

U.S. DEPARTMENT OF THE TREASURY

Press Center



2010 U.S. – Israel Joint Economic Development Group Statement

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JERUSALEM – Delegations of the United States and Israel discussed the status of the U.S. and Israeli economies, the progress of Israel's economic reforms, and Israel's progress in meeting economic conditionality to be eligible for the FY 2011 tranche of \$333 million in U.S. loan guarantees at the 2010 U.S.-Israel Joint Economic Development Group (JEDG) meeting held today in Jerusalem.

The U.S. delegation was led by Charles Collins, Assistant Secretary of the Treasury for International Finance, and Tom Engle, Director of the Office of Monetary Affairs at the Department of State. The Israeli delegation was led by Stanley Fischer, Governor of the Bank of Israel, Haim Shani, Director General of the Israeli Ministry of Finance, and Eugene Kandel, Chairman of the Israeli National Economic Council.

During the 2010 JEDG, Israel presented its progress towards meeting the 2010 terms and conditions, as agreed to at the June 2009 JEDG, that will govern the U.S. Government's decision to make available the FY 2011 tranche of loan guarantees for use by Israel, subject to statutory deductions. The U.S. delegation commended Israel for progress on its 2010 targets, including a maximum 1.7 percent increase in real expenditures over 2009 spending, a maximum 5.5 percent of GDP budget deficit, the approval of a new medium-term fiscal rule, and the creation of long-term analysis of the demographic strains on Israel's budget outlook.

The delegations also discussed U.S. regulatory reform, ways to strengthen Israel's fiscal rule, and Israel's economic reform agenda, including reforms in Israel's labor market, Land Authority, seaports, energy sector and high-tech industry.

The United States looks forward to receiving a report from the Government of Israel in early 2011 detailing whether it has met 2010 conditions connected to the U.S. Fiscal Year (FY) 2011 loan guarantee tranche of \$333 million.

The U.S. Fiscal Year (FY) 2003 Wartime Supplemental Appropriations Act authorized \$9 billion in loan guarantees be made available to Israel over time, subject to deductions. A 2006 Amendment extended this program until September 30, 2011, allowing unused amounts to carry over until 2012. The U.S.- Israel Loan Guarantee Commitment Agreement (LGCA) sets forth the terms and conditions for issuing guarantees in exchange for meeting specific economic conditions set forth each year at the JEDG. The U.S. 2011 loan guarantee tranche of \$333.3 million could be made available to the Government of Israel provided that Israel meets the requisite 2010 conditions, subject to statutory deductions. As of October 1, 2010, Israel has \$3.481 billion available in U.S. loan guarantees, subject to statutory deductions.

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