



# Israeli Participation in OECD Activities: 2007

**Ministry of Finance  
International Department**



**2008**



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Activities: 2007**

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**July 2008**

## Foreword

2007 was a year of change in Israel-OECD relations – On May 16, 2007, the OECD Council decided to invite Israel to open discussions for membership in the Organisation. On May 20, 2007, the Government of Israel decided unanimously to begin the accession process for joining the Organisation as a full member. The Government established an inter-governmental steering group for the promotion and settling of the affairs required for the implementation of the accession process. The inter-governmental steering group will provide the professional foundation for the determination of Israeli policy with the OECD after joining the Organisation as a full member.

In November 2007, the Secretary-General made an official visit to Israel and met with the Prime Minister, Minister of Finance, other Senior Ministers and professional authorities to begin the process of joining the OECD. On November 30, 2007 the Council adopted the roadmap for the accession of Israel to the OECD Convention which contains three main components: a) Assessing Israel's commitment to the OECD fundamental values – pluralist democracy based on the rule of law, respect of human rights and an open market economy. b) Examination of Israel's legislation and policy vis-a-vis OECD legal instruments. c) Assessing Israel's policies in several core subjects, i.e., Capital Movements, Investments, Combating Bribery, Fiscal Affairs, Environmental Policy, Corporate Governance, Financial Markets, Insurance, Competition, Scientific and Technological Policy, Information, Computer and Communications Policy, Consumer Policy, etc.

In January 2008, an OECD delegation led by the Deputy Secretary-General made an official visit to Israel to launch the accession process. Following the visit the inter-governmental steering group established 18 professional teams to address each subject mentioned in the roadmap. The teams have already begun to answer the OECD questionnaires and to prepare for the examination by the OECD bodies during 2008-09.

Parallel to the accession process it is extremely important to follow-up the current activities of the OECD bodies which are participating in the evaluation of Israel's willingness and ability to assume the obligations of membership. Israel is entitled to join all OECD bodies which will take part in the examination process within the framework of the accession process.

The attached report constitutes a reminder of the professional work carried out by government ministries and agencies and by parties in the private sector; it thus provides an opportunity to thank all those who have diligently pursued this endeavor despite the hardships encountered. Finally, special thanks to Mr. Marc Luban of the International Affairs Division at the Finance Ministry, for his work in preparing this report.

Oded Brook

Chairman, Inter-Governmental Steering  
Group for Israel's OECD Membership

## **Contents**

The Report on Israeli participation in OECD activities 2007 includes four parts:

### **Part A – Government's Ministries:**

- Full details of the Government Ministries' activities in the work of the committees and subsidiary bodies.
- Description of the work of the OECD's committees, working groups, working parties and other subsidiary bodies.
- Marking Israel's contribution to the ongoing work of the OECD's Bodies.

### **Part B – Authorities and Institutions:**

- Full details of the Authorities' and Institutions' activities in the work of the committees and subsidiary bodies.
- Description of the work of the OECD's committees, working groups, working parties and other subsidiary bodies.
- Marking Israel's contribution to the ongoing work of the OECD's Bodies.

### **Part C – Private Sector:**

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# Government's Ministries



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# Part One

## 1. Ministry of Agriculture and Rural Development

### Plant Protection and Inspection Services

#### *OECD Seed Schemes for the Varietal Certification of Seed Moving in International Trade – Annual Meeting*

**2007** – The Director of the Seed & Nursery Stock Inspection Services participated in the annual meeting of the Seed Standards Committee, held on July 11-12, 2007. The primary purpose of the Annual Meeting of the OECD Seed Schemes was to consider matters relating to the Varietal Certification and Control of Seed Moving in International Trade under the Schemes, agree on proposals amending the Rules and exchange information.

The Annual Meeting agreed on the following (main decisions):

- A timetable was established for the period running from August 2007 to January 2008 for the development and implementation of the **Strategic Plan** for the OECD Seed Schemes.
- The following amendments to the Rules of the Schemes were accepted: a) Removal of the post control testing of all Certified seed lots produced abroad (all Schemes), b) Permit the certification of hybrid varieties of grasses and legumes (Grass and Legumes Schemes), c) Admit the new species *Vicia benghalensis*, Purple Vetch (Grass and Legume Scheme, List of Varieties), d) the recent changes adopted by ISTA are to be reflected in the OECD Rules, which includes the withdrawal of the Green Certificate and changes in species nomenclature.
- Efforts to improve the **List of Varieties** and to modernise the database to allow for more frequent updating will be pursued. An **Interim List** will be available on the Schemes' Website at the end of July 2007.
- A group of delegates (AUS, DEN, FRA, NLD, NZL, USA and C. Centre) will finalise the text of the "**Authorisation Guidelines**" for Crop Inspection, Seed Sampling and Seed Testing.

- A **Workshop** on "Equivalence arrangements between EC and third countries" will be held in 2008.
- The **statistical questionnaires** on Weights of OECD Certified Seed and Post Control of Seed Lots produced under the Schemes will be improved in the future to heighten its relevancy.

The following proposals will be revised for discussion at the Extended Advisory Group in January 2008:

- Amendments to the seed multiplication abroad rules and preliminary Guidelines on the matters drafted by the ad hoc Working Group by 30 November 2007.
- Amendment on the use of synonyms in Varietal denominations drafted by the ad hoc Working Group.
- Amendment of isolation distances for hybrid cotton seed drafted by the ad hoc Working Group – see attachment of Israel's comments.

### ***Plenary Meeting of the OECD Scheme for the Application of the International Standards for Fruit and Vegetables***

The OECD "Scheme" for the Application of International Standards for Fruit and vegetables has the following primary objectives:

- to promote the establishment of one single, international grade standard setting body; and
- to facilitate the implementation and harmonisation of international grade standards activities.

**Plenary Meeting 66** – The Manager of the Services Section at the Plant Protection and Inspection Services in the Ministry of Agriculture and Rural Development participated in a Plenary Meeting of the OECD Scheme for the Application of International Standards for Fruit and Vegetables which was held in Paris in December 2007. The following subjects were raised:



- **Report on the 2007 International Training Course sponsored by the OECD and held in Slovakia** – The Head of the Slovakian Delegation presented an oral report on the outcome of the OECD-sponsored 2007 Training course in Slovakia.
- **Peer Review** – The Evaluation Team presented the report of the Peer Review of the Fruit and Vegetables Quality Inspection System in Hungary.
- **Preparation of Brochures on standards for fruit:**
  - Draft brochure on "Apples".
  - Draft brochures on "Citrus fruits" (prepared by the Israeli delegation).
  - Draft brochure on "Potatoes".
  - Draft brochure on "Melons".
  - Draft brochure on "Hazelnuts".
  - Work on other brochures (pears, apricots, peaches, nectarines and prunes).
- **Guidelines on Inspector's training and on Quality inspection** –

The leader of each working group informed Delegates on the progress made in 2007.
- **Public and Private standards in the Food Chain:**
  - A study was presented on the Public and Private Standards in the Food Chain and was undertaken by the Directorate for Trade and Agriculture in the OECD.
  - A study was presented on Technical barriers to Trade, which evaluated the trade effects of supplier's declaration of conformity.
  - A presentation was given on the technical questions of quality assurance systems in the private sector by an expert from the private sector.

- **Presentation on distance learning tools** – The FAO Secretariat informed Delegates on its system of distance learning for the agricultural sector.
- **Evaluation of market situation for selected fruit and vegetables**– An overview was given to Delegates on the market situation for selected fruit and vegetables.

### ***In-Depth Evaluation of the Committee for Agriculture (COAG)***

In the framework of an In-depth Evaluation of the Committee for Agriculture (COAG), the OECD Council Secretariat wishes to establish a contract for the evaluation of the Part II Programme, *Agricultural Codes and Schemes for International Trade*.

The evaluation will cover the period from 2002 to 2007 and focus on the orientation, functioning, output results and impacts of the Codes and Schemes. The Codes and Schemes will be assessed with respect to the following evaluation criteria: relevance, efficiency, effectiveness and sustainability.

**Session 31** – The Manager of the Services Section at the Plant Protection and Inspection Services in the Ministry of Agriculture and Rural Development participated in a Session of In-Depth Evaluation of the Committee for Agriculture which was held in Paris in December 2007.

## 2. Ministry of Communications

### Economics and Budget Division

#### *Information, Computer and Communications Policy Committee (ICCP)*

**Information, Computer and Communications Policy Committee (ICCP)** – The OECD ICCP Committee is a forum in which governments work together to maximise the global economic and social benefits of the “information society” by discussing issues and developing collective solutions to help foster coherent information society policies in an era of convergence and globalisation.

The Senior Deputy Director-General of the Economics and Budget Division represented Israel at the following meetings:

**Session 53** – During the session, held in October 2007, the following subjects were raised:

- The OECD Ministerial Meeting on the future of the Internet economy, Seoul, Korea, 17-18 June 2008 – The World is at a critical point in the growth and development of rapidly evolving interconnected systems and networks. Three large and dynamic trends, that collectively warrant the attention of Ministers and are impacting the internet, include:
  - The value of Creativity enabled by the Internet's open and participatory nature to drive innovation, value creation, and widespread social and economic interaction, and the need to reinforce policies that encourage creativity, innovation, access and participation.
  - The need to build Confidence and a culture of security and privacy, taking into account the societal and economic need for improved trust and consumer protection.

- The need to rethink existing regulatory models, moving closer toward the use of the Internet Protocol and rapid technological advancement, as the Internet integrates previously distinct networks and services, such as broadcasting and telephony.
- Recent evidence of the impact of ICT on economic growth policy – Professor Robert G. Lipsey presented a recent report, "The Past, Present and Future of the GPT-driven Modern ICT Revolution."
- The engagement of non-members in the work of ICCP: Accession, enhanced engagement and review of observers – The Committee decided to lengthen Israel's participation as a full observer in the ICCP till 2009.

**Session 52** – During the session held in March 2007, the following subjects were raised:

#### **ITEM 5. The 2008 ICCP-Organised Ministerial**

- The secretariat presented a brief oral summary of the OECD-NSF Workshop ("The Social and Economic Factors Shaping the Future of the Internet"):
- **Ministerial meeting: potential deliverables – A future vision:** The Secretariat presented a draft version of a "vision" of a desirable future of the Internet as requested by delegates at the last ICCP meeting.
- **Ministerial meeting: Potential deliverables – An inventory of deliverables:** The Secretariat presented an inventory of potential deliverables for the Ministerial as requested by delegates at the last ICCP meeting.
- **Ministerial meeting : Preparations** – The Secretariat outlined a number of Ministerial preparatory issues that require discussions and decisions by the Committee, in advance of a report due to go to Council following the ICCP meeting.

## ITEM 6. Policy and Guidance: OECD Instruments

- **Privacy law enforcement co-operation** – An update on progress made in the WPISP in preparing a draft Council Recommendation on privacy law enforcement co-operation was presented, along with the written process planned for obtaining Committee approval to submit the draft to Council for adoption.
- **Electronic authentication** – The Secretariat introduced a draft recommendation on e-authentication, requesting that the Committee approve the document for submission to the OECD Council for adoption.

### *Working Party on Communication Infrastructures and Services Policy (WPCISP)*

#### **Working Party on Communication and Information Services Policy –**

- To promote exchanges of experience among member countries and review recent developments in the field of communication infrastructures and services policy, taking into account the development of the Global Information Society and the emergence of next-generation networks.
- To explore alternative goals and strategies for communication infrastructure and services in order to promote a common understanding of policies and increase international co-operation.

**Session 39** – During the session held in December 2007, the following subjects were raised:

- **Convergence and next generation network** – The presentation looked at a number of regulatory scenarios for next generation access networks and discussed possible developments in next generation core networks and developments in

convergence and the implications of these developments for policy and regulation.

- **Recommendations on convergence and next generation networks.**
- **Monitoring the 2004 Broadband recommendation.**
- **Draft recommendation protecting and empowering consumers in telecommunications.**
- **Broadband and Web Portal** – There were a number of suggestions for ways to improve the portal from member countries, such as including prices in nominal exchange rates and purchasing power parities.
- **Data Collection on high speed mobile data services** – Discussions focused on building a standard definition of mobile high-speed data access across the OECD which could also be adopted globally. Delegations put particular emphasis on ensuring that only "active" mobile accounts should be counted.

### 3. Ministry of Education

#### Division A for International Relations and UNESCO and the Chief Scientist

##### *EDC/CERI Joint Meeting of the Education Committee and CERI Governing Board*

#### **Centre for Educational Research and Innovation (CERI) –**

CERI was set up in 1968. Since then, it has established a genuinely international reputation for pioneering educational research, opening up new fields for exploration and combining rigorous analysis with conceptual innovation.

**Functions of the Governing Board** - The Governing Board shall be concerned with all matters in the field of competence of the Centre. In particular, each year it shall prepare and approve by a two-thirds majority vote the draft Programme for the following year.

**2007 Joint Meeting** – The Chief Scientist of the Ministry of Education participated in a joint meeting of the Education Policy Committee and the CERI Governing Board, held in April 2007. The following subjects were discussed at the meeting:

- The Informal Working Group (IWG) established proposals for the governance of the education data collection and survey programmes to be carried out by the Education Policy Committee in addition to related analyses and publications. The proposed governance structures foresee that: a) all strategic and financial decisions on INES will be made by the Education Policy Committee (EPC). Given the key priority of INES in the OECD education work Programme, the EPC will devote sufficient time to this work. b) an INES Working Party will monitor, supervise, direct and coordinate statistical work as well as the development of indicators and quantitative analyses needed to meet the

requirements and priorities of the EPC. This will include overseeing the operational management of the annual INES data collection Programme and providing technical oversight over the respective analyses and publications resulting from these data, including Education at a Glance.

- OECD Assessment of Adult Competencies (PIAAC) – At its meeting on December 11, 2006 the Jointly Session of the Education Committee and CERI Government Board reaffirmed its commitment to the strategy for the OECD Programme for the International Assessment of Adult Competencies (PIAAC) and provided directions for its further development.

The **Programme for the International Assessment for Adult Competencies (PIAAC)** aims at developing a strategy to address the supply and demand of competencies that would:

1. identify and measure differences between individuals and countries in competencies believed to underlie both personal and societal success;
2. assess the impact of these competencies on social and economic outcomes at individual and aggregate levels;
3. gauge the performance of education and training systems in generating required competencies; and
4. help to clarify the policy levers that could contribute to enhancing competencies.



## **Science and Technology Administration**

### ***Informal Meeting of OECD Educational Ministers on Vocational Education and Training***

Vocational educational and training (VET) systems need to respond to fast changing labour markets and anticipate future needs. Economic developments, reflecting global pressures, technological innovation and new modes of organizational frameworks are changing both workplaces and the skills required. Some countries, while broadly content with work-based VET systems, face a lack of apprenticeships. Others, who have adopted schools-based VET, have invested heavily in the trainers and equipment necessary to provide skills for which demand may be falling – while there is a growing demand for newer technical skills. Increased migration is at times leading to skills gaps in receiving countries, creating some new training requirements (such as second-language learning for adults) and to skills gaps in sending countries. Some countries face continuing challenges in integrating second-generation migrants into education and employment.

The Director of the Science and Technology Administration participated in the Informal Meeting of OECD Education Ministers on Vocational Education and Training held in January 2007. The following subjects were discussed at the meeting:

- The changing labour market;
- The tertiary and wider educational context; and
- Quality and equity: parity of esteem and social cohesion.

## **Training and Educator's Perfecting Administration**

### ***Improving School Leadership Activity***

**Improving School Leadership** – School leaders in OECD countries are facing challenges with the rising expectations for schools and schooling in a century characterized by technological innovation, migration and globalization. As countries aim to transform their educational systems to prepare all young people with the knowledge and skills needed in this changing world, the roles and expectations for school leaders have changed radically. They are no longer expected to be merely good managers. Effective school leadership is increasingly viewed as key to large-scale education reform and to improved educational outcomes.

The Head of the Training and Educator's Perfecting Administration participated in OECD activity on the subject of "Improving School Leadership". Subjects discussed included:

- What are the roles and responsibilities of school leaders under different governance structures? What seem to be promising policies and conditions for making school leaders most effective in improving school outcomes?
- How can effective school leadership be best developed and supported? What policies and practices would be most conducive to these ends?

### **The Bureau of the Minister**

#### **✓ Educational System Committee**

Prof. Peter Evans, who is responsible for the activities on special education at the OECD, accepted the invitation of the Minister of Education Prof. Yuli Tamir, to appear in front of the Dorner Committee for the examination of the special educational system in Israel.

The Special Educational System Committee led by retired Supreme Court Justice Dalia Dorner was established on September 25, 2007 by the Minister of Education to examine the Ministry of Education's policy regarding special education needs of children with disabilities.

The main 5 topics to be considered by the Committee include:

- Characterization, functioning – Special Education Law for children with special needs;
- Appointment of an apparatus for budgeting a service for students with special needs;
- The pedagogic area;
- The link between various Ministries relating to the application of the Special Education Law; and
- Special Education Law.

On November 21, 2007, Prof. Peter Evans appeared in front the 'Dorner Committee' and gave three lectures:

- Defining Children with special educational needs – evidence from international contexts;
- Comparative statistics and indicators on students with special educational needs; and
- The challenges of inclusive education.

Prof. Evans deals with the OECD activities on special education which includes the work on statistics and indicators for students with disabilities, learning difficulties and disadvantages, the transitions of students with disabilities into work and tertiary education, and partnership for inclusion. In addition, he manages the project on gathering prevalence data on children with disabilities in developing countries, which is a collaborative project with the World Bank.

## Economics and Statistics Division

### *Indicators of Education Systems Technical Group*

**Indicators of Education Systems** – The INES Project began in 1988 in response to national policy makers' desire for information that would allow them to compare the performance of their education systems with those of other countries and, thus, better assess and monitor the effectiveness and evolution of their education systems.

The Technical Group, chaired by the OECD Secretariat, ensures the comparability of administrative data, developing indicators on educational participation, access, human and financial resources, and school completion.

**Session 28** – A representative of the Economics and Statistics Division in the Ministry of Education participated with representatives of the Central Bureau of statistics in a meeting of the Indicators of Education Systems Technical Group, held in Greece in May 2007. Subjects included:

- **New governance arrangements for INES** – At its meeting on April 25, 2007, the Joint Session of the Education Committee and the CERI Governing Board agreed to the proposals, which include the creation of an INES Working Party with the mandate set out in EDU(2007)5/REV1. The new Working Party has the authority to implement its work through subsidiary bodies, expert groups, etc., and it will be one of the first tasks of the Working Group.
- **A methodology for measuring output in education** – At its meeting in June 2006, the INES TG received a presentation on the project being led by the Statistics Directorate of OECD aiming to propose methodologies for improving the measurement of non-market output in the National Accounts, focusing on the education and health sectors. The paper for this item presented the emerging proposed methodology for

measuring and comparing educational output between countries and the Purchasing Power Parities (PPPs) that are a component of such comparisons. When finalised, the methodology will be published as part of the new OECD Handbook on measuring education and health volume output.

- **Meetings of the sub-groups of the INES Technical Group** – At its 26<sup>th</sup> meeting (June 2006 in Paris) the TG agreed to establish sub-groups of the INES Technical Group under the themes of (1) Finance, (2) Outputs and efficiency, (3) Adult education, and (4) Student Mobility. 1) Finance – review of methods for estimating private expenditures (household and other private entities), seeking to identify and agree on good practices. 2) Outputs/efficiency – review of OECD Economics Directorate's latest work on calculating indicators of efficiency in education, seeking to identify improvements in the data and methodology.

## **National Authority for Assessment and Evaluation in Education (NAAE)**

### ***Programme for International Student Assessment (PISA), PISA Governing Board***

The PISA programme is an internationally standardised assessment that was jointly developed by participating countries and administered to 15-year-olds in schools. The survey was implemented in 43 countries for the 1<sup>st</sup> assessment in 2000, in 41 countries for the 2<sup>nd</sup> assessment in 2003, in 57 countries for the 3<sup>rd</sup> assessment in 2006 and 62 countries have signed up to participate in the 4<sup>th</sup> assessment in 2009. Tests are typically administered to between 4,500 and 10,000 students in each country.

PISA assesses how far students near the end of compulsory education have acquired knowledge and skills that are deemed to be essential for full participation in society. In all cycles, the domains of reading, mathematical and scientific literacy are covered not merely in terms of mastery of the school curriculum, but also in terms of important knowledge and skills needed in adult life.

**Session 23** - The Director-General of the NAAE participated in the meeting of the Governing Board held in Oslo in March 2007.

Subjects discussed included:

- Progress review with regard to the development and implementation of PISA;
- Finalising the arrangements for the preparation and dissemination of the report on initial results from the PISA 2006 assessment;
- Establishing priorities for the analysis and reporting plans for the PISA 2009 assessment;
- Finalising the technical standards for the PISA 2009 assessment;

- Progress review with regard to the development of the assessment instruments and questionnaires for the PISA 2009 assessment; and
- Considering alternative methods for the collection of data that, in the longer-term, could complement information currently collected through the PISA student, parent and school questionnaires in order to increase the effectiveness and efficiency of the data collection.

### **PISA 2006 results**

Israel had been ranked among the bottom third of countries who participated in an international examination conducted to test the reading and mathematical capabilities of pupils aged 15. Out of 57 countries that took part in the international test, Israeli students achieved a placing of only 40. Finland, Hong Kong and Canada achieved the top scores in the exam with Qatar, Azerbaijan and Kyrgyzstan receiving the worst marks.

## **Division A for International Relations and UNESCO and the Chief Scientist**

### ***Pathways for Students with Disabilities to Tertiary Education and to Employment***

This project follows, partly, the work done in the past on disabled persons and their higher education (OECD, 2003). This research revealed a crucial lack of reliable and comparable data about disabled students' access to tertiary education as well as their success within tertiary education and their employment opportunities.

Although fragmented and unreliable, the existing information shows that persons with disabilities have a higher unemployment rate than non-disabled people, mainly due to their lack of qualifications.

This project aims to reduce costs by increasing employment opportunities, in favor of economical involvement, by promoting professional mobility and lifelong learning and to promote diversity and effectiveness in institutions.

To reach this general aims, the project expects to:

- Identify the existing data in regard to post-secondary education and work
- Identify the outcomes expected by people with disabilities, their families, the educators, the service providers and policy makers
- Define quality in regard to applying the actual knowledge to implementation and the measurement of results and progress
- Describe young disabled individuals' experiences in regard to transitioning to adulthood and gaining employment and post-secondary education.

A representative of Israel participated in the OECD Workshop on the subject of 'Pathways of Students with Disabilities to Tertiary Education and Employment' held in Athens in February 2007.



## 4. Ministry of Environment

### Solid Waste Management Division

#### *Working Group on Waste Prevention and Recycling*

The **WGWPR** meets every 9 months to address such topics as environmentally sound management of waste, transboundary movements of waste, materials management, material flows, improving recycling markets, and other issues related to import/export of waste, as well as waste recovery, waste prevention, recycling, and resource conservation.

**Session 10** – The Head of the Solid Waste Division participated in a meeting of the Working Group on Waste Prevention and Recycling which convened in April 2007. Subjects discussed included:

- **Round Table Discussion of Recent Developments** – Delegates reported on major developments within their country during recent months.
- **A Draft Chapter for the OECD Environmental Outlook to 2030: Waste and Material Flows** – The draft includes the elements of material flows and incorporates comments received from WGWPR in September 2006 and from EPOC in October-December 2006.
- **Trans boundary Movements of Waste – Revision of Council Decision C(2001)107/FINAL** – The amendments made to forms (including instructions for their completion) at COP8 of the Basel Convention now require revisions to Decision C(2001)107/FINAL. The **Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal** was ratified by Israel in 1994.
- **Environmentally Sound Management (ESM) of Waste** –
  - Revision of Recommendation C(2004)100 – Annex III of Council Recommendation C(2004)100 needs to be updated,

due to the adoption of a number of new ESM Guidelines AT COP7 and COP8 of the Basel Convention.

- Waste Stream-Specific ESM Guidance – At the 7<sup>th</sup> meeting of the WGWPR in February 2005, the Secretariat suggested developing further waste stream-specific ESM guidance for treated wood and electric and electronic appliances.
- **Sustainable Materials Management (SMM)** – several presentations were made:
  - Inventory of SMM-related Activities within International Organisations.
  - Methodologies Relevant for the OECD Approach on SMM.
  - Questionnaire for an In-depth Survey on SMM-related Activities within OECD Member Countries – A draft questionnaire for discussion was presented for comments. The questionnaire will be submitted to member countries before the summer of 2007. The responses will be requested in September, and the survey outcome will be provided as input to the 2<sup>nd</sup> SMM Workshop in December 2007.

## Planning and Policy Division

### *Working Party on National Environmental Policies*

The Environmental Policy Committee agrees that the Working Party on National Environmental Policies shall have the following terms of reference:

- To define, oversee and co-ordinate the Environment Policy Committee's (EPOC) work programme on the development and implementation of environmental policies at national and sub-national levels, with particular emphasis on the decoupling of environmental pressures from economic growth, the efficient use of environmental resources and the integration and co-ordination of economic, environmental and social policies, which are essential components of sustainable development.
- To develop tools and methodologies for the economic valuation of environmental benefits and costs, including the cost of inaction, as well as the ex ante and ex post evaluation of specific environmental policies and instruments.

**Session 12** – The Deputy Director General for Planning & Policy participated in the meeting of the Working Party on National Environmental Policies held in Paris in May 2007. Subjects discussed included:

- Innovation and the Firm – 1) Renewable Case Study 2) Motor Vehicle Emissions Case Study.
- Children's Health (VERHI) – 1) Secretariat Report on Recent Progress 2) Use of Evaluation Tools in Policy-Making and Health Implications for Children.
- Round Table on Recent National Developments.
- Draft Council Recommendation on Efficient and Effective Environmental Policy Instruments.

## Dangerous Materials Division

### ✓ **Seminar on OECD standards and requirements for a chemicals management regime**

On October 7, 2007, the Ministry of Environment organized a seminar to provide an overview of OECD standards and requirements for a chemicals management system. During the seminar the participants tried to clarify where Israel needs to improve and/or to adjust its chemicals management system to reach OECD standards and to identify the priority issues requiring further work help align the Israeli system with the OECD and its member countries.

## Economy and Standardization Division

### **Joint Meeting of Tax and Environment Experts**

Annual Joint Meetings on Taxation and Environment Terms of Reference – The experts will take into account ongoing work following the OECD programme on sustainable development, and the specific economic, fiscal and environmental conditions of OECD Countries:

1. To monitor and analyse existing environmental-related taxes, including collecting and analysing data within a common statistical framework.
2. To assess the environmental effectiveness of relevant taxes and to review practical implementation issues.

**11<sup>th</sup> Joint Meeting** – The Head of the Economy and Standardization Division participated in a joint meeting of Tax and Environment Experts which convened in November 2007. Subjects discussed included:

- ✓ Environmentally related taxes in **Israel** and South Africa – Israel and South Africa gave in-depth presentations on the environmental-related taxes they apply and on considerations

taken into account for the design of these taxes. In the discussions following these presentations, delegates pointed out the comparatively broad use these countries make of economic instruments for environmental policy and highlighted the great similarities in the "philosophy" underlying the policy formulation in these two countries, as well as in OECD member countries.

- The Database on Instruments used for environmental policy – Information on environmental-related taxes regarding **Israel** has been added.

## 5. Ministry of Finance

### **State Revenue Administration and Israel Tax Authority *Committee on Fiscal Affairs' Advisory Group for Co-operation with Non-OECD Economies***

The functions of the Advisory Group are to evaluate the programmes of co-operation with non-OECD economies and to provide a forum for them to assist with input into the development of the OECD's partnership activities as well as to review the operations of the Multilateral Tax Centers and discuss issues that are of current concern to non-OECD economies.

The Director of the International Tax Division from the Israel Tax Authority and the Chief Legal Advisor of the State Revenues participated in the meeting of the OECD Advisory Group for Co-operation with Non-OECD Economies held in Slovenia in March 2007.

The meeting dealt with the following subjects:

- Developments within the CFA's work programme and the OECD as a whole during the last 12 months, trends and developments in the operation and delivery of the programme.
- Discussion of the overall priorities and approaches to OECD partnerships related to taxation.
- Evaluation of the 2006 events that took place at the OECD Multilateral Tax Centers.
- Discussion of the tax and governance issues that are of particular interest to non-OECD economies.
- Exploring the role of taxation in promoting good governance – The context for this is the impact of growing international aid budgets, concerns about aid dependency and the possible impact that increased aid has on domestic resource mobilization. There is a need to increase accountability of citizens to assist in the

process of strengthening good governance. In this area taxation can play a leading role but at the same time there are dangers to be avoided.

### ***Working Party No. 2 on Tax Policy Analysis and Tax Statistics***

The Working Party will analyze and measure the social and economic implications of tax policy, as referred to by the Committee on Fiscal Affairs. In particular, the Working Party is:

- To be responsible for the annual publication of Revenue Statistics and Taxing Wages.
- To analyze current tax policy issues.
- To provide advice and experience in tax-related issues to other parts of the OECD.
- To be responsible for the maintenance and appropriate dissemination of the OECD Tax Database.

**Session 74** – The Deputy Director of State Revenues participated in the discussions of the Working Party No. 2 on Tax Policy Analysis and Tax Statistics of the Committee on Fiscal Affairs as an Ad-hoc observer in November 2007. The following subjects were raised:

- Country tax policy presentations – Germany, Sweden and Denmark.
- Roundtable on the use of models to assess the effects of tax reforms.
- Project on tax and economic growth.
- Tax policy projects.
- Report from the Information Technology Division (ITD) conference on taxation of SMEs.
- Work with Non-OECD countries.
- OECD enlargement.
- Measuring the quality of the working party's outputs.

- Project report on the analysis of the effectiveness of selected tax expenditures.
- Tax Wages.

**Session 71** – The Deputy Director of State Revenues participated in the discussions of the Working Party No. 2 on Tax Policy Analysis and Tax Statistics of the Committee on Fiscal Affairs as an Ad-hoc observer in May 2006. The following subjects were raised:

- Company taxes reforms.
- Tax evasions.
- International comparisons on tax systems: Australia presentation.
- International comparisons on tax systems: EU presentation.
- Developing statistical information on taxes.
- Tax policy presentations in selected countries – Israel, South Africa.



### ***International Tax Dialogue Global Conference: Taxation of Small and Medium Enterprises***

The International Tax Dialogue Global Conference is a collaborative arrangement to facilitate discussion on tax matters among national tax officials, international organisations and other key stakeholders.

The conference provides an opportunity to share country experiences at a truly global level and to discuss good practice in ensuring tax compliance while minimising the compliance burden and providing the best environment for growth. Given the important role SMEs play in economic development, and the unique challenges posed for policy makers and administrators, this is an important topic for all the countries.

The Deputy Director of State Revenues participated in the International Tax Dialogue Global Conference on the subject of Taxation of Small and Medium Enterprises held in Argentina in October 2007.

### ***Workshop on Taxation of Non-Residents***

The purpose of this workshop is to examine the major issues that arise in the taxation of non-residents, those taxpayers who earn income in a country in which they are not residents for tax purposes. The seminar will consist of lectures based on best practices of OECD countries with non-resident taxation issues, case studies on each issue and country presentations by both the experts and each participating country.

The Chief Legal Advisor of the State Revenue Administration and the Director of the International Tax Division from the Tax Authority participated in the Workshop held in Vienna in May, 2007.

The following topics were discussed:

- Overview of fundamental international tax rules.
- Definition of resident and non-resident, and differences in treatment.
- Source rules to determine taxing rights.
- Role of tax treaties.
- Preferential tax regimes.
- Review of administrative aspect of taxing non-residents, including filing, withholding and reporting requirements.

### ✓ **OECD-Israel Transfer Pricing Seminar**

On July 15-19, 2007, the OECD Centre for Tax Policy and Administration and the Israeli Ministry of Finance and the Israel Tax Authority held a seminar in Israel on the subject of "Transfer Pricing." The Seminar was attended by senior OECD officials and Israeli professionals and experts.

The seminar provided a professional forum in which to raise various issues related to 'Transfer Pricing.' Subjects discussed include:

- Review of comparability and profit methods.
- Attribution of profits to permanent establishments.
- Business restructurings.
- Dispute resolution and Advance Pricing Arrangements.
- Customs valuation of related party transactions.

**Transfer pricing** refers to the pricing of goods and services within a multi-divisional organization, particularly in regard to cross-border transactions. For example, goods from the production division may be sold to the marketing division, or goods from a parent company may be sold to a foreign subsidiary, with the choice of the transfer price affecting the division of the total profit among the parts of the company. This has led to the rise of transfer pricing regulations as governments seek to stem the flow of taxation revenue overseas, making the issue one of great importance for multinational corporations.

The OECD has issued [Transfer Pricing Guidelines](#) on this principle to avoid double taxation.

### ***Tax Treaties Issues Workshop***

The workshops held in Vienna and Budapest by the **OECD Multilateral Tax Training Center** address considerations of policy (efficiency) that are relevant to several subjects of interest to tax policy makers in participant countries. Subjects change from year to year, and may include, for example: Taxation of new financial products – the liberalisation of financial markets confronts business owners with growing competition and risks, which require careful financial management. The markets offer new, flexible, inexpensive financial products as part of risk management. The increasing use of these new financial products by taxpayers, for commercial or tax reasons, presents a serious challenge for tax authorities in countries throughout the world.

**2007 Workshop** – The Head of the International Taxation Department in the State Revenue Administration and two tax advisors from the Professional Department in the Israeli Tax Authority participated in a workshop held in Vienna on June 25-29, 2007. The course allowed the participants to receive first-hand experience on the negotiation of tax conventions and, more generally, to learn about problems commonly experienced during the negotiation, application and interpretation of tax conventions.

The course took the form of a simulated negotiation of all provisions of a bilateral convention with respect to taxes on income and on capital between two theoretical countries. The negotiations were based on fictitious treaty models, recent treaties and descriptions of the tax legislation of the two countries.

The Israeli participants alternated, along with the other countries, as head of a simulated negotiation, as well as discussions on several articles of the treaty models.

### ***12<sup>th</sup> Annual Meeting on Tax Treaties***

The Chief Legal Advisor of the State Revenues and the Director of the International Tax Division from the Tax Authority participated in the 12<sup>th</sup> Annual Meeting on Tax Treaties held in Paris on September 19, 2007.

The Annual Meeting dealt with the following subjects:

- **Administrative Aspects Relating to the Application of Tax Treaties** – Presentations and panel discussion on the administrative aspects relating to the application of tax treaties including the systems and procedures commonly adopted to administer tax treaties as well as consideration of wider tax system policy issues and trade-offs necessary to ensure consistent, efficient and effective administration of tax treaties.
- **Effective Mutual Agreement Procedures** – Case studies and panel discussion focusing on the practical considerations and procedures required to manage and conduct a mutual agreement case resolution. The session considered the recently developed Manual on Effective Mutual Agreement Procedures and the implementation of an arbitration procedure.
- **The Taxation of Dividends, Interest, Royalties and Capital Gains** – Case studies and panel discussion focusing on the practical application of systems and procedures for the taxation of dividends, interest, royalties and capital gains.
- **The Taxation of Services** – Case studies and panel discussion focusing on the systems and procedures that are commonly adopted for the taxation of income from services derived by non-residents, including measures that are used to identify the presence of non-resident taxpayers in the source state, procedures for determining whether a permanent establishment exists, measures to ensure consistent application of the treaty provisions and systems to enable the collection of tax.

- **Assistance in the Collection of Taxes** – Case studies and discussion focusing on the operation and practical application of Article 27, Assistance in the Collection of Taxes. The session considered the recently developed Manual on the Implementation of Assistance in Tax Collection.
- **Recent International Tax Developments** – Panel discussion of a selection of recent international tax decisions and developments.

## Budget Division

### *Working Party of Senior Budget Officials*

The Working Party of Senior Budget Officials (SBO) was established in 1980 and is composed of budget directors and other senior officials from OECD member countries. The SBO meets annually to address key budgeting concerns and relevant policy options.

**Session 28** - The Deputy Director of Budgets participated in the discussions of the Working Party of Senior Budget Officials, held once a year. The 28<sup>th</sup> Session was held in Istanbul on May 31 and June 1, 2007. The following subjects were raised:

- **Performance Budgeting and Accrual Budgeting: Decision-Making Rules or Analytical Tools?** – The session analysed the relative merits of each from two perspectives: as decisional rules that dictate the way governments allocate resources and as analytical tools that inform budget decisions.
- **Citizen Engagement in Budgeting** – Current fiscal policy is not sustainable in most Member countries due to ageing populations and other factors. Higher economic growth alone cannot solve the problem and tough fiscal decisions will be required in the near future.
- **Peer Review: Budgeting in Turkey and Austria** – Peer review are a key tool for analysing innovations in budgeting and public expenditure practices and for making them visible in the international arena. Following a common methodology and conceptual framework, reviews promote the sharing of experience among countries and the formulation and diffusion of relevant policy recommendations.
- **Rule of Legislature in the Budget Process** – In constitutional terms, the legislature plays a critical role in the budget process.

### ***Senior Budget Officials Network on Financial Management***

The **Network on Financial Management** supports the mandate of the Working Party of Senior Budget Officials "to improve the effectiveness and efficiency of resource allocation and management in the public sector" by assisting Member countries to design and implement financial management and accountability reforms.

**7<sup>th</sup> Annual OECD Public Sector Accruals Symposium** – The Deputy Director of Budgets participated in the discussions of the Annual OECD Public Sector Accruals Symposium, which was held in Paris in March 2007.

The following subjects were raised:

- **Accounting Standard-Setting Boards** – In a cash-basis environment, there may be less need for extensive accounting standards as cash is inherently counted when received or disbursed. In an accruals environment, the need for such extensive accounting standards is crucial as it relies to a large degree on assumptions and professional judgments. The issue of who sets accounting standards is, therefore, also critical. The session was designed to update Delegates on developments with regard to International Public Sector Accounting Standards (IPSAS) and with regard to International Financial Reporting Standards (IFRS) and their possible implications for the public sector.
- **Recognising Social Policy Obligations as Liabilities** – The appropriate treatment of social policy obligations has been subject to debate for a number of years. Some argue they should be recognised on the government's balance sheet as any other liability; others argue that they are inherently different from any other liability and should not be recognised on the balance sheet.
- **Measurement of Employee Pension Liabilities** – As the recognition of employee pension liabilities in government

becomes increasingly common, the role of measurement – including actuarial valuation of those liabilities (and any offsetting assets) – becomes critical.

### ***3<sup>rd</sup> Meeting of Senior Budget Officials from Central, Eastern and South-Eastern European Countries***

The Head of the Macro-Economic Unit at the Budget Division participated in the joint meeting of OECD's Working Party of Senior Budget Officials with their counterparts in Central, Eastern, and South-Eastern European Countries held in Lithuania in March 2007.

The following subjects were raised:

- Relationship between the Legislature and the Budget Office.
- Survey of the process in Hungary.
- Public engagement in budgeting.
- Performance Budgeting and Accruals Budgeting. Decision Rules or Analytic Tools?
- Survey of the budget process in Turkey.

### ***Seminar on Evaluating Innovative Approaches to Public Service delivery***

The Coordinator of Macro-Economics participated in the Seminar, which was held in Madrid in October 2007. Discussions focused on evaluating the budgeting of public policies that are performed under public private collaboration:

- **Evaluating public policies performed under public-private collaboration** – The use of private partners in the provision of goods and services, traditionally provided and funded by the government, through public-private collaboration, or market type mechanisms, is a growing phenomenon in many countries. The session examined the methodologies, techniques and/or instruments currently applied to analyse and evaluate public policies performed under public-private collaboration.



- **The role of stakeholders in the evaluating process – ensuring the citizen's point of view** – This session was designated to explore the ways, and to what extent, the role of stakeholders other than the government are involved in the evaluation and decision making process.
- **Public policies and market type mechanisms: accountability and performance** – The session reviewed the main applications for the use of market-type mechanisms in the provision of public services, and of the main challenges that such instruments may pose in order to improve public management.
- **Implications for accountability and control** – The use of market type mechanisms to provide goods and services can improve managerial flexibility and efficiency, but at the same time reduce direct control, which raises issues of accountability and control. Evaluation and monitoring of the private providers performance is an important tool for making sure that the government and citizens get what is stipulated in contracts.
- **Implications for budgeting** – Evaluation of the effectiveness of government spending and programmes with respect to their objectives is important to make sure that appropriations are used as efficient as possible. Bringing evaluation results into policy discussions and policy planning can be a valuable tool for improving value for money. The session was designed to explore ways in which governments incorporate in the budget analysis the side-effects and challenges of private collaboration.

## Accountant General Division

### *Working Party on Debt Management*

Specialised work on government debt is carried out by the Working Party on Government Debt Management. This group constitutes a unique policy forum for government debt managers from OECD Member countries to exchange views and experiences in the field of government debt and government securities markets.

**Session 35** - The Director of the Internal Debt Unit participated in the 35<sup>th</sup> Session of the Public Governance Committee held in October 2007. The following subjects were raised:

- **Tour d'horizon** – Implementation of International Reporting Standards (IFRS) in Public Debt Management, Islamic Government Bonds, Update on Business Continuity, Possible impact of latest budget plans and other factors on the level of interest rates and the shape of the yield curve.
- **Observership Israel** – Members of the WP decided to invite the Israeli Delegation as observer for the next annual meeting of the WPDM.
- **Advances in Risk Management** – Overview of Theoretical and Practical Approaches to Market Risk Management.
- **Ongoing and Future Work on ALM** – The OECD Secretariat and the IMF gave an overview of ongoing work on asset-and-liability management (ALM) by governments.

### ***17<sup>th</sup> OECD Global Forum on Public Debt Management***

This **annual forum** is held under the aegis of the OECD Working Party on Debt Management and the Multilateral Public Debt Management Network. It brings together debt managers from all over the world to discuss viewpoints and experiences relating to public debt management. This year's topics for discussion included: recent trends and developments in public debt management in emerging markets, the role of retail instruments in issuing strategies and risk management of government debt.

The Head of the Government Debt Management Unit and a representative of the Monetary Department at the Bank of Israel participated in the OECD Global Forum on Public Debt Management which was held in Amsterdam in December 2007.

This year's programme included a special session with a focus on Asia. The session examined how government debt management and bond markets have evolved and strengthened in Asian countries 10 years after the crisis of the late 1990s. Another session during the forum examined the main mechanisms used for pricing in government bond markets and the related policy issues from the perspective of government debt managers, including the roles and influences of various issuances, primary dealers and officially appointed market-makers, and when-issued or other pre-auction mechanisms. A third session considered some of the policy and operational issues in managing credit risk from the perspective of government debt managers.

## **Capital Markets, Insurance & Savings Division**

On October 14, 2005, the OECD Council approved Israel's membership as a full observer in the following bodies:

1. Insurance and Private Pensions Committee – IPPC
2. Working Party on Private Pensions – WPPP

In 2007 the OECD Council renewed Israel's membership as a full observer in these two bodies.

### ***Insurance and Private Pensions Committee***

**The Insurance and Private Pensions Committee** will promote international co-operation to improve awareness and understanding, especially among policymakers, of major insurance and pensions issues through market and policy analysis, data collection and benchmarking good practices.

During 2007 the Capital Markets, Insurance & Savings Division answered the following questionnaires:

- OECD insurance statistics questionnaire.
- OECD pensions statistics questionnaire.
- Survey of investment regulations of pension funds.
- Questionnaire on pension fund investment in hedge funds.
- Questionnaire on hedge funds and insurance industry.
- Joint OECD-IOPS funded pension statistical data collection.
- OECD Code of liberalisation of capital movements.
- OECD Code of liberalisation of current invisible operations.

## 6. Ministry of Foreign Affairs

### International Cooperation Division (Mashav)

MASHAV – Israel's foreign assistance programme – is involved in Trust Funds with IBRD and IFC used for all regions of the World Bank. Mashav cooperates with developing countries and countries in transition striving to eradicate poverty through sustainable development. Mashav's programmes focus on technical training and technology transfer, with emphasis given to human and institutional capacity building.

#### ***OECD Development Centre***

The Development Centre occupies a unique place within the OECD and in the international community. It is a forum where countries come to share their experience of economic and social development policies. The Centre contributes expert analysis to the development policy debate. The objective is to help decision makers find policy solutions to stimulate growth and improve living conditions in developing and emerging economies.

#### ***OECD Global Forum on Development: Policy Workshop on the Challenges of scaling up at country level predictable aid linked to results***

The policy workshop, which is being held back-to-back with the Senior Level Meeting of the Development Assistance Committee, examined three aspects of upscaling from a country perspective: dealing with a growing number of actors; improving the medium-term predictability of aid finance and; linking discussions of medium-term resource provision to national priorities and results. The workshop closed with a discussion on the next steps to putting the lessons into practice in changing donor behaviour in countries,

in line with the Paris Declaration principles to improve aid effectiveness.

**Session I: Towards Better Division of Labour: Concentration and Fragmentation** - Two Breakout Sessions examined the issue of too many donors in some countries and sectors and too few in others, as background to examining possible steps to achieving a better division of labour among donors. This is set to become an even more pressing issue as additional aid is delivered by an ever-increasing number of actors. Dealing with more actors may weaken ownership, if it undermines already limited institutional capacity, or strengthens it where there are too few, dominant external actors. The discussion benefited from new statistical presentations showing the spread of donors working in major sectors in some countries and revealing the possible scope to reduce fragmentation.

**Session II: Medium-Term Predictability of Aid Finance** – While the majority of resources for development come from domestic revenue, aid accounts for a high share of public finance in many countries. If more countries are to achieve the MDGs, supported by increased levels of aid, they need to have the information on expected aid flows in order to be able to plan their own budgets over the medium term. The discussion benefited from updated analysis of DAC donor policies on sharing information about future aid levels with their major partners.

**Session III: Enhancing Aid Effectiveness through linking Resources to Results** – Partner countries and donor agencies claim to be increasingly focused on results rather than inputs. But how is this rhetoric being played out in countries? With the promise of increased aid flows to countries that can make effective use of them, there is improved dialogue in formulating poverty reduction and national development strategies about the results countries are aiming to achieve. Such dialogue reflects the commitments of the

Paris Declaration to focus on ownership, managing for results and mutual accountability.

**Session IV: Conclusions and Next Steps for Promoting Predictable Scaling Up at Country Level, Linked to Results – A**

panel discussion was held on how to achieve the following goals: accelerating the pace of upscaling of aid in countries, improving its predictability, using the results of the new survey on forward spending plans to achieve a better division of labour between donors and linking existing and increasing aid to results in line with the Paris Declaration on Aid Effectiveness.

***Paris Declaration on Aid Effectiveness***

The Paris Declaration, endorsed on 2 March 2005, is an international agreement to which over one hundred Ministers, Heads of Agencies and other Senior Officials adhered and committed their countries and organisations to continue to increase efforts to harmonise, align and manage aid and to work towards achieving an agreed upon set of indicators that can be monitored and evaluated.

On May 16, 2007 the Deputy Prime Minister and Minister of Foreign Affairs, Ms. Tzipi Livni sent an official letter to the Chair of the Development Assistance Committee of the OECD expressing Israel's endorsement of the 'Paris Declaration on Aid Effectiveness.' In adherence to the 'Paris Declaration,' Israel is committed to improving the quality of aid and its impact on development.

## 7. Ministry of Health

### Community Genetics Department

#### *Working Party on Biotechnology*

For science and technology policy, the main objective of the OECD's Working Party on Biotechnology is to provide support to the policies of member countries, particularly in the areas of public health, sustainable industrial development and bio-resource centres, such as culture collections, databanks and bio-informatics. The Working Party is also undertaking a major project on biotechnology for sustainable development which will provide guidance to industry and government on implementing new bioprocess technologies.

**Session 23** - The Head of the Community Genetics Department participated in the third meeting of experts to revise the Draft Guidelines on Human Genetic Research Databases (HGRDs) held in Paris on October 15-16, 2007. Experts examined and refined the draft Guidelines.

Since the 1980s the use of genetic testing as an aid in diagnosing disease and to predict future disease risk has grown steadily. In 2002, OECD's Working Party on Biotechnology decided to carry out a survey to document the availability and extent of molecular genetic testing throughout the OECD Member countries. The survey confirmed the steady growth of molecular genetic testing and its widespread availability. However, the regulatory and oversight procedures have not penetrated diagnostic molecular genetic testing laboratories across OECD Member countries to a high degree and with any consistency. Consequently, there is uncertainty about terminology and the choice of the most appropriate quality system. There is also a lack of understanding amongst the international community on the mutual acceptability of quality assurance



systems. As laboratories increasingly provide their services to both national and international customers there is a need to develop an international consensus and best practices to assure consistency in the quality of services available. OECD Member countries have, thus, agreed to develop these Guidelines setting out principles and best practices for quality assurance in molecular genetic testing for clinical purposes in consultation with experts and interested parties. The Principles set out in these Guidelines are policy recommendations specifically directed towards Governments and those involved in the regulation of genetic services. Best Practices are recommendations that aim to provide operational guidance in implementing the Principles and are directed towards professional bodies and providers of molecular genetic testing services in developed and developing economies.

The need to take international action to resolve the issues addressed by these guidelines was endorsed by OECD's Committee for Scientific and Technological Policy meeting at a ministerial level in January 2004 as well as by OECD health ministers at their meeting in May 2004.

## 8. Ministry of Industry, Trade and Labor

### Foreign Trade Administration

#### *Working Party of the Investment Committee*

The **Working Party of the Investment Committee** shall carry out the following tasks: Assist the Investment Committee in implementing the Declaration on International Investment and Multinational Enterprises and related Decisions, including responsibilities in relation to the 2000 Guidelines on Multinational Enterprises, in considering all questions concerning the interpretation or implementation of the provisions of the OECD Codes of Liberalization of Capital Movements and of Current invisible Operations and in encouraging non-Members to adhere to the Declaration.

The Head of International Affairs and Advisor to the Governor of the Bank of Israel, and the International Agreements Division's Director at the Foreign Trade Administration of the Ministry of Industry, Trade & Labor, participated in the meeting of the Working Party of the Investment Committee, held in Paris in March 2007.

During the meeting the following subjects were raised:

- **International investment agreements** – It aims at improving mutual understanding and outcomes of investment agreements, by means of surveys of issues emerging from state practice and jurisprudence.
- **Modification of country positions under the OECD Investment Instruments** – The Committee foresees a report to OECD Council by end-2008, which will provide a fully consolidated horizontal update of country positions under the OECD instruments.
- **Recent development and policy measures** – The item is intended to provide an opportunity for delegations to make representations concerning recent investment trends and

government action which are relevant to the OECD Declaration on International Investment and Multinational Enterprises and the OECD Codes of Liberalisation, and to investment policies more generally.

√ The Head of International Affairs and Advisor to the Governor of the Bank of Israel gave a lecture on the following subject: Episodes of Capital Account Liberalisations – A case study of an open economy facing a negative external shock.

### ***Freedom of Investment, National Security and "Strategic" Industries: Roundtable VI***

The project aims to help governments avoid unnecessarily restrictive investment policies while achieving their essential security objectives. The Roundtable VI includes four components: 1) peer monitoring through tours d'horizon of national developments, 2) in-depth policy discussion of selected national security topics, 3) surveys of the benefits of FDI in selected national security sensitive industries, 4) identification of lessons learnt and good practices that contribute to regulatory proportionality, transparency and predictability, and accountability, based on country submission and exchange of experiences.

The Director – International Investment at the Investment Promotion Center participated in the Roundtable VI on freedom of investment, national security and "strategic" industries, held in Paris on December 13, 2007. The following subjects were raised:

- **Tour d'horizon of recent developments** – Delegations have been asked to notify new or draft laws and regulations as well as practices under consideration with respect to protecting national security, including restrictions on foreign investment in national security related or so-called "strategic" sectors and procedures

for reviewing or screening foreign acquisitions for these purposes.

- **Regulatory transparency and predictability: review of practices** – Delegates were invited to review national security related investment policy practices contributing to transparency and predictability against the following six items:

1. Communication;
2. Dissemination;
3. Consultation;
4. Time frame;
5. Confidentiality;
6. Use of classified material.

The Investment Promotion Center is the operational branch of the Ministry of Industry and Trade whose principal function is to encourage foreign investment in Israel and the cooperation between Israeli and foreign corporations.

### ***Annual Meeting of the National Contact Points for the OECD Guidelines for Multinational Enterprises***

The OECD Guidelines for Multinational Enterprises, originally adopted in 1976 and revised in 2000, are a comprehensive and detailed Corporate Social Responsibility (CSR) instrument of interest to developed and developing countries alike. These Guidelines provide government-backed recommendations covering such broad areas as human rights, supply chain management, labour relations, environment, combating bribery, technology transfer, consumer welfare and taxation. The Guidelines are part of a package of instruments which help to define both corporate and government responsibilities in relation to international investment. On September 19, 2002, **Israel** signed the **Declaration on International Investment and Multinational Enterprises and its related Decisions and Recommendations**.

As signatory of the OECD Declaration and Decisions on International Investment and Multinational Enterprises, Israel participates in Investment Committee meetings relating to the Declaration and Decisions. As part of its commitment, a **National Contact Point** (NCP) has been established to encourage observance of the Guidelines for Multinational Enterprises in the local context and to ensure that the Guidelines are well known and observed by the Israeli business community and by other interested parties. Israel's National Contact Point is located at the International Agreement Division at the Ministry of Industry, Trade and Labor and can be reached at: [ncp.oecdinvestment@moital.gov.il](mailto:ncp.oecdinvestment@moital.gov.il)

The International Agreements Division's Director at the Foreign Trade Administration of the Ministry of Industry, Trade & Labor participated at the 7<sup>th</sup> Annual Meeting of the National Contact Points for the OECD Guidelines for Multinational Enterprises, held in Paris in June 2007.

### ***The Working Party of the Trade Committee***

The Working Party of the Trade Committee has the following terms of reference:

- The Working Party should carry forward the work of the Trade Committee, between the latter's session, taking as a guidance the discussion and conclusions of the Trade Committee.
- The Working Party should engage invited non-Members in the analytical work and policy dialogue of the committee as appropriate.

The International Agreements Division's Director at the Foreign Trade Administration of the Ministry of Industry, Trade & Labor was invited on Ad-Hoc basis to take part in the meeting of the OECD Working Party of the Trade Committee held in Paris in March 2007.

The following subjects were raised:

- An OECD analytical report on services trade liberalisation and tourism development, including case studies.
- An OECD analytical report on the interaction between trade, investment and competition policies.

### ***Global Forum on Trade – Trade, Innovation and Growth***

Innovation and technological progress is a key determinant of economic growth. Continued economic growth depends on our ability to maintain the current levels of innovation.

Trade and investment are important conduits for the international transfer of technology and enhance competition, which in turn creates incentives to be more innovative. The internationalisation of R&D, the emergence of global value chains, the rise in off shoring/outsourcing and changes to business models triggered by these emerging trends, may have implications for trade policy.

While the role of trade in innovation is acknowledged, the effect that open trade and investment regimes has on innovation systems is often overlooked, as the relationship between trade and innovation is still unclear.

The International Agreements Division's Director at the Foreign Trade Administration of the Ministry of Industry, Trade & Labor participated at the OECD Global Forum on Trade held in Paris in October 2007. The objective of this Global Forum was to trigger a fruitful dialogue between OECD and non-OECD economies on the issue of trade, innovation and growth – i.e., how trade and open markets affect the innovation process and how trade policy can be used to help provide the right framework conditions for innovation. This is a new subject of considerable importance for both developed and developing economies.

### Chief Scientist Bureau

#### ***The OECD Forum 2007 on Innovation, Growth and Equity***

Achieving durable and sustainable economic growth is undoubtedly a major objective of OECD countries, but equity issues also count. Their intrinsic importance may be a matter of political debate, but equity has a bearing on the economic agenda, insofar as it can influence social support for pro-growth policies.

Economic theory increasingly stresses the importance of innovation as a driver of growth, as opposed to just capital accumulation. Innovation contributes to boosting per capita income, not only through its direct effect on welfare, but also through its indirect effects— innovation deepens the knowledge pool, which in turn facilitates further advances incomes and welfare improvements. Its notable positive spin-off effects on growth make innovation one of the few areas where there is general agreement on the necessity of public action. The Ministerial Council meeting will explore the most appropriate means for harnessing these effects to increase society's welfare.

On May 14-15, 2007 the Chief Scientist of the Ministry of Industry, Trade & Labor participated in the OECD Forum 2007 on Innovation,

Growth and Equity. The main topics included: Globalization and Development, Investment, Trade and Health. The Chief Scientist participated in the panel dealing with Education, Growth and Equity: Education is a key driver of growth in a knowledge economy. Innovation relies heavily on the creation of basic knowledge, through both education and science. A well-performing and broadly accessible education system facilitates the adoption and diffusion of innovation. Creating and developing innovation requires strong science and technology skills, as well as soft and entrepreneurial skills.

### ***Working Party on Innovation and Technology Policy – TIP***

The primary objective of the **Working Party on Innovation and Technology Policy** (TIP) is to clarify procedures and working methods in order to enhance productivity; facilitate the creation, diffusion and application of knowledge; and foster sustainable growth and the creation of a highly skilled work force.

Since its founding in 1993, TIP has discussed and evaluated technology policies, focusing in particular on the National Innovation System (NIS).

The Head of the MAGNET program (generic technological research and development) participated at the Working Party on Innovation and Technology Policy, at the following meetings:

**Session 30** – During the session, held in December 2007, the following subjects were raised:

- OECD innovation strategy.
- TIP workshop on R&D Credits.
- Evaluation of R&D policy.
- Innovation and economic growth.
- Science and technology indicators.



- Globalization and open innovation.
- Country reviews of innovation policy- peer review of Norway's innovation system.
- Updates on national innovation and technology policies.
- Brainstorming discussion on the future programme regarding work for the TIP.

**Session 29** – During the session, held in June 2007, the following subjects were raised:

- OECD innovation strategy.
- IPRS and innovation.
- Innovation and economic growth.
- Country reviews of innovation policy- peer review of chain's innovation system.
- Indicators of science and technology.
- Brainstorming discussion on the future programme regarding work for the TIP.

The **MAGNET Program**: Generic Technological R&D – the framework for aid provided by the Chief Scientist Office in the Ministry of Industry, Trade, and Labor, which handles the technological infrastructure for Israeli industry, operating since 1994.

The MAGNET program is unique as an instrument for efficient, purposive utilization of national resources allocated to industrial research and development. The program achieves its objectives through genuine collaboration among industrial companies, and between companies and research institutions, in R&D of pre-competitive technologies and their absorption.

## Planning, Research and Economics Administration

### *The Committee on Industry, Innovation and Entrepreneurship*

The Committee on Industry, Innovation and Entrepreneurship (CIIE) focuses on drivers of industrial productivity and related policies, factors affecting the performance of (large and small) firms and (manufacturing and service) sectors, and patterns and levels of industrial globalisation.

The Deputy Director of Planning, Research and Economics Administration at the Ministry of Industry, Trade and Labor participated in the meeting of the Committee on Industry, Innovation and Entrepreneurship held in March and November 2007.

The following subjects were raised:

#### **Session 111 –**

- **Innovation: Strategy: advancing the OECD agenda** – The Innovation Strategy initiative will be structured to provide for: i) evidence-based analysis and benchmarking, ii) a framework for dialogue and review (in order to permit thinking to evolve over time), iii) new indicators on the innovation-economic performance link, iv) initiatives for innovation-friendly business environments, (v) the development of best practices and policy recommendations.
- **Intellectual Assets and Value Creation** – The OECD Secretariat (STI) presented work on the measurement of intellectual assets in national accounts.
- **Project on innovation in the software sector** – Since the approval of the project proposal at the Committee on Industry, Innovation and Entrepreneurship in March 2007, the Secretariat moved to form an Advisory Expert Group (AEG). The Israel Delegate offered to host a future AEG meeting in Israel.

**Session 110 –**

- **Innovation: Advancing the OECD agenda for growth and equity** – The secretariat reported on the preparations for the Ministerial Council Meeting and in particular on the role of CIIE. The Committee was invited to discuss the next phase of work on 'Intellectual Assets and Value Creation' and to review the draft synthesis report on 'Business Services'.
- **Counterfeiting and piracy** – Technical experts have been working to develop approaches that could be used to measure magnitude, scope and effects of counterfeiting and piracy.
- **Update on the activities of the WPSME** – The committee reported on the activities carried out by the Working Party in 2006, the main results of the 30<sup>th</sup> WPSME Session held prior to the CIIE meeting and the results of the discussion related to the implementation of the 2007-2008 Work Programme on the basis of the resources available. The Secretariat presented a draft final report on 'Enhancing the role of SMEs in global value chains' in preparation for the OECD Global Conference to be held in Tokyo on May 31 and June 1.
- **Update on the activities of the SWIC Special Session on Globalisation** – The Secretariat made an oral presentation on the activities of the SWIC Special Session on Globalisation, as well as a presentation of Committee's project on Factors Influencing the Location of Multinational Enterprises (see explanation under **Working Party on Statistics**).
- **Proposed project on innovation in the software sector** – The Japanese delegation proposed that the CIIE conduct a project on innovation in the software sector.

### ***Working Party on Industry Analysis (WPIA)***

The Working Party on Industry Analysis (WPIA) is responsible for developing indicators and quantitative analyses in the area of industrial performance. The Working Party will contribute to the work of the CIIE by developing policy-oriented, quantitative analyses addressing: a) The changing determinants of growth, productivity and industrial performance in knowledge-based firms and in industries at large. b) The changing character of production and capital formation in the business sector as value chains become progressively globalised.

The Deputy Director of Planning, Research and Economics Administration participated in the meeting of the WPIA held in November 2007. The following subjects were raised:

- The renovated and extended STAN database was presented, including new developments on skills (ANSKILL) and on patents (ANPAT) by industry, the new by industry.
- Entrepreneurship, high growth SMEs, enterprise demography and access to micro-data.

### ***The Working Party on Globalisation of Industry (WPGI)***

Under the general direction of the CIIE (Committee on Industry, Innovation and Entrepreneurship), the Working Party on Globalisation of Industry has been created in March 2007. The WPGI is responsible for analysing the impact of the globalisation of industry in the economy of member countries through economic analyses and statistical data. Its objective is to contribute to the CIIEs policy discussions and to help the Committee respond to the numerous demands involving globalisation from both within and outside the OECD.

The Deputy Director of Planning, Research and Economics Administration and a Senior Coordinator in the Balance of Payments, Foreign Trade, and Energy Section participated in the meeting of the WPGI held in November 2007.

Subjects discussed included:

- Territorial Attractiveness and Factors Influencing the Location of the Activity of Multinationals.
- Globalisation and Employment.
- Methodological Work and other Research.

## Financing Administration

### *Working Party on SMEs and Entrepreneurship (WPSMEE)*

The Working Party gives special consideration to the increasingly important role that innovative start-ups and SMEs play in job creation and growth. It addresses issues related to: business environment and regulatory framework, innovation, financing, taxation, human resources, access to markets, electronic commerce, and women's entrepreneurship. The Group is also strengthening its co-operation with international organisations/institutions and regional bodies, including APEC, ILO, UNCTAD, UNIDO, the World Bank, and the Inter-American Development Bank (IADB).

**Session 32** – The Head of the Financing Administration participated in the meeting of the WPSMEE, held in Paris in November 2007.

Subjects discussed included:

- **Best Practice Policies:** Country Presentations on SME Programmes and Programmes Evaluations.

√ The Israeli delegation presented a document "**Evaluation of Assistance Programmes of the Israeli Ministry of Finance Administration**". This paper presents an overview of the evaluation project to be undertaken by Israel's Ministry of Industry

Trade and Labour. The paper outlines the various assistance programmes currently operated by the Ministry's Finance Administration geared to SMEs, programmes which effectively subdivide into those which provide mentoring guidance and those which provide state-guaranteed loans.

▪ **Evaluation of Programmes concerning Education for Entrepreneurship.**

**SME & Entrepreneurship-related Statistics** – Entrepreneurship Indicators Programme: Status Report and Proposals on Definitions and Core Indicators.

## 9. Ministry of Justice

### *Tenth Anniversary Celebration of the OECD Anti-Bribery Convention*

The **OECD Anti-Bribery Convention** (officially *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*) aimed at reducing corruption in developing countries by encouraging sanctions against bribery in international business transactions carried out by companies based in the Convention member countries. Its goal is to create a truly level playing field in today's international business environment. The convention came into effect in February 1999. Countries that are parties to the Convention are required to put in place legislation that criminalises the act of bribing a foreign public official.

The international celebration of the tenth anniversary of the OECD Anti-Bribery Convention, hosted and organized by the Government of Italy and the OECD Anti-Bribery Working Group on November 2007, provided an important and timely opportunity to foster broader public understanding and support of the Convention. It also raised awareness about the important progress and changes over the last decade and countries' commitment to continued joint action. This celebration was a unique occasion to show that State Parties to the Convention have strengthened their anti-bribery legislation and systems to level the playing field for international business, and how recent increases in foreign bribery investigations and prosecutions testify to a new business environment where unfair, unethical and unlawful behaviour is no longer tolerated.

The tenth anniversary event was divided into three meetings:

- The **High Level Conference on "The Tenth Anniversary of the OECD Anti-Bribery Convention – Its Impact and Its Achievements"** allowed ministers and other high level officials

of State Parties to (re)affirm their commitment to enforcing the OECD Anti-Bribery Convention and to continued concerted action against bribery of foreign public officials.

✓ The Israeli Minister of Justice, Prof. Daniel Friedmann, participated in this meeting and gave a lecture on the importance of international cooperation in combating bribery of foreign public officials, and Israel's actions regarding this subject.

- The *Expert meeting on "The OECD Anti-Bribery Convention: the Road Ahead"* discussed the effectiveness of measures adopted to date to ensure detection, investigation and prosecution of bribery of foreign public officials offences.
- The *Prosecutors' meeting on "Detection, investigation and prosecution of bribery of foreign public officials"* allowed prosecutors from State Parties to the OECD Convention to discuss ways to overcome difficulties in detecting, investigating and prosecuting the act of **bribery of a foreign official**.



## 10. Ministry of National Infrastructures

### Research and Development Division

#### Activities within the International Energy Agency - IEA

##### *High Temperature Superconductivity – HTS*

✓ On April 16-18, 2007, Israel accommodated a meeting of the Executive Committee of the High Temperature Superconductivity – HTS. The meeting was hosted by the Ministry of National Infrastructures.

The International Energy Agency (IEA) is an independent body operating within the OECD. The IEA conducts a comprehensive program of cooperation on energy-related subjects. One such program relates to the High Temperature Superconductivity and provides a forum for the exchange of information and joint evaluation of the effects of developments in the field of high-temperature superconductivity on the electricity sector.

Prof. Deutscher from Tel-Aviv University serves as Chairman of the HTS program.

Professor Guy Deutscher chaired the meeting of the HTS Executive Committee held in London and Oxford, UK, in November, 2007.

##### *Solar Power and Chemical Energy Systems – Solar PACES*

**Solar PACES program** – focuses on the utilization of direct radiation from the sun in concentrating thermal systems.

Mr. Michael Epstein of the Weizmann Institute of Science participated in the meeting of SolarPACES Executive Committee held in Paris, in November 2007.

### ***Photovoltaic Power Systems - PVPS***

**PVPS program** – concerns planning, setup, operation, and promotion of photovoltaic electrical systems (solar cells). Thanks to Israel's participation in the program, local companies that develop and install photovoltaic systems benefit from detailed practical information produced by the PVPS program.

Dr. Yona Siderer of the Ben-Gurion National Solar Energy Centre participated in the two PVPS Task 1 meetings held in Zacatecas, Mexico in May, 2007 and in Tokyo, Japan in December, 2007.

**Task 1** – The objective of Task 1 is to advance and encourage disclosure and dissemination of information regarding the technical, economic, environmental, and social aspects of photovoltaic power systems.

Israel is the only non-OECD member country participating in Task 1 of the Photovoltaic Power Systems program at the International Energy Agency.

Professor David Faiman of the Ben-Gurion National Solar Energy Centre participated in the PVPS Task 8 meeting – Very Large-Scale Photovoltaic Power Generation Systems held in Milan, Italy on August 31-September 2, 2007.

Mr. Dan Weinstock, Director of the Electricity Authority in the Ministry of National Infrastructures, participated, as an alternate member, in the meeting of the PVPS Executive Committee held in Ebeltoft, Denmark, in October, 2007.

## 11. Ministry of Science, Culture & Sport

### Chief Scientist Bureau

#### *Ad Hoc Working on Steering and Funding of Research Institutions*

**Ad Hoc Working Group Steering and Funding of Research Institutions (SFRI)** – The main objectives of the ad hoc Working Group are to exchange information on and to review the main institutional, regulatory, and management issues facing governments as they strive to foster a diverse and mobile workforce for science and technology.

**Session 5** – The Chief Scientist participated in the session held in March 2007. The following topics were discussed:

- **The Steering and Funding of Research Institutions** – The Secretariat presented a proposal for SFRI work on the steering and funding of research institutions. The work is divided into 2 modules:
  - a) The governance and financing of research.
  - b) Strengthening the outcomes of public research.
- **Women in Science** – The Austrian and Canadian Delegations will summarize the finding of the workshop on Women in Science, Engineering and Technology: Strategies for a Global Workforce.
- **Monitoring the Supply and Demand of HERST** – The Secretariat will present a proposal for SFRI work on understanding the demand for human resources in science and technology.
- **Attractiveness of Research Careers** – The secretariat presented the summery report of the workshop on Research Careers for the 21<sup>st</sup> Century.

### ***Workshop on the International Mobility of Researchers***

**The International Mobility of Researchers** – Across the OECD, there is a growing demand for a better understanding of the scale, direction and drivers of the international mobility of scientific and technical talent. An increasing number of countries are implementing policy measures to attract foreign researchers and to facilitate their access to the labour market. However, competition for skilled researchers is increasing, and policy makers need to be concerned with measures both to attract researchers and to retain them. There has been an increase in return flows to some countries, especially to non-member countries such as China and India as well as to OECD countries like Ireland who are actively courting expatriate researchers. In addition, some OECD countries have developed policy measures to promote the temporary outward flow of students and researchers to enhance international mobility and 'brain circulation'.

The Chief Scientist participated in this workshop, held consecutively to Session 89 of the Committee for Scientific and Technological Policy in Paris in March 2007. The workshop dealt with:

- Assessing the stocks and flows of researcher mobility in OECD and certain non-member countries.
- Analyzing the policy options for enhancing the international mobility of researchers at the national and institutional level.
- Examining the policy options for designing researcher mobility schemes that can build research capacity in both OECD countries and non-member economies.

### ***Committee for Scientific and Technological Policy***

**The Committee for Scientific and Technological Policy** shall be responsible for encouraging co-operation among Member countries and, as appropriate, with non-member economies, related to the field of science, technology and innovation policy, with the aim of contributing economic, social and scientific achievements, in addition to growth and the creation of skilled jobs, sustainable development, improved well-being of their citizens and advancing the frontiers of knowledge.

**Session 89** – The Chief Scientist participated in the meeting of the Committee for Scientific and Technological Policy held in Paris in March 2007. The following topics were discussed:

- **Possible Development of an OECD Innovation Strategy:**  
The OECD Ministerial meeting of 15-16 May had innovation as one of its key themes and Ministers are asked to confirm their interest in the development of an OECD Innovation Strategy.
- **Review of China's Innovation System.**
- **Council Recommendation on OECD Guidelines for Quality Assurance of Molecular Genetic Tests** – The CSTP was invited to approve this Recommendation for transmission to the OECD Council.
- **Country Review** – The CSTP meeting included peer reviews of Chile and South Africa and also a report on the progress of other reviews.

## **Biotechnology Research Division**

### ***Working Party on Biotechnology***

For science and technology policy, the main objective of the OECD's Working Party on Biotechnology is to provide support to the policies of member countries, particularly in the areas of public health, sustainable industrial development and bio-resource centres, such as culture collections, databanks and bio-informatics. The Working Party is also undertaking a major project on biotechnology for sustainable development which will provide guidance to industry and government on implementing new bioprocess technologies.

**Session 22** - The Head of the Biotechnology Research Division participated in the discussions of the Working Party on Biotechnology in November 2007. The following items were raised:

- **Working Group on Human Health-related Biotechnologies**
  - Report from the Working Group on Human Health-related Biotechnologies (WG-HHRB).
  - Implementation of the Guidelines for the Quality Assurance and Proficiency Testing of Molecular Genetic Tests.
  - Biomarkers and Targeted Therapies.
- **Task Force Creation for WPB contributions on Health-related Biotechnology to OECD Innovation Strategy –** Delegates noted good progress of the Steering Group in advancing the work on Health Innovation. They expressed strong support for the need to synthesize the body of work related to health innovation and the importance of making a contribution to the evolving OECD Innovation.
- **Human Genetic Research Databases – Draft Guidelines –** Delegates agreed that the experts should work with the current draft of the Scope of Guidelines, despite a lack of unanimity on

its interpretation, and to focus on the substance of the Principles and Best Practices at the experts meeting in January.

- **Intellectual Property Rights** –
  - Collaborative IPR-related Mechanisms.
  - Counterfeiting of pharmaceuticals.
  - Implementation of the Guidelines on Licensing of Genetic Inventions.
- **Task Force on Biological Resource Centers** – Implementation of BRC Best practices.
- **Biotechnology Statistics** – The report on Biotechnology Statistics and Indicators was delayed till the February 2008 meeting.
- **Synthetic Biology** – Delegates expressed strong support for the planning of a joint workshop with the US National Academies of Sciences and the UK Royal Society.

## **Materials, Chemistry, and Energy Division**

### ***Committee for Scientific and Technological Policy Scoping Meeting on Nanotechnologies***

Nanotechnology is the set of technologies that enables the manipulation, study or exploitation of very small (typically less than 100 nanometres) structures and systems. Nanotechnology contributes to novel materials, devices and products that have qualitatively different properties. Like information technology, nanotechnology advances have the potential to affect virtually every area of economic activity and aspect of daily life.

OECD is playing its part in this process and developing a large body of work. Under the Committee on Scientific and Technological Policy (CSTP) a **Working Party on Nanotechnology** was established in March 2007. The objective of this Working Party is to promote international co-operation that facilitates research, development, and responsible commercialisation of nanotechnology in member countries.

The Head of Materials, Chemistry & Energy Division participated in the 1<sup>st</sup> and the 2<sup>nd</sup> meeting of the Working Party on Nanotechnology held in Amsterdam and Paris in February and November 2007.

During the 1<sup>st</sup> Meeting, the Ministry of Science submitted the following document:

✓ Nanotechnology in Israel.



## 12. Ministry of Tourism

### Strategy and Policy Department

#### *Tourism Committee*

With OECD countries contributing some 70% of world tourism trade, the **OECD Tourism Committee** is in a unique position to serve as an international forum for co-ordinating policies and actions. The OECD is the only global forum for discussions of tourism policies among industrialised countries.

The OECD Tourism Committee co-operates with the World Tourism Organisation, the European Union and the International Labour Organisation. It engages in dialogue with non-member countries and provides a forum for discussion with industries, academia and other groups through consultations and seminars.

Israel has been invited to participate, on an ad hoc basis, in the 80<sup>th</sup> meeting of the OECD Tourism Committee. Israel's experience in combating terror made it reasonable to believe that Israel can contribute to the ongoing project on "Safety and Security, Travel and Tourism." The OECD, from its side, can contribute to Israel on tourism issues through its regular exchange of national tourism policy best practices and various analytical projects.

**Session 80** – The Director of Strategy and Policy Department and a representative of the Israel Airports Authority participated in a meeting of the Tourism Committee held in November 2007. The following subjects were discussed in the meeting:

- **Safety & Security, Travel and Tourism: Economic Impacts and Policy Implications** – i) Review of economic impact assessments studies in the area of safety & security, travel and tourism, ii) A draft questionnaire to analyse policy concerns

encountered by the industry and governments in the area of tourism and border security was distributed.

✓ A paper entitled "Safety and tourism in Israel" prepared by the Director of Research and Statistics at the Ministry of Finance was distributed to the participants of the session.

✓ The Israel Airports Authority representative gave a lecture on the conceptions and tendencies regarding safety & security in Israel. The Israel delegation invited the tourism committee to learn and examine the practices operated in Israel.

- **Culture, Tourism and Attractiveness of the Location.**
- **Measuring the Impact of Investing in Tourism Promotion**
- **Analytical and statistical activities** – i) Tourism Satellite Account Data for Business and Policy Analysis, ii) 9<sup>th</sup> International Forum on Tourism Statistics 2008 – progress report, iii) Revision of the International Recommendations on Tourism Statistics and the Tourism Satellite Account: Recommended Methodological Framework.
- **Global Relations Strategy of the Tourism Committee.**
- **"Tour de table" on recent developments in tourism trends and policies.**
- **"Tourism in OECD Countries 2008: Trends, Policies and Globalisation."**
- **Sustainable Tourism Development** – i) Climate change and tourism: recent developments, ii) Subchapter on Tourism – OECD Environmental Outlook to 2030.



# Authorities and Institutions



[www.oecd.org/Israel](http://www.oecd.org/Israel)

# Part Two

## 1. Bank of Israel

### International Affairs Department

The **Working Party of the Investment Committee** shall assist the Investment Committee in implementing the Declaration on International Investment and Multinational Enterprises and related Decisions.

√ The Head of International Affairs and Advisor to the Governor of the Bank of Israel who participated in the meeting of the Working Party of the Investment Committee, held in Paris in March 2007, gave a lecture on the following subject: Episodes of Capital Account Liberalisations – A case study of an open economy facing a negative external shock.

### Foreign Exchange Activity Department

#### *Working Party on Financial Statistics*

The **Working Party on Financial Statistics** of the OECD deals with developing and increasing the sophistication of the financial markets, analyzes long-term market developments, and provides recommendations to countries regarding international and national policy and regulation. Israel's participation in the Working Party will influence the establishment and implementation of international standards in the Israeli Economy.

**Session 61** – A Senior Economist from the Monetary Department, Bank of Israel and the Head of the Macro-Economics Division of the Central Bureau of Statistics (CBS) participated in a meeting of the Working Party on Financial Statistics, which was held in Paris in October 2007. Subjects included:

- **Financial Accounts and Financial Balance Sheets** – Progress report on the OECD Financial Accounts databases.

- **Other OECD financial databases** – Financial and non-financial assets of institutional investors, financial and non-financial assets of households, progress report on the bank profitability database.
- **Co-operation with International Organisations** – Financial Databases – OECD and IMF.
- **SNA review** – Progress report SNA review, developments of national accounts in emerging countries (Brazil, India, Chile).
- **Pension schemes** – Report of EU task force and implementation of supplementary table.

### ***OECD Forum 2006: Balancing Globalization***

The purpose of the OECD Forum is to forge a better understanding of the challenges and to promote consensus on the necessary policies and their implementation. The Forum holds debates related to the revival of European growth, jobs and ways in which to achieve social cohesion in a globalising economy, the important role investment plays for development, new technology and the current pressing question of energy.

On May 22-23, 2006 the Governor of the Bank of Israel, Prof. Stanley Fischer, participated in the "OECD Forum 2006: Balancing Globalization," where he gave a lecture on Financial Market Globalization – *"We are living, in this second age of financial globalization, in a world of far greater financial sophistication than ever before, particularly the explosion of financial instruments based on derivatives. We are also living in an age of far wider and greater access to information and more rapid communications and transportation."*

## Financial Stability Department

### *Working Party on Debt Management*

The OECD Working Party on Debt Management was set up in 1979 as a special working group of the OECD's Committee on Financial Markets. Since its creation, the Working Party has been a unique policy forum for the 30 senior government debt managers from OECD Member countries to exchange their views and experiences in the field of government debt management and government securities markets.

In response to the rapid development in government debt markets, the Working Party has been extending the range of topics for discussion: factual condition of government debt instruments, the use of electronic systems, selling techniques, the organisation of primary and secondary markets in government securities, the organisation of debt offices, risk management as well as other policy issues and techniques of government debt management.

**Session 35** – A senior economist in the Financial Stability Department and the Director of the Internal Debt Unit in the Ministry of Finance participated in the 35<sup>th</sup> Session of the Public Governance Committee held in October 2007. The following subjects were raised:

- **Observership Israel** – Members of the WP decided to invite the Israeli Delegation as an observer for the next annual meeting of the WPDM.
- **Advances in Risk Management** – Overview of Theoretical and Practical Approaches to Market Risk Management.
- **Ongoing and Future Work on ALM** – The OECD Secretariat and the IMF gave an overview of ongoing work on asset-and-liability management (ALM) by governments.

## Foreign Exchange Activity Department

### *Workshop on International Investment Statistics*

**2007** – Two Senior Economists at the Foreign Exchange Activity Department participated in the Workshops on International Investment Statistics held in March and October 2007. Participants discussed the definition of direct investments, as part of an effort to reformulate the Benchmark Definition of FDI.

**Revision of the Benchmark Definition of Foreign Direct Investment** – Recording statistical data on Foreign Direct Investment (FDI) is a prerequisite for economic analysis and policy making. The need for comprehensive, comparable and up-to-date data is increasing as FDI plays a crucial role in the globalisation of economic activities. The OECD Benchmark Definition of Foreign Direct Investment provides operational guidance on how FDI data should be compiled to meet internationally agreed-upon standards.

The discussions focused on the following:

- **Reviewed the proposed presentation of FDI statistics of the Benchmark Definition** – This aimed at responding to the user needs and to the request made by the Investment Committee to present "genuine" FDI, taking into account feasibility concerns. Main issues for consideration were: (i) the treatment of pass-through funds and capital in transit; (ii) identifying ultimate investing/host country; (iii) analysing FDI by type, namely mergers and acquisitions.
- **OECD outreach work on FDI statistics** – a) MENA/OECD Task for FDI Statistics, b) China/OECD Dialogue on FDI statistics for policy making, c) Southeast Europe.

### ***Joint Meeting of the Workshop on International Investment Statistics and the Special Session on Globalisation***

The objective of the joint session is to address main issues on how statistics on Foreign Direct Investment (FDI) and the Activities of Multinational Enterprises (AMNE) are interrelated and how they could be reconciled to meet user needs.

The *Benchmark Definition* will include guidance to compile statistics by types of FDI. Four types of FDI were identified: Merger and Acquisition (M&As), Greenfield investments, extension of capital, and financial restructuring.

A Senior Economist at the Foreign Exchange Activity Department participated in a joint meeting of the Workshop on International Investment Statistics and the Special Session on Globalisation held on March 28, 2007.

The discussions focused on the following subjects:

- **Statistics on FDI and the Activities of MNEs** – a) How are statistics on FDI and the activities of MNEs related? Can they be reconciled to better meet user needs?, b) Areas of which a reconciliation of FDI and activities of MNEs statistics could be possible.
- **Population of enterprises covered by FDI and activities of MNEs** – a) A new framework of direct investment relationships influence and control, b) Links between the population of FDI enterprises and the activity of multinationals.
- **Globalisation indicators** – Areas of future investigation for OECD Handbook on Economic Globalisation Indicators: Coordinated Portfolio Investment Survey and most recent statistics.



## 2. Central Bureau of Statistics (CBS)

### The Government Statistician

#### *Committee on Statistics (CSTAT)*

The Committee shall oversee the broad range of statistics and statistical policy issues relevant to the Organisation. In carrying out its responsibilities it shall:

- be responsible to Council for the statistical policy of the OECD, both within the Organisation and vis-à-vis the rest of the world;
- oversee the Programme of Work and Budget of the Statistics Directorate.

**Session 4** – The Government Statistician at the Central Bureau of Statistics was invited to attend the Committee on Statistics, before receiving approval of its status as a regular observer to the OECD Committee on Statistics. The meeting took place in Geneva on June 13-14, 2007 and the following subjects were raised:

- **Quality reviews: International Trade** – The participants discussed the comparability between OECD/United Nations data and Eurostat data.
- **The relationships between the OECD, other international organisations and non-member economies in the context of the Organisation's global role** – The CSTAT agreed that the Statistics Directorate should extend its bilateral cooperation with other international organisations and individual countries that already have programmes in place with countries that are now opening discussions on accession with the OECD (Chile, Estonia, Israel, the Russian Federation and Slovenia). Within this cooperation, the Statistical Directorate will try to expand the coverage and range of key indicators for these non-member countries, using the OECD Factbook as a framework.

## Education Division

### *Indicators of Education System Technical Group- INES*

The INES Project began in 1988 in response to national policy makers' desire for information that would allow them to compare the performance of their education systems with those of other countries and thus better assess and monitor the effectiveness and evolution of their education systems. The INES Project develops a system of indicators for cross-national comparisons in education.

**Session 29** - The Head of the Education Division participated in a meeting of the Indicators of Education Systems Technical Group, held in London in December 2007. Subjects included:

- **Developing the indicator on financial aid to students** – As part of the UOE 2006 data collection, TG members completed an ad-hoc data collection providing additional data on the systems of financial aid to students that apply in their countries.
- **Meeting of the sub-group of the INES Technical Group** – The sub-groups discussed the following topics:
  - **Finance** – the group was asked to review proposals for a quick survey aimed at improving the definition of 'educational goods and services' and considered the broader issue of the coherence between UOE and the treatment of education goods and services in the National Accounts.
  - **Outputs/efficiency** – the group was asked to review a paper which explores the possibilities for a new indicator on efficiency to be included in the 2008 edition of Education at a Glance.
  - **Student mobility** – The group reviewed the results of a quick survey, "The concept of student mobility - operational definition and feasibility," which members of the sub-group have been asked to complete.

- **Tertiary education: Improving indicators of access and graduation** – The tables on graduation rates, entry rates and survival rates, and to a lesser extent on enrolment rates, continue to play an important role in the EAG indicator set.

**Session 28** – The Head of the Education Division and a statistician from the Macro-Economics Division participated in a meeting of the Indicators of Education Systems Technical Group, held in Greece in May 2007. Subjects included:

- **A methodology for measuring output in education** – At its meeting in June 2006, the INES TG received a presentation on the project being led by the Statistics Directorate of OECD which aims to propose methodologies for improving the measurement of non-market output in the National Accounts, focusing on the education and health sectors.
- **Proposal for a new data collection format (SDMX)** – At its meeting in December 2006, the INES TG noted the joint work between OECD/UIS/EUROSTAT to develop an SDMX data structure for the exchange of education data and agreed that this should be investigated as a basis of a new format for the UOE data collection.

### **INES National Coordinators**

The Head of the Education Division participated in a meeting of INES national coordinators held in Budapest in June 2007. Subjects included:

- Review of the implementation of the mandate of the INES working bodies.
  - INES Advisory Group.
  - INES Working Party.
  - INES Networks and working groups.

- Report from the INES Networks A and B and related work, including:
  - INES data collection on educational attainment and labor-market outcomes of education.
  - Progress with the implementation of the research agenda for **OECD's Assessment of Adult Competencies (PIAAC)**

The **Programme for the International Assessment for Adult Competencies (PIAAC)** aims at developing a strategy to address the supply and demand of competencies that would:

- identify and measure differences between individuals and countries in competencies believed to underlie both personal and societal success;
- assess the impact of these competencies on social and economic outcomes on individual and aggregate bases;
- gauge the performance of education and training systems in generating required competencies, and

*On November 28, 2007 the Working Party on Indicators of Educational Systems (INES) replaced the INES National Coordinators and the INES Technical Group.*

### ***Group of national experts on special needs education***

In support of the mandate of the Education Policy Committee, the Group of National Experts on Special Needs Education will undertake studies required for the development and implementation of policies related to the effective education of students with disabilities, learning difficulties and disadvantages in member and non-member economies.

Israel along with Chile, Estonia, the Russian Federation and Slovenia are participating in the Group as full observers.

**Session 18** - A representative of the Education Division participated in the meeting held in Bad Sarrow, Germany in October 2007. Subjects discussed in the meeting included:

- **Measuring outcomes for Special Education Needs (SEN) students** – A representative for the United Kingdom presented a paper entitled "The Academic Performance of Children with Different Special Educational Needs in England".
- **Country presentations on SEN systems** –
  - ✓ An Israeli representative, presented a paper entitled, "**Israel's Special Needs Education, Present and Future Challenges in Data Collection and Reporting.**"

**Session 17** - A representative of the Education Sector from Israel's CBS participated in the meeting which was held in Helsinki on May 16-17, 2007. Subjects discussed in the meeting were:

- **Collaboration with non-member economies** – Potential collaboration between the OECD and non-member economies, including the new EU member states, in the field of special needs education.
- **OECD activities in SENDDD in South-Eastern Europe and Central Asia** – Plans for a stock-taking exercise on children at risk in countries of Central Asia were introduced.

## Macro- Economics Division

### *Working Party on National Accounts (WPNA)*

**Working Party on National Accounts** – The Working Party will undertake work to improve the quality of national accounts data in accordance with priorities established by the OECD Committee on Statistics.

In particular, the Working Party will facilitate the development and improvement of internationally comparable methodologies in order to allow users to better compare the growth and the levels of national accounts variables between OECD countries, including satellite accounts.

**2007** – The Head of the Macro-Economics Division participated in the meeting of the Working Party on National Accounts held in Paris in October 2007.

Subjects discussed included:

- **Progress report of SNA review** – The project manager of the SNA review described the process being used to conduct the update of the 1993 SNA and what had been achieved over the last few years.
- **Developments of national accounts in emerging countries** – Papers were presented by three countries: Brazil, India and Chile, which outlined how each country compiles its national accounts, its scope and timing.
- **Update of OECD Handbook on Measuring Capital** – The manual on measuring capital is intended as a supplement to the revised SNA and was initiated by the Canberra II Group on Non-financial assets.

### ***Working Party on Financial Statistics***

The Working Party on Financial Statistics deals with developing and increasing the sophistication of the financial markets, analyses long-term market developments, and provides recommendations to countries on national and international policy and regulation. Israel's participation in the Working Party will influence the establishment and implementation of international standards in the Israeli economy.

**Session 61** – A Senior Economist from the Monetary Department, Bank of Israel and the Head of the Macro-Economics Division of the Central Bureau of Statistics (CBS) participated in a meeting of the Working Group on Financial Statistics, held in Paris in October 2007. Subjects included:

- **Financial Accounts and Financial Balance Sheets** – Progress report on the OECD Financial Accounts databases.
- **Methodology and Development** – Securitisation (the securitisation process in the OECD countries, the statistical treatment of securitisation vehicles), report on data quality issues regarding the production and release of revaluation accounts and of other changes in volume accounts, report on data quality issues regarding the production of information on financial derivatives.
- **Other OECD financial databases** – Financial and non-financial assets of institutional investors, financial and non-financial assets of households, progress report on the bank profitability database.
- **Co-operation with International Organisations** – Financial Databases – OECD and IMF.
- **SNA review** – Progress report SNA review, Developments of national accounts in emerging countries (Brazil, India, Chile).

- **Pension schemes** – Report of EU task force and implementation of supplementary table.
- **Non financial assets** – Update of OECD handbook on measuring capital, survey on estimation of land and structures, country experiences in estimating households' non-financial assets (Australia, Canada, Germany).

### ***Joint NESTI-Canberra II meeting on R&D Capitalisation***

The **Joint conference with NESTI** was held following the adoption of the Canberra II Working Party's recommendation regarding the registration of R&D as an asset in national accounts. The aim is to publish a manual on methods of estimating intangible assets in national accounts. The decision was made to work on such a manual at this point, even before final approval of the SNA change (in the beginning of 2008), in light of the less successful attempt to implement the decision to register software as an asset in the current System of National Accounts, SNA93. The new manual is also to address the problem of the valuation of software in national accounts.

**2007** – The Head of the Macro-Economics Division participated in the Joint meeting of Canberra II Group and NESTI on R&D capitalisation held in Paris in April 2007.

✓ An Israeli representative, presented a paper entitled, "**Pilot Survey of R&D performers to determine expected R&D service lives.**"

Subjects discussed included:

- Use of R&D stocks in analysis:
  - Measuring productivity growth with R&D input.
- Draft Handbook on Measuring Intellectual Property Statistics (HMIP) in the National Accounts – R&D:



- Proposed structure and content of this form part of the handbook.

### ***Working Party of National Experts on Science and Technology Indicators (NESTI)***

**Working Party of National Experts on Science and Technology Indicators (NESTI)** – The Working Party will monitor, supervise, direct and co-ordinate statistical work and contribute to the development of indicators and quantitative analyses needed to meet the requirements and priorities of the Committee for Scientific and Technological Policy (CSTP). In particular, the Working Party will ensure the continued improvement of the methodologies for the collection of internationally comparable data for measuring the input, output, diffusion and impact of science, technology and innovation.

**2007** – The Head of the Account and Social Services Division participated in the annual meeting of the Working Party of National Experts on Science and Technology Indicators, held in Paris in June 2007. Subjects discussed included:

- **Developing a roadmap for new HRST indicators – proposals –**
  - Recent developments on surveys on careers of doctorate holders (CDH).
  - Comparing results from US and Canadian surveys of Earned Doctorates.
- **R&D topics –**
  - Treatment of tax incentives in the R&D statistics.
  - R&D in national accounts.
- **New technologies statistics and indicators –**
  - A template for a regular biennial collection of biotechnology statistics.

- Update on biotechnology measurement and next steps – (i) public sector investment in biotechnology R&D and (ii) the impacts of biotechnology.
- Nanotechnology statistics and indicators.

### ***Joint NESTI-TIP Workshop on Innovation Indicators for Policy Making and Impact Assessment***

The Blue Sky II Forum (Ottawa, September 2006) called for closer collaboration between the statistics and policy communities to help improve the measurement of innovation and of its economic and social impacts. The Joint NESTI-TIP Workshop on Innovation Indicators for Policy Making and Impact Assessment brings together leading statisticians and experts on innovation indicators development as well as senior policy makers and analysts who use innovation indicators in policy development and the assessment of innovation performance.

The Head of the Account and Social Services Division and the Head of the MAGNET program (generic technological research and development) participated in the Joint NESTI-TIP Workshop, held in Paris in June 2007. Subjects discussed include:

- **Innovation indicators for policy making** – The development of a core set of policy relevant and internationally comparable indicators drawn from innovation surveys. In particular, the session looked at those metrics that provide new insights on the inputs to innovation, the location of innovation activities, and the spillovers arising from innovation.
- **Indicators for measuring the outcomes and impacts of research and innovation** – The discussion was focused on user needs and proposals for developing indicators of commercialisation of public research.

- **Panel Discussion on "The Way Forward or Implications for the work of TIP and NESTI"** – The panel discussion helped focus the work of both the NESTI and TIP working parties for the next biennium.

### **Balance of Payments, Foreign Trade, and Energy Section**

The Head of the Balance of Payments, Foreign Trade, and Energy Section participated at the following meetings, held in Paris on September 17-19, 2007.

#### ***8<sup>th</sup> International Trade Statistics Expert Meeting***

- **New developments at OECD** – a) The completion of OECD's trade databases integration in OECD.STAT – new developments and implications. b) Meeting user needs – specific analytical extensions of ITCS-OECD.
- **Inter-Agency Co-operation and coordination** – a) Report from the Inter-Agency Merchandise Trade Statistics Task Force – WTO, b) The Common Data Set – authoritative world trade aggregates for users across the world – a joint initiative WTO, UNSD, Eurostat, and OECD.
- **Data quality and analysis** – a) Monthly Statistics (MSIT): quality review implications and scope for more synergies with MEI, b) Foreign Trade Statistics: developments in Latin America.
- **Methodological Research and Analysis** – a) Analysis of asymmetries of trade statistics between Germany and China, b) The future of analytical applications based on trade statistics.

#### ***Joint 8<sup>th</sup> International Trade Statistics (ITC) and Trade in Services (TIS) Session***

- **Globalisation and Trade** – a) OECD and Globalisation: Organisational arrangements and horizontal co-operation across Directorates, b) OECD's Trade Indicators Project (TIP): methodological improvements and extended coverage.

- Revision of the Balance of Payments Manual.
- Revision of the Benchmark definition of FDI.
- **Quality of Balance of Payments Statistics** – a) Reconciliation of foreign trade statistics and balance of payments – Eurostat, b) Austrian methodological changes in balance of payments and impact on trade in goods and services statistics.
- **Balance of Payments and the Rest of the World account SNA** – a) Eurostat/ECB Rest of the World Task Force – Eurostat/ECB, b) Trade in goods and services: A report on differences in two OECD datasets.

*OECD-Eurostat Expert Meeting on Trade-in-services Statistics*

- **Revising the Manual on Statistics of International Trade in Services** – there will be a chapter on modes of supply.
- **OECD Data Collection and Dissemination** – a) OECD Progress in expansion of partner country data – OECD presentation, b) UNSD data collection – UNSD.
- **Data quality and analysis** – a) Bilateral flows and asymmetries – OECD, b) Methodological improvements in data collection, c) Developing Trade in services Statistics in Vietnam.

### ***Working Party on Globalisation of Industry (WPGI)***

**The Working Party on Globalisation of Industry (WPGI)** shall

a) analyse the impact of international outsourcing and relocation of business operations on employment (including the quality of jobs created or eliminated) and on productivity, evaluate the direct and indirect short and medium-term consequences of offshoring, and of international corporate procurement; b) analyse trends in the globalisation of research and the strategies of multinational firms in choosing where to locate their activities, including those related to research and innovation; and c) measure and analyse the factors that influence the international location of the operations of multinational enterprises, as well as the effects of policies that may foster or impede those operations.

A Senior Coordinator in the Balance of Payments, Foreign Trade, and Energy Section and the Deputy Director of Planning, Research and Economics Administration participated in the meeting of the WPGI held in November 2007. Subjects discussed include:

- **Territorial attractiveness and factors influencing the location of the activity of multinationals** – a) The factors of location of R&D centres abroad: The case of Europe, b) Do US multinationals engage in sequential choice? Evidence from new manufacturing operations in Europe, c) The international location of headquarters of multinationals: The Swedish experience, d) World investment prospect survey: Future trend of FDI locations (UNCTAD), e) The location of domestic and foreign production affiliates by French multinational firms, f) The location of investment of multinationals linked to innovation (OECD Secretariat).
- **Globalisation and employment** – a) The OECD publication: Offshoring and Employment: Trends and Impacts (OECD Secretariat), b) OECD workers in the global economy: Increasingly vulnerable? (OECD Secretariat).

## Consumer Prices Division

### *Annual Meeting on Purchasing Power Parities for Non-European OECD Countries*

The OECD published comparison data on gross domestic product (GDP) based on Purchasing Power Parity (PPP), based on 2002 data. The data were processed and generated jointly with the European Union's statistics bureau (Eurostat), and compare the economy sizes of 46 countries. The OECD divided the countries into four groups, according to income level:

- High income (index 120 or higher): Luxembourg, Norway, US, Ireland, and Switzerland.
- Medium-high income (100-120): Austria, Denmark, Holland, Canada, Iceland, UK, Belgium, Sweden, Australia, Finland, France, Japan, Italy, and Germany.
- Low-medium income (50-99): Spain, **Israel**, New Zealand, Cyprus, Greece, Portugal, Slovenia, Korea, Malta, the Czech Republic, and Hungary.
- Low income (under 50): Slovakia, Estonia, Poland, Croatia, Lithuania, Latvia, Mexico, Russia, Bulgaria, Romania, Turkey, the former Yugoslavian Republic, and Macedonia.

**Session 6** – The Head of the Consumer Prices Division participated in the annual meeting on Purchasing Power Parities for non-European OECD countries held in Tokyo in March 2007. The meeting is for non-European countries participating in the Eurostat/OECD Purchasing Power Parities (PPP) Program and its purpose is to sort out problems with data collection for the program between non-European countries before data that is collected by Eurostat for European countries is used to produce conclusions.

### 3. Council for Higher Education

#### Planning and Budgeting Committee (PBC)

##### *Programme on Institutional Management in Higher Education Governing Board (IMHE)*

The **Programme on Institutional Management in Higher Education** (IMHE) is a membership forum serving policy-makers in national and regional authorities, managers of higher education institutions, and researchers. IMHE's current activities include work on contribution of higher education institutions to regional development, research management, financial management and internationalisation.

The **Governing Board** shall be concerned with all matters in the field of competence of the Programme including those of any subsidiary bodies.

**Session 6** – A representative of the Planning and Budgetary Committee participated in the meeting of the Governing Board, held in Paris in November 2007. Subjects discussed include:

- Recent developments in the Organisation.
- Recent developments in the Directorate for Education.
- Current work of the Directorate for Science, Technology and Industry.
- Medium-term strategy for the Directorate for Education.
- IMHE budget working group.
- Strategy development of IMHE.
- Implementation of the 2007-08 IMHE Programme.

**Session 5** – A representative of the Planning and Budgetary Committee participated in the meeting of the Governing Board, held in Paris in April 2007. Subjects discussed include:

- Report on the Implementation of 2005-06 Programme of Work and plans for 2007.
- Mandate renewal and process for evaluation of IMHE. Supporting the contribution of higher education institutions to regional development – Policy recommendations, key messages, dissemination and follow-up.

### *Higher Education in the 21<sup>st</sup> Century, Diversity of Mission*

Around the world, higher education and higher education institutions are changing rapidly. Traditional academic cultures and relationships are being challenged, bringing new social dynamics to higher education systems and increasing diversity and differentiation within and between institutions.

The Chairman and the Director-General of the Planning and Budgeting Committee participated in a conference on the theme: Higher Education in the 21st Century - Diversity of Missions, which was held in June 2007 at the Dublin Institute of Technology, Ireland (DIT). Subjects discussed include:

- How the diversity of institutions is valued (or not) by Governments.
- What are the appropriate incentives to enable institutions to relate research to mission.
- How to better measure and evaluate the contribution that HEIs make to national, regional and local economic and social development.
- How are institutions facing up to the challenges of widening participation and cultural diversity.



## 4. Israel Antitrust Authority

### Competition Committee

The **OECD's Competition Committee** is the world's premier source of policy analysis and advice to governments on how best to harness market forces in the interests of greater global economic efficiency and prosperity. Bringing together the leaders of the world's major competition authorities, the Committee is the chief international forum on important policy issues related to competition.

**Session 101** - The IAA General Director, her Senior Assistant and an Advocate from the Legal Department participated in a meeting of the Competition Committee which was held in October 2007. The meeting focused on the following topics:

- Recent Competition Developments in Spain.
- Roundtable on refusal to deal.
- Roundtable on facilitating practices in oligopolies.

**Meeting 100** - The Senior Assistant to the General Director of the IAA participated in the meeting of the Competition Committee held in June 2007. The meeting focused on the following topics:

- Co-ordination with other OECD Bodies.
- The political economy of reform and the importance of competition advocacy: The case of Italy.
- Roundtable on dynamic efficiencies in merger analysis.
- Roundtable on evaluation of actions and resource of competition authorities.

**Meeting 99-** The Chief Legal Counsel participated in a meeting of the Competition Committee held in February 2007. The following topics were discussed:

- **Competition Policy and Regulation** – The Competition Committee took note of a report by the W.P. No. 2 on competition and regulation in real estate, which was divided in three parts: 1) matching of home buyers and home sellers; 2) transfer of legal title; and 3) financing of home transactions.
- **Competition Policy on Cooperation and Enforcement** – The Committee heard a report of W.P. No. 3 regarding public prosecutors in cartel matters.
- **Roundtable discussion on Energy security and Competition Policy** – The Committee examined the links between competition policy and energy security, using the example of natural gas to help focus the discussion.
- **Relationship between competition and economic performance** – The Committee has long been interested in improving its understanding of how competition and competition law affect economic performance; that is, the measures of growth, productivity and employment that typically are used to assess a society's economic health.

### ***Working Party No. 2 on Competition and Regulation***

**Session 38** - The Senior Assistant to the IAA General Director participated in a meeting of Working Party No. 2 held in October 2007. The meeting focused on the following topics:

- Taxi Services Regulation and Competition.
- Ryanair / Aer Lingus case (M.4439) presentation.

**Session 37** - The General Director of the IAA and her Senior Assistant participated in a meeting of Working Party No. 2 held in June 2007. The meeting focused on the following topics:

- Competitive restrictions in Legal Professions.
- Competition assessment toolkit.
- Review of competition in retail banking in the Netherlands.

**Session 36** - The Chief Legal Counsel participated in a meeting of Working Party No. 2 held in February 2007. The following topics were discussed:

- **Improving competition in real estate transactions** – The subject was divided into three parts: 1) matching of home buyers and home sellers; 2) transfer of legal title; and 3) financing of home transactions.
- **Retail banking roundtable follow-up** – After the retail banking roundtable in October 2006, there were two main items of follow-up.

### *Working Party No. 3 on Enforcement and Co-operation*

**Session 100**- The General Director of the IAA, her Senior Assistant and an Advocate from the Legal Department participated in a meeting of Working Party No. 3 held in October 2007. The meeting focused on the following topics:

- Roundtable on potential pro-competitive and anticompetitive aspects of trade/business associations.
- Roundtable on managing complex merger cases.

The Authority presented two position papers to both roundtables in which the relevant experience of the Israel Antitrust Authority was reviewed:

- ✓ Potential pro-competitive and anti-competitive aspects of trade/business associations.

✓ Managing complex merger cases: how agencies deal with complex data analysis, survey and market studies, and obtain the necessary expertise for complex substantive issues.

**Session 99** - The General Director of the IAA and her Senior Assistant participated in a meeting of Working Party No. 3 held in June 2007. The meeting focused on the following topics:

- How to provide effective guidance to businesses on monopolization/abuse of dominance.
- Inventory on effective cooperation practices.
- Public Procurement – The role of competition authorities in promoting competition.

The Authority presented a position paper to the roundtable on public procurement in which the relevant experience of the Israel Antitrust Authority was reviewed:

✓ Public Procurement – The Role of Competition Authorities in Promoting Competition.

**Session 98** - The Chief Legal Counsel and Advisor participated in a meeting of Working Party No. 3 held in February 2007. The following topics were discussed:

- Hard Core Cartels: Cooperation with public prosecutors in criminal cartel investigations.
- Coordination and cooperation between prosecutors and competition authorities in dual enforcement systems.
- Criteria for referring a case for criminal procession.
- Use of evidence in criminal and administrative/civil proceedings.
- Obstruction of Justice.
- Other economic crimes.

***Competition Workshop for Authorities from SEE and CIS countries***

The Chief Legal Counsel participated in the workshop on anti-cartel enforcement and restrictive agreements, which took place in Budapest in May 2007.

The workshop addressed the following key issues:

- Multilateral restrictive practices.
- Effective anti-cartel enforcement.
- Non-cartel restrictions to competition in horizontal and vertical relationships such as cooperation agreements and exclusive distribution systems.

## 5. The Israel Export Insurance Corp. Ltd. (ASHRA)

**ASHRA** – The Israel Export Insurance Corp. Ltd. is a company fully owned by the Israeli government. ASHRA encourages Israeli exports by insuring medium and long term export credit transactions (one to ten years) and investments abroad. The Company has extensive working relationships with the international insurance and business communities.

### *Working Party on Export Credit and Credit Guarantees*

The full title of the ECG is the "Working Party on Export Credits and Credit Guarantees". The ECG is an OECD body; it was set up in 1963 and is charged with carrying forward the work of the OECD in the field of export credits.

The general objectives of the ECG are to:

- Evaluate export credit policies;
- Determine the problems which arise; and
- Resolve or mitigate these problems by multilateral discussion.

**Session 112** - The Managing Director of Israel Export Insurance Corp. Ltd. participated in the meeting of the Working Party on Export Credit and Credit Guarantees (ECG) held in Paris in November 2007. The following subjects were discussed at the meeting:

- **Sustainable Lending: A Proposal for Principles and Guidelines** – In the context of the IMF/World Bank Debt Sustainability Framework to encourage the prudent provision of official export credits to Lower Income Countries, document TAD/ECG(2007)13 proposes principles and guidelines.
- **Export Credits and the Environment**
  - Proposal for a Revised Survey on the Environment and Officially Supported Export Credits.

- Report from the Chairman of the ECG Environment Practitioners.
- Other OECD Developments.
- **Export Credits and Bribery**
  - Review of Responses of a Revised Survey on Measures to Combat Bribery in Officially Supported Export Credits.
  - Other OECD Developments.
- **Report from the Berne Union** (International Union of Credit and Investment Insurers).

**Session 111** – The Managing Director of Israel Export Insurance Corp. Ltd. Participated in the meeting of the Working Party on Export Credit and Credit Guarantees (ECG), held in Paris in April 2007. The following subjects were discussed at the meeting:

- **Export Credit and Unproductive Expenditure**
- **Debt Sustainability and Responsible Lending**
- **Export Credits and the Environment:**
  - Proposal for a Revised Recommendation on Common Approaches on the Environment and Officially Supported Export Credits.
- **Export Credits and Bribery:**
  - Approval of a Revised Survey on Measures Taken to Combat Bribery in Officially Supported Export Credits.
- **Presentations from Non-Member Economies:**
  - China: SINOSURE .
  - India: Export-Import Bank of India .
  - Israel: ASHRA .

✓ Export Credit in Israel, by ASHR'A Managing Director.

## 6. Israel Laboratory Accreditation Authority

### Key Clients & GLP Division

#### *Working Group on Good Laboratory Practice*

The objectives of the Working Group on Good Laboratory Practice (GLP) are to facilitate and support the implementation by Member countries and interested non-members of the Council Acts (i) concerning Mutual Acceptance of Data in the Assessment of Chemicals, (ii) on Compliance with Principles of Good Laboratory Practice, and (iii) concerning the Adherence by Non-Member Countries to the OECD Council Acts related to the Mutual Acceptance of Date. This should be done by promoting a common understanding of, and harmonised approaches to, technical and administrative matters related to Good Laboratory Practice and monitoring of compliance with the GLP Principles.

**21 Meeting-** The Head of the key Clients and GLP Division participated in the Working Group on Good Laboratory Practice held in New Zealand from February 27 to March 1<sup>st</sup>, 2007. The meeting included a discussion on the following topics:

- **MJVs to new monitoring authorities** – The Working Group considered the report from the Mutual Joint Visit team which visited the GLP monitoring programme in Poland, in the framework of continuing MJVs to new monitoring programmes which joined the Working Group after the pilot project ended in 2002.
- **New on-site evaluation programme** – The Secretariat proposed the schedule for the on-site evaluation visits from 2008-2017.
- **Issues related to non-member countries** – The Observer from India reported on progress made in implementing the 1989 Council Decision. India continued to work towards operating a



GLP compliance monitoring programme in accordance with OECD procedures. The programme was deemed to be ready for an on-site evaluation visit. The Working Group agreed that the on-site evaluation visit could take place by early 2008, based on the reports from India. The team will be comprised of Australia (lead), the United Kingdom and Norway, with **Israel** as a back-up.

- **Information Exchange** – The Working Group agreed to establish a drafting group consisting of the UK (lead), **Israel**, Italy, US (pesticides and chemicals) and Sweden (medical products). The drafting group will submit a draft standardised notification of non-compliance and guidance to be reviewed in the next Working Group meeting.
- **Training Course – Israel** presented the plans for an OECD training course for GLP inspectors to take place in 2010. The Working Group agreed to the proposal and that the course be a basic training course with emphasis on the recent documents published by the Working Group. A steering group of trainers coming from Australia, Belgium, Denmark (medical product), Germany, Italy, Japan (workplace chemicals), the Netherlands, Norway, South Africa, the United Kingdom, and the United States (pesticides and chemicals) was set up to assist Israel.

## 7. Israel Science Foundation

### *Workshop on Best Practices for Ensuring Scientific Integrity and Preventing Misconduct*

The goal of the workshop was to deepen the understanding of research scientific misconduct: its causes, consequences, and possible preventative remedies. The workshop provides opportunities for international consultation and for learning from the experiences of others. The workshop participants also examined problems that can arise in international scientific collaborations, and considered whether any new measures might be needed to deal with special problems created by the differences in the ways that collaborating countries deal with allegations of misconduct.

The Project Coordinator at the **Israel Science Foundation** participated at the workshop held in Tokyo in February 2007.

**The Israel Science Foundation** (ISF) is now Israel's predominant source of competitive grant funding for basic research. The ISF awards grants in all fields of:

- Exact Sciences and Technology;
- Life Sciences and Medicine; and
- Humanities and Social Sciences.

Grants are awarded to researchers at Israeli universities, other centers of higher education, research centers and medical centers. Most funds (97%) are provided by the Government of Israel via the Planning and Budgeting Committee (PBC) of Israel **Council for Higher Education**.



# Private Sector



[www.oecd.org/Israel](http://www.oecd.org/Israel)

# Part Three

## 1. Tel Aviv University

### School of Economics

#### *OECD and CCBS/Bank of England Conference*

On February 28, 2007, Prof. Leonardo Leiderman from Tel Aviv University participated in the Joint OECD and CCBS/Bank of England Conference. Prof. Leiderman's lecture emphasized how prevailing global conditions are showing strong support for IT in Emerging Markets by illustrating current IT themes, based on Israel's experience.

## 2. NETAFIM

### *Joint Working Party on Trade and Environment*

The Joint Session is intended to:

- Focus on analytical work, including empirical studies of selected policy areas and economic sectors. The aim is to promote the mutual compatibility of trade and environment policies, in order to contribute to sustainable development, while building on previous work.
- Co-operate and liaise with other relevant OECD bodies, and with relevant international organizations including the WTO, UNEP, UNCTAD, ISO, and the Commission on Sustainable Development.
- Consult with Partners in transition, Dynamic non Member economies and developing countries, and provide them with expertise as appropriate.

Mr. Joshua Golovaty from NETAFIM participated in the Joint Working Party on Trade and Environment held in October 2006, where he presented a working paper "Identifying complementary measures to ensure the maximum relation of benefits from the liberalization of environmental goods and services."



# Annexes



[www.oecd.org/Israel](http://www.oecd.org/Israel)

# Part Four

## **Annex I**

### **Bodies/Groups sorted by Member**

- 1) Chemicals Committee
- 2) Governing Board of the Development Centre
- 3) OECD Scheme for the Application of International Standards for Fruit and Vegetables – Meeting of Heads of National Inspection Services
- 4) Plenary Meeting of the OECD Scheme for the Application of International Standards for Fruit and Vegetables
- 5) Programme for International Student Assessment Governing Board (PISA)
- 6) Scheme for Cereals
- 7) Scheme for Crucifer Seed and other Oil or Fiber Species
- 8) Scheme for Grass and Legume Seed
- 9) Scheme for Maize and Sorghum
- 10) Scheme for Vegetables
- 11) Working Group of National Co-ordinators of the Test Guidelines Programme (WNT)
- 12) Working Group on Good Laboratory Practice (WGGLP)
- 13) Working Party of the Investment Committee
- 14) Working Party on Chemicals, Pesticides and Biotechnology
- 15) Working Group on Indicators of Education System (INES)

## **Annex II**

### **Bodies/Groups sorted by Observer**

- 1) Ad Hoc Working Group on Steering and Funding of Research Institutions (SFRI)
- 2) Committee for Information, Computer and Communications Policy (ICCP)
- 3) Committee for Scientific and Technological Policy (CSTP)
- 4) Committee on Industry, Innovation and Entrepreneurship (CIIE)
- 5) Committee on Statistics (CSTAT)
- 6) Competition Committee
- 7) Education Policy Committee
- 8) Groups of National Experts on Special Needs Education
- 9) Group of National Experts on the Education of Migrants
- 10) Group of National Experts on the Recognition of Non-formal and Informal Learning
- 11) Group of National Experts on Vocational Education and Training
- 12) Institutional Management in Higher Education Governing Board (IMHE)
- 13) Insurance and Private Pensions Committee
- 14) Network of Parliamentary Budget Committee Chairpersons
- 15) Network on Combating School Bullying and Violence
- 16) Network on Early Childhood Education and Care
- 17) Network on Financial Management
- 18) Network on Organisational Structures
- 19) Network on Performance and Results
- 20) OECD Expert Group on Statistical Data and Metadata Exchange (SDMX)
- 21) OECD Global Science Forum (GSF)
- 22) OECD Short-term Economic Statistics Working Party (STESWP)



- 23) Task Force on Biomedicine and Health Innovation (TFBHI)
- 24) Task Force on Existing Chemicals
- 25) Task Force on Harmonisation of Classification and Labelling
- 26) Task Force on Industrial Biotechnology (TFIB)
- 27) Task Force on Biotechnology for Sustainable Industrial Development
- 28) Task Force on Pension Statistics
- 29) Task Force on Pollutant Release and Transfer Registers
- 30) Working Group on Human-Related Biotechnologies
- 31) Working Group on Pesticides
- 32) Working Group on Waste Prevention and Recycling
- 33) Working Party No. 2 on Competition and Regulation
- 34) Working Party No. 3 on Co-operation and Enforcement
- 35) Working Party of National Experts on Science and Technology Indicators (NESTI)
- 36) Working Party of Senior Budget Officials (SBO)
- 37) Working Party on Biotechnology (WPB)
- 38) Working Party on Chemicals, Pesticides and Biotechnology
- 39) Working Party on Communication Infrastructures and Services Policy (CISP)
- 40) Working Party on Debt Management
- 41) Working Party on Financial Statistics
- 42) Working Party on Globalisation of Industry (WPGI)
- 43) Working Party on Indicators for the Information Society (WPIIS)
- 44) Working Party on Industry Analysis (WPIA)
- 45) Working Party on Information Security and Privacy (WPISP)
- 46) Working Party on Innovation and Technology Policy (TIP)
- 47) Working Party on International Trade in Goods and Trade in Services Statistics (WPTGS)
- 48) Working Party on Nanotechnology (WPN)
- 49) Working Party on National Accounts (WPNA)

- 50) Working Party on National Environmental Policies
- 51) Working Party on Private Pensions
- 52) Working Party on SMEs and Entrepreneurship (WPSMEE)
- 53) Working Party on Information Economy (WPIE)



2007 was a year of change in Israel-OECD relations - The OECD Council decided to invite Israel to open discussions for membership in the Organisation and adopted the roadmap for the accession of Israel to the OECD Convention. The Government of Israel decided unanimously to begin the accession process for joining the Organisation as a full member.

Parallel to the accession process Israel sees it as extremely important to follow-up the current activities of the OECD bodies which are participating in the evaluation of Israel's willingness and ability to assume the obligations of membership.