

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/992
28 May 1959

Limited Distribution

CONTRACTING PARTIES
Fourteenth Session

PROVISIONAL ACCESSION OF ISRAEL

Report of the Working Party

1. The working party examined, in the light of the discussions at the meeting of the CONTRACTING PARTIES on 14 May 1959, the request submitted by the Government of Israel (L/968) to accede to the General Agreement under the provisions of Article XXXIII. The working party consulted with the representatives of Israel as to the holding of tariff negotiations between Israel and contracting parties, as a preliminary to accession, and examined the description of Israel's foreign trade and exchange régime contained in document L/968/Add.1. The representatives of Israel assisted the working party by providing information as to the basis for the negotiations and further details on Israel's commercial policy and economic system.
2. The representatives of Israel explained that, under the Israel tariff, duties are levied at present on less than 50 per cent of total imports by value, and that the Government of Israel intends to develop the use of the tariff as the principal instrument of commercial policy. In its examination of the Israel import licensing system, the working party took note of the statement by the Israel representatives that it is the intention of Government policy to widen the scope of liberalization gradually in keeping with improvements in the Israel balance of payments and that import licences will continue to be issued in general without discrimination between currency areas. There was some discussion of the system of import surcharges applied to commodities which have been liberalized. The Israel representatives indicated that efforts are being made to unify the system of customs tariffs and import surcharges and that it is hoped that the development of the economic system will make these surcharges, as well as the export premia, altogether unnecessary. The working party noted that imports of several important commodities, accounting for approximately 15 per cent of Israel's imports, are effected by State-trading. In its discussion of State-trading, the working party noted that, while these imports are effected generally on a competitive basis, a substantial proportion of them is obtained from surplus farm stocks abroad and from other commitments under bilateral agreements. The working party noted that it is the policy of the Government of Israel gradually to extend the multilateral character of its foreign trade.
3. The working party recommends that arrangements be made by the CONTRACTING PARTIES to meet Israel's request. It appears to the working party that the most convenient time to hold the tariff negotiations will be during the tariff conference commencing in 1960. However, since the Government of Israel is now prepared to accept the provisions of the General Agreement as a basis for its commercial relations with contracting parties and since a number of contracting

parties are also prepared to apply the provisions of the General Agreement to Israel without waiting for the completion of the negotiations, the working party recommends that Israel be invited without delay to participate in the work of the CONTRACTING PARTIES and that a declaration be opened for acceptance whereby commercial relations between Israel and those governments which accept the declaration will be based upon the General Agreement pending Israel's full accession. The draft decision and declaration, annexed to this report, are recommended for approval by the CONTRACTING PARTIES.

4. The Government of Israel is not in a position, prior to the negotiations, to establish a provisional schedule of bound rates of duty, as it may be necessary for reasons of economic and fiscal policy to modify some duties during the transition period. Israel is prepared, however, to undertake that the customs tariff at present in force shall provide the basis for the negotiations. The working party also examined the special surcharges which are levied on imports of many products and welcomed the statement by the representatives of Israel that these surcharges, at the rates now in force, will be treated as part of the customs tariff for purposes of the negotiations. Further, Israel is prepared to undertake that any lower rates of duty or surcharge that may be in force at the time of the opening of the negotiations will provide the basis for negotiation on the products concerned. Although some members of the working party would have preferred that Israel should at this time accept a binding of its customs tariff and surcharges, at least on items of special interest to contracting parties, the working party considers that the undertakings by Israel as to the basis for the negotiations provide an acceptable alternative.

5. In view of the fact that Israel will accede provisionally to the General Agreement (if the recommendations of the working party are approved) without a schedule of bound duties, contracting parties which accept the declaration should be relieved of all direct obligations towards Israel where modification or withdrawal of concessions in their schedules is concerned. Therefore, it has been necessary to provide, in paragraph 1 of the declaration, that Israel, while enjoying the full benefits of most-favoured-nation treatment under Article I, will not enjoy in its own right the concessions provided for under Article II and that Israel's trade interest in these concessions need not be taken into account in any action by contracting parties in suspending, modifying or withdrawing concessions under other articles of the Agreement, in particular under Articles XVIII, XIX, XXVII and XXVIII.

ANNEX

I. Participation of Israel in the Work of the
CONTRACTING PARTIES

DRAFT DECISION

Considering that the Government of Israel has made a request to the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade to accede to the General Agreement in accordance with the provisions of Article XXXIII and is ready to enter into tariff negotiations with contracting parties to that end;

Considering that a tariff conference is to be convened commencing in 1960 and that it will be more convenient to arrange for tariff negotiations between contracting parties and Israel to be held during that conference;

Noting that the Government of Israel undertakes that the tariff negotiations with contracting parties shall be based upon rates of duty no higher than those of the Israeli customs tariff at present in force, that the import surcharges, no higher than the rates at present in force, shall be treated as a part of the customs tariff for purposes of the negotiations, and that if any lower rates of duty or surcharge are in force at the time of the opening of the negotiations such lower rates shall provide the basis for negotiation on the products concerned;

Desiring that the Government of Israel shall meanwhile be associated with the discussions and deliberations of the CONTRACTING PARTIES;

Noting that a number of contracting parties intend that, pending the accession of Israel pursuant to Article XXXIII, commercial relations between them and Israel shall be based upon the provisions of the General Agreement, in accordance with the Declaration of / May 1959; and

Considering that the said Declaration requests the CONTRACTING PARTIES to perform certain functions comparable in nature to their functions under the General Agreement;

The CONTRACTING PARTIES

Decide:

1. to invite the Government of Israel to participate in sessions of the CONTRACTING PARTIES and of subsidiary bodies established by the CONTRACTING PARTIES;
2. to accept such functions as are necessary for the operation of the Declaration referred to in the preamble to this Decision; and
3. to make arrangements for tariff negotiations between contracting parties and Israel during the tariff conference commencing in 1960 on the basis of the undertaking of the Government of Israel referred to in the third paragraph of the preamble to this Decision.

This Decision shall take effect when approved by the CONTRACTING PARTIES by a vote concurred in by two-thirds of the contracting parties, and shall continue in effect until the accession of Israel following tariff negotiations with contracting parties or until 31 December 1961, whichever date is earlier, unless the CONTRACTING PARTIES agree to extend it to a later date.

II. Provisional Accession of Israel

DRAFT DECLARATION

The Government of Israel and other governments on behalf of which this Declaration has been accepted (which latter governments are hereinafter referred to as the "participating governments");

Considering that the Government of Israel on 26 March 1959 made a formal request to accede to the General Agreement on Tariffs and Trade (hereinafter referred to as the "General Agreement") in accordance with the provisions of Article XXXIII; and

Having regard to the desire of many contracting parties to conduct the tariff negotiations with Israel, which contracting parties consider should precede accession under Article XXXIII, during the tariff conference to be held in 1960 and 1961, arrangements for which are being made by the CONTRACTING PARTIES;

1. Declare that, pending the accession of Israel under the provisions of Article XXXIII, following the conclusion of tariff negotiations with contracting parties, the commercial relations between the participating governments and Israel shall be based upon the General Agreement as if the provisions of the model protocol of accession approved by the CONTRACTING PARTIES on 23 October 1951 (BISD, Vol. I, pages 111-115), were embodied in this Declaration, except that Israel shall not have any direct rights with respect to the concessions in the schedules to the General Agreement either under the provisions of Article II or under the provisions of any other Article of the General Agreement.
2. Request the CONTRACTING PARTIES to perform such functions as are necessary for the operation of this Declaration.
3. This Declaration shall be deposited with the Executive Secretary of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade.
4. The Executive Secretary of the CONTRACTING PARTIES to the General Agreement shall promptly furnish a certified copy of this Declaration, and a notification of each acceptance thereof, to each government to which this Declaration is open for acceptance.
5. When this Declaration has been approved by two-thirds of the contracting parties to the General Agreement, it shall be opened for acceptance, by signature or otherwise, by Israel, by contracting parties to the General Agreement, by Switzerland, and by any other government which accedes provisionally to the General Agreement.

6. This Declaration shall become effective between Israel and any participating government on the thirtieth day following the day upon which it shall have been accepted on behalf of Israel and of that government; it shall remain in force until the Government of Israel accedes to the General Agreement under the provisions of Article XXVIII or until 31 December 1961, whichever date is earlier, unless it has been agreed by Israel and participating governments to extend its validity to a later date.

Done at Geneva this day of May one thousand nine hundred and fifty nine, in a single copy in the English and French languages, both texts authentic.