



**Asia-Pacific
Economic Cooperation**

8th Conference on Good Regulatory Practice

**Cebu City, Philippines
27-28 August 2015**

Sub-Committee on Standards and Conformance

February 2016

APEC Project: CTI 20 2014 (SCSC)

Produced by

Bureau of Philippine Standards
Department of Trade and Industry
Philippines

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**APEC Sub-Committee on Standards and Conformance
8th Conference on Good Regulatory Practice**

**Report to the Sub-Committee on Standards and Conformance (SCSC)
29 August 2015**

The Philippines provides the following report:

On 27 to 28 August 2015, the Asia Pacific Economic Cooperation Sub-Committee on Standards and Conformance held the 8th Conference on Good Regulatory Practice in Cebu City, Philippines in the margins of the Senior Official Meetings (SOM) III. The Conference was led by the Philippines and co-sponsored by Australia, Malaysia, United States and Viet Nam. It gathered experts and participants from the governments and business to reinforce and strengthen the understanding of the elements of good regulatory practices (GRP) and the specific actions that economies have or are taking to implement actions identified by APEC Leaders in 2013.

The two-day Conference was a venue for Asia-Pacific Economic Cooperation (APEC) Member Economies to share their experiences on the following three (3) optional tools identified in implementing good regulatory practices or GRP: (1) single online locations for regulatory information; (2) prospective regulatory planning; and (3) periodic reviews of existing regulation.

Day One

Introductory Remarks

Ms. Asteria C. Caberte, Regional Director of the Department of Trade and Industry of the Philippines, welcomed the delegates on behalf of DTI Regional Operations Group (ROG) Undersecretary Zenaida Cuison Maglaya. Ms. Caberte welcomes the regular holding by APEC of GRP conferences as this ensures that governments and policy makers are guided to strike a balance between the need for regulation and the cost it could impose on its stakeholders. She further emphasized that GRPs are relevant in building an inclusive economy and in developing regulations and reviewing systems that are expected to impact micro, small and medium enterprises (MSMEs). MSMEs have more difficulties in complying with regulations which prevent their businesses to grow. Ms. Caberte reminded the delegates that aside from the objectives of the Conference, the Conference's work product aims to support the Boracay Agenda to promote Micro Small and Medium Enterprises (MSMEs) globally.

APEC and Related Work in the Area of Good Regulatory Practice

Mr. Kent Shigetomi of the Office of the United States Trade Representative set the tone for the Conference. He gave an overview on the early work of APEC on GRP and its cooperation with OECD, the highlights of earlier APEC conferences on GRP with focus on work that transpired from 2011 to present, and the GRP related initiatives in SCSC. He defined good regulatory practices as internationally recognized processes and procedures that can be used to improve the quality and cost-effectiveness of domestic regulations. These procedures may include ministerial procedures that governed intra-government procedures, impact assessments, transparency, participation, and accountability. He shared that much of the GRP work in APEC took place in the SCSC which was tasked to seek measures to reduce the negative effects of differing standards, technical regulation and conformity assessment procedures. Mr. Shigetomi also walked the delegates through existing

multilateral conventions and regional initiatives that institutionalized sound regulatory frameworks, particularly on the APEC statements and declarations promoting regulatory reforms.

Updates on the Baseline Study on Good Regulatory Practice

Mr. Scott Jacobs, Managing Director, Jacobs, Cordova and Associates, and the US – APEC Technical Assistance to Advance Regional Integration Project, expanded on Mr. Shigetomi's presentation and updated the participants on the APEC 2011 GRP Baseline Report. He stressed that this conference is part of the process of continued vigilance as regulatory issues are still being discussed in bilateral and regional fora, including APEC and ASEAN. Mr. Jacobs shared that OECD's approach is putting in place systemic solutions to regulatory management system to avoid regulatory problems. This is also the systemic approach that is embedded in the 2005 APEC - OECD Checklist. Mr. Jacobs shared that, in his opinion, the 2005 APEC - OECD Checklist is an aspirational document as it lays out general principles and general ideas. He pointed out that what he has seen is that APEC Member Economies are moving on implementation on the ground which requires contextual element. APEC should now provide information not on aspirational principles but on how things can be done on the ground such as case studies or operational details. He shared that review of regulation was among the most common GRP implemented across the 21 Member Economies as it responds to addressing concrete problems such those set in the World Bank Ease of Doing Business Index. With regard to regulatory impact assessment, the 2013 report showed that there was an increase in the number of member economies that has adopted RIA formally (14 to 16). Out of the 14 economies, significant investment has been made on improving the technical and qualitative aspects of RIA like assessing cost precisely. Finally, Mr. Jacobs observed that while the APEC Member Economies continue to invest substantial political and financial resources in improving the quality of their domestic regulatory regimes, there is minimal to no improvement on transparency of regulation drafting.

The update on the baseline study will have three (3) sections: success stories by member economies, structured questions based on 2011 survey and transparency, and the 2014 Ministerial Declaration on APEC Actions Public Consultation on Proposed Regulations in the Internet Era.

Report on the Results of the Survey on the Use of Optional Tools in the Asia-Pacific

Finally, to cap the introductory session for the first day of the Conference, **Mr. Carlos Bernardo O. Abad Santos**, Director, National Economic Development Authority, Philippines, formally reported the results of the survey on the use of the three (3) optional tools in the Asia-Pacific namely: (1) single online locations for regulatory information; (2) prospective regulatory planning; and (3) periodic reviews of existing regulation. (See Appendix A for the report.) A total of 19 economies responded to the first part of the survey while, 17 economies answered the second part on capacity building. Below summarizes the results of the survey:

- Almost all (16) conduct review of existing significant regulations
- Almost two-thirds (12) conduct RIA
- Three-fourths (15) of the economies have mechanisms for public consultation; slightly less (12) have on-line systems for public consultation
- One-half (10) have single on-line locations for database of regulations
- All respondent economies reported provision of capacity building activities for key stakeholders
- Three-fourths (12) provide training on Risk Assessment and RIA
- Majority (10) have systems for assessing effectiveness of capacity building activities
- Three-fourths (13) have existing cooperation efforts with other APEC member economies

Appendix A - Report on the 8th Conference on Good Regulatory Practices Survey Results is attached for reference.

Conference Sessions

The Conference proper was divided into six (6) sessions that were moderated by Atty. Anthony A. Abad, Chief Executive Officer of Trade Advisors. Speakers and discussants shared their experiences on the specific topics identified for each session.

Session 1 - Single Online Locations for Regulatory Information

The session focused on the experiences of the APEC economies in developing and implementing single online locations for regulatory information. The main speaker for the session, **Atty. Luis M. Catibayan**, Director of Bureau of Import Services, Department of Trade and Industry of the Republic of the Philippines, shared the Philippine experience in building a web-based platform for all non-tariffs and tariff information applied to goods entering, exiting and transiting in the Philippines. This is geared toward achieving transparency and ease of doing business through provision of information that will facilitate compliance to prescribed regulations. The elements of the Philippine National Trade Repository (PNTR) are based on the requirements of the ASEAN Trade Repository (ATR). Among the information shared are the capacity building initiatives undertaken and the legal basis in mobilizing the various trade regulating government agencies (TRGAs) in the Philippines for the creation and operationalization of the PNTR.

Mr. Mark Holden from the New Zealand Treasury shared an overview on the status of New Zealand's implementation of a single online location for regulatory information as well as information on the regulatory management tools it currently implements. He said that regulatory information is spread out among the different regulatory agencies and the New Zealand Treasury brings this information together for regulators and policy offices to have a better sense of the obligations expected by the government in terms of a regulatory management system. New Zealand Treasury is in the process of creating a one-stop-shop kind of website for regulators containing guidance materials for agencies, case studies on how to best use the tools and overview of the system among government agencies. Individual agency websites are still being used however, in conducting public consultation for regulation creation. The goal of this effort is to deepen the use of regulatory management tools which the New Zealand's government has been implementing for the last 5 to 10 years and to enable regulators to own the system. This is part of the broader effort to lift the capability of individual regulators and support them in fulfilling the obligations in administering the regulatory regime. The Treasury's role is to provide the framework and tools to support agencies.

Mr. Augusto Mello, Production Director of National Institute of Quality of Peru shared that they maintain a webpage containing database on technical regulations and related topics as well as links to the actual notifications of technical regulations to WTO. In the process of creating the website, he said that the government found out that regulatory agencies in Peru do not clearly understand the concept of technical regulations and good regulatory practice. Hence, the initial challenge tackled by Peru was to provide capacity building on the development of technical regulations including GRP process. Director Mello also added that there is no legal basis in requiring regulatory agencies to implement GRP, however, certain mechanisms are in place such as continuous training of regulators by different ministries. Technical regulations must be approved by Supreme Decree which must be counter-signed by the Ministry of Economy which analyses the technical regulation and verifies the legality, proportionality, transparency and effectiveness of the regulation. This serves as an ex-ante intervention. In the process, ex-post evaluation can also be called by receiving complaints from a party affected by a technical regulation. Investigation on complaints can be called and can prevent

implementation of a technical regulation. Training programs are available in the website. Some agencies in Peru have already started implementing regulatory impact analysis. Online platforms aimed for public consultation and other services but this has not yet been fully achieved as web design needs to be updated for these to become user friendly. The use of the website also needs to be promoted and disseminated.

Mr. Nathan Frey from the Office of Management and Budget, United States, reported that the US employs a single online location, www.regulations.gov, to provide access to information on how regulatory decision is being made and provide a feedback loop to regulators that issue regulations. This one-stop shop offers information on proposed regulations that have been issued, documents supporting the decision, and links to public comments on the proposals.

The Conference participants, on the other hand, shared their views on important issues to be considered on the establishment of a single online portal such as user-friendliness, identification of targeted audience, feedback mechanisms, legal protection, sustainability of the platform, stakeholder engagement practices and interfaces of regulatory information between the central government and territories.

Session 2 - Periodic Review & Prospective Regulatory Planning

The second session covered the sharing of experiences in conducting periodic review of existing legislation and prospective regulatory planning.

Mr. Holden from the New Zealand Treasury once again took the floor and shared New Zealand's experience on periodic review and prospective regulatory planning. He informed the participants of New Zealand's regulatory management system which is composed of regulatory stock tools and flow tools. The regulatory stock tools aimed to ensure that regulations fit the purpose while regulatory flow tools show the processes involved in making a decision for policies. He added that the introduction of prospective regulatory planning in their system aims to provide an overview of planned regulatory activity, facilitate stronger cross government coordination and reduce regulatory duplication. The regulatory review programme is a government sponsored programme and articulates the government's key regulatory reform priorities. New Zealand is gearing towards the concept of stewardship in the regulatory system. This concept embodies active planning and management of resources/assets as stewards for its public. To perform that role, the government have set the following expectations to agencies/departments (1) monitor the regulatory regime (regulatory scanning); (2) clear objectives of the regulatory regimes; (3) the costs and their impacts; (4) processes to evaluate performance of the regulatory regimes; and (5) updated legislative instruments and transparent compliance strategy, among others. Based on New Zealand's experience, he encouraged other economies to reflect on the following: be clear about your objectives; integrate, if possible, with existing institutional arrangements; focus on where the greatest gains can be made and continual improvement of the system.

Executive Director Ching-Jung Lo of the Regulatory Reform Center, National Development Center, National Development Council, Chinese Taipei presented his economy's experience. Periodic reviews are anchored on two reports from the business perspective: White papers/ position papers presented by local and foreign chambers and the World Bank Ease of Doing Business report. The rationale behind this is that laws and regulations directly impact business operations, hence the private sector is in the best position to know the problems affecting their business. Mr. Lo also shared that the international comparison on specific categories among the 182 economies presented by the EoDB report can easily guide government agencies on deciding on roadmaps to address issues. He shared that in span of six years, the member economy's ranking has jumped by 42

notches from 61 to 19. Mr. Lo shared to the participants the Headstart Project (Virtual World Development Program), a 2015 initiative, which aims to build Chinese Taipei into an internet company hub and to demonstrate the member economy's prospective regulatory planning with entrepreneurial focus. He finished his presentation by sharing insights on Chinese Taipei's approach towards GRP: (1) Continue to apply good regulatory practices in identifying obstacles to business operations, reducing unnecessary restrictions, and simplifying administrative procedures with the aim of aligning with international norms so the business environment is more friendly, competitive and internationalized and (2) Continue to proactively address regulatory impediments to innovation, start-ups, and issues arising from technological innovation and industry development in the Virtual World.

Ms. Suhaimi A. Kasman of the National Standardization Agency of Indonesia followed suit by sharing Indonesia's experience on implementing good regulatory practices such as regulatory review including regulatory impact assessments (RIA) and transparency of regulations. She noted that the Chinese Taipei's virtual conduct of public consultation is a good prospect that can be incorporated in the design of public consultation. Regulatory review should be predictable; and the private sector should know what the government is doing with the review.

The speakers and a participant from New Zealand shared their views on the tools and mechanisms employed in the area of periodic review and prospective regulatory planning. During this session, it was highlighted again that one size does not fit all as shown by the experiences of New Zealand and Chinese Taipei which have de-centralized and centralized approaches, respectively.

Session 3 – Capacity Building

Part I. Economies Experiences

The third and last session for the first day of the conference on "Capacity Building" focused on the APEC economies' experience in capacity building programs being implemented by APEC members on GRPs including e-technology, rulemaking and other methods of public consultation. The session is divided into two parts, the first part is sharing of economies' experience while the second part is on APEC-wide capacity building initiatives.

Dato' Mohd Razali Hussain, Director-General of Malaysia Productivity Corporation introduced the audience to Malaysia's experience in building the capacity of regulators to implement GRP. Malaysia has referred to good regulatory practice transformation program documents to take out the member economy from the middle income trap and transform it to a high income economy. He informed the group that aside from using the WB EoDB report, Malaysia also uses other competitiveness report and set this as KPI to reach certain ranking in a particular year. Aside from receiving a mandate from the 10th Malaysia Plan, the work of MPC is also strongly supported by their leaders. He also presented the key aspects of Malaysia's Quality Regulatory Management System which provides information on the elements to ensure good regulations and roles to be played by the over-sight body and regulators. He shared that Malaysia's first task was to develop a process that includes roles on gate keeping, advocacy and advisory. On the capacity building initiatives, MPC has come out with policies and guidance in implementing GRPs including a Capacity Building Framework which is holistic and inclusive. This means that all programs should be done at different levels (Stakeholders, Institutions (Regulator Coordinators), Business Community, Internal Capacity). He stressed that Malaysia is still in the infancy stage of implementing GRP and there are still challenges to be hurdled particularly on the need for continuously and extensively educate and promote Good Regulatory Practice (GRP) and Regulatory Impact Analysis (RIA). Director General Hussain shared the Malaysia's way forward for GRP: (1) Encourage GRP implementation as one of the ministry's

corporate wide long term strategy, to be embedded in Key Performance Indicators of every ministry and incorporate strategic priorities and future work programmes; (2) Strengthen the cooperation and coordination among ministries and agencies in efforts to integrate RIA with the policy-making process; (3) Create awareness and accelerate GRP at State Level and Local Authorities. MPC will increase the take up rate of NPDIR to ensure improved regulatory environment by accelerating the roll-out to all ministries and agencies; (4) Create mechanism for evaluation review in measuring regulatory performance to ensure effective compliance to the defined requirements in policy making strategy; (5) Implementation of GRP at regional levels to strengthen regulatory coherence; and (6) Second regulatory review (regulations/acts) on 10 Ministries to gather detail information and data on act/regulation and licenses issued by ministries. This is to review all the irrelevant acts/regulations as an effort for continuous monitoring.

Mr. Abad-Santos of the National Economic Development Authority of the Philippines shared that the formal regulatory system in the Philippines is not yet in place, however, it has started working on GRP by introducing the following: (a) administrative simplification system which is led by the National Competitiveness Council (NCC) addressing the Ease of Doing Business (EoDB) issues, which has achieved substantial improvements over the years and (b) regulatory impact assessment (RIA) has been introduced in limited basis to three departments. The Philippines aims to roll out the RIA project to more pilot agencies on voluntary basis in the immediate term and to eventually roll it out across government departments backed up by an Executive Order as the enabling law. He pointed out that there are three challenges currently faced by the Philippines in developing a formal regulatory management system: (1) the need to improve the knowledge and skills of regulators of analysing impact of regulations; (2) weak coordination amongst government agencies as numerous sectors concerned several agencies and (3) weak interface between the government and business in regulatory development to address poor consultation practices and access to regulatory information. With regard to training the regulators on RIA, training modules are now being drafted by the National Economic Development Authority (NEDA). The Philippines approach is to start first with RIA towards a whole government approach to craft a roadmap to ensure that GRP is embedded within the regulatory making processes

Ms. Leonor Picon from the Ministry of Health of Peru shared their member economy's experience on their methods of public consultation. She shared that for Peru to implement its public consultation, capacity building has been conducted by several ministries to ensure that processes stated therein are done accordingly. On RIA, Peru has initiated capacity building on this in 2014. She looks forward to Peru sharing more information on this area in the coming years.

Part II. APEC wide Capacity Building Initiatives

Mr. Scott Jacobs took the floor to highlight that of all the GRPs, the most important is transparency. He shared that a more transparent regulatory environment is a "lower cost production environment" as the more transparent an economy the more it decreases costs and risks for the businesses. An OECD study shows that transparency remained a top concern of investors while, an APEC study confirms similar views of investors in APEC member economies on transparency. He highlighted that based on the results of the survey conducted among 166 respondents from 18 member economies, which shows that those economies that have developed centralized web portals increases the positive experience of consultation for stakeholders and provide more time of consultation compared to those that have none. Results further show that organized or standardised consultation carries out better. He also provided highlights on the results on time period for comments and feedback of regulators to the stakeholders. On methods of public consultations, the results show that business prefers the use of white papers and RIA as consultation documents rather than publication of legal text. Moreover, use of IT tools in conduct of consultation was highly

welcomed by the respondents. Recommendations that can be part of the final report of the baseline study are follows: (1) centralized web portal can be considered by the economies; (2) publication of earlier notice such as white papers; (3) longer and consistent time frame of 30 to 60 days; (4) accessible consultation processes and (5) consistent feedback to business to gauge how the regulators react to their concerns.

Ms. Megan Crowe, Senior International Trade Advisor U.S. Department of Commerce International Trade Administration Office of Consumer Goods and **Ms. Melissa A. San Miguel**, Director of Global Strategies, Multilateral Affairs Grocery Manufacturers Association reported on the outcomes of the FSCF PTIN Industry Regulator Cooperation Roundtable: Towards a Future of Prevention and Partnership. Ms. San Miguel, as part of the business sector, acknowledged the importance of consultation at earlier stages as often as possible in both formal and informal ways. The workshop focused on trade association as the project implementers view trade associations as an important factor to facilitate and make it easier for government to seek inputs from business. Trade associations can be engaged in a single conversation and can provide scientific and operational knowledge on impacts of regulations. Outcomes and a number of recommendations from the event were shared with the participants.

Mr. John Lom, Director of the International Affairs Division (ITD) for the Alcohol and Tobacco Tax and Trade Bureau (TTB) of the United States shared the work of the APEC Wine Regulatory Forum (WRF). WRF formed Four Working Groups, focusing on 1) Enhanced Risk Controls, 2) Pesticide Maximum Residue Limits (MRLs) for wine grapes, 3) Compendia, and 4) Export Certificates, that carry out the work of the WRF intersessionally. On the area of Export Certificates, WRF has developed a consolidated wine export certificate that will represent consolidation of current requirements found in export certificates most frequently used in wine trade among the APEC economies: certificates of origin, authenticity/free sale, and health/sanitation. The proposed export certificate is based on the "consolidated export certificate" that China began accepting from United States in March 2014 which consolidated several requirements into one document. This effort promotes good regulatory practices by streamlining and minimizing export certification requirements among the APEC economies. Mr. Lom sought the support from all member economies for the initiative, pointing out that the lessons learned and rules to be applied in enhancing trade can be used for other products.

The session provided an overview on the capacity building efforts undertaken to implement good regulatory practices at economies' level and at the APEC level. It was noted that Malaysia is one of the advanced economies on the area of GRP, while, the Philippines and Peru are on early stages of institutionalizing GRP in their processes. For the second part of the session, it was highlighted that different GRP are being explored in the APEC level to improve the trade and investment environment on specific sectors such as food and wine. These experiences can be further explored for the use of other sectors.

Day Two

Session 4 - Best Practices of the APEC Economies

The fourth session of the Conference on "Best Practices of the APEC Economies" tackled the best practices of APEC member economies on single online locations for regulatory information, prospective regulatory planning, and periodic reviews of existing regulation.

Mr. José Manuel Campos, Advisor from the Regulatory Department, General Directorate of International Economics Affairs (DIRECON), Ministry of Foreign Affairs of Chile shared the

challenges, opportunities and advances by Chile in the area of GRP highlighting the member economy's efforts in establishing single online location and incorporating the processes of prospective regulatory planning and regulatory stock review in the regulatory system. In summary, Chile has established Chile Atiende (<http://www.chileatiende.cl/>), a multi-services for state services that enable the Chilean government to reach the public through different medium such as digital and mobile programs. Also, a single online portal was established that houses 200,000 documents which provides a background on each law, most frequent questions, among others. It has taken Chile two decades to implement this website. On regulatory stock review, there is no centralized regulatory governance to do it but departments have the freedom to execute this. With regard to the service to the SMEs, a law was developed that required the Ministry of Economy to publish all regulations in its website that has impact on SMEs. On the implementation of RIA, he shared that the most comprehensive one is on environmental regulation which clearly defined the stages of the regulatory process. Chile is also cooperating closely with other economies as well as OECD on improving its regulatory policy. He also noted that cooperation on GRP under the trade policy agenda is also making this a reality. He highlighted that there is political willingness to move towards this direction.

Mr. Eduardo Esteban Romero Fong, Director General of Regulatory Impact Assessments, Federal Commission for Regulatory Improvement (COFEMER) of Mexico said that they have established an oversight body known as the Federal Commission for Regulatory Improvement (COFEMER). It is mandated to: (1) review of the national regulatory framework (Regulatory stock); (2) daily review of regulatory projects; (3) administer the Federal Register of Formalities and Services; (4) Regulatory Planning; (5) Promote and provide of Technical assistance on Regulatory Policy to States and Municipalities and (6) International Regulatory Cooperation. All these initiatives and mechanisms are incorporated in the centralized portal. Through this portal, stakeholders can search the information they wish to seek that is relevant to a certain regulation. On the area of transparency, there are two obligations required, (1) draft regulation should be in the website for twenty (20) working days and it must be subject to public consultation for thirty (30) working days. The website also utilizes quad-media (social media and traditional media) to generate feedback from the public. With regard to the registry of existing rules and regulations, it provides legal certainty to citizens, since the Law states that no government authority may apply procedures different from that which appear in the Register. Regulatory plans are also incorporated in the portal, which are subjected to public consultations. For Mexico, the use of a single online portal is a powerful tool for GRP as it: (1) provides easy access to existing regulations and new proposals, making it easier for authorities to get information from the public; (2) helps to develop a coherent agenda on regulatory actions and simplification, by providing with more elements for analysis; (3) promotes compliance by making it easier to find obligations that apply to all different subjects; and (4) gives the correct information to guarantee a better coverage from the media. Having centralized functions for GRP helps achieve this more easily.

Mr. Scott Jacobs of the United States, as one of the discussants, commended the Chilean and Mexican presentations on their progress on area of GRPs. He focused his discussion on single online registry of information. He cited that the four main objectives of such tool are to: (1) improve access to legal information; (2) boost legal security; (3) improve accountability of regulators and (4) set-up the basis of continuing management of the system. He was of the view that in the organization of legal database, usability and functionality should be a major consideration. He also provided differentiation between domestic gazettes and registries. He pointed out that the registry should have positive security and legal security to ensure that those who have acted in good faith cannot be prosecuted with offenses if the registries have not been updated by the regulators. Further, the establishment of database of regulations is the first step for regulatory reformers to see the overall picture. In establishing these registries, the following should also be looked at: cost elements such

as the updating and maintaining of the information, quality control, accessibility and other functionalities (making it as a one stop shop). He also emphasized that the system should also incorporate a user feedback mechanism.

Mr. Jason McNamara, Executive Director, Office of Best Practice Regulation of Australia shared an overview of the Australian regulatory system. He presented that the member economy has a mature system of regulatory impact analysis. The Australian Government has embarked on net red tape reduction target of \$1 billion per annum and there should be no new regulatory burden – unless offset elsewhere. He also highlighted that it has a consolidated online presence through three different online platforms including the publication of Regulatory Impact Statements (RISs). In 2015, the Australian government has implemented sunseting of regulations where it provided a ten year period for regulations. He shared that the challenge was how to change the culture of regulators and think from the business perspective. He pointed out that communication is a key in implementing the regulatory system.

The speakers and the delegates agreed that an online database should not be a flow recording, i.e. Official Gazette, but a stock database or registry. Further, a positive security system should be mandated – if the regulation is not in the database, it cannot be enforced by the Government on the citizens. Also, the APEC economies have recognized the importance of private sector involvement/participation in the creation and maintenance of regulatory databases as well as a key instrument in reaching the public for consultation. Member economies should also ensure that all tools are employed in reaching and communicating with stakeholders (IT and traditional tools) to ensure that relevant stakeholders will not be left out.

Session 5 - Challenges Faced by SMEs for Inclusive Growth

Session five (5) of the Conference shifted the discussion to identifying key challenges faced by small and medium enterprises (SMEs) particularly on how they can organize themselves to leverage their resources as well as capacity building to educate SMEs on the importance of GRPs.

Mr. Pham Le Cuong, Director of Small and Medium Enterprise Development Support Center 2 of Viet Nam (SMEDEC 2) provided an overview on Viet Nam's statistics on SMEs which is roughly 98% of the total registered businesses in the member economy. SMEs occupied 51% of Viet Nam's total work force while other indicators such as export value, GDP, state budget contribution and total social contribution showed that large scale enterprises remained to be the dominant ones in Viet Nam's economy. Most SMEs in Viet Nam are not actively involved with GRP but SMEs become involved when problems arise and be regulated by legislation (after legislation & regulation/technical regulation be enacted). This is different with FDI enterprises as these companies are not only actively contributing ideas to the draft legislation but also actively researching and learning to perform after the legislation was enacted. Reasons cited for the non-involvement are that they are more concerned on areas of day to day operation of the business and the SMEs mind-set that their contribution cannot change the content of the draft legislation/regulation. The solution to this is education and support of SME associations that will represent SMEs in the GRP process.

Mr. Eduardo Esteban Romero Fong of COFEMER, Mexico discussed on how GRP tools facilitate the development and growth of SMEs in Mexico. An overview on SMEs statistics was given such as: 8 million SMEs which is 99.8% of business units in Mexico, SMEs accounted for 53% of Mexico's GDP and provides 80% of jobs. He shared that Mexico's regulatory system aims to provide a good environment for SMEs to develop and grow, not only to assist the SMEs in starting up but as well as to account its full cycle. Mexico employs several programs solely intended for SMEs benefit including "Simpflica", a program which analyzes the procedures and services by identifying time and costs

(with the SCM) incurred by individuals and thereby generate recommendations for simplification of local administration. Aside from this, Mexico also established One Stop Shop for Construction Permit that aims to simplify and make efficient the construction permits process for businesses under 1,500 m² of area which can reduce the process from 165 days (based on EoDB) to 22 days; implemented a National Program of Commercial Oral Trials to simplify procedures for commercial disputes amounting to 500,000 pesos or USD30,000; established 247 one-stop shops called SARE in important cities where business owners can get all federal and sub-national permits in less than 72 hours. The Mexican government also developed an indicator that will evaluate the programs established and results are made publicly available. Mr. Fong pointed out that with all these programs in place, permanent interaction is essential; hence, COFEMER is collaborating with the National Institute of the Entrepreneur, in order to give permanent assistance to SME's when they're starting up and INADEM is there to ensure that SMEs full cycle is taken care of.

Similarly, to begin her presentation, **Mrs. Nor Surayya Binti Abdul Samad**, Consultant, Smart Regulation Department, Malaysia Productivity Corporation, Ministry of International Trade shared SMEs latest figures in Malaysia: 97% of business establishments are SMEs; SMEs account for 93.1% of Malaysia's, 60% employment and 19% on export contribution. The major challenge faced by SMEs is the numerous requirements and procedures in getting business licenses that entails compliance costs. Reduction on compliance costs will allow SMEs to increase productivity, product and service quality. She shared that various steps were taken by the government to implement GRP including the establishment of the National Policy on Development and Implementation of Regulations (NPDIR) in July 2013 and use of RIA in the rulemaking process as well as other GRP tools including public consultation. Malaysia also embarked on numerous initiatives to address issues in business registrations, business licensing and construction permits, among others. Malaysia had a comprehensive review of business regulations on 12 key economic areas based on Malaysian Economic Transformation Program which have high impact growth potentials such as logistics, healthcare, construction and education.

Professor Nestor O. Rañeses, Assistant Vice President for Administration, University of the Philippines (UP) and Director, Institute for Small Scale Industries shared his observations on the experiences shared by the speakers and discussants in the previous sessions on GRP and protocols as follows: there should be communication, consultation, capacity building, conformance and continuous improvement. He also shared that in the Philippines, 99.60% of business entities belong to the SME sector wherein 89% of it belongs to micro level; 50% belong to small stores trading and 50% are located in major three major areas in the member economy. The challenges of SMEs in the Philippine context are: access to information, compliance costs and how SMEs can be integrated in the global value chains. As guided by the Philippine Development Plan on SME development of developing innovative, competitive and sustainable SMEs under inclusive growth, the Philippines has implemented several initiatives to address these challenges. It has recently passed a law called Go Negosyo Act that will establish one-stop shops all over the Philippines that will housed services for entrepreneurs. It also established organizational infrastructure oversight on the development of MSMEs supported at the domestic, congressional and regional levels. With regard to capacity building, three departments are working together on different areas on developing the MSME sector. The Philippine government also is implementing a licensing reduction program and working on the passing of a law on instituting a robust and resilient National Quality Infrastructure.

The session underlined the important contributions of SMEs to APEC members' economies. It was noted that members' initiatives in the improvement of their regulatory systems have taken into account the challenges faced by the sector, not only on starting-up a business but on how to keep the business going. The presenters highlighted that their economies' programs are focused on key issues of the sector such as business licensing/permits, compliance costs, and competitiveness

including capacity building efforts on integrating SMEs in the regulatory process. The Mexican and Malaysian models have been lauded by the participants.

Session 6 - Action Planning on the Capacity Building and Education Efforts in APEC

In Session 6, the Conference participants agreed on a set of recommendations for action on GRP of APEC member economies, particularly on the use of online tools, capacity building, and education efforts in addressing challenges faced by SMEs.

In summary, the following recommendations were made during the conference sessions:

Sessions	Recommendations for Action
Session 1: Single Online Locations for Regulatory Information	<ul style="list-style-type: none"> • Create a centralized web portal as a one-stop-shop. • Continuous assessment and evaluation of the quality of the information uploaded in the online database; improving the content from reportage of laws (<i>de jure</i> information) to useable information for stakeholders (<i>de facto</i> information) • Improve access, ease of use and friendliness of the databases, make the technology friendly and action on the feedback, timely. • Use social media to test the quality and usefulness of the database.
Session 2: Periodic Review & Prospective Regulatory Planning	<ul style="list-style-type: none"> • Determine the time period needed for effective periodic review through the conduct of case studies. • Take steps to institutionalize review mechanisms for regulations and formalize government-wide regulatory impact assessment activities. • Review regulations not just on their intended economic benefit but for alignment with existing trade and competition principles.
Session 3: Capacity Building and Education Efforts	<ul style="list-style-type: none"> • Establish roadmaps for capacity building. • Explore avenues of partnership with the private sector for development of training programs and innovative programs/systems. • Evaluate the scope and reach of public consultation mechanisms. (use of IT tools and feedback mechanism) • Institutionalize feedback mechanism where stakeholders can comment on the effectiveness of the capacity building program • Adequate preparations should be done for capacity building initiatives to ensure that resources dedicated to it are maximized (decisions by the government so that the time and effort for building capacity are targeted) • Twinning arrangements between economies (specific cooperation such as on technical assistance). <ul style="list-style-type: none"> • Economies that have embarked on comprehensive review regulatory programs - bringing together regulators under one framework. • Highlight the importance of transparency • At the regulator level, institutionalize education and training programs to prepare them for meaningful engagement with stakeholders especially on the manner of public consultations (PC system has to be ironed out well - pilot projects, subject to

Sessions	Recommendations for Action
	evaluation for wider implementation). <ul style="list-style-type: none"> • At stakeholder level, strike a balance between the accessibility of information and the availability of public consultation (PC) mechanisms with the commensurate knowledge to use such information and to engage in public consultation in an intelligent manner • On education efforts, it is educating towards a comprehensive review of regulations and coming up with a framework that leads to regulatory coherence and being able to deal with integration in Asia Pacific for inclusive growth.
Session 5: Challenges faces by SMEs for Inclusive Growth	<ul style="list-style-type: none"> • Create streamlined approaches to business registration and organize an exhaustive online database for useful information to businessmen. • Adopt an effective feedback mechanism on the systems developed (online database, e-consultation and policy review). • Diagnose barriers to entry to business of SMEs and respond timely.

Key Outcomes

Aligned with the objective of the project, the Conference provided a forum for regulators, policy officials and representatives of the private sectors to share experiences including the benefits and challenges of implementing good regulatory practices particularly on the following tools: 1) single online locations for regulatory information; 2) prospective regulatory planning; and 3) periodic reviews of existing regulation. It also provided updates on the status of the final report of the Baseline Study on GRP and participants looked forward in its conclusion.

The conference brought together resource speakers from APEC member economies with diverse backgrounds on implementation of GRP. This diversity added value to the conference as participants could see the successes and challenges faced by different economies based on their structures and capacities.

The Conference stressed the various benefits that can be derived from implementing good regulatory practices as shared by the economies and as showcased by the improvements in their Ease of Doing Business rankings and other indicators.

Participants agreed that there are considerable achievements in the implementation of GRP in different economies; levels of implementation still vary across region. Challenges on capacity building, promotion, transparency and conduct of public consultation, among others, remain. Further improvements can still be instituted on said areas.

The detailed recommendations for actions proposed is attached as **Appendix B - Recommendations for Actions and Desired Outcomes** and are offered for consideration by SCSC members.

Workshop Presentations

The 8th Conference on Good Regulatory Practice 2015 presentations can be viewed and downloaded at APEC Secretariat website.