



**Asia-Pacific
Economic Cooperation**

2015/SOM3/SCSC/FSCF/PTIN/RT/007

APEC Economic Policy Report and Good Regulatory Practice

Submitted by: United States



APEC
PHILIPPINES
2 0 1 5

**Towards a Future of Prevention and Partnership:
Roundtable on Effective Industry / Regulator
Cooperation
Cebu, Philippines
24-25 August 2015**



APEC Economic Policy Report and Good Regulatory Practice

**Food Safety Cooperation Forum
Partnership Training Institute Network
Cebu, Philippines
August 24-25, 2015**

Outline

- What is Good Regulatory Practice?
- Early APEC Work on Good Regulatory Practice
- Development of APEC GRP principles
- Summary of 2014 APEC Economic Policy Report
- Highlights of APEC Regulatory Cooperation

What are Good Regulatory Practices?

GRP refers to internationally recognized processes and procedures that can be used to improve the quality and cost-effectiveness of domestic regulations

Early APEC SCSC Work

- 1997: APEC Subcommittee on Standards and Conformance (SCSC) produced the “APEC Guidelines for Preparation, Adoption and Review of Technical Regulations”
- 1999: APEC Principles to Enhance Competition and Regulatory Reform
- 2000: Decision to hold biannual GRP conferences

APEC Principles to Enhance Competition and Regulatory Reform

- Leaders' Declaration, Auckland, 1999
- Endorsement of Principles
 - Non-discrimination: Apply regulatory principles in a way that does not discriminate between foreign and domestic
 - Comprehensiveness
 - Transparency: policies, rules, application
 - Accountability

APEC Endorsement of GRP

- 2005: APEC-OECD Checklist on Regulatory Reform
- 2011 APEC Leaders Statement: The Honolulu Declaration – Toward a Seamless Regional Economy

2005 APEC-OECD Checklist on Regulatory Reform

- There is no single model of regulatory reform, but this does not mean that standards, goals and well-structured institutions do not matter.
- The checklist is a voluntary tool that member economies may use to evaluate their respective regulatory reform efforts.

2005 APEC-OECD Checklist on Regulatory Reform

- Four parts to the checklist
- (A) Horizontal questionnaire
- Three specific policy areas:
 - (B) Regulatory policies
 - (C) Competition policies
 - (D) Market openness policies

2011 APEC Leaders Statement: The Honolulu Declaration

- Recognizes that regulatory reform can “boost productivity and job creation” while protecting the environment, public health, safety, and security.
- As trade and investment flows increase, greater alignment is required to avoid barriers to growth and employment.

2011 APEC Leaders Statement: Annex

Strengthening Implementation of Good Regulatory Practices

- Develop, use, or strengthen processes, mechanisms, or bodies to **enable a whole of government approach** in the development of regulations, including coordination across regulatory, standards, and trade agencies.
- Develop, use, or strengthen **mechanisms for assessing the impact of regulations**, which involves effective and consistent use of the tools and best practices for developing new regulations and reviewing existing regulations.
- Implement the principles related to public consultation of the **2005 APEC-OECD Integrated Checklist** on Regulatory Reform section on regulatory policy and the 2004 Leaders’ Statement to Implement the APEC Transparency Standards.

2014 Economic Policy Report

- Principles of Good Regulatory Practices
- Expanding the Principles to Elements that provide mechanisms to implement the principles
- Individual Economy Reports (IER) that summarize achievements, challenges and priorities

2014 EPR: Principles of Good Regulatory Practice

- Transparency and Public Coordination
- Internal coordination of rulemaking activity
- Regulatory Impact Assessments

Transparency and Public Coordination

Transparency and accountability help address concerns about undue influence and allows all interested parties to be heard.

- Accountability
- Engagement and buy-in
- Efficiency

Internal coordination of rulemaking activity

Coordination emphasizes the importance of and adherence to regulatory principles and procedures, and ensures that regulations are consistent with the law and domestic priorities.

- Enhanced information quality
- Efficiency
- Intragovernmental Trust

Regulatory Impact Assessments

Contributes to more informed policy decisions and promotes economic efficiency by calculating costs and benefits and regulating only where necessary

- Comprehensive approach
- Rigor of Analysis
- Accountability

EPR: Key Elements of GRP

- Institutional Design of Rulemaking Activity
- Transparency and Public Consultation Activity
- Regulatory Impact Assessment
- International Regulatory Cooperation
- Extended Policy Options of GRP

International Regulatory Cooperation

Objectives:

- Reduce barriers to trade and investment which could arise from unnecessary differences;
- Enhance regulatory capacity and capability;
- Enhance policy and regulatory effectiveness

Forms:

- Informal Cooperation (e.g., information sharing and policy dialogue)
- Formal Cooperation (e.g., enforcement cooperation, mutual recognition, harmonization)

Extended Policy Options of GRP

- Single online location for regulatory information
- Prospective regulatory planning
- Retrospective reviews of existing stock of regulations

Next Steps

- Inclusion of Trade and Competition principles into regulatory review and analysis
- Public Consultation (e.g., minimum standards, scope)
- Web-based Technologies (e.g., annual regulatory and legislative plan)
- Closer collaboration (advanced planning)
- Improved regulatory review mechanisms

Highlights of APEC SCSC Regulatory Cooperation

- Food Safety Cooperation Forum
- Wine Regulatory Forum
- ICT Energy Efficiency Alignment
- APEC Regulatory Cooperation Advancement Mechanism (ARCAM)
- Green Buildings
- Toy Safety

Highlights of APEC SCSC Regulatory Cooperation

- Reinforce WTO TBT and SPS obligations
- Transparency
- Promote better alignment of technical requirements and standards related to an issue or sector
- Reduce unnecessary obstacles to trade
- Information exchange and coordination

WRF: Wine Trade and Regulation

- Regulatory environment is out of step with increase in wine trade
- Wine is a low risk food product
- Processed food regulations are misapplied to wine:
 - different regulatory limits and approaches to testing
 - costly analyses required for items such as E.coli and Salmonella, which cannot survive in wine
- Results in:
 - unnecessary obstacles to trade
 - increased costs for producers
 - no demonstrable benefit to consumers, producers and regulators

WRF Background

- Established in 2008 with aim to:
 - eliminate non-science based testing and certification requirements for wine trade in the region
 - increase wine production
 - expand trade and create jobs
- Meetings and workshops held in 2011 (US), 2012 (NZ), 2013 (US), and 2014 (China). Next meeting in Australia November 2015
- Currently in Year Two of Five-year APEC project, project funding ends in 2018

WRF Working Groups

- Four Working Groups, focusing on 1) Enhanced Risk Controls, 2) Pesticide Maximum Residue Limits (MRLs) for wine grapes, 3) Compendia, and 4) Export Certificates, carry out the work of the WRF intersessionally
- Ten of the 21 APEC member economies currently participate in these Working Groups
- In 2015, Enhanced Risk Controls WG established a ring test, open to laboratories from all APEC economies, to promote consistency and accuracy of analytical testing of key wine parameters: alcohol, sugar, sulfites, etc. Ring test is currently ongoing
- WG on Pesticide MRLs has developed priority list of pesticides for which Codex MRLs could be progressed and identified pathways for getting Codex MRLs established based on good agricultural practices to ensure the lowest possible consumer exposure

APEC Regulatory Cooperation Advancement Mechanism (ARCAM)

A process under which trade officials, relevant regulators, and other stakeholders would conduct work on one emerging regulatory issue per year that has particular relevance to APEC's agenda to strengthen regional economic integration. The purpose of this work would be to:

- Develop a shared understanding of the issue;
- Improve understanding of how the issue relates to legitimate regulatory objectives;
- Improve understanding of how the issue relates to trade and investment flows and economic integration goals in the region;
- Enhance the capacity of regulators in the region to address the issue; and
- Increase transparency and promote better alignment of technical requirements and standards related to that issue area.

APEC Toy Safety

- **Goal:** To increase transparency, encourage better alignment and reduce unnecessary impediments to trade related to toy safety standards and practices while promoting a high level of product safety
- **Relevance:** High profile toy safety incidents in 2007/2008, 11 of 21 economies had notified WTO of regulatory changes related to toy safety, 19 of 21 economies exported toys
- **Method:** Trade, regulatory and national standards body officials from 20 economies and ICTI, CEN TC 52, ASTM F 15, COPOLCO, ILAC experts, industry and other experts came together in Singapore and Hong Kong, China.

APEC Toy Safety: Key Outcomes

- **Greater transparency in Regulatory Systems**
 - Diversity of requirements documented in the APEC Toy Safety Survey completed by all 21 APEC economies
- **Concrete moves towards better alignment**
 - A pledge by ASTM International and ISO to support greater technical cooperation and an agreement to hold future joint meetings
 - Establishment of ISO Advisory Panel to determine toy standard alignment priorities
 - WG on emerging hazards: Cadmium in children's jewelry
- **Sustained international regulatory cooperation**
 - APEC Product Safety Contact List with the OECD Consumer Product Safety Working Group
 - Participation by eight (8) APEC Toy Safety Regulators in ICPHSO in Orlando, Florida in 2010
 - Meeting of APEC regulators in ICPHSO in Korea in 2011

Lessons Learned

Principles for Regulatory Cooperation in APEC as a Path to Jobs, Innovation and Sustainable Growth

- **Support and Advance the Multilateral Trading System** - Strengthen implementation of WTO principles such as non-discrimination, transparency, and promoting the use of the international standards and conformance infrastructure in regulatory approaches;
- **Focus on Tangible and Practical Outcomes that Matter** - Contribute to tangible outcomes, for example, where problems are transnational in nature or have significant implications for trade and investment;
- **Strengthen Implementation of the APEC-OECD Checklist in APEC Economies** - Identify and encourage the use of approaches, including voluntary approaches, that take account of the distorting effects of regulatory measures on trade and competition and that eliminate or minimize unnecessary divergences in regulatory measures;
- **Promote Alignment to International Standards and Conformance Systems** - Promote alignment to relevant international standards and test methods wherever possible consistent with WTO obligations, and foster the role of the private sector in developing voluntary consensus standards at the international level;
- **Engage Key Stakeholders** - Involve key stakeholders wherever possible, and in all cases ensure that proceedings and outcomes are transparent and accountable to stakeholders interests