

ANNEX**CANADA-ISRAEL FREE TRADE AGREEMENT****AMENDMENTS TO CHAPTERS THREE AND FIVE****Article 3.5: Direct Shipment and Transshipment**

Paragraph 1 - Delete subparagraph (c) and replace with the following:

- (c) subject to Article 5.12(4) and except for a good listed in Chapter 50 through 63, the good is transhipped through the territory of a non-Party with which each Party has entered separately into a free trade agreement under Article XXIV of the GATT 1994 before this Agreement enters into force and:
  - (i) does not undergo further production other than minor processing in the territory of that non-Party, or
  - (ii) any processing that occurs in the territory of that non-Party with respect to that good does not increase the transaction value of the good by greater than ten per cent.

**Article 3.12: *De Minimis* Calculation and Application**

Paragraph 6 - Delete subparagraph (c) and replace with the following:

- (c) where not included under subparagraph (a) or (b), include freight, insurance, packing and all other costs incurred in transporting the material to the point of importation.

**Article 3.13: Definitions**

Add, after the definition for **adjusted to an F.O.B. basis**, the following definition:

**alteration** means a modification, other than a repair, that does not include an operation or process that either destroys the essential characteristics of a good or creates a new or commercially different good;

In the definition of **minor processing**, delete subparagraph (f) and replace with the following:

- (f) packaging or repackaging of the good for retail sale or relabelling of the good in one or more official languages of a Party, or