What is BIAC?

*BIAC is the voice of business at the OECD*

- Independent organisation officially recognised by the OECD.
- Major Industrial and Employers’ Organisations in the 34 OECD Member Countries and other Observer Countries
- Participates in meetings (OECD committees and working groups), global forums and consultations
- Provides written and oral input to OECD work in progress, and develops positions on issues that concern business’ interests at the OECD

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What Specific OECD Projects are Impacting Business Practices Today?

- Regulatory Reform
- Tax
- Innovation
- Corporate Governance Principles
- Consumer Protection
- Financial Policy
- Trade / Export Credits
- Framework for Investment / MNE’s Guidelines
- Anti-Bribery Convention
- G – 20 and Non Members
Regulatory Reform: The Most Important Element for Business?
Regulatory Policy - Significant Impact on the Environment in Which Business Operates

- Increase Compliance
- Fight Corruption and Informal Economy
- Inspection Practices
- Minimize Business Uncertainty
- Reduce Costs

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Level Playing Field

International Competition

Local Competition

SMEs

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SMEs share in:

- Establishments: 99% (Israel) and 99% (OECD)
- Workforce: 65% (Israel) and 55% (OECD)
- GDP: 51% (Israel) and 45% (OECD)
- Business GDP: 38% (Israel) and 28% (OECD)
OECD Guidelines

Anti-bribery law

Securities Regulator

Sanctions

Export Control

Sectors Regulators

TAX & TP

Labor

Environment

Antitrust
Hampton’s Principles

- Regulators, and the regulatory system as a whole, should use **comprehensive risk assessment** to concentrate resources on the areas that need them most.

- Regulators should be **accountable for the efficiency and effectiveness** of their activities, while remaining independent in the decisions they take.

- **No inspection should take place without a reason.**

- Businesses should neither provide unnecessary information, nor give the same piece of information twice.

- The **few businesses that persistently break regulations should be identified quickly** and face proportionate and meaningful sanctions.

- Regulators should provide **authoritative, accessible advice easily and cheaply.**

- **Regulators should be of the right size and scope**, and no new regulator should be created where an existing one can do the work.

- Regulators should recognize that **a key element of their activity will be to allow, or even encourage, economic progress** and only to intervene when there is a clear case for protection.

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Central Elements

- **Simplification of existing regulation**: targeting areas that are most burdensome on business and where changes would lead to enhanced business productivity.

- **Assessment of costs to business**: not only administrative costs.

- **Consistency**: important for establishing appropriate expectations of stakeholders.

- **Transparency**: contribute to increased stakeholder trust within national governments.
Central Elements

- **Assessment and implementation**: Mechanisms should be established in order to evaluate the success of implementation as well as all dimensions of enforcement.

- **Consultation with business**: Business engagement will contribute to better government insight into the regulatory impact on the business environment.

- **Alternatives to regulation**: self-regulation, Sectoral codes and standards

- **Evaluation**: cost and effectiveness. monitor regulatory performance.

- **Think global.**
Business Engagement

- Legitimacy and efficiency
- Greater support for proposals
- Valuable information about policy proposals
- Potential costs and benefits
- Low-cost

- Consultation with business may be established by law
- Inconsistency of Policy Consultation
Good Faith

SO WHAT DO YOU THINK OF THE CHANGES WE'RE MAKING?

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Alternatives To Regulation

- Energy / water
- Customs
- Health
- National or international standard
- Certification Authority
- Economic incentives
- Voluntarily reports of violations
- Accountability
“Guillotine Approach”

Prove it or lose it

Insert Regulation Here
## “Guillotine Approach”

<table>
<thead>
<tr>
<th></th>
<th>Type of review</th>
<th>Target of Reform</th>
<th>Number of regulations before cleanup</th>
<th>% of regulations eliminated in the reform</th>
<th>% of regulations simplified in the reform</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Korea</strong></td>
<td>Legality, Need</td>
<td>Regulations</td>
<td>11,125</td>
<td>48.8%</td>
<td>21.7%</td>
</tr>
<tr>
<td>(11 months)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>Legality, Need</td>
<td>Formalities</td>
<td>2,038</td>
<td>54%</td>
<td>27%</td>
</tr>
<tr>
<td>(9 months)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Moldova</strong></td>
<td>Legality</td>
<td>Regulations</td>
<td>1,130</td>
<td>44.5%</td>
<td>12.5%</td>
</tr>
<tr>
<td>(6 months)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Legality</td>
<td>Fee-based Permits</td>
<td>400</td>
<td>68%</td>
<td>20.3%</td>
</tr>
<tr>
<td><strong>Ukraine</strong></td>
<td>Legality</td>
<td>Regulations</td>
<td>14,000</td>
<td>36%</td>
<td>7.2%</td>
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<tr>
<td>(12 weeks)</td>
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<tr>
<td><strong>Bosnia/RS</strong></td>
<td>Legality, Need</td>
<td>Formalities</td>
<td>331</td>
<td>21.1%</td>
<td>22.7%</td>
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<tr>
<td>(4 months)</td>
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<tr>
<td></td>
<td>Legality</td>
<td>Inspections</td>
<td>2,473</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td><strong>Croatia</strong></td>
<td>Legality, Need</td>
<td>Business Regulations</td>
<td>2,683</td>
<td>27%</td>
<td>30%</td>
</tr>
<tr>
<td>(9 months)</td>
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Source: Jacobs and Associates, 2007
This is the regulator
The regulator executes policy and performs inspection
...Within the Policy of The Ministry
The Ministry works on several Issues ...
And there are other Ministries

<table>
<thead>
<tr>
<th>Health</th>
<th>Environment</th>
<th>Labour</th>
<th>Tax</th>
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</thead>
<tbody>
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</table>

- Fire
- Standards
- Construction
- Food
- Transport
While at the same time, the businessman has other tasks as well..
## Inspection Execution

<table>
<thead>
<tr>
<th>Barrier</th>
<th>Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complexity of regulations</td>
<td>Assessment of necessity and content of regulations</td>
</tr>
<tr>
<td>Short compliance deadlines for new requirements</td>
<td>Introduce methodology and obligation of impact assessment for developing regulations</td>
</tr>
</tbody>
</table>
| Vague language                              | ➢ Ensure the creation of a clear, objective policy on how to interpret the Legal Authority  
                                          | ➢ Publish opinions of the ministries                                         |

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# Inspection Execution

<table>
<thead>
<tr>
<th>Barrier</th>
<th>Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses are not informed Sufficiently.</td>
<td>Periodical informative meetings</td>
</tr>
<tr>
<td>Inspectors are not qualified sufficiently</td>
<td>Training programs for the inspectors</td>
</tr>
<tr>
<td>Inspections criteria is not available to businesses.</td>
<td>Use inspection codex and make it transparent</td>
</tr>
<tr>
<td>Non-disclosure</td>
<td>Internet: Publish all information related to inspection controls. Guides for implementation of regulations.</td>
</tr>
</tbody>
</table>
## Inspection Execution

<table>
<thead>
<tr>
<th>Barrier</th>
<th>Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unhealthy competition between inspectors (for increased fines)</td>
<td>Clear division of Authorities powers, coordination of their work.</td>
</tr>
<tr>
<td>Informal Economy</td>
<td>Inspection surveillances</td>
</tr>
<tr>
<td>Inspection focus is on punishment, not prevention</td>
<td>➢ Disengage volume of fines from inspections success indicators</td>
</tr>
<tr>
<td></td>
<td>➢ Points system</td>
</tr>
<tr>
<td></td>
<td>➢ Adjustment periods</td>
</tr>
</tbody>
</table>

Manufacturer's Association of Israel
## Inspection Execution

<table>
<thead>
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<th>Barrier</th>
<th>Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sampling costs substantially burden a significant part of economy</td>
<td>Certification organizations. Planning of sampling and transparency of testing prices</td>
</tr>
<tr>
<td>Troublesome behavior of the inspectors</td>
<td>- Complaint mechanism&lt;br&gt;- Consider rotation of the inspectors&lt;br&gt;- Guides for business: rights and obligations related to inspection controls</td>
</tr>
<tr>
<td>Damage</td>
<td>Compensation mechanism for businesses</td>
</tr>
</tbody>
</table>
Inspection Best Practices

- Leadership
- Coordination
- Codex
- Written reports
- Annual reports
- Transparent
- Meetings with stakeholders
- Trained inspectors (inc. Service orientation)
- Focus on compliance not punishment

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Doing Good by Doing Well
Thank You

Natanel Haiman

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Manufacturers Association of Israel

www.industry.org.il