

WORLD TRADE ORGANIZATION

RESTRICTED

G/STR/Q1/ISR/10

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(97-3040)

**Working Party on
State Trading Enterprises**

Original: English

STATE TRADING

Replies to Questions Posed by AUSTRALIA and NEW ZEALAND¹ Concerning the Article XVII Notification of ISRAEL²

The following communication, dated 11 July 1997, has been received from the Permanent Mission of Israel.

AUSTRALIA

Question

We note that Israel's revised notification of state trading enterprises does not include the Israeli Cotton Production and Marketing Board and the Agricultural Export Company (AGREXCO). Both of these enterprises appear to fall within the WTO working definition of state trading enterprises with AGREXCO, in particular, having considerable market power. Does Israel plan to notify these organizations as state trading enterprises to the WTO and if not, why not?

Reply

The Israel Cotton Production & Marketing Board Ltd.

As already answered in September 1996, the Israel Cotton Production & Marketing Board Ltd. is a private company owned, operated and funded by the major cotton producers. There is no barrier to any other producer establishing its export company or exporting on its own. The Cotton Board received no benefits from the Government of Israel that are not otherwise available to private companies. The Government of Israel does not maintain any established support programme for cotton.

Agrexco Ltd.

As mentioned in September 1996, Agrexco operates as a commercial export service agent for the Vegetable Board, Fruit Board, Flower Board and other producers. Israel does not see any reason

¹G/STR/Q1/ISR/8 and G/STR/Q1/ISR/6.

²G/STR/N/1/ISR/Rev.1

to report on export services agents that do not have any government preferential status. Since 1990 Agrexco Ltd. maintains a dominant position, but is no longer a sole exporter.

NEW ZEALAND

Question

We welcome Israel's revised notification, which provides some useful information on six marketing boards identified as State Trading Enterprises.

- **Would Israel be able to provide some further detail on how these boards are funded?**
- **For example, do they receive government funding, or are they solely funded by producers?**

We also note the response provided by Israel that the Israel Cotton Production and Marketing Board is not a State Trading Enterprise under Article XVII. We would be grateful, nevertheless, if Israel could provide the same details for this body in respect of funding.

Israel's notification explains that one of the purposes of the Fruit Board is to ensure regular supplies of fruit at stable prices. We would be interested in clarification as to the Fruit Board's roles in price stability.

- **Does the Board set minimum prices, or some other form of price support?**
- **Do any of the other Boards listed in the notification have a role in providing price support?**

Reply

General

The Boards are funded by growers fees, which are collected by the Boards, under their statutory authority. In addition the Boards may serve as a channel to distribute special government payments to growers particularly natural disaster compensation. Those payments are to be reflected in Israel's notification to the WTO Committee on Agriculture.

The Fruit Board

The Fruit Board does not set a minimum price or provide any other price support. However, the Fruit Board has a fund for removing surpluses during high seasons, but as Israel imports fruit, the mechanism of regulating supply is by monitoring crop production and ensuring a regular supply all year long of fruit which can be kept in storage. The fund is reflected in Israel's notification to the WTO Committee on Agriculture.

The Vegetable Board and the Egg & Poultry Board

The Vegetable Board and the Egg & Poultry Board have small funds for removing surpluses during high season. Those funds are to be reflected in Israel's notification to the WTO Committee on Agriculture.

The Israel Cotton Production & Marketing Board Ltd.

As already answered in September 1996, the Israel Cotton Production & Marketing Board Ltd. is a private company owned, operated and funded by the major cotton producers. There is no barrier to any other producer establishing its own export company or exporting on its own. The Cotton Board received no benefits from the Government of Israel that are not otherwise available to private companies. The Government of Israel does not maintain any established support programme for cotton.