RESTRICTED

L/1727
21 February 1962

Limited Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

Original: English

ISRAELI ECONOMIC AND TRADE POLICY

Extract from the Announcement Made by the Minister of Finance, Mr. Levi Eshkol, on Economic Policy Adopted by the Government of Israel on 9 February 1962[1]

The Israel pound will be fixed, starting at midnight Friday (Israel time) at a uniform rate of £I3 per United States dollar. This rate will apply to the export of goods and services, to imports, and to capital transfers.

With the establishment of the new rate, the premium system for the export of goods and services, and subsidies for capital transfers, will be abolished. As a result there will no longer be any need for compounded calculations of added value for every export product, which entail a complicated and cumbersome procedure.

Most levies on imported goods will be abolished. The import of equipment, as well as, in part, of raw materials, will be entirely free of customs. Customs rates on other goods will also be considerably reduced.

Relying on the new exchange rate as a brake against excessive expansion of imports, we shall be able gradually to remove administrative restrictions on imports.

We shall also work for the simplification of procedure in matters of foreign trade, including the abolition of the need for import permits in regard to certain categories of goods.

We shall gradually lower the barriers of excessive protection of local produce against imports. In order to place the branches of industry and agriculture on a basis of cheap and efficient production, it is our intention to limit the ceiling of protective customs and to abolish quantitative restrictions on imports. Outside the sphere of protection, local goods will have to face competition with imported goods.

---

[1] Transmitted by the Israeli Government for information of the contracting parties.

./.

The Government will continue to assist by granting development loans on easy terms; it will also assist, by training of staffs and in other ways, in the establishment of new undertakings and the improvement of the efficiency of existing undertakings. However, we shall make sure that the aid will be given only to those undertakings which - after a not-too-long period of preparation and running-in - will be able to face competitive conditions in both foreign and local markets.

The Government will shortly establish the framework and the regulations for planning the development of the various branches of the economy over a period of four to five years. We will thus work for the development of the economy according to a long-range plan.