

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## ISRAEL - IMPORT RESTRICTIONS FOR BALANCE-OF-PAYMENTS PURPOSES

The following communication, dated 5 October 1984, has been received from the Permanent Mission of Israel.

With reference to paragraph 3 of the Declaration on Trade Measures taken for Balance-of-Payments purposes, adopted on November 28th, 1979, I have the honour to transmit to you the following statement :

"The Government of Israel has decided to introduce temporary balance-of-payments measures in force as of October 3rd, 1984. These measures are implemented under the Import and Export Ordinance 1979 (new version).

The measures are designed to restrict imports of items which amounted to about 673 million US dollars worth of imports in 1983.

Imports of goods subject to the measures will not be authorized for the duration of six months, unless one of the following conditions is met :

- a. The goods are already under customs authority.
- b. The bills of landing according to which the goods were loaded were issued before October 3rd, 1984.
- c. A valid irrevocable letter of credit was opened before October 3rd, 1984 for the goods in question.
- d. The goods are imported in accordance with the General Import Permit, 1970, except for motor vehicles as specified in article 5(a) of the permit.
- e. The importer paid the whole value of exchange required for the goods before the October 3rd, 1984.
- f. The imported goods are used as inputs to the local industries, as approved by the Competent Authority.

Goods imported under conditions specified above will be subject to a special 25 per cent import deposit to be reimbursed after a one year period.

In exceptional cases the Minister of Industry and Trade may approve imports of goods under specified conditions following recommendation of a committee specially established for this purpose.

The measures are aimed at narrowing the gap in the current account, thus avoiding the depletion of foreign currency reserves.

These steps are taken in the view of the continuing deterioration in Israel's balance-of-payments and of the sharp increase in imports of luxury goods during the last months.

The deficit in the current account amounted to 1.9 billion US dollars in the first eight months of 1984, and was accompanied by a sharp decline in the foreign currency reserves over the last few months.

As a rule, the measures were not designed to protect local industries, as most of the goods affected are of a luxury type not manufactured or only marginally manufactured in Israel. Goods which are manufactured in Israel will be subject to internal price control so as to avoid creating a special advantage for those local industries.

The measures are part of an overall economic program of the Government which is designed to improve the economic situation of the country, characterized by growing inflationary pressures, large current account deficit and a decline in the country's foreign currency reserves.

This comprehensive program is being carried out in stages, including budgetary cuts of 1 billion dollars, a cut of subsidies for basic consumer commodities and certain complementary monetary and fiscal measures.

It is expected that such measures will contribute to improving the general economic situation and to restoring the equilibrium of the economy of Israel."

A full list of items affected by these measures will be provided to the Committee on Balance-of-Payments Restrictions.