

## ISRAEL-EU BUSINESS INFORMATION SHEET - Israel – EEC Relations

- **Israel will demand a genuine upgrading of relations with the EEC**

Israel intends to demand a genuine upgrading of its relations with the EEC, together with a rejection of a proposal recently compiled by the EEC Commission. This stance will be presented during the discussions of the Association Council which will meet on June 16th. This Council will sit for its annual session with the participation of the Foreign Ministers of the Community and **Tzippy Livni**, the Foreign Minister. In Israel there is an expectation that France, which assumes the Presidency of the Community on July 1st, will work towards the upgrading of relations with Israel.

According to the EEC Policy Statement, the Community wants any upgrade in relations with Israel to be directly linked to progress in the Peace Process. The proposals for improving relations are general and not detailed. Israel's stance is for the right of a real improvement in relations and not a cosmetic upgrade of the nature described in the Policy Statement.

Consultations are also in progress in government offices, relating to the formation of a new body, "**The Mediterranean Basin**" which is intended to focus on 3-5 large projects. Israel is assessing the proposals for these projects, with the intention of being connected to one of them, which should provide additional value.

The EEC Commissioner for Foreign Relations and EEC Neighbor Countries, **Benita Ferrero-Waldner**, points out that the European Community desires to redefine its aspirations in important areas, including the struggle against terrorism, air transport, higher education, agricultural produce trade and services, social unity, custom levies, the information community and consumer protection. **Fererro-Waldner** adds, that the first summit of its kind between the EEC and Israel on the level of Heads of State and Government is intended to be one way to mark a new stage in relations between the EEC and Israel.

- **The European Investment Bank can issue in the Stock Exchange**

The **European Investment bank** can now issue bonds on the Tel Aviv Stock Exchange. The recruitment of funds will reach hundreds of millions of Shekels in order to finance the Bank's investments in infrastructure, such as installations, power stations and additional projects. The Bank is already a participant in funding the water distillation plant in Hadera.

The Knesset approved an adjustment to the **Stocks & Shares Law**. This adjustment enables the European Bank to issue Stocks of the bank without having to publish a Forecast to be approved by the Israel Securities Authority, in a similar arrangement to the one existing for The World Bank. The Bank will also be freed from publishing periodic reports as required by the law.

The European Investment Bank is the central EEC finance institution. The Bank functions for the advancement of integration, balanced development, social and economic unity among member nations and for funding projects in the spirit of the Community's aims.

- **Ishai will participate in the European meetings**

**Eli Ishai**, Minister of Trade, Industry & Employment, will participate during the coming weeks, in two European meetings. This will be the first time Ishai takes part in such meetings. The purpose is to tighten relations with the EEC.

**Ishai** will participate in the EEC-Israel Business Forum. This meeting will take place in the **offices of Axel Springer** in Berlin on July 16th. The Israeli delegation will be headed by **Yossi Vardi**, a Hi-Tek guru.

The Minister of Trade, Industry & Employment will head the Israeli Delegation which will participate in the **third Business Conference for Europe and the Mediterranean basin**. The conference will take place in Marseilles, France, between the 3rd and 4th of July. The conference takes place under the auspices of the EEC Presidency, and leading employment organizations. Around 100 Ministers and EEC-VIP's are expected to attend the conference, together with approximately 4000 representatives of the economies of the EEC and the Mediterranean basin.

The **Israel Manufacturers Association** and the **Israel Export Institute** are organizing a delegation of industrialists to accompany Eli Ishai. They will have the opportunity to hold far-reaching discussions regarding the advancement of new projects.

- **Negotiations on the Service Agreement Postponed**

The negotiations between Israel and the EEC over a new agreement in the field of services will not take place this month, as they've been postponed. This is as a result in personnel changes in positions within the EEC Commission that deal with the service field.

The meeting between Israel and the EEC relating to services was due to take place this month. At this moment it is not clear when the meeting will take place, or whether it will be delayed until after the summer vacations of the EEC institutions.

- **Export Institute to continue to operate a Center on the EEC**

The **Israel Export & International Cooperation Institute** is to continue to operate its Center which provides information on the EEC within the framework of an EEC information network. The Institute will receive an increased budget for this purpose from the EEC Commission, as previously.

Discussions took place in the Institute during the last months regarding whether to continue providing the service for EEC information, but in the course of a meeting in May between the EEC Ambassador, **Ramido Sibrian-Ozal**; **Jonathan Claridge**, the Head of the Political and Economic Bureau in the EEC Commission; and **Hilik Asia**, the Director General of the Israel Export & International Cooperation Institute, it was agreed that the Institute will continue to provide this service, and receive an increased budget from the EEC for that purpose.

There is currently an expectation within the EEC delegation that the Export Institute will get organized to continue in providing the EEC Information Service. The Center will provide the information both in its offices and on its website.