Achievements

- A typology of IRC mechanisms
- A definition of IRC
- A unique review of trends and evidence
- A classification of costs and benefits and a review of existing evidence

OECD (2013)
New publication: IRC and IOs

• Results from the April meeting of 16 IOs and delegates
• Provides case studies of OECD, IMO and a contribution from Ken W. Abbott
• Initiates work on the role of IOs in support of IRC
Objectives of on-going and future work

- Deepen the IRC typology by documenting benefits / costs & conditions for success of various mechanisms, starting with MRAs & IOs
- Take stock & collect evidence on effectiveness of the instruments & opportunities for IRC as part of trade agreements (with Trade Committee)
- Best practices and shared principles on rule making and regulatory management practices of IOs (with the Legal Directorate)

=> Support implementation of Principle 12 of the OECD Recommendation on Regulatory Policy and Governance
MRA in the OECD IRC typology

| Integration / Harmonisation through supra national institutions (EU) |
|------------------------|-------------------------------|
| Specific negotiated agreements (treaties / conventions) |
| Form regulatory cooperation partnerships (US-Canada RCC) |
| Inter governmental organizations (OECD, WTO) |
| Regional agreements with regulatory provisions (RTAs, FTAs) |
| Mutual recognition agreements (MRAs) |
| Trans-governmental networks of regulators (ILAC, ICPEN, PIC/S) |
| Formal requirements to consider relevant frameworks in other jurisdictions in the same field |
| Recognition and incorporation of international standards (ISO, IEC,…) |
| Soft law: principles, guidelines, codes of conduct |
| Dialogue / Informal exchange of information (Transatlantic dialogues) |
Highlights from the work on MRA

- The MRA landscape has drastically changed since the late 1990s: there are now some 130 MRAs in the world.
- MRAs are often found in 3 sectors: telecoms equipment, electronic goods, Good Manufacturing Practices for medicines.
- MRAs are based on hard law but with a limited scope: the transaction costs of exporters are reduced whilst regulatory objectives & regulation remain unchanged.
- MRAs reconcile the demand to facilitate international trade and the mission of regulators.
Mutual Recognition: spectrum of modalities

**Mutual recognition of rules:** equivalent objectives, regulatory requirements, standards, and conformity assessment procedures

The EU principle of MR as a corollary of the ‘free movement of goods’ in the non-harmonised sectors

The Trans-Tasman Mutual Recognition Agreement

**Mutual recognition** of conformity assessment (procedures / results) for goods under different partner’s rules

MRAs incorporated in RTAs

Governmen t MRAs

Stand-alone MRAs

Non-Government MLAs (between CABs or Accreditation Bodies)

Multilateral MRAs (legally non-binding)

Agreements on Conformity Assessment and Acceptance of Industrial Products (ACAAs)

Enhanced MRAs (equivalence of regulatory requirements)

Bilateral MRAs

Traditional MRAs (without equivalence of regulatory requirements)
MRAs: benefits, costs and challenges

• The broad thrust of the literature shows that MRAs have a (small) positive impact on trade
• MRAs avoid duplication of testing, reduce the uncertainty about a possible rejection and shorten ‘time-to-market’
• Knowledge flows & peer learning is valuable even for ‘failed’ MRAs
• MRAs are seen as costly by regulators / admin.
• Political economy and implementation of MRAs can be challenging
• Difficult trade-off between flexibility / adaptability and (mutual) trust
MRAs: success factors

- MRAs are feasible when regulatory divergence is not too high. Areas where MRA partners share similar problems and SHEC objectives.
- Regulatory domains which are science-driven.
- In sectors with global value chains, where sufficient economic gains are expected.
- MRA partners need to be confident about the technical infrastructure, private and public, of the partner(s) [institutional proximity and GRP help].
- High-level commitment helps to arrive at MRAs
- Trust takes time, and requires investment
Thank you

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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