

WORLD TRADE ORGANIZATION

RESTRICTED

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**Council for Trade in Services
Special Session**

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COMMUNICATION FROM ISRAEL

Initial Offer

The following initial offer has been received from the delegation of Israel on 14 April with the request that it be circulated to Members of the Council for Trade in Services.

The Government of Israel reserves the right to modify or withdraw the attached offer, in whole or in part, in light of the ongoing trade in services negotiations and the negotiations under the Doha Development Agenda.

The Government of the State of Israel also reserves the right to make any technical change or correction to this initial conditional offer and any subsequent conditional offer that could follow.

ISRAEL – SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
I. HORIZONTAL COMMITMENTS			
<p>ALL SECTORS INCLUDED IN THIS SCHEDULE</p>	<p>3) Registration of corporate bodies. The Companies Ordinance (New Version) 5743-1983, The Companies Law 5759-1999 requires that a public corporation must have on its board of directors at least two outside directors representing the public at large, who must be residents of Israel. that have no business or other relationship with the company or with the holder of control of the company. The Relief for Foreign Companies Regulation, permits companies whose shares are listed abroad, to appoint a non resident outside director.</p> <p>The same enactment also requires a foreign company that maintains in Israel a place of business or an office for registration or transfer of shares to register as a foreign company and pay the requisite fees. The Partnership Ordinance (New Version), 5735-1975 provides that a foreign partnership, i.e. one formed outside Israel, may only carry on business in Israel if it is registered in the Israel register partnerships. In the case of a limited partnership, registration has to be sanctioned by the Minister of Justice who at his discretion may authorize or refuse registration.</p>		

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	<p>4) Presence of Natural Persons</p> <p>1. Unbound except that Israel shall permit, without requiring compliance with labour market tests, the temporary entry of service providers as intra-corporate transfers in the following categories:</p> <p>(a) <u>Executives</u>: persons who primarily direct the management of the organization, establish its goals and generally have a wide decision making authority;</p> <p>(b) <u>Managers</u>: persons who direct the organization or its department and are in a senior level position responsible for the service providing functions of the organization by supervising and controlling and having also authority to hire and fire personnel or recommend such and other personnel actions.</p> <p>2. Unbound: Work permit will be issued in compliance with the labour market tests to those intra-corporate specialists, who possess knowledge at an advanced level of expertise or otherwise essential or proprietarial to the organization's service, research equipment, techniques or management.</p>	<p>4) Unbound except for executives and managers referred to under Market Access.</p>	

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II. SECTOR-SPECIFIC COMMITMENTS			
<p>1. BUSINESS SERVICES</p> <p>A. <u>Professional Services</u></p> <p>(a) Legal services (CPC 861)</p> <p>(b) Accounting (CPC 862)</p> <p>(d) Architectural services (CPC 8671)</p> <p>(e) Engineering services (CPC 8672-8673)</p> <p>(g) Urban planning (CPC 8674)</p>	<p>1) None</p> <p>2) None</p> <p>3) Israeli resident or citizen</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p>	<p>1) None</p> <p>2) None</p> <p>3) Israeli resident or citizen</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p>	

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8. <u>Computer and Related Services</u>			
(a) Consultancy services related to the installation of computer hardware (CPC 841)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
(b) Software implementation services (CPC 842)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
(c), (d) Data processing and database services (CPC 8440 and 843 excluding 84330)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
(e) Maintenance and repair services of office machinery and equipment including computers (CPC 845)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
F. <u>Other Business Services</u>			
(a) Advertising (CPC 871)	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	

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(b) Market research and public opinion (CPC 864)	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 	
(c) Management consulting (CPC 865-866)	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 	
(h) Services incidental to mining and oil-field (CPC 8830) covering:	<ul style="list-style-type: none"> 1) Unbound* 2) Unbound* 3) None 4) Unbound except as indicated in the horizontal section. 	<ul style="list-style-type: none"> 1) Unbound* 2) Unbound* 3) None 4) Unbound except as indicated in the horizontal section. 	

* Unbound due to lack of technical feasibility.

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<ul style="list-style-type: none"> • Management, economic and scientific activities related to evaluation of a basin • Geologic, geophysical, geochemical activities and geoscientific data gathering related to the location of mineral deposits, oil and gas • Well drilling and testing • Mapping on water, land and transition zones through seismic or other imagining techniques • Geological and geophysical interpretation • Reservoir simulation • Risk analysis • Reserve estimation • Data management and analysis, including computer modeling • Conceptual engineering • Resource and facilities description • Screening • Site preparation and survey • Feasibility and appraisal 			

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(k) Placement and supply services of personnel - domestic market only (CPC 872)	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section. 	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section. 	
(m) Related scientific and technical consulting services (CPC 8675)	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 	
(p) Photographic services (CPC 875)	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section. 	
2. COMMUNICATION SERVICES			
A., <u>Postal/Courier Services</u> B. <u>(CPC 75111-2 and 7512)</u> Above 500g per addressed item	<ul style="list-style-type: none"> 1) None 2) Unbound* 3) None 4) Unbound except as indicated in the horizontal section. 	<ul style="list-style-type: none"> 1) None 2) Unbound* 3) None 4) Unbound except as indicated in the horizontal section 	
C. <u>Telecommunication Services</u>	<ul style="list-style-type: none"> 1) The existing monopoly's exclusive rights in domestic Telecommunication services and infrastructure mentioned in paragraphs: a(I), a(III), b, c, f, g, will terminate not later than the year 2001. The government will publish the rules and regulatory policy regarding the way of opening the above mentioned to competition in the future. 		

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(a) Voice telephone services (CPC 7521) (i) Public voice telephone: - wire-based - facilities based - local/long distance ¹	2) The government issued two licenses to two operators that won a tender issued by the government for the operation of international services in addition to those offered by the present operator (BEZEQ International, which is a fully (100%) subsidiary of BEZEQ - the local PTT). The companies have exclusivity until 1.1.2002 and the government will re-examine its policy regarding further competition in the field of international services towards the year 2001. <u>FOREIGN INVESTMENT</u> (a) No limitation on foreign ownership for value-added service providers. (b) 74% foreign ownership permitted in international service providers. (c) 80% foreign ownership permitted in wireless service providers. 1) Only through network of Bezeq, the Israel Telecommunications Corp. Ltd. 2) None 3) Reserved to Bezeq, the monopoly supplier: foreign equity participation in Bezeq is permitted. 4) Unbound except as indicated in horizontal section	1) None 2) None 3) None 4) Unbound except as indicated in horizontal section	See annexed, as well as the following (in case of inconsistency between the Annex and the following text, the Annex will prevail): <u>Independence of regulator</u> Regulatory functions are the exclusive purview of the Ministry of Communications.

¹ International simple resale is not permitted.