

Asia-Pacific Economic Cooperation

2000 Deregulation Report

APEC Committee on Trade and Investment (CTI)

2000

Deregulation Report 2000

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FOREWORD

The Osaka Action Agenda (OAA), announced by APEC Leaders in November 1995, requires a range of actions in the area of deregulation. APEC Senior Officials subsequently decided in 1996 to combine APEC's work on competition policy and deregulation, given the important linkages between the two work programmes. The APEC Committee on Trade and Investment (CTI) is responsible for both areas.

An ongoing activity is the publication of annual reports detailing deregulation initiatives undertaken by member economies. To facilitate access to this information, the reports have been published on the Internet since 1997. The 2000 report contains the Deregulation sections of the 2000 Individual Action Plans (IAPs) which were endorsed by APEC Leaders at their meeting in November 2000. Each economy has outlined the reforms to its domestic regulatory regimes undertaken and those announced for the future.

Work on regulatory issues is key to achievement of the Bogor Goals – removal of tariff barriers is only part of the process. Regulatory and administrative barriers can increase business costs and reduce the benefits of cross-border trade and investment. The Asian financial crisis has further highlighted the importance of sound domestic regulation and the need to build capacity and institutions to support it.

The CTI hopes that the following report and its other work on deregulation will be of interest to the business community as APEC members continue progressively to reform their economies. The 2000 Deregulation Report should also be seen further evidence of APEC's commitment to improving transparency and understanding of APEC economies' regulatory regimes.

Joseph M Damond
Chair, APEC Committee on Trade and Investment

Deregulation Report 2000

Australia

Chapter 10 : Deregulation/ Regulatory Review

Objective

APEC Economies will facilitate free and open trade and investment in the Asia-Pacific Region by, inter alia:

- (a) Improving the transparency of regulatory regimes; and*
- (b) Eliminating those distortions arising from domestic regulations that restrict trade or investment and are not necessary to achieve a legitimate objective.*

Guidelines

Each APEC economy will:

- (a) explore economy-wide processes for the transparent identification and review of those domestic regulations that may cause distortions that restrict trade or investment, ensuring that reviews consider whether identified distortions are necessary to achieve a legitimate objective; and*
- (b) consider the adoption of regulatory reform programs that seek to reduce the costs of regulation of particular industries or sectors whilst maintaining the achievement of legitimate objectives.*

Collective Actions

APEC Economies have agreed to take collective actions to help achieve these goals. These actions are contained in Collective Action Plans (CAPs) which are updated annually. The current CAP relating to deregulation/regulatory review can be found in the Deregulation Collective Action Plan.

APEC Principles to Enhance Competition and Regulatory Reform

The APEC Leader's Declaration of September 1999 endorsed the following Principles:

Non Discrimination

- (a) Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.*

Comprehensiveness

- (b) Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.*
- (c) The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.*
- (d) The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.*
- (e) The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.*

Transparency

(f) *Transparency in policies and rules, and their implementation.*

Accountability

(g) *Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.*

Australia's Approach to Deregulation/Regulatory Review in 2000

As part of its competition policy, Australia has laid down principles and processes for reviewing existing and proposed legislation that restricts competition.

The guiding principle in reviewing legislation is that it should not restrict competition unless it can be demonstrated that:

- . the benefits of the restriction to the community as a whole outweigh the costs; and
- . the objectives of the legislation can only be achieved by restricting competition.

By committing to reform legislation that unnecessarily restricts competition, Australia's Commonwealth, State and Territory Governments are:

- . greatly improving the transparency of Australia's regulatory regime; and
- . helping to eliminate trade and investment distortions arising from domestic regulations.

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
<p>General Policy Position</p>	<p>A Productivity Commission Report "Impact of Competition Policy Reforms on Rural and Regional Australia" was released In October 1999.</p> <p>http://www.pc.gov.au/inquiry/compol/finalreport/index.html</p> <p>A Report of the Senate Select Committee on the Socio-Economic Consequences of the National Competition Policy was released in February 2000.</p> <p>http://www.aph.gov.au/senate/committee/ncp_ctte/final/index.htm</p> <p>The Government responded to the Productivity Commission and Senate Select Committee Reports on Competition Policy on 10 August 2000.</p> <p>http://www.treasurer.gov.au/treasury/pressreleases/2000/084.asp</p> <p>A review of the National Competition Policy Agreements, including the Competition</p>	<p>Australia's National Competition Policy was established by three Intergovernmental agreements, including the Competition Principles Agreement, signed by the Commonwealth, State and Territory Governments.</p> <p>In the Competition Principles Agreement, Australia has laid down principles and processes for reviewing legislation that restricts competition.</p> <p>The guiding principle in reviewing legislation is that it should not restrict competition unless it can be demonstrated that:</p> <ul style="list-style-type: none"> . the benefits of the restriction to the community as a whole outweigh the costs; and . the objectives of the legislation can only be achieved by restricting competition. <p>Australia's Commonwealth, State and Territory governments have:</p> <ul style="list-style-type: none"> . developed a timetable for the review and, where appropriate, reform of all existing legislation that restricts competition by the year 2000; . committed to ensuring that proposals for new legislation that restrict competition must be accompanied by evidence that the legislation is consistent with the guiding principle; . committed to systematically review the aforementioned legislation at least once every ten years. 	<p>Consideration of the recommendations of the review of the National Competition Policy Agreements.</p>

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	Principles Agreement, commenced in 2000.	<p>see Regulation and its Review 1998/99-Productivity Commission</p> <p>http://www.pc.gov.au/research/annrpt/regInrev9899/index.html</p> <p>see Commonwealth National Competition Policy Annual Report 1997/98</p> <p>http://www.treasury.gov.au/publications/AnnualReports/CommonwealthNationalCompetitionPolicyAnnualReport1997-98/index.asp</p>	
Identification and Review of Proposed Regulations	<p>In 1998-99, 201 Commonwealth regulations tabled before Parliament complied with RIS requirements (an 89 per cent compliance rate).</p> <p>A review of the National Competition Policy Agreements, including the Competition Principles Agreement, commenced in 2000.</p>	<p>As part of the National Competition Policy, Australia's Commonwealth, State and Territory governments have committed to ensuring that proposals for new legislation that restrict competition are adopted only if it can be demonstrated that the benefits of the restriction to the community as a whole outweigh the costs, and the objectives of the legislation can only be achieved by restricting competition.</p> <p>For the Federal Government, this commitment is achieved through the Regulation Impact Statement process. The States and Territories have adopted similar processes.</p> <p>Identification:</p> <p>A Regulation Impact Statement (RIS) must be prepared for new regulatory proposals (this</p>	<p>Further improvement in the quality of RIS compliance for Commonwealth legislation, particularly at the policy approval stage.</p> <p>Consideration of the recommendations of the review of the National Competition Policy Agreements.</p>

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>includes primary and delegated legislation) and treaties involving regulation which directly affect business, which have a substantial indirect effect on business or which restrict competition.</p> <p>The final decision on whether a RIS should be prepared is made by the Office of Regulation Review (ORR). The ORR is part of the Productivity Commission, an independent Commonwealth agency that serves as the Government's principal review and advisory body on microeconomic policy and regulation.</p> <p>Review bodies: RISs are prepared by the department, agency, statutory authority or board responsible for a regulatory proposal, and involve consultation with affected parties.</p> <p>The ORR is responsible for examining and advising on the adequacy of RISs. The ORR also provides advice to Cabinet, the Prime Minister/Minister(s) — and, as necessary, the Assistant Treasurer — on the adequacy of RISs.</p> <p>Review process / criteria: A RIS sets out the relevant policy objective along with all the viable alternatives for achieving that objective.</p>	

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>A RIS analyses the benefits and costs of the options identified. The analysis is not restricted to tangible or monetary items and, where applicable, should include possible changes in environmental amenity, health and safety outcomes, etc.</p> <p>The Government has decided that a Trade Impact Assessment (TIA) should be included in RISs for all proposals that have a direct bearing on export performance. The TIA should summarise the impact of regulatory options and proposals on exporters and assess the overall impact on Australia's international trade.</p> <p>Receiving and responding to review:</p> <p>RISs assist the Government in choosing the alternative with the maximum positive impact.</p> <p>Draft RISs must be circulated with the draft submission/proposal for the information of departments/agencies. RISs must also accompany the relevant Cabinet submission or letter to the Prime Minister seeking approval of the proposal.</p> <p>Where policy approval external to the portfolio is not required, a draft RIS should be attached to a letter advising the Prime Minister of the intention to implement the proposal.</p>	

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>The Assistant Treasurer has been given overall policy responsibility to ensure compliance with regulatory best practice procedures.</p> <p>see A Guide to Regulation- Office of Regulation Review http://www.pc.gov.au/orr/reguide2/index.html</p> <p>see Regulation and its Review 1998/99- Productivity Commission http://www.pc.gov.au/research/annrpt/regInrev9899/index.html</p> <p>see Commonwealth National Competition Policy Annual Report 1997/98 http://www.treasury.gov.au/publications/AnnualReports/CommonwealthNationalCompetitionPolicyAnnualReport1997-98/index.asp</p>	
<p>Identification and Review of Existing Regulations</p>	<p>24 reviews of existing Commonwealth legislation are currently underway. A review of the National Competition Policy Agreements, including the Competition Principles Agreement, commenced in 2000.</p>	<p>As part of the National Competition Policy, Australia has committed to the review, and where appropriate, reform of all existing legislation that restricts competition by the year 2000. Once existing legislation has been reviewed, it is to be systematically reviewed at least once every ten years.</p> <p>The Commonwealth, States and Territories have</p>	<p>A further 17 reviews of existing legislation are expected to commence in the remainder of 2000. Completion of the Commonwealth, State and Territory Legislation Review Schedules and evaluation of performance.</p>

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>developed timetables for the review of their relevant legislation.</p> <p>Scheduling of reviews:</p> <p>The Commonwealth Legislation Review Schedule was finalised in 1996 following a vetting process by the ORR and the Council of Business Regulation, an independent advisory body comprising community and business representatives.</p> <p>The Schedule included 98 reviews originally, and since that time three more reviews have been added.</p> <p>Review bodies:</p> <p>Significant legislation is reviewed by bodies such as the Productivity Commission and independent committees of inquiry. Where appropriate, reviews may be undertaken by officials.</p> <p>All reviews involve public consultation and follow terms of reference agreed by the ORR.</p> <p>Review process / criteria:</p> <p>When assessing the benefits and costs of the legislation and alternatives, reviews take into account the following matters, where relevant:</p> <ul style="list-style-type: none"> . ecologically sustainable development; . social welfare; 	<p>Consideration of the recommendations of the review of the National Competition Policy Agreements.</p>

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<ul style="list-style-type: none"> . economic development and employment; . the interests of consumers; . business competitiveness; and . the efficient allocation of resources. <p>Receiving and responding to review:</p> <p>47 Commonwealth reviews have been completed since June 1996.</p> <p>The progress of the Commonwealth in completing and responding to reviews is reported in the Commonwealth NCP Annual Report and the Productivity Commission Report "Regulation and its Review".</p> <p>Commonwealth and State progress is reported in the Legislation Review Compendium of the National Competition Council.</p> <p>see Commonwealth Legislation Review Schedule http://www.treasury.gov.au/publications/NationalCompetitionPolicy/CommonwealthLegislationReviewSchedule/index.asp</p> <p>see Regulation and its Review 1998/99-Productivity Commission http://www.pc.gov.au/research/annrpt/regInrev9899/index.html</p> <p>see Commonwealth National Competition Policy Annual Report 1997/98 http://www.treasury.gov.au/publications/AnnualRep</p>	

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>orts/CommonwealthNationalCompetitionPolicyAnnualReport1997-98/index.asp</p> <p>see Legislation Review Compendium- National Competition Council http://www.ncc.gov.au/nationalcompet/Legislation%20Review/Compendium/legislation_review_compendium.htm</p>	
<p>Reform of Industry/Sector Specific Regulation</p>	<p>An independent competition policy review of Australia's wheat marketing arrangements commenced in early April 2000.</p> <p>The review is examining whether the single desk marketing arrangement for wheat produces benefits for Australia, as well as other related issues such as wheat quality and supply. The review is expected to be completed in December 2000.</p> <p>For further details, see: www.affa.gov.au/wma In March 2000 State and Territory Agriculture Ministers agreed in principle to deregulate farm gate milk price and supply</p>	<p>Australia has undertaken an extensive program of regulatory review, much of which has addressed industry or sector specific regulation.</p> <p>An ongoing process of regulatory reform has ensued (details are available in the Deregulation and Services chapters of earlier IAPs).</p> <p>Australia has reformed regulation relating to:</p> <ul style="list-style-type: none"> . telecommunications; shipping; airports; aviation; rail; financial services; electricity; gas; passenger motor vehicles; textiles, clothing and footwear; pharmaceuticals; mineral exports; sugar; professions; and foreign investment (1996 IAP); occupational regulation; postal services; petroleum products; and quarantine (1997 IAP); food regulation; and wheat (1998 IAP); and wool and dairy (1999 IAP). <p>For discussion on current regulatory reform in</p>	<p>For details of planned industry and sector specific regulatory reform, see:</p> <p>Commonwealth Legislation Review Schedule http://www.treasury.gov.au/publications/NationalCompetitionPolicy/CommonwealthLegislationReviewSchedule/index.asp</p> <p>Regulation and its Review 1998/99- Productivity Commission http://www.pc.gov.au/research/anrpt/reglnrev9899/index.html</p> <p>Commonwealth National Competition Policy Annual Report 1997/98</p>

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>arrangements. By 1 July 2000 all State Parliaments passed legislation repealing farm gate milk pricing regulation.</p> <p>The Australian and New Zealand Food Authority is currently completing a review of Food Standards with a view to achieving a consistent Food Standards Code across jurisdictions.</p> <p>For details of other industry and sector specific regulatory reform, see: Commonwealth Legislation Review Schedule http://www.treasury.gov.au/publications/NationalCompetitionPolicy/CommonwealthLegislationReviewSchedule/index.asp</p> <p>Regulation and its Review 1998/99- Productivity Commission http://www.pc.gov.au/research/annrpt/reglnrev9899/index.html</p> <p>Commonwealth National Competition Policy Annual Report 1997/98 http://www.treasury.gov.au/publications/AnnualReports/Commonwealth</p>	<p>areas such as communications and transport, refer to sector-specific annexes to Chapter 3: Services.</p> <p>see Commonwealth Legislation Review Schedule http://www.treasury.gov.au/publications/NationalCompetitionPolicy/CommonwealthLegislationReviewSchedule/index.asp</p> <p>see Regulation and its Review 1998/99- Productivity Commission http://www.pc.gov.au/research/annrpt/reglnrev9899/index.html</p> <p>see Commonwealth National Competition Policy Annual Report 1997/98 http://www.treasury.gov.au/publications/AnnualReports/CommonwealthNationalCompetitionPolicyAnnualReport1997-98/index.asp</p> <p>see Legislation Review Compendium- National Competition Council http://www.ncc.gov.au/nationalcompet/Legislation%20Review/Compendium/legislation_review_compendium.htm</p>	<p>http://www.treasury.gov.au/publications/AnnualReports/CommonwealthNationalCompetitionPolicyAnnualReport1997-98/index.asp</p> <p>Legislation Review Compendium- National Competition Council http://www.ncc.gov.au/nationalcompet/Legislation%20Review/Compendium/legislation_review_compendium.htm</p> <p>For discussion on regulatory reform in areas such as communications and transport, refer to sector-specific annexes to Chapter 3: Services.</p>

Australia's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>National Competition Policy Annual Report 1997-98/index.asp</p> <p>Legislation Review Compendium- National Competition Council http://www.ncc.gov.au/nationalcompetition/Legislation%20Review/Compendium/legislation_review_compendium.htm</p> <p>For discussion on current regulatory reform in areas such as communications and transport, refer to sector-specific annexes to Chapter 3: Services.</p>		

Improvements in Australia's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
<p>General Policy Position</p>	<p>Australia's National Competition Policy was established by three Intergovernmental agreements, including the Competition Principles Agreement, signed by the Commonwealth, State and Territory Governments.</p> <p>In the Competition Principles Agreement, Australia laid down principles and processes for reviewing legislation that restricts competition.</p> <p>The guiding principle in reviewing legislation is that it should not restrict competition unless it can be demonstrated that:</p> <ul style="list-style-type: none"> . the benefits of the restriction to the community as a whole outweigh the costs; and . the objectives of the legislation can only be achieved by restricting competition. <p>Australia's Commonwealth, State and Territory governments:</p> <ul style="list-style-type: none"> . developed a timetable for the review and, where appropriate, reform of all existing legislation that restricts competition by the year 2000; . committed to ensuring that proposals for new legislation that restrict competition must be accompanied by evidence that the legislation is consistent with the guiding principle; . committed to systematically review the aforementioned legislation at least once every ten years. <p>see Regulation and its Review 1998/99- Productivity Commission http://www.pc.gov.au/research/annrpt/reglnrev9899/index.html</p>	<p>A Productivity Commission Report "Impact of Competition Policy Reforms on Rural and Regional Australia" was released In October 1999. http://www.pc.gov.au/inquiry/compol/finalreport/index.html</p> <p>A Report of the Senate Select Committee on the Socio-Economic Consequences of the National Competition Policy was released in February 2000. http://www.aph.gov.au/senate/committee/ncp_ctte/final/index.htm</p> <p>The Government responded to the Productivity Commission and Senate Select Committee Reports on Competition Policy on 10 August 2000. http://www.treasurer.gov.au/treasurer/pressreleases/2000/084.asp</p> <p>A review of the National Competition Policy Agreements, including the Competition Principles Agreement, commenced in 2000.</p>

Improvements in Australia's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>see Commonwealth National Competition Policy Annual Report 1997/98</p> <p>http://www.treasury.gov.au/publications/AnnualReports/CommonwealthNationalCompetitionPolicyAnnualReport1997-98/index.asp</p>	
<p>Identification and Review of Proposed Regulations</p>	<p>As part of the National Competition Policy, Australia's Commonwealth, State and Territory governments committed to ensuring that proposals for new legislation that restrict competition are adopted only if it can be demonstrated that the benefits of the restriction to the community as a whole outweigh the costs, and the objectives of the legislation can only be achieved by restricting competition.</p> <p>For the Federal Government, this commitment was achieved through the Regulation Impact Statement process (finalised in 1997). The States and Territories adopted similar processes.</p> <p>Identification:</p> <p>A Regulation Impact Statement (RIS) must be prepared for new regulatory proposals (this includes primary and delegated legislation) and treaties involving regulation which directly affect business, which have a substantial indirect effect on business or which restrict competition.</p> <p>The final decision on whether a RIS should be prepared is made by the Office of Regulation Review (ORR). The</p>	<p>A second edition of the ORR's 'A Guide to Regulation' was released in December 1998. This second edition incorporates Government decisions about regulatory best practice and quasi-regulation.</p> <p>The quality of RIS compliance for Commonwealth legislation has gradually improved since 1996. In 1998-99, 201 Commonwealth regulations tabled before Parliament complied with RIS requirements (an 89 per cent compliance rate).</p> <p>A review of the National Competition Policy Agreements, including the Competition Principles Agreement, commenced in 2000.</p> <p>see A Guide to Regulation- Office of Regulation Review</p> <p>http://www.pc.gov.au/orr/reguide2/index.html</p> <p>see Regulation and its Review 1998/99- Productivity Commission</p> <p>http://www.pc.gov.au/research/annrpt/reglnrev9899/index.html</p>

Improvements in Australia's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>ORR is part of the Productivity Commission, an independent Commonwealth agency that serves as the Government's principal review and advisory body on microeconomic policy and regulation.</p> <p>Review bodies:</p> <p>RISs are prepared by the department, agency, statutory authority or board responsible for a regulatory proposal, and involve consultation with affected parties.</p> <p>The ORR is responsible for examining and advising on the adequacy of RISs. The ORR also provides advice to Cabinet, the Prime Minister/Minister(s) — and, as necessary, the Assistant Treasurer — on the adequacy of RISs.</p> <p>Review process / criteria:</p> <p>A RIS sets out the relevant policy objective along with all the viable alternatives for achieving that objective.</p> <p>A RIS analyses the benefits and costs of the options identified.</p> <p>The analysis is not restricted to tangible or monetary items and, where applicable, should include possible changes in environmental amenity, health and safety outcomes, etc.</p> <p>The Government decided that a Trade Impact Assessment (TIA) should be included in RISs for all proposals that have a direct bearing on export performance. The TIA should</p>	<p>see Commonwealth National Competition Policy Annual Report 1997/98</p> <p>http://www.treasury.gov.au/publications/AnnualReports/CommonwealthNationalCompetitionPolicyAnnualReport1997-98/index.asp</p>

Improvements in Australia's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>summarise the impact of regulatory options and proposals on exporters and assess the overall impact on Australia's international trade.</p> <p>Receiving and responding to review:</p> <p>RISs assist the Government in choosing the alternative with the maximum positive impact.</p> <p>Draft RISs must be circulated with the draft submission/proposal for the information of departments/agencies. RISs must also accompany the relevant Cabinet submission or letter to the Prime Minister seeking approval of the proposal.</p> <p>Where policy approval external to the portfolio is not required, a draft RIS should be attached to a letter advising the Prime Minister of the intention to implement the proposal.</p> <p>The Assistant Treasurer was given overall policy responsibility to ensure compliance with regulatory best practice procedures.</p>	
<p>Identification and Review of Existing Regulations</p>	<p>As part of the National Competition Policy, Australia has committed to the review, and where appropriate, reform of all existing legislation that restricts competition by the year 2000. Once existing legislation has been reviewed, it is to be systematically reviewed at least once every ten</p>	<p>Three reviews have been added to the Commonwealth Legislation Review Schedule since 1996:</p> <p>- Part IIA of the Health Insurance Act 1973— which</p>

Improvements in Australia's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>years.</p> <p>The Commonwealth, States and Territories have developed timetables for the review of their relevant legislation.</p> <p>Scheduling of reviews:</p> <p>The Commonwealth Legislation Review Schedule was finalised in 1996 following a vetting process by the ORR and the Council of Business Regulation, an independent advisory body comprising community and business representatives.</p> <p>The Schedule originally included 98 reviews.</p> <p>Review bodies:</p> <p>Significant legislation is reviewed by bodies such as the Productivity Commission and independent committees of inquiry. Where appropriate, reviews may be undertaken by officials.</p> <p>All reviews involve public consultation and follow terms of reference agreed by the ORR.</p> <p>Review process / criteria:</p> <p>When assessing the benefits and costs of the legislation and alternatives, reviews take into account the following matters, where relevant:</p> <ul style="list-style-type: none"> . ecologically sustainable development; 	<p>relates to the licensing of pathology collection centres;</p> <ul style="list-style-type: none"> - the Marine Insurance Act 1909— which regulates all aspects of marine insurance; and - the Disability Discrimination Act 1992. <p>47 Commonwealth reviews have been completed since June 1996.</p> <p>24 reviews of existing Commonwealth legislation are currently underway.</p> <p>A further 17 are expected to commence in the remainder of 2000.</p> <p>A review of the National Competition Policy Agreements, including the Competition Principles Agreement, commenced in 2000.</p> <p>see Commonwealth Legislation Review Schedule http://www.treasury.gov.au/publications/NationalCompetitionPolicy/CommonwealthLegislationReviewSchedule/index.asp see Regulation and its Review 1998/99- Productivity Commission http://www.pc.gov.au/research/annrpt/reglnrev9899/index.html see Commonwealth National Competition Policy Annual Report 1997/98 http://www.treasury.gov.au/publications/AnnualReports</p>

Improvements in Australia's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<ul style="list-style-type: none"> . social welfare; . economic development and employment; . the interests of consumers; . business competitiveness; and . the efficient allocation of resources. <p>Receiving and responding to review:</p> <p>The progress of the Commonwealth in completing and responding to reviews is reported in the Commonwealth NCP Annual Report and the Productivity Commission Report "Regulation and its Review".</p> <p>Commonwealth and State progress is reported in The Legislation Review Compendium of the National Competition Council.</p>	<p>/CommonwealthNationalCompetitionPolicyAnnualReport1997-98/index.asp</p> <p>see Legislation Review Compendium- National Competition Council</p> <p>http://www.ncc.gov.au/nationalcompet/legislation%20Review/Compendium/legislation_review_compendium.htm</p>
Reform of Industry/Sector Specific Regulation	<p>Through the application of the guiding principle and processes outlined above, Australia implemented regulatory reform in the following industries and sectors in 1996:</p> <ul style="list-style-type: none"> . telecommunications; . airports; . aviation; . rail; . financial services; . electricity; . gas; . passenger motor vehicles; 	<p>Continuing reform has been taking place in the industries and sectors discussed in Australia's 1996 IAP (see 1997, 1998 and 1999 IAPs).</p> <p>Additional regulatory reform has been taking place with respect to:</p> <p>occupational regulation; postal services; petroleum products; and quarantine(1997 IAP);</p> <p>food regulation and wheat (1998 IAP); and</p>

Improvements in Australia's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<ul style="list-style-type: none"> . textiles, clothing and footwear; . pharmaceuticals, . mineral exports; . sugar, . professions; . foreign investment. <p>For details refer to Australia's 1996 Individual Action Plan.</p>	<p>has been taking place with respect wool and dairy (1999 IAP).</p> <p>An independent competition policy review of Australia's wheat marketing arrangements commenced in early April 2000. The review is examining whether the single desk marketing arrangement for wheat produces benefits for Australia, as well as other related issues such as wheat quality and supply. The review is expected to be completed in December 2000.</p> <p>In March 2000 State and Territory Agriculture Ministers agreed in principle to deregulate farm gate milk price and supply arrangements. By 1 July 2000 all State Parliaments passed legislation repealing farm gate milk pricing regulation. The Australian and New Zealand Food Authority is currently completing a review of Food Standards with a view to achieving a consistent Food Standards Code across jurisdictions.</p> <p>Refer to links for more detailed discussion of current industry and sector specific regulatory reform.</p> <p>For discussion on regulatory reform in areas such as communications and transport, refer to sector-specific annexes to Chapter 3: Services.</p> <p>see Commonwealth Legislation Review Schedule http://www.treasury.gov.au/publications/NationalCompetitionPolicy/CommonwealthLegislationReviewSchedule/</p>

Improvements in Australia's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
		<p>index.asp</p> <p>see Regulation and its Review 1998/99- Productivity Commission http://www.pc.gov.au/research/annrpt/reglnrev9899/index.html</p> <p>see Commonwealth National Competition Policy Annual Report 1997/98 http://www.treasury.gov.au/publications/AnnualReports/CommonwealthNationalCompetitionPolicyAnnualReport1997-98/index.asp</p> <p>see Legislation Review Compendium- National Competition Council http://www.ncc.gov.au/nationalcompet/Legislation%20Review/Compendium/legislation_review_compendium.htm</p>

Deregulation Report 2000

Brunei

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfil a legitimate objective.

I. Current Position

The Government of Brunei Darussalam is undertaking and will continue to undertake steps to eliminate or reduce the negative impact of any domestic regulations, which impede free and open trade and investment. The current five-year National Development Plan aims to diversify the economy through broadening the industrial and commercial base, including undertaking liberalisation and deregulation measures.

Deregulation Report 2000

Canada

Chapter 10 : Deregulation/ Regulatory Review

Objective

APEC Economies will facilitate free and open trade and investment in the Asia-Pacific Region by, inter alia:

- (a) *Improving the transparency of regulatory regimes; and*
- (b) *Eliminating those distortions arising from domestic regulations that restrict trade or investment and are not necessary to achieve a legitimate objective.*

Guidelines

Each APEC economy will:

- (a) *explore economy-wide processes for the transparent identification and review of those domestic regulations that may cause distortions that restrict trade or investment, ensuring that reviews consider whether identified distortions are necessary to achieve a legitimate objective; and*
- (b) *consider the adoption of regulatory reform programs that seek to reduce the costs of regulation of particular industries or sectors whilst maintaining the achievement of legitimate objectives.*

Collective Actions

APEC Economies have agreed to take collective actions to help achieve these goals. These actions are contained in Collective Action Plans (CAPs) which are updated annually. The current CAP relating to deregulation/regulatory review can be found in the Deregulation Collective Action Plan.

APEC Principles to Enhance Competition and Regulatory Reform

The APEC Leader's Declaration of September 1999 endorsed the following Principles:

Non Discrimination

- (a) *Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.*

Comprehensiveness

- (b) *Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.*
- (c) *The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.*
- (d) *The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.*
- (e) *The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.*

Transparency

- (f) *Transparency in policies and rules, and their implementation.*

Accountability

- (g) *Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.*

Canada's Approach to Deregulation/Regulatory Review in 2000

Canada has a long-standing commitment to freer trade as the engine of economic growth. An original member of the GATT and the WTO, Canada has established one of the most liberal and transparent regulatory regimes in the world.

Canada views regulatory management and reform as an ongoing process of improvement. Canada's Regulatory Policy, a seven-point directive to all federal regulation-making authorities concerning subordinate regulation-making powers, drives the country's regulatory process. The Regulatory Policy's objective is to ensure that use of the government's regulatory powers results in the greatest net benefit to Canadians.

The Regulatory Policy requires that regulatory authorities make an assessment of an issue before deciding to regulate and describe the principles that govern the development of regulations. In particular, the Regulatory Policy directs, inter alia, that authorities ensure regulations are in accordance with Canada's obligations in international agreements, specifically the WTO Agreement on Technical Barriers to Trade Agreement (TBT) and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). The Regulatory Policy also requires that regulatory departments and agencies have systems in place to manage regulatory resources effectively, in accordance with Regulatory Process Management Standards, and that they have the resources to properly implement and enforce regulations.

The Canadian government continues to look for ways to move away from the "command and control" model of rules and regulations towards a performance model where governments are held accountable for meeting performance targets and government intervention only occurs where absolutely necessary. Canada is continuously examining the scope for both the international harmonization of regulations and the reduction of barriers to trade.

Details of Canada's regulatory system, including the 1999 Regulatory Policy, can be found at: http://www.pco-bcp.gc.ca/raoics-srdc/raoic_e.htm

Or for further information, please contact:

victor.bradley@dfait-maeci.gc.ca; or plemyre@pco-bcp.gc.ca

Canada's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
<p>General Policy Position</p>	<p>In 1999, responsibility for the Regulatory Policy was transferred to the Special Committee of Council (SCC), a Cabinet Committee responsible for managing legislative issues and planning. This consolidation of regulatory responsibility within the SCC was intended to enhance regulatory accountability and provide a more consistent treatment and consideration of proposed regulatory initiatives. In addition, a new Secretariat was established within the Privy Council Office to consolidate support for SCC's regulatory responsibilities.</p> <p>For further information, please visit: http://www.pco-bcp.gc.ca/raoics-srdc/who_e.htm</p> <p>In 1999, Canada updated the 1995 Regulatory Policy. The adjustments made, however, did not impose new requirements on departments or ministers, but rather clarified existing</p>	<p>Canada views regulatory management and reform as an ongoing process of improvement. Canada's Regulatory Policy, a seven-point directive to all federal regulation-making authorities concerning subordinate regulation-making powers, drives the country's regulatory process. The Regulatory Policy's objective is to ensure that use of the government's regulatory powers results in the greatest net benefit to Canadians.</p> <p>For further information, please visit: http://www.pco-bcp.gc.ca/raoics-srdc/reg-pol/reg-pol_e.htm</p> <p>The Canadian government continues to look for ways to move away from the "command and control" model of rules and regulations towards a performance model where governments are held accountable for meeting performance targets and government intervention only occurs where absolutely necessary. Canada is continuously examining the scope for both the international harmonization of regulations, and the reduction of barriers to trade.</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca; or</p>	<p>A Deputy Minister level Challenge Team was established to examine ongoing improvements in regulatory governance.</p> <p>For further information, please visit: http://www.pco-bcp.gc.ca/raoics-srdc/publications/Law-making/governance_e.htm</p> <p>or contact: plemyre@pco-bcp.gc.ca</p>

Canada's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>requirements.</p> <p>For further information, please visit:</p> <p>http://www.pco-bcp.gc.ca/raoics-srdc/regpol_e.htm</p>	<p>plemyre@pco-bcp.gc.ca</p>	
<p>Identification and Review of Proposed Regulations</p>	<p>In 1999, responsibility for the Regulatory Policy was transferred to the Special Committee of Council (SCC), a Cabinet Committee responsible for managing legislative issues and planning. This consolidation of regulatory responsibility within the SCC was intended to enhance regulatory accountability, and provide a more consistent treatment and consideration of proposed regulatory initiatives. In addition, a new Secretariat was established within the Privy Council Office to consolidate support for SCC's regulatory responsibilities.</p> <p>For further information, please visit:</p>	<p>Barriers to Trade When developing or changing technical regulations, regulatory authorities must take into account Canada's obligations as laid out in the WTO Agreement on Technical Barriers to Trade (TBT) and the Agreement on Sanitary and Phytosanitary Measures (SPS), the NAFTA Articles on Technical Barriers to Trade (Chapter 9), Sanitary and Phytosanitary Measures (Section B of Chapter Seven), and other multilateral, regional, and bilateral Agreements referring to regulations and standards. For further information, please contact: victor.bradley@dfait-maeci.gc.ca</p> <p>Barriers to Trade When developing or changing technical regulations, regulatory authorities must take into account Canada's obligations as laid out in the WTO Agreement on Technical Barriers to Trade (TBT) and the Agreement</p>	<p>Canada has volunteered to participate in an OECD review of Member countries' regulatory regimes, including regulatory processes, competition policy, market openness, and the telecommunications sector.</p> <p>http://www.pco-bcp.gc.ca/raoics-srdc/publications/Law-making/ch04_e.htm</p>

Canada's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>http://www.pco-bcp.gc.ca/raoics-srdc/who_e.htm</p> <p>In 1999, Canada updated and revised its 1995 Regulatory Policy. The adjustments made, however, did not impose new requirements on departments or ministers, but rather clarified existing requirements.</p> <p>For further information, please visit:</p> <p>http://www.pco-bcp.gc.ca/raoics-srdc/regpol_e.htm</p>	<p>on Sanitary and Phytosanitary Measures (SPS), the NAFTA Articles on Technical Barriers to Trade (Chapter 9), Sanitary and Phytosanitary Measures (Section B of Chapter Seven), and other multilateral, regional, and bilateral Agreements referring to regulations and standards.</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca</p>	
<p>Identification and Review of Existing Regulations</p>	<p>The Government of Canada uses a number of strategies to identify and review existing regulations, including: Parliamentary Committee studies, reviews, audits, government-stakeholder or intergovernmental working groups, advisory councils, public meetings, independent reports, and formal or informal consultation.</p>	<p>Regulatory Review of Existing Regulation</p> <p>In consultation with the private sector, the Government of Canada undertook a comprehensive review of existing federal regulations with the objective of evaluating and streamlining regulations and determining if they were still appropriate. This effort resulted in 835 regulations (out of about 2,800 regulations then listed in the Consolidated Index of Statutory Instruments) being identified for revisions or elimination over the period 1993 to 1998.</p> <p>At present, it is the Government of Canada's</p>	<p>Canada has volunteered to participate in an OECD review of Member countries' regulatory regime, including regulatory processes, competition policy, market openness, and the telecommunications sector.</p> <p>http://www.pco-bcp.gc.ca/raoics-srdc/publications/Law-making/ch04_e.htm</p>

Canada's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>policy that the discipline of evaluation be imbedded into the life cycle management of all policies, programs and initiatives, and that evaluation work be planned and carried out based on an assessment of risks and departmental and government-wide priorities. A set of standards form part of the Canada's evaluation policy. These standards provide clear expectations for the conduct of quality evaluation in all areas, including those related to regulation .</p> <p>Barriers to Trade When developing or changing technical regulations, regulatory authorities must take into account Canada's obligations as laid out in the WTO Agreement on Technical Barriers to Trade (TBT) and the Agreement on Sanitary and Phytosanitary Measures (SPS), the NAFTA Articles on Technical Barriers to Trade (Chapter 9), Sanitary and Phytosanitary Measures (Section B of Chapter Seven), and other multilateral, regional, and bilateral Agreements referring to regulations and standards.</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca</p> <p>Policy Approach for transparent review of regulations The Regulatory Policy requires that Canadians are consulted, and that they</p>	

Canada's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>have an opportunity to participate in developing or modifying regulations and regulatory programs. The Government of Canada is committed to working with industry, labour, interest groups, professional organizations, other governments and interested individuals.</p> <p>Since 1986, the Government of Canada has required that a Regulatory Impact Analysis Statement (RIAS) accompany each proposed regulation. RIAs include a description of what the Government is proposing to do, who has been consulted, what has been said, and what has resulted. RIAs are used both as information documents for Ministers who examine the regulations, as well as public consultation documents. Draft regulations are published, together with the RIA, in the Canada Gazette, Part I to provide an additional opportunity for public comment on upcoming regulations. The Canada Gazette can be found at:</p> <p>http://publiservice.gc.ca/services/gazette/gazette_e.html</p> <p>The Regulatory Policy, the Federal Regulatory Process Guide, Writer's Guide to Regulatory Impact Analysis Statements and other publications related to the Canadian regulatory process can be found at:</p>	

Canada's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>http://www.pco-bcp.gc.ca/raoics-srdc/publications_e.htm</p> <p>For further information, please contact: plemyre@pco-bcp.gc.ca</p>	
<p>Reform of Industry/Sector Specific Regulation</p>	<p>A number of specific reforms were undertaken since the last IAP, notably:</p> <p>A comprehensive review of Canada's Energy Sector by the International Energy Agency (IAE) in 2000. Details of the review can be found at:</p> <p>http://www.iea.org/pubs/reviews/files/Canada/index.htm#sum</p>	<p>Regulatory Reform Through the Regulatory Policy, Canadian government departments and agencies must comply with the provisions of international agreements, inter alia, the WTO- TBT and SPS Agreements.</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca or plemyre@pco-bcp.gc.ca</p>	<p>Canada has volunteered to participate in an OECD review of Member countries' regulatory regimes, including regulatory processes, competition policy, market openness, and the telecommunications sector.</p> <p>For further information, please contact:</p> <p>http://www.pco-bcp.gc.ca/raoics-srdc/publications/Law-making/ch04_e.htm</p>

Improvements in Canada's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
General Policy Position	<p>The Government of Canada revised and updated its Regulatory Policy, which had been in effect since 1986. One of the most substantive changes to the Regulatory Policy was the incorporation of the Regulatory Process Management Standards, which are intended to provide a framework to ensure a high quality of departmental regulatory processes and to deliver better regulations. Regulatory authorities are expected to adopt and report on their compliance with these standards (1995).</p> <p>The Government of Canada revised and updated its Regulatory Policy (1995).</p> <p>A Deputy Minister level "Challenge Team" was established to examine ongoing improvements in regulatory governance. (1996)</p> <p>Canada has continuously examined the scope for international harmonization of regulations in accordance with its obligations in international agreements, specifically the WTO Agreement on Technical Barriers to Trade (TBT) and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS).</p>	<p>Responsibility for the Regulatory Policy was transferred to the Special Committee of Council (SCC) to enhance regulatory accountability, and provide a more consistent treatment and consideration of proposed regulatory initiatives. In addition, a new Secretariat was established within the Privy Council Office to consolidate support for SCC's regulatory responsibilities (1999).</p> <p>For further information, please contact: plemyre@pco-bcp.gc.ca</p> <p>Canada updated and revised the 1995 Regulatory Policy to clarify existing requirements (1999).</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca or plemyre@pco-bcp.gc.ca</p>
Identification and Review of Proposed Regulations	<p>Barriers to Trade</p> <p>The Regulatory Policy requires regulators to comply with Canada's international obligations related to barriers to trade. As such, Canada complied with its obligations in the WTO Agreement on Technical Barriers to Trade Agreement (TBT) and the</p>	<p>A Deputy Minister level "Challenge Team" was established to examine ongoing improvements in regulatory governance. (late 1996)</p> <p>For further information, please contact: plemyre@pco-bcp.gc.ca</p>

Improvements in Canada's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>Agreement on the Application of Sanitary and Phytosanitary Measures (SPS), and notified the WTO Secretariat in 1996 under Article 15.2 of the TBT Agreement that Canada's implementation of these Agreements required little change.</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca</p> <p>Processes for transparent review of regulations The Regulatory Policy requires that Canadians are consulted, and that they have an opportunity to participate in developing or modifying regulations and regulatory programs. The Government of Canada is committed to working with industry, labour, interest groups, professional organizations, other governments, and interested individuals.</p> <p>Since 1986, the Government of Canada has required that a Regulatory Impact Analysis Statement (RIAS) accompany each proposed regulation. RIAs include a description of what the Government is proposing to do, who has been consulted, what has been said, and what has resulted. RIAs are used both as information documents for Ministers who examine the regulations, as well as public consultation documents. Draft regulations are published, together with the RIA, in the Canada Gazette, Part I to provide an additional opportunity for public comment on upcoming regulations. The Canada Gazette can be found at: http://publiservice.gc.ca/services/gazette/gazette_e.html</p> <p>For further information, please contact:</p>	<p>Responsibility for the Regulatory Policy was transferred to the Special Committee of Council (SCC) to enhance regulatory accountability, and provide a more consistent treatment and consideration of proposed regulatory initiatives. In addition, a new Secretariat was established within the Privy Council Office to consolidate support for SCC's regulatory responsibilities (1999).</p> <p>For further information, please contact: plemyre@pco-bcp.gc.ca</p> <p>Canada updated and revised the 1995 Regulatory Policy to clarify existing requirements (1999).</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca or plemyre@pco-bcp.gc.ca</p>

Improvements in Canada's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>plemyre@pco-bcp.gc.ca</p> <p>Publications related to Canada's regulatory process can be found at:</p> <p>http://www.pco-bcp.gc.ca/raoics-srdc/publications_e.htm</p>	
<p>Identification and Review of Existing Regulations</p>	<p>Regulatory Review of Existing Regulation In consultation with the private sector, the Government of Canada undertook a comprehensive review of existing federal regulations with the objective of evaluating and streamlining regulations and determining if they were still appropriate. This effort resulted in 835 regulations (out of about 2,800 regulations then listed in the Consolidated Index of Statutory Instruments) being identified for revisions or elimination over the period 1993 to 1998.</p> <p>For further information, please visit: http://www.pco-bcp.gc.ca/raoics-srdc/histo2_e.htm</p> <p>It is the Government of Canada's policy that the discipline of evaluation be imbedded into the life cycle management of all policies, programs and initiatives, and that evaluation work be planned and carried out based on an assessment of risks and departmental and government-wide priorities. A set of standards form part of the Canada's evaluation policy. These standards provide clear expectations for the conduct of quality evaluation in all areas, including those related to regulation. A set of standards form part of Canada's evaluation policy. These standards provide clear expectations for the conduct</p>	<p>A Deputy Minister level "Challenge Team" was established to examine ongoing improvements in regulatory governance. (late 1996)</p> <p>For further information, please contact: plemyre@pco-bcp.gc.ca</p> <p>Responsibility for the Regulatory Policy was transferred to the Special Committee of Council (SCC) to enhance regulatory accountability, and provide a more consistent treatment and consideration of proposed regulatory initiatives. In addition, a new Secretariat was established within the Privy Council Office to consolidate support for SCC's regulatory responsibilities (1999).</p> <p>For further information, please contact: plemyre@pco-bcp.gc.ca</p> <p>Canada updated and revised the 1995 Regulatory Policy to clarify existing requirements (1999).</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca or plemyre@pco-bcp.gc.ca</p>

Improvements in Canada's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>of quality evaluation in all areas, including those related to regulation.</p> <p>For further information, please visit:</p> <p>http://publiservice.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_161/siglist_e.html</p> <p>or contact: plemyre@pco-bcp.gc.ca</p> <p>Barriers to Trade When developing or changing technical regulations, regulatory authorities were, and continue to be required to, take into account Canada's obligations as laid out in the WTO Agreement on Technical Barriers to Trade (TBT) and the Agreement on Sanitary and Phytosanitary Measures (SPS), the NAFTA Articles on Technical Barriers to Trade (Chapter 9), Sanitary and Phytosanitary Measures (Section B of Chapter Seven), and other multilateral, regional, and bilateral Agreements referring to regulations and standards.</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca</p> <p>Processes for transparent review of regulations The Regulatory Policy requires that Canadians are consulted and that they have an opportunity to participate in developing or modifying regulations and regulatory programs. The Government of Canada is committed to working with industry, labour, interest groups, professional organizations, other governments, and interested individuals.</p>	

Improvements in Canada's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>Since 1986, the Government of Canada has required that a Regulatory Impact Analysis Statement (RIAS) accompany each proposed regulation. RIAs include a description of what the Government is proposing to do, who has been consulted, what has been said, and what has resulted. RIAs are used both as information documents for Ministers who examine the regulations, as well as public consultation documents. Draft regulations are published, together with the RIA, in the Canada Gazette, Part I to provide an additional opportunity for public comment on upcoming regulations. The Canada Gazette can be found at:</p> <p>http://publiservice.gc.ca/services/gazette/gazette_e.html</p>	
<p>Reform of Industry/Sector Specific Regulation</p>	<p>Barriers to Trade When developing or changing technical regulations, regulatory authorities must take into account Canada's obligations as laid out in the WTO Agreement on Technical Barriers to Trade (TBT) and the Agreement on Sanitary and Phytosanitary Measures (SPS), the NAFTA Articles on Technical Barriers to Trade (Chapter 9), Sanitary and Phytosanitary Measures (Section B of Chapter Seven), and other multilateral, regional, and bilateral Agreements referring to regulations and standards.</p> <p>For further information, please contact: victor.bradley@dfait-maeci.gc.ca</p> <p>As part of its Jobs and Growth Strategy, Canada</p>	<p>Over the last five years, Canada:</p> <p>revised its food inspection and quarantine services to create a single regulatory agency called the Canadian Food Inspection Agency (1997); and</p> <p>underwent a comprehensive review of Canada's Energy Sector by the International Energy Agency (1999).</p>

Improvements in Canada's Approach to Deregulation/Regulatory Review since 1996

<i>Section</i>	<i>Position at Base Year (1996)</i>	<i>Cumulative Improvements Implemented to Date</i>
	conducted sector reviews in the areas of: automotive and auto parts manufacturing; forest products; biotechnology; aquaculture; mining; and health, food and therapeutic products. (1994)	

Deregulation Report 2000

Chile

I. Current Position

Chile has privatized most of the public utilities and is promoting private investment in infrastructure. In general, there are no barriers to private investment deriving from regulatory regimes.

An important objective is to review regulatory regimes for promoting private investment and competition. Chile is trying to implement pro-competitive regulatory frameworks for utilities or natural monopolies, and is promoting private investment in ports, airports and other infrastructure.

Extent to which deregulation has been undertaken:

Privatizations

Chile has had three major rounds of privatization: (1) 1974-1979, mainly banks, followed by manufacturing firms, the process ended with the 1982 financial crisis; (2) 1984-1989, mainly telecommunications, electricity and steel production; and (3) since 1990, mainly in air and railroad transportation, mining and electricity.

The most recent privatizations have been: in 1993, 49% of the Iquique duty-free zone was privatized. In 1994, the freight division of the National Railroad company was auctioned, and the Government sold part of its stock in the airline company Lan Chile and in the electrical utility Edelnor. In early 1996, CODELCO sold 26% of its main electricity plant to private investors and it is expected to sell another 50% before the end of 1997. In 1997, procedures to privatize a major state-owned electricity concern were initiated.

Deregulation

During the seventies, Chile, from being an "Interventionist State", which could intervene directly in the allocation and administration of economic resources, became a "Regulatory State" that fixes rules through which the role of open and competitive markets as a primary means for allocating economic resources is protected and preserved.

For an efficient performance of this new role, deep reforms were promoted in the legal framework, the State structure and the public administration: (1) elimination of price fixation and controls, the institution in charge (Dirinco) was transformed into the Consumer's National Service (Sernac); (2) elimination of legal restrictions to investment and operation of

enterprises in most of the sectors; (3) external opening and establishment of a flat tariff rate, which contributed to enhance competition in the tradable sector; and (4) the institutional reform of the basic services on electricity, telecommunications and drinkable water, which involved the establishment of a concession regime, the fixation of prices of self financing in efficiency conditions, and the conformation of prosecutor's agencies and superintendencies.

In addition, as stated in the Chapter on Competition Policy, in 1973 a new Competition Law was promulgated (strengthened in 1979), which created the anti-trust commissions; and the National Commission in charge of investigating the existence of distortions in the price of imported goods was created in 1983.

I. Extent and coverage of remaining regulations

The Constitution of 1980 guarantees the right of any local or foreign person to develop any economic activity, as long as they respect the legal regulations that govern that activity, and do not harm morals, public order or national security.

The remaining regulations are not aimed at impeding free and open trade and investment. They are aimed at improving competition and avoiding trade distortions. The sectors that have undergone major reforms are financial services, energy, telecommunications, water and sewerage services and transportation. Reforms essentially focus on pricing and the establishment of concession systems.

With respect to pricing, the tariffs for basic services are subject to regulation because of their monopolistic character (for instance in distribution of electricity, telecommunications, and water and sewerage). The pricing is in all cases according to marginal cost and there is no discrimination among sectors or consumers or national or foreign companies. The institutions in charge of setting these tariffs vary for each service, with the participation of the Market Development Division of the Ministry of Economy.

The concession systems are aimed at allowing the increasing incorporation of private capital in public utilities and services. The systems, as well as the institutions in charge vary for each service. In most of the sectors, the companies which have been conferred concessions are obliged to provide the related services within the Service Area (Area de Servicio) that is established with the Government and that does not necessarily correspond to the Concession Area (Area de Concesión).

For a complete picture on the main market conditions that affect the provision of services under the following sectors, please refer to areas 3 and 4 on trade in services and investment regimes.

Telecommunications

- Law N° 18.168, General Law on Telecommunications, Official Gazette October 2, 1982.
- Supreme Decree N° 119 of the Ministry of Transportation and Telecommunications, General Regulation on Telecommunications, September 10, 1984.
- Supreme Decree N° 189 of the Ministry of Transportation and Telecommunications, Multi-carrier Regulation for Local and International Long Distance Services, June 10, 1994.
- Decree N° 425 of the Ministry of Transportation and Telecommunications, Public Telephonic Services Regulation, December 27, 1996.

The Regulation on Telephonic Services was issued at the end of 1997. The Regulation on Claims was issued in June 1998.

- (1) The telecommunication sector has been fully privatized. There are 27 private companies: 15 carriers, of which nine are in operation; nine local companies; and three cellular phone companies. Seven companies have concessions to operate as long-distance carriers. With the introduction of the multi-carrier system, in 1994, tariffs were reduced by 30%. In addition, the private companies have undertaken important investments in infrastructure, including networks of fiber optics and satellite equipment.

The General Law on Telecommunications establishes that:

- concessions are required for the provision of (i) public services, (ii) intermediary services, and (iii) radio broadcasting. They are conferred for 30, 30 and 25 years respectively by Decree by the Under-Secretary of Telecommunications. Concessionaries can freely provide auxiliary services through the public network, and no concessions are required for it.
- for the installation, operation and exploitation of limited services of telecommunications for specific enterprises or persons, a permission is conferred, upon request, for 10 years (renewable) by the Under-Secretary of Telecommunications by means of a simple Resolution. If the Under-Secretary does not refuse the permission within 60 days, it is presumed conferred. The limited services provided by an experimental station or by regional or local stations need a license conferred by the Under-Secretary for 5 years, renewable.
- concessions for telecommunication services of free reception, radio broadcasting, or services for which a

technical regulation establishes the need for a limited number of concessions, are conferred after a public call (*concurso público*), every 4 months.

- More than one concession or permission of the same type may be conferred in the same geographical zone. Concessionaries are obliged to provide services within the Service Area.
- (2) The regulatory role of the State in telecommunications sector is undertaken by the Under-Secretary of Telecommunications (SUBTEL), which controls and surveys public telecommunications services and protect users. SUBTEL is separate from, and not accountable to, any supplier of basic telecommunications services. It is in charge of implementing and surveying the application of the General Telecommunication Law N° 18,168, approved in 1982 and subsequently amended. The first amendment, in 1987, incorporated a procedure for establishing the tariff for local public services, long-distance national and international services, and services provided among concessionaries through interconnections, in the event of market failure. The law was amended a second time, in 1994, to allow competition in the long-distance market.

Tariffs of public services and of intermediary services contracted among enterprises may be freely established by the provider. However, if there is a resolution by the Resolutive Commission to the effect that market conditions do not allow tariffs to be determined by market forces, these tariffs are fixed according to the provisions of the General Law of Telecommunications N° 18,168. Tariffs so fixed are based on the long-run marginal cost of a hypothetical efficient enterprise and are indexed according to increases in the costs of production of the enterprise. They are calculated every five years by the Ministry of Transportation and Telecommunications and the Ministry of Economy. A new Tariff Decree was enacted on May 5 of the current year.

The General Telecommunications Law stipulates that the public telephone service must provide access to the general network. Inter-connection with a major supplier is ensured at any technically feasible point in the network. Such inter-connection is provided under non-discriminatory terms, conditions (including technical standards and specification) and rates. A service supplier requesting inter-connection with a major supplier has a right of recourse to resolve disputes regarding terms, conditions and rates for- inter-connection. The dispute settlement body is generally the regulatory body, SUBTEL. If the parties involved in the dispute disagree with the resolution, this may be appealed in the courts. However no such disputes have taken place.

- (3) Chile made specific commitments in the WTO Telecommunications Services Agreement in domestic and international long-distance basic telecommunications services.

Chile, in the negotiation process, decided to exclude some sectors of its commitments since liberalization commitments of many of the WTO members are well below the openness level of Chile's current regime. Sectors without commitments include local basic telecommunications services, one-way satellite transmissions of Direct-to-Home and Direct Broadcast Satellite television services and digital audio.

Water and sewerage services

- Decree Law N° 70 of the Ministry of Public Works, December 30, 1988 (amended).
- Supreme Decree N° 453 of the Ministry of Economy which fixes the tariffs of water and sewerage services, January 17, 1990 (amended).
- Decree Law N° 382 of the Ministry of Public Works which establishes the concession system and the sanitary services exploitation regime, December 31, 1987.

In December 1997, a Law was promulgated which modifies the regulatory laws for water and sewerage companies in order to promote competition and transparency in operation, as well as to allow an increasing incorporation of private investment, through, among others the partial privatization of the existing State-owned firms. The Law also includes technical provisions for the sewage treatment, and quality and safety of the service provided, among others.

- 1) The companies operating in the provision of water and sewerage services are 52, of which 6 are private. The State-owned enterprises represent 96.2% of the market.

Water and sewerage services companies must have the sole purpose of covering this activity. A concession in a particular concession area must be requested to the Superintendency of Sanitary services. The request is published in the Official Gazette to allow interested companies to present their offers within 60 days. Finally, the concession is granted by the Superintendency to the company which offers the lower tariffs. These tariffs may not exceed the regulated tariffs.

Concessionaries are obliged to provide services within the Service Area.

- 2) The regulatory role of the State in the water and sewerage services sector is undertaken by the Superintendency of Sanitary Services, which reports to the Ministry of Public Works.

Water and sewerage services provision is subject to pricing. The Regulatory agency fixes maximal tariffs for both fix and variable prices, based on the long run marginal cost of a hypothetical efficient enterprise and indexed according to increases in the costs of production of the enterprise. Tariffs are adjusted periodically according to the inflation rate and new tariffs are determined every five years.

Energy

A Electricity

- Decree Law N° 1 of the Ministry of Economy, General Law on Electrical Services, 1982.

In 1998, the Government issued the Regulation of the Electrical Law, aimed at promoting competition in generation, improving transparency in the establishment of transmission tolls and in the operation of the CDEC and modifying the legislation on the use of water rights (uso de derechos de agua).

- 1) The electrical services sector has been mostly privatized. 58 companies are operating, of which 20 are concessionaries for generation, 4 for transmission and 36 for distribution of electricity.

The Decree Law N° 1 of 1982 establishes that:

- Concessions are compulsory for the distribution activity subject to pricing and that make use of public goods. They can be temporary, and then they are conferred for a period of two years by the Superintendency of Electricity and Fuels; or permanent, and then they are conferred by Decree by the Ministry of Economy after a technical evaluation by the Superintendency. Concessionaries are obliged to provide services within the Service Area.
 - Concessions are optional for generation and transmission. However, the right to use public goods is conferred through concessions, then, usually, hydraulic stations, or electric substations need a concession. The Law does not contemplate concessions for thermoelectric stations.
- 2) The regulatory role of the State is undertaken by the National Commission of Energy, the Superintendency of Electricity

and Fuels, the Ministry of Economy and the Centers for the Economic Dispatch of Charge (CDEC) of each of the electrical systems. The CDEC coordinate the operation of the companies which generate electricity, they determine the value of the electricity transfers among these companies based on the marginal cost per hour.

Tariffs may be freely established. However tariffs are fixed for the distribution services for users of low consumption since electricity is most commonly provided to them under monopolistic systems and the users lack of power of negotiation. Two prices are fixed. The knot price (precio de nudo) which is the price paid by the distribution companies is fixed each semester. The distribution value added price (Valor Agregado de Distribución), which is the price paid by the final consumer is fixed each 4 years, based on the long run marginal cost of a hypothetical efficient enterprise and indexed according to increases in the costs of production of the enterprise.

B Gas

Concessions for distribution and transport are granted by the Superintendency of Electricity and Fuels. They are free. There is no pricing.

C Hydrocarbons

Concessions are not granted for the exploitation of hydrocarbons (liquid or gaseous), or for any deposits located in the ocean that are not accessible from land. However the state can extend an operational contract, which allows an individual (national or foreign) to exploit those minerals for which concessions are not granted (they are actually granted for petroleum).

Transportation

The Under-Secretary of Transport is responsible for regulating transportation services. The general guidelines of the transportation policy are: (1) the State does not operate transport companies, with the exception of three companies managed by an autonomous board (Santiago Metro which administrates the subway of Santiago, the train company for passenger transportation Ferrocarriles del Estado, and a maritime transportation enterprise TRANSMARCHILAY); (2) the transport companies operate under a free competition framework, the State establishes solely technical regulations with a limited economic impact; and (3) the State does not subsidize transport companies, subsidies are

only granted to services in isolated sites where the State has a responsibility to ensure regular transportation.

At present, the aim of the authorities is to increase the participation of the private sector in the administration of roads, ports, airports and railways.

A Maritime transport regulations

- Decree Law N° 2.222, Navigation Law, Official Gazette May 21, 1978.
- Decree Law N° 3.059 on the National Merchant Marine, Official Gazette December 22, 1979.

- (1) The maritime transport services sector has been fully privatized, with the exception of one company. The market share of the state-owned maritime transportation company TRANSMARCHILAY is of minor importance, since the company operates solely in the fjords of Chiloé. Another state-owned maritime transportation company, EMPREMAR, was privatized in 1996.
- (2) The Under-Secretary of Transportation, inter-alia, regulates and surveys international transport and cabotage. The Merchant Marine Commission is in charge of ensuring that the principle of reciprocity is enforced. The General Directorate of the Marine Territory and Merchant Marine is in charge of safety at sea, and grant licenses to crew members. The State does not intervene directly in the activities realized by maritime transportation companies, it does not fix tariffs and does not assign routes.

Transport policy is based upon the principle of freedom of maritime navigation, however cargo preferences for national vessels may be applied for reciprocity reasons. At present, public and private ports and maritime transportation companies coexist. In coastal trade, cabotage is reserved to Chilean vessels, however, under certain circumstances, foreign vessels may also operate: (i) to and from Arica; (ii) when the volume concerned exceeds 900 tons, prospective carriers have to participate in a public tender for concessions; (iii) when the volume concerned is below 900 tons and there are not Chilean vessels available, the Maritime Authority may give its authorization; and (iv) for the transportation of empty containers under reciprocal treatment.

Only a Chilean or legal person registered in Chile is qualified to register a ship in Chile. The president, managers and directors must be Chilean, and more than 50% of the capital of the Company must be owned by Chileans. Ships, other

than for fishing owned by foreigners may be registered as Chilean ships if the foreigners are domiciled in Chile, is the principal location of their business is Chile or if they exercise permanently a profession in Chile.

- (3) Chile participated in the WTO maritime transportation negotiations.

B Air transport regulations

- Decree Law N° 2.564, Commercial Air Navigation Law, Official Gazette June 22, 1979.
 - Law N° 18.243, which modifies the Decree Law N° 2.564 of 1979, Official Gazette September 24, 1983.
- (1) The air transport services sector has been fully privatized. At present, 34 airlines operate in Chile, seven of which are private national companies. Thirty of these airlines engage in the transportation of passengers, cargo and mail, and the other three transport solely merchandise. There are 25 additional non-regular cargo airlines.
 - (2) Commercial air transportation is regulated by the Civil Aeronautics Board (JAC), while the General Directorate of Civil Aeronautics (DGAC) is responsible for technical and operational matters. Both agencies are in charge of approving the entry of new airlines to the Chilean market.

Under the Commercial Navigation Law of 1979, Chile adopted an open sky policy regarding transportation of passengers and merchandise. Chilean and foreign airline companies are allowed to supply commercial air transport services both domestically and internationally. However, the participation of foreign companies is allowed only on the basis of reciprocity. The open sky policy has been complemented by the negotiation of traffic rights with different countries, resulting in 22 bilateral air transportation agreements, as well as several multilateral aviation agreements.

While companies may freely establish their tariffs, under Law N° 18.243 of 1983 the JAC was allowed to negotiate international airline tariffs when another country fixed or attempted to fix tariffs. The law is intended to safeguard the interests of companies and users. In addition, the JAC is allowed to limit the access of foreign companies only if other countries limit the access of Chilean airlines to international routes.

Private companies, including airlines, can obtain concessions from the ministry of Public Works to supply auxiliary services such as handling, cargo, catering, etc. The concessions are granted for 5-25 years, according to the size of the investment; both nationals and foreigners may participate in the bids to obtain a concession. Limitations on the use of foreign labor, stipulated in Chile's horizontal commitments, apply in the following auxiliary air services: opening of offices, issue and sale of air transport tickets, computer reservations systems, ground operation of support equipment and aircraft maintenance. All other modes of supply have no limitations or Chile made no commitments with respect to these items.

The DGAC is in charge of the administration and control of the infrastructure and equipment of airports, as well as the establishment of technical standards (which are based on international standards).

Financial services

In Chile, there is a local presence requirement to provide financial services, with the exception of the reinsurance activities.

Chile has signed the Fifth Protocol to the GATS on financial services.

A Banking services

- DFL N° 252, General Banking Law, Official Gazette March 30, 1960.
- Law on the Superintendency of Banks and Financial Institutions.
- Central Bank General Compendium of Rules.
- Decree Law N° 600 of 1974, Foreign Investment Statute.

In November 1997, a Law was promulgated, which modifies the General Banking Law and is aimed at modernizing the banking sector. Reforms include the expansion of the scope of banking activities both domestically and internationally, and the adoption of international standards regarding supervision methods. At the domestic level, banks were allowed to undertake activities such as factoring, securitization, underwriting and brokerage of non-provisional insurances; at the international level, Chilean banks were also allowed to establish branches abroad and to lend money abroad. In addition, the standards laid down in the Basel Agreement regarding capital requirements were adopted.

(1) The banking sector has been fully privatized, with the exception of one state-owned enterprise, Banco del Estado, accounting for 17.0% of deposits and 14.7% of assets. Some 30

private banks are registered, of which 17 are foreign banks, accounting for 18.5% of deposits and 21.1% of assets, 12 are domestic private banks, and 3 are financial enterprises.

To operate in Chile, banking companies must be legally constituted as corporations according to Chilean Law, and obtain an authorization from the Superintendency of Banks and Financial Institutions. Foreign banking institutions may only operate through share-holdings in Chilean banks established as corporations, subsidiaries and branches. They can also operate in Chile through a representative office but such offices cannot supply banking services.

(2) The Banking Sector is regulated by the Superintendency of Banks and Financial Institutions, which reports to the Ministry of Finance.

The banking companies established in Chile (Chilean Banks as well as subsidiaries of foreign banks) are subject to the same rules of operation and supervision. Among others, they are subject to the same capital requirements, credit limits, requirement of asset classification, and transparency obligations. Their deposits are guaranteed by the State.

Banks are allowed to trade foreign exchange on the official foreign exchange market. Since mid-1992, banks and other local firms have been allowed to trade currency futures and options, including foreign currency interest futures and options. There are no restrictions on the setting of interest rates that the banks can charge, with the exception of measures to prevent usury (for example, interest rates on consumer loans can not be more than 50% above the average market interest rate published monthly in the Official Gazette).

B Insurance and re-insurance companies

- DFL N° 251, Insurance Law of 1931.
- Decree Law N° 3.538 which creates the Superintendency of Securities and Insurance, Official Gazette December 23, 1980.

National regulations apply equally to national and foreign companies.

(1) According to the Insurance Law, insurance and re-insurance services can be provided only by companies that comply with the two following requirements: (i) be legally constituted in Chile as a corporation with the exclusive purpose of developing this line of business and related activities; and (ii) meet the minimum capital requirements. The Superintendency of securities and Insurance is

in charge of approving the establishment of insurance and re-insurance companies.

Re-insurance services can be supplied by insurers or re-insurers established in Chile, that is (i) corporations whose sole purpose is to operate re-insurance, subject to inspections by the Securities and Insurance Supervision Department; and (ii) those foreign re-insurers who are enrolled in the Register of Foreign Re-insurers maintained by the same Department.

(2) The insurance and re-insurance business is divided in two groups: (i) companies that insure goods and property against the risk of loss and damage and credit insurance companies; and (ii) companies that provide personal insurance or that guarantee, within or at the end of a certain term, a capital sum, a paid-up policy, or an income for the insured or his beneficiaries. Insurance and re-insurance companies are not allowed to cover both types of risks, and credit insurance companies must have the sole purpose of covering this type of risk.

Insurance and re-insurance can be bought abroad, with the exception of compulsory insurances which must be contracted with companies established in the Chilean market. Importers and exporters that contract insurance services abroad are subject, in addition to the VAT, to a tax of 20% levied on the insurance premium. Insurance for the transport of exports and imports is exempt from the VAT.

C Securities

- Law N° 18.045, Securities Market, Official Gazette October 22, 1981.

National regulations apply equally to national and foreign companies. The security trading of public offering can be carried out by stock exchange brokers or by security dealers operating outside a stock market. Notwithstanding, the trading of shares or securities issued inside the stock exchange must be carried out by stock exchange brokers. Other securities may be traded by brokers and dealers registered in the Superintendency of Securities and Insurance or by banks and financial institutions.

Legal requirements to operate in the securities market in Chile are of a cautious character and correspond to requirements of capital, solvency and liquidity.

Infrastructure

A Highways, airports and railways

The Concessions Law of the Ministry of Public Works establishes a legal framework for the provision of concessions in highways, airports, and railways, through concession contracts signed after a competitive bidding process. Under this concessions contracts, private companies agree the construction, conservation and management of a national property, being paid by the user (in accordance with the bidding guidelines, the State can guarantee a minimum income). There is no discrimination among foreign and local companies, and the institutions in charge vary for each service.

With respect to airports, certain functions related with air navigation and airports security per se, remain under the responsibility of the General Directorate of Civil Aeronautics (DGAC).

B Ports

The state-owned ports are administrated by the Chilean Port Enterprise EMPORCHI (in 1995, 44% of trade was conducted through public ports). A draft bill to modify the EMPORCHI Law is being discussed in the Congress. Warehousing is provided by EMPORCHI. The remaining auxiliary services in the state-owned ports have already been privatized by grant of concessions by the Ministry of Defense. The government has also established that there will be no further public investment in new ports, leaving the way open to private companies.

In November 1997, a Law was promulgated, which allows the privatization and decentralization of the State-owned ports. Nine autonomous companies were created to replace EMPORCHI. The State remains as the regulatory body.

Mining

(1) The Constitution of 1980 stipulates that the State is the sole owner of all the mines, independently of who owns the surface land. However, a system of concessions is in place, under which foreigners are allowed to explore for or exploit minerals, and are granted national treatment.

Applications for concessions have to be posted with the Justice of the Peace (i.e. the nearest judge of the mining site). A concession to exploit is valid for an indefinite period, it remains in force as long as the license fee continues to be paid. A concession to explore is valid for two years from the day it is granted, it can be extended for two additional years if the area of land being explored is reduced by 50%.

The State participates in production through two enterprises, Chile's National Copper Corporation (CODELCO), which concentrates mainly on exploitation of copper and molybdenum, and the National Mining Company

(ENAMI) which owns two copper processing plants and an electrolytic refinery, and purchases copper, gold and silver from small-scale producers. There are also 27 private Chilean companies, and 17 foreign companies engaged in exploration and 27 in exploitation.

(2) The Ministry of Mines is responsible for mining policy and regulating the sector. It has several advisory bodies: (i) the Chilean Copper Commission (COCHILCO), which advises on mining policy, supervises and evaluates the performance of the state-owned mining enterprises and advises the Foreign Investment Committee on the approval of investment contracts; (ii) the National Service of Geology and Mining (SERNAGEOMIN), which is responsible for the geological survey of Chile, for updating data on mineral resources, for keeping and updating a registry of all mining concessions and the official land registry, and for monitoring safety conditions in the mining sector; and (iii) the Mining Metallurgic Research Center (CIMM), which specializes in applied research for technological development and serves both the state-owned and private companies.

There is no discrimination between private and public enterprises, or between national and foreign investors, and tax treatment is equal to that in other sectors of the economy.

II. Objective (a) - to promote transparency of regulatory regimes

Chile will:

Short/medium term (2001-2006)

- The privatization of the only public energy generation facility (the third one in Chile) has been handled in such a way as to attract new investors, foreign or national in order to create a more competitive market structure. Natural gas brought from Argentina is available in Chile since 1998. This source of energy competes directly with the thermoelectric companies.
- A bill is being drafted that creates the Superintendency of Telecommunications.
- The Government will implement the Laws issued at the end of 1997 and allow for the privatization of water and sewage services companies, and ports.
- Review all regulatory frameworks to make them more pro-competitive. A Sub-Committee of Under-Secretaries, chaired by the Under-Secretary of Economy, which reports to the Committee of

Ministers for the Modernization of the Public Administration, is working in a proposal of reform of the public services regulatory legislation and institutions. A draft bill would be presented to Congress for its approval before the end of 1999.

- Provide updated deregulation initiatives in Chilean economy and contribute to the APEC world wide web on member economies respective deregulation schemes.

III. Objective (b) - to eliminate trade and investment distortion arising from domestic regulations

Chile will:

Short/medium/long term (2001-2010)

- The economic regulations currently in force in Chile are not aimed at impeding free and open trade and investment. On the contrary, they are aimed at improving competition and avoiding trade distortions.
- The government constantly reviews and improves its regulatory framework, some important reforms are currently being discussed in Congress.

Deregulation Report 2000

China

I. Current Position

To keep a rapid and steady economic growth, China will give full play to the role of market mechanism, as well as strengthen and improve the macroeconomic control. On the one hand, the role of market forces that serve as the basic means of regulating the allocation of resources should be fully exerted for the development of socialist market economy, otherwise economic development will lose its dynamism. On the other hand, market has its own limitations that need administration and guidance through macroeconomic control by government, otherwise economy will be in chaos. The macroeconomic control under market economy, which is different from government's direct interference in the operation of enterprises under the planned economic system, is to make a rational regulation on national economy in accordance with the discipline of market economy combined with economic, legal and supporting administrative measures.

China considers that a developing economy should maintain a balance among reform, development and stability. Reform, the motive force of development, should aim at promoting social and economic development and raising people's living standards. China will press ahead reform in various fields, resolve the conspicuous issues in the social and economic development. Development is the objective of reform, as well as the guarantee of stability. The key to the solution of all China's problems lies in our own development. China will promote the fundamental shift of the economic system and of the mode of economic growth, improve the quality and effectiveness of economic growth. Stability is the prerequisite of reform and development. China will promote reform and development on the basis of social and political stability and achieve social and political stability in the process of reform and development. China will pay attention to harmonization and unification of the intensity of reform, the speed of development and social ability to sustain them so as to advance amid stability.

In recent years, great breakthroughs have been made in the reform aiming at establishing a socialist market economy. The framework of a new macroeconomic control system was preliminarily established, and market forces notably served as the basic means of regulating the allocation of resources. China took big strides in reforming the systems of public finance, taxation, banking, foreign exchange, planning, pricing, investment, and financing etc. The mode of planned control with directive planning as the base is improved, the control on price is further relaxed. The prices of consuming products and raw materials are mostly determined by market. Market mechanism plays a more active role in increasing supply, adjusting demand and raising welfare. Reform was undertaken in the fields of investment and financing through putting into effect the new effective system such as bidding with a view to strengthening the control of risk in investment and further widening channels of financing for enterprises. China redoubled its efforts in reforming the state-owned enterprises

and pressed forward on the basis of making experiments in selected ones. China further developed the pattern with the public sector remaining dominant and diverse sectors of the economy developing side by side. The national economy is further market-oriented and socialized. Deepening reform continued to put new vitality into national economy and social development.

China has recently taken the following measures in deregulation and regulatory reform:

- **Foreign investment**

In accordance with the revised *Catalogue for the Guidance of Foreign Investment Industries*, most industries in China are now open to foreign investment in addition to a few categorized as prohibited. China relaxed the conditions for market access in service areas such as financial services, commercial retailing, energy, transportation and tourism. Pilot programs are being actively explored for further deregulation.

- **Foreign Trade**

China expanded the pilot scope of trading right registration system for production enterprises and will gradually adopt complete registration system. From 1 January 1999, private production enterprises and scientific institutes were granted trading rights. They enjoyed the same treatments with state-own production enterprises and scientific institutes.

China continued to improve tendering of export quota and broke the traditional quota distribution system. On 1 April 1998, 26 commodities were exempted from export quota and licensing administration. The scope of tendering was expanded to 37 commodities. Especially with regard to textile quotas, its tendering scope was expanded from 7 commodities to 21.

- **Telecommunication Services**

Before 1993, China's telecommunication services, including basic and value-added telecommunication services, are all operated and administrated by China's postal and telecommunication enterprises. Since 1993, China has granted domestic enterprises the right to operate nine value-added telecommunication services: radio paging service, 800MHz trunked telephone service, 450MHz wireless mobile communications, VSAT, telephone information service, computer information service, electronic mailbox service, electronic data exchange service, etc.

In 1994, China Unicom Corporation was established and permitted to engage in some basic telecommunication services -- such as long-distance phone, local phone service- and value-added telecommunication services. It marked that China further introduced a competitive mechanism into its telecommunication service.

In 1998, as the result of central government restructuring, the Ministry of Information Industry was formed which undertook to separate enterprises from government body, strengthen the enforcement of laws and regulations and administration of information industry.

- **Financial Services**

In 1995, China promulgated the People's Bank Law and the Commercial Bank Law which strengthened the status of the People's Bank as the central bank and provided legal framework for improving its surveillance on commercial banks. *Interim Provisions Governing Open market Business and First-class Dealers*, promulgated by the People's Bank of China, standardized open market business established and perfected the system on open market business and first-class dealers.

From 1992 China began to open its insurance market conditionally, allowing foreign insurance institutions to establish their branches and/or Chinese-foreign joint venture insurance companies in the designated cities of Shanghai and Guangzhou.

In 1997, the Securities Committee of the State Council published *Interim Provisions Governing Convertible Company Bonds* that opened the convertible company bond market. In 1997, the Securities Committee of the State Council promulgated *Interim Provisions on Funds Investment in Securities* that contributed to the regular development of investors in security market institutions and protected the legitimate rights and interests of the parties to the funds. On 1 July 1999, *the Securities Law* entered into force which provided a systemized legal framework for China's securities market.

Since 1997, China has begun to establish a financial system in compliance with the socialist market economy. In 1998, the People's Bank completed its administrative reform and established separate governing bodies for banking, insurance and securities sectors. In 1999, China improved its financial surveillance system and implement the plan for rectifying all kinds of financial institutions adopted by the State Council with a view to reducing financial risks and promoting healthy development of financial market.

- **Professional Services**

Legal services: In December 1993, the State Council approved and promulgated "*The Plan of the Ministry of Justice for Deepening the Reform of Bar System*". Since then, China began to set up its own bar system with Chinese characteristics that adapted to the needs of socialist market economy and international exchange. The principles of voluntary organization, self-debiting and crediting, independent development, and self-regulating are applied in the new system. "*The Law of the Bar of the People's Republic of China*" which entered into force on 1 January 1997 further consolidated the administrative system on lawyer that combined the administration of relevant enforcement authorities with profession administration of the lawyer's association.

Accounting services: Foreign Accounting Firms could establish representative office in China and accept Chinese firms as their members. China's CPA examination is open to non-Chinese candidates. After passing the CPA examination, non-Chinese candidates are qualified to operate in China.

Construction services: Since 1992, China has promulgated a series of regulations governing its domestic construction market. China's construction services have also been gradually opened to foreign investment.

Tourism: Foreign investors could establish equity or contractual joint ventures to build or operate hotels and restaurants. Foreign travel companies are allowed to establish joint venture travel companies in China and operate entry travel and domestic travel services.

- **Transportation**

"The Administrative Measures for International Freight Forwarding of the People's Republic of China" issued in 1995 opened the operation of freight forwarding to foreigners conditionally and made the administrative system more transparent and regular.

"Provisions Governing the Paid Transfer of the Business Right to Operate Transportation on Highways" published in 1996 opened the non-gratuitous transfer of road operational rights under certain conditions.

II. Objective

Short and Medium Term (2000-2010)

- **Trade and Investment**

With respect to reforming the foreign trade regime, China will gradually adopt the complete registration system for trading rights based on the expanded pilot of granting production enterprises the trading rights. China will deepen the reform of its import and export regime, especially the work for tendering of export quotas.

- **Telecommunications Sector**

- i) Optimize the structure of telecom enterprises, carry out the planned reform and restructuring of China Telecom with a view to gradually creating the situation for fair competition;
- ii) Adopt the APEC MRA on telecommunication equipment and achieve the recognition of testing reports for telecom terminal equipment by 2002;
- iii) Facilitate the legislative process for telecom. The Telecommunications Law has been enlisted in the national legislative plan. Before the adoption of that law, the Regulation on Administration of Telecommunications Industry will be enacted;
- iv) The framework agreement was reached between Chinese and American enterprises to allow set-up of a Chinese-foreign joint venture operating value-added telecom services in Shanghai's Pudong New Area. This agreement will enter into force upon the approval by the government. China will gradually open its telecommunications market to foreign investment after its accession to the WTO.

- **Financial Sector**

Establish a unified and transparent currency market, regulate the inter-bank call-money businesses of all kinds of financial institutions, basically open the interest rate of inter-bank business. Establish the open market business for

national debts in central bank, reform the required reserve system for deposit, continue to introduce the management on the ratio of assets and liabilities and risk management. The departments such as banking, trust, insurance, and securities will operate and be administrated independently with a view to improving the financial legislation and prevent serious systematic financial risks.

- **Professional Services**

Legal services: China will press ahead the openness of its legal services through active, rational and effective measures, legalize the procedure of approving foreign law firms.

- **Transportation sector**

In addition to national and large- or medium-sized transporting infrastructure projects, the procedure for examination and assessment of the projects directly governed by the Ministry of Communication will be simplified.

Long-term (2011-2020)

- Replace the approval system with registration system for granting trading rights gradually within 5 years after China's accession to the WTO.
- Further review and liberalize regulations on trade and investment and make efforts to eliminate the barriers to trade and investment development.

The role of market mechanism will be played in more areas through deepening the reform. Those economic activities that should be regulated by the market force will be further liberalized. The resources for competitive industries will be allocated by market. Competitive mechanism will be introduced into the infrastructure industries so as to make the economy more dynamic and efficient.

Deregulation Report 2000

Hong Kong, China

Chapter 10 : Deregulation/ Regulatory Review

Objective

APEC Economies will facilitate free and open trade and investment in the Asia-Pacific Region by, inter alia:

- (a) *Improving the transparency of regulatory regimes; and*
- (b) *Eliminating those distortions arising from domestic regulations that restrict trade or investment and are not necessary to achieve a legitimate objective.*

Guidelines

Each APEC economy will:

- (a) *explore economy-wide processes for the transparent identification and review of those domestic regulations that may cause distortions that restrict trade or investment, ensuring that reviews consider whether identified distortions are necessary to achieve a legitimate objective; and*
- (b) *consider the adoption of regulatory reform programs that seek to reduce the costs of regulation of particular industries or sectors whilst maintaining the achievement of legitimate objectives.*

Collective Actions

APEC Economies have agreed to take collective actions to help achieve these goals. These actions are contained in Collective Action Plans (CAPs) which are updated annually. The current CAP relating to deregulation/regulatory review can be found in the Deregulation Collective Action Plan.

APEC Principles to Enhance Competition and Regulatory Reform

The APEC Leader's Declaration of September 1999 endorsed the following Principles:

Non Discrimination

- (a) *Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.*

Comprehensiveness

- (b) *Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.*
- (c) *The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.*
- (d) *The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.*
- (e) *The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.*

Transparency

- (f) *Transparency in policies and rules, and their implementation.*

Accountability

- (g) *Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.*

Hong Kong, China's Approach to Deregulation/Regulatory Review in 2000

Hong Kong, China believes in market forces and adopts a minimum intervention approach to economic management. Our regulatory regimes are established to provide prudential supervision (e.g. financial services), to ensure safety, to protect consumer interests, and to encourage investment (e.g. by limiting competition where delivery of the service concerned requires very substantial capital investment). Our regulatory regimes are also highly transparent.

The Business and Services Promotion Unit of the Commerce and Industry Bureau is responsible for implementing a Helping Business Programme whose focus is to make Hong Kong a genuinely friendly place for both local and overseas businesses. The aim of the Programme is, inter alia, to eliminate and simplify regulations which hinder our ability to innovate and grow, while maintaining the necessary standards and disciplines.

Case Study on a Recent Experience of Regulatory Review :

Restaurant industry has all along been a key service industry in the Hong Kong economy. For many years passing food and beverage operators would apply for relevant licences and commence full business operation prior to licensing. Economic reality, rental costs and the slow licensing process involved permitted no other course. Breach of laws regarding food sale was met by sporadic prosecution following which operators would accept fines as part of the cost of establishing the business. Fines involved balanced against the rental cost of un-used premises pending issue of licences made un-licensed operation not only viable but profitable in any event. In 1998, the average time taken for a full licence to be issued was more than 300 working days.

Against this background, the Business and Services Promotion Unit sponsored a consultancy study on restaurant licensing with a view to streamlining and expediting the licensing process without compromising the hygiene and safety standards, hence to creating and maintaining an open and business-friendly environment for the trade to operate in.

The study was completed in late 1999 with a number of recommendations for improvement. Work is in hand to implement the improvement measures which include simplifying the licensing requirement, strengthening the coordination of different stakeholders both within and outside government agencies and enhancing the transparency of the working process. We are also working towards the issue of provisional licences on the same day of licence application on production of the required certification.

The improvement has received very favourable response from the business community.

Hong Kong, China's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
<p>General Policy Position</p>	<p>We have completed 6 more studies/projects on deregulation and regulatory impact assessment, with more than 60 recommendations implemented or being implemented.</p> <p>Please refer to the webpage http://www.info.gov.hk/bspu/business/progress.htm for the work progress under the Helping Business Programme.</p>	<p>Hong Kong, China believes in market forces and adopts a minimum intervention approach to economic management. Our regulatory regimes are established to provide prudential supervision, to ensure safety, to protect consumer interests, and to encourage investment. Our regulatory regimes are also highly transparent.</p> <p>The Business and Services Promotion Unit of the Commerce and Industry Bureau is responsible for implementing a Helping Business Programme. The aim of the Programme is, inter alia, to eliminate and simplify regulations which hinder Hong Kong, China's ability to innovate and grow, while maintaining the necessary standards and disciplines.</p> <p>The Secretary for Commerce and Industry is a member of the Competition Policy Advisory Group (please refer to the Group's webpage at http://www.info.gov.hk/esb/relate/cpage.htm) which is a dedicated forum to review competition-related policy issues and examine the extent to which the public sector should seek to introduce more competition to enhance economic efficiency and free flow of trade, thereby also benefiting consumer welfare.</p>	<p>Short/Medium Term (2001 - 2005)</p> <p>Continue to undertake the Helping Business Programme to cut red tape and deregulate.</p> <p>Continue to cultivate a helping business culture in the civil service (see webpage at http://www.info.gov.hk/bspu/business/progress.htm#progress) by, inter alia, organizing Helping Business Awards Schemes, conducting Helping Business Symposia and publishing guidebooks on cutting red tape.</p> <p>Short/Medium/Long Term (2001 - 2010)</p> <p>To implement reform and deregulatory measures where appropriate, as set out in the relevant Chapters in this Individual Action Plan.</p>

Hong Kong, China's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>More information can be found at the webpage on Helping Business Programme at http://www.info.gov.hk/bspu/business.</p> <p>The contact point for further information is :</p> <p>Business and Services Promotion Unit Commerce and Industry Bureau Tel : (852) 2918 7571; Fax : (852) 2537 7725 E-mail : bspuenq@cib.gov.hk</p>	
<p>Identification and Review of Proposed Regulations</p>	<p>We have been conducting regulatory impact assessments (RIAs) on proposed regulatory measures. Recent RIAs conducted include the ones on the proposals to regulate inbound travel agents and the management and storage of dangerous goods.</p>	<p>To provide an appropriate regulatory regime in areas such as public safety, health, fair and orderly markets, Hong Kong, China strives to ensure that it does not create unnecessary red tape in achieving legitimate policy objectives and regulators are conscious of the full cost implications of their practices.</p> <p>The Business and Services Promotion Unit has been taking forward the Helping Business Programme with the advice from the Business Advisory Group (see its terms of reference and membership at http://www.info.gov.hk/bspu/business/terms.htm) which comprises a mix of prominent local businessmen and senior Government officials. Under the Programme, regulatory impact</p>	<p>Short/Medium/Long Term (2001 - 2010)</p> <p>Continue with the work on RIAs on proposed regulatory activities.</p>

Hong Kong, China's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>assessments (RIAs), which include the assessments of the cost of enforcement to the Government and the cost of compliance to the business sector and consumers, as well as the analyses of the risk of not doing something, the risk of a particular course of action and the measures necessary to control risk, are conducted in the development of regulatory proposals.</p> <p>Separately, in determining whether regulations will achieve legitimate objectives, all government entities are required to adhere to a Statement on Competition Policy promulgated in May 1998 (content of the statement at http://www.info.gov.hk/esb/response/16.htm), to review critically policies and regulations and to propose initiatives to enhance competition.</p> <p>More information can be found at http://www.info.gov.hk/bspu/business</p> <p>The contact point for further information is : Business and Services Promotion Unit Commerce and Industry Bureau Tel : (852) 2918 7571; Fax : (852) 2537 7725 E-mail : bspuenq@cib.gov.hk</p>	

Hong Kong, China's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
<p>Identification and Review of Existing Regulations</p>	<p>We have completed the review of the existing regulations administered by Transport Department, and are going to implement the improvement measures.</p>	<p>To provide an appropriate regulatory regime in areas such as public safety, health, fair and orderly markets, Hong Kong, China strives to ensure that it does not create unnecessary red tape in achieving legitimate policy objectives and regulators are conscious of the full cost implications of their practices.</p> <p>The Business and Services Promotion Unit has a computerized database setting out all business-related regulatory activities undertaken by the Government with a record of date introduced and last revised, original objective etc. BSPU is working systematically through the record to identify areas for potential future study, in addition to relying on suggestions from the business community. This database is also open to all Government departments to facilitate them to review their business-related regulations.</p> <p>Separately, in determining whether regulations will achieve legitimate objectives, all government entities are required to adhere to a Statement on Competition Policy promulgated in May 1998 (content of the statement at http://www.info.gov.hk/esb/respone/16.htm), to review critically policies and regulations to enhance competition.</p>	<p>Short/Medium/Long Term (2001 - 2010)</p> <p>Continue to review the business-related activities in batches at regular intervals with the aid of the database to identify opportunities for deregulation.</p>

Hong Kong, China's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>More information can be found at http://www.info.gov.hk/bspu/business</p> <p>The contact point for further information is :</p> <p>Business and Services Promotion Unit Commerce and Industry Bureau Tel : (852) 2918 7571; Fax : (852)2537 7725 E-mail : bspuenq@cib.gov.hk</p>	
<p>Reform of Industry/Sector Specific Regulation</p>	<p>For the education service sector, we have conducted a review on the licensing requirements and procedures for tutorial schools and kindergartens; and have identified measures for improvement.</p> <p>We have also completed a study on the re-definition of light refreshment restaurants to remove the unnecessary hindrance in running the business.</p> <p>For the tourism industry, an regulatory impact assessment has been conducted to assess the regulatory impact arising from the proposal to regulate</p>	<p>The Business and Services Promotion Unit maintains close contact with the business community to gauge their views concerning the impact of regulatory activities on businesses. We also keep a close watch on Government departments' regulatory activities with a view to eliminating over regulation.</p> <p>More information can be found at http://www.info.gov.hk/bspu/business</p> <p>The contact point for further information is :</p> <p>Business and Services Promotion Unit Commerce and Industry Bureau Tel : (852) 2918 7571; Fax : (852) 2537 7725 E-mail : bspuenq@cib.gov.hk</p>	<p>Short/Medium Term (2001 - 2005)</p> <p>To conduct an industry/sector specific review on the food industry (other than restaurants).</p> <p>Short/Medium/Long Term (2001 - 2010)</p> <p>To keep close contact with the business sector to identify the need for regulatory reform.</p>

Hong Kong, China's Approach to Deregulation/Regulatory Review in 2000

<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
	inbound travel agents.		

Improvements in Hong Kong, China's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
<p>General Policy Position</p>	<p>Hong Kong's regulatory regimes were established to provide prudential supervision, to ensure safety, to protect consumer interests, and to encourage investment.</p> <p>The Helping Business Programme commenced in 1996 to eliminate and simplify regulations which hinder Hong Kong's ability to innovate and grow, and to provide a more open and fair environment to achieve growth, while maintaining the necessary standards and disciplines.</p>	<p>Set up the Business and Services Promotion Unit, a dedicated organization, to assume responsibility for implementing the Helping Business Programme. (1997 IAP)</p> <p>Established a Competition Policy Advisory Group in 1997. Also promulgated a Statement on Competition Policy in 1998 requiring all government entities to, among others, review periodically policies and regulations as well as proposing initiatives with a view to enhancing competition. (1998 & 1999 IAPs)</p> <p>Established a Business Advisory Group to advise the Financial Secretary on the development and implementation of the Helping Business Programme and make recommendations on improvement or solutions.</p> <p>Organized a Helping Business Awards Scheme for all civil servants. (1999 IAP)</p> <p>Conducted a series of Helping Business Symposia for senior government officials.</p> <p>Conducted over 60 studies/projects and implemented more than 270 recommendations under the Helping Business Programme since 1996 with a view to, among others, eliminating and simplifying regulations.</p>

Improvements in Hong Kong, China's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
<p>Identification and Review of Proposed Regulations</p>	<p>The Business and Services Promotion Unit was set up to take forward the Helping Business Programme with the advice from a Business Advisory Group which comprised a mix of prominent local businessmen and senior Government officials.</p>	<p>With the promulgation of the Statement on Competition Policy in 1998, all government entities are required to review periodically policies and regulations as well as proposing initiatives with a view to enhancing competition. (1998-2000 IAPs)</p> <p>Developed in 1998 a framework for regulatory impact assessment (RIA) for use in the development of regulatory proposals, which comprised detailed cost-benefit analysis and risk analysis. 3 RIAs have been completed since then.</p>
<p>Identification and Review of Existing Regulations</p>	<p>Subsequent to the commencement of the Helping Business Programme in 1996, government-wide and individual governmental departments based studies on the regulatory requirements were conducted to review the regulations.</p>	<p>Completed a Government-wide stock taking exercise of business-related regulatory activities and established a computerized central database which provided a central reference for the review of monitoring of business-related regulatory activities. (1997 IAP)</p> <p>As an ongoing commitment to deregulate and cut red tape, we have commissioned studies and taken forward recommended improvement measures arising from the completed studies. (1997-2000 IAPs)</p> <p>With the promulgation of the Statement on Competition Policy in 1998, all government entities are required to review periodically policies and regulations as well as proposing initiatives with a view to enhancing competition. (1998-2000 IAPs)</p>

Improvements in Hong Kong, China's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
Reform of Industry/Sector Specific Regulation	Subsequent to the commencement of the Helping Business Programme in 1996, government-wide and individual department-based studies on regulatory requirements were conducted to review the regulations, some of which were industry/sector specific ones.	Salient regulatory reforms introduced since 1997 include : Hotel and Guesthouse Industry - Reviewed the licensing of hotels and guesthouses; and implemented the improvement measures. Food and Restaurant Industry - Introduced the provisional licensing system to enable applicants to start operating their restaurants earlier (10 working days as against 6-10 months for full licenses) on a provisional basis following certification of compliance of essential requirements, pending the issue of full licences. This system was subsequently extended to cover all food premises.

Deregulation Report 2000

Indonesia

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

To promote economic growth, regulations which impede free and open trade and investment as well as the effective functioning of the market will be reviewed as necessary. Tariffs will be reduced gradually based on a clear and certain schedule. Non-tariff measures will be eliminated or reduced as appropriate. The number of business sectors included in the negative list of investment will also be reduced in order to increase the participation of the private sector in Indonesian economy. Deregulation measures in other areas such as the financial sector and privatization of state-owned enterprises will also be taken where appropriate with a view to achieving sustainable economic growth and enhancing the competitiveness of the economy. Good public and corporate governance is another area on which the government will continue to focus its attention in order to strengthen the market.

I. CURRENT STATUS

- Over the past 15 years, Indonesia has carried out a systematic efforts to increase the pace of development through the removal of government-based restraints on trade and industry and the empowerment of the private sector through a consistent process of deregulation and de-bureaucratization.
- In the past, the Government provided most goods and services. Through Indonesia's privatization policy, the private sector has been given greater opportunity to provide goods and services.
- In its continuing effort to increase economic efficiency, to improve the environment for trade and investment, and to implement its commitment under APEC and the WTO, Indonesia has undertaken a series of deregulatory measures in trade, investment, taxation, finance,

monetary and banking, and other economic sectors. The May Deregulation Package of 1995 and the June Deregulation Package of 1996 cover clear and certain schedules of continued tariff reductions; elimination of tariff surcharges; reduction of non-tariff barriers; administrative simplification of import and export procedures; facilitation of trade in services; relaxation of restrictions on export, import and distribution activities for foreign manufacturing companies; clarification and simplification of regulations governing industrial estates; increased opportunities for participation of the private sector; and enactment of anti-dumping measures.

- As a continuation of the previous deregulation steps, the July Deregulation Package of 1997 was issued covering among others, further reduction of tariffs, simplification of export and import procedures, permission to transfer capital goods as well as simplification and reduction of regional taxes and levies.
- The September Deregulation Package of 1997 further reduced tariffs on certain products.
- On the transfer of capital goods, in July 1997 the Government decided to exempt from paying import duty capital goods sold or transferred at least 2 years after they were imported.
- On the local taxes and levies, simplification was made in July 1997 by reducing the regional taxes from 42 to 9 kinds of taxes and the regional levies from 192 to 30 kinds of levies.
- To allow greater private participation in petroleum and gas industries, in July 1997 the Indonesian Government issued a Presidential Decree No. 31/1997 regarding the opportunity given to the private companies to build and operate petroleum and natural gas refineries as well as to sell their products. Hence, private companies may conduct their petroleum or natural gas refinery activities after obtaining approval from the Government.
- In the area of electric generation, the Government has encouraged the development of private power producers. Since then, a number of private power projects have been approved.
- In telecommunications, the Government has sold part of its- equity in the international communication firm (INDOSAT) and the domestic communication firm (TELKOM). In the area of cellular phone services, a number of private companies with some participation of TELKOM and INDOSAT are currently operating in Indonesia.

- Privatization has also been implemented in the provisions of auction centers and bounded zones and other infrastructure services such as toll roads, harbors, airports, airlines, and potable water.
- As part of its continued efforts to privatize state-owned enterprises, the Government has privatized one of the state-owned bank, i.e., Bank BNI.
- In November 1997, Indonesia eliminated price control on cement.
- Import marketing monopolies on certain agricultural commodities such as wheat, wheat flour, garlic and soybean have been abolished.
- Export taxes on leather, cork, ore and waste aluminium products have been abolished.
- In January 1998 Indonesia discontinued special tax, customs or credit privileges granted to the National Car Program.
- Indonesia has amended Banking Act Number 7 of 1992 with Act Number 10 of 1998 to allow broader opportunity for foreign ownership on national bank, improve prudential regulations and create more transparent banking practices.
- To strengthen banking system and to restructure troubled banks, a temporary agency called "Indonesian Banking Restructuring Agency (IBRA)" has been established.
- Indonesia has replaced Act Number 13 of 1968 with Act Number 23 of 1999 on Bank Indonesia to ensure the attainment of monetary stability and to give independence to the Central Bank.
- Indonesia has enacted Act Number 24 of 1999 on Foreign Exchange Flow and Exchange Rate System to provide legal basis to support international trade transaction, investment and payment.
- In order to further liberalize its economy, in June 1999 Indonesia relaxed 47 import licensing requirements on motor vehicles producers and phased-out the local content program.
- In its efforts to enhance good public and corporate governance, Indonesia has established, among others, National Commission for Corporate Governance. Indonesia has also developed a national strategy for corporate governance reform aiming at improving accountability, disclosure, company registration as well as law enforcement and oversight.

II. INDIVIDUAL ACTIONS

A. Short Term

- Indonesia will continue its efforts to further privatize state-owned enterprises. It is expected that such privatization will improve the efficiency of the firms, overcome the shortage of government funds and help to strengthen Indonesia's capital markets. State-owned enterprises that will be privatized in the short term include Perusahaan Listrik Negara (electric utility company), Garuda (national flag carrier), Jasa Marga (toll-road developer/operator), Krakatau Steel (steel production plant), and Semen Gresik (cement production plant).
- Indonesia is in the process of restructuring its electric power sector.
- Indonesia will allow qualified foreign investors to own 100% share in wholesale and retail trade.
- Indonesia will continue to liberalise fertilizer marketing by allowing general importers to engage in trade and opening domestic marketing to new participants.
- Indonesia is in the process of developing an action plan to increase private sector involvement in SMEs support programs, which provides, for : (i) developing an institutional framework for SMEs policy formulation; (ii) making business development services more responsive to SME needs; (iii) expanding access to finance for SMEs, (iv) streamlining government regulation affecting SMEs businesses. With regard to expanding access to finance for SMEs, the government has established Indonesia Export Bank to allow SMEs to compete in international market.

B. Medium/Long Terms

- Indonesia will continue to further deregulate its economy so as to enhance the competitiveness of the economy.
- Although Indonesia's regulatory framework has always been transparent, the Government will continue to explore ways and means to further increase transparency in the regulatory process.
- Indonesia will continue to privatize state-owned enterprises by offering its shares to private sectors. Areas that will be further privatized include steel industry, services, shipping lines, and public railways.

Deregulation Report 2000

Japan

Chapter 10 : Deregulation/ Regulatory Review

Objective

APEC Economies will facilitate free and open trade and investment in the Asia-Pacific Region by, inter alia:

- (a) Improving the transparency of regulatory regimes; and
- (b) Eliminating those distortions arising from domestic regulations that restrict trade or investment and are not necessary to achieve a legitimate objective.

Guidelines

Each APEC economy will:

- (a) explore economy-wide processes for the transparent identification and review of those domestic regulations that may cause distortions that restrict trade or investment, ensuring that reviews consider whether identified distortions are necessary to achieve a legitimate objective; and
- (b) consider the adoption of regulatory reform programs that seek to reduce the costs of regulation of particular industries or sectors whilst maintaining the achievement of legitimate objectives.

Collective Actions

APEC Economies have agreed to take collective actions to help achieve these goals. These actions are contained in Collective Action Plans (CAPs) which are updated annually. The current CAP relating to deregulation/regulatory review can be found in the Deregulation Collective Action Plan.

APEC Principles to Enhance Competition and Regulatory Reform

The APEC Leader's Declaration of September 1999 endorsed the following Principles:

Non Discrimination

- (a) Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.

Comprehensiveness

- (b) Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.
- (c) The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.
- (d) The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.
- (e) The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.

Transparency

- (f) Transparency in policies and rules, and their implementation.

Accountability

- (g) *Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.*

Japan's Approach to Deregulation/Regulatory Review in 2000

The Three-Year Deregulation Program will expire at the end of March 2001. The Government however will continue to promote deregulation and regulatory reform in order to put the economy on a track to self-sustained recovery, and will move ahead with the formulation of a Three Year Program for the Advancement of Regulatory Reform.

-The economic plan "Ideal Socioeconomy and Policies for Economic Rebirth" will be steadily promoted.

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
General Policy Position	No further action taken	<p>Deregulation will promote competition and contribute to rectifying the high-cost structure of the Japanese economy. It will also encourage the creation of new business by giving scope for free and creative innovation by companies. Deregulation will also improve market access and will be effective in harmonizing the Japanese economy to international norms.</p> <p>-Regulations should be radically reviewed and abolished, when necessary, regardless of the past process. Economic regulation should be based on the principle of "freedom in principle with regulation only as exception". Social regulations should be reviewed on an ongoing basis because technological advancements have weakened their significance and necessity. The basic idea in social regulation should be to have only the minimum regulation necessary to achieve policy objectives.</p>	The government will continue to promote deregulation and regulatory reform.
Identification and Review of Proposed Regulations	No further action taken	On March 23, 1999 the Government of Japan introduced "Public Comment Procedure for Formulating, Amending or Repealing a Regulation" as a Cabinet Decision. In the Procedure, it is decided that administrative organs shall formulate, amend or repeal a regulation after considering comments and information	No further action planned

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>submitted by the public in response to the public notice of a proposed regulation.</p> <p>As a rule, forthcoming regulation shall be reviewed after a certain period of time with a possibility of abolishment. When drafting a law including new systems and related regulations, Ministries and Agencies shall incorporate in their draft a clause requiring a review of relevant regulations after the passage of a specified period of time (hereinafter referred to as "review clause"), except in such cases where a review is deemed regulations. When the conclusion of such reviews is to maintain existing regulations, the responsible Ministry of Agency shall give clear explanations for the need and justification to do so.</p>	
<p>Identification and Review of Existing Regulations</p>	<p>"The Three-Year Deregulation Program" revised on March 30, 1999 has been further revised on March 31, 2000 to further reflect the requests and opinions from the public (including foreign people) as well as the results of the monitoring by the Regulatory Reform Committee under the Administrative Reform Promotion Headquarters (mandated to monitor</p>	<p>-In addition to actively implementing the measures set forth in the Three-Year Deregulation Program, thorough follow-ups has been conducted with regard to the state of implementation.</p> <p>. Publication of annual report detailing actions taken to deregulate the domestic regulatory regimes</p> <p>-Japan publishes "the White Paper on Deregulation" annually. The White Paper published in August, 1999 reported on the present state of public regulations and deregulation efforts by the Government,</p>	<p>Enhance the transparency of the regulatory system</p> <p>Medium term (2001-2005)</p> <p>The Three-Year Deregulation Program will expire at the end of March 2001. The Government however will continue to promote deregulation and regulatory reform in order to put the economy on a track to self-</p>

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>implementation of the program and address new deregulation challenges, previously called the Deregulation Committee).</p>	<p>gave an outline of the program, discussed the impact of deregulation on national life, and provided information on its effects.</p>	<p>sustained recovery, and will move ahead with the formulation of a Three Year Program for the Advancement of Regulatory Reform.</p> <p>-The economic plan "Ideal Socioeconomy and Policies for Economic Rebirth" will be steadily promoted..</p> <p>Publication of annual report detailing actions taken to deregulate the domestic regulatory regimes</p> <p>Short term (2000)</p> <p>The White Paper on Deregulation this year will report on the present state of public regulations and deregulation efforts by the Government, give an outline of the program, discuss the impact of deregulation on national life, and provide information on its effects.</p>
<p>Reform of Industry/Sector Specific Regulation</p>		<p>1. Before Deregulatory Action Program (FY 1993-1995) -The Japanese government adopted the</p>	<p>Eliminate domestic regulations that are more restricting than necessary to fulfill a legitimate</p>

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>following measures: Immediate Economic Measures (September 16, 1993), Fundamental Principle of Administrative Reform (February 15, 1994), and Guidelines for Promotion of Deregulation (July 5, 1994). More than 90 percent of the items in these measures have been implemented to date.</p> <p>2. Deregulation Action Program(decided in March 1995, revised twice in March 1996 and March 1997 by cabinet) -Coverage: 2,823 items in 12 fields, about 99 percent of the items have been implemented.</p> <p>3. "Economic Measures--toward steady economic recovery"(September 20, 1995) -Coverage: 37 items</p> <p>4. APEC Osaka Meeting "Initial Actions" (November 19, 1995) -Coverage: 50 items</p> <p>5. Formulation of the economic plan "Ideal Socioeconomy and Policies for Economic Rebirth" which includes regulatory reform policies. (adopted by the Cabinet, July 8, 1999)</p> <p>6. Administrative Reform Committee "Views on Promotion of Deregulation (Part I)" (December 14, 1995)</p>	<p>objective</p> <p>Short/Medium term (2000-2005)</p> <p>Japan will implement the measures set forth in the "Three-Year Deregulation Program as further revised" of March 2000.</p> <p>-The U.S.-Japan Enhanced Initiative on Deregulation and Competition Policy will continue to be conducted in order to strengthen the dialogue between and reinforce the efforts of their governments under the U.S.-Japan Framework for a New Economic Partnership.</p> <p>-New regulations will be held to the minimum necessary. When instituting new regulatory measures, the regulations will, in principle, be reviewed after a fixed period of time.</p> <p>-Local public bodies will be requested to review their</p>

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>7. Policy Actions on Market Access Issues as concerns Standards, Certification and Others (approved by the Office of Market Access, the Office of Trade and Investment Ombudsman, March 1996, March 1997, March 1998, December 1998 March 2000.)</p> <p>8. Survey on differentials between prices at home and abroad concerning consumer goods, intermediate materials and services were conducted in 1997.</p> <p>9. Administrative Reform Committee "Views on Promotion of Deregulation (Part II)" (December 16, 1996)</p> <p>10. "The Program for Economic Structure Reform"(approved by the Cabinet, December 17, 1996)</p> <p>11. "Comprehensive program of logistics policies" (approved by the Cabinet, April 1997)</p> <p>12. "The Action Plan for Economic Structure Reform" (approved by the Cabinet, May 16 1997, revised by the Cabinet on December 24, 1997 and January 29, 1999)</p> <p>13. "White Papers on Deregulation"(July 1995, July 1996, August 1997, August 1998) -They report on the present state of public</p>	<p>regulations.</p> <p>-Surveys on differential between prices at home and abroad will be continued to annually. The results are expected to contribute to consideration within the government toward deregulation.</p> <p>Short/Medium/Long term (2000-2010)</p> <p>-In order to promote deregulation measures, which contribute to improved market access, active use will be made of complaint handling functions of the Office of Trade and Investment Ombudsman (OTO).</p> <p>-Japan (the Office of Market Access) will take the necessary actions in accordance with "Report of the Comprehensive Review" (the Market Access Ombudsman Council, December 7, 1998), which reviews past complaints handled under the OTO, and offers the Council's proposals</p>

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>Transportation</p> <p>-Revision of the Law for the Railway Business Enterprise for abolishing the demand/supply adjustment regulations on passenger railway business, based on the report of the Council for Transport Policy. (Promulgated in May 1999, and implemented in March 2000.)</p> <p>-The demand-supply adjustment regulations on the chartered bus industry were</p>	<p>regulations in Japan and deregulation efforts in Japan by the Government, give an outline of the program discuss the impact of deregulation on national life, and provide information on its effects.</p> <p>14. Administrative Reform Committee "Final Views"(December 12, 1997)</p> <p>15. The Deregulation Committee under the Administrative Reform Promotion Headquarters "First Report" (December 15, 1998)</p> <p>16. "The Three-Year Deregulation Program"(decided by the Cabinet on March 31, 1998, revised on March 30, 1999, further revised on March 31, 2000)</p> <p>-Coverage: 1268 items in 16 fields, including 351 newly added items</p> <p>-A briefing was held for foreign governments and other organizations to outline the program on April 5, 2000.</p> <p>-Revision of the program: The Government has further revised the program, taking into consideration requests and opinions from the public (including foreign people) as well as the results of the monitoring by the Regulatory Reform Committee under the Administrative Reform Promotion Headquarters (mandated to monitor implementation of the program and address new deregulation challenges, previously</p>	<p>regarding market access problems.</p> <p>1.Transportation</p> <p>-Revision of the Road Transport Law for abolishing the demand/supply adjustment regulations on omnibus and taxi industry, based on the report of the Council for Transportation Policy, with establishing the measure for the preservation of safety, consumer protection etc. (Promulgated in May 2000, to be implemented by FY 2001)</p> <p>-Deregulation of port transport operational requirements from license systems and removal the control over the balance between supply and demand at the 12 major container ports. The Reform Bill is to come force on November 2000. -</p> <p>2. Standards, Certification, Import Processing, and</p>

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>abolished in February 2000.</p> <p>-Revision of the Road Vehicles Act for expanding the validity of first renewal inspection certificate of trucks under GVW eight tons and rent-a-cars to two years from one year. (Implemented in May 2000.)</p> <p>-Revision of the Civil Aeronautics Law for abolishing the demand/supply adjustment regulations on domestic air transport was implemented in February 2000.</p> <p>-Revision of the MarineTransportation Law for the abolishing the demand supply adjustment regulations on domestic passenger liner service was implemented in October 2000.</p>	<p>called the Deregulation Committee).</p> <p>-Ensuring transparency of the revision process: When a conclusion of the revision process goes against a request or opinion from the public for deregulation, the Government will clarify and explain the necessity and the reason to sustain the regulation concerned.</p> <p>17. The Regulatory Reform Committee under the Administrative Reform Promotion Headquarters " Second Report on Regulatory Reform"(December14, 1999.)</p> <p>1. Housing and Land</p> <p>-Revision of the structure of regulations in the Building Standard Law with a view to shifting from designating specifications regarding materials, construction methods and dimensions to stipulating performance regulations (Implementation as of June 2000).</p> <p>2. Transportation</p> <p>-Review of the various technical regulations of railways such as the intervals for the periodical technical inspection of rolling stocks. (March 1997)</p> <p>-With respect to international cargo transportation, in order to allow passage of fully-loaded ISO standard 40-feet and 20-</p>	<p>Related Matters</p> <p>-With regard to review of Standards and Conformity Assessment Systems, the proposed amendments of the 11 regulation laws for products and facilities safety were submitted to the Diet and passed in August 1999. Most of them will be entered into force after April 1st, 2000. (Some laws will be entered into force later.) Study the method for establishment of electronic handling of agricultural chemicals registration aiming at submission of the application by utilizing electronic media (FY 1999).</p> <p>3.Financial Services and Securities</p> <p>-Liberalization of brokerage commission. (Sale price on more than 0.5 billion yen will be liberalized in April 1998. Complete liberalization on October 1, 1999.)</p> <p>4. Business Services/</p>

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>feet containers, tractors and trailers manufactured to carry these containers have been allowed to apply for the relaxation of regulations.(March 1998)</p> <ul style="list-style-type: none"> -Extension of the period of validity of completion inspection certificates to nine months from six months. (May 1998) -Raise of the gross shipping tonnage required to board pilots in Kobe harbor from more than 300 GRT to more than 10,000 GRT, coupled with necessary measures to ensure safety in the harbor. (July 1998) -Raise of the gross shipping tonnage required to board pilots in Yokohama and Kawasaki harbor from more than 300 GRT to more than 3,000 GRT except for dangerous goods carriers. (July 1999) -Expansion of the range of cases in which cost account statements can be omitted from trucking rate notifications. (March 1997, March 1999) -Enlargement of the operation zones of trucking businesses to cover entire regional economic blocs. (March 1999) -Revision of the Law for Ship Officers to establish the recognition system for foreign crews to board Japanese-registered ships, by reorganising certifications issued by the authorities of the Parties to the Standard for Training, Certification and Watching (STCW) Convention, in order to board such ship's officers on Japanese-registered ships (Promulgated in May 1998, Implemented in 	<p>Placement and Supply Service of Personnel</p> <p>Review of regulations on concurrence between employment placement projects and worker dispatching undertakings. Dispatching worker with prearrangement (to be implemented December 1, 2000)</p>

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>May 1999)</p> <ul style="list-style-type: none"> -Revision of the Law for Ship Officers to establish the recognition system for foreign crews to board Japanese-registered ships, by reorganising certifications issued by the authorities of the Parties to the Standard for Training, Certification and Watching (STCW) Convention, in order to board such ship's officers on Japanese-registered ships. (May 1999.) <p>3. Standards, Certification, Import Processing and Related Matters</p> <ul style="list-style-type: none"> -Review of present systems of licensing and labeling regulation relating to the manufacture and importation of cosmetics. (FY 1996) -Expansion of allowable cosmetic ingredients for each cosmetic category in the Comprehensive licensing Standards for Cosmetics by Category. (FY 1996) -The approval application process has been streamlined for "set products", where articles already approved for the company are simply combined, in cases where there is no concern that quality control problems arise. (FY 1996) -The scope of medical devices that do not require partial change approval for cases of dimensional changes or addition of components has been expanded. (FY 1996) -With regards to the soft contact lenses, 	

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Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>when the method of use is changed by the addition of an antiseptic solution after approval, its re-examination has not been unnecessary if the way for confirming its effectiveness and safety does not have problem. (FY 1996)</p> <p>-Some of the 11 categories of liquefied petroleum gas equipment and appliances certified by the government were excluded from regulation, others became self-confirmed. (May 1996)</p> <p>-Of the 10 types of gas equipment and apparatus in the 5 categories certified by the government, 3 types in 3 categories were transferred to self-confirmation categories, and 1 category was excluded from regulation. Of the 3 types of gas equipment and appliances in the 3 categories requiring self-confirmation, 1 category was excluded from regulation. (May 1996)</p> <p>-The scope of pharmaceuticals was reviewed, and some of vitamins are allowed to be on the market as foods regardless of the shapes of pharmaceuticals (capsules, tablets, pills). (FY 1996)</p> <p>-Some of herbs treated as pharmaceuticals have been re-categorized into foods. (March 1998)</p> <p>-Permission to use products equivalent to products with Better Living approval mark is government housing construction projects. (FY 1997)</p> <p>-When it poses no problem in terms of</p>	

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>product quality, kit products that combine pharmaceutical with medical devices treated as medical (FY 1997)</p> <ul style="list-style-type: none"> .-Medical supplies that are managed under previously assessed radiation sterilization levels will be allowed to be shipped without further sterilization tests, to the extent that safety can be assured. (FY 1997) -The scope of pharmaceuticals was reviewed, and some of minerals are to be allowed on the markets as foods regardless of the shapes similar to pharmaceuticals (capsules, tablets, pills). (FY 1998) -Japan extended the period of validity for licenses and identification certificate for selling drugs for animals. -Japan abolished the Import Report. (FY 1997) -Japan abolished the Export Inspection Law and Export Commodities Design Law. (April 1997) -Reviewing the scope of products covered by the Household Goods Quality Labeling Law (textile products, electrical appliances, plastics and miscellaneous manufactured goods, and etc.), to expand the flexibility of labeling methods, to implement international harmonization of evaluation methods, and to expand the use of designated terms in English in labeling the composition of fiber of the textile products. (Implementation from October 1997 in order) -The national inspection system of pearls 	

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>Business Services/Placement and Supply Service of Personnel (1) Review of regulations on fee-charging employment placement projects The followings have been implementing (Since December 1, 1999): widening the types of trade that can be dealt in the fee-charging employment placement projects; extension of the terms of validity of business licenses; relaxation of the requirements for business licenses; and relaxation of the regulations on commissions charged.</p> <p>(2)Review of regulations on concurrence between employment placement projects and worker dispatching undertakings Relaxation of the requirements for business has been implementing (Since December 1,1999)</p>	<p>for export was abolished in January 1999.</p> <p>4. System for Corporate Structure</p> <p>Amendments on the Commercial Law establishing the system of Stock Exchange/Transfer have passed to the Diet in August 1999. The amendment was implemented on October 1999. Amendments on the Commercial Law establishing the system of corporate division has passed to the Diet in May 2000. The amendments will be implemented within one year of promulgation.</p> <p>5. Financial Services and Securities</p> <p>-Review of the various reports submitted by securities houses. (In January 1996, eight report types were abolished. In April 1996, over 100 types of report were abolished or simplified.)</p> <p>-As to the range of firms eligible to be registered under relaxed standards as special rule issues on the Over-the-Counter market, "R&D-based companies" has been revised to "new venture businesses including service companies" in the registration standards. (Japan Securities Dealers Association rules amended in April 1996)</p> <p>-Legal books mandated under the Securities and Exchange Law may now be maintained</p>	

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>(3) Review of regulations on free employment placement projects Extension of the terms of validity(3 years to 5 years) and relaxation of the requirements of the business license have been implementing (Since December 1, 1999).</p> <p>(4) Review of regulations on worker dispatching undertakings Negative listing in accordance with rational and objective standard has been implementing (Since December 1, 1999). Medical treatment is designated by the Cabinet Order as a prohibited type of dispatched work.</p>	<p>and preserved on electronic media. (April 1996)</p> <p>-Restrictions on the Employee Pension Fund's asset investments, formerly applied to individual trust bank, were abolished. Restrictions are now imposed on the investment of assets as a whole. (April 1996)</p> <p>-Raising the exemption ceiling beyond which approval is required for setting up overseas deposits and trusts by residents in foreign currency denomination for the purpose of portfolio investment. (from 100 million to 200 million). (April 1996)</p> <p>-Deregulation on the account current radically, including introduction of the multi-netting, abolition of limitation by industry and limitation on amount of book entry, and expansion of the scope of the becoming an account current party. (March 1997)</p> <p>-Legal books of Investment trust management company have been made and preserved by the electric media. (August 1997)</p> <p>-Japan lift a ban on issuance of yen bonds by Foreign commercial bank. (April 1997)</p> <p>-Japan abolished the official requirements for the inauguration of a financial organization's branch. (July 1997) -Japan revised of business area regulation about the subsidiary classified by business status. (October 1997)</p> <p>-The Bill for reform of financial system,</p>	

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>involving amendments to 24 laws altogether, has passed the Diet and most of which will be implemented from December 1998. The main pillars of this reform are as follows.</p> <p>(1) Expansion in Means of Asset Investment Through amendments to Securities Investment Trust Law, Securities and Exchange Law, Banking Law, etc., the changes will make ways for:</p> <p>(i) Enhancements to investment trusts by way of (a) launching new investment trust products (b) Liberalizing product design (c) Introducing over-the-counter sales of investment trust by banks and other institutions.</p> <p>(ii) Full liberalization of the securities derivatives</p> <p>(iii) Expansion of the definition of securities These will cater for broader range of products available to the investors, such as securities derivatives, but also for over-the-counter sales of investment trust by banks and other institutions.</p> <p>(2) Provision of Attractive Services through Active Intermediations. It is designed to liberalize securities company services and fees, encourage new entries, and provide for reforms designed to make it easier for market participants to receive higher-quality services from financial institutions through:</p> <p>(i) Liberalization of services in terms of (a)</p>	

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>diversification of securities company services (b) diversification of asset investment businesses</p> <p>(ii) Price liberalization in the forms of (a) full liberalization of brokerage commissions (brokerage commission that applies to transaction value in excess of ¥50 million was liberalized in April 1998, and full liberalization will be completed by the end of 1999) (b) reform of the rating organisation system (eliminating the obligation for member insurers of the rating organisation to use premium rates calculated by the rating organisation for fire, automobile, and other insurance products. For example, the full liberalization of fees will make it possible to launch "wrap accounts" which in the US have enabled individual investors to receive asset management services.</p> <p>(iii) Promotion of new entry to the market by way of (a) Shifting from licensing to registration system for securities companies (b) Promotion of cross-sectoral entry (e.g. banks entering into insurance business) (c) Revision of the provision consequent upon the ratification of the WTO Protocol on Financial Services.</p> <p>(3) Create Diverse and Distinctive Market Systems</p> <p>(i) We will provide investors and fund-raisers with a variety of markets and fund-raising channels rather than only the traditional</p>	

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>exchange markets through:</p> <ul style="list-style-type: none"> (ii) Abolishment of requirement of consolidation of order-flow for listed securities (iii) Reviewing the operations of exchange markets (iv) Reinforcement of registered over-the-counter market functions (v) Introduction of proprietary trading systems (PTSs) <p>(4) Build Framework that Enables Users to Make Transactions with Confidence While adhering to the principle of self-responsibility, we will also enhance disclosure requirements and formulate fair trading rules so as to ensure that markets are fair and reliable. In addition, under the transparent rule based framework, we will ensure the soundness of financial intermediaries, and will also prepare for frameworks for protecting investors and policyholders in the event of failure. These will be achieved through:</p> <ul style="list-style-type: none"> (i) Enhancing disclosure requirements and frameworks for fair trading by (a) providing for consolidated disclosure covering both parent and subsidiary companies. (b) Formulating and enhancing fair trading rules to prevent unfair trading activities (ii) Ensuring the soundness and fairness of intermediaries and enhance investor protection through (a) enhancing rules 	

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>governing actions taken by securities companies etc. and (b) reviewing the disclosure systems on financial institutions (c) preparing for subsidiary rules (d) reviewing capital adequacy ratios for securities companies (e) creating new securities investor protection fund (f) creating Life Insurance Policy holders Protection Corporation of Japan, and Non-life Insurance Policy-holders Protection Corporation of Japan</p> <p>6.Business Services/Placement and Supply Service of Personnel</p> <p>(1). Worker Dispatching undertakings Worker dispatching undertakings are governed by the Worker Dispatching Law. A General Worker dispatching undertaking requires permission, while a Specified Worker dispatching undertaking requires notification. The Worker Dispatching Law allows in principle the use of dispatched workers in all occupations, with the exception for (a)port transport services, (b)construction work, (c)guard services, (d) medical treatment,(e)manufacturing for the present.(except a part of services). The law regulates that employers of worker dispatching undertakings and the clients shall take measures to promote the stability of employment and welfare of dispatched workers.</p>	

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>(2)Private Employment Placement Projects Private employment placement projects are divided into fee-charging services and free-of-charge services. Both of these may be offered only by those who have obtained the Labour Minister's permission(notification in the case of free-of-charge employment exchange services conducted by schools, etc.). Fee-charging employment placement projects are allowed in all occupations, with the exception for (a)port transport services and (b)construction work. The free-of-charge employment exchange service is not subject to regulation with respect to the types of occupation. The Law regulates the measures for workers' security and smooth labour supply and demand.</p> <p>7. Energy.</p> <p>The Petroleum Council issued a report which recommended the abolition of regulations concerning supply and demand adjustments in the refining industry during non-crisis periods in June 1998. The revised Gas Utility Industry Law and relevant rules, which include expansion of the scope of liberalization of retail supply and re-examination of regulatory procedures for reducing the gas rate, were entered into force in November 1999. The revised Electricity Utility Industry Law and relevant</p>	

Japan's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>rules, which include liberalization of retail supply to extra-high voltage customers and introduction of a new rate system, were entered into force in March 2000.</p> <p>8. Other</p> <p>-Review of the point system for mixed feed. (Revision of the Customs Tariff Law and other legislation on April 1, 1996)</p> <p>-The Japan Racing Association (JRA), shall, with respect to maintaining the integrity of Horse Racing in Japan, establish the system for the registration as a Race Horse Owner for persons residing abroad, which is applicable to all international horse races of JRA. This system was effective in January 1999.</p>	

Improvements in Japan's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
General Policy Position	Regulations should be radically reviewed and abolished, when necessary, regardless of the past process. Economic regulation should be based on the principle of "freedom in principle with regulation only as exception". Social regulations should be reviewed on an ongoing basis because technological advancements have weakened their significance and necessity. The basic idea in social regulation should be to have only the minimum regulation necessary to achieve policy objectives.	No further action taken
Identification and Review of Proposed Regulations		
Identification and Review of Existing Regulations		
Reform of Industry/Sector Specific Regulation	The Japanese government has adopted the following measures: Immediate Economic Measures (September 16, 1993), Fundamental Principle of Administrative Reform (February 15, 1994), and Guidelines for Promotion of Deregulation (July 5, 1994). More than 90 percent of the items in these measures have been implemented to date.	No further action taken

Deregulation Report 2000

Republic of Korea

OBJECTIVE

APEC economies will :

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

(1) Current Status

- Since the inauguration of the new administration in February 1998, regulatory reform has been a major part of government reform efforts. Along with measures for economic reform and structural adjustments, regulatory reform has served as a strong engine propelling government reform. It aims to reduce the government's role and intervention in order to encourage the autonomy and creativity of the private sector under the principles of market competition and democracy.
- Compared with the former approach to deregulation, the current approach has been more systemic and comprehensive. One of the most salient traits is that the current approach is based on "The Basic Act on Administrative Regulations" which entered into effect in March 1998. Based on this Act, the Regulatory Reform Committee with the Prime Minister and a civilian as its co-chairmen, was established in April 1998. The Committee has become a single body with a legal basis to conduct regulatory reform. Thus, the role of former ad hoc bodies concerned with deregulation such as the Presidential Commission on Administrative Reform, and the Committee for Regulatory Reform of Economic Administration has ended.
- The Committee has played a central role in undertaking regulatory reform, by formulating guidelines and standards, and by reviewing proposed plans for regulatory reform. Key functions of the Committee are as follows:
 - To review newly established or strengthened regulations in the legislation process within the Executive.

- To clear up unnecessary existing regulations by reviewing each ministry's regulatory reform plan.
 - To select and deal with targeted areas for regulatory reform on a package basis.
- Among these tasks, the Committee has concentrated its efforts on clearing existing regulations with a target of reducing the number of regulations by half in 1998, while at the same time improving the quality of regulations. All central agencies have devoted themselves to drawing up and executing the clearance plan to meet the target. Examining laws and subordinate statutes with the goal of eliminating or revising provisions of regulations therein has made this feasible.

<ADDED IN 2000>

- Drastic measures for regulatory reform of 1998-1999 contributed to its recovery from the economic crisis of 1997. Deregulation on business activities provided foreign investors with better market environment. Korea's performance in regulatory reform was appreciated by OECD country review of Korea's regulatory reform. OECD evaluated that Korea has promoted market-oriented regulations, based on market competition, values of consumer choice, democracy and rule of law. In financial sector, banking regulations have been brought closer to international standards and norms.

(2) Individual Action Plan

Basic Direction

- Review entire existing body of regulations of the central government
 - To eliminate regulations relating to economic activities which restrict competition or violate international standards. Number of regulations to be examined: approximately 7,000
 - To improve the quality of regulations relating to safety, health and the environment. Number of regulations to be examined: approximately 4,000
- Strengthen *ex ante* review on newly installed regulations in order to monitor new regulations and further manage the total number of regulations on an agency basis.
- Conduct regulatory reform continuously and drastically to improve the business environment.

- In principle, shift methods of regulation from *ex ante* control to *ex post* management and, simultaneously from a positive list system focusing on control, to a negative system with an emphasis on liberalization.
- Establish a systemic relationship between the Regulatory Reform Committee and the central agencies, as well as partnerships with research institutes to handle specific and technical issues efficiently and effectively.

Short term (2000~ 2001)

Establishing the Legal Basis for Regulatory Reform

- There have been continuous demands to launch drastic measures for regulatory reform in the process of carrying out deregulation. As a result, the “Basic Act on Administrative Regulations” was enacted to meet this demand.
 - To strengthen *ex ante* review on either newly introduced or intensified regulations.
 - To conduct a regulatory impact analysis in reviewing all significant regulations.
 - To apply a sun-setting rule with a maximum period of 5 years.
 - To register and disclose all regulations on an agency basis so as to manage the total number of regulations.
- There has been recognition of important regulatory spheres that need to be handled on an urgent basis in order to enhance national competitiveness and invigorate the troubled economy.
 - To facilitate foreign investment: liberalization of restricted categories for foreign investment; deregulation of factory site for foreigners; elimination of regulations inconvenient to foreign residents’ life, etc.
 - To eliminate complex regulations burdening business activities: deregulation of land use, industrial site and factory building; regulatory reform of construction, electricity, environment, telecommunications, gas and venture capital industries.
 - To enhance sound development of finance, distribution, and trade sectors: lifting anti-competitive barriers in these sectors; encouraging autonomy and creativity; deregulation of distribution, transportation and road haulage industries.

To improve front-line services burdening the general population: reducing regulatory burden in following administrative procedures relating to automobiles, housing and fire service.

- This year the related ministries will discuss ways to simplify the administrative procedure relating to entry and departure of foreigners, so that they can be completed within two hours of having submitted the relevant documents.

Deregulation on Foreign Investment

- The scope of liberalization for foreign investment has been continuously expanded to the average level of OECD countries. Regulations discriminating against foreign investors doing business in Korea were eliminated in May 1998.
- Regulations restricting foreigners' purchase or sale of listed bonds to the stock market only, were lifted.
- Foreigners investing in stocks or bonds may register under a single identification process.
- Regulations prohibiting foreigners from transferring their funds between securities companies and foreign exchange banks were removed.
- Visa services related to foreign investments were improved by extending the sojourn period and streamlining administrative procedures.

Deregulation on Real Estate Market

- Foreign companies and individuals, including non-residents, may now own real estate in Korea. There is no discrimination between Koreans and foreigners in the real estate market. Foreigners were required to obtain approval from the government in order to buy real estate in Korea before July 1998. However, now they are only required to notify the government after their transaction.

<ADDED IN 2000>

Deregulation on subordinate regulations and quasi-administrative regulations

The Regulatory Reform Committee has undertaken reforms on subordinate regulations and quasi-regulations imposing burdens on business and people. All ministries and agencies are engaged in this reform effort under their jurisdiction. This reform will bring real benefit of reform to business and people.

Deregulation Report 2000

Malaysia

The Malaysian economy has undergone substantial deregulation since the mid-1980s. The focus and commitment towards growth and industrialisation resulted in policies that favour liberalisation and deregulation in order to nurture a competitive environment.

Deregulation in the various sectors such as telecommunications, transport and education services as well as financial services have been taking place. This was in response to the fast pace of economic growth which necessitates faster and improved delivery of services to match demand for these services. Administrative procedures in relation to investment applications, visas and work permits, taxation and customs procedures have been streamlined to reduce transaction costs for business.

A major privatisation programme was launched in the early 1990s, involving business activities in telecommunications, power generation and supply, ports, airports, highways, posts, telecommunications, railways and sewerage works. A Privatisation Master Plan was drawn up in 1991 to guide the implementation of this programme. Up to September 1998, more than 400 projects were privatised, including those in the construction, manufacturing, infrastructure, transportation and communications. With privatisation, the private sector role in development has been enhanced and market forces allowed to operate in a competitive environment.

Deregulation was further enhanced through the implementation of the concept of Malaysian Incorporated and smart partnerships to foster greater collaboration between the government and the private sector. In line with this concept, the Government undertook further deregulation, simplifying administrative procedures and increasing the transparency of its processes.

Objective

Short/Medium Term

- (i) to examine and implement policies on deregulation to enhance competitiveness and efficiency, taking into account the need for regulation for prudential and supervisory reasons.

Financial Services

Consistent with efforts to create a more efficient, competitive and market driven financial sector, thereby enabling the sector to assume a more effective role in the economy, Malaysia has continuously reviewed the regulatory framework of the financial sector. Such reviews have taken into account the rapid changes taking

place in the domestic economy, as well as developments in the global financial markets. Many structural barriers that inhibit competition and efficiency have been removed without compromising prudential standards. Major reforms undertaken include:

- revision of the base lending rate (BLR) to make interest levels more responsive to monetary policy
- introduction of new liquidity management framework to enable banking institutions to manage liquidity in a more efficient manner
- enhancement of information on liquidity operations so as to provide clear policy signals on the stance of monetary policy

In the securities industry, various measures were also undertaken to ensure an effective regulatory framework and efficient operation of the stock market. These include:

- Allowing the listing of foreign-based companies with Malaysian interests, on the Kuala Lumpur Stock Exchange.
- Establishment of a financial reporting framework to ensure the independence of standard setting, the issuance of benchmark bonds and the introduction of a T+5 settlement cycle by the KLSE.

Recent Financial Sector Measures

Malaysia has continued to implement measures to further strengthen the financial system to complement measures that were introduced since the start of the financial crisis in mid-1997. This includes fine-tuning the rules and regulations to improve their efficiency and competitiveness, while maintaining the safety and soundness of the financial system.

Measures in the Banking System

- With effect from June 2000, domestic-owned banking institutions will be allowed to offer a full range of internet banking services. The branching policy will be reviewed in one-and-a-half years to allow incumbent foreign banks to offer internet banking services;
- Domestic banking institutions are allowed to outsource their non-core banking activities to third parties. The outsourcing is aimed at improving the efficiency of the institutions;
- To accord greater flexibility to the banking institutions in rewarding their staff and attracting talents, the guideline on wage moratorium for the banking institutions has been lifted, except for the CEOs; and

- As an effort to promote the development of the bond market, both the resident and non-resident controlled companies are allowed to issue corporate bonds, without having to seek BNM's approval. This is subject to the conditions that the proceeds of the bond issues are not used to finance investment abroad or refinance offshore borrowings, as well as meeting the other normal conditions on the issuance of private debt securities.

Measures To Strengthen the Securities Industry

- Implemented measures towards full disclosure-based regulations including changes to the policies and guidelines on issue/offer of securities to facilitate the raising of funds through the capital market in mid 1998. These included variations in the requirements for the issuance of convertible securities and warrants, earnings dilution in acquisition exercises, and profit forecast and projection.
- New provisions for securities laws introduced to enhance transparency and investor protection. These amendments are intended to strengthen the regulatory framework for good ethical practices, transparency and corporate governance by requiring accurate and timely disclosures, fair dealing by directors and good corporate governance.
- Changes to the rules, regulations and procedures of the stock exchange and its clearing houses to enhance transparency, including trading of listed securities through the Kuala Lumpur Stock Exchange, new disclosure requirements and clearing and settlement.

Measures to Enhance Transparency in the Public and Private Sectors

- Companies required to provide more frequent and accurate disclosure of information on shareholders and borrowings on a quarterly basis
- Companies to comply with standards set by the Malaysian Accounting Standards Board and Financial Reporting Foundation
- Improve corporate governance through effecting a framework of standards and setting best practices for the industry through the setting up of a high-level finance committee
- Review the Malaysian Code on Takeovers and Mergers to enhance clarity and transparency of rules for the protection of minority shareholders
- Review rules governing related-party and interested-party transactions to ensure high standards of corporate governance and disclosure and protection of minority shareholders
- Improve procedures for privatisation to ensure clear and transparent policies

Exchange Control Rule

The introduction of the selective exchange control measures on 1 September 1998 was critical in restoring stability to the financial markets and the economy. The stability accorded by the controls has enabled the country to accelerate the restructuring of the financial and corporate sector. The controls were implemented pragmatically.

Once stability was achieved, major modifications were made to liberalise the measures. The major changes introduced in 1999 were the following:

- (i) Measures to Replace the 12-month Holding Rule on 15 February 1999.
 - As economic conditions stabilized, the rule requiring non-residents to hold their principal sum of portfolio investment for at least 12 months in Malaysia was relaxed. Capital and profits of portfolio investors were allowed to be taken out of the country at any time, subject only to the payment of a levy of between 10% and 30% upon repatriation.
- (ii) Standardisation of the Levy System on 21 September 1999.
 - With the lapse of the 12-month rule on 1 September 1999, there are no controls on portfolio transactions of non-residents except for a flat 10% levy on profits repatriated. The principal sum brought in is permitted to be freely repatriated out of Malaysia at any time without being subject to levy.
- (iii) Simplification of Travellers' Declaration Form (TDF) on 15 May 1999.
 - Residents and non-resident travelers continue to be required to declare whether they are carrying currencies (notes and travellers' cheques) within the permitted limit of the equivalent of RM10,000, but need to only state the exact amounts only if they exceed the limit.

The following measures continue to be applicable:

- (i) Approval required for transfer of funds between external accounts, and for the use of ringgit balances for other than permitted purposes.
- (ii) All settlement of exports and imports to be made in foreign currency.
- (iii) With effect from 1 October 1998, travelers are allowed to import or export ringgit currency notes of not more than RM1,000 per person. There are no limits on the import of foreign currencies by resident and non-resident travelers.
- (iv) FDI transactions remained unaffected and are completely free. There are no controls on:-
 - (a) Repatriation of rental income from property investment, dividend, interest, fees and commissions; and
 - (b) Repatriation of proceeds from sale of investments in immovable property (both principal capital and profits) are not subject to levy.

- (v) The exchange rate for the ringgit remains fixed at USD1 = RM3.80.

Malaysia remains committed to the market mechanism and the trend towards liberalisation. But the benefits of the market can only be realized in an environment of stable and efficient financial markets.

Communications and Multimedia Services

The first step towards deregulation and liberalisation was the privatisation of the Department of Telecommunications and the opening of the industry to more service providers. The exercise has changed the telecommunication industry from being monopolistic to one that is highly competitive and service-oriented. The sector has since registered tremendous progress in terms of the provision of services and service quality.

Malaysia now has several telecommunication service providers which have helped to increase the telephone penetration rate as well as provide comprehensive coverage of telecommunication services. The number of licences issued are:

Basic Network and services	:	7
International Gateways	:	5
Satellite Services	:	1
Cellular Services		
Analogue	:	3
Digital: GSM,D-AMP	:	3
Digital: PCN	:	3
Paging	:	34
Internet Service Providers	:	7

Recent Regulatory Changes

- In July 1998, the Communications and Multimedia Act and the Communications and Multimedia Commission Act were enacted. These two Acts addressed the convergence of legislation on broadcasting, computing and telecommunications. It came into force on 1 April 1999.
- Five additional Internet Service Providers licences were issued on 1.6.98 bringing the total to seven.

Transport

Aviation

Several measures have been undertaken to deregulate the aviation industry, including the privatisation of the national airline. The management of all airports in

the country has also been privatised. To further facilitate and enhance the provision of services in the industry, measures were undertaken to ensure that aviation technical regulations are based on ICAO standards and procedures.

Shipping

The operations of major federal ports in the country have been privatised. Maritime laws in respect of safety of navigation are being reviewed to harmonise them with relevant international law and practices.

Roads

The privatised construction of toll expressways facilitates greater mobility. It also removes road mileage limitations and allows a more flexible modal split with rail and shipping. The new expressways have reduced travel time and perceived costs, namely vehicle operating and time-saving costs, leading to reduced costs and increased profits for business.

Rail

The Malayan Railways was corporatised in 1992 and this allows the private entity to plan and to promote the railway transport as an effective transport mode. An electric commuter rail service project has been completed and commercial operations started in August 1995. The Railways Act 1991 provides a legal framework for the privatisation of railway operations in the country. As a result, three private companies are providing urban rail transport in the Kuala Lumpur area at this moment in time.

Energy

The formation of Tenaga Nasional Berhad (TNB), as a privatised entity represented the first step towards deregulation and liberalisation of the energy sector. Further liberalisation was instituted to promote competition and improve efficiency and productivity in the electricity sector. Independent Power Producers (IPPs) were licensed to add to the installed generating capacities of the existing utility companies. Since 1993, 15 IPPs, including one mini-utility have been licensed, 11 in Peninsular Malaysia and 4 in Sabah.

TNB itself is undergoing restructuring, in line with the call for liberalisation of the energy market. Its generation business has been spun into a wholly-owned subsidiary, providing transparent costing and pricing. Its transmission and distribution business will undergo similar transformation as the generation business. To ensure fair competition in the generation sector, an Independent Grid System Operator will be established to despatch electricity on a competitive basis and it is expected that a more competitive tariff pricing will be provided for the benefit of electricity consumers.

Malaysia will review two major Acts which govern the electricity and gas industry in Malaysia, namely the Electricity Supply Act 1990 and the Gas Supply Act 1993. One of the objectives of the review is to have special provisions in the Acts to promote competition and prevent the abuse of monopoly or market power in the energy sector.

Broadcasting

Malaysia has introduced a number of deregulation and privatisation measures in the area of broadcasting services.

Privatisation of Broadcasting Services

- * Free-to-Air TV (terrestrial) – four private TV networks.
- * Cable TV (by subscription) - one regional TV network with 6 channels.
- * Satellite TV (by subscription) - one nationwide TV network with 22 channels.
- * Free-to-air Radio - six radio stations.
- * Satellite Radio - one radio network with 8 channels (ASTRO)

Deregulation of Censorship Role

- * Public's role in censorship to be enhanced with the formation of an advisory panel.
- * Introduction of a rating system which encourages censorship role to be passed on to parents.
- * Media practitioners to implement a system of content self-regulation.
- * Malaysia's satellite television broadcaster (ASTRO) to exercise self-censorship and self-rating over all programmes.
- * No censorship for broadcasting materials on the Internet.

Higher Education Services

The provision of higher education services is a main priority of the government. The need to continuously expand the capacity of existing institutions, to establish new ones and to strengthen the delivery system of education has been recognised. As a result, significant steps have been taken recently to deregulate and liberalise the education sector, namely:

- (i) revision/replacement of legislation - The Education Act 1996 replaced the previous legislation, with the intention of increasing the effectiveness of the education system. The teaching of science and technical subjects in the English language was permitted. The University and University Colleges Act 1971 was amended to allow for the corporatisation of universities. The Private Higher Education Institution Act allows the private sector to establish

degree granting institutions and for foreign universities to set up branch campuses.

more liberal rules for the recruitment of foreign teachers and educators were put in place.

Deregulation Report 2000

Mexico

Chapter 10 : Deregulation/ Regulatory Review

Objective

APEC Economies will facilitate free and open trade and investment in the Asia-Pacific Region by, inter alia:

- (a) improving the transparency of regulatory regimes; and
- (b) eliminating those distortions arising from domestic regulations that restrict trade or investment and are not necessary to achieve a legitimate objective.

Guidelines

Each APEC economy will:

- (a) explore economy-wide processes for the transparent identification and review of those domestic regulations that may cause distortions that restrict trade or investment, ensuring that reviews consider whether identified distortions are necessary to achieve a legitimate objective; and
- (b) consider the adoption of regulatory reform programs that seek to reduce the costs of regulation of particular industries or sectors whilst maintaining the achievement of legitimate objectives.

Collective Actions

APEC Economies will take Collective Actions with regard to regulatory review in the agreed areas. The main focus of the collective action plan is to promote information sharing, dialogue and study in regard to best practices in regulatory review.

APEC Principles to Enhance Competition and Regulatory Reform

The APEC Leader's Declaration of September 1999 endorsed the following Principles:

Non Discrimination

- (i) Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.

Comprehensiveness

- (ii) Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.
- (iii) The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.
- (iv) The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.
- (v) The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.

Transparency

- (vi) Transparency in policies and rules, and their implementation.

Accountability

- (vii) Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.

Mexico's Approach to Regulatory Review in 2000

Mexico's federal regulatory improvement program aims not only to produce higher quality regulations so as to achieve legitimate social goals at the least possible cost, but also to instill a process through which regulatory decisions are made on the basis of careful analysis, transparency and open public consultation.

The focus of the program has gradually evolved from deregulation, beginning in 1989, to the consolidation of an integrated regulatory management system through legislative reforms proposed by President Zedillo and approved unanimously by Congress in the spring of 2000. The reforms created the Federal Regulatory Improvement Commission to co-ordinate the program with the assistance of a Regulatory Improvement Council, comprised of business, academic, labour, agricultural and government representatives; promote transparency in the development and enforcement of federal regulations; and help regulations produce the greatest net benefit to society.

The regulatory improvement program consists of:

- eliminating and simplifying existing federal business formalities and regulations that impose unnecessary costs on businesses and citizens,
- reviewing and improving legislative and administrative proposals (new regulations), and their corresponding regulatory impact statements, to ensure that new rules and regulations are not unduly restrictive,
- proposing reforms to existing regulations (including legislative amendments) in order to improve Mexico's regulatory framework across all industries and sectors, and
- providing advice and technical support to regulatory improvement programs at the state and local levels.

To ensure that interested parties participate in the review process, the law now requires public

disclosure of all legislative and administrative proposals and their regulatory impact statements, at least 30 working days before they are issued. The Commission makes the complete texts available through the Internet (www.cofemer.gob.mx), and the list of all proposals under review is published monthly in the federal government's gazette (Diario Oficial de la Federación).

All federal ministries and decentralised agencies are responsible for implementing their respective regulatory improvement programs. With the support of the Council, the Commission co-ordinates and supervises the establishment of agencies' reform commitments. The Ministry of the Comptroller General then verifies that federal ministries and decentralised agencies implement and correctly enforce the measures established in their regulatory improvement programs.

Mexico's Approach to Regulatory Review in 2000

Criteria	Improvements Implemented since the 1999 IAP	Current Regulatory Review Policies/Arrangements
<p>General Policy Position</p>	<ul style="list-style-type: none"> • Mexico's Federal Administrative Procedures Law was amended on March 23rd, 2000. The amendments broaden the scope, strengthen and ensure the continuity of Mexico's regulatory reform programme; require transparency in the drafting of regulations by the executive branch; promote public participation in regulatory affairs; give legal certainty to citizens with respect to the enforcement of formalities and other regulatory requirements; and aim to produce net benefits not only to businesses, but also to consumers and citizens in general. • The amendments created the technically and functionally autonomous Federal Regulatory Improvement Commission (COFEMER). (www.cofemer.gob.mx) 	<p>The regulatory improvement programme focuses on four main activities:</p> <ul style="list-style-type: none"> • The review of existing regulations (stock) • The review of all new proposed regulations or legislative proposals (flow) • The proposal of legislative reforms to improve Mexico's regulatory framework in general terms or in specific industries, and • Providing support for regulatory programmes at the state and local levels.
<p>Identification and Review of Proposed Regulations</p>	<ul style="list-style-type: none"> • Procedural requirements have been extended beyond federal ministries to decentralised agencies (such as PEMEX and the Federal Electricity Commission), and financial authorities other than the central bank. • The review and registration processes now apply not only to business formalities, but also citizen formalities. Rules relating to social security and technical standards have also been included within the scope of the law. <p>Formalities</p> <ul style="list-style-type: none"> • The Federal Registry of Formalities and Services is now based in law. 	<p>Formalities</p> <ul style="list-style-type: none"> • Proposed formalities and government services are systematically reviewed and updated in the Federal Registry of Formalities and Services. <p>New regulatory proposals</p> <ul style="list-style-type: none"> • All regulatory projects that imply compliance costs for citizens must be submitted to COFEMER, along with corresponding regulatory impact statements, for review. • Reviews are conducted with the help of a Regulatory Improvement Council (business,

Mexico's Approach to Regulatory Review in 2000

Criteria	Improvements Implemented since the 1999 IAP	Current Regulatory Review Policies/Arrangements
	<ul style="list-style-type: none"> • Users will have complete positive security by 2003 (no unregistered formalities may be applied), and registered formalities may only be applied as they appear in the Registry. <p>New regulatory proposals</p> <ul style="list-style-type: none"> • Proposals must be submitted to COFEMER at least 30 days before they are issued. • COFEMER must make all draft proposals public (on the Internet and in the government's official daily) and take public comments into account in its review process. • Over 800 regulatory proposals have been reviewed from 1995 to 2000, and over 300 in 2000 alone. 	<p>academic, labour, agricultural and government sector representatives)</p> <ul style="list-style-type: none"> • Drafts of regulations must be made public and public comments considered in the review process.
<p>Identification and Review of Existing Regulations</p>	<p>Review and identification of existing regulations (other than formalities)</p> <ul style="list-style-type: none"> • The reforms to the Federal Administrative Procedures Law have extended COFEMER's review powers. It can now diagnose and propose reforms in specific economic sectors and regulatory areas. This means that COFEMER can take a more pro-active stance in proposing changes to existing regulations. <p>Formalities</p> <ul style="list-style-type: none"> • Existing formalities in the areas of social security, technical standards, the financial sector, and those relative to citizens (non-business formalities) are now subject to review and registration in the Federal Registry of Formalities and Services. • Review of the Transportation and Communications 	<p>Review and identification of existing regulations (other than formalities)</p> <ul style="list-style-type: none"> • In conjunction with the Federal Regulatory Improvement Commission and ad hoc private sector working groups, COFEMER analyses the regulatory framework for existing regulation (even in specific economic sectors), and can propose legislative and administrative reforms to the President's Legal Counsel. • COFEMER's web page includes a legal compendium of laws, implementing regulations and presidential decrees currently in force, and a complete listing of mandatory and voluntary technical standards. <p>Formalities</p>

Mexico's Approach to Regulatory Review in 2000

Criteria	Improvements Implemented since the 1999 IAP	Current Regulatory Review Policies/Arrangements
	<p>Ministry Formalities completed, and legal implementation is at 75%.</p> <ul style="list-style-type: none"> • Review of 11 of 12 ministries has been completed and total legal implementation of the changes is at 87%. Seven ministries have completed implementation, and three have implemented over 90% of the changes. • Preliminary review of finance ministry formalities is complete. 	<ul style="list-style-type: none"> • Existing formalities and government services are systematically reviewed and updated in the Federal Registry of Formalities and Services.
<p>Reform of Industry/Sector Specific Regulation</p>	<ul style="list-style-type: none"> • The Federal Administrative Procedures Law was amended in order to consolidate and give permanence to federal regulatory reform efforts. New bankruptcy and secure transactions laws were enacted in order to improve the allocation of business sector resources and create necessary conditions for increased private sector credit. • Legislative reforms recognising the legal validity of electronic signatures were enacted in order to facilitate electronic commerce. • New asymmetric regulation applicable to the dominant telephone operator has been issued. Also, new lower interconnection rates were set by the telecommunications regulator (COFETEL). • The Federal Competition Commission issued a resolution regarding the sale of the federal government's stake in Cintra, the holding company for Mexico's two network airlines. The resolution states that the airlines must be sold separately in order to conform to constitutional and legal requirements. The airlines will be sold within a three year timeframe. 	<ul style="list-style-type: none"> • In conjunction with the Federal Regulatory Improvement Commission and ad hoc private sector working groups, COFEMER analyses the regulatory framework for existing regulations in specific economic sectors and regulatory areas, and can propose legislative and administrative reforms to the President's Legal Counsel.

Improvements in Mexico's Approach to Regulatory Review since 1996

Criteria	Position at Base Year (1996)	Cumulative Improvements to Date
<p>General Policy Position</p>	<ul style="list-style-type: none"> • Since 1989, regulatory improvement and deregulation had been central aspect of Mexico's structural reform program. • The Economic Deregulation Unit was created within SECOFI in 1989. • <i>Agreement for the Deregulation of Business Activity (ADAE) signed in 1995, by President Zedillo. The ADAE was designed to reduce the costs of opening and operating businesses in Mexico.</i> • The basic regulatory reform strategy was established by the ADAE: (i) the review of existing regulations (stock); (ii) the review of all new proposed regulations or legislative proposals (flow); (iii) the proposal of legislative reforms to improve Mexico's regulatory framework; and (iv) providing support for regulatory programmes at the state and local levels. • In 1996, ministries were in the process of identifying their respective formalities and submitting them to the Economic Deregulation Unit for review. • Regulatory impact statements (RIAs) were not yet used in the review of new regulatory proposals. • Transparency and public consultation requirements were uneven and generally lacking. 	<p>The Federal Administrative Procedures Law was amended in 2000. Among the more salient features of the reforms are:</p> <ul style="list-style-type: none"> • Creation of a technically and functionally autonomous Federal Regulatory Improvement Commission (COFEMER), which replaces the Economic Deregulation Unit. • Broadening and deepening of the scope of the regulatory reform programme. • Legally mandated review of regulatory proposals and their RIAs. • Establishment of clear transparency and public consultation requirements. • Creation of the Federal Registry of Formalities and Services, meaning greater legal certainty for compliance with formalities. • COFEMER can now propose reforms to existing regulations in specific economic sectors and regulatory areas. • Creation of Registry of Authorised Users. • Establishment of the Regulatory Improvement Council in law (comprised of business, academic, labour, agricultural, and government sector representatives), including competition and consumer protection authorities.
<p>Identification and Review of Regulations</p>	<p>Formalities</p> <ul style="list-style-type: none"> • The creation of the inventory of federal business formalities was in process, and not yet available on the Internet. • Sequential review of ministries' formalities began with 	<p>Formalities</p> <ul style="list-style-type: none"> • To date, 11 of 12 federal ministries (Commerce, Foreign Affairs, Health, Labour, Tourism, Environment, Education, Agriculture, Energy, Transportation and Communications and

Improvements in Mexico's Approach to Regulatory Review since 1996

Criteria	Position at Base Year (1996)	Cumulative Improvements to Date
	<p>the Ministry of Commerce (later sequential review was dropped in favour of simultaneous review).</p> <p>New Regulatory proposals</p> <ul style="list-style-type: none"> Regulatory proposals were reviewed by the Economic Deregulation Unit with the help of the Economic Deregulation Council (comprised of business, academic, labour, agricultural and government representatives), but RIA programme not yet implemented. Lack of horizontal legislative obligation for transparency and public consultation. <p>Scope of review</p> <ul style="list-style-type: none"> Scope of review process was limited to business formalities, and there were many exemptions. 	<p>Interior) have gone through the review process, resulting in the elimination of approximately 50% of formalities. Legal implementation of the changes is at 87%.</p> <ul style="list-style-type: none"> The Federal Registry of Formalities and Services is available on the Internet (www.cofemer.gob.mx). The registry will give users complete positive security by 2003, and formalities registered must be applied exactly as they appear in the registry. 17 states now also have online registries of formalities. To date, there are only nine federal business formalities (name registration, fiscal, labour and social security requirements) that are universally required of all firms with at least one employee; and four for businesses with no employees. <p>New regulatory proposals</p> <ul style="list-style-type: none"> Since 1996, over 800 legislative (over 300 in 2000 alone, because of the legal reforms) and administrative proposals have been reviewed and modified as necessary in areas such as health, labour, environment, water, mining, natural gas and electricity. RIAs required for all regulatory proposals. Drafts of regulations must be made public and public comments considered in the review process. A compendium of laws and presidential-level regulations is available and constantly updated

Improvements in Mexico's Approach to Regulatory Review since 1996

Criteria	Position at Base Year (1996)	Cumulative Improvements to Date
		<p>on the Internet. An online library of mandatory and voluntary technical standards is also available.</p> <p>Scope of review</p> <ul style="list-style-type: none"> • Procedural requirements have been extended beyond federal ministries to decentralised agencies (such as PEMEX and the Federal Electricity Commission), and financial authorities other than the central bank. • The review and registration processes now apply not only to business formalities, but also citizen formalities. Rules relating to social security and technical standards have also been included within the scope of the law.
Reform of Industry/Sector Specific Regulation	<ul style="list-style-type: none"> • Roads (1989) • Seaports (1989) • Freight Transport (1989-1992) • Telecommunications (1995) • Natural Gas (1995) • Satellites (1995-1996) 	<p>Among the more important sector reforms carried out since 1996:</p> <ul style="list-style-type: none"> • Bankruptcy and secure transactions laws (2000) • Administrative Procedures Law (2000) • E-commerce legislative reforms (2000) • Telecommunications -- asymmetric regulation for the dominant carrier and lowered interconnection rates (2000) • Civil aviation -- Federal Competition Commission resolution requiring the separate sale of Mexico's two network airlines (2000) • Airports (1999, 1997) • Labour inspections (1998) • Co-generation and self-supply of electricity

Improvements in Mexico's Approach to Regulatory Review since 1996

<i>Criteria</i>	<i>Position at Base Year (1996)</i>	<i>Cumulative Improvements to Date</i>
		<p>(1998)</p> <ul style="list-style-type: none">• Civil Aviation (1998, 1995)• Railways (1998, 1997)• Mining (1998, 1996)• Pension Funds (1997)• Health (1997)• Foreign Investment (1996)• Environment law (1996)• Nearly all price controls have been eliminated from 1992 to 2000

Chapter 10: Deregulation/ Regulatory Review
Deregulation Report 2000

New Zealand

Chapter 10 : Deregulation/ Regulatory Review

Objective

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- (a) *Improving the transparency of regulatory regimes; and*
- (b) *Eliminating those distortions arising from domestic regulations that restrict trade or investment and are not necessary to achieve a legitimate objective.*

Guidelines

Each APEC economy will:

- (a) *explore economy-wide processes for the transparent identification and review of those domestic regulations that may cause distortions that restrict trade or investment, ensuring that reviews consider whether identified distortions are necessary to achieve a legitimate objective; and*
- (b) *consider the adoption of regulatory reform programs that seek to reduce the costs of regulation of particular industries or sectors whilst maintaining the achievement of legitimate objectives.*

Collective Actions

APEC Economies have agreed to take collective actions to help achieve these goals. These actions are contained in Collective Action Plans (CAPs) which are updated annually. The current CAP relating to deregulation/regulatory review can be found in the Deregulation Collective Action Plan.

APEC Principles to Enhance Competition and Regulatory Reform

The APEC Leader's Declaration of September 1999 endorsed the following Principles:

Non Discrimination

- (a) *Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.*

Comprehensiveness

- (b) *Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.*
- (c) *The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.*
- (d) *The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.*
- (e) *The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.*

Chapter 10: Deregulation/ Regulatory Review

Transparency

(f) *Transparency in policies and rules, and their implementation.*

Accountability

(g) *Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.*

New Zealand's Approach to Deregulation/Regulatory Review in 2000

New Zealand considers that a stable economic policy framework will best achieve an economy that will encourage sustained economic growth, increase business and employment opportunities, widen consumer choice and strengthen incentives for companies to become more adaptive to change, and meet the needs of consumers and society at large.

New Zealand supports the APEC Principles to Enhance Competition and Regulatory Reform and applies the core principles of Non Discrimination, Comprehensiveness, Transparency, and Accountability in designing its regulation.

A capacity for generating better information for regulatory decision-making is important. For instance, New Zealand imposes a requirement that every regulatory proposal submitted to Government be accompanied by a Regulatory Impact Statement to ensure that regulatory solutions are only used where:

- a clear problem has been identified which might need to be addressed through regulation;
- all the feasible options for addressing that problem have been identified and considered, including the possibility of retaining the status quo;
- on the basis of rigorous analysis, regulation has been identified as the most appropriate option;
- the regulatory option is clearly targeted to the problem and is not more restrictive than necessary to achieve its objectives;
- all those who are affected by the regulation have been consulted and their views taken into account; and
- mechanisms for monitoring and review of the effectiveness of the regulation have been considered.

New Zealand undertakes a number of initiatives to review and improve clarity, efficiency, and effectiveness of business law. It is also focussing on ensuring that domestic regulations meet their goals, and minimise compliance and other costs. New Zealand considers it desirable to promote best regulatory practices in international fora. New Zealand will continue with dialogue in the APEC, OECD, WTO, and other multilateral fora.

<i>New Zealand's Approach to Deregulation/Regulatory Review in 2000</i>			
<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
<i>General Policy Position</i>		<p>New Zealand considers that a stable economic policy framework will best develop an economy which, among other things, encourages sustained economic growth, increases business and employment opportunities, and meets the needs of consumers and society at large. New Zealand applies the core APEC Competition & Regulatory Reform principles in designing its regulations and review processes.</p> <p>New Zealand's policy goal for its regulatory environment is that of sustained economic development, taking into account economic, social and environmental objectives.</p> <p>New Zealand's open and transparent regulatory review processes include consultation with affected parties and contestability of advice to Ministers. Every regulatory proposal is accompanied by a Regulatory Impact Statement and may be assessed against a Code of Good Regulatory Practice. New Zealand undertakes a regular program of monitoring and review of the effectiveness of domestic regulation to meet their goals, and minimise costs. New Zealand considers it desirable to promote best regulatory practices in international fora. We will continue with dialogue in the APEC, OECD, WTO and other multilateral fora.</p>	<p>New Zealand has not announced any further measures in the short term, but work is underway on further initiatives to improve the quality of regulatory processes.</p>

New Zealand's Approach to Deregulation/Regulatory Review in 2000			
Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
Identification and Review of Proposed Regulations	<p>New Zealand has implemented the first stage of its quality of regulation package. This includes:</p> <ul style="list-style-type: none"> - developing a code of good regulatory practice; - making regulatory impact statements mandatory; and - using small business test panels in the review process. <p>In addition, New Zealand has developed a number of guidelines for developing policy and regulatory proposals that take into account trade and investment issues. These provide benchmarks for best practice for regulatory reviews. The guidelines include:</p> <ul style="list-style-type: none"> - Cabinet Office Manual www.dpmc.govt.nz; - Legislative Advisory Committee guidelines; - The Human Rights Act 1993: guidelines for government policy advisers www.justice.govt.nz; - Guidelines for setting 	<p>New Zealand has implemented the first stage of measures aimed at improving the quality of regulation. The themes which underpin this package include greater accountability, transparency, and incentives for regulatory responsibility. The package also looks to build a capacity into the system to generate better information for regulatory decision making and greater scrutiny and contestability in the provision of policy advice. The package includes:</p> <ul style="list-style-type: none"> - a Code of Good Regulatory Practice – provides a framework for making regulation based on the principles of effectiveness, efficiency, equity, transparency, and clarity; - Regulatory Impact Statements – an effective way of communicating key information to decision-makers on the basis for, and impact of, policy proposals. <p>New Zealand is currently trialing the use of test panels. Test panels are used to audit the compliance costs and workability of existing or proposed laws. The test panels comprise a representative sample of those businesses affected or likely to be affected by the law (or their representatives). The purpose of the panels is to identify and make recommendations to government on reducing compliance costs through:</p> <ul style="list-style-type: none"> - greater co-ordination and 	<p>New Zealand has not announced any further measures in the short term, but work is underway on further initiatives to improve the quality of regulatory processes.</p>

<i>New Zealand's Approach to Deregulation/Regulatory Review in 2000</i>			
<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
	<p>charges in the public sector www.treasury.govt.nz</p>	<p>collaboration between agencies; - changes to the operating procedures of Government agencies; and - legislative amendments. A further benefit is considered to be enhanced compliance from greater industry understanding and acceptance of the legislation under review.</p> <p>More information is available on www.med.govt.nz or from the quality of regulation team at the Ministry of Economic Development.</p>	
<i>Identification and Review of Existing Regulations</i>	<p>The quality of regulation package outlined above applies to new proposals and reviews of existing regulations.</p> <p>In 1999, the Ministry of Economic Development (then Commerce) and the Department of Labour undertook a regulatory stocktake. Twenty-two regulations were revoked as a consequence.</p>	<p>The Government maintains an ongoing policy of reviewing existing regulation against objectives, and assessing the impact of regulation on trade and investment. Review bodies are set up as appropriate for each review and may include any or all of the following external experts, representatives of interest groups, and relevant government officials. Criteria for review will be specified in the terms of reference. There is a presumption that review findings will be available for public comment before Government takes decisions.</p> <p>In 1999, the Ministry of Economic Development and the Department of Labour undertook a regulatory stocktake of existing regulation. Criteria used in the stocktake were:</p>	<p>New Zealand has not announced any further measures in the short term, but work is underway on further initiatives to improve the quality of regulatory processes.</p>

New Zealand's Approach to Deregulation/Regulatory Review in 2000			
Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<ul style="list-style-type: none"> - obviously redundant regulations requiring revocation; - seemingly redundant regulations where there appears to be reasonable cause to revoke the regulation; and - uncertain/unnecessarily complex regulations requiring substantive review and possible revocation or amendment. <p>Consultation with interested external parties was carried out and the review resulted in 22 regulations being revoked.</p>	
Reform of Industry/Sector Specific Regulation	<p>Industry or sector specific reforms implemented that may eliminate distortions that restrict trade or investment include:</p> <ul style="list-style-type: none"> - Accident Insurance <p>From 1 July 2000, the provision of workers' accident and rehabilitation insurance has been provided by a state-owned corporation with incentives to maintain cost-savings for business. Previous reforms were considered to impose risks to the quality of the service.</p>	<p>AGRICULTURAL PRODUCER BOARDS In 1999, the Government enacted legislation to convert the New Zealand Apple and Pear Marketing Board and the New Zealand Kiwifruit Marketing Board into two commercial marketing companies, ENZA Limited and ZESPRI Group Limited respectively. The companies are subject to certain regulatory measures (non-diversification rule, non-discrimination rule, information disclosure requirements, minimum shareholder rights and, arms-length rules for ENZA Limited's onshore logistics activities) to protect growers and to minimise distortions in the operation of markets. The new regulations create two new regulatory boards, the New Zealand Apple and Pear Board and the New Zealand Kiwifruit Board, to monitor and enforce compliance with these regulatory measures.</p>	<p>FOOD ADMINISTRATION Government announced in July 1999 'in principle' plans to establish a single, separate Ministry to handle all food regulatory and administration issues from 1 July 2000. Food administration is currently split between the Ministry of Agriculture and Forestry and the Ministry of Health. The new Government (elected in November 1999) is re-evaluating a number of options.</p> <p>BORDER CONTROL Options for improving the effectiveness and efficiency of New Zealand border control arrangements are being considered. The Ministry of Agriculture and Forestry and New</p>

New Zealand's Approach to Deregulation/Regulatory Review in 2000			
Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>- Apple and Pear Industry and Kiwifruit Industry Producer Boards</p> <p>Statutory producer boards are converted to private companies subject to industry specific competition regulation, including information disclosure regime.</p> <p>- Personal Properties Securities Act 1999</p> <p>A comprehensive register is established to record and prioritise security interests in personal property.</p> <p>- Electricity and Telecommunications</p> <p>Information disclosure regimes are strengthened for electricity and telecommunications sectors.</p>	<p>In 1999, the Raspberry Marketing Regulations were revoked. As a result, the Raspberry Marketing Council's statutory powers, as the single desk to regulate and control the purchase and sale of raspberries, were removed and the Council disestablished.</p> <p>Legislative change to the New Zealand Dairy Board is being considered.</p> <p>BUSINESS LAW The Government has implemented a number of initiatives in reviewing and reforming business laws. These include:</p> <ul style="list-style-type: none"> · amendments to the application of securities law (fundraising) requirements for small and medium enterprises, resulting in recommendations to the Government that will reduce the regulatory burden on SMEs; · introduction of the Business Law Reform Bill as a vehicle for improving business law statutes, with the aim of reducing compliance costs and improving the environment for business; and · Implementing a takeovers code to improve fairness for investors and assist capital flows that could contribute to business investment. 	<p>Zealand Customs, in consultation with other relevant agencies and border users, are currently examining strategic and operation coordination, information management and risk management.</p> <p>ELECTRICITY In 1999, a Ministerial Inquiry into the Electricity Industry assessed whether current regulatory arrangements are best suited to the Government's objectives for the industry, ie to ensure that electricity is delivered in an efficient, reliable and environmentally sustainable manner to all consumers.</p> <p>The Inquiry's recommendations build on existing self-regulatory arrangements, strengthened regulation on transmission and distribution, and enhancements to competition in generation and retailing are proposed. The recommendations are currently under consideration by Government. electricityinquiry@med.govt.nz</p> <p>TELECOMMUNICATIONS A telecommunications industry inquiry, aimed at ensuring consumers obtain the maximum</p>

New Zealand's Approach to Deregulation/Regulatory Review in 2000			
Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>ELECTRICITY The New Zealand Government introduced wide-ranging structural reforms in the electricity industry in 1998/99, which included:</p> <ul style="list-style-type: none"> · Splitting the dominant electricity company into three competing SOEs; and · Requiring ownership separation of lines businesses from retailing and generation. 	<p>benefit from competition was instituted by the Government in February 2000. The final report from the inquiry is due to be presented to the Government in late September 2000. teleinquiry@med.govt.nz</p> <p>BUSINESS LAW</p> <ul style="list-style-type: none"> -- A review of insider trading legislation, aimed at enhancing the robustness of the regime and encouraging investor confidence; -- a targeted review of insolvency law, including consideration of the UNCITRAL model for cross border insolvency; -- a review of securities regulations, aimed at reducing compliance costs for businesses wanting to raise capital, and to improve the quality of information available to investors; -- a review of the financial reporting regime for small and medium enterprises, with a view to reducing their compliance costs; -- A review of health and safety in employment is underway with the key aim being to reduce the compliance costs to business.

Improvements in New Zealand's Approach to Deregulation/Regulatory Review since 1996		
Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
General Policy Position	New Zealand will supply base year information in its 2001 IAP	
Identification and Review of Proposed Regulations		
Identification and Review of Existing Regulations		
Reform of Industry/Sector Specific Regulation		

Deregulation Report 2000

Peru

Chapter 10 : Deregulation/ Regulatory Review

Objective

APEC Economies will facilitate free and open trade and investment in the Asia-Pacific Region by, inter alia:

- (a) *Improving the transparency of regulatory regimes; and*
- (b) *Eliminating those distortions arising from domestic regulations that restrict trade or investment and are not necessary to achieve a legitimate objective.*

Guidelines

Each APEC economy will:

- (a) *explore economy-wide processes for the transparent identification and review of those domestic regulations that may cause distortions that restrict trade or investment, ensuring that reviews consider whether identified distortions are necessary to achieve a legitimate objective; and*
- (b) *consider the adoption of regulatory reform programs that seek to reduce the costs of regulation of particular industries or sectors whilst maintaining the achievement of legitimate objectives.*

Collective Actions

APEC Economies have agreed to take collective actions to help achieve these goals. These actions are contained in Collective Action Plans (CAPs) which are updated annually. The current CAP relating to deregulation/regulatory review can be found in the Deregulation Collective Action Plan.

APEC Principles to Enhance Competition and Regulatory Reform

The APEC Leader's Declaration of September 1999 endorsed the following Principles:

Non Discrimination

- (a) *Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.*

Comprehensiveness

- (b) *Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.*
- (c) *The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.*
- (d) *The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.*
- (e) *The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.*

Transparency

- (f) *Transparency in policies and rules, and their implementation.*

Accountability

- (g) *Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.*

Peru's Approach to Deregulation/Regulatory Review in 2000

The Government is committed to the continuation of the deregulation process, through privatization programs and concessions granted in infrastructure and public utilities projects in several economic sectors. In addition, Peruvian public institutions in charge of enforcing the defense of free trade regulations and market access, will continue supervising potential non tariff measures and other bureaucratic barriers imposed by public institutions.

Peru's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
<p>General Policy Position</p>	<p>There has been no change in the general policy approach to regulatory review since the last IAP was prepared.</p>	<p>Since 1990, Peruvian Government has promoted macroeconomic discipline, established market rules, dismantled the trade protection structure, reinserted the economy into the world financial circuit and brought about an all encompassing deregulation of the economy.</p> <p>In 1993, the National Institute for the Defense of Competition and Protection of Intellectual Property (Indecopi) was created simultaneously with the Technical and Commercial Regulations Commission. The latter is a functional body responsible for enforcing the defense of free trade regulations and for supervising all the non tariff measures which are established, in some cases having the faculty to nullify them. Other functional body of Indecopi, which is in charge of supervising all the bureaucratic barriers to entry imposed by public institutions, is the Market Access Commission. The role of both commissions is complementary. While the first focuses on non-tariff measures that could restrict foreign trade, the second one focuses on measures that restrict or limit the access of firms to domestic markets.</p> <p>http://www.copri.gob.pe/ http://www.indecopi.gob.pe/</p>	<p>The Government is committed to the continuation of the deregulation process, through privatization programs and concessions granted in infrastructure and public utilities projects in several economic sectors</p> <p>In addition, Peruvian authorities will continue supervising free trade regulations and bureaucratic barriers imposed by public institutions.</p>

Peru's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
Identification and Review of Proposed Regulations	There has been no change since the last IAP was prepared with respect to economy-wide processes for the identification and review of proposed regulations that may cause distortions that restrict trade or investment		At the end of 2000 a multisectoral coordination mechanism will be approved, for making more expedite and efficient the notification of proposed regulations to other WTO countries (see also section on Standards and Conformance)
Identification and Review of Existing Regulations	On August 2000, an integral Proposal for the Modification and Simplification of Administrative Processes in the public sector was published in the Official Gazette ("El Peruano").	<p>Any person or enterprise can file a lawsuit against a public institution at Indecopi (Technical and Commercial Regulations Commission or the Market Access Commission) when any regulation imposes unnecessary, unjustified or illegal barriers to trade or bureaucratic barriers to the domestic market. Indecopi, through these commissions also can initiate "ex officio" investigations against other public institutions that impose such restrictions, when its effect on the market is significant.</p> <p>1. Composition of relevant review bodies:</p> <p>Indecopi's Technical and Commercial Regulations Commission (TCRC) and Market Access Commission (MAC) are quasi jurisdictional bodies in charge of pursuing investigations and deciding cases related to trade barriers and market access. Each</p>	

Peru's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
		<p>Commission is composed of six -part time- commissioners and a -full time- technical secretary.</p> <p>2. Regulations Review Criteria</p> <p>2.1.The criteria used when determining whether regulations achieve legitimate objectives in the case of the TCRC and the MAC are as follows:</p> <p>(i) Rationality. TCRC and MAC evaluate whether the aim, purpose or requirement introduced by a regulation is consistent with principles of logic, is proportional with the pursued objectives and do not prevent the proper functioning of a competitive market.</p> <p>(ii) Legality. In the case of non-tariff measures, the TCRC evaluates the legal status of the regulation, and whether it satisfies the legal requirements. In the case of the MAC the evaluation also includes an analysis of subject of matter jurisdiction.</p> <p>(iii) Legitimate objectives. In the case of non-tariff measures the TCRC evaluation also considers the impact of regulation on health, safety, and environment.</p> <p>(see also the section on Non Tariff Barriers)</p>	

Peru's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
<p>Reform of Industry/Sector Specific Regulation</p>	<p>The main improvements achieved since 1999 IAP are:</p> <ul style="list-style-type: none"> - On mid year 1999, the Peruvian Government privatized the railroad network. - In 1999, the Government granted a 30-year concession for the small port of Matarani on the southern coast. - On February 2000, the license for the exploitation model of the Camisea natural gas project was awarded to a consortium. - On July, this year the Peruvian Congress enacted Law N°27322, related to the Framework for Regulators on Public Services. This Law simplifies and defines a common structure for regulatory agencies (Osiptel, Osinerg, Sunass and Ositran), specially regarding its 		<p>The main sectors in which Peruvian Government will continue with deregulation through privatization and concessions granted in infrastructure and public utilities projects are:</p> <ul style="list-style-type: none"> - Airports - Ports - Roads and highways - Irrigation projects - Gas distribution - Forestry - Mining - Agriculture <p>http://www.copri.gob.pe/</p>

Peru's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
	<p>quasi jurisdictional and administrative bodies.</p> <ul style="list-style-type: none"> - On July, 2000, the Peruvian Congress enacted Law N° 27336 related to development of faculties and functions of Osiptel". This Law strengthens the attributions of the telecommunications regulatory agency, in order to make more effective the enforcement of regulations in this sector. - The Peruvian Congress enacted Law N° 27311 related to the Strengthening of the Consumer Protection System". This Law introduces new procedures for the resolutions of conflicts between consumers and suppliers. <p>http://www.copri.gob.pe/</p>		

Improvements in Peru's Approach to Deregulation/Regulatory Review since 1998

Section	Position at Base Year (1998)	Cumulative Improvements Implemented to Date
General Policy Position	<p>Since 1990, the Peruvian economy has been involved in a deep process of structural reform, one committed to modernizing economic and institutional areas, while also attracting investment. To reach that goal the Government has promoted macroeconomic discipline, established market rules, dismantled the trade protection structure, reinserted the economy into the world financial circuit and brought about an all encompassing deregulation of the economy.</p> <p>Regarding this last topic, since 1990, the Peruvian Government has significantly deregulated the following areas:</p> <p>Investment Foreign technology Exchange regulations Labor regime Financial, insurance and capital markets Foreign trade Sectoral laws Taxation System</p> <p>Liberalization of markets and deregulation shall be complemented with the creation of institutions in charge of the promotion of competition and good business practices. In 1993, the National Institute for the Defense of Competition and Protection of Intellectual Property (Indecopi) was created simultaneously with the Technical and Commercial Regulations Commission. The latter is a quasi jurisdictional body responsible for enforcing the defense of free trade regulations and for supervising all the non tariff measures which are established, in some cases having the faculty to nullify them. Other quasi-jurisdictional body of Indecopi, which is in charge of supervising all the bureaucratic barriers to entry imposed by public</p>	<p>The main improvements achieved since 1998 IAP are:</p> <ul style="list-style-type: none"> - On mid year 1999, the Peruvian Government privatize the railroad network. - In 1999, the Government granted a 30-year concession for the small southern port of Matarani. - On February, 2000, the license for the exploitation model of the Camisea natural gas project was given to a consortium.

Improvements in Peru's Approach to Deregulation/Regulatory Review since 1998

Section	Position at Base Year (1998)	Cumulative Improvements Implemented to Date
	<p>institutions, is the Market Access Commission. The role of both commissions is complementary. While the first focuses on non-tariff measures that could restrict foreign trade, the second one focuses on measures that restrict or limit the access of firms to domestic markets.</p>	
<p>Identification and Review of Proposed Regulations</p>		<p>On August 2000, an integral Proposal for the Modification and Simplification of Administrative Processes in the public sector was published in the Official Gazette ("El Peruano").</p>
<p>Identification and Review of Existing Regulations</p>	<p>Any person or enterprise can file a lawsuit against a public institution at Indecopi (Technical and Commercial Regulations Commission or the Market Access Commission) when any regulation imposes unnecessary or unjustified barriers to trade or bureaucratic barriers to the domestic market. Indecopi through these commissions can also initiate "ex officio" investigations against other public institutions that impose such restrictions, when its effect in the market is significative.</p> <p>2. Composition of relevant review bodies:</p> <p>Indecopi's Technical and Commercial Regulations Commission (TCRC) and Market Access Commission (MAC) are quasi jurisdictional bodies in charge of pursuing investigations and deciding cases related to trade barriers and market access. Each commission is composed of six -part time- commissioners and a -full time- technical secretary.</p> <p>2. Regulations Review Criteria</p> <p>2.1.The criteria used when determining whether regulations</p>	<p>On August 2000, an integral Proposal for the Modification and Simplification of Administrative Processes in the public sector was published in the Official Gazette ("El Peruano").</p>

Improvements in Peru's Approach to Deregulation/Regulatory Review since 1998

Section	Position at Base Year (1998)	Cumulative Improvements Implemented to Date
	<p>achieve legitimate objectives in the case of the TCRC and the MAC are as follows:</p> <p>(i) Rationality. TCRC and MAC evaluates whether the aim, purpose or requirement introduced by a regulation is consistent with principles of logic, is proportional with the pursued objectives and do not prevent the proper functioning of a competitive market.</p> <p>(ii) Legality. In the case of non-tariff measures, the TCRC evaluates the legal status of the regulation, and whether it satisfies the legal requirements. In the case of the MAC the evaluation also includes an analysis of subject of matter jurisdiction.</p> <p>(iii) Legitimate objectives. In the case of non tariff measures the TCRC evaluation also considers the impact of regulation on health, safety, and environment.</p>	
<p>Reform of Industry/Sector Specific Regulation</p>	<p>The 1999 version of the IAP underlined the Government's commitment to continue with the deregulation and privatization process initiated in 1990. Specifically, five main areas were mentioned in the last IAP:</p> <p>Airports Ports Concessions National Road Networks Irrigation projects Transport and Gas Distribution</p>	<p>Main improvements since last IAP are:</p> <ul style="list-style-type: none"> - On mid year 1999, the Peruvian Government privatize the railroad network. - In 1999, the Government granted a 30-year concession for the small southern port of Matarani.. - On February 2000, the license for the exploitation model of the Camisea natural gas project was given to a consortium - On July, this year the Peruvian Congress enacted Law N°27322, related to the Framework for Regulators on

Improvements in Peru's Approach to Deregulation/Regulatory Review since 1998

Section	Position at Base Year (1998)	Cumulative Improvements Implemented to Date
		<p>Public Services. This Law simplifies and defines a common structure for regulatory agencies (Osiptel, Osinerg, Sunass and Ositran), specially regarding its quasi jurisdictional and administrative bodies,</p> <ul style="list-style-type: none"> - On July, 2000, the Peruvian Congress enacted Law N° 27336 related to development of faculties and functions of Osiptel". This Law strengthens the attributions of the telecommunications regulatory agency, in order to make more effective the enforcement of regulations in this sector. - The Peruvian Congress enacted Law N° 27311 related to the Strengthening of the Consumer Protection System". This Law introduces new procedures for the resolutions of conflicts between consumers and suppliers

Deregulation Report 2000

The Philippines

Chapter 10 : Deregulation/ Regulatory Review

Objective

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Each APEC economy will:

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Comprehensiveness

- (b) *Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.*
- (c) *The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.*
- (d) *The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.*
- (e) *The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.*

Transparency

- (f) *Transparency in policies and rules, and their implementation.*

Accountability

- (g) *Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.*

The Philippines' Approach to Deregulation/Regulatory Review in 2000

The Philippines has accelerated its adoption of market friendly reforms cognizant of the primacy of the private sector as the engine of growth, with the government providing the proper policy environment. The deregulation of the domestic regime has been undertaken in tandem with privatization and liberalization initiatives.

The Philippines has successfully privatized a number of government-owned or -controlled corporations and returned to private sector hands certain acquired assets. These include hotels, banks, an airline, steel firm, mining companies, petroleum refinery, copper smelting and refinery company, among others. Scheduled for privatization are, among others, a fertilizer plant, and a power-generating and transmission corporation. This comprises the first wave of privatization.

The Philippines is now in the second and third waves of its privatization efforts. The second wave has been done through the BOT scheme and its variants primarily for the provision of energy, construction of roads and other infrastructure facilities. The third wave covers social sectors such as health services and education and pension funds.

The Philippines' Approach to Deregulation/Regulatory Review in 2000

<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
<i>General Policy Position</i>	No improvements implemented.	<p>The Philippines has accelerated its adoption of market friendly reforms cognizant of the primacy of the private sector as the engine of growth, with the government providing the proper policy environment. The deregulation of the domestic regime has been undertaken in tandem with privatization and liberalization initiatives.</p> <p>The contact point for further information is:</p> <p>Trade, Industry and Utilities Staff National Economic and Development Authority 12 Amber Avenue, Pasig City Philippines</p> <p>Tel: (632) 631-3734 Fax: (632) 631-3734 Email: mrsongco@neda.gov.ph; brmendoza@neda.gov.ph</p>	The Philippines will continue to review and improve its regulatory regime.
<i>Identification and Review of Proposed Regulations</i>	No improvement implemented	<p>The identification and review of policies is lodged with the relevant government agencies (e.g., the Department of Energy for the oil industry and the power sector; the Bangko Sentral ng Pilipinas for banking; the Department of Finance for investment houses, financing companies, investment companies and insurance; and the Department of Trade and Industry and the Board of Investments for trade and investments and consumer protection; etc.). The identification and review of policies is guided by and should be consistent with the development goals and objectives, key policies and strategies, and priority sector activities under the Medium-Term Philippine Development Plan (MTPDP).</p> <p>The Philippines maintains transparency in all its actions as part of the democratic process. Public hearings or consultations are usually</p>	The Philippines will endeavor to further improve transparency of its regulatory regime through more timely publication of laws and rules and in the most widely read newspapers.

The Philippines' Approach to Deregulation/Regulatory Review in 2000

<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
		<p>conducted in the formulation of policies. The private sector and civil society have representation in certain government councils/committees. Laws, rules and regulations cannot take effect until after fifteen days following complete publication in the Official Gazette or in a newspaper of general circulation in the Philippines unless otherwise provided.</p> <p>Details of the MTPDP may be obtained from http://www.neda.gov.ph</p> <p>The contact point for further information is:</p> <p>Trade, Industry and Utilities Staff National Economic and Development Authority 12 Amber Avenue, Pasig City Philippines</p> <p>Tel: (632) 631-3734 Fax: (632) 631-3734 Email: mrsongco@neda.gov.ph; brmendoza@neda.gov.ph</p>	
<i>Identification and Review of Existing Regulations</i>		Same as above	Same as above

The Philippines' Approach to Deregulation/Regulatory Review in 2000

<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
<p><i>Reform of Industry/Sector Specific Regulation</i></p>	<p>Issued EO 286 (Promulgating the Fourth Regular Foreign Investment Negative List) which amends the restrictions on retail trade to reflect the provisions of RA 8762 (Retail Trade Liberalization Act of 2000) (August 2000).</p> <p>Enacted RA 8756 (Regional Headquarters Law) which expands the scope of permissible activities and provides further incentives for multinational corporations wanting to set up their regional headquarters in the Philippines (November 1999). See Investment Chapter</p> <p>Enacted RA 8791 (The General Banking Law of 2000) which allows increased foreign ownership of a local bank from 30% to 40% of the voting stock and under certain conditions, up to a maximum of 100% (May 2000). See Services Chapter</p> <p>Enacted RA 8762 (Retail Trade Liberalization Act of</p>	<p>A major restructuring of the tax system has been undertaken. This is aimed at making the system more equitable, the rates more reasonable and to facilitate administration.</p> <p>A major reform in the financial sector is the liberalization in the entry of foreign banks, with the issuance of RA 7721 in May 1994 (see Services Chapter).</p> <p>Insurance has been opened to up to 100 percent foreign equity since October 1994 (see Services Chapter).</p> <p>Other reforms that have been implemented are:-</p> <ul style="list-style-type: none"> - further reduction of the reserve requirement; - lower capital requirement for bank branching, particularly as regards thrift banks; - expanded use of ATMs; - liberalization of accreditation guidelines for securities dealership of Treasury bills; - simplification of reportorial procedures of banks; - lifting of restrictions on repatriation of foreign investments; - increasing the ceiling on outward foreign investments; - reduction of requirements against deposit and deposit substitutes of banks and non-banks; 	

The Philippines' Approach to Deregulation/Regulatory Review in 2000

<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
	<p>2000) which allows the entry of foreign investments in the retail trade sector, subject to certain categories and qualification requirements (March 2000). See Services Chapter</p> <p>Enacted RA 8799 (Securities Regulation Code) which mandates the reorganization of the Securities and Exchange Commission into an effective market regulator and adopts the full disclosure approach to regulation of the securities market (July 2000). See Services Chapter</p>	<ul style="list-style-type: none"> - removing restrictions on automatic conversion into pesos of a certain portion of foreign loans, limiting foreign loan approvals; - extension of foreign currency denominated loans to indirect exporters; - lowering of BSP rediscount rate to increase utilization thereof; and - creation of an exporters' dollar facility funded by the Bangko Sentral ng Pilipinas (BSP). <p>The exchange rate continues to be market-oriented with the BSP participating in the foreign exchange market when warranted to minimize unwanted fluctuations. RA 8479 (Downstream Oil Industry Deregulation Act of 1998) was approved on 10 February 1998. The law provides for the deregulation of downstream activities such as importation, exportation, manufacturing, marketing and distribution (see Services and Investment Chapters).</p> <p>The Foreign Investments Act of 1991 has been amended by RA 8791 on 28 March 1996. The amendments include, among others, the following: deletion of List C; elimination of the list of strategic industries; reduction of the minimum paid-in equity capital from \$500,000 to \$200,000 for foreign-owned domestic market enterprises and to \$100,000 if they involve advanced technology or if they employ at least 50 direct employees; and deletion of the three-year requirement before a domestic market enterprise may change its status to export enterprise.</p> <p>RA 8366 (Investment Houses Law) was passed on 21 October 1997. It increases foreign equity participation to 60 percent of the voting stock of an investment house. It further allows foreign nationals to</p>	

The Philippines' Approach to Deregulation/Regulatory Review in 2000

<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
		<p>become members of the Board of Directors to the extent of their participation in the equity of the enterprise (see Services and Investment Chapters).</p> <p>RA 8556 (Financing Company Act of 1998) was signed into law on 26 February 1998. It increases foreign equity participation to 60% of the voting stock of a financing company (see Services and Investment Chapters).</p> <p>EO 11 (Approving the Third Regular Foreign Investment Negative List) was issued on 11 August 1998. It delists private domestic construction contracts from the Negative List, thus allowing up to 100 percent foreign equity participation therein.</p> <p>RA 529, which prohibits the payment of domestically contracted obligations in foreign currency, except in four cases, was repealed by RA 8183 on 11 June 1996. Under the new law, all monetary obligations are to be paid in Philippine currency. However, the parties may agree that the obligations shall be settled in any other currency at the time of payment.</p> <p>The restriction on domestic borrowing of foreign firms has been lifted effective 1 January 1997.</p> <p>The Metropolitan Waterworks and Sewerage System was privatized on 1 August 1977.</p> <p>The contact point for further information is:</p> <p>Trade, Industry and Utilities Staff National Economic and Development Authority 12 Amber Avenue, Pasig City Philippines</p>	

The Philippines' Approach to Deregulation/Regulatory Review in 2000

<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
		Tel: (632) 631-3734 Fax: (632) 631-3734 Email: mrsongco@neda.gov.ph ; brmendoza@neda.gov.ph	

Improvements in the Philippines' Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
General Policy Position	In 1996, the Philippines was pursuing market friendly reforms. The deregulation of the domestic regime was being undertaken in tandem with privatization and liberalization initiatives.	None
Identification and Review of Proposed Regulations	In 1996, the Philippines maintained transparency in all its actions as part of the democratic process. Public hearings or consultations were conducted in the formulation of policies. The private sector and civil society was represented in certain government councils/committees.	None
Identification and Review of Existing Regulations	Same as above	None
Reform of Industry/Sector Specific Regulation	<p>Taxation</p> <p>In 1996, the Philippines was undertaking a major restructuring of the tax system.</p> <p>Financial</p> <p>In 1996, the Philippines had already liberalized the entry of foreign banks (see Services Chapter).</p> <p>Insurance was opened to foreign equity up to 100 percent (see Services Chapter).</p>	<p>Taxation</p> <p>Restructured the tax system. This was aimed at making the system more equitable, the rates more reasonable and to facilitate administration (1999).</p> <p>Financial</p> <p>Lifted the restriction on domestic borrowing of foreign firms (1997).</p> <p>Increased foreign equity participation to 60 percent of the voting stock of an investment</p>

Improvements in the Philippines' Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>Other reforms implemented include:</p> <ul style="list-style-type: none"> - further reduction of the reserve requirement; - lower capital requirement for bank branching, particularly as regards thrift banks; - expanded use of ATMs; - liberalization of accreditation guidelines for securities dealership of Treasury bills; - simplification of reportorial procedures of banks; - lifting of restrictions on repatriation of foreign investments; - increasing the ceiling on outward foreign investments; - reduction of requirements against deposit and deposit substitutes of banks and non-banks; - removing restrictions on automatic conversion into pesos of a certain portion of foreign loans, limiting foreign loan approvals; - extension of foreign currency denominated loans to indirect exporters; - lowering of BSP rediscount rate to increase utilization thereof; and - creation of an exporters' dollar facility funded by the Bangko Sentral ng Pilipinas (BSP). <p>The latter three were adopted to support the export sector in the face of an appreciation of the peso.</p> <p>The exchange rate was left to the market forces, with the BSP participating in the foreign exchange market when warranted to minimize unwanted fluctuations.</p> <p>Energy</p>	<p>house and allowed foreign nationals to become members of the Board of Directors to the extent of their participation in the equity of the enterprise (RA 8366, Investment Houses Law) (1997).</p> <p>Increased foreign equity participation to 60% of the voting stock of a financing company ((RA 8556, Financing Company Act of 1998) (1998). Increased foreign ownership of a local bank from 30% to 40% of the voting stock and under certain conditions, up to a maximum of 100% (RA 8791, The General Banking Law of 2000) (2000).</p> <p>Mandated the reorganization of the Securities and Exchange Commission into an effective market regulator and adopted the full disclosure approach to regulation of the securities market (RA 8799, Securities Regulation Code) (2000).</p>

Improvements in the Philippines' Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	<p>In 1996, the Philippines had liberalized the domestic oil industry. Restrictions on importation/exportation of petroleum products were removed. An automatic pricing mechanism for petroleum products was also adopted.</p> <p>Investments</p> <p>In 1996, the Philippines had amended the Foreign Investments Act of 1991. Amendments included, among others: total removal of List C; elimination of the list of strategic industries; reduction of the minimum paid-in equity capital from \$500,000 to \$200,000 for foreign-owned domestic market enterprises and to \$100,000 if they involve advanced technology or if they employ at least 50 direct employees; and deletion of the three-year requirement before a domestic market enterprise may change its status to export enterprise.</p> <p>In 1996, the Philippines had repealed RA 529, which prohibits the payment of domestically contracted obligations in foreign currency, except in four cases. All monetary obligations are to be paid in Philippine currency. However, the parties may agree that the obligations shall be settled in any other currency at the time of payment.</p> <p>The Philippines had provided for private sector involvement or participation in any or all of the segments, operations, and/or facilities of the Metropolitan Waterworks and Sewerage System (MWSS). Private sector involvement or participation may include, but shall not be limited to: franchising, concession, management, or other arrangements, privatization, or contracts for projects to be implemented under BOT and/or related schemes for the financing, construction, repair, rehabilitation,</p>	<p>Energy</p> <p>Deregulated downstream activities such as importation, exportation, manufacturing, marketing and distribution (RA 8479, Downstream Oil Industry Deregulation Act of 1998) (1998).</p> <p>Investments</p> <p>Issued EO 11 (Approving the Third Regular Foreign Investments Negative List) which delisted private domestic construction contracts from the Negative List, thus allowing up to 100 percent foreign equity participation (1998).</p> <p>Issued EO 286 (Promulgating the Fourth Regular Foreign Investment Negative List) which amended the restrictions on retail trade to reflect the provisions of RA 8762 (Retail Trade Liberalization Act of 2000) (2000).</p> <p>Expanded the scope of permissible activities and provided further incentives to multinational corporations wanting to set up their regional headquarters in the Philippines</p>

Improvements in the Philippines' Approach to Deregulation/Regulatory Review since 1996

<i>Section</i>	<i>Position at Base Year (1996)</i>	<i>Cumulative Improvements Implemented to Date</i>
	improvement, and operation of water facilities and projects related to consumers.	(RA 8756, Regional Headquarters Law) (1999). Private Sector Involvement/Privatization Privatized MWSS (1997). Distribution Allowed the entry of foreign investments in the retail trade sector, subject to certain categories and qualification requirements (RA 8762, Retail Trade Liberalization Act of 2000) (2000).

Deregulation Report 2000

Russia

Chapter 10. REGULATION REFORMS

Category	Current situation	Planned further actions
Scope of basic policy	<p>Efforts of the MAP of Russia to regulate relations with the participation of subjects of natural monopolies proved the necessity for special regulating respective goods markets, where mechanisms of market price-formation are not optimal and the development of competition is impossible and ineffective.</p> <p>According to the Federal Law on Rate Management for Electric and Heat Energy in the Russian Federation two-level system of state regulation at the federal level and at the level of subject of the Russian Federation has been introduced.</p> <p>If actions of the subjects of natural monopolies infringe upon counteragents' interests they are subject to measures of pressure under the Russian Federation Law on Competition.</p> <p>It's important to underline that there's no overlapping of functions of antimonopoly bodies and bodies regulating natural monopolies. Their authorities are separated by subject of regulation and not by certain types of legal relations.</p>	<p>Among the recent acts of the legislation aimed at the improvement of situation in the sphere of natural monopolies it's necessary to note introduced by the MAP of Russia before the Government of the Russian Federation the draft amendments to the Federal Law on Natural Monopolies which specifies the spheres of natural monopolies and establishes common principles for regulating the subjects of natural monopolies at the federal, regional and local level. The Ministry of Energy of Russia together with the federal executive power bodies concerned, including the MAP of Russia, and with the participation of the fuel and energy complex organizations developed and introduced before the Government of the Russian Federation the draft Federal Law on Federal Energy Systems which specifies the notion "federal energy system" and defines terms of reference of the Russian Federation. The produced legal base permits on the one</p>

Chapter 10. REGULATION REFORMS

Category	Current situation	Planned further actions
	<p>The efficient measure to prevent monopolistic activity in the sphere of natural monopolies consists in regulating the activity of natural monopolies and at the same time in introducing competitive principles for equisition_of resources by the subjects of natural monopolies.</p> <p>One of the conditions to assure transparent activity of regulable enterprises belonging to natural monopolies consists in separation of natural monopoly activity from potentially competitive activity through separate accounting and control as well as through the process of property transformations.</p> <p>It's clear that economic activity of Russian enterprises is not transparent and the state regulation of business activity is not in sufficient order. At the same time, forms and methods of their regulation are often in contradiction with the antimonopoly legislation. The activity of licensing, certifying, supervising and controlling bodies should be put in order. Numerous abuses and requisitions by these organizations in some cases hinder the development of business and investment. One of the way to improve market relations consists in creating the framework for developing the competitive market and preventing these bodies from the process.</p>	<p>hand to increase the efficiency of the state price regulation and on the other hand to create conditions for improving market relations and introducing competitive mechanisms. This should result in higher efficiency of production and stronger protection of consumer interests.</p> <p>The major purpose of regulating the subjects of natural monopolies is to continue the course of economic reforms aimed at price (rates) liberalization and to carry out the state regulation of them.</p>

Chapter 10. REGULATION REFORMS

Category	Current situation	Planned further actions
	<p>It's necessary to clarify the notions used in the Federal Laws on Natural Monopolies, on Communication, on State Regulation of Rates with respect to the definition of objects that are under the common legal regulation (for example, "communication agency", "communication operator", "public electric and mail communication services", "communication services", "electric and heat power transfer services").</p> <p>It's also necessary to reconsider competence, subordination, distribution of authority and financing procedure of federal and regional bodies, that regulate the activity of natural monopolies, first of all in the field of energy. Lack of a common procedure for state regulation of natural monopolies in the sphere of electric and heat energy transfer at the federal, regional and local level compromises efficiency of the state regulation in the sphere, whereas systems of regional energy commissions financing, adopted in some regions, permit to use considerable sums (up to 5% of electricity rate) for organizing their work under the poor budget for the federal regulating body and its territorial offices.</p> <p>It's necessary to summarize the results of efforts to establish standard and legal basis for the wholesale electricity and power market, including the rules of wholesale market functioning and procedure of</p>	<ul style="list-style-type: none"> - development of the legal base for creating "crises cartels"; - efficient control over concluded and to be concluded regional agreements as well as price agreements being concluded with the participation of economic entities and executive power bodies with the object of determining the conformity to the requirements of the Law on Competition articles 6 and 8; - preventing the unjustified rise of prices of production and sale of fuel and energy resources (electricity and heat energy, oil and oil products, gas, coal); - strengthening the institutional cooperation between the MAP of Russia and its territorial offices, Federal Economic Commission of Russia and regional energy commissions of the subjects of the Russian Federation under the existing legislation taking into account the necessity for limitation of unjustified increase of

Chapter 10. REGULATION REFORMS

Category	Current situation	Planned further actions
	<p>settlements between wholesale market subjects, to develop vendor contracts for electricity and power contracts for using intersystem power grids of wholesale market and grids of regional energy supply companies, to establish terms of relations between wholesale market operator and market participants as well as to implement them in practice.</p> <p>Communication services rates are regulated at two levels: federal and regional (FSEMS of Russia) and regional (executive bodies of the Russian Federation subjects) according to the Government of the Russian Federation Regulation No. 793 on List of Communication Services that are Subject to State Regulation of Prices (Rates)".</p>	<p>energy resources prices.</p> <p>Since 1999 communication services rates are regulated by the MAP of Russia in accordance with Government of the Russian Federation Regulation 1559 on Improvement of State Regulation of Communication Services Prices (Rates).</p>

Deregulation Report 2000

Singapore

Chapter 10 : Deregulation/ Regulatory Review

Objective

APEC Economies will facilitate free and open trade and investment in the Asia-Pacific Region by, inter alia:

- (a) *Improving the transparency of regulatory regimes; and*
- (b) *Eliminating those distortions arising from domestic regulations that restrict trade or investment and are not necessary to achieve a legitimate objective.*

Guidelines

Each APEC economy will:

- (a) *explore economy-wide processes for the transparent identification and review of those domestic regulations that may cause distortions that restrict trade or investment, ensuring that reviews consider whether identified distortions are necessary to achieve a legitimate objective; and*
- (b) *consider the adoption of regulatory reform programs that seek to reduce the costs of regulation of particular industries or sectors whilst maintaining the achievement of legitimate objectives.*

Collective Actions

APEC Economies have agreed to take collective actions to help achieve these goals. These actions are contained in Collective Action Plans (CAPs) which are updated annually. The current CAP relating to deregulation/regulatory review can be found in the Deregulation Collective Action Plan.

APEC Principles to Enhance Competition and Regulatory Reform

The APEC Leader's Declaration of September 1999 endorsed the following Principles:

Non Discrimination

- (a) *Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.*

Comprehensiveness

- (b) *Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.*
- (c) *The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.*
- (d) *The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.*
- (e) *The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.*

Transparency

- (f) *Transparency in policies and rules, and their implementation.*

Accountability

- (g) *Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.*

Singapore's Approach to Deregulation/Regulatory Review in 2000

Singapore believes in the discipline of market forces, and adopts a hands-off approach to economic management. Regulation, where applied, is to provide prudential supervision (e.g. the financial services sector) , ensure public safety, protect consumer interests, and protect national security interests.

Singapore's Approach to Deregulation/Regulatory Review in 2000

Section	Improvements Implemented Since Last IAP	Current Regulatory Review Policies / Arrangements	Further Improvements Planned
General Policy Position	N/A	<p>Singapore believes in the discipline of market forces and adopts a hands-off approach to economic management. Regulation, where applied, is to provide prudential supervision (e.g. the financial services sector), ensure public safety, protect consumer interests, and protect national security interests.</p> <p>Singapore's regulatory regime is highly transparent. All laws are widely available, through the published media or through the government's website. Major policies are also widely publicised.</p>	Singapore will continue to ensure that our regulatory policy approach remains sound and relevant.
Identification and Review of Proposed Regulations	N/A	<p>Singapore regularly reviews our rules and regulations to eliminate unnecessary bureaucracy and make them relevant to prevailing market conditions, especially in the light of the Internet Revolution.</p> <p>Regulatory reviews are conducted taking into account views of the industry as well as the regulatory body involved. An all-rounded assessment (covering economic and social aspects) is made before any changes in regulations are effected.</p>	Singapore will continue of regular reviews of existing and proposed rules and regulations.
Identification and Review of Existing Regulations	N/A	As above	As above

Singapore's Approach to Deregulation/Regulatory Review in 2000

<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Regulatory Review Policies / Arrangements</i>	<i>Further Improvements Planned</i>
<i>Reform of Industry/Sector Specific Regulation</i>	Please refer to services chapter	Please refer to services chapter	Please refer to services chapter

Improvements in Singapore's Approach to Deregulation/Regulatory Review since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
General Policy Position	Singapore believes in the discipline of market forces and adopts a hands-off approach to economic management. Regulation, where applied, is to provide prudential supervision (e.g. the financial services sector), ensure public safety, protect consumer interests, and protect national security interests.	Singapore's approach since 1996 has served Singapore well in meeting the challenges of a more global economy. We have since 1996 embarked on programmes to corporatize/privatize the provision of major public services. These include electricity, gas, telecommunications, local transport (including train, bus and taxi services), broadcasting and postal services.
Identification and Review of Proposed Regulations	As in approach in 2000	N/A
Identification and Review of Existing Regulations	As in approach in 2000	N/A
Reform of Industry/Sector Specific Regulation	Please refer to services chapter	Please refer to services chapter

Deregulation Report 2000

Chinese Taipei

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and*
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.*

I. Heading Statement

To accelerate fulfillment of the APEC goal of trade and investment liberalization and to carry out regulatory reform, Chinese Taipei has adopted a series of policy measures for this purpose.

First, in 1995, Chinese Taipei proposed the "Asia-Pacific Regional Operations Center" (APROC) national reconstruction plan. This plan is divided into short, medium, and long-term goals: to promote trade and investment liberalization; to reduce entry and exit barriers for natural persons; to relax limitations on the inward and outward transfer of capital; and to establish a legal environment suited for a society with advanced information technology.

In addition, following Chinese Taipei's WTO accession, further deregulation will be carried out in areas that have not yet been fully opened, such as transportation, telecommunications, finance, services, and investments. Most state-run enterprises; several import-export tariffs and certain non-tariff barriers will also be further deregulated.

This section of the individual action plan will focus on the necessary legal changes to effect deregulation measures. The following text aims to provide

more information on the content, public announcements, and dates of implementation of these deregulation measures in the related areas. For the details and future objectives of Chinese Taipei's liberalization measures in each area, please refer to the contents of each area in the IAP.

II. Detailed Statement

A. Current Position

In order to prepare for its entry into WTO and achieve its own APROC goals, in recent years Chinese Taipei, according to each stage of the trade and investment liberalization plan, has gradually eliminated or reduced unnecessary regulations in various market sectors. A brief outline of the content, public announcements, and timelines of the deregulatory measures follows:

- **Trade in Goods**

- Deregulation of medicine
 - Besides accepting applications for registration of imports of OTC products since the "OTC monograph" was completed and announced in April 1996, Chinese Taipei also began accepting applications for registration of imports of toll-manufactured new chemical entity (NCE) pharmaceuticals in February 1997.
 - Applications for registration of imports of split-process toll-manufactured pharmaceutical products have been accepted since May 1998.
 - General cosmetics are completely exempted from product registration.
 - In June 1998, elimination of the restriction that foreign-investment manufacturers could only manufacture products originating from a parent or affiliate manufacturers from the ten advanced countries.
 - Since July 1998, Foreign-investment manufacturers are allowed to toll-manufacture for more than one pharmaceutical company outside Chinese Taipei and to manufacture cosmetics and foods on the site from July 1998.

- Others
 - In August 1997, Chinese Taipei eliminated relevant review requirements on import of the Hydrographic and Land Maps, so that they can be imported on a free and open basis. However, maps covering the territory of Chinese Taipei may be distributed and sold only after approval by the agency in charge.
 - Since 1 April, 1998, the import and export of all publications will be handled by Chinese Taipei Customs, except for the export of publications produced by Chinese Taipei businesses on commission from foreign businesses and the import of publications from Hong Kong, China and mainland China, which will still require inspection and approval by the Government Information Office.
 - During the period from July 1999 to August 2000, Chinese Taipei has steadily eliminated or relaxed import restrictions on 147 goods. The previous notification procedures required for the import of those 126 imported goods have also been reduced or eliminated.

- **Privatization**

Chinese Taipei initiated the privatization process of the state-owned enterprises (SOEs) since 1989. By July 2000, 21 SOEs which were held under different agencies have been privatized.

There are 27 other SOEs that are scheduled for privatization. As the relevant laws are passed by the Legislature, these SOEs should be privatized by June 2002. The detailed schedule is reported below. However, the privatization of some SOEs is far behind schedule. The Council for Economic and Development (CEPD) will review the reasons for the delay, adjust the appropriate timetables, and propose a set of measures to assist the privatization process.

Timetable for 27 SOEs

Date	Authority	Company Name
Jun. 1999	VAC	Lung-Chi Chemical Plant
Dec. 1999	MOEA	Aerospace Industrial Development Corporation Taiwan Chung Hsing Paper Corporation
Jun. 2000	VAC	Veterans Pharmaceutical Plant Taipei Iron Works Tao-Yuan Furniture Factory
	MOEA	Taiwan Machinery Manufacturing Corporation
	MOF	Central Reinsurance Corporation
Sep. 2000	VAC	Food Products Factory Veterans Plastic Works
Dec. 2000	TCG	Taipei City Government Printing House
	MOEA	Tang Zong Iron Works Co., Ltd.
	MOF	Taiwan Tobacco and Wine Board
Jun. 2001	MOEA	Taiwan Salt Industrial Corporation China Shipbuilding Corporation Chinese Petroleum Corporation Taiwan Power Company
	MOTC	Chunghwa Telecom Co., Ltd. Taiwan Motor Transport Co., Ltd.
	VAC	RSEA Engineering Corporation
	GIO	Taiwan Hsin Sheng Press Co., Ltd.
Jun. 2002	MOTC	Taiwan Railway Administration Taiwan Railway Freight Co., Ltd.

Notes:

1. MOEA: Ministry of Economic Affairs

MOF: Ministry of Finance

MOTC: Ministry of Transportation and Communication

VAC: Veteran Affairs Council

TCG: Taipei City Government

GIO: Government Information Office

2. The privatization dates of four enterprises are not decided yet. They are Kaohsiung Ammonium Sulfate Co., Ltd., Taiwan Agricultural and Industrial Enterprise Co., Ltd., Taiwan Bookstore, Taiwan Provincial Government Printing Factory.

- **Services**

To facilitate its further economic development, Chinese Taipei has, in recent years, promoted the liberalization of services in trade through a variety of market opening and administrative reform measures in the areas of portfolio investment, capital flow, entry/exit of natural persons, telecommunications, banking, insurance, securities, and transportation. In the future, in compliance with the agreement to be reached within GATS-related negotiating groups or working parties, Chinese Taipei will not only make further commitments to provide greater market access in specific sub-sectors, but also review and explore possibilities of reducing or eliminating the current restrictions on market access and national treatment. The progress on the liberalization of services in trade is as follows:

(a) Transportation and warehousing

– **Liberalization of air transport:**

1. In September 1996, the revision of the “Regulations Governing the Civil Air Transport Enterprises” was passed. This relaxed the regulations over the operation of private transport businesses, such as the helicopter transportation business. The revision also simplified the related licensing application procedures for these businesses.
2. In November 1996 and January 1997, permission was granted respectively to United Parcel Service (UPS) and Federal Express, to set up and operate their own distribution centers at Chiang Kai-Shek International Airport.
3. In May 1997, “Regulations Governing the Air Freight Forwarders” was amended to eliminate regulations on permitted categories of business, office space and on warehouses.

4. In order to attain the goal of becoming a regional air cargo transshipment center, the Civil Aviation Law was revised on January 21, 1998. Following this revision, the ratio limitation imposed on equity-holding by foreigners and the number of foreign directors in the boards of local enterprises providing air freight forwarding services, airport terminal ground-handling services and off-airport air cargo terminal services was raised up to 50%. In addition, the reciprocal treatment condition imposed on foreign airfreight forwarding enterprises for setting up branch offices in Chinese Taipei was lifted. Moreover, in order to further liberalize the 50% restriction on air freight forwarding services and off-airport air cargo terminal services, a revision of the Civil Aviation Law lifting such limitation is now proceeding necessary legal procedures. It is expected that the new revision will take effect after Chinese Taipei's accession to WTO.
5. The privatization of Taipei Air Cargo Terminal has been implemented by open bid from the private sectors. Taiwan Air Cargo Terminal Ltd. won the bid and Taipei Air Cargo Terminal was transferred smoothly to this new company on January 16, 2000.

— **Liberalization of sea transport:**

1. Foreigner have been allowed to establish local companies to provide storage and warehousing services since 1995;
2. In January 1996, the “Law on Commercial Ports” was revised. This revision removed the preferential rights that Chinese Taipei transport companies and container transport companies had enjoyed in terms of renting and investing in harbor facilities and gave foreign legal persons equal treatment.
3. In February 1996, the “Regulations Governing Implementation of Automatic Customs Clearance of Cargo” were revised. The revision simplified customs procedures by removing the requirement that written reports and other documentation must accompany goods for customs clearance. A no-document review no-cargo examination system replaced the earlier procedure.

4. On 2 October 1996, the "Ship Law" was revised. This increased the ratio of permitted foreign investment in Chinese Taipei registered ships from one-third to one-half.
5. Foreign shipping companies allowed to establish a branch company took effect as of 19 June 1997;
6. Since June 1997, foreign ship leasing companies have been allowed to establish branch companies;
7. Stevedoring businesses in port areas have been fully privatized and liberalized since 1 January 1998;
8. Foreigners have been allowed to establish a local maritime freight forwarding companies since 23 February 1999;
9. Foreigners have been allowed to establish local shipping agency companies since 23 February 1999;
10. Foreigners have been allowed to establish local ocean freight container station companies took effect since 1 March 1999.

(b) Telecommunications

1. Before 1996, Chinese Taipei has already deregulated Customer Premise Equipment (CPE), Value-added Network Services and CT-2 services.
2. On 2 February, 1996, the amendment and legislation of the "Telecommunications Law," "Organization Statute of the Directorate General of Telecommunications, Ministry of Transportation and Communications," and "Statute of Chunghwa Telecom Co., Ltd" were completed. This completely lifted the upper limit of the investment by foreign companies in Chinese Taipei for value-added network services. Moreover, it allowed joint foreign and domestic investment in and operation of basic telecommunication services, and it further broadened the scope of telecommunications value-added network services. However, the upper limit of the aforementioned foreign investment in jointly operated basic telecommunication services is kept at 20%.
3. On 29 April 1996, the "Regulations Governing Mobile Telecommunications" were promulgated. These allow business operation in the areas of mobile telephones, radio paging, trunked

radio, and mobile data communications. 44 licenses have been granted since April 1997. Those operators have been running their operations since January 1998.

4. On 20 January, 1997, the revision of the "Regulation on Radio Wave" was completed, and in Feb. 1997 the "Regulation on Type II Telecom Enterprises" was also completed. In the future, these will further relax regulation of the telecommunication market and establish a freer, fairer environment for telecom operators.
5. Chinese Taipei began to accept license applications for the Satellite TV Broadcasting Links Services in August 1997.
6. In December 1997, the "Administrative Rules on Satellite Relay Services for Satellite Broadcasting Program" was announced to open up Satellite up-link services.
7. In December 1997 Chinese Taipei announced the license applications for provision of fixed Satellite Services and Mobile Satellite Services.
8. On 26 May 1998, the "Regulations Governing the Operations of Type II Telecom Enterprises" was revised to opened up the voice services for closed user group.
9. After years of planning, Ministry of Transportation and Communications (MOTC) has promulgated "The Regulations Governing Fixed Network Services" and has accepted license applications for operating integrated network services in 1999.
10. The amendment to the Telecommunications Act of 1996 was promulgated and put into effect on Nov. 3, 1999, which raised the ceiling on foreign shareholdings in Type I telecommunications enterprises from 20% to 60%. The revised rule on the foreign shareholdings in Type I telecommunications enterprises has been in effect since Jan. 31, 2000.
11. After issuing three licenses for Integrated Fixed Network Services in March 2000, Chinese Taipei further opened up the International Submarine Leased Circuit Service in August 2000.

(c) Financial Sector

– Measures taken to liberalize the securities market:

1. In January 1996, all restrictions on outward remittance of capital by foreign investors in the domestic stock market were lifted.
2. In February 1996, the “Guidelines for the Offering and Issuance of Securities by Foreign Issuers” were enacted. These allowed foreigners to come to Chinese Taipei and issue valuable securities to raise capital, and to promote the internationalization of the money market.
3. In March 1996, the regulation limiting foreign investment in securities investment and trust companies to 49% was lifted.
4. On 7 May 1997, the “Securities and Exchange Act” was amended. Major changes include lifting of the nationality restriction on securities brokers and stockholders of the Taiwan Stock Exchange (TSE) and elimination of the regional restriction on the stock exchange.
5. Effective June 1, 1997, the issuance and trading of warrants of 31 selected TSE stocks were opened.
6. The “Futures Trading Law” was promulgated on 26 March and implemented in 1 June 1997. The Futures Exchange House was operational as of July 21, 1998, the trading of the Taiwan Stock Exchange Weighted-average Index Contract began to trade on the newly inaugurated Taiwan International Mercantile Exchange thereon.
7. Beginning 30 March 1999, to increase internationalization of the domestic securities market, the Central Bank, in agreement with the Ministry of Finance, agreed to raise the upper ceiling of foreign investment by individual investors in any single publicly listed company from 15% to 50% of that company's total issued shares. At the same time, the upper ceiling of total foreign investment in a publicly listed company was raised from 30% to 50%.
8. On November 19, 1999, the ceiling on investment quota in R.O.C. securities by each qualified foreign institution investor (QFII) was raised from 600 million to 1.2 billion, effective November 20, 1999.

– **Measures taken to liberalize the insurance market:**

1. Chinese Taipei has permitted cross-border insurance services for Maritime shipping and commercial aviation. In addition, there are no equity limitations on foreign insurers' applications for establishment of branches in Taiwan.
2. Chinese Taipei further revised the "Regulations Governing the Administration of Insurance Enterprises" on May 21, 1997. After the revision, some insurance premium rates and policy clauses, when specially approved by the Ministry of Finance (MOF) will be subject only to a reporting requirement rather than a prior approval requirement.
3. In January 1998, the insurance premium rates for "personal accident insurance" and "travelers' accident insurance" were amended, and the original unified premium rates were replaced by flexible ones with the adjustable range of 30% for insurers, thus serving as the basis of the general liberalization of insurance premium rates of Chinese Taipei.
4. In February 1998, the "Admission Standards and Administrative Rules Governing Foreign Insurers" was amended. This revision provides a six-month period for foreign insurers to apply for the establishment of their branches in Chinese Taipei, beginning on 1 July till the end of each year which is the same period for local insurance companies, thus providing foreign insurers identical national treatment.
5. According to the "Key Points for Reviewing of Application of Non-life Insurance Products," and in accordance with international insurance practices, marine insurance policies, aviation insurance policies, and other insurance policies under special approval of the MOF, can be issued in English. However, a Chinese version should be supplied to the MOF for monitoring purposes. The above has been in effect since June 30, 1998.

6. In June 1998, the "Key Points for Reviewing of Application of Non-life Insurance Products," and in August 1998, the "Key Points for Reviewing Application of Life Insurance Products" were amended to shorten the insurance policy review procedure. Since then, the reporting requirement system has replaced the prior approval requirement in some cases. Under the reporting requirement system, some insurance products may be offered unless the MOF disapproves within 15 working days after receipt of the completed documentation. Under the prior approval requirement system, the insurance products should be approved in advance and the MOF may respond within 90 working days after receipt of the completed documentation. This has contributed to the timely liberalization of our insurance market.
7. In September 1998, the MOF instituted an Insurance Reform Group to create future plans and directions for the insurance industry.
8. In compliance with our government economic development policy, the revised "Key Points for Review of an Insurance Enterprise's Funds Engaging in Special Projects and Public Investment" came into effect on October 1, 1998, dropping some limitations against an insurance enterprise's investment in major government and private investment projects.
9. In August 2000, to simplify the administrative process and enhance examination efficiency, "The Implementing Principles of the Application for the Property Insurance Products" and "Model Provisions for the Property Insurance Policies" were enacted. Any policy clause that uses the aforementioned principles and provisions will not be re-examined by the Ministry of Finance.

– Measures taken to liberalize the banking industry:

1. The "Trust Law" was enacted on 26 January 1996 and the "Trustee Law" was enacted on 19 July 2000. Both laws have established a trust system in order to facilitate the development of new kinds of financial products.

2. On 22 March 1997, the two-year operating experience requirement for establishing additional offices by foreign banks was removed.
3. On 8 October 1997, the “Offshore Banking Act” was revised. The revision has expanded the scope of offshore banking services significantly.
4. On 20 January 1999, the “Deposit Insurance Act” was revised. The revision has enhanced the capacity of competent authority, currently the MOF, and the Central Deposit Insurance Corporation, to deal with unhealthy financial institutions.

- Measures taken to liberalize the foreign exchange regulation:

1. In recent years, Chinese Taipei has been liberalizing foreign exchange regulations based on the spirit of “free in principle and managed by exception,” in order to come closer to achieving the objective of liberalization.
2. In July 1996, the limitations on contract duration of forward foreign exchange transactions have been removed.
3. In December 1996, Chinese Taipei lifted several restrictions to permit any one who has the need for foreign exchange to engage in forward foreign exchange transaction with authorized foreign exchange banks, upon presentation of related transaction documents or letter of approval issued by the competent authority.
4. In June 1997, the annual limit that a company registered with the competent authority is allowed to freely settle foreign exchange against NT dollars was raised to US\$ 50 million from US\$ 20 million.
5. Since July 1999, natural domestic persons have been allowed to issue GDRs against their holdings of domestic listed and over-the-counter stocks and freely convert these raised foreign funds into NT dollars.

(d) Industrial and business services

1. In April 1996, amendment to the “Rules Governing the Hiring of Foreigners by Local Lawyers” was promulgated and will be

implemented after WTO accession. This, together with the revision of the “Employment Service Law,” will protect the status of foreigners hired in Chinese Taipei, and will simplify the certification procedures for such foreigners.

2. On 21 May 1997, the Article 49 of “Employment Service Law” was revised, which will help extend the employment time-limit for foreign workers.
3. On 1 July 1997, in accordance with the passage of the revised “Implementation Regulation of Employment Service Act,” the existing requirements on the educational background and working experience of foreigners who are willing to work in Chinese Taipei were relaxed, and administrative procedures were also streamlined.

- **Measures to liberalize investment**

Please refer to the contents of “investment” area.

All the deregulatory measures described above are processed in a transparent manner; relevant information is made available to the public and the contents of relevant deregulatory laws and measures are published in government gazettes.

B. Action Plans

(a) Improve the transparency of regulatory requirements

Short/medium/long term (2000-2010)

Chinese Taipei will:

1. Follow the APROC principle, “ to strive for transparency of policy and indicate clearly the scope of government responsibility,” and continue to publicize all deregulatory measures pertaining to trade and investment.

2. Promptly publish all laws and regulations relating to trade and investment so that governments and traders could become acquainted with them.
3. Provide, except in cases of extreme emergency, a period for appropriate authorities to comment on all laws, regulations and other measures pertaining to or affecting trade in goods, services, or TRIPS of at least 60 calendar days before such measures are implemented, following its accession to the WTO.

(b) Eliminate unnecessary regulations which may distort trade and/or investment

According to the five general principles of liberalization and internationalization that were publicly announced as part of the APROC plan, Chinese Taipei will deregulate in three stages to facilitate liberalization process. Below is a brief description of the deregulation plan:

Short/medium term (2000-2005)

Chinese Taipei will:

- **Trade in goods**

1. Continue the domestic legislative process for effecting Chinese Taipei's WTO accession commitments, and consider further lowering tariffs and elimination of non-tariff measures after WTO accession.
2. Deregulate in two stages. The first stage involved the opening of the import of fuel oil, jet fuel and liquefied petroleum gas (LPG) to private enterprises in January 1999. The second stage is expected to open the import of all petroleum products after the Petroleum Administration Law is promulgated.
3. Implement the second stage of deregulation of petroleum product, after our accession to the WTO, the control on textile products in line

with the principles of the WTO/ATC. Chinese Taipei will eliminate all relevant export control according to the schedule set out in the ATC.

4. Consider the abolishment of the local testing requirement for medical devices and accept the foreign testing methods and results if the manufacturers comply with our GMP regulation.
5. Consider deregulation of the local clinical trial requirement for pre-marketing approval of contact lenses.
6. Continue to deregulate the requirements for new drug application in order to conform to the International Conference on Harmonization.
7. Lift the restriction of repackaging for imported pharmaceutical products upon our accession to the WTO

- **Privatization**

Continue the privatization process based on the timetables for the 27 government-run corporations.

- **Services**

Chinese Taipei will continue domestic legislative process for effecting WTO accession commitments particularly in the areas of finance, insurance, telecommunications, transportation, and professional services, and movement of natural persons. Some of the major action plans in service are described as follows:

1.Plans to liberalize Transportation

- Continue to improve its port management to improve the efficiency of harbor operations, improve construction of port facilities, increase cargo transshipment capability, and integrate inter-harbor function, in order to attain the goal of becoming a regional maritime trade and transshipment center.
- Continue to install in its harbors a fully cargo automated clearance system and automated network system to simplify cargo customs procedures.

- Continue to develop an express cargo transshipment center, an airline passenger transfer center, and an aerospace city, in order to attain the goal of becoming a regional aerospace transshipment center.
- Continue to encourage private investment or operation in businesses related to airport passenger and cargo facilities and services, such as air cargo terminals, airport hotels and car parks.
- To complete the revision of the Civil Aviation Law so that after Chinese Taipei's accession to WTO the limitation on foreign investment to air freight forwarding services and off-airport air Cargo terminal services could be lifted completely.
- Continue to implement the policy of privatization of air cargo terminal. Private sectors are allowed to invest, build and run a new cargo terminal in Taipei CKS International Airport at the area reserved for the second phase air cargo terminal. It is expected to be completed by March 2003.

2. Plans to liberalize the telecommunications market

- Continue the step-by-step liberalization of telecommunications, adjust tariff structure, and integrate its basic National Information Infrastructure (NII) to achieve the goal of becoming an Asia-Pacific regional telecommunications center.
- Continue reviewing and revising relevant laws to relax the limitation on foreign shareholding in Type I Telecommunications enterprises, in line with the policy of liberalizing the telecommunications sector.
- Plan measures on tariff control, interconnection, accounting separation, universal services, equal access and number portability, to establish an equitable and reasonable environment for telecommunication services.
- Open 3G mobile communication services, Chinese Taipei has scheduled acceptance of applications in the first half of 2001, and licenses will be issued in the last half of 2001. this is expected to improve quality and diversity of communication services.
- Revise the "Radio Broadcasting and Television Law" to allow cross-operation for radio TV and telecom services operators.

- Establish a "Telecommunications, Information and Broadcasting Commission" TIBC to foster the integrated development of Telecommunications, Information Technology, and Broadcasting as a whole.
- Carry out the first phase of privatization of the government-run Chunghwa Telecom at the end of 2000, and release the government held 33% of shares in that company for sale to the public.
- Continue to implement phase II of APEC Telecom MRA in 2000 or 2001, in line with its commitments, and begin accrediting the certification bodies by the end of year 2000 or the beginning of 2001.

3.Plans to liberalize the financial market

□ Securities

- Continue progressive liberalization of capital movements under the principle of maintaining the two-way balance between capital inflows and outflows. It is expected that beginning on 1 January, 2001 and thereafter, no limitations on share-holding ratio for foreign portfolio investment shall exist, except as otherwise specified in Chinese Taipei's WTO commitment for specific sector.

□ Banking

- Continue reviewing and discussing the revision of the "Guidelines for the Screening Applications for the Establishment of Branches and Representative Offices by Foreign Banks," to relax the restrictions on foreign banks' market access to Chinese Taipei.
- Continue to study the revision of the "Banking Law," to make the banking regulatory regime sounder and to further expand the scope of banking services.
- Continue to study the revision of the "Offshore Banking Act," to further expand the scope of offshore banking services.

□ Insurance

- Continue discussing the feasibility of appropriate relaxation of controls on insurance rates. It will also study how the requirement for "prior approval" of policy clauses may be changed to the "use and file" system.

- To accelerate the innovation of insurance products and improve bureaucratic efficiency, upon accession of Chinese Taipei to the WTO, Chinese Taipei is committed to shortening the policy review procedure. Our goal is to have policies approved within 15 days if a like policy has been previously approved by the MOF or within 3 months if the policy is a new product.
- Foreign mutual insurance companies with net worth of at least \$2 billion NT shall be permitted, upon accession of Chinese Taipei to the WTO, to establish direct branches in Chinese subject to the normal prudential regulatory approval process.
- Continue the revision to the relative regulations of reinsurance and retrocession services to build a sound reinsurance system and strength the basis of insurance market on the progress of liberalization and internationalization.
- Continue studying ways to broaden the range of existing regulations in order to promote flexibility and efficiency in the utilization of insurance enterprises' fund.

4. Plans to liberalize industry and business services

- Continue to review and revise the "Employment Service Law" so as to extend the employment time-limit for foreign workers and put all procedures pertaining to the hiring of foreigners under a single law and a single responsible agency, with a view to achieving the goal of reducing barriers to personnel passing across its borders.

Short/medium/long term (2000-2010)

Chinese Taipei will:

- Continue studying and assessing regulations that may distort trade and investment and will revise the relevant laws, regulations, and administrative orders in due course.
- Relax, as appropriate, the restriction on insurance premium rates and clauses.

Deregulation Report 2000

Thailand

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

Metropolitan Waterworks Authority

Current Position

The Government is implementing a series of far-reaching changes aimed at improving the efficiency of services, strengthening transparency, reducing the financial burden on government resources as well as encouraging private sector participation in public utilities. It has recently approved the Master Plan for State Enterprise Sector Reform which serves as the framework and guidelines for the privatization of the state-owned enterprises in all sector.

As for the water supply sector, the Ministry of Finance in conjunction with the Ministry of Interior is now recruiting a consultant to conduct detailed study on sector policy issues, regulatory framework, tariff structures as well as privatization options for three state enterprises namely, the Metropolitan Waterworks Authority (MWA), the Provincial Waterworks Authority (PWA) and the Wastewater Management Authority (WMA). It is expected that the selected consultant could commence work by April 2000 and complete the service by year-end. Implementation of the privatization effort will be carried out after cabinet approves the plan.

Action Plan

Thailand will:

(2000-2001)

The Board of Directors of MWA has passed a resolution on the privatization plan for MWA as follows:

- To raise funds through public offerings for investment and loan repayments.
- To establish subsidiary companies for supporting works (legal, training, engineering, etc.)
- To encourage private sector participation in service affairs (water loss reduction, maintenance works, etc.)

The Express Transportation Organization of Thailand (ETO).

Action Plan

Private sector operators have been allowed to undertake freight transportation service at the Bangkok Port which was previously undertaken solely by the Express Transportation Organization of Thailand (ETO). Since the beginning of July 1997, there have been 17 interested companies and the ETO operating at the port.

The Dairy Cooperative Federation of Thailand Limited

Action Plan

Since 16 May 1997, any juristic persons have been allowed, in accordance with the Department of Foreign Trade's regulation, to import milk and cream, not concentrated, nor containing added sugar or other matters, including flavored milk. These products were previously imported solely by the Dairy Cooperative Federation of Thailand Limited.

Deregulation Report 2000

United States of America

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

Recent Actions

Electronic Commerce

The United States sees electronic commerce as a revolutionary new enabling technology that can create economic activity within and across borders. For this reason, the United States is committed to ensuring that its regulation is minimal. Its activity in APEC has been undertaken not only in this light, but also with a view to raising awareness among APEC members about how governments and business can stimulate economic activity at home and across borders by reaching global markets efficiently and effectively with intelligent technologies, and without creating obstacles to growth.

Issues concerning regulation and taxation of the Internet have been, and will continue to be, actively considered in the United States Congress and Executive Branch. In addition there are ongoing initiatives to promote use of the technology, such as project programs to provide export assistance to under-served rural manufacturers and small businesses, and to provide notification of international procurement opportunities.

Telecommunications

On February 8, 1996 President Clinton signed into law the Telecommunications Act of 1996. This important legislation spurs competition in all communications services by, among other steps, opening local phone markets to competition, setting conditions for regional phone companies to enter new markets, gradually eliminating price controls on large and mid-size cable systems, and reforming other aspects of cable system regulation.

Recent FCC efforts strive to foster increased competition in local and long distance telephone services by addressing issues related to infrastructure sharing, universal service, and access charge reform. The FCC and the Department of Justice have reviewed and will continue to review a number of

Bell Operating Company petitions to provide in-region long distance services and will evaluate several major mergers and acquisitions as the industry continues to restructure itself following the Act. The FCC has also been actively revamping its regulation of the radio spectrum, auctioning licenses for a wide range of new services and establishing rules for a new generation of digital television.

A sunset clause went into effect on April 2, 1999 for one of the provisions in the landmark 1996 Telecommunications Act. The provision, legislating price controls on cable television, was not renewed thereby ending price controls on cable television.

In 1998, a Foreign Carrier Entry Order was issued, liberalizing foreign ownership in the US telecom industry. The FCC adopted new rules that will allow an open entry policy for carriers from WTO members and expand competition in the US domestic telecom market. The new rules replace the effective competition test (ECO test) for WTO members and streamline applications for authorization for a variety of activities including exceeding the 25% indirect foreign ownership benchmark for wireless licenses.

A Foreign Satellite Entry Order was issued in November, 1997, liberalizing procedures for provision of satellite services by non-U.S. licensed satellite systems. The FCC established a presumption in favor of access to satellite systems licensed by WTO members.

In 1999, the Federal Communications Commission waived the requirements of its international settlements policy for country routes considered to be competitive because the accounting rates are at least 25 percent below benchmark levels, and also for arrangements between U.S. carriers and foreign carriers that lack market power in their home markets.

Costs and Benefits of Federal Government Regulation

After a study lasting several months, the Office of Management and Budget (OMB) released in September, 1997, a report on the costs and benefits of current regulation. The report was required by the Treasury postal bill passed in September 1996 (Senate Appropriations Bill, sec. 645a). The report represents the first step in a comprehensive review and reassessment of regulation in the United States. It covers estimates of the total annual costs and benefits of Federal Regulatory programs, including quantitative and non-quantitative measures of regulatory costs and benefits, estimates of the costs and benefits (including quantitative and non-quantitative measures) of each rule that is likely to have a gross annual effect on the economy of \$100,000,000 or more in increased costs, an assessment of the direct and indirect impacts of Federal rules on the private sector, State and local government, and the Federal Government; and includes recommendations from and a description of significant public comments to reform or eliminate any Federal regulatory program or program element that is inefficient, ineffective, or is not a sound use of the Nation's resources. The report can be found at www.whitehouse.gov/WH/EOP/OMB/html/intro.htm.

Agriculture

Omnibus Farm Bill Implementation. The Department of Agriculture (USDA) has implemented major provisions of the Agricultural Market Transition Act (AMTA) and other key elements of the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127) which was signed into law on April 4, 1996. AMTA removes Government authority to require producers to idle some of their land in order to qualify for Government payments. It provides for fixed payments in lieu of "deficiency payments" for several basic commodities. Only peanuts and tobacco remain subject to Government regulation of production or marketing and prices; however, price support levels for peanuts have been reduced. Both tobacco and peanut programs operate on a no-net-cost to the Government basis. Marketing allotment provisions which restricted domestic marketing of sugar under certain conditions have been eliminated, and other adjustments have been made in the sugar price support program including utilization of a more transparent formula to determine tariff rate quota (TRQ) levels for sugar imports based on forecast stocks to use ratios. Dairy price support levels have also been reduced, and will be eliminated by 2001. The USDA has also implemented new rules for the Conservation Reserve Program to emphasize the environmental benefits from the land retired under long-term contracts in this program and to shift productive cropland out of the program back into crop production where it is economically justified.

APHIS Deregulation. Over the past year the Animal and Plant Health Inspection Service has concentrated on updating its import regulations to comply with the principles of transparency and equivalency contained in the World Trade Organization (WTO) agreement. APHIS has also revised its regulations to enhance trade opportunities by allowing additional articles to be imported into the United States. Particular examples from the past year include final rules that allow importation of Hass avocados from Michoacan, Mexico; pork from Sonora, Mexico, and beef from Argentina. APHIS is also working on a final rule that will align its regulatory and decisionmaking structure for cattle and swine and beef and pork product imports with WTO principles.

Export Administration

The Bureau of Export Administration (BXA) administers and enforces U.S. export controls on goods and technology that have both civilian and military uses. In 1999, the value of U.S.-licensed exports accounted for only 3-4 percent of total U.S. exports. In all areas of export controls--nuclear, missile, chemical, biological, and dual-use--multilateral cooperation remains an important part of U.S. policy and U.S. activity. In the last seven years, the United States has implemented several revisions to its regulations in key sectors. In 1999, the United States liberalized export controls on high performance computers (HPCs). The President also committed the executive branch to reviewing HPC export control policy every six months in order to ensure that U.S. controls keep pace with changing technical realities. In a similar vein, in January 2000, the United States greatly expanded the ability of U.S. manufacturers to export encryption products. BXA has also streamlined

the licensing process and implemented an electronic application system. Since implementation of electronic filing in January, 50 percent of applications have been submitted online.

Food and Drug Administration

The FDA has announced 36 reforms in the past year that will significantly cut drug approval times and streamline the pre-market clearance process for certain devices, including: eliminating prior approval of certain manufacturing changes for drug manufacturers; eliminating most environmental assessments that must now accompany drug applications; and, increasing the number of medical devices that do not need pre-market clearance. In addition, FDA is eliminating its lot release requirements for well-characterized drugs, which will generate significant cost savings and speed the development of drugs created through biotechnology without sacrificing safety.

Transportation

The Ocean Shipping Reform Act of 1998 went into effect May 1, 1999. This Act provides for reduced economic regulation in the transport of U.S. ocean-borne foreign trade by permitting ocean carriers and shippers greater freedom to negotiate freight contracts.

Previous Actions:

The interstate deregulation effort was extended to interstate trucking on August 26, 1994 in PL 103-305. The regulatory barriers that are dismantled by this law will save shippers and consumers anywhere from \$3 billion to \$8 billion.

As part of the Reinventing Government effort, the Department of Transportation (DOT) has in recent months made over 50 substantive revisions to text in the CFR to reduce burden or duplication, or to streamline requirements. In addition, DOT has made major efforts to harmonize regulations with those of other countries, particularly European Community member countries. Both the Federal Aviation Administration and the U.S. Coast Guard have efforts underway to harmonize safety standards. These will achieve common standards that reduce unnecessary costs on airplane manufacturers without lowering the level of safety provided by existing regulations. The FAA is also working on harmonization of various regulations, ranging from rotorcraft regulation to structural load requirements, with European Joint Aviation Requirements.

Commerce

In an effort to bring greater competition into the electric utility market, many states have begun to deregulate their electric utilities in 1998, including California. The deregulation led to substantially greater competition for the industry. The federal government is also interested in this endeavor. The Senate is considering a bill sponsored by the United States Department of Energy entitled, The Electric Utility Empowerment and Competitiveness Act of 1999, which is meant to facilitate states' efforts to deregulate the electric utilities.

Procurement

The Federal Acquisition and Streamlining Act of 1994, simplifies procedures for Federal purchase of commercially available goods, promotes the development of computer networks for conducting procurement electronically, and provides more flexibility in awarding and financing government contracts. It will provide billions of dollars in savings for both the private and public sector by increasing the efficiency and transparency of the government's procurement process.

Securities

Rule 144A, adopted in 1990, allows issuers to sell securities in the US markets to certain without registering the offering with the SEC. Operating in this less structured environment, the market for rule 144A offerings by foreign issuers from 43 countries used the rule to sell the securities. In fact, in those three years 300 foreign issuers have used rule 144A to sell over \$25 billion of securities.

In April 1994, the SEC amended its rules so that more foreign issuers are eligible to use short form prospectuses and the shelf registration process. In addition, the SEC made significant changes to its rules on reconciling financial statements. By the end of 1994, over 100 foreign issuers took advantage of these regulatory enhancements and entered the US capital markets for the first time -- this was a record of new listings.

Additional deregulation measures were reported in the October 1995 report on U.S. deregulation initiatives.

Updated 5/00

Inputs from: DOC (new paragraph on Bureau of Export Administration)
DOJ:Maureen Casey (new final paragraph re FCC under Telecomm)

Deregulation Report 2000

Vietnam

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. Eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfil a legitimate objective.

GUIDELINES

APEC economies, taking into account work done in other areas of APEC activity, will: combination with cooperation in other fora, each APEC economy will:

- a. Publish annual report detailing actions taken by APEC economies to deregulate their domestic regulatory regimes; and
- b. Develop further actions taking into account the above reports, including:
 - (i) policy dialogue on APEC's economies' experience in regard to best practices in deregulation, including the use of individual case studies to assist in the design and implementation of deregulatory measures, and consideration of further options for a work program, which may include:
 - identification of common priority areas and sectors for deregulation;
 - provision of technical assistance in designing and implementing deregulation measures; and
 - examination of the possibility of establishing APEC guidelines on domestic deregulation; and
 - (ii) regular dialogue with the business community, including a possible symposium.

I. Current Status

A comprehensive reform of the national economy, referred to as 'Doi Moi', has been introduced in Vietnam since 1986. The economic reform has been implemented through a variety of measures aiming to reform economic structure, attract foreign investment, establish gradually a new legal framework directing the economy towards market economy, and to integrate step-by-step into the global and regional economy. From that point of view, Vietnam has deregulated many sectors, especially in the following fields:

- + Enterprises administration;

- + Trade in goods;
- + Trade in services; and
- + Investment.

With regard to enterprises' autonomy, the National Assembly and the Government have recently promulgated the Law on Enterprises with a view to creating an equal and legalized business environment for all enterprises. Vietnam is also in the process of formulating Law on Competition and Anti-trust in order to stimulate healthy competition and ensure a fair legal environment for business activities in Vietnam.

With respect to the trade in goods, the Government of Vietnam issued Decree No. 89/CP Removing Import/Export Shipment Licensing requirements (i.e. license required for each consignment of goods). In fact, the shipment licensing had been removed before the issuance of this Decree. Decrees No. 144/HDBT and No. 33/CP have extended the rights to import and export to companies of all economic sectors. Companies are permitted to export and import almost all kinds of goods, which are only subject to tariff control. There are a few items which are still subject to quantitative restriction. From 1996 to early 1998, the Government has continued to expand the opportunities to do business in the items, which used to be controlled or regulated by the State. Certain proportion in total import value and import licenses imposed on consumer goods were removed and list of items controlled by quantities was also substantially reduced. On July 31st 1998, the Government issued the Decree No.57/1998/ND-CP providing detailed regulations on the implementation of the Commercial Law on Export, Import, Processing Goods and Agencies of Sale and Purchase of Goods with foreign merchants. This Decree has further enlarged import-export rights of Vietnamese enterprises.

In 2000, the number of groups of imported merchandises subject to import licensing issued by the Ministry of Trade has been reduced from 20 to 9. Licences required for some merchandises issued by supervising ministries have also been removed (see more in non-tariff measure).

With regard to trade in services, a number of Laws and Ordinances have been adopted by the National Assembly and the Standing Committee of the National Assembly to facilitate business activities in Vietnam. Furthermore, the Government of Vietnam and Governmental agencies have also issued a range of legal documents to support Vietnamese and foreign businesses doing business in Vietnam.

With reference to foreign investment, the Government of Vietnam has lowered the land rental fees for foreign-invested enterprises, established hotlines to answer all inquiries relating to tax policies at the General Department of Taxation of the Ministry of Finance to help companies access easily to new information and policies. The State Planning Committee and the State Committee for Co-operation and Investment have been merged to be the Ministry of Planning and Investment to create a "one-door" mechanism for foreign investment projects appraisal and licensing. In an effort to further simplifying licensing procedures for foreign investors in Vietnam, the Government has

decentralized the Municipal and Provincial People's Committees across the country the authority to issue investment licenses.

With a view to further facilitating the operation of FDI in Vietnam, in May 2000, the National Assembly adopted the Law on the Amendment of and Supplement to the Law on Foreign Investment. The new Law provides supplementation of new forms of investment; new incentives measures, supplementation of regulations on the organization and operation of foreign invested enterprises, and amendment of some irrelevant regulations. (see more in Investment Chapter).

Regarding trade, the Law on Value Added Taxes has become effective since 1st January 1999 to facilitate business and production activities.

With regard to commercial activities of foreign-invested enterprises: the Ministry of Trade has authorized the Management Boards of Industrial Zones and the People's Committees at provincial level to approve export-import plans and manage export-import activities of foreign-invested projects. Foreign-invested enterprises are permitted to export or export under the assignment a vast number of commodities, which they do not produce.

In the area of customs, the General Department of Customs has reviewed and eliminated 566 customs legal documents which had turned irrelevant, and formulated new ones covering those areas which are not yet regulated by law, with a view to further facilitating customs operation. (see more in Customs Procedures)

In October 1998 the Government's Steering Committee on administrative reform was established to assist the Government in implementing annual, medium-and long-term administrative reform plans at ministerial, sectoral and local levels.

Program on equitization of State-owned enterprises (SOEs) is in progress with 432 equitized SOEs by June 2000.

II. Action Plan

1. Short term (2000-2002)

- To continue efforts to accelerate the equitisation progress of State-owned enterprises.
- To continue to enhance market access opportunities in accordance with the socio-economic development progress and the growth of Vietnamese industries.
- To review policies with respect to the administration of investment and trade in services management and to amend such policies toward the facilitation for the foreign-invested enterprises' and other enterprises' business in trade in services.
- To consider the gradual reduction of non-tariff barriers to trade.

2. Medium term (2003-2010)

- To allow foreign residents in Vietnam will be allowed to buy shares of equitised enterprises. The single pricing mechanism will be applied for both foreigners and overseas Vietnamese.
- To remove non-tariff barriers which are inconsistent with the WTO rules upon the accession to WTO;
- To continue to implement the equitisation scheme of State-owned enterprises through public issuance of their shares;
- To continue to participate actively in the formulation and Harmonization of the system of Vietnamese standards and qualities;
- To ensure the transparency and clarity of investment and trade policy regimes.

3. Long term (2011-2020)

- To continue to adjust its mechanism and policies in order to ensure the achieve APEC's goals by 2020.