

Achieving better regulation through international regulatory cooperation

A work stream of the OECD Regulatory Policy Committee

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OECD work on IRC

IRC is the subject of **Point 12 of the Recommendation on Regulatory Policy and Governance**: *In developing regulatory measures, give consideration to all relevant international standards and frameworks for co-operation in the same field and, where appropriate, their likely effects on parties outside the jurisdiction*

A publication released in May 2013

summarising the knowledge to date on IRC based on a survey & 10 case studies: Competition law enforcement, Chemical safety, Consumer product safety, Coordination of tax treaties, Canada-US Regulatory Cooperation Council, EU Energy regulation, Banking supervision, Transnational private regulation, Transboundary water management



Proposed definition of IRC

Any agreement or organisational arrangement, formal or informal, between countries (at the bilateral, regional or multilateral level) to promote some form of cooperation in the design, monitoring, enforcement, or ex-post management of regulation.

⇒ IRC is not restricted to its strict equivalence with international legal obligations, but also includes non-binding agreements and voluntary approaches.

⇒ IRC is not limited to the design phase of the regulatory governance cycle.

Identification of 11 IRC mechanisms

**Integration /
Harmonisation
through supra
national institutions
(EU)**

**Specific negotiated
agreements (treaties
/ conventions)**

**Formal (umbrella
type) regulatory co-
operation
partnerships (US-
Canada RCC)**

**Inter governmental
organizations
(OECD)**

**Regional agreements
with regulatory
provisions (FTA)**

**Mutual recognition
agreements**

**Trans-governmental
networks of
regulators (ICN,
Basel)**

**Formal requirements
to consider relevant
frameworks in other
jurisdictions in the
same field**

**Recognition and
incorporation of
international
standards**

**Soft law: principles,
guidelines**

**Dialogue / Informal
exchange of
information**

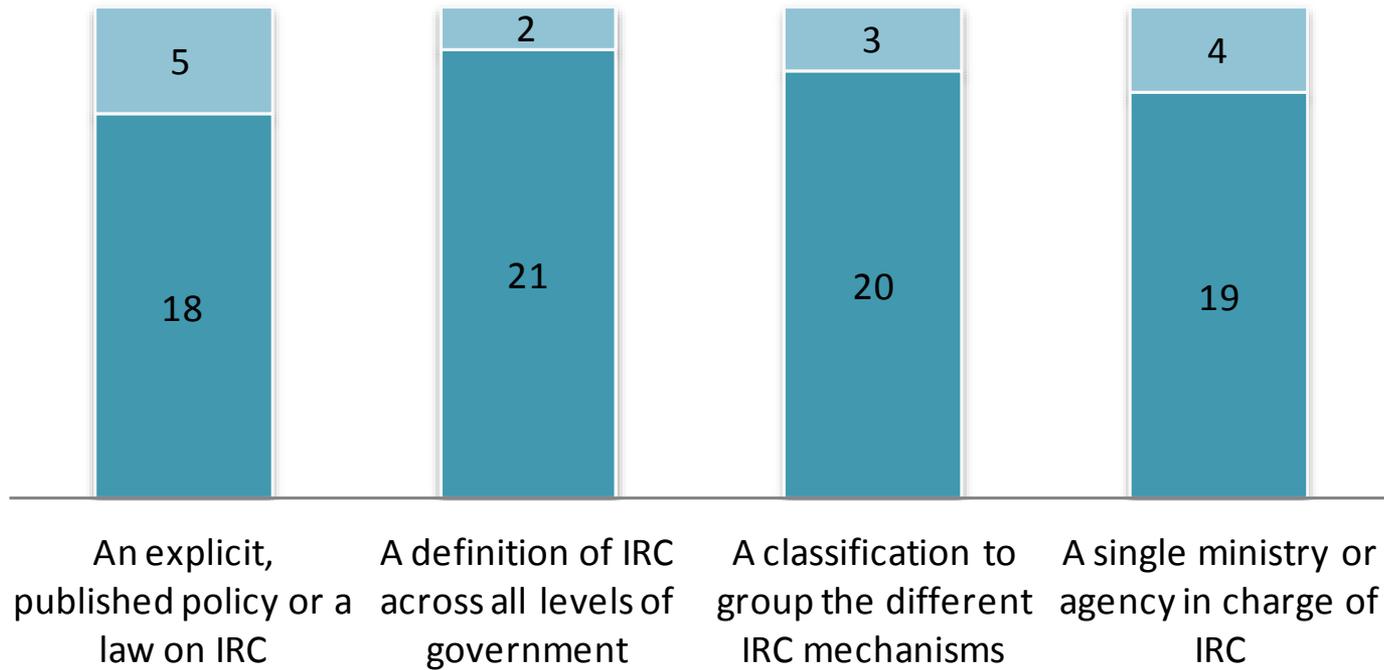
Key trends and highlights

- Growing IRC is supported by widening range of IRC mechanisms.
- Often regulatory frictions to trade & investment arise not from diverging rules but from different enforcement mechanisms.
- The shift away from complete harmonisation of rules to more flexible regulatory cooperation mechanisms
 - The development of instruments that preserve the regulatory power of states (mutual recognition agreements)
 - The supporting role of soft law and informal cooperation and of international institutions
- The multiplication of state and non-state actors
 - The shift from a unitary model to multi modal regulatory cooperation
 - The rise of private regulation

Diffusion of government IRC responsibilities

(Number of countries with)

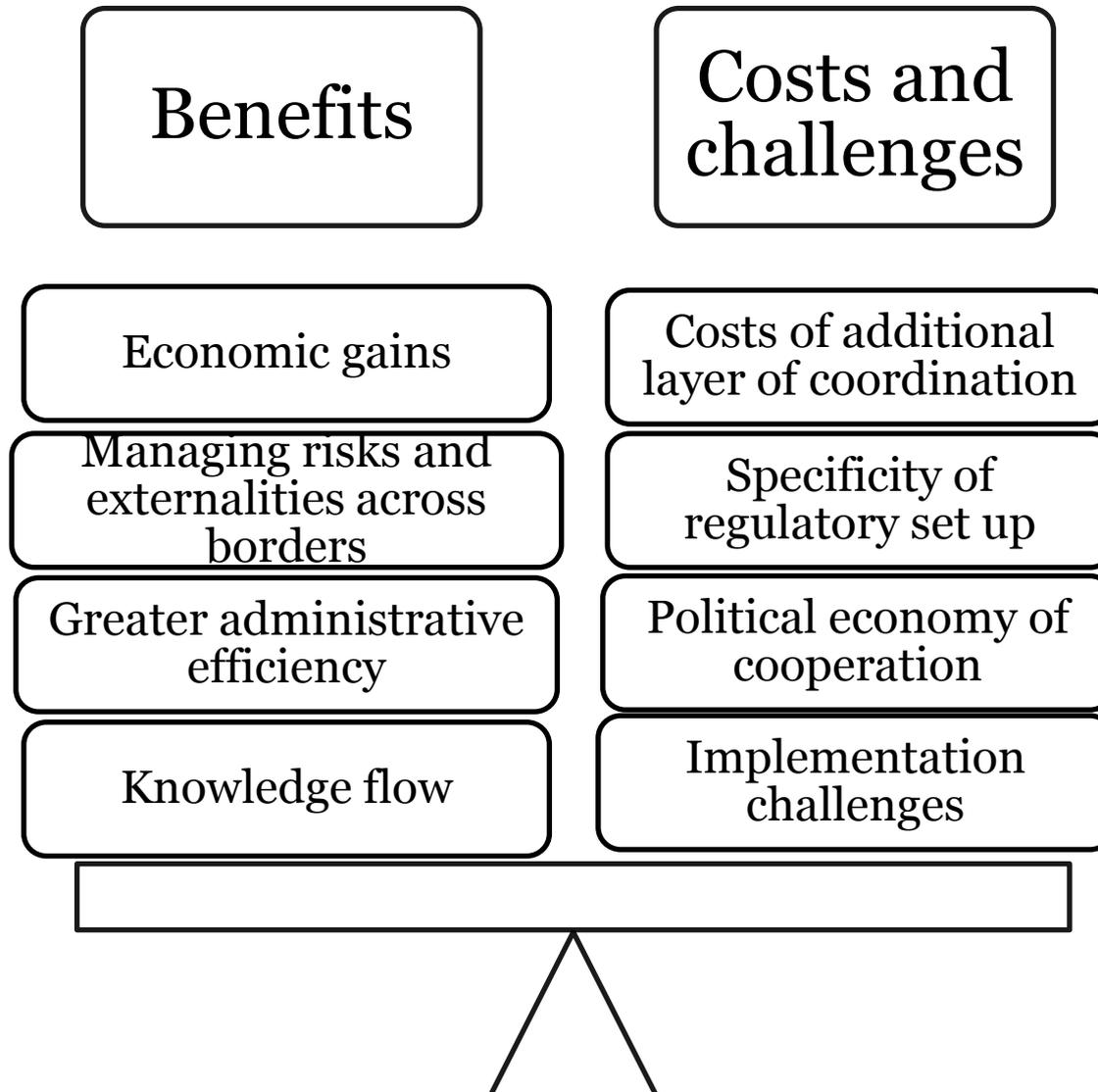
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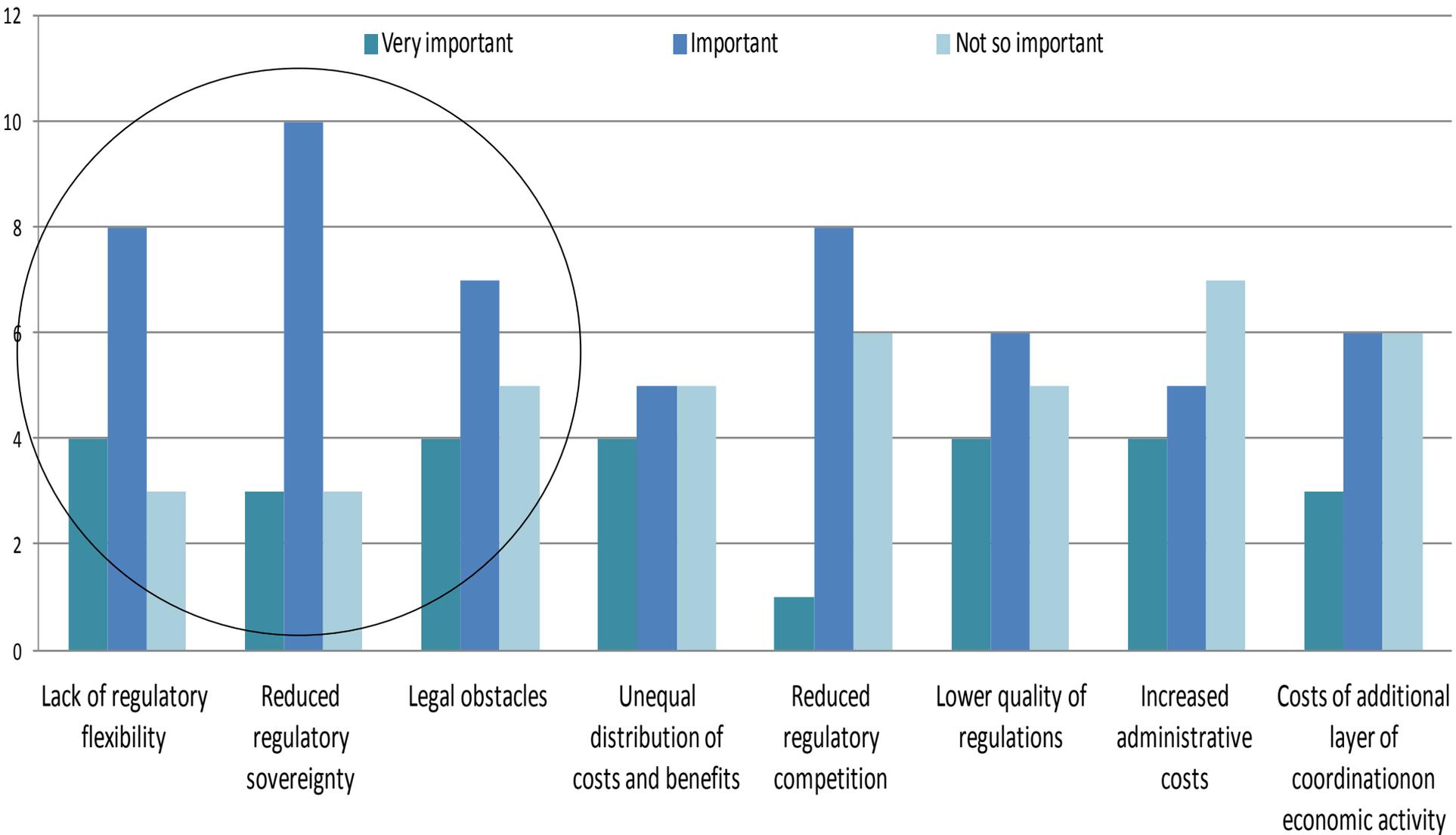
The costs and benefits of IRC

- The paucity of quantitative evidence on benefits, challenges and costs
 - difficulty to come up with detailed information on regulatory divergences and their concrete impact
 - qualitative elements are likely to represent an important part of the benefits
- The absence of a normative framework to assess costs and benefits
 - quasi absence of systematic approaches to costs and benefits of IRC at country level
 - sector level information on benefits and costs seems to be underdeveloped (except chemical safety)
 - ad hoc nature of past experiences, limited stock taking of past failures and successes

Proposed classification



Perceived challenges to IRC



Next steps

1. Support the implementation of Principle 12 of the OECD Recommendation on Regulatory Policy and Governance
2. Deepen the analysis of the typology of IRC mechanisms and related benefits / costs - analyse the potential of mutual recognition agreements
3. Take stock of IRC in the framework of trade agreements
4. Review the legal and other bottlenecks to information sharing and the practices to overcome them.
5. Take stock of rule making practices of IOs



Thank you

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www.oecd.org/gov/regulatory-policy/irc.htm