

## **OECD Conference on Regulatory Policy at the Crossroads: Towards a New Policy Agenda**

### **Remarks of**

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1. Thank you for inviting me to speak at this conference, this morning.
2. The OECD has been playing a critical role in providing a framework for regulatory reform and management. As the draft Synthesis Report outlines, there has been an evolution over the past few decades in the approach to regulation focusing on strengthening regulatory governance.
3. The OECD's work on regulatory policy such as OECD Guiding Principles, the peer reviews of more than 20 OECD members and major emerging economies have led to a better understanding within and among governments of how to implement more effective regulation.
4. BIAC welcomes the draft Synthesis Report on "Regulatory Policy", which brings together the results of this OECD work, and provides perspective on how regulatory policy is essential to economic growth and societal well being.
5. As the OECD draft report highlights, almost all OECD members have established regulatory policies.
6. But, as the report notes, further work is needed to improve regulatory governance and this is especially critical in the recovery from the economic crisis. In light of many countries undergoing fiscal consolidation, better regulation through structural reform can be an efficient way to boost economic growth – but it requires strong political will.
7. A horizontal approach and cross-sector cooperation are essential, because regulations are inter-related when dealing with major challenges facing us today. For example, it is impossible to tackle climate change without taking into account related issues such as housing, transport, energy, investment, competition, trade and taxation.

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## Why is this work so important for business?

8. Business is a primary user of government services and depends upon certainty and efficiency of regulatory frameworks. In this period of slow growth and slow expansion of employment, effective regulation will help to boost investor confidence, support sustainable business activity and employment creation.
9. Furthermore, business compliance with regulation depends upon clear guidance and good communication by governments. Development of good regulation is very much dependent upon government dialogue with business and other stakeholders.
10. In short, policy makers need to ensure that regulatory policy creates an environment that:
  - Rewards work and productive investments
  - Encourages responsible risk taking
  - Ensures transparency
  - Protects intellectual property rights
  - Eliminates distortions of competition, including protectionism and
  - Identifies and provides sanctions against fraud, corruption and other abuses
11. It is the type of regulatory environment that encourages sustainable private investment and allows companies to produce goods and services, create jobs, develop new technologies, create stakeholder value and pay the taxes that support public services and social security.
12. The removal of administrative burdens through automated customs procedures, the promotion of online facilities and one stop shops would also simplify business creation and eliminate barriers to trade and investment.
13. In this context, I would like to emphasize three key points:
  - Good governance and effective leadership characterized by accountability, transparency, and certainty is a prerequisite for good regulation;
  - Second, effective institutional and procedural aspects specially, monitoring and evaluation are important in the development of regulation;
  - Third, involve business.

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14. As I stated earlier, good regulation and regulatory certainty matters greatly for business confidence leading to investment and creation of jobs.
  15. It is necessary to involve business in the regulatory governance cycle, in the areas of designing, monitoring and evaluating of regulation performance to make regulation efficient.
  16. Business can also contribute to regulatory policy through initiatives to implement self-regulation, which is an important complement to government regulation.
  17. Engaging business in the development of regulatory frameworks helps governments and leaders to better understand emerging business models and the impact of legal environments on business activity.

**In conclusion, what is ahead...**

18. Regulatory policy should aim to provide smart effective regulation, reduce regulatory risk, minimize regulatory burden and cost as well as obstacles to open and competitive markets.
19. Regulation has become more diffused at the local, national, international and supranational level. There is also need to balance regulation between the public and private sectors and self-regulation. Therefore, effective regulation management has become all the more important to avoid gaps and overlaps.
20. The OECD Guiding Principles should be considered in the broader context of dialogue with non-OECD emerging and developing economies.
21. The OECD country peer reviews are also an important activity, supporting reforms and demonstrating best practices in member and non-member countries. Monitoring progress of commitments for better regulation is an important part of the OECD's continued work.
22. The OECD has a number of key meetings in the coming months related to public governance including the November 15 Ministerial and the revision of OECD Guiding Principles next year. We look forward to contributing actively to these meetings.
23. Regulatory management is a never ending process of managing the constant flux of regulations. BIAAC is determined to provide the necessary private sector input to the regulatory governance cycle by actively engaging with the OECD work. Thank you.