Deregulation Report 1997

FOREWORD

The Osaka Action Agenda (OAA), announced by APEC Leaders in November 1995, requires a range of actions in the area of deregulation. APEC Senior Officials subsequently decided in 1996 to combine APEC’s work on competition policy and deregulation, given the important linkages between the two work programmes. The APEC Committee on Trade and Investment (CTI) is responsible for both areas.

An ongoing activity is the publication of annual reports detailing deregulation initiatives undertaken by member economies. To facilitate access to this information, the 1997 report is being published on the Internet. It contains the Deregulation sections of the 1997 Individual Action Plans (IAPs) which were endorsed by APEC Leaders at their Vancouver Meeting in November 1997. Each economy has outlined the reforms to its domestic regulatory regimes undertaken in 1997 and those announced for the future.

The CTI is also planning a Regulatory Reform Symposium for 1998. It will provide a unique opportunity for APEC to bring together government representatives, academics and the business sector to gain a better understanding of the role of regulatory policy in the process of liberalising trade and investment. Readers interested in more information on the Symposium are invited to contact the APEC Secretariat (br@mail.apecsec.org.sg).

The CTI hopes that the following report and its other work on deregulation will be of interest to the business community as APEC members continue progressively to reform their economies. The 1997 Deregulation report should also be seen as further evidence of APEC’s commitment to improving transparency and understanding of APEC economies’ regulatory regimes.

Ambassador Edsel T Custodio

Chair, APEC Committee on Trade and Investment

January 1998
Contents

1. Australia
2. Brunei Darussalam
3. Canada
4. Chile
5. China
6. Hong Kong, China
7. Indonesia
8. Japan
9. Korea
10. Malaysia
11. Mexico
12. New Zealand
13. Philippines
14. Singapore
15. Chinese Taipei
16. Thailand
17. United States
### AUSTRALIA

<table>
<thead>
<tr>
<th>Timeline Area</th>
<th>1997</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEREGULATION</strong></td>
<td>Participate in development of APEC principles and &quot;best practice&quot; for domestic deregulation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Telecommunications</strong></td>
<td>Refer to Telecommunications entry under Services.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Electricity</strong></td>
<td>Refer to Electricity entry under Services.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gas</strong></td>
<td>Refer to Energy entry under Services.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Airports</strong></td>
<td>The Australian Government has sold long-term leases for three major airports - Melbourne, Brisbane and Perth. The remaining Federal airports, other than Sydney, are scheduled to be leased to the private sector over the next year. The sale of Sydney's airports will await the completion of an environment assessment of options for the site of the second airport and a resolution of aircraft noise issues.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rail</strong></td>
<td>Australia's rail reform program has two important elements:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>. Establishment of national rail infrastructure entity through which the track, the monopoly element of the business, will be separated from current operators.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Postal Services</strong></td>
<td>Review remaining limits to competition in the postal services sector.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Petroleum Products</strong></td>
<td>Promote greater competition and remove unnecessary regulation in the petroleum industry.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Remove restrictions of limiting vertical integration once agreement is reached on a strengthened industry self-regulatory code of practice.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Deregulation

**OBJECTIVE**
APEC economies will:

a. promote the transparency of their respective regulatory regimes; and

b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

I. Current Position

The Government of Brunei Darussalam is undertaking and will continue to undertake steps to eliminate or reduce the negative impact of any domestic regulations which impede free and open trade and investment. The current five-year National Development Plan aims to diversify the economy through broadening the industrial and commercial base, including undertaking liberalisation and deregulation measures. A number of public services in the telecommunications and transportation sectors have recently been privatised and other services may also transferred to licensed private operators.

Brunei Darussalam will endeavour to deregulate whenever appropriate.
<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Implementations</th>
<th>Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deregulation</td>
<td>Revised Standards Council of Canada Act to modernize the mandate, structure and processes of the Standards Council of Canada and National Standards System.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consolidated all federally-mandated food inspection and quarantine services into a single agency, the Canadian Food Inspection Agency, as of April 1, 1997.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>During the past two years, over half the paper burden irritants that small business identified have been addressed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Continual sectoral review in priority areas has uncovered several areas for regulatory improvement: tax simplification, Workplace Hazardous Materials Information Systems, transport dispute mechanisms and harmonization of effluent regulations.</td>
<td></td>
</tr>
</tbody>
</table>
## CHILE

<table>
<thead>
<tr>
<th>Area</th>
<th>1997</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEREGULATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chile will promote transparency on regulatory laws for water companies ports and airports, as well as improve regulatory rules for the electricity sector.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHINA

Deregulation

I. Current Position

To meet the needs of further development of its socialist market economy and to bring domestic regulations on trade and investment more in line with the international practices, China has done massive work towards deregulation.

--After several rounds of unilateral tariff reduction, China brought its simple average tariff rate down to the present level of 23%;

--Since 1992, China has reduced the number of products subject to import quota, license administration and import control from 1,247 to 385, accounting for 5% of the total import tariff lines as compared with previous 20%;

--China has relaxed its conditions for market access in areas such as financial services, commercial retailing, energy, transportation and tourism sectors. Pilot programs are being actively explored for further deregulation. At present, the majority sectors are open to foreign investment except a few categorized as prohibited;

--Foreign-invested enterprises started to have access to foreign trade. The first two foreign trade companies of joint venture nature were approved to be established in Shanghai;

--China has eased its restrictions on trading rights for production enterprises, simplified its procedures and accelerated processing of applications;

--Since the end of 1996, registration system for trading rights of manufacturing enterprises has been formally endorsed in special economic zones (Shenzhen, Zhuhai, Shantou, Xiamen and Hainan);

--China introduced unified exchange rate system in 1994 by adopting single floating rate. It was announced in 1996 to materialize free convertibility of RMB on current accounts by the end of the same year;

--China has liberalized importation of all products except for 8 products through state trading and 6 through designated importers.

II. Objectives

A. Increase transparency of regulations
   --Actively help with the compiling of the report on APEC deregulation and liberalization measures;
   --Continue to publish the latest laws, rules and regulations related to trade and
investment through MOFTEC Gazette;
--Continue to seek other channels to promote transparency of regulatory regime.

B. Further liberalize trade and investment regimes

**Short-term (1997--2000):**
--Review the regulations on trade and investment, simplify licensing procedures,
    promote and improve fair competition mechanism;
--Reduce the number of import products handled by designated companies;
--*After China’s accession to WTO, 100 import products in term of 8 digits HS Code will be removed from the List of Import and Export Commodities Subject to the Inspection Enforced by the Commodity Inspection Authorities, which includes 834 import products at present.*

**Mid- and Long-term (2001--2020):**
--Replace the approval system with registration system for granting trading rights within 5 years upon China’s entry into the WTO;
--Phase out, within 5 years upon China’s entry into the WTO, the practice of designating importers for the 5 items including rubber, timber, plywood, wool and acrylic fibers, for steel products, within 6 years;
--Further review and liberalize regulations on trade and investment and seek to remove obstacles standing in the way of trade and investment.
HONG KONG, CHINA

Deregulation

OBJECTIVE

APEC economies will:

a. promote the transparency of their respective regulatory regimes; and

b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfil a legitimate objective.

I. Current Position

Hong Kong, China believes in market forces and adopts a hands-off approach to economic management. Most of the public utilities are privately-owned, e.g. electricity, gas, telecommunications, container terminals, bus and ferry service. A few are owned by the government but run on a commercial basis, e.g. train services and airport (from 1998 on commissioning of the new airport). Postal and water supply services are operated by the government.

Our regulatory regimes are established to provide prudential supervision (e.g. financial services), to ensure safety, to protect consumer interests, and to encourage investment (e.g. by limiting competition where delivery of the service concerned requires very substantial capital investment). Details are set out in the relevant Annexes in this Individual Action Plan.

Our regulatory regimes are highly transparent. All laws are published and major policies are widely publicised. Furthermore, the Government of the Hong Kong Special Administrative Region is required under a “Code on Access to Information” to provide, routinely or on request, information to the public about the Government, the services it provides and the basis for policies and decisions that affect individuals or the community as a whole, unless there are specific reasons for not doing so.
Helping Business Programme

Since 1996, we have been undertaking a Helping Business Programme which focus is to make Hong Kong a genuinely friendly place for both local and overseas businesses. The objectives of the Programme are, among others, to cut red tape, deregulate and transfer services out of the public sector to the business sector where appropriate market conditions prevail. Our aim is to eliminate and simplify regulations which hinder our ability to innovate and grow, and to provide a more open and fair environment to achieve growth and improve competitiveness, while maintaining the necessary standards and disciplines.

We are taking forward the Helping Business Programme with advice from a Business Advisory Group which comprises a mix of prominent local businessmen and senior Government officials.

We set up in April 1997 the Business and Services Promotion Unit, a dedicated organisation, to assume responsibility for implementing the Programme.

We have so far completed eleven studies/projects. Action is in hand to implement the recommendations. A brief description of these studies is at the Attachment.

II. Objective (a) - to promote transparency of regulatory regimes

Hong Kong, China will -

Short/medium/long term (1998 - 2010)

- maintain high transparency of its regulatory regimes and explore further ways to publicise them.

III. Objective (b) - to eliminate trade and investment distortion arising from domestic regulations

Hong Kong, China will -

Short term (1998 - 2000)

- undertake the Helping Business Programme to cut red tape, deregulate and transfer services out of the public sector to the business sector where appropriate market conditions prevail; and
Short/medium/long term (1998 - 2010)

- implement reform and deregulatory measures where appropriate, as set out in the relevant Annexes in this Individual Action Plan.
## Helping Business Programme
### Studies Completed

<table>
<thead>
<tr>
<th>Study</th>
<th>Study Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Methods of payment and collection for business transactions</td>
<td>To improve services to the business sector by reviewing the current methods and practices of payment and collection for business transactions</td>
</tr>
</tbody>
</table>
| 2. Public forms on Internet | (a) To provide the community with a better and more efficient service on the issue and availability of public forms; and  
(b) To help the Government provide a more user-friendly interface to their customers |
| 3. Departmental business study in Marine Department | (a) To cultivate a pro-business culture and practice in the Department;  
(b) To create and maintain a business-friendly environment for the marine industry to operate; and  
(c) To ascertain that legislations and regulatory control activities are limited to what are really necessary |
| 4. Departmental business study in the Trade Department | (a) To cultivate a pro-business culture and practice in the Department;  
(b) To create and maintain a business-friendly environment for the business sector to operate; and  
(c) To ascertain that legislations and regulatory control activities are limited to what are really necessary |
| 5. “One-stop shop” Business Licence Information Centre | To examine the feasibility of establishing a “one-stop shop” business licence information service in Hong Kong with a view to providing an efficient and effective service on licence information to the business sector |
| 6. Processing of land exchanges, lease modifications and the related premium assessment and appeal procedure | (a) To expedite and improve the processing of land exchanges and lease modifications including processing premium assessment and appeal and preparation of legal documents; and  
(b) To improve openness of the procedure and accountability of the decision making process |
| 7. Provision of “Hong Kong Background Information” Service | (a) To identify essential Hong Kong background information required by the business sector;  
(b) To improve user-friendliness in presenting information; and  
(c) To recommend the best means of distribution of |
| information |  |
INDONESIA

10. Deregulation

OBJECTIVE

APEC economies will:

a. promote the transparency of their respective regulatory regimes; and

b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

To promote economic growth, the remaining regulations which impede free and open trade and investment, inter alia, tariff and non-tariff measures as well as negative investment list will be reviewed continuously. Tariffs will be reduced gradually with clear and certain schedule. Non-tariff measures will be eliminated or reduced. The number of business sectors contained in the negative list of investment will also be reduced in order to increase the participation of private sector in Indonesian economy.

I. CURRENT STATUS

- In its continuing effort to increase economic efficiency, to improve the environment for trade and investment, and to implement its commitment under APEC and the WTO, Indonesia has undertaken a series of deregulatory measures in trade, investment, taxation, finance, monetary and banking, and other economic sectors. The May Deregulation Package of 1995 and the June Deregulation Package of 1996 cover: clear and certain schedule of continued tariff reductions; reduction of tariffs; elimination of tariff surcharges; elimination of non-tariff barriers; administrative simplification of import and export procedures; facilitation of trade in services; relaxation of restrictions on export, import, and distribution activities for foreign manufacturing companies; clarification and simplification of regulations governing industrial estates; increased opportunities for participation of the private sector; and enactment of anti-dumping measures.

- As continuation of the previous deregulation steps, the July Deregulation Package of 1997 was issued which covers, among others, further reduction of tariffs, simplification of export and
import procedures, allowing transfer of capital goods as well as simplification and reduction of regional taxes and levies.

- The September Deregulation Package of 1997 has further reduced tariffs on certain products.

- On the simplification of export procedure, in July 1997, the maximum value of export without "Export Declaration Document (PEB)" was increased from Rp 100 million to Rp 300 million.

- On the transfer of capital goods, in July 1997, the Government decided to exempt from paying import duty for capital goods sold or transferred at least 2 years after they were imported.

- On the local taxes and levies, in July 1997 simplification was made by reducing the regional taxes from 42 to 9 kinds of taxes and the regional levies from 192 to 30 kinds of levies.

- To allow greater private participation on petroleum and gas industries, Indonesian Government has issued a Presidential Decree (No. 31/1997), regarding the opportunity given to the private companies to build and operate petroleum and natural gas refinery as well as to sell their products. Any private companies may conduct their petroleum or natural gas refinery activities after obtaining an approval from the Government.

- Over the past 15 years, Indonesia has carried out a systematic effort to increase the pace of development through the removal of government-based restraints on trade and industry and the empowerment of the private sector through a consistent process of deregulation and de-bureaucratization.

- In the past, the Government provided most goods and services. Through Indonesia’s privatization policy, the private sector has been given greater opportunity to provide goods and services. The privatization process in Indonesia started with the banking system. This step was followed by a series of actions to begin deregulating trade and investment. These actions broadened the opportunities for the private sector which led to substantial burst in economic growth that reduced the need for direct government actions.

- In the area of electric generation, the government has encouraged the development of private power producers. Paiton I and Paiton II were the first big private power projects. Since then, a number of smaller private power projects have been approved.

- In telecommunications, Indonesia has sold part of the government’s equity in its international communication firm (INDOSAT) and its domestic communication firm (TELKOM). This
latter privatization will result in millions of new phone lines throughout the country over the next few years. In the area of cellular phone services, a number of private companies with some participation by TELKOM and INDOSAT, are currently operating in Indonesia.

- Privatization has also been implemented in the provisions of auction centers and bonded zones and other infrastructure services such as toll roads, harbors, airports, airlines, and potable water. This privatization has dramatically expanded the infrastructure of the country. It is expected that further infrastructure services will be privatized in the future.

- Indonesia has continued its efforts in the privatization of state-owned enterprises by privatizing Bank BNI.

II. INDIVIDUAL ACTIONS

A. Short Term

- Indonesia will continue its efforts to further privatize state owned enterprises and economic sectors. This privatization improves the efficiency of the firms and sector involved, overcomes the shortage of government funds and helps to develop Indonesia’s capital markets.

- Indonesia is in the process of privatizing its electric utility company (PLN) and other state-owned enterprises, inter alia, Garuda (national flag carrier), Jasa Marga (state-owned toll road company), and Krakatau Steel.

- Indonesia will eliminate price control on cement.

B. Medium/Long Terms

- Indonesia will continue the policy to further deregulating its economy.

- Although, Indonesia’s regulatory framework has always been transparent, the government will continue to explore ways and means to further increase transparency in the regulatory process.

- Indonesia will continue to privatize its public firms by offering the shares of government owned companies to the public.
- Areas that will be further privatized will cover, inter-alia, steel industries, services, shipping lines, and public railways.

- Indonesia will gradually reduce export taxes and restrictions such as on rattan, leather, cork, ores and waste of aluminum products.

- Indonesia will phase-out import marketing monopolies on certain agricultural commodities such as wheat, wheat flour, garlic and soybean.
10. Deregulation

**OBJECTIVE**

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

I. Current Position

1. **Basic Approach**
   - Deregulation will promote competition and contribute to rectifying the high-cost structure of the Japanese economy. It will also encourage the creation of new business by giving scope for free and creative innovation by companies. Deregulation will also improve market access and will be effective in harmonizing the Japanese economy to international norms.
   - Regulations should be radically reviewed and abolished, when necessary, regardless of the past process. Economic regulation should be based on the principle of "freedom in principle with regulation only as exception". Social regulations should be reviewed on an ongoing basis because technological advancements have weakened their significance and necessity. The basic idea in social regulation should be to have only the minimum regulation necessary to achieve policy objectives.

2. **Recent Deregulatory Efforts (FY 1993-1995)**
   - The Japanese government has adopted the following measures: Immediate Economic Measures (September 16, 1993), Fundamental Principle of Administrative Reform (February 15, 1994), and Guidelines for Promotion of Deregulation (July 5, 1994). More than 90 percent of the items in these measures have been implemented to date.

3. **Deregulation Action Program**
   - This program was approved by a cabinet decision on March 31, 1995. On April 14, 1995 it was decided that the plan should be implemented within a three-year period (April 1995--March 1998).
   - Coverage:
     - 1,091 items in 11 fields, including 724 newly-added items.
   - Review and revision of program:
     - The government revised the program at the end of FY 1995, taking into consideration domestic and overseas requests and opinions, and the results of the monitoring by the Administrative Reform Committee (an independent third party organization advising the government). Further revision is scheduled for the end of FY 1996.
   - Ensuring transparency of the revision process:
In revising the plan, the government will publish progress reports on the review process. Each ministry and agency will designate a contact point to receive opinions and requests from interested parties both domestic and foreign regarding the revision of the program.

4 "Economic Measures--toward steady economic recovery" (September 20, 1995)
- Coverage: 37 items

5 APEC Osaka Meeting "Initial Actions" (November 19, 1995)
- Coverage: 50 items


7 Administrative Reform Committee "Views on Promotion of Deregulation (Part I)" (December 14, 1995)

8 Policy Actions on Market Access Issues as concerns Standards, Certification and others (approved by Office of Market Access, the Office of Trade and Investment Ombudsman, March 26, 1996)

9 Revision of the Deregulation Action Program (approved by the Cabinet, March 29, 1996)
- Coverage: 1,797 items in 11 fields. Of these 596 are new additions, and 979 are to be implemented in FY 1996 or thereafter. About 90 percent of these items have been implemented to date.

10 Survey on differentials between prices at home and abroad concerning consumer goods, intermediate materials and services were conducted and the results were reported to the Administrative Reform Committee in 1996.

11 Administrative Reform Committee "Views on Promotion of Deregulation (Part II)" (December 16, 1996)

12 "The Program for Economic Structure Reform" (approved by the Cabinet, December 17, 1996)

13 Further Revision of the Deregulation Action Program (approved by the Cabinet, March 28, 1997)
- Coverage: 2,823 items in 12 fields. Of these 890 are new additions.
  - During the further revision process at the end of FY 1996, requests for deregulation were received from the following APEC members: the United States, Canada, South Korea, Australia and New Zealand. (See Appendix 1: Several measures implemented form APEC Osaka meeting to the end of FY 1996)
  - Briefings were held for foreign governments and other organizations, on domestic and foreign requests for easing of regulations, including those by foreign governments. During FY 1996, for example, a briefing was held on January 23, 1997 during the review period. On March 31, another briefing was held to outline the further revised action plan.
- In the cases where it is decided after study that the status quo is to be maintained, despite requests for deregulation from a foreign government or other organization, the reasons for doing so were publicly given. (April 1997)

14 i§Comprehensive program of logistics policiesj” (approved by the Cabinet, April 1997)

15 i§The Action Plan for Economic Structure Reformj” (approved by the Cabinet, May 16 1997)

II. Action Plan

1 Enhance the transparency of the regulatory system

**Short term (1997-2000)**
- In addition to actively implementing the measures set forth in the Deregulation Action Program, thorough follow-ups will be conducted with regard to the state of implementation. The functions of administrative inspection will be actively employed in this process.
- The Administrative Reform Committee, an independent third-party organization (to be in operation until December 1997), will provide recommendations to the government. implemented
- The Action Plan for Rectifying High-Cost Structures and Promoting Dynamism will be steadily promoted.
- Programs to enhance public awareness and understanding of deregulation will be actively promoted.

2 Eliminate trade and investment distortions arising from domestic regulations that are more restricting than necessary to fulfill a legitimate objective

**Short term (1997-2000)**
- Japan will implement the 2,823 deregulatory measures incorporated in the further revised Deregulation Action Program of March 1997. (See Appendix 2: several measures scheduled to be implemented in the short term)
- With regard to the implementation of deregulation after FY 1998, Government will study and draw conclusion taking into account the scheme of the whole administrative reforms by the end of 1997.
- The U.S.-Japan Enhanced Initiative on Deregulation and Competition Policy will be conducted in order to strengthen the dialogue between and reinforce the efforts of their governments under the U.S.-Japan Framework for a New Economic Partnership.
- New regulations will be held to the minimum necessary. When instituting new regulatory measures, the regulations will, in principle, be reviewed after a fixed period of time.
- Local public bodies will be requested to review their regulations.
- Of the various requests submitted by APEC economies and collected by AAMA procedures up to last year, Japan will address those requests when it is able to do so.
Surveys on deferential between prices at home and abroad will be continued to annually. The results are expected to contribute to consideration within the government toward deregulation.

Short/medium/long term (1997-2010)
- In order to promote deregulation measures which contribute to improved market access, active use will be made of complaint handling functions of the Office of Trade and Investment Ombudsman.
- Japan (the Office of Market Access) will take the necessary actions in accordance with §Proposals of the Market Access Ombudsman Council on Market Access Issues as Concerns the Standards, Certification and Others§ (The Market Access Ombudsman Council, June 18, 1997), which clarify the existing problems relating to the Japan’s system of standards, certification, etc., and present the Council’s recommendations for necessary actions regarding those problems.

Publication of annual report detailing actions taken to deregulate the domestic regulatory regimes

Short term (1997-2000)
- Japan will publish "The Present State of Deregulation" (the so-called White Paper on Deregulation) and actively publicize it. The White Paper will report on the present state of public regulations and deregulation efforts by the Government, give an outline of the program, discuss the impact of deregulation on national life, and provide information on its effects.

Provision of technical assistance in designing and implementing deregulation measures

Medium / long term (2001-2010)
- In an effort to facilitate sharing of experience and technical expertise, case studies will be made of examples (i.e., best practices) where deregulation (including privatization) has succeeded in stimulating the economy.
Appendix 1

THE DEREGULATION ACTION PROGRAM
(SEVERAL MEASURES IMPLEMENTED FROM APEC OSAKA MEETING TO THE END OF FY 1996)

1. Housing and Land
- Demonstration of safe construction methods for low-rise buildings, both using mobile scaffolding and without the use of scaffolding. (FY 1996)
  
  - To abolish the following requirements for the Government Housing Loan Corporation financing (April 1996); (a) incombustible roof material, (b) fire prevention for three stories wooden detached house, (c) duration standard for three stories wooden apartment house

  - Revision of technical standards regarding housing construction methods using wood frame construction (two-by-four method) with a view to stipulating performance regulations. (FY 1996)

2. Distribution-related

  Simplify the documents which are submitted to government on the basis of Law Concerning the Adjustment of Retail Business in Large-Scale Retail Stores. (FY 96)

3. Transportation
- Expansion of the range of cases in which cost account statements can be omitted from trucking rate notifications. (March 1997)
  
  - Review of the judgment criteria for identity of type of motor vehicles. (March 1997)

  - Reduction of the number of government-qualified mechanics required for designated garages from 3 to 2. (August 1996)

  - Reduction of the number of government-qualified mechanics required for certified garages from 2 to 1. (August 1996)

  - Concerning designated garages,

    (1) Promote to offer the information in detail on the result of the inspection etc. to automotive users. (November 1996)

    (2) Designated garages which do not have their own inspection facilities will be able to inspect at the site of other designated garages. (February 1997)

  - Establishment of a certification system for garages specializing in only certain types of parts such as brakes. (February 1997)

  - Broad and full review of the definition of disassembling repair in view of developments in automobile technology and changes in the actual disassembling repair situation. (August 1996)

  - Change of the total gear ratio in noise tests. (September 1996)

  - To clarify the application procedure concerning parallel import cars. (March 1997)

  - Review of the various technical regulations of railways such as the intervals for the periodical technical inspection of rolling stocks. (March 1997)

4. Standards, Certification, Import Processing and Related Matters

  - Review of present systems of licensing and labeling regulation relating to the manufacture and importation of cosmetics. (FY 1996)
- Expansion of allowable cosmetic ingredients for each cosmetic category in the Comprehensive licensing Standards for Cosmetics by Category. (FY 1996)
- the approval application process has been streamlined for "set products", where articles already approved for the company are simply combined, in cases where there is no concern that quality control problems arise. (FY 1996)
- the scope of medical devices that do not require partial change approval for cases of dimensional changes or addition of components has been expanded. (FY 1996)
- With regards to the soft contact lenses, when the method of use is changed by the addition of an antiseptic solution after approval, its re-examination has not been unnecessary if the way for confirming its effectiveness and safety does not have problem. (FY 1996)
- Some of the 11 categories of liquefied petroleum gas equipment and appliances certified by the government will be excluded from regulation, others will become self-confirmed. (May 1996)
- Of the 10 types of gas equipment and apparatus in the 5 categories certified by the government, 3 types in 3 categories will be transferred to self-confirmation categories, and 1 category will be excluded from regulation. Of the 3 types of gas equipment and appliances in the 3 categories requiring self-confirmation, 1 category will be excluded from regulation. (May 1996)
- The scope of pharmaceuticals was reviewed, and some of vitamins are allowed to be on the market as foods regardless of the shapes of pharmaceuticals (capsules, tablets, pills). (FY 1996)

5. **Financial Services and Securities**
- Review of the various reports submitted by securities houses. (In January 1996, eight report types were abolished. In April 1996, over 100 types of report were abolished or simplified.)
- As to the range of firms eligible to be registered under relaxed standards as special rule issues on the Over-the-Counter market, "R&D-based companies" has been revised to "new venture businesses including service companies" in the registration standards. (Japan Securities Dealers Association rules amended in April 1996)
- Legal books mandated under the Securities and Exchange Law may now be maintained and preserved on electronic media. (April 1996)
- Restrictions on the Employee Pension Fund's asset investments, formerly applied to individual trust bank, were abolished. Restrictions are now imposed on the investment of assets as a whole. (April 1996)
- Raising the exemption ceiling beyond which approval is required for setting up overseas deposits and trusts by residents in foreign currency denomination for the purpose of portfolio investment. (from 100 million to 200 million). (April 1996)
- Deregulation on the account current radically, including introduction of the multi-netting, abolition of limitation by industry and limitation on amount of book entry, and expansion of the scope of the becoming an account current party. (March 1997)

6. **Energy**
- In principle, approval for wholesale electricity activities has been abolished. (December 1995)
- Abolition of the designated area system under the Gasoline Retail Business Law, which had restrained newly building a gasoline station in the excessive competition.(the end of September, 1996)
7. **Other**
   - Review of the point system for mixed feed. (Revision of the Customs Tariff Law and other legislation on April 1, 1996)
THE DEREGULATION ACTION PROGRAM
SEVERAL MEASURES SCHEDULED TO BE IMPLEMENTED
IN THE SHORT TERM (1997-2000)

1. Housing and Land

- Revision of the structure of regulations in the Building Standard Law with a view to shifting from designating specifications regarding materials, construction methods and dimensions to stipulating performance regulations; and formulation of a new systematic framework. (undertake the preparatory work for revision in April 1997 on the basis of the report which was submitted by Building Council (March 1997))
- Revision of regulations on plumbing fixture contractors, including implementation of a uniform certifying exam and unification of requirements for designation. (April 1998)

2. Transportation

- In the shipping tonnage adjustment system for coastal shipping the range of vessels that can be constructed without scrapping existing vessels will be expanded in the case of vessels with a long-term guarantee of cargo. FY 1997 or later, putting into practice one after another
- Exclusion of container and Roll-On Roll-Off vessels from the shipping tonnage adjustment system. (by the end of FY 1998)
- Study of extending the period of validity (currently six months) of completion inspection certificates, considering the report of the Council for Transport Technology, June 1997. (FY 1997 or later)
- With respect to international cargo shipments, upgrade major road shipment routes by the end of FY 1997 to allow passage by semi-trailers hauling fully-laden ISO 40-foot and ISO 20-foot containers. (by the end of FY 1997)
- Review the system of the disassembling repair inspection, including the consideration of the necessity of it, according to the report of the Council for Transport Technology, June 1997. (FY 1997 or later)

3. Standards, Certification, Import Processing, and Related Matters

- Permission to use products equivalent to products with Better Living approval mark is government housing construction projects. (FY 1997)
- When it poses no problem in terms of product quality, kit products that combine pharmaceutical with medical devices may be treated as medical devices if so requested, in fiscal 1996 or later.
- Medical supplies that are managed under previously assessed radiation sterilization levels will be allowed to be shipped without further sterilization tests, to the extent that safety can be assured. (FY 1997)
- Transfer of appliances and materials requiring government certification based on the Electrical Appliance and Material Control Law
to the self-confirmation category. (Studies will be continued in FY 1997 and after.)
- The system of the Drug Tariff will be reviewed radically and conclusion will be drawn. (by the end of FY 1997)
- The scope of pharmaceuticals will be reviewed, and some of minerals are to be allowed to be on the markets as foods regardless of the shapes similar to pharmaceuticals (capsules, tablets, pills). (FY 1998)
- Some of herbs treated as pharmaceuticals will be re-categorized into foods. (FY 1997)
- Japan will consider extension of the period of validity for licenses and identification certificate related to drugs for animal. (FY 1997)
  (1) Identification certificate of household distributor. (from 1 year to 2 years)
  (2) License and renewal of license for manufacturing quasi-drugs for animals. (from 3 years to 5 years)
  (3) License and renewal of license for repairing medical device for animals. (from 3 years to 5 years)
  (4) License and renewal of the first-class license for selling drugs for animals. (from 3 years to 6 years)
  (5) License and renewal of the second-class license for selling drugs for animals. (from 3 years to 6 years)
  (6) License and renewal of the third-class license for selling drugs for animals. (from 3 years to 6 years)
  (7) License and renewal for import of quasi-drugs for animals. (from 3 years to 5 years)
  (8) License and renewal for selling drugs by household distribution for animals. (from 3 years to 6 years)
- Study the method for establishment of electronic handlings of agricultural chemicals registration aiming at submission of the application by utilizing electronic media. (FY 1997)
- To abolish the Import Report. (FY 1997)
- To review the scope of products covered by the Household Goods Quality Labeling Law (textile products, household electrical appliances, daily necessities, and etc.), to expand the flexibility of labeling methods, to implement international harmonization of evaluation methods, and to expand the use of uniform letters in English in labeling the structure of the textile products. (Implementation from October 1997 in order)
- To abolish Export Inspection Law and Export Commodities Design Law. (April 1997)

4. Financial Services and Securities

- Regal books of Investment trust management company can be made and preserved by the electric media. (August 1997)
- To lift a ban on issuance of yen bonds by Foreign commercial bank. (April 1997)
- To abolish the official requirements for the inauguration of a financial organization’s branch. (July 1997)
- The authorized foreign exchange bank system, the designated securities firm system and the money exchanger system will be abolished. (April 1998)
- In principle, permission and prior notification requirements will be abolished for external settlements and capital transactions. (April 1998)
- Liberalization of brokerage commission. (Sale price on more than 0.5 billion yen will be liberalized in April 1998. Complete liberalization by the end of 1999.)
- Revision of business area regulation about the subsidiary classified by business status. (October 1997)

5. Others
- In regard to the horse owner registration for persons who reside abroad, JRA will, from standpoint of maintaining the justice within racing, make further study and draw conclusion within FY 1997 on the condition that persons who abroad will be examined by the same method for persons who reside in Japan.
10. Deregulation

(1) Current Status

- Since the inauguration of the present government in February 1993, deregulation has been pursued as a key national policy.

- Since then, the government has steadily pursued deregulation by establishing the "Committee for the Regulation Reforms of the Economic Administration Sector" and the "Presidential Commission for Administrative Reforms" as administrative bodies.

- The government has achieved deregulation in some 5,700 regulations; however, they were not without problems, such as deregulation efforts being concentrated on easing procedures rather than substance and their results being limited due to selfishness on the part of various groups and ministries.

- Moreover, deregulation was pursued by the very agencies enforcing the regulations and too many agencies were pursuing deregulation.

- Since March 1997, the government has pursued regulatory reform in line with structural readjustment efforts aimed at recovering economic vitality. In order to implement such efforts with a strong drive, the new cabinet has established separate bodies and means for implementation.

- Regulatory reform, pursued in various agencies, has been made more systematic. The Regulatory Reform Council (co-chaired by the Prime Minister and the chairman of the Chamber of Commerce and Industry) has been established as the highest decision-making body.

- The "Committee for the Regulation Reforms of the Economic Administration Sector" is in charge of such efforts in the economic sector, while the "Presidential Commission for Administrative Reforms" is responsible for such efforts in general administrative affairs. They deliberate on issues that are raised and refer them to the Regulatory Reform Council.

- The Fair Trade Commission takes full charge of economic regulatory reform efforts.
• As the Fair Trade Commission does not oversee a specific industry and its original mandate is to promote competition, the Commission can hold a neutral position in pursuing regulatory reform, enhancing the efficiency of such efforts.

• The Economic and Administrative Regulatory Reform Committee, formerly under the jurisdiction of the Ministry of Finance and Economy, has been put under the jurisdiction of the Fair Trade Commission.

• In the first half of 1997, the Commission identified 28 tasks and pursued regulatory reform in 8 areas, which required special urgency due to their serious restrictions on business activities.

• The eight tasks requiring urgency are as follows:
  ᵇ Regulations relating to the establishment of new businesses and procurement of industrial sites.
  ᵇ Regulations pertaining to examinations in the architecture business.
  ᵇ Regulations imposing burden on businesses.
  ᵇ Regulations restricting market entry to newcomers.
  ᵇ Regulations relating to logistics and distribution incurring high logistics costs.
  ᵇ Regulations imposed by trade associations with respect to the collection of membership fees, advertisements, and so on.
  ᵇ Regulations pertaining to granting approvals and authorizations, including automobile check-ups.
  ᵇ Regulations relating to businesses' procurement of financial resources, such as those for the issuance of corporate bonds.

(2) Individual Action Plan

Basic Direction

• The overriding principle is free entrepreneurship, and even if regulations are inevitable, the utmost efforts are made to minimize and optimize them.

• By minimizing government intervention in the market, the government seeks to recover market functions and promote competition.

• It seeks to change a non-competitive market structure to a pro-competitive market structure and to rectify anti-competitive rules and regulations under the quasi-government sectors, including public corporations.
• The government is facilitating reform efforts by rationalizing the means of regulatory reform.

• It seeks to replace regulations with non-regulatory policy measures, such as incentives, and strives to replace "ex-ante" regulations with "ex-post" regulations.

• Rather than simple, short-term approaches focusing on individual tasks, the government pursues a systematic approach focusing on core regulations.

• This approach can be pursued by a comprehensive analysis and an overhaul of the processes in each industry, from supply of raw materials and production to the entire distribution process.


Build Regulatory Policy

• The "Framework Act on Deregulation" will be implemented in 1998 and new systems such as the 'Sunset Review on Regulation' and the 'Regulatory Impact Assessment' will be introduced.

• Under the 'Sunset Review on Regulation', when regulators introduce new regulations or reinforce existing regulations, they are to indicate the terms of validity for enforcement of the regulations. In addition, during the term of validity and prior to the expiration of the terms, the regulations shall be reviewed to determine whether or not the restrictions within the regulations have their own rationality.

• The 'Regulatory Impact Assessment' will be a rudimentary cost-benefit analysis of the regulation's impact on the Korean economy. The regulator has to verify that the new or amended regulations will result in benefits which outweigh the costs of the regulation.

Deregulation Relating to the Incorporation of Business and Factory Sites

• The government facilitates the construction of plants for SMEs by raising the limit for the area of non-polluting manufacturing facilities permitted in residential areas from that of no more than 200m² to that of no more than 500m².
• The government facilitates the establishment of large-scale plants by introducing the "Industrial Development Zone" under the Land Use Plan whereby the ceiling on the area of a plant site would not apply within such a zone. In these zones the construction of plants would be permitted simply with the necessary construction permits, and without procedures, such as the conversion of land use zoning.

Improvements in Food Safety and Quarantine System

• Future control systems for inspecting food production and distribution procedures will be tightened with the implementation of more scientific/technological systems.

• Domestic systems will conform to international standards such as the WTO/SPS Agreement.

• Liberalization in the shelf-life of food will be gradual. More plans to liberalize the shelf-life of most of the food products are forthcoming.

Ease Entry Barriers

• The government is expanding the areas to which private power generators may directly supply power and adopting the Special Business Policy for electricity under which competition would be introduced in the electricity retail market, reducing the unit price of energy supply.

Deregulation of Logistics Facilities

• The government has added a "Logistics Facilities Use" category in the scope of industrial facility zones and eased regulations pertaining to the entry of logistics facility businesses in industrial complexes, reducing logistics costs of businesses and strengthening competition.
• The government has included a logistics center for agriculture, fishery and forestry products in the Urban Planning Facilities with a view to facilitating the construction of logistics centers for agriculture, fishery and forestry products. This is expected to reduce logistics costs and enhance the benefits of the producers and consumers.

Improvement of Quality Approval and Examination Policies

• The government aims to reduce the burdens on automobile companies and increase the benefits of consumers by easing regulations regarding regular check-ups of noncommercial cars.

• Presently, check-ups are to be made 3 years after sale and every two subsequent years. The government intends to change that to requiring check-ups to be made 4 years after sale and every two subsequent years.

• Appliances utilizing heat including industrial boilers

• Exempt companies that are insured under safety insurance from examination by the Korean Energy Management Corporation, thereby relieving businesses from inconveniences stemming from the examination monopoly of the Korean Energy Management Corporation, and create an environment conducive to voluntary safety management by businesses.

Deregulation of Architecture

• Presently, there are 13 categories subject to building plan reviews. The government plans to reduce such categories to 9 by limiting them to those that are stipulated in the Building Act and other acts. Furthermore, building approvals, which used to be deliberated redundantly by cities, provinces, countries and wards are now deliberated by only cities and provinces.

• This has the effect of reducing the time required for obtaining building approvals and building costs.

Deregulation Aimed at Reducing Burden on Businesses

• The impact assessments relating to environment, transportation,
population, disaster, and landscape are often overlapping in substance; nevertheless, the assessments for each category have been conducted separately. However, the government ordered an integrated operation of the impact assessment policies, reducing time and costs involved.

- Regarding Bid-Bonds

- The government aims to reduce time and burden on businesses by giving the government agency the authority to determine exemptions of payments of bid-bonds, thereby maximizing the exemption scope.

Deregulation of Trade Associations

- For the purpose of accelerating economic development, the government set up trade associations for various types of businesses and entrusted them with various national affairs; however, many side effects resulted, calling for a reform in trade associations.

- Thus, the government encouraged trade associations to concentrate on their original functions, such as providing materials and information to members and gathering their opinions. At the same time, the government encouraged them to create an atmosphere for free business activities.

- Also, the government liberalized the establishment of trade associations by making 11 trade associations, including the Korea Chamber of Commerce and Industry, abolish law provisions which forced establishment, membership, and payment of membership fees.

- In the past, 4 organizations, including the Korean Construction Consulting Engineers Association, were delegated by law to determine fees. Now, the fees are determined upon consensus with the participation of representatives of consumers and public interests.

- In the past, approximately 25 organizations relating to medicine, pharmaceuticals and hygiene and the Trade Order Normalization Council for 17 business types were in charge of monitoring business activities; however, their monitoring functions have been removed.
• Administrative authority, which was unjustifiably entrusted to 8 organizations, including Korea Electrical Constructors Association, is now returned to the administrative agencies and regulations entrusted to such organizations which excessively restrict business activities have been eliminated.

• Such deregulation measures are expected to have the effect of reducing prices through competition among businesses, increasing supply of product information, and creating conditions conducive to free business activities.

Medium-/Long-term (2001¡-2010/2020)

Basic Direction

• By maintaining domestic market order and minimizing those barriers that discourage free trade, continuous efforts will be made to conduct operations that will ease regulatory measures.

• By eliminating unnecessary practices, attention will be given to reducing the size of the government. Furthermore, efforts will be made to actively promote a private sector-oriented market economy.

• Privatization of public companies will be pursued on a continuous basis.

• By improving consistency, reliability, and predictability of government measures, efforts will be made to improve the standards of the present administrative system.

• By clarifying the standards and procedures of all regulations, the government will voluntarily minimize administrative elements to increase transparency in the regulation of standards and procedures.

• Various policies and legislation will be improved, so that they are consistent with the WTO and other international standards. Such actions will play an important role in the internationalization of Korea's economic administration.

Ease Regulations Blocking Market Entry

• Beginning in 2001, the requirement of obtaining approval for the import
of LNG will be abolished, and businesses with large demands for LNG, besides the Korea Gas Corporation, will be able to directly import LNG. This is expected to reduce production costs for businesses that need LNG in their production.

Improvement of Policies Relating to Quality Tests and Approvals

- The government intends to reduce the burden on businesses and enhance the protection of consumers by replacing the examination of passenger vehicles before delivery with recall policy applied after delivery.

Overhaul of Regulations to Reduce Burden on Businesses

- By the year 2003, various laws and policies relating to impact assessment will be unified.
MALAYSIA

DEREGULATION

The Malaysian economy has experienced substantial deregulation since the mid-1980s. The focus and commitment towards growth and industrialisation resulted in policies that favour liberalisation and deregulation.

Deregulation of the financial sector was particularly significant, in line with efforts to create a regional financial centre. Foreign exchange controls for cross-border transactions were further liberalised, with the reduction in formalities for business and allowing business greater access to credit. A major privatisation programme was launched, involving business activities in telecommunications, power generation and supply, ports, airports, highways, posts, telecommunications, railways and sewerage works.

A Privatisation Master Plan was drawn up in 1991 to guide the implementation of this programme. Up to September 1997, a total of 416 projects were privatised, including those in the construction, manufacturing, infrastructure, transportation and communications. With privatisation, the private sector role in development has been enhanced and market forces allowed to operate in a competitive environment.

Deregulation was further enhanced through the adoption of the concept of Malaysian Incorporated introduced in 1983 to foster greater collaboration between the government and the private sector. In line with this concept, the Government undertook further deregulation, simplifying administrative procedures and increasing the transparency of its processes.

Objective

Short/Medium Term

(i) to examine and implement policies on deregulation to enhance competitiveness and efficiency, taking into account the need for regulation for prudential and supervisory reasons.
FINANCIAL SECTOR

Over the past decade, Malaysia has removed many structural barriers that inhibit competition and efficiency in the financial sector, whilst retaining the emphasis on maintaining prudential standards. The structural deregulation was important to create a level playing field among the various groups of banking institutions and in making the financial sector responsive to the rapid changes taking place in the economy and as well as being conducive to increased trade and investment. One of the major reforms was the implementation of a free interest rate regime, whereby banking institutions were free to determine both their lending and deposit rates, while the other is the convergence of capital adequacy requirements. Further, several provisions of the Exchange Control Act and its procedures were liberalised and deregulated:

- exporters are allowed to retain a portion of their export proceeds in foreign currency provided these are deposited in foreign currency accounts with authorised banks in Malaysia.

- residents employed overseas and students pursuing studies overseas will be allowed to open and maintain foreign currency accounts with banks in Malaysia as well as banks abroad.

- the threshold on foreign currency loans requiring approval was raised from RM2 million to RM5 million.

- guarantees and foreign exchange limits of Non-Resident Controlled Companies have been excluded from the computation of the borrowing limits that do not require approval.

In the capital market, the move in 1996 towards disclosure-based regulation from a merit-based regulation approach, is expected to free the market to determine the valuation of securities. Capital market participants were allowed to undertake more diverse capital activities, an example being that of stockbroking companies which were allowed to carry out fund management activities via a subsidiary.

In addition, over the last five years, the capital market has undergone several deregulation and liberalisation changes as part of continuous efforts to make Kuala Lumpur a regional financial centre. Efforts to turn
Labuan into a successful International Offshore Financial Centre (IOFC) have not been spared as well. A number of measures were undertaken, including: liberalising the regulations governing asset management industry, debt securities and the stock market. Banks, including the 14 foreign banks, have been allowed to conduct securities business and are exempted from having to apply for separate dealers' licence. In the bond market, interest income from specific bonds received by listed close-end funds and unit trusts have been exempted from tax. In the securities business, foreign brokers can now set up unit trusts, undertake fund management and under-writing activities and issue call warrants.

TELECOMMUNICATIONS

The telecommunications sector entered a new decade with the privatisation of the Department of Telecommunications. The exercise has changed the telecommunication industry from being monopolistic to one that is highly competitive and service-oriented. The sector has since registered tremendous progress in terms of the provision of services and service quality. Malaysia now has several telecommunication service providers which have helped to increase the telephone penetration rate as well as provide comprehensive coverage of telecommunication services. The number of licences issued are:

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Lines Network</td>
<td>4</td>
</tr>
<tr>
<td>Fixed Wireless Network</td>
<td>2</td>
</tr>
<tr>
<td>International Gateway</td>
<td>5</td>
</tr>
<tr>
<td>Satellite Services</td>
<td>1</td>
</tr>
<tr>
<td>Cellular Services</td>
<td></td>
</tr>
<tr>
<td>Analogue</td>
<td>3</td>
</tr>
<tr>
<td>Digital: GSM,D-AMP</td>
<td>3</td>
</tr>
<tr>
<td>Digital: PCN</td>
<td>3</td>
</tr>
</tbody>
</table>

Under GATS, Malaysia is committed to open up enhanced value-added services for open competition and foreign equity participation not exceeding 30%.

TRANSPORT
Aviation

Several measures have been undertaken to deregulate the aviation industry, including the privatisation of the national airline. The management of all airports in the country has also been privatised. To further facilitate and enhance the provision of services in the industry, measures were undertaken to ensure that aviation technical regulations are based on ICAO standards and procedures.

Shipping

The operations of major federal ports in the country have been privatised. Maritime laws in respect of safety of navigation are being reviewed to harmonise them with relevant international law and practices.

Roads

The privatised construction of toll expressways facilitates greater mobility. It also removes road mileage limitations and allows a more flexible modal split with rail and shipping. The new expressways have reduced travel time and perceived costs, namely vehicle operating and time-saving costs, leading to reduced costs and increased profits for business.

Rail

The Malayan Railways was corporatised in 1995 and this allows the private entity to plan and to promote the railway transport as an effective transport mode. An electric commuter rail service project has been completed and commercial operations started in August 1995.

ENERGY

The formation of Tenaga Nasional Berhad (TNB) as a privatised entity represented the first step towards liberalisation in the electricity sector.
Further liberalisation was instituted to enhance electricity generation capacity to meet increasing demand. Independent Power Producer (IPPs) was licensed to add to the installed generating capacities of the existing utility companies. Since 1993, 10 licences were approved, of which six are in Peninsular Malaysia with approved capacity of 4,700 megawatts, and the rest in Sabah/Sarawak with 316 megawatts capacity.

**BROADCASTING**

Malaysia has introduced a number of deregulation and privatisation measures in the area of broadcasting services.

**Privatisation of Broadcasting Services**

* Free-to-Air TV (terrestrial) - three private TV networks.

* Cable TV (by subscription) - one regional TV network with 5 channels.

* Satellite TV (by subscription) - one nationwide TV network with 22 channels.

* Free-to-air Radio - four radio stations.

* Satellite Radio - one radio network with 8 channels and three channels to ASTRO.

**Deregulation of Censorship Role**

* Public's role in censorship to be enhanced with the formation of an advisory panel.

* Introduction of a rating system which encourages censorship role to be passed on to parents.
* Media practitioners to implement a system of content self-regulation.

* Malaysia's satellite television broadcaster (ASTRO) to exercise self-censorship and self-rating over all programmes.

* No censorship for broadcasting materials on the Internet.

**HIGHER EDUCATION SERVICES**

The provision of higher education services is a main priority of the government. The need to continuously expand the capacity of existing institutions, to establish new ones and to strengthen the delivery system of education has been recognised. As a result, significant steps have been taken recently to deregulate and liberalise the education sector, namely:

(i) revision/ replacement of legislation - The Education Act 1996 replaced the previous legislation, with the intention of increasing the effectiveness of the education system. The teaching of science and technical subjects in the English language was permitted. The University and University Colleges Act 1971 was amended to allow for the corporatisation of universities. The Private Higher Education Institution Act allows the private sector to establish degree granting institutions and for foreign universities to set up branch campuses.

(ii) more liberal rules for the recruitment of foreign teachers and educators were put in place.
Disputes Between Governments

Malaysia became a party to the "Final Agreement Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations" and the WTO Agreement on 15 April 1994 and ratified the WTO Agreement on 6 September 1994. Under this multilateral agreement, Malaysia adheres to the dispute settlement procedures to settle trade disputes between governments in accordance with the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU).

Malaysia has signed 50 bilateral Trade Agreements. Under such an Agreement, any dispute that may arise from the interpretation and application of the Agreement shall be resolved through diplomatic channels.

Disputes Between Private Parties and Government

Malaysia has signed 56 bilateral Investment Guarantee Agreements (IGAs). Under the IGA, an investment dispute is resolved through diplomatic channels, failing which parties namely, the national of the Contracting Party on one hand and the government of the other Contracting Party on the other hand, may institute conciliation or arbitration proceedings before the International Centre for the Settlement of Investment Disputes (ICSID).

Malaysia has accorded recognition to ICSID as the administrative body to provide the facilities for conciliation and arbitration of investment disputes by virtue of the fact that she becomes a party to the Convention On the Settlement of Investment Disputes Between States And Nationals of Other States (Washington Convention) on 8.8.66.
Further by virtue of Articles 33 and 44 of the Washington Convention, parties to the dispute will have to apply the Conciliation Rules or Arbitration Rules (established by ICSID) unless otherwise agreed, in relation to the conduct of any conciliation or arbitration proceedings as the case may be.

Dispute Between Private Parties

In cases where parties have entered into a commercial contract or an international trade agreement which provides for the resolution of dispute by way of arbitration proceedings, and where it is further provided that the applicable law shall be the laws of Malaysia, then the law governing the conduct of such proceedings is the Arbitration Act 1952 (Act 93).

The above paragraph also applies to disputes between private parties and the government.

Enforcement of an award by virtue of section 27 may by leave of the High Court be made in the same manner as a judgement or order to the same effect, and, where leave is so given, judgement may be entered in terms of the award.

Where the parties to a commercial contract have agreed in writing that disputes in relation to that contract shall be settled by arbitration in accordance with the Rules for Arbitration of the Kuala Lumpur Regional Centre ("the Centre"), then such disputes shall be settled in accordance with the United Nations Commission on International Trade Law Rules 1976 ("UNCITRAL Arbitration Rules") subject to the modifications set forth in the Rules for the Centre.

However, where parties have agreed to settle disputes by arbitration under the auspices of the Centre, the Centre has arrangements with certain institutions such as ICSID under which arbitration proceedings under the auspices of such institutions can be held at the seat of the Centre.
The Centre was established on 17 October 1978, by the Asian-African Legal Consultative Committee (AALCC) with the cooperation and assistance of the Government of Malaysia. The facilities of the Centre can be availed of also by parties seeking to settle disputes between private parties and the government and between governments.

Section 34 of the Arbitration Act 1952 provides that enforcement proceedings to an award arising from the Washington Convention or the UNCITRAL Arbitration Rules and Rules for the Centre would be dealt with in accordance with the provisions of the Washington Convention or the Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 ('New York Convention').

Malaysia has acceded to the New York Convention on 5.11.85 "subject to the declaration that the Government of Malaysia will apply the Convention on the basis of reciprocity, to the recognition and enforcement of awards made only in the territory of another Contracting State..... [ and ] that it will apply the Convention only to differences arising out of legal relationship, whether contractual or not, which are considered as commercial under Malaysian law". To this end, Malaysia has enacted the Convention On The Recognition And Enforcement of Foreign Arbitral Awards Act 1985 (Act 320) so as to give effect to the provisions of the New York Convention.

Apart from the dispute settlement procedures mentioned above, parties to a dispute arising from an international trade transaction sometimes refer the matter to the Ministry of International Trade and Industry, either for advice on how best to resolve the dispute, or for mediation. Besides the Ministry, the various Chambers of Commerce in Malaysia also play the same role.

Appeal Provisions

The judicial system in the country allows aggrieved parties to apply for an appeal or review of decisions made in a Court of law or of administrative decisions.
Objective

Short/Medium Term

(i) promote easier accessibility to legal information eg. Malaysian statutes and regulations. Malaysia is in the process of implementing a computer network system which would allow the public access to information available.
10. DEREGULATION

Objective

APEC economies will:

a. promote the transparency of their respective regulatory regimes; and
b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

Current position

Since 1989, regulatory improvement and deregulation have been central aspects of Mexico’s structural reform program. Many rules and regulations have been eliminated or simplified, and several important sectors of the economy have been deregulated, including: railways, ports, satellites, financial institutions, water supply, mining, fishing, road transport and long distance telephony. The deregulation of these last two sectors has led to price reductions of 25% and 21%, respectively.

In November 1995, the federal government launched a new systematic regulatory reform program (Acuerdo para la Desregulación de la Actividad Empresarial) designed to reduce the costs of opening and operating businesses in Mexico. The program consists of four main activities:

- eliminating and simplifying existing federal business formalities that impose unnecessary costs on businesses,
- reviewing and modifying of all legislative and administrative proposals to ensure that new rules and regulations are not unduly restrictive,
- proposing amendments to existing legislation in order to improve Mexico’s regulatory framework, and
- providing advice and technical support to regulatory reform programs at the state and local levels.

The agency responsible for the design and implementation of the federal regulatory reform program is the Ministry of Commerce and Industrial Development, which draws on the technical assistance and opinions of an Economic Deregulation Board comprised of business, labor, agricultural and academic representatives as well as the Comptroller General and the Ministers of Commerce, Finance and Labor.

---

1 Business formalities are rules and regulations that require businesses to submit information to regulatory agencies in either paper or electronic format.
1. The elimination or simplification of existing federal business rules and regulations

In December of 1996, the complete inventory of business formalities was made available to the public and published on the Internet. Any new business formality created by the federal government must now be approved by SECOFI and the Economic Deregulation Board, and listed in the inventory before it can be enforced by regulatory authorities. This gives individuals more certainty as to what their legal obligations are and reduces the discretionary practices by regulatory authorities.

The criteria that SECOFI and the Economic Deregulation Board use to review business formalities, and business rules and regulations in general, are the following:

- there must be a clear justification for government involvement. Regulations must act as conduits for the processing of government services or respond to concrete economic or social problems such as health or environmental hazards, or inadequate consumer information;
- regulations must be maintained or issued only on evidence that their potential benefits exceed their potential costs;
- there must not exist regulatory alternatives that can accomplish the same objectives at a lesser cost;
- regulations must minimize the negative impact they have on businesses, especially small and medium size businesses, and;
- regulations must be backed by sufficient budgetary and administrative resources to ensure their effective administration and enforcement.

Advances in the review of business formalities

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
<th>Change in the number of formalities</th>
<th>Change in the number of control formalities</th>
<th>Formalities to be eliminated or simplified</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agency</td>
<td>Total</td>
<td>Promotion*</td>
<td>Control**</td>
<td>Total</td>
<td>Promotion</td>
</tr>
<tr>
<td>--------------</td>
<td>-------</td>
<td>------------</td>
<td>-----------</td>
<td>-------</td>
<td>-----------</td>
</tr>
<tr>
<td>Commerce</td>
<td>227</td>
<td>152</td>
<td>75</td>
<td>127</td>
<td>94</td>
</tr>
<tr>
<td>Foreign Affairs</td>
<td>24</td>
<td>10</td>
<td>14</td>
<td>22</td>
<td>9</td>
</tr>
<tr>
<td>Mexico City</td>
<td>202</td>
<td>31</td>
<td>171</td>
<td>136</td>
<td>30</td>
</tr>
<tr>
<td>Health</td>
<td>115</td>
<td>21</td>
<td>94</td>
<td>67</td>
<td>15</td>
</tr>
<tr>
<td>Labor</td>
<td>72</td>
<td>23</td>
<td>49</td>
<td>38</td>
<td>22</td>
</tr>
<tr>
<td>Tourism</td>
<td>67</td>
<td>63</td>
<td>4</td>
<td>56</td>
<td>55</td>
</tr>
<tr>
<td>TOTAL</td>
<td>707</td>
<td>300</td>
<td>407</td>
<td>446</td>
<td>225</td>
</tr>
</tbody>
</table>

Formalities are grouped into two categories:
* Promotion: those formalities which are presented by businesses in order to gain access to government programs (rules of origin, duty draw-back schemes).
** Control: formalities which regulate or otherwise limit business activities because of social reasons (health and safety, environment, anti-trust).

- To date, the Economic Deregulation Board has completed the review and deregulation of the formalities corresponding to the Ministries of Commerce, Foreign Affairs, Health, Labor, Tourism and the Government of Mexico City.
- Preliminary review of the formalities corresponding to the Ministries of Education, Energy, Environment and Agriculture has been completed.
- Review of the formalities of the Ministries of the Interior, Communications and Transport and Finance has begun.

2. The review and modification of all new regulatory proposals

SECOFI, in conjunction with the Economic Deregulation Board, has also taken action to curb new regulation by reviewing all legislative and administrative proposals in order to guarantee that they be the least restrictive possible for the opening and operation of businesses.

This review is an important “preventive” regulatory reform measure which also ensures that new regulations do not undo the advances that have been achieved in the deregulation of existing business formalities.

From January 1996 to October 1997, over 110 regulatory proposals have been reviewed and modified as necessary in areas such as natural gas, customs, telecommunications, transportation and health, labor and environment.

In addition, all new legislative and administrative proposals must now be submitted to SECOFI and the Economic Deregulation Board along with a regulatory impact statement, which helps in improving regulatory decision making. All regulatory impact statements must include clear and concise explanations of the problems to be solved, the alternatives considered and the proposed solution, the legal structure and compatibility of the proposal, the costs and benefits that it would generate, the public consultation that was carried out, the mechanisms for implementation of the measure, and any new business formalities that would be created as a result.
3. Amendments to existing legislation in order to improve Mexico’s regulatory framework

SECOFI, in conjunction with the Economic Deregulation Board, has drafted proposals to amend existing legislation in order to strengthen the regulatory reform program and improve the legal infrastructure of business activity in Mexico.

Reforms to mercantile and civil judicial proceedings

In May of 1996, a series of legal reforms designed by the Ministry of Commerce and Industry’s Economic Deregulation Unit to streamline court proceedings and reduce borrowing costs for businesses were approved by the Mexican Congress. These reforms expedite the resolution of business disputes and provide businesses with greater access to loanable funds by eliminating the requirement that guarantee trusts (fideicomisos de pago) be administered by third parties. The legislative changes also increase the certainty of repayment for creditors who choose to use the trusts by reducing administration and transaction costs in the case of default and therefore allow banks to reduce the risk premium they charge to debtors. Borrowers, hence, benefit from lower interest rates, lower collateral requirements (small businesses in particular) and greater access to capital.

In addition, the reforms also eliminated unnecessary mortgage registration and information requirements in Mexico City, reducing the costs of selling mortgage portfolios between financial institutions and promoting the creation of a secondary mortgage market.

The reforms have already produced some concrete early results – the number of trials in Mexico City decreased by 24% in 1996. Because it is now much more difficult to unscrupulously delay trial proceedings, many more commercial disputes are now being resolved without having to go to court.

Deregulation Miscellany

In December 1996, the Mexican Congress approved an initiative (called the Miscelánea de Desregulación Económica) that amends several laws in order to expedite administrative procedures and impose greater discipline on the federal government in its relationship with businesses. The most important aspects of the miscellany are listed below.

- Regulatory impact statement. The law requires all federal regulatory authorities to undertake a regulatory impact statement for all new regulations. This impact statement must include detailed information on the problems being addressed, the proposed solutions, the alternatives considered, the quantitative and qualitative costs and benefits, and any changes in the number of formalities or amount of paperwork that businesses in Mexico must face. Upon completion of the impact statement, it must be submitted to the Economic Deregulation Council along with the complete text of the proposed regulation. Together with the Ministry of Commerce and Industry, the Council then determines
whether any modifications are necessary to minimize the negative impact of the proposal on businesses, particularly small and medium size businesses.

- **Quicker administrative response times.** The legislation eliminates unnecessary delays in the processing of many of the federal government’s business formalities. All business requests or applications that are not processed by authorities before the deadline specified by law, will either be automatically accepted or rejected (afirmativa or negativa ficta). This gives businesses the certainty of receiving responses to their requests within concrete time periods. In addition, authorities will no longer be able to reject requests and applications because of insufficient information. The government must notify interested parties that the information provided is incomplete within one third of the legal response time limit for the formality in question.

- **Simpler administrative procedures.** The law allows paper exchanges between businesses and the federal government to be carried out by mail or by private courier, in order to save entrepreneurs from having to go to government offices in person to obtain permits, authorizations or certifications.

- **Fast-track for standards deregulation.** The law facilitates the deregulation of Mexican technical standards (Normas Oficiales Mexicanas) by implementing a fast-track for their modification or elimination.

- **Clearer procedures for mining concessions.** The reforms clearly define the rules and procedures for awarding mining concessions, thereby allowing companies to know precisely the criteria by which their bids are judged.

- **Less paperwork for foreign investors.** The legislation simplifies the procedures pertaining to the registration of foreign investment in Mexico.

**Reforms to the Federal Metrology and Standardization Law**

An initiative containing reforms to the Federal Metrology and Standardization Law (Ley Federal sobre Metrología y Normalización) was presented to Congress and approved in April of 1997. These reforms improve the procedures for developing technical standards (NOMs), the way in which they are analyzed and the mechanisms to ensure their enforcement. Of particular note, all proposals for the creation of standards must include a regulatory impact statement and private sector participation is permitted in verification and inspection procedures.

4. Regulatory reform at the state and local levels
Because many rules and regulations do not fall under federal jurisdiction, deregulation measures have also been promoted at the state and local levels. In November 1995, all 31 Mexican states signed deregulatory co-operation agreements with the federal government.

All states have also adopted similar approaches to the federal Agreement for the Deregulation of Business Activity (i.e., each of these states will develop its own register of business formalities and will review all new regulatory measures). Furthermore, 21 states have also signed agreements with their municipalities to promote deregulation at the local level.

In June of 1997, the federal government signed co-operation agreements with the states of Oaxaca, Campeche and Quintana Roo in order to promote greater compatibility between state and federal transportation regulations.

**Actions**

Mexico will continue to formulate and implement deregulatory measures in order to improve its institutional framework, enhance the competitiveness of Mexican businesses, and provide a better environment for trade and investment.

The measures that will be taken in the near future include:

a. completing the review of business formalities for the establishment and operation of firms at the federal level (1997-1999);

b. continuing the review of all legislative and administrative proposals in order to ensure that new regulations do not impose unnecessary burdens on businesses;

c. investing additional resources in seminars and training in order to improve the quality of regulatory impact statements of regulatory decision making in general;

d. developing additional legislative and administrative reform proposals. Among others, a presidential decree to explicitly repeal all regulations that are not in force is expected to be published in late 1997 or early 1998; and

e. continuing the promotion of regulatory reform at the state and local levels. SECOFI will continue to hold seminars with state and municipal deregulation authorities on the tools available to facilitate and improve the regulatory reform process. In addition, it is expected that a second regional regulatory reform governor’s conference will be held in the first semester of 1998.
New Zealand’s Individual Action Plan

**Deregulation**

I  **Current Position**

The New Zealand Government believes that an open and competitive economy, functioning within a stable macro-economic policy framework will best achieve sustained economic growth, increase business and employment opportunities, wider consumer choice and strengthen incentives for companies to become more efficient and innovative. Since 1983, New Zealand has embarked on an extensive programme of deregulation in a wide range of sectors. A list of liberalisation initiatives undertaken is included as Attachment 7.

New Zealand will promote the application of best practice in the use of regulations both domestically and in international fora including APEC, the OECD and the WTO. In particular, the Government is examining ways to ensure that regulatory solutions are only used where:

- a clear problem has been identified which might need to be addressed through regulation;
- all the feasible options for addressing that problem have been identified and considered, including the possibility of retaining the status quo;
- on the basis of rigorous analysis regulation has been identified as the most appropriate option;
- the regulatory option is clearly targeted to the problem, and is not more restrictive than necessary to achieve its objectives;
- all those who are affected by the regulation have been consulted and their views taken into account; and
- mechanisms for monitoring and review of the effectiveness of the regulation have been considered.

II  **Objective: Promote transparency of regulatory regimes and eliminate trade and investment-distorting regulation**

**ACTIONS**

**Short and Medium Term**

(1) The Government is this year undertaking a review of the quality of regulatory interventions. The review aims to make recommendations on options for improving the processes for developing, implementation, and reviewing regulation as it impacts on business and the commercial sector, thus leading to more efficient and effective
regulatory outcomes. The review focuses on costs of complying with regulation, but also on developing best practice policy for the development of regulations.

The best practice policy will:

- assess the current strengths and weaknesses of existing practices; and
- assess best practice approaches in the policy development process, including, but not limited to, the following:
  - formalising a set of best practice guidelines for policy-makers;
  - requiring regulatory impact statements;
  - increasing the awareness amongst policy-makers of best practice approaches, such as educational initiatives;
  - legislating quality safeguards for new regulation;
  - improving stakeholder consultation in the development of regulation (including ongoing processes involving the private sector); and
  - improving regulatory coordination so that multiple objectives are integrated and related policies are treated coherently.

(2) Parliament is in the process of considering a Government-sponsored bill on the regulation of airports. The bill is aimed at limiting the potential for monopoly pricing by enhancing requirements that airport companies consult with major customers before fixing charges in respect of monopoly activities, coupled with information disclosure requirements that will expose any occurrence of monopoly pricing and inform the consultation process.

(3) The Government has undertaken a number of initiatives in reviewing and reforming business laws. These include:

- a working group to establish, monitor and review new companies’ legislation;
- a medium term review to examine insolvency law;
- a review of the roles and functions of the Securities Commission (responsible for enforcing securities law and other related legislation);
- reform of the law governing personal property securities over the medium term; and

(4) The Government is focusing on ensuring that domestic regulation in particular sectors meets its goals, while minimising its costs. For example, it:

(a) is undertaking a review of intellectual property rights statutes to bring them up to date with changes in business and technology, to minimise the costs to businesses of protecting their intellectual property rights and to streamline the system to facilitate the granting of rights;
(b) has introduced legislation proposing changes to the law governing various Producer Boards to ensure that the legislation continues to meet the needs of producers and consumers and to minimise the costs of the regime; and

(c) is undertaking a medium-term review of health occupational regulation to examine the case for continuing to regulate health occupations and, if regulation is required, to update the relevant legislation to establish a sound basis for health occupations in the future.

(4) Parliament is in the process of considering a bill on the regulation of the postal services industry. The bill seeks to remove New Zealand’s monopoly on the delivery of letters.

Medium/Long Term

The Government will:

(1) continue to assess, and where necessary improve, the regulatory regime for infrastructure and utility businesses, including those owned and operated by local government;

(2) continue to consider the scope for further privatisations of State-owned businesses and assets where there are no public policy reasons for continued taxpayer ownership.

(3) Continue to ensure domestic regulation in particular sectors meets its goals while minimising its costs.
### International capital controls

<table>
<thead>
<tr>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Removal of controls on outward investment/borrowing</td>
<td>1984</td>
</tr>
<tr>
<td>Free entry of foreign direct investment (approved by Overseas Investment Commission, except for farmland, offshore islands and fishing)</td>
<td>1985-89</td>
</tr>
<tr>
<td>Very liberal regime for portfolio investment/repatriation of profits</td>
<td>1985</td>
</tr>
</tbody>
</table>

### Industry and Service Sectors

#### Finance

<table>
<thead>
<tr>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abolition of credit growth guidelines</td>
<td>1984</td>
</tr>
<tr>
<td>Removal of separate requirements for trustee banks, building societies, finance houses, stock brokers</td>
<td>1985-87</td>
</tr>
<tr>
<td>Removal of quantity restrictions and other entry barriers to banking</td>
<td>1985-86</td>
</tr>
<tr>
<td>End of formal financial controls (reserve ratio requirements, sector lending priorities)</td>
<td>1985</td>
</tr>
<tr>
<td>Removal of interest rate controls</td>
<td>1984</td>
</tr>
<tr>
<td>Abolition of export credit guarantees</td>
<td>1984</td>
</tr>
<tr>
<td>Removal of ownership restrictions on financial institutions</td>
<td>1985</td>
</tr>
<tr>
<td>Liberalisation of stock exchange</td>
<td>1986</td>
</tr>
<tr>
<td>Reserve Bank Act targets monetary policy solely at inflation</td>
<td>1989</td>
</tr>
<tr>
<td>Adoption of Banking Supervision Regime based on information disclosure</td>
<td>1996</td>
</tr>
</tbody>
</table>

#### Energy

<table>
<thead>
<tr>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporatisation of State Coal Mines and of the Government’s oil and gas interests</td>
<td>1987</td>
</tr>
<tr>
<td>Financial restructuring of oil refinery</td>
<td>1988-91</td>
</tr>
<tr>
<td>Legislation on oil company ownership of service stations</td>
<td>1988</td>
</tr>
<tr>
<td>End of price control</td>
<td>1984-88</td>
</tr>
<tr>
<td>Sale of Crown gas exploitation/distribution interests</td>
<td>1988-90</td>
</tr>
<tr>
<td>Sale of most other Crown energy holdings except electricity</td>
<td>1990-92</td>
</tr>
<tr>
<td>Corporatisation and restructuring of electricity generation and transmission</td>
<td>1987</td>
</tr>
<tr>
<td>Separation of electricity transmission from generation</td>
<td>1994</td>
</tr>
<tr>
<td>Separation of State-owned generation into two competing companies</td>
<td>1996</td>
</tr>
<tr>
<td>Corporatisation and some privatisation of local electricity distribution companies</td>
<td>1992</td>
</tr>
<tr>
<td>Competitive wholesale electricity market to come into operation</td>
<td>October 1996</td>
</tr>
<tr>
<td>Price controls on oil products ends</td>
<td>1987-88</td>
</tr>
<tr>
<td>Import restrictions on oil and oil products abolished</td>
<td>1988</td>
</tr>
<tr>
<td>Removal of franchise restrictions and oil company ownership restrictions on service stations</td>
<td>1988</td>
</tr>
<tr>
<td>Electricity generation deregulated</td>
<td>1988</td>
</tr>
<tr>
<td>Electricity and gas exclusive distribution area franchises removed</td>
<td>1993-94</td>
</tr>
<tr>
<td>Event</td>
<td>Year</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Financial restructuring of the oil refinery</td>
<td>1988-91</td>
</tr>
<tr>
<td>Corporatisation of local authority electricity and gas operations</td>
<td>1992</td>
</tr>
<tr>
<td>Wholesale and retail price controls on gas allowed to lapse</td>
<td>1993</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Removal of restrictions on road carriage</td>
<td>1983-86</td>
</tr>
<tr>
<td>End of quantitative licensing of trucking</td>
<td>1986</td>
</tr>
<tr>
<td>Corporatisation of state rail and bus services</td>
<td>1980</td>
</tr>
<tr>
<td>Tendering of local authority bus services and liberalisation of licensing requirements</td>
<td>1991</td>
</tr>
<tr>
<td>Deregulation of taxi industry</td>
<td>1989</td>
</tr>
<tr>
<td>Replacement of quantitative licensing of domestic air services by ‘qualitative’ licensing</td>
<td>1984</td>
</tr>
<tr>
<td>Removal of foreign investment restrictions in domestic air services</td>
<td>1986</td>
</tr>
<tr>
<td>Corporatisation of Air Traffic Services</td>
<td>1987</td>
</tr>
<tr>
<td>Corporatisation of Airports</td>
<td>1988 onwards</td>
</tr>
<tr>
<td>Sale of Air New Zealand Ltd</td>
<td>1989</td>
</tr>
<tr>
<td>Adoption of liberal external aviation policy</td>
<td>1985</td>
</tr>
<tr>
<td>Deregulation of stevedoring industry</td>
<td>1989</td>
</tr>
<tr>
<td>End of qualitative licensing of domestic air services</td>
<td>1990</td>
</tr>
<tr>
<td>Removal of cabotage on coastal shipping</td>
<td>1995</td>
</tr>
<tr>
<td>Phasing of compulsory tendering on roading expenditure</td>
<td>1991-98</td>
</tr>
<tr>
<td>Compulsory competitive tendering of subsidised urban passenger transport</td>
<td>1991</td>
</tr>
<tr>
<td>Divestment of bus companies owned by local authorities</td>
<td>ongoing</td>
</tr>
<tr>
<td>Sale of NZ Railways</td>
<td>1993</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Labour market</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of voluntary unionism</td>
<td>1983</td>
</tr>
<tr>
<td>More market-based bargaining under Industrial Relations Act Amendment: compulsory unionism reinstated</td>
<td>1984</td>
</tr>
<tr>
<td>Some contestability in union coverage under Labour Relations Act</td>
<td>1987</td>
</tr>
<tr>
<td>Employment Contracts Act (voluntary unionism, contestable unions of any size, employer/employee bargaining at joint or individual level)</td>
<td>1990</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Business law</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of Commerce Act as liberal efficiency-based regime to govern mergers and trade practices</td>
<td>1986</td>
</tr>
<tr>
<td>Fair Trading Act governs consumer rights</td>
<td>1986</td>
</tr>
<tr>
<td>Review of securities legislation and takeover law</td>
<td>1988-91</td>
</tr>
<tr>
<td>Review of whole intellectual property regime (Patent, Copyright, Trademarks and Designs Acts) leading to reform of the Copyright Act and Amendments to Patents and Trade Marks Act</td>
<td>1990-94</td>
</tr>
<tr>
<td>Resource Management Act to govern more liberal planning and environmental legislation</td>
<td>1991</td>
</tr>
<tr>
<td>Crown Minerals Act to clarify property rights to mineral resources</td>
<td>1991</td>
</tr>
<tr>
<td>Review of Companies Legislation leading to Companies Act Law Reform</td>
<td>1993-96</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Other deregulation measures</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>End of wage/price freeze</td>
<td>1984</td>
</tr>
<tr>
<td>Termination of sector specific price control and replacement by price control</td>
<td>1984-88</td>
</tr>
<tr>
<td>Event</td>
<td>Time Period</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Powers under the Commerce Act (no goods are under price control)</td>
<td></td>
</tr>
<tr>
<td>Removal of quantity licensing on almost all industries, and end of quantity regulation on most</td>
<td>1986-88</td>
</tr>
<tr>
<td>End of all state regulated monopoly rights (except letter post, air traffic control)</td>
<td>1984-89</td>
</tr>
<tr>
<td>Removal of some occupational licensing</td>
<td>1985-90</td>
</tr>
<tr>
<td>Termination of restrictions on shop trading hours</td>
<td>1989</td>
</tr>
<tr>
<td>Termination of export market development incentive schemes</td>
<td>1984</td>
</tr>
<tr>
<td>Phase-out of export performance tax incentives</td>
<td>1984-87</td>
</tr>
</tbody>
</table>
### State trading operations

<table>
<thead>
<tr>
<th>Event</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Removal of almost all state regulated monopoly rights</td>
<td>1984-89</td>
</tr>
<tr>
<td>Corporatisation of 24 state-owned enterprises (in transport, finance, tourism, forestry, broadcasting, utilities and service industries)</td>
<td>1987-88</td>
</tr>
<tr>
<td>Restructuring to isolate natural monopoly elements of State-owned Enterprises</td>
<td>1989-91</td>
</tr>
<tr>
<td>Full or partial privatisation of Air New Zealand, Bank of New Zealand, Petroleum Corporation, Tourist Hotel Corporation, Shipping Corporation, Rural Bank, Government Life, forestry assets, Post Office Bank, Telecom Corporation, Radio New Zealand’s commercial operations, Forestry Corporation and Works Corporation</td>
<td>1987-96</td>
</tr>
<tr>
<td>Requirement for local authorities to corporatise Local Authority Trading Enterprises (LATEs) and tender out services</td>
<td>1990-91</td>
</tr>
<tr>
<td>Encouragement to local authorities to sell holdings in port companies and local utilities</td>
<td>1991</td>
</tr>
<tr>
<td>Sale of other assets, eg. irrigation schemes, fishing rights</td>
<td>1983-88</td>
</tr>
</tbody>
</table>

### Agriculture

<table>
<thead>
<tr>
<th>Event</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announced termination of price support (SMP) scheme</td>
<td>1984</td>
</tr>
<tr>
<td>Producer Board reserve accounts at Reserve bank charged commercial interest rates</td>
<td>1984</td>
</tr>
<tr>
<td>Announcement in Budget of phasing out of fertiliser and noxious weeds subsidies, lowering of irrigation and waters subsidies, partial cost recovery on product inspection introduced (December 1985) and Rural Bank and Finance Corporation (RBFC) interest rates raised progressively (by 1% annually) to market rates. Investment taxation allowance allowed to expire and farm vendor finance scheme ended</td>
<td>1984</td>
</tr>
<tr>
<td>Land development concessions and livestock incentive scheme phased out</td>
<td>1985-1993</td>
</tr>
<tr>
<td>Marketing and price controls on eggs abolished</td>
<td>1986</td>
</tr>
<tr>
<td>Introduction of and move to full cost recovery of advisory, animal health and quarantine services</td>
<td>1986-1990</td>
</tr>
<tr>
<td>First year tax depreciation allowance withdrawn</td>
<td>1986</td>
</tr>
<tr>
<td>Wheat Board abolished</td>
<td>1987</td>
</tr>
<tr>
<td>Milk Board abolished</td>
<td>1988</td>
</tr>
<tr>
<td>Poultry Board abolished</td>
<td>1988</td>
</tr>
<tr>
<td>Rural Bank (RBFC) sold to private interests</td>
<td>1989</td>
</tr>
<tr>
<td>Removal of the Apple and Pear Board’s domestic sales monopoly</td>
<td>1994</td>
</tr>
</tbody>
</table>
The Philippines has accelerated its adoption of market friendly reforms cognizant of the primacy of the private sector as the engine of growth, with the government providing the proper policy environment. The deregulation of the domestic regime has been undertaken in tandem with privatization and liberalization initiatives.

The Philippines has successfully privatized a number of government owned-or-controlled corporations and returned to private sector hands certain acquired assets. These include hotels, banks, an airline, steel firm, mining companies, petroleum refinery, etc. Scheduled for privatization are, among others, a fertilizer plant, smelting corporation, power-generating and transmission corporation. This consist the first wave of privatization.

The Philippines is now in the second and third waves of its privatization efforts. The second wave has been done through the BOT scheme and its variants primarily for the provision of energy, construction of roads and other infrastructure facilities. The third wave covers social sectors such as health services and education and pension funds.

A major restructuring of the tax system is being undertaken. This is aimed at making the system more equitable, the rates more reasonable and to facilitate administration.

A major reform in the financial sector is the liberalization in the entry of foreign banks, with issuance of RA 7721 in May 1994. This is a significant move considering that it amends a law which has been in place since 1948 and has limited to only 4 the number of foreign banks operating in the Philippines. Entry of foreign banks is allowed under 3 modes:

- ten (10) new foreign banks can open branches in the Philippines with full banking authority;
- an unrestricted number of foreign banks is allowed to set up locally incorporated subsidiaries up to 60% of which may be foreign owned; and
- an unrestricted number of foreign banks may enter the Philippines by acquiring up to 60% ownership of domestic banks.

On insurance, this has been opened to foreign equity up to 100% since October 1994.

Other reforms that have been implemented are:

- further reduction of the reserve requirement;
- lower capital requirement for bank branching, particularly as regards thrift banks;
- expanded use of ATMs;
- liberalization of accreditation guidelines for securities dealerships of Treasury bills;
- simplification of reportorial procedures of banks;
- lifting of restrictions on repatriation of foreign investments;
- increasing the ceiling on outward foreign investments;
- reduction of requirements against deposit and deposit substitutes of banks and non-banks;
- removing restrictions on automatic conversion into pesos of a certain portion of foreign loans, limiting foreign loan approvals;
- extension of foreign currency denominated loans to indirect exporters;
- lowering of BSP rediscount rate to increase utilization thereof; and
- creation of an exporters’ dollar facility funded by Bangko Sentral ng Pilipinas (BSP).
The exchange rate continues to be market-oriented with the BSP participating in the foreign exchange market when warranted to minimize unwanted fluctuations.

The domestic downstream oil industry has been liberalized with the issuance of RA 8180 on 28 March 1996. This measure removed the restrictions on importation/exportation of petroleum products. It also enabled the adoption of an automatic pricing formula for petroleum products. With the issuance of EO 392 on 22 January 1997, the downstream oil industry has been fully deregulated effective 8 February 1997.

The Foreign Investments Act of 1991 has been amended. The amendments include, among others, the following: total removal of List C; elimination of list of strategic industries; reduction of the minimum paid-in equity capital from $500,000 to $200,000 for foreign-owned domestic market enterprises and to $100,000 if they involve advanced technology or if they employ at least 50 direct employees; and deletion of the 3-year requirement before a domestic market enterprise may change its status to export-enterprise.

RA 529, which prohibits the payment of domestically contracted obligations in foreign currency, except in four (4) cases, was repealed by RA 8183 on 11 June 1996. Under the new law, all monetary obligations are to be paid in Philippine currency. However, the parties may agree that the obligations shall be settled in any other currency at the time of payment.

The restriction on domestic borrowing of foreign firms has been lifted effective 1 January 1997.

EO 311, signed on 20 March 1996, provides for private sector involvement or participation in any or all of the segments, operations, and/or facilities of the Metropolitan Waterworks and Sewerage System (MWSS). Private sector involvement or participation may include, but shall not be limited to: franchising, concession, management, or other arrangements; privatization; or contracts for projects to be implemented under BOT and/or related schemes for the financing, construction, repair, rehabilitation, improvement, and operation of water facilities and projects related to consumers.

The Philippines maintains transparency in all its actions as part of the democratic process. Public hearings or consultations are usually conducted in the formulation of policies. The private sector and civil society have representation in certain government councils/committees. Laws and rules and regulations cannot take effect until after fifteen (15) days following complete publication in the Official Gazette or in a newspaper of general circulation in the Philippines unless otherwise provided.

<table>
<thead>
<tr>
<th>time line</th>
<th>1997-2000</th>
<th>2001-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obj. (a)</td>
<td>promote transparency of regulatory regimes</td>
<td>The Philippines will endeavor to further improve transparency of its regulatory regime through more timely publication of laws and rules and regulations and in the most widely read newspapers.</td>
</tr>
</tbody>
</table>
eliminate trade and investment distortions arising from domestic regulations

In its continuing program, the Philippines will initiate and implement measures that will further deregulate its domestic regime, taking into account its sustainable development thrust.

Contemplated measures to be determined by Congress include those to:

- extend application of condominium law to industrial estates
- open retail trade to foreign participation
- relax requirements and improve benefits accorded to foreign entities setting up regional headquarters and warehouses
- in investment companies, allow membership of foreign investors in the board and provide for up to 100% foreign equity participation

The Philippines will continue to review and improve its regulatory regime.
<table>
<thead>
<tr>
<th>Deregulation (cont.)</th>
<th>1997-2000</th>
<th>2001-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>time line</td>
<td>1997-2000</td>
<td>2001-2020</td>
</tr>
<tr>
<td>Obj. (b)</td>
<td>eliminate trade and investment distortions arising from domestic regulations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ in financing companies, allow higher level of foreign participation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ in investment banks/houses, liberalize foreign equity participation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ in maritime and land transport, deregulate rates and routes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ gradually phase-out inter-grid subsidy and unbundle generation and transmission tariffs for electricity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ implement privatization of MWSS operations</td>
<td></td>
</tr>
</tbody>
</table>
Individual Action Plan
-- Singapore --

Detailed Description of Action in Specific Areas

Deregulation

**OBJECTIVE**
APEC economies will:

a. promote the transparency of their respective regulatory regimes; and

b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade- and/or investment-restricting than necessary to fulfill a legitimate objective.

I. Current Position

Singapore believes in the discipline of market forces and has, in the past few years, embarked on a programme to corporatize/privatize the provision of major public services. These include electricity, gas, telecommunications, local transport (including train, bus and taxi services), broadcasting and postal services.

Regulation, where applied, is to provide prudential supervision (for example, in the financial services sector), ensure public safety, protect consumer interests, protect national security interests and ensure that the Singapore market is not over-supplied.

II. Objective (a) - to promote transparency of regulatory regime

Singapore will:

Short/Medium/Long Term (1997 - 2010)

- maintain high transparency of its regulatory regimes and explore ways to further improve transparency.

III. Objective (b) - to eliminate trade and investment distortions arising from domestic regulations

Singapore will:
Short/Medium/Long Term (1997 - 2010)

- continue with its programme to corporatize and privatize major public services where appropriate. The next in line is port management where the Port of Singapore Authority will be corporatized and its shares eventually floated; and

- continually review current regulatory regimes with a view to eliminating any over-regulation and unnecessary bureaucracy.
OBJECTIVE
APEC economies will:

a. promote the transparency of their respective regulatory regimes; and
b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

I. Heading Statement

Since the 1980s Chinese Taipei has been implementing policies designed for economic liberalization and internationalization; efforts have been made to remove unnecessary regulations that domestic industries faced. In 1997, Chinese Taipei further eliminated restrictions on the import of many products and relaxed regulations on investment and various industries including finance, telecommunication and transportation; it has also advanced the privatization and announced the timetables for the future liberalization of the petroleum and telecommunication markets and the future privatization of state-run enterprises. These actions will steadily bring into reality Chinese Taipei’s consistent goals of internationalization, liberalization, and privatization. In addition, in order to conform to the APEC principle of transparency, there are channels available for making inquiries about the deregulation measures taken by Chinese Taipei. Meanwhile, Chinese Taipei would also provide relevant concrete, complete information and publications for the reference of APEC members.

To accelerate the attainment of the APEC goal of trade and investment liberalization and to carry out regulatory reform, Chinese Taipei in 1995 proposed the “Asia-Pacific Regional Operations Center” (APROC) national reconstruction plan. Divided into short-term, mid-term, and long-term, the APROC plan is to gradually implement the following processes (1) promoting trade and investment liberalization; (2) reducing entry and exit barriers for natural persons; (3) relaxing limitations on the inward and outward transfer of capital; and (4) establishing a legal environment suited for a society with advanced information technology under five general principles including “Competitive policy in prime and industrial policy in aiding”. These and other concrete measures will facilitate the smooth flow of domestic and foreign personnel, goods, capital, labor services, and information and eventually raise the level of Chinese Taipei’s economic liberalization and internationalization.

The deregulatory and liberalization measures currently being taken by Chinese Taipei are all in accord with the goals of the Bogor Declaration, and the actual pace and schedule of the implementation of each stage are in full compliance with the objectives and guidelines of the Osaka Action Agenda. In the future, Chinese Taipei will continue to follow the objectives stated in the Bogor Declaration, eliminate or relax in stages all unnecessary trade and investment barriers, promote trade and investment liberalization throughout the Asia-Pacific region, reinforce the
multilateral trading system, and actively seek broader plans for cooperation and development among all member economies.

With respect to the extent of remaining regulations which is envisaged to be deregulated, because Chinese Taipei is currently engaged in negotiation for accession to the WTO, certain areas in transportation, telecommunications, finance, services (such as insurance and legal services), and investments are still not completely open; certain state-run enterprises also await privatization; several import-export tariffs and certain non-tariff barriers also await further liberalization. In the future, after formal admission to WTO and in coordination with the pace of implementing its Asia-Pacific Regional Operation Center (APROC) national reconstruction plan, Chinese Taipei plans to engage further in the process of deregulation by stages.

This part of the individual action plan will place emphasis on the legal changes to effect deregulation measures, in order to provide more complete explanations about the content, public announcements, and dates of implementation of these deregulation measures in related areas. As for the details and future objectives of Chinese Taipei’s liberalization measures in each area, please refer to the contents of each area in this IAP.

II. Detailed Statement

A. Current Position

In order to prepare for its entry into WTO and achieve its own APROC goals, in recent years Chinese Taipei, according to each stage of the trade and investment liberalization plan, has gradually been deregulating or liberalizing unnecessary regulations over each industry. A brief outline of the contents, public announcements, and timelines for several already-implemented deregulatory measures is given below:

④ Trade in Goods

During the period from October 1996 to September 1997, Chinese Taipei has gradually deregulated or relaxed relevant regulations on import of 186 products and export of 253 products. Of these products, there has also been a reduction or elimination for 149 products on requirements of applying to relevant authorities for import permits before import.

In May 1997, the “Statute for Establishment and Administration of Export Processing Zones” was revised. The products from the Export Processing Zones will no longer be for export only, so as to further facilitate open and free trade.

In August 1997, Chinese Taipei eliminated relevant examination requirements on import of the Hydrographic and Land Maps, so that they can be imported on a free and open basis. However, maps covering the territory of Chinese Taipei may be distributed and sold only after approval by the agency in charge.
In addition to accepting applications for registration of imports of OTC products ever since the “OTC monograph” was completed and announced in April 1996, Chinese Taipei also began accepting applications for registration of imports of toll-manufactured new chemical entity (NCE) pharmaceuticals in February 1997.

4 Privatization

Chinese Taipei has been in the move to privatize state-run industries since 1989. This includes state-run enterprises under the auspices of the Ministry of Economic Affairs and other domestic governmental agencies that have been gradually transferred to private management. By 1996, six state-run enterprises (Chung Kuo Insurance Co., Ltd., Yangming Marine Co., China Petrochemical Development Corp., China Steel Corp., BES Engineering Corp., and the Liquidized Petroleum Supply Administration) have been privatized.

The Shipbuilding Plant of Taiwan Machinery Manufacturing Corp. under the Ministry of Economic Affairs in Chinese Taipei was sold to South-East Cement Corp. on January 10, 1997. In addition, the alloy plant of Taiwan Machinery Manufacturing Corp. was sold to Lon Chen Fa Iron-works Co. Ltd. on June 30, 1997.

In June 1996, the revision of the “The Administrative Measures for Licensing Operation for Firms of Exporting, Importing, Producing or Selling Petroleum and its Products” was completed and promulgated. This revision has eliminated restrictions on petrochemical refineries and fully opened this industry for participation by the private sector, whose products may also be sold directly in domestic and foreign markets. This establishes a sound environment for the development of the petrochemical industry and will lead to liberalization of the market in petrochemical products.

Chinese Taipei has formulated timetables for 42 government-run corporations to privatize during the next 5 years.

4 Services

With respect to service industries, at present the first stage of the liberalization plan has already been completed. Below is a brief description of updated and concrete liberalization measures being undertaken in the areas of transportation and warehousing, telecommunications, finance, and industrial and commercial service industries:

(a) Transportation and warehousing

1. Liberalization of air transport:
   1. In September 1996, the revision of the Regulations Governing the Civil Air Transport Enterprises was passed. This relaxed the regulations over the operation of private transport businesses, such as the helicopter transportation business, and it simplified the related licensing application procedures for these businesses.
   2. In November 1996 and January 1997, permission was granted respectively to the American companies, United Parcel Service (UPS) and Federal
Express, to set up and operate their own distribution centers at Chiang Kai-
Shek International Airport.
3. In May 1997, the revision of the Regulations Governing the Air Freight
Forwarders was completed. This will remove restrictions on the services
category and the conditions on the minimum space for offices and
warehouses.
4. The draft revision of the Civil Aviation Law has been sent to the
Legislature for review and discussion. The revised law will relax the
limitation on foreigners equity holding and on the number of foreigners as
the directors of companies in the airport ground-handling service, off-
airport cargo terminal and air freighter forwarder industries from the current
one-third to one-half.
5. During the WTO bilateral accession negotiations on the services sector,
Chinese Taipei has already made commitment to waive, on a reciprocal
basis, the limitation on foreigners equity holding and on the number of
foreigners as the board directors in air freight forwarding companies.

Liberalization of sea transport:
1. In January 1996, the Law on Commercial Ports was revised. This
removed the preferential rights that Chinese Taipei transport companies and
container transport companies had enjoyed in terms of renting and investing
in harbor facilities and gave foreign legal persons equal treatment.
2. In February 1996, the Regulations Governing Implementation of
Automatic Customs Clearance of Cargo were revised. These removed the
requirement that written reports and other documentation must accompany
goods after being released by way of no-document review no-cargo
examination in order to simplify customs procedures.
3. In October 1996, the Ship Law was revised. This increased the ratio of
permitted foreign investment in Chinese Taipei registered ships from one-
third to one-half.

(b) Telecommunications

In accordance with the APROC plan, Chinese Taipei will open its
telecommunication services market in three stages. From November 1994 to
June 1995, it already opened its Type 2 value-added network services sector
and its public CT-2 in the Type 1 basic telecom services category.
In January 1997, the revision of the Regulation on Radio Wave was
completed, and in February the Regulation on Type II Telecom Enterprises
was also completed. In the future, these will further relax regulation of the
telecommunication market and establish a freer, fairer environment for
telecom operators.
In February 1996, the amendment and legislation of the Telecommunications Law, Organizational Statute of the Directorate General of Telecommunications, Ministry of Transportation and Communications, and Statute of Chunghwa Telecom Co., Ltd. were completed. This completely lifted the upper limit of the investment by foreign companies in Chinese Taipei for value-added network services. Moreover, it allowed joint foreign and domestic investment in and operation of basic telecommunication services, and it further broadened the scope of
telecommunications value-added network services. However, the upper limit of the aforementioned foreign investment in jointly operated basic telecommunication services is kept at 20%.

In April 1996, the ＂Regulations Governing Mobile Telecommunications＂ were promulgated. These allow business operation in the areas of mobile telephones, radio paging, trunked radio, and mobile data communications. At present the assessment of licenses to be awarded is under way, and in the future we will continue to complete the third stage of liberalizing telecommunications services.

(c) Financial Sector

Measures taken to liberalize the securities market:
1. The ＂Futures Trading Law＂ was promulgated in March and implemented in June 1997. The Taiwan International Mercantile Exchange (TIME) is being formed and is expected to commence operation in December 1997.
2. The amendments of the ＂Securities and Exchange Act＂ were promulgated in May 1997. Major changes include lifting of the nationality restriction on securities brokers and stockholders of the Taiwan Stock Exchange (TSE) and elimination of the regional restriction on the stock exchange.
3. Effective June 1, 1997, the issuance and trading of warrants of 31 selected TSE stocks were opened.
4. In January 1996, all restrictions on outward remittance of capital by foreign investors in the domestic stock market were lifted.
5. In February 1996, the ＂Guidelines for the Offering and Issuance of Securities by Foreign Issuers＂ were enacted. These allowed foreigners to come to Taiwan and issue valuable securities to raise capital, and they promote the internationalization of the money market.
6. In March 1996, the regulation limiting foreign investment in securities investment and trust companies to 49% was lifted.
7. In March 1996, the ＂Regulations Governing Securities Investment by Overseas Chinese and Foreign Investors and Procedures for Remittance＂ were revised. These raised the respective ceilings for individual and collective investments of foreign investment organizations, legal entities or natural persons in the stocks of a single publicly-traded company to 7.5% and 20%, abolished the overall US $7.5 billion limit on direct overseas Chinese and foreign investment in securities, and comprehensively allowed investment into the domestic securities market by all overseas Chinese and foreign natural and legal entities.
8. In November 1996, the said ceilings for individual and collective investments of foreign investment organizations, legal entities or natural persons in the stocks of Chinese Taipei were again raised to 10% and 25%. In December 1996, the US $ 0.4 billion ceiling amount for the said investments was also increased to US $ 0.6 billion and, in October 1997, the period for remitting in funds was again extended from six months to twelve months.

Measures taken to liberalize the insurance market:
1. In May 1997, the ＂Regulations Governing the Administration of Insurance Enterprises＂ was revised. Before revision, all insurance premium rates and
policy clauses should be approved in advance. After this revision, when the insurance is with international nature, under specific circumstances or specially approved by the Ministry of Finance, some insurance premium rates and policy clauses would be subject only to a reporting requirement, as opposed to a prior approval requirement.

Measures taken to liberalize the banking industry:
1. In May 1997, the revision of the “Central Bank Act” was passed. The foreign liability limits for authorized foreign exchange banks was abolished, and a reserve requirements system will be adopted, if necessary.
2. In March 1997, the two-year waiting period requirement for establishing additional offices by foreign banks was removed.
3. In January 1996, the “Trust Law” was enacted. This established a trust system in order to facilitate the development of new kinds of financial products.

Measures taken to liberalize the foreign exchange regulation:
1. For recent years, Chinese Taipei has been liberalizing foreign exchange regulations based on the spirit of “Free in principle and managed by exceptions,” in order to come closer to achieving the objective of liberalization.
2. In December 1996, Chinese Taipei lifted several restrictions to permit any one who has the need for foreign exchange to engage in forward foreign exchange transaction with authorized foreign exchange banks, upon presentation of related underlying transaction documentations or approval letters issued by the competent authority.
3. In June 1997, the annual limit that a company registered with the competent authority is allowed to freely settle foreign exchange against NT dollars was raised to US$ 50 million from US$ 20 million.
4. Beginning in January 1996, foreign exchange forward transactions between the New Taiwan Dollar and foreign currencies were changed to a negative listing to expand the scope of the foreign exchange business. Beginning in July 1996, the term limit on such forward exchange contracts was removed.

(d) Industry and business service

In May 1997, the “Employment Service Law” was revised, which will help extend the employment time-limit for foreign workers.

In July 1997, in accordance with the passage of the revised “Implementation Regulation of Employment Service Act,” the existing requirements on the educational background and working experience of foreigners who are willing to work in Chinese Taipei were relaxed, and administrative procedures were also streamlined.

In January 1996, the draft revision of the “Weights and Measures Law” was sent to the Legislature for review and discussion, which will eliminate the permit requirement for businesses that sell, certify, and export measuring instruments.

In April 1996, amendment to the “Rules Governing the Hiring of Foreigners by Local Lawyers” was promulgated and will be implemented after WTO accession. This, together with the revision of
the "Employment Service Law,\texttextquotesingle\texttextquotesingle will protect the status of foreigners hired in Chinese Taipei, and will simplify the certification procedures for such foreigners.

\textbf{4 Measures to liberalize investment}

\begin{itemize}
  \item in recent years Chinese Taipei has progressively adopted liberal, open policies on direct investment by foreigners, and at present it has taken several measures to encourage foreigners to invest in Chinese Taipei.
  \item In September 1997, the "Rules Governing the Approval and Administration of Foreign Specialists and Technical Personnel Employed by Public or Private Enterprises and Ranking Executives Employed by Overseas Chinese or Foreign National Invested Enterprises" was completed. In the future, the limitation on the hiring of foreigners will be relaxed, and the application procedures, review procedures, and documentary requirements for foreign juridical persons coming to Chinese Taipei on work contracts will be simplified.
  \item In July 1996, the "Negative List for Investment by Overseas Chinese and Foreign Nationals" (this lists areas where investments by overseas Chinese or foreign nationals are prohibited or limited) was revised and published. To encourage investment, this changed Type 1 telecommunications industries, real estate industries (buying, selling, and leasing), and land development industries from the "prohibited category\texttextquotesingle\texttextquotesingle to the "restricted category\texttextquotesingle\texttextquotesingle entirely removed Type 2 telecommunications industries and oil refining from the Negative List, and also simplified review procedures for foreign investment.
  \item Beginning in October 1996, the screening procedures on foreign investments were substantially simplified. In all instances wherein foreigners apply to invest or expand capital in businesses not included on the "Negative List for Investment by Overseas Chinese and Foreign Nationals," and the investments are NT \$ 0.2 billion or less, an "express screening procedure\texttextquotesingle\texttextquotesingle is used, so that a letter of approval may be received in one to two days.
\end{itemize}

All the deregulatory measures described above are processed in a transparent manner; relevant information is made available to the public and the contents of relevant deregulatory laws and measures are published in government gazettes.

\section*{B. Action Plans}

\textbf{(a) Improve the transparency of regulatory requirements}

\textbf{Short/medium/long term (1998-2010)}

Chinese Taipei will:

\begin{itemize}
  \item follow the APROC principle, \texttextquotesingle\texttextquotesingle to strive for transparency of policy and indicate clearly the scope of government responsibility,\texttextquotesingle\texttextquotesingle and continue to publicize all deregulatory measures pertaining to trade and investment.
  \item continue to publish or make publicly available all trade and investment related regulations.
\end{itemize}
continue studying the feasibility of putting all information related to deregulation on the Internet.

(b) Eliminate unnecessary regulations which may distort trade and/or investment

According to the five general principles of liberalization and internationalization that were publicly announced as part of the APROC plan, Chinese Taipei will deregulate in three stages to facilitate liberalization process. Below is a brief description of the deregulation plan:

Short/medium term (1998-2005)

Chinese Taipei will:

4 Trade in goods

- continue the domestic legislative process for effecting Chinese Taipei’s WTO accession commitments, and consider further lowering tariffs and elimination of non-tariff measures after WTO accession.
- gradually relax restrictions on the import of sugar in the next six years, based on the “Plan for Operation Strategy and Pricing Adjustment in Sugar Industry.”
- continue to review and study further reduction and elimination of restrictions on imports.
- deregulate in stages, after our accession to the WTO, the control on textile products in line with rules of the ATC agreement. Chinese Taipei will eliminate all relevant export control according to the schedule set out in the ATC agreement.

4 Privatization

- continue to privatize during the next 5 years based on the timetables for 42 government-run corporations.
- gradually open the production of tobacco, wine, spirits and beer to private sector in accordance with the policies of liberalization and privatization.

4 Services

Chinese Taipei will continue domestic legislative process for effecting WTO accession commitments particularly in the areas of finance, insurancial, telecommunications, transportation, and professional services, and movement of natural persons. Some of the important action plans in service is described as follows:

(1) Plans to liberalize Transportation
- continue to improve its port management to improve the efficiency of harbor operations, improve construction of port facilities, increase cargo
transshipment capability, and integrate inter-harbor function, in order to attain the goal of becoming a regional maritime trade and transshipment center.

continue to install in its harbors a fully automated customs system and automated network system to simplify cargo customs procedures.

continue to develop an express cargo transshipment center, an airline passenger transfer center, and an aerospace city, in order to attain the goal of becoming a regional aerospace transshipment center.

continue to encourage private investment or operation in businesses related to airport passenger and cargo facilities and services, such as air cargo terminals, airport hotels and car parks.

(2) Plans to liberalize telecommunications market

continue the step-by-step liberalization of telecommunications, adjust tariff structure, and integrate its basic National Information Infrastructure (NII) to achieve the goal of becoming an Asia-Pacific regional telecommunications center.

continue to review and draft the §Schedule of Service Items, Scope, Deregulation Timetable, and the Number of Providers of Type 1 Telecom Enterprise§ to allow operation of private companies in the international, long-distance, and local telephone markets.

continue to open the telecommunication sector according to the liberalization timetable, in which the satellite communications is scheduled to be opened in December 1999, the fixed network communications will be opened by 2001. These actions will gradually achieve the goal of full liberalization in telecommunications sector.

continue reviewing and revising relevant laws aiming at relaxing the limitation on foreign shareholding in Type I Telecommunications enterprises so as to follow the policy of liberalizing the telecommunications sector.

(3) Plans to liberalize financial market

continue pushing for the comprehensive liberalization of inward and outward movements of capital, in line with the goals of the APROC plan. This will integrate the domestic and foreign financial markets, improve the whole financial environment, and go further in developing sound capital, foreign exchange, insurance, gold, futures, and bills markets, thus gradually accomplishing the goal of becoming a regional financial center.

continue to increase the ceilings on foreign investment in the stock market and further relax limits on free currency exchange by individuals and corporations and on foreign investment into domestic securities, in line with the policy of liberalizing foreign exchange control.

continue discussing the feasibility of appropriate relaxation of controls on insurance rates. It will also study how the requirement for §prior approval§ of policy clauses may be changed to the §use and file§ system.

continue reviewing and discussing the revision of the §Screening Applications for the Establishment of Branches and Representative Offices by Foreign Banks§ to make progress in relaxing restrictions on foreign banks coming to Taiwan to set up operation.

continue to study revision of the §Banking Law§ to make the banking regulatory regime sounder and to expand the range of banking services.
continue revising the Offshore Banking Act to further expand the scope of its international finance business.

continue to carry out liberalization on capital movement, so that we will achieve the goal of “free in principle, with approvals exceptionally required under special conditions” by the end of 2000.

(4) Plans to liberalize industry and business services

continue to review and revise the Employment Service Law so as to extend the employment time-limit for foreign workers and put all procedures pertaining to the hiring of foreigners under a single law and a single responsible agency, with a view to achieving the goal of reducing barriers to personnel passing across its borders.

Investment

continue reviewing and revising the Negative List for Investment by Overseas Chinese and Foreign Nationals according to international practices, to simplify investment review procedures, and relax the equity holding limits on foreign investment in certain industries, in order to make progress in matching international norms in foreign investment.

continue revising the Statute for Investment by Overseas Chinese and the Statute for Investment by Foreign Nationals so as to centralize the investment application process, and make progress in eliminating limits on the outward remittance of foreign exchange by overseas Chinese and foreign invested firms.

Short/medium/long term (1998-2010)

Chinese Taipei will:

continue studying and assessing regulations that may distort trade and investment and will revise the relevant laws, regulations, and administrative orders in due course.
THAILAND

10 DEREGULATION

OBJECTIVE
APEC economies will:

a. promote the transparency of their respective regulatory regimes; and
b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

Metropolitan Waterworks Authority

Current Position

The Government has a clear policy to increase the public utility service which is the fundamental part in developing the people’s well-being and in keeping pace with rapid growth of the economy. As such, some parts of the related business may be handled by the private sector instead of being carried out by the state enterprises.

In response to the above Government policy, the Metropolitan Waterworks Authority (MWA) in 1994 approached Arthur D Little International Inc. (ADL), an international management consulting company, to carry out study on increasing the private sector’s role in the MWA.

In order to formulate an appropriate privatization plan for water supply in Thailand, the Government has set up a policy regarding increasing the private sector’s role in the industry. It has instructed the Interior Ministry to establish a formality to oversee the water supply industry, including the roles of the MWA and PWA so that privatization plans could be clearly implemented. The steps undertaken by the Interior Ministry include:

- Proposing the formulation of a committee responsible for the establishment of policy and overseeing the national water supply.
- Defining the scope of responsibility of the committee as follows:
  - To establish policies and guidelines in order to increase the private sector’s role in the water supply industry including concession rights.
  - To establish a pricing policy including a formula to determine water tariff and fees.
  - To establish a consumers’ protection policy regarding the water quality and services.
  - To propose formulation of a permanent agency to oversee the national water supply industry.

Private sector participation in the MWA’s undertaking still awaits the established formality to be set up by the proposed committee to oversee national water supply policies.

Action Plan

Thailand will:
The main policy is to extensively and efficiently provide quality water supply with a fair service charge. The following work plans are to be urgently implemented:

- Improvement of water supply services for people in the outskirts of Metropolitan Bangkok by undertaking feasibility study for the investment of private company or establishing a subsidiary company to provide water supply for the people.
- Improvement of management practices of all Branch offices to be more commercialized by streamlining the various processes and procedures and giving the service a face-lift.
- Improvement of customer service including a cut of steps in new connection application to be a one-stop service and encouraging payment of water bills through the banks as well as introducing payment method such as Counter Service.
- Establishment of a subsidiary company to undertake new connection services, pipe repairs, etc.
Telecommunications

Current Position

According to Thai Telecommunication laws, the telecommunication services are monopolized by 2 (two) state-owned organisations. One is the Telephone Organisation of Thailand (TOT), which is responsible for providing domestic telephone and related services, and the other is the Communications Authority of Thailand (CAT), which is responsible for providing postal services, international telecommunication services and domestic telecommunication services other than the one provided by the TOT. However, there are some services that CAT and TOT provide which compete with each other.

In addition, due to a rapid increase in demand, the diversification of services driven by new technologies and the government’s policy of limiting debts of the public sector, has resulted in more private sector participation in telecommunication services with the CAT and TOT on a Build-Transfer-Operate arrangement, generally known as joint ventures.

Action Plan

Thailand will:

(1997-2000)
- Separate the Communications Authority of Thailand into two organisations: the Postal and Monetary Service Provider and the Telecommunication Service Provider.
- Progressively privatize the Telephone Organization of Thailand (TOT) and the Communications Authority of Thailand (CAT).
- Set up a neutral telecommunication regulatory body to ensure and promote competition in telecommunication services.
- Progressively liberalize value added services.

(2000-2020)
- Gradually decrease the proportion of the government’s share in the Telecommunication Service Providers (Former TOT and CAT).
- Liberalize telecommunication services.
Maritime Transport Services

Current Position

1) In general the private sector, both foreign and local, have already taken significant roles in providing maritime transport services as well as port and other related shore-based services.

2) To facilitate supply of maritime transport services to and from Thailand, ships of all nationalities calling Thai ports are treated equally on a first-come-first-serve basis.

3) As to privatization of maritime transport and related services;
   i) There is only one government-owned shipping company and it is under the process of privatization.
   ii) Construction and operating of private-owned port by private sector is allowable in accordance with relevant laws and regulations.
   iii) For the government-owned ports, the Thai Government has maintained the policy that the private sector be allowed to take part in the operation of the existing facilities as well as funding the construction and operation of new facilities.

4) With regard to foreign investment in this sector, foreign equity participation is subject to general limitations under the Alien Business Law, except:
   i) Investment in shipping company owning non-Thai vessel which is not subject to any limitation;
   ii) Investment in a shipping company owning Thai flag vessel which is subject to specific limitation and conditions under the Thai Vessels Act B.E. 2481.

Action Plan

(1997-2000)
Thailand will consider further privatization of maritime port services and facilities.
Energy

Current Position

Energy is a crucial fundamental production factor in Thailand. In developing the potential of the country to be able to compete in the free market, the Thai Government has maintained the energy policy principle supporting fair competition in the free market economy. The Government will ensure that each entity will have equal opportunity to compete in the energy sector and, at the same time, will reduce the government control measures to the minimum. The current policy of efficient use and conservation of energy also helps to reduce the impact of energy consumption on the environment.

Action Plan

Thailand will:

(1997-2000)
- Seek to liberalize the natural gas market.
- Seek to liberalize the electricity supply industry.

(2000-2020)
- Review further liberalisation of the natural gas market.
- Review further liberalisation of the electricity supply industry.
The Express Transportation Organization of Thailand (ETO).

Action Plan

Private sector operators have been allowed to undertake freight transportation service at the Bangkok Port which was previously undertaken solely by the Express Transportation Organization of Thailand (ETO). Since the beginning of July 1997, there have been 17 interested companies and the ETO operating at the port.

The Dairy Cooperative Federation of Thailand Limited

Action Plan

Since 16 May 1997, any juristic persons have been allowed, in accordance with the Department of Foreign Trade’s regulation, to import milk and cream, not concentrated, nor containing added sugar or other matters, including flavored milk. These products were previously imported solely by the Dairy Cooperative Federation of Thailand Limited.
USA

10. DEREGULATION

OBJECTIVE

APEC economies will:

- Promote the transparency of their respective regulatory regimes; and
- Eliminate trade and investment distortion arising from domestic regulations which not only impede and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

Actions in 1996:

Telecommunications

On February 8, 1996 President Clinton signed into law the Telecommunication Act of 1996. This important legislation spurs competition in all communications services by, among other steps, opening local phone markets to competition, setting conditions for regional phone companies to enter new markets, gradually eliminating price controls on large and mid-size cable systems, and establishing competition between telephone and cable companies.

Agriculture

On April 4, 1996, President Clinton signed into law the omnibus farm bill (PL 104-127). The farm bill marks a historic break from U.S. farm policies dating back to the 1930s by repealing a raft of government regulations. The bill replaces a system of “deficiency payments” with a system of fixed annual payments through 2003 and strips from the government the authority to require subsidized farmers to idle some of their land. The bill also drops requirements that a farmer devote a portion of their acreage to the same crop every year, phases out dairy price supports, and partially deregulates the sugar program.

Commerce

The Bureau of Export Administration (BXA), which administers and enforces U.S. export controls on certain commodities, software, and technical data that have both military and civilian uses, completely re-wrote their Export Administration Regulations (EARSs) in the past three years. The interim final rule was issued on March 25, 1996, and simplifies and clarifies a complex body of US regulations. It makes the EARs more user-friendly and is designated to ensure that novice and veteran exporters alike can more easily locate those regulations which pertain to them. This effort also liberalized licensing restrictions which liberalizes an estimated $10 billion in computer technology exports.
Food and Drug Administration

The FDA has announced 36 reforms in the past year that will significantly cut drug approval times and streamline the pre-market clearance process for certain devices, including: eliminating prior approval of certain manufacturing changes for drug manufacturers; eliminating most environmental assessments that must now accompany drug applications; and, increasing the number of medical devices that do not need pre-market clearance. In addition, FDA is eliminating its lot release requirements for well-characterized drugs, which will generate significant cost savings and speed the development of drugs created through biotechnology without sacrificing safety.

Preceded Actions:

Transportation

The interstate deregulation effort was extended to interstate trucking on August 26, 1994 in PL 103-305. The regulatory barriers that are dismantled by this law will save shippers and consumers anywhere from $3 billion to $8 billion.

Procurement

The Federal Acquisition and Streamlining Act of 1994, simplifies procedures for Federal purchase of commercially available goods, promotes the development of computer networks for conducting procurement electronically, and provides more flexibility in awarding and financing government contracts. It will provide billions of dollars in savings for both the private and public sector by increasing the efficiency and transparency of the government’s procurement process.

Securities Exchange Commission

Rule 144A, adopted in 1990, allows issuers to sell securities in the US markets to certain without registering the offering with the SEC. Operating in this less structured environment, the market for rule 144A offerings by foreign issuers from 43 countries used the rule to sell the securities. In fact, in those three years 300 foreign issuers have used rule 144A to sell over $25 billion of securities.

In April 1994, the SEC amended its rules so that more foreign issuers are eligible to use short form prospectuses and the shelf registration process. In addition, the SEC made significant changes to its rules on reconciling financial statements. By the end of 1994, over 100 foreign issuers took advantage of these regulatory enhancements and entered the US capital markets for the first time -- this was a record of new listings.

Additional deregulation measures were reported in the October 1995 report on U.S. deregulation initiatives.

Actions in 1997
After a study lasting several months, the Office of Management and Budget (OMB) released in July their first report on the costs and benefits of current regulation, as required by the Treasury postal bill passed in September 1996 (Senate Appropriations Bill, sec. 645a). The report represents the first step in a comprehensive review and reassessment of regulation in the United States.

**Agriculture**

*Omnibus Farm Bill Implementation.* The Department of Agriculture (USDA) has implemented major provisions of the Agricultural Market Transition Act (AMTA) and other key elements of the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127) which was signed into law on April 4, 1996. AMTA removes Government authority to require producers to idle some of their land in order to qualify for Government payments. It provides for fixed payments in lieu of deficiency payments for several basic commodities. Only peanuts and tobacco remain subject to Government regulation of production or marketing and prices; however, price support levels for peanuts have been reduced. Both tobacco and peanut programs operate on a no-net-cost to the Government basis. Marketing allotment provisions which restricted domestic marketing of sugar under certain conditions have been eliminated, and other adjustments have been made in the sugar price support program including utilization of a more transparent formula to determine tariff rate quota (TRQ) levels for sugar imports based on forecast stocks to use ratios. Dairy price support levels have also been reduced, and will be eliminated by 2001. The USDA has also implemented new rules for the Conservation Reserve Program to emphasize the environmental benefits from the land retired under long-term contracts in this program and to shift productive cropland out of the program back into crop production where it is economically justified.

*APHIS Deregulation.* Over the past year the Animal and Plant Health Inspection Service has concentrated on updating its import regulations to comply with the principles of transparency and equivalency contained in the World Trade Organization (WTO) agreement. APHIS has also revised its regulations to enhance trade opportunities by allowing additional articles to be imported into the United States. Particular examples from the past year include final rules that allow importation of Hass avocados from Michoacan, Mexico; pork from Sonora, Mexico, and beef from Argentina. APHIS is also working on a final rule that will align its regulatory and decisionmaking structure for cattle and swine and beef and pork product imports with WTO principles.

**Telecommunications**

Several features of the landmark Telecommunications Act of 1996 were implemented in early 1997, continuing the Federal Communication Commission’s (FCC) work, begun over 14 months ago, of deregulating the nation’s telecommunications industry. Recent FCC efforts strive to foster increased competition in local and long distance telephone services by addressing issues related to infrastructure sharing, universal service, and access charge reform. The FCC and the Department of Justice are reviewing a number of Bell Operating Company petitions to provide in-region long distance services and will evaluate several major mergers and acquisitions as the industry continues to restructure itself following the Act. The FCC has also been actively
revamping its regulation of the radio spectrum, auctioning licenses for a wide range of new services and establishing rules for a new generation of digital television.
Transportation

As part of the Reinventing Government effort, the Department of Transportation (DOT) has in recent months made over 50 substantive revisions to text in the CFR to reduce burden or duplication, or to streamline requirements. In addition, DOT has made major efforts to harmonize regulations with those of other countries, particularly European Community member countries. Both the Federal Aviation Administration and the U.S. Coast Guard have efforts underway to harmonize safety standards. These will achieve common standards that reduce unnecessary costs on airplane manufacturers without lowering the level of safety provided by existing regulations. The FAA is also working on harmonization of various regulations, ranging from rotorcraft regulation to structural load requirements, with European Joint Aviation Requirements.