



Asia-Pacific  
Economic Cooperation



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## **APEC-OECD Integrated Checklist on Regulatory Reform - Hong Kong, China (Presentation)**

Purpose: Information  
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# APEC-OECD Integrated Checklist on Regulatory reform



Hong Kong, China

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## APEC-OECD Integrated Checklist on Regulatory reform

- Regulatory policy/ review
- Competition policy
- Market openness policy
- Challenges

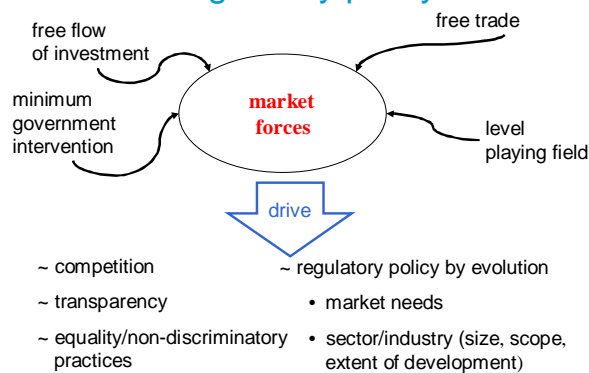
### I.a. Regulatory policy

- Economic background /history
  - fishing port ( 200 years ago)
  - free port (where east meets west)
  - open to foreign capital and technology
  - open and free competition

### I.a. Regulatory policy

- Underlying economic principles
  - minimum government intervention
  - externally oriented
  - market economy

### I.a. Regulatory policy



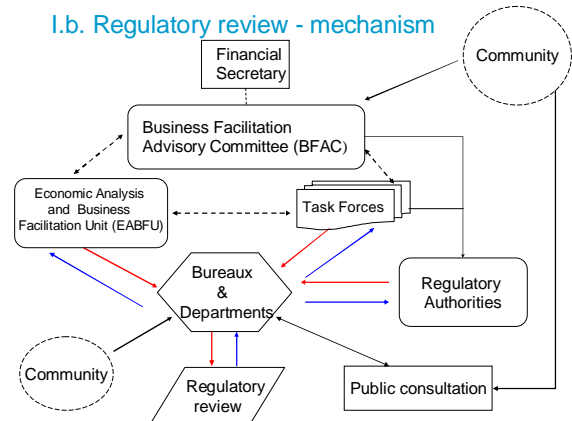
### I.b. Regulatory review

- Overall principle
  - facilitate business, cut red tape
  - global compatibility
- Key functions
  - prudential supervision
  - ensure safety
  - protect consumers
  - encourage investment

## I.b. Regulatory review

- Sector specific approach
- Existing regulations
  - eliminate outdated, excessive, repetitive or unnecessary regulations
- New regulations
  - regulatory impact assessment(RIA)
  - legal framework

## I.b. Regulatory review - mechanism



## I.b. Regulatory review

- Regulatory Impact Assessment (RIA)
- Developed framework for conducting RIAs
- Economic Analysis and Business Facilitation Unit (EABFU) works closely with relevant bureaux and departments on RIAs

## I.b. Regulatory review

- Regulatory Impact Assessment (RIA)
  - need for regulation
  - options
  - stakeholders
  - impact analysis
  - distributive analysis
  - sensitivity analysis
  - consultation
  - implementation & review

## I.b. Regulatory review

- Performance measurements used to review existing regulations/procedures
  - necessity
  - cost of compliance to stakeholders
  - cost of enforcement to government
  - alternative methods
  - any duplicate regulations
  - legal basis
  - social impacts of elimination

## I.b. Regulatory review

- Public consultation
  - consultation paper accessible to all
  - collection of comments
  - summary report
  - additional rounds of consultation
  - publicity of consultation

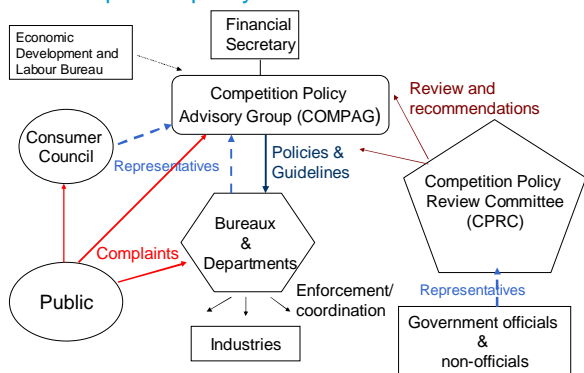
## II. Competition policy

- Ensure fair competition
  - efficiency
  - cost effective
  - price competitive

## II. Competition policy

- Sector specific approach
  - alleged restrictive practices referred to concerned policy bureau/department
  - adopts legislative and non-legislative measures
  - scale of operation } ≠ anti-competitive share of market } practices

### II. Competition policy - review mechanism



## II. Competition policy

- Key output
  - Statement on Competition Policy
    - refrain from /cease all restrictive practices that hurt efficiency and free trade
  - Guidelines to maintain a competitive environment and define and tackle anti-competitive practices

## III. Market Openness

- Open and fair market
  - no trade barriers
    - no tariffs on imports/exports
    - non-tariff measures only for public health protection, safety, security and environmental protection
  - liberal services and investment regimes
    - level playing field
    - no foreign exchange controls
  - consistently applied regulations (no discrimination)

## III. Market Openness

- High level of transparency
  - easily accessible Gazette
  - bilingual Laws posted on internet
  - dedicated websites for information dissemination
  - transparent avenues for complaints
    - office of The Ombudsman
    - complaint procedures maintained by the authorities



### III. Market Openness

- Accountability and due process
  - performance pledges
  - regular reports to public
  - supervision by policy bureaux
  - supervision by the judiciary
  - supervision by the legislature
  - supervision by The Ombudsman
  - supervision by the media



### IV. Key challenges

- Effective cross-sector co-ordination
- Maintain flexibility
  - balancing act (under-regulation vs over-regulation)
- Industry upgrade/structural transformation
  - timing and sequencing (chicken & egg)



### Questions & Answers

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