

II. AGENDA OF THE PUCON WORKSHOP

ENHANCING MARKET OPENNESS THROUGH REGULATORY REFORM

General objective: To refine the *APEC-OECD Integrated Checklist on Regulatory Reform* (especially the sections on “market openness policies” as well as on “horizontal criteria”) by sharing ideas and experiences with trade-and-investment-related aspects of regulatory reform and building on discussions in the earlier APEC-OECD workshops.

MONDAY 24 MAY 2004

9:30 – 10:15

Welcome and opening remarks

- **Alan Bowman**, Deputy Director, International Economic Relations & Summit Division, Department of Foreign Affairs and International Trade, Canada
Chair of the APEC Committee on Trade and Investment
- **Rolf Alter**, Deputy Director and Head of Programme (Regulatory Reform), Public Governance and Territorial Development Directorate, OECD

Introduction to the APEC-OECD Integrated Checklist on Regulatory Reform.

10:15 – 10:30

Coffee break

10:30 – 12:30

Session 1: Policy coherence for efficient regulation: Enhancing market openness through a whole of government approach

- **Chair: Alan Bowman**, Deputy Director, International Economic Relations & Summit Division, Department of Foreign Affairs and International Trade, Canada **and Chair of the APEC Committee on Trade and Investment**

Regulatory efficiency can be compromised when there is a lack of coherence between regulatory objectives and practices in different policy areas. The *Integrated Checklist* is designed as an instrument to highlight the need for and to foster policy coherence.

A major approach for strengthening policy coherence in the design and implementation of regulatory measures is formally or informally to consider the mutual impacts of regulations arising in different policy areas, including both synergies and frictions.

Early attention to trade impacts, particularly in the consideration of alternative policy instruments, can help prevent unnecessary restrictions to market openness. Policy synergies can be ensured through strengthened co-ordination and co-operation between trade, competition and regulatory officials, for instance in the context of regulatory impact assessment or through the creation of appropriate intra-governmental consultation mechanisms.

The aim of this session is to discuss why coherence between regulatory, competition and trade policies is an important objective and to explore possible government approaches and instruments for increasing coherence in these policy areas. It will showcase how market openness components are related to other components of the *Integrated Checklist*. Issues to be discussed include:

- In what ways do regulatory policies affect market openness?
- Which policy makers and private actors are most affected and what can be done to enhance their understanding of the issue?
- How can market openness considerations best be integrated in the mainstream of domestic policy-making and implementation? What frictions might arise and how can they be avoided or overcome?
- How can co-ordination with regulatory officials best be organised in the negotiation of international trade agreements, so that their expertise is usefully drawn on in the design as well as in the implementation of regulatory aspects of these agreements?

The topic of this session relates especially to item C1, as well as items H1, H2, H5, H8, H9 and H10 of the prototype Integrated Checklist.

(Speakers)

- **Ignacio Fernandez**, Trade on Services Negotiator, Ministry of Foreign Affairs, Chile
- **Alejandro Drexler**, Division on Regulations, Ministry of Economy, Chile
- **Jean-Marie Metzger**, Director, Trade Directorate, OECD

12:30 – 14:30

Lunch

14:30 – 18:00

Session 2: Market openness and the business environment: Ensuring regulatory efficiency and the confidence of the private sector

- **Chair: Arne Rodin**, Swedish Ambassador to Chile, Sweden

Governments typically pursue a range of regulatory policy objectives, seeking successful outcomes on all of them in a context of strong economic performance. Regulatory reform can improve the prospects for achieving such outcomes, *e.g.* by lightening the regulatory burden for business. An important element in this can come through the reduction of unnecessary government intervention in trade and economic activities and the fostering of greater confidence in the role of the private sector (both national and foreign) in the implementation of regulatory policy or through self-regulation.

As an example, the private sector already plays a recognized role in areas such as standards (*e.g.* for conformity assessment). It may also contribute to a competitive environment in cases of deregulation of public services, where well-designed regulatory reform aims to increase economic efficiency while ensuring adequate supply and quality.

The confidence of economic actors in the regulatory system depends on the predictability and accountability of that system, which can be greatly enhanced through mechanisms of transparency and public consultation.

This session will address two elements – efficiency and confidence – that are important for a healthy business environment and open markets. The discussion will focus on how governments, through transparency and non-discriminatory consultation procedures, can increase regulatory efficiency and the confidence of business actors in the regulatory system. Issues to be discussed include:

- How to define optimal levels of government intervention in the economic activity and how to ensure the accountability of related policy decisions?
- How to ensure sufficient inclusiveness of public consultation mechanisms, in particular with respect to foreign stakeholders?
- How best to harness transparency in government procurement mechanisms to the pursuit of cost-effective public purchasing?
- How to ensure non-discriminatory protection of fundamental due process rights of economic actors? How to ensure the accessibility of appeal systems?

The topic of this session relates especially to items C1, C4, C5, as well as H3, H6 and H11 of the prototype *Integrated Checklist*.

[16:00 16:15 Coffee break]

(Speakers)

- **Maria-Francesca Spatolisano**, Deputy Permanent Representative of the EC to the OECD
- **DoHoon Kim**, Senior Research Fellow, Korea Institute for Industrial Economics and Trade, Korea
- **Liu Hong**, Division Deputy Director, Department of Treaty and Law, Ministry of Commerce, China

TUESDAY 25 MAY 2004

9:15 – 11:00

Session 3: Domestic regulation in a globalised economy: the impact on international competitiveness

- **Chair: Ernesto Estrada**, General Director for International Affairs, Federal Competition Commission, Mexico and Convenor of the APEC Competition Policy and Deregulation Group (CPDG)

Unnecessarily burdensome regulation and regulatory processes can distort decisions relating to production and marketing, including those made through trade and investment in goods and services, thus limiting the ability of economic actors to participate effectively in international competition. At the national level, this promotes the emergence of informal market mechanisms and could slow economic growth. At the international level, excessive regulations could handicap an economy when reaping the benefits of globalisation and international competition. Ultimately, such regulations represent a drag on the growth of world economic efficiency and welfare.

Regulatory reform, by reducing unnecessary regulatory burdens and minimising the cost of regulatory diversity across borders, can contribute to the ability of firms to compete internationally and to take better advantage of global markets.

This session will address how domestic regulations affect the international competitiveness of economies and how regulatory reform can improve the ability of enterprises to compete in international markets.

Sub-session 1: Improving international competitiveness through the reduction of unnecessary regulatory burdens

This sub-session will discuss the effects of unnecessary regulatory burdens on competitiveness of goods and services and will explore approaches that aim at reducing such burdens. Issues to be discussed include:

- What are the challenges posed by unnecessarily burdensome regulatory frameworks on the export competitiveness of domestic economic actors? On the foreign investment attractiveness of host economies?
- How can the search for least trade-restrictive regulatory alternatives best be integrated into the efficient pursuit of legitimate domestic policy objectives?
- How can governments minimise the duplicative effects of regulatory and administrative requirements imposed by different authorities on the same economic activity?

The topic of this sub-session relates especially to items C2, C3, C6 and H4 of the prototype Integrated Checklist.

(Speakers)

- **Sherry Stephenson**, Deputy Director, Trade Unit, Organisation of American States (OAS)
- **Louise Seeber**, Senior Adviser, Department of Treasury, Australia
- **Gonzalo Ruiz**, Chief Economist of INDECOPI, Peru

11:00 – 11:15

Coffee break

11:15 – 13:00

Sub-session 2: Improving competitiveness by minimising the cost impacts of regulatory diversity across borders

This sub-session will discuss the cost impacts of regulatory diversity and approaches to minimising them. Issues to be discussed include:

- What are the challenges for achieving *internationally harmonised standards* without impeding technological development and innovation?
- What are the challenges for ensuring the regulatory confidence needed for recognition of equivalence and how can they be successfully addressed?
- How can the involvement of the private sector in mutual recognition activities be further enhanced?

The topic of this sub-session relates especially to items C7, C8 and C9 of the prototype *Integrated Checklist*.

(Speakers)

- **Raldi Hendro Koestoer**, Deputy Assistant to the Coordinating Minister for Economic Affairs, Republic of Indonesia
- **Somkiat Tangkitvanich**, Research Director, Thailand Development Research Institute (TDRI), Thailand
- **Rodolfo Consuegra**, Director, General Direction for Standards, Ministry of Economy, Mexico

13:00 – 14:30

Lunch

14:30 – 17:00

Session 4: Refining the APEC-OECD Integrated Checklist for Regulatory Reform

- Chairman: **Rolf Alter** (OECD)

The development of an *Integrated Checklist on Regulatory Reform* is a central element of the APEC and OECD joint programme in 2003-4. The Vancouver Workshop agreed to the basic architecture of the *Checklist*: three pillars focusing on regulatory, competition and market openness policies surmounted by a horizontal pediment applying to the three policy areas. Furthermore, it agreed the *Checklist* should be performance-oriented and applied on a voluntary basis. It was also agreed to establish a steering group to help guide the APEC and OECD Secretariat in the management of the project.

- In light of the discussions in the previous sessions, and drawing on any reflections on related issues, workshop participants will want to consider the implications for the draft *Integrated Checklist* in particular on the market openness aspects of the *Checklist*, as expressed both in Part C (“Market Openness Policies) and in Part H (“Horizontal Criteria Concerning Regulatory Reform”).
- Participants will discuss the revised version of the Checklist that reflects the comments from member economies on the horizontal, regulatory reform and competition parts of the Integrated Checklist.

[15:45 – 16:00 Coffee break]

(Panel discussants)

- **Joanna R. Shelton**, Senior Fellow, Montana World Affairs Council, USA
- **Rory McLeod**, Manager, Competition Policy, Ministry of Economic Development, New Zealand
- **Jose Poblano**, Director General for Negotiations and Services, Ministry of Economics, Mexico