

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee

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Meeting at Ministerial Level
Montreal (Canada), December 1988

ISRAEL

Statement by Mr. Arid Sharon, Minister of Industry and Trade,
read by Mr. Zohar Peri, Deputy Director, Foreign Trade Administration,
Ministry of Industry and Trade

I, too, would like to extend my sincere congratulations on your having assumed chairmanship of this ministerial level meeting of the Trade Negotiations Committee.

I would also like to thank the Government of Canada for its hospitality and for the excellent arrangements made for this meeting.

We are gathered here to conduct a mid-term review of the progress made in the Uruguay Round negotiations. One can only be impressed by the work done so far by the negotiators in Geneva representing the different interests of large and small, developed and developing countries.

We commend the negotiators for their efforts and for the impressive progress achieved in several areas of the negotiations but we also call for greater efforts to be made in the remaining two years, until the completion of the Uruguay Round in 1990.

We consider this meeting especially important now, as free trade is being increasingly threatened by the protectionist pressures prevailing in every economy. The Uruguay Round offers us a real chance to curtail these threats.

It is extremely important that progress, in all areas of negotiation, be balanced and address the interests of all participants. Attention must be paid to the constraints of small and developing countries which require appropriate arrangements both in the procedures for negotiations and in the substance of the issues negotiated. One cannot anticipate a successful conclusion of the Uruguay Round without its containing positive results in all areas of the negotiations and, in particular, those of interest to the small and developing nations for which the reliance on the multinational system, as provided for by the GATT, is vital.

In spite of its balance-of-payments problems, Israel has proven its ability to set an example with a far-reaching liberal trade policy.

Israel's dependence on foreign trade compels us to strive for new avenues. Today about two thirds of Israel's trade is governed by the provisions of free-trade area agreements concluded with the European Economic Community and the United States. These agreements are part of a trade liberalization process maintained by Israel since the seventies.

We invite other countries, developed and developing, which represent the remaining third of our trade volume, to look for mutually agreed upon solutions to specific trade problems.

Israel supports the notion that liberalization measures being introduced since September 1986 receive recognition in the context of the Uruguay Round. Bearing this in mind, Israel intends to negotiate far-reaching reductions and eliminations of duties which should be considered as part of our contribution to these negotiations.

Indeed, Israel has benefited in the past from co-operation schemes set up for developing countries. Furthermore, we believe that the Protocol relating to Trade Negotiations among Developing Countries also offers an appropriate framework for trade liberalization. More tariff concessions should be exchanged within this arrangement.

Israel intends to renew its efforts in this respect and to offer, shortly, new concessions within the framework of the Protocol on Trade Negotiations among Developing Countries. These new concessions should also be credited as part of Israel's contribution to the Round.

The reliability of the multilateral discipline is closely linked to the issue of dispute settlement. The numerous trade disputes brought to the GATT over the last two years have proven the importance of this mechanism as the "guardian" of the system.

However, experience has shown that further moves are essential: developing and smaller countries have to be convinced that the dispute settlement mechanism is also effective for them. Consequently, the rules, procedures and findings, should be of a more binding nature.

This mechanism should not be used as a palliative for negotiations. In this regard, Israel supports the adoption of the improved procedures and rules which will be applied on a trial basis by 1 January 1989 as recommended.

Another issue of great importance for ensuring the stability of the trading system is the better functioning of the GATT system (FOG). We note with satisfaction the progress made in the group discussing the improvements in the functioning of the system. We support the idea that Trade Ministers should meet regularly every two years in full presence.

Experience has shown that the results of the efforts made in trade liberalization are meaningless if there is no stability in exchange rates or if the large debt problems, in particular of developing countries, are not solved. Sharp fluctuations and financial problems are critical for the small and developing trading countries. Therefore, we believe that these negotiations should seek for a better institutional relationship between the GATT and other international institutions responsible for monetary and financial matters.

An issue to which a comprehensive and effective solution must be found is the issue of safeguards. An understanding of this issue is of vital importance for providing predictability and security to the conditions of access.

However, any agreement reached on these issues must take into account all GATT principles, including those governing free-trade area agreements.

We feel that in order to avoid unnecessary and unjust injury to existing flows of trade, safeguard actions should only be taken against those imports which create difficulties and only for the minimum necessary period. We are confident that these principles will facilitate applying new trade liberalization measures. We call on all participants to make another effort to find an acceptable solution to this long standing issue.

Trade in textiles and clothing is of great importance to Israel. In these last years, a tremendous effort of structural adjustment has evolved. These achievements would be of little value in a closed international textile market.

This sector should be ultimately incorporated in the GATT system. This process should start by freezing further restrictions under the MFA.

In order to generate momentum in negotiating agreements on trade in services, we believe that we should initially agree on a number of universally accepted principles such as: non-discrimination, national treatment and transparency. The agreement should also include provisions for exceptions and safeguards of special situations, in particular, balance-of-payments difficulties. The negotiations should reach an agreement upon a list of sectors in which rapid progress of liberalization may be reached.

We are looking forward to the initiation of the process which will facilitate exchanging lists of sectors and types of transactions relevant to these negotiations.

Israel attaches great importance to the negotiations on agricultural products. Israel's agricultural trade maintains a balance between imports of cereals, sugar and beef and exports of fresh and processed horticultural products. We have achieved this balance in a country which thirty years ago was heavily dependent on food imports.

We remain aware of the special need of developing countries to be able to compete in a world of liberal agricultural trade policies. Short-term solutions must be found for certain sectors. Long-term reforms must allow for freer trade in all agricultural products including processed horticultural products.

Special attention must be given to the trade problems caused by sanitary and phytosanitary national regulations. These measures must be harmonized according to recognized international standards. No real overall solution to the trade in agriculture can be completed without appropriate solutions to these problems.

Israel has followed, so far, with great interest the negotiations on tropical products. Some of these items are also of major interest to Israel. Positive moves in this important sector represent a recognition of the special needs of the developing countries.

While welcoming improved protection of intellectual property, Israel insists that measures and procedures to enforce intellectual property rights should not themselves become barriers to legitimate trade. It is important that any agreement in this field be based on the basic principles of the GATT. It must ensure that national trade policies will be in compliance with the undertakings under the Agreement. It should provide for an effective dispute settlement to solve problems and to avoid trade frictions in this field. However, we believe that the results of the negotiations in GATT should not duplicate initiatives and substantial work done in other specialized international organizations, but rather complement them. Only under limited and specific circumstances the GATT should go into the examination of trade relevant substantive standards and norms of intellectual property rights.

I am convinced that the negotiating process, based on progress in all fields, promises real benefits to all participants and will reward their tremendous effort with a resounding success.