

Unclassified

DAFFE/CLP/WP2(98)10



PARIS

Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

OLIS : 23-Apr-1998
Dist. : 28-Apr-1998

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DAFFE/CLP/WP2(98)10
Unclassified

Working Party No. 2 on Competition and Regulation

SUMMARY OF CURRENT OECD WORK RELATED TO REGULATORY REFORM

For information purposes, this document summarises current work of the OECD that is substantially related to regulatory reform. Due to its multidisciplinary nature, this work is being carried out across the Organisation as part of the work programmes of many of the committees and other subsidiary bodies of the OECD.

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COUNTRY REVIEWS OF PROGRESS ON REGULATORY REFORM		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Multidisciplinary country reviews of progress in regulatory reform, based in part on self-assessment	Committees on Public Management; Competition Law & Policy; Trade; and Information, Computer and Communication Policy; WPI of the Economic Policy Committee, and the IEA's Standing Group on Long-term Co-operation (led by DSG Shelton, with the Public Management Service, Economics Department, Trade Directorate, Directorate for Financial, Fiscal and Enterprise Affairs, Directorate for Science, Technology, and Industry, and the International Energy Agency)	At their meeting at the OECD in May 1997, Ministers welcomed the OECD Report on Regulatory Reform and requested the OECD to conduct reviews of regulatory reform efforts in Member countries beginning in 1998, based in part on self-assessment, with the goal of contributing to the steady improvement of regulatory practices in Member countries. In March 1998, an innovative program of country reviews on regulatory reform was launched that will produce, for 4 countries in the first year and 4-5 countries in the second year, a multidisciplinary review of progress on regulatory reform, based on self-assessment, comparative indicators, and peer review. Each review will cover economy-wide effects of regulation, capacities of the public sector to issue high quality regulation, competition policy and enforcement, market openness and regulation, and the electricity and telecommunications sectors. For more information see "Regulatory Reform," C/MIN(98) 12.
ECONOMY-WIDE EFFECTS OF REGULATORY REFORM		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Regulation and performance in OECD economies	Working Party 1 of the Economic Policy Committee (Economics Department)	The project will attempt a quantification across OECD countries of economic performance and several dimensions of regulation in order to explore the impact of regulatory interventions on market outcomes. Data collection will in part rely on answers to a questionnaire issued in March 1998. The analysis will set up a coherent data framework that will be used to describe and compare economic performances and regulations across OECD countries in several sectors and policy areas. These data will be first used to describe in a systematic, comparable and transparent way the wide range of experiences characterizing economic outcomes, market structures and regulatory interventions across the OECD. Next, the analysis will attempt to gauge to what extent differences in performance at the sectoral and, possibly, at the macroeconomic level can be related to differences in regulatory environments. The results will be presented at the Fall 1998 session of the WPI, and will support the cross-directorate activity on regulatory reform, including the country reviews.

MARKET OPENNESS

<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Measuring the costs of domestic regulations on international trade	Trade Committee Working Party (Trade Directorate)	Based on policy recommendations accepted at the 1997 OECD Ministerial in the OECD Report on Regulatory Reform, this activity aims to identify, and qualify as far as possible, costs arising from complying with divergent product standards and duplicative conformity assessment procedures in different markets. The report is expected by end - 1998.
Review of international standardization	Trade Committee Working Party (Trade Directorate)	Based on policy recommendations accepted at the 1997 OECD Ministerial in the OECD Report on Regulatory Reform, this activity aims to better understand the efficiency of the standardization process which is crucial for international trade. As a first step, an inventory of international standardization bodies and their work is being prepared. What merits further study will be determined at that point, and will begin before end - 1998.
Quality of international regulation	Regulatory Management and Reform Group of Public Management Committee (Public Management Service, with Trade Directorate)	This activity will examine the quality of rule-making at international levels. Building on the work in the Trade Directorate, it will examine whether international rules processes are designed to produce high-quality regulations, as defined in the OECD Recommendation on Improving the Quality of Government Regulation.
Fourth OECD Workshop on International Trade in Professional Services	CMIT (Directorate for Financial, Fiscal and Enterprise Affairs)	Building on the policy recommendations at the last workshop in February 1997, the workshop will explore proposals for relaxing de facto barriers to market access in light of competition policy principles and co-operative arrangements for facilitating foreign professionals' access to local practice. The results of the workshop will be supportive of the regulatory reform process in the OECD and of the work at the WTO. It will take place in 1999.
OECD Workshop on Emerging Trade Issues in Agriculture	Committee for Agriculture, Trade Committee, Joint Working Party of the Committee for Agriculture and the Trade Committee (Directorate for Food, Agriculture and Fisheries, Trade Directorate)	OECD will hold this workshop, with participation from governments, universities, research institutions, farm organizations and agri-business, to examine the trade implications of regulations addressing areas such as food safety, biotechnology, environmental protection, competition policy and government involvement in marketing arrangements. It will take place on 26-27 October 1998.

ENTREPRENEURSHIP AND SMALL AND MEDIUM-SCALE ENTERPRISES		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Fostering Entrepreneurship	LEED Directing Committee (Territorial Development Service)	Following the presentation of "Fostering Entrepreneurship: A Thematic Review" to the 1998 Council at Ministerial level, subsequent work will focus on micro-finance, self-employment and social enterprise which have important regulatory reform aspects. Also, current TDS-CCNM work on defining the appropriate framework conditions for enterprise development in the economies in transition will continue.
Regulatory Reform and Small and Medium-sized Enterprises	Industry Committee, Working Party on SMEs, Regulatory Management and Reform Group of Public Management Committee (Directorate for Science, Technology, and Industry, Public Management Service)	This activity aims to identify the extent to which the regulatory regimes of OECD Member countries influence the size, dynamism and prosperity of their SME sectors. DSTI aims to identify best practice regulatory policies for SMEs in several areas: finance and access to capital; technology and know-how; human resources. PUMA is carrying out work on reducing administrative burdens including licenses and permits, and has launched a multi-country business survey to assist in establishing comparative indicators of regulatory environments for SMEs. Preliminary reports will be published in 1998-1999, and a final report will be available by Fall of 1999.
REGULATORY INSTITUTIONS		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Competition policy and regulation	CLP, in co-operation with the Japan Fair Trade Commission (Directorate for Financial, Fiscal, and Enterprise Affairs)	In December 1997, DAF/CLP published the results of a workshop held in Tokyo with the leadership of the Japan Fair Trade Commission, other senior Japanese government officials, and senior antitrust officials from other OECD countries. The workshop focused on the important role which the competition agency should play in the regulatory reform process, both as an advocate for reform and as a vigorous law enforcer, and examined why the debate on reform in Japan seemed silent on competition.
Interactions between competition and regulatory authorities	CLP and BIAC (Directorate for Financial, Fiscal, and Enterprise Affairs)	In June 1998, the CLP Committee will hold a roundtable on the interactions between regulatory and competition authorities. The topics which will be covered include: (1) continuing governmental responsibilities in liberalized sectors; (2) the available instruments and approaches to perform those tasks; and (3) matching institutions to tasks. A publication based on this roundtable will appear later in 1998.

INNOVATION

<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Environment and Innovation	Committee on Scientific and Technological Policy - Working Group on Innovation and Technology Policy; Environment Committee - GEEPI and PPCG (Directorate for Science, Technology and Industry; Environment Directorate)	This activity aims to further understanding of the effects of different environmental policy instruments (regulations, economic instruments, etc.) on innovation in industry. It will also examine how science and technology policy instruments (research and development, technology diffusion schemes, tax credits) can be directed to environmental goals. The first paper on the environmental policy/innovation interface was presented to DSTI and ENV working groups in late 1997 and follow-up work is now being discussed. The first papers on S&T policies concerning programs to diffuse environmental technologies and public/private partnerships to develop environmental technology will be distributed in Spring 1998.

ALTERNATIVES TO REGULATION

<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Alternatives to traditional regulation	Regulatory Management and Reform Group of the Public Management Committee (Public Management Service)	This activity aims to provide Member countries with better information on the costs, benefits, and risks of a range of regulatory and non-regulatory policy instruments -- including market incentives -- to support choice of the most cost-effective instrument. A series of reports examining various innovative approaches to regulation will be published during 1998 and early 1999.
Role of voluntary approaches in environmental policy	Group on Economic and Environment Policy Integration of the Environmental Policy Committee (Environment Directorate)	This activity will examine the scope and role of voluntary approaches in OECD countries, and analyze key implementation issues. A final report is expected in mid 1999.
Survey of economic instruments	Group on Economic and Environment Policy Integration of the Environmental Policy Committee (Environment Directorate)	This activity aims to update the data base on the use of economic instruments (such as charges, tradable permits, subsidies) in OECD countries. A report based on a questionnaire survey is due in mid 1999.
Improving regulatory compliance	Regulatory Management and Reform Group of the Public Management Committee (Public Management Service)	The degree and ease of regulatory compliance is essential to policy effectiveness and to understanding the benefits and costs of regulation. This work aims to improve understanding of trends in compliance rates, of key factors determining compliance, and of successful strategies to improve compliance and enforcement. An initial report will be produced in late 1998.

SECTORAL WORK: AGRICULTURE AND AGROFOOD		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Regulatory Reform issues in agriculture and agrofood sectors	Committee for Agriculture (Agriculture Directorate)	The work program for 1999-2000, to be discussed at the Committee's meeting on 26-28 May, in the light of the results of the meeting of Ministers for Agriculture held on 5-6 March. Although the Communiqué did not refer to a specific activity on regulatory reform, several issues discussed by Ministers have regulatory reform aspects, in particular consumer concerns, food safety and food quality. These issues are explicitly mentioned in the Communiqué [SG/COM/NEWS(98)22], e.g. fourth "shared goal" in paragraph 12, eighth policy principle in paragraph 15; and in the recommendations for future work, paragraph 17, 4th dash. Regulatory reform has also been covered in regular activities on monitoring and evaluation of agricultural policies, in particular in the country reviews, such as the review on Korea to be finalized in 1998.
SECTORAL WORK -- TRANSPORTATION		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Transport and Regulatory Reform	Directorate for Science, Technology and Industry, in co-operation with the European Conference of Ministries of Transport	This activity will investigate the direction, results, and future prospects for regulatory reform in four transport sectors. It will examine how regulatory reform can be used to improve industry performance and increase consumer benefits, while protecting public policy objectives such as security of supply, environmental quality, and safety. The first papers will be distributed at end-1998 or early 1999.
SECTORAL WORK -- AIRPORTS		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Competition Policy and Regulation	DAF/CLP; national airport regulatory authorities and BIAC.	This roundtable in CLP/WP2 covered the effects on competition of regulations on the allocation of airport landing and take-off slots and the provision of ground services. The results of the roundtable will be published in Spring 1998.
SECTORAL WORK -- RAILROADS		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Competition Policy and Regulation	DAF/CLP in co-operation with the European Conference of Ministries of Transport, BIAC and the Union Internationale des Chemins de Fer.	This roundtable in CLP/WP2 covered the effects on competition and performance of regulation and public ownership of railroads. National experiences with different forms of restructuring, ownership, bidding for public service obligations, various forms of vertical and horizontal separation and other regulatory issues impacting on competition were compared. The results of the roundtable were published in Winter 1998.

SECTORAL WORK -- BANKS		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Competition Policy and Regulation	DAF/CLP in co-operation with DAF/FIN, BIAC, national banking regulators, the World Bank and the Bank for International Settlements	This roundtable in CLP/WP2 focused on enhancing the role of competition in the regulation of banks. Issues examined in this roundtable included the rationale for various aspects of banking regulation, sectoral exemptions from competition law, sector-specific competition enforcement and the application of competition law to the banking sector. The results of this roundtable will be published in Spring 1998.
SECTORAL WORK -- INSURANCE		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Competition Policy and Regulation	DAF/CLP in co-operation with DAF/FIN, BIAC, national insurance regulators, the World Bank and the Bank for International Settlements	This roundtable in CLP/WP2 will be held in June 1998 and will focus on two broad themes: (1) regulation and competition issues, such as regulatory barriers to entry and exit and control of prices, products, ownership and forms of business; and (2) competition law and enforcement issues, such as antitrust exemptions for this sector and enforcement issues. The results of the roundtable will be published later in 1998.
SECTORAL WORK -- FINANCIAL SERVICES		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Competition Policy and Regulation	DAF/CLP in co-operation with DAF/FIN, BIAC, national regulatory authorities and international financial institutions	A seminar following up on the preceding two roundtables may take place in 1999. Such a seminar could examine, <i>inter alia</i> , the possibilities for relaxing regulatory barriers and enhancing competition across the financial services industry. The results of the seminar would be published within several months of the seminar.
SECTORAL WORK -- HEALTH CARE		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Competition Policy and Regulation	DAF/CLP in co-operation ELS/HPU, ECO/ CSB, BIAC and national health authorities	A series of three roundtables has been proposed to DAF/WP2 for late 1998 and 1999 but this proposal is still under consideration by WP2 delegates. These three roundtables would cover competition and regulation in the health sector: (1) Regulation and Competition Issues in the Market for Health Insurance; (2) Competition and the Incentives for Efficiency in the Purchasing of Health Care; and Competition and Regulation Issues in the Pharmaceuticals Industry. The results of each roundtable will be published within several months of the roundtable.

SECTORAL WORK -- MEDIA		
<i>Activity</i>	<i>Directorate(s) and Body(ies)</i>	<i>Description</i>
Competition Policy and Regulation	DAF/CLP in co-operation DSTI and BIAC.	In October 1998, the CLP Committee will hold a roundtable on competition and regulation in the media, including an examination of the policy objectives of pluralism and competition. The results of the roundtable will be published in early 1999.