Statement by Mr. Moshe Bartur, Assistant Director General, Ministry of Foreign Affairs, in Plenary Session, 14 May 1959

We are grateful for this opportunity to address the CONTRACTING PARTIES and to enlarge at an early stage of the deliberations of this session on the reasons which caused my Government to apply for accession to the General Agreement on Tariffs and Trade. I would like to thank you, Mr. Chairman, on this occasion for the very friendly remarks you made in your opening address in regard to our application.

We have closely followed all these years the work of GATT which has played so significant a part in facilitating expansion of world trade through gradual and pragmatic realization of the principles embodied in the Havana Charter and in the Preamble to the General Agreement. There is no doubt in our minds that the task faced by the CONTRACTING PARTIES is still a very important as well as a formidable one. We would like to join in this effort and to contribute to it within the limits of a small state engaged in the enterprise of intensive economic development.

The main characteristic of Israel's economy in the first eleven years of her existence has been its exceptional economic growth. The driving forces of this expansion were threefold: large-scale immigration which almost tripled the population, a considerable inflow of capital, both public and private, and the effective employment in a short time of the resources of manpower and capital which thus became available.

This development has covered all branches of the economy: agricultural and industrial production has increased rapidly, the cultivated area has more than doubled and industrial output risen more than threefold. National income has trebled. The investments made during this period in agriculture, industry, transport, housing etc., total over $2 billion and justify the assumption that the expansion indicated here will continue at a similar rate in the coming years.

In order to evaluate these achievements properly, the special social, political and security conditions prevailing in Israel have to be noted. During its earliest days Israel had to establish and consolidate its very existence under condition of invasion and war. Heavy defence expenditure and the need to absorb mass immigration imposed great burdens on its resources, and this unproductive expenditure prevented Israel from devoting all the capital inflow to the expansion of production.
Despite the remarkable progress achieved, Israel is still in certain respects an under-developed country. It has only begun to exploit many of its natural resources. It is still in the process of industrialization. The foremost task still remains of broadening the basis of the economy in order to provide gainful employment for its growing population.

On the other hand, Israel does not suffer from a deficiency in the technical and intellectual aptitudes which are a necessary precondition for full and speedy utilization of the factors of production as they become available through immigration and capital imports. Its highly skilled working population — also, as it happens, of a favourable age composition — constitutes the mainspring of speedy economic growth and determines the highly dynamic character of the country's economy.

Thus, Israel is gradually becoming a modern industrial community, although it still has a long way to go. The rate of investment is now about 20 per cent of total national resources. This high rate of investment is a good indication of the speed of its economic evolution.

Like any other small country aiming at a high standard of living, Israel must seek a considerable and steady expansion of its foreign trade. The need to import raw materials and equipment further accentuates the tendency towards a steadily increasing volume of trade.

Imports of goods and services in 1957/58 amounted to about $570 million or approximately $300 per capita. About 85 per cent of imports consisted of investment goods and raw materials. Exports of goods and services more than trebled in these eleven years and amounted in 1957/58 to about $190 million or about $100 per capita.

Despite the steady expansion of exports, there remains a considerable gap in the balance of payments. This deficit is caused, apart from the investment programme, by heavy expenditure for housing and public and social services connected with the flow of immigrants. The gap is at present being filled by unrequited capital imports. However, in order to maintain the standard of living, and in view of her very limited natural resources, Israel must supplement and replace these unrequited capital imports to an ever-rising degree of export earning. All the more so if she is to keep up the prevailing pace of development.

It is in this light that we should see Israel's attempts to speed up industrialization, increase agricultural production by enlarging the irrigated area and modernizing methods of cultivation, and expand foreign trade. Thanks to her geographic position and to the world-wide affiliations of her population, Israel is well fitted to develop intensive foreign trade. Furthermore, as an important buyer of labour-intensive capital goods, Israel is certainly justified in asking for unhampered access on equal terms to her suppliers' markets. It should be kept in mind that large scale modern industries can be economically viable in a small country only if export markets are freely accessible and exports are not hampered by discrimination.
Realizing the vital importance of free and expanding world trade, Israel - in spite of the special conditions governing by necessity its economic policy - has adopted in recent years measures designed to liberalize and multilateralize its foreign trade gradually and is determined to continue in this direction in conformity with the principles of the GATT. I might mention here that Israel has consistently accorded most-favoured-nation treatment to all members of GATT and in a number of cases even unilaterally.

I have briefly referred to the important role foreign trade plays in our economy and stress the importance we attach to free access to foreign markets. As the volume of exports rises steadily and as they spread geographically, this basic requirement for a small country heavily engaged in world trade becomes an overriding consideration. We would like therefore to avail ourselves of the procedure for tariff negotiations of the GATT and will be glad to take part in such negotiations either on the initiative of any contracting party who might wish to negotiate with us or in the negotiation conference arranged by the organization.

My Government is deeply aware of the need for enhanced international co-operation based upon mutual concessions and understanding. It is in this spirit that we submit our application for accession to the GATT.