

## **SUMMARY OF THE FORUM ON REGULATORY REFORM RESPONSES TO ECONOMIC CHALLENGES**

**Kuala Lumpur, 17 December 2015**

### **Background**

The current economic climate across the world, along with societal concerns such as climate change, social exclusion and insecurity has pointed to the need for regulatory systems that are more effective in mitigating challenging scenarios, promoting growth and protecting citizens. Moreover, in the fiscal environment that many countries now face, regulatory improvements and reforms are increasingly seen as an attractive alternative to fiscal and taxation measures.

In this context, the importance of knowledge-sharing and international cooperation on regulatory reform has increased significantly. The forum was an opportunity for ASEAN and OECD countries to discuss how regulatory reform could provide a valuable resource to be taken account of when a country tries to cope with economic challenges.

### **The Meeting**

The Forum on Regulatory Reform Responses to Economic Challenges was held on 17 December 2015 in Kuala Lumpur, Malaysia. Jointly organized by the OECD and the Malaysia Productivity Corporation (MPC) and with the support of the Permanent Delegation of the Republic of Korea to the OECD, the event brought together 281 participants made up of senior policymakers, business leaders, and officers in charge of regulatory policy to exchange experiences and mutual learning on using good regulatory practice (GRP) to cope with economic challenges.

Spread across three sessions, the Forum discussed how countries could develop strategies and approaches to GRP as a means of coping with economic challenges. Presentations were given by speakers from both ASEAN and OECD countries focusing on the following themes: (i) sequencing and Phasing of Regulatory Reforms; (ii) creating the case for long-term regulatory reform to existing and future Challenges; and (iii) recent innovative practices to mitigate economic challenges.

Participants agreed that regulatory reform is a key economic lever of equal footing as fiscal and monetary policy to pursue policy objectives such as increasing competitiveness and improving economic resilience to cope with sudden shocks and challenges. It requires follow-through and a long-term commitment to building the required institutions. More often than not, poor governance is the reason why regulatory reforms fail to meet their intended objectives. The trick is thus to align differing interests across the government and also the broader society that is being regulated (e.g. business and consumers) while inculcating a mind-set towards good regulatory practice (GRP). Mobilising such support requires a concerted stakeholder engagement and communications strategy that not only includes highlighting the benefits for each interest group, but also applying pressure through benchmarking of actors. Speakers mostly agreed that there needs to be a mix between the two approaches. A key stimulus for most of the country case studies presented is to get endorsement from

the top echelons – whether through the President’s executive order, or the Minister/head of government’s commitment. This is usually a good way to launch the regulatory reform plan and as such, political support for regulatory reform will feature prominently in the next APEC conference on GRP in Peru in March. However, having high-level political support is not sufficient and also requires buy-in from other levels within and outside the government in order to sustain the momentum and reach of reform.

At the same time, the Forum also showed that economic challenges and crisis can provide the impetus for regulatory reform if well-managed. This usually starts with the will to tackle overregulation to promote economic activity and greater productivity. Recently, there’s been a further shift towards better and quality regulation.

The Forum also addressed recent technological innovations that require a different approach to regulation. The rise of Uber and other similar transportation game changers was discussed, including the difficulty that regulators face in defining risk strategies, competition, and consumer protection regimes, which is why countries have had mixed reactions to these disruptive technologies – some ban them while others embrace them. Nevertheless, the consensus was that Uber (and similar industry players) demonstrate the importance of doing Regulatory Impact Assessments (RIA), and to do them well. Conducting a robust RIA of the emergence of the sharing economy would reveal deeper insights to separate public interest from “noise” and enable decision-makers to reach an appropriate judgement through this systematic approach.

### **Collaboration between the OECD and Malaysia**

The OECD has a long history on working on good regulatory practice (GRP) and is a knowledge partner to ASEAN and APEC. The collaboration between ASEAN and OECD goes back to 2010, with the ASEAN-OECD Workshop on Regulatory Policy in Viet Nam. In 2005 the OECD, in partnership with the APEC, launched an Integrated Checklist for Regulatory Reform. The OECD has also embarked on comprehensive regulatory reform reviews with three ASEAN countries – Viet Nam (2010) on administrative simplification, Indonesia (2012), and Malaysia (2015).

Malaysia has engaged with the OECD in recent times as a knowledge partner. The OECD has supported the government of Malaysia to:

- Create awareness and educate key stakeholders as well as ministries, departments and agencies on regulatory transparency in the policy-making process;
- Operationalise regulatory impact analysis (RIA) – introduced in the NPDIR as “regulatory process management requirements” – through the development of systems, procedures and processes;
- Provide capacity building and hands-on training for Regulatory Impact Statement (RIS) evaluators and Regulatory Co-ordinators appointed in each regulator;
- Advise ministries, departments and agencies in conducting regulatory impact analysis and preparing a regulatory impact statement for select regulatory proposals;
- Initiate and develop other good regulatory practices in Malaysia, including forward regulatory plans and guidelines on public consultation in regulatory processes.

GRP is high on the Malaysian government's agenda and this can be seen in the strong commitment shown by its leaders which view outreach programmes, such as this Forum, as important platforms to disseminate the importance of GRP and share experience. The Chief Secretary to the Government of Malaysia, Tan Sri Dr. Ali Hamsa, opened the Forum following welcoming remarks by Mr. Jaeho Moon, Counselor, The Permanent Delegation of the Republic of Korea to the OECD, while closing remarks were made by Tan Sri Dr. Rebecca Fatima Sta Maria, Secretary General of the Ministry of International Trade and Industry. Moreover, Malaysia has also established a strong lead institution (through MPC) to continue strengthening the implementation of the National Policy on the Development and Implementation of Regulations.

**ANNEX 1. PROGRAMME, 17 DECEMBER 2015**

**FORUM ON REGULATORY REFORM RESPONSES TO ECONOMIC CHALLENGES**

Time	Activities
8.00 – 9.00am	<b>Registration</b>
9.00 – 9.30am	<b>Welcoming Remarks by:</b> <ul style="list-style-type: none"> <li>• Mr. Jaeho Moon The Permanent Delegation of the Republic of Korea to the OECD, Korea</li> <li>• YBhg. Tan Sri Dr. Ali Hamsa Chief Secretary to the Government of Malaysia</li> </ul>
9.30 – 10.30am	<b>Session 1: Sequencing and Phasing of Regulatory Reforms</b>  This session will introduce and discuss selected countries' experiences of regulatory reform to address economic challenges. Even though most ASEAN countries experienced the international economic challenges at the same time for instance, the scale of the impact and their ways of responding to the challenges have been quite varied. In this light, this session will provide a good opportunity for participants to share their own experiences with other countries.  <b>Speakers:</b> <ul style="list-style-type: none"> <li>• Dr. Ponciano S. Intal, Jr. Senior Economist, Economic Research Institute for ASEAN and East Asia (ERIA)</li> <li>• Mr. Mark Steel, Director, Regulatory Systems, Office of the Chief Executive, Ministry of Business, Innovation and Employment, New Zealand</li> </ul> Facilitated by Mr. Faisal Naru, Senior Economic Advisor, OECD  Open discussion
10.30 – 11.00am	<b>Coffee Break</b>

<p><b>11.00am – 12.00noon</b></p>	<p><b>Session 2: Creating the Case for Long-term Regulatory Reform to Existing and Future Challenges</b></p> <p>This session will introduce and discuss the case for long-term regulatory reform in the post-crisis context. Key topics to consider may include: how the impetus for change in the wake of the crisis was used to drive regulatory reform; how politicians nurtured consensus and ensured that reforms were as balanced as possible; and the appropriate timing and sequencing of various policy interventions, between short term fiscal stimulus packages and long term investments in regulatory reform.</p> <p><b>Speakers:</b></p> <ul style="list-style-type: none"> <li>• Ms Diani Sadiawati, Director for Analysis of Law and Regulation, National Development and Planning Agency (Bappenas), Indonesia</li> <li>• Mr. Carlos Bernardo O. Abad Santos, Director Governance Staff, National Economic and Development Agency (NEDA), Philippines</li> </ul> <p>Facilitated by Mr. Filippo Cavassini, Policy Analyst, OECD</p> <p>Open discussion</p>
<p><b>12.00noon – 2.00pm</b></p>	<p style="text-align: center;"><b>Networking Luncheon</b></p>
<p><b>2.00pm – 3.30pm</b></p>	<p><b>Session 3: Recent Innovative Practices to Mitigate Economic Challenges</b></p> <p>This session will introduce and discuss the most recent practices of selected countries in responding to economic challenges, focusing primarily on innovative practices for regulatory reform.</p> <p><b>Speakers:</b></p> <ul style="list-style-type: none"> <li>• Ms. Heesoon KIM, Director, Regulatory Reform Policy Division, Regulatory Reform Office, Prime Minister's Office, Republic of Korea</li> <li>• YBhg. Dato' Abdul Latif Hj Abu Seman, Deputy Director General, Malaysia Productivity Corporation (MPC), Malaysia</li> <li>• Mr. Nguyen Hung Hue Head of Division, Administrative Procedure Control Division, APCA, Ministry of Justice, Viet Nam</li> </ul> <p>Facilitated by Mr. Minsup Song, Policy Analyst, OECD</p> <p>Open discussion</p>
<p><b>3.30 – 4.00pm</b></p>	<p><b>Closing Remarks by</b> YBhg. Tan Sri Rebecca Fatima Sta Maria, Secretary General, Ministry of International Trade and Industry, Malaysia</p>