

GATS 2000

REQUEST FROM THE EC AND ITS MEMBER STATES (HEREAFTER THE EC)

TO

ISRAEL

GENERAL REMARKS

At the WTO Ministerial Conference in Doha in November 2001, Ministers agreed that initial requests for specific commitments should be submitted by 30 June 2002.

In line with this decision, and committed to the objectives and principles stated in the GATS, in particular Article IV and XIX GATS, as well as the negotiating guidelines agreed by the Council for Trade in Services on 29 March 2001, the EC encourages Israel to participate actively in the negotiations.

The EC consider that the progressive liberalisation of services is of benefit for all members, including developing and least developed countries. The EC recognises the importance of liberalisation being underpinned by domestic regulatory frameworks designed to ensure the achievement of public policy objectives.

This request covers horizontal commitments, MFN exemptions and the following service sectors:

- Professional Services
- Business Services (other than professional services)
- Postal and courier services
- Telecommunications services
- Construction and related engineering services
- Distribution services
- Environmental services
- Financial services
- Tourism and travel related services
- News agency services
- Transport services
- Energy services

The EC proposes that Israel's current GATS commitments are revised in accordance with this request. The EC is both seeking improved commitments and clarification of

ANNEX 2 FACILITATING AIR TRANSPORT SERVICES

Ground-handling Services

Efficient ground-handling is essential to the proper functioning of air transport and competition between operators in this area ensures that proper use is made of air transport infrastructure. It helps reduce the operating costs of airlines and improves the quality of service for airport users.

For specialised groundhandling suppliers the following activities are requested:

Ground Administration – supervision and administration at the airport (CPC 7461);
Passenger Handling – assisting arriving, departing and transfer passengers (CPC 7461);
Baggage Handling – handling baggage in the sorting area (CPC 7461);
Freight and Mail Handling – physical handling of freight and mail, dealing with security and customs procedures (CPC 74110 (container handling services) and 74190 (other cargo handling services));
Ramp Handling – marshalling and moving the aircraft, loading and unloading of aircraft, transport of passengers, freight, supplies (CPC 7469).
Aircraft Services – cleaning the aircraft, heating and cooling, removal of snow and ice (CPC 7469);
Fuel and Oil Handling – organisation and provision of fuel and oil;
Aircraft Maintenance – covered specifically by the Annex as above;
Flight Operations and Crew Administration – preparation of the flight, inflight and post-flight assistance, crew administration;
Surface Transport – organisation and execution of transport within airport – except to and from aircraft;
Catering Services (CPC 6423).addressed under the EC request on tourism and travel related services

Airport management services

Airport management services constitute the core activities of airport services providers and cover: Airport operation services (excl. cargo handling), including passenger air terminal services and ground services on air fields, including runway operating services, on a fee or contract CPC 74610. Activities are also related to “other management consulting services” (CPC 86509) and activities separately specified under “other management services not elsewhere classified”(CPC 86609). A commitment will allow services suppliers to take an equity stake in - and engage in the overall operation and management of - airports when these are open for investments from private operators. Thereby it will bind existing common practices in the sector.

ENERGY SERVICES

EC REQUEST TO ISRAEL

This request includes services that are listed under the negotiating proposal of the EC (S/CSS/W/60). The work on the classification of these services is still underway. For this reason, some activities therefore lacks reference to CPC.

The EC wishes to underline the significant contribution of an appropriate use of energy for the promotion of sustainable development.

The EC requests that this area is committed as follows:

A. SERVICES RELATED TO EXPLORATION AND PRODUCTION

CPC 511 and CPC 513: Construction and related engineering services.

These sub-sectors are not committed. **EC Request:**

- Mode 3: Take full commitments, i.e. schedule "none".
- Mode 4: Commit as referred in the section "Horizontal commitments".

B. SERVICES RELATED TO THE CONSTRUCTION OF ENERGY FACILITIES

B.1 Construction of energy facilities

CPC 513: Construction work for civil engineering

CPC 51340: For long distance pipelines, communication and power lines (cables)

CPC 51350: For local pipelines and cables; ancillary works

CPC 51360: For constructions for mining and manufacturing.

This sub-sector is not committed. **EC Request:**

- Mode 3: Take full commitments, i.e. schedule "none".
- Mode 4: Commit as referred in the section "Horizontal commitments".

B.2 Installation and assembly work

CPC 516: Installation and assembly work.

This sub-sector is not committed. **EC Request:**

- Mode 3: Take full commitments, i.e. schedule "none".
- Mode 4: Commit as referred in the section "Horizontal commitments".

C. SERVICES RELATED TO NETWORKS

C.1 Operation of transportation/transmission and distribution facilities

Services incidental to energy distribution (including operation of transmission/distribution of electricity)

This sub-sector is not committed. **EC Request:**

- Mode 3: Take commitments.
- Mode 4: Commit as referred in the section "Horizontal commitments".

CPC 71310: Transportation of petroleum and natural gas.

This sub-sector is not committed. **EC Request:**

- Mode 3: Take commitments.
- Mode 4: Commit as referred in the section "Horizontal commitments".

D. STORAGE SERVICES

CPC 74220: Bulk storage services of liquids or gases.

This sub-sector is not committed. **EC Request:**

- Mode 3: Take full commitments, i.e. schedule "none".
- Mode 4: Commit as referred in the section "Horizontal commitments".

E. SERVICES FOR THE SUPPLY OF ENERGY

E.1 Wholesale of energy products

CPC 62271: Wholesale trade services of solid, liquid and gaseous fuels and related products.

This sub-sector is not committed. **EC Request:**

- Mode 3: Take full commitments.
- Mode 4: Commit as referred in the section "Horizontal commitments".

Wholesale trade services of electricity.

EC Request:

- Mode 3: Take full commitments, i.e. schedule "none".
- Mode 4: Commit as referred in the section "Horizontal commitments".

E.2 Retail sale of energy products

CPC 63297: Retail sale of fuel oil, bottled gas, coal and wood

This sub-sector is not committed. **EC Request:**

- Mode 3: Take full commitments, i.e. None.
- Mode 4: Commit as referred in the section "Horizontal commitments".

Retail sale trade services of electricity

EC Request:

- Modes 3: Take commitments for the supply to industrial customers
- Mode 4: Commit as referred to in the section “Horizontal commitments”

E.3 Trading of energy products

EC Request:

- Modes 1, 2, 3: Take full commitments, i.e. schedule “none”.
- Mode 4: Commit as referred in the section "Horizontal commitments".

E.4 Brokering of energy products

EC Request:

- Modes 1, 2, 3: Take full commitments, i.e. schedule “none”.
- Mode 4: Commit as referred in the section "Horizontal commitments".

G. SERVICES RELATED TO DECOMMISSIONING

EC Request:

- Mode 3: Take full commitments, i.e. schedule "none".
- Mode 4: Commit as referred in the section "Horizontal commitments".

MFN EXEMPTIONS

EC REQUEST TO ISRAEL

MFN exemption in financial services: refer to request on financial services.

ANNEX 1: SCHEDULE ON MARITIME TRANSPORT SERVICES

SECTOR OR SUB-SECTOR	LIMITATIONS ON MARKET ACCESS	Limitations on National Treatment	ADDITIONAL COMMITMENTS
<p>TRANSPORT SERVICES MARITIME TRANSPORT SERVICES International Transport (freight and passenger) CPC 7211 and 7212 <u>less</u> cabotage transport (as defined below – 1)</p>	<p>1) (a) <u>Liner Shipping</u>: none (b) <u>Bulk, tramp, and other international shipping, including passenger transportation</u>: none</p> <p>2) None</p> <p>3) (a) Establishment of registered company for the purpose of operating a fleet under the national flag of the State of establishment: unbound (b) Other forms of commercial presence for the supply of international maritime transport services (as defined below – 2): none</p> <p>4) (a) Ships crews: unbound (b) Key personnel employed in relation to a commercial presence as defined under mode 3b) above: Unbound except as in horizontal section</p>	<p>1) (a) None (b) None</p> <p>2) None</p> <p>3) (a) Unbound</p> <p>(b) None</p> <p>4) (a) Unbound (b) Unbound except as in horizontal section</p>	<p>The following services at the port are made available to international maritime transport suppliers on reasonable and no discriminatory terms and conditions</p> <ol style="list-style-type: none"> 1. Pilotage 2. Towing and tug assistance 3. Provisioning, fuelling and watering 4. Garbage collecting and ballast waste disposal 5. Port Captain’s services 6. Navigation aids 7. Shore-based operational services essential to ship operations, including communications, water and electrical supplies 8. Emergency repair facilities 9. Anchorage, berth and berthing services

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
MARITIME AUXILIARY	1) Unbound* except for – no limitation on	1) Unbound* except for no limitation on transshipment	

SERVICES	transhipment (board to board or via the quay) and/or on the use of on-board cargo handling equipment	(board to board or via the quay) and/or on the use of on-board cargo handling equipment	
Maritime Cargo Handling Services (as defined below – 4)	2) None 3) None** 4) Unbound except as in horizontal section	2) None 3) None 4) Unbound except as in the horizontal section	
Storage and warehousing Services CPC 742	1) Unbound* 2) None 3) None** 4) Unbound except as in horizontal section	1) Unbound* 2) None 3) None 4) Unbound except as in the horizontal section	
Customs Clearance Services (as defined below – 5)	1) Unbound* 2) None 3) None** 4) Unbound except as in horizontal section	1) Unbound* 2) None 3) None 4) Unbound except as in the horizontal section	
Container Station and Depot Services (as defined below – 6)	1) Unbound* 2) None 3) None** 4) Unbound except as in horizontal section	1) Unbound* 2) None 3) None 4) Unbound except as in the horizontal section	
Maritime Agency Services (as defined below – 7)	1) None 2) None 3) None 4) Unbound except as in horizontal section	1) None 2) None 3) None 4) Unbound except as in the horizontal section	
(Maritime) Freight Forwarding Services (as defined below – 8)	1) None 2) None 3) None 4) Unbound except as in horizontal section	1) None 2) None 3) None 4) Unbound except as in the horizontal section	

* A commitment on this mode of delivery is not feasible.

** Public utility concession or licensing procedures may apply in case of occupation of the public domain.

NOTE ON THE SCHEDULE

Where road, rail, inland waterways (and) (related) (auxiliary) services are not otherwise fully covered in (this) (a Member's) schedule, a multimodal transport operator shall have the ability to rent or lease trucks, railway carriages or barges, and related equipment, for the purpose of inland forwarding of cargoes, or have access to, and use of, these forms of multimodal activities on reasonable and non-discriminatory terms and conditions for the purpose of carrying out

multimodal transport operations. (« Reasonable and non-discriminatory terms and conditions » means, for the purpose of (multimodal transport operations), (this additional commitment), the ability of the multimodal transport operator to arrange for the conveyance of its merchandise on a timely basis, including priority over other merchandise which has entered the port at a later date).

DEFINITIONS

1. Without prejudice to the scope of activities which may be considered as « cabotage » under the relevant national legislation, this schedule does not include « maritime cabotage services », which are assumed to cover transportation of passengers or goods between a port located in ... (name of country or, for EEC, « a Member State ») and another port located in ... (name of the country or, for EEC, « the same Member State ») and traffic originating and terminating in ... the same port located in (name of country, or for the EEC, « a Member State ») provided that this traffic remains within ... (name of country or « this Member State »)'s territorial waters.

2. « Other forms of commercial presence for the supply of international maritime transport services » means the ability for international maritime transport service suppliers of other Members to undertake locally all activities which are necessary for the supply to their customers of a partially or fully integrated transport service, within which the maritime transport constitutes a substantial element. (This commitment shall however not be construed as limiting in any manner the commitments undertaken under the cross-border mode of delivery).

These activities include, but are not limited to:

(a) marketing and sales of maritime transport and related services through direct contact with customers, from quotation to invoicing, these services being those operated or offered by the service supplier itself or by service suppliers with which the service seller has established standing business arrangements;

(b) the acquisition, on their own account or on behalf of their customers (and the resale to their customers) of any transport and related services, including inward transport services by any mode, particularly inland waterways, road and rail, necessary for the supply of the integrated services;

(c) the preparation of documentation concerning transport documents, customs documents, or other documents related to the origin and character of the goods transported;

(d) the provision of business information by any means, including computerised information systems and electronic data interchange (subject to the provisions of the annex on telecommunications);

(e) the setting up of any business arrangements (including participation in the stock of a company) and the appointment of personnel recruited locally (or, in the case of foreign personnel, subject to the horizontal commitment on movement of personnel) with any locally established shipping agency;

(f) acting on behalf of the companies, organising the call of the ship or taking over cargoes when required.

3. « Multimodal transport operators » means the person on whose behalf the bill of lading /multimodal transport document, or any other document evidencing a contract of multimodal carriage of goods, is issued and who is responsible for the carriage of goods pursuant to the contract of carriage.

4. « Maritime cargo handling services » means activities exercised by stevedore companies, including terminal operators, but not including the direct activities of dockers, when this workforce is organised independently of the stevedoring or terminal operator companies. The activities covered include the organisation and supervision of:

- the loading/discharging of cargo to/from a ship;

- the lashing/unlashing of cargo;
 - the reception/delivery and safekeeping of cargoes before shipment or after discharge.
5. « Customs clearance services » (alternatively « customs house brokers' services ») means activities consisting in carrying out on behalf of another party customs formalities concerning import, export or through transport of cargoes, whether this service is the main activity of the service provider or a usual complement of its main activity.
6. « Container station and depot services » means activities consisting in storing containers, whether in port areas or inland, with a view to their stuffing/stripping, repairing and making them available for shipments.
7. « Maritime agency services » means activities consisting in representing, within a given geographic area, as an agent the business interests of one or more shipping lines or shipping companies, for the following purposes:
- marketing and sales of maritime transport and related services, from quotation to invoicing, and issuance of bills of lading on behalf of the companies, acquisition and resale of the necessary related services, preparation of documentation, and provision of business information;
 - acting on behalf of the companies organising the call of the ship or taking over cargoes when required.
8. « Freight forwarding services » means (the activity consisting of organising and monitoring shipment operations on behalf of shippers, through the acquisition of transport and related services, preparation of documentation and provision of business information).

existing commitments as set out in this Request. The EC is furthermore looking for a reduction in scheduled limitations whether these are horizontal or sector specific in nature. In so doing, the EC is not seeking the dismantling of public services nor the privatisation of state owned companies.

In conformity with the objectives set out in the EC's overall approach to services negotiations (document S/CSS/W/15), the EC reiterates its commitment to promote regulatory disciplines in accordance with Article VI:4 of the GATS. The EC, however, reserves the right to address at any time to Israel specific requests concerning regulatory issues.

The EC further requests that commitments are entered in accordance with the scheduling guidelines adopted by the Council of Trade in Services on 23 March 2001 (S/L/92). In particular, for each commitment or limitation entered the EC requests:

- that the sector and sub-sector are clearly identified in accordance with the classification list in Document MTN.GNS/W/120 or other internationally recognised classification (e.g. Financial Services Annex) and corresponding CPC number. If this is not possible, the schedule should contain a sufficiently detailed definition to avoid any ambiguity as to the scope of the commitment. In that respect, the EC would like to recall the classification or list of activities proposed in its negotiating proposals with regard to postal and courier, environmental and energy services. While discussions on classification in these sectors are still ongoing, the EC would like to invite Israel to present its offer in accordance with this approach.
- that any remaining limitation on market access (thereafter "MA") or on national treatment (thereafter "NT") are clearly described and only be inscribed in the market access or national treatment columns if the measure is of a nature foreseen by Articles XVI-XVII GATS.

The EC remains available to provide any clarification and answer any question on this request. Questions can be addressed to the European Commission via the EC GATS contact point (mailbox address: TRADE-GATS-CONTACT-POINT@cec.eu.int), via the Delegation of the European Commission in Geneva, or directly to the European Commission (Directorate-General Trade, Unit D2 (Trade in services, including e-commerce), Brussels, B-1049, Belgium, fax 32-2-299 24 35).

Note: The EC reserves the right to revise and/or supplement this request. For each service sector, W120 classification has been followed unless expressly indicated and CPCs refer to the Provisional CPC classification. The precise scope for each sector is without prejudice to the EC's final positions on classification issues and to the EC's classification of their existing commitments.

HORIZONTAL COMMITMENTS

EC REQUEST TO ISRAEL

GENERAL

MODE 3

Registration of corporate bodies. On a public corporation at least two directors representing the public at large must be residents of Israel. **EC Request:** eliminate this requirement.

Registration of limited partnerships has to be sanctioned by the Minister of Justice who may authorise or refuse such registration at his discretion. **EC Request:** Remove this requirement.

MODE 4

Intra-corporate transferees

- Labour market testing applied to specialists. **EC request:** Eliminate this requirement.
- Degree of affiliation between companies which is required in order for a transfer to be covered by provisions on intra-corporate transferees is not clear. **EC request:** Clarify.
- The EC also requests that a commitment be made to allow as intra-corporate transferees without requiring an economic needs test « persons with a university degree or equivalent technical qualification who are transferring for career development purposes or to obtain training in business techniques or methods ». The maximum prior employment requirement should be one year.

Business Visitors

- No commitment has been made. **EC request:** Make a commitment relating to Business Visitors who are not entering to themselves supply a service, but rather to either (a) establish a commercial presence or (b) negotiate and/or conclude sales contracts. Economic needs tests should not be applied. The maximum length of stay should be at least 90 days in any 12 month period.

Contractual Service Suppliers

- A contractual service supplier is a juridical person with no commercial presence in Israel, who has obtained a service contract in Israel which requires the presence of its employees in Israel in order to fulfil that contract. **EC request :** Take commitments for natural persons employed in the service sectors listed below and seeking temporary entry as contractual service suppliers. Such natural persons can be required to have a university degree or equivalent technical qualification – plus the appropriate professional qualifications where this is required by domestic law. The length of stay may be limited time.

List of sectors:

1. Business Services

Legal Services
Accounting and bookkeeping services
Taxation services
Architectural services
Engineering Services
Integrated engineering services
Urban planning and landscape architectural services
Computer and Related Services
Research and Development Services
Advertising
Management consulting services
Services related to management consulting
Technical testing and analysis services
Related scientific and technical consulting services
Maintenance and repair of equipment
Interpreters

3. Construction and related engineering

Site investigation work (CPC 5111)

4. Distribution Services

Wholesale trade services

7. Financial Services

Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services

Advisory, intermediation and other auxiliary financial services on all the activities listed in the subparagraphs (v) to (xv) of the classification of the Annex on Financial Services, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy

National treatment

- Specialists not included in national treatment commitment. **EC request:** expand coverage to include specialists.

Note: Mode 4 is covered horizontally in this part for all service sectors. The sectoral requests in the following pages only refer to mode 4 when specifically related to one particular service sector.

PROFESSIONAL SERVICES

EC REQUEST TO ISRAEL

Israel has committed this sector only partially. The EC requests that this sector is committed as follows:

A. LEGAL SERVICES (CPC 861)

Mode 3: MA and NT – Requirement of residency or citizenship. **EC Request:** Remove as regards consultancy on international public law and on law of jurisdiction where the service supplier or its personnel are qualified lawyers

B. ACCOUNTING, AUDITING AND BOOKKEEPING SERVICES (CPC 862)

This sub-sector is not committed for auditing services (CPC 86211 and CPC 86212 other than accounting services) and bookkeeping services (CPC 8622). **EC Request:** Extend sectoral coverage of commitments to these CPCs

C. TAXATION SERVICES (CPC 863)

This sub-sector is not committed. **EC Request :**

- Modes 1, 2, 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

BUSINESS SERVICES (OTHER THAN PROFESSIONAL SERVICES)

EC REQUEST TO ISRAEL

B. COMPUTER AND RELATED SERVICES:

This sub-sector has only been partially committed. **EC Request:** Extend coverage to include all of CPC 84 and schedule commitments at the two-digit level – i.e. CPC 84.

C. RESEARCH AND DEVELOPMENT SERVICES:

Israel has not committed this Sector. The EC requests that it be committed as follows for privately financed Research and Development:

a. R&D Services on natural sciences (CPC 851)

b. R&D Services on social sciences and humanities (CPC 852)

c. Interdisciplinary R&D services. (CPC 853)

For each of the above sub-sectors:

- Modes 1 and 3: Take full commitments, i.e. schedule "none" under MA and NT.
- Mode 4: Commit as referred to in the section "Horizontal commitments".

D. REAL ESTATE SERVICES:

Israel has not committed this Sector. The EC requests that it be committed as follows:

a) Involving own or leased property (CPC 821)

b) On a fee or contract basis (CPC 822)

For each of the above sub-Sectors:

- Modes 1, 2, 3: Take full commitments, i.e. schedule "none" under MA and NT.
- Mode 4: Commit as referred to in the section "Horizontal commitments".

E. RENTAL AND LEASING SERVICES WITHOUT OPERATORS:

Israel has not committed this Sector. The EC requests that it be committed as follows:

a. Relating to ships (CPC 83103)

- Modes 1 and 3: Take full commitments, i.e. schedule “none” under MA and NT
- Mode 4: Commit as referred to in the section “Horizontal commitments”

c. Relating to other transport equipment (CPC 83101 + 83102 + 83105)

d. Relating to other machinery (CPC 83106 – 83109)

For each of the above two sub-sectors:

- Mode 3: Take full commitments, i.e. schedule "none" under MA and NT.
- Mode 4: Commit as referred to in the section "Horizontal commitments".

F. OTHER BUSINESS SERVICES:

NB: Requests (if any) on (h) - services incidental to mining, and (j) - services incidental to energy distribution, are covered in those sections of the request dealing with Energy Services and Construction Services.

Israel has not committed the following sub-Sectors. The EC requests that they be committed as follows:

e. Technical testing and analysis services (CPC 8676)

n. Maintenance and Repair of Equipment (not including transport equipment) (CPC 633 + 8861-8866)

q. Packaging Services (CPC 876)

r. Printing and Publishing Services (CPC 88442)

s. Convention Services (part of CPC 87909)

t. Translation Services (CPC 87905)

For each of the above sub-sectors:

- Modes 1, 2, 3: Take full commitments, i.e. schedule "none" under MA and NT.
- Mode 4: Commit as referred to in the section "Horizontal commitments".

k. Placement and supply services of personnel (CPC 872)

Modes 1 and 2: MA and NT – These modes remain unbound. EC request : Take full commitments, i.e. schedule « none » under MA and NT.

o. Building cleaning services (CPC874)

Israel has not committed this sub-sector. **EC Request:**

- Mode 3: Take full commitments, i.e. schedule “none” under MA and NT
- Mode 4: Commit as referred to in the section “Horizontal Commitments”

Grounds maintenance (part of CPC 88110) and

Washing and Cleaning Services (CPC 97011-97014)

Israel has not committed these two sub-sectors. **EC Request:**

- Mode 3: Take full commitments. i.e. schedule “none” under MA and NT
- Mode 4: Commit as referred to in the section “Horizontal Commitments”.

POSTAL AND COURIER SERVICES

EC REQUEST TO ISRAEL

Israel has undertaken commitments in this sector (postal and courier services). This request is based in the EC proposal for the classification of postal and courier services. While discussions are still ongoing, the EC would like to invite Israel to present its offer in accordance with this proposal, without prejudice to the outcome of the discussion on the classification of postal and courier services:

SERVICES RELATING TO THE HANDLING¹ OF POSTAL ITEMS², WHETHER FOR DOMESTIC OR FOREIGN DESTINATIONS:

A. Handling of addressed written communications on any kind of physical medium³, including:

- Hybrid mail services

- Direct mail

B. Handling of addressed parcels and packages⁴

C. Handling of addressed press products⁵

D. Handling of items referred to in A. to C. above as registered or insured mail.

E. Express delivery services⁶ for items referred to in A. to C. above.

F. Handling of non-addressed items.

G. Document exchange.

H. Other services not elsewhere specified.

1 The term "handling" should be taken to include clearance, sorting, transport and delivery.

2 "Postal item" refers to items handled by any type of commercial operator, whether public or private.

3 E.g. letter, postcards.

4 Books, catalogues are included hereunder.

5 Journals, newspapers, periodicals.

6 Express delivery services may include, in addition to greater speed and reliability, value added elements such as collection from point of origin, personal delivery to addressee, tracing and tracking, possibility of changing the destination and addressee in transit, confirmation of receipt.

For sub-sectors B., C., E., F. and G.:

- Modes 1, 2 and 3: Undertake full commitments for market access and national treatment.
- Mode 4: Commit as referred to in the section « Horizontal commitments ».

For sub-sectors A. and D.:

- Modes 1, 2 and 3: Undertake commitments for market access and national treatment.
- Mode 4: Commit as referred to in the section « Horizontal commitments ».

Israel's current commitments:

- Market access, Mode 3: « Unbound» due to lack of technical feasibility. **EC request:** Schedule « None ».
- National treatment, Modes 3: « Unbound » due to lack of technical feasibility. **EC request:** Schedule « None ».

TELECOMMUNICATION SERVICES

EC REQUEST TO ISRAEL

Israel has only partially committed this Sector. The EC requests that this Sector is committed as follows:

ALL MODES

There are no commitments for code and protocol conversion (sub-sector not covered by CPC 7523). **EC request:** Make full commitments in this sub-sectors, i.e. schedule “None”.

There is a duopoly on international services. **EC request:** Remove this restriction on the number of operators.

Message and data transmission services “Must be transmitted via the infrastructure of a local licensee”. **EC request:** Remove this provision.

MODE 3- COMMERCIAL PRESENCE

There is a 74% foreign ownership restriction in international service providers and a 80% foreign ownership restriction in mobile service providers. **EC request:** Remove these ceilings.

N.B.: In line with the statement in the existing schedule for basic telecommunications services, that Bezeq monopoly is terminated since the year 2001 and that restrictions will thereafter be relaxed, all the restrictions registered on domestic services (e.g. necessity to use Bezeq or some three companies network, restrictions on resale, necessity to have local partners) should not appear any more in the schedule.

CONSTRUCTION AND RELATED ENGINEERING SERVICES

EC REQUEST TO ISRAEL

Israel has not committed this Sector. The EC requests that this Sector is committed as follows:

All sub-sectors (CPC 511 to CPC 518)

- Mode 3: Take full commitments, i.e. schedule “none” under MA and NT.
- Mode 4: Commit as referred in the section “Horizontal commitments”.

Note: "MA" refers to commitments scheduled under the "Market Access" column. "NT" under the "National treatment" column.

DISTRIBUTION SERVICES

EC REQUEST TO ISRAEL

Israel has not committed this Sector. The EC requests that this Sector is committed as follows:

A. COMMISSION AGENTS' SERVICES (CPC 621, 6111+6113+6121)

B. WHOLESALE TRADE SERVICES (CPC 622, 6111+6113+6121)

C. RETAILING SERVICES (CPC 631+632, 6111+6113+6121+613)

D. FRANCHISING (CPC 8929)

For each of the above sub-sectors:

- Modes 1, 2, 3: Take full commitments, i.e. schedule "none".
- Mode 4: Commit as referred in the section "Horizontal commitments".

Note: The EC is prepared to discuss exceptions for a very limited number of extremely sensitive goods, such as arms, ammunitions and explosives.

Note: In accordance with the W120 classification, the EC Request on "Repair services of personal and household goods" (CPC 633) is included under "I. Business services / F. Other business / n. Maintenance and repair".

ENVIRONMENTAL SERVICES

EC REQUEST TO ISRAEL

This request is based on the EC proposal for the classification of environmental services. While discussions on classification in this sector are still ongoing, the EC would like to invite Israel to present its offer in accordance with this proposal, without prejudice to the outcome of the discussion on the classification of environmental services.

The EC also requests that coverage of commitments is extended, across all sub-sectors, to include industrial activities. The current commitments are understood to include all environmental services as defined in CPC 9401 up to 9405.

A. WATER FOR HUMAN USE & WASTEWATER MANAGEMENT

Water collection, purification and distribution services through mains, except steam and hot water.

This sub-sector only concerns the distribution of water ‘through mains’ (i.e. urban sewage systems). This excludes any cross-border transportation either by pipeline or by any other means of transport, nor does it imply access to water resources.

Extend sectoral coverage to include the above services.

- Mode 3: Take commitments under MA and NT
- Mode 4: Commit as referred to in the section “Horizontal Commitments”.

Waste water services (CPC 9401)

Extend coverage to include industrial activities.

- Mode 3: Take full commitments, i.e. schedule “None” under MA and NT
- Mode 4: Commit as referred to in the section “Horizontal Commitments”

B. SOLID/HAZARDOUS WASTE MANAGEMENT

Refuse disposal services (CPC 94020)

Extend coverage to include industrial activities.

Sanitation and similar services (CPC 94030)

Extend coverage to include industrial activities.

C. PROTECTION OF AMBIENT AIR AND CLIMATE

Services to reduce exhaust gases and other emissions and improve air quality (CPC 94040)

Extend coverage to include industrial activities.

D. REMEDIATION AND CLEANUP OF SOIL & WATER

Treatment, remediation of contaminated/polluted soil and water (part of CPC 94060)

Extend sectoral coverage to include the above services, and take full commitments in that subsector.

- Modes 1,2 and 3: Take full commitments, i.e. schedule “none” under MA and NT
- Mode 4: Commit as referred to in the section “Horizontal Commitments”

E. NOISE & VIBRATION ABATEMENT

Noise abatement services (CPC 94050)

Extend coverage to include industrial activities.

F. PROTECTION OF BIODIVERSITY AND LANDSCAPE

Nature and landscape protection services (part of CPC 94060)

Extend sectoral coverage to include the above services, and take full commitments in that subsector.

- Modes 1,2 and 3: Take full commitments, i.e. schedule “none” under MA and NY
- Mode 4: Commit as referred to in the section “Horizontal Commitments”

G. OTHER ENVIRONMENTAL & ANCILLARY SERVICES

Other environmental protection services not classified elsewhere (CPC 94090)

Extend sectoral coverage to include the above services, and take full commitments in that subsector.

- Modes 1,2 and 3: Take full commitments, i.e. schedule “none” under MA and NT
- Mode 4: Commit as referred to in the section “Horizontal commitments”

FINANCIAL SERVICES

EC REQUEST TO ISRAEL

Israel has committed this sector only partially. The EC requests that it be committed as follows:

GENERAL

- **EC Request:** Undertake commitments in accordance with the Understanding on Commitments in Financial Services.
- Commitments in modes 1 and 2 do not signify the possibility for a non-resident supplier to solicit business or to conduct active marketing. **EC Request:** Allow active marketing whenever a commitment is undertaken.

INSURANCE

- Modes 1 and 2: MA and NT - Unbound for services auxiliary to insurance. **EC Request:** Take full commitments.
- Modes 1 and 2: Requirement for reinsurers to collateralise their potential liabilities to Israeli insurers by means of a letter of credit. **EC Request:** Remove this requirement.

BANKING AND OTHER FINANCIAL SERVICES

- Trading of derivative products, exchange rate and interest rate instruments and other negotiable instruments is not committed. **EC Request:** Take full commitments in mode 3, and commit as referred in the section “Horizontal commitments” in mode 4.
- Mode 2: MA and MT- Unbound in most sub-sectors. **EC Request:** Take full commitments, i.e. schedule “none”
- Modes 1 and 2: MA and NT - Unbound for advisory and other auxiliary financial services. **EC Request:** Take full commitments.
- Mode 3: MA and NT- For participation in issues of securities and asset management, banks are required to carry out such activities only through subsidiaries. **EC Request:** Allow branches to perform such activities.

MFN EXEMPTION

- Banking – Reciprocity condition. **EC Request:** Remove this reciprocity condition.

TOURISM AND TRAVEL RELATED SERVICES

EC REQUEST TO ISRAEL

Israel has only partially committed this sector. The EC requests that this sector is committed as follows:

A. HOTELS AND RESTAURANTS (INCL. CATERING) (CPC 641-643)

Mode 3:

Market access: **EC Request:** Remove requirement for ownership by Israeli registered company.

Mode 4: Commit as referred to in the section “Horizontal commitments”

B. TRAVEL AGENCIES AND TOUR OPERATORS SERVICES (CPC 7471)

Mode 1

Market access and national treatment. This mode remains unbound. **EC Request:** Bind this mode and undertake full commitments.

Mode 3

Market access: **EC Request:** Remove requirement for ownership by Israeli registered company.

Mode 4: Commit as referred to in the section “Horizontal commitments”.

C. TOURIST GUIDES SERVICES (CPC 7472)

Mode 3

Market access and national treatment: **EC Request:** Remove residency/citizenship requirement for tourist guides.

Mode 4: Commit as referred to in the section “Horizontal commitments”

NEWS AGENCY SERVICES

EC REQUEST TO ISRAEL

Israel has not committed this sector (CPC 962). The EC requests that this Sector be committed as follows:

EC Request (CPC 962):

- Modes 1-3: Take full commitments, i.e. schedule “none” under MA and NT.
- Mode 4: Commit as referred to in the section “Horizontal commitments”.

TRANSPORT SERVICES

EC REQUEST TO ISRAEL

Israel has no specific commitments in the transport sector.

A. MARITIME TRANSPORT

EC Request: Take commitments in accordance with the attached model schedule (Annex 1). In particular for the following areas:

- 1) **International transport (freight and passengers) CPC 7211 and 7212**
- 2) **Additional commitments for access to and use of ports facilities**
- 3) **Maritime auxiliary services (maritime cargo handling, storage and warehouse services, customs clearance services, container station and depot services, maritime agency services)**
- 4) **Multimodal activities: for inland forwarding of cargoes - commit the ability to rent or lease - or to have access to and use of multimodal facilities (as specified in the note to the schedule).**
- 5) **Definitions – commit definitions as specified in the model schedule.**

The EC also request the following additional maritime commitments from Israel:

- 6) **Equipment**. To facilitate planning of their businesses operators should be allowed to reposition their own equipment, such as empty containers, between ports of Israel, when it is not carried against payment. This is requested to be committed in a new footnote:

“9. Movement of own equipment. International maritime transport suppliers can move/reposition their own equipment (i.e. empty containers, flatbeds etc.) on their own vessels between ports of Israel.”

- 7) **International cargo**. With the development of containerisation and high frequency networking services and with the ever-larger vessels having to limit direct port calls for physical or economic reasons, the feeding of cargoes between main ports and way ports is becoming more important as an integral part of efficient international maritime transport. An international maritime transport supplier should be allowed to operate feeder services for its international cargo between ports of Israel. This is requested to be committed in a new footnote:

"10. International maritime transport suppliers can operate vessels of any flag for the purposes of pre- and onward carriage of the international cargo between ports of Israel."

In this context Israel may wish to take the one or more of the following principles into concern:

- Size of the port. Only valid for international cargo relayed between national ports handling more than [25.000 TEU] on an annual basis.
- Binding existing ad hoc practices. To the extent exceptions are already granted for use of foreign flagged vessels such practices could be bound to explicitly cover pre- and onward carriage of international cargo.
- Geographical limitations: Transport of international cargo between ports within the same district [or other relevant regional entity] remains excluded.

A final request related to maritime transport is:

8) Rental and leasing of vessels with crew (CPC 7213, 7223).

EC Request:

- Modes 1, 2 and 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as in horizontal commitments.

C. AIR TRANSPORT

1) Maintenance and repair of aircraft and parts thereof.

EC Request:

- Modes 2 and 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

2) Selling and marketing.

EC Request:

- Modes 1, 2 and 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

3) Computer Reservation Systems.

EC Request:

- Modes 1, 2 and 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

4) Groundhandling services, as specified in the attached definitions (Annex 2).

EC Request:

- Modes 2 and 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

5) Airport management services, as specified in the attached definitions (Annex 2).

EC Request:

- Mode 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

E. RAIL TRANSPORT

d) Maintenance and Repair of Rail Transport Equipment (CPC 8868).

EC Request:

- Modes 2 and 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

F. ROAD TRANSPORT

b) Freight Transportation (CPC 7123).

EC Request:

- Mode 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

d) Maintenance and Repair of Road Transport Equipment (CPC 6112)

EC Request:

- Modes 1, 2 and 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

H. SERVICES AUXILIARY TO ALL MODES OF TRANSPORT

b) Storage and Warehouse Services (CPC 742)

EC Request:

- Modes 2 and 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”

c) Freight Transport Agency/Freight Forwarding Services (CPC 748) and Pre-Shipment Inspection (part of CPC 749)

EC Request:

- Modes 1, 2 and 3: Take full commitments, i.e. schedule “none”, under MA and NT
- Mode 4: Commit as referred in the section “Horizontal commitments”