



משרד הכלכלה והתעשייה



## **The import reform: "What is good for Europe is good for Israel"**

The reform applies to imports in the following areas: Standardization, Energy, Food and Cosmetics.

The effective dates of the reform (by field):

- Energy – 11/2024.
- Standardization – 1/2025.
- Food – 1/2025.
- Cosmetics – 1/2025.

## **The reform in the Standards sector:**

**The reform in the Standards sector is expected to enter into force on January 1, 2025. It continues the changes that were introduced as part of the “No stopping at the Port” reform on July 2024.**

The reform is based on three principles:

- Adopting the European regime in importing goods and relying on European regulation.
- Converting to enforcement in the markets while imposing responsibility for compliance with the regulation on the importer.
- Removing the barriers to parallel imports and to SMEs importers.

The import reform is an unprecedented phase that will allow for a significant relief of the import process, a reduction of bureaucratic costs and delays for importers, an expansion of the variety of products, and increased competition. Eventually, the reform will lead to a reduction in the cost of living.

## **Implementation of the reform in the field of Standardization:**

### **Phase I of the “No Stopping at the Port” reform:**

The first stage of the reform was launched on July 1, 2024. Thousands of products, which must comply with an official standard and are imported into Israel, will not be stopped anymore at the ports for inspections, approvals, or other delays.

### **Phase II of the reform: Transition to imports based on European law/regulations:**

The regulation in Israel is based on mandatory formal standards. The standard specifies the testing processes for goods and the ranges of values that goods must meet. A method based on a standard place more emphasis on the process, what is tested, and how it is tested.

The approach in the European Union focuses on achieving a purpose – the safety and health of consumers, environmental quality, etc. This approach allows compliance with the regulatory requirements to be very flexible and broad. In practice, the examination of compliance with the regulator's instructions is mainly carried out by enforcement in the markets, therefore, the entry of the products into the markets is fast.

The gap between the Israeli approach and the one practiced in the European Union results in the creation of unique requirements and unique procedures that adversely affect competition and increase the cost of living.

According to the reform, an additional import track will be established - (added to the existing tracks), which will be based on the fact that the goods meet the requirements of the

regulation without the need to comply with official standards, so that a quick passage of goods to the markets will be possible.

### **The principles of the European track:**

1. The importer will be required to keep a statement that the goods comply with European regulations. The wording of the statement varies depending on the risk level of the product.
2. The reform applies to goods belonging to all import groups.
3. Imported goods to Israel via the European track will be released without bureaucratic burden and without regulatory approvals. On the basis of the principles applied in phase 1.
4. Enforcement in the markets will be based on examining the product's compliance with European regulations. An importer in the enforcement phase will be required to present a product file in accordance with the law. There is a wide exemption from having test reports.

An evaluation conducted by the Ministry of Economy & Industry determined that the savings in the bureaucratic burden on imports can range from 8% to 16% of import value. with the assumption that as competition increases, a higher percentage will be passed on to the consumer.

### **Main questions concerning the field of standardizations:**

#### Which products does the reform apply to?

Approximately 60% of the official standards are immediately included in the reform. Most of them belong to groups 2 and 3, but there are also standards from group 1. This rate will increase significantly because the law directs the introduction of more products. All the official standards will be included in the reform by the of 2027.

Approximately 90% of the import value of the consumption products, which are under official standardization, were included in the reform. The fifth addendum to the law determined the directives included in the law and the date of their entry into force.

Below are examples of the consumption products that are included in the reform:

- A variety of household appliance products such as - refrigerators, washing machines, dishwashers, cooking ovens, microwaves, irons, hair dryers, hair straighteners, grilling devices, lamps, LED lights, and more.
- A variety of electronic products - audio equipment, information technology equipment, and communication equipment.
- Products marketed in pressure containers of the type of aerosol dispensers such as - sanitizer and cleaning sprays of various kinds.
- Home & Kitchen Products that come into contact with food, both ceramic serving utensils and various plastic products
- Consumer leisure products - protective helmets for cyclists, sunglasses, mountain/city bikes
- A variety of products for babies and children - toys, cribs and beds, cribs, mattresses, strollers, and dining chairs.

An importer who imports via the European track - what are the documents the importer is required to keep in the product file?

The importer will be required to hold a statement in accordance with what is stated in the law, and according to it, he will declare that:

- He is not aware of a defect that may cause damage to the integrity or quality of the goods;
- He is not aware of the non-compliance of the goods with the adopted European regulation;
- He undertakes to regularly follow the published information regarding the goods, as detailed below, as well as to act in accordance with the instructions or warnings to the extent that they were included in said information, and to report this to the supervisor of standardization: (a) information published in the European Union alert systems regarding dangerous products (RAPEX); and (b) official notices of the manufacturer or his representative.

Also, when importing goods included in import groups 1 or 2 according to the European track, the importer will be required to keep one of the following documents in the product file:

- A statement on the legal marketing of the product in EU countries when the product is imported;
- A manufacturer's declaration as required by the European regulation (DOC);
- The manufacturer's statement regarding the compliance of the commodity with the requirements of the European regulation.

**The reform in the food sector**

**The reform in the food sector is expected to enter into effect on January 1st, 2025.**

The reform aims to remove regulatory barriers in the food sector by adopting EU regulations and easing the import process. It expands upon the previous reform made in 2021 and addresses challenges that arose during its implementation.

The reform is based on three main components:

1. Expanding the adoption of European regulation instead of relying on local regulation.
  - a. Adoption of 40 new regulations in addition to the 4 adopted in August 2021`
  - b. Deepening harmonization with the EU laws in areas such as of food safety and labeling, addition of vitamins and minerals to food, food improvement agent such as food additives, flavoring, and more.
  - c. Application of the law to all food business operator (FBO) involved in food including the customer
  - d. The harmonization includes:
    - i. Exceptions from the EU regulations designed to ensure public health, for example: marking with red symbols of food containing high sugar, sodium and saturated fat ("red stickers"), maintaining a zero-tolerance policy for "Listeria",.
    - ii. Simplification of the ongoing updating procedures of the changes in the adopted European regulations, as well as the updating of the administrative enforcement mechanism and the determination of violations following the expansion of adoption.
2. FBO obligation to manage a quality and safety control plan based on risk management:
  - a. Importer must register as a "proper importer" and maintains a quality and safety control plan based on risk management, if he went to import food through the "European track";
  - b. In the European track, an importer that and the type of relationship with the manufacturer
  - c. Manufacturers are required to manage a HACCP-based system as a condition for obtaining a manufacturer's license. This obligation enters into effect in August 2026.
3. Additional concessions for a proper importer on the European track:

The reform in the food sector will allow parallel imports in the sensitive food sector by eliminating the need for manufacturer documents:

  - a. It is sufficient to prove that the food is marketed legally in the EU;
  - b. A proper importer in the European track will not have to be in direct contact with the food manufacturer or with a supplier that has a direct relationship with the food manufacturer unless he managed the risk;
  - c. Local accreditations laboratory test or manufacturer's certificate of analysis is not required for each lot in a shipment as long as it is documented and implemented within the self-quality and safety control plan of the proper importer.

- d. A fundamental change was made in the document requirements in Section 79d of the law, allowing imports through the 'European track' for food that is not produced in the European Union but is marketed there.

According to assessments conducted by the Ministry of Economy & Industry, the savings in the bureaucratic burden of importing sensitive food as a "proper importer" can range from 7% to 11%, with the assumption that as competition increases, a higher percentage will be passed on to the consumer.

### **Main questions concerning the field of food:**

#### What does the European track apply to?

In the European track, an importer that maintains a quality and safety control plan based on risk management and the type of relationship with the manufacturer, as defined in section 115 of the law, will be defined as a proper importer. They will be able to import any food manufactured or marketed in the EU (both regular food and sensitive food) with the exception of food listed in the 12th supplement (referring to special food, nutritional supplements, foods intended for babies and toddlers, meat and its products, fish and fish products, eggs and egg products, intoxicating drinks, dairy products from unpasteurized milk and leaves of the khat plant). At the same time, the adopted European regulation applies to all products.

#### What are the conditions to register as a proper importer?

Section 115 in the law establishes the conditions for registration, which include easing the relationship with the manufacturer. The importer will maintain a quality and safety control plan for each product he wishes to import through the European track in accordance with accepted international standards. An importer who meets the aforementioned conditions will apply to be registered in the proper importer registry and will be registered automatically.

#### What are the obligations that the proper importer must meet in order to receive a declaration approval?

A commitment that each shipment will meet the following requirements:

- a commitment that the food is legally marketed in Europe; or complies with EU regulation
- in accordance with the wording of the statement in the third appendix.
- For a product that is not manufactured in one of the countries of the European Union - one of the documents in section 97 will be attached (certificate from a qualified entity, health certificate, free trade certificate or adequate production conditions). This document can be

waived as long as the import is carried out directly from a country in the European Union through a supplier who signs a statement that the product is legally marketed in the Union.

- The importer will attach to the statement - a sales invoice or shipping certificate or free trade certificate and more in accordance with what is defined in section 79d

The statement will apply to all shipments relating to the food it represents. As long as it meets the conditions set forth in section 79f.

What are the concessions received by a proper importer during the release phase?

- A proper importer will be exempt from local laboratory testing as long as he carries out the documented quality and safety control plan, in accordance with section 96 and 115.

**Technical highlights and extensions to the reform in the food sector will appear in detail on the National Food Service website.**

**The reform in the field of Cosmetics:**

## **The reform in the Cosmetics sector is expected to enter into force on January 1, 2025**

The reform focuses on addressing the issues and problems that arose during the implementation of the previous reform. The following are the principles of the reform:

- The reform creates an additional import track for a proper importer. The track will allow the importation of cosmetic products that are legally marketed in a member states of the European Union, Switzerland or the United Kingdom (defined as "relying countries") even if the importer of the cosmetic products does not have a cosmetics product portfolio or access to it (registration as a "proper importer" is required).
- The reform establishes a restriction regarding the activation of the license route, with the aim of including most importers in the declaration routes and not the licenses:
- Importers will be able to submit applications for licenses until December 31, 2024. The validity of the existing licenses until the date will be extended for another 4 years (section 31 c).
- Parallel importers will be able to submit license applications on September 1, 2026. After this date, only parallel importers who import a sensitive cosmetic product that is not subscribed to the fourth supplement to the order.

**According to estimates of the Ministry of Economy & Industry, a successful implementation of the reform will reduce the costs of the import procedure by rates ranging from 7%-9%.**

### **Main questions that have arisen in the field of Cosmetics:**

#### **• What does the European route apply to?**

The track applies to a proper importer who imports a cosmetic product that is legally marketed in the country of reliance (according to section 55a12b3 of the Ordinance), and that the cosmetic product is not intended for babies or children up to the age of 12, pregnant women, skin protection from sunlight, hair straightening)

#### **• What are the conditions to be considered a proper importer?**

Register as a "proper importer", and submit an undertaking according to which:

- He has a quality and safety control plan for each specific type of embalming that he wishes to import in accordance with what is defined in the ordinance, section 55a12(yd).
- Implementation of the control plan on each shipment



- Commitment to comply with the manufacturer's instructions regarding storage;

• What are the conditions for importing according to the European track?

A proper importer will not import a cosmetic product for which he has received an acceptance permit (according to section 55a12b), unless all of the following have been met:

1. He purchased the cosmetic product from one of these: the manufacturer of the perfume, or a supplier who has a place of business in the field of marketing cosmetic product in a recognized country.

2. He engaged into a written agreement with the manufacturer of the cosmetic product or with the supplier from whom he purchased the cosmetic product, which includes all of the following:

- An undertaking by the manufacturer or the supplier to report to the pleasure importer that  
- (1) an instruction to stop marketing or take it off the shelves; (2) instruction regarding actions required to correct deficiencies; (3) a warning given about the drug; (4) Instruction/update/report regarding maintaining the safety or effectiveness of the pharmacy.

- The manufacturer's or supplier's statement that the cosmetic product is legally marketed in the relying countries, including manufacturer's instructions regarding storage.

3. The product is legally marketed in relying countries.

4. The cosmetic product is not a dedicated cosmetic product

5. Free Sale certificate according to the instructions of Section 55C1(b) of the Ordinance, however a proper importer on the European track may import cosmetic product without the aforementioned certificate, provided that he has all of the following:

- A sales invoice to a retailer or from a retailer in the country of reliance, or a delivery certificate to a retailer in the aforementioned country (or according to another document determined by the minister).

- A statement by the importer of the cosmetic product that the cosmetic product he imports is the same as the cosmetic product referred to in the document attached to his statement regarding the sales invoice/shipping certificate.

## **Implementation of the energy reform:**

**The reform in the energy sector is expected to enter into force on November 1, 2024.**

Any electrical product marketed in Europe can be imported to Israel with zero bureaucracy. The reform is expected to increase the variety of products on the market and lower prices.

As part of the reform, it will be possible to freely and fully import into Israel all electrical appliances marketed in Europe, based on their registration in the publicly available European Register of Energy Labels for Energy-Requiring Appliances (EPREL).

The reform deals with electrical products found in every home in Israel, including refrigerators, washing machines, televisions, dishwashers, clothes dryers and more. Also, the Ministry of Energy & Infrastructure will publish on its website the list of types of devices that require energy that can be imported through the European track in accordance with a declaration of compliance with the conditions of energy efficiency. In addition, devices with low energy consumption that do not cause damage to the energy economy, such as inverters, microwave devices, printers, radios, computers, etc., can be imported with an exemption from approval (this part is expected to be launched during July 2024).

**The reform will be reflected in the fact that:**

- It will allow easy and cheap import of products, which will increase competition in the market estimated at over 10 billion NIS per year, and will allow consumers to enjoy a greater variety of electrical products at attractive prices.
- The products that will arrive in Israel will be more energy efficient, which will result in savings in household electricity expenses.

**In fact, every household will save twice. Once by lowering the prices of electrical products and a second time by saving approximately NIS 350 per year on the cost of electricity.**