

Introduction

APEC and the OECD have a long history of working together on good regulatory practice (GRP) to promote and support its use by member economies to improve regulatory quality. A key outcome of that collaboration has been the APEC-OECD Integrated Checklist on Regulatory Reform¹, published in 2005. Since then, the concept of international regulatory cooperation (IRC) and its role in improving regulatory quality has gained traction both at the OECD and in APEC.

This Resource builds on past APEC and OECD collaboration by pooling the practical experience of APEC and its member economies with IRC together with the analytical framework and [recent recommendation](#) and [best practice principles](#) developed by the OECD. The OECD has also documented its own practical experience with IRC, through reports on OECD Member approaches, the role of international organisations, and sectoral experiences², some of which are reflected in this Resource.

This resource is a source of information and evidence on international regulatory cooperation

Objectives of the resource

- To provide decision-makers with an understanding of the broad range of factors that could be taken into account while deciding when and how to undertake IRC.
- To provide policy advisors and regulators with information and examples to help them evaluate and advise on options for IRC.

The Resource is designed to be a source of information and evidence that can be used by APEC and OECD members to support their efforts to use IRC in their domestic processes to help facilitate trade and investment, and to improve regulatory effectiveness. It also supports economies in working with others, including in international organisations like APEC and the OECD, to reduce barriers to trade, improve regulatory effectiveness and address shared challenges.

The Resource is not intended to be an action plan. Rather it provides information and practical examples to support different economies in thinking about these issues in their day-to-day work.

Case studies are used to illustrate a range of different IRC approaches, highlight their respective benefits and challenges, and the factors that make particular approaches more likely to succeed.

The Resource aims to bridge the communication gap

A range of different officials from economies have a potential interest in IRC. Those interested include regulatory policy and trade policy officials, as well as officials involved in the design, implementation and evaluation of regulation (policy advisors,

coordinating bodies and regulators). Those involved in standards and conformance also have an interest in supporting IRC.

Each of these groups has its own vocabulary. Anecdotally, there is a perception that sometimes each of these groups are talking at cross purposes or using the same terms in different ways. This Resource hopes to bridge this perceived communication gap, by drawing together a range of information and sources on IRC, as well as case studies from a range of areas.

The OECD has also helpfully provided some useful information on bridging this information gap in Boxes 1.6 and 1.7 of its [Best Practice Principles on International Regulatory Cooperation](#).

Defining IRC

IRC is not new. Governments, policy makers and regulators and international organisations, including APEC and the OECD, have been undertaking IRC in various forms for a long time. These activities may not have been explicitly recognised as IRC by those involved.

The term IRC may not be widely used to describe these activities. However, terms like interoperability, interaction, consistency, standardisation, regulatory coherence, alignment, harmonisation, mutual recognition and many others are all pointers to an IRC issue or solution.

The OECD uses the following working definition of IRC:

[International regulatory cooperation \(IRC\) refers to any agreement or organisational arrangement, formal or informal, between countries to promote some form of cooperation in the development, monitoring, enforcement, or ex-post management of regulation.](#)

IRC is often understood as referring to arrangements involving mutual recognition or harmonisation. However, it is much broader, incorporating a variety of forms including soft cooperation such as information exchange. It can also encompass individual economies taking unilateral action.

IRC has been a concept particularly visible in trade policymaking in recent decades, as trade agreements have been increasingly used as a vehicle to promote the effectiveness and efficiency of regulations in view of reducing trade costs, through provisions that embed good regulatory practices or IRC more directly³.

This resource builds on APEC and the OECD work on IRC over the years

IRC underpins much of APEC's work

By its very nature, IRC is an important enabler of APEC's mission to deepen regional integration and connectivity, and to promote free and open trade.

APEC Leaders and Ministers have recognised this by mentioning IRC in their respective declarations and ministerial statements over the years. IRC also sits behind many of APEC's guiding documents, including the Putrajaya Vision 2040 and the Aotearoa Plan of Action.

As an example, IRC considerations span the four pillars of the Enhanced APEC Agenda for Structural Reform (EAASR). The pillars include priorities such as reducing regulatory barriers, harnessing innovation and aligning regulation with best practice. All these policy priorities would benefit from the application of IRC to deliver on the ambition of the EAASR.

IRC considerations are not limited to particular aspects of APEC's work. They are potentially relevant to most, if not all, areas of regulatory activity. The resource therefore aims to reach the broadest range of APEC fora, given its relevance to the internet and digital economy, services trade, ease of doing business (EoDB), regulatory and structural reform, standards and conformance, to name a few.

There are many APEC IRC success stories. Some of these successful examples are included as case studies in this Resource.

The OECD has been leading the analysis of IRC and development of best practice principles

The OECD has led work on analysing and understanding the value of the application of GRP. The OECD has produced many relevant instruments, including the 2012 [Recommendation of the Council on Regulatory Policy and Governance](#), which recommended OECD Members “give consideration to all relevant standards and frameworks for co-operation in the same field and, where appropriate, their likely effects on parties outside the jurisdiction”.

Since then, the OECD has also led the charge in specifically analysing the role of IRC in improving regulatory quality. This work, which has involved input from a number of APEC economies, has resulted in the development of a couple of key normative instruments, including the 2022 [Recommendation of the Council on International Regulatory Cooperation to Tackle Global Challenges](#), underpinned by [Best Practice Principles on International Regulatory Cooperation](#).

The recommendation and Best Practice Principles are built around three pillars:

- Taking a whole-of-government approach to international regulatory co-operation. This requires political leadership to build a holistic vision and assign roles and responsibilities across ministries and regulators.
- Recognising IRC throughout domestic rulemaking. It highlights the importance of international considerations throughout the regulatory policy cycle: from

regulatory design and reviewing the stock of regulation, to monitoring and compliance.

- Cooperating internationally through development and diffusion of good practices, considering coherence in IRC, across international fora and instruments, and promoting GRP at the international level.

In the specific field of regulating for innovation, the OECD has developed a [Recommendation on Agile Regulatory Governance to Harness Innovation](#) that recommends that governments “lay institutional foundations to enable co-operation and joined-up approaches within and across jurisdictions.” This instrument reaffirms the importance of IRC as a regulatory policy tool given that the policy challenges regulators are facing evolve at a fast pace, cross jurisdictional and administrative boundaries, and require a rethink of regulatory governance overall.

The combination of the OECD’s analysis and practical experience with IRC, combined with the experience of APEC economies and APEC itself is a powerful source of information, evidence and experience.

At the outset it is important to clarify the reasons for undertaking regulatory cooperation

Clarifying the purpose of regulatory cooperation is an important first step as it can help an economy:

- Select the most appropriate form of cooperation.
- Analyse the full benefits and costs of cooperating.
- Communicate to stakeholders and the public more generally why cooperation is important and why a particular option has been chosen.

The most common reasons for considering IRC are:

- Lowering barriers to trade and investment, including the costs of complying with multiple regulatory requirements in different markets.
- Increasing the effectiveness of domestic policy and regulation.
- Managing cross-border issues such as risks to health, environmental protection, and financial stability.
- Enhancing regulatory capacity, capability and efficiency through sharing of resources and expertise.
- Building confidence and trust across economies and their policy makers and regulators.
- Encouraging domestic regulators to follow best practice.
- Enhancing participation in international standard setting or rule-making processes.

Box 1. There is a strong case for governments to systematically consider IRC

The case for governments to think systematically about IRC has been strengthening over time.

The world, including the Asia-Pacific region, is more interconnected than ever. Connectivity and regional integration are also central to APEC's objectives. However, the ease with which people, goods, services, and capital move across borders depends on the design and interoperability of different regulatory environments.

The ability of domestic regulation to achieve its public policy objectives can also be affected by what happens beyond domestic borders.

It can be challenging to effectively regulate actors or activities that occur outside domestic borders, and the domestic regulatory environment is often shaped by broader international dynamics. The practical limits on the reach of domestic regulators may, therefore, need to be supplemented by some form of IRC to ensure that these public policy objectives can be achieved.

The growth in e-commerce and the digital economy, along with the impact of emerging technologies, have heightened these issues.

On top of this, many current challenges transcend domestic boundaries and require economies to work together to solve them. Environmental pollution, climate change and the COVID-19 pandemic, to name a few, are all examples of these truly "global" problems. A joined-up and coordinated regulatory response is more likely to be successful, than one economy acting alone, or even a few economies working together.

And yet, data about government's regulatory processes suggests that IRC considerations are growing but remain overall much weaker than other regulatory policy tools.⁴

Against this backdrop, it is crucial that those designing and implementing regulation consider how their domestic regulation will interact, interoperate or align with those from other economies. An equally important issue is considering whether, and how, to deal with persons, businesses, organisations and other bodies, or activities beyond domestic borders that have the potential to impact the performance of domestic regulation.

Integrating these considerations into the design, implementation (including enforcement) and evaluation of domestic regulation can help avoid creating barriers to trade and investment.

Having to comply with duplicative or inconsistent requirements adds to the cost of moving goods or providing services across borders. It may restrict or even prevent that occurring. This can lead to reduced competition and consumer choice, increased costs, and lower economic welfare overall.

Embedding the consideration of IRC into domestic processes for regulatory design and implementation is an important way to ensure that domestic regulation is fit for purpose. This systemic approach has been recognised by the OECD's 2022 [*Recommendation of the Council on International Regulatory Cooperation to Tackle Global Challenges*](#).

A final point to note is that IRC can also play a role in building capability and capacity, and facilitating work-sharing among regulators.

More than one reason may apply to a particular situation.

There is no “one size fits all” approach to international regulatory cooperation

IRC is not a “one size fits all” concept. It is flexible and adaptive, capable of being tailored to a variety of circumstances and conditions. Different economies will choose to focus on IRC at different places in their system and to prioritise different sectors or types of regulation. The unifying factor is that the underlying motivations and principles remain the same.

The resource is flexible enough to be useful to all economies, whatever their domestic focus or needs. It is intended to provide access to information and practical examples, rather than to provide rigid rules that economies should follow.

There is also no “one-size-fits-all” approach to the best way to cooperate. There are a range of reasons to undertake IRC and it is important to choose the best option or combination of options having regard to an economy’s objective, as well as the strengths and weaknesses of alternative approaches.

Endnotes

¹ See: https://www.oecd.org/content/dam/oecd/en/publications/reports/2008/07/apec-oecd-integrated-checklist-on-regulatory-reform_g1gh98d3/9789264051652-en.pdf

² See: <https://www.oecd.org/gov/regulatory-policy/irc.htm>

³ OECD (2021), Good Regulatory Practices and Co-operation in Trade Agreements: A Historical Perspective and Stocktaking, <https://www.oecd-ilibrary.org/docserver/cf520646-en.pdf?>

⁴ OECD (2021), Rethinking Rulemaking Through International Regulatory Co-operation, Chapter 4 in Regulatory Policy Outlook 2021. <https://doi.org/10.1787/38b0fdb1-en>