

**GENERAL AGREEMENT
ON TRADE IN SERVICES**

GATS/SC/44
15 April 1994
(94-1042)

ISRAEL

Schedule of Specific Commitments

(This is authentic in English only)

ISRAEL - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>I. HORIZONTAL COMMITMENTS</p> <p>ALL SECTORS INCLUDED IN THIS SCHEDULE</p>	<p>3) Registration of corporate bodies. The Companies Ordinance (New Version) 5743-1983, requires that a public corporation must have on its board of directors at least two directors representing the public at large, who must be residents of Israel.</p> <p>The same enactment also requires a foreign company that maintains in Israel a place of business or an office for registration or transfer of shares to register as a foreign company and pay the requisite fees. The Partnership Ordinance (New Version), 5735-1975 provides that a foreign partnership, i.e. one formed outside Israel, may only carry on business in Israel if it is registered in the Israel register partnerships. In the case of a limited partnership, registration has to be sanctioned by the Minister of Justice who at his discretion may authorize or refuse registration.</p>		

ISRAEL (continued)

Modes of supply:	1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
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	<p>4) Presence of Natural Persons</p> <p>1. Unbound except that Israel shall permit, without requiring compliance with labour market tests, the temporary entry of service providers as intra-corporate transfers in the following categories:</p> <p>a) <u>Executives</u>: persons who primarily direct the management of the organization, establish its goals and generally have a wide decision making authority;</p> <p>b) <u>Managers</u>: persons who direct the organization or its department and are in a senior level position responsible for the service providing functions of the organization by supervising and controlling and having also authority to hire and fire personnel or recommend such and other personnel actions.</p>	<p>4) Unbound except for executives and managers referred to under Market Access.</p>		

ISRAEL (continued)

Modes of supply:		1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments		
II. SECTOR-SPECIFIC COMMITMENTS					
1. BUSINESS SERVICES					
A. Professional Services					
a) Legal services (CPC 861)	<p>1) None</p> <p>2) None</p> <p>3) Israeli resident or citizen</p> <p>4) Unbound except as indicated in the horizontal section.</p>	<p>1) None</p> <p>2) None</p> <p>3) Israeli resident or citizen</p> <p>4) Unbound except as indicated in the horizontal section.</p>			
b) Accounting (CPC 862)	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p>			
	<p>2. Unbound: Work permit will be issued in compliance with the labour market tests to those intra-corporate specialists, who possess knowledge at an advanced level of expertise or otherwise essential or proprietary to the organization's service, research equipment, techniques or management.</p>				

ISRAEL (continued)

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Sector or subsector	Limitations on market access				Limitations on national treatment	Additional commitments
d) Architectural services (CPC 8671)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
e) Engineering services (CPC 8672-8673)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
g) Urban planning (CPC 8674)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
8. <u>Computer and Related Services</u>						
a) Consultancy services related to the installation of hardware (CPC 841)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	

ISRAEL (continued)

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Sector or subsector:	Limitations on market access	Limitations on national treatment	Additional commitments		
b) Software implementation services (CPC 842)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.		
c), d) Data processing and data base services (CPC 843 excluding 84330)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.			
F. <u>Other Business Services</u>					
a) Advertising (CPC 871)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.		
b) Market research and public opinion (CPC 864)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.		

ISRAEL (continued)

Modes of supply:		1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or subsector	1)	2)	3)	4)	Additional commitments
	Limitations on market access				Limitations on national treatment
c) Management consulting (CPC 365-866)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
h) Services incidental to mining and oil-field	1) Unbound* 2) Unbound* 3) None 4) Unbound except as indicated in the horizontal section.	1) Unbound* 2) Unbound* 3) None 4) Unbound except as indicated in the horizontal section.	1) Unbound* 2) Unbound* 3) None 4) Unbound except as indicated in the horizontal section.	1) Unbound* 2) Unbound* 3) None 4) Unbound except as indicated in the horizontal section.	
k) Placements and supply services of personnel - domestic market only (CPC 872)	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section.	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section.	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section.	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section.	
m) Related scientific and technical consulting services (CPC 8675)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
p) Photographic services (CPC 875)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	

ISRAEL (continued)

Modes of supply:		1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments		
2. COMMUNICATION SERVICES					
A., Postal/Courier Services (CPC 75111-2 and 7512)	None	1) None			
B. Above 500g per addressed item	Unbound*	2) Unbound*			
	3) None	3) None			
	4) Unbound except as indicated in the horizontal section.	4) Unbound except as indicated in the horizontal section.			
C. <u>Telecommunications Services</u>					
a) Public telephone services - mobile telephone (CPC 75213)	1) None except for: Number of licences is subject to economic needs test.	1) None			
	2) Unbound*	2) Unbound*			
	3) None except for: Number of licences is subject to economic needs test and a local partner may be required.	3) None except for: Local partner may be required.			
	4) Unbound except as indicated in the horizontal section.	4) Unbound except as indicated in the horizontal section.			

ISRAEL (continued)

Modes of supply:	1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments	
Data and message transmission (CPC 7523)	1) None except for: Must be transmitted via the infrastructure of a local licensee. 2) Unbound* 3) None except for: Must be transmitted via the infrastructure of a local licensee. 4) Unbound except as indicated in the horizontal section.	1) None except for: Must be transmitted via the infrastructure of a local licensee. 2) Unbound* 3) None except for: Must be transmitted via the infrastructure of a local licensee. 4) Unbound except as indicated in the horizontal section.		
D. <u>Audiovisual Services</u>				
a) Motion pictures and video-tape production (CPC 96111-2)	1) Unbound 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) Unbound 2) None 3) Israeli movies (25% Israeli investments) are entitled to a grant. 4) Unbound except as indicated in the horizontal section.		
Distribution of motion pictures and video-tape (CPC 96113)	1) Unbound 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) Unbound 2) None 3) None 4) Unbound except as indicated in the horizontal section.		

ISRAEL (continued)

Modes of supply:		1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments		
<p>6. ENVIRONMENTAL SERVICES</p> <p>Sewage and refuse disposal services (CPC 9401-9405) (Not including industrial activities)</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>Note: The common practice in this sector is to require a local representative.</p>			

ISRAEL (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES			
<p>General Note: Israel applies certain restrictions on the convertibility of its currency. Therefore, certain rules concerning the purchase of foreign currency from Sheqalim by either Israeli residents or foreign residents may appear in the following tables and notes as restricting foreign suppliers of financial services. The main intention of these restrictions is to protect the Israeli money and capital markets and not as it might seem, to discriminate against foreign suppliers of services as such.</p>			
<p>A. <u>All Insurance and Insurance-Related Services</u> Non-life insurance services</p>	<p>1) None (a) 2) Unbound* 3) None (b) 4) Unbound except as indicated in the horizontal section.</p>	<p>1) None (a) 2) Unbound* 3) None (c) 4) Unbound except as indicated in the horizontal section. (c)</p>	
<p>Notes: (a) Including Reinsurance. (b) The Ministry of Finance is responsible for the issuance of insurance licences. A foreign insurer must satisfy the Ministry that it is financially sound and must commit itself to keep certain prescribed sums of money in the country before it is accorded a licence. (c) Similar to notes (d) and (e) under banking sector below.</p>			

ISRAEL (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
	Limitations on market access	Limitations on national treatment	Additional commitments	
Life insurance	1) Unbound (a) 2) Unbound (b) 3) None 4) Unbound except as indicated in the horizontal section. (c)	1) Unbound (a) 2) Unbound (b) 3) None 4) Unbound except as indicated in the horizontal section. (c)		

Notes:

(a) Certain exchange controls are still operative in Israel. Therefore selling foreign life insurance policies in Israel cannot be permitted. However, buying the risk part of an insurance scheme is permitted.

(b) Certain exchange controls are still operative in Israel. Therefore Israeli residents are not permitted to purchase life insurance schemes - as distinct from the risk part - while physically being abroad.

(c) Similar to notes (d) and (e) under banking sector below.

ISRAEL (continued)

Modes of supply:		1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments		
B. <u>Banking and Other Financial Services</u> (excl. insurance)					
Banking	<ol style="list-style-type: none"> 1) Unbound (a) 2) Unbound (b) 3) None (c) 4) Unbound except as indicated in the horizontal section. (d) 	<ol style="list-style-type: none"> 1) Unbound (a) 2) Unbound (b) 3) None 4) Unbound except as indicated in the horizontal section. (e) 			
<p><u>Notes:</u></p> <p>(a) Certain Exchange controls are still operative in Israel. Therefore, various direct banking services from abroad may not be available to Israeli residents.</p> <p>(b) Certain exchange controls are still operative in Israel. Therefore Israeli residents are not permitted to purchase certain banking services while physically present abroad.</p> <p>(c) Israel regards foreign banking presence within its borders favourably. Therefore, there are no restrictions on the establishment of locally incorporated banking firms, or the acquisition thereof, by foreign residents. However, the prudential requirements laid down by the Supervisor of Banks regarding the ownership and management of Israeli banks must be adhered to. Distributed profits may be repatriated without restrictions. There are no restrictions on the opening of Israeli branches of foreign banks as long as they satisfy the prudential requirements laid down by the Supervisor of Banks. Exchange control regulations set certain rules for the repatriation of profits from the investment in an Israeli branch of a foreign firm and of the principal thereof. These apply to branches of banking firms too.</p> <p>(d) The general rules regarding employment of foreign residents in any industrial branch in Israel apply to employment of foreign residents in banking, too - see part one. Foreign residents can serve on companies' boards of directors.</p> <p>(e) There are no set restrictions regarding the nationality of foreign banks employees.</p>					

ISRAEL (continued)

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Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Traded Securities (Capital Market Services)	1) None (a) 2) Unbound (b) 3) None (c) 4) Unbound except as indicated in the horizontal section. (d)	1) None (a) 2) Unbound (b) 3) None (c) 4) Unbound except as indicated in the horizontal section. (d)	

Notes:

(a) Israeli mutual funds are permitted to purchase foreign securities trade in the main capital markets. Individual Israeli residents are permitted to do the same according to a recent legislation (the details for the implementation are currently being worked out). Securities purchased must be kept in a safe keeping deposit with an Israeli bank. There are however no restrictions as to who is the foreign broker or fund manager from whom the securities are purchased. Israeli firms are allowed to raise funds (loans, bonds and stocks) on foreign capital markets without restrictions (however, the proceeds must be transferred to Israel).

(b) Certain exchange controls are still operative in Israel. Physical presence abroad does not in itself affect the rights to buy or sell foreign securities that an Israeli individual resident may have.

(c) Currently there are no rules to prescribe the requirements for a commercial presence of a foreign security broker in Israel. Nonetheless, a security broker office in Israel operating in foreign securities on behalf of Israeli residents requires an authorization from the Controller of Foreign Exchange.

(d) Similar to notes (d) and (e) under banking sector above.

ISRAEL (continued)

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Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments		
9. TOURISM AND TRAVEL-RELATED SERVICES					
A. <u>Hotel Services</u> (CPC 641)	<ol style="list-style-type: none"> 1) Unbound* 2) None 3) Ownership must be in hands of Israeli-registered company. 4) Unbound except as indicated in the horizontal section. 	<ol style="list-style-type: none"> 1) Unbound* 2) Tourists exempt from V.A.T. on services given by hotels and paid in foreign currency. 3) None 4) Unbound except as indicated in the horizontal section. 			
Food serving services (CPC 642-643)	<ol style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 	<ol style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 			
B. <u>Travel Agencies and Tour Operators</u> (CPC 7471)	<ol style="list-style-type: none"> 1) Unbound 2) None 3) Ownership must be in hands of Israeli-registered Company. Travel Agencies should employ at least one Israel-licensed Travel Expert. 4) Unbound except as indicated in the horizontal section. 	<ol style="list-style-type: none"> 1) Unbound 2) None 3) None 4) Unbound except as indicated in the horizontal section. 			

ISRAEL (continued)

Modes of supply:	1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments	
C. <u>Tourist Guides Services</u> (CPC 7472)	1) Not applicable 2) None 3) Israeli resident or citizen. 4) Unbound except as indicated in the horizontal section.	1) Not applicable 2) None 3) Israeli resident or citizen. 4) Unbound except as indicated in the horizontal section.		