Regulatory Policy at the Crossroads

Towards a New Policy Agenda

Proceedings

ASA

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INDUSTRY AND COMMERCE
FOR BETTER REGULATION

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Welcome by Angel Gurría, Secretary General, OECD

Dear Participant,

Welcome to the first OECD Conference on Regulatory Policy. This Conference offers an invaluable opportunity to redefine the agenda in the regulatory field at a time when the role of regulations is under increased attention in the aftermath of the crisis.

Regulatory and structural reforms are urgent not only to restore sustained and sustainable growth, but also to better adapt policies and institutions to the challenges of the 21st century.

Through its analysis, peer reviews and its role as a "standard setter" on regulatory policy, the OECD can make a major contribution in this field. This conference will address many important issues, including how to set criteria and targets for better regulations, how to improve evidence-based decision making, and how to build support for an agenda which cuts across ministerial responsibilities, levels of government and national borders.

This Conference in Paris crowns a two-year project of co-operation with the European Commission to carry out regulatory management reviews of 15 EU member states. It is organised with the support of the Agency for Administrative Simplification, Belgium (ASA) and the Belgian Presidency of the Council of the European Union, the Bertelsmann Stiftung, the European Commission and the Board of Swedish Industry and Commerce for Better Regulation (NNR).

The discussions at this first OECD Conference on Regulatory Policy will provide a forum for global dialogue on regulatory issues. They will also help build the necessary understanding of the importance of what is at stake in getting the regulatory framework right.

I look forward to a very fruitful discussion.

Yours sincerely,

Angel Gurría
Secretary-General, OECD

These proceedings present a compendium of all the materials submitted at the OECD Conference *Regulatory Policy at the Crossroads: Towards a New Policy Agenda*, the first international event of the Regulatory Policy Committee. The conference took place at the OECD Headquarters on 28-29 October 2010 and was organised by the OECD in joint partnership and with the support of the Agency for Administrative Simplification (ASA) and the Belgian Presidency of the Council of the European Union; the Bertelsmann Stiftung; the European Commission; the Board of Swedish Industry and Commerce for Better Regulation (NNR).

Stephane Jacobzone, Principal Administrator, Regulatory Policy Division, was responsible for the organisation of the conference under the supervision of Josef Konvitz, Head, Regulatory Policy Division. Jennifer Stein was the executive assistant.

The First International Conference of the Regulatory Policy Committee

Key messages

» **Regulation, one of the three key levers of state power** (together with fiscal and monetary policy), is of critical importance in shaping the welfare of economies and society. In the aftermath of the crisis, regulation is more than ever in the spotlight, and is now seen to be as much a solution as a part to the problem. Therefore, it needs proper management and governance.

» **One year after its inaugural symposium, the Regulatory Policy Committee hosted a major conference** highlighting regulatory management and governance as elements of a policy cycle supporting design, enforcement, monitoring and performance evaluation. A major Flagship report "*Regulatory Policy and the Road to Sustainable Growth*" integrated lessons from the 15 reviews of EU countries.

» **The conference was organised in partnership** with the Belgian Presidency of the EU, the European Commission, the Bertelsmann Stiftung, and the Board of Swedish Industry and Commerce (NNR). It attracted 350 participants from 51 countries, including all OECD members, Brazil, China, South Africa, Viet Nam, MENA and others.

» **Key results of the report include:**

- Regulatory policy is taking shape across the OECD, and paths are converging.
- Regulatory Policy has made a significant contribution to growth and the Rule of Law.
- Recovery from the crisis and sustainable growth need the support of effective regulation.
- Evidence-based impact assessment, strong institutional capacities and giving voices to users are critical for success.
- Strong regulatory governance is missing so far.

» **The discussion underlined that:**

- Regulatory policy facilitates the return to growth and the rebuilding of trust in government.
- New and existing regulations need to be subject to regular fitness checks.
- Regulators can provide early warning of problems.
- Greater transparency helps to prevent the risks of regulatory capture and to protect the public interest.
- All levels of government need to engage to ensure policy coherence and effectively cut red tape.
- International regulatory co-operation will enable countries reap the benefits from globalisation, supporting trade and common standards.

» **Participants agreed on the following areas for further action:**

- International regulatory co-operation, which will enable countries reap the benefits from globalisation, supporting trade and common standards.
- *Ex post* evaluation of regulatory performance.
- A better assessment of social impacts.
- More effective consultation processes, drawing on the knowledge of citizens and businesses.
- Better integration in regulatory governance of risk assessment, management and communication
- A better understanding of the full benefits of regulation, and not just of their costs.
- Data on perception by citizens and businesses, to be more responsive to their needs.
- OECD should to continue to provide support for capacity building in these areas.

» **Participants called upon the OECD to renew its Regulatory Policy Principles, one of its most valuable products,** to reflect this new and shared understanding. The Regulatory Policy Committee will revisit the ***2005 Guiding Principles for Regulatory Policy and Performance***, engaging with all parties. The Regulatory Policy Committee intends to return to Council in a year with an updated set of principles.

Context and goals of the meeting

A broader framework for regulatory policy

This conference was held at a time when regulation is more than ever in the spotlight, in the news and on the minds of high-level policy makers. The importance of regulatory policy is increasing with higher expectations of results. Recent critical events compel governments to develop their strategic foresight capacity, to better anticipate, and to respond to complex dynamic challenges. Economic, social and environmental challenges have to be addressed jointly with core questions as to what to regulate, when and for whom. As OECD economies exit from the crisis and because fiscal levers are more constrained, regulation receives increased attention. OECD countries face low growth, pressures to increase productivity, fiscal constraint, increasing frustrations over regulatory barriers, and more complex policy agendas to promote innovation and green growth. Yet, crises also offer opportunities that need to be seized. Assumptions are shaken about self regulating markets. Politicians and the public are raising questions about what to regulate and how to close regulatory gaps, with a risk of overly restrictive and reactive regulations. Therefore, better regulation becomes more important to help governments pursue policy coherence, manage risk, and improve competitiveness.

A timely agenda for regulatory policy

The conference offered a timely opportunity to redefine the agenda for regulatory policy with a forward-looking perspective. Regulatory policy has evolved to form a set of principles and a discipline of regulatory management that produce better regulation and reduce regulatory burdens to foster economic recovery and productivity. Regulatory management is now a permanent feature of government, one that is central to their overall performance and ability to meet the expectations of citizens, business and civil society. It fosters a transparent process that analyses impact and risk for informed decision making.

Yet, as countries emerge from one of the deepest financial and economic crises, governments cannot afford to resume business as usual. Regulatory management to fully achieve its intended results must be supported by strengthened regulatory governance based on competence, vigilance and dedication to the public interest. This combination would promote a robust regulatory environment for growth and help win back consumer confidence and trust in government.

As a result, regulatory policy stands at a crossroads. New issues are emerging which require new institutional, political and analytical insights, and proper accountability mechanisms. Regulatory policy must be backed by effective regulatory governance, institutions and agencies, with the mandate, leadership and strength to apply oversight and necessary enforcement to maintain integrity and promote public trust. The institutional dimension, which was underpinning many of the sessions in the programme, represents a core aspect of any discussion of governance. A shift in focus, integrating regulatory management with regulatory governance, follows from the simple recognition that optimal social outcomes depend on the collaborative actions of private institutions as well as government agencies. The conference offered a number of opportunities to discuss this new balance, between the management as well as the governance aspects, their policy implications, and the role for the OECD in the future.

OECD's contributions to regulatory policy

Since the 1997 Ministerial Report on Regulatory Reform, the OECD has played a pioneering role in bringing the issue to the fore, calling attention of policy makers in member and non member countries. The horizontal approach is reflected in the mandate of the OECD Regulatory Policy Committee created in 2009. Since 2005, the OECD has also conducted pioneering work to strengthen competitiveness in Mexico, reviews of regulatory reform in Australia, Italy, Sweden and Switzerland, as well as the monitoring reviews of Korea, Mexico, Japan, and further engagement with APEC economies. The OECD has also extended and consolidated its indicators of regulatory management systems. In addition, the Organisation is currently finalising a full set of reviews of regulatory management in selected Member States of the European Union at the invitation of the European Commission.

At a broader level, the OECD itself is also changing, with expanded membership and a broader international perspective. To date, the organisation has conducted reviews of Russia, Brazil and China. Steps have been taken towards enhanced engagement on regulatory reform, deepening policy dialogue with India, Indonesia and South Africa. Working groups focused on several aspects of regulatory policy are currently active under the MENA initiative. In the recent past, similar groups have functioned in South East Europe. The OECD has also engaged with APEC at a broad level and is now co-operating with ASEAN. The range of countries covered and the innovative aspects of the work need to be brought to the attention of a larger public.

As a general point of reference, this conference was an opportunity to discuss the policy implications from the synthesis report ***Regulatory Policy and the Road to Sustainable Growth*** which drew on findings from the recent project on trends in regulatory management in selected EU Member States, as well as on all the recent OECD reviews and work carried out on Regulatory reform. This conference served the OECD's strategic vision to "rally" a broader number of countries and policy constituencies to the goals of quality regulation. Finally, this conference was a forum for discussion to reshape the OECD principles for regulatory policy, building on the 1995 reference checklist and the *2005 Guiding Principles for Regulatory Quality and Performance*.

Conference Website

All conference materials are available on the the conference website:

www.oecd.org/regreform/policyconference

Partnerships

The event was organised by the OECD in joint partnership and with the support of:

- The Agency for Administrative Simplification (ASA) and the Belgian Presidency of the Council of the European Union
- The Bertelsmann Stiftung
- The European Commission
- The Board of Swedish Industry and Commerce for Better Regulation (NNR)

Plenary Session I.

Better Rules for a New Game

Remarks by Angel Gurría, OECD Secretary-General, Regulatory Policy Conference

OECD Conference Centre, 28 October 2010

Ladies and gentlemen,

It is a pleasure to be with you on the occasion of this first international regulatory policy conference of the OECD.

The OECD mission is to help governments design “Better Policies for Better Lives”. We act as a "club of best practices", as a hub for global policy dialogue and exchange of experiences. This conference, with over 300 participants coming from 45 countries, is an example of how we accomplish our mission. And it comes at an appropriate time.

In the current circumstances of weak recovery, high unemployment and constrained room for manoeuvre by macro-economic policies, regulation is more than ever in the spotlight. This is a challenge but also an opportunity. A robust regulatory environment is indeed key to return to a stronger, fairer and sustainable growth path. It is also essential to win back citizens’ and consumers’ confidence and trust in governments. We are here today to discuss how to achieve that.

The OECD has traditionally played a pioneering role in bringing the issue of regulatory reform to the fore. We have carried out regulatory reform reviews of almost all of our members, as well as of China, Brazil and Russia, and soon Indonesia. Last but not least, thanks to a two-year cooperative effort with the European Commission, we now have up to date and comprehensive assessments of regulatory policy trends in half of our members. This work is very highly appreciated by policymakers and leaders. For instance, I recently shared copies of these reports with Chancellor Merkel and President Sarkozy.

The potential benefits of better regulation are increasingly clear. In many of our countries, productivity has increased and living standards improved thanks to new regulatory frameworks fostering competitive markets, lower administrative burdens and higher employment rates. This is the dividend of strenuous efforts to streamline the stock of regulations, to reduce unnecessary costs, and to facilitate market entry and exit. This has also helped reduce informality, and allowed business to focus on what it does best, creating jobs.

Despite all this progress, we should not be complacent. The current crisis exposed massive flaws in regulation, as well as in supervision and enforcement. And these flaws have not yet been fully addressed.

Today, we present a report on "Guiding the road to recovery and growth". It highlights key issues which governments must address. Let me mention four of them.

First, how can regulatory policy contribute more effectively to improved economic and social performance?

Regulatory policy brings a double dividend. First and foremost, it brings economic benefits by fostering innovation and entrepreneurship. Regulations have to be simpler and we have to make the most of Information and Communication Technologies. But effective and efficient regulatory management also contributes to the rule of law, through enforcement, inspection systems, and the down-to-earth assessment of compliance.

But not enough effort is put into regulatory impact assessment. Proper attention must be given to poverty and social conditions for instance. This could be done, for example, by taking into account the social impacts of regulation, whether in terms of income, gender, geographical location or disability.

Regulatory impact assessment can show how regulations contribute to well-being. Our indicators on regulatory management and product market regulation allow countries to benchmark their own performance and to evaluate potential gains from doing more, or differently.

The second issue I would like to highlight is how to strengthen international regulatory co-operation and risk management?

International regulatory cooperation is essential in a globalised economy: when issuing new rules, countries need to pay attention to their neighbours, and to their impacts on global markets. Countries have a major stake in each other's regulatory settings, and in their capacity to adopt and revise regulations consistent with international good practice.

The United States, Canada and the European Commission have an ongoing policy dialogue in this field. We are eager to learn from them and to discuss the possibility of broadening this effort to include other countries.

The OECD has been active in supporting international regulatory co-operation. The first Regional Charter for Quality in Regulation adopted by the MENA countries last November was inspired by OECD principles. We also have a global policy dialogue with APEC, and are now engaged in a review of administrative simplification in Vietnam, which will co-host the first ASEAN-OECD meeting on regulatory reform in Hanoi next month.

A specific aspect of regulatory co-operation concerns risk management. A globalised world requires proper risk management, at national and international levels. Governments want to know how to prevent, whenever possible, catastrophic events, be them environmental, financial or related to health and safety. They also want to know how they can be better prepared if these events occur. Regulations can help make economies and societies more resilient.

But this requires capacity, preparation and proper assessment, as well as appropriate incentives. In most cases, it also requires international co-operation.

International regulatory co-operation will only advance if we have a better understanding of its mechanisms, across borders and sectors, as well as of its benefits and drawbacks. What we are looking for is not a "one size fits all", but an improved regulatory framework in order to take advantage of globalization while reducing the associated risks.

The third crucial topic I want to underline is the role of regulation in promoting innovation and green growth.

Both innovation and green growth are high on the policy agenda, and rightly so. They represent new sources of growth and are essential for us to tackle climate change. And both are strategic issues for the OECD. We presented our Innovation Strategy to ministers a few months ago and we will launch a Green Growth Strategy in our next Ministerial Meeting in May 2011.

In both areas, regulatory policy has a key role to play. Good regulation enables innovation. It favours the growth of highly innovative small firms, by cutting red tape and administrative burdens. But what kind of regulations will foster green growth? This is one of the topics for discussion at this conference, where we are bringing together experts from the environmental and regulatory policy communities.

Last but not least, I would like to emphasize the importance of an effective regulatory governance to restore trust. Today, the confidence of citizens in the financial sector, in markets, and in governments is in question. To face this, effective regulatory governance is capital. Indeed, what do citizens want? They want their voices heard, through open consultation and comment. They want to reduce the opportunities for regulatory capture by special interests. They want transparency and easy access, regulation in one click and in clear language. Last but not least, they also want stronger compliance.

Stronger regulatory governance should help close the loop which currently exists between regulatory design and the evaluation of outcomes. This would ideally create a perpetual and virtuous circle of continual feedback.

But for all this to happen, we need collective leadership and political commitment. We also need to act at sub-national levels of governments, states and municipalities, where the problems of fairness, compliance and accountability are often more acutely felt.

Ladies and gentlemen, Building a better world economy requires finding ways to design, apply and enforce better rules. I invite all of you to work with the OECD Regulatory Policy Committee to address the challenges of the future. Take a fresh look at the policy principles we developed in the past and make them fit for 21st century. This way we will help governments practice better policies for better lives.

Let me finally thank our partners for making this possible: Belgium as the current EU Presidency, the Business Sector, with NNR, the Board of Swedish Industry and Commerce for Better Regulation, the Bertelsmann Foundation and the European Commission.

You have a rich and complete agenda for these two days and I wish you a fruitful discussion.

Thank you.

Vincent Van Quickenborne,

Minister of Economy and Reform, Belgium

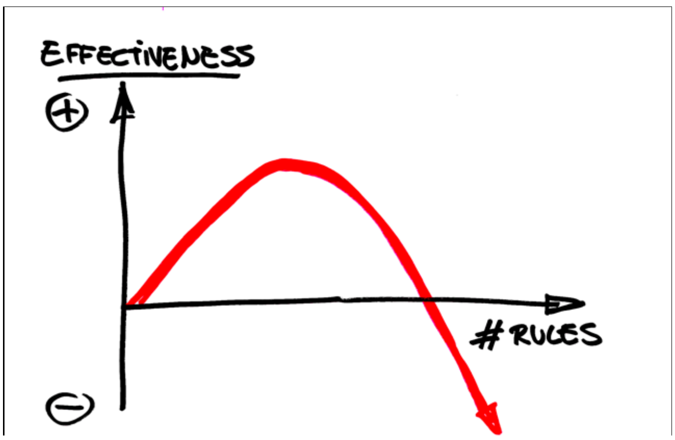
Better rules for a new game?

OECD Conference Paris
28-29 October 2010

BEFORE AFTER

"Insanity is doing the same thing over and over again and expecting a different outcome", A. Einstein

Better Regulation = New Rules?



Better Regulation = Impact assessment?

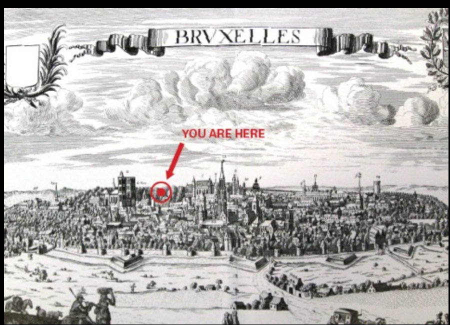
Better regulation =
human rules

listen

be creative

Better regulation =
less rules

Rules should be like excellent
Belgian chocolate



Brussels , 6th of December 2010

Kenneth Bengtsson

Chairman
Confederation of Swedish Enterprise

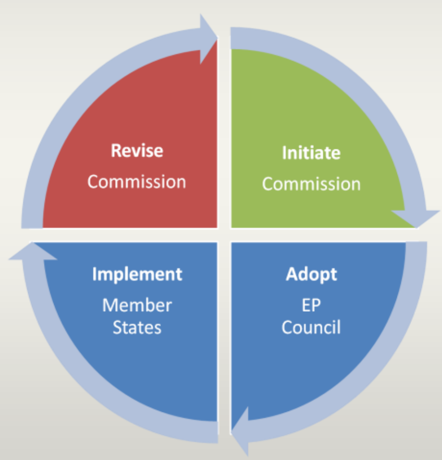
1. **Businesses are operating in a reality that changes rapidly and constantly. The global economy will not slow down. Anything that can be done to speed up government processes and make regulation more dynamic, must be done, in particular now in the aftermath of the crisis when there is a risk to over-regulate to protect certain interests.**
2. **Regulation is not always a solution to problem; it can also create new problems.**
3. **It is not just companies' administrative costs of regulation that have to be reduced. All costs, including policy and financial costs, as well as indirect costs caused by uncertainty or inefficient regulatory processes have to be addressed.**
4. **Business people are not experiencing the promised improvement in their day-to-day running of their companies.**
5. **Co-operation and better communication between politicians and civil servants and business representatives is important.**
6. **To inspire trust in the work to simplify the regulatory environment, it is vital that those responsible for the reform work focus on the type of changes that companies want.**
7. **Change is always costly for business. The benefits of change have to be higher than the transition cost.**
8. **Actual results and outcomes of new, or changed, regulation must be followed up. Systematic post-implementation review of regulation is necessary to assess if it is delivering expected outcomes.**
9. **Cutting red tape for business is one of the key elements to promote growth and ways of making business. This fact is also confirmed in one of OECD's own studies: Regulatory Reform for Recovery- Lessons from implementation during crisis.**

SMART REGULATION

Dr Marianne Klingbeil
Better Regulation Director
Secretariat General of the European Commission

From Better to Smart – pushing the regulatory policy agenda a step further

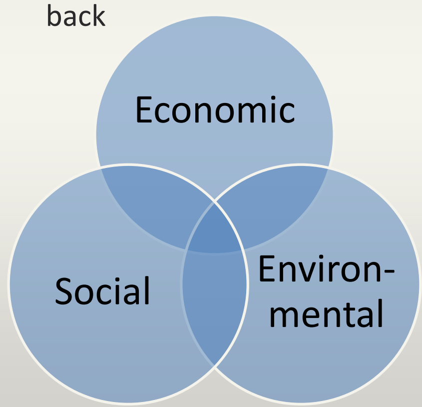
- Better regulation focused on delivering good quality policy proposals – new proposals
- Smart regulation focuses on closing the policy gap – investing more in policy evaluation and simplification
- And bringing in the other actors



Current practice

All major initiatives subject to a thorough assessment

- More than 500 impact assessments carried out since 2003
- Integrated approach: economic, social and environmental aspects checked
- Detailed information about forthcoming initiatives (roadmaps) available online
- Independent quality check by Impact Assessment Board – about 30% sent back



Quality of the IA system recognised by the European Court of Auditors

- 'the audit has shown that impact assessment has been effective in supporting decision-making within the EU institutions'
- 'impact assessment […] has been used by the Commission to design its initiatives better'

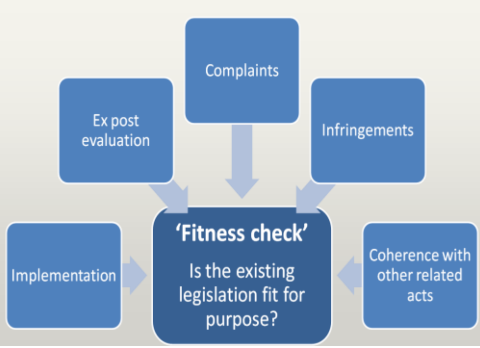
Tangible results in reducing red tape and simplifying existing law

- More than 150 simplification proposals since 2005: repeal of outdated provisions, codification, making the lives of users easier
- When adopted by Council and Parliament measures proposed by the Commission will cut red tape by more than 30%
- Allowing Member States to exempt micro-entities from EU accounting directives alone would benefit 5.4 million companies

What's next?

Policy evaluation – fitness checks

- Objectives:
  - identify excessive burdens, overlaps, gaps, inconsistencies and/or obsolete measures which may have appeared over time
  - keep current regulation fit for purpose
- Start in 2010 in four areas: environment, transport, employment and social policy, and industrial policy.



Revision of the consulting stakeholders

- Vast information already available to stakeholders:
  - Roadmaps
  - impact assessments
  - opinions of the Impact Assessment Board
- New policy initiatives often of a cross-cutting nature (e.g. climate)
- Consultation period extended from 8 to 12 weeks
- Thorough review of consultation methods in 2011

Improving assessment of social impacts

- More analysis within the integrated approach
- Specific guidance issued by DG Employment and Social Affairs
- More attention to distributive impacts

Bringing in the other actors

- Other two EU institutions – Council and the European Parliament – and the Member States need to match the Commission efforts
- Council and EP should make greater use of impact assessment in policy discussions and assess impacts of substantive amendments
- Still very few comprehensive impact ex-post or ex-ante evaluation systems in the MS

Conclusions

Extending good practice to the whole policy cycle

- Ex post evaluation of regulatory performance
- A better assessment of social impacts
- More effective consultation processes, tapping into the knowledge of citizens and business
- A better understanding of the full benefits of regulation, not only of their costs

Want to know more?

Information sources

- Communication on Smart Regulation
  http://ec.europa.eu/governance/better_regulation/documents/com_2010_0543_en.pdf
- Court of Auditors report
  http://eca.europa.eu/portal/pls/portal/docs/1/5372733.PDF
- Commission work programme
  http://ec.europa.eu/atwork/programmes/index_en.htm
- Detailed information about forthcoming initiatives - roadmaps
  http://ec.europa.eu/governance/impact/planned_ia/planned_ia_en.htm
- IA reports and IAB opinions
  http://ec.europa.eu/governance/impact/practice_en.htm
- Impact Assessment guidelines
  http://ec.europa.eu/governance/impact/docs_en.htm
- EC Better Regulation website
  http://ec.europa.eu/governance/better_regulation/index_en.htm

Dr. Gunter Thielen, Chairman of the Board
Bertelsmann Stiftung

Ladies and gentlemen,

For years, for decades, Germany has been regarded as incapable of economic and social reforms and insufficiently mindful of the future.

A fundamental liberalization of every aspect of life and work was needed, but seemed very far off. We had resigned ourselves, coming to believe that regimentation and the status quo were simply the natural order of things.

For too long, Germany resisted carrying out much-overdue reforms.

Today, however, after the global economic and financial crisis, such an attitude seems not only odd, but out of touch with reality.

The global crisis swiftly and brutally upended traditional ideals, goals and political orders. What is left is a still-reeling world economy and societies in search of a new framework for meeting today's challenges.

Germany, as a major exporting country, was hard hit by the crisis. The export industry experienced unprecedented losses. We saw a greater decline in our gross domestic product than any of the other G7 countries – over five percent in a single year.

Nevertheless, the effects of the crisis have been less severe in Germany than in other countries.

How is this possible? Back in 2008, we at the Bertelsmann Stiftung focused our attention on the structures and tools needed to protect Germany over the long term from the effects of global crises.

We identified three areas for action:

- restoring trust in politics and business,
- achieving social, economic and ecological sustainability, and
- putting in place effective leadership and a clear framework to meet the needs of a globalized world.

We quickly focused on the social market economy, which we believed would shield our country's people against the consequences of a crisis. Every relevant study has confirmed that view.

For all its mistakes and weaknesses, and despite the criticisms leveled against it, the social market economy provides a solid foundation for German society and for economic and social stability. It is supported by a social system that is stable enough to withstand the effects of a global economic crisis.

Moreover, its political and social structures are designed to encourage decision makers to reach a consensus on measures that are capable of gaining broad popular support.

Naturally, the social market economy of today is quite different from that of the 1950s, given how much the world has changed.

But for Germany and its people, it still stands for security and stability.

It is true that people have an emotional sense of its role, but that sense is based in reality, as demonstrated by Germany's success in dealing with the crisis.

It comes as no surprise that a recent survey by the Bertelsmann Stiftung has shown that confidence in the social market economy increased during the crisis – for the first time in years.

But while we may feel relieved and satisfied with Germany's current situation, this is no time to let down our guard, given the situation in the euro-zone countries and threats to the American economy.

We need to take a critical look at our shortcomings and determine where action is needed. The survey I just mentioned offers important guidance in this regard.

Although confidence in the social market economy has grown, there is widespread recognition that our society is increasingly divided.

The gap between rich and poor is unacceptably large.

The social market economy used to stand not only for stability and security, but also, and especially, for social harmony and opportunities for all to participate. People are aware that it is no longer living up to this responsibility, a fact that is also borne out by the data gathered in our studies.

Action is needed in the interest of greater participation, equality and justice.

But we need to do more than simply restore the old virtues of the social market economy – promoting social harmony and participation.

There are new challenges to face: The social market economy needs to develop and adjust to the profound changes in society that have taken place over the past few decades.

We need a social market economy for the next generation, a Version 3.0, so to speak. The Bertelsmann Stiftung has identified five major areas for action:

First, **education.**

We all know that knowledge is the only resource our country has for meeting the challenges of a global economy. We need a significant improvement in the quality of our educational system, at every level and for every age group; we no longer rank at the top relative to other countries.

To compete in the knowledge society, we need more people with higher levels of education.

Education is important not only for our economy, but for every aspect of life. An unfair educational system creates lasting divisions in society. This is unacceptable in a country that seeks to achieve social equality. Adapting educational systems is thus a key challenge for regulation.

Second is **integration.**

It took Germany decades to accept the fact that it is a country of immigration, which unfortunately has meant decades of squandered opportunities.

Changes are needed! A sustainable social market economy embraces and integrates people from an immigrant background, takes advantage of their diversity and talents, and offers them a positive outlook for the future as well as recognition and acceptance.

A social market economy that is reserved exclusively for those traditionally seen as German, shutting out anyone with foreign roots, will divide our society and lead our economy into a blind alley.

Regulating on integration poses many questions to rule makers: questions of how to facilitate peoples' access to society, but also questions pertaining to a society's fundamental values.

The third area is **demographic change.**

Our expectations of the social market economy – that it will encourage stability, security, equality and participation – will have to be adjusted in keeping with the needs of a population that is growing older.

From a personal perspective, I welcome the fact that people are living longer and remaining active!

I have no intention of painting an alarming picture of an aging society.

However, a sustainable social market economy needs to take demographic changes into account and find ways for society and the business community to respond to those changes.

This is, of course, also a challenge for regulation.

Fourth is **participation.**

The social market economy is embedded in our representative democracy, and both systems have proved very successful.

It is clear, however, that many feel shut out of the decision-making process and would like to have a greater voice in society.

A modern social market economy needs to take this into account and encourage more interaction between government and the people.

Greater participation enhances not only a society's stability, but also its vitality.

In designing regulation, increased room for participation is necessary.

This also requires new approaches in rule-making and regulation.

Fifth, finally, is the area of **work and the labor market.**

While the current situation especially in the German labor market may offer some reason for optimism, we cannot simply sit back and hope that required structural change will come automatically. We must take steps to make it happen.

Over the long term, we will need new ideas, beyond simply cutting hours to retain jobs and prevent unemployment.

While the reforms put in place between 2003 and 2005 have clearly helped to reduce unemployment significantly, they are also associated in the public mind with an increase in short-term or temporary jobs, part-time work and low-wage positions.

Those reforms were a response to the challenges of increasing globalization, demographic shifts and the changing face of modern families.

Today our focus is on other expectations as well: We want labor market reform to lead to more equitable participation in society.

This is essential for creating a stable political and economic foundation for a sustainable social market economy.

The challenge facing the social market economy is to ensure that all people will soon be able to share in the benefits of education, health, work and participation in political and social life.

Access to the world of work will remain essential for the success of our economy.

A steady job is the only guarantor of long-term security and social recognition.

From a regulation vantage point, setting the rules for labor markets in times of globalization and European integration, according to the principles of the social market economy, is a challenge bigger than ever before.

Towards Better Regulation
Poland’s challenge

Adam Jasser, Undersecretary of State
Secretary of the Economic Council,
Prime Minister's Plenipotentiary for the
Reduction of Bureaucracy
The Chancellery of the
Prime Minister of Poland

We need better regulation to…

- Restore economic growth
- Improve competitiveness
- Improve public finances by administrative cost reduction

THE CHANCELLERY OF THE PRIME MINISTER OF POLAND

What do we mean by better regulation?

Deregulatory goals

- Best possible conditions for entrepreneurs
- Reduction of administrative burdens
- Citizen-friendly law

Don't regulate unless necessary

Regulatory goals

- Ensuring fair competition and reducing scope for fraud
- Protecting customers from illegal practices
- Improvement of the environment and ensuring balanced growth

There are 3 key areas of focus for better regulation in Poland

1. **Improve the quality of new legislation**
2. **Review and simplify existing regulations**
3. **Change mindsets towards more customer-oriented law**

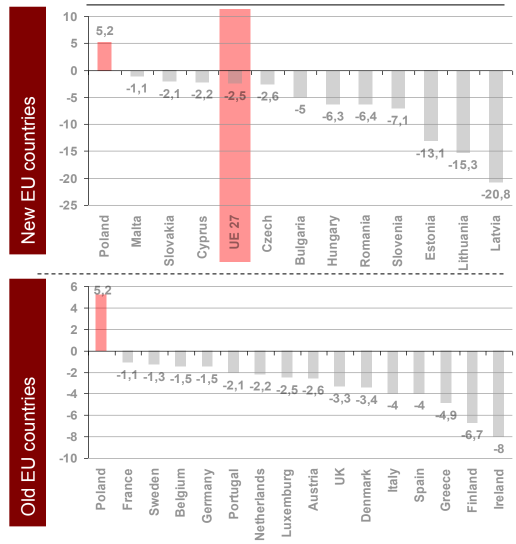
THE CHANCELLERY OF THE PRIME MINISTER OF POLAND

Poland is a country of paradox – on one hand we are a country of sustained growth…

Poland outperformed other European countries during the crisis

- Rapid GDP growth in years 2008-2010 was the highest in Europe
- Strong internal market
- Efficient use of EU funds
- Conservative banking system
- Growing SME sector contributing:
  - 69% of employment
  - 56% of value added in the Polish economy

Cumulated GDP growth 2008-2010
%



SOURCE: European Commission 2010, OECD

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… on the other hand administrative costs incurred by Polish business are estimated at EUR 20 bn per year

There are 3 key measurable components of administrative burdens

1. **Direct fees** – Fees paid to the government administration by customers for various documents and procedures
2. **Cost for businesses and citizens** – Cost of customers time spent on commuting to government offices, queuing, etc.
3. **Cost of bureaucrats** – Cost of work and resources of government employees

Diagnosis of current regulatory situation in Poland

- Analysis of **482 legal acts** (statutes, regulations, directives)
- The analysis has revealed **6187 disclosure obligations**
- This translates into **yearly cost of almost EUR 20 bn** incurred by businesses in Poland
- Disclosure obligations imposed on businesses constitute half of the cost

SOURCE: Chancellery of the Prime Minister, Ministry of Economy

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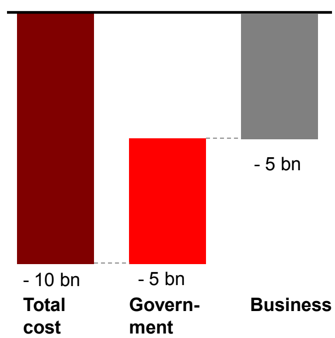
What if we managed to reduce those costs…(conceptual example)

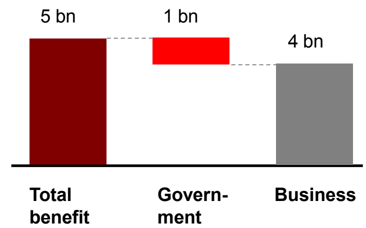
CONCEPTUAL

Costs of disclosure obligations
EUR bn



- Assuming 50/50 split between business and government

Benefits of disclosure obligations reduction
EUR bn



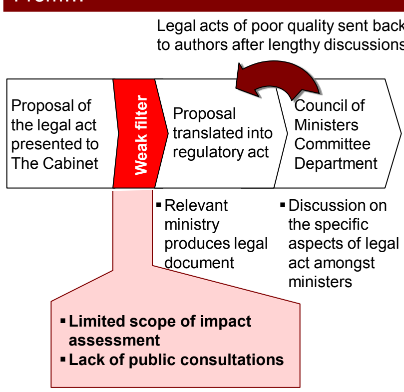
- Companies benefit from less administrative burdens and keep EUR 5 bn
- Government reduces costs by 5 bn as it no longer needs to provide disclosure related services
- Companies pay corporate tax of EUR 1 bn (if they don't invest– creates incentive to invest)

Reduction of administrative burdens benefits both – businesses and government

SOURCE: Chancellery of the Prime Minister, Ministry of Economy

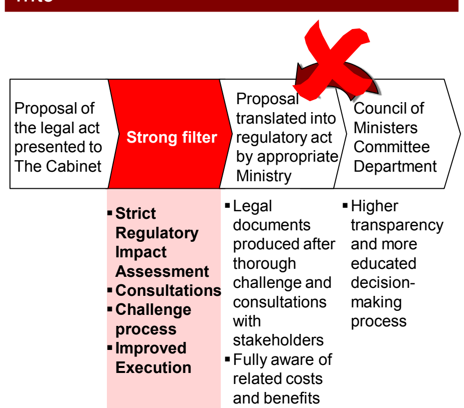
We aspire to improve the process of law making in Poland to ensure better quality and understanding of new regulations

From…



- (+) Faster process of introduction of new legal acts
- (−) Poor quality of law and limited understanding of consequences

…to



- (+) Better understanding of regulatory and financial consequences
- (+) Less redundant regulation
- (−) Longer legislative process

We have designed a set of tools to help reduce administrative burdens

1 **Regulatory Impact Assessment**	▪Introduction of Deregulatory Impact Assessment form focusing on: - quantitative **cost-benefit analysis** of new regulation - **length of procedures** and time to serve customers - number of new/reduced information obligations - one-in-one -out (?)
2 **Better consultation process**	▪Wide process of consultations with key stakeholders (eg. entrepreneurs, employers, employees, external experts) ▪Ministry of Economy is working on **on-line consultation** process
3 **Challenge process**	▪**Deregulatory Workgroup** in the Prime Minister's office consisting of key ministers as well as internal and external experts ▪Thorough **challenge of key legal acts** during bi-weekly meetings
4 **Improved Execution**	▪Requirement to: - **quantify benefits** of administrative burdens reduction - present **schedule** showing when the benefits will be captured along with **clear map of accountability**

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Some of our achievements to date…

1 **Reduction of legislative barriers for citizens and entrepreneurs**	▪Part of an **overall effort to reduce administrative burdens by 25% until the end of 2010** ▪A draft act reducing disclosure requirements ready to go to parliament ▪In the area of social security payments **reduced number of certificates from businesses by 681 248 per year**
2 **Introduction of e-solutions for businesses and citizens**	▪Friendlier access to public registers ▪Draft law introducing on-line access to Companies Register
3 **Company registration on-line within 24h**	▪Poland is far below OECD average when it comes to forming a company with an average of 32 days vs. OECD's 13[1] ▪In a response to this problem we are introducing a 24-hour on-line registration of a limited liability company without any paperwork ▪Cutting number of procedures by automating them and linking registers on-line

1 Doing Business 2010

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In the pipeline

Improving efficiency of judicial system	▪ It takes 830 days on average to settle a business case (vs. OECD average of 462 days)
Digital signature	▪ Simplification of digital signature to boost conversion towards e-services of public administration
E-taxes	▪ Encouraging more citizens and businesses to submit their tax declarations on-line via simplification of procedures
"Virtual" registration office	▪ Ministry of Economy is working on on-line registration for sole proprietorships
Urban Planning	▪ Simplification of laws & procedures (currently 30 procedures vs OECD average of 15) ▪ Transferring registers on-line

SOURCE: Ministry of Economy, Chancellery of the Prime Minister, Doing Business 2010

Plenary Session II.

Guiding the Road to Recovery and Growth

Regulatory Policy and the Road to Sustainable Growth

Caroline Varley
Senior Policy Analyst
OECD
Regulatory Policy Division
Directorate for Public Governance and Territorial Development

Introduction: the EU 15 project

» An OECD partnership with the European Commission

» Comprehensive regulatory policy reviews of half the OECD membership

» A shared exploit over two years:

- 22 peer reviewers from 16 countries
- Nearly 400 meetings with officials, business, civil society, unions, consumers, academics and many others

Why is regulatory policy so important?

» An effective regulatory environment supports growth, investment, entrepreneurship, innovation, and market openness

» It also upholds the rule of law

» A poor regulatory environment undermines business competitiveness and citizens' trust in government…

»...and sows the seeds of corruption in public governance

How far have we come? What has been learnt?

» An evolutionary process, contributions from many different countries

» Principles for better regulation now in place

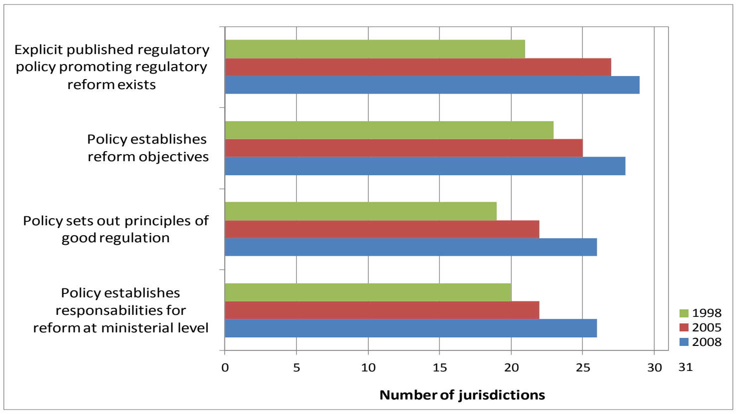
» Context matters: institutional, legal, cultural diversity

» "Mind the gap" between principles and practice

» Different pathways moving toward common goals

» But…. no room for complacency

Adoption of an explicit regulatory policy



Towards stronger regulatory governance

» Institutional leadership and oversight, to drive reform priorities and anticipate risks

» Evidence-based impact assessments, to support policy coherence

» Consultation with users, to find out what they really have on their minds

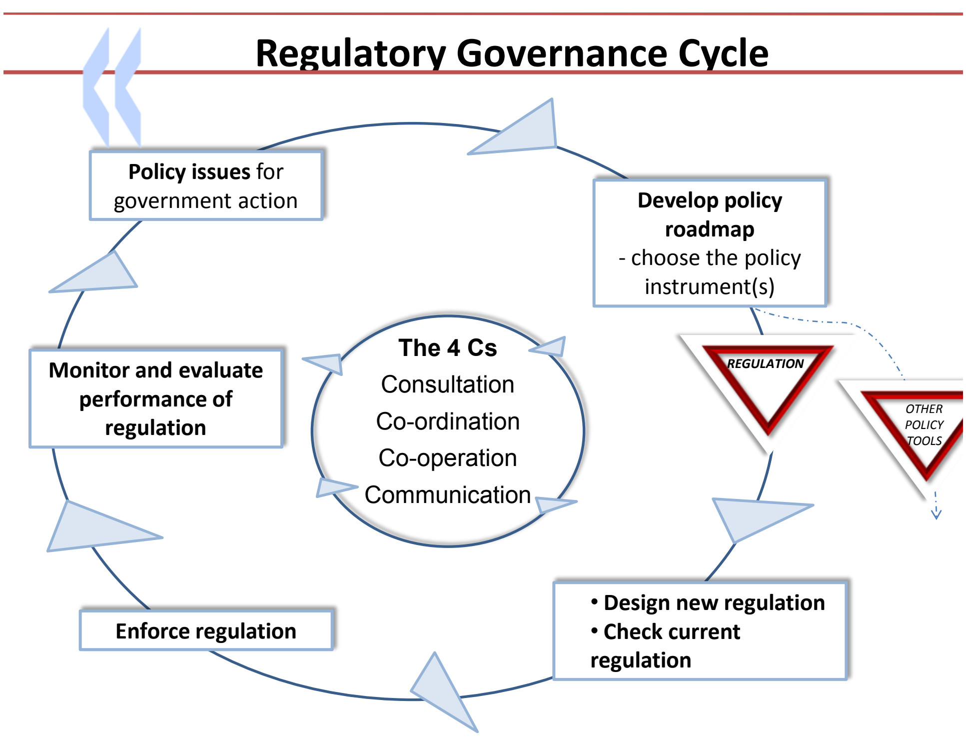
» Communication and co-ordination across governments, especially at the international level

» The role of regulatory agencies, getting the balance right between private and state responsibilities

» Performance and progress, tools for evaluation and measurement

And especially….

Closing the loop, from design and development of regulations, to their implementation and enforcement, and to the monitoring and evaluation of outcomes…..in order to inform new policy and regulatory development



Conclusion: A roadmap

» Closing the gaps between countries

- **Adapting, sequencing**
- **Evaluating and measuring performance**
- **Communicating**

» Promoting a shared vision: renewing the 2005 OECD Principles

Mr. Martin Tlapa, Deputy Minister, Ministry of Industry and Trade, Czech Republic

In his contribution, Deputy Minister of Industry and Trade of the Czech Republic, Mr. Martin Tlapa, focused on the relationship between regulatory policy and competitiveness. In his analysis, he explained the term 'competitiveness' as it is defined by the OECD and by the World Economic Forum and concluded that regulation is an instrument that the government and its agencies or supranational bodies use to define legally binding requirements for its citizens and businesses. The regulatory policy, according to Mr. Tlapa, includes instruments ranging from primary legislation to administrative formalities. Therefore, the regulatory policy represents one of three main policy levers of state, besides fiscal and monetary policy. He stressed that while competitiveness is the strategic goal, adequate regulation must be the right instrument. In the Czech Republic, Mr. Tlapa said, several regulatory mistakes were made, including inadequate support of photovoltaic industry, where excessive support for the producers of the renewable photovoltaic energy led to unacceptable increase of energy prices. Now the government has to consider additional measures that would restore the balance in the energy market.

Viola Groebner, Director, European Commission

The peer review of regulatory practices in the European Union: Key findings and next steps

The European Commission has, over the last decade, deeply reformed its approach to regulatory policy. It is now at the forefront in terms of better or smart regulation, as recognised by many experts and international organisations - not least of which the OECD. But there is no room for complacency. To the contrary: with the adoption on 8 October 2010 of the Communication on "Smart Regulation in the European Union" the Commission stepped up a gear. Better regulation must become smart regulation and be further embedded in the Commission's working culture.

However, the full benefits of smart regulation will not come to EU economies and citizens if public authorities throughout Europe do not fully contribute. Smart regulation indeed is and will remain a shared responsibility of EU institutions and of the Member States.

This is why the European Commission asked the OECD to assess the strengths and weaknesses in the regulatory practices of the 27 EU Member States. The objective was not to "blame and shame" the Member States but to do this in partnership and help them in designing their national reform strategies under the Lisbon strategy, also known as the EU agenda for growth and jobs. The ambitious objectives of this strategy have been revamped and integrated in the "Europe 2020" initiative which calls for smart, sustainable and inclusive growth.

The peer review was conducted through two successive programmes:

- the EU/ OECD / SIGMA initiative covering the 12 States, mainly from central and eastern Europe, which joined the EU in 2004 and 2007; and
- the programme of the Regulatory Policy Committee comprising the 15 older EU Member States

This work is almost completed as a result of the good cooperation of a large number of experts, officials, politicians, academics and interested stakeholders from all over Europe. The task of the Secretariat of the OECD "Regulatory Policy Committee" and the peers was indeed not easy, but they collectively delivered excellent work over the last years. We now have a very good picture of the progress achieved in all EU Member States and the areas that still need to be further improved.

What are the main findings from this exercise?

Generally speaking, there is no "one size fits all" solution in terms of regulatory management and Smart Regulation strategy. There are however basic principles to respect – such as those laid down in the OECD principles of 2005 - in order to deliver tangible results.

The reports also show that Better Regulation and regulatory management have now become a reality in all EU countries. This is a major step forward. Indeed few believed some years ago that a consensus on the topic was possible, owing to the different legal orders, as well as cultural and administrative traditions in our member States.

Critical weaknesses have nevertheless been identified and still need to be addressed in a number of EU countries – even in those which lead the way in developing policies, structures and tools to enhance governance, transparency and rule making efficiency.

Among these, important problems are:

- the revision of existing rules and the preparation of new ones, which are often managed through separate processes;
- regulatory reform initiatives, that are insufficiently linked to high level economic, social and environmental goals;
- problems of coordination within central governments, often resulting from the transfer of competences to sub-national(regional) levels and/or specialised agencies;
- the widespread failure to make an impact assessment of new regulations.

Other problems relate to:

- inadequate evaluation of the performance of Better Regulation programmes;
- uneven political support which has a negative effect on the resource allocations, required to bring about the necessary cultural change;
- deficiencies in the consultation of stakeholders and underdeveloped strategies to communicate on Better Regulation programmes and results.

What next?

The OECD reports contain useful recommendations for each EU member State. For most countries, it will be quite challenging to implement these recommendations, but everyone should rise to the challenge for the good of our common competitiveness.

As for the European Commission, it will continue to examine these recommendations and, where appropriate, discuss with Member States how best to implement them. Achieving a certain degree of convergence in the area of Better / Smart Regulation is indeed an integral part of the objectives pursued by the Europe 2020 competitiveness agenda.

The Regulatory Policy Committee of the OECD will no doubt contribute to the realisation of further progress with regard to Smart Regulation at international level.

In that context its new priorities are most welcome. It will be particularly important to intensify analysis and exchange good practices regarding:

1) international regulatory cooperation;
2) regulatory coherence within decentralised systems;
3) data on the link between regulatory management and economic performance.

First of all, the European Commission has been active for many years on international regulatory co-operation issues and has launched important initiatives with EU's main trading partners. There is much to be learnt from horizontal and sector-specific regulatory dialogues with among others the US, Canada and Japan , on key policy areas such as financial control, energy efficiency, climate change, or product safety and health standards. It would be good for the international community if the OECD could agree on practical guidelines concerning these and other issues.

The second big challenge is to (re)establish regulatory coherence across multi-level governance structures. Decentralisation to sub-national authorities and agencies delivers clear advantages in terms of democratic legitimacy or technical expertise. Agreeing on common efficiency principles and guidelines would however minimise the risk of incoherence and inconsistency. Such guidelines would help to prevent the surge of new technical barriers which generate increased costs for businesses and citizens.

And thirdly, there is a need to pursue research on the difficult and multi-faceted relationship between regulatory management and economic performance. The OECD and the Commission, with their pilot projects on qualitative and quantitative regulatory indicators, have created a strong basis on which to build. Operational methodologies need to be agreed and databases built to be able to make timely strategic changes in our regulatory policy.

Conclusion:

Streamlining regulatory frameworks is a continuous process without an end date. It requires political commitment, comprehensiveness, dedication and coherence over time. In the EU, we are now at a stage where significant progress has been achieved but nevertheless with a lot of work still ahead of us. This leaves no room in the coming years for any scaling down of attention or commitment to pursuing regulatory reforms. The European Commission continues to be actively committed to further contribute to the important work of OECD on this topic.

Viola Groebner,
Director "Industrial policy and economic analysis"
Directorate General Enterprise and Industry
European Commission

U.S. Office of Management and Budget
Office of Information and Regulatory Affairs

OECD Conference
Regulatory Policy At the Crossroads: Towards a New Policy Agenda

Michael Fitzpatrick

Associate Administrator
Office of Information and Regulatory Affairs
Office of Management and Budget

U.S. Office of Management and Budget
Office of Information and Regulatory Affairs

OIRA's Priorities in the Obama Administration:

- Improving Regulatory Analysis
- Improving Disclosure Policies & Increasing Simplification
- Promoting Open Government
  - The unifying goal is to ensure that regulation is evidence-based and data-driven, and that it is rooted in the best available work in science (including social science).

Key Purposes of Regulatory Review:

- It helps to ensure that regulations are consistent with the law and with the President's principles and priorities.
- It promotes coordination among different parts of the executive branch.
- It helps to improve and strengthen the analysis underlying rules.

A Significant Regulatory Action is one that is likely to result in a rule that may:

- Have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive order.

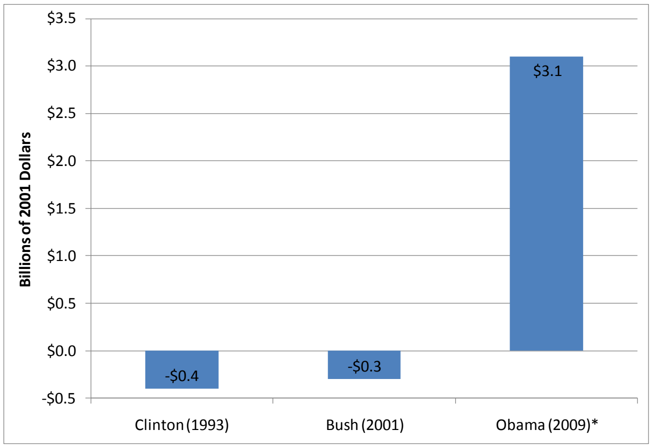
Regulatory Best Practices:

- All significant regulations should include:
  - A table placed prominently and offering a clear statement of qualitative and quantitative benefits and costs of the proposed or planned action, together with
  - Similar information for reasonable alternatives to the proposed or planned action and
  - A presentation of uncertainties in the evidence

The Value of Conducting Rigorous Analysis of Alternatives:

- The motivation is to (1) learn if the benefits of an action are likely to justify the costs or (2) discover which of various possible alternatives would be the most cost-effective.
- By analyzing alternatives, we are better able to demonstrate that the best alternative was selected.

Annual Net Benefits of Major Rules
First Calendar Year of an Administration (1/21 to 12/31):



* Preliminary Numbers

Disclosure and Simplification:

- Goal is to develop low-cost and low-burden regulatory tools:
  - Properly designed disclosure requirements can significantly improve the operation of markets, leading consumers to make more informed decisions.
  - To be effective, disclosure should be clear, meaningful, timely, and salient. To the extent possible, agencies should study in advance the actual effects of alternative disclosure designs.
  - Disclosure requirements should be both straightforward and simple, and should allow comparison-shopping and promote market competition.

Key Directive Deliverables:

- Agencies identify and publish online at least three new, high-value data sets at Data.gov.
- New interagency working group to oversee Open Government implementation.
- Designation of agency senior accountable officials to ensure the quality of Federal spending information.
- Agencies create open government webpages to serve as gateways activities related to the Directive.
- Agencies publish Open Government Plans describing steps to improve transparency and ensure public participation and collaboration.
- OIRA clarification of existing OMB policies , such as Paperwork Reduction Act (PRA) guidance and privacy guidance, to promote open government.

OIRA Policy Review:

- **PRA "Primer"**
  - Provides a primer to agencies and the public with respect to the PRA, in order to specify its central requirements and to increase transparency and openness.
- **Social Media and the PRA**
  - To increase openness in government, this memo explains that agencies can, consistent with the PRA, use social media and web-based interactive technologies to engage with the public.
- **Paperwork Reduction Act: Generic Clearances**
  - To clarify the availability of a helpful tool for making it easier for agencies to collect certain types of information, this memo clarifies how customer satisfaction surveys, focus groups, and contests can be approved by OMB under generic clearances.

OIRA Policy Review, continued:

- **Privacy and Web 2.0**
  - This memorandum allows agencies to use web measurement and customization technologies to improve the Federal government's services online while also safeguarding the privacy of the American public visiting government websites.
  - The new policy makes clear that there are only two uses for which agencies may employ these technologies: (1) to conduct measurement and analysis of usage, or (2) to customize the user's experience.
- **Web Measurement and Customization("Cookies Policy")**
  - This memorandum requires agencies to take specific steps to protect privacy when using third-party websites and applications to engage with the public.
  - These steps include (1) examining the third party's privacy policies to evaluate the risks and determine whether the website or application is appropriate for the agency's use; (2) performing a *Privacy Impact Assessment* to evaluate privacy implications and identify appropriate safeguards; and (3) updating the agency's *Privacy Policy* to inform the public about its practices with respect to any personally identifiable information that will be available to the agency.

OIRA Policy Review, continued:

- **Use of the Regulation Identifier Number (RIN)**
  - To promote regulatory transparency and participation, this memorandum provides that agencies should use the RIN on all relevant documents throughout the entire "lifecycle" of a rule.
- **Increasing Openness in Rulemaking: Improving Electronic Dockets**
  - To promote greater openness in the regulatory process, this memo provides guidance to agencies in compiling and maintaining comprehensive electronic regulatory dockets on Regulations.gov.
  - The goal is to give members of the public improved access to information on which agencies rely in making decisions relevant to rulemaking.

Regulations 2.0:

- Goal: Provide more convenient, public-centered ways of obtaining input on regulatory proposals.
- Improve and modernize well-established legal and administrative procedures so that it is easier for members of the public to participate in the development of regulations.
- Web 2.0 tools can be useful even before an agency issues a proposal.

References:

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  - M-10-23 Guidance for Agency Use of Third-Party Websites and Applications (June 25, 2010): http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-23.pdf
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  - Increasing Openness in the Rulemaking Process - Improving Electronic Dockets (May 28, 2010): http://www.whitehouse.gov/sites/default/files/omb/assets/inforeg/edocket_final_5-28-2010.pdf
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  - Data Call for the 2010 Information Collection Budget (April, 20, 2010): http://www.whitehouse.gov/sites/default/files/omb/assets/inforeg/2010_icb_datacall.pdf

References Continued:

- OMB/OIRA Guidances and Memos Continued:
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  - Social Media, Web-Based Interactive Technologies, and the Paperwork Reduction Act (April 7, 2010): http://www.whitehouse.gov/omb/asset.aspx?AssetId=2521
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  - 2009 Report to Congress on the Benefits and Costs of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities (January 27, 2010): http://www.whitehouse.gov/omb/asset.aspx?AssetId=2310

The Voice of OECD Business

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

Remarks of

Mr. Tadahiro Asami, BIAC Secretary General

October 28, 2010

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.

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. BIAC is determined to provide the necessary private sector input to the regulatory governance cycle by actively engaging with the OECD work. Thank you.