



# SETTING THE SCENE: BETTER REGULATION TO SUPPORT INVESTMENT, TRADE AND SME DEVELOPMENT

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1<sup>st</sup> session of the 7<sup>th</sup> ASEAN-OECD Good Regulatory Practices Network meeting  
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# The GRPN story to date



- Many countries taking the next steps to more complex regulatory policy making systems
- Impact of COVID-19 – Necessity to review regulatory stock and adapt regulations, including to support recovery

- Foundation of better regulatory policy making
- Still an important focus for all countries
- Job is never done – always need to be iterating, reviewing, evaluating, updating, especially to solve what isn't working



# Innovative recovery: Responsive Regulatory Systems for Economic Recovery and Prosperity

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- 7<sup>th</sup> GRPN will continue this conversation, focusing especially looking at interconnections & innovative approaches to better regulation
- Mirrors OECD Regulatory Policy Committee theme of “Regulatory Policy 2.0”
- Three webinars in 2021:
  - Supporting businesses through partnerships for economic recovery  
→ **Regulation as foundation for interconnections**
  - Workshop on regulatory innovation for economic recovery  
→ **Good regulatory practices + implementation and iteration**
  - Supporting regional recovery with innovative approaches to better regulation  
→ **advanced tools**



# 1<sup>st</sup> session: Supporting businesses through partnerships for economic recovery



Investment promotion  
& facilitation



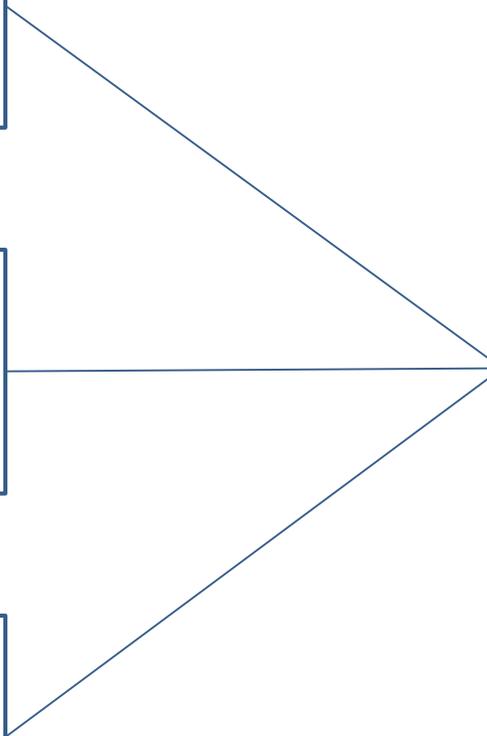
Trade facilitation



SME development



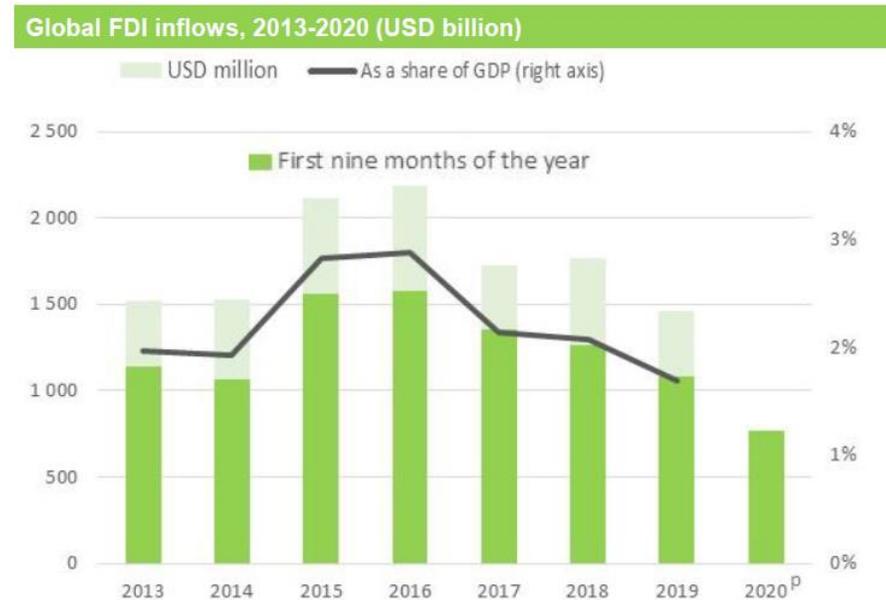
Better regulation





# Brief overview: Investment promotion and facilitation

- OECD's analysis on [Investment Promotion Agencies \(IPAs\) in times of the COVID-19 crisis](#):
  - Global FDI inflows dropped by almost 30% in the first nine months of 2020 compared to the first nine months of 2019
  - Companies likely to rethink supply chains in the medium & long run
  - Investment related measures have included tightening of FDI screening and reduced budgets for investment promotion
- Yet, investment attraction & retention is important to the economic recovery
- Steps undertaken by Investment Promotion Agencies (IPAs) include:
  - a shift from marketing to intense aftercare
  - Supporting investors with quick, regular and up-to-date information on COVID-19 related measures and rapidly evolving regulatory frameworks
  - Enhancing their policy advocacy functions to provide investor inputs to policy making and regulation
- Regulation is also key to easing administrative burden for investors while channelling investments to activities to support inclusive and sustainable recovery



*Notes: p: preliminary estimates for the first nine months of 2020. World totals for FDI flows are based on available data at the time of update as reported to the OECD and IMF. Missing data for countries for Q2 and Q3 2020 were estimated using the overall growth rate observed between, respectively, Q1 2020 and Q2 2020 and between Q2 and Q3 2020. Growth rates were calculated from data for OECD countries, for non-OECD G20 countries, and for 60 non-OECD and non-G20 countries in Q2 and 20 non-OECD and non-G20 countries in Q3.*

*Source: OECD FDI statistics database.*



# Brief overview: Trade facilitation

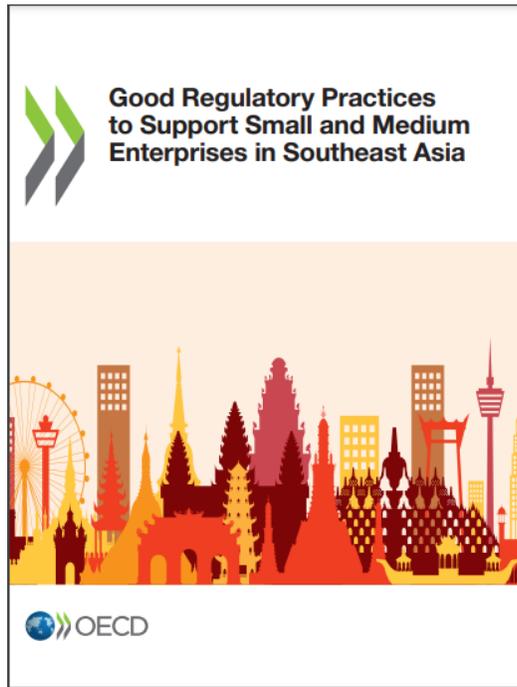
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- In an increasingly interconnected world, speed and efficiency matter
  - 2013 WTO Trade Facilitation Agreement, entered into force in February 2017
  - Core is a package of measures designed to expedite goods across borders and reduce the costs of trading
  - Helps firms – including SMEs – integrate into global trade and consumers benefit from lower prices, higher quality and more goods
- OECD [Trade Facilitation Indicators](#) are a targeted tool to assess gains from reforms, and monitor worldwide efforts
- Role for better regulation: Helping to reduce trade frictions ([OECD 2020](#))
  - Domestically – facilitate inter-agency coordination and streamlining burdensome/ divergent regulations
  - Internationally – Improve harmonisation of regulatory regimes, greater use of international standards, etc.
  - Critical in the roll out of COVID-19 vaccination, which relies on international supply chains
  - **Increasing international co-operation and co-ordination to enable vaccines to move seamlessly across borders:**
    - streamlining processes at the border,
    - ensuring better co-ordination of logistical processes,
    - and relaxing, where possible and without prejudice to safety, trade-related regulatory burdens

(Source: OECD, [Using trade to fight COVID-19: manufacturing and distributing vaccines](#), 11 Feb. 2021)



# Brief overview: SME development



[oe.cd/REG-SMEs](https://oe.cd/REG-SMEs)

- SMEs form the backbone of most economies, including accounting for over 90% of businesses in ASEAN countries
- SMEs are highly heterogeneous, with some preferring domestic markets and others wanting access to global value chains
- Compared to larger corporations, SMEs can struggle to maintain knowledge of complex or changing regulatory requirements and to remain compliant
- Better regulation for SMEs focuses on developing a regulatory environment that is fair, transparent, clear and effective, including dedicated SME policies where necessary



Thank you

