



Asia-Pacific
Economic Cooperation

Advancing Free Trade
for Asia-Pacific Prosperity

Good Regulatory Practices

2014 APEC Economic Committee Report

Regulation is an integral part of a well-functioning economy. Building high quality regulatory environments in APEC economies is a key component of APEC's work to promote free and open trade and investment in the region. Over the last sixteen years, APEC has been working to implement predictable and transparent regulatory practices across the region. The 2014 APEC Economic Policy Report assesses the progress achieved in APEC member economies' initiatives to improve their regulatory environments.



Elements of Good Regulatory Practices

Why are Good Regulatory Practices Important?

The transparency, accountability and certainty provided by good regulatory practices in an economy sends positive signals to the international business community, inviting foreign investment and expanding trade opportunities. In contrast, economies with opaque and inconsistent regulatory regimes can drive trading partners and businesses elsewhere. Sound and fair regulations for dispute resolution enable companies to operate in economies with confidence and ease. Reducing overly burdensome regulations is also important to ensure lower costs for doing business in an economy.

Over the years, APEC has worked to reduce the negative impact of regulatory divergences on trade and investment. In 2011 and 2013, APEC Leaders committed to strengthen the implementation of good regulatory practices through ensuring internal coordination, assessing the impact of regulations, conducting public consultations, and encouraging single online locations for information and other tools.

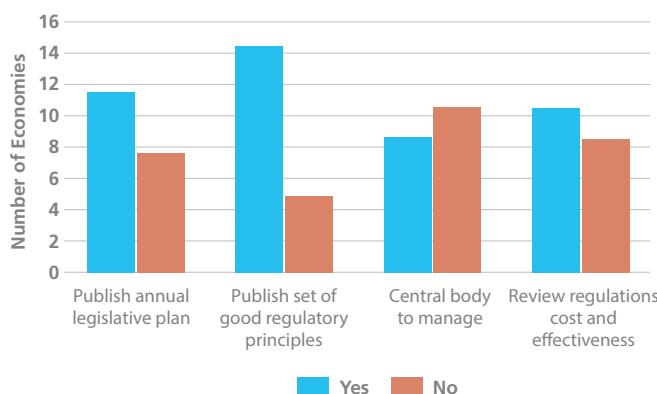
Assessing Good Regulatory Practices in APEC Economies

APEC economies have made measurable progress towards implementing the elements of good regulatory practices. 20 Individual Economy Reports were submitted by members in 2014, providing an overview of the achievements, challenges and priorities on the use of good regulatory practices in their economies.

Internal Coordination: Institutional Design of Rulemaking Activity

Well-designed regulatory rule-making activity should be capable of building political consensus and support for regulatory reform. Successful internal coordination across agencies and the public occurs during the drafting of a regulation as well as after its adoption. A legal oversight body, often located at the center of government administration, can serve as the key coordinating institution. High quality management systems ensure laws are efficiently administered and enforced.

Progress on Internal Coordination



APEC Performance: The performance of APEC economies in ensuring internal coordination is only moderate. Nearly half of the APEC economies that submitted reports have established a central body to oversee regulatory policy at the center of government administration. However, there is room for improvement on the capacity to manage government-wide regulatory reform programs and publication of an annual legislative plan.

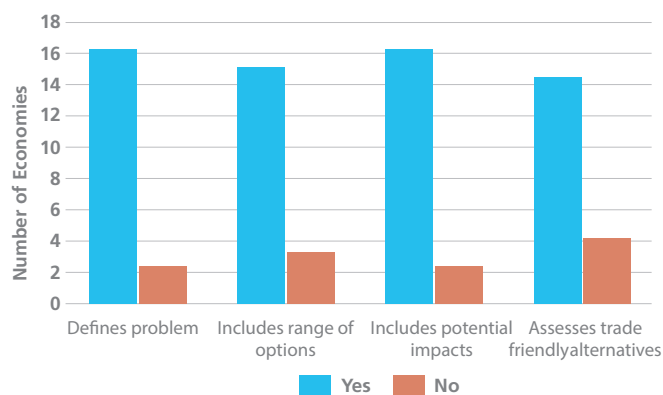
Regulatory Impact Assessment (RIA)

A Regulatory Impact Assessment (RIA) includes an assessment and quantification of costs and benefits anticipated as a result of the proposed regulation and its possible alternatives. This analysis helps improve the quality and effectiveness of rules and minimizes the burden.

APEC Performance: One of the major achievements is wider adoption of regulatory impact assessments (RIA), which have become the norm across many economies.

However, APEC economies face several challenges with regard to implementing RIA, including insufficient institutional support and staff skills, limited knowledge and acceptance of RIA within public institutions and civil society, lack of reliable data necessary for the RIA, and lack of a coherent, evidence-based and participatory policy process.

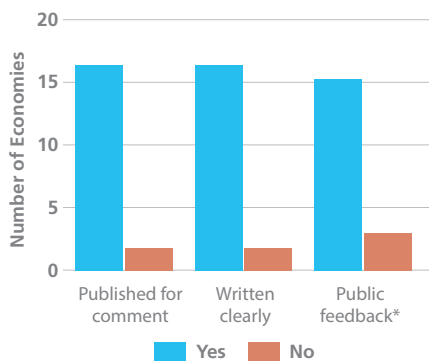
Progress on Regulatory Impact Assessment (RIA)



Transparency and Public Consultation Mechanism

Regulations and governance are considered transparent when extensive information on an economy's activities and policies is accessible to the public. Engaging stakeholders and the general public throughout the lifecycle of a regulation enables policymakers to receive critical feedback about the effects of a particular regulation. This helps ensure that regulations perform efficiently in an economy with minimal negative side-effects

Progress on Public Consultation Mechanisms



* Note: Feedback given to stakeholders after development of regulations on how comments were taken into account is mandatory in some economies but only recommended in others.

and balance opposing interests. Ensuring transparency involves a range of actions including standardized procedures for making and changing regulations, consultation with stakeholders, effective communication and publication of regulations in plain and accessible language, controls on administrative discretion and effective appeals processes for the public.

Extended Policy Options of Good Regulatory Practices

This includes single online locations for regulatory information, prospective regulatory planning, and retrospective reviews of existing laws.

APEC Performance: Slightly more than half of APEC economies have established single online locations for regulatory information, such as websites managed by central government agencies. A majority of APEC economies have adopted processes, mechanisms or bodies to publish forward-looking regulatory agendas and to implement reviews of existing regulations. However, public consultation is not mandatory in some economies, reducing the effectiveness of this effort.

Future Challenges and Priorities for Reform

Objectives: Reducing the regulatory burden and improving the business environment remains a top priority goal for many APEC economies. In addition, some developing economies have prioritized removing government controls and adhering to the principles of trade liberalization and fair competition.

Improving internal coordination: Key challenges for many developing economies include the establishment of a central regulatory oversight body and the introduction of regulatory guidelines applied to all government agencies. In addition, promoting regulatory reform at the local level is also recognized as a priority for some economies.

Review and assessment of regulations: Strengthening the cooperation and coordination among ministries and agencies in an effort to integrate regulatory impact assessment (RIA) with the policymaking process is an urgent task for some economies.

Public consultation: Many APEC economies prioritized improving public consultation processes. Examples of measures currently in implementation include: the requirement of feedback from rule-makers, the introduction of consistent and standardized guidelines for all public consultation in an economy, and the establishment of a single online location for regulatory information.

Strengthening capacity building: Many developing APEC member economies attached high priority to strengthening capacity building, particularly for the implementation of regulatory impact assessment (RIA).

APEC Economic Committee

The Economic Committee has a mandate to progress structural reform within APEC by undertaking policy analysis and action-oriented work, in coordination with other relevant APEC groups. The Economic Committee advances this mandate in accordance with the APEC New Strategy for Structural Reform that aims to promote balanced and sustainable growth by fostering transparency, competition and better functioning markets in the Asia-Pacific – as well as the Good Regulatory Practices and Ease of Doing Business initiatives.



Asia-Pacific
Economic Cooperation

APEC Secretariat • 35 Heng Mui Keng Terrace, Singapore 119616

Telephone Number: (65) 6891 9600 • Facsimile Number: (65) 6891 9690

email: info@apec.org • website: www.apec.org • www.facebook.com/APECnews • www.twitter.com/@apec

Copyright © 2014 APEC Secretariat APEC#214-EC-05.1