Mr. Chairman,

Allow me, first of all, to express our sincere thanks to the Government of Japan for the hospitality it has so kindly extended to us. We are confident that the cordial reception, the pleasant atmosphere, and the efficient arrangements made by our hosts, will contribute to the success of our work.

It gives us much satisfaction that it was possible to arrange this meeting in Asia, whose nations have to play an increasingly important role in international trade. And it is particularly fitting that we meet in this country, whose intensive reconstruction, carried out with so much determination and skill, we have watched with admiration. I would like to mention at this point our appreciation of the work of the Secretary-General and the very able and efficient secretariat.

We are at an important stage in the development of international trade. Partly as a result of the success and progress of increased regional economic integration, many new problems have arisen. There remains with us the urgent task of economic development of new nations and under-developed areas. Though in no way belittling the many achievements of GATT in the past, its future appears to be of even greater importance.

This is the first session of the CONTRACTING PARTIES since the provisional accession of Israel to the General Agreement, and the first ministerial meeting we have the honour to participate in.

Permit me, therefore, to present a brief outline of the main developments of my country's economy and foreign trade, as these might have some bearing on the general problems facing GATT, as well as its individual members.

In these last eleven years Israel has gone through a period of remarkable economic growth. Our gross national product has increased nearly fourfold. Agriculture and industrial production have shown a similar trend, and consistent advances have been recorded in almost all fields of economic activity.

This progress has been achieved under difficult conditions, in spite of the lack of regional co-operation and good neighbourly relations.

We have had to absorb immigration on a scale as yet unmatched by any other nation. Within a decade we have more than doubled our population.
The two main factors have contributed towards the achievements of economic growth: firstly, a consistently high rate of capital inflow and capital formation. Since the establishment of the State, gross capital investments have amounted to more than three billion dollars, coming from external as well as internal sources.

Secondly, Israel's expanding population has provided a reliable source for the administrative, managerial, scientific and technical skills necessary for the establishment of a modern economy.

Lacking raw materials, fuel and the capital equipment required for an intensive process of development, foreign trade plays a major role in our economy. Ten years ago more than one-third of the resources available to our economy had to be imported from abroad. Exports, in comparison, were at a low level. A regime of strict import controls and quantitative restrictions was thus unavoidable.

This year, despite continued increases in population, and expanded consumption, investments and exports, not more than 20 per cent of the total resources employed in the economy will be of foreign origin.

Yet this is only a beginning. Our current balance of trade still shows a large deficit. It is true that this deficit is caused to a large degree by intensive investment activity. Still, it is essential that we devote all our efforts to production for export and to the promotion of exports. Towards this end, relations with our many trading partners are expanding constantly. I would like to specially mention in this context the close relationship which has been established in the field of technical co-operation, joint ventures in water development, construction, agriculture, shipping and commerce with many Asian and African nations.

A system of import restrictions and quantitative controls, effective though it may be to safeguard exchange reserves, cannot answer the needs of an expanding economy. Nor can it ensure efficient and competitive production, which has to be directed to an ever-rising degree towards expansion of industrial exports.

Two years ago we took our first tentative steps towards the easing of administrative controls. In order to ensure a steady flow of raw materials for our industry, we introduced a system of limited liberalization on a non-discriminatory basis.

Our provisional accession to the General Agreement has given new impetus to our efforts towards further trade liberalization. Within the next few months we hope to extend the scope of our liberalization policy to a quarter of our imports. Where balance-of-payments considerations still prevent us from introducing liberalization, we shall have to rely more and more on the establishment of global quotas within the framework of multilateral rather than bilateral arrangements as before.

State trading has never played an important role in our import regime. Nevertheless, in accordance with the spirit of GATT, we intend to reduce government imports to the absolute minimum necessary, or to abolish them altogether.
What are the implications of these programmes for Israel and for the nations trading with Israel?

Firstly, we shall witness a further rise in the volume of foreign trade. Imports and exports of commodities in 1958 were valued at $560 million. By 1965, the volume should reach an amount of well over one billion dollars.

Secondly, Israel will continue to offer a growing market for the labour-intensive capital goods of the industrialized countries, as well as of the raw materials produced by the less-developed countries.

Thirdly, we are prepared to play our part in the general efforts towards the reduction of barriers to international trade, towards non-discrimination in foreign markets and sources of supply, and towards the freedom of transit and access to these markets and sources of supply.

Let me express on this occasion our view that the General Agreement should become as universal as possible and that it is certainly desirable to have all its provisions applicable to all members without undue recourse to articles providing for the exclusion of members from the benefits of certain rights.

During the last few months remarkable developments have taken place in Israel's most important trading area: Western Europe.

We are aware of the far-reaching implications for world trade arising from the move towards external convertibility made by the Western European countries at the end of last year. This move can pave the way towards a truly multilateral system of world trade.

Yet we are also aware that it cannot, of itself, solve the many problems connected with the maintenance of trade restrictions and customs barriers.

The move towards external convertibility in Western Europe coincided with the establishment of the European Economic Community and the beginning of customs differentiation between members and non-members of that Community. We are also witnessing the evolution of the European Free Trade Area of the Seven.

This is bound to affect the trade of countries who are not included within these regional arrangements. We have taken note of the many reassuring statements made by spokesmen for these European organizations, stressing time and again their intention to adopt a non-restrictive policy in their trade relations with the world trading community. We can only express our hope that these declarations of general policy will result in concrete and immediate solutions, either of a bilateral or a multilateral character, which will take into consideration the vital interests and requirements of the countries dependent upon the unhampere expansion of their foreign trade.

Not all cases may lend themselves to a set of standard solutions. Each country's special relationship towards the European trading area may require specific arrangements within the general framework of the GATT.
It is one of the great tasks of this organization to prevent the adoption of foreign trade policies by one nation or group of nations, which might work to the detriment of other nations. It is our conviction that the trading countries of the world will either suffer jointly or prosper together. We welcome the development of increased economic integration. We hope that the increased economic power and prosperity of the countries who are uniting or co-ordinating their national economies will be employed for the benefit of all.

Thank you, Mr. Chairman.