

RESTRICTED

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Limited Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ISRAEL - MEASURES TO SAFEGUARD THE BALANCE-OF-PAYMENTS POSITION

In a letter dated 12 November 1974, the Permanent Mission of Israel has communicated the following.

In pursuance of its emergency economic policy initiated at the end of 1973, and in order to halt the critical decline in foreign currency reserves, the Government of Israel decided to implement the following measures:

1. As of 10 November, the rate of exchange of the Israeli pound has been changed to £6 per US\$1, which is a devaluation of 43 per cent.
2. The rate of the temporary import surcharge has been reduced from 35 per cent to 15 per cent of the c.i.f. value of imported goods. The list of products subject to the surcharge now includes crude oil, wheat, edible oil and oilseeds, which were formerly exempted from the surcharge.
3. Imports of twenty-nine categories of essentially luxury goods, have been prohibited until 30 April 1975.
4. Custom duties have been raised by 10 per cent on a list of thirty-nine categories of essentially luxury goods, until 30 April 1975. Purchase tax also has been raised on most of these items.
5. Internal consumer subsidies on several basic commodities have been significantly reduced, resulting in price increases of 100 per cent on the average. These include: sugar, edible oils, bread, eggs, fuel, electricity, water, public transportation etc.
6. Other measures taken relate to direct and indirect taxation as well as to cuts in budgetary expenditures.

All said measures will be applied in a manner consistent with the provisions of Article I of GATT.

Further details will be communicated in due course.

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