

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ISRAEL - INCREASE OF IMPORT SURCHARGE

In a letter dated 9 July 1974, the Permanent Mission of Israel has communicated the following information.

In the light of the present balance of payments situation and with a view to cutting down the severe inflationary trends in the economy and to finding new budgetary resources, the Government of Israel decided to implement a new emergency economic policy as from 2 July 1974, which includes the following measures: new direct and indirect taxes, a freeze in public expenditure, restrictions on construction, an increase in interest rates on development loans and a 10 per cent increase in the rate of the import surcharge (from 25 per cent to 35 per cent of the C.I.F. value of the goods imported).

The coverage of the surcharge remains as notified to the Contracting Parties of GATT on 17 December 1973 (L/3976).

The import surcharge will continue to be levied in a manner consistent with the provisions of Article I of GATT.

The process of liberalization of imports however will be accelerated as of 2 July 1974. A reduction of another 5 per cent in Customs Duty was carried out on certain products such as: medicaments, toys, ornamental articles, electrical appliances, bicycles, several food products and cosmetic articles.

A full list of reductions in Customs Duties in accordance with the liberalization scheme will be communicated to you in due course.

The increase in the import surcharge entered into force on 2 July 1974 and will remain in effect till 31 March 1975. Prior to this date, a decision will be taken concerning its phasing out in the light of the prevailing overall economic situation.

The Delegation of Israel is prepared to bring the matter for consideration in the B.O.P. Committee at its forthcoming consultation in accordance with the decision of the Council on 21 June 1974.

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