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Mexico's National Better Regulation System

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**Conference on Good Regulatory
Practices - Regulatory Reform the
Digital Age
Port Moresby, Papua New Guinea
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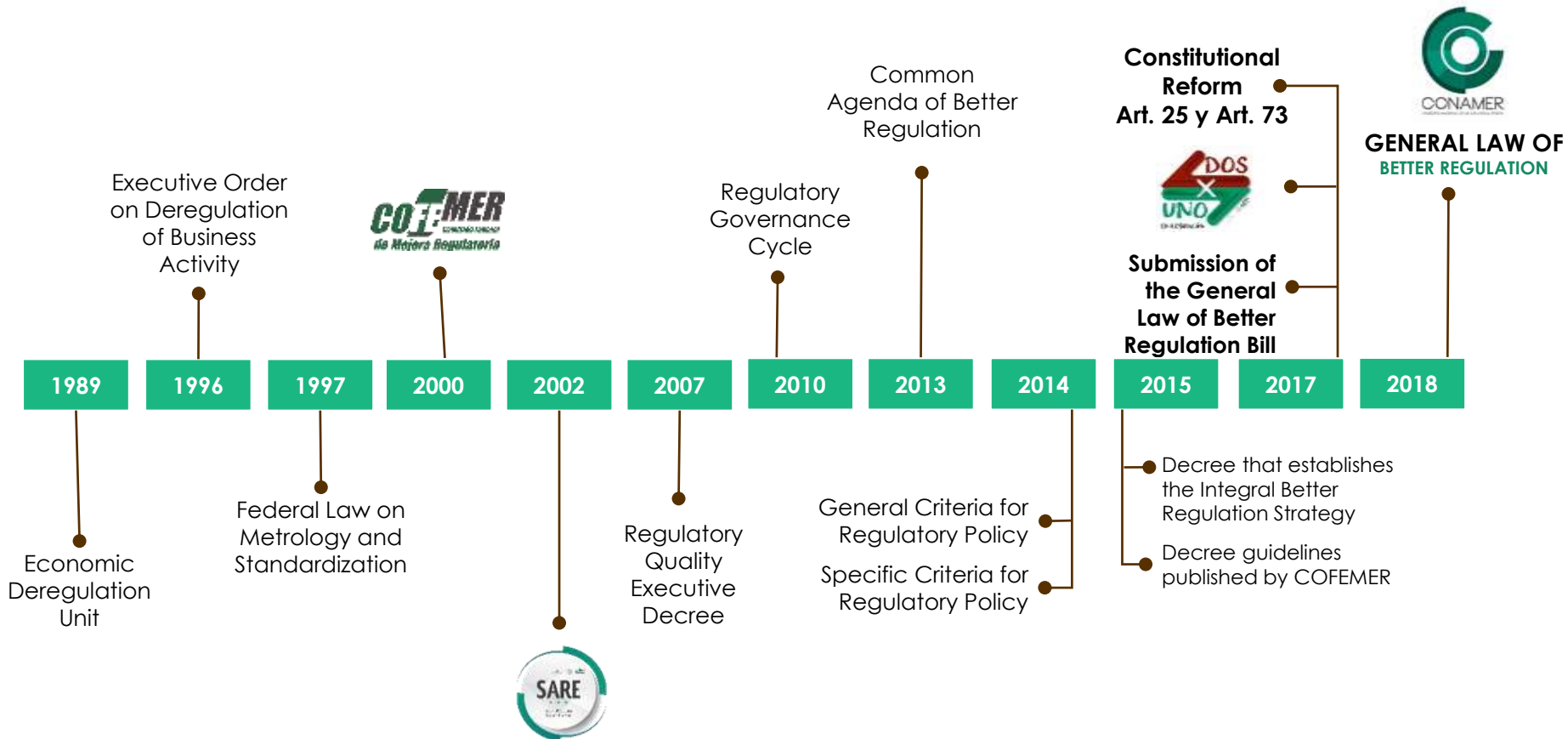
Mexico's National Better Regulation System

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Commissioner of the CONAMER



Background of CONAMER

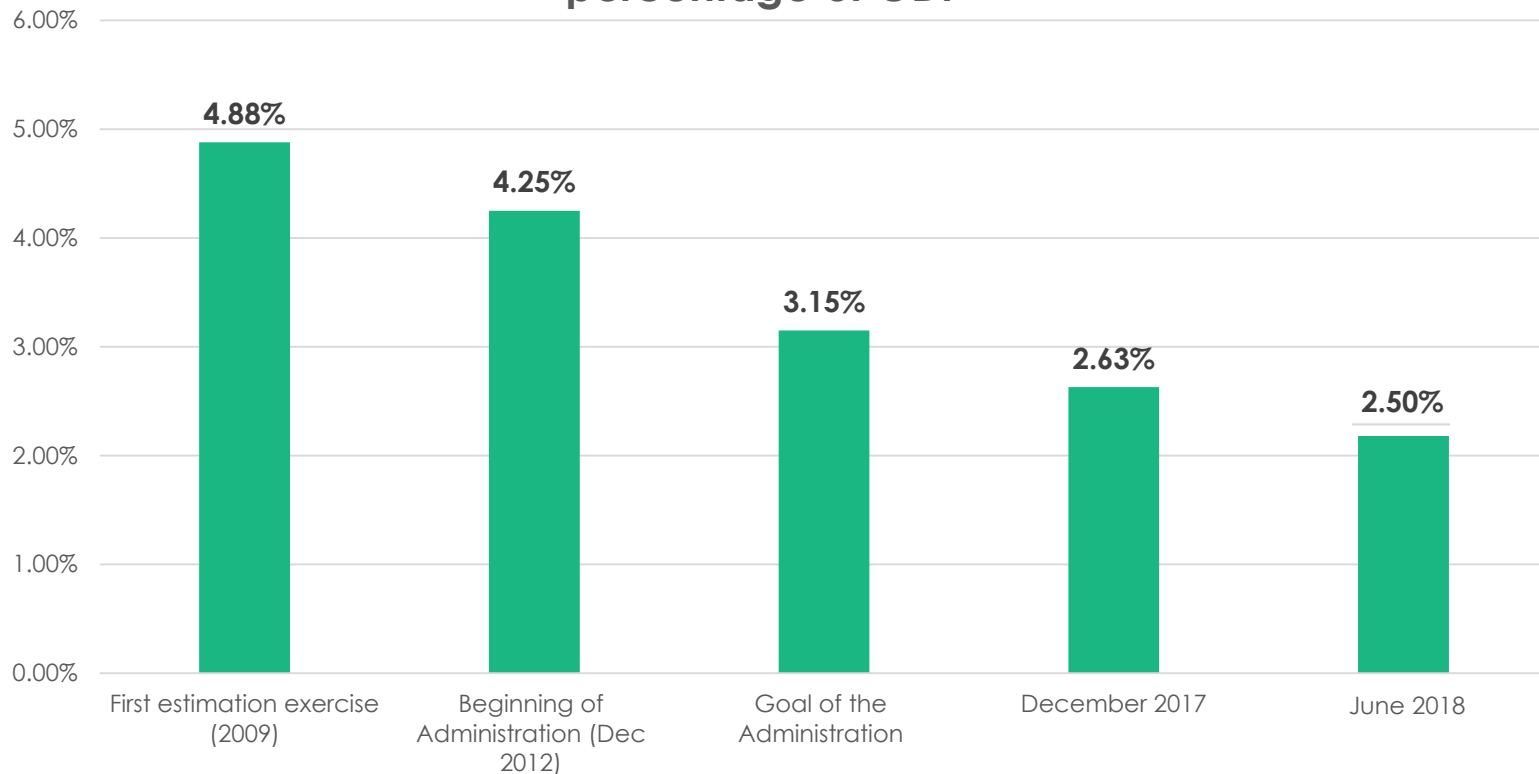
CONAMER is a **decentralized body** of the Ministry of Economy created to promote the **generation of clear rules, procedures and simplified services, as well as effective institutions.**



Mexico's Federal Regulatory Burden

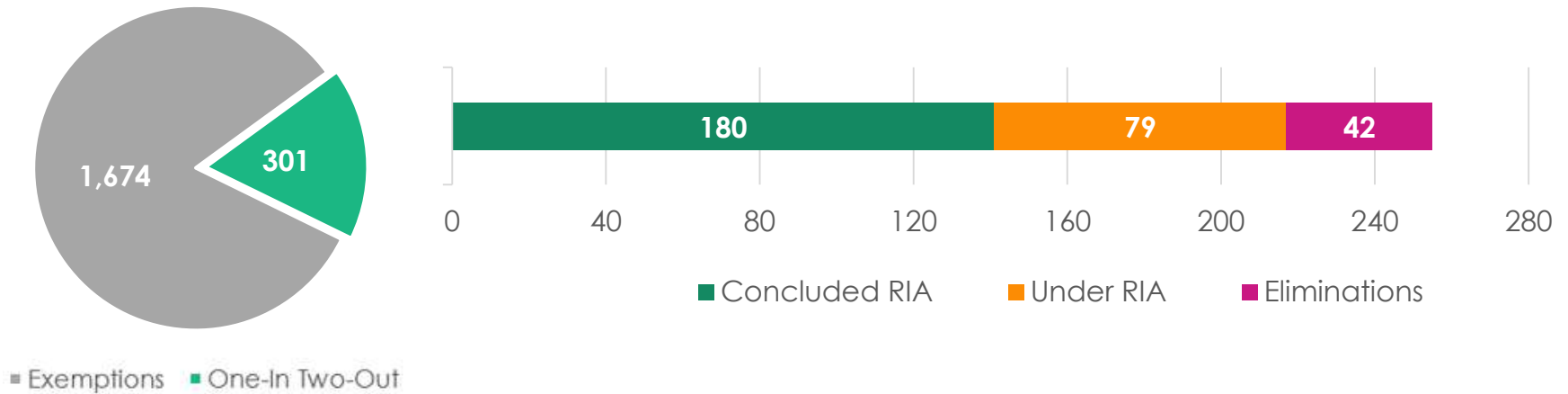
The total economic cost of the federal permits and procedures was equivalent to **4.25%** of GDP at the beginning of this administration. A reduction equivalent to **1.75%** of GDP was achieved by **June 2018**, this allowed an advance of **159%** over the administration goal

Regulatory Burden of federal permits and procedures as a percentage of GDP



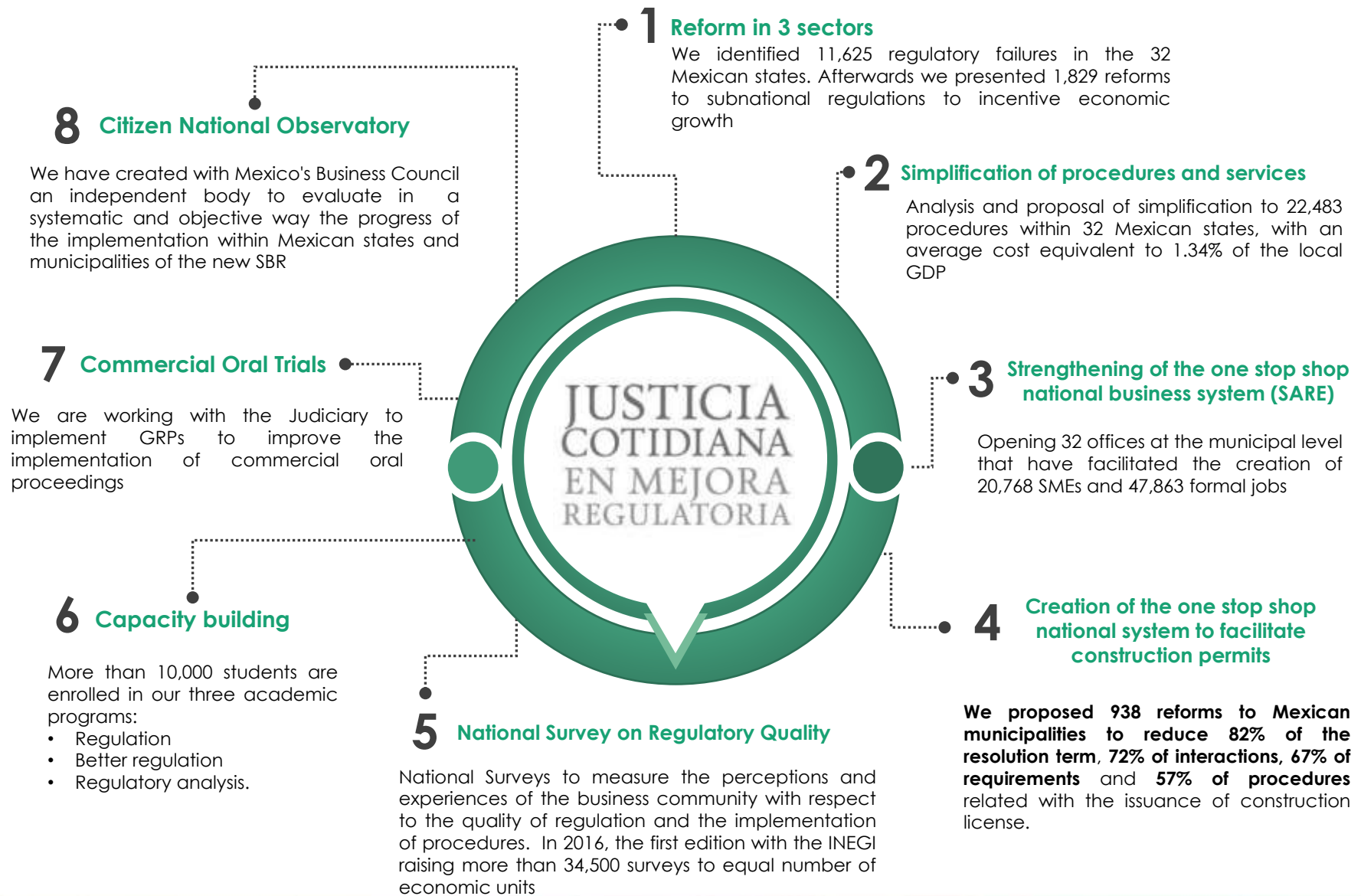
One in - two out

Since the entry into force* of the Executive Presidential Order, the National Commission for Better Regulation has received **1,975 regulatory proposals**:



*From March 9th, 2017 to July 31st, 2018

Results of “Everyday Justice Program” (“Programa de Justicia Cotidiana”)



The better regulation policy in Mexico's National Constitution

Bill of rights part

Article 25. (...)

All public authorities within the Mexican republic shall apply better regulation policies for the simplification of regulations, procedures and for the full implementation of the general law of better regulation

Organic part

Article 73. (...)

XXIX-Y. To issue the general law of better regulation

Transitory articles

Article 73. (...)

Second.- Within a period not exceeding 180 calendar days following the entry into force of this decree, the Congress shall issue the general law of better regulation.

Sixth.- The General Law of Better Regulation shall at least consider the following:

- a) A National Catalog including federal, local and municipal procedures and services with the aim of strengthening the rule of law and facilitate business activities
- b) The registration in the national catalog will be obligatory for all public authorities in Mexico
- c) The operation of the national catalog shall make use of technologies of information

Structure of the General Law on Better Regulation

FIRST:

General Provisions

- **Chapter 1** – Purpose of the Law
- **Chapter 2** - Principles, Bases and Objectives of the Better Regulation Policy

8 articles

SECOND:

National System of Better Regulation

- **Chapter 1** - Incorporation
- **Chapter 2** – National Council of Better Regulation
- **Chapter 3** – National Strategy of Better Regulation
- **Chapter 4** - CONAMER
- **Chapter 5** – Sub-National Better Regulation Systems
- **Chapter 6** – Legislative and Judicial Powers, Constitutional Independent Agencies
- **Chapter 7** - National Observatory on Better Regulation

29 articles

THIRD:

Tools of the National System on Better Regulation

- **Chapter 1** – National Catalog on Regulations, Permits, Procedures and Services

- S1. National Registry of Regulations
- S2. Registers of Permits, Procedures and Services
- S3. Single file for Permits, Procedures and Services
- S4. National Registry of Inspections
- S5. Citizen Complaint

- **Chapter 2** – Regulatory Agenda

- **Chapter 3** – Regulatory Impact Assessment

- **Chapter 4** – Better Regulation Programs

- S1. Better Regulation Programs
- S2. Specific Programs on Simplification and Better Regulation

- **Chapter 5** – Surveys, Statistical Information and Evaluations on the Better Regulation Policy

54 articles

FOURTH:

Administrative Responsibility in the Implementation of the Better Regulation Policy

- **Special Chapter** – Administrative Responsibilities of Civil Servants

2 articles

Transitory Articles

12

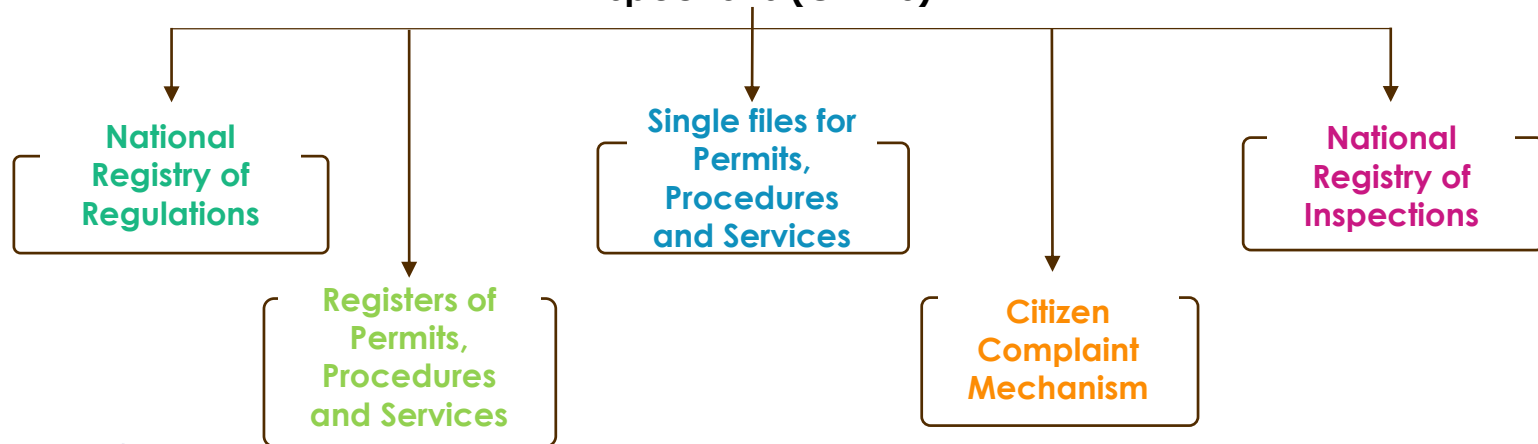


Total

Titles	4
Chapters	15
Sections	7
Articles	93
Transitory Articles	12

The **National Catalog** is a technological tool that integrates all national Regulations, Permits, Procedures, Services, Inspections within the Mexican territory and source of legal certainty and transparency, aiming to strengthen the rule of law and improve the business environment

National Catalog on Regulations, Permits, Procedures, Services and Inspections (CNRTS)



- The registration and updating of the Catalog is permanent and mandatory for all public authorities in the country
- The Catalog is public, freely accessible and the information contained is binding for public authorities

The Regulatory Agenda shall include:

- Name of the Regulatory Proposal
- Object and Matter of the Regulation
- Problems that seeks to solve
- Justification for its issuance
- Preliminary date of issuance

The regulatory authorities

- **Submit** the agenda in the first 5 days of May and November
- **The regulatory authorities have to apply it** in subsequent periods of Jun to November and December to May, respectively

The authorities

- The regulatory agenda of each regulatory authority shall be subject to **a minimum consultation period of 20 days**

Exceptions

1. When the regulation pretends to resolve or prevent an **unforeseen, incidental and imminent emergency situation**
2. When the inclusion of the regulatory proposal in the agenda **might frustrate the effects** which are intended to achieve with its expedition
3. When the regulatory authorities provide strong evidence that the regulatory proposal will **not generate compliance costs**
4. When the regulatory authorities submit evidence that justify that the regulatory proposal will represent an improvement that will reduce administrative burdens for businesses
5. The regulatory proposal is issued directly by Mexico's **President or the incumbent Executive at each level of government**

What is?

Is a tool that aims to ensure that **benefits of regulations are greater than their costs** and they represent the best alternative to meet a specific alternative

RIA Target

The RIA should focus in **strengthening** the conditions on the **consumers and its rights, business enterprises, economic competition, foreign trade,** and the **human rights,** among other inclusive policies, aiming the **proportionality** and **coherence** of regulations, as well as the coordination among different authorities responsible for its implementation

RIA elements

- ❶ Problem definition and objectives
- ❷ Alternatives (regulatory and non-regulatory)
- ❸ Costs and benefits evaluation of the Regulatory Proposal, as well as other impacts
- ❹ Analysis of the mechanisms and capacities for implementation, verification and inspection
- ❺ Identification and description of the mechanisms, methodologies and monitoring indicators
- ❻ Public Consultation, as well as the opinions gather from the individuals during the Regulatory Agenda Planning exercise



— “**SUNSET CLAUSE**” —

The regulatory authorities will have to submit the regulations that generate compliance costs to a review **at least once every five years**, using a RIA ex-post, in order **to evaluate the effects of its application** and to allow to the regulatory authorities to determine the need of its elimination, amendment or permanence.



— “**ONE In – ONE Out**” —

For the issuance of regulations, the regulatory authorities will have to **indicate in its Regulatory Proposal, the regulatory obligations or acts to be modified, abrogated or simplified to reduce compliance costs in an amount** equal or higher than the new obligations within the Regulatory Proposal

The **Observatory** is a body of public interest which purpose is contribute to achieve the objectives of the new Better Regulation system in Mexico

Members

- Integrated for 5 citizens (no public servants)
- They will meet at least once a month
- They will designed by the National Council
- Tenure of 5 years
- During the term of their respective position, they shall refrain from acting as a public servant at any level of government
- Have the possibility of reelection and they will not receive a fee for their contributions within the observatory
- It would have a Chair for a two-year period who will participate in the National Council for Better Regulation



Employment charges or commissions in academic or scientific research institutions are **exempted**

An Efficient and Effective National Regulatory System

Mexico's new constitutional and legal framework of the Better Regulation Policy will **allow**:

- Create a **National System on Better Regulation** that will coordinate this policy nationwide and will promote an effective international regulatory cooperation
- Create the **National Catalog on Regulations, Permits, Procedures, Services and Inspections**
- **Fix a minimum standard for the implementation of the Better Regulation Policy** at all levels of government
- **Encourage Public Participation** through the strengthening of public consultation mechanisms
- **Strengthen** the tool of the **Regulatory Impact Assessment (RIA)** that allows, among others, the emission of asymmetric regulation based on risks that will favor the MSMEs, as well as the inclusion of "sunset clause" for all new regulation and at least OIOO.

An Efficient and Effective National Regulatory System

- Detect and **avoid unnecessary international regulatory divergence** between regulations issued in Mexico and international standards and regulations issued by main commercial partners
- **Build a reliable inventory of permits, procedures and services in a format that will encourage their simplification (or elimination)**
- **Record inspections: the number of inspections and verifications** carried out by all authorities nationwide, and measure their results and benefits
- **Create a Singe File** for every person or firm to carry out permits, procedures and services before a public authority regardless of the level or branch of government
- Implement the **Citizen Complaint Mechanism**
- Create the **National Observatory on Better Regulation**, a public interest entity, independent of the government to oversees, evaluates and propose actions for the effective implementation of this policy

SE
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