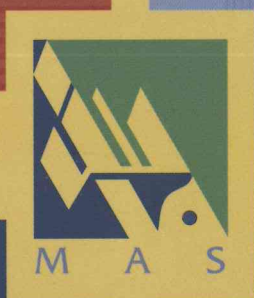


A Critical Review of the Proposed Palestinian Federation of Industries and Specialised Industrial Unions Law



PALESTINE ECONOMIC POLICY RESEARCH INSTITUTE

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Palestine Economic Policy Research Institute

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March 2005

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- ♦ Promoting knowledge-based policy formulation by conducting economic and social policy research in accordance with the expressed priorities and needs of decision-makers.
- ♦ Evaluating economic and social policies and their impact at different levels for correction and review of existing policies.
- ♦ Providing a forum for free, open and democratic public debate among all stakeholders on the socio-economic policy-making process.
- ♦ Disseminating up-to-date socio-economic information and research results.
- ♦ Providing technical support and expert advice to PNA bodies, the private sector, and NGOs to enhance their engagement and participation in policy formulation.
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Foreword

The Palestine Economic Policy Research Institute (MAS) introduces its critical review of the draft Federation of Industries Law, which was requested by the Economic Committee of the Palestinian Legislative Council after it was placed on its discussion agenda in 2004. There was great interest shown in this study at the workshop on the 10th of March 2005 at the Ramallah Chamber of Commerce, where the Minister of National Economy, businessmen, and leaders of the private sector met to discuss it.

This study shows the need for reassessing the organisational structure and scope of all organisations representing the private sector. This representation is necessary to build an appropriate and competitive business environment, through activities like lobbying the Palestinian Authority, organising marketing and external promotion, and providing information about members' services. Organisations conducting this vital and sophisticated service need to be as up-to-date and professional as possible, especially if they are to improve technical and administrative capacity and to promote their members products in international markets. They must accumulate experience, especially in the field of internal and external marketing, and be capable of transmitting it to their members.

On the completion of this study, MAS wishes to express its gratitude to senior researcher Dr. Basem Makhool and to research assistant Shaker Khalil. MAS also extend its thanks to Dr. Mohammad Nasser, Dr. Nasser Abdulkarim, and Dr. Samir Al-Faris for reviewing the study, which helped in adding value and improving it.

MAS is very grateful to Mr. Mazen Sunokrot, the Minister of National Economy, who opened the public workshop for this study, and thanks all the businessmen, specialists, academics and PLC members who participated in the discussion with their valuable comments and questions. Our thanks also to the Ramallah and Al-Bireh Chamber of Commerce for hosting it.

Finally, we thank the International Development Research Centre (IDRC) of Canada and the Ford Foundation for supporting this valuable study.

Dr. Samir Abdullah
Director General

Executive Summary

Within the framework of efforts to resolve legal distortions left by the Israeli military occupation, the Palestinian National Authority has conducted an appraisal of the legal structure regulating the economic, social, and political sectors in the West Bank and Gaza Strip. The appraisal identifies areas of the existing system which can be preserved and other parts that require attention to ensure that they serve Palestinian interests and contribute to development. One such area governs the formation and operation of federations of industries and specialised industrial unions. Industry should be the driving force behind sustainable economic growth in Palestine, and these bodies are designed to encourage its development. By acting together, industries are able to gain strength in their efforts to lobby for their interests in such areas as trade negotiations, labour laws etc. Consequently, the PNA has proposed the Federation of Industries and Specialised Industrial Unions law, which consists of 6 Sections and 36 Articles.

MAS was asked to review the proposed law in terms of its ability to serve the Palestinian industrial sector and its compatibility with other relevant legislation. A comparison was also made between the articles of the proposed law and the laws of neighbouring countries (Egypt, Jordan and Tunisia) to benefit from their experience and avoid their errors and weaknesses.

The draft law was broken down as follows:

- 1 Definitions of terms, the goals of the law, the Federation and its duties
- 2 Boards of Directors - composition, duties, conditions for meetings etc.
- 3 Financial resources - investments, reporting requirements etc.
- 4 Framework for Specialised Industrial Unions (e.g. textiles, pharmaceuticals)
- 5 Financial and other guidelines for Specialised Industrial Unions
- 6 General rules and guidelines

A number of changes and improvements were recommended by the MAS review, not least the correction of an unusual number of typos and grammatical mistakes. Major concepts and expressions needed defining, such as what exactly an “industry” is, and what “effective industrial policies” are. There is room for considerable differences in interpretation, depending on whether one examines the law from the point of view of the government, the consumer, an industrial federation, a labour union etc.

Clarifications are also necessary regarding membership criteria for the Federation, and what constitutes necessary grounds for disqualification. Likewise, the rules for meetings of the General Assembly of Federations were not adequately provided for, including issues such as how much notice would be required, who was eligible to participate, and what would happen if the quorum of 50% participation was not met. MAS also recommended restructuring the law with an article simply stating that the regulations which apply to the Federation of Industry also apply to the Specialised Unions. At present sections 4 and 5 of the draft contain many articles which exactly duplicate others in the law.