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Regulatory Coherence – Emissions Regulations

A Sectoral Approach to Highlight the Impact of
Regulatory Coherence on the Private Sector

Background

- * In Guangzhou, ABAC USA recommended taking a sectoral approach to encouraging regulatory coherence.
- * ABAC could be helpful in driving the implementation of the work APEC has done by demonstrating what regulatory coherence looks like from a sectoral perspective.

About Regulatory Coherence

- * Regulatory coherence isn't about more or less regulation, it's about improving the process by which economies develop regulations
- * Approaches to regulation should be trade-friendly and not distort markets or place unnecessary burdens on economic actors.
- * Regulation is an integral part of a well-functioning economy used to achieve desired
 - * economic,
 - * social, and
 - * environmental objectives.

Our Objective

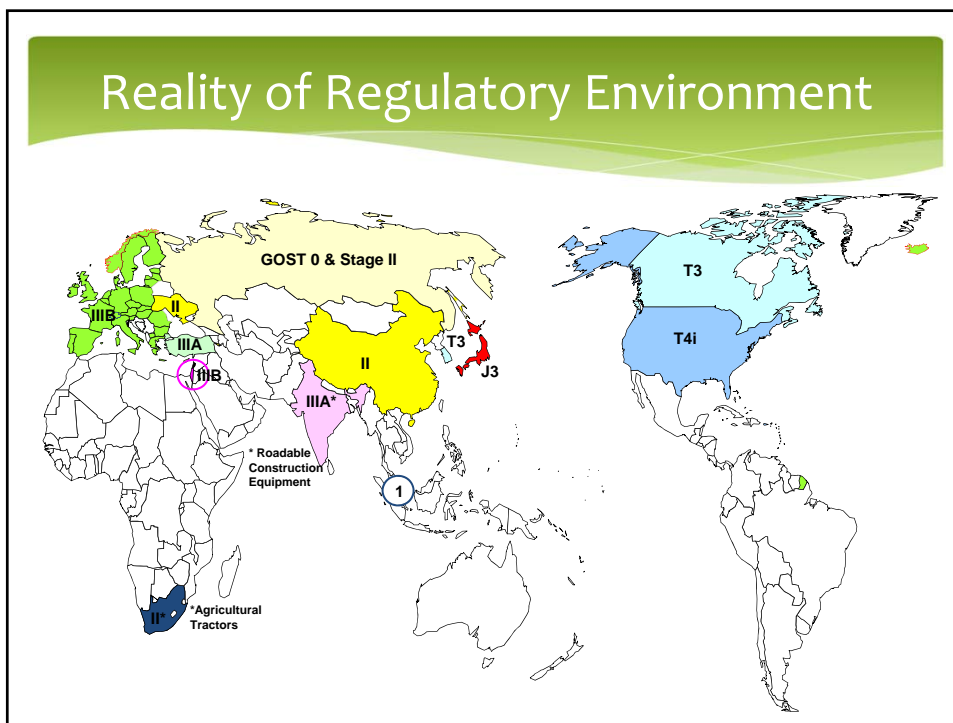
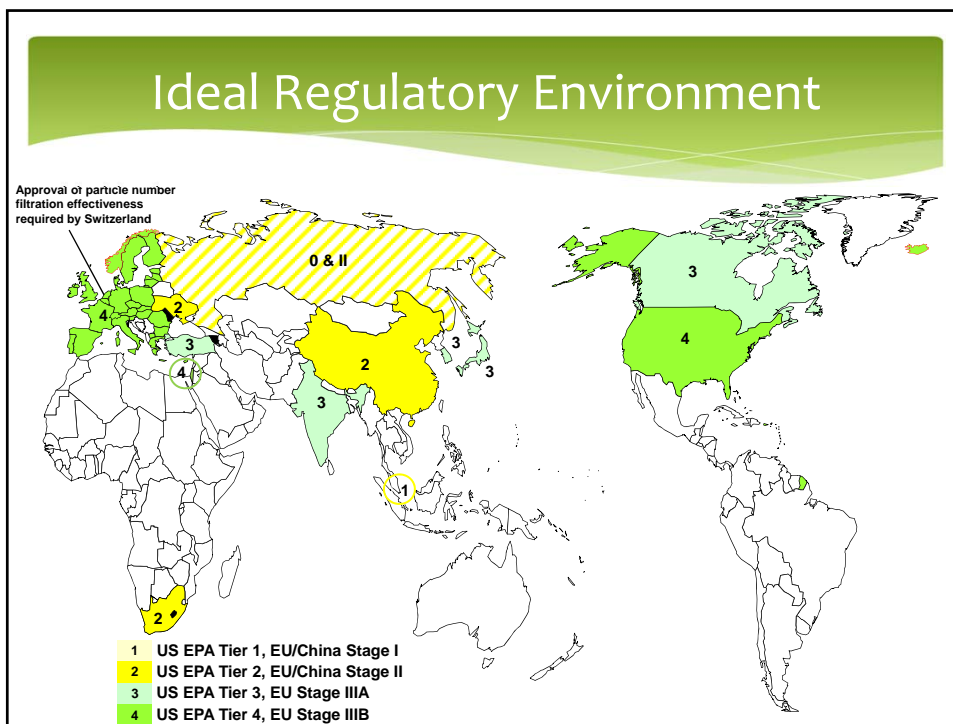
- * Need to find a balance between the need for regulation, and the cost and economic inefficiencies that it can impose.
 - * Facilitate the trade of goods and services
 - * Stimulate competitive economies and the region's economic growth.
- * Our objective is to have APEC economies develop and implement effective regulatory regimes which facilitate the trade of goods and services, promote investment to maximize the competitiveness of economies and achieve economic growth

Our Approach

- * ABAC USA developed a framework based off the APEC Economic Committee's *Good Practice Guide on Regulatory Reform*. From this we created six sections:
 - * **Designing Regulations**
 - * **Regulatory Institutions**
 - * **Regulatory Impact Assessment**
 - * **Consultation Mechanism**
 - * **Enforcement Mechanism**
 - * **Alternatives to Regulation**
- * Within each of these sections we identified best practices and recommendations on how regulatory coherence could be enhanced

Approaches to Regulatory Coherence

- * Designing Regulations:
 - * International standards should be used as the basis for domestic regulation
 - * Regulations should be performance based and not prescriptive based
- * Key Findings
 - * Regulations are often the same, but only superficially
 - * Unique national standards are a burden on economic actors



Approaches to Regulatory Coherence

- * Regulatory Institutions:

- * Government regulatory institutions should promote approaches to regulation and implementation that are trade-friendly and avoid unnecessary burdens on economic actors
- * Regulatory institutions should address unnecessary costs of regulation

- * Key Findings

- * Trade friendly institutions facilitate innovation and competitiveness by streamlining the manufacturing process.

Approaches to Regulatory Coherence

- * Regulatory Impact Assessment

- * Regulatory impact assessments (RIA) should be used to assess the impacts of new or existing regulations on business, the environment, government, administration, or any other impact that is of relevance to the regulation-maker.

- * Key Findings

- * RIA addresses long term impacts – allows products to move freely across borders after initial point of sale.

Approaches to Regulatory Coherence

- * Consultation Mechanism:
 - * Governments should incorporate a consultation mechanism. Consultation supports transparency and accountability, as well as improves the overall efficiency and effectiveness of policy.
- * Key Findings
 - * Public-private consultation would ensure that full implementation of regulations is the same.

Approaches to Regulatory Coherence

- * Enforcement Mechanism
 - * Regulatory coherence will allow regulators to fulfill their enforcement mandate through improved transparency in regulation and enforcement.
- * Key Findings
 - * Transparent regulations are critical to regulatory certainty – which promotes innovation, and leads to improved environmental protection.

Approaches to Regulatory Coherence

- * Alternatives to Regulation
 - * Whether a prescriptive approach or an alternative, the methods to deal with a perceived problem should ideally have the following characteristics:
 - * simplicity, flexibility, efficiency, certainty, equity
- * Key Findings
 - * Simplicity improves ability to engineer solutions
 - * Flexibility allows for easier transitions to new standards
 - * Certainty allows for justification of investments, increases competition, and promotes innovation

Conclusions

- * Coherence of worldwide emission regulations would not only help international commerce, but more importantly would eliminate unnecessary costs associated with materials and services spent each year on development, testing, manufacturing, inventory, and logistics in dealing with different levels, or flavors of emissions regulations.

Proposal

- * ABAC USA is requesting that three additional ABAC economies conduct a similar sectoral assessment of regulatory coherence on their respective industries.
- * Include language in the ABAC Report to Economic Leaders stressing the importance of regulatory coherence;
- * Include these sectoral reports as annexes to the Report.