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Chapter 3

Overview - Regulatory Reforms in APEC Economies

1. INTRODUCTION

Sound regulations are an integral part of a vibrant economy. They help to ensure the efficient functioning of markets while allowing governments to achieve a broad range of objectives—be it economic, social or environmental. Ongoing regulatory reform efforts that evaluate new regulations and re-evaluate existing regulations are essential as part of a dynamic process to continuously improve the quality of regulations, and to evolve the regulations in line with changing economic, social or environmental conditions. APEC economies' experiences in regulatory reform are varied, but they are all geared towards achieving the broad goal of carrying out regulatory reform to the greater benefit of the stakeholders involved. In recent years, APEC economies have also improved their regulatory environment with a stronger focus on outcomes. Chapter 1 of the *APEC Economic Policy Report* (AEPR) clearly spells out the economic importance of a good regulatory architecture and the benefits, challenges and key elements of regulatory reforms. This is complemented by Chapter 2 of the AEPR, which focuses on the outcomes of regulatory reforms. As APEC economies seek to improve their regulatory environments, there are many common lessons to be learnt from their diverse practices. Chapter 3 provides concrete examples of the principles and issues discussed in Chapters 1 and 2, summarising the collective experience of regulatory reforms in APEC economies. The complete set of Individual Economic Reports (IERs) can also be found in the Annex 3-1.

2. KEY FEATURES OF REGULATORY REFORMS

2.1 Legislation, policy and principles

Broadly, APEC economies agree that in principle, regulations should only be introduced on a need-to basis and reduced where unnecessary. (For more information on the principles of good regulations, please refer to Chapter 1 of the AEPR.) APEC member economies also note that the regulatory reform process should aim to make regulations consultative in their formation and transparent in their formulation, as this will help to ensure that regulations achieve their stated objectives in the most efficient way possible.

Some APEC economies have even gone one step further to codify these principles. For instance, in February 2007, Japan adopted a Basic Principle for the Promotion of Regulatory Reform. New Zealand also often makes consultation a legal requirement on regulatory proposals, and is considering the introduction of a Regulatory Responsibility Bill.

2.2. Objectives of regulatory reform policy

Establishing clear principles on regulatory reform ensures that regulations in APEC member economies achieve their main objective of serving the interests of multiple stakeholders while avoiding over-regulation. Although individual APEC economies will naturally have their own unique objectives for regulatory reform, the act of reducing and simplifying regulations that remove "behind-the-border" barriers to economic activities can help to encourage investment and employment.

Indeed, the IERs generally show that over the last five years, there has been a growing recognition among APEC economies that principles, policies and legislation that facilitate regulatory reform, or the "regulatory reform architecture", are important means to the end goal of achieving the regulatory reform objectives. However, there has been an increasing awareness that "regulatory architectures" are necessary but not sufficient, and must be complemented by a sharper focus on the objectives or "regulatory outcomes". Good regulatory outcomes, arising from improving the regulations, can help improve social welfare, foster economic development, and increase trade and investment flows

(Chapter 2 of the AEPR elaborates on the positive economic outcomes associated with regulatory reforms), thereby creating the impetus for continued reform.

In particular, some APEC economies, such as Hong Kong, China; and Chinese Taipei believe that regulations should be constantly updated and adapted to help create a vibrant business environment. Malaysia, for example, considers business facilitation as a key outcome of regulatory reform. Having identified the outcomes that matter, there is then scope to assess and measure the desirable outcomes and to set targets on outcomes as the objective of regulatory reform. Other APEC economies, such as Mexico, have found it useful to measure progress against internationally benchmarks, such as World Bank's *Ease of Doing Business* (EoDB) indicators. Mexico's experience, along with other featured economies can be found in the World Bank study that will be distributed together with the AEPR. A focus on measurable outcomes allows APEC economies to set tangible, regulatory reform targets, improve on any shortfalls, and build momentum for reforms that facilitate growth and development in APEC.

3. MECHANISMS AND INSTITUTIONS TO OVERSEE REGULATORY REFORM

A key part of the "regulatory architecture" in APEC member economies is the mechanisms and institutions that they have built, in order to drive regulatory reform initiatives towards achieving positive outcomes.

3.1 Institutions

Central agency to coordinate and enforce regulatory reforms

To prevent the duplication of regulatory efforts and eliminate redundant legislation, many APEC economies have set up a central agency to coordinate regulatory reforms across the public sector agencies. Chapter 1 of the AEPR talks about the various roles that a central agency can play. For instance, Korea's overall framework for regulatory reform is coordinated by the Regulatory Reform Committee and Presidential Council on National Competitiveness. Such central agencies with sufficient authority endowed upon them help to effectively coordinate and implement regulatory reforms across a spectrum of public sector agencies, and can also be responsible for issues that do not neatly fall under the purview of any particular government agency. In addition, an impartial central agency is in the best position to monitor the implementation of regulatory reforms that cut across several agencies.

Formal Public Consultative Mechanism

To maintain regulatory quality, regulatory outcomes need to effectively address the needs of the business community and other stakeholders. APEC economies have generally noted that public consultation is an important process through which government agencies can solicit constructive feedback from all the relevant stakeholders. Public consultation is also an important principle of good regulation as mentioned in Chapter 1. Some APEC economies, such as Thailand, have put in place statutory requirements for government agencies to consult the relevant stakeholders before carrying out regulatory reforms. There are several channels that APEC economies use to obtain the views of stakeholders. In Japan, for example, the Council for the Promotion of Regulatory Reform (CPRR) is a government advisory body composed of private sector experts who play a key role in advocating and crafting regulatory reform policies

3.2 Awareness and Support

The experience of APEC economies also suggests that regulatory reform initiatives work best when there is strong support from the highest echelons of government. Such support helps in two ways. First, it helps set a clear direction from which government officials can take a cue. Second, it helps governments in APEC economies demonstrate to businesses and other stakeholders that they are committed to regulatory reform. Government support for regulatory reform can be demonstrated in several ways. For example, in Korea, elected officials (including the President) have instructed their

governments to improve regulations and remove redundant regulations in order to facilitate business activity. In a few APEC economies, such as New Zealand, ministers for regulatory reform have even been appointed to oversee the process.

3.3 Transparency and predictability

For the formal public consultation mechanism mentioned in section 3.1 to work, and for regulatory agencies to effectively receive constructive feedback, APEC economies generally agree that existing regulations must be transparent and predictable to the public. In this regard, the practices adopted by APEC member economies are varied, and include ensuring that regulations specify and make public the criteria and standards they use, for example, to evaluate applications for licences. Stating a standard processing period for applications is also useful. There are ways to make the process of regulatory reform transparent to the public. Best practices suggest that regulatory reform proposals should have a notice and comment process that makes them accessible to the public ahead of the actual implementation of reforms. The actual regulatory reforms should be implemented in a transparent and predictable manner, where the public is notified through multiple channels of communication prior to the changes, such as through traditional media, in online publications, or in government gazettes.

4. IMPROVING THE QUALITY OF REGULATION

4.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

Some APEC economies, such as the United States, have found it useful to conduct a regulatory impact study before implementing any regulatory reforms. These studies have taken the form of cost-benefit analyses, and/or Regulatory Impact Analysis (RIA). Australia has elaborated on the RIA extensively in Chapter 1 of the AEPR. These impact studies also act as a tool for policymakers to review existing regulations and procedures affecting businesses and other key stakeholders, and to choose between different alternative regulations that could be implemented. By providing objective, evidence-based and credible analyses, impact studies can help achieve maximum public awareness and thus garner support for the proposed regulatory changes.

Nonetheless, many APEC economies do not make such regulatory impact studies mandatory, nor do they mandate a strict framework of requirements for each study, though they are broadly receptive to public feedback on regulations. Not all regulations affect a broad range of stakeholders and mandating RIAs may not be necessary. For instance, Malaysia does not mandate RIAs, but actively consults stakeholders to garner feedback as and when necessary when formulating policy. Similarly for Hong Kong, China, where the principle is that regulatory impact studies should be flexibly applied, and that the individual department or agency should be free to change the criteria or adopt measures that best suit their respective situations. This ensures that RIA frameworks do not end up impeding the pace of regulatory change, especially for straightforward amendments.

4.2 Regulatory tools, systems and processes for improving the quality of new regulations (Stock)

To assess the effectiveness of their regulation-making and regulatory reform process, many APEC economies evaluate their regulations ex post. This helps economies improve the quality of regulations. Many APEC economies find it useful to review existing legislation (which spawn the regulations) at periodic intervals, to ensure that they remain relevant and appropriate. Chapter 1 of the AEPR discusses the various systems and processes that can review and improve the quality of existing regulations. For instance, in Mexico, the Regulatory Reform Programs help ensure discipline in government agencies to review and, as necessary, improve legislation at regular intervals. Some other APEC economies, such as Australia, form working groups, usually chaired by a political office holder, that review existing legislations. Some economies, including Singapore, have found it useful to issue guidance to assist agencies conducting such reviews. Sunset clauses form another set of measures that economies use to ensure regulations are kept up to date. Used by Singapore and

Korea, such clauses can specify that a regulation will automatically lapse after a certain date, or stipulate that the regulation will be reviewed after a certain period. Such measures improve the quality of legislation and ensure that they serve the constantly-changing needs of multiple stakeholders.

Another useful tool to assess regulations and regulatory reforms ex post is that of measurable indicators, which allow economies to assess the performance (in terms of outcomes) of existing and/or new regulations. Canada, for example, has adopted a performance measurement and evaluation (PME) approach for new regulations. Under this approach, measurable indicators to assess the extent to which regulatory activities are achieving their intended objectives are selected and continuously monitored by the regulatory department/agency. Following the Cabinet Directive on Streamlining Regulation (CDSR), departments and agencies are required to develop a performance measurement and evaluation plan for high impact regulatory proposals. Korea is another economy, where the Regulatory Reform Office in the Prime Minister's Office carries out an annual evaluation of the effectiveness of each ministry's regulatory reform efforts, based on its plans submitted earlier.

5. FUTURE CHALLENGES AND LESSONS LEARNED IN IMPLEMENTING EFFECTIVE REGULATORY REFORM POLICIES

5.1 Lessons learned in promoting regulatory reform

Coordination between federal and local governments

In large economies, such as the United States and Mexico, there is a real need to coordinate resources between federal and local governments. These economies strive to make regulations at the local level consistent with those at the Federal level, to avoid unnecessary duplication. They have also found it very useful to put in place mechanisms to ensure that the local governments have the capabilities to effectively enforce regulations. This helps to reduce the economy's overall regulatory burden, and improves the business environment.

Use of technology

Use of technology, particularly information technology, is another strategy that is a common thread across many APEC economies, such as Chinese Taipei, who have found it useful to significantly improve the quality of regulatory reforms. Korea, for example, has found that the use of information technology in setting up a one-stop centre for regulations has contributed to greater public satisfaction. Overall, a greater use of information technology allows APEC economies to more efficiently collect and disseminate public feedback, increasing awareness among stakeholders and gaining their support.

5.2 Future challenges in implementing effective regulatory reform policies

Proactive mindset to benefit stakeholders

Many APEC economies, for example Malaysia, agree that to improve the regulatory reform process, there will be a need to change the mindset of the regulatory agencies from one that is focused on administering rules, to one that is actively working for the stakeholders' interest. The challenge is to encourage bureaucrats to view the stakeholders involved as equal partners in the regulatory process, rather than passive supervisees. This has become more important as globalisation has made societies more pluralised. The global economic crisis that began in late 2008 has further accentuated differences across interest groups. Going forward, regulatory authorities will thus need to be even more proactive in engaging stakeholders and harmonising the trade-offs between different interest groups.

Performance-based system

Against a constantly changing economic landscape, existing regulations will increasingly face the risk of becoming obsolete. APEC economies have therefore noted that they will have to continuously re-

evaluate regulations and push for regulatory reforms as an ongoing process, by imposing discipline on the reform process. To evaluate regulatory reforms in a systematic and consistent manner, some APEC economies have noted that a performance-based approach focusing on regulatory outcomes can be useful. For instance, Mexico looks at international benchmarks such as the World Bank's *Ease of Doing Business* (EoDB) indicators. Such benchmarks that are mentioned in the World Bank Study (distributed with the AEPR) will allow economies to set regulatory reform targets which can then be conveniently measured and monitored independently. Another example is Brunei which monitors EoDB indicators and seeks to improve in areas where rankings are especially low. These indicators allow existing regulations to be reviewed objectively, in order for the economies to make a real effort to improve on any shortfalls.

6. CONCLUDING REMARKS

The different experiences of APEC economies provide a rich learning ground, and help to generate new ideas that could also be implemented in other economies. While circumstances may now be different, there is a high likelihood that the circumstances found in one economy may well occur in another economy in the future. This collection of IERs thus provides a useful library of case studies for APEC economies to refer to, for their regulatory reform efforts now, and in the future.

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Australia: Developments in Regulatory Reform

1. Key features of Australian regulatory reform

The current Australian government took office in November 2007 with an ambitious regulatory reform agenda reflecting its policy objective that well-designed and targeted regulation reduces costs and complexity for business, individuals and the not-for-profit sector and that better regulation will enhance Australia's productivity and international competitiveness. Australia is committed to ongoing regulatory reform and is building institutional frameworks to support continuous improvement in regulatory quality. This contrasts with previous episodic efforts.

The Australian government is not only focussing on reducing regulation and its costs, though this is an important element of its agenda. The government is also targeting poorly designed and inefficient regulation. Importantly, the objective of a Regulation Impact Statement (RIS) in Australia is not to identify the lowest cost regulatory option—the preferred option should be that which delivers the greatest net benefit to the community.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions, awareness and support

The Australian government has significantly strengthened advocacy for regulatory reform by giving it explicit Cabinet-level status and by appointing two ministers with direct responsibilities for regulatory reform (the Minister for Finance and Deregulation, the Hon Lindsay Tanner MP, and the Minister Assisting the Finance Minister on Deregulation, the Hon Dr Craig Emerson MP).

Advisory and gatekeeper roles have been strengthened and consolidated by supplementing the Office of Best Practice Regulation (OBPR) with a new Deregulation Policy Division (DPD), and locating both functions within a central agency of government (the Department of Finance and Deregulation). The OBPR administers Regulatory Impact Analysis (RIA) by reviewing the adequacy of RIA (which is required for all Australian government regulatory proposals) and in reporting annually on agency compliance. The government has reaffirmed the independence of the OBPR. A challenge function is provided by DPD, which advises on how regulatory costs can be minimised and challenges the quality of new regulatory proposals and the effectiveness of current regulation. For example, DPD is leading a cleanup of redundant regulation, which has identified some 200 pieces of regulation which will be removed in 2009. In addition, DPD provides secretariat services to the Business Regulation and Competition Working Group (BRCWG) of the Council of Australian Governments (COAG)—a group which focuses on removing regulatory costs and barriers between jurisdictions.

The Productivity Commission (PC) is an independent body responsible, *inter alia*, for preparing public information papers and submissions on regulation. The Australian government continues to task the PC to conduct systematic public reviews to examine scope for future regulatory reform, to benchmark regulatory compliance across jurisdictions and to measure and report on the regulatory burden on business.

Setting the example, in October 2008, the Minister for Finance and Deregulation asked the Organisation for Economic Cooperation and Development (OECD) to undertake a Regulatory Review of Australia. This review will provide valuable insights to support the government's commitment to strengthened processes for regulation making and review and better regulation outcomes. The OECD is expected to report its findings to the Australian government in December 2009.

2.2 Transparency and predictability

The Australian government is committed to consultation and engagement with the community. Recent consultation initiatives include an Australia 2020 summit in 2008 aimed at harnessing the best ideas for a modern Australia; holding 'Community Cabinet meetings' in various locations across Australia; increased consultation and collaboration with the states and territories on economic and social reforms; and involving stakeholders in many major policy reviews, such as the Australia's Future Tax System review.

Primary legislation is published both in hard copy and on the ComLaw website. ComLaw is currently being updated to provide a more comprehensive listing and description of Australian regulation.

RISs are published on agency websites and in explanatory memoranda to legislation.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

The current government has strengthened Australia's institutional framework by combining the efforts of OBPR with the new DPD. Strengthened policy oversight processes are providing a greater quality assurance in respect of new regulatory proposals, improving policy design and providing a capacity to more readily target inefficient regulation.

DPD provides a challenge function to proposed regulation. It comments on the merits of regulatory proposals, and works with agencies from the early stages of policy development to ensure that desirable regulatory outcomes are achieved. Regulatory quality is also enhanced by the Cabinet process where regulatory impacts are considered by senior ministers. Legislation is subject to scrutiny by the Australian Parliament, as are legislative instruments enacted under primary legislation.

RIA requirements have been in place since the late 1980s and were given new impetus in 1997 as part of the Australian government's response to the recommendations of the Small Business Deregulation Taskforce. RISs became mandatory for all Commonwealth legislation or regulation that had the potential to affect business. Proposals that will have a significant impact on business and individuals or the economy must be subjected to in-depth analysis in an RIS. Where the impacts are considered significant, the RIS should include a quantified cost-benefit analysis. For medium-cost regulatory proposals, the Business Cost Calculator (BCC) is an information technology-based tool designed to assist policy officers estimate the business compliance costs of various policy options during the policy development process. The BCC can be downloaded from the OBPR website.

Australian government consultation requirements, outlined in the Best Practice Regulation Handbook, are applied to all major regulatory initiatives and cover all aspects of regulation development. This includes the ideas stage of policy proposals through to the post-implementation review. The nature and extent of consultation should be commensurate with the potential magnitude of the problem and the impact of proposed regulatory and non-regulatory solutions. Consultation may include green papers and/or exposure drafts for major or complex regulation. Agency compliance with the RIA process is reviewed every six months by the OBPR. Where an RIS is prepared, the responsible agency is required to seek clearance from OBPR that the analysis is adequate before the regulatory decision can proceed to the decision maker. The OBPR reports annually on the regulatory activities of Australian government departments and agencies, including whether departments and agencies have undertaken required RIA and whether it was adequate.

3.2 Regulatory tools, systems, and processes for improving the quality of existing regulations (Stock)

The regulatory reform agenda is designed to engender a culture of continuous improvement in regulatory quality, where agencies and portfolio ministers take responsibility for regulatory outcomes.

The agenda encompasses both regulation at the Commonwealth (national) level and cross-jurisdictional regulation. At the cross-jurisdictional level, business has indicated particular concerns with obstacles to competitiveness through costs generated by inconsistent regulatory regimes between the states and territories, and the Australian government has moved comprehensively to address concerns in these areas.

The current Australian government, together with states and territories agreed in December 2007 that business regulation and competition would be included as one of COAG's key national priorities. Reflecting COAG's commitment to a seamless national economy, COAG established the Business Regulation and Competition Working Group (BRCWG) chaired jointly by the Minister for Finance and Deregulation and the Minister Assisting the Finance Minister on Deregulation, and supported by officials from the Australian government and all state and territory jurisdictions. Targets for national reform considered by the BRCWG largely reflect examples of inefficient and duplicative national regulation identified by the PC in recent reports, where reform could yield greatest net benefits. The BRCWG identified ways in which 27 deregulation priorities could be implemented nationally, often in consultation with relevant Ministerial Councils. This work led to the development of a National Partnerships Agreement between the Australian government and the states and territories, which was agreed by COAG on 29 November 2008, under which the Australian government will make available up to A$550 million to states and territories to complete the 27 recommended reforms.

At the economy level, the Australian government is undertaking a range of measures designed to promote a sense of ownership by agencies and portfolio ministers, whereby they take responsibility for ensuring that regulatory impacts on business are minimised, and that the most efficient regulatory solutions are implemented.

All Australian government regulation not subject to sunset or other statutory review provisions is required to be reviewed every five years. Agencies are required to determine the type of review by taking into account the nature of the regulation and its perceived performance. Also, the Parliament (including through its committees) regularly undertakes and commissions reviews of existing legislation and regulation.

A whole-of-government stocktake of regulation was completed in July 2008, which identified more than 200 pieces of redundant regulation for removal. Follow-up action on the stocktake of regulation is well advanced. To date, this exercise has resulted in the removal of close to 60 redundant legislative provisions or regulations. The government will shortly introduce a new Bill to amend or repeal almost 30 Acts where the provisions no longer have any function or purpose. Further, the government has initiated a major review of the stock of existing subordinate regulation. As part of the government's response to the Global Financial Crisis announced in the *Updated Economic and Fiscal Outlook*, a review of pre-2008 subordinate legislation and other regulation will document those regulations which impose net costs on business and to identify scope to improve regulatory efficiency. Around 30,000 subordinate instruments are being reviewed to identify priorities.

The government is also promoting the development of Better Regulation Ministerial Partnerships, which are projects agreed between the Minister for Finance and Deregulation and his counterparts to address specific regulatory concerns. A number of partnerships are now underway including in relation to the simplification of product disclosure statements for financial services and improvements relating to health technology assessment processes.

Reviews of regulation, by bodies such as the PC, are commissioned on a regular basis. For example, the PC has recently conducted reviews on *Chemicals and Plastics Regulation* and a *Review of the Regulatory Burden in the Upstream Petroleum (Oil and Gas) Sector*. Alternatively, single-issue taskforces may be set up, which bring together experts from a range of bodies, as with the development of emissions trading policy in Australia.

4. Future challenges and lessons learnt in promoting regulatory reform

Regulation frameworks and policy commitment to date have not been sufficient in Australia to support continuous improvement in the quality of regulation. The implementation of the current government's regulatory reform agenda has provided Australia with a solid foundation in terms of the quality of its institutional frameworks and the level of political commitment to better regulation. Substantial progress is occurring on a range of fronts across the better regulation agenda.

Australia has continuing challenges in effectively managing the growth in regulation, including finding methods to better measure both the costs of regulatory burdens and quantifying its benefit to the community. Removing regulatory costs and barriers to doing business across jurisdictions is likely to remain a high priority for Australia.

Brunei Darussalam: Developments in Regulatory Reform

1. Key features of Brunei Darussalam's regulatory reform

Strengthening competitiveness and enhancing productivity in the public and private sectors have always been acknowledged as important to the development of Brunei's economy. Since the early 1990s, the gradual introduction of market liberalisation and privatisation has changed the structure of Brunei's economy and triggered further reforms to be initiated and undertaken.

Currently, there is no specific, central agency in Brunei with responsibility for reviewing and undertaking regulatory reforms. All agencies are mandated to undertake necessary regulatory reforms to raise productivity and improve performance in the public and private sectors. This helps to ensure continuous progress that will align Brunei's development with global trends. Regulatory reviews are also undertaken by sector-specific regulators and agencies concerning issues within their jurisdictions.

1.1 Legislation, policy and principles

The Brunei economy is guided by a long-term development framework, a 30-year plan that follows a National Vision. The National Vision or the *Wawasan Brunei 2035* aims to create a nation with highly educated and skilled people; one that provides for a high quality of life and one that supports a dynamic and sustainable economy. Embedded within the framework is the "Outline of Strategies and Policies for Development (OSPD)" that is intended to guide ministries and government bodies towards the achievement of the 2035 National Vision.

Among the strategies and policy directions included in the OSPD, the "Institutional Development Strategy" particularly provides for a strong foundation for the reform agenda in Brunei. Under this strategy, the policies include:

- Ensuring a modern legal system that is clear in its provisions and application, and a judiciary system that ensures independence, fairness and impartiality *(Policy Direction #26);*

- Introducing regulatory frameworks in line with international best practices (*Policy Direction #27)*;

- Building a modern and effective civil service that facilitates national development (*Policy Direction # 28)*;

- Streamlining government procedures and regulations to enable prompt decision making, provision of high quality public services and minimisation of "red-tape" (*Policy Direction # 29)*;

- Creating new institutions such as an independent ombudsman to ensure accountability in the public and private sector *(Policy Direction #30)*; and

- Ensuring that the economic policy is well planned and implemented among the key government agencies and all others involved *(Policy Direction #31).*

In addition, other policy elements that support the reform agenda can also be observed in other strategies of the OSPD, specifically those that highlight the need for measures to enhance productivity and competitiveness. These include:

- Promoting national competitiveness through policies that encourage productivity, economic openness and competition (*Policy Direction # 12)*;

- Privatising those services currently provided by the public sector that are best undertaken by the private sector (*Policy Direction # 16)*; and

- Promoting good governance in both public and private sectors with particular emphasis on honesty and accountability to ensure public confidence and trust (*Policy Direction # 23)*.

In addition, international surveys and indices such as the "World Economic Forum-Global Competitiveness Index", the "World Bank-Ease of Doing Business Survey" and the "United Nations Development Programme (UNDP) – Human Development Index" further spur efforts to improve areas where rankings for Brunei require further enhancements. Furthermore, involvement by multi-lateral agencies such as the IMF, WTO, APEC and ASEAN in rolling out regular policy reviews for Brunei have also played a major role in creating better awareness for the reform agenda.

1.2 Objectives of regulatory reform

To provide its people a bright and prosperous future, Brunei must be able to adapt to global changes and all that these entail by way of innovation and bold planning. Efforts to change the private sector aim at improving competitiveness within and beyond the local market while allowing for a more productive, transparent and conducive environment for businesses. Similarly in the public sector, frequent reviews of current operational and administrative systems, including process and procedures, are aimed at improving the overall standard and performance of the civil service so as to create better standards of governance, better efficiency in service delivery as well as greater transparency and accountability.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

Several bodies within Brunei play a role in raising and managing reforms:

The *Civil Service Reform Committee* was formed in November 1991 and is chaired by the Prime Minister's Office. The committee is tasked with overseeing the development of a civil service that is competent, effective, responsive, progressive, innovative and dynamic. It is responsible for reviewing, introducing and monitoring reform initiatives in the civil service as a whole.

In 2007, the *Steering Committee for Public Service Delivery (Jawatankuasa Pandu Pemberian Perkhidmatan Kepada Orang Ramai oleh Agensi-agensi Kerajaan)* was formed and co-chaired by the Prime Minister's Office. Among its responsibilities, the committee is mandated to address issues and problems that lead to poor services delivery by the civil service as well as to facilitate integrated coordination among relevant government agencies involved. Under the purview of this committee as well, the *Change Management Committee* was established in April 2008 with the responsibility, among others, to suggest, coordinate and facilitate initiatives towards streamlining and improving business processes.

Under the responsibility of the *Management Services Department (MSD),* various initiatives geared towards enhancing a culture of excellence and innovation in the performance of the civil service are supported. These include initiatives such as the Civil Service Excellent Award (CSEA) and the Quality Control Circle (QCC) Programme. These efforts not only enable the Government to adapt to environmental changes but also to continuously strive to improve the quality of services rendered to the public. Furthermore, the department is responsible for developing the Client's Charter and in ensuring that all government agencies adhere to their individual charters in good faith.

The *Ministry of Industry and Primary Resources* plays a major role in co-ordinating reform efforts, particularly in facilitating a conducive environment for businesses in the private sector. The Ministry initiated Brunei's participation in the "World Bank - Ease of Doing Business" study and plays a major

role in disseminating the results of the study as well as in highlighting issues to be addressed by the relevant government agencies and stakeholders.

The *Ministry of Finance* plays a major role in introducing, implementing and reviewing amendments to the nation's financial policies, rules and regulations with a view to enhancing transparency and accountability as well as encouraging investment into Brunei.

The *Department of Economic Planning and Development* is the main agency responsible for the formulation of the Long-Term Development Plan (LTDP) for economic and social policy and planning for the nation. The LTDP also emphasizes on the monitoring and evaluation of strategies, policies, programs and projects especially through the system of key performance indicators (KPI).

2.2 Awareness, support and transparency

The OSPD provides a clear foundation for regulatory reform towards achieving sustainable economic growth and in promoting economic efficiency. Its publication and dissemination in 2007 has further increased awareness for the reform agenda in Brunei. Furthermore to ensure an adequate and appropriate level of public acceptance, support and transparency, a number of consultations were held, such as with other government agencies, grassroot leaders, students as well as with business associations.

In addition, the introduction of the Clients' Charter in 1995 also provides an avenue for the public to submit their complaints and grievances relating to the quality of service given by the civil service, with the *Management Services Department* holding the responsibility as a "complaint centre".

Commitment in terms of time and resources at the highest levels of government also further strengthen the mobilisation of reform efforts, both in the public and private sector.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow and Stock)

Brunei Darussalam understands the importance of systematic regulatory review, and acknowledges the benefits that can be gained from using regulatory tools such as Regulatory Impact Analysis (RIA). In the absence of a centralised authority responsible for regulatory reform, Brunei is currently dependent on the strengths and capabilities of individual government agencies to conduct thorough research and undertake appropriate reform measures that would enable the economy to be more effective, efficient and innovative.

4. Future challenges and lessons learnt in promoting regulatory reform

4.1 Lessons learned in promoting regulatory reform and major progress in the past five years

Even in the absence of a central agency for regulatory reform, progress has been promising. There are new bodies specifically tasked with overseeing and reviewing reforms in the private sector, taking a lead especially from international surveys such as the Ease of Doing Business Study. The ease of starting and registering a business in Brunei is among the issues that being looked at presently.

Among the notable reforms undertaken to date is reform of the telecommunication sector with the corporatisation of the national telecommunication agency in Brunei *(Jabatan Telekom Brunei)* as a new company – *Syarikat Telekom Brunei Berhad (TelBru Sdn Bhd)* with effect from the 1st April 2003. With the corporatisation of the national agency, more competition was injected into the sector resulting in a wider availability of choices and a reduction in prices, particularly in the cellular mobile segment. Other reforms include the amendment of the Land Code (Strata Title) Act, gazetted in 2009,

which allows for the validity of property ownership to be extended from 60 years to 99 years and also enable property owners to own space in a multi-level building.

From past experiences, the synchronisation of roles and responsibilities is an important element in ensuring increased competitiveness and that desired objectives are met. Issues may sometimes cut across a number of different agencies and stakeholders and thus may lead to duplication in resource allocation. Improved coordination can help avoid the development of regulations that are contradictory or unsupportive of economic development.

Top management support for reforms is also crucial to ensure successful implementation and enforcement. It is Brunei's experience that reforms may take a long period of time and may require multiple consultation exercises with the public in order to ensure broad acceptance of any new changes.

4.2 Future challenges

In view of Brunei's small and unique economy, strong emphasis has been placed on the need to develop a competitive edge. Brunei sees the development and efficient functioning of the market and the private sector as a crucial undertaking that needs to be considered adequately and appropriately. The need for continuous and positive reviews of regulations, particularly those that may help streamline government procedures and reduce the burden on businesses, will further assist towards achieving this objective.

Developing a more coordinated system for regulatory reform reviews should also be considered. Efforts to think beyond periodic reviews should be translated into actions. Public support through regular consultations and awareness building is also important in ensuring transparency and to avoid unnecessary regulations. Reviews should be conducted both prior and subsequent to the implementation or removal of any regulations so that enforcement of any existing or new regulations can add value to the process in its entirety.

Moving forward, Brunei Darussalam acknowledges that there is still a lot to be done in developing a proper regulatory reform policy. In the meantime, Brunei believes in the need to instil the right mindset to support positive reforms and to develop a stronger foundation for the regulatory reform process.

Canada: Developments in Regulatory Reform

1. Key features of regulatory reform in Canada

On April 1, 2007, the Government of Canada brought forward the Cabinet Directive on Streamlining Regulation (CDSR), a new regulatory policy that aims to produce a more effective, efficient and accountable regulatory system. The CDSR replaced Canada's previous regulatory policy from 1999.

The development of the CDSR was informed in part by an independent advisory body, the External Advisory Committee on Smart Regulation (EACSR), which consisted of experts in the field of regulation drawn from Canada's private, academic and voluntary sectors. EASCR was established to provide the government with an external perspective and expert advice on ways to improve the government's regulatory system to better meet the needs of Canadians in the 21st century. It produced its final report to the Canadian government in September 2004.

Together with the CDSR, the government brought forward two other initiatives as part of an overall regulatory reform framework announced in the 2007 Federal Budget. These initiatives were the paper burden reduction exercise—which achieved a 20% reduction by March 2009 in the number of administrative and regulatory requirements imposed on small business—and the Major Projects Management Office, which provides a single point of entry to the federal regulatory system for all stakeholders involved in major natural resource projects, and works to accelerate timelines for projects to be considered.

1.1 Legislation, policy and principles

The CDSR sets out the analytical requirements for regulatory organisations to follow during the preparation of a new regulatory proposal or amendment. These requirements include provisions on, *inter alia*, international regulatory cooperation, consultation, performance measurement and evaluation, cost-benefit analysis, and service standards.

Legislation also plays a role in framing the Canadian regulatory system. The *Statutory Instruments Act* sets minimum requirements for regulation-making: examination of proposed regulation by Justice Canada against specified criteria; publication in the *Canada Gazette*; the right of public examination; and the authority of Parliament's Standing Joint Committee on the Scrutiny of Regulations to review regulations *ex post*. In addition, numerous Acts that give authority for regulation-making may contain additional requirements on various regulatory process issues such as consultations, sunsetting and timelines.

Treasury Board Secretariat (TBS) is the key central organisation which manages Canada's federal regulatory system and oversees the implementation of the CDSR. TBS reviews regulatory analysis supporting federal regulatory proposals, exercises leadership and guidance on interpreting the CDSR, and supports capacity building within departments to improve the quality of their regulatory proposals.

1.2 Objectives of regulatory reform

The Cabinet Directive on Streamlining Regulation seeks to create a performance-based regulatory system that:

- protects and advances the public interest in health, safety and security, the quality of the environment, and the social and economic well-being of Canadians, as expressed by Parliament in legislation;

- promotes a fair and competitive market economy encouraging entrepreneurship, investment and innovation;

- makes decisions based on evidence and the best available knowledge and science in Canada and worldwide, while recognising that the application of precaution may be necessary when there is an absence of full scientific certainty and a risk of serious or irreversible harm;
- creates accessible, understandable and responsive regulation through inclusiveness, transparency, accountability and public scrutiny;
- advances the efficiency and effectiveness of regulation by ascertaining that the benefits of regulation justify the costs, by focusing human and financial resources where they can do the most good, and by demonstrating tangible results for Canadians;
- requires timeliness, policy coherence and minimal duplication throughout the regulatory process by consulting, co-ordinating and co-operating across the Federal government, with other governments in Canada and abroad, and with businesses and Canadians.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

(1) Overall institutional framework

Advisory and Support Role

The Treasury Board of Canada Secretariat (TBS) provides an advisory and support role for Federal regulatory departments and agencies in developing high-quality regulations and fulfilling the requirements of the CDSR. As part of the implementation plan for CDSR, Canada established the Centre of Regulatory Expertise (CORE). CORE is a body within TBS that provides expertise to departments in the areas of cost-benefit analysis, performance measurement and risk assessment in a way that also builds a department's internal capacity to produce thorough, high-quality regulatory proposals on an ongoing basis.

Support for regulatory reform through the CDSR is also provided at the Canada School of Public Service, which provides courses and training for regulators on the new analytical requirements of the CDSR, including performance measurement and cost-benefit analysis.

Gatekeeper Role

Treasury Board Secretariat is not seen as a gatekeeper, but rather exercises an oversight role on the process governing new and amended regulation. It is the body that produces analysis and recommendations to the Ministers of the Treasury Board on regulatory proposals, and helps ensure that the analysis that departments and agencies provide to Ministers is consistent with the commitments and directions set out in the CDSR.

(2) Key policy decision-making bodies

Treasury Board Secretariat is responsible for the interpretation and implementation of the CDSR, and provides review, oversight and guidance to facilitate policy compliance by regulatory departments and agencies.

2.2 Awareness and support

There is substantial awareness and support for regulatory reform at the highest political and policymaking levels of the Canadian government. The CDSR was issued by Cabinet, and was developed in close collaboration with federal regulatory departments and experts. It is managed and implemented by TBS, which is one of Canada's central government bodies.

The CDSR was developed in consultation with a wide range of industry stakeholders, environmental and social groups, labour organisations, academics, aboriginal groups and interested members of the Canadian public. It also took into consideration the recommendations of a number of expert bodies. These include the 2004 report of the External Advisory Committee on Smart Regulation, and the Review of Regulatory Reform in Canada, completed by the OECD in 2002.

2.3 Transparency and predictability

The CDSR places consultation at the heart of the Canadian Federal regulatory development process, requiring that departments and agencies identify interested and affected parties, and provide them with opportunities to take part in open, meaningful and balanced consultations at all stages of the regulatory process.

In addition to consultations conducted during the early development and initial drafting of regulations, the CDSR requires that regulatory bodies publish proposed regulations—together with a Regulatory Impact Analysis Statement (RIAS)—in the Canadian government's official e-newspaper, the *Canada Gazette*. The standard period for publication is 30 days, but a minimum comment period of 75 days is required for any regulatory proposal that may affect international trade.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

The completion of a RIAS is mandatory for all regulatory proposals and agencies and is submitted to the Treasury Board Secretariat for review. The RIAS is structured so as to ensure that regulatory initiatives are compliant with the CDSR, and that Federal regulators have integrated comprehensive analyses and public comment on regulatory impacts into the development of their regulations. A RIAS must be signed by the relevant Federal Minister sponsoring a regulatory proposal. Ministers of the Treasury Board, who review Federal regulations prior to approval by the Governor in Council, receive copies of these signed RIAS as part of their material for consideration. This ensures that regulatory impact analysis is fully integrated into the Cabinet decision-making process in Canada.

Prior to the completion of a full RIAS, Federal regulators in Canada complete a short questionnaire for the triage of regulatory submissions. Using a three-point scale (low, medium, high) the Triage Statement helps Canadian regulators assess the potential impacts of the proposed regulations on a broad range of issues, including health and safety, the environment, the economy, foreign relations and security.

These impacts assessed in the triage questionnaire are then subject to in-depth analysis that is summarised and reported in a RIAS. In the RIAS, Federal regulators are required to state their objectives in the form of measurable outcomes, assess the alternatives to regulation, quantify the costs and benefits resulting from the proposed regulations, document the results of stakeholder consultation, and describe their performance measurement and evaluation plan (when required) for the regulatory programme, including timelines for follow-up.
To ensure that RIA requirements are not unnecessarily onerous, Federal regulatory bodies preparing low-impact regulations of a procedural or administrative nature are permitted to complete a simplified RIAS.

3.2 Regulatory tools, systems and processes for improving the quality of existing regulations (Stock)

Monitoring of implemented regulations is performed by the Standing Joint Committee on the Scrutiny of Regulations, part of the Canadian legislative branch, which reviews and scrutinises government regulations and other statutory instruments.

The CDSR contains a requirement that Canadian regulatory bodies review and renew their regulatory policies and programmes, ensuring that regulations continually meet their initial policy objectives.

As part of the regulatory development process, departments and agencies are obligated to develop measurable, performance-based indicators for significant regulatory activities, and collect performance information on the results of existing regulation, providing Canadians with this information in a timely manner.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learned in promoting regulatory reform and major progress in the past five years

Regulatory reform initiatives of the Government of Canada apply only to areas under the jurisdiction of the Canadian federal government. Coordination and cooperation between the federal and provincial governments, as well as cooperation between the provinces themselves, is an important feature of Canadian governance, and necessarily impacts on the ability of Canadian federal authorities to build and maintain an efficient regulatory framework. Regular dialogue with provincial and territorial governments is essential to help meet this challenge.

Roll-out and implementation of the CDSR is still ongoing, as federal government regulators become accustomed to requirements of the new regulatory policy. To make further progress, TBS is developing Regulatory Cooperation Plans with key federal regulatory departments and agencies. These plans will target the unique needs of each department, to help build capacity for the production of high-quality, thorough regulatory proposals on an ongoing basis.

4.2 Future challenges

One of the key challenges in advancing regulatory reform efforts lies in demonstrating and reinforcing the link between regulation and overall impacts on society, the economy and the environment. In this sense, the shift towards a more measurable, performance-based regulatory system is a key objective of regulatory reform efforts. In Canada, this shift is expected to take place over the long term. It will require an ongoing commitment to develop rigorous performance measurement and evaluation criteria, and improve departmental capacity and expertise.

Chile: Developments in Regulatory Reform

1. Key features

Since the mid-1970s, Chile has adopted a programme of economic reforms that has led to a significant deregulation of the economy, establishing a new development model. As a result the role of the state in the economy was drastically transformed and reduced, particularly with the privatisation of all major state-owned enterprises.

Most of the regulatory reforms were introduced in the late 1970s and throughout the 1980s. Since 1990, successive governments have maintained the reforms introduced, although in some cases their focus has been sharpened.

As a result, currently Chile does not have an explicit regulatory reform programme as such. There is no particular institution in charge of designing the regulatory reform policy or evaluating new reforms and controlling the quality of the current ones. However, individual government entities may propose or introduce regulatory reforms in their respective areas of competence.

1.1 Legislation, policy and principles

The term "regulation" is used broadly to include both laws approved by Congress and norms issued by the Executive. The role of these two types of regulation is defined in Chile's Political Constitution. The latter specifies the matters which must be regulated by law and, on all other matters, allows the Executive to exercise its regulatory powers autonomously. In addition, the President of the Republic can issue decrees for the implementation of regulation established by law.

There are important differences in procedures for drawing up laws and those for issuing decrees:

i) New legislation can, in general, be proposed by either house of Congress, by any of their members, or by the President of the Republic.

   In each of these stages, a bill is studied, debated and improved in order to ensure that the problem is correctly defined.

ii) Norms and decrees issued by the President of the Republic must be signed by the President and the relevant minister, while decrees and instructions issued by other parts of the Executive Branch require only the signature of the responsible minister. In general, norms and decrees issued by the President, when applicable, are referred to as "rulings" and, because the signature of all the relevant ministers is required, usually involve the participation of more than one ministry, thereby ensuring a multidisciplinary approach. The Ministry of the Presidential Secretariat is responsible for coordinating the different ministries involved.

   It is common for representatives of civil society to be invited to participate in the government's discussion of proposed norms.

iii) In addition, advisory committees, bringing together leading economy experts on a subject, are often convened to assist in the definition of a problem and its possible regulatory solutions. These committees are usually multidisciplinary and of the highest professional level.

As regards the possible international effects of Chilean regulation, it is important to note that, when necessary, the Ministry of Foreign Affairs participates in the process of drawing up new laws or norms and is responsible for ensuring their compatibility with the economy's international obligations.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

The institutions that participate in the regulatory process are:

- *Tribunal Constitucional* (Constitutional Tribunal), an autonomous body responsible for ensuring that legislation and norms do not violate the Constitution, that has defined the limits of regulatory intervention in its many rulings.

- *Contraloría General de la República* (Comptroller General's Office), is the autonomous body responsible for reviewing the legality of government measures and also examines the legal basis for these measures.

- *Tribunal de Defensa de la Libre Competencia* (Tribunal for the Defence of Free Competition) is a judicial autonomous entity that assesses the claims and the non-contentious presentations from the competition agency and private and public entities. It is composed by five members, its President must be a lawyer and appointed by the President of the Republic from nominees proposed by the Supreme Court through public competition. The other members (two lawyers and two economists) are either chosen directly by or selected by the President of the Republic from nominations from the Central Bank selected through public competition.

There are also institutional incentives for using measures other than regulation:

a) Regulatory measures, particularly those requiring legislation, have the disadvantage of a relatively long implementation period.

b) Specialised and technical regulatory bodies, known as *Superintendencias* (Superintendencies), have powers to intervene more quickly in the markets with which they have direct contact. Superintendencies currently exist for Banks and Financial Institutions, Pensions, Health Services, Securities and Insurance, Social Security, Electricity and Fuels, Water Services, Casinos, and Bankruptcies.

2.2 Awareness and support

The Political Constitution ensures all persons (Chilean or foreign) the right to present petitions to the authorities about any subject of public or private interest without other limitation than to proceed in a respectful and appropriate manner. So, interested foreigners may comment or consult about regulatory proposals (but this does not oblige the authority to give them an opportunity to listen to them before passing a law).

In Chile, all laws and norms must be published and, for this purpose the *Diario Oficia*l (Official Gazette) is published daily. Once a law or norm has appeared there, it is considered to be universally known.

2.3 Transparency and predictability

Transparency is ensured through a series of laws and regulations. Among them is the Base Law on State Administration (Ley de Bases de la Administración del Estado) to ensure that government work and procedures are carried out with transparency so as to promote the awareness of the procedures, contents and foundations of the decisions of government agencies.

Another law that promotes transparency of technical regulations and standards is Decree 77, which obliges ministries and agencies with regulatory power to publish, through a notice placed in a communication medium with national distribution or on its website, the draft technical regulation or conformity assessment procedure it is proposing to adopt.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

Recently, a new law that reinforces the aim of transparency in governmental actions and therefore improves the quality of new regulations has come into force.

On 20 April 2009, Law 20,285 came into effect. The law's objective is to regulate public sector transparency, the right to access information from the State Administration, the procedures for exercising that right and the exceptions to the obligation of publication of information.

Since the promulgation of this law, public entities must provide a copy of decisions and documents and publish all the information regarding their structure and activities on paper or on their websites (active transparency). They also have to answer the specific information requests that any citizen can make (passive transparency).

If any public entity denies access to information, citizens can complain to the *Consejo para la Transparencia* (Transparency Council), an autonomous institution created to supervise the correct execution of the law.

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People’s Republic of China: Developments in Regulatory Reform

1. Main characteristics of Chinese regulatory reform

Since introduced in late 1970s, regulatory reform has been an integral part of the economic reform in China. Its main goal is to reduce government interference in the economy by easing controls and setting up a fair market economy environment. After 30 years’ reform, China has successfully transformed from a highly centralised planned economy to a dynamic socialist market economy, with the market playing a full and fundamental role in resource allocation, and a macro-control system guided by national plans, programmes and industrial policies, and coordinated and applied with fiscal policies and monetary policies. During this period, China has established its regulatory framework and continuously improved its regulatory policies.

1.1 Laws, policies and principles

China set the direction of reform to develop a socialist market economy in 1992, promulgated a guidance document concerning the development of its market economy in 1993, and in 2003 added further direction, including systemic arrangements for regulatory reform, the basic orientation of which was to reduce regulation and to bring into play the fundamental role of the market in resource allocation, step by step. Regulatory reform has been an important part in the annual plan of economic system reform. For example, the recently promulgated *Opinions on Deepening the Reform of Economic System in 2009* addressed many areas closely related to regulatory reform, including the reforms of governmental economic management, monopolised sectors, prices of resource products, energy-saving and environmental protection, industrial structure and enterprise development, the public service system, fiscal and finance sectors, etc.

The *Corporate Law,* enforced in 1994, laid the foundation for a market environment where enterprises of different ownership can compete on a free, equal and fair footing. The *Law on Legislation* enforced in 2000 stipulated a purview of authority and a procedure for enacting laws, regulations and rules. The *Administrative Licence Law,* enforced in 2004, stipulated the formation, implementation, supervision and examination of administrative licence. The *Law on Product Quality*, *Law Against Unfair Competition*, *Price Law*, *Law on Tenders and Bids* and *Antimonopoly Law* laid down prohibitive provisions on the abuse of administrative powers to eliminate or restrict competition.

1.2 Goals of the regulatory reform

China’s current reform aims to create a unified and open modern market system with orderly competition by raising the role of the market in resource allocation:

- to improve the competitiveness and production efficiency of enterprises and increase the efficiency, level and quality of public entities;
- to advance regulations in a scientific, democratic and legal manner; and
- to improve social welfare and promote economic development.

2. Mechanisms and institutions to supervise regulatory reform

2.1 Institutions

Currently, China does not have a dedicated and integrated institution to supervise regulatory reform. In accordance with the *Supervision Law of the Standing Committee of People’s Congress at All*

Levels, the standing committees of People's Congress at all levels supervise the work of government at their respective levels, including the supervision of regulatory reform and the review of the enforcement of laws and regulations.

The Chinese central government, i.e. the State Council, makes comprehensive arrangements for regulatory reform. The National Development and Reform Commission (NDRC) is the governmental department responsible for providing general guidance and co-ordinating the economic reform. Its responsibilities include drawing up annual plans for regulatory reform and drafting comprehensive reform schemes. It also plays an important role in areas such as price control and anti-monopoly. Regulatory reform in different fields is implemented by the respective functional departments. Moreover, China has also established some special industrial regulatory bodies, such as the State Electricity Regulatory Commission, China Banking Regulatory Commission, China Securities Regulatory Commission and China Insurance Regulatory Commission.

2.2 Recognition and support

The Chinese government adopts a positive attitude to advancing regulatory reform. It regards regulatory reform steps to be important tasks, making arrangements in its annual plan for reform and formulating corresponding policies. The Chinese government would solicit opinions and suggestions from all sectors of the society and get extensive support before formally issuing and implementing these arrangements and policies.

2.3 Transparency and predictability

The *Administrative Licence Law* (enforced in 2004) stipulated that the issues and procedures required of administrative licences should be made known to the public, and that hearings should be held on such issues and procedures if necessary. Since December 2000, the Chinese government has vigorously promoted openness in government affairs. The *Regulations on the Disclosure of Government Information* enforced in 2008 required the government to disclose government information in a timely and accurate manner and protect the rights of citizens, legal entities and other organisations to acquire government information lawfully. Meanwhile, China has established a government news spokesmen system and an electric government affairs system so that the public can acquire related information through portals/websites and press conferences or apply directly to the government for information. In the past few years, the government has solicited public opinions on many major reform plans and important draft laws through government websites, the media, hearings and other channels enabling the public to fully express their opinions.

3. Improve the quality of regulations

3.1 Tools, systems and procedures of regulation for improving the (flow) quality of new regulations

China has yet to use the Regulatory Impact Analysis (RIA) tools recommended by APEC. However, China approves of the RIA framework. In fact, similar methods of investigation and analysis, expert consultancy, majority opinion and external example as advocated by RIA, have been used by the Chinese government and its departments for many years.

3.2 Tools, systems and procedures of regulation for improving the quality (maintenance) of current regulations

Empowered by the State Council, the National Development and Reform Commission (NDRC) is responsible for regularly reviewing the overall progress of economic reform. The implementation of regulations in different fields is examined by respective functional departments. The People's Congress and its standing committee at all levels, the State Council and local governments examine the implementation of related laws, regulations and rules within their respective scope of responsibility pursuant to related provisions of the *Law on Legislation*. Senior government levels regularly evaluate

the performance of lower levels, wherein the effect of the application of related regulations is an important item of evaluation.

To transform government functions and reduce government interference in the market, China has overhauled the administrative examination and approval system and rigorously reviewed those items requiring administrative examination and approval since 2001. After careful examination and deliberation, these items were either maintained, cancelled or subjected to lower levels based on the principles of lawfulness, rationality, effectiveness, responsibility and supervision.

Since the promulgation and implementation in 2005 of the *Several Opinions of the State Council on Encouraging, Supporting and Guiding the Development of Individual and Private Economy and Other Non-Public Sectors of the Economy*, related departments of the central government and local governments have examined, trimmed and revised the laws, regulations and policies that restrict the access of non-public sectors of the economy to market.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learned in promoting regulatory reform and major progress in the past five years

Over the past five years, China has made continuous progress in regulatory reform. It has relaxed control over power, telecommunications, postal services, the railways, civil aviation, public utilities and other sectors, facilitating market access and pursuing a fair competition policy to promote the development of these sectors. China has promoted the interests of the non-public and small and medium-sized enterprises (SMEs) enabling them to better compete with other established market players on an equal footing. This was achieved by improving market accessibility, perfecting fiscal, tax and financial policies, improving government services and supervision and limiting restrictive provisions. China has also promoted the standardised development of production through applying market mechanisms to capital, land, human resource and other production essentials and improving the necessary regulations and policies. China has promoted the transformation of economic regulation, market supervision, social management and public service through administrative management system reform, a reduction in the number of items requiring administrative examination and approval and deeper reform of the investment system. Further, China has improved the quality and level of its public services by advocating system-wide reforms in culture, health, education and other social fields, and gradually lowering the threshold for private capital to enter these areas. In addition, the enactment and enforcement of the *Antimonopoly Law*, among others, have promoted fair competition and protected consumer interests.

4.2 Challenges ahead

Facing unstable international economic conditions, China will continue to deepen its regulatory reform applying clear goals and tasks for future reforms:

1) To meet the requirements for changing economic development models, China will pay more attention to economic structure, the need to reduce resource use and energy consumption, and the protection of the ecological environment.

2) To meet the requirements for perfecting the market economy system, China will focus on promoting the development of the non-public economy, deepening the reforms of the state-owned enterprises and monopolistic sectors, and improving the market system, etc.

3) To balance the development of the economy and the society, China will make efforts to solve problems in income distribution, social security, health, education, science and technology, culture and other fields.

4) To meet the challenges of economic globalisation, China will focus on opening more areas, optimising the structure of opening, and improving the quality of opening.

5) China will deepen the reform of its administration system to further transform government functions, reduce the number of items requiring administrative examination and approval, and improve the scientific and democratic decision-making mechanisms of the government as well as government publicity. And sixthly, China will actively reflect on the experience and practice of RIA, carefully judging the appropriate time and method of implementation.

Hong Kong, China: Developments in Regulatory Reform

1. Key features of Hong Kong, China's (HKC) regulatory reform

HKC began as a small and open trade port some 200 years ago. It is externally oriented and is fully open to foreign capital and technology for its growth and development. As the economy grew, industries became more sophisticated, the need for rules and regulations gradually evolved. To ensure regulatory policies and standards continue to serve their purposes and are consistent with changes in circumstances and needs, specific entities were set up to review the existing regulatory standards, and to remove burdensome and outdated rules and regulations.

As a result, the timing and sequencing of the establishment of regulatory authorities, and later the regulation reviewing bodies, tend to be largely coherent with market needs taking into account the size, the scope and the degree of sophistication of development of the specific industry.

1.1 Legislation, policy and principles

HKC maintains a high level of transparency of government laws, regulations and administrative procedures. All primary and subsidiary legislation (and amendments of them), statutory notices for appointment of public offices, departmental notices and public tenders; ordinances, regulations and bills; periodical lists for professionals, institutions, etc; executive orders and public notices are published regularly in the *Government Gazette*.

HKC is also committed to ensuring equality for all before the law, judicial independence and that the rule of law prevails in all spheres of society; respecting the rights and dignity, and safeguarding the freedoms of each individual; and maintaining a highly transparent and accountable government which supports civic participation.

It is a standing practice in HKC for the government and regulatory authorities to consult stakeholders in the making of policies, rules and regulations. The duty to consult relevant parties may also be a statutory requirement on the government or an authority. Specific ordinances or subsidiary legislation are introduced to provide a legal framework for new regulations and to empower the concerned regulatory bodies the authority of enforcement. Legislators and legal advisors are closely involved in the drafting of new regulations. The economic, financial, civil service, environmental and sustainability implications are duly assessed during the drafting process. And according to circumstances, different levels of consultations are conducted to gauge the public reaction to the proposed regulations (and there is no discrimination between domestic and foreign stakeholders). Prior to presentation to the legislature, the final draft (the Bill) and its explanatory memorandum will be published in the Gazette for public scrutiny. The passage of a bill normally involves extensive debates among the legislators comprising representatives from different functional and geographical constituencies.

Once policies and regulations are made, the responsible government agencies or relevant organisations will ensure that they are properly implemented or enforced to achieve their purposes. Details of policies, rules and regulations, as well as the laws that provide backing to them, are made publicly available through various channels, including the government website. Policies and regulations are reviewed regularly or when required, taking into account the prevailing circumstances and views expressed by stakeholders.

1.2 Objectives of regulatory reform

HKC believes in market forces and adopts a minimum intervention approach to economic arrangement. Regulatory regimes are established to provide prudential supervision, to ensure safety, to protect consumer interests, and to encourage investment.

HKC also strives to ensure that it does not create unnecessary red tape in achieving legitimate policy objectives and that regulators are conscious of the full cost implications of their practices. It continues to undertake regulatory reviews and business facilitation initiatives to cut red tape, deregulate and reduce the cost of compliance; to cultivate a business facilitation and customer-centric culture in the civil service; and to implement deregulatory measures where appropriate.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

Hong Kong became a Special Administrative Region of the People's Republic of China (PRC) on July 1, 1997. The Basic Law of the Hong Kong Special Administrative Region (HKSAR) came into effect on the same day. The Basic Law prescribes the systems to be practised in the HKSAR. Under the Basic Law, the HKSAR exercises executive, legislative and independent judicial power, including that of final adjudication.

The Executive Council is an organ for assisting the Chief Executive (CE) in policymaking. Under Article 56 of the Basic Law, except for the appointment, removal and disciplining of officials and the adoption of measures in emergencies, the CE shall consult the Executive Council before making important policy decisions, introducing bills to the Legislative Council, making subordinate legislation, or dissolving the Legislative Council.

The Legislative Council of the HKSAR, on the other hand, shall exercise the powers and functions, including to enact, amend or repeal laws in accordance with the provisions of the Basic Law and legal procedures, amongst others.

The network of advisory and statutory bodies is a distinctive feature of the system of the government. Its purpose is to tap professional expertise present in the community and to encourage public participation in government decision-making. Advisory bodies give advice to the government through senior government officials such as Principal Officials, Permanent Secretaries of Bureaux or department heads. A few advisory bodies pass their advice directly to the CE.

The advisory and statutory bodies' areas of activities are wide-ranging. Some, such as the Telecommunications Standards Advisory Committee, deal with the interests of a particular industry while the Transport Advisory Committee advises on a particular area of government policy. The District Councils advise the government on all matters affecting the well-being of residents in the districts. Statutory bodies have legal powers and responsibilities to perform specific functions in accordance with the relevant legislations. Over 4,000 members of the public are serving on about 400 advisory bodies.

The Economic Analysis and Business Facilitation Unit (EABFU) under the Financial Secretary's Office is a dedicated Unit established in June 2004 to support the work of the Business Facilitation Advisory Committee (BFAC) (and the dissolved Economic and Employment Council[6] before 2006), and co-ordinate the HKC government's efforts to take forward various business facilitation initiatives such as

[6] In 2004, HKC set up an Economic and Employment Council (EEC) in order to provide a forum for businesses, politicians, professionals, academics and senior officials in the Administration to discuss how to promote economic development. One focal point was how to eliminate outdated, excessive, repetitive or unnecessary government regulations to facilitate business development and job creation. The EEC evolved into the BFAC in 2006.

the "Be the Smart Regulator" Programme (see Section 2.2. below for details of the Programme). It continues to focus on making HKC a genuinely friendly place for both local and overseas businesses.

Extensive participation of representatives from the business, academic and professional sectors, as well as legislators and senior government officials from relevant government bureaux, in the BFAC manifests the significance HKC places on regulatory reform and the wide public support it enjoys. BFAC advises and reports to the Financial Secretary on the development and implementation of programmes and measures to facilitate business, and serves as a channel for the top management of the government to monitor regulatory reform progress. It systematically reviews government regulations and procedures impacting on business, with a view to eliminating outdated or burdensome regulations to facilitate business operations and reducing compliance cost to the business community. It sets the priority for conducting regulatory reviews of selected business sectors and sets up dedicated sector-specific task forces to carry out the reviews. The task forces usually invite relevant trade representatives to take part in the reviews.

EABFU, under the steer of the BFAC, conducts regulatory reviews on those sectors not covered by the task forces and co-ordinates with the bureaux/departments concerned in taking forward business facilitation initiatives endorsed by the BFAC. EABFU is also working closely with government bureaux and departments concerned in conducting Regulatory Impact Assessment (RIA) or Business Impact Assessment (BIA) studies on proposed regulations impacting on business. BFAC, together with the EABFU and the sector-specific task forces, to a certain extent, functions as a "quality control" mechanism for the "external" review of government regulations and procedures which have impact on the business sectors.

2.2 Awareness and support

In February 2007, the HKC government launched the "Be the Smart Regulator" Programme as a new wave of regulatory reform to further enhance the business environment and long-term competitiveness. The Programme aims to improve the efficiency, transparency and business-friendliness of business licensing processes with a view to reducing compliance costs to the business community while safeguarding public interest. The Programme was endorsed by the CE and regular progress reports are submitted to the Office.

Around 30 government bureaux/departments providing licensing services to various business sectors are participating in the Programme. Good progress has been made on various fronts to improve the overall licensing environment for doing business in HKC. In particular, targeted measures have been implemented to improve the turnaround time of issuing licences for the food and hospitality industries.

Some key measures implemented under the Programme include setting up Business Liaison Groups for major business sectors to give their views on regulatory or licensing issues directly to licensing departments; establishing a business consultation e-platform under the GovHK portal (www.bce.gov.hk) to facilitate the business sectors to access consultation information relating to proposed regulations, administrative measures and procedures that would impact business and to offer their views and comments; developing a BIA framework to help bureaux/departments to assess the business impact of their regulatory proposals in a structural and systematic manner; setting up application-tracking facilities to enable applicants to track the processing status of their licence applications; development of e-licensing systems; re-engineering the licensing processes through process reviews and better exploitation of IT; and promoting a business facilitation and customer-centric culture in the civil service.

2.3 Transparency and predictability

Within the Administration, a General Circular sets out the policy and principles of public consultation and the importance of keeping the public informed of the results of consultation as general guidelines for all bureaux and departments. In recent years, the CE has stressed the importance of going further than consultation by seeking to engage the public at the earliest opportunity on the formulation of proposals. Bureaux and departments have flexibility in designing and implementing public consultations/engagement to best suit their situations and needs. The level of consultation required

and the consultation format adopted depend upon the nature of each regulatory proposal and the stage of the policy development process.

Generally, consultation papers are made available on the websites of relevant bureaux, departments or regulatory authorities, and are usually accompanied by press releases to inform the public. Such information is accessible to all and is open to comments from both domestic and foreign stakeholders. Written comments can be submitted by facsimile, mail and email within a specified time period. A business consultation e-platform under the GovHK portal (www.bce.gov.hk) has been established to provide a single access point to all consultation documents on regulatory proposals which potentially have significant effects on business. To ensure a transparent process, summary reports on public comments and/or written submissions received during the consultation period are published on the websites of the responsible bureaux and departments. Further rounds of public consultation may be conducted as required.

Bureaux and departments in HKC are held accountable for the way in which they conduct public consultations and how they address public opinions. In cases where the opinions of certain sectors cannot be fully adopted, a clear explanation is required. Public opinion and public reaction to proposals are carefully considered during the entire policy formulation process.

In his 2007 Policy Address, the CE announced “Reaching out to the Community” and “People-based Governance” as key commitments of the government. A subtle evolution from public consultation to public engagement has taken place in recent years. Government officials have proactively solicited public views prior to the identification, formulation and introduction of new policies as well as designing and delivering important public services.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

While RIA is not a compulsory requirement for new regulatory proposals, departments/bureaux concerned will normally consider conducting RIA for major policy proposals with a significant regulatory impact.

A typical RIA may include assessment of (1) the need for regulation; (2) options available; (3) identification of stakeholders; (4) impact analysis of regulations in terms of both quantifiable and non-quantifiable benefits and costs associated, which would also include its implications for trade and market entry, if applicable; (5) distributive analysis of the impacts and costs by stakeholder; (6) sensitivity analysis of changes in key assumptions and parameters; (7) the consultation process and its findings; (8) implementation and review mechanisms.

HKC recognizes that there is no one-size-fit-all method for conducting RIAs. While we have developed a general framework for how a RIA could be performed, bureaux and departments have the flexibility to incorporate methods and criteria that suit their respective situations.

Under the “Be the Smart Regulator” Programme, HKC has developed a BIA framework for bureaux and departments to deploy in assessing the business impact of their regulatory proposals with a view to reducing compliance costs to business and avoiding any unintended consequences. The four stages involved in the BIA framework include review of government intervention and options; assessment of business environment; business consultation and business impact assessment; and identification of key issues/challenges and proposed changes to the regulatory proposal (including recommendations on mitigation measures, enforcement strategy and evaluation/review mechanism).

3.2 Regulatory tools, systems and processes for improving the quality of existing regulations (Stock)

To avoid the abuse of regulations or misjudgement in enforcement, various appeal and complaint mechanisms are available to the regulated parties. The first channel is the department or bureau concerned. In his Policy Address in October 2008, the CE asked all heads of department to review their complaints handling regimes. This is now in progress. Another common avenue for complaints is through the built-in complaint procedures maintained by the regulatory body involved. A further complaint avenue available is the Office of The Ombudsman, an independent authority established under the Ombudsman Ordinance (Cap 397) since February 1989. The Office of The Ombudsman may initiate direct investigation and extend its jurisdiction to include nearly all government departments and 14 major statutory bodies.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learned in promoting regulatory reform and major progress in the past five years

Under the steer of the BFAC and its Task Forces, EABFU continues to take forward the regulatory reviews and other business facilitation initiatives over time. Amongst other successful experiences, for example, HKC requires each cinema operator to obtain a Places of Public Entertainment (Cinema) licence before films can be legally exhibited for public entertainment to protect public safety and maintain the hygiene standard of a metropolitan city.

In early 2005, a review of the regulatory regime of the cinema industry was conducted with a view to developing a more transparent and efficient licensing system. The trade, professional bodies and associations of specialist contractors were consulted, and all indicated support to a number of reform measures.

The regulatory reform has commenced since 2006, adopting a four-pronged approach, i.e., efficiency, modernisation, transparency and communication. A provisional licensing system has been put in place through legislative amendment since late 2006, by adopting “private sector involvement” in certification issued by registered professionals and specialist contractors confirming the full compliance of building safety, fire safety and hygiene standards. In addition, a central database on “common defects” and “lessons learnt” regarding past applications has been uploaded onto the official website for public access since 2007. These measures facilitate early compliance, hence shortening the time to obtain a licence. On enhancing communication, case-specific licensing requirements are sent to applicants prior to the meeting of the Application Vetting Panel where issues of licensing requirements could be discussed with the licensing authorities.

Since the implementation of a set of improvement measures, the time required for a cinema to legally commence business has been reduced by half, i.e. from 10 months to around four to five months. Accordingly, rents and other related start-up expenses have also been saved. This enhanced cinema regulatory system has benefited the film-making industry since film exhibition is the “retail-outlet” of film-production.

From a broader perspective, HKC also strives to cultivate a business facilitation culture in the civil service through various means such as training, experience-sharing sessions and publications. The government has developed a dedicated “Be the Smart Regulator” website in the intranet of the civil service to promote smart regulation, and published a related booklet to provide civil servants tasked with regulating HKC’s businesses with an overview of the challenges facing the regulators and with examples of good practices.

4.2 Future challenges

HKC appreciates that regulatory reform is a dynamic and ongoing process. Over the past few decades, HKC has built a sound foundation and is acknowledged internationally for its high quality institutions. Despite ongoing improvements to service quality and efficiency, like governments around the world, the government is facing challenges in seeking to balance the interests of a multiplicity of stakeholders whilst coping with constant changes in the social, technological and economic environments. For example, various types of services are organised on the basis of programme areas. The delivery of these services is performed by different bureaux and departments with their own missions, operational approaches, processes and procedures. The government must embrace joined-up services with collaboration among bureaux and departments in order to organise public services around customer needs, bring convenience to people and bolster improvements towards better services.

Some commentators have suggested that the current financial crisis may prompt a fundamental change in attitude to regulation and there may be calls for stricter regulation, and that such calls may spill over from the financial sector into non-financial areas. The government is mindful of the need to balance financial market facilitation against market regulation.

Undoubtedly, the government has to meet broad social objectives which can be challenging to measure. In response, HKC is making changes, many of which have to do with attempts to simplify and reduce the complexity of day-to-day operations, comparing and benchmarking with equivalent private and public sector operations, all the better to manage performance and measure results.

HKC will sustain its efforts to enhance competitiveness on the globalised platform through regulatory reform. HKC will continue to strive hard to improve regulatory efficiency in areas such as licensing, enforcement of regulations and support to businesses in complying with regulations. In addition, HKC will further cultivate within the civil service a business facilitation and customer-centric culture.

Japan: Developments in Regulatory Reform

1. Key features of Japan's regulatory reform

Regulatory reform has been highlighted as a major economic policy agenda in Japan for several decades. The slowdown of trend growth in the late 1970s led to the initiation of a full-fledged deregulation programme and the privatisation of major public corporations in the transport and telecommunications sectors in the 1980s. Emphasis on regulatory reform as a tool to enhance potential growth became more pronounced in the 1990s and 2000s, as the Japanese economy faced long-lasting stagnation after the burst of the bubble economy. Intensified efforts in regulatory reform resulted in progress of deregulation in a number of areas. One of the features of regulatory reform in Japan is that the expert advisory council has traditionally played a major role in promoting reform, led by high-level political leadership. Recently the efforts have been made in introducing ex ante and ex post evaluation to improve quality of regulations.

1.1 Legislation, policy and principles

The broad direction of Japan's regulatory reform policies is stipulated in the Basic Principle for the Promotion of Regulatory Reform. The latest basic principle was adopted in February 2007 at the Headquarters for Promotion of Regulatory Reform (Headquarters), which is headed by the Prime Minister and comprised of all ministers. Based on the Principle, specific regulatory reform measures are identified in the "Three-Year Programme for Promoting Regulatory Reform", (TPPRR) which was adopted by the Cabinet in 2006. The Programme is revised every year.

1.2 Objectives of regulatory reform

The underlying concept of the Basic Principle for the Promotion of Regulatory Reform is to promote regulatory reform with a view to shifting society and the economy from a government-led system to one based on the market mechanism and social discipline. The Basic Principle stipulates that the government should promote regulatory reform aimed at: promoting innovation to improve productivity; increasing openness of the economy; promoting reform in the labour market and social services to ensure flexibility and security of living; encouraging the efforts of regions to build attractive and vibrant communities; and providing more efficient and better public services through encouraging public and private partnerships. The Basic Principle also pays attention to the necessity of preparing rules to secure the stability of the livelihoods of people.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

(1) Overall institutional framework

An overall framework of regulatory reform policy is formulated by ministries and central government bodies including the Headquarters and the Council for the Promotion of Regulatory Reform (CPRR), a government advisory body consisting of experts from the private sector. Additionally, since 2001, a minister has been continuously appointed to promote regulatory reform. The Headquarters and the CPRR take on advocacy roles including the promotion of long-term regulatory reform. The Headquarters decides the basic principle of the reform, while the CPRR investigates basic issues regarding the modalities of necessary regulations in response to the inquiries of the Prime Minister. As results of the aforementioned investigation, the CPRR makes specific recommendations of policy changes in a variety of regulatory areas as well as the development of new and improved regulatory tools.

To promote the local initiatives of regulatory reform, a new scheme for allowing regionally limited deregulation based on local proposals was introduced in 2002 ("Special Zones for Structural Reform"). The ministerial committee responsible for the special zones[7] manages proposals made from local governments and businesses, and consults with relevant ministries on the feasibility of the proposals.

The gatekeeper role in controlling the quality of draft regulations, including overseeing ex ante and ex post evaluation of regulations is mainly undertaken by the Ministry of Internal Affairs and Communication (MIC). In addition to the MIC, the Legislation Bureau in the Cabinet and the Ministry of Finance also independently review new regulatory proposals from their own perspectives such as legitimacy and expected budget costs.

(2) Key policy bodies

Expert advisory bodies have a long tradition in Japanese administration and play a key role in promoting the development and implementation of regulatory reform policy. The Provisional Commission for Administrative Reform played such a role in the 1980s in promoting deregulation and privatisation. The Deregulation Committee played a similar role from 1995 to 2001, when it was succeeded by the Council for Regulatory Reform (CRR). The CRR was established within the Cabinet Office rather than the MIC to increase its independence and to strengthen its function to provide advice directly to the Prime Minister. The CPRR was established in 2007, though its basic function is essentially the same as that of the CRR. The expert advisory council model is thought to have several advantages[8]: the councils are independent from the ministries and are thus free to examine many options, including those unpopular to line ministries; the recommendations of the councils could bring high-level political pressure backed by the Prime Minister's commitment; and the council model can contribute to making the process of regulatory reform more transparent.

The CPRR consists of 15 private-sector experts designated by the Prime Minister, and are organised into 20 task forces. The members of the Council, as well as the Minister responsible for regulatory reform, can consult directly with the relevant ministries to make its proposals. The scope of the CPRR is very broad; its 20 task forces cover various areas such as agriculture, medical care, social services, labour market, environment, trade, transport, network industries, financial market, education, real estate market and so on. The establishment of the Headquarters could serve to strengthen the function of horizontal co-ordination among ministries in promoting regulatory reform. Members of the CPRR can participate in the meeting of the Headquarters and directly discuss the issues with the Prime Minister and other ministers.

2.2 Awareness and support

High-level political commitment to regulatory reform can be demonstrated by the leading role of the Prime Minister in managing the Headquarters. In addition, regulatory reform programmes are revised periodically to reflect public opinion. For that purpose, the government calls for regulatory reform proposals from the public twice a year. Anyone, including people in the private sector, private groups and local governments, can submit proposals for regulatory reform to the government. Proposals are adopted by the Headquarters and are reflected in regulatory reform policy through consultation between the secretariat of the CPRR and the relevant ministries. In the most recent call in June 2008, six out of 445 proposals were adopted as regulatory reform items by the Headquarters.

[7] The Headquarters for Promotion of Special Zone for Structural Reform was established in 2002. It was subsequently merged with other ministerial committees and renamed the Integrated Headquarters for Invigorating Regional Economy in 2007. The management of the Headquarters was also transferred to Cabinet Secretary.

[8] For more detail, see OECD (1999), Regulatory Reform in Japan: Government Capacity to Assure High Quality Regulation

2.3 Transparency and predictability

The Administrative Procedure Law adopted in 1993 requires government agencies to specify and make public the standards used to evaluate applications, and to endeavour to establish standard processing periods for licenses, permissions and approvals. The No Action Letter system, which was introduced in 2001, enables firms to seek prior clarifications on how regulations will be applied in certain situations.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

Regulatory Impact Analysis (RIA) was introduced on a trial basis in 2004. During the trial period from October 2004 to September 2007, RIA was conducted on 247 cases of the proposed new regulations. Based on this experiment, the revised enforcement order of the Government Policy Evaluation Act, which was implemented in October 2007, legally obliges ministries and administrative bodies to conduct an ex ante evaluation when they establish or abolish regulations or revise the content of existing regulations by modifying or eliminating laws or Cabinet orders authorised by law.

The guidelines for implementing the ex ante evaluation suggest a detailed methodology used to analyse the impact of proposed regulations. They define the concept of benefit and cost of regulation by specifying various constituting factors such as observance costs, administrative costs and other social costs. The guidelines also allow several analytical methods to be used in RIA, including cost-benefit analysis and cost-effectiveness analysis, while it requires cost and benefit to be indicated quantitatively or in monetary value whenever possible.

Concerning public consultation, Japan introduced public comment procedures for new regulations and revisions or abolition of existing regulations in 1999 by Cabinet Decision, and in 2006, the Public Comment Procedure was specified in the legislation under the Administrative Procedure Act. In addition to this, the guidelines ask ministries to provide and collect information about RIA and, if possible, to conduct a hearing from experts by drawing upon the procedure of consultations in other countries. In conducting these actions, the results must be described in the evaluation report. Progress reports regarding implementation and reflection to policies must also be given to the Diet and be publicised.

3.2 Regulatory tools, systems and processes for improving the quality of existing regulations (Stock)

Rapid changes in Japan's economy and society require continuous review of the existing regulations. Central regulatory bodies, including the CPRR, have been reviewing existing regulations based on the requests from the business sector and the analyses of experts. The Policy Evaluation System, introduced in 2002, requires government agencies to evaluate their own policies, including regulations with oversight of the MIC. An example of the consequences of the evaluation is the streamlining of the regulations on the allocation of medical service facilities, which used to be applied without any coordination among several different regulations.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learned in promoting regulatory reform and major progress in the past five years

The expert advisory council model has worked well in promoting deregulation in key sectors. After the substantial deregulation in the telecommunications sector in the 1990s, postal services were privatised in 2007, and divided into four companies. This resulted in reducing the dominant power of the postal savings bank in the financial services sector. From the aspect of improving the quality of

life, regulations on retail in cosmetics and alcoholic beverages, transport including aviation and taxi, energy sector, financial services and labour market were reformed substantially, enabling consumers to benefit from lower prices and more choices.

4.2 Future challenges

The policy objectives of regulatory reform have become more diverse, due to the changes in Japan's economy and society. This calls for further regulatory reform in public services and the establishment of a regulatory system to improve the quality of regulation. The CPRR is currently trying to address some of those new issues, including reform in social regulations such as medical care, child-care and education. To improve the quality of regulations, RIA is being introduced. The government also promotes e-government policies to simplify administrative procedures through the use of the internet.

Republic of Korea: Developments in Regulatory Reform

1. Key features of Korea's regulatory reform

Korea enacted the Basic Act of Administrative Regulations (BAAR) in 1997, which included provision for a Regulatory Reform Committee (RRC). Driving systemic regulatory reform, the RRC was able to substantially reduce administrative regulations faster than previously possible and began reviewing new and reinforced regulations to prevent the creation of unnecessary regulations.

The Participatory Government, launched in 2003, carried out regulatory reform with an aim of enhancing the quality of regulations, rather than quantitative reduction. The Regulatory Reform Task Force was established under the Prime Minister's Office to refine and eliminate bundled regulations affecting various ministries. The RRC also improved systems and institutions, e.g. by enhancing Regulatory Impact Assessment (RIA) to enhance regulation quality.

Since its 2008 inauguration, the Lee Administration has been intent on further improving the business environment and economic growth potential by massive and unprecedented regulatory reform initiatives. Confident that regulatory review was the most cost-effective economic stimulus tool at its disposal, the Lee Administration began decisive reform with strong faith in the market's ability for self-regulation and correction. Believing that conventional government-led growth and concomitant excessive market intervention aimed at reducing social inequalities had critically undermined economic efficiency and growth potential, the Lee Administration is boldly introducing market-oriented regulatory reform by transferring some government authority to the market.

1.1 Legislation, policy and principles

The 1997 BAAR established regulatory principles—procedures for improving existing regulations and reviewing new or strengthened regulations—and the organisation and operation of the RRC. The regulatory principles defined in the Act are as follows: (1) regulations shall be based on the Act, with the contents defined in clear and unambiguous terms, (2) the central and local governments shall respect civil rights and encourage ingenuity by avoiding and enacting regulations that interfere with the basic rights of people, (3) central and local government regulations must protect lives, human rights, the environment, and public health by ensuring the safety of food and medical supplies, (4) the scope and methods of regulation shall be kept to the minimum required to achieve the stated objectives through the most effective methods and in a way that guarantees objectivity, transparency and impartiality.

1.2 Objectives of regulatory reform

Aiming to enhance the quality of life and national competitiveness, Korea's regulatory reform framework has a number of objectives: (1) boosting economic development and consumer welfare by encouraging market entry, transparency, innovation and competition and thereby promoting competitiveness, (2) maximising net benefits and improving productive efficiency by reducing unnecessary regulatory costs, (3) improving public sector efficiency, responsiveness and effectiveness through public management reforms, (4) improving the rule of law and democracy through legal reform, including improving access to regulations and reducing the excessive discretion of regulators and enforcers.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

(1) Overall institutional framework

The central and local regulatory bodies, including the RRC, Presidential Council on National Competitiveness (PCNC), and local governments set the overall framework for regulatory reform. Under the authority of the President, the RRC comprises 25 members, 18 from the private sector and seven from various government agencies. The RRC is jointly chaired by the Prime Minister and one member from the private sector appointed by the President. The RRC is responsible for (1) setting the basic direction of regulation policy as well as research and development of regulatory institutions, (2) items that pertain to the establishment, review or reinforcement of regulations, (3) reviewing existing regulations, establishment and implementation of a comprehensive plan on regulatory improvement, (4) registration and promulgation of regulations, (5) gathering and processing opinions on regulatory enhancement, and (6) inspecting and evaluating administrative agencies' progress with regulatory improvement on different levels. The secretariat function supporting the RRC is undertaken by the Regulatory Reform Office (RRO) which is located in the Prime Minister's Office. The RRO annually evaluates regulatory reform at each ministry based on the ministry's submitted regulatory reform plan.

The PCNC is an advisory body to the President. Focal points of the Council's areas of work include: heading regulatory reform and deregulation measures to create a business-friendly environment for both domestic and foreign companies, promoting public sector innovation to enhance national competitiveness, and expanding social capital by making advancements in laws, regulations and institutional infrastructure. Each ministry and local government has also established its own regulatory reform group to review proposed or amended regulations.

(2) Key policy decision-making bodies

Among the organisations mentioned, the RRC plays a central role in implementing and co-ordinating Korean regulatory reform policies. It has contributed to developing a more systematic approach to regulatory quality within the Korean administration and championed the introduction of a range of regulatory quality tools, such as the Regulatory Impact Analysis. The RRC has also played an important role in increasing awareness of the need for and importance of regulatory reform and quality among ministries. To strengthen the drive for regulatory reform, the new government established the PCNC in March 2008. The PCNC has decisively undertaken bold reform initiatives for existing regulations, based on opinions from the businesses and people affected.

2.2 Awareness and support

Since its inception, the Lee Administration has made regulatory reform a government-wide top priority. The President said in his inaugural speech, "unnecessary regulations will be either cast away or reformed as early as possible ... We also need to create an environment where entrepreneurs can invest freely, and our companies can thrive in the world market with much excitement."

A Legal Affairs Office was established in each ministry to foster regulatory reform. To encourage proactive implementation by civil servants, the regulatory reform evaluation system was improved with more focus on performance and results. Highly rated organisations and civil servants are given incentives and rewards. President Lee re-emphasized the importance of regulatory reform in his 2009 New Year Policy Address: "The Administration has so far pushed for deregulation, advancement of state-invested enterprises and educational reforms. These goals will be realised without fail even under a very difficult situation. Regulatory reform constitutes one of the core tasks in revitalising the economy. Last year, we saw much progress in terms of deregulation. It includes streamlined procedures for establishing industrial complexes and manufacturing plants. We have a long way to go. Accordingly, the government will further accelerate the reform drive."

2.3 Transparency and predictability

Public feedback can be a powerful tool for improving regulatory quality by acting as a quality check on draft proposals and providing input and data to the policymaking process. The Administrative Procedures Act and the BAAR establish the major legislative basis for public consultation: ministries are expected to consult with affected parties prior to drafting new regulatory proposals, and proposed regulations are available at notice for public review for a minimum of 20 days before implementation. In the case of new or revised regulations, Article 9 of the BAAR requires agency heads to "… gather sufficient evidence of public opinion through public hearings and public notices on legislation by administrative agencies, civic groups, interested parties, research institutes and experts." Public and stakeholder perspectives can also be voiced through representatives on various regulatory reform bodies and committees. The key central government body, the RRC, provides an important channel through which a range of views can be expressed. In addition to the formal committee structures for stakeholders to express their views, the government has made use of a range of consultation mechanisms, including greater use of the internet to facilitate exchange. The RRC, in particular, helps stakeholders gain easy access to the lists and content of regulations by registering all regulations and making them public on its website. Work started in July 2008 on its online regulation system will ensure more transparent regulatory reform.

3. Improving the quality of regulation

3.1 Regulatory tools, systems, and processes for improving the quality of new regulations (Flow)

Since enactment of the BARR in 1997, Korea has made regulatory impact analysis mandatory before establishment and reinforcement of regulations to improve regulatory quality. From July 2006, relevant ministries are required to disclose on their websites an RIA together with proposed regulations during the public notice period. Each ministry should review the suggested opinions and ideas, incorporate them into the RIA, and give feedback to those who submitted the ideas. The RIA is currently conducted in the three parts: (1) the necessity of the regulations, (2) review of regulatory alternatives, and (3) the adequacy and effectiveness of the regulations. When inspecting regulatory alternatives, reviewers look into the intensity of regulations, regulation methods and the impact on fair competition. The analysis should estimate the expected social costs and benefits created by regulations, and make a comprehensive comparison and review. In December 2008, the Impact Analysis for SMEs was introduced to effectively take into account relative burdens placed on SMEs caused by administrative regulations being applied to all businesses regardless of size.

3.2 Regulatory tools, systems and processes for improving the quality of existing regulations (Stock)

Korea made an impressive start with its review and reduction of regulations immediately after the 1997 financial crisis. Under the auspices of the RRC and with the President's support, Korea reduced its stock of regulations by 50% from 1998 to 1999. The government now focuses on the quality over quantity of regulations. Annual reform guidelines for regulatory improvement are prepared by the RRC and sent to ministries each year. Each individual ministry is then responsible for reviewing existing legislation in accordance with guideline directives and is required to consult with and report progress to the RRC the following year. This approach has the advantage of ensuring central guidance from the RRC, while the review is undertaken by the relevant ministry which has a detailed knowledge of the regulations.

The Korean government also makes some use of sunsetting to keep regulations up to date. From 2009, sunsetting is to be applied to existing regulations to enhance their practicality and flexibility. Specifically, use of "sunsetting for termination", which makes a regulation invalid after a certain period, will be expanded, and "sunsetting for review", which requires periodic feasibility and viability studies, will be introduced.

In addition, Korea is committed to reducing administrative burdens imposed on businesses and citizens. Korea has made significant efforts to alleviate administrative burdens that can discourage business operations for domestic or foreign firms. Businesses and private citizens alike will benefit from initiatives such as E-government portal services—Government for Citizens (G4C), Government for Businesses (G4B), Government for Foreigners (G4F)—that provide a one-stop e-government service for a variety of corporate administrative needs.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learned and major progress over the past five years

Over recent years, Korea has achieved remarkable progress in introducing and implementing regulatory policies, regulatory systems and regulatory measures that were intended to ensure high-quality regulations (OECD, February 2007). Efforts were focused more on reforming the so-called bundled regulations. Independent regulatory authorities with responsibility for regulating and overseeing particular economic sectors, such as electricity or communications, play an important role in fostering a competitive environment within those sectors. Efforts to relieve administrative burdens on companies and people are ongoing. Years of experience has shown that regulatory reform can be one of the most effective means for amplifying economic growth potential and creating jobs at little cost.

4.2 Future challenges

There is the possibility of gaps in implementation, as working-level officials adopt new office methods and ways of interacting with the public. Capacity building, including at the local level, is a critical factor to ensure that changes decided at the economy level, can be effectively implemented. This also requires upgraded skills and new working methods. In addition, reform needs to address the whole regulatory framework, expanding into a wide range of service sector activities such as education and medical treatment.

Malaysia: Developments in Regulatory Reform

1. Key features of Malaysia's regulatory reform

Regulatory reform initiatives in Malaysia focus on maintaining economic growth and stability as well as protecting consumers' interests. Malaysia has been consistent in continuously improving its business environment to ensure that it is predictable and conducive, thus encouraging foreign direct investment and facilitating business. The privatisation policy introduced in 1986 and the liberalisation of the manufacturing sector in 1998 and 2003, as well as the progressive liberalisation of the service sector have been facilitated by the process of reforms. The process of regulatory reform is achieved in concert with initiatives to improve the public delivery system and reduce bureaucracy.

1.1 Legislation, Policy and Principles

Malaysia's political leadership provides the direction for structural and regulatory reforms. The most recent initiative being the establishment of a high-level task force to improve the way government regulates businesses, by the then-Prime Minister of Malaysia Hon. Tun Abdullah Ahmad Haji Badawi. This Special Task Force to Facilitate Business (PEMUDAH) established in February 2007, comprises 23 eminent representatives from the public and private sectors, and reports directly to the Prime Minister.

1.2 Objectives of regulatory reform

The Malaysian government's objective as articulated in PEMUDAH's vision is to achieve a globally benchmarked, customer-centric, innovative and proactive public service in support of a vibrant, resilient and competitive economy and society, driven by the following values:

- a sense of urgency;
- proactive public-private sector collaboration;
- facilitation, not hampering;
- no more regulation than necessary; and
- zero tolerance for corruption.

The terms of reference of PEMUDAH are to:

- review the status of the public services delivery system in terms of processes, procedures, legislation and human resource towards introducing improvements;

- study best practices in the private sector that can be adopted by the public sector;

- coordinate programmes across public sector agencies towards enhancing Malaysia's competitiveness;

- monitor the implementation of policies, strategies and procedures aimed towards improving the efficiency and effectiveness of the public delivery system; and

- take appropriate actions in addressing issues regarding the public delivery system.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

(1) Overall institutional framework

The reform initiative to enhance the quality of public service through public-private sector collaboration was first initiated in 1983 through the implementation of the Malaysia Incorporated Policy. Under this policy, Consultative Panels were established in most government agencies to improve service delivery to the private sector. In 1990, the Sub-Committee of the Panel on Administrative Improvements was established to enhance public-private sector collaboration.

Oversight for overall reforms in the government administration is done by the Malaysian Administrative Modernisation and Planning Unit (MAMPU).

(2) Key policy decision-making bodies

MAMPU, a central agency under the Prime Minister's Department, plans and carries out research on the policies, standards, guidelines and modernisation strategic plans for the public sector. As the custodians of Malaysian laws, ministries establish ministerial committees which are responsible for the implementation of regulatory reforms.

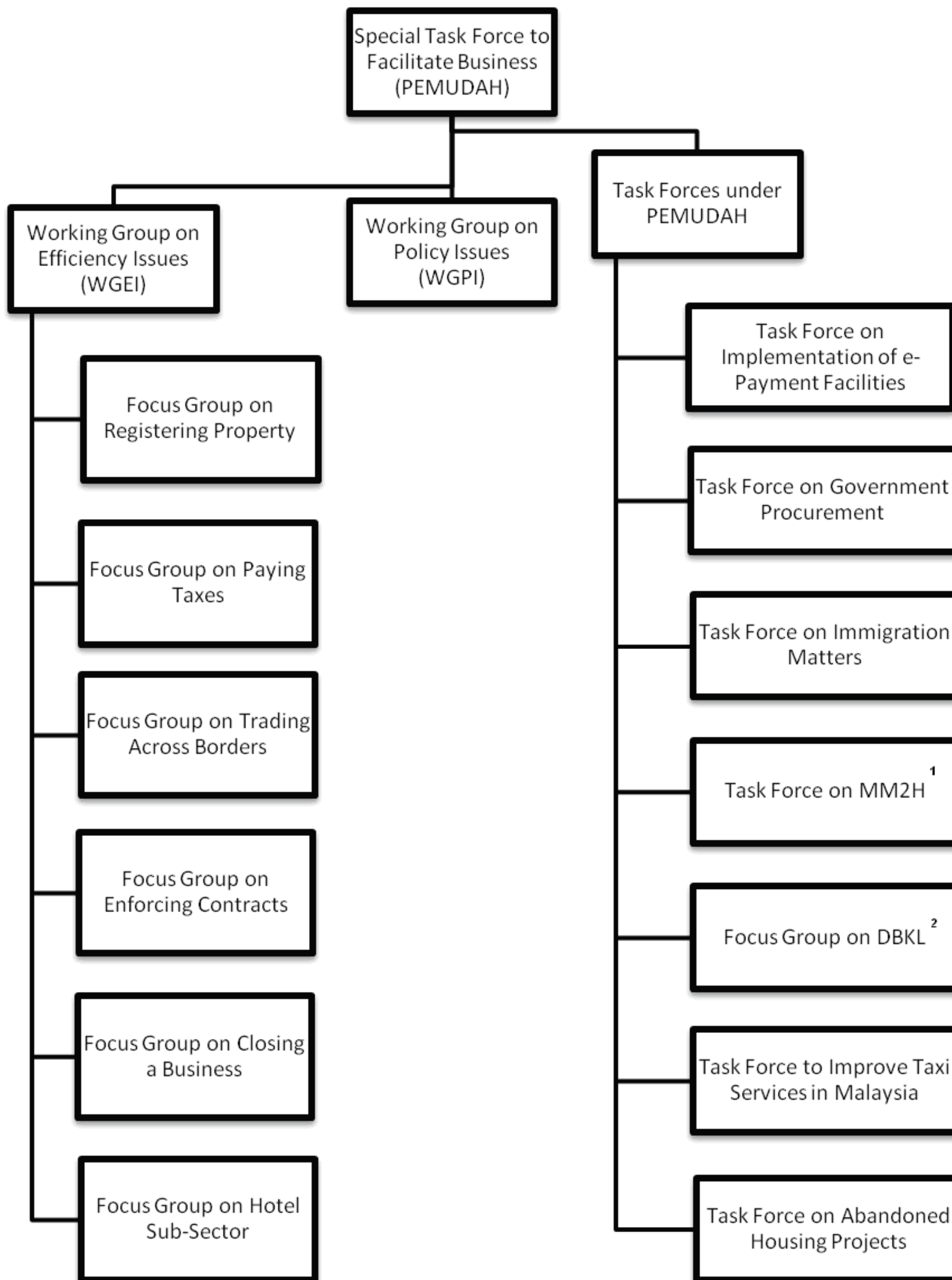
The Attorney General's Chambers (AGC) reviews Malaysian laws for the purpose of systematically developing and reforming the laws in line with current conditions and ensuring that laws meet the current needs of society. A committee comprising legal and judicial officers as well as academicians has been established for this purpose. Drafts of proposed laws prepared by AGC are tabled to the Cabinet for endorsement and Parliament for approval.

PEMUDAH which is co-chaired by the Chief Secretary to the government and the Immediate Past President of the Federation of Malaysian Manufacturers, assumes advisory and advocacy roles as it cooperates with ministries/agencies, states and local governments in recommending and overseeing reform initiatives to enhance Malaysia's business environment. PEMUDAH reports directly to the Prime Minister.

PEMUDAH is an extension of the Malaysian Incorporated Policy. The fact that the Task Force is co-chaired by both public and private sector is a reflection of the stance of the government to operationalise the close working relationship between the two sectors. PEMUDAH formed two working groups, namely:

- Working Group on Efficiency Issues (WGEI)—focus on processes and procedures; and
- Working Group on Policy Issues (WGPI)—focuses on policies and regulations that impact national competitiveness.

In addition, various task forces and focus groups have been established to hasten the process of improvement and ensure effective implementation of the initiatives:



These working groups, task forces and focus groups are chaired and co-chaired by members of PEMUDAH, with relevant private and public sector members co-opted to work on the issues identified.

[1] MM2H – Malaysia My 2nd Home Programme
[2] DBKL – Kuala Lumpur City Hall

2.2 Awareness and support

The support and commitment by the Prime Minister to address impediments in Malaysia's business environment ensures that PEMUDAH will assume a bigger role in not only improving the public service delivery system, but also as an opportunity to ensure Malaysia's competitiveness.

The establishment of various focus groups provides the platform for private sector participation to provide valuable inputs for regulatory reforms. In addition, PEMUDAH also organises various change management programmes to stress the importance of effective public-private sector collaboration in developing the nation's competitiveness.

2.3 Transparency and predictability

The principles of good governance, transparency and accountability undergird the strategy to strengthen the effectiveness of Malaysia's Public Service. It is compulsory for all government agencies to display their client's charter and also the performance benchmarked against the client charter for public viewing. This information is also posted on the agencies' websites.

Increasingly, ICT is being used in processes and procedures that have high level of interface with the public and businesses to further enhance transparency and predictability. All processes and procedures are available on ministries and government agencies' websites as well as in customer-friendly hard-copies. For government procurement, e-bidding is now being implemented to enhance the process of transparency.

3. Improving the quality of regulation

3.1 Regulatory Tools, Systems and Processes for Improving the Quality of New Regulations (Flow)

The process of adopting regulatory impact analysis is not mandated by law in Malaysia. However, government agencies undertake consultations with relevant stakeholders as and when necessary during the planning stages of drawing up of legislation and public policies. Many ministries adopt an open policy and encourage feedback from the private sector or public with regard to problems faced on a daily basis. Issues raised are also discussed in fora such as the PEMUDAH.

3.2 Regulatory Tools, Systems and Processes for Improving the Quality of New Regulations (Stock)

Public consultations are routinely used by the Ministry of International Trade and Industry and Ministry of Finance to gauge feedback from the public on issues of public policy. Formal Dialogues chaired by ministers or senior officials are held with the relevant associations to obtain feedback and proposals, and to undertake necessary improvements.

Malaysia's international commitments in ASEAN as well as the World Trade Organisation (WTO) also require Malaysia to constantly review its existing regulations.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learned and progress made in promoting regulatory reform in the past five years

One of the best examples of regulatory reform is that undertaken by the Ministry of Housing and Local Government (MHLG) on processing development proposals using the One-Stop Centre (OSC) approach. Prior to 2007, the rules and regulations for processing development proposals were under the purview of each local government. With the inception of OSC, the procedures and regulations that govern the processing of development proposals have been streamlined. This reform has reduced the time taken to process development proposals to less than 180 days, from 261 days previously.

Among other regulatory reforms undertaken in improving public delivery systems are:

- reducing the number of procedures and processing time taken in the assessment of stamp duty for landed properties which involves the participation of both Inland Revenue Board of Malaysia and the Valuation and Property Services Department. Previously, the average processing time for manual applications ranged from 26-86 days involving nine manual steps. Following the review of the processes, it now only takes 10-16 days involving five steps via online application to Inland Revenue Board;

- improving licensing procedures by developing an internet-based system for the application of business licences known as Business Licensing Electronic Support System (BLESS). BLESS serves as the One Submission Centre for submission of application for manufacturing licence, planning permission, building plan and land matters approval and operational licence approval;

- reducing the processing time and improving the approval process of expatriate applications from 14 days to 7 days as well as improving immigration rules and regulations pertaining to expatriates' spouses, family members and maids, whereby spouses, family members and maids are given the same treatment as their principals; and

- simplifying forms and allowing online processing, as well as reducing the time for registration of freehold property from 144 days previously to only 41 days, via electronic processing and Valuation Information System (VIS); and 61 days through manual processing.

4.2 Future challenges

The constant and rapid changes in the current economic situation require the public service to continuously implement reforms. The challenge for the public sector is the mindset change required of the public sector: from that of implementer to pacesetter and facilitator. For the private sector, the challenge is in appreciating the fact that it is an equal partner in enhancing national competitiveness, not just a recipient of the benefits of reform. Even as the public sector works to improve its delivery system, the private sector too must scrutinise its business model to ensure that it complements the efforts of the public sector.

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Mexico: Developments in Regulatory Reform

1. Key features of Mexico's regulatory reform

Mexico has been committed to regulatory reform since the late 1980s, when the Unit for Economic Deregulation (UED) was created within the Ministry of Trade and Industrial Development (today, the Ministry of Economy) with a mandate to deregulate key economic sectors. By the year 2000 the Mexican government had recognised that regulatory reform should be a continuous and permanent activity. To this end, an amendment to the Federal Law of Administrative Procedure (FLAP) was approved by Congress, institutionalising the commitment of the Federal government to regulatory reform.

As a result of the FLAP amendment, the Federal Commission on Regulatory Improvement (COFEMER) was created as a technically autonomous body of the Ministry of Economy, responsible for the implementation of Mexico's regulatory reform policy, ensuring transparency in the formulation of federal regulations as well as promoting the development of cost-effective regulations that generate the highest net benefit to society.

The National Plan for Development 2007-2012 states as its fifth objective the fostering of productivity and competitiveness of the Mexican economy in order to achieve sustainable economic growth and to hasten the creation of jobs. Regulatory reform, fighting monopolies and promoting a competitiveness policy are all strategies that are being implemented to contribute to greater productivity, economic growth and job creation.

In this regard, Mexico's vision is to have an integral, transparent and inclusive regulatory management system, in order to increase the effectiveness and efficiency of the government, operate under an authentic culture of regulatory reform, stimulate and strengthen economic activity, reduce institutional incentives to corruption, and continuously review and increase the quality of the domestic legal framework.

1.1 Legislation, policy and principles

Regulatory reform has been a key tool to promote economic development and create a regulatory framework that respond to the needs of society. Today, Mexico's regulatory reform policy deals with both:

i) Draft regulation (flow). The regulatory impact on business and society is evaluated, ensuring that the benefits of regulations are higher than their compliance costs; and

ii) Existing regulation (stock). Existing laws and regulations are evaluated in order to detect areas or sectors in which market access barriers, contradictions, duplications and obsolescence can be eliminated.

Flow of regulations:

- In principle, the use of the Regulatory Impact Assessment (RIA) by all ministries and agencies of the federal government proposing new regulations is compulsory. In this process, public consultation plays an important role in enriching the discussion and analysis of the regulatory proposals.

- In February 2007, President Felipe Calderon issued the *"Presidential Regulatory Quality Order"*. This instrument is aimed at: i) guaranteeing that regulations do not adversely affect citizens or

productive activities; and ii) inhibiting overregulation that hinders investment, employment and, in general, competitiveness.

Stock of regulations:

- The Federal Registry of Formalities and Services is an inventory of all formalities required by Federal government bodies. The Registry is available online and in a standard format, indicating detailed requirements, fees, time of response, expiration and places to submit information. In principle, a formality which is not included in the Registry cannot be applied.

- Every two years, all federal ministries and agencies are required to formulate and submit for the consideration of COFEMER, a Regulatory Reform Program (RRP). Each RRP allows all productive sectors to learn about, and provide comments on, future actions regarding the creation, modification or elimination of formalities and regulations. To ensure the coherence and implementation of the RRPs, the President issues a decree providing guidelines to formulate the programmes.

- The Federal Council for Regulatory Reform was established to facilitate dialogue among the public, private and social sectors to obtain their views on regulatory reform and competitiveness.

1.2 Objectives of regulatory reform

The objective of regulatory reform in Mexico is to raise the quality of the legal system as a whole, in order to increase competitiveness and social welfare. To do so, COFEMER seeks to ensure transparency in the regulatory processes so that regulatory costs do not exceed the benefits, and that regulations will ultimately benefit society and not only a few stakeholders. Also, it aims to reduce administrative burdens in order to produce an attractive business environment for investors, and improve public sector efficiency.

In Mexico, regulatory reform is not only an instrument for economic development, but also a mechanism for good government. As a permanent systematic process for reviewing the regulatory framework based on transparency, public consultation and the analysis for optimum public policies, it implies a radical change in public governance, according to the economy democratic development.

The efforts made on regulatory reform follow the guiding objectives of President Calderon’s National Plan for Development 2007-2012, which seeks to achieve sustainable development.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

(1) Overall institutional framework

In the framework of the amendments carried out to FLAP in year 2000, COFEMER was created as a technically autonomous body of the Ministry of Economy responsible for the co-ordination and supervision of the regulatory reform policy of the Mexican government.

The mandate of COFEMER is to ensure transparency in the formulation of federal regulations as well as promote the development of cost-effective regulations that generate the highest net benefit to society. This involves: i) working with governmental bodies to reduce existing regulatory burdens affecting business; ii) scrutinising new policy proposals from ministries and regulators; iii) diagnosing and proposing reforms to existing laws and regulations; and, iv) helping to drive forward the regulatory reform agenda in states and municipalities.

The Federal Council for Regulatory Reform is another body that supports regulatory reform. The Council is comprised of representatives of the public, private and social sectors. Its responsibilities

are, inter alia: (i) to be informed of the programmes and actions on regulatory reform carried out by COFEMER and other federal governmental bodies; (ii) to propose specific actions on regulatory reform; (iii) to provide recommendations to the Federal public administration on regulatory related matters; and (iv) to agree on regulatory reform issues submitted for its consideration.

(2) Key policy decision-making bodies

According to the Federal Public Administration system, in Mexico most ministries and governmental bodies have a specific legal mandate to regulate the sector or area of its competence.

In this regard, the above mentioned ministries and governmental bodies have an obligation to submit any draft regulation to COFEMER with its respective RIA, to be reviewed and submitted to public consultation. As many of these regulations affect sensitive sectors, the consultation with key stakeholders is very important.

2.2 Awareness and support

The support for regulatory reform by the current Administration is reflected in the National Plan for Development 2007-2012. In it, reform is included in four out of the plan's five main axes. Several efforts have been made by the Mexican government to raise awareness of the need for a better and efficient regulatory framework. To this end, the federal administration has implemented the *Programme for Public Management Improvement*, which strives to improve the quality of the goods and services provided by the Federal Public Administration, to raise the effectiveness of public institutions and to minimise agencies' operational costs.

Regulatory reform programmes are also a means to enhance awareness and support. They are programmes with specific goals for improving the regulatory framework of all federal agencies, submitted for the consideration of COFEMER every two years. They are implemented to encourage planning, allowing all productive sectors as well as individuals to know about, and discuss on, future actions regarding the creation, modification, or elimination of formalities and regulations.

Similarly, Regulatory Impact Assessment is a useful way to raise awareness and support among stakeholders by demonstrating regulatory benefits, and revealing the alternatives to new regulations. RIAs help regulators appreciate the political and social support a new regulation will enjoy, while understanding the possible effects on society.

COFEMER is also working to enhance regulatory reform culture among civil servants in local governments. It intends to raise their consciousness of the importance of a better and more efficient regulation at the state and local levels.

2.3 Transparency and predictability

The RIA is a mechanism, implemented by the federal executive branch, to improve regulation. All RIAs, along with draft proposals are made public through COFEMER's website, starting the process of public consultation. Public consultation helps to obtain substantive information and knowledge from stakeholders, regulatory and industry professionals, and other private institutions so as to effect an orderly analysis of federal draft regulation.

Also, the Federal Registry of Formalities and Services is an online inventory of all formalities required by federal governmental bodies. It is an important tool for enterprises and citizens; in principle, any formality which is not included in the Registry cannot be applied. Furthermore, each formality should be applied as indicated in the Registry. This raises public awareness of procedural requirements, promoting transparency in any formality process by making the information public to citizens in advance.

3. Improving the quality of regulation

3.1 Regulatory tools, systems, and processes for improving the quality of new regulations (Flow)

On February 2007, President Felipe Calderon issued the "Executive Order on Regulatory Quality", an instrument aimed at: guaranteeing that regulations do not affect citizens or productive activities; and inhibiting overregulation that hinders investment, employment and, in general, competitiveness.

According to this Executive Order, federal governmental bodies may issue new regulation only when they comply with one of the following criteria:

- The draft regulation derives from an emergency situation.
- The federal governmental body is complying with either an obligation established in law or in regulations issued by the President.
- The draft regulation is complying with an international obligation.
- The regulation has to be updated on a periodic basis because of its nature.
- The benefits of the proposed regulation are higher than its compliance costs.

The Executive Order on Regulatory Quality reinforces the filters that guarantee the quality of the proposed regulation. This mechanism is an initial requirement before COFEMER reviews any RIA.

3.2 Regulatory tools, systems and processes for improving the quality of existing regulations (Stock)

Existing laws and regulations are scrutinised for areas and/or sectors in which market access barriers, contradictions, duplication and obsolescence can be eliminated. COFEMER is empowered by the FLAP to review the existing regulatory framework and submit reform proposals for the President's consideration.

Since its creation in 2000, COFEMER has reviewed existing regulation and formulated reform proposals in a range of areas, such as transparency and financial services.

Similarly, through the RRPs, which governmental bodies have to submit every two years, efforts to improve the quality of existing regulations have been made.

Currently, COFEMER is working on a project with the OECD in order to review, streamline, deregulate and improve key aspects of the regulatory framework. This project seeks to: (i) increase productivity; (ii) raise investment and competitiveness in Mexico; (iii) stimulate the creation of new jobs and new business; (iv) review selected regulations with significant legal or economic implications for citizens or businesses; and, (v) increase economic opportunities and the living standards of the population through sustained economic growth.

The benefits expected are: (i) the identification of obsolescence, duplication, contradictions and areas of opportunity in specific areas of the regulatory framework and practices, as well as in government structures; (ii) improvement in the regulatory framework so as to respond to the needs and demands of society at large, including businesses, consumers and other stakeholders; (iii) an increase in legal security and certainty; (iv) strengthened competitiveness; and (v) fostering conditions that will lift the competitiveness of the Mexican economy.

4. Future challenges and lessons learned in promoting regulatory reform

4.3 Lessons learned in promoting regulatory reform and major progress in the past five years

The main lessons learnt in promoting regulatory reform have been the following:

a) Implementing Regulatory Reform requires a strong commitment from senior public officials. The institutional body in charge of its coordination, implementation and supervision must enjoy strong support at the highest political levels.

b) Regulatory Reform cannot be an isolated endeavour; in order to achieve policy goals, policymakers must adopt a “whole of government” approach. Regulatory policies have to be seen as a part of an integrated regulatory reform policy. The existence of a governmental agency responsible for the coordination of all efforts and for being accountable to citizens and stakeholders is fundamental.

c) COFEMER currently spends a significant amount of its resources on reviewing draft regulations before they are implemented. However, Regulatory Reform requires reviewing both flow and stock, in order to fully foster competitiveness.

d) COFEMER has realised that only through a sea change in regulators’ culture can regulatory reform be achieved. To this end, COFEMER is working on the promotion of the benefits of the regulatory impact assessment and the cost-benefit analysis. The only way for the proper implementation of these tools is by making regulators believe in the benefits that can be derived.

As for progress in promoting regulatory reform within state and local governments, the Rapid Business Start-up Systems (SARE) has shown success in state and municipal levels. SARE is a “one-stop shop” that speeds up the establishment and start-up procedures of new low-risk businesses through the coordination of the three levels of government and the simplification of procedures. Today, there are 137 SARE offices in the same number of municipalities. Since the opening of the first SARE office, 156,845 new enterprises have started operations, 440,995 jobs were created and more than 25 billion pesos have been invested (almost US$2 billion).

Also, COFEMER works jointly with state and local governments to build a legal framework that promotes competitiveness in a certain and transparent environment. Local laws are helping in the process of regulatory reform. Joint efforts between federal and local governments have resulted in 14 states that have already implemented laws for regulatory reform.

COFEMER has worked on the development of information technologies relating to the use of the internet in order to improve two of the main tools for regulatory reform: the Federal Registry of Formalities and Services (RFTS) and the mechanisms for public participation. The creation of the online version of the RFTS, showed citizens and enterprises the importance of becoming acquainted with the requirements, costs, official forms, juridical bases, criterion of resolution, places to carry out the process, etc. This tool helps reduce discretionality, and improve certainty and transparency among citizens and enterprises.

Through the use of RIA, government bodies are now able to design quality regulations, because there is an *ex ante* evaluation of benefits and costs that the new regulation could generate in specific sectors.

The implementation of the Executive Order on Regulatory Quality brought positive outcomes. The reception of regulations with compliance costs during the period February-November 2008 decreased by 6.2%, compared with the same period of 2003 (the last year without the Executive Order on Regulatory Moratorium and the Executive Order on Regulatory Quality).

In August 2006, amendments to the Federal Council for Regulatory Reform institutionalised the public-private dialogue establishing an Executive Committee and two groups for proposing and reviewing specific actions of regulatory reform.

In addition, COFEMER collaborated, as a facilitator, with the World Bank to issue the study “Doing Business in Mexico 2009”, which measures many of the elements that are an essential part of business. These elements are subject to regulations from local and federal governments, making the “Doing Business” study useful for several reasons:

- To measure regional differences caused mainly because of the design and application of regulations in different regions of the economy.
- To coordinate federal and local authorities responsible for public policies.
- To allow local governments to compare rankings with other world cities under the same methodology.
- To steer regulatory improvements towards improving the areas of opportunity covered in the “Doing Business” study.

4.4 Future challenges

Since its creation in year 2000, COFEMER has made concerted efforts to improve the quality of regulation and to raise awareness of the need for a more efficient regulatory framework that promotes economic development and responds to the needs of society.

Today, Mexican regulators have ready access to practical tools to carry out cost-benefit analysis of draft regulations (i.e., RIA); citizens have the opportunity to submit comments on the draft regulations issued by the federal government and be heard. Moreover, COFEMER has been working alongside different levels of government to build a regulatory reform culture in states and municipalities.

However, there are still areas in need of improvement, and issues to resolve in favour of enterprises and citizens. Some remaining challenges include: the expansion of regulatory reform programmes to local levels of government; the effective implementation of the regulatory reform culture among regulators, and the inclusion of all government regulatory activity in the scope of Mexico’s regulatory reform policy.

New Zealand: Developments in Regulatory Reform

1. Key features of New Zealand's regulatory reform

In the 1980s and early 1990s, New Zealand both significantly deregulated its economy, and adopted new regulatory approaches that were intended to facilitate the efficient functioning of markets while at the same time providing adequate levels protection in areas such as health, safety, the environment, consumer protection and financial stability. In the following decade there have been a number of developments, including:

- Evolution of the regulatory frameworks that apply to network industries such as electricity and telecommunications, and financial markets.
- The introduction and adoption of a Regulatory Impact Analysis (RIA) regime.
- A range of initiatives to reduce regulatory costs and streamlining the interface between business and government.

In November 2008, there was a change in government and this has resulted in a renewed focus on regulatory reform with an overall goal of improving New Zealand's productivity performance. The government sees Australia as a benchmark, and has established a goal of closing the income gap with Australia by 2025. This will require a sustained lift in New Zealand's productivity growth rate to at least 3% a year.

This renewed focus on regulatory reform is reflected in the appointment of a Minister for Regulatory Reform. The reform agenda includes initiatives to reduce red tape and regulation that is impacting negatively on investment and employment. It also includes the consideration of a Regulatory Responsibility Bill. This aims to create in statute law principles of responsible regulatory management.

Proposals for regulatory reform and a strengthened regulatory quality system generally are still being developed. It is likely that new initiatives will be taken in the following months.

2. Mechanisms and institutions to oversee regulatory reform

The New Zealand Treasury provides strategic oversight of the regulatory reform programme and the regulatory quality system. In this role it carries out the following main functions:

- Coordination, development and advocacy in relation to the regulatory quality system as a whole.
- Administration of the Regulatory Impact Analysis (RIA) regime. All regulatory proposals that are submitted to Cabinet are subject to the RIA requirements and require a Regulatory Impact Statement (RIS). The RIA and the RIS for regulatory proposals that are economically significant are assessed for adequacy by the Regulatory Impact Analysis Team (RIAT) of the Treasury.
- Development of a rolling programme of reviews of existing regulation.

The Ministry of Economic Development (MED) provides strategic oversight of the impact of regulation on the business sector. In this role it carries out the following main functions:

- Assessment of the impact of regulation on business, with a particular focus on compliance costs.
- Identification of specific opportunities to reduce regulatory costs, and administration of an annual Regulatory Reform Bill that consolidates changes to primary legislation where these have a cost-reduction objective.
- Coordination of initiatives to reduce regulatory costs that arise for firms operating in both New Zealand and Australia.

The Treasury and Ministry of Economic Development work closely together on the regulatory reform programme, and both agencies provide second-opinion advice of regulatory proposals that originate in other agencies, from an economic development perspective.

There are a range of other institutions that focus on various dimensions of regulatory quality. These include the Legislation Advisory Committee (LAC) and the Legislation Design Committee (LDC). The LAC is a committee of experts that develops and publishes guidelines for good regulatory design. The LDC is a committee of experts that review particularly novel or complex regulatory proposals and provides advice to the originating departments.

New initiatives being considered by the government involve the strengthening of parliamentary processes for assuring high-quality regulation through enacting a Regulatory Responsibility Act, and Executive processes through a further strengthening of the RIA regime.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

Regulatory Impact Analysis (RIA) requirements have been in place for some 10 years. It is established as an administrative requirement. All regulatory proposals submitted to the New Zealand Cabinet must be accompanied by a Regulatory Impact Statement (RIS). As noted above, the Regulatory Impact Analysis Team (RIAT) assesses all economically significant proposals for adequacy and reports on its assessment to the Minister of Finance and Minister for Regulatory Reform. Non-economically significant proposals are assessed by the originating agency and self-certified.

Responsibility for the RIA regime was shifted from the Ministry of Economic Development to the Treasury in November 2008. The objective was to strengthen the RIA regime by moving it into a central government agency and to shift the focus from an emphasis on the impacts of regulation on business to a broader focus on the economic impacts of regulation. As part of the renewed focus on better regulatory quality, options for further strengthening the RIA regime are currently being evaluated.

New Zealand is in the process of implementing a Business Cost Calculator (BCC). The BCC was developed by the Australian Department of Finance and Deregulation in association with the Ministry of Economic Development, and adapted for use in New Zealand. The BCC is for use by government agencies when developing new regulatory proposals. It permits more precise information to be produced on the likely compliance cost impacts on business of the proposed regulation, and opportunities to reduce these costs, for example through streamlining processes.

In addition, it should be noted that New Zealand has a strong tradition of consultation on regulatory proposals, and consultation is often a legal requirement. New Zealand also emphasises evidence-based policymaking. Regulatory proposals are therefore expected to reflect input from affected parties and experts, although the information base is generally qualitative rather than quantitative.

New initiatives being considered by the government are strengthening parliamentary processes for assuring high quality regulation through enacting a Regulatory Responsibility Act, and Executive processes through a further strengthening of the RIA regime.

3.2 Regulatory tools, systems and processes for improving the quality of existing regulations (Stock)

The renewed focus on regulatory reform is reflected in a more systematic approach to the review of existing regulation. A 2009 regulatory reform programme has been initiated, focusing on areas of regulation that have a significant impact on productivity, investment and employment.

It is intended that the reform programme be embedded in the regulatory quality system with the intention that all regulation is systematically reviewed on a rolling basis. The precise mechanisms to activate and undertake the reviews are still under development.

4. Future challenges and lessons learnt in promoting regulatory reform

New Zealand has a tradition of substantive regulatory reform going back to the mid-1980s. The lesson from the past is that the commitment to regulatory reform needs be revitalised from time to time. This is particularly important given ongoing pressures for more regulation.

The challenge going forward is to embed stronger disciplines on regulation-making and undertaking *ex post* reviews in the regulatory quality system. The disciplines that have been foreshadowed by the incoming government, including the Regulatory Responsibility Bill and a more systematic reform programme, are in response to this challenge.

More information on New Zealand's regulatory management system can be found on the New Zealand Treasury website: http://www.treasury.govt.nz/economy/regulation

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Philippines: Developments in Regulatory Reform

1. Key features of Philippine regulatory reform

The Philippines' regulatory reform, designed to strengthen competitive markets in key sectors, started in the late 1980s in tandem with privatisation and liberalisation initiatives. Regulatory reforms were implemented in telecommunications, power, banking, insurance, finance, shipping and aviation, among others. There is no central body that reviews the appropriateness and impact of existing or future regulations in government. Regulatory reviews are undertaken by agencies responsible for specific sectors. The importance of having a comprehensive regulatory reform, however, is acknowledged to improve the economy's competitiveness.

1.1 Legislation, policy, and principles

The broad direction of the Philippines' regulatory reform is enshrined in the Constitution, which encourages competition for a healthier business environment. Sector-specific legislation focuses on enhancing competition, increasing efficiency, improving service delivery as well as ensuring public welfare, safety and environmental quality. The government focus is on policymaking and regulation, leaving operation and management mainly to the private sector.

1.2 Objectives of regulatory reform

The Medium Term Philippine Development Plan for 2004-2010 aims to improve the transparency, professionalism and efficiency of the sector regulatory system through a review and revision of the processes and procedures of regulatory agencies. Efforts are aimed at hastening reform to facilitate business, to attract more investments, sustain growth and generate new jobs. It is recognised that a well-designed and appropriate regulation can promote competitive and well-functioning markets, as well as stronger, sustainable economic performance in the region.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

Numerous institutions have regulatory powers while several institutions have regulatory or review functions. Executive power is vested in the President while the legislative power is vested in the two Houses of Congress, i.e., the Senate and the House of Representatives. Congress approves legislation, implementing agencies issue rules and regulations, and the President issues Executive Orders and issuances. Moreover, regulatory boards have legislated powers to issue regulations and local government units have regulatory functions.

Regulation by Congress and the President is supplemented by regulations made by a range of independent agencies set up to regulate activity in specific areas such as telecommunications, energy, securities and water. These agencies exercise administrative and quasi-judicial functions, and are attached to cabinet departments or the office of the President. The functions of some of these agencies are illustrated below:

> The National Telecommunications Commission plays the role of a regulator and quasi-judicial body. It adopts and promulgates guidelines, rules and regulations on the establishment, operation and maintenance of various telecommunications facilities and services as well as supervises, regulates and monitors the operation of public telecommunication and broadcast services.

> The Energy Regulatory Commission performs quasi-judicial, quasi-legislative and administrative functions in the electricity industry. It is mandated with broad powers to regulate behaviour of participants in all sectors of the industry such as determination, setting and approval of tariffs in transmission and distribution sectors, and the approval or revocation of licenses of electric industry participants.
>
> The Securities and Exchange Commission formulates policies and recommendations on issues concerning the securities market and has jurisdiction and supervision over all corporations, partnerships or associations. It prepares rules, regulations and orders, and issues cease-and-desist orders to prevent fraud or injury to the investing public.
>
> The National Water Resources Board (NWRB) regulates, co-ordinates and formulates medium- and long-term policy on the water sector. It reviews and approves the appropriate water rates that are to be charged by waterworks operators. The present Water Code requires ground water users to secure permits from the NWRB with the exception of shallow wells for domestic purposes.

Local governments are also vested with regulatory authority such as business permits, licenses and business tax under the Local Government Code of 1991.

Meanwhile, the National Economic and Development Authority (NEDA) is the government's main agency for co-ordinating social and economic planning and policy. It is responsible for formulating the Medium Term Philippine Development Plan, which is subjected to multi-sectoral and regional consultations. Attached to the NEDA is the Tariff Commission that provides recommendations on tariff proposals based on its consultations with concerned agencies and stakeholders.

2.2 Awareness and support

The Medium Term Philippine Development Plan acknowledges that more bureaucratic reforms are needed to sustain economic growth and development. The Philippines' relatively low rankings in competitiveness surveys in recent years appropriately spurred efforts to accelerate business reform, including the reduction of red tape in all government agencies. All departments, bureaus, offices and other agencies in the executive branch, as well as government-owned and controlled corporations were directed to simplify rules, regulations and procedures and reduce reporting requirements imposed on business and industry. Local government units were also encouraged to adopt similar streamlining practices.

Efforts were likewise directed to eliminate fees and charges imposed on export clearances, inspection permits, certificate and other documentation requirements except those imposed by specific laws and to streamline documentation procedures. The issuance of additional administrative requirements was frozen, particularly with regard to business and investments, registration, immigration, customs and internal revenue procedures. In addition, all government agencies were directed to establish an ISO-aligned Quality Management System in conformance with the Philippine National Standards to enhance public sector performance. All these efforts were widely supported by the private sector.

In 2007, the legislature enacted the Red Tape Regulatory Act, which required all government agencies, including local government units, to streamline frontline services and devise a Citizens Charter that would contain steps and procedures for persons availing themselves of frontline services and the guaranteed performance level that should be expected for that service. Government agencies were also required to seek clearance from the NEDA before any new fees or increase in existing fees could be imposed.

The National Competitiveness Council (NCC), a public-private sector task force is working closely with the government to encourage competitiveness and pursue meaningful and effective legal, regulatory, institutional, procedural and other appropriate reforms. The NCC is tasked with developing strategies for improving the competitiveness of the Philippine economy. One of the action points in the National Competitiveness Agenda is the proposed institutionalisation of the Regulatory Impact Assessment

(RIA). A draft action plan to adopt and institutionalise the RIA has been formulated following the conduct of a study assessing the required framework for its institutionalisation.

2.3 Transparency and predictability

The Philippines maintains transparency in all its actions as part of the democratic process. Agencies are required to develop regulations through a consultation process, often involving public hearings. In most cases, this ensures some transparency in the process of developing new regulations. The private sector and civil society have representation in certain government councils/committees.

Legislation and regulations are widely publicised. Laws, rules and regulations must be published in national newspapers of general circulation and in the Official Gazette before taking effect. Concerned agencies also maintain information on laws, and rules and regulations in published documents and on their websites.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow and Stock)

The Philippines acknowledges the benefits of RIA for policy formulation. However, there is no existing institutional framework to ensure its effectiveness and sustainability. While the existing regulatory system is strong with regards to transparency and the role of quasi-independent bodies with policy and regulatory review powers, weaknesses are inherent in the current system. Overlap of regulatory functions between national government agencies, and a lack of systematic consideration of the regulatory impact of proposals is evident. Decentralisation of regulatory functions to local government units has resulted in proliferation of sub-national regulations. While all local governments share the same legal and institutional framework, they interpret and implement national regulations differently.

In view of this, the Asian Development Bank was requested to carry out an assessment of the institutional framework required to ensure that RIA is institutionalised within the executive branch of government and to map out a strategy, including options for an Office of Best Regulatory Practice. Based on the study, a proposed work programme was prepared that includes advocacy of the RIA among government agencies.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learned in promoting regulatory reform and major progress in the past five years

The potential for rapid growth from successful reform is illustrated by the experience of deregulating telecommunications in the 1990s, which not only transformed the industry from single-operator dominance to one of competitive, dynamism and vastly improved service levels. It has facilitated the growth of call centres, business processing offices and other IT-enabled services, as well as helped reduced transaction costs for remittances.

The regulatory framework for the effective conduct of banking supervision has also been strengthened, and efforts to strengthen corporate governance, risk management and capital adequacy in commercial banks have progressed. Regulations are now closer to international standards and regulatory policies are more responsive to the growing sophistication and globalisation of the banking industry.

Competition in the power sector was forged with the inception of a wholesale electricity spot market (WESM), which commenced business in Luzon in June 2006. Under WESM, buyers and suppliers trade electricity as a commodity.

Several areas of business registration were reformed, resulting in improved regulations for protecting investors, and streamlined administrative barriers to trading. Nevertheless, there is still much to be done on the ease of doing business in the Philippines, particularly on starting and winding up a business.

4.2 Future challenges

The Philippines fully appreciates the need for more regulatory reform in order to further reduce burdens on the private sector. Additional deregulation and regulatory reform is necessary, not only to make the domestic economy more competitive and open to domestic and foreign firms, but also to increase the competitiveness of Philippine SMEs, that may face more difficulties in fulfilling regulatory requirements than a large domestic or foreign firm.

In the infrastructure sectors, studies note that while deregulation and entry liberalisation are powerful instruments to discipline incumbent monopolies, these policies are not sufficient to ensure that markets perform efficiently. In the absence of clear rules and appropriate regulatory framework, as well as efficient regulators, effective competition cannot be guaranteed.

Broad public support through education programmes for a comprehensive regulatory framework is needed. While the Philippines has initiated many market-oriented reforms, much remains to be done in terms of legislating effective rules and regulations, as well as in creating efficient institutions.

Singapore: Developments in Regulatory Reform

1. Key features of regulatory reform in Singapore

Regulatory reform is an ongoing process, in which Singapore constantly seeks to fine-tune its regulatory policies to better serve stakeholders. In 2000, the Cut Red Tape movement was launched to remove regulations that are no longer needed and to reduce the burden on the customer while making public services more convenient and effective.

The Pro-Enterprise Panel (PEP) was also set up in 2000 to actively solicit and act on public feedback and suggestions on rules and regulations that hinder businesses and stifle entrepreneurship.

Two years later, the Rules Review Panel (RRP) was set up to oversee the rules review process within the public sector. It stipulated that all existing rules enforced by public sector agencies had to be reviewed every three to five years. With a mandate to establish effective and responsive regulatory regimes throughout the public service, the RRP adopted a proactive approach to the reviewing of rules through examining the rationale behind the existence of these rules. A total of 19,400 rules were reviewed between 2002 and 2007.

In 2005, the RRP was reconstituted as the Smart Regulation Committee (SRC) with a broader mandate to shift the mindset of the Public Service from being merely a regulator to that of a facilitator, so as to develop a regulatory regime that is friendly to business and investment.

1.1 Legislation, policy and principles

The main principle behind regulatory reform is to ensure that both new and existing regulations serve stakeholders, and respond to stakeholders' feedback. Indeed, the work of the SRC is mainly driven by the following principles:

(i) Agencies should foster self regulation and market discipline as far as possible.
(ii) New regulations should take into account the views of relevant stakeholders, and potential implications for existing regulations.
(iii) The cost of regulation should not exceed its intended benefit.
(iv) Regulations should adopt a risk-management approach instead of a zero-tolerance approach.
(v) Regulations should facilitate a competitive and innovative climate.

1.2 Objectives of regulatory reform

The main objectives of regulatory reform are to reduce the cost and burden of regulation on stakeholders, such as citizens and businesses, while safeguarding and maximising public interest. For businesses, this helps allow market forces to operate, creating a competitive and innovative business environment. To achieve this goal, regulatory reform aims to improve the quality of government regulations and remove outdated or unnecessary regulations.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

Under the Cut Red Tape movement, there are several initiatives that support regulatory reform. These are the SRC, Pro-Enterprise Panel and Zero-In-Process. Broadly, all these bodies perform advisory, gatekeeper and advocacy roles. They promote the broad principles of regulatory reform, challenge the quality of existing and new regulations, and provide advice and support to regulation makers.

Through these channels and through regular public consultations, the Singapore Public Service finds many ways to improve its regulations. Some of these involve simplifying, dropping or relaxing rules. Others are about giving the general public or industries sufficient information to regulate themselves, adopting a risk-managed and self-policing approach by the stakeholders, so that restrictive regulations do not have to be enacted.

(i) *Smart Regulation Committee*

Comprising senior government officials from various regulatory agencies, the SRC oversees the regulatory review process through a sustained and effective approach which ensures that rules and regulations remain relevant in a changing environment. To this end, the Committee is driven by the following terms of reference:

- (i) To promote good and responsive regulatory practices
- (ii) To oversee a sustainable system to proactively review rules and regulations
- (iii) To catalyse a change in regulatory mindset from control to facilitation, and
- (iv) To build competencies and capabilities in smart regulation

To achieve these ends, the Committee is guided by a Smart Regulation framework consisting of two components: "Regulatory review" and "Development of mindset, culture and competency". Singapore's performance in the World Bank's Ease of Doing Business index is tracked and agencies are encouraged to carry out regular regulatory reviews to continually improve the quality of our regulations. Agencies which did well in regulatory reforms are invited to share their best practices with other government agencies, thereby creating a positive reinforcing loop between regulatory review and increasing smart regulation mindshare among public officers.

(ii) *Pro-Enterprise Panel*

To ensure that regulations are more responsive to the needs of businesses and to promote entrepreneurship in Singapore, the Pro-Enterprise Panel (PEP) was formed in August 2000 to actively solicit feedback from stakeholders on rules and regulations governing businesses. Suggestions from stakeholders are reviewed with the intention of simplifying or eliminating rules.

The PEP ensures that there is a full review of each suggestion from commencement to closure. If any agency rejects a suggestion, the PEP will examine the agency's rationale and may ask the agency to explain its position. The PEP also ensures that the reasons behind the agency's decision are explained clearly to the suggestor, and alternative solutions are provided where possible.

Since its inception, the PEP has received over 1,800 suggestions. More than half of the suggestions received have resulted in pro-enterprise changes.

Through the PEP, public agencies have also acquired a better understanding of business needs. In 2006, the PEP launched a secondment programme to attach officers from various regulatory agencies within the Public Service to the PEP. The aim of this programme is to increase the public officers' understanding of business needs, and enable them to contribute towards building a pro-enterprise approach in their own agencies. As part of its outreach programme, the PEP holds regular sharing sessions on best practices and participates in exhibitions to promote the pro-enterprise message to businesses and public servants.

(iii) *Zero-In-Process*

The Zero-In-Process (ZIP) addresses issues raised by members of the public that cut across multiple agencies or have no clear ownership by any government department. A lead agency would be appointed to drive the matter to its resolution. Since 2000, more than 110 cases have been identified, with 22 inter-agency teams formed to resolve the more complex cases.

2.4 Awareness and support

(i) Top-level commitment

Having top-level commitment within the Singapore civil service helps emphasise the importance of cutting red tape. The Head of Civil Service is the champion for cutting red tape. This ensures that regulatory reform initiatives get the highest level of support within the public service. Regulatory reform-related institutions listed above, such as the SRC and PEP, have to report directly to the Head of the Civil Service. To ensure the involvement of various regulatory agencies, they are also chaired by top Permanent Secretary-level officials, and include senior management from the relevant regulatory agencies.

(ii) Network of partners both inside and outside the public sector

To ensure that regulations gain both the awareness and support of many parties in both the private and sector partners, government bodies involved in regulatory reform actively engage a wide range of stakeholders. For instance, the PEP collaborates with the Rules Action Crucible under the Action Community for Entrepreneurship (ACE)—a movement that involves both the private and public sectors to create a more conducive environment for entrepreneurship in Singapore. A major collaboration is the annual Pro-Enterprise Ranking (PER) of public agencies, which ranks the government agencies on their compliance cost, transparency, review of rules, customer responsiveness and pro-enterprise orientation. It also identifies key areas of improvement requiring action across the public service. The PER helps raise the bar across the board for all regulatory agencies, in a peer-pressure exercise to spur each other to make continuous improvements. The overall performance index has improved significantly from 64.7 in 2004 to 74.6 in 2008. As a form of encouragement, the top-performing and most improved agencies are also recognised with the ACE Awards.

On a broader level, the SRC's call to agencies to carry out regulatory reviews on a regular basis is well-answered, as exemplified by the numerous best practices highlighted by agencies in their regulatory review process. Agencies share these best practices at various forums such as the Community of Practice set up to encourage and facilitate the experiential sharing of regulatory best practices across agencies. Agencies also contribute their best practices in regulatory review to an online repository accessible by public officers. In addition, the Civil Service College used the exemplary examples to develop course content for the Smart Regulation training curriculum. With the broad-based support of government agencies, an environment is fostered for mutual learning and mutual support for regulatory agencies to learn how to best apply Smart Regulation principles. Such sharing of best practices helps agencies maintain the momentum to continually review rules.

2.5 Transparency and predictability

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(i) Engaging Stakeholders

A Feedback Unit was set up in the Ministry of Community Development, Youth and Sports (MCYS) in 1985 to gather feedback from the public on government policy and services. In 2006, the Feedback Unit was renamed Reaching Everyone for Active Citizenry @Home (REACH) to reflect its strategic shift from gathering feedback to engaging citizens, and renewed its commitment to listen to the people, as well as to promote active citizenry, and work with community and grassroots organisations to reach out to and engage citizens.

In 2002, a Remaking Singapore exercise was launched to address challenges in the social, cultural and political spheres. Chaired by a Minister of State, the Remaking Singapore Committee comprised members ranging from Ministers of State and Members of Parliament to members of the public from private sector, voluntary organisations and tertiary institutions. One of the recommendations of the Remaking Singapore Committee was to have a code for public consultation.

Following that recommendation, guidelines for consultation were drawn up, which provided government agencies with a framework for public participation and outlined the principles and guidelines for conducting public consultations, to engender transparency and involve public participation in the process of policy and regulation formulation and reform.

(ii) <u>*No Wrong Door*</u>

In 2004, the No Wrong Door policy was implemented to help members of the public who do not know to which government agency or department they should direct their queries. Under this directive, should an agency or department receive feedback on an issue which is not under its charge, it must ensure that the stakeholder giving feedback is linked up with the right government agency. If the feedback involves a few agencies, the receiving agency should coordinate and provide an integrated reply.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

Singapore does not have a formal Regulatory Impact Analysis framework as it is a small economy with a well-connected government, making it easy to quickly evaluate policy impacts and connect with the relevant stakeholders to gather feedback. The government is extremely receptive to any feedback, and rely on stakeholders to act as its eyes and ears in identifying areas of regulation which may require further review and reform.

However, for major projects, a careful cost-benefit analysis, an evaluation of stakeholder impact and thorough public consultation are carried out.

Singapore constantly strives to improve the quality of regulations by moving from a “regulator-centric” approach to a more “customer or citizen-centric” approach towards regulation. It takes a risk management approach in designing regulation, which enables Singapore to focus its resources on high-risk areas while at the same time, reduce the administrative burden for customers in the lower-risk areas.

3.2 Regulatory tools, systems and processes for improving the quality of existing regulations (Stock)

Some tools have been developed to provide guidance to agencies in the area of regulatory review, to ensure that the existing sets of regulations remain relevant. For instance, a Smart Regulation Checklist provides guidance to agencies on the key areas to focus when carrying out regulatory reviews. This checklist was extracted from learning points acquired from numerous case studies. To foster a culture of learning and sharing, an online Smart Regulation repository was created to build up a body of knowledge in this area, and a Smart Regulation training curriculum for different levels of policymakers has been developed and is continually being refined.

Agencies also seek to prevent future red tape from building up in the first place, for instance by setting “sunset clauses” by which rules would automatically lapse after a certain date, or by spelling out a list of don’ts rather than only allowing a small list of do’s. Too many rules can cause confusion—both to the public, who have to follow them, and to public officers, who must apply and enforce them. By reducing the number of rules or by improving their clarity, it allows public officers to carry out their duties confidently, without uncertainty of interpretation and correspondingly, the chances for inconvenient bureaucracy and uncertainty in treatment of stakeholders to occur in the future are diminished.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learned in promoting regulatory reform and major progress in the past five years

(i) *Moving from single-agency to a Whole-of-Government approach*

A Whole-of-Government (WOG) approach helps in breaking down individual agency silos. No longer can agencies content themselves by operating in silos and acting in the capacity of their individual regulatory bodies. One example of savings as a consequence of taking this WOG approach is the formation of the Chemistry Taskforce in June 2005, facilitated by the Economic Development Board (EDB), to look into the concerns of the biomedical sciences industry. By striking a balance across the concerns of the various agencies for the import, storage, transport and disposal of specialty chemicals, it has led to significant benefits for the industry, public research and university laboratories.

A WOG approach is also important because today, many straightforward and single agency issues have been already addressed. For instance, the PEP has seen a rise in cross-agency feedback, from 5% of all suggestions in 2002 to 13% in 2008. The PEP helps facilitate a WOG approach to resolving complex cross-agency issues. It has also implemented a framework to systematically identify lead agencies at the onset of any issue. The lead agencies provide leadership and co-ordination among the various stakeholders, and help seek a collective solution offered by the networked government.

(ii) *Importance of engagement and consultation*

To best meet the needs of stakeholders, many agencies have learnt the importance of public consultation. As such, to help agencies concentrate their efforts on impactful regulatory reforms, all Ministries are now to undertake pre-policy consultation exercises. Focus groups, surveys, feedback forms, and forums via face-to-face, telephone, forms and consultation paper channels are used to help agencies focus on areas of priorities (e.g. responsiveness) and meet pro-enterprise performance targets that have been set.

4.2 Future challenges

Globalisation has increased Singapore’s connectedness with the world and created new economic opportunities. The uneven distribution of the fruits of economic growth brought about by globalisation will bring new challenges for regulatory reform, which may require increasingly sharp policy trade-offs in the future. Reforms will continue to focus on addressing the following challenges:

Engaging Stakeholders. By continuing to listen to citizens and businesses, understanding their needs, and at the same time, engaging, consulting and communicating to them the rationale of policy choices.

Dealing with complexity and chaos. The ability to thrive in an environment of greater complexity requires the public service to be able to make decisions and act with flexibility and speed, and to experiment and manage risks.

Strengthening Whole-of-Government orientation and instincts. More will be done to ensure that Whole-of-Government orientation is pervasive across the entire public service. Beyond mindsets, structural issues that hinder a Whole-of-Government approach in planning and execution will also be addressed.

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Chinese Taipei: Developments in Regulatory Reform

1. Key features of Chinese Taipei's regulatory reform

As Chinese Taipei is a small and open economy, a sound and complete system of laws and regulations is the foundation for its pursuit of economic liberalisation and internationalisation, to help maintain its competitive advantages and provide momentum for the continuation of economic development. In response to the challenges of globalisation and to implement the market opening requirements of WTO membership, Chinese Taipei has been comprehensively reviewing its regulatory system, with a view to bringing it into line with international practice.

Moreover, Chinese Taipei is deeply aware that, as the economy enters an era of economic transition, many laws and administrative rules need to be amended to meet private sector needs. Hence, Chinese Taipei is actively carrying out deregulation as the focal task of its current phase of regulatory reform. The government has set "deregulation and reconstruction" as the main axle of midterm administrative measures, placing priority on the revision of laws and regulations that are out of touch or run counter to the interests of the majority of society.

1.1 Legislation, Policy and Principles

In June 2008, a meeting of Chinese Taipei's Cabinet concluded that, while plans for building infrastructure, regenerating industry and upgrading services could inject positive momentum into economic growth, priority should be given to relaxing related laws and regulations, and this required first adopting a deregulatory mindset to take a more liberal approach to reviewing laws and regulations.

Therefore, the Cabinet meeting tasked the Council for Economic Planning and Development (CEPD) to collect suggestions on deregulation by government agencies, industry and commercial groups, foreign business chambers, and others, and to give priority to expediting the relaxation of administrative rulings where this would have the greatest effect on overall economic growth.

The object of deregulation is to loosen and rationally adjust inappropriate restrictions. At the present stage, the most important tasks are to remove barriers to service market access, to ease restrictions on inter-industry operation, to free up the movement of capital and human resources, and to reduce all kinds of business regulation.

1.2 Objectives of regulatory reform

Since June 2008, Chinese Taipei has taken an active approach to reviewing economic and financial regulation, with the aim of removing impediments to market competition and economic development caused by overly restrictive and ill-designed regulation. The goals of deregulation are to improve the quality of regulation, ensure fair competition and encourage innovation, so that important social and economic issues are regulated in an optimally efficient manner.

The implementation of deregulation facilitates structural and regulatory reform, enhancing productivity and raising per capita income and economic growth. It strengthens a country's overall competitiveness and can help create a friendly business environment, thereby stimulating trade and transnational investment.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

(1) Overall institutional framework

The formulation of regulations in Chinese Taipei is entrusted to different ministries and commissions, most of which have set up internal legal units to help with regulatory drafting and to ensure there are no conflicts between regulations. These legal units also serve as deregulation windows, analysing issues related to deregulatory measures. In addition, the Cabinet has set up a Legal Affairs Committee, which is responsible for reviewing and studying bills proposed by ministries and commissions, providing interpretation on points of doubt in administrative laws and regulations, and co-ordinating legal procedures. All draft laws proposed by ministries and commissions must be approved by the Cabinet before being submitted to the Legislature for deliberation, and can only formally take effect after passage by the latter body.

The "Online National Policy Think Tank" of the Cabinet's Research, Development and Evaluation Commission (RDEC) makes prompt internet announcements on the contents of projects, plans and draft laws approved by the Cabinet, and provides an open-discussion platform to enhance the opportunities for public participation in policy formation. The CEPD is charged with collecting and ordering deregulation related issues, on which it conducts preliminary evaluation and analysis, while matters of competition policy fall under the purview of the Fair Trade Commission.

(2) Key policy decision-making bodies

The CEPD's preliminary evaluation of deregulation suggestions classifies them into those on which there is a consensus, those on which a consensus can be achieved after coordination, those on which a consensus will be hard to achieve but that are worth a vigorous coordinating effort, those on which a deeper understanding is called for, and those for which there is currently no need or real benefit.

Suggestions in the third category (those on which a consensus will be hard to achieve but that are worth a vigorous co-ordinating effort) are submitted to a monthly review meeting jointly chaired by the Cabinet's ministers without portfolio. This meeting also reviews certain economic and financial classifications, reviews deregulation proposals submitted by government departments, and co-ordinates policy interdepartmentally. Mature issues will be referred to the relevant government departments for action; and immature issues may be dealt with by requesting independent experts or related government agencies to study them and then present opinions for reference in policy formation.

2.2 Awareness and support

Support and commitment at a high level of government are key requirements for continuously pursuing and attaining concrete results in deregulation. In July 2008, the Cabinet Seminar pronounced "deregulation and reconstruction" as the main axle of midterm administrative policy, targeting the building of a "new competitiveness platform" through deregulation, and clearly enunciating the government's commitment to pursuing regulatory reform.

Pursuant to the Cabinet's instruction, the CEPD has requested government departments, groups representing industry and commerce, and foreign chambers of commerce to present views and ideas on deregulation, and has set up an internet platform for the presentation of suggestions, so that the public and private sectors as well as the whole of society can participate in the task of deregulation.

2.3 Transparency and predictability

Under the relevant provisions of the Administrative Procedure Act, executive agencies drawing up regulations must publicly announce the draft thereof and give regulated parties and stakeholders a chance to express their opinions thereon, before putting the regulations into effect. In addition, laws, regulations and administrative rulings will be promptly announced via the internet, while related

information will be announced on the Cabinet Gazette Website, to achieve proactive openness of government information and safeguard the people's rights and interests.

The Lobbying Act, which came into effect in 2008, stipulates that lobbying activities must follow open and transparent procedures, to prevent inappropriate transfer of benefits, and to safeguard democratic political participation.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

Regulatory Impact Analysis (RIA) is an indispensable tool for establishing good quality of regulation. Chinese Taipei has employed RIA since adopting it in conjunction with government reengineering in 1988. In 2006, a conference on sustaining economic development reached consensus on expanding the use of RIA by first carrying out promotional and training work to gradually spread understanding of the RIA concept.

As understanding of the RIA concept gradually becomes more universal, Chinese Taipei will also integrate the spirit of RIA into the legislative and regulatory process, laying down clear requirements for administrative agencies to incorporate public consultation, the principles of proportionality, cost-benefit analysis, and consideration of impact on small and medium enterprises, gender equality and human rights, into the drafting of laws and regulations.

3.2 Regulatory tools, systems and processes for improving the quality of existing regulations (Stock)

Chinese Taipei employs deregulation to improve existing regulations. The deregulation mechanism is a two-way, top-down and bottom-up approach, consisting of three modes of proceeding.

Under the first mode, main directions of deregulation are initiated by the Cabinet's ministers without portfolio, and after the CEPD or related government department has commissioned experts to formulate and submit policy suggestions, these are presented to the ministers without portfolio for review and coordination. Under the second mode, ministries and commissions take the initiative in putting forward policy directions and implementation plans for deregulation in accordance with the government's administrative ideals, and after policy coordination, these are included in subsequent work plans and the presentation of progress reports. The CEPD is responsible for overall tracking and control of this work, and periodically issues public announcements on the progress and results of deregulation. Under the third mode, the government takes the initiative in soliciting suggestions from the private sector and incorporates these into its deregulatory work. If the deregulation in question involves matter of a policy nature, it will be referred to the ministers without portfolio for review and coordination according to the order of priority of the issue concerned.

Besides the government conducting its own internal reviews of laws and regulations, government departments also gather input on existing problems through regular breakfast meetings with representatives of industry and commerce, and from the annual position papers presented by foreign chambers of commerce. These suggestions, which are integrated as appropriate into institutional reforms and policy adjustments, constitute another important driving force of structural reform. To broaden the receipt of suggestions on deregulation from both the general public and experts, the CEPD in 2008 set up an online platform for suggestions on economic and financial deregulation, to provide a more convenient channel for the public to put forward suggestions to help the government improve the regulatory environment for economic and financial activity. The CEPD regularly reports on the progress of deregulation to the ministers without portfolio meeting, and announces the government's response to suggestions on the suggestion platform website.

4. Future challenges and lessons learned in promoting regulatory reform

4.5 Lessons learned in promoting regulatory reform and major progress in the past five years

Chinese Taipei embarked on regulatory reform in the mid-1980s. Since then, the revision of the Securities and Exchange Act and the adoption of a new pension system have greatly improved the efficiency of the domestic capital and labour markets. In recent years, the government has moved toward adopting OECD member country methods in conducting review and assessment of the implementation and impact of relevant domestic regulations.

Since taking office in May 2008, the new administration has established deregulation as a focal task of regulatory reform. In carrying out deregulation, the government must fully communicate with and explain its actions to affected groups, enterprises and segments of the population, to ensure that they know how to respond after the removal of regulations. Such efforts are essential for clearing up public doubts and unease, and winning greater public support for deregulation.

With the government putting an all-out effort into the pursuit of deregulation, as of the end of April 2009, various administrative agencies had completed 239 items of deregulation in the four main spheres of cross-strait economy & trade, finance & taxation, business operation, and immigration controls. The major results include the lifting of the cap on investment in mainland China to 60% of a company's worth, the easing of conditions for the listing of investment holding companies, the cancellation of minimum capital requirements for company registration, the abolition of the profit-seeking enterprise uniform certification system, and preparatory steps for the issuance of an "academic and commercial travel card", an "employment pass", and a "permanent residence card" for foreigners.

4.6 Future challenges

The change of mindset required for pursuing regulatory reform is more difficult than that required for reforming the framework and institutions of regulation. The role of the government's regulatory agencies needs to be transformed from the old mindset of placing stress on supervision to a new approach of helping the people and promoting enhancement of the overall welfare of society.

As social values become more pluralised, and the government's policy goals involve more tradeoffs between the interests of different groups, deregulation must be beneficial to the interests of a majority of society. Hence, the government must take up the great challenge of harmonising the interests of different sections of society, establishing consensus and advancing towards setting goals in unison.

In respect of deregulation mechanisms, Chinese Taipei will draw lessons from other economies' procedural experience in carrying out regulatory reform, and study the feasibility of establishing the introduction of outside expert opinion, to improve our review mechanisms for deregulation. In addition, we will continue to implement regulatory management, taking a more active stance towards improving the legal environment, and establishing a system in which the people, industry and government participate together, to heighten the efficiency of the regulatory environment in its entirety.

Thailand: Developments in Regulatory Reform

1. Keys features of Thailand's regulatory reform

The Royal Thai Governments (RTG) believes one key factor that has hindered economic and social development has been regulatory inflation. Having considered the European experience of such problems in 1970s, the RTG has developed policies to avert the problem. In 1988, it issued the Rule of the Office of the Prime Minister on Matters to be considered by the Council of Ministers, which requires the concerned government agencies to conduct social and economic impact assessment as well as public consultation on all regulatory proposals.

In 1991, the Law Reform Commission (LRC) was established by the Council of State Act (No. 3), B.E. 2534 as the organisation that reforms laws for the RTG. The LRC has the powers and duties to reform all existing laws and regulations to make them responsive to contemporary economic and social contexts, as well as to develop laws needed for the future.

In 2000, the Prime Minister established the Law Reform for Development of Thailand (LRDT) to assist the LRC. A year later, LRDT proposed the adoption of the Regulatory Checklist in an attempt to prevent further influx of unnecessary legislation. The Regulatory Checklist became a significant tool of the Office of Secretariat of the Council of Ministers. It was later annexed as part of the Royal Decree on Matters, to be considered by the Council of Ministers of 2005.

1.1 Legislation, policy and principles

There are three basic principles of regulatory reform in Thailand. The first principle is to simplify or reduce the number of outdated legislations that are still enforced by using the regulatory checklists and incentivising government agencies to review all existing legislation under their administration. The second principle is to improve the quality of both new and existing legislations in terms of their effectiveness and simplicity in enforcement. The final, and the most significant, principle is the concept of increased participation of all stakeholders in the legislation drafting process in order to minimise any unwanted or unintended effects of legislation.

1.2 Objectives of regulatory reform

The main objective of regulatory reform is to increase effectiveness in enforcement and predictability of legislation. In order to achieve these objectives, a regulatory checklist has been introduced by RGT to ensure the readiness of government agencies when proposing new legislation and requiring the use of appropriate mechanisms for the measurement of their effectiveness.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

(1) Overall institutional framework

With the disbandment of the LRDT in 2006, the LRC under the Office of the Council of State is now the principal agency responsible for regulatory reform. The LRC's work in regulatory reform is primarily focused on research in various sectors of legislation with the aim of improving the quality of the legislation. However, with the introduction of the Constitution of the Kingdom of Thailand 2007, a new independent body must be established to conduct reform in judicial process. Consequently, the bill for establishment of the new independent body for judicial process reform has been drafted by an independent committee and is now under the consideration of the parliament.

(2) Key policy decision-making bodies

While the Council of Ministers is a traditional body with the power to make decisions and determine policies related to legislation, over the last decade the private sector has also gained an increasing role in the decision-making process through the Public-Private Joint Committee (PPJC) which acts as an expert advisory body that reports directly to the RGT. Moreover, government agencies often retain experts from the private sector to participate in formation of policies that result in introduction of new legislation or to be involved in taskforces responsible for implementing policies.

2.2 Awareness and support

The need for regulatory reform has been recognised by the RTG and the private sector. Since 1997, the private sector, particularly exporters and small-medium enterprises, has consistently voiced its concern over the rapid increase in legislative compliance costs and called for both regulatory reform and deregulation in order to enhance the level of business competitiveness. Only a few government agencies have yet to demonstrate a willingness to commit to regulatory reform policy. Thus, incentive programmes could be established for government agencies to meet reform targets.

2.3 Transparency and predictability

For the past decade, various legislations such as the Administrative Procedure Act B.E. 2539 (1996), Official Information Act B.E. 2540 (1997) and Act for Establishment of Administrative Court B.E. 2542 (1999) have been introduced by RGT to create transparency in government administration and excising of power of government agencies. As more decisions have been granted by the Administrative Court, the transparency and predictability in the administration of legislation by government agencies have also been increased.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

At present, there is a requirement set by section 57 of the Constitution of the Kingdom of Thailand, B.E. 2550 and by the Regulatory Checklist that a government agency proposing a new legislation/regulation, particularly a legislation/regulation that has significant impact on the public, to conduct public consultation. Moreover, the Royal Decree on Matters to be considered by the Council of Ministers of 2005 requires proposed new legislation submitted to the Cabinet to be accompanied by a review, incorporating the results of public consultation. With public consultation, it is believed that the negative impacts of new legislation can be minimised and the quality of new legislation will be improved by addressing the issues that have been raised during public consultation process.

3.2 Regulatory tools, system, and processes for improving the quality of existing regulations (Stock)

Since 2005, the RTG has required all government agencies to review the existing laws and regulations under their responsibility and produce and submit an annual development plan. Under the plan, each agency must clearly state which laws or regulations under its administration that it intends to remove or modify. This annual development plan is one of the key performance indicators of each agency. In this regard, the process has become a key tool for improving the quality of existing regulations.

4. Future challenges and lessons learned in promoting regulatory reform

The primary obstacle to any reform programme that involves the public sector is the ambivalent attitude of officials. Appropriate understanding of the need for and benefits to be gained from regulatory reform must be asserted and appreciated in order to gain full co-operation among government agencies.

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United States: Developments in Regulatory Reform

1. Key features of United States' regulatory reform

The creation in 1981 of the Office of Information and Regulatory Affairs (OIRA) within the Office of Management and Budget (OMB) was a milestone in the process of regulatory reform in the US, as it followed a period of major expansion in health, safety and environmental regulation. In the late 1960s and early 1970s, numerous new government agencies were set up to protect the American workplace, the environment, highway travellers and consumers. As with most political developments, the significant growth in the amount and kinds of regulation created a counter political development that ultimately led to the creation of the modern US regulatory system.

1.1 Legislation, policy and principles

The Administrative Procedure Act (APA) provides the foundation for regulatory transparency and accountability in the United States. The APA requires that agencies go through a notice and comment process open to all members of the public, both foreign and domestic. Agencies must publish proposed rules in the *Federal Register* and solicit public comment.

Executive Order (E.O.) 12866 of September 30, 1993, "Regulatory Planning and Review," established basic principles governing Federal rulemaking. These principles call on agencies to demonstrate the need for a proposed action (e.g., a market failure) and its consequences. In deciding whether and how to regulate, E.O. 12866 requires agencies to assess the costs and benefits of available regulatory alternatives (including the alternative of not regulating). Specifically, E.O. 12866 states that, "in choosing among alternative regulatory approaches, agencies should select those approaches that maximize net benefits...." E.O. 12866 further states that, "Each agency shall assess both the costs and the benefits of the intended regulation and, recognizing that some costs and benefits are difficult to quantify, propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs."

While OIRA's current regulatory oversight functions are authorized by Executive Order 12866, it should be noted that every President since at least the early 1970s has established some form of executive oversight of the regulatory process within the Executive Office of the President.

1.2 Objectives of regulatory reform

The objectives of effective regulatory reform are to: (1) Ensure that the American people have a regulatory system that protects their health, safety, environment and well-being and improves the performance of the economy without imposing unacceptable or unreasonable costs on society; (2) Develop regulatory policies that recognize that the private sector and private markets are the best engines for economic growth; (3) Develop regulatory approaches that respect the role of State, local and tribal governments; and (4) Write regulations that are effective, consistent, sensible and understandable.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

Pursuant to Executive Order 12866, the OIRA oversees the regulatory process for the Executive Branch by coordinating interagency review of significant agency regulations. When agencies submit draft regulations for review under Executive Order 12866, OIRA shares these with other agencies so that "[e]ach agency shall avoid regulations and guidance documents that are inconsistent,

incompatible, or duplicative with its other regulations and guidance documents or those of other Federal agencies."[9] As the central office that reviews all of the significant regulations of the Federal government, the OMB is in the best position to ensure that the regulatory process flows smoothly, just as it does with its other central review functions pertaining to the US fiscal budget, legislative proposals and programme management.

2.6 Awareness and support

OIRA has expanded public disclosure by listing all regulations under review.[10] Once a rule has been published, the public can access the OIRA docket which contains, among other things, a copy of the draft rule as originally submitted to OIRA by the agency and a copy of the draft rule once OIRA reviews it. The US has also made strides in making rulemaking more accessible to the public through the advent of e-Rulemaking (www.regulations.gov) and the online publication of the Unified Agenda and Regulatory Plan.

2.7 Transparency and predictability

Although the confidential nature of interagency deliberations is necessary to allow the Executive Branch to engage in open and candid policy discussions, OIRA has sought to strike a balance between this legitimate need to protect the deliberative process and the Congress's and the public's need for information from the Executive Branch. Recently, OIRA has expanded public disclosure by listing on its website all regulations under review, as well as all meetings held with outside parties on rules under review.[11]

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

In the past two decades, regulatory analysis has emerged as an integral part of government accountability—a non-partisan tool for understanding the likely effects of regulation. This principled approach to regulation articulated since the time of President Jimmy Carter has withstood the test of time.

Since its creation, OIRA has reviewed the regulatory impact analyses produced by the agencies using economic "best practices", carefully developed through notice and comment procedures. OMB and other government agencies currently use OMB Circular A-4,[12] which was issued in 2003 following a period for public comment and interagency review. OMB issued Circular A-4 to provide agencies with guidance in complying with the requirements for regulatory analysis of economically significant rules as set forth in Executive Order 12866. This Circular advises agencies how to standardise the way that benefits and costs of Federal regulatory actions are measured and reported to ensure consistency and transparency across the Federal government.

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[9] Section 1(b)(10) of Executive Order 12866, as amended.
[10] See http://www.reginfo.gov/public/do/eoPackageMain.
[11] See http://www.whitehouse.gov/omb/oira/meetings.html.
[12] OMB Circular A-4 is available at http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf.

3.2 Regulatory tools, systems, and processes for improving the quality of existing regulations (Stock)

A major tool that the US has used to improve existing rules is the solicitation of public reform nominations under the Regulatory Right to Know Act (Section 624 of the Treasury and General Government Appropriations Act, 2001, 31 U.S.C. § 1105 note, Pub. L. No. 106-554, 114 Stat. 2763A-161 - 162). Pursuant to this Act, OMB has initiated three public nomination processes to undertake reform of existing regulations:

- In 2001, OMB requested public nominations of rules that should be rescinded or modified; 71 nominations were received from 33 commenters. OMB and the agencies identified 17 actionable reforms.
- In 2002, OMB again requested public nominations of reforms of rules and also sought nominations for reform of guidance documents and paperwork requirements. OMB received 316 nominations from more than 1,700 commenters. OMB and the agencies identified 55 high-priority reforms.
- In 2004, OMB called for reform nominations on the manufacturing sector, because it continues to be one of the most heavily regulated sectors of the US economy. This call solicited specific suggestions for reforms to regulations, guidance documents or paperwork requirements that would improve manufacturing regulation by reducing unnecessary costs, increasing effectiveness, enhancing competitiveness, reducing uncertainty and increasing flexibility, especially for small businesses. OMB received 189 reform nominations from 41 commenters; OMB identified 76 priority reforms.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learnt in promoting regulatory reform and major progress in the past five years

Over the years, the US has learned two conditions are necessary in order to develop regulatory reforms with lasting success: first, Regulatory Impact Analysis (RIAs) must be objective, credible and of the highest quality; and second, the regulatory process that implements the reforms must be perceived as fair and open to all affected parties. Only then can a broad based constituency for economic efficiency and growth flourish. Without that constituency, narrow interests will dominate regulatory politics, fighting over the distribution, not the growth, of resources.

The US government has made strides in improving the accessibility of the rulemaking process to the public through the advent of e-Rulemaking. Over the past few years, e-Rulemaking has transformed public access to the federal government rulemaking process. The website www.regulations.gov has brought government-wide information together, and made it searchable. Users of www.regulations.gov can locate regulations on a particular subject, determine whether the rules are open for public comment, access supporting documents, file comments on proposed rules, and even read comments filed by others. Another e-Rulemaking advancement is the online publication of the *Unified Agenda* and *Regulatory Plan*. These semi-annual (Agenda) and annual (Plan) publications provide uniform reporting of data on regulatory and deregulatory actions under development throughout the Federal government.

To help the public identify planned regulations of international interest, starting in fall 2008, the US added an “international flag” to the *Unified Agenda* and *Regulatory Plan.* The public can now search both documents for a list of entries with international impacts, and can combine such a search with other data elements, such as rulemaking by agency, whether or not the rule is economically significant, has small business impacts, or other information of interest.

4.2 Future challenges

The Obama Administration is committed to an even more open and transparent government that welcomes close participation and consultation from the public. The Director of OMB has been directed to develop a set of recommendations for a new Open Government Directive.[13] The OMB Directive will instruct agencies to take specific actions to use new methods of public involvement and collaboration to improve how the government delivers services and implements programmes.

OMB was also directed to develop recommendations for a new Executive Order on Federal regulatory review. Specifically, the recommendations should offer suggestions on the following:

- increasing disclosure and transparency;
- encouraging greater public participation in agency regulatory processes;
- developing the role of cost-benefit analysis in developing regulations;
- identifying methods to ensure that regulatory review does not produce undue delay; and
- identifying the best tools for achieving public goals through the regulatory process.

[13] January 21, 2009 Presidential Memorandum on Transparency and Open Government - http://www.whitehouse.gov/the_press_office/Transparency_and_Open_Government/

Viet Nam: Developments in Regulatory Reform

1. Key features of Viet Nam's regulatory reform

After more than 20 years of Renovation (often referred to as *Doi Moi*), some important improvements have been made to the Vietnamese legislative and regulatory framework to accommodate the transition to a market-oriented economy. As Viet Nam does not have a complete legal framework in place, regulatory reform in Viet Nam is focused on improving the quality of new regulations rather than on reviewing, augmenting and improving existing regulations.

Since the implementation of three laws on issuing procedure for regulations,[14] the legislation procedure has been gradually enhanced. A huge number of fundamental laws and regulations have been promulgated, making the legislative and regulatory framework more comprehensive, enabling rule-based management in areas such as economic and social activities, securities, defence and foreign affairs.

1.1 Legislation, Policy and Principles

Three laws on issuing procedure for regulations have been essential to governing drafting and issuing regulations. The first one was promulgated in 1996, becoming effective 1 January 1997. It set up entire institutions governing legislation, whereby regulatory reform is made in a regular basis. The second law, ratified in 2002, amended and augmented the first law; the third was promulgated in 2008 and has been in effect since 1 January 2009.

A crucial document and milestone in regulatory reform in Viet Nam was Resolution 48-NQ/TW issued by the Politburo of the Communist Party of Viet Nam in 2005 on "The Strategy for Establishment and Improvement of the Legislative Framework to 2010 and Major Orientations to 2020 (SEILF)". Under this resolution, the objectives, viewpoints, orientation, major measures and implementing institutions for regulatory reform have been specified up to 2010.

Guiding principles of regulatory reform, stipulated in Resolution 48-NQ/TW include:

- Ensuring constitutional rule-based socialist state principles that guarantee human rights, freedom and democracy for citizens; establishing a market-oriented economy, promoting cultural and social activities, and securing national defence and security;
- Making the best use of internal potential; being pro-active in international economic integration, fulfilling all international commitments, and at the same time ensuring independence, sovereignty and economy security;
- Taking into account the specific conditions of the country, and at the same time adopting relevant international best practice; harmonising culturally specific and modern features of the legislative framework.
- Ensuring democracy as well as strengthening jurisdiction during drafting, improving and implementing regulations;
- Ensuring, in tandem of regulatory reform with administrative reform, judicial reform; paying attention to both quantity and quality of regulations, identifying priorities; anticipating sufficient conditions to ensure effectiveness and efficiency of the implementation.

1.2 Objectives of Regulatory Reform

The overarching objective of regulatory reform is to establish a legal framework that is comprehensive, unified, viable, open and transparent. The focus of the reform is on improving the

[14] See the subsequent sub-section for more details about these laws.

socialist market-oriented institutions, building up a socialist rule-based state of the people; radically renovating the mechanism of making and implementing legislation; maximising the role and effectiveness of legislation in governing the society; maintaining political stability; promoting economic development and international integration; making the state strong; executing human rights, citizen freedom and democracy; and facilitating Viet Nam's transformation into an industrialised economy by 2020.

For the last five years, specific reform objectives have been set in relation to improving the legal framework regulating business environment, tax reform, encouraging the development of markets, the environment and natural resource protection and inclusive social development.

2. Mechanisms and institutions to oversee regulatory reform

2.1 Institutions

(1) Overall institutional framework

A National Steering Committee has been established to oversee the implementation of SEILF. The committee is responsible for translating SEILF into action plans, programmes and projects to be implemented within a specific time period. The Steering Committee makes regular monitoring and supervision of SEILF and reports on implementation to the Politburo.

The advocacy role, involving the promotion of long-term regulatory framework goals such as policy change, the development of new and improved tools and institutional change, is in the hands of the National Assembly (NA), the highest ranking regulation-making body that approves both the programme of development of laws and ordinances (PDLO) for its five-year term as well as annual programmes.

The procedure for law and ordinance inclusion in PDLO is as follows: The President of Viet Nam, the Standing Committee of National Assembly (SCNA), Council of Ethnic Affairs (CEANA) and all committees of NA, Government, People's Supreme Court, People's Supreme Procuracy, Vietnamese Fatherland Front (VFF) and its member organisations. NA members send their proposals to both SCNA and the government. A proposal should specify the necessary, objectives and scope of the proposed law or ordinance; include the viewpoints and main contents, its ex ante socio-economic impacts as well as suggest resources to ensure implementation and conditions for drafting.

The government in its turn prepares a draft programme and submits it to SCNA. The Legislative Committee of the National Assembly (LCNA) in collaboration with CEANA and other relevant NA committees investigate the draft programme. The final approval of the programme rests with the NA.

At the proposal stage, the government and involved NA committees play the advisory role to the NA in selecting the most relevant proposals. At the drafting stage, the advisory role goes to VFF, social and economic organisations, government bodies, the military and individual citizens, who can contribute their comments and suggestions on the draft law. Upon the approval of SCNA, NA members are also asked for comments.

The Ministry of Justice vets all draft laws before they are submitted to the NA. The Ministry appraisal includes inviting different stakeholders' opinion. At the final stage when the draft is with the NA, CEANA, related NA committees or provisional committees act as gatekeepers with the right to challenge the drafting institutions on content or investigate the issues that are the subject of the draft regulation.

Other regulation makers at lower levels in the hierarchy include the President of Viet Nam (approving orders and decisions), the government (resolutions and degrees), the Prime Minister (decisions and directives), Ministers (decisions, directives and circulars), the Supreme Court (resolutions, decisions, directives and circulars), the Supreme Procuracy (decisions, directives and circulars), People's Councils and People's Committees.

(2) Key policy decision-making bodies

As specified above, key decision-making bodies depend on the type of regulations and the level of regulation makers. It should be noted that at the highest level, NA is the key policy decision-making body, with leading roles belonging to LCNA and CEANA. The Ministry of Justice is a key policy decision-making of the government.

2.8 Awareness and support

The level of awareness and support for regulatory reform has been increasing. In fact, anyone can make a regulatory reform proposal via their membership of VFF member organisations. At the drafting stage, all citizens as individual or as members of VFF can make comments suggesting improvements in, or abolishment of, clauses in draft regulations. The latest Law on Issuing Procedure for Regulations in 2008 streamlined and strengthened the participation of the public in regulation making and enhanced the effectiveness of co-ordination and co-operation among all stakeholders. There have been cases when a low-quality draft law has not been promulgated as scheduled and was revised and improved due to objections from the public, including citizens.

2.9 Transparency and predictability

The procedure for issuing and applying regulations became more transparent after the 2008 Law. Draft laws are made publicly available on the official website of the government at least 60 days before they go to the appraisal authorities.

However, the predictability of the whole legal framework in Viet Nam is still a challenge due to the low quality of a number of regulations. Major causes include less relevant expertise among regulation-drafting groups, weak coordination among ministries and some overlap in functions and mandates of government bodies.

3. Improving the quality of regulation

3.1 Regulatory tools, systems and processes for improving the quality of new regulations (Flow)

In Viet Nam, Regulatory Impact Analysis (RIA) has been conducted on a pilot basis for regulations governing businesses. The government co-operates with various international organisations to provide technical assistance to the key national stakeholders to implement RIA.

In co-operation with local and international stakeholders, the first RIA in Viet Nam was implemented in the making of the Enterprise Law and Investment Law in 2005. Various parties have helped provide inputs on the RIA methodology and techniques, including tips on implementation to help build Viet Nam’s initial RIA capacity. The Ministry of Justice has undertaken a number of RIA exercises under the framework of other draft laws and is aiming to institutionalise RIA in the law-making process in Viet Nam.

3.2 Regulatory tools, systems and processes for improving the quality of existing regulations (Stock)

Government bodies within their rights and mandates have responsibility for regularly reviewing regulations. If violations, contradictions, duplication or irrelevance to ongoing development are discovered, they should be reported to competent government bodies for amendment, augmentation, replacement, revocation or suspension.

4. Future challenges and lessons learned in promoting regulatory reform

4.1 Lessons learned in promoting regulatory reform and major progress in the past five years

Successful cases of regulatory reform include the amendment and issuance of business laws, including the Enterprise Law and Investment Law in 2005. The Enterprise Law aims at creating favourable conditions for business development, differentiating between different economic actors, not only in the procedures of entry and exit but also with respect to internal administration.

The Investment Law, which is highly regarded by investors, was part of a long process of improving the investment environment, creating an equal "playing field" for both domestic and international investors through the simplification of investment procedures.

The lessons from the past regulatory reform show that to make real progress the government has to demonstrate strong commitment to carrying out reform; it should be a whole-government approach; the regulation making should be a participatory process; technical assistance from international stakeholders is important; and the capacity of key drafting-regulation players should be of a good standard.

4.2 Future challenges

Although there have been significant improvements in reviewing and amending policies and regulations that aim to ensure the public benefit, future challenges include:

- The poor quality of a number of regulations, reflecting inconsistent content, partial coverage of regulated issues; ambiguity in clauses and other loopholes in laws and regulations
- Some law making remains subjective and not attuned to the market economy nor cognisant of the net benefits to society
- The assurance of laws and regulations enforcement is still low

Abbreviations and Acronyms

ABAC	APEC Business Advisory Council
AEPR	APEC Economic Policy Report
EoDB	Ease of Doing Business
GCI	Global Competitiveness Index
GCR	Global Competitiveness Report
ICT	Information and Communication Technology
IER	Individual Economic Report
IMD	Institute for Management Development
LAISR	2004 APEC Leaders' Agenda to Implement Structural Reform Towards 2010
MCA	Multi-Criteria Analysis
OECD	Organisation for Economic Cooperation and Development
PME	Performance Measurement and Evaluation
PRIBE	Prioritisation of Regulatory Reform to Improve the Business Environment
RIA	Regulatory Impact Assessment
RIA	Regulatory Impact Analysis
SRMM	Structural Reform Ministerial Meeting
WCY	World Competitiveness Yearbook
WEF	World Economic Forum
WTO	World Trade Organisation
	Australia
BCC	Business Cost Calculator
BRCWG	Business Regulation and Competition Working Group
COAG	Council of Australian Governments
DPD	Deregulation Policy Division
OBPR	Office of Best Practice Regulation
PC	Productivity Commission
RIS	Regulation Impact Statement
	Brunei Darussalam
CSEA	Civil Service Excellent Award
MSD	Management Services Department
OSPD	Outline of Strategies and Policy Directions
QCC	Quality Control Circle
UNDP	United Nations Development Programme
	Canada
CDSR	Cabinet Directive on Streamlining Regulation
CORE	Centre of Regulatory Expertise
EACSR	External Advisory Committee on Smart Regulation
TBS	Treasury Board of Canada Secretariat
	China
NDRC	National Development and Reform Commission
SMEs	Small and Medium-Sized Enterprises

Hong Kong, China

BFAC	Business Facilitation Advisory Committee
BIA	Business Impact Assessment
CE	Chief Executive
EABFU	Economic Analysis and Business Facilitation Unit
HKC	Hong Kong, China
HKSAR	Hong Kong Special Administrative Region
PRC	People's Republic of China

Japan

CPRR	Council for the Promotion of Regulatory Reform
CRR	Council for Regulatory Reform
MIC	Ministry of Internal Affairs and Communication
TPPRR	Three-Year Programme for Promoting Regulatory Reform

Republic of Korea

BAAR	Basic Act of Administrative Regulations
G4B	Government for Businesses
G4C	Government for Citizens
G4F	Government for Foreigners
PCNC	Presidential Council on National Competitiveness
RRC	Regulatory Reform Committee
RRO	Regulatory Reform Office

Malaysia

AGC	Attorney General's Chambers
BLESS	Business Licensing Electronic Support System
MAMPU	Malaysian Administrative Modernisation and Planning Unit
MHLG	Ministry of Housing and Local Government
OSC	One-Stop Centre
PEMUDAH	Special Task Force to Facilitate Business
VIS	Valuation Information System
WGEI	Working Group on Efficiency Issues
WGPI	Working Group on Policy Issues

Mexico

COFEMER	Federal Commission on Regulatory Improvement
FLAP	Federal Law of Administrative Procedure
RFTS	Federal Registry of Formalities and Services
RRP	Regulatory Reform Program
SARE	Rapid Business Start-up Systems
UED	Unit for Economic Deregulation

New Zealand

BCC	Business Cost Calculator
LAC	Legislation Advisory Committee
LDC	Legislation Design Committee
MED	Ministry of Economic Development
RIAT	Regulatory Impact Analysis Team

	Philippines
NCC	National Competitiveness Council
NEDA	National Economic and Development Authority
NWRB	National Water Resources Board
WESM	Wholesale Electricity Spot Market
	Singapore
ACE	Action Community for Entrepreneurship
EDB	Economic Development Board
MCYS	Ministry of Community Development, Youth and Sports
PEP	Pro-Enterprise Panel
PER	Pro-Enterprise Ranking
REACH	Reaching Everyone for Active Citizenry @Home
RRP	Rules Review Panel
SRC	Smart Regulation Committee
WOG	Whole-of-Government
ZIP	Zero-In-Process
	Chinese Taipei
CEPD	Council for Economic Planning and Development
RDEC	Research, Development and Evaluation Commission
	Thailand
LRC	Law Reform Commission
LRDT	Law Reform for Development of Thailand
PPJC	Public-Private Joint Committee
RTG	Royal Thai Governments
	United States
APA	Administrative Procedure Act
E.O.	Executive Order
OIRA	Office of Information and Regulatory Affairs
OMB	Office of Management and Budget
	Viet Nam
CEANA	Council of Ethnic Affairs
LCNA	Legislative Committee of the National Assembly
NA	National Assembly
PDLO	Programme of Development of Laws and Ordinances
SCNA	Standing Committee of National Assembly
SEILF	Strategy for Establishment and Improvement of the Legislative Framework to 2010 and Major Orientations to 2020
VFF	Vietnamese Fatherland Front