ASEAN-CER Integration Partnership Forum, April 2018

The ASEAN-OECD Good Regulatory Practice Network
Regulation Matters More as Economies Develop

- Pervasive in complex modern economies
- Becomes progressively more important as economies develop
- Economic development can be driven for a long time by creating and mobilising factors of production- more workers, better educated workers, building infrastructure
- Diminishing returns after a certain point
Regulation Matters More as Economies Develop (Cont)

• More businesses become subject to regulation as they move from the informal to the formal economy
• As economies become more complex and actors more diverse and mobile, traditional approaches (personal relationships, buyer beware, local community expectations) become less effective
• The services sector of the economy grows as productivity improves; in many parts of the service sector, product quality is harder to judge, competition may be constrained, and spillovers (“externalities”) -positive and negative- are significant: Financial Services, Health, Education, Environment
• Increasing international connections bring demands for consistent and common approaches
• More important to ensure whole systems work well
System example: Building and Construction Regulation in New Zealand

Buying and selling a house: geodetic system, cadastral survey system, land registration system, insurance law, EQC, fair trading legislation, multiple regulated occupations (builders, surveyors, architects, lawyers, real estate agents, engineers)
Getting it wrong is Expensive: NZ
Examples

• Leaky buildings estimated $11 billion

• Finance Companies $3 billion+
We are all Grappling With the Same Issues

REGULATION CAN GO WRONG

COMMON THEMES IN 18 DISASTER REPORTS

- POOR ROLE CLARITY
- WEAK GOVERNANCE, CULTURE & LEADERSHIP
- COMPLEX REGULATION
- OBSOLETE REGULATION
- INADEQUATE RESOURCES
- INSUFFICIENT OVERSIGHT
Main Beneficiaries of GRP are Domestic

• Citizens in general, especially the disadvantaged
• Domestic business in general, but especially:
  - New businesses and new entrants to markets
  - Small business
• Consumers
• Small Investors
The ASEAN-OECD GRPN

• One component of a broader ASEAN-OECD partnership initiative

• Key purposes:
   To support ASEAN’s efforts towards greater regional integration through The ASEAB Economic Community Blueprint 2025
   To assist ASEAN members to draw on OECD experience and accumulated knowledge in regulatory policy and practice
ASEAN-OECD Regional Policy Networks

6 Regional Policy Networks (RPN)
3 Initiatives
Regional Economic Outlook

- Gender
- Innovation
- Trade
- Good Regulatory Practice
- Connectivity and PPPs
- Investment
- SMEs
- Education and Skills
- Regional Economic Outlook
Key Issues for the GRPN

• Working with the diversity of ASEAN; members have widely varying needs
• Supporting the broader ASEAN, and particularly AEC, agendas
• Making regulation work for:
  ➢ SMEs
  ➢ People moving from the informal to the formal economy
  ➢ Businesses wanting to build regional scale
Table 1.1a: Regulatory Quality Scores and Percentile Rankings

<table>
<thead>
<tr>
<th>Country/Territory</th>
<th>2003</th>
<th>2008</th>
<th>2013</th>
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<tbody>
<tr>
<td></td>
<td>Score</td>
<td>Ranking</td>
<td>Score</td>
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<tr>
<td>New Zealand</td>
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<td>Myanmar</td>
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</table>

ASEAN = Association of Southeast Asian Nations; PRC = People’s Republic of China.

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GRPN Focus

• SMEs:
  - Domestic and regional ease of doing business
  - Participation in regional and global value chains

• Ease of Doing Business- making business registration and licensing easier

• Access to Information- ensuring business know and understand what they need to do. Access to laws, rules, guidelines, decisions and procedures

• Inter-agency coordination and cooperation, both domestic and international. A key concern for stakeholders

• Regulatory Impact Analysis- staged capability building
GRPN Focus: Cheerleading

• Important to increase awareness and influence of the wide range of regional GRP activity. These include:

• Specific ASEAN efforts:
  • ASEAN Work Plan on Good Regulatory Practice 2016-25
  • ASEAN Regional Principles for Good Business Registration Practices

• Economic Research Institute for ASEAN and East Asia (ERIA):
  • Intal and Gill, ‘The Development of Regulatory Management Systems in East Asia’ 2016

• APEC:
  • APEC-OECD Integrated Checklist on Regulatory Reform
  • International Regulatory Cooperation Toolkit
More Cheerleading

• Individual ASEAN Member Initiatives:
  • Eg Viet Nam Project 30
  • Eg Malaysia Productivity Commission

• Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)- Viet Nam, Brunei, Singapore, Malaysia, Australia, New Zealand among the members.
  • Regulatory Coherence Chapter

• Proliferation of initiatives and agreements has its risks:
  • Duplication
  • “Noodle bowl” effects

BUT

• Benefits too
  • Repetition can have value in helping to change policy and public discourse
  • Fostering acceptance of benchmarking and peer review

Thank You