

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED
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Group of Negotiations on Services

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COMMUNICATION FROM ISRAEL

**Draft Schedule of Israel concerning
Initial Commitments on Trade in Services**

The following communication is circulated at the request of Israel to members of the Group of Negotiations on Services.

Israel submits hereby its Draft Schedule on initial commitments concerning trade in services. The Draft Schedule updates the offer contained in MTN.GNS/W/154 of 17 June 1992, and replaces it.

The Draft Schedule is conditional upon the outcome of the Uruguay Round, especially of the negotiations on the GATS. Israel reserves its right to modify or withdraw its Draft Schedule depending on the quality of the final text of the services framework agreement, especially with respect to MFN and its coverage of all services sectors. Israel further reserves its right to make technical changes to its Draft Schedule and to correct omissions and inaccuracies.

The access granted in this Draft Schedule will be subject to the applicable Israeli laws and regulations.

The Draft Schedule is based on the draft final text of the GATS (together with its Annexes) of 20 December 1991 (MTN.TNC/W/FA), taking into account its recent technical update resulting from the work of the legal drafting group.

The Israeli Draft Schedule consists of two parts, the first states horizontal conditions relating to all sectors or all modes of delivery where applicable. The second part contains specific commitments for sub-sectors. It is based on the Services Classification List as established by the Secretariat in document MTN.GNS/W/120 (10 July 1991), and have references to the UN Central Product Classification (CPC).

For the purpose of clarity the following should be noted:

- (a) Based on Article VI of the GATS draft no indication of indiscriminatory qualification requirements, licensing, etc. is made in the offer.
- (b) In relating to modes of delivery the offer is based on the definitions in Article XXXIV and on the Annex on movement of natural persons.
- (c) The indication of "None" on a particular mode of delivery in Part II (Specific Commitments) means that no other conditions apply than the ones mentioned in Part I (Horizontal Provisions). The term "Not Applicable" is used in referring to those cases

where the delivery of a service in a particular mode seems to be impossible or not practical.

Part One: Horizontal Conditions and Limitations Applicable to all Sectors

Movement of natural persons

1. Israel shall permit, without requiring compliance with labour market tests, the temporary entry of service providers as intra-corporate transfers to the following categories:

- (a) Executives - persons who primarily direct the management of the organization, establish its goals and generally have a wide decision-making authority.
- (b) Managers - persons who direct the organization or its department and are in a senior level position responsible for the service providing functions of the organization by supervising and controlling and having also authority to hire and fire personnel or recommend such and other personnel actions.

2. Work permits will be issued in compliance with the labour market tests to those intracorporate specialists, who possess knowledge at an advanced level of expertise or otherwise essential or proprietal to the organizations service, research equipment, techniques or management.

Registration of corporate bodies

The Companies Ordinance (New Version) 5743-1983, requires that a public corporation must have on its board of directors at least two directors representing the public at large, who must be residents of Israel.

The same enactment also requires a foreign company that maintains in Israel a place of business or an office for registration or transfer of shares to register as a foreign company and pay the requisite fees.

The Partnership Ordinance (New Version), 5735-1975 provides that a foreign partnership, i.e. one formed outside Israel, may only carry on business in Israel if it is registered in the Israel register partnerships. In the case of a limited partnership, registration has to be sanctioned by the Minister of Justice who at his discretion may authorize or refuse registration.

PART TWO: SPECIFIC COMMITMENTS

1 = Cross-border supply
 2 = Consumption abroad
 3 = Commercial Presence
 4 = Presence of natural persons

Sector/Subsector	Limitations and Conditions on Market Access	Conditions and Qualifications on National Treatment
PROFESSIONAL SERVICES		
Legal services CPC 861	1. None 2. None 3. None 4. Subject to "all sectors" limitations	1. None 2. None 3. Israeli resident or citizen 4. None
Accounting CPC 862	1. None 2. None 3. None 4. Subject to "all sectors" limitations	1. None 2. None 3. None 4. None
Architectural Services CPC 8671	1. None 2. None 3. None 4. Subject to "all sectors" limitations	1. None 2. None 3. None 4. None
Engineering Services CPC 8672-8673	1. None 2. None 3. None 4. Subject to "all sectors" limitations	1. None 2. None 3. None 4. None

Urban planning
CPC 8674

1. None
2. None
3. None
4. Subject to "all sectors" limitations

COMPUTER AND RELATED SERVICES

**Consultancy related to
the install. of hardware**
CPC 841

1. None
2. None
3. None
4. Subject to "all sectors" limitations

**Software implementation
Services**
CPC 842

1. None
2. None
3. None
4. Subject to "all sectors" limitations

**Data processing and
data base services**
CPC 843 excluding
84330

1. None
2. None
3. None
4. Subject to "all sectors" limitations

OTHER BUSINESS SERVICES

Advertising
CPC 871

1. None
2. None
3. None
4. Subject to "all sectors" limitations

Market research and public opinion CPC 864	1. None 2. None 3. None 4. Subject to "all sectors" limitations	1. None 2. None 3. None 4. None
Management consulting CPC 865-866	1. None 2. None 3. None 4. Subject to "all sectors" limitations	1. None 2. None 3. None 4. None
Services incidental to mining and oil-field - domestic market only CPC 872	1. Not applicable 2. Not applicable 3. None 4. Subject to "all sectors" limitations	1. Not applicable 2. Not applicable 3. None 4. None
Placement and supply services of personnel - domestic market only CPC 872	1. Unbound 2. Unbound 3. None 4. Subject to "all sectors" limitations	1. Unbound 2. Unbound 3. None 4. None
Photographic services CPC 875	1. None 2. None 3. None 4. Subject to "all sectors" limitations	1. None 2. None 3. None 4. None
Related scientific and technical consulting CPC 8675	1. None 2. None 3. None 4. Subject to "all sectors" limitations	1. None 2. None 3. None 4. None

TELECOMMUNICATION SERVICES

Postal/courier services – CPC 75111 – 2 and 7512 Above 500g per addressed item	1. None 2. Not applicable 3. None 4. Subject to "all sectors" limitations	1. None 2. Not applicable 3. None 4. None
Public telephone services – mobile telephone CPC 75213	1. None except for: Number of licenses is subject to economic need test 2. Not applicable 3. None except for: Number of licenses is subject to economic need test and a local partner may be required 4. Subject to "all sectors"	1. None 2. Not applicable 3. None except for: Local partner may be required 4. None
Data and message transmission CPC 7523	1. None except for: must be transmitted via the infrastructure of a local licensee 2. Not applicable 3. None except for: must be transmitted via the infrastructure of a local licensee 4. Subject to "all sectors" limitations	1. None except for: must be transmitted via the infrastructure of a local licensee 2. Not applicable 3. None except for: must be transmitted via the infrastructure of a local licensee 4. None

AUDIO-VISUAL SERVICES

Motion pictures and
video-tape production
CPC 96111-2

1. Unbound
2. None
3. None
4. Subject to "all sectors"
limitations

Note:
Israeli movies (25% Israeli
investment) are entitled to a grant.

Distribution of motion
pictures and video-tape:
CPC 96113

1. Unbound
2. None
3. None
4. Subject to "all sectors"
limitations

ENVIRONMENTAL SERVICES

Sewage and refuse
disposal services
CPC 9401-9405
(Not including industrial
activities)

1. None
2. None
3. None
4. Subject to "all sectors"
limitations

Note: The common practice in this
sector is to require a local
representative.

TOURISM AND TRAVEL SERVICES

Hotel Services
CPC 641

1. Not applicable
2. None
3. Ownership must be in hands of
 1. Israeli-registered company
 2. Subject to "all sectors"
4. Subject to "all sectors"
limitations

Food serving services
CPC 642-643

1. None (Import of products is
 1. subject to the relevant import regulations)
 2. None
 3. None
 4. Subject to "all sectors"
limitations

**Travel agencies and
Tour Operators**
CPC 7471

1. Unbound
2. None
3. Ownership must be in hands of
 1. Israeli-registered Company.
 2. Travel Agencies should employ at least one Israel-licensed Travel Expert
 3. None
 4. Subject to "all sectors"
limitations

**Tourist guides
services**
CPC 7472

1. Not applicable
 2. None
 3. None
 4. Subject to "all sectors"
limitations
1. Not applicable
 2. None
 3. Israeli resident or citizen
 4. None

BANKING AND OTHER FINANCIAL SERVICES

A GENERAL NOTE

Israel applies certain restrictions on the convertibility of its currency. Therefore, certain rules concerning the purchase of foreign currency from Sheqalim by either Israeli residents or foreign residents may appear in the following tables and notes as restricting foreign suppliers of financial services. The main intention of these restrictions is to protect the Israeli money and capital markets and not, as it might seem, to discriminate against foreign suppliers of services as such.

Sector/Subsector	Limitations and Conditions on Market Access	Conditions and Qualifications on National Treatment
BANKING	<ol style="list-style-type: none">1. Unbound (a)2. Unbound (b)3. None (c)4. Subject to "all sectors" limitations (e)	<ol style="list-style-type: none">1. Unbound (a)2. Unbound (b)3. None (d)4. None (f)

Notes:

- a) Certain Exchange controls are still operative in Israel. Therefore, various direct banking services from abroad may not be available to Israeli residents.
- b) Certain exchange controls are still operative in Israel. Therefore, Israeli residents are not permitted to purchase certain banking services while physically present abroad.

- c) Israel regards foreign banking presence within its borders favorably. Therefore, there are no restrictions on the establishment of locally incorporated banking firms, or the acquisition thereof, by foreign residents. However, the prudential requirements laid down by the Supervisor of Banks regarding the ownership and management of Israeli banks must be adhered to. Distributed profits may be repatriated without restrictions.

There are no restrictions on the opening of Israeli branches of foreign banks as long as they satisfy the prudential requirements laid down by the Supervisor of Banks. Exchange control regulations set certain rules for the repatriation of profits from the investment in an Israeli branch of a foreign firm and of the principal thereof. These apply to branches of banking firms too.

- d) Israel requires reciprocity vis-a-vis foreign countries in the commercial presence of foreign banks. Otherwise, national treatment is fully accorded to locally incorporated banks, and there are no discriminatory rules applying to the nationality of foreign banks that run local branches.
- e) The general rules regarding employment of foreign residents in any industrial branch in Israel apply to employment of foreign residents in banking, too - see part one. Foreign residents can serve on companies boards of directors.
- f) There are no set restrictions regarding the nationality of foreign banks employees.

Sector/Subsector	Limitations and Conditions on Market Access	Conditions and Qualifications on National Treatment
<u>TRADED SECURITIES (CAPITAL MARKET SERVICES)</u>	1. None (a) 2. Unbound (b) 3. None (c) 4. Subject to "all sectors" limitations (d)	1. None (a) 2. Unbound (b) 3. None (c) 4. None (d)

Notes:

- a) Israeli mutual funds are permitted to purchase foreign securities traded in the main capital markets.
Individual Israeli residents are permitted to do the same according to a recent legislation (the details for the implementation are currently being worked out). Securities purchased must be kept in a safe keeping deposit with an Israeli bank. There are however no restrictions as to who is the foreign broker or fund manager from whom the securities are purchased.
- b) Israeli firms are allowed to raise funds (loans, bonds and stocks) on foreign capital markets without restrictions (however, the proceeds must be transferred to Israel).
- c) Certain exchange controls are still operative in Israel. Physical presence abroad does not in itself affect the rights to buy or sell foreign securities that an Israeli individual resident may have.
- d) Similar to notes e and f under banking sector above.
- e) Currently there are no rules to prescribe the requirements for a commercial presence of a foreign security broker in Israel. Nonetheless, a security broker office in Israel operating in foreign securities on behalf of Israeli residents requires an authorization from the Controller of Foreign Exchange.
- f) Similar to notes e and f under banking sector above.

Sector/Subsector	Limitations and Conditions on Market Access	Conditions and Qualifications on National Treatment
<u>NON LIFE INSURANCE</u>		<ul style="list-style-type: none">1. None (a)2. Not applicable3. None (b)4. Subject to "all sectors" limitations (c)

Notes:

- a) Including Reinsurance
- b) The Ministry of Finance is responsible for the issuance of insurance licenses. A foreign insurer must satisfy the Ministry that it is financially sound and must commit itself to keep certain prescribed sums of money in the country before it is accorded a license.
- c) Similar to notes e and f under banking sector above.

LIFE INSURANCE

- 1. Unbound (a)
- 2. Unbound (b)
- 3. None
- 4. Subject to "all sectors"
 Limitations (c)
- 4. None (c)

- a) Certain exchange controls are still operative in Israel. Therefore selling foreign life insurance policies in Israel can not be permitted. However buying the risk part of an insurance scheme is permitted.
- b) Certain exchange controls are still operative in Israel. Therefore Israeli residents are not permitted to purchase life insurance schemes – as distinct from the risk part – while physically being abroad.
- c) Similar to notes e and f under banking sector above.