



Minister of Foreign Affairs

Ministre des Affaires étrangères

Ottawa, Canada K1A 0G2

The Honourable L'honorable

Bill Graham P.C., Q.C., M.P., c.p., c.r., député

His Excellency Shimon Peres
Minister of Foreign Affairs
Israel

APR 4 2002

Excellency:

I have the honour to confirm the understanding, as set forth in the Annex to this letter, reached by the delegations of Canada and Israel in the Working Group on Rules of Origin and Other Customs-Related Market Access Issues, established pursuant to Article 5.12 of the Canada-Israel Free Trade Agreement done at Toronto July 31, 1996 (hereinafter referred to as the "CIFTA"), to make amendments to Chapters Three and Five of the CIFTA. These amendments are liberalizing in nature and, *inter alia*, will enable implementation of Article 3.5(1)(c), which will allow most originating goods from either Canada or Israel to undergo some minor processing in the United States without losing their originating status while in transit to the other Party.

I confirm that this letter and its Annex, which is equally authentic in English and French and your letter in reply, shall constitute an agreement between our two governments. I further confirm that this agreement shall enter into force upon receipt of the second Diplomatic Note certifying the completion of the necessary internal legal procedures by each Party.

Sincerely,

Bill Graham

Enclosure

Canada