

# OECD Regulatory Policy Outlook 2015

Country profile

## JAPAN



### Access links

- **OECD Regulatory Policy Outlook 2015:** [www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm](http://www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm)
- **Indicators of Regulatory Policy and Governance and the underlying data:** [www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm](http://www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm)
- **Regulatory policy in Japan:** [www.oecd.org/regreform/regulatory-policy/regulatory-policy-japan.htm](http://www.oecd.org/regreform/regulatory-policy/regulatory-policy-japan.htm)
- **Regulatory Policy Outlook country profiles:** [www.oecd.org/regreform/regulatory-policy/outlook-country-profiles.htm](http://www.oecd.org/regreform/regulatory-policy/outlook-country-profiles.htm)
- **OECD regulatory policy website:** [www.oecd.org/governance/regulatory-policy/](http://www.oecd.org/governance/regulatory-policy/)

## Overview

In January 2013, Japan established the Council for Regulatory Reform within the Cabinet Office to discuss regulatory reforms that can support economic and social structural reform. In June 2013 Japan, based on input from the Council, launched the Implementation Plan for Regulatory Reform to contribute to the revitalisation of the Japanese economy. The Council monitors progress through an annual Report on Regulatory Reform.

The Ministry of Internal Affairs and Communications (MIC) has responsibility for the Government Policy Evaluation Act and has developed Implementation Guidelines for RIA. The Policy Evaluation Council, established in April 2015 and consisting of members from outside the government, is currently discussing ways to improve the quality of RIA, including possible revision of the RIA guidelines. To improve the quality of RIA in Japan, the evaluation capacities of the ministries and the unit in charge of RIA quality control in the MIC need to be improved. This has been identified as a priority by the government and the Policy Evaluation Council has begun a discussion on ways to improve evaluation capacities.

Strong oversight of RIA is essential to ensure that regulation serves whole-of-government policy. The body in charge of RIA oversight needs to have the authority and strong leadership to ensure that recommendations to improve the quality of RIA are actually taken on board by ministries. The OECD recommends the oversight body to be situated close to the centre of government and to be independent from political influence.

The Regulatory Reform Council provides a forum for consultation of regulatory reforms. It often invites stakeholders to examine issues on regulatory reform needed for structural reform of the economy and the society, as a basis for submitting recommendations to the Prime Minister.

The Administrative Procedure Act requires regulators to implement public comment during the development of new subordinate regulations. The MIC regularly conducts surveys on the implementation of the Administrative Procedure Act and requests relevant ministries and agencies to improve the implementation of the public comment procedure.



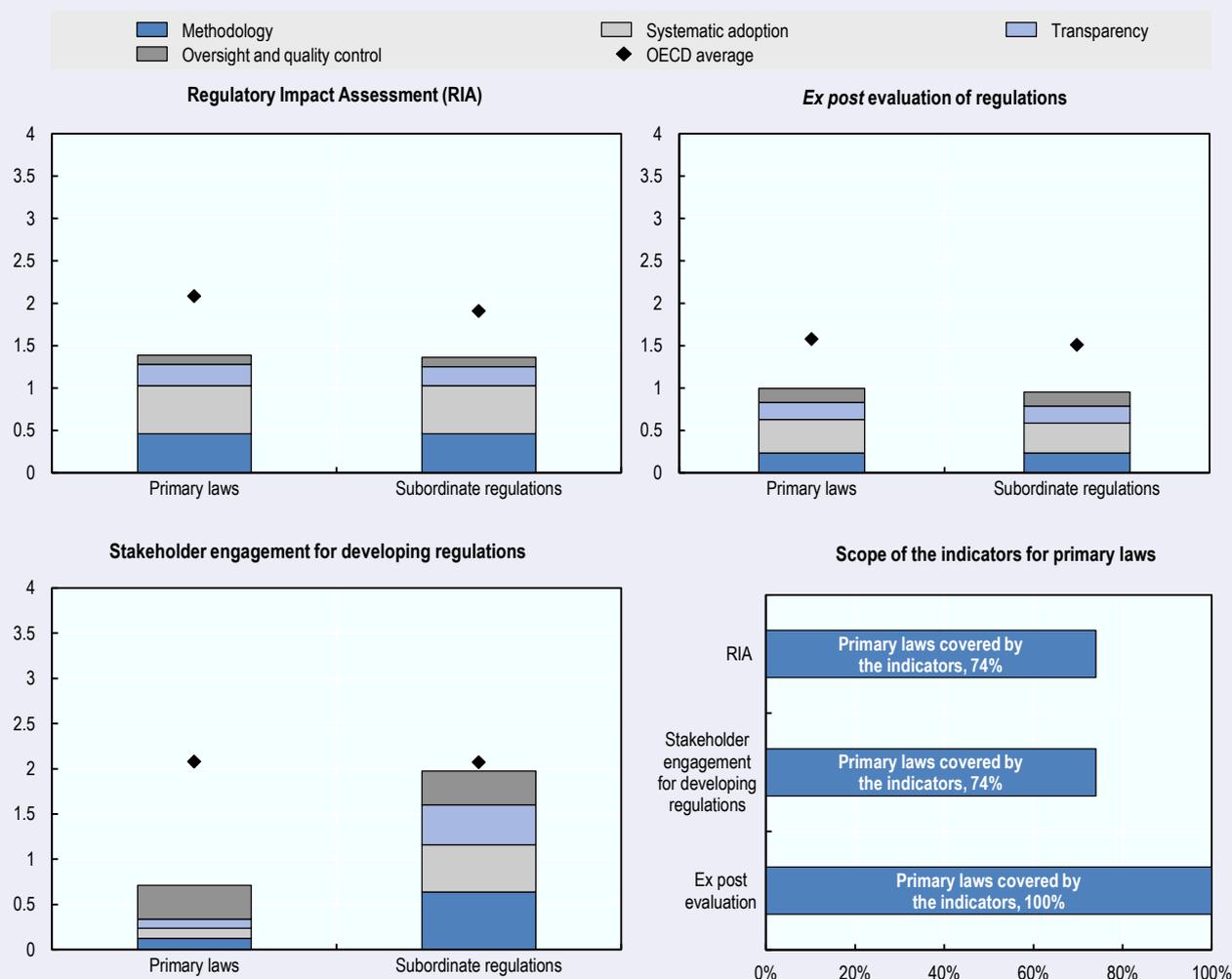
### Spotlight: Hotline on Regulatory Reform

The “Hotline on Regulatory Reform” ([https://form.cao.go.jp/kokumin\\_koe/opinion-0009.html](https://form.cao.go.jp/kokumin_koe/opinion-0009.html)) was established in March 2013 to receive requests about regulatory reform including simplification of a large variety of procedures from stakeholders such as citizens, enterprises, and civil society. A wide range of requests for simplification and regulatory reform, such as the repeal of existing regulations and changes in legal requirements, have been submitted to the hotline. The major policy areas for submissions are the following: health and medical care, employment, agriculture, investment promotion, and regional revitalisation.

The Cabinet Office requires relevant ministries and agencies to respond to the requests on a timely basis and summarises the responses, which are then published to the citizens on [http://www8.cao.go.jp/kisei-kaikaku/kaigi/hotline/h\\_index.html](http://www8.cao.go.jp/kisei-kaikaku/kaigi/hotline/h_index.html), and reported to the Council for Regulatory Reform.

The Council for Regulatory Reform then examines the requests that require further investigation. The results of these examinations are contained in an annual Report on Regulatory Reform.

# Indicators of Regulatory Policy and Governance 2015



1. The figures display the aggregated scores from all four categories giving the total composite score for each indicator. The maximum score for each category is one and the maximum score for each aggregated indicator is four.
2. The information presented in the indicators for primary laws on RIA and stakeholder engagement only covers processes of developing primary laws that are carried out by the executive branch of the national government. As in Japan approx. 74% of primary laws are initiated by the executive, the indicators on RIA and stakeholder engagement cover approx. 74% of primary laws. There is no formal requirement in Japan for consultation with the general public and for conducting RIAs to inform the development of primary laws initiated by parliament. The information presented in the indicators for primary laws on ex post evaluation covers processes in place for both primary laws initiated by parliament and by the executive. The percentage of primary laws initiated by parliament is an average between the years 2011 to 2013.

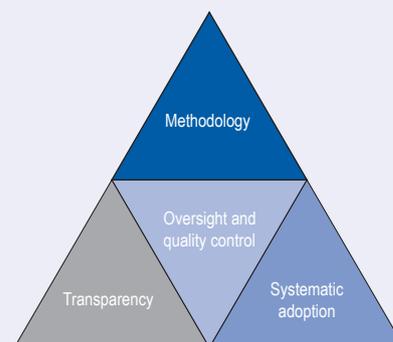
Source: 2014 Regulatory Indicators Survey results, [www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm](http://www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm).

Statlink: <http://dx.doi.org/10.1787/888933263229>

# Indicators of Regulatory Policy and Governance (iREG)

The three composite indicators provide an overview of a country's practices in the areas of stakeholder engagement, Regulatory Impact Assessment (RIA) and *ex post* evaluation. Each indicator comprises four equally weighted categories:

- Systematic adoption which records formal requirements and how often these requirements are conducted in practice.
- Methodology which gathers information on the methods used in each area, e.g. the type of impacts assessed or how frequently different forms of consultation are used.
- Oversight and quality control records the role of oversight bodies and publically available evaluations.
- Transparency records information from the questions that relate to the principles of open government, e.g. whether government decisions are made publically available.



The composite indicators are based on the results of the *OECD 2014 Regulatory Indicators Survey*, which gathers information from all 34 OECD countries and the European Commission as of 31 December 2014. The survey focuses on regulatory policy practices as described in the 2012 *OECD Recommendation on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher its indicator score. Further information on the methodology is available online at [www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm](http://www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm).

Whilst the indicators provide an overview of a country's regulatory framework, they cannot fully capture the complex realities of its quality, use and impact. In-depth country reviews are therefore required to complement the indicators and to provide specific recommendations for reform.

## OECD Regulatory Policy Outlook 2015

The *OECD Regulatory Policy Outlook* ([www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm](http://www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm)) provides the first evidence-based, cross-country analysis of the progress made by OECD countries in improving the way they regulate. Findings are based on the results of the *OECD 2014 Regulatory Indicators Survey*.

Key findings:

- Laws and regulations are essential instruments, together with taxes and spending, in attaining policy objectives such as economic growth, social welfare and environmental protection. OECD countries have generally committed at the highest political level to an explicit whole-of-government policy for regulatory quality and have established a standing body charged with regulatory oversight.
- Implementation of regulatory policy varies greatly in scope and form across countries. While RIA has been widely adopted, few countries systematically assess whether their laws and regulations achieve their objectives. Stakeholder engagement on rule making is widespread in OECD countries, taking place mostly in the final phase of developing regulation.
- The national executive government has made important progress over the last decade to improve the quality of regulations. Parliaments, regulatory agencies and sub-national and international levels of government need to be more engaged to ensure that there are evidence-based and efficient laws and regulations for stimulating economic activity and promoting well-being.
- The impact of regulatory policy could be further improved by addressing shortcomings in the implementation and enforcement of regulations and by considering new approaches to regulatory design and delivery such as those based on behavioural economics.

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