

17th Conference on Good Regulatory Practice (GRP17)

Conference Summary Report and Lessons Learned

APEC Economic Committee

January 2025



**Asia-Pacific
Economic Cooperation**



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1. Overview

The APEC's 17th Conference on Good Regulatory Practices (hereafter, GRP17) was successfully hosted by Peru on 19 and 20 August 2024, with the in-person participation of numerous specialists from different economies and organizations at the Lima Convention Center in Lima, Peru. The conference is a result of the joint effort of the APEC Secretariat, GRP17 Sponsor Economies (Canada; Chile; Malaysia; New Zealand; and US), as well as the APEC Economic Committee and Peru as organizers.

During two full days, on the margins of EC2/SOM3, GRP17 gathered 135 participants, including regulatory officials, international organization representatives, as well as academia and private sector participants from 20 APEC member economies. The conference included more than 30 expert presentations and 10 specialized sessions (6 panel sessions, 2 keynote addresses and 2 interactive sessions) that provided room for rich panel discussions and technical interactions among APEC delegates and participants from international organizations, academia, and industry. Regarding gender equality in the project, it is highlighted that female participation, both in terms of experts/speakers and participants, were above 50%, contributing to achieve an appropriate address of gender equality issues in the conference.

Recognizing the continuous work of APEC economies for more than 15 years on improving regulatory policies, GRP17 stands on the shoulders of a long tradition of GRP Conferences in APEC and keeps in mind the progress of the former conferences and their key deliverables, such as the Good Regulatory Practices Blueprint.

The conference highlighted the attention on APEC 2024's theme: "Empower. Include. Grow." and the priority "Innovation and digitalization to promote transition to the formal and global economy", recognizing that Good Regulatory Practices (GRPs) are key elements to improve competition, productivity and competitiveness as means to achieve sustainable growth and human development.

Specifically, GRP17's main objective is focused on how core GRPs are fundamental in designing and implementing policies that promote the transition from the informal to the formal economy. Building on the achievements of former GRP Conferences, GRP17 had specific objectives: i) Share experiences among APEC members on the role of regulatory quality to promote competition and productivity, encouraging the transition to the formal economy; ii) Promote greater reliance on GRPs to enhance regulatory governance and improve the regulatory lifecycle; and iii) Increase capacity among regulatory officials in the implementation of GRPs to respond to emerging regulatory challenges.

Among its main topics, GRP17 included: The impact of regulatory quality on productivity, competitiveness and formal economy; institutionality and governance models to ensure an approach to using regulatory policy to facilitate the transition to the formal economy; GRPs relating to early planning and public consultation in rulemaking to engage relevant stakeholders; the value of GRPs in addressing design, implementation, enforcement and review of existing regulation that may inhibit the transition to the formal and the global economy; technology tools and innovative resources that promote international regulatory cooperation; analysing the benefits and costs of Regulation; and regulatory reform and core GRPs to promote the transition to the formal and global economy.

2. Summary of the sessions

GRP17 kicked off with the welcome remarks of Mr. Rafael Vera Tudela, Director of Regulatory Efficiency for Competitiveness and Productivity of the Ministry of Economy & Finance of Peru, and GRP17 Project Overseer. Mr. Vera Tudela emphasized two main messages. The first is to highlight the need for empowerment and inclusion since it is considered crucial factors for development and the welfare of the people. Second, Mr. Vera Tudela stressed that GRPs hold a critical role in the path for empowerment, inclusion and growth, calling for consideration of how can it be possible to empower people without smart rules, how can we include people and firms with rule-making processes without public consultation, or, how our economies can achieve sustainable growth with a regulatory burden that promotes informal markets. That is the reason why Mr. Vera Tudela highlighted that GRPs are important for generating a good business environment for firms to grow.

Mr. Vera Tudela remarked that from an economic policy view, the main objective of the Conference is to address strategies, tools, practices and regulatory policies that our economies can apply in our regulatory framework to meet the challenges of generating the transition of the informal economy to the formal economy. This Conference, as Mr. Vera Tudela added, is a call in loud voice for more structural reforms for better regulatory quality across APEC economies and of course in the world. Finally, it was emphasized that GRPs are a collective effort of APEC economies to improve regulatory quality and that through international cooperation in the design and implementation of GRPs, APEC members can firmly contribute to increasing formal markets and the access to global economy.

Opening session (Welcoming remarks and Keynote address)

As opening session, GRP17 keynote speaker, Mr. Norman Loayza, Director of Global Indicators Group in The World Bank took the floor providing a description of what defines regulatory quality and the benefits associated with that, and also presenting a new report of the World Bank, the Business Ready report (B-Ready). The B-Ready available online from October 2024, has 3 pillars, 1) Which regulations are included in the Regulatory Framework; 2) Whether public services are supporting firms in compliance; 3) Whether there is an operational efficiency, in the sense that evaluates if services and good quality regulations produce the best results.

In conclusion, Mr. Loayza highlighted how key is the private sector to be an engine of growth and how the business environment depends critically on the quality of regulations and how effective are public services.

Session 1 (Panel): Impact of regulatory quality on productivity, competitiveness and formal economy

In the first session, the discussion was about how regulatory quality is a necessary condition for a sound economic performance, as a key mean to generate incentives for an efficient allocation of resources in every economy.

Ms. Annette Gittos, Principal Policy Advisor in the Ministry of Business, Innovation & Employment in New Zealand started the session by mentioning that effective competition policy and regulatory framework are important to provide the right environment for firms to compete for customers. Competition can promote affordability of goods and services, raise productivity and encourage innovation.

According to the speaker, the New Zealand competition goal is to promote the long-term benefit of consumers. The ways to do that are through the promotion of competition, the promotion of consumer awareness, minimizing barriers in competition, facilitating a transparent market, and stopping harmful concentration of market power.

The competition system in New Zealand is comprised of three elements which are: 1) the competition laws that protect the process of competition, govern the substance and procedure of competition and provide for economic regulation of monopoly; 2) the competition policy that primarily focuses on competition assessments in regulatory proposals but can be wider and 3) the competition institutions.

Dr. Dennis Dlugosch, Senior Economist in the Office of the Chief Economist, Economics Department of the Organisation for Economic Co-operation and Development (OECD), presented the OECD Product Market Regulation (PMR) indicators. Dr. Dlugosch emphasized that OECD economies use the PMR to assess regulatory frameworks in order to track reforms and identify productivity reforms to improve the performance of the markets. The speaker added that in general, economies using the PMR indicators could help to assess existing regulations relative to international standards and track reform programs helping them to set their agendas for reform.

Additionally, Dr. Dlugosch presented the results of 2023/2024 according to the PMR indicators, highlighting that regulation is getting more competition-friendly in APEC economies, and in general, there is a tendency to have competition-friendly services sector regulation. An additional suggestion from the speaker is that lobbying activities could be more transparent and accountable among APEC economies.

Mr. Rodrigo Krell, Executive Secretary of the Commission for Evaluation and Productivity of Chile, mentioned that the regulatory level in Chile is good but it is currently declining. The combined effect of different regulations generated even though under good practices, as it is created in silos, is generating unintended consequences like increasing the burden of regulations, which can increase exponentially. As a result, they are executing ex-post evaluations of regulations, trying to simplify regulations when necessary as well to make them more efficient and more helpful for the overall Chilean economy.

Mr. Javier Reyes, Lead Specialist at the Inter-American Development Bank (IADB), mentioned that the literature shows that there is a high correlation between regulatory quality and Total Factor Productivity (TFP). Economies that embrace GRPs, reduce red tape, enhance transparency, improve contract enforcement, and improve in productivity. For example, Mr. Reyes pointed that the empirical evidence finds that the poor quality of regulation is the third most important factor why economies do not receive Foreign Direct Investments and that also 80% of the trade is affected by non-tariff measures.

Mr. Reyes added that under a scenario of GRPs, firms have incentives to innovate, driving productivity investments; GRPs also ensure that resources are allocated to their most productive uses, promote competition and create a stable environment conducive to long-term investment in productivity. Mr. Reyes also asserted that 58% of the regulations are heterogeneous: Each economy does regulations that do not talk with other economies' regulations. By decreasing that the IADB estimates that it will increase the market access.

Mr. Henry Espinoza, Executive Director of the National Council for Competitiveness and Productivity of Peru mentioned that Peru has developed the National Plan of Competitiveness and Productivity to articulate

different sectors of the economy (academia, private sector, public sector, civil society) to improve the productivity and competitiveness with a long-term vision.

Stressing that productivity growth is the essential, yet unobserved, factor for development, Mr. Espinoza pointed that improving regulatory quality is a priority for the competitiveness agenda in Peru. In this line, Peru's competitiveness plan establishes concrete policy interventions, goals, deadlines and indicators to improve rules and practices for starting business, obtaining construction permits, trading across borders, registering property and hiring workers, among other elements that shape the business climate.

Session 2 (Panel): Institutional and governance models to ensure an approach to using regulatory policy to facilitate the transition to the formal economy

In the second session, the discussion was about how a commitment to applying GRPs at the highest levels of government is key to ensuring smart regulations.

Ms. María Fernanda Campos, Head of the Competition and Better Regulation Division Ministry of Economy of Chile, mentioned that in 2017, Chile's economy received a recommendation from the OECD to start elaborating on Regulatory Impact Assessments (RIAs), and to create an office that would have a key role in promoting the regulatory practices among the other the Chilean ministries. Based on that, the economy created the National Productivity and Entrepreneurship Office with the role of promoting regulatory practices and building capacities within other ministries of the executive branch. One of the products this office published is the Guidelines for Good Regulation, still valid in Chile, which presents the methodology for RIAs and the principles of good regulation. Additionally, a presidential instruction mandated that all ministries have to perform a RIA regarding bills coming from the executive branch and secondary regulations. By the end of 2021, to prevent any vulnerability of the office to any political cycle, a formal division was created within the Ministry of Economy which is the "Competition and Better Regulation Division". Since then, they have been continuously providing training, manuals and guidelines to help other ministries follow good regulatory practices until now.

The speaker also mentioned that the current governance of the Chilean economy involves the Ministry General Secretariat at the Presidency, the Ministry of Economy, the Undersecretary of International Economic Relationships, the Office Budget of the Ministry of Finance and the National Evaluation and Productivity Commission.

Ms. Kelly Wood, Assistant Secretary in the Australian Public Service Regulatory Reform, Department of Finance of Australia, mentioned that the Australian economy establishes regulations intending to protect the economy,

and its people from harm while fostering investment and innovation by creating certainty and facilitating growth. Its regulatory system includes regulations; the regulator with its tools, processes and operations; the regulatory policymakers (who constantly supervise and reform the system); and the regulated community. Currently, there are about 99 commonwealth regulators at the federal level while other States and territories have many more. The Australian economy uses the Resource Management Guides which provide principles to guide the way how regulators should elaborate regulations.

Ms. Clara Vásquez-Caicedo, Expert on Regulatory Affairs and Public Management, presented a scheme that describes the strategic implementation of a regulatory governance model. According to her, the model varies depending on each economy, because it is key to consider different stages like principles (transparency, accountability, involvement), strategies (plan, context, solution), and core elements (trust, commitment and willingness).

The speaker also mentioned that 3 key elements are important for achieving effective regulatory governance: The first one is agreements between different stakeholders in the economy in terms of goals, priorities and practices, and collaborating efficiently. The second one is involvement, in which economies should act proactively sharing information and receiving information with stakeholders as well as generating commitments and promoting their participation. The third component that we need is leadership in regulatory governance, which in Peru's economy is represented by the President of the Council of Ministers that is leading a regulatory reform in the economy across the whole state, not going against the autonomy of each branch of the government, but in the sense of an articulated coordination among the different actors in the government.

Mr. Mahadi Hasbullah, Deputy Director in the National Competitiveness Section, MPC of Malaysia indicated that part of GRPs Malaysia's initiatives includes the National Policy on Good Regulatory Practices which mandates impact assessments for all new guidelines and regulations, ensuring decisions to be aligned to public interest. Integration of GRPs across different levels of government (federal, state and local governments) is considered crucial.

The main Malaysian documents on Good Regulatory Practices are the following: The Government circular on the National Policy on Regulatory Practice; The National Policy on Good Regulatory Practice; The Best Practice Regulation Handbook 2.0; and the Guideline on Public Consultation Procedures.

Ms. Sara Arobes, Professor in Pontificia Universidad Católica del Perú commented about the legal framework evolution in Peru. Specifically, Ms. Arobes described the path that allowed Peru's economy to introduce in 2018 the Regulatory Impact Assessment methodology in entities of the Executive Branch. Regarding the regulatory quality ecosystem, the speaker emphasized

that a regulatory Commission was created in 2018 at the same time the RIA methodology was introduced in Peru. The Commission is responsible for the control and supervision of the application of the RIA methodology in draft regulations in the entities of the executive branch as well as to observe draft regulations when burdens in economic actors are established without evidence. The members of this Commission are the following entities: the Presidency of the Council of Ministers of Peru, the Minister of Justice and Human Rights of Peru, and the Minister of Economy and Finance of Peru. The National Institute for the Defence of Competition and the Protection of Intellectual Property and the National Audit Office also play a key role in controlling and sanctioning public officials from entities that do not comply in applying the regulatory instruments according to law.

Session 3 (Panel): GRPs practices on early planning and public consultation in rulemaking to engage relevant stakeholders

In this session, the discussion was about exploring how to make rulemaking more inclusive.

Mr. Alex Hunt, Chief of the Information Policy Branch in the Office of Information and Regulatory Affairs in the Office of Management and Budget of the United States (US), mentioned that the Administrative Procedure Act of 1946 is the foundational statute that governs the rule-making process in the United States. It requires all regulators before approving a final rule to publish a proposed rule and seek public comment, including the legal obligation for regulators to respond to those comments.

When an agency issues a proposal rule, there are two main sections: The preamble, and the regulatory text, which includes a discussion of the legal authority for the regulation, a summary of the provisions, the alternatives considered, the solicitation for public comments, a draft of the legal text, among others. This information is part of the “Administrative Record” which is public and provides the basis for the agency’s decisions in the final rule. It is also what courts review if the rule is challenged after it is issued. Regarding early planning, there is a Unified Agenda which is published twice a year, which is a compendium of all planned regulatory actions for the coming year. Once a year, a Regulatory Plan is published that discusses each agency’s regulatory priorities.

In the US they also use in their agenda “flags” that indicate which stakeholders (Small Entities, Government Levels, International effects or Federalism impacts) will be impacted by the regulation, which helps to inform the public about rules they may be interested in. The portal Regulations.gov makes the regulatory information available for the public and it is also where proposed rules are open for comment for any member of the public. The Federal Docket Management

System is where agencies upload proposed rules and final rules and it is used to accept and review public comments and manage docket materials.

Dr. Zakiya, Deputy for Standards Implementation and Conformity, BSN of Indonesia, commented that public consultation is a regulatory tool in Indonesia whose aim is to improve transparency, efficiency and effectiveness of the regulation. For the Indonesian economy is key the public consent in the rulemaking process, and for that, the economy has some legal documents that establish the implementation of Mandatory Indonesian National Standards (SNI). The methods used for involving related stakeholders in public consultation in the Indonesian economy are focus team meetings, flatform luring and daring, working visits, seminars, workshops, and discussions.

Additionally, according to the Indonesian Legislation, the public has the right to provide input orally and/or in writing at every stage of the proposed regulation, which can be easily accessed by the public. Part of the public consultation activities involves public hearing meetings, working visits, seminars, workshops, discussions, and others.

Mr. Nathan Frey, Partner of Regulatory Strategies and Solutions Group, described Peru's public consultation evolution. In 2001 the General Administrative Procedure Law established a 30-day notice and comment on draft proposals. The next legal instrument was enacted in 2011 with the Law on Prior Consultation of Indigenous Peoples to consult more effectively Indigenous communities in case of industrial activities near these communities. Mr. Frey mentioned that following the recommendations of the *OECD Country Report* in 2016, Peru introduced a regulatory reform which, among others, established the obligation of early planning and a requirement to do public consultation not only after the regulatory proposal but also before defining a public problem. Both tools were embedded in the framework of the Regulatory Impact Analysis (RIA) established in the Peruvian economy.

Ms. María Antonieta Merino, Senior Consultant of Smart Regulation / Nalanda Analytica, mentioned the case of the Peruvian economy that between 2023 and 2024, published 500 problems in their early planning regulatory agenda, but overall, in the two years there has been conducted just 10 regulatory impact assessments (10 proposed regulatory drafts). In that way, the speaker called for a reflection on the following: how many of the problems identified in the agenda were real problems? Or what happened with them?

Ms. Merino also mentioned that a good regulatory practice in Peru is for example to publish a table that indicates which information is against the position of the regulator, as well as the information that is aligned, providing feedback in both cases. Moreover, the speaker also mentioned some points that promote successful public consultations like combining consistency and flexibility based on the context or developing a communication strategy. For example, in the case of Peru, not everyone speaks the same language or has internet access,

therefore those aspects need to be considered for a successful public consultation.

Mrs. Brenda Sparrow, Legal & Regulatory Affairs Director of COMEXPERU/ABAC from the private sector, mentioned the special agricultural regime in the Peru economy, which establishes a flexible labor regime that allows the sector to take advantage of the seasonality of the exports. According to her, if there are considerations of repealing this regime, it is relevant to engage stakeholders in the process since they can provide relevant information to make better decisions.

The speaker also recognized the importance of two practices in Peru. The first one is the early planning regulatory agenda, which is a list of the problems that the regulatory agencies will analyze and assess, which also helps to ensure transparency and predictability of public entity's decisions. The second one is the call for comments before passing a regulation; however, the speaker highlighted that the comments tend to be gathered during the preparation of the rules and not to identify or discuss the problems. In that way, Mrs. Sparrow suggested considering the involvement of the private sector in all the stages of the public consultation (when the regulator starts gathering information, proposing a rule and for the implementation process) since they should know how specific industries and products work.

Session 4 (Panel): Value of GRPs in addressing design, implementation, enforcement and review of existing regulation that may inhibit the transition to the formal and the global economy

In this session, the discussion was about efficient strategies to design, implement, enforce and review rules, including regulators' enhancement.

Ms. Kelly Wood, Assistant Secretary of the Australian Public Service Regulatory Reform, Department of Finance of Australia, mentioned that the Australian economy has been mapping through the regulatory lifecycle, a room for improvement. For that reason, the economy developed a regulatory issues register where they look at reviews and evaluations and a whole range of different tools that describe how the regulatory system is working and identify any issue in any regulatory stage to make a change or adjustments. In that way, the Australian whole-of-government Regulatory Policy, Practice and Performance Framework has been developed to ensure regulations are fit-for-purpose, protect against regulatory failures and improve productivity. In that way, the review is in different stages of the process of the regulatory system (for example, at the start of the process or during the implementation process), which also can allow for capturing issues that can happen in more than one domain and allow the economy to get ahead of that failure in other regulations.

Additionally, the Australian economy recently established the Australian Centre for Evaluation, whose aim is to put evaluation evidence at the heart of policy design and decision-making ensuring the Australian economy can have confidence in its programs and that policies are delivering better outcomes for its population.

Dr. Manuel Gerardo Flores, Coordinator in the Programme on Regulatory Policy for Latin America of OECD, highlighted basic practices for Good Regulatory Practices: 1) The Regulatory Impact Assessment (Ex ante); 2) Stakeholder engagement (Consultation); and 3) The Ex-post analysis. The objectives of these practices are that the regulations are based on evidence (fit-for-purpose), pursue legitimate public policy objectives, generate more benefits than costs, and avoid unnecessary burdens for citizens and businesses. According to Mr. Flores, the key elements for a successful implementation are the enabling factor which includes a legal basis, oversight, the generation of capacities and the commitment of political leaders to support reform efforts and eliminate resistance.

Dr. Alfonso Carballo, Professor at Neoma Business School, suggested some principles to consider when implementing the ex-post RIA tool. These are the following: 1) Alignment, Complementarity and Synergies with other tools; 2) Transparency and Participation of Stakeholders; 3) Selective and Proportionality in Regulatory Review; 4) Promoting inclusive and sustainable economic performance; 5) Evidence, Methodologies and Knowledge-Intensive Use; 6) Integration of the Legislative Branch into the Ex Post RIA; 7) Interinstitutional Coordination and Oversight Body; 8) Focus on Results and Accountability.

The speaker also mentioned some challenges associated with the Ex-post RIA tool. The first one is the development of methodologies and data; the second is effective dissemination or diffusion of the tool; the third is choosing the approach more suitable for your context to implement the reform (for example, a gradual or a radical one); the fourth is the organizational change given the resistance. The knowledge transfer is also a challenge since the ex-post RIA is very intensive in knowledge including explicit knowledge, which is easy to document, and implicit knowledge, based on experience and not easy to document.

Mrs. Karina Montes, Professor at Universidad del Pacífico, presented a post-legislation review of orthogonal warning labels in food packaging to promote health and nutrition which was approved in 2013. The law required that food with sugar, fat or sodium needed to have a warning label with these components on the front of the food packaging. One problem that the speaker found is that sometimes the entities hold that they are not responsible for conducting ex-post evaluation as it is not explicitly stated in the law. Additionally, the information was not systematized, which restrained an ex-post evaluation.

In that way, the speaker proposed some recommendations. First, it is important to set a clear timeline for regulatory implementation; to have a strategy to collect data from inspections to have indicators to realize the compliance rate; the law should specify which institution should be responsible for measuring the results; and it is relevant to promote the measuring and collection of data and evaluation in the regulatory process, since rules can be measured by intention and they need to be assessed by the actual results.

Mr. Juan Carlos González, Director of Regulatory Improvement and Institutional Processes at the Instituto Federal de Telecomunicaciones – México, presented the review regulation in the telecommunications sector in Mexico by The Federal Communication Institute, an autonomous body responsible for regulating the telecommunication and broadcasting sector. The first case presented was the regulation reviewed related to the administrative simplification programme in 2023, and the second one was related to the one-stop shop called “Ventanilla electronica”.

The speaker mentioned some takeaways based on the cases mentioned. The first one is that we should increase the ex-post evaluations; the second one is to promote a data-driven culture in our institution which involves gathering regular data from different sources to transform it for decision-making. Also, the speaker proposes to consider a more flexible and adaptable regulatory approach which fosters collaboration between regulators and stakeholders to incorporate practical knowledge from the industry and to increase public trust.

Session 5 (Panel): Technology tools and innovative resources that promote international regulatory cooperation

In this session, the discussion was about how global markets challenge economies with evolving trends, innovations and regulations that require regulatory authorities to innovate by using technology tools to manage elements of the regulatory process.

Ms. Annette Gittos, Principal Policy Advisor in the Ministry of Business, Innovation & Employment of New Zealand, mentioned that paying attention to international regulatory cooperation can help to promote open and competitive markets, to drive economic efficiency and consumer welfare. Moreover, the speaker mentioned the OECD-APEC International Regulatory Cooperation Resources, launched in 2023, which is a satellite site of APEC. The website takes a user-friendly approach, applying real-life examples of international regulatory cooperation to existing frameworks to create an accessible resource for economies and practitioners alike to understand how international regulatory cooperation can better support their work. It informs economies and practitioners, (whether they be advisors, decision-makers or academics) of the different international regulatory cooperation options. The

speaker finally encouraged economies to share valuable case studies to be published on the website.

Dr. Narun Popattanachai, Senior Legal Counsel in the Office of the Council of State of Thailand, presented the digital transformation journey that Thailand's economy has experienced in the last five years, to develop an online platform for public comments on legislation or regulations. Once established, the platform turned out to be a success since it received over 300 000 comments in the last 2 years, which was particularly interesting because the platform received little or no marketing efforts. This signifies that Thai people are interested in public policy development. However, the large number of comments for each project and the use of technical and complex terms to ask the public for commentaries by some agencies resulted in a problem for the economy. For that reason, currently, they are planning to use Artificial Intelligence to bridge these gaps, by summarizing the large number of commentaries and to convert the difficult terms in an easier and more accessible language for the people.

Mr. Francisco Ochoa, Technical Secretary, Regional Technical Secretariat for the Elimination of Bureaucratic Barrier in the National Institute of the Defense of Competition and Intellectual Property Protection (Indecopi) of Peru, presented three cases in which its entity dealt with different problems. A particular case occurred with local governments, that took an average of 200 days to comply with Indecopi's mandates. In another case, Indecopi faced the problem that public agencies took an average of over 100 days to remove their regulatory burdens despite efforts to persuade them (2020-2021). In the third case, Indecopi found that 34% of complaints against bureaucratic barriers were rejected for not meeting the formal requirements to present a complaint, even after being asked to make corrections. For the first and the third cases, Indecopi realized that the problems were related to the complexity of terms, presentation of documents and languages used by the Institution when communicating with the actors involved, and by adjusting that, they obtained better results. For the second case, they used the information about the "ranking of public servants" to persuade them to change their behaviour, having positive results.

Ms. Hafizoh Md Aris, Senior Manager in the National Competitiveness Section, MPC of Malaysia, described the importance of technology tools for the Malaysian economy in the implementation of GRP. Initially, the RIA process was conducted through manual submissions, which was time-consuming and often led to delays. To gain efficiency and reduce delays there has been a shift to digital methods. For example, for a regulator to determine if its proposal required RIA evaluation or not, with the manual version it took an average of 1 to 2 weeks, meanwhile using the digital tool now it takes around 7 minutes. Another key tool developed is the unified public consultation portal, which acts as a centralized platform that ensures all regulatory processes are transparent, consistent and available for citizens, enterprises and the public in general to

elaborate commentaries about rule proposals. Another tool mentioned is the Digital Regulatory Impact Statement whose aim is to enhance the quality and effectiveness of the regulatory process in Malaysia, by taking advantage of Artificial Intelligence.

Mr. Welby Leaman, Senior Director, Global Policy Strategy in Walmart Inc., talked about engaging Walmart's stakeholders to co-create public policy and build trust. For that, it is important that the government signal to stakeholders that they have a voice in regulatory projects. The speaker suggests economies leverage relationships that communities already hold and meet community members where they are (most recurrent places). Also, the speaker described the experience that Walmart had using Artificial Intelligence in an efficient way to collect information from businesses that interacted with the firm.

Blueprint for advancing GRPs in the APEC Region (Keynote address)

In this session, keynote speaker, Ms. Victoria Waite, Director, WTO and Multilateral Affairs, Office of the U.S. Trade Representative, summarized the main features of the Blueprint for advancing GRPs in the APEC Region published by APEC in 2023, including the collaborative process among APEC economies in developing the Blueprint

Ms. Waite, describing 9 core critical GRPs, asserted that the Blueprint is designed as a mapping of key GRPs and practices that could contribute APEC economies endeavors at every stage in the regulatory lifecycle to improve regulatory quality, increase transparency and produce better regulatory outcomes. She also highlighted the many benefits of each GRP and how the Blueprint reinforces fundamental GRPs, identifies potential actions economies can take to introduce best regulatory practices, and provide ideas for future capacity building events in APEC.

Session 6 (Breakout session): Analyzing the Benefits and Costs of Regulation

For this session, led by regulatory affairs experts Ms. Clara Vásquez-Caicedo and Mr. Nathan Frey, participants broke into small groups for an exercise on assessing the impact of a mock regulation.

Specifically, the objective of the exercise focused on facilitating the practical application of the APEC Blueprint for Advancing GRPs by participants. Using the example of Artificial Intelligence algorithms on social media platforms, participants:

- Applied selected GRPs to analyze the regulatory processes involved in addressing complex issues, illustrating how these principles can guide the development of both regulatory and non-regulatory approaches.
- Leveraged the Blueprint as a framework for guiding regulatory policy and planning, emphasizing the importance of early planning, public consultation, evidence-based decision-making, the use of regulatory analysis tools, and international cooperation.
- Developed proposals that integrated the selected GRPs into the regulatory process, demonstrating how these practices can enhance transparency, stakeholder engagement, and alignment with international standards in various regulatory contexts.
- Evaluated the effectiveness of the GRPs in addressing the challenges presented in the example, gaining insights into the broader applicability of these practices across different regulatory scenarios.

Session 7 (Panel): Regulatory reform and core GRPs to promote the transition to the formal and global economy: Lessons learned on the impact of regulatory quality on the formal economy and competitiveness

In this session, the discussion was about discussing experiences on new approaches in examining and improving the impact of regulation on market access and the formal sector.

Ms. Jaisai Wongpichet, Legal Counsel, Office of the Council of State of Thailand, presented the case of the hospitality industry in Thailand's economy. This sector is estimated to be 11% of the total employment, in which nearly 60% of the sector is informal. According to the speaker, a lot of the rules and standards relating to hotels and accommodations set up by Thailand's economy are nearly impossible to comply with, which creates a parallel sector (different to the formal market).

After developing an Ex-Post evaluation, they realized some problems and issues with the effectiveness and appropriateness of the rules. They found that there were different obstacles to a hotel or accommodation business in becoming a licensed accommodation. In the majority of cases even though they wanted to be licensed they couldn't because of: 1) The mismatch of the business model (the regulations were focusing on new and big buildings neglecting other types available); 2) One-size-fits-all regulations (for example, when the building was outside of the zoning for accommodations); 3) Also a high regulatory burden. Considering that, they developed a risk-based and size-based regulatory framework, dividing the hotels into four categories. Once the pilot trial was announced for consultation in 2023 in Phuket, around 2000 unlicensed accommodations came forward expressing interest in joining this scheme.

Dr. Manuel Gerardo Flores, Coordinator in the Programme on Regulatory Policy for Latin America of OECD, talked about the impact of bad regulatory quality on the formal economy and competitiveness.

First, Dr. Flores mentioned that a barrier to formalization is generated when there is regulation not based on evidence. Among the solutions the economy can establish an early stakeholder engagement (public consultation), using data in the regulatory cycle, and generating capacities for public officials. Second, another barrier to formalization happens when there is abundant and complex licensing and permitting. The speaker mentioned also that a solution for this is the ex-ante RIA, administrative simplification, one-stop shops, and digitalization.

Another barrier happens when small businesses face too many inspections and regulatory requirements to operate, resulting in them not knowing what is going to be inspected, what to comply with, and the criteria inspectors will use. A solution to consider is improving the transparency of information as well as executing risk-based regulatory enforcement and inspections. The speaker also mentioned that when a regulator generates a rule normally does not consider small and medium enterprises (SMEs). The approaches to SMEs should be different and proportional since sometimes the owner of an enterprise deals not only with the whole production process but also with the regulations, including plain language and digital tools in regulatory design.

Mrs. Tanja Goodwin, Senior Economist for Bolivia, Chile, Ecuador and Peru of The World Bank, emphasized that while there is hope that once the cost of setting up a firm is reduced, more firms will make the step into the formal economy, the evidence is mixed. Mrs. Goodwin presented different cases in which even though there was a reform to simplify the formal registration and licensing process, many informal firms indicated that did not perceive the benefits of formalization. Mrs. Goodwin also commented that the evidence suggests that to promote the formalization the reform should consider whether to focus on those small-scale subsistence firms or if the focus should be on enabling the growth of highly productive capable firms. The speaker also mentioned that the international community also looks at the ways the regulatory burden can stifle the growth of highly productive firms that can create more formal jobs meanwhile on the other hand there are firms unable to develop capabilities, unable to grow and will remain in the informality no matter how easy is to formalize.

Moreover, the speaker suggested some points to take into consideration, such as improving regulatory practices to facilitate market access and tackle monopolies in specific sectors; generating greater competition that leads to the growth of formal firms and employment, potentially impacting downstream sectors; improving the access to services to increase productivity and likelihood of formalization in related industries. Additionally, the speaker presented the steps considered in the World Bank's Markets and Competition Policy Assessment Tool, which include first, identifying the priority sectors, second,

understanding competition dynamics, third, identifying the regulatory barriers, fourth prioritizing reforms, and finally, measuring the reform impact.

Ms. Carolina Ramirez, Advisor in the Undersecretary of International Economic Relations of Chile, mentioned that the relationship between trade and jobs is complex. Trade can create jobs but competition from imports can pressure local producers and lead them to lay off workers; on the other hand, open economies tend to grow faster and therefore favor the creation of jobs.

The speaker described the importance of trade facilitation and regulatory reform convergence with regulatory practices. In this way, the speaker described the World Trade Organization Agreement on Technical Barriers to Trade (TBT) which is the principal agreement establishing multilateral rules governing standards-related or technical regulation measures and how Chile's economy has implemented different policies in order to comply with the principles and obligations the economy has in the international trade.

Mrs. Geraldine Mouchard, Secretary of Public Management in the Presidency of the Council of Ministers of Peru, presented the regulatory advances and regulatory improvements ecosystem in the Peru economy, which includes advances regarding the legal framework, the early planning agenda and the implementation of the RIA in different sectors. The speaker also mentioned that some challenges still exist in the economy, such as the increase of informality, bureaucratic delays and red tape for starting formal business. To face these challenges, the Peruvian economy is planning to develop a focus strategy to simplify procedures associated with the formalization of companies and the reduction of barriers to market entry as well as the promotion of competition for small and medium-size firms, thus generating greater growth opportunities. In addition, Mrs. Goodwin emphasized that it is relevant to maintain a stable and predictable regulatory framework since in this scenario firms are more willing to invest and formalize.

Interactive closing session

With the active involvement of every GRP17 participant, Mr. Rafael Vera Tudela, as GRP17 Project Overseer, led an interactive closing session with the purpose of collectively identify the main challenges and lessons from the conference.

Working with real-time surveys and active dialogue, participants reached to key messages on the relevance of improving GRPs for APEC economies as means to increase the formal economy and productivity, emphasizing that the heterogeneity on the stages of regulatory development among APEC members and the diversity of our economies are assets for a collective improvement on regulatory quality through international cooperation in the APEC region.

Recognizing that the *Blueprint for advancing GRPs in the APEC Region* could serve as a potentially useful tool to promote regulatory policy improvements in the short and long run, participants highlighted that deepening the formal economy is a necessary condition for access to global markets and sustaining economic growth. Moreover, taking into consideration that without formal markets that provide opportunities for workers and firms to increase their productivity, boost competition and effectively compete in domestic and global markets, as key message from the interactive session, Mr. Vera Tudela pointed that no empowerment and no inclusion for the people could be achieved without regulatory quality.

The interactive closing session clearly pointed as core message a call to action: no formal economy could be a reality without GRPs, regulatory quality is a condition for development.

As closing remarks of GRP17, Dr. James Ding, Chair of APEC Economic Committee (hereafter, EC), highlighted that considering GRPs are fundamental structural reforms to enhance competition, productivity and competitiveness as means to achieve sustainable growth and human development, GRP17 stands as a valuable APEC effort to address strategies, tools and practices on regulatory policy in order to motivate the transition from the informal to the formal and global economy.

Specifically, Dr. Ding stressed that the holistic view of GRP17's agenda included several presentations and diverse panel discussions that discussed indispensable elements of the regulatory lifecycle and best international practices on regulatory policy, significantly contributing to increase knowledge on how core GRPs are fundamental in designing and implementing policies that promote the transition to the formal and global economy.

Finally, on behalf of the EC, Dr. Ding thanked Peru as host economy and each of the participants for their active involvement in the GRP17 before and during the conference, and looked forward to economies' continuing joint efforts in improving our regulatory practices in the APEC region.

3. Conference survey results

An evaluation survey to GRP17 participants was circulated as a final activity during the conference, right after the closing session in order to maximize response rates, with the purpose of obtaining feedback on conference assessment and recommendations to improve both forthcoming similar projects and GRPs implementation process in APEC region, as key information to identify main lessons from GRP17.

Specifically, the respondents were invited to share their degree of satisfaction with the conference including questions on the project's objectives achievement, relevance of the conference agenda, quality of the presentations and sessions, gender equality issues address, level of knowledge improvement, among others. In addition, the survey include open-ended questions about how the participants will apply the learnings in their respective economies, room for project improvement and general recommendations both at collective actions by fora and individual actions by economies.

The respondents showed highly positive feedback about the conference and provided relevant recommendations. Among the main findings on the GRP17 survey the following are highlighted:

- 97% of the respondents considered that the GRP17 was very or mostly relevant for them and their economies (3% considered that the conference was relevant in some degree).
- 76% of the respondents strongly agreed that the GRP17 general and specific objectives were clearly defined (24% agreed).
- 76% of the respondents strongly agreed that the GRP17 general and specific objectives were achieved (24% agreed).
- 77% of the respondents strongly agreed that the agenda content was relevant and well organized (23% agreed)
- 79% of respondents strongly agreed that experts / speakers were well prepared and knowledge on GRPs (21% agreed).
- 76% of respondents rated a substantial improvement on their level of knowledge on the general theme of the conference and specific related topics on GRPs after the conference (24% reported no change, highlighting that 22% of respondents originally qualified themselves with a very high knowledge prior the conference).
- 90% of the respondents considered that gender equality issues were appropriately addressed during the conference (10% considered that gender equality issues were not sufficiently addressed).

Regarding challenges and recommendations, respondents provided relevant suggestions that were considered as a critical input for the preparation of this conference summary report and lessons learned that are included in the following section.

4. Challenges ahead and lessons learned

Based on the main findings obtained from GRP17 keynote addresses, panel sessions, conference survey and interactive closing session, the key challenges and lessons the conference provides include the following:

- ✓ Deepening the formal sector through regulatory quality improvement is crucial to increase productivity, boost competition and access to markets: since GRPs are key structural reforms to empower, include and grow, in order to enabling the transition to the formal economy, GRPs are not an option but a must.
- ✓ The whole is greater than the sum of the parts: APEC economies need to work each GRP considering a holistic approach on regulatory policy as long as every GRP is important on its own and as a crucial element for improvement of the regulatory lifecycle.
- ✓ One size does not fit all economic models: while APEC members should share core principles on GRPs, the specific design and implementation of regulatory policies and practices in each economy depends on its economy-specifics.
- ✓ The diverse size of the informal sector and GRPs development across APEC economies indicate large productivity and competition gains if GRPs are enhanced: room to improve on GRPs signals potential productivity growth and formal economy deepening that could be achieved with best regulatory practices in the APEC region.
- ✓ Since opportunities and needs to improve GRPs differ among APEC Economies, relevant synergies on GRPs could be achieved with deep international regulatory cooperation across member economies.

Looking ahead, as main message for APEC economies on regulatory policy, GRP17 critically highlights the need to permanently design, implement and enhance GRPs in APEC member economies taking into account innovative approaches and international regulatory cooperation to face with success the challenges of a changing world of evolving technologies and markets.

Finally, as a core lesson from GRP17, it is expected the APEC member economies intensify our efforts to improve rulemaking in the APEC region in order to bring more opportunities for empowering and including the people in formal markets and the global economy, as one of our fundamental challenges to achieving sustainable economic growth for every person in our economies.