

IRC, A CRITICAL PILLAR OF REGULATORY QUALITY

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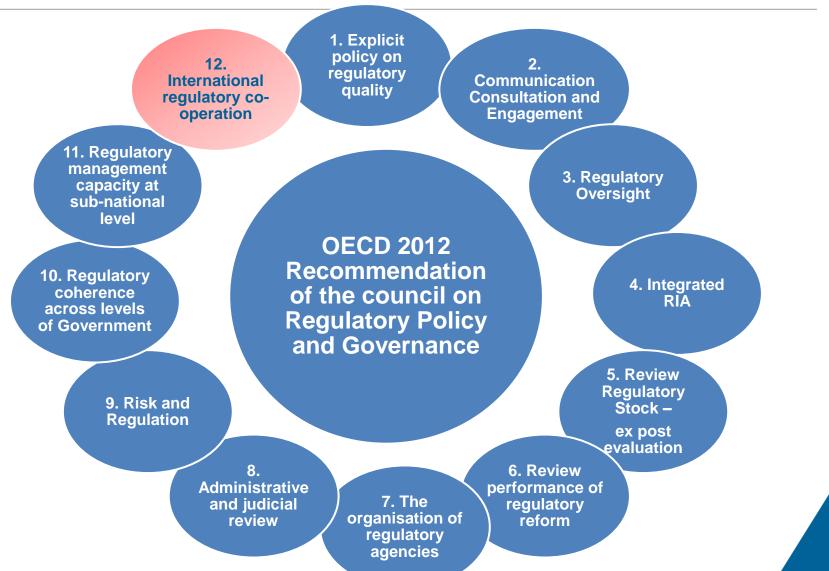
TBT SIDE EVENT ON IRC 19 March 2018

Geneva





International regulatory co-operation (IRC): Quality Regulation in a globalised context





Implementing Principle 12:

OECD Regulatory Policy Committee work on IRC

What is IRC? (2012/13)

Definition

10 case studies,

Typology & classification of costs and benefits



Focus on specific IRC approaches (2013 - 2018)

Mutual Recognition Agreements Good Regulatory Practices

TGNs

Interface IRC / trade policy

Joint meetings of Regulatory Policy and Trade Committees Understanding the trade costs of regulatory divergence and remedies



Quality of international instruments (2014-2019)

Partnership of 50 IOs on effectiveness of international rulemaking

Stocktaking of governance & GRPs of 50 IOs





"Any agreement or organisational arrangement, formal or informal, between countries to promote some form of cooperation in the design, monitoring, enforcement, or ex post management of regulation"

Integration /
Harmonisation through
supra national institutions
(EU)

agreements
(treaties / conventions)

Specific negotiated

operation partnerships (US-Canada Regulatory Cooperation Council)

Mutual recognition

agreements

Formal regulatory co-

Joint rule-making through inter governmental organizations (OECD, WTO)

Trade agreements with regulatory provisions (RTAs, FTAs)

As) (MRAs)

Trans-governmental networks of regulators

(ILAC, ICPEN, PIC/S)

Good regulatory practices and adoption of relevant frameworks in other jurisdictions Recognition and incorporation of international standards

(ISO, IEC,...)

Dialogue / Informal exchange of information

(Transatlantic dialogues)



Why should regulators co-operate?

A good governance and an economic imperative

Benefits

Economic gains

Managing risks and externalities across borders

Greater administrative efficiency

Knowledge flow

Costs and challenges

Costs of additional layer of co-ordination

Specificity of regulatory set-up

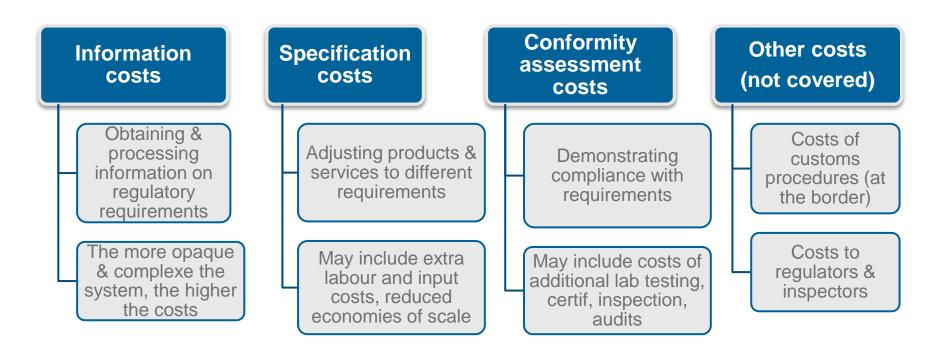
Political economy of cooperation

Implementation challenges



What costs of regulatory divergence are we talking about?

Heterogeneity-related trade costs for producers and traders





The solutions? From unilateral to multilateral, the IRC building blocks

Unilateral

Bilateral

Regional

Multilateral

Adoption of good regulatory practice

Adoption of international standards

Formal Partnerships

Mutual recognition

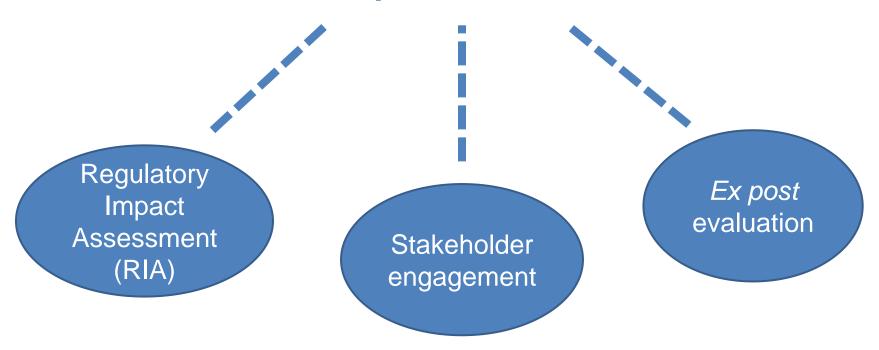
Regulatory provisions in trade agreements

Regional and multilateral platforms for cooperation among regulators



Unilaterally, countries can foster IRC through more systematic good regulatory practices

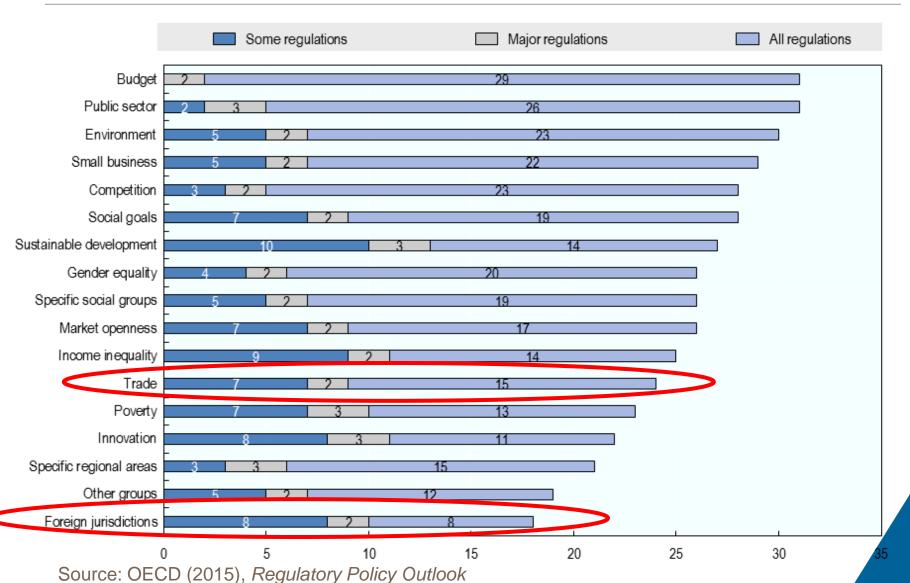
Good regulatory practices (GRP) comprise *inter alia*:



- => Foundation of regulatory quality and IRC
- => Support evidence-based policy making and help channel the voices of affected parties, including trade-related concerns.



RIA provides opportunity to highlight impacts





Adoption of international standards can drive regulatory convergence if they meet regulators' confidence

Benefits

Challenges

Support globalised production and markets

Reduce costs for countries of their development

International platforms can help anticipate on new regulatory fields

Potential of standards is under exploited

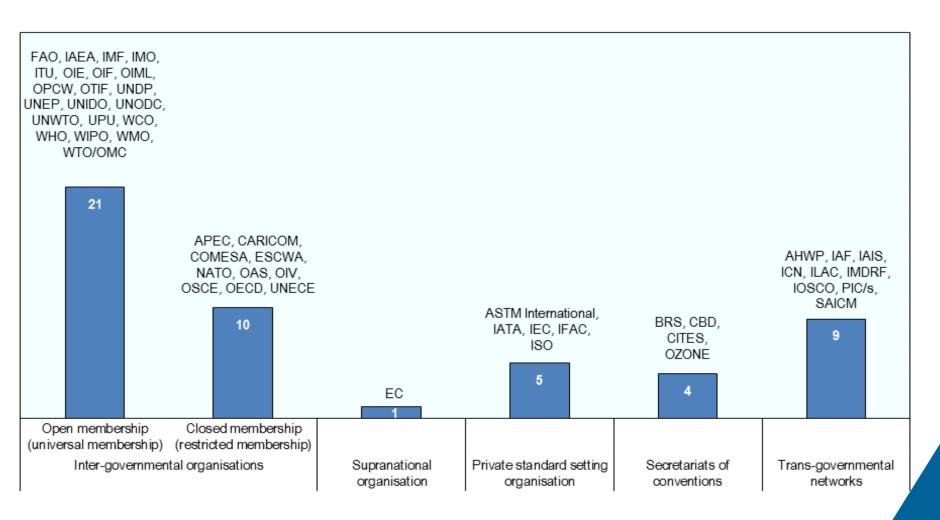
International dimension & appropriateness to local needs

Potential quality issues

Need to work with domestic regulators

Need to work with IO

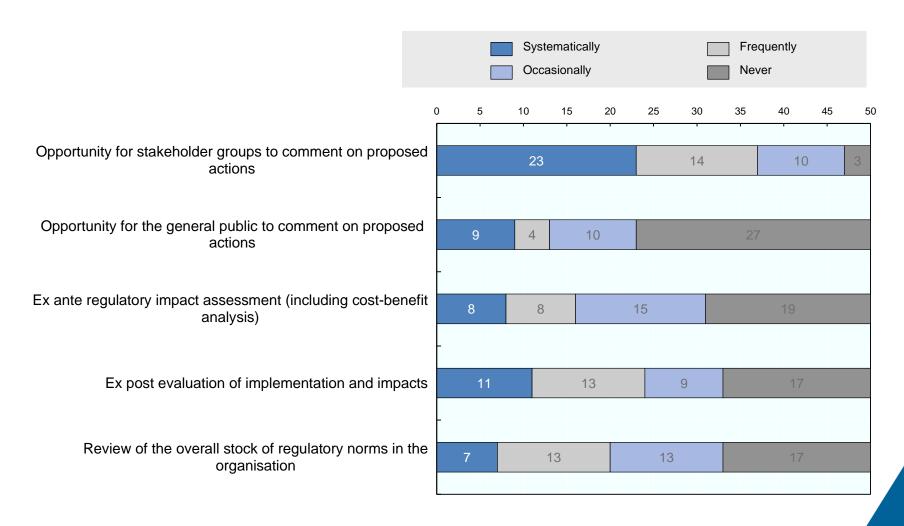
The diversity of the world of norm/standard setters



Source: OECD (2016), International Regulatory Co-operation: The Role of International Organisations in Fostering the Rules of Globalisation.



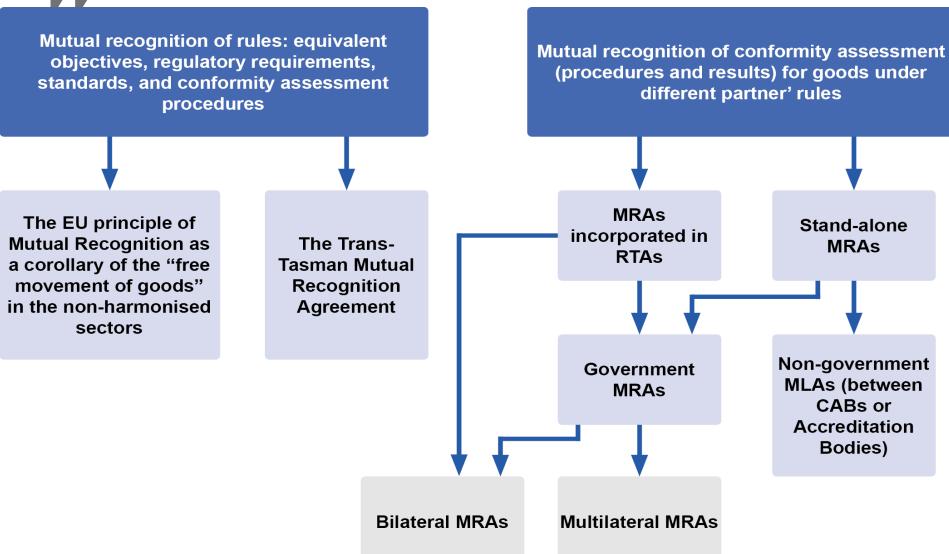
Ensuring the quality of IO instruments: fairly developed SE, limited evaluation



Source: OECD (2016), International Regulatory Co-operation: The Role of International Organisations in Fostering the Rules of Globalisation.



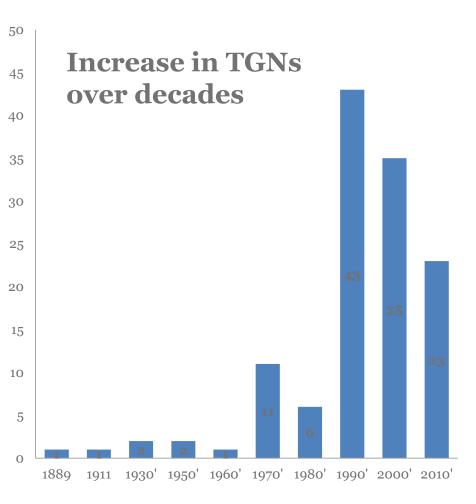
The complex world of recognition: work in big GVC, where regulatory divergence is not too high



Source: Correia de Brito, A., C. Kauffmann and J. Pelkmans (2016), "The contribution of mutual recognition to international regulatory co-operation", *OECD Regulatory Policy Working Papers*, No. 2



Regulators cooperate through TGNs and bilateral relations: how to harness their value?



- Regulators cooperate through a wealth of regional & multilateral, more or less formal platforms (IOs & TGNs)
- These platforms provide opportunities to share information & practices and develop common approaches & rules
- Horizontal approach supporting diffusion but may be weak in enforcement and hard decision

Source: The contribution of trans-governmental networks of regulators to international regulatory cooperation, draft OECD paper, 2017



Background information:

The Regulatory Policy Committee was created by the OECD Council on 22 October 2009 to assist countries in implementing government-wide policies to promote regulatory policy and governance.

Our work on international regulatory co-operation is available at: www.oecd.org/gov/regulatory-policy/IRC

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