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**UNITED STATES OF AMERICA  
and  
ISRAEL**

**Joint Statement constituting an agreement relating to economic cooperation (with list of senior participants).  
Signed at Washington on 13 May 1975**

*Authentic text: English.*

*Registered by the United States of America on 7 May 1976.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
ISRAËL**

**Déclaration conjointe constituant un accord de coopération économique (avec liste des principaux participants).  
Signée à Washington le 13 mai 1975**

*Texte authentique : anglais.*

*Enregistrée par les États-Unis d'Amérique le 7 mai 1976.*

## JOINT STATEMENT CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND ISRAEL RELATING TO ECONOMIC COOPERATION

U.S.-ISRAEL JOINT COMMITTEE FOR INVESTMENT AND TRADE  
WASHINGTON, D.C.

### JOINT STATEMENT

May 13, 1975

The U.S.-Israel Joint Committee for Investment and Trade, established during the July 1974 visit to Israel of U.S. Secretary of the Treasury William E. Simon, met in Washington, D.C., on May 12-13, 1975. The meeting was chaired jointly by Secretary Simon and Minister of Finance Yehoshua Rabinowitz. Other senior officials of the two governments also participated. (A list of senior participants is attached.)

The meeting, which continued the dialogue established during Secretary Simon's visit to Israel in July 1974, underscored the warm and friendly relationship between the countries and helped broaden the ties between them.

During the meeting, the Israeli members of the Joint Committee briefed the U.S. Delegation on the current economic situation in Israel, Israel's development plans and its economic forecasts. The U.S. members reviewed current economic developments in the U.S. and explained recent policy proposals aimed at achieving greater stability within the U.S. economy. Mr. Avraham Agmon, Director General of the Ministry of Finance, and Assistant Secretary of the Treasury Gerald L. Parsky briefed the Joint Committee on the work of the Subcommittees on Capital Investment, Trade, Raw Materials, and Research and Development, which had met in Washington in September 1974 and in Jerusalem in October 1974. Secretary Simon and Minister Rabinowitz expressed their satisfaction with the work of the four joint subcommittees, which served as a basis for the Committee's deliberations.

At the conclusion of the Committee's session the Minister of Finance and the Secretary of the Treasury, as co-chairmen, announced their agreement on a number of principles and programs aimed at expanding economic cooperation between the two countries particularly by increasing the opportunities for trade and investment and for cooperation in research and development.

The Committee agreed that measures designed to expand cooperation between Israel and the United States are consistent with both countries' deep interest in achieving a just and lasting peace in the Middle East. The Committee felt that its deliberations and conclusions should increase and broaden the interest of U.S. private business enterprises in participating in Israel's economic development and in seeking out new opportunities to expand the economic relationship between the U.S. and Israel.

#### I. *Economic Cooperation*

The Israeli members described the favorable environment for foreign investment in Israel and reaffirmed their interest in U.S. investments in Israel and in acquiring U.S. technology through U.S. business participation in industrial projects in Israel. The U.S.

<sup>1</sup> Came into force on 13 May 1975 by signature.

recognized the importance of U.S. and other foreign investment to the economic growth of Israel and pointed to a number of additional factors that could further improve the investment climate. The U.S. and Israel recognized that investment in Israel serves the common interest of the U.S. and Israel.

The Joint Business Council which the parties agreed to seek to establish will be broadly based and will be charged with enhancing the participation of U.S. business in Israel's industrial development. The Council would identify projects which appear feasible for U.S. private sector investments and joint ventures, arrange business symposia and visits in both countries, and participate with other interested parties in disseminating information on business opportunities in both countries.

The members of the Committee reaffirmed the policies of their governments to oppose restrictive trade practices or boycotts against countries friendly to either. The U.S. side noted President Ford's February 26 statement that religious or ethnic discrimination is totally contrary to the American tradition and has no place in the free commerce of the United States.

## II. *Treaty to Avoid Double Taxation*

Minister Rabinowitz and Secretary Simon initialed today a treaty on the avoidance of double taxation. The treaty recognizes Israeli compulsory loans as creditable taxes for U.S. income tax purposes and incorporates a new rule on the treatment of Israel Government grants to U.S. investors. Both parties agreed to present the treaty for ratification, according to each country's constitutional procedures, as soon as possible. The Committee members expressed their confidence that the tax convention initialed by the Ministers would contribute toward reducing obstacles to trade and investment.

## III. *Encouragement of Investment*

The Joint Committee noted with satisfaction efforts by the U.S. Overseas Private Investment Corporation (OPIC) to promote investment ties between the two countries. The Committee noted that OPIC is prepared:

- (a) to guarantee loans to qualified investment projects in Israel involving U.S. companies, or their subsidiaries;
- (b) to participate, where appropriate, in financing industrial projects in Israel sponsored by U.S. investors through purchase of subordinated convertible debentures issued by such enterprises in Israel; and
- (c) to include in its publications information about investment opportunities in Israel, incentives, economic data, and other information of interest to potential investors.

The U.S. also indicated its willingness to use its other resources, particularly the facilities of the Department of Commerce, to facilitate investments in Israel, and among other things to publicize within the U.S. business community information on investment opportunities in Israel, specific incentives offered by the Government of Israel, and other forms of assistance to investors available from both U.S. Government agencies and Israeli authorities. The Department of Commerce will also organize seminars in the United States and sponsor missions to Israel of prominent U.S. industrialists and businessmen. The promotion of trade missions will be a major target.

## IV. *Development of Trade*

The Joint Committee noted the growth of trade between the two countries and emphasized the importance of a continued increase in mutual trade opportunities. The Committee agreed on the desirability of further promoting trade between the two countries by expanding the dissemination of information on bilateral trade opportunities through the

programs of the U.S. Department of Commerce and the Israel Ministry of Commerce and Industry, and through national and binational organizations.

The Israeli members of the Committee noted with appreciation the assistance accorded to Israel through the use of the facilities of the Export-Import Bank. The Committee expressed its satisfaction with the harmonious relationship Eximbank has enjoyed with Israel since the founding of the State, and Israel's excellent record in meeting its obligations. The U.S. members reaffirmed Eximbank's current policy of providing financing for U.S. exports to Israel within the limits permitted by the Bank's resources.

The U.S. members provided clarification of Eximbank policies on other issues of particular concern to Israel. It was agreed that the facilities of the Eximbank will continue to be available and active in financing U.S. exports to Israel. The U.S. delegation noted that Eximbank is also prepared to guarantee to a U.S. lessor payments by Israeli lessees for U.S. equipment provided to Israel under leasing agreements.

The Committee welcomed passage by the U.S. Congress of the Trade Act of 1974 which provides the basis for trade negotiations between the United States and Israel in the context of the multilateral trade negotiations (MTN). The parties noted that U.S. authority under the Act allows the reduction to zero of most duties of 5 percent or less and reduction of up to 60 percent on most higher duties. Israel's negotiating authority also will be sufficient to allow the elimination or reduction of tariffs on a range of items of interest to U.S. suppliers. During the Committee sessions, an exchange of views occurred on tariff and non-tariff barriers which were likely to be negotiated in the MTN. The Committee discussed the provisions of the Act concerning the Generalized System of Preferences and agreed that the two governments will hold early consultations with the view of extending such preferences to Israel, consistent with the provisions of the Act.

Israel has been approved as a supplier of AID-financed commodities and services and as a supplier for off-shore procurement of Department of Defense (DOD); Israel will be informed about further opportunities.

A procedure has been developed to assist Israeli producers to sell products and spare parts to DOD suppliers, and DOD will facilitate such purchases and take measures to assure Israeli producers that they will get full and fair consideration in bidding for DOD procurement contracts within opportunities permitted under present legislation.

The Committee agreed that Government officials of both parties engaged in promotion of foreign trade, including the commercial attachés of both countries will meet from time to time to discuss in detail ways and means to generate export promotion activities of all kinds to be organized in both countries, review the effectiveness of current promotion activities and recommend new promotion programs where needed.

The Committee took note of the U.S. Department of Commerce's planned "Intellectual Assets" Trade Mission, to be composed of U.S. executives interested in commercial, trade and technology transfer.

#### V. *Supply and Storage of Raw Materials*

The members of the Committee recognized the special circumstances that characterize Israel's trade, particularly in food and feedgrains, and the importance of assuring Israel's access to raw materials. In order to meet Israel's special needs and circumstances to the maximum extent feasible, the Department of Commerce will use its good offices as appropriate to facilitate Israeli purchases of essential raw materials from U.S. private sources. The Israeli Government will send a mission to acquaint itself with these sources, and discuss contingent plans to assure supply. The Government of Israel will submit to the U.S. Government a detailed annual plan of its grain and raw material purchases in the United States.

In the event that it becomes necessary for the USG to impose short-supply export controls, these purchase plans will enable the U.S. to give sympathetic consideration to Israel's situation and allow Israel equitable access to U.S. supplies of commodities and raw materials during the period of short supply.

The Committee noted that a procedure has been developed to provide for potential purchases by Israel directly from the excess stockpile administered by the General Services Administration (GSA).

The Committee also took note of Israel's need to expand and modernize its food and raw material storage and warehousing facilities. The Committee recognized the need to attract investment and technology for the expansion of storage facilities and recycling plants in Israel and agreed to consider ways of facilitating these activities. To this end, a U.S. technical team will visit Israel shortly for an on-site survey of Israel's existing storage facilities and will help develop a construction plan for additional facilities. An Israeli mission will also visit the United States to study U.S. storage technology.

#### VI. *Scientific Cooperation*

The committee reviewed favorably the progress achieved under the jointly funded U.S.-Israel Binational Science Foundation which had been established in 1972.<sup>1</sup> Both sides agreed that the Foundation has played a useful role, and that it would be desirable to strengthen our scientific relations. It was agreed, subject to any required legislative approval, to explore means to widen the scope of operations of the foundation and strengthen its financial basis. Negotiations to this end will take place soon and the conclusions and recommendations will be submitted to the Committee at its next session.

The Committee reviewed the status of the proposed joint water desalting project, which has undergone a lengthy period of evaluation. The Committee noted that the Congress has previously authorized and appropriated up to \$20 million as the American share of the capital and initial operating costs of the project. Both sides agreed that it is now feasible to proceed with the arrangements for the design, construction and initial operation of a large-scale prototype plant and to negotiate a technical agreement subject to the necessary consultations with the Congress. A U.S. technical mission will visit Israel in the near future.

#### VII. *Industrial Research and Development*

The Committee discussed the importance of expanding industrial research and development in Israel. The United States Department of Commerce and the Israel Ministry of Commerce and Industry were designated as focal points to facilitate cooperative industrial research and development activities. These agencies will encourage direct contact between departments of the two Governments and bodies in the private sectors, such as the Industrial Research Institute and the Licensing Executive Society; will assist in defining possible cooperative ventures; and will promote the exchange of technical information between American and Israeli organizations in the science and technology field.

The Joint Committee agreed to establish a U.S.-Israel Steering Committee for Industrial Research and Development composed of representatives from interested agencies of the two Governments. This Steering Committee will outline policies and formulate priorities to enhance mutual research and development efforts with specific industrial applications.

<sup>1</sup> See "Agreement between the Government of the United States of America and the Government of Israel on the United States-Israel Binational Science Foundation", signed at New York on 27 September 1972, in United Nations, *Treaty Series*, vol. 937, p. 219.

The members of the Committee agreed that the two Governments will undertake to encourage the dissemination of information on Israel's research and development potential and capacity within professional and industrial organizations in the U.S., especially through greater exchanges of people and information between Israel and the United States.

The Joint Committee also welcomed a United States–Israel Industrial Research and Development Council in which United States representation would be from the private sector. The Council, which would include leading R&D executives, scientists and engineers, would assist in promoting closer links between United States and Israeli enterprises in the science and technology area.

The parties agreed on the desirability of developing a program to support mutually beneficial industrial research and development activities in Israel. To this end, it was agreed that the two Governments would begin as early as possible discussions to formalize the program's scope and organization, and to determine the financial arrangements that the two Governments would undertake in support of the program and its management.

### VIII. *Future Meetings*

The members of the Committee decided that future meetings of the Joint Committee for Investment and Trade should take place at least once each year to review issues affecting the economic relationship between the two countries and to develop means of expanding economic cooperation between the two governments as well as between the people of both countries, including exploring the possibility of entering into appropriate, formal arrangements which will regulate the various joint activities and define broad principles of cooperation. The next meeting of the Joint Committee will be held in Jerusalem.

The Committee announced establishment of a Joint Steering Group to oversee implementation and coordination of the measures agreed upon by the Committee. The Steering Group, which will report to the co-chairmen of the Joint Committee, has also been charged with the responsibility of investigating possible new cooperative efforts and reviewing outstanding bilateral economic issues. In addition, it will undertake preparations for future meetings of the Joint Committee.

Chairman  
of the Israeli Delegation:

[Signed]

YEHOShUA RABINOWITZ  
Minister of Finance

Chairman  
of the United States Delegation:

[Signed]

WILLIAM E. SIMON  
Secretary of the Treasury

### SENIOR PARTICIPANTS

US-ISRAEL JOINT COMMITTEE FOR INVESTMENT AND TRADE  
WASHINGTON, D.C.

*United States*

May 12-13, 1975

William E. Simon, Secretary of the Treasury, Co-chairman  
Charles W. Robinson, Under Secretary of State for Economic Affairs  
John Tabor, Under Secretary of Commerce

Gerald L. Parsky, Assistant Secretary of the Treasury for Trade, Energy and Financial Resources Policy Coordination

Alfred L. Atherton, Jr., Assistant Secretary of State for Near Eastern and South Asian Affairs

Marshall T. Mays, President, Overseas Private Investment Corporation (OPIC)

Walter C. Sauer, First Vice President and Vice Chairman, Export Import Bank of the United States

*Israel*

H.E. Yehoshua Rabinowitz, Minister of Finance, Co-chairman

H.E. Simcha Dinitz, Ambassador to the United States

Avraham Agmon, Director-General, Ministry of Finance

Dr. Moshe Mandelbaum, Director-General, Minister of Commerce and Industry

General (Res.) Moshe Goren, Director, Israel Investment Authority

Ze'ev Sher, Economic Minister, Embassy of Israel

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