**ABAC Letter to SOM on Good Regulatory Practices**

ABAC supports APEC’s work to strengthen and deepen regional economic integration as well as increase trade and economic growth through the implementation of good regulatory practices (GRP).  GRP remains a critical challenge in many areas of interest from the services sector to supply chains. Market actors and modern supply chains operate globally, with components being sourced from across the world.  Variations in regulations in just one economy can impact the entire supply chain and impose significant costs to businesses, governments, and citizens.  For businesses, and in particular SMMEs, higher compliance costs hinder international competitiveness and complicate the most efficient deployment of economic resources. ABAC encourages APEC Senior Officials to incorporate the following regulatory issues into their ongoing work on GRP.

1. Increase Regulatory Transparency

A 2012 study by the Pacific Economic Cooperation Council (PECC) cited a lack of transparency in regulations as the most pressing issue for Asia-Pacific free trade agreements, and lack of transparency in regulatory practices as the most serious challenges to doing business in the Asia-Pacific region.  Transparency in the development, implementation, review, and enforcement of regulatory frameworks is critical to market certainty. The private sector needs certainty and stability with regard to the implementation and enforcement of regulatory frameworks. The implementation of robust annual regulatory agendas across the region will improve transparency, provide the necessary commercial certainty for development of goods and services according to regulatory requirements, as well as enhance innovation, trade, and open competition.

Consultation mechanisms are also essential to demonstrating transparency to all stakeholders. APEC should strengthen the use of consultation mechanisms to enhance accountability, promote best practices, and take into account the diverse interests of stakeholders. A single point of location for regulatory information is a crucial component to enhancing consultation. Businesses, in particular SMMEs, often lack the resources to stay abreast of regulations across the region. By utilizing new technologies in the form of online databases or web portals, APEC can promote a two-way flow of information between government and those affected by regulatory changes to promote public involvement and enhance the transparency of government decision making.

1. Strengthen Regional Coordination in the Development of Regulations

APEC must foster regulatory coordination across jurisdictions in order for economies to be effective in regulating and overseeing their markets while not impeding the cross-border economic activity. Establishing frameworks for regular contact and cooperation between regulatory agencies at the national and international level is crucial for the development of high quality regulatory outcomes. FTAs and other agreements can create mechanisms for consultation and the resolution of these technical issues. The ultimate intention should be to develop mutual understanding of different systems and to build trust. Sharing this information and working collaboratively to develop domestic regulations that conform to international best practices, particularly in new and emerging sectors, can facilitate trade while increasing skill levels and knowledge of regulatory institutions globally.

1. Encourage Alternatives to Prescriptive Regulation

Prescriptive regulations are often standardized or inflexible, and therefore may not adequately deal with diverse conditions or with changes over time. This can result in regulations becoming outdated and even counter‑productive to their regulatory objective. They may also impede technological progress and innovation. The consideration of regulatory alternatives therefore is an important issue. Whether a prescriptive regulatory approach or an alternative to regulation is adopted, the methods to deal with a perceived problem should ideally have the characteristics of simplicity, flexibility, efficiency, certainty, equity, and continuous improvement.

1. Promote Trade Friendly Regulations

Businesses often face opaque regulatory processes which can be interpreted without consistency, even within the same regulating authority. According to the *2011 Baseline Study on Good Regulatory Practices* in APEC, only five APEC economies explicitly include trade impacts in their domestic regulatory impact assessments (RIA), and only six economies explicitly include trade officials in consultations on RIA. APEC should promote approaches to regulation and implementation that are trade-friendly, and avoid unnecessary burdens on economic actors by promoting collaboration on regulations for emerging technologies to avoid future divergences, doing away with duplicative or outdated requirements, and embracing regulatory alternatives. Regulatory reviews are an effective tool to address these challenges and reduce the economic burden on businesses.

APEC should continue to strive for a balanced approach to GRP that takes into account the benefits that regulation can bring to an economy, as well as the cost and economic inefficiencies that it can impose. It is not enough to simply implement GRP; APEC must continue to move beyond general GRP recommendations and reinforce the groundwork of actual implementation. APEC has done extensive work on GRP, and should do much more to strengthen the implementation of practical GRP systems that produce efficient and effective results. Ultimately, when implemented properly and in concert with international trading partners, regulations can facilitate the trade of goods and services, encourage competitive economies, and enhance the region’s economic growth.