

There is no value-added tax (VAT) payable on the export of goods and certain services from Israel.

Exporters can reclaim all payments of taxes (tax drawback) on production inputs paid by them for materials and services used for their exports.

EXPORTERS

Despite Israel's small size and population, it is an important market for exporters because imports for capital are dollar high and the increasing Israeli imports totaled US\$1.2 billion in 1988, with consumer goods accounting for 10.4 per cent, production inputs for 12.7 per cent, and capital goods for 16.6 per cent of gross imports.

As Israel becomes more and more developed, it requires greater quantities of production inputs and capital goods for its industries and economic infrastructure.

Major Canadian exports to Israel include aluminum, iron, chemical wood pulp, copper ores, zinc and parts of turbojets or turbo-propellers. The range of products currently being exported to Israel is fairly diversified, with opportunities to expand in areas such as cement, building materials, biotechnology and environmental technologies and products.

Environment

Israel has only recently become actively concerned about environmental issues. A new Ministry of the Environment was created in December 1985 to formulate environmental policies and to co-ordinate and monitor activities in this field. It has initiated in cooperation with private sector firms and technologies that provide practical solutions for Israel's environmental problems.

Privatization

There is a government program for the privatization of many of Israel's leading government-owned companies like Israel Chemicals Limited, Oil Refineries Ltd., El Al Airlines, Israel Electric Corporation. This provides opportunities for the foreign investor who wishes to invest in Israel's major companies.

Immigration

The major challenge facing the Israeli economy in the 1990s is the expected wave of immigration coming from