

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/5808/Add.1

17 September 1985

Limited Distribution

MULTILATERAL TRADE NEGOTIATIONS

Status of Acceptances of Protocols, Agreements and Arrangements

(as of 16 September 1985)

Further to the acceptances stated in document L/5808, the following legal instrument has been accepted on the date specified:

E. Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade

- Israel

19 August 1985

The acceptance was accompanied by the following declaration:

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:

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

- programs 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

Moreover, Israel will eliminate the subsidy elements in these programs with regard to exports 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 subsidies code at the level as of July 11, 1984, and will eliminate the export subsidy element by six years from the date of accession to the subsidies code.

- 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 July 11, 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 provided 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 program 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 program funds.)