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## ISRAEL

Statement by H.E. Mr Ehud Olmert  
Vice Prime Minister and Minister of Industry, Trade,  
Labour and Communications

On behalf of the Government of the State of Israel, I would like to begin by thanking the United States of Mexico for the hospitality it has extended to us all. I would also like to express our appreciation to the Director-General of the WTO; Dr. Supachai Panitchpakdi; the Chairman of the General Council, Ambassador Carlos Perez del Castillo and to WTO Secretariat, who have worked so hard to organize this meeting and who are facilitating a consensus on the Ministerial Declaration which is in front of us for discussion, here in Cancún.

This meeting, the Fifth Ministerial Conference of the World Trade Organization is being held at a time it which there is a hope that the world economy has started to recover from the slow-down in international markets that we have experienced in recent years. As a small country, with limited natural resources, Israel is highly dependent on foreign trade, as an engine for economic growth and development. For Israel, therefore, the expansion of international trade is a top priority.

Israel believes that a continuous liberalization of international trade, investments and world markets, could play a vital role in moving the world towards economic growth, stability and increase in welfare. Bearing this in mind we must not forget the emphasis we put on development when we last met in Qatar and agreed on the Doha Development Agenda (DDA). Therefore, we must aim at reaching results that will further integrate developing countries and especially the least-developed countries into the multilateral trading system. This will bring about the alleviation of poverty, the reduction in income disparities between, countries and the increase in welfare. We also believe that states of economic growth, peace and security, are mutually supportive.

As we negotiate under the framework of Doha Development Agenda, however, we must bear in mind and follow the core principles that led the WTO and the multilateral trading system to consistent and progressive liberalization throughout the years namely: a rule-based system; consensus-based decision-making mechanism; non-discrimination; transparency; progressive liberalization; and special and differential treatment for developing countries. It is only by respecting the above-mentioned principles that WTO Members will be in a position to make the necessary compromises and trade-offs that are so important for a successful conclusion of the Doha Round

In this regard, Israel welcomes the recent decision on the implementation of paragraph 6 of the Doha Declaration on the TRIPS and public health. This success is a clear sign of the commitment of the Members of the WTO to the development aspects of the DDA. This decision we hope will assist countries, in need, to obtain affordable medicines.

Israel is highly committed to the multilateral trading system, to its core principles, and to the Doha Development Agenda. As such, Israel has been one of the first WTO Member countries to submit its "initial offer" in the framework of the services negotiations. Indeed, Israel's offer in Services' trade reflects broad and far-reaching willingness to further liberalize its Services sector.

Israel is prepared to consider further improvements to its offer, depending on developments in the services, agriculture, market access for non-agricultural products negotiations and the balance resulting from the Doha Round as a whole.

It is rightly claimed that agriculture is a key sector in this Round of negotiations. Israel recognizes the long-term objective of establishing a market-oriented trading system through reform in order to prevent distortions in world agriculture markets. Israel would like to reiterate its commitment to this reform, while emphasizing the significance of the agriculture sector in today's life, economy, culture and as an instrument for regional development. Therefore, non-trade concerns, including rural development are an essential element of this sector and should be an integral part of any future agreement on agriculture. We believe that the model for further liberalization, that hopefully will be agreed upon soon, should provide the appropriate flexibility for sovereign governments to conduct liberalization in a way that takes into account national agricultural policy objectives. As we work towards further reform in agricultural markets, we should take account of the direct link between levels of support in the agriculture sector and possible improvements in market access.

Negotiations on the liberalization of non-agricultural goods have been a tradition in the WTO and its predecessor - the GATT. Although much progress has been achieved over the years, still, we believe that more needs to be done, particularly concerning the elimination of non-tariff barriers. Regarding further reduction in tariff-duty rates – while Israel sees the merits of a formula approach, we believe that a request-offer approach should also be adopted as a means to conduct negotiations for further reduction in tariff duties. The request-offer approach could satisfy the specific needs of developing countries and is a necessary tool for small economies with narrow export interests. As such this approach should be adopted as complementary to the formula approach.

Israel is of the view that each of the Singapore Issues should be dealt with on its own merit. In this regard Israel views investments and competition, and in particular transparency in government procurement and trade facilitation as important for the development and the multilateral trading system.

The dispute settlement mechanism is an essential component in the functioning of the WTO. While, in general, we are of the view that the dispute settlement mechanism has been functioning in an efficient manner, we recognize the desire to clarify certain rules. However, in recognizing the high sensitivity referred to the dispute settlement mechanism, we must examine possible amendments to the Dispute Settlement Understanding with the utmost care so as to avoid changes that may damage the inherited balance encompassed in the system. Retaining the inter-governmental character of the WTO is an important element that should guide our work on this subject.

Israel attaches great importance to the protection of the environment and sustainable development. In this context Israel is committed to the work on the examination of the inter-relationships between WTO rules and Multilateral Environmental Agreements. We also support the elimination of market access barriers to goods and services that directly aid and facilitate the preservation of the environment. We realize that the definition of "environmental goods and services" requires further examination and work.

Before concluding, on behalf of the Government of Israel, I would like to extend a warm welcome to the most recent acceding Members of this Organization since the last Ministerial Meeting - Macedonia and Armenia. We also welcome Nepal and Cambodia who have just completed the WTO accession process. May I take this opportunity to express Israel's support in the efforts made by countries who are now in the process of accession to the WTO, which entails the full adherence to WTO principles and the fulfillment of the requirements and obligations as set forth in the WTO Agreements.