



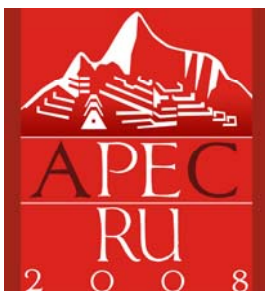
**Asia-Pacific
Economic Cooperation**

2008/SOM1/EC/017

Agenda Item: 4

APEC-OECD Integrated Checklist: Issues, Process and Implementation

Purpose: Information
Submitted by: OECD



**First Economic Committee Meeting
Lima, Peru
25-26 February 2008**



APEC/OECD Integrated Checklist Issues, Process and Implementation

by Josef Konvitz
*Head of Division, OECD Regulatory Policy
Division*

1

What do economies want to know?

- How to get better value out of regulations:
 - Legal clarity has an economic impact
 - Good governance is itself an investment
 - Better integration of economic criteria in decision-making
 - Protect the public interest
 - Keep up with a fast-changing world

2



How do they learn? Slowly, sometimes painfully.

- Buy advice – but not relevant to institutional and cultural contexts
- Look at what others are doing – but problem of transfer of practice
- Self-study and improvement

The APEC-OECD Integrated Checklist

- Takes advantage of the experience of others, but
- Leaves economies in control of the process.
- Visible development of more competitive and open markets
- Growing capacity to manage risk better
- Links good governance to conditions for markets

3



Purpose and relevance of the Integrated Checklist (IC)

- **Integration at 3 levels:**
 - Existing APEC and OECD principles
 - 3 key policy areas: Trade, Competition, Regulatory Quality
 - Governance perspective: Transparency, accountability, performance
- **IC as an instrument of self assessment**
- **The process of developing the IC has already enhanced mutual understanding**

4

Elaborating the IC : A two level process

➤ Discussion about content of IC

Prototype	New Drafting
A1. Is there a central body in charge of assuring the quality of the existing and new regulation?	A1. What institutional capacities ensure an independent assessment of the quality of drafts produced by regulators?

➤ Approval at political level by “Leaders”/APEC, “Council”/OECD

5

Steps taken:

- Regulatory Capacity, Vancouver, Canada, October 2003
- Competition Dimension, Paris, France, December 2003
- Trade Dimension, Pucon, Chile, May 2004
- Finalisation meeting, Bangkok, Thailand, November 2004
- 2006: Hong Kong China, the United States, Chinese Taipei
- 2007: Korea, Australia

6

Major Experiences

1. U.S.A.
2. Hong Kong China
3. Chinese Taipei
4. Korea
5. Australia

1. U.S.A.

- ❑ **Regulatory Authority**
 - OIRA (Office of Information and Regulatory Affairs) of OMB
 - Federal Trade Commission and Department of Justice for antitrust
 - Department of Commerce for market openness
- ❑ **Policy Coherence mechanism**
 - OIRA review all of draft rules under Executive Order to prevent inconsistency and duplication.
- ❑ **Consultation mechanism**
 - Basic Act : Administrative Procedure Act
 - Website : www.regulations.gov
- ❑ **Methodology and Criteria for regulation impact analysis**
 - OIRA does RIA under Executive Order 12866
 - OIRA returned more than 20 draft rules for reconsideration.
- ❑ **Training and Capacity Building Program**
 - OMB offers a course on regulatory policy for regulatory officials

2. Hong Kong China

- ❑ **Regulatory Authority**
 - Key Institution : EC (Economic and Employment Council) and BFAC (Business Facilitation Advisory Committee)
 - COMPAC (Competition Policy Advisory Group) for competition policy
- ❑ **Policy Coherence mechanism**
 - BFAC and COMPAC review government regulations and procedures systematically.
- ❑ **Consultation mechanism**
 - Press release and Website : www.info.gov.hk
- ❑ **Methodology and Criteria for regulation impact analysis**
 - EABFU (Economic Analysis and Business Facilitation Unit) conducts RIA.
- ❑ **Training and Capacity Building Program**
 - Published a booklet for civil servants
 - Provided senior officials with the opportunity to attend external training courses.

9

3. Chinese Taipei

- ❑ **Regulatory Authority**
 - Core Authority : CEPD (Council for Economic Planning and Development)
 - Fair Trade Commission for competition policy
 - Ministry of Economic Affairs for market openness policy
- ❑ **Policy Coherence mechanism**
 - CEPD coordinates and works together with related government organizations
- ❑ **Consultation mechanism**
 - When drafting regulations each government agency should consult regulated parties and stakeholders (Administrative Procedure Act)
- ❑ **Methodology and Criteria for regulation impact analysis**
 - Prior announcement system when making draft rule contains regulatory impact assessment
- ❑ **Training and Capacity Building Program**
 - Two month long training program for regulators every year

10

4. Korea

- ❑ **Regulatory Authority :**
 - Core Authority : RRC (Regulatory Reform Committee)
 - Fair Trade Commission for competition policy
 - Ministry of Foreign Affairs and Trade for market openness policy
- ❑ **Policy Coherence mechanism**
 - Every ministry should consult with relevant ministries in accordance with the Administrative Procedure Act when drafting regulations and legislations
- ❑ **Consultation mechanism**
 - Every ministry operates own website
 - Each ministry should consult public opinion for 20 days
 - Established new channel between RRC and foreign chambers of commerce
- ❑ **Methodology and Criteria for regulation impact analysis**
 - RIA is required when drafting a bill
 - Sometimes RIA is conducted in qualitative way
- ❑ **Training and Capacity Building Program**
 - The Central Official Training Institute has been offering courses on regulatory reform since 2004

11

5. Australia

- ❑ **Regulatory Authority :**
 - each government agency → Policy formulation
 - Office of Best Practice Regulation (OBPR) → Implementation control
 - Department of Foreign Affairs and Trade for market openness policy

* COAG (Council of Australia Government)
- ❑ **Policy Coherence mechanism**
 - Responsible ministry consults with relevant ministries in the Commonwealth-State Ministerial Councils
- ❑ **Consultation mechanism**
 - Whole of government policy on consultation is adopted
 - All agencies follow seven principles for best practice consultation

* continuity, targeting, appropriateness, timeliness, accessibility, transparency, consistency and flexibility
- ❑ **Methodology and Criteria for regulation impact analysis**
 - Broadly BCC (Business Cost Calculator)
 - In detail RIS (Regulation Impact Statements)
- ❑ **Training and Capacity Building Program**
 - OBPR provides training and guidance to government officials

12

General Trends & Further Progress

- ❑ **Political leaders support regulatory reform to develop economy and improve quality of citizen's life**
- ❑ **Policy coherence mechanism has been stepped up**
- ❑ **The importance of a whole of government approach is realized and strengthened**
 - More attention and effort should be made to avoid sectionalism, inconsistency and redundancy

13

General Trends & Further Progress

- ❑ **Economies operate official websites to gather public opinions**
 - It is necessary to update the website and respond to stakeholders quickly
- ❑ **RIA are conducted in various ways**
 - The manual for RIA should be developed and elaborated
 - An effort should be made to conduct RIA in a quantitative way instead of a qualitative way
- ❑ **Training and capacity building programs are provided**
 - Training courses should have substance and be conducted earnestly
 - They should not be used as a reward or as paid leave

14

Main Issues

- Implementation
- Governance is critical to investment; governments must have the capacity to adapt to change
- Linking Regulatory Reform to Structural Reform

15

How to do it: governance and reform

- Short-term costs, long-term gains
 - Cascade effect, from top down
 - Develop an economic perspective
- Well-organised opponents, but diffuse and scattered supporters
 - Stakeholder consultation, advocacy councils
 - Ministerial co-ordination units
- Bureaucratic resistance and "regulatory capture", shortage of qualified staff
 - Build in a strong RIA process, end of year scorecard
 - Incentives to act

16

Conclusions:

- Adopt whole-of-government approach; avoid ad-hoc and piecemeal solutions
- Adopt philosophy of continual improvements; the benefits of reform wear off
- Learn from each other's experience, including failures as well as successes
- Change the administrative culture and expectations of citizens