



INTERNATIONAL REGULATORY CO-OPERATION: *THE OECD'S PERSPECTIVE*

**26th Annual Session of UNECE Working Party on
Regulatory Cooperation and Standardization Policies
(WP.6)**

1 December 2016

Marianna Karttunen, Regulatory Policy Division
OECD Public Governance and Territorial Development



Overview of OECD work on IRC

**OECD
Recommendation
on Regulatory
Policy and
Governance
(2012)**

**IRC: a good
governance and an
economic
imperative**



**What is IRC?
(2013)**

Definition

**OECD typology with
classification of
costs and benefits**

**OECD and IMO Case
studies**



**Focus on specific
IRC approaches
(2016)**

**Mutual Recognition
Agreements**

**Good Regulatory
Practices**

**International
organisations**

- Report
- Case studies: FAO, ISO, OIML, WHO, UNECE



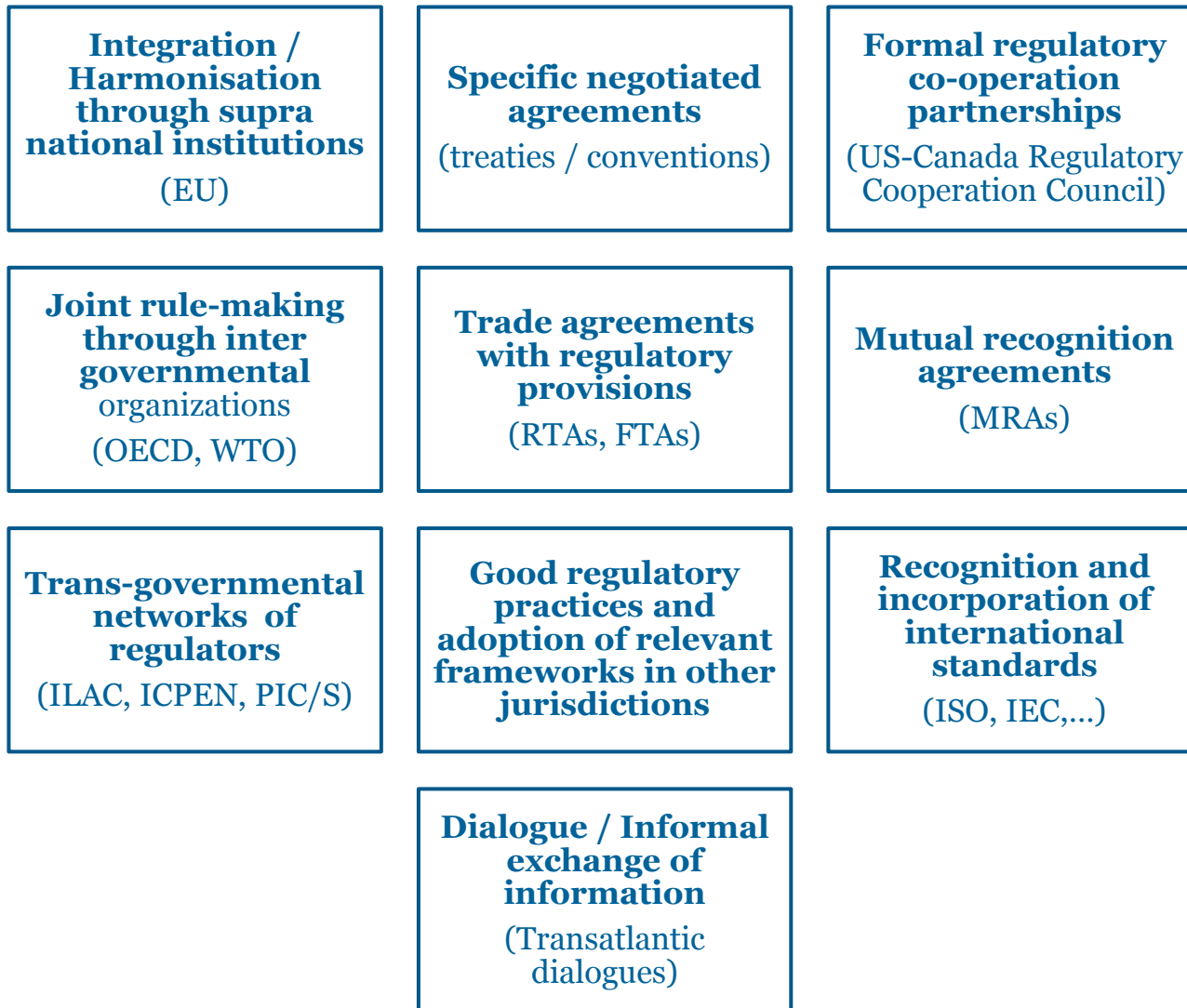
**How can IRC
facilitate trade?
(on-going)**

**Joint meetings of
Regulatory Policy
and Trade
Committees**

**Understanding the
trade costs of
regulatory
divergence and
remedies**



Countries can cooperate in more than one way to ensure regulatory consistency





Example of “Unilateral” IRC: Good Regulatory Practices

Benefits

- May limit information, specification and conformity assessment costs
- Submit regulation to a reality check, support evidence-based policy making, channel the voices of affected parties.
- Non-discriminatory
- Preserve regulatory sovereignty.
- GRP may help avoid lengthy sector-specific discussions
- Facilitate other IRC approaches

Costs/Challenges

- Methodological challenges: GRP are guided by national concerns and welfare maximisation.
- Regulatory divergence may still prevail.
- Regulatory frictions often arise from different enforcement mechanisms

Success factors

- Most useful in heterogeneous situations
- Domestic commitment to regulatory policy and existence of an oversight body (to ensure application of GRP)

Source: Illustration based on the results of Basedow, R., Kauffmann, C. (2016), *International Trade and Good Regulatory Practices: Assessing the Trade Impacts of Regulation*, OECD Regulatory Policy Working Papers no. 3, OECD Publishing Paris



Example of “Bilateral” IRC: Mutual Recognition Agreements

Benefits

- Limits conformity assessment costs of regulatory heterogeneity
- Does not require changes in regulations
- (Small) positive impact on trade
- Avoid duplication of test, uncertainty on rejection & shorten ‘time-to-market’
- Knowledge flows & peer learning

Costs and challenges

- Requires establishment of conformity assessment infrastructure
- Seen as costly by regulators and administrations to negotiate and maintain
- Challenging political economy & implementation

Success factors

- Science-driven domains
- Big global value chains
- Regulatory divergence is not too high
- Confidence and institutional proximity

Source: Illustration based on the results of Correia de Brito, Kauffmann and Pelkmans (2016), "The contribution of mutual recognition to international regulatory co-operation", *OECD Regulatory Policy Working Papers*, No. 2, OECD Publishing, Paris, DOI: <http://dx.doi.org/10.1787/5jm56fqsfmx-en>

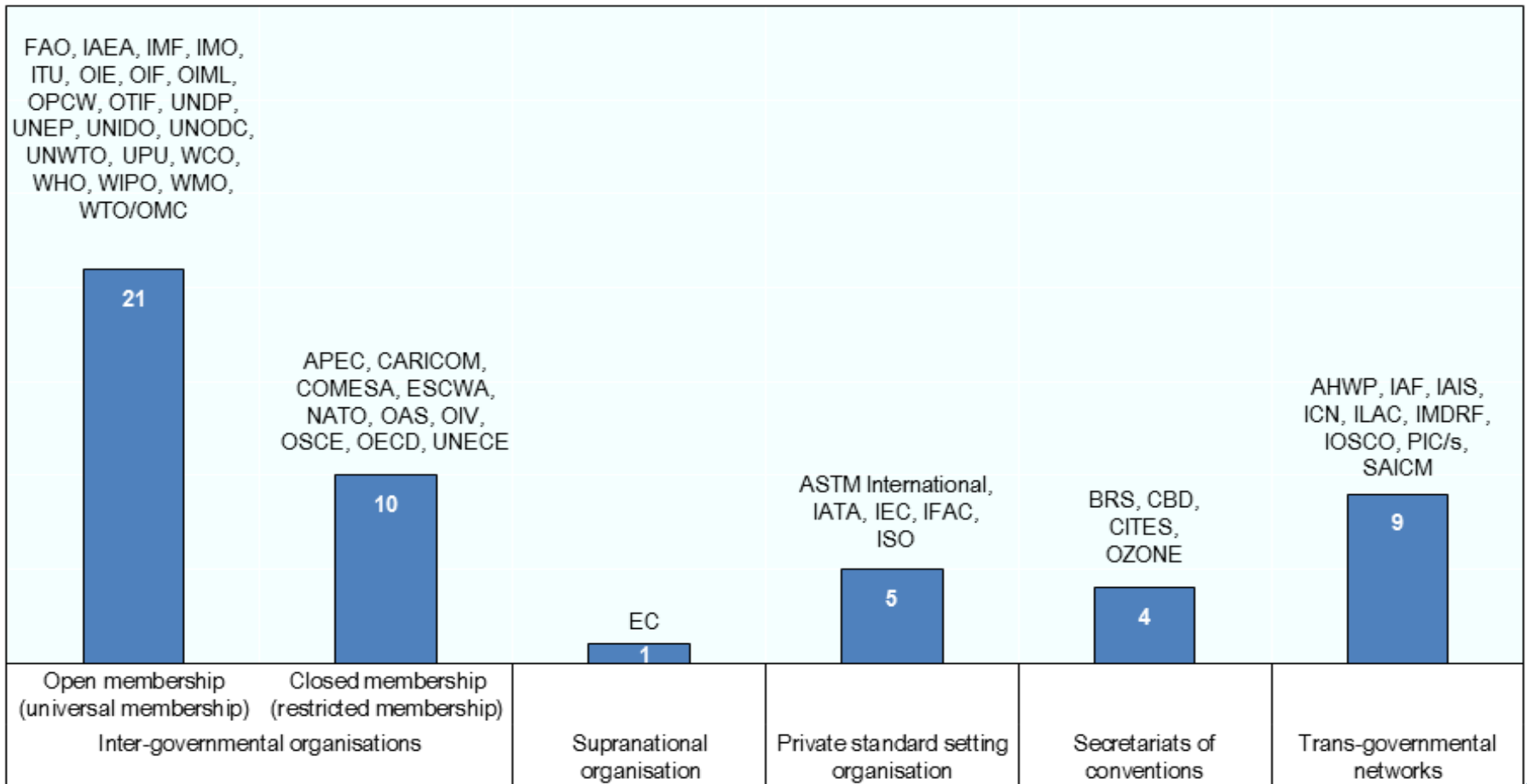


Example of “Multilateral” IRC: International Organisations

- IO: forum for continuous dialogue between Members
 - facilitate the development of common language
 - the comparability of approaches and practices
 - the development of international legal and policy instruments or standards
- **What are the main features of IOs as platforms for IRC?**
- To answer this, OECD conducted survey with 50 IOs on their rule-making practices (2015-2016).



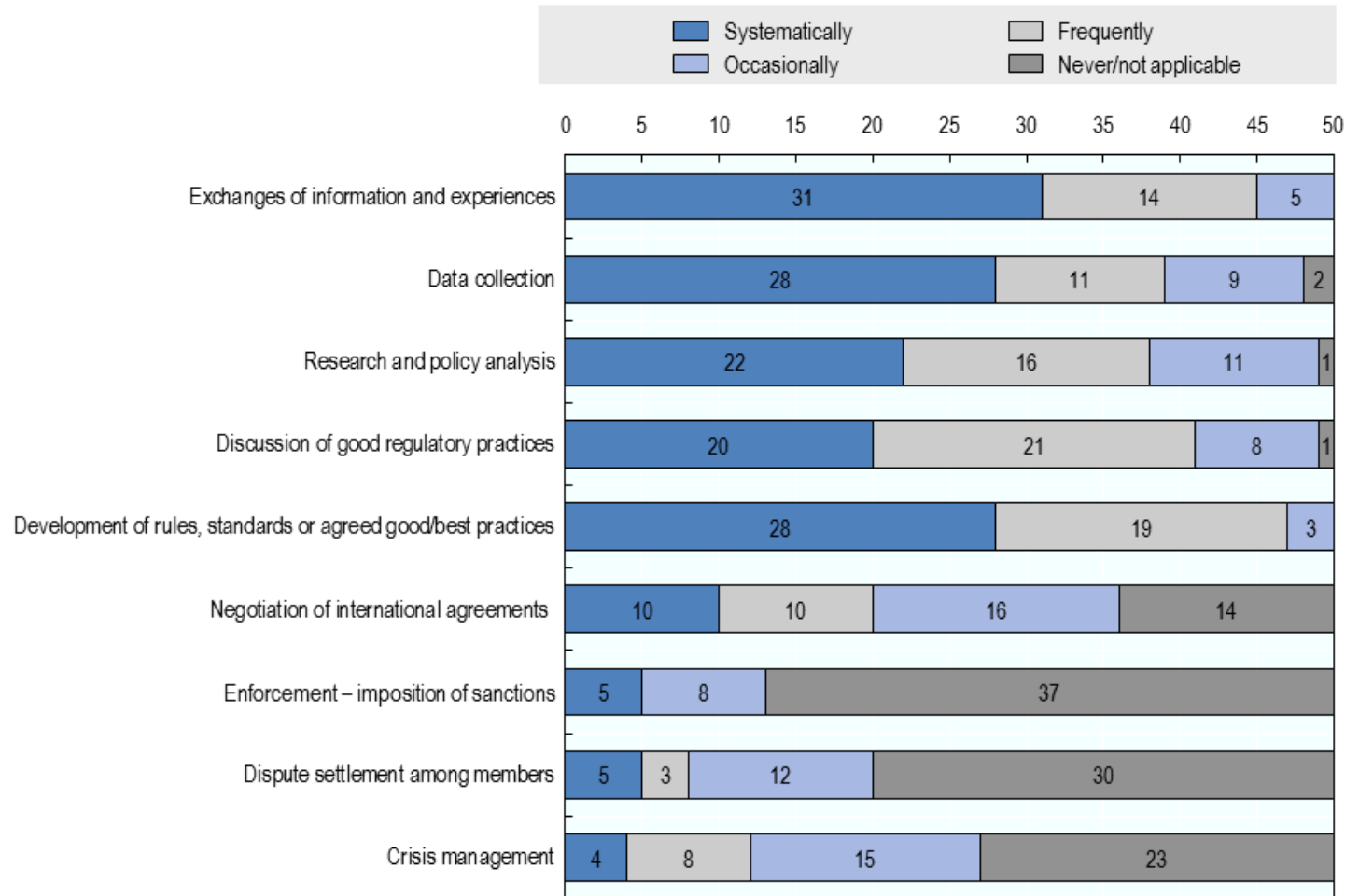
The diversity of the world of IOs: IO report



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



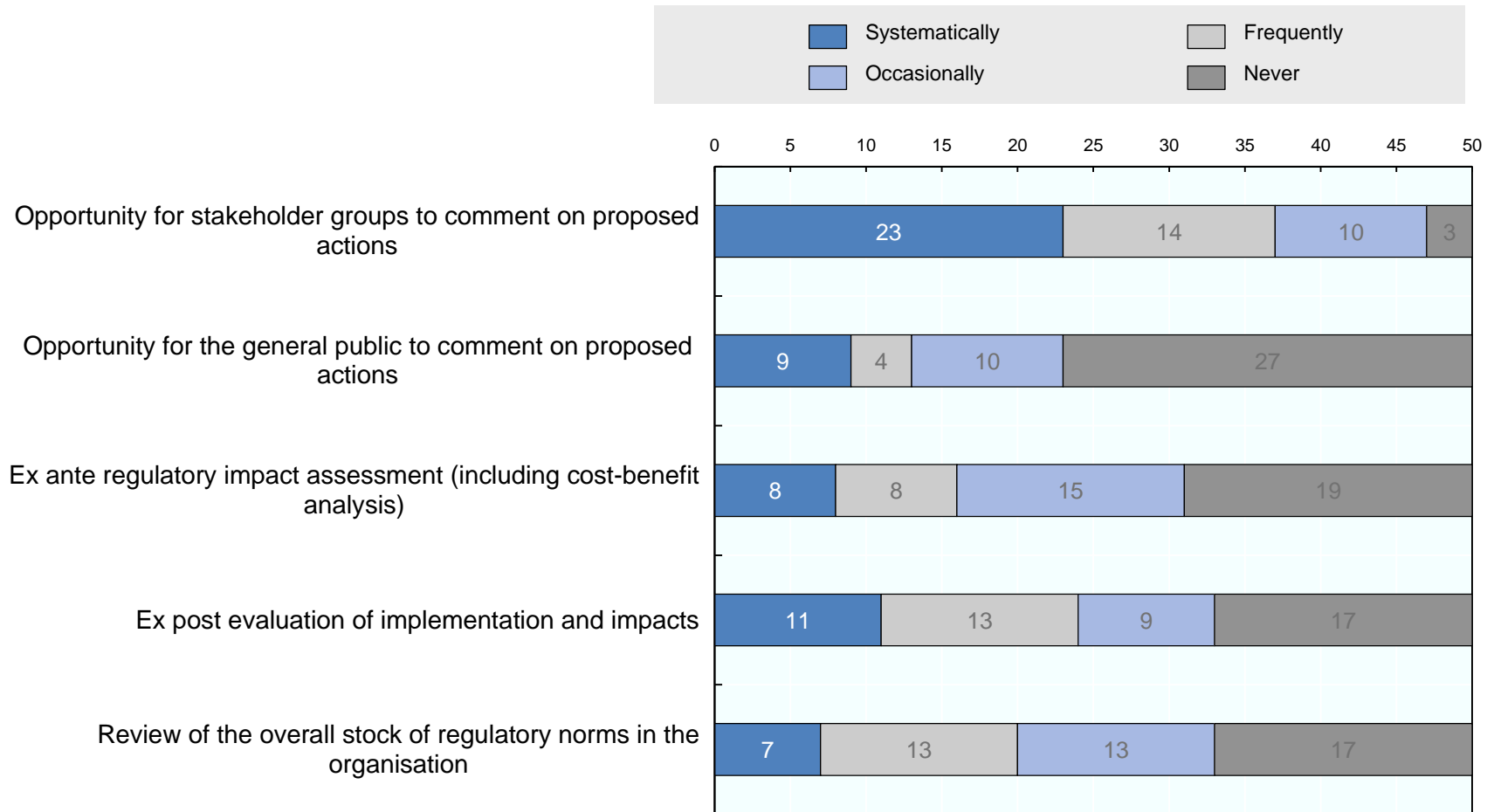
The nature of rule-making of IOs: upstream rather than downstream



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



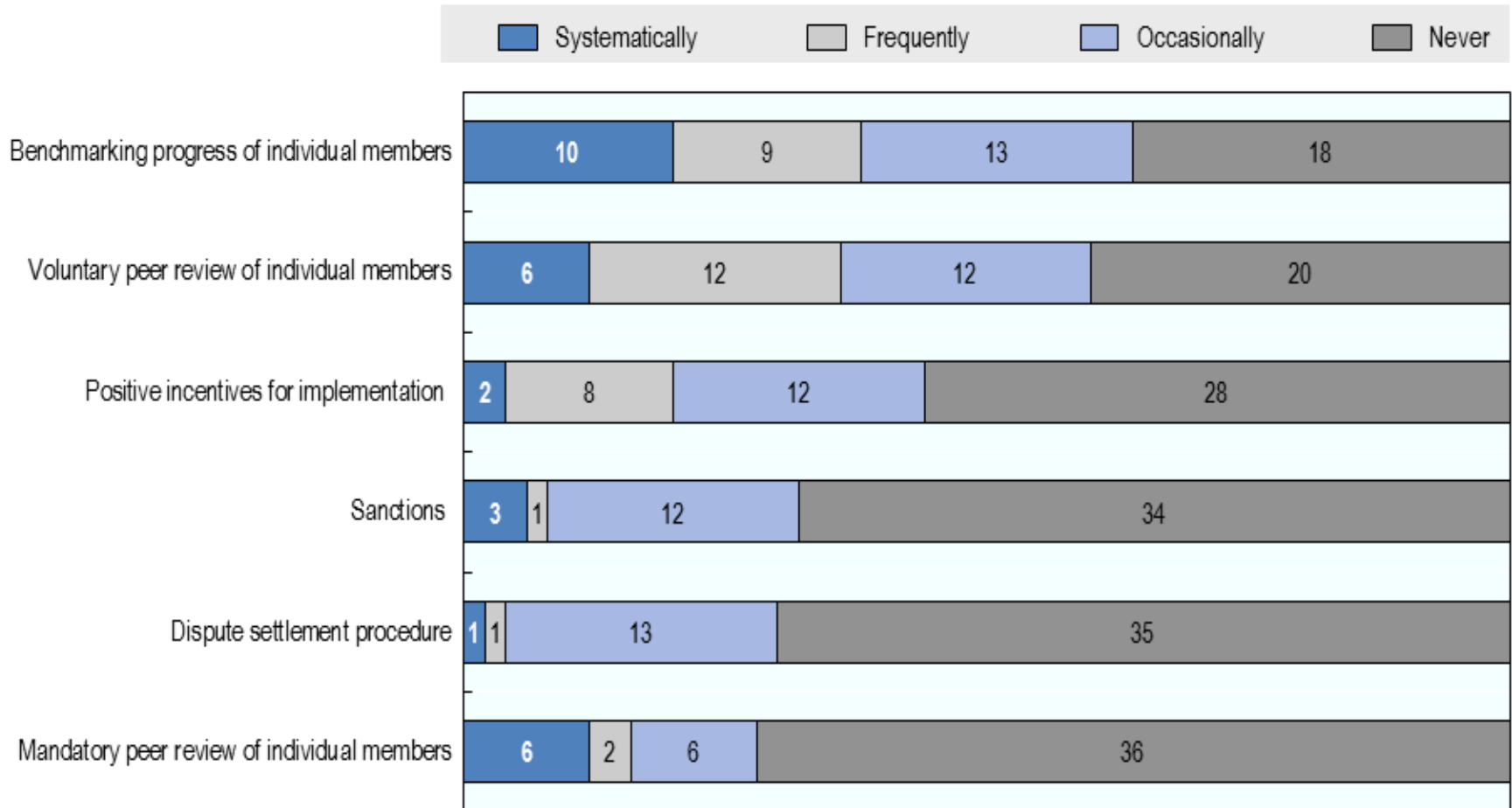
Ensuring the quality of IO instruments: fairly developed SE, limited evaluation



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



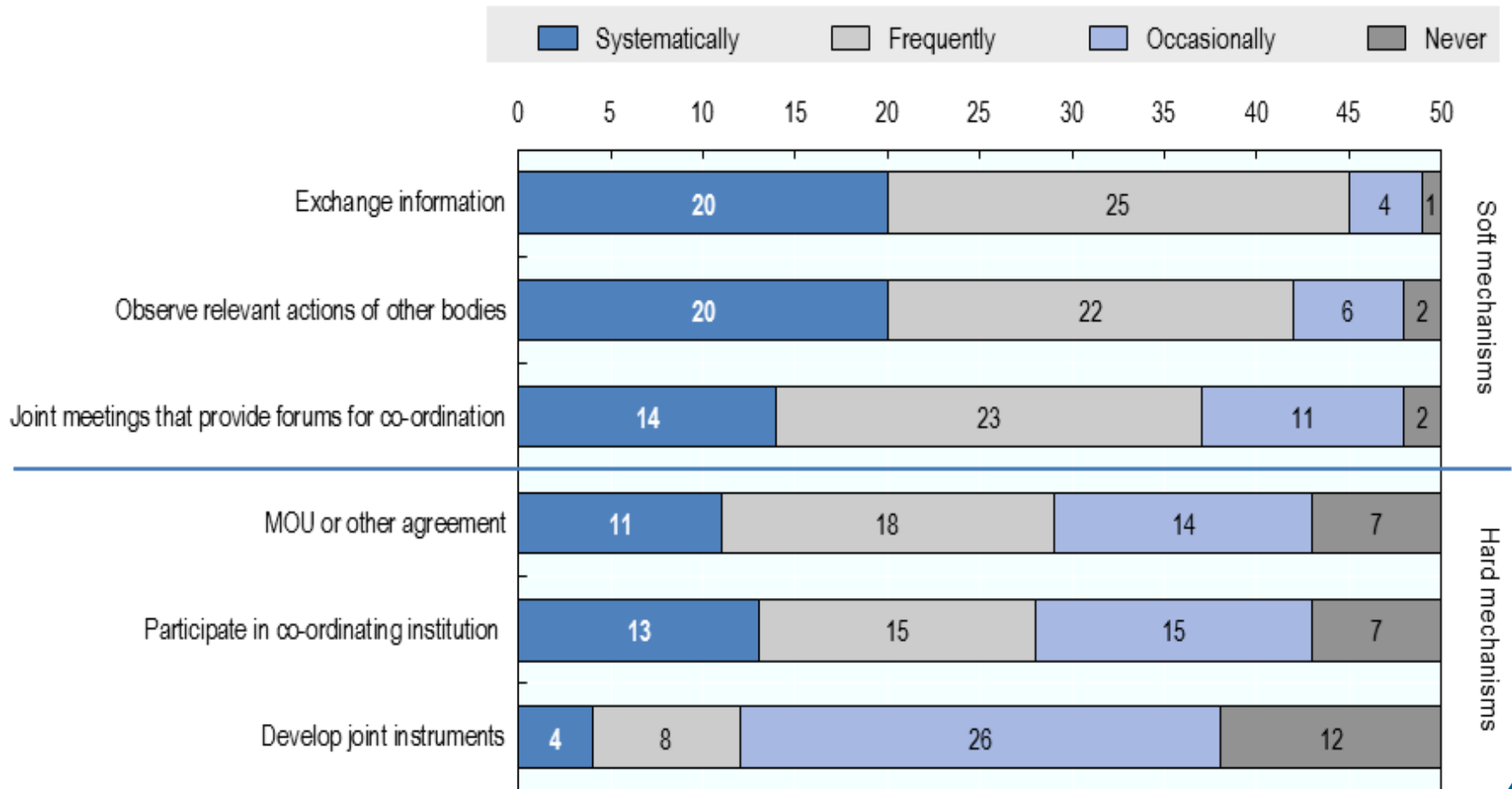
Mechanisms to track implementation: mostly voluntary



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



Interactions among IOs: room for improvement?



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



Thank you

Contact details:

celine.kauffmann@oecd.org; marianna.karttunen@oecd.org

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. Information about OECD work on regulatory policy at:

www.oecd.org/gov/regulatory-policy

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