

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SCM/67

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Special Distribution

Committee on Subsidies and
Countervailing Measures

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DECLARATION BY ISRAEL

The following declaration, made in pursuance of Article 14:5 of the Agreement, has been received by the Chairman from the Permanent Mission of Israel.

Pursuant to Article 14:5 of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the GATT (the Subsidies Code), the Government of Israel, on acceding to the Subsidies Code commits itself as follows:

1. With regard to exports of products other than certain primary products (see note 1), Israel will not institute any new export subsidy programmes, and will not increase the level of subsidization (see note 2) in the following major programmes for encouraging such exports above their level as existed on 11 July 1984:

- programmes for financing exports or processing for exports:

- (a) export shipment fund
- (b) export production fund
- (c) imports for export fund
- (d) medium term capital goods export credits.

2. Moreover, Israel will eliminate the subsidy elements in these programmes with regard to export of products other than certain primary products (see note 1) as follows:

- with regard to the export shipment fund and the foreign currency portion of the export production fund, the Government of Israel will continue its current practice of providing no export subsidy elements.
- with regard to local currency financing under the export production fund Israel will freeze the export subsidy element for four years from the date of accession to the Subsidies Code at the level as of 11 July 1984, and will eliminate the export subsidy element by six years from the date of accession to the Subsidies Code.

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- with regard to the imports for export fund, Israel will freeze the export subsidy element for one year from the date of accession to the Subsidies Code, at the level of 11 July 1984 and will eliminate the export subsidy element by two years from the date of accession to the Subsidies Code.
- with regard to the medium term capital goods export credits or any other officially-sanctioned export financing with a maturity of two years or more, Israel will apply the interest rates provisions of the Arrangement on Guidelines for Officially Supported Export Credits of the Organization for Economic Cooperation and Development for any loans granted on and after the effective date of accession to the Subsidies Code.

3. In light of the above, the Government of Israel understands that it will not be subjected to the review procedures provides in paragraph 8 of Article 14 of the Subsidies Code for the period of its commitment.

4. Whenever special circumstances so require, including balance of payments circumstances, Israel will consult with other parties concerning its commitment.

Note 1: "Certain primary products" shall be defined in accordance with footnote 29 to Article 9 of the Subsidies Code.

Note 2: "Level of Subsidization" shall be defined, for the purposes of this commitment, as the percentage point spread between the lending rates for each programme and the rates which the Government of Israel (or special institutions controlled by and/or acting under the authority of the Government of Israel) actually has to pay for the funds so employed (or, if applicable, would have to pay if it borrowed on international capital markets in order to obtain funds of the same maturity and denominated in the same currency as the programme funds.)