

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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ISRAEL

Statement by Micha Harish
Minister of Industry and Trade

First of all, I would like to extend my warmest thanks to His Majesty King Hassan II of Morocco for hosting the conference and for the warm welcome we have all been accorded in his beautiful country. The organization is superb and efficiently orchestrated and the extensive efforts invested to ensure that our stay is enjoyable and pleasant have been fully successful.

I would also like to express my appreciation for the excellent work and preparations made by the Secretariat and by the former Director-General Mr. Dunkel and the present Director-General Mr. Sutherland. In fact, if it were not for their valuable efforts, strength and determination I doubt if we would be here at all.

The Government of the State of Israel and the Ministry under my jurisdiction are committed to the GATT concept and share the belief of all present here that the GATT had been an essential tool for the regulation of international trade.

We are glad that the Uruguay Round had been successfully concluded after so many debates and negotiations. Common sense and long term vision overcame short term interests.

Israel is a small country and therefore it is greatly affected by the decisions reached in the sphere of international trade.

However, we are committed to liberalization of trade, we believe in a free-market policy and are implementing a policy that already affords improved imports access to our country and abolished administrative measures applied to imports.

Since the opening of the Uruguay Round at Punta del Este over seven years ago, many unforeseen but far reaching political and economic changes have taken place in our world.

On the whole, these changes had a favourable effect on Israel both politically and economically. As always, trade exchanges are the first to react to a change in attitude and thus, we are now developing trade relations with the Central and Eastern European countries, with the newly evolving republics in the former Soviet Union, with the major Asian countries and with African countries. Recently, within the framework of the peace process with our neighbours, we have begun to set up a new political and concomitantly economic reality in the Middle East. This will create a completely new business environment in the region.

By and large, the world has become more accessible and cooperative than ever before.

This week, on 14 April, we are celebrating our 46th birthday - Israel's Independence Day. Within the past 46 years, we in Israel have advanced from a centralized and agriculturally oriented economy to a growing export oriented economy based on technologically advanced industries. Seventy per cent of our exports are comprised of high-tech products and the result of R & D development.

Today the Israeli economy is more accessible than ever and the process has not ended yet. Israel transformed quantitative measures, taken for balance-of-payments purposes, into tariffs which will subsequently be reduced gradually in accordance to a predetermined timetable. These steps have brought Israel in line with the GATT recommendation in this matter. As a result of the Uruguay Round we are now acceding also to the Customs Valuation Code, the Import Licensing Agreement and the Agreement on Interpretation of Article of the GATT (Anti-Dumping Agreement). During the Round we have also become party to the Agreement on Technical Barriers to Trade.

Furthermore, the Israeli Parliament had passed in 1991 a law regarding trade levies.

Radical steps conducted by small-developing countries such as Israel are both difficult and painful. They can only be taken in a stable and transparent trading environment which offers equitable access for exports and takes into consideration the specific needs of small trading partners.

The successful conclusion of the Round put an end to a long period of uncertainty. New frameworks will be established, existing rules will be clarified and adjusted to suit the new developments in today's trade world.

Let us hope that this outcome will also contribute to small countries with a multi-market export oriented economy. At the present time, we do not feel that from our standpoint the package is fairly balanced.

With your permission, I would now like to sum up the implications of the Uruguay Round for Israel's economic activities and foreign trade policy:

The most controversial issue during the Round was the agricultural sector, a highly vulnerable and sensitive sector in many countries.

Israel is one of those countries where agriculture is not only an important economic sector but also a basic ideological and national issue, an instrument for regional development and the basis of statehood.

Although now, the price of basic commodities for our economy is expected to rise and our market will be more accessible as a result of the tariffication - during this Round Israel has demonstrated its support for liberalization and a free economy as far as it was feasible in this sector which is, of course, basically different from any other sector.

We still hope that we will be able to maintain the delicate balance with the exports of fruit and vegetables to the world market.

The very fact that the members have succeeded in reaching an agreement regarding reform in this sector is most important. The present understanding will serve as a basis for further agreements in the future.

An important agreement had been reached in the services sector - this agreement lays the ground for regulating this new sector which previously was outside any framework.

Clearly, the implementation of this agreement will be in the nature of an experiment and we shall have to see how it works out.

We expect that negotiations in sectors, that are not included in the package will continue. As stated in the Israeli proposal, we would be prepared to commit ourselves also in additional sectors which have yet to be agreed upon such as financial services and audio-visual. Of course, we believe that specific needs of various countries should also be taken into account for instance in cultural or transportation issues.

Negotiations in the Public Procurement sector were conducted concomitantly with the Round negotiations and from Israel's point of view represented an important part of the whole package.

Israel is one of the few developing countries that is a party to this agreement and submitted a most comprehensive proposal also including the telecommunications sector. However, during the actual negotiations process the telecommunications sector has been excluded from the agreement.

From Israel's standpoint, this new reality has upset the delicate balance and we are obliged to continue discussions during this week in order to enable us to reach a final decision on the issue.

In spite of this, I would like to urge nations that have not joined the agreement on government procurement to consider to do so and help to turn it into a meaningful step towards a worldwide liberal and free economy.

Regarding tariffs and in accordance with the proposal, we have reduced tariffs and reported on significant bindings to low levels of tariff rates covering approximately two thirds of the items in the Customs Tariffs Book.

I would like to point out that due to the economic boycott Israel does not always encounter reciprocal treatment, neither do we enjoy full and real access to several major markets. Competitive offers cannot always be translated into business opportunities. Israel appreciates those governments that denounce this phenomenon and have passed special legislation to prevent it. However, on behalf of those nations that are afflicted by these actions we urge for further meaningful and affirmative action in this regard.

We believe that the boycott is incompatible with the notion of free trade discussed here and to oppose it is the obligation of the whole world trading system and mainly of those parties which enjoy an extensive volume of trade with Israel.

Liberalization of trade means also freedom of trade.

In conclusion, I would like to reiterate our deep belief in the necessity of world wide trade discipline and therefore, in the need for an efficient, viable and strong World Trade Organization. The fact that during this Round, additional contracting parties have joined and observers have participated, and that there have been ongoing negotiations with other candidates, reinforces these beliefs.

The conclusion of the Uruguay Round is indeed a tremendous achievement with far reaching implications. However, all is not shut and closed. We each have our share to do in making the agreements work. Some of these agreements are just a foundation on which to build and elaborate.

In the name of the Israeli Government I wish the new World Trade Organization now coming into being - lots of success in overcoming its inception stages and in accomplishing its goals for the benefit of us all.