

STATE TRADING

Notification Pursuant to Article XVII:4(a) of the GATT and Paragraph 1
of the Understanding on the Interpretation of Article XVII

ISRAEL

Revision

The following communication, dated 18 September 1996, has been received from the Permanent Mission of Israel.

After further consideration of the criteria set out in the definition of state trading in the Understanding on the Interpretation of Article XVII, the Government of Israel wishes to revise the notification made in G/STR/N/1/ISR as follows:

<i>Table of Contents</i>	<u>Page</u>
1. Groundnuts	1
2. Ornamental plants	2
3. Fruits	3
4. Vegetables	4
5. Citrus fruits	4
6. Egg and poultry	5

1. **Ground nuts**

I. Enumeration of the State Trading Enterprise

Israel Groundnuts Production and Marketing Board

II. Reason and purpose

The Board was established by the Groundnuts Board Law of 1959. Its purposes are to facilitate the development, planning and production of groundnuts and to coordinate marketing activities in the branch.

III. Description of the functioning of the State Trading Enterprise

- By law the Board is the sole exporter of groundnuts from Israel. The Board does not act in import.
- The quantities to be exported and the export prices are determined by market demand and production capacity.
- The Board does not generally establish long-term export contracts.

IV. Statistical information

Year	Exports of Groundnuts		Domestic Production of Groundnuts
	Quantity (tons)	Value (US\$)	Quantity (tons)
1992/3	8,924	9,986,829	18,870
1993/4	10,796	12,607,222	20,200
1994/5	10,184	13,008,861	19,500

2. Ornamental plantsI. Enumeration of the State Trading Enterprise**Production and Marketing Board of Ornamental Plants**II. Reason and purpose

The Board was established by the Board of Ornamental Plants Law of 1976 as a non-profit corporation. Its purposes are supporting research and development in the ornamental branch, taking measures to reduce the production and marketing costs, and the coordination of export activities.

III. Description of the functioning of the State Trading Enterprise

- According to the law of 1976 the Board is the exclusive exporter of ornamental plants in Israel. The Board does not act in import.
- Some exporters that began their activity before 1976 ("past-traders") retain their export licence and compete with the Board. The Board carries out export on behalf of Israel's producers by contract with AGREXCO Ltd., a partially-government-owned company. Since 1992 private companies can export **Dried Flowers** and **Propagation Materials** to countries where the Board does not operate.
- Export prices and quantities are determined by market demand and production capacity. Most of the Board's exports are sold on European flower auction, the price being determined by the outcome of the auction.
- Exports within the framework of long-term contracts account for less than 1 per cent of the total ornamental plants export.

IV. Statistical information

Year	Exports by the Board		Total Exports		Domestic Production
	Quantity ('000 un.)	Value (US\$'000)	Quantity ('000 un.)	Value (US\$'000)	Quantity ('000 un.)
1992/3	954,253	122,338	1,004,477	128,777	1,104,925
1993/4	1,041,515	127,592	1,096,332	134,307	1,205,965
1994/5	1,045,874	138,454	1,100,920	145,741	1,211,012

3. Fruits

I. Enumeration of the State Trading Enterprise

Fruit Board of Israel

II. Reason and purpose

The Board was established by the Fruit Board Law of 1973 as a non-profit corporation. Its purposes are supporting research and development in the fruit branch, taking measures to reduce the production and marketing costs of fruit, and ensuring regular supplies of fruit at stable prices in the domestic consumer market.

III. Description of the functioning of the State Trading Enterprise

- By law the Board is exclusive exporter of non-citrus fruits from Israel. The Board does not act in import.
- Until the end of 1992 the Board's export was carried out only by contract with AGREXCO Ltd., a partially-government-owned company. On the 8 September 1992 this policy was abolished by Government Decision No. 130 and No. 131. The Board now establishes criteria for other export agencies and exports through several different firms.
- Export prices and quantities are determined by market demand and production capacity.
- Long-term contracts account for only a very small part of export contracts.

IV. Statistical information

Year	Exports by the Board		Domestic Production
	Quantity (tons)	Value (US\$'000)	Quantity (tons)
1993	49,681	73,255	405,840
1994	52,499	80,035	385,491
1995	69,835	91,065	435,009

4. Vegetables**I. Enumeration of the State Trading Enterprise****The Vegetable Production and Marketing Board****II. Reasons and purpose**

The Board was established by the Vegetable Board Law of 1959 as a non-profit corporation. Its purposes are to support research and development in the vegetable sector, establishing storage and packing centres, planning of vegetable production, and coordinating exports. The Board also carries out market stabilization activities in the local market.

III. Description of the functioning of the State Trading Enterprise

- By law the Board is exclusive exporter of vegetables from Israel. The Board does not act in import.
- Until the end of 1992 the Board's export was carried out only by contract with AGREXCO Ltd., a partially-government-owned company. On 8 September 1992 this policy was abolished by Government Decisions No. 130 and No. 131. The Board now establishes criteria for other export agencies, and exports through several different firms.
- Export prices and quantities are determined by market demand and production capacity.
- Long-term contracts account for only a very small part of export contracts.

IV. Statistical information

Year	Exports by the Board		Total Exports		Domestic Production
	Quantity (tons)	Value (US\$' 000)	Quantity (tons)	Value (US\$' 000)	Quantity (tons)
1992/3	96,504	68,905	96,504	68,905	1,420,000
1993/4	97,950	76,967	98,043	76,983	1,550,000
1994/5	90,938	73,251	99,900	82,855	1,720,000

5. Citrus fruits**I. Enumeration of the State Trading Enterprise****Citrus Marketing Board of Israel (CMBI)**

II. Reason and purpose

The Board was created by the "Temporary State Council Order" of 1948 (so-called "Citrus Fruits Order") in the form of two different offices: the Citrus Products Marketing Board and the Citrus Products Supervision Board. In 1984 both of them were combined by the "Citrus Fruits (Marketing and Supervision) Reform".

The purposes of CMBI are determining the citrus branch strategy, responsibility for the "Jaffa®" trademark, carrying out agrotechnical activities in the citrus field, particularly national pest control programmes, and supporting research and development in the field.

III. Description of the functioning of the State Trading Enterprise

- Until 1991 the Board had a fresh citrus fruit marketing monopoly. This monopoly was abolished by The Order of Minister of Agriculture of 31 January 1991. CMBI does not act in import.
- Private traders carry out all export of citrus fruit from Israel competing in world markets. CMBI does not export on its own. It does license the use of the "Jaffa®" trademark to private companies, if they meet the quality and financial requirements of "Jaffa®".
- Export prices and quantities of the private traders are determined by market demand and production capacity.

IV. Statistical information

Since the CMBI does not export or import on its own, there is no relevant statistical information.

6. Egg and Poultry

I. Enumeration of the State Trading Enterprise

Egg and Poultry Board

II. Reasons and purpose

The Board was established by the Egg and Poultry Board Law of 1963 as a non-profit corporation to encourage quality poultry breeding, to organize veterinary control in the poultry industry, and to encourage consumption of poultry meat.

III. Description of the functioning of the State Trading Enterprise

- By law, the Board has exclusive right to export egg and poultry products. It does not act in import.
- The Board maintains an open export policy and grants licences to private exporters without any limitations. The Board coordinates exports of **goose livers** and **breast of turkeys** through AGREXCO Ltd., a partially-government-owned company, but other private traders compete on these products.

IV. Statistical information

Since the Board does not export or import on its own, there is no relevant statistical information.