Regulatory Coherence Chapter in the Trans-Pacific Partnership

Submitted by: New Zealand
TPD on WTO-plus elements on FTAs/RTAs

Regulatory Coherence Chapter in the TPP
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Regulatory coherence addresses structural reform in the RTA/FTA context

- At-the-border barriers have been largely eliminated but behind-the-border barriers to doing business remain
- Eliminating such barriers often requires the implementation of structural reforms
- PSU work has shown that gains from structural reforms are almost twice as large as the gains from trade reforms
- The greatest proportion of gains come from domestic reforms rather than joint reforms with other economies
- Reforms can lead to average productivity improvements between 2-14% across infrastructure sectors
- Economies with fully open telecommunications and financial services sectors grow up to 1.5% faster than other economies
What is Regulatory Coherence?

“Regulatory coherence is not about less regulation nor is it about more regulation. It is about improving the process by which APEC economies develop regulations, generate best practices, and find common acceptable standards and timings in which to implement them. It doesn’t require loss of regulatory power or sovereignty. It results in more effective regulation that does not distort markets. Regulatory coherence fosters an optimal regulatory environment that allows the market to be more open, competitive, and innovative.” (National Center for APEC and APEC Business Advisory Council, 2012)

- Essentially the approach adopted in TPP

Regulatory co-operation a step beyond regulatory coherence

- Regulatory cooperation refers to coherence between the laws and agencies of two or more economies;
- It reflects the goal of reducing regulatory barriers to trade and investment created by differing laws in different countries through direct cooperation.
Coverage of TPP Regulatory Coherence Chapter

• Each Party to determine and make publically available the scope of its covered regulatory measures no later than one year after TPP comes into force;
• Each Party should aim to achieve “significant coverage”.

Requirements on Each Party

• Establish processes or mechanisms to facilitate effective interagency coordination and review of covered measures;
• Encourage relevant regulatory agencies to conduct regulatory impact assessments;
• Ensure that any reform of covered regulatory measures define the problem to be addressed, include options to do so, explain the grounds for selecting the preferred alternative and rely on the best available evidence;
• Ensure that covered regulatory measures are available to the public and described in a transparent fashion and where applicable, available online;
• Review covered regulatory measures, at intervals the Party deems appropriate;
• To the extent appropriate and in accordance with its law, take account of regulatory measures in other Parties and international agencies
Other Elements of the Chapter

• Provisions not subject to dispute settlement
• In the event of inconsistency with another TPP chapter, the other chapter will prevail to the extent of the inconsistency.

TPP: A “Living Agreement”

• Regulatory Coherence Chapter establishes a Committee on Regulatory Coherence to work on implementation, future priorities (including potential sectoral initiatives and cooperation activities) involving issues covered by this Chapter or other Chapters of TPP.
• Chapter also provides for cooperation activities in the areas it covers.
What the Future Might Look Like: SEM Principles

- Persons in Australia or New Zealand should not have to engage in the same process or provide the same information twice;
- Measures should deliver substantively the same regulatory outcomes in both countries in the most efficient manner;
- Regulated occupations should be able to operate seamlessly between each country;
- Both Governments should seek to achieve economies of scale and scope in regulatory design and implementation;
- Products and services supplied in one jurisdiction should be able to be supplied in the other;
- The two countries should seek to strengthen joint capability to influence international policy design; and
- Outcomes should seek to optimise net Trans-Tasman benefit.