

Exports to the United States

Israeli exports of machinery and equipment to the United States increased from \$132 million in 1979 to \$260 million in 1982 and then decreased to \$241 million in 1983. Exports from Israel during the period were concentrated in shipments of aircraft (and parts), telephonic apparatus and instruments, office machines, and chassis bodies. These articles accounted for 48 percent of total Israel exports of machinery and equipment to the United States in 1983. Israel was not a principal U.S. supplier of these products during the period, however, accounting for less than 1 percent of total U.S. imports of these articles. A list of the major Israel exports to the United States in 1983 according to official statistics of the U.S. Department of Commerce are shown in the following tabulation:

<u>Product</u>	<u>Value</u> <u>(1,000 dollars)</u>	<u>Percent of</u> <u>total</u> <u>exports</u>
Airplanes and parts-----	37,964	15.8
Telephonic apparatus and instruments-----	34,200	14.2
Office machines, n.s.p.f-----	15,984	6.6
Parts n.e.c. not of Civil aircraft-----	9,656	4.0
Chassis, bodies, etc-----	9,396	3.9
Aircraft and spacecraft parts-----	9,329	3.9
Other-----	124,126	51.6
Total-----	240,655	100.0

A large share of Israel exports entered the United States during 1979-83 free of duty either as the result of eligibility under the GSP or under tariff items with a most-favored-nation duty rate of zero. During 1983, 61 percent of Israel exports entered free of duty under the GSP, and 35 percent entered duty free under items with a most-favored-nation duty rate of zero.

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Exports to countries other than the United States

Israel exports of machinery and equipment to markets other than those in the United States increased from \$391 million in 1979 to \$598 million in 1982. The largest markets for these products were not specified in the United Nations data but are believed to be countries which purchased Israel military equipment. During the period, exports to these unspecified markets ranged between \$170 million and \$310 million and accounted for 34 to 46 percent of total Israel exports in this sector. Following these unspecified markets, the EC, South America, and Africa accounted for the bulk of the remaining exports from Israel. During 1978-82, the EC, South America, and Africa accounted for about 20, 10, and 11 percent, respectively, of Israel exports, as shown in the following tabulation (in million of dollars):

<u>Market</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Unspecified	179	170	310	253
EC	81	105	108	120
South America	27	84	92	65
Africa	42	51	67	56
Canada	5	4	6	4
Japan	3	2	2	3
Mexico	2	7	20	2
Other	52	79	91	95
Total	391	502	696	598

In 1982, nonelectrical machinery accounted for 35 percent of Israel exports compared with 34 percent for electrical machinery and 30 percent for transport equipment. In 1979, transport equipment accounted for 49 percent of Israel exports, and electrical and nonelectrical machinery accounted for equal portions of the remainder. Principal exports of transport equipment during the period were aircraft and aircraft parts, whereas principal exports of nonelectrical machinery were office machines, heating and cooling apparatus, and power tools. Principal electrical equipment exported included

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telecommunications equipment, switchgear, electrical power machinery, and batteries.

Position of Interested Parties

Certain U.S. producers of telecommunications equipment and electronic components have expressed general opposition to the proposed duty-free treatment for imports from Israel. Although imports from Israel account for only a small share of U.S. trade, these producers view the proposal in a broader context. They see the proposal as another step in a continuum of liberalized or duty-free trade legislation, which includes the Generalized System of Preferences, the Caribbean Basin Initiative, the acceleration of staged-duty rates for least developed developing countries, and the proliferation of free trade-zones. In addition, they point out that there are currently proposals under consideration which would grant duty-free treatment to imports of semiconductors and imports of certain other machinery and equipment sector products from Canada.

In addition to their general opposition to the proposal, these U.S. producers are concerned that if the United States does grant duty-free treatment to Israel imports, increased competition can be expected from Western European firms, particularly producers of telecommunications equipment. U.S. producers believe that Western European firms will migrate to Israel and be positioned to export their merchandise to the United States free of duty. For that reason, the producers contend that if duty-free treatment is granted to imports from Israel, at least 50 percent, or preferably 60 percent, of the merchandise content should be the product of Israel.

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Probable Effects of Duty-Free Imports From Israel

The granting of duty-free treatment for U.S. imports of machinery and equipment from Israel would most likely result in a negligible increase in the level of U.S. imports. Israel accounts for only a minimal share of U.S. imports (less than 1 percent), and in 1983, imports of these products were declining. Further, more than 95 percent of imports from Israel currently enter the United States either free of duty under the GSP or under tariff items with a duty rate of zero.

Even with a grant of duty-free treatment, Israel is unlikely to increase its relative share of exports to the United States of machinery and equipment. Substantial capital investment and production capacity would be needed, and the country is already heavily dependent on foreign loans and transfer payments. Imports from Israel also would most likely have a negligible impact on U.S. industries producing these products or on U.S. consumers.

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MISCELLANEOUS MANUFACTURES 1/

U.S. Sector Profile and Conditions of Competition

The industries covered in this sector produce a myriad of heterogeneous manufactured products. Some of the varied items include luggage, scientific instruments, medical instruments, watches, musical instruments, sporting goods, toys, furniture, jewelry, buttons, combs, and writing instruments. The number of firms engaged in the manufacture of the items in this sector was approximately 30,300, up about 4 percent from that of 1979. As shown in table 23, estimated total annual employment of 1.9 million for the sector in 1983 was essentially unchanged from that in 1979, having recovered from the lower levels of 1980-82.

The more significant industries in descending order in this sector as indicated by producers' shipments, are scientific instruments, furniture, medical instruments, photographic equipment and supplies, jewelry, games, and sporting goods. In 1983 aggregate shipments of these industries totaled \$64 billion which represented about 73 percent of total shipments for this sector.

During 1979-83, the estimated value of apparent U.S. consumption of the products covered in this sector rose annually from \$71.2 billion to \$89.2 billion, or by 25 percent. Similarly, the estimated value of producers' shipments rose from \$72.2 billion to \$88.5 billion, or by 23 percent.

The balance of trade which was in surplus from 1979 to 1982 recorded a deficit of \$741 million in 1983, as shown in the following tabulation.

1/ Included are the commodities classified in the following portion of the Tariff Schedules of the United States: schedule 6 (pt.), schedule 7 (specified products, miscellaneous and nonenumerated products), except pts. 1(a), 1(b), 1(c), 12, and 13(b).

Table 23—Miscellaneous manufactures: U.S. shipments, imports, exports, apparent consumption, and employment, 1979-83

Item	1979	1980	1981	1982	1983
Producers' shipments—million dollars	72,190	79,200	83,590	85,200	88,500
U.S. exports					
Total	11,460	13,720	14,894	15,290	15,003
To Israel	91	96	84	88	95
U.S. imports					
Total	10,500	11,583	13,298	14,133	15,744
From Israel:					
Total	85	83	140	177	205
Duty-free under GSP	94.6	91.2	92.1	93.2	92.9
Duty-free under col 1	5.1	8.5	7.7	6.5	7.0
Dutiable	0.3	0.3	0.3	0.3	0.1
Apparent consumption—million dollars	71,238	77,063	81,994	84,043	89,241
Ratio of—					
Imports from Israel to total U.S. imports	0.8	0.7	1.1	1.3	1.3
Total U.S. imports to consumption	14.8	15.0	16.2	16.8	17.6
Imports from Israel to consumption	0.1	0.1	0.2	0.2	0.2
Total employment—1,000 workers	1,934	1,886	1,845	1,895	1,930

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Year	Trade balance (million dollars)
1979	952
1980	2,137
1981	1,596
1982	1,157
1983	-741

The value of U.S. imports, which increased by 50 percent during the period, rose annually from \$10.5 billion in 1979 to \$15.7 billion in 1983. The ratio of total imports to apparent U.S. consumption rose each year during the period from 14.8 to 17.6 percent. The principal sources in 1983 were the EC, Japan, Taiwan, and Canada; combined imports from these countries accounted for 70 percent of total entries in that year.

The value of U.S. exports rose during 1979-83 from \$11.5 billion to \$15.0 billion, or by 31 percent. Whereas exports increased each year through 1982, in 1983 a shift occurred as exports decreased by 1.9 percent. Similarly, exports as a share of producers' shipments were 15.9 percent in 1979, rising each year to 18.0 percent in 1982 and decreasing to 17.0 percent in 1983. Major markets in 1983 included the EC, Canada, Japan, and the OPEC countries and accounted in the aggregate for 57 percent of total U.S. exports that year.

Generally, U.S. producers compete favorably in domestic and foreign markets in the sale of those products (e.g., scientific and medical instruments) which require a high level of technology in their manufacture. Conversely, where technological requirements are minimal and labor content high (e.g., luggage, handbags, and certain sporting goods), U.S. manufacturers are at a disadvantage in the marketing of their products.

Israel Sector Profile

The Israel miscellaneous manufactures sector ^{1/} consisted of some 424 establishments ^{2/} in 1982. Employment for 1982 was 7,000 workers, less than 3 percent of the workforce involved in nonagricultural production. Overall, production declined recently in this sector, the industrial production index fell from 100 in 1978 to 94 in 1982. Many of the articles in this sector are labor intensive and mass produced. Because of its higher wage structure and small unskilled labor force, Israel, unlike the Far East, competes less effectively in world markets for labor-intensive products. Instead, drawing on its highly skilled labor force, Israel has encouraged investment in selected high-skill-intensive products for export to developed countries.

One example of this concentration is in certain types of advanced and high-technology electromedical apparatus and X-ray equipment. During 1979-82, U.S. imports from Israel of these articles grew from \$3.2 million to \$52.4 million. This growth came as a result of increased Government and private funding for capital expansion and research and development. During 1979-82, a number of medical equipment plants opened or were started. Also, many new, improved, and innovative articles of medical equipment were developed and are now being manufactured.

Another industry sector experiencing rapid growth in recent years is precious metal jewelry. The Israel jewelry industry consists of an estimated 600 factories together employing 4,000 workers ^{3/}. The number of firms

^{1/} Unlike the U.S. miscellaneous manufactures industry sector, the Israel category also includes sanitary, plumbing, heating, and lighting fixtures and fittings and footwear.

^{2/} Establishments consisting of 5 employees or more.

^{3/} "Jewelry exports increased last year." The Jerusalem Post International Edition, Apr. 15-21, 1984, p. 21.

producing for export has grown from 20 in the early 1970's ^{1/} to 120 in 1983. ^{2/} More than 2,500 workers are employed in these exporting firms. ^{3/} Eight firms together are responsible for 70 percent of production and 80 percent of exports. ^{4/}

Industry production has expanded rapidly in recent years. In 1975, Israel's jewelry production was valued at \$11.2 million; in 1978, it had reached nearly \$55 million, and by 1982, it was \$165 million. Most of the increased production was exported. Exports totaled \$2.8 million in 1975, \$39.8 million in 1978, and about \$120 million in 1982.

The primary market for these exports has been the United States. In 1975, some 1.5 million dollars' worth, or 54 percent of total jewelry exports, came to the United States. In 1978, exports to the United States climbed to \$35 million, or 90 percent of total exports. The U.S. share has declined since then but has remained above 65 percent. In 1982, exports to the United States totaled \$92 million, or 77 percent of all jewelry exports.

Gold jewelry constitutes the bulk of these exports, and the bulk of production as well. Gold necklaces and neck chains have been the major articles produced and exported since 1976, accounting for between 60 and 80 percent of both production and exports. There have been efforts to diversify into other articles of jewelry such as rings, earrings and charms, sometimes containing semiprecious stones. Religious jewelry articles round out Israel's jewelry line. Despite Israel's large diamond industry, there is no strong connection between it and the jewelry industry.

^{1/} Joel Weiner, "Israel's Jewelry Industry," The Israel Economist, 1980 Supplement, p. S7.

^{2/} "Jewelry exports increased last year," Joel Weiner, *op. cit.*

^{3/} *Ibid.*

^{4/} Aushandel, Apr. 29, 1983, p. 4.

Price has played a key role in Israel's exporting success. The duty-free treatment accorded most Israel jewelry imports into the United States has been the primary advantage. Since the inception of the GSP program in 1976, an average of 97 percent of jewelry imports from Israel were duty free. Also contributing to Israel's lower prices is its weak currency, which has created a favorable exchange rate for buyers in recent years. ^{1/} Another advantage affecting price is the lower wages of Israel jewelry workers—\$400 to \$800 per month—compared with wages of U.S. jewelry workers—\$1,100 per month. ^{2/}

Government support and technological expertise have also played a role in the Israel jewelry industry's growth. The Israel Government has provided low-interest loans and grants to exporters. The Export Institute provides a variety of export services to manufacturers. ^{3/} The establishment in 1977 of the Noble Metals Institute as a subsidiary of the Technion ^{4/} has provided a source of technical expertise in jewelry manufacture. ^{5/}

Although Israel jewelry was considered deficient in quality and design in the early stages of the industry's growth, this problem appears to have been largely corrected. Jewelry manufacturers fashioned their export-intended jewelry after the Italian look, which dominated the American market in particular. With the use of Italian machinery and equipment, ^{6/} Israel jewelry firms were successfully able to imitate one of their chief rivals in the U.S. jewelry market.

^{1/} Helene Huffer, "Israeli Jewelry's New Look," Jewelers' Circular Keystone, February 1983, p. 131.

^{2/} Ibid.

^{3/} Ibid.

^{4/} The Technion, located at Haifa, is Israel's primary scientific educational institution. Much research and development is also conducted there.

^{5/} Gideon Patt, "Good As Gold," The Israel Export and Trade Journal, March 1981, p. 8.

^{6/} Weiner, op. cit.

In a 1979 report on the Israel jewelry industry, David Cohen, an economic consultant, noted that Israel's production capacity at that time was two to three times greater than actual production levels. He indicated that the industry had the necessary equipment and capital but lacked markets and skilled laborers. 1/ A similar view was expressed by David Rozenvasser, co-owner of Israel's largest handmade rope chain firm:

There is an enormous amount of potential in this country. The industry is exploiting only 25 percent of its current potential in equipment and infrastructure. 2/

In 1980, the industry slumped as exports stagnated at 1979's level of \$80 million. This was due largely to a drop in U.S. demand for jewelry from all sources. The industry has since recovered somewhat, but the U.S. market has remained sluggish. This dependency on the U.S. market places some restrictions on the industry's continued growth. However, once this market picks up, Israel has the capacity, technology, quality, and competitive prices to capitalize on it.

Israel Exports

In 1982, the total value of Israel exports to all markets of items in the miscellaneous manufactures sector reached \$348 million, up by 88 percent from \$185 million in 1979. The two principal export markets for Israel were the United States, which took 60 percent, and the EC, which accounted for 21 percent of total Israel exports in 1982. Some of the major products exported were X-ray and electromedical apparatus and precious metal jewelry.

1/ David Cohen, The Gold Jewelry Industry in Israel: Facts and Figures, June 1979, p. 8.

2/ Ilan Seider, "Rozenvasser-Jayneal," The Israel Economist, 1980 supplement, p. S20.

The U.S. share of Israel exports during 1979-82 averaged about 52 percent. During 1981 and 1982, the United States was the market for an average of over 50 percent of total Israel exports of X-ray and electromedical apparatus and over 70 percent of precious metal jewelry.

Exports to the United States

The total value of Israel exports to the United States in 1983 reached \$205 million, up by over 140 percent from the \$85 million exported in 1979. The major products in trade were precious metal jewelry, X-ray apparatus and parts, and electromedical apparatus and parts. Israel was the second principal supplier to the United States of precious metal jewelry during 1979-83, with the exception of 1980, when it ranked fourth. Israel was the third major supplier of X-ray and electromedical apparatus during 1981-83.

Most of U.S. imports from Israel entered duty free under the provisions of the Generalized System of Preferences during 1979-83, with much of the remainder accounted for by items for which there is no duty. As a result, the share of U.S. imports from Israel subject to duty was approximately 1 percent during 1983.

Exports to countries other than the United States

The value of Israel exports to all countries except the United States reached \$141 million in 1982, up by 54 percent from \$91 million in 1979. Aggregate Israel exports in 1983 to West Germany, the United Kingdom, the Republic of South Africa, and Japan accounted for 20 percent of total Israel exports and about 50 percent of exports to countries other than the United States.

One important export commodity was precious metal jewelry; the principal markets were the United Kingdom and West Germany. Another significant product

area of trade was professional, scientific, and controlling instruments, the EC countries were the principal markets for these items.

Position of Interested Parties

Opposition to the duty-free tariff treatment for jewelry was voiced by the largest national jewelry trade association and several domestic producers. In an appearance before the Senate Finance Committee and in a submission to the Commission, the association expressed concern that this action would adversely affect the precious jewelry industry's recovery from a 3-year slump. Of particular concern is the precious metal chain industry, where the import-to-consumption ratio already exceeds 60 percent. Support for the elimination of jewelry tariffs came from an importer and the American Israel Public Affairs Committee. The Committee noted that some 97 percent of U.S. jewelry imports from Israel already enter duty free under the GSP, so no large increase of Israel jewelry imports could be expected.

Additional opposition was expressed by the Luggage & Leather Goods Manufacturers Association for luggage and flat goods items; AFL-CIO for "sophisticated medical equipment" and "jewelry," and the Sporting Arms & Ammunition Manufacturers Institute for certain pistols, revolvers, rifles, and cartridges.

Support was also given by Elcoint, Inc., a U.S. subsidiary of Elcoint Ltd. of Israel, for computerized tomography scanners and gamma cameras.

Probable Effects of Duty-Free Imports from Israel

The overall impact of the free-trade agreement on import levels and the resulting impact on the U.S. miscellaneous manufactures sector and U.S. consumers will be negligible. Although certain types of advanced to high-technology electromedical apparatus and X-ray equipment have made inroads

into the U.S. market, the overall effect on the U.S. domestic market probably will be negligible. Regardless of the trend during 1979-83, when U.S. imports of these items from Israel, the third largest supplier, increased from \$3.2 million to \$64.2 million, the import-to-consumption ratio in 1983 was only 2 percent. In addition, essentially all items already enter duty free.

The granting of duty-free entry to imports from Israel will most likely result in increased U.S. imports of certain precious metal jewelry articles. Some segments of the U.S. jewelry industry will feel a significant adverse impact, as indicated in table 24. The effect on consumers should be slight, since most duty savings will probably be absorbed in the trade.

The jewelry industry in Israel is export oriented. In 1982, nearly three-fourths of total jewelry production was exported, up from one-fourth in 1975. Since 1976, over two-thirds of Israel's jewelry exports have been to the United States. Israel's dependence on the U.S. market will most likely continue for several years, because the United States remains the largest world market for the Italian-style jewelry that dominates Israel's jewelry production.

Even without the special duty-free treatment being considered, imports of jewelry from Israel could be expected to continue the rising trend exhibited over the past several years. However, the implementation of this proposal would eliminate uncertainty about the future of the GSP program, a program which is the key to Israel's competitiveness in the U.S. market. Israel would be able to commit itself to increasing production with some degree of certainty of market direction.

One area that would respond quickly and directly to the duty-free proposal is gold chain, particularly rope chain. Israel has exported very little gold rope chain to the United States since graduating from GSP.

Table 3) -- Precision metal chains. Receipts and final unit cost, reports from Form 100, and probable economic effects of duty-free imports from Israel, by ISUS item

Probable economic effects of = 2

ISUS Item No. 1/	Description	Col. 1: ratio of duty		Receipts from Israel, 1981
		1980	Final unit cost	
700-160-0/	metal chains and neck chains, alloy steel, of gold	0.63 ad val	0.53 ad val	\$107,007
700-170-0/	metal chains and neck chains, alloy steel, of gold	0.63 ad val	0.53 ad val	\$377,231
700-180-0/	other metal chains and neck chains, alloy steel, of gold	0.63 ad val	0.53 ad val	\$10,200,410
700-200-0/	of precious metals	10.63 ad val	7.5 ad val	\$2,203,099

1/ The designation "A" or "B" indicates that the item is currently designated as an eligible article for duty-free treatment under the U.S. Generalized System of Preferences (GSP). "A" indicates that all beneficiary developing countries are eligible for the GSP. "B" indicates that certain of these countries, specified in General Insubstant (G) of the Tariff Schedule for the United States, are not eligible for the GSP.

2/ App. 1 contains an explanation of the probable economic effects costs used in this tabulation.

3/ Excluding imports from Israel, Hong Kong, and Peru. Israel and Hong Kong were graduated from GSP eligibility for this item on Mar. 31, 1981. Peru was removed from eligibility on Mar. 31, 1983.

4/ Excluding imports from Hong Kong which was graduated from GSP eligibility for ISUS item 700-12-1B on Mar. 31, 1981.

eligibility for that tariff provision in 1981. Handmade rope chain is produced by one of Israel's largest jewelry firms.

The size of the increase in imports of gold chain and other precious jewelry depends on how well the U.S. jewelry market rebounds in 1984. This market and other world jewelry markets have been depressed since late 1980 due to poor economic conditions. Improvement began in late 1983, and industry sources estimate a 10 to 20-percent improvement in U.S. jewelry sales in 1984. The same sources also believe that gold chain will be the major karat gold jewelry article purchased.

The bulk of the gold chains on the U.S. market are Italian. Italy accounted for an estimated 52 percent of the market in 1983, up from 48 percent in 1981. Israel's 1983 share of about 8 percent was slightly higher than its 1981 share of 7 percent. These gains have come during a difficult period for domestic chain manufacturers, some of whom report at least a 50-percent drop in production in the past 2 years. Several chain manufacturers are reportedly seeking trade adjustment assistance.

Quality, style, and price are major factors in jewelry sales. Italy, the United States, and Israel are now fairly equal in terms of gold chain quality. Domestic chain producers are at a disadvantage with Italian chain in terms of styling. Italy claims to make 80 percent of the world's jewelry machinery and supplies chain machines to both Israel and U.S. producers. This enables Italy to adapt quickly to changing styles and to also be the trend setter. Italian style dominates the U.S. market and is copied by U.S. and Israel producers. Israel's advantage over U.S. chain producers lies in lower production costs, enhanced by the duty-free treatment of the GSP. Israel's future gains in the U.S. chain market will most likely come at the expense of U.S. producers because of this price advantage.

Despite Israel's concentration on chain, other precious jewelry imports from Israel are growing. U.S. imports of precious metal jewelry (from Israel) largely karat gold articles, rose by 50 percent between 1981 and 1982, from \$32 million to \$48 million. These articles are part of a much larger, more diversified market than chain. Israel is still developing this non-chain market but has shown in the past that it can quickly bring its production up to a competitive level. In the short term, the duty-free proposal should have a minimal impact on the U.S. industry and the level of imports for non-chain precious jewelry articles; over the longer term, the effects would most likely increase.

Table 25 briefly summarizes U.S. trade and consumption in precious metal chain (items 740 11-13 and 740 70) in 1979 and 1982.

Table 25—Precious metal chain: U.S. employment, apparent consumption, shipments, exports, and imports, 1979 and 1982

Item	1979	1982
Employment—1,000 workers—	1/ 2.3	2/ 1.9
Apparent consumption—1,000 dollars—	561,000	2/ 603,000
Shipments—do—	1/ 250,000	—
Exports:		
Total—do—	1/ 5,000	3/
To Israel—do—	4/	4/
Imports:		
Total—do—	1/ 316,000	403,089
From Israel—do—	3/	45,076
Ratio of—		
Imports from Israel to total imports—percent—	3/	11.2
Total imports to consumption—do—	56.3	66.8
Imports from Israel to consumption—do—	3/	7.5

1/ Estimated by the Commission in 1981 investigation (No. 332-122) on the economic impact of the subdivision of TSUS item 740 10.

2/ Based on data supplied by industry sources.

3/ Not available.

4/ Believed to be negligible, although no data are available.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

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APPENDIX A

UNITED STATES TRADE REPRESENTATIVE'S REQUEST OF JANUARY 25, 1984, AND U.S.
INTERNATIONAL TRADE COMMISSION'S PUBLIC NOTICE RELATED TO INVESTIGATION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(332-180)

Probable Economic Effect of Providing Duty-Free Treatment for Imports
from Israel

AGENCY: United States International Trade Commission

ACTION: Institution of an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) concerning the probable economic effect of providing duty-free treatment for imports from Israel on U.S. industries producing like or directly competitive articles and on consumers, at the direction of the President, and the scheduling of a hearing in connection therewith.

EFFECTIVE DATE: February 8, 1984

FOR FURTHER INFORMATION CONTACT:

Mr. Robert Roeder	(202-724-1170)	Agricultural and forest products
Mr. Robert Wallace	(202-523-0120)	Textiles and apparel
Mr. Jim Emanuel	(202-523-0334)	Energy and chemicals
Mr. Robert Ruhman	(202-523-0309)	Minerals and metals
Mr. Nelson Hogge	(202-523-0377)	Machinery and equipment
Mr. Edith Hagelin	(202-724-1746)	Miscellaneous manufactures

All of the above staff are in the Commission's Office of Industries. For information on legal aspects of the investigation contact Mr. William Gearhart of the Commission's Office of the General Counsel at 202-523-0487.

BACKGROUND AND SCOPE OF INVESTIGATION: The Commission instituted the investigation, No. 332-180, following receipt on January 30, 1984, of a request therefor by the President transmitted through the U.S. Trade Representative (USTR). The advice requested would be used in connection with negotiations with the Government of Israel relating to the establishment of a free trade area between the United States and Israel.

The Commission will, as requested by USTR, advise the President with respect to each item in the Tariff Schedule of the United States as to the probable economic effect of providing duty-free treatment for imports from Israel on industries in the United States producing like or directly competitive articles and on consumers.

As requested by USTR, the Commission will conduct this investigation as if the request had been made pursuant to section 201 of the Trade Act of 1974 (19 U.S.C. 2151). The Commission's scheduled completion date for the report is May 30, 1984.