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

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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

• 7th 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
1st session: Supporting businesses through partnerships for economic recovery

- Investment promotion & facilitation
- Trade facilitation
- SME development
- Better regulation
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
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
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.

[OECD Good Regulatory Practices to Support Small and Medium Enterprises in Southeast Asia]

[oe.cd/REG-SMEs]
Thank you