No. 90), vehicles bearing Israeli license plates may be stopped for identification by a Joint Patrol or a Joint Mobile Unit. The Israeli side of such a patrol or unit may carry out identity and vehicle documentation checks

4. Without prejudice to the provisions of this Article regarding the areas mentioned in paragraphs 2 and 3 above, the following rules of conduct shall apply throughout the rest of the Gaza Strip and the Jericho Area:

a. Vehicles bearing Israeli license plates may be stopped by the Palestinian Police for the purpose of checking the driving license, and passengers' identity documentation (if above the age of sixteen).

b. Israelis shall under no circumstances be apprehended, arrested or placed in custody or prison by Palestinian authorities.

However, where an Israeli is suspected of having committed of an offense, he or she may be detained in place by the Palestinian Police while ensuring his or her protection, in accordance with the provisions of Annex III, until the arrival of a Joint Patrol or Joint Mobile Unit, called immediately by the Palestinian Police, or of other Israeli representatives dispatched by the relevant DCO.

5. Pedestrians may be required to produce identity documentation (if above the age of sixteen). Thereafter, they shall be treated in accordance with the Provisions of this Article

6. Uniformed members of the Israeli military forces, as well as vehicles of the Israeli military forces, shall not be stopped by the Palestinian Police in any circumstances, and shall not be subject to any identification requirements. Without derogating from the above, in the event of suspicion regarding such a person or vehicle, the Palestinian Police may notify the Israeli authorities through the relevant DCO, in order to request appropriate assistance.

7. Notwithstanding the provisions of this Article, persons who are subject to identification pursuant to this Article and who claim to be Israelis but cannot present appropriate identification documentation may be detained in place by the Palestinian Police, in accordance with the provisions of Annex III, until the arrival of a Joint Patrol or Joint Mobile Unit, called by the Palestinian Police, or of other Israeli representatives dispatched by the relevant DCO.

8. a. Each side shall enforce upon civilians subject to its authority a prohibition on possession or carrying weapons without a license.

b. The Palestinian Authority may grant licenses to possess or carry pistols for civilian use. The modalities for granting such licenses, as well as categories of persons who may be granted such licenses, will be agreed upon in the JSC.

## 9. Rules of Engagement

a. For the purpose of this Article, "engagement" shall mean an immediate response to an act or an incident constituting a danger to life or property that is aimed at preventing or terminating such an act or incident, or at apprehending its perpetrators.

b. Within the territory under the jurisdiction of the Palestinian Authority, in places where Israeli authorities exercise their security functions in accordance with this Annex, and in their immediate vicinities, the Israeli authorities may carry out engagement steps in cases where an act or an incident requires such action. In such cases, the Israeli authorities will take any measures necessary to bring to an end such an act or incident with a view to transferring, at the earliest opportunity, the continued handling of the incident falling within the Palestinian responsibility to the Palestinian Police. The Palestinian Authority will immediately be notified, through the relevant DCO, of such engagement steps.

c. Engagement with the use of firearms shall not be allowed, except as a last resort after all attempts at controlling the act or the incident such as warning the perpetrator or shooting in the air have failed. Use of firearms should be aimed at deterring and not at killing the perpetrator. The use of firearms shall cease once the danger is past.

d. Any activity involving the use of firearms other than for immediate operational purposes shall be subject to prior notification to the relevant DCO.

10. If a person is injured or otherwise in need of assistance, such assistance will be provided by the side that first reaches the site. If such a person is under the authority of the other side, the assisting side shall notify the relevant DCO and the appropriate provisions of Article II of this Annex, as well as the provisions of Annex II, Article II, regarding arrangements for treatment and hospitalization, shall be applied.

## Article IX

### Arrangements for Safe Passage Between the Gaza Strip and the Jericho Area

#### 1. General

a. There shall be safe passage between the Gaza Strip and the Jericho Area for residents of the Gaza Strip and the Jericho Area and visitors to these areas from abroad, as detailed in this Article.

b. Israel will ensure safe passage during daylight hours (from sunrise to sunset) for persons and transportation.

c. Safe passage will be effected via the following designated crossing points:

(1) the Erez crossing point; and

(2) the Vered Yericho crossing point.

d. Israel will make safe passage available through one or more of the routes delineated on attached map No. 3.

## 2. The usage of safe passage

a. As detailed below, persons using safe passage shall carry, in addition to the personal and vehicle documentation, the following documents:

(1) a safe passage card; and

(2) (for drivers only) a vehicle safe passage permit.

Arrangements for implementation of safe passage, as well as modalities for the issuance by Israel of safe passage cards and vehicle safe passage permits, shall be discussed and agreed in the CAC.

b. Residents of the Gaza Strip and the Jericho Area in possession of a permit enabling them to enter Israel will be able to use this permit as a safe passage card.

c. Safe passage cards and vehicle safe passage permits shall be stamped by the Israeli authorities at the crossing point with the time of departure from the crossing point and the estimated time of arrival.

d. Residents of the Gaza Strip and the Jericho Area who are denied entry into Israel may be permitted by Israel to use safe passage in accordance with special arrangements to be made in each individual case through the JSC.

e. Special arrangements will apply with respect to passage of Palestinian leaders, senior Palestinian Authority officials and distinguished personalities. The CAC will define the scope and nature of these special arrangements, in consultation with the JSC.

f. The mode of passage of Palestinian policemen on duty, between the Gaza Strip and the Jericho Area, will be coordinated through the JSC.

g. Any additional matters relating to the usage of safe passage will be coordinated through the JSC.

## 3. Passage and Mode of Transit

a. Persons and vehicles in transit under these arrangements shall neither break their journey nor depart from the designated routes, and shall complete the transit within the designated time stamped on their safe passage cards and permits, unless a delay is caused by a medical emergency or a technical breakdown.

b. Persons using safe passage shall be subject to the laws and regulations applicable in Israel and in the West Bank respectively.

c. Persons and vehicles using safe passage shall not carry explosives, firearms or other weapons or ammunition, except for special cases that will be agreed to in the JSC.

## 4. General Provisions Regarding the Routes

a. The above arrangements shall in no way affect the status of the routes used for safe passage.

b. Routes used for safe passage shall be closed on Yom Kippur, Israel's Memorial Day and Israel's Independence Day.

c. Without prejudice to the use of safe passage, Israel may, for security or safety reasons, temporarily modify the arrangements for safe passage. Notice of such temporary modification shall be given to the Palestinian authority through the JSC. At least one route of safe passage shall, however, remain open.

d. Israel shall notify the Palestinian Authority of incidents involving persons using safe passage.

## Article X

### Passages

#### 1. General

a. While Israel remains responsible during the interim period for external security, including along the Egyptian border and the Jordanian line, border crossing shall take place according to the arrangements included in this Article. These arrangements aim at creating a mechanism that facilitates the entry and exit of people and goods, reflecting the new reality created by the Declaration of Principles, while providing full security for both sides.

b. The arrangements included in this Article shall apply to the following border crossings:

(1) the Allenby Bridge crossing; and

(2) the Rafah crossing.

c. The same arrangements will be applied by the Parties, with the necessary adjustments, to agreed seaports, airports or other international crossings, such as the Abdullah and Damya bridges.

d. The two sides are determined to do their utmost to maintain the dignity of persons passing through the border crossings. To this end, the mechanism created will rely heavily on brief and modern procedures.

e. In each border crossing there will be one terminal, consisting of two wings. The first wing will serve Palestinian residents of the Gaza Strip and West Bank and visitors to these areas (hereinafter "the Palestinian Wing"). The second wing will serve Israelis and others (hereinafter "the Israeli Wing"). There will be a closed Israeli checking area and a closed Palestinian checking area, as set out below.

f. Special arrangements will apply to VIPs crossing through the Palestinian Wing. The liaison bureau to be established pursuant to paragraph 5 below (hereinafter "the Liaison Bureau") will define the scope and the nature of these special arrangements.

#### 2. Control and Management of the Passages

a. For the purpose of this Article, "passage" is defined to mean the area from the crossing barrier at the Egyptian border or the Allenby Bridge, passing through and including the terminal and:

(1) with regard to the Allenby Bridge crossing, from the terminal up to the Jericho Area; and

(2) with regard to the Rafah crossing, from the terminal up to the outer limit of the Israel military location along the Egyptian border.

b. (1) Israel will have the responsibility for security throughout the passage, including for the terminal.

(2) An Israeli director-general will have the responsibility for the management and security of the terminal.

(3) The director-general will have two deputies who will report to him:

(a) an Israeli deputy who will be the manager of the Israeli Wing. Israel will have exclusive responsibility for the management of the Israeli Wing; and

(b) a Palestinian deputy, - appointed by the Palestinian Authority, who will be the manager of the Palestinian Wing.

(4) Each deputy will have an assistant for security and an assistant for administration. The assignments of the Palestinian deputies for security and administration will be agreed upon by the two sides.

(5) There will be maximum coordination between the two sides. Both sides will maintain cooperation and coordination on matters of mutual concern.

(6) The director-general will continue to use Palestinian contractors to provide bus services and other administrative and logistical services.

(7) Palestinian policemen present at the terminal will be armed with handguns. Their deployment will be decided upon by the two sides. Other Palestinian officials present at the terminal will be unarmed.

(8) The details of management and security and Liaison Bureau issues will be dealt with by the two sides.

(9) The two sides will work together in order to seek ways for additional arrangements in the Rafah terminal.

(10) Both sides will review these procedures in a year's time.

c. Except for the arrangements included in this Article, the current procedures and arrangements applicable outside the terminal shall continue to apply throughout the passage.

d. (1) Once incoming passengers have crossed the terminal, they will proceed to the Jericho Area or the Gaza Strip, as appropriate, without any interference from Israeli authorities (safe passage).

(2) Outgoing passengers may proceed to the terminal without any interference from Israeli authorities after joint verification that such passengers hold the necessary documentation for exiting the area to Jordan or Egypt, as set out in this Agreement.

### 3. Arrangements for Entry from Egypt and Jordan Through the Palestinian Wing

a. At the entrance to the Palestinian Wing there will be a Palestinian policeman and a raised Palestinian flag.

b. Before entering the Palestinian Wing, passengers will identify their personal luggage and it will be placed on a conveyor belt. Each side will be able to inspect such luggage inside its own checking area, using its own personnel and, if necessary, may open the luggage for inspection in the presence of the owner and a Palestinian policeman.

c. Persons entering the Palestinian Wing will pass through a magnetic gate. An Israeli policeman and a Palestinian policeman will be posted on each side of this gate. In the event of suspicion, each side will be entitled to require a physical inspection to be conducted in inspection booths to be located adjacent to the

gate. Passengers will be inspected by a Palestinian policeman in the presence of an Israeli policeman. Accompanying personal belongings may also be inspected at this point.

d. Having completed the above phase, persons entering the Palestinian Wing will pass through one of three lanes for the purpose of identification and document control, as follows:

(1) The first lane will be used by Palestinian residents of the Gaza Strip and the Jericho Area. These passengers will pass via a Palestinian counter, where their documents and identity will be checked. Their documents will be checked by an Israeli officer who will also check their identity indirectly in an invisible manner.

(2) The second lane will serve other Palestinian residents of the West Bank. These passengers will first pass via a Palestinian counter, where their documents and identity will be checked. Then they will continue via an Israeli counter, where their documents and identity will be checked. The two counters will be separated by tinted glass and a revolving door.

(3) The third lane will serve visitors to the Gaza Strip and West Bank. An identical procedure as in paragraph 3.d(2) above will apply to such visitors, except that they will first pass via the Israeli counter, and then continue via the Palestinian counter.

e. In the event of suspicion regarding a passenger in any of the three lanes described in subparagraph d. above, each side may question such passenger in its closed checking area. Suspicion justifying questioning in the closed checking area may be one of the following:

(1) the passenger was involved, directly or indirectly, in criminal or planned criminal activity, in terrorist or planned terrorist activity and is not a beneficiary of the amnesty provisions of this Agreement.

(2) the passenger conceals arms, explosives or related equipment;

(3) the passenger holds forged or non-valid documentation or the details included in the documentation are inconsistent with those included in the population registry (in case of a resident) or in the data base (in case of a visitor), except that questions relating to such inconsistency will initially be raised at the counter and the passenger will be questioned in the closed checking area only if the suspicion has not been removed; or

(4) the passenger acts in an obviously suspicious behavior during the passage via the terminal.

If, at the conclusion of this questioning, the suspicion has not been removed, such passenger may be apprehended, after the other side has been notified. In case of a Palestinian suspect being apprehended by the Israeli side, a Palestinian policeman will be asked to meet with the suspect. Following notification to the Liaison Bureau, any further treatment of the apprehended person will be in accordance with Annex III.

f. In the Palestinian Wing, each side will have the authority to deny the entry of persons who are not residents of the Gaza Strip and West Bank.

For the purpose of this Agreement, "residents of the Gaza Strip and West Bank" means persons who, on the date of entry into force of this Agreement, are registered as residents of these areas in the population registry maintained by the military government of the Gaza Strip and West Bank, as well as persons who have subsequently obtained permanent residency in these areas with the approval of Israel, as set out in this Agreement.

g. Following the above procedure, the passengers will collect their luggage and proceed to the customs area as described in Annex IV.

h. The Palestinian side will provide passengers whose entry is approved with an entry permit stamped by the Palestinian side and attached to their documents.

At the conclusion of the direct and indirect checking of the documents and identity of passengers passing via the first lane and stamping their entry permits, the Palestinian officer will provide the passenger with a white card issued by the Israeli officer. A Palestinian official posted at the exit of the Palestinian Wing will verify that the passenger holds such a white card and will collect the cards with indirect and invisible Israeli checking.

For passengers going through the second and third lanes, the Israeli officer will provide the passengers with a blue card, after checking their documents and identity, and verifying their entry permits. An Israeli and a Palestinian official posted at the exit of the Palestinian Wing will verify and collect the cards. White and blue cards collected will be checked by Israeli and Palestinian officials.

In cases where either side denies the entry of a non-resident passenger, that passenger will be escorted out of the terminal and sent back to Jordan or Egypt, as appropriate, after notifying the other side.

#### 4. Arrangements for Exit to Egypt and Jordan Through The Palestinian Wing

Passengers exiting to Egypt or Jordan through the Palestinian Wing will enter the terminal without their luggage. Thereafter, the same procedures described in paragraph 3 above will apply to them, except that the order of passing via the Israeli and Palestinian counters will be reversed.

#### 5. Liaison Bureau

a. There will be a liaison bureau at each crossing point in order to deal with matters arising regarding passengers passing through the Palestinian Wing, issues requiring coordination, and differences regarding the implementation of these arrangements. Without derogating from Israel's responsibility for security, the bureau will also deal with incidents.

b. This bureau will be comprised of an equal number of representatives from each side and will be located at a specified location inside each terminal.

c. This bureau will be subordinate to the relevant subcommittee of the CAC.

#### 6. Miscellaneous

a. Special arrangements will be agreed upon by the two sides regarding the passage of goods, buses, trucks and privately-owned vehicles. Pending this agreement, the current arrangements will continue to apply.

b. Israel will attempt to complete the structural alterations on the Rafah and Allenby Bridge terminals not later than the date of the completion of the withdrawal of Israeli forces from the Gaza Strip and the Jericho Area. If these structural alterations are not completed by that time, the arrangements described in this Article shall apply, except for those arrangements that cannot be implemented without the structural alterations.

c. In order to cross through the crossing points into and out of the Gaza Strip and the Jericho Area, residents of these areas will use documents as detailed in Annex II. Pending the entry into force of the Interim Agreement, other West Bank residents will continue to use the existing documents issued by the military government and its Civil Administration .

## Article XI

### Security Along the Coastline and in the Sea of Gaza

#### 1. Maritime Activity Zones

a. Extent of Maritime Activity Zones The sea off the coast of the Gaza Strip will be divided into three Maritime Activity Zones, K, L, and M as shown on map No. 6 attached to this Agreement, and as detailed below:

##### (1) Zones K and M

(a) Zone K extends to 20 nautical miles in the sea from the coast in the northern part of the sea of Gaza and 1.5 nautical miles wide southwards.

(b) Zone M extends to 20 nautical miles in the sea from the coast, and one (1) nautical mile wide from the Egyptian waters.

(c) Subject to the provisions of this paragraph, Zones K and M will be closed areas, in which navigation will be restricted to activity of the Israel Navy.

##### (2) Zone L

(a) Zone L bounded to the south by Zone M and to the north by Zone K extends 20 nautical miles into the sea from the coast.

(b) Zone L will be open for fishing, recreation and economic activities, in accordance with the following provisions:

(i) Fishing boats will not exit Zone L into the open sea and may have engines of up to a limit of 25 HP for outboard motors and up to a maximum speed of 15 knots for inboard motors. The boats will neither carry weapons nor ammunition nor will they fish with the use of explosives.

(ii) Recreational boats will be permitted to sail up to a distance of 3 nautical miles from the coast unless, in special cases, otherwise agreed within the Maritime Coordination and Cooperation Center as referred to in paragraph 3 below. Recreational boats may have engines up to a limit of 10 horsepower. Marine motor bikes and water jets will neither be introduced into Zone L nor be operated therein.

(iii) Foreign vessels entering Zone L will not approach closer than 12 nautical miles from the coast except as regards activities covered in paragraph 4 below.

#### b. General Rules of the Maritime Activity Zones

(1) The aforementioned fishing boats and recreational boats and their skippers sailing in Zone L shall carry licenses issued by the Palestinian Authority, the format and standards of which will be coordinated through the JSC.

(2) The boats shall have identification markings determined by the Palestinian Authority. The Israeli authorities will be notified through the JSC of these identification markings.

(3) Residents of Israeli settlements in the Gaza Strip fishing in Zone L will carry Israeli licenses and vessel permits.

(4) As part of Israel's responsibilities for safety and security within the three Maritime Activity Zones, Israel Navy vessels may sail throughout these zones, as necessary and without limitations, and may take any measures necessary against vessels suspected of being used for terrorist activities or for smuggling arms, ammunition, drugs, goods, or for any other illegal activity. The Palestinian Police will be notified of such actions, and the ensuing procedures will be coordinated through the Maritime Coordination and Cooperation Center.

## 2. The Palestinian Coastal Police

a. The Palestinian Coastal Police may function in Zone L, up to a distance of 6 nautical miles from the coast. In special cases, it may also exercise control over Palestinian fishing boats fishing in Zone L in an additional area of 6 nautical miles, up to the limit of 12 nautical miles from the coastline, after clearance and coordination through the Maritime Coordination and Cooperation Center.

b. The Palestinian Coastal Police shall have up to 8 boats with a displacement of up to 30 tons. They will sail at a speed of up to 20 knots.

c. The boats shall carry weapons of up to a 7.62 mm caliber.

d. Boats of the Palestinian Coastal Police may fly a Palestinian flag, have police identification markings and shall operate identification lights.

e. The Parties shall cooperate on all sea matters, including mutual help at sea, and pollution and environmental issues.

f. The boats of the Palestinian Coastal Police will initially use the Gaza Wharf

g. Boats belonging to Israelis are solely subject to the control, authority and jurisdiction of Israel and the Israel Navy.

## 3. Maritime Coordination and Cooperation Center

a. A Maritime Coordination and Cooperation Center (hereinafter "the MC") shall function as part of the JSC, to coordinate civil maritime activities and coastal police affairs off the coast of the Gaza Strip.

b. The MC shall function within the relevant DCO, and will determine its own rules of procedure.

c. The MC shall function 24 hours a day.

d. The MC shall be staffed by members of the Israel Navy and the Palestinian Coastal Police, each providing a liaison officer and an assistant liaison officer.

e. A direct radio telephone link (hot line) shall be set up between the Israel Navy vessels and the Palestinian Coastal Police vessels.

f. The role of the MC is to coordinate:

(1) assistance between the Coastal Police and the Israel Navy as may be necessary to deal with incidents arising at sea;

(2) Coastal Police training involving the use of firearms;

(3) joint activities between the Coastal Police and the Israel Navy when pre-planning is operationally necessary;

(4) radio contact between Coastal Police and Israel Navy vessels in the event that "hot line" communication between vessels of the two sides was not established;

(5) search and rescue operations; and

(6) maritime activities related to an agreed port, when established in the Gaza Strip.

#### 4. Gaza Strip Port

a. Plans for the establishment of a port in the Gaza Strip in accordance with the Declaration of Principles, its location, and related matters of mutual interest and concern, as well as licenses for vessels and crews sailing on international voyages will be discussed and agreed upon between Israel and the Palestinian Authority taking into consideration the provisions of Article X of this Agreement. To this end a special committee will be established by the two sides.

b. The Gaza Sea Port Authority referred to in the Declaration of Principles, shall act on behalf of the Palestinian Authority in accordance with the provisions of this Agreement.

c. Pending construction of a port, arrangements for entry and exit of vessels, passengers and goods by sea, as well as licenses for vessels and crews sailing on international voyages in transit to the Gaza Strip and the Jericho Area, shall be through Israeli ports in accordance with the relevant rules and regulations applicable in Israel and in accordance with the provisions of Annex IV .

#### Article XII

##### Security of the Airspace

1. Operation of aircraft for the use of the Palestinian Authority in the Gaza Strip and the Jericho Area shall be initially as follows:

a. Two (2) transport helicopters for VIP transportation within and between the Gaza Strip and the Jericho Area.

b. Four (4) up to twenty persons capacity fixed-wing transport aircraft, for transporting persons between the Gaza Strip and the Jericho Area.

2. Changes in the number, type and capacity of aircraft may be discussed and agreed upon in a Joint Aviation Subcommittee (hereinafter "the JAC") to be established within the JSC.

3. The Palestinian Authority may immediately establish and operate in the Gaza Strip and the Jericho Area provisional airstrips for the helicopters and fixed-wing aircraft referred to in subparagraphs 1.a and 1.b above, in accordance with arrangements and modalities to be discussed and agreed upon in the JAC.

4. All aviation activity or usage of the airspace by any aerial vehicle in the Gaza Strip and the Jericho Area shall require prior approval of Israel. It shall be subject to Israeli air traffic control including, inter alia, monitoring and regulation of air routes as well as relevant regulations and requirements to be implemented in accordance with the Israel Aeronautical Information Publication, the relevant parts of which will be issued after consultation with the Palestinian Authority.

5. Aircraft taking off from, and landing in the Gaza Strip and the Jericho Area shall be registered and licensed in Israel or in other states members of ICAO. Air crews of such aircraft shall be licensed in Israel or in such other states, provided that such licenses have been approved and recommended by the Palestinian Authority and validated by Israel.

6. Aircraft referred to in this Article shall not carry firearms, ammunition, explosives or weapons systems, unless otherwise approved by both sides. Special arrangements for armed guards escorting high-ranking officials, will be agreed upon in the JAC.

7. The location of navigational aids and other aviation equipment will be approved by Israel through the JAC.

8. a. The Palestinian Authority shall ensure that only the aviation activity in accordance with this Agreement will take place in the Gaza Strip and the Jericho Area.

b. Further powers and responsibilities may be transferred to the Palestinian Authority through the JAC.

c. The Palestinian Authority may establish a Palestinian Civil Aviation Department to act on its behalf in accordance with the provisions of this Article and of this Agreement.

9. a. Aviation activity by Israel will continue to be operated above the Gaza Strip and the Jericho Area, with the same limitations applicable in Israel regarding civil and military flights over densely-populated areas.

b. Israel will notify the Palestinian Authority of emergency rescue operations, searches and investigations of aerial accidents carried out in the Gaza Strip and the Jericho Area. Searches and investigations of civilian aircraft accidents will be conducted by Israel with the participation of the Palestinian Authority.

10. Commercial, domestic and international air services to, from and between the Gaza Strip and the Jericho Area may be operated by Palestinian, Israeli or foreign operators approved by both sides, certified and licensed in Israel or in ICAO member states maintaining bilateral aviation relations with Israel. Arrangements for such air services, beginning with a service between Gaza and Cairo using two (2) fixed-wing aircraft with capacity up to fifty passengers each, as well as arrangements regarding the establishment and operation of airports and air terminals in the Gaza Strip and the Jericho Area, will be discussed and agreed upon by the two sides in the JAC.

Any such international commercial air services will be carried out in accordance with Israel's bilateral aviation agreements. The implementation phase will be discussed and agreed upon in the JAC.

## ANNEX II

### PROTOCOL CONCERNING CIVIL AFFAIRS

#### Article I

##### Liaison and Coordination in Civil Matters

###### A. Joint Civil Affairs Coordination and Cooperation Committee

1. A Joint Civil Affairs Coordination and Cooperation Committee (hereinafter "the CAC") is hereby established.

2. The functions of the CAC are to coordinate between the Palestinian Authority on one hand, and Israel and the Civil Administration that shall continue to function in the rest of the West Bank on the other hand, concerning the following day-to-day matters:

a. Civil matters, including issues concerning the transfer of powers and responsibilities from the Israeli military government and its Civil Administration to the Palestinian Authority.

- b. Matters arising with regard to roads, power lines and other infrastructure which require coordination according to this Agreement.
  - c. Questions regarding passage to and from the Gaza Strip and the Jericho Area and safe passage between the Gaza Strip and the Jericho Area, including crossing points and international crossings.
  - d. Day-to-day contacts between the two sides as regards matters such as employment permits, hospitalization, transportation licensing, transfer of information, etc.
  - e. Joint projects, matters of mutual interest and other matters requiring coordination and cooperation.
3. The CAC shall be comprised of an equal number of representatives from Israel and from the Palestinian Authority, and shall convene at least once a month unless otherwise agreed.

Each side may initiate the convening of a special meeting on short notice.

4. The CAC shall determine by agreement its mode of procedure.
5. Matters of principle and policy not settled within the CAC shall be passed on to the Joint Israeli-Palestinian Liaison Committee.

#### B. Joint Regional Civil Affairs Subcommittees

1. The CAC shall establish two Joint Regional Civil Affairs Subcommittees (hereinafter "the Subcommittees") for the Gaza Strip and the Jericho Area respectively.
2. Each Subcommittee shall deal with the day-to-day civil affairs matters as detailed in paragraph A.2 above.

The Jericho Area Subcommittee shall also coordinate the relations between the Palestinian Authority and the military government and Civil Administration in the rest of the West Bank.

3. Each Subcommittee may establish ad hoc working groups if and when the need arises.
4. Each Subcommittee shall be comprised of an equal number of representatives from Israel and from the Palestinian Authority and shall convene no less than once every two weeks.

#### C. General

1. Means of communication shall be set up with a view to ensuring efficient and direct contact 24 hours a day, in order to deal with any urgent matter arising in the civil affairs field.
2. Each side shall inform the other of its representatives to each committee prior to a meeting. Meetings of the CAC and its subcommittees shall be organized and hosted by the two sides alternately unless otherwise agreed.
3. The provisions detailed above shall not impede daily contacts between representatives of Israel and of the Palestinian Authority in all matters of mutual concern.

## Article II

### Transfer of Powers and Responsibilities of the Civil Administration

A. 1. The transfer of powers and responsibilities from the Israeli military government and its Civil Administration to the Palestinian Authority shall be coordinated through the CAC and implemented in accordance with the following arrangements in a smooth, peaceful and orderly manner.

2. Preparations for the transfer of such powers and responsibilities shall commence immediately upon the signing of this Agreement, and shall be completed within 21 days.

a. The Israeli authorities shall provide all necessary assistance to the Palestinian Authority, including access to offices, registers, records, systems and equipment and all necessary information, data and statistics required for the transfer of powers and responsibilities.

b. Israel shall provide the Palestinian Authority with all the details as described in subparagraph 38 below.

3. On the date fixed for the transfer of powers and responsibilities, Israel shall transfer from the possession of the Israeli military government and its Civil Administration to the Palestinian Authority offices, budgetary allocations, financial funds and accounts, equipment, registers, files, computer programs and other movable property necessary for its functioning.

B. All powers and responsibilities of the Civil Administration shall be transferred to the Palestinian Authority in the Gaza Strip and the Jericho Area, in accordance with the following provisions:

1. Interior Affairs:

This sphere includes, inter alia, municipal affairs, licensing of newspapers and publications, censorship of films and plays and appointment of Mukhtars. In the Gaza Strip, this sphere shall also include fire fighting and Ottoman Societies.

2. Fisheries:

a. This sphere includes, inter alia, licensing of fishermen, marine agriculture and vessels' permits.

b. Security restrictions are dealt with in Annex I, Article XI.

3. Surveying:

This sphere includes, inter alia, licensing of surveyors and performing surveys in areas falling within the Palestinian Authority's jurisdiction.

4. Statistics:

a. The transfer of powers and responsibilities in this sphere includes inter alia transfer of research reports and publications prepared by the Department of Statistics.

b. The application and validity of censuses which may be conducted by the Palestinian Authority shall be subject to the provisions of subparagraph 27.1 below.

c. Methods of cooperation regarding the collection of data on the movement of goods, services and labor between Israel and the Gaza Strip and the Jericho Area is dealt with in Annex IV.

5. Control

6. Civil Administration Employees:

The Palestinian Authority assures that it shall keep employing the present Palestinian Civil Administration employees in the Gaza Strip and the Jericho Area and shall maintain their rights.

## Annex III

### PROTOCOL CONCERNING LEGAL MATTERS

#### Article I

##### Criminal Jurisdiction

1. The criminal jurisdiction of the Palestinian Authority covers all offenses committed in the areas under its territorial jurisdiction (hereinafter, for the purposes of this Annex, "the Territory") subject to the provisions of this Article.

2. Israel has sole criminal jurisdiction over the following offenses:

a. offenses committed in the Settlements and the Military Installation Area subject to the provisions of this Annex; and

b. offenses committed in the Territory by Israelis.

3. In exercising their criminal jurisdiction, each side shall have the power, inter alia, to investigate, arrest, bring to trial and punish offenders.

4. In addition, and without derogating from the territorial jurisdiction of the Palestinian Authority, Israel has the power to arrest and to keep in custody individuals suspected of having committed offenses which fall within Israeli criminal jurisdiction as noted in paragraphs 2 and 7 of this Article, who are present in the Territory, in the following cases:

a. The individual is an Israeli, in accordance with Article II of this Annex; or

b. (1) The individual is a non-Israeli suspected of having just committed an offense in a place where Israeli authorities exercise their security functions in accordance with Annex I, and is arrested in the vicinity in which the offense was committed. The arrest shall be with a view to transferring the suspect, together with all evidence, to the Palestinian Police at the earliest opportunity.

(2) In the event that such an individual is suspected of having committed an offense against Israel or Israelis, and there is a need for further legal proceedings with respect to that individual, Israel may retain him or her in custody and the question of the appropriate forum for prosecuting such a suspect shall be dealt with by the Legal Committee on a case-by-case basis.

5. In the case of an offense committed in the Territory by a non-Israeli against Israel or an Israeli, the Palestinian Authority shall take measures to investigate and prosecute the case, and shall report to Israel on the result of the investigation and any legal proceedings.

6. a. Tourists in transit to or from Israel through the Gaza Strip or the Jericho Area, who are present on the Lateral Roads or on the main North-South road crossing the Jericho Area (Route No. 90), may be arrested and questioned only by the Israeli authorities which shall notify the Palestinian Authority. Where the Israeli authorities conclude that an offense under the prevailing law has been committed, and that further legal proceedings in respect of the tourist are required, such proceedings shall be taken by the Palestinian Authority.

b. Where such a tourist present outside these areas is detained or arrested by the Palestinian Authority, it shall notify the Israeli authorities immediately and shall enable them at the earliest opportunity to meet the detainee and to provide any necessary assistance, including consular notification, requested by the detainee.

7. Nothing in this Article shall derogate from Israel's criminal jurisdiction in accordance with its domestic laws over offenses committed outside Israel (including in the Territory) against Israel or an Israeli with due regard to the principle that no person can be tried twice for the same offense. The exercise of such jurisdiction shall be subject to the provisions of this Annex and without prejudice to the criminal jurisdiction of the Palestinian Authority.

## Article II

### Legal Assistance in Criminal Matters

#### 1. General

a. Israel and the Palestinian Authority shall cooperate and provide each other with legal assistance in criminal matters. Such cooperation shall include the arrangements detailed in this Article.

b. For the purpose of this Article, "Israeli military forces" may include Israel Police and other Israeli security forces.

c. Documents served by one Party in the territory under the responsibility of the other, shall be accompanied by a certified translation into the official language of the other Party.

#### 2. Cooperation in Criminal Matters

a. The Israel Police and the Palestinian Police shall cooperate in the conduct of investigations. Subject to detailed arrangements to be agreed upon, such cooperation shall include the exchange of information, records and fingerprints of criminal suspects, vehicle ownership registration records, etc.

b. Where an offense is committed in the Territory by an Israeli acting jointly with an individual under Palestinian personal jurisdiction, the Israeli military forces and the Palestinian Police will cooperate in conducting an investigation.

c. The Palestinian authorities shall not arrest or detain Israelis or place them in custody. Israelis can identify themselves by presenting Israeli documentation.

However, where an Israeli commits a crime against a person or property in the Territory the Palestinian Police upon arrival at the scene of the offense shall immediately notify the Israeli authorities through the relevant DCO. Until the arrival of the Israeli military forces the Palestinian Police may, if necessary, detain the suspect in place while ensuring his protection and the protection of all those involved and shall prevent interference with the scene of the offense, collect the necessary evidence and conduct preliminary questioning.

d. Without derogating from the jurisdiction of the Palestinian Authority over property located or transported within the Territory, where the property is being transported or carried by an Israeli, the following procedure shall apply: The Palestinian authorities have the power to take any measures necessary in relation to Israeli vehicles or personal belongings where such vehicle or belongings have been used in commission of a crime and present an immediate danger to public safety or health. When such measures are taken the Palestinian authorities shall immediately notify the Israeli authorities through the relevant DCO, and shall continue to take the necessary measures until their arrival.

3. a. When an Israeli is suspected of committing an offense and is present in the Territory, the Israeli military forces shall be able to arrest, search and detain the suspect as required, in the presence of and with the assistance of the Palestinian Police.

b. When an Israeli commits an offense and is present in the Yellow Areas or on the Lateral Roads and their adjacent sides as defined in Annex I, the Israeli military forces may, without derogating from the territorial jurisdiction of the Palestinian Authority, arrest, search and detain the offender and shall notify the Palestinian Police immediately, provide it with all necessary information, and coordinate wherever possible.

4. When an offense is committed inside a Settlement, and all those involved are Palestinians of the Gaza Strip or the Jericho Area or their visitors, the Israeli military forces shall notify the Palestinian Police immediately and shall hand over the offender and the collected evidence to the Palestinian Police unless the offense is security- related.

#### 5. Restraining Orders

Each side shall execute orders issued by the competent organ of the other side restraining a person under the jurisdiction of that side from travelling abroad.

#### 6. Summons and Questioning of Witnesses

a. Where the statement of a witness who is an Israeli or other person present in Israel is required for a Palestinian investigation, the statement shall be taken by the Israel Police in the presence of a Palestinian Police officer in an Israeli facility at an agreed location.

b. Where the statement of a non-Israeli witness present in the Territory is required for an Israeli investigation, the statement shall be taken by the Palestinian Police in the presence of an Israeli police officer in a Palestinian facility at an agreed location.

c. In exceptional cases, each side may take a statement requested by the other side itself, without the presence of the requesting side.

#### 7. Transfer of Suspects and Defendants

a. Where a non-Israeli suspected of, charged with or convicted of an offense that falls within Palestinian criminal jurisdiction is present in Israel, the Palestinian Authority may request Israel to arrest and transfer the individual to the Palestinian Authority.

b. Where an individual suspected of, charged with or convicted of an offense that falls within Israeli criminal jurisdiction is present in the Territory, Israel may request the Palestinian Authority to arrest and transfer the individual to Israel.

c. Requests under subparagraphs a. and b. above shall specify the grounds for the request and shall be supported by an arrest warrant issued by a competent court.

d. Where the request is for the transfer of a suspect who is not a Palestinian requested by the Palestinian Authority:

(1) the arrest warrant shall only be issued pursuant to an application made by or on behalf of the Attorney-General, confirming that there is reasonable evidentiary basis that the offense was committed by the suspect;

(2) the offense must be punishable by not less than 7 years' imprisonment under the law of the requesting side.

e. (1) Individuals suspected of offenses punishable by less than 7 years' imprisonment shall be interrogated by the investigating side in a facility of the other side or at an agreed location.

(2) Interrogation shall take place in the presence of a police officer of the other side.

(3) Upon the request of the investigating side the other side may detain the suspect in custody pending and during the questioning.

(4) Where the presence of the suspect is required for an objective reason such as confronting witnesses and identification of site, the suspect shall be transferred for that purpose only.

f. (1) Both sides, upon receipt of a request in accordance with this Article, shall effect the arrest and transfer requested.

(2) If the individual requested is detained in custody or is serving a prison sentence, the side receiving the request may delay the transfer to the requesting side for the duration of the detention or imprisonment.

g. No person shall be transferred in respect of an offense punishable by capital punishment unless the requesting side undertakes that capital punishment shall not be imposed in the case.

h. (1) Both sides shall take all necessary measures to ensure that the treatment of individuals transferred under this Article complies with the applicable legal arrangements in Israel and in the Territory and with internationally- accepted norms of human rights regarding criminal investigations.

(2) Suspects transferred under this paragraph shall have the right to be assisted during the investigation period by an advocate of their own choice.

i. Each side may, upon the request of the other side, detain, for no more than seven days, an individual in respect of whom a request for arrest and transfer is to be made, pending the submission of such a request.

j. The transfer of foreigners by Israel to the Palestinian Authority under this Article shall be subject to the applicable conventions to which Israel is a party and in coordination with the foreigner's state of origin.

k. Both sides may agree that an individual convicted in the courts of one side shall serve his sentence in a prison of the other side, subject to arrangements and conditions to be agreed between the sides.

#### 8. Assistance in the Execution of Court Orders for the Purposes of Investigation

a. Israel and the Palestinian Authority shall execute orders issued by each others' courts for the purposes of investigations (e.g., search warrants, orders for the production of documents and seizure orders), subject to the provisions of local law.

b. Where, for the purposes of an investigation, Israel or the Palestinian Authority requires that tests or examinations (such as fingerprinting or blood analysis) be effected in relation to an item situated in territory under the responsibility of the other side, that side shall effect the tests or examinations required and transfer the results to the side conducting the investigation. Where these results are not sufficient for the purposes of the investigation, arrangements shall be made for the transfer of the item to the side conducting the investigation.

#### 9. Legal Assistance in the Conduct of Judicial Proceedings

a. Summons and subpoenas issued by an Israeli court in respect of defendants and witnesses present in the Territory, shall be effected through the Palestinian Authority which shall be responsible for the service of summons, and the execution of subpoenas by the Palestinian Police. Subpoenas issued in respect of an Israeli defendant or witness shall be executed by the Israeli military forces in the presence of and with the assistance of the Palestinian Police.

b. Summons or subpoenas issued by a Palestinian court in respect of defendants and witnesses present in Israel shall be effected through the Israel Police who shall be responsible for the service of summons and the execution of subpoenas.

c. Where the evidence of an Israeli witness is required in connection with proceedings conducted by a Palestinian court, the evidence of the witness shall be taken at a Palestinian court situated at an agreed location close to one of the crossing points, and the witness shall be accompanied by representatives of the Israeli military forces together with the Palestinian Police.

d. Where the evidence of a witness is required in connection with proceedings conducted by a court of one side, such a request will be notified to the authorities of the other side to summon the witness.

### Article III

#### Civil Jurisdiction

1. The Palestinian courts and judicial authorities have jurisdiction in all civil matters, subject to this Agreement.

2. Israelis conducting commercial activity in the Territory are subject to the prevailing civil law in the Territory relating to that activity.

Nevertheless, any enforcement of judicial and administrative judgments and orders issued against Israelis and their property shall be effected by Israel. Israel undertakes to execute such judgments and orders within a reasonable time.

3. The Palestinian courts and judicial authorities have no jurisdiction over civil actions in which an Israeli is a party, except for the following cases:

a. the subject matter of the action is an ongoing Israeli business situated in the Territory (the registration of an Israeli company as a foreign company in the Territory being evidence of the fact that it has an ongoing business situated in the Territory);

b. the subject matter of the action is real property located in the Territory;

c. the Israeli party is a defendant in the action and has consented to such jurisdiction by notice in writing to the Palestinian court or judicial authority;

d. the Israeli party is a defendant in an action the subject matter of which is a written agreement, and the Israeli party has consented to such jurisdiction by a specific provision in this agreement;

e. the Israeli party is a plaintiff who has filed an action in the Territory. If the defendant in the action is an Israeli, his consent to such jurisdiction in accordance with subparagraphs c. or d. above shall be required; or

f. actions concerning other matters as agreed between the Parties.

4. The jurisdiction of the Palestinian courts and judicial authorities does not cover actions against the State of Israel including its statutory entities, organs and agents.

### Article IV

#### Legal Assistance in Civil Matters

1. Service of Legal Documents Israel and the Palestinian Authority will be responsible, in the areas under their respective territorial responsibility, for the service of legal documents, including subpoenas, issued by the judicial organs under the responsibility of the other Party.

## 2. Interim Orders

a. Interim orders (e.g., temporary orders of attachment, the appointment of a receiver, restraining orders) issued by judicial organs under the responsibility of either Party will not have effect in the areas under the territorial responsibility of the other Party.

b. Judicial organs under the responsibility of both Parties will be authorized to issue interim orders which shall apply in the areas under their territorial responsibility, even in cases in which the primary action was filed with the judicial organs under the responsibility of the other Party.

c. The judicial organs of each side may issue orders restraining an individual from travelling abroad when the order relates to a matter being tried by that organ, subject to the relevant provisions of the domestic laws.

## 3. Taking of evidence

Israel and the Palestinian Authority will make arrangements for taking evidence from witnesses, when necessary, within the areas under their territorial responsibility, when such evidence is sought in connection with proceedings conducted by the judicial organs under the responsibility of the other side.

## 4. Enforcement of judgements

a. Israel and the Palestinian Authority will enforce judgements rendered by the judicial organs under the responsibility of the other Party, provided that the judicial organ concerned had the jurisdiction to render the judgement and further provided that the enforcement is not contrary to public policy. The execution office under the responsibility of Israel and the Palestinian Authority shall execute such judgements as if rendered by their own judicial organs.

b. In executing any judgement against Israelis the Palestinian execution offices will be authorized to issue orders (e.g., attachments, receivership, eviction) against Israeli property within the Territory.

c. Orders against the freedom of Israelis (e.g., imprisonment orders, restraining orders) shall only be issued by Israeli execution offices.

d. All orders issued by execution offices against Israelis or Israeli property within the Territory will be executed by the Israel Police with the assistance of the Palestinian Authority, or where the Israel Police notifies the Palestinian Authority that it has no objection, by the Palestinian Police.

PROTOCOL ON ECONOMIC RELATIONS between the Government of the State of Israel and the P.L.O., representing the Palestinian people

### **PREAMBLE**

The two parties view the economic domain as one of the cornerstone in their mutual relations with a view to enhance their interest in the achievement of a just, lasting and comprehensive peace. Both parties shall cooperate in this field in order to establish a sound economic base for these relations, which will be governed in various economic spheres by the principles of mutual respect of each other's economic interests, reciprocity, equity and fairness.

This protocol lays the groundwork for strengthening the economic base of the Palestinian side and for exercising its right of economic decision making in accordance with its own development plan and priorities. The two parties recognise each other's economic ties with other markets and the need to create a better economic environment for their peoples and individuals.

#### Article I

### **FRAMEWORK AND SCOPE OF THIS PROTOCOL**

1. This protocol establishes the contractual agreement that will govern the economic relations between the two sides and will cover the West Bank and the Gaza Strip during the interim period. The implementation will be according to the stages envisaged in the Declaration of Principles on Interim Self Government Arrangements signed in Washington D.C. on September 13, 1993 and the Agreed Minutes thereto. It will therefore begin in the Gaza Strip and the Jericho Area and at a later stage will also apply to the rest of the West Bank, according to the provisions of the Interim Agreement and to any other agreed arrangements between the two sides.
2. This Protocol, including its Appendixes, will be incorporated into the Agreement on the Gaza Strip and the Jericho Area (in this Protocol - the Agreement), will be an integral part thereof and interpreted accordingly. This paragraph refers solely to the Gaza Strip and the Jericho Area.
3. This Protocol will come into force upon the signing of the Agreement.
4. For the purpose of this Protocol, the term "Areas" means the areas under the jurisdiction of the Palestinian Authority, according to the provisions of the Agreement regarding territorial jurisdiction. The Palestinian Jurisdiction in the subsequent agreements could cover areas, spheres or functions according to the Interim Agreement. Therefore, for the purpose of this Protocol, whenever applied, the term "Areas" shall be interpreted to mean functions and spheres also, as the case may be, with the necessary adjustments.

#### Article II

### **THE JOINT ECONOMIC COMMITTEE**

1. Both parties will establish a Palestinian-Israeli Joint Economic Committee (hereinafter - the JEC) to follow up the implementation of this Protocol and to decide on problems related to it that may arise from time to time. Each side may request the review of any issue related to this Agreement by the JEC.
2. The JEC will serve as the continuing committee for economic cooperation envisaged in Annex III of the Declaration of Principles.
3. The JEC will consist of an equal number of members from each side and may establish sub-committees specified in this Protocol.

A sub-committee may include experts as necessary.

4. The JEC and its sub-committees shall reach their decisions by agreement and shall determine their rules of procedure and operation, including the frequency and place or places of their meetings.

#### Article III

### **IMPORT TAXES AND IMPORT POLICY**

1. The import and customs policies of both sides will be according to the principles and arrangements detailed in this Article.

2. a. The Palestinian Authority will have all powers and responsibilities in the sphere of import and customs policy and procedures with regard to the following:

(1) Goods on List A1, attached hereto as Appendix I locally-produced in Jordan and in Egypt particularly and in the other Arab countries, which the Palestinians will be able to import in quantities agreed upon by the two sides up to the Palestinian market needs as estimated according to para 3 below.

(2) Goods on List A2, attached hereto as Appendix II, from the Arab, Islamic and other countries, which the Palestinians will be able to import in quantities agreed upon by the two sides up to the Palestinian market needs as estimated according to para 3 below.

b. The import policy of the Palestinian Authority for Lists A1 and A2 will include independently determining and changing from time to time the rates of customs, purchase tax, levies, excises and other charges, the regulation of licensing requirements and procedures and of standard requirements. The valuation for custom purposes will be based upon the GATT 1994 agreement as of the date it will be introduced in Israel, and until then - on the Brussels Definition of Valuation (BDV) system. The classification of goods will be based on the principles of "the Harmonized Commodity Description and Coding System". Concerning imports referred to in Article VII of this Protocol (Agriculture), the provisions of that Article will apply.

3. For the purposes of para 2(a) above, the Palestinian market needs for 1994 will be estimated by a sub-committee of experts. These estimates will be based on the best available data regarding past consumption, production, investment and external trade of the Areas. The sub-committee will submit its estimate within three months from the signing of the Agreement. These estimates will be reviewed and updated every six months by the sub-committee, on the basis of the best data available regarding the latest period for which relevant data are available, taking into consideration all relevant economic and social indicators. Pending an agreement on the Palestinian market needs, the previous period's estimates adjusted for population growth and rise in per-capita GNP in the previous period, will serve as provisional estimates.

4. The Palestinian Authority will have all powers and responsibilities to independently determine and change from time to time the rates of customs, purchase taxes; levies, excises and other charges on the goods on List B, attached hereto as Appendix III, of basic food items and other goods for the Palestinian economic development program, imported by the Palestinians to the Areas.

5. a. With respect to all goods not specified in Lists A1, A2 and B, and with respect to quantities exceeding those determined in accordance with paras 2(a) & 3 above (hereinafter - the Quantities), the Israeli rates of customs, purchase tax, levies, excises and other charges, prevailing at the date of signing of the Agreement, as changed from time to time, shall serve as the minimum basis for the Palestinian Authority. The Palestinian Authority may decide on any upward changes in the rates on these goods and exceeding quantities when imported by the Palestinians to the Areas.

b. With respect to all goods not specified in Lists A1 and A2, and with respect to quantities exceeding the Quantities, Israel and the Palestinian Authority will employ for all imports the same system of importation, as stipulated in para 10 below, including inter alia standards, licensing, country of origin, valuation for customs purposes etc.

6. Each side will notify the other side immediately of changes made in rates and in other matters of import policy, regulations and procedures, determined by it within its respective powers and responsibilities as detailed in this Article. With regard to changes which do not require immediate application upon decision,

there will be a process of advance notifications and mutual consultations which will take into consideration all aspects and economic implications.

7. The Palestinian Authority will levy VAT at one rate on both locally produced goods and services and on imports by the Palestinians (whether covered by the three Lists mentioned above or not), and may fix it at the level of 15% to 16%.

8. Goods imported from Jordan, Egypt and other Arab countries according to para 2(a)(1) above (List A1) will comply with rules of origin agreed upon by a joint sub-committee within three months of the date of the signing of the Agreement. Pending an agreement, goods will be considered to have been "locally produced" in any of those countries if they conform with all the following:

a. (i) They have been wholly grown, produced, or manufactured in that country, or have been substantially transformed there into new or different goods, having a new name, character, or use, distinct from the goods or materials from which they were so transformed;

(ii) They have been imported directly from the said country;

(iii) The value or the costs of the materials produced in that country, plus the direct processing costs in it, do not fall short of 30 percent of the export value of the goods. This rate may be reviewed by the joint committee mentioned in para 16 a year after the signing of the Agreement.

(iv) The goods are accompanied by an internationally recognized certificate of origin;

(v) No goods will be deemed as substantially new or different goods, and no material will be eligible for inclusion as domestic content, by virtue of having merely undergone simple combining or packaging, or dilution with water or other substances, which do not materially alter the characteristics of the said goods.

9. Each side will issue import licences to its own importers, subject to the principles of this Article and will be responsible for the implementation of the licensing requirements and procedures prevailing at the time of the issuance of the licenses. Mutual arrangements will be made for the exchange of information relevant to licensing matters.

10. Except for the goods on Lists A1 and A2 and their Quantities - in which the Palestinian Authority has all powers and responsibilities, both sides will maintain the same import policy (except for rates of import taxes and other charges for goods in List B) and regulations including classification, valuation and other customs procedures, which are based on the principles governing international codes, and the same policies of import licensing and of standards for imported goods, all as applied by Israel with respect to its importation. Israel may from time to time introduce changes in any of the above, provided that changes in standard requirements will not constitute a non-tariff-barrier and will be based on considerations of health, safety and the protection of the environment in conformity with Article 2.2. of the Agreement on Technical Barriers to trade of the Final Act of the Uruguay Round of Trade Negotiations. Israel will give the Palestinian Authority prior notice of any such changes, and the provisions of para 6 above will apply.

11. a. The Palestinian Authority will determine its own rates of customs and purchase tax on motor vehicles imported as such, to be registered with the Palestinian Authority. The vehicle standards will be those applied at the date of the signing of the Agreement as changed according to para 10 above. However, the Palestinian Authority may request, through the sub-committee on transportation, that in special cases different standards will apply. Used motor vehicles will be imported only if they are passenger cars or dual-purpose passenger cars of a model of no more than three years prior to the importation year. The sub-committee on transportation will determine the procedures for testing and confirming that such used cars comply with the standards' requirements for that model year. The issue of

importing commercial vehicles of a model prior to the importation year will be discussed in the joint sub-committee mentioned in para 16 below.

b. Each side may determine the terms and conditions for the transfer of motor vehicles registered in the other side to the ownership or use of a resident of its own side, including the payment of the difference of import taxes, if any, and the vehicle having been tested and found compatible with the standards required at that time by its own registration administration, and may prohibit transfer of vehicles.

12. a. Jordanian standards, as specified in the attached Appendix I, will be acceptable in importing petroleum products into the Areas, once they meet the average of the standards existing in the European Union countries, or the USA standards, which parameters have been set at the values prescribed for the geographical conditions of Israel, the Gaza Strip and the West Bank. Cases of petroleum products which do not meet these specifications will be referred to a joint experts' committee for a suitable solution. The committee may mutually decide to accept different standards for the importation of gasoline which meet the Jordanian standards even though, in some of their parameters, they do not meet the European Community or USA standards. The committee will give its decision within six months. Pending the committee's decision, and for not longer than six months of the signing of the Agreement, the Palestinian Authority may import to the Areas, gasoline for the Palestinian market in the Areas, according to the needs of this market, provided that:

(1) this gasoline is marked in a distinctive colour to differentiate it from the gasoline marketed in Israel; and

(2) the Palestinian Authority will take all the necessary steps to ensure that this gasoline is not marketed in Israel.

b. The difference in the final price of gasoline to consumers in Israel and to consumers in the Areas, will not exceed 15% of the official final consumer price in Israel. The Palestinian Authority has the right to determine the prices of petroleum products, other than gasoline, for consumption in the Areas.

c. If Egyptian gasoline standards will comply with the conditions of sub-para (a) above, the importation of Egyptian gasoline will also be allowed.

13. In addition to the points of exit and entry designated according to the Article regarding Passages in Annex I of the Agreement for the purpose of export and import of goods, the Palestinian side has the right to use all points of exit and entry in Israel designated for that purpose. The import and export of the Palestinians through the points of exit and entry in Israel will be given equal trade and economic treatment.

14. In the entry points of the Jordan River and the Gaza Strip:

a. Freight shipment

The Palestinian Authority will have full responsibility and powers in the Palestinian customs points (freight-area) for the implementation of the agreed upon customs and importation policy as specified in this protocol, including the inspection and the collection of taxes and other charges, when due.

Israeli customs officials will be present and will receive from the Palestinian customs officials a copy of the necessary relevant documents related to the specific shipment and will be entitled to ask for inspection in their presence of both goods and tax collection.

The Palestinian customs officials will be responsible for the handling of the customs procedure including the inspection and collection of due taxes.

In case of disagreement on the clearance of any shipment according to this Article, the shipment will be delayed for inspection for a maximum period of 48 hours during which a joint sub-committee will resolve the issue on the basis of the relevant provisions of this Article. The shipment will be released only upon the sub-committee's decision.

b. Passengers customs lane

Each side will administer its own passengers customs procedures, including inspection and tax collection. The inspection and collection of taxes due in the Palestinian customs lane will be conducted by customs officials of the Palestinian Authority.

Israeli customs officials will be invisibly present in the Palestinian customs lane and entitled to request inspection of goods and collection of taxes when due. In the case of suspicion, the inspection will be carried out by the Palestinian official in a separate room in the presence of the Israeli customs official.

15. The clearance of revenues from all import taxes and levies, between Israel and the Palestinian Authority, will be based on the principle of the place of final destination. In addition, these tax revenues will be allocated to the Palestinian Authority even if the importation was carried out by Israeli importers when the final destination explicitly stated in the import documentation is a corporation registered by the Palestinian Authority and conducting business activity in the Areas. This revenue clearance will be effected within six working days from the day of collection of the said taxes and levies.

16. The Joint Economic Committee or a sub-committee established by it for the purposes of this Article will deal inter alia with the following:

- 1) Palestinian proposals for addition of items to Lists A1, A2 and B. Proposals for changes in rates and in import procedures, classification, standards and licensing requirements for all other imports,
- 2) Estimate the Palestinian market needs, as mentioned in para 3 above;
- 3) Receive notifications of changes and conduct consultations, as mentioned in para 6 above;
- 4) Agree upon the rules of origin as mentioned in para 8 above, and review their implementation;
- 5) Co-ordinate the exchange of information relevant to licensing matters as mentioned in para 9 above.
- 6) Discuss and review any other matters concerning the implementation of this Article and resolve problems arising therefrom.

17. The Palestinian Authority will have the right to exempt the Palestinian returnees who will be granted permanent residency in the Areas from import taxes on personal belongings including house appliances and passenger cars as long as they are for personal use.

18. The Palestinian Authority will develop its system for temporary entry of needed machines and vehicles used for the Palestinian Authority and the Palestinian economic development plan.

Concerning other machines and equipment, not included in Lists A1, A2 and B, the temporary entry will be part of the import policy as agreed in para 10 above, until the joint sub-committee mentioned in para 16 decides upon a new system proposed by the Palestinian Authority. The temporary entry will be coordinated through the joint sub-committee.

19. Donations in kind to the Palestinian Authority will be exempted from customs and other import taxes if destined and used for defined development projects or non-commercial humanitarian purposes. The Palestinian Authority will be responsible exclusively for planning and management of the donors'

assistance to the Palestinian people. The Joint Economic Committee will discuss issues pertaining to the relations between the provisions in this Article and the implementation of the principles in the above paragraph.

#### Article IV

### **MONETARY AND FINANCIAL ISSUES**

1. The Palestinian Authority will establish a Monetary Authority (PMA) in the Areas. The PMA will have the powers and responsibilities for the regulation and implementation of the monetary policies within the functions described in this Article.
2. The PMA will act as the Palestinian Authority's official economic and financial advisor.
3. The PMA will act as the Palestinian Authority's and the public sector entities' sole financial agent, locally and internationally.
4. The foreign currency reserves (including gold) of the Palestinian Authority and all Palestinian public sector entities will be deposited solely with the PMA and managed by it.
5. The PMA will act as the lender of last resort for the banking system in the Areas.
6. The PMA will authorize foreign exchange dealers in the Areas and will exercise control (regulation and supervision) over foreign exchange transactions within the Areas and with the rest of the world.
7. a. The PMA will have a banking supervision department that will be responsible for the proper functioning, stability, solvency and liquidity of the banks operating in the Areas.  
b. The banking supervision department will predicate its supervision on the international principles and standards reflected in international conventions and especially on the principles of the "Basle Committee".  
c. The supervision department will be charged with the general supervision of every such bank, including:  
-The regulation of all kinds of banking activities, including their foreign activities; -The licensing of banks formed locally and of branches, subsidiaries, joint ventures and representative offices of foreign banks and the approval of controlling shareholders; -The supervision and inspection of banks.
8. The PMA will relicense each of the five branches of the Israeli banks operating at present in the Gaza Strip and the West Bank, as soon as its location or the authorities regarding it come under the jurisdiction of the Palestinian Authority. These branches will be required to comply with the general rules and regulations of the PMA concerning foreign banks, based on the "Basle Concordat". Para 10 d, e, and f below will apply to these branches.
9. a. Any other Israeli bank wishing to open a branch or a subsidiary in the Areas will apply for a license to the PMA and will be treated equally to other foreign banks, provided that the same will apply to the Palestinian banks wishing to open a branch or a subsidiary in Israel.  
b. Granting of a license by both authorities will be subject to the following arrangements based on the "Basle Concordat" valid on the date of signing of the Agreement and to the host authority's prevailing general rules and regulations concerning opening of branches and subsidiaries of foreign banks.

In this para 10 "host authority" and "home authority" apply only to the Bank of Israel (BOI) and the PMA.

c. A bank wishing to open a branch or establish a subsidiary will apply to the host authority, having first obtained the approval of its home authority. The host authority will notify the home authority of the terms of the license, and will give its final approval unless the home authority objects.

d. The home authority will be responsible for the consolidated and comprehensive supervision of banks, inclusive of branches and subsidiaries in the area under the jurisdiction of the host authority. However, the distribution of supervision responsibilities between the home and the host authorities concerning subsidiaries will be according to the "Basle Concordat".

e. The host authority will regularly examine the activities of branches and subsidiaries in the area under its jurisdiction. The home authority will have the right to conduct on site examinations in the branches and subsidiaries in the host area. However, the supervision responsibilities of the home authority concerning subsidiaries will be according to the "Basle Concordat". Accordingly, each authority will transfer to the other authority copies of its examination reports and any information relevant to the solvency, stability and soundness of the banks, their branches and subsidiaries.

f. The BOI and the PMA will establish a mechanism for cooperation and for the exchange of information on issues of mutual interest.

10. a. The New Israeli Sheqel (NIS) will be one of the circulating currencies in the Areas and will legally serve there as means of payment for all purposes including official transactions. Any circulating currency, including the NIS, will be accepted by the Palestinian Authority and by all its institutions, local authorities and banks, when offered as a means of payment for any transaction.

b. Both sides will continue to discuss, through the JEC, the possibility of introducing mutually agreed Palestinian currency or temporary alternative currency arrangements for the Palestinian Authority.

11. a. The liquidity requirements on all deposits in banks operating in the Areas will be determined and announced by the PMA.

b. Banks in the Areas will accept NIS deposits. The liquidity requirements on the various kinds of NIS deposits (or deposit linked to the NIS) in banks operating in the Areas will not be less than 4% to 8%, according to the type of deposits. Changes of over 1% in the liquidity requirements on NIS deposits (or deposits linked to the NIS) in Israel will call for corresponding changes in the above mentioned rates.

c. The supervision and inspection of the implementation of all liquidity requirements will be carried out by the PMA.

d. The reserves and the liquid assets required according to this paragraph will be deposited at the PMA according to rules and regulations determined by it. Penalties for non compliance with the liquidity requirements will be determined by the PMA.

12. The PMA will regulate and administer a discount window system and the supply of temporary finance for banks operating in the Areas.

13. a. The PMA will establish or license a clearing house in order to clear money orders between the banks operating in the Areas, and with other clearing houses.

b. The clearing of money orders and transactions between banks operating in the Areas and banks operating in Israel will be done between the Israeli and the Palestinian clearing houses on same working day basis, according to agreed arrangements.

14. Both sides will allow correspondential relations between each others' banks.

15. The PMA will have the right to convert at the BOI excess NIS received from banks operating in the Areas into foreign currency, in which the BOI trades in the domestic inter-bank market, up to the amounts determined per period, according to the arrangements detailed in para 16 below.

16. a. The excess amount of NIS, due to balance of payments flows, that the PMA will have the right to convert into foreign currency, will be equal to:

(1) Estimates of all Israeli "imports" of goods and services from the Areas, valued at market prices (inclusive of taxes), which were paid for in NIS, less: (i) the taxes collected by the Palestinian Authority on all Israeli "imports" from the Areas and rebated to Israel in NIS, and (ii) the taxes collected by Israel on all Israeli "imports" from the Areas and included in their market value, and not rebated to the Palestinian Authority, minus (2) Estimates of all Israeli "exports" of goods and services to the Areas, valued at market prices (inclusive of taxes), which were paid for in NIS, less: (i) the taxes collected by Israel on such "exports" and rebated to the Palestinian Authority, and (ii) the taxes collected by the Palestinian Authority on such "exports" and included in their market value, and not rebated to Israel; plus (3) The accumulated net amounts of foreign currency converted previously into NIS by the PMA, as recorded in the BOI Dealing Room.

b. The said flows and amounts will be calculated as of the date of the signing of the Agreement.

Notes to para 16:

(i) The estimates of the said "exports and imports" of goods and services will include inter alia labor services, NIS expenditure of tourists and Israelis in the Areas and NIS expenditure of Palestinians of the Areas in Israel.

(ii) Taxes and pension contributions on "imports" of labor services, paid to "importing" side and rebated to the "exporting" one, will not be included in the estimates of the sums to be converted, as the "exports" earnings of labor services are recorded in the statistics inclusive of them, although they do not accrue to the individuals supplying them.

17. The PMA and the BOI will meet annually to discuss and determine the annual amount of convertible NIS during the following calendar year and will meet semi-annually to adjust the said amount. The amounts determined annually and adjusted semi-annually will be based on data and estimates regarding the past and on forecasts for the following period, according to the formula mentioned in para 16. The first meeting will be as soon as possible within three months after the date of the signing of the Agreement.

18. a. The exchange of foreign currency for NIS and vice-versa by the PMA will be carried out through the BOI Dealing Room, at the market exchange rates.

b. The BOI will not be obliged to convert in any single month more than 1/5 of the semi-annual amount, as mentioned in para 17.

19. There will be no ceiling on the annual foreign currency conversions by the PMA into NIS. However, in order to avoid undesirable fluctuations in the foreign exchange market, monthly ceilings of such conversions will be agreed upon in the annual and semi-annual meetings referred to in para 17.

20. Banks in the Areas will convert NIS into other circulating currencies and vice-versa.

21. The Palestinian Authority will have the authorities, powers and responsibilities regarding the regulation and supervision of capital activities in the Areas, including the licensing of capital market institutions, finance companies and investment funds.

## Article V

### **DIRECT TAXATION**

1. Israel and the Palestinian Authority will each determine and regulate independently its own tax policy in matters of direct taxation, including income tax on individuals and corporations, property taxes, municipal taxes and fees.
2. Each tax administration will have the right to levy the direct taxes generated by economic activities within its area.
3. Each tax administration may impose additional taxes on residents within its area on (individuals and corporations) who conduct economic activities in the other side's area.
4. Israel will transfer to the Palestinian Authority a sum equal to:
  - a. 75% of the income taxes collected from Palestinians from the Gaza Strip and the Jericho Area employed in Israel.
  - b. The full amount of income taxes collected from Palestinians from the Gaza Strip and Jericho Area employed in the settlements.
5. The two sides will agree on a set of procedures that will address all issues concerning double taxation.

## Article VI

### **INDIRECT TAXES ON LOCAL PRODUCTION**

1. The Israel and the Palestinian tax administrations will levy and collect VAT and purchase taxes on local production, as well as any other indirect taxes, in their respective areas.
2. The purchase tax rates within the jurisdiction of each tax administration will be identical as regards locally produced and imported goods.
3. The present Israeli VAT rate is 17%. The Palestinian VAT rate will be 15% to 16%.
4. The Palestinian Authority will decide on the maximum annual turnover for businesses under its jurisdiction to be exempt from VAT, within an upper limit of 12,000 US \$.
5. The VAT on purchases by businesses registered for VAT purposes will accrue to the tax administration with which the respective business is registered.

Businesses will register for VAT purposes with the tax administration of the side of their residence, or on the side of their ongoing operation.

There will be clearance of VAT revenues between the Israeli and Palestinian VAT administrations on the following conditions:

- a. The VAT clearance will apply to VAT on transactions between businesses registered with the VAT administration of the side in which they reside.
- b. The following procedures will apply to clearance of VAT revenues accruing from transactions by businesses registered for VAT purposes:

- (1) To be acceptable for clearance purposes, special invoices, clearly marked for this purpose, will be used for transactions between businesses registered with the different sides.
  - (2) The invoices will be worded either in both Hebrew and Arabic or in English and will be filled out in any of these three languages, provided that the figures are written in "Arabic" (not Hindi) numerals.
  - (3) For the purpose of tax rebates, such invoices will be valid for six months from their date of issue.
  - (4) Representatives of the two sides will meet once a month, on the 20th day of the month, to present each other with a list of invoices submitted to them for tax rebate, for VAT clearance. This list will include the following details regarding each invoice: (a) The number of the registered business issuing it; (b) The name of the registered business issuing it; (c) The number of the invoice; (d) The date of issue; (e) The amount of the invoice; (f) The name of the recipient of the invoice.
  - (5) The clearance claims will be settled within 6 days from the meeting, through a payment by the side with the net balance of claims against it, to the other side.
  - (6) Each side will provide the other side, upon demand, with invoices for verification purposes. Each tax administration will be responsible for providing invoices for verification purposes for 6 months after receiving them.
  - (7) Each side will take the necessary measure to verify the authenticity of the invoices presented to it for clearance by the other side.
  - (8) Claims for VAT clearance which will not be found valid will be deducted from the next clearance payment.
  - (9) Once an inter-connected computer system for tax rebates to businesses and for VAT clearance between the two sides is operational, it will replace the clearance procedures specified in sub-paras (4) - (8).
  - (10) The two tax administrations will exchange lists of the businesses registered with them and will provide each other with the necessary documentation, if required, for the verification of transactions.
  - (11) The two sides will establish a sub-committee which will deal with the implementation arrangements regarding the clearance of VAT revenues set above.
6. VAT paid by not-for-profit Palestinian organizations and institutions, registered by the Palestinian Authority, on transactions in Israel, will accrue to the Palestinian tax administration. The clearance system set out in para 5 will apply to these organizations and institutions.

## Article VII

### **LABOR**

1. Both sides will attempt to maintain the normality of movement of labor between them, subject to each side's right to determine from time to time the extent and conditions of the labor movement into its area. If the normal movement is suspended temporarily by either side, it will give the other side immediate notification, and the other side may request that the matter be discussed in the Joint Economic Committee.

The placement and employment of workers from one side in the area of the other side will be through the employment service of the other side and in accordance with the other sides' legislation. The Palestinian side has the right to regulate the employment of Palestinian labor in Israel through the Palestinian employment service, and the Israeli Employment Service will cooperate and coordinate in this regard.

2. a. Palestinians employed in Israel will be insured in the Israeli social insurance system according to the National Insurance Law for employment injuries that occur in Israel, bankruptcy of employers and maternity leave allowance.

b. The National Insurance fees deducted from the wages for maternity insurance will be reduced according to the reduced scope of maternity insurance, and the equalization deductions transferred to the Palestinian Authority, if levied, will be increased accordingly.

c. Implementation procedures relating thereto will be agreed upon between the Israeli National Insurance Institute and the Palestinian Authority or the appropriate Palestinian social insurance institution.

3. a. Israel will transfer to the Palestinian Authority, on a monthly basis, the equalization deductions as defined by Israeli legislation, if imposed and to the extent levied by Israel. The sums so transferred will be used for social benefits and health services, decided upon by the Palestinian Authority, for Palestinians employed in Israel and for their families.

The equalization deductions to be so transferred will be those collected after the date of the signing of the Agreement from wages of Palestinians employed in Israel and from their employers.

These sums will not include

(1) Payments for health services in places of employment.

(2) 2/3 of the actual administrative costs in handling the matters related to the Palestinians employed in Israel by the Payments Section of the Israeli Employment Service.

4. Israel will transfer, on a monthly basis, to a relevant pension insurance institution to be established by the Palestinian Authority, pension insurance deductions collected after the establishment of the above institution and the completion of the documents mentioned in para 6.

These deductions will be collected from wages of Palestinians employed in Israel and their employers, according to the relevant rates set out in the applicable Israeli collective agreements. 2/3 of the actual administrative costs in handling these deductions by the Israeli Employment Service will be deducted from the sums transferred. The sums so transferred will be used for providing pension insurance for these workers. Israel will continue to be liable for pension rights of the Palestinian employees in Israel, to the extent accumulated by Israel before the entry into force of this para 4.

5. Upon the receipt of the deductions, the Palestinian Authority and its relevant social institutions will assume full responsibility in accordance with the Palestinian legislation and arrangements, for pension rights and other social benefits of Palestinians employed in Israel, that accrue from the transferred deductions related to these rights and benefits. Consequently, Israel and its relevant social institutions and the Israeli employers will be released from, and will not be held liable for any obligations and responsibilities concerning personal claims, rights and benefits arising from these transferred deductions, or from the provisions of paras 2-4 above.

6. Prior to the said transfers, the Palestinian Authority or its relevant institutions, as the case may be, will provide Israel with the documents required to give legal effect to their aforesaid obligations, including mutually agreed implementation procedures of the principles agreed upon in paras 3-5 above.

7. The above arrangements concerning equalization deductions and/or pension deductions may be reviewed and changed by Israel if an authorized court in Israel will determine that the deductions or any part thereof must be paid to individuals, or used for individual social benefits or insurance in Israel, or

that it is otherwise unlawful. In such a case the liability of the Palestinian side will not exceed the actual transferred deductions related to the case.

8. Israel will respect any agreement reached between the Palestinian Authority, or an organization or trade-union representing the Palestinians employed in Israel, and a representative organization of employees or employers in Israel, concerning contributions to such organization according to any collective agreement.

9. a. The Palestinian Authority may integrate the existing health insurance scheme for Palestinians employed in Israel and their families in its health insurance services. As long as this scheme continues, whether integrated or separately, Israel will deduct from their wages the health insurance fees ("health stamp") and will transfer them to the Palestinian Authority for this purpose.

b. The Palestinian Authority may integrate the existing health insurance scheme for Palestinians who were employed in Israel and are receiving pension payments through the Israeli Employment Service, in its health insurance services. As long as this scheme continues, whether integrated or separately, Israel will deduct the necessary sum of health insurance fees ("health stamp") from the equalization payments and will transfer them to the Palestinian Authority for this purpose.

10. The JEC will meet upon the request of either side and review the implementation of this Article and other issues concerning labor, social insurance and social rights.

11. Other deductions not mentioned above, if any, will be jointly reviewed by the JEC. Any agreement between the two sides concerning these deductions will be in addition to the above provisions.

12. Palestinians employed in Israel will have the right to bring disputes arising out of employee - employer relationships and other issues before the Israeli Labor Courts, within these courts' jurisdiction.

13. This Article governs the future labor relations between the two sides and will not impair any labor rights prior to the date of signing of the Agreement.

#### Article VIII

### **AGRICULTURE**

1. There will be free movement of agricultural produce, free of customs and import taxes, between the two sides, subject to the following exceptions and arrangements.

2. The official veterinary and plant protection services of each side will be responsible, within the limits of their respective jurisdiction, for controlling animal health, animal products and biological products, and plants and parts thereof, as well as their importation and exportation.

3. The relations between the official veterinary and plant protection services of both sides will be based on mutuality in accordance with the following principles, which will be applied in all the areas under their respective jurisdiction:

a. Israel and the Palestinian Authority will do their utmost to preserve and improve the veterinary standards.

b. Israel and the Palestinian Authority will take all measures to reach equivalent and compatible standards regarding animal disease control, including mass vaccination of animals and avians, quarantines, "stamping out" measures and residue control standards.

- c. Mutual arrangements will be made to prevent the introduction and spread of plant pests and diseases, for their eradication and concerning residue control standards in plant products.
- d. The official veterinary and plant protection services of Israel and the Palestinian Authority will coordinate and regularly exchange information regarding animal diseases, as well as plant pests and diseases, and will establish a mechanism for immediate notification of the outbreak of such diseases.
4. Trade between the two sides in animals, animal products and biological products will be in keeping with the principles and definitions set out in the current edition of the OIE National Animal Health Code as updated from time to time (hereinafter - I.A.H.C.)
5. Transit of livestock, animal products and biological products from one side through the area under the jurisdiction of the other side, should be conducted in a manner aimed at the prevention of diseases spreading to or from the consignment during its movement. For such a transit to be permitted, it is a prerequisite that the veterinary conditions agreed upon by both sides will be met in regard to importation of animals, their products and biological products from external markets. Therefore the parties agree to the following arrangements.
6. The official veterinary services of each side have the authority to issue veterinary import permits for import of animals, animal products and biological products to the areas under its jurisdiction. In order to prevent the introduction of animal diseases from third parties, the following procedures will be adopted:
  - a. The import permits will strictly follow the professional veterinary conditions for similar imports to Israel as prevailing at the time of their issuance. The permits will specify the country of origin and the required conditions to be included in the official veterinary certificates which should be issued by the veterinary authorities in the countries of origin and which should accompany each consignment.

Each side may propose a change in these conditions. The change will come into force 10 days after notice to the other side, unless the other side requested that the matter be brought before the Veterinary Sub-Committee specified in para 14 (hereinafter - VSC). If it is more stringent than the prevailing conditions - it will come into force 20 days after the request, unless both sides decide otherwise through the VSC, and if more lenient - it will come into force only if agreed upon by both sides through the VSC. However, if the change is urgent and needed for the protection of animal and public health, it will come into force immediately after notice by the other side and will remain in force unless and until both sides agree otherwise through the VSC.

- b. The official veterinary certificates will include the provisions regarding OIE Lists A & B Diseases as specified in the I.A.H.C. When the I.A.H.C. allows alternative requirements regarding the same disease, the most stringent one will be adopted unless otherwise agreed upon by the VSC.
- c. When infectious diseases which are not included in Lists A & B of the I.A.H.C. exist or are suspected, on scientific grounds, to exist in the exporting country, the necessary veterinary import conditions that will be required and included in the official veterinary certificates, will be discussed in the VSC, and in the case of different professional opinions, the most stringent ones will be adopted.
- d. The import of live vaccines will be permitted only if so decided by the VSC.
- e. Both sides will exchange, through the VSC, information pertaining to import licensing, including the evaluation of the disease situation and zoonitary capability of exporting countries, which will be based upon official information as well as upon other available data.
- f. Consignments which do not conform with the above mentioned requirements will not be permitted to enter the areas under the jurisdiction of either side.

7. Transportation of livestock and poultry and of animal products and biological products between areas under the jurisdiction of one side through areas under the jurisdiction of the other side, will be subject to the following technical rules:

- a. The transportation will be by vehicles which will be sealed with a seal of the official veterinary services of the place of origin and marked with a visible sign "Animal Transportation" or "Products of Animal Origin" in Arabic and Hebrew, in coloured and clearly visible letters on white background.;
- b. Each consignment will be accompanied by a veterinary certificate issued by the official veterinary services of the place of origin, certifying that the animals or their products were examined and are free of infectious diseases and originate from a place which is not under quarantine or under animal movement restrictions.

8. Transportation of livestock and poultry, animal products and biological products destined for Israel from the Areas and vice versa will be subject to veterinary permits issued by the official veterinary services of the recipient side, in keeping with the OIE standards used in international traffic in this field. Each such consignment will be transported by a suitable and marked vehicle, accompanied by a veterinary certificate in the form agreed upon between the official veterinary services of both sides. Such certificates will be issued only if permits of the recipient side are presented.

9. In order to prevent the introduction of plant pests and diseases to the region, the following procedures will be adopted :

- a. The transportation between the Areas and Israel, of plants and parts thereof (including fruits and vegetables), the control of pesticide residues in them and the transportation of plant propagation material and of animal feed, may be inspected without delay or damage by the plant protection services of the recipient side.
- b. The transportation between the Areas through Israel of plants and parts thereof (including fruits and vegetables) as well as of pesticides, may be required to pass a phytosanitary inspection without delay or damage.
- c. The official Palestinian plant protection services have the authority to issue permits for the import of plants and parts thereof as well as of pesticides from external markets. The permits will be based on the prevailing standards and requirements.

The permits will specify the required conditions to be included in the official Phytosanitary Certificates (hence P.C.) based upon the standards and the requirements of the International Plant Protection Convention (I.P.P.C.) and those of the European and Mediterranean Plant Protection Organization (E.P.P.O.) which should accompany each consignment. The P.C.'s will be issued by the plant protection services in the countries of origin. Dubious or controversial cases will be brought before the sub-committee on plant protection.

10. The agricultural produce of both sides will have free and unrestricted access to each others' markets, with the temporary exception of sales from one side to the other side of the following items only: poultry, eggs, potatoes, cucumbers, tomatoes and melons. The temporary restrictions on these items will be gradually removed on an increasing scale until they are finally eliminated by 1998, as listed below:

Year	Poultry	Eggs	Potatoes	Cucumbers	Tomatoes	Melons	-----
-----	(In tons)	millions)					
1994	5,000	30	10,000	10,000	13,000	10,000	

1995 6,000 40 13,000 13,000 16,000 13,000

1996 7,000 50 15,000 15,000 19,000 15,000

1997 8,000 60 17,000 17,000 22,000 17,000

1998 unlimited unlimited unlimited unlimited unlimited unlimited -----  
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Note: The above figures refer to the combined quantities marketed from the West Bank and Gaza Strip to Israel and vice-versa. The Palestinian Authority will notify Israel the apportioning of these quantities between these areas concerning the quantities pertaining to the Palestinian produce.

11. The Palestinians will have the right to export their agricultural produce to external markets without restrictions, on the basis of certificates of origin issued by the Palestinian Authority.
12. Without prejudice to obligations arising out of existing international agreements, the two sides will refrain from importing agricultural products from third parties which may adversely affect the interests of each other's farmers.
13. Each side will take the necessary measures in the area under its jurisdiction to prevent damage which may be caused by its agriculture to the environment of the other side.
14. The two sides will establish sub-committees of their respective official veterinary and plant protection services, which will update the information and review issues, policies and procedures in these fields. Any changes in the provisions of this Article will be agreed upon by both sides.
15. The two sides will establish a sub-committee of experts in the dairy sector in order to exchange information, discuss and coordinate their production in this sector so as to protect the interests of both sides. In principle, each side will produce according to its domestic consumption.

#### Article IX

### **INDUSTRY**

1. There will be free movement of industrial goods free of any restrictions including customs and import taxes between the two sides, subject to each side's legislation.
2. a. The Palestinian side has the right to employ various methods in encouraging and promoting the development of the Palestinian industry by way of providing grants, loans, research and development assistance and direct-tax benefits. The Palestinian side has also the right to employ other methods of encouraging industry resorted to in Israel.  
  
b. Both sides will exchange information about the methods employed by them in the encouragement of their respective industries.  
  
c. Indirect tax rebates or benefits and other subsidies to sales shall not be allowed in trade between the two sides.
3. Each side will do its best to avoid damage to the industry of the other side and will take into consideration the concerns of the other side in its industrial policy.
4. Both sides will cooperate in the prevention of deceptive practices, trade in goods which may endanger health, safety and the environment and in goods of expired validity.

5. Each side will take the necessary measures in the area under its jurisdiction to prevent damage which may be caused by its industry to the environment of the other side.

6. The Palestinians will have the right to export their industrial produce to external markets without restrictions, on the basis of certificates of origin issued by the Palestinian Authority.

7. The JEC will meet and review issues pertaining to this Article.

Article X

## **TOURISM**

1. The Palestinian Authority will establish a Palestinian Tourism Authority which will exercise, inter alia, the following powers in the Areas.

a. Regulating, licensing, classifying and supervising tourist services, sites and industries.

b. Promoting foreign and domestic tourism and developing the Palestinian tourist resources and sites.

c. Supervising the marketing, promotion and information activities related to foreign and domestic tourism .

2. Each side shall, under its respective jurisdiction, protect, guard and ensure the maintenance and good upkeep of historical, archaeological, cultural and religious sites and all other tourist sites, to fit their status as well as their purpose as a destination for visitors.

3. Each side will determine reasonable visiting hours and days for all tourist sites in order to facilitate visits at a wide variety of days and hours, taking into consideration religious and national holidays. Each side shall publicize such opening times. Meaningful changes in the opening times will take into consideration tourist programs already committed to.

4. Tourist buses or any other form of tourist transport authorized by either side, and operated by companies registered and licensed by it, will be allowed to enter and proceed on their tour within the area under the jurisdiction of the other side, provided that such buses or other vehicles conform with the EEC technical specifications [I. currently adopted.] All such vehicles will be clearly marked as tourist vehicles.

5. Each side will protect the environment and the ecology around the tourist sites under its jurisdiction. In view of the importance of beaches and maritime activities for tourism, each side will do its best efforts to ensure that development and construction on the Mediterranean coast, and especially at ports (such as Ashqelon or Gaza), will be planned and carried out in a manner that will not adversely affect the ecology, environment or the functions of the coastline and beaches of the other side.

6. Tourism companies and agencies licensed by either side shall enjoy equal access to tourism - related facilities and amenities in border points of exit and entry according to the regulations of the authority operating them.

7. a. Each side will license, according to its own rules and regulations, travel agents, tour companies, tour guides and other tourism businesses (hereinafter - tourism entities) within its jurisdiction.

b. Tourism entities authorized by either side, will be allowed to conduct tours that include the area under the jurisdiction of the other side, provided that their authorization as well as their operation will be in accordance with rules, professional requirements and standards agreed upon by both sides in the sub-committee mentioned in para 9.

Pending that agreement, existing tourism entities in the Areas which are currently allowed to conduct tours that include Israel, will be allowed to continue to do so, and Israeli authorized tourism entities will continue to be allowed to conduct tours that include the Areas.

In addition, any tourism entity of one side that the tourism authorities of the other side will certify as fulfilling all its rules, professional requirements and standards, will be allowed to conduct tours that include that other side.

8. Each side will make its own arrangement for compensation of tourists for bodily injury and property damages caused by political violence in the areas under its respective jurisdiction.

9. The JEC or a tourism sub-committee established by it shall meet upon the request of either side in order to discuss the implementation of the provisions of this Article and resolve problems that may arise. The sub-committee will also discuss and consider tourist issues of benefit to both sides, and will promote educational programs for tourism entities of both sides in order to further their professional standards and their ethics. Complaints of one side against the behaviour of tourism entities of the other side will be channelled through the committee.

Note: It is agreed that the final wording in the last sentence in para 4 will be adopted according to the final wording in the relevant provisions of the Agreement.

#### Article XI

#### INSURANCE ISSUES

1. The authorities, powers and responsibilities in the insurance sphere in the Areas, including inter alia the licensing of insurers, insurance agents and the supervision of their activities, will be transferred to the Palestinian Authority.

2. a. The Palestinian Authority will maintain a compulsory absolute liability system for road accident victims with a ceiling on the amount of compensation based upon the following principles:

(1) Absolute liability for death or bodily injury to road accident victims, it being immaterial whether or not there was fault on the part of the driver and whether or not there was fault or contributory fault on the part of others, each driver being responsible for persons travelling in his vehicle and for pedestrians hit by his vehicle.

(2) Compulsory insurance for all motor vehicles, covering death or bodily injury to all road accident victims, including drivers.

(3) No cause of action in tort for death or bodily injury resulting from road accidents.

(4) The maintenance of a statutory fund (hereinafter - the Fund) for compensation of road accident victims who are unable to claim compensation from an insurer for the following reasons: (i) the driver liable for compensation is unknown; (ii) the driver is not insured or his insurance does not cover the liability involved; or (iii) the insurer is unable to meet his liabilities.

b. Terms in this Article will have the same meaning as in the legislation prevailing at the date of signing of the Agreement concerning compulsory motor vehicle insurance and compensation of road accident victims.

c. Any change by either side in the rules and regulations regarding the implementation of the above mentioned principles will require prior notice to the other side. A change which might substantially affect the other side will require prior notice of at least three months.

3. a. Upon the signing of the Agreement the Palestinian Authority will establish a Fund for the Areas (hereinafter - the Palestinian Fund) for the purposes detailed in para 2(a)(4) above and for the purposes detailed below. The Palestinian Fund will assume the responsibilities of the statutory Road Accident Victims Compensation Fund in the West Bank and the Gaza Strip (hereinafter - the Existing Fund) regarding the Areas, according to the prevailing law at that time. Accordingly, the Existing Fund will cease to be responsible for any liability regarding accidents occurring in the Areas from the date of signing of the Agreement.

b. The Existing Fund will transfer to the Palestinian Fund, after the assumption of the above mentioned responsibilities by it, the premiums paid to the Existing Fund by the insurers for vehicles registered in the Areas, pro-rata to the unexpired period of each insurance policy.

4. a. Compulsory motor vehicle insurance policies issued by insurers licensed by either side will be valid in the territories of both sides. Accordingly, a vehicle registered in one side covered by such a policy will not be required to have an additional insurance coverage for travel in the areas under the other side's jurisdiction. These insurance policies will cover all the liabilities according to the legislation of the place of the accident.

b. In order to cover part of the liabilities which may incur due to road accidents in Israel by uninsured vehicles registered in the Palestinian Authority, the Palestinian Fund will transfer to the Israeli Fund, on a monthly basis, for each insured vehicle, an amount equal to 30% of the amount paid to the Israeli Fund by an insurer registered in Israel, for the sat-ne type of vehicle, for the same period of insurance (which will not be less than 90 days).

5. In cases where a victim of a road accident wishes to claim compensation from an insurer registered by the other side or from the Fund of the other side or in cases where a driver or an owner of a car is sued by a victim, by an insurer or by the Fund of the other side, he may nominate the Fund of his side as his proxy for this purpose. The Fund so nominated may address any relevant party from the other side directly or through the other sides' Fund.

6. In the case of a road accident in which neither the registration number of the vehicle nor the identity of the driver are known, the Fund of the side which has jurisdiction over the place of the accident will compensate the victim, according to its own legislation.

7. The Fund of each side will be responsible towards the victims of the other side for any liability of the insurers of its side regarding the compulsory insurance and will guarantee their liabilities.

8. Each side will guarantee its Fund's liabilities according to this Article.

9. The two sides will negotiate within three months from the date of the signing of the Agreement a cut-off agreement between the Existing Fund and the Palestinian Fund concerning accidents which occurred in the Areas prior to the date of the signing of the Agreement, whether claims have been reported or not. The cut-off agreement will not include compensation for Israeli victims involved in accidents which occurred in the Areas prior to the date of the signing of the Agreement.

10. a. The two sides will establish immediately upon the signing of the Agreement, a sub-committee of experts (hereinafter - the Sub-Committee) which will deal with issues regarding the implementation of this Article, including:

(1) Procedures concerning the handling of claims of victims of the one side from insurers or from the Fund of the other side;

(2) Procedures concerning the transfer of the amounts between the Funds of both sides as mentioned in para 4(b) above-,

(3) The details of the cut-off agreement between the Existing Fund and the Palestinian Fund, as set out in para 9 above;

(4) Any other relevant issue raised by either side.

b. The Sub-Committee will act as a continuous committee for issues regarding this Article.

c. The two sides will exchange, through the Sub-Committee, the relevant information regarding the implementation of this Article, including police reports, medical information, relevant statistics, premiums, etc.. The two sides will provide each other with any other assistance required in this regard.

11. Each side may require the re-examination of the arrangements set out in this Article a year after the date of the signing of the Agreement.

12. Insurers from both sides may apply for a license to the relevant authorities of the other side, according to the rules and regulations regarding foreign insurers in the latter side. The two sides agree not to discriminate against such applicants.

Done in Paris, this twenty ninth day of April, 1994

For the Government of Israel For the PLO Finance Minister Avraham Shohat Abu Ala (Ahmed Korei)