

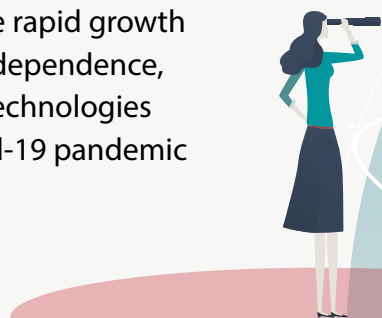
Best Practice Principles on International Regulatory Co-operation

**Making rules today means looking
beyond borders**



Adapting rules to an interconnected world

Regulation today means looking beyond borders to effectively navigate the rapid growth of economic integration and interdependence, particularly driven by innovative technologies and global crises such as the Covid-19 pandemic or climate change.



Unilateral

Yet, effective common solutions are **constrained by traditional legal and administrative boundaries.**

Only 7 OECD countries pursue a **systematic, cross-sectoral approach** to embed considerations of the international environment in domestic rulemaking.






To fully achieve public policy objectives and to ensure the well-being of all citizens, it is time for a **paradigm shift** towards more systematic consideration of the international environment in regulatory frameworks.



The Best Practice Principles on International Regulatory Co-operation provide **basic tools for adapting laws and regulations** to an interconnected world. They are not limited to one policy field. It is not about the **what**, it's about the **how**.

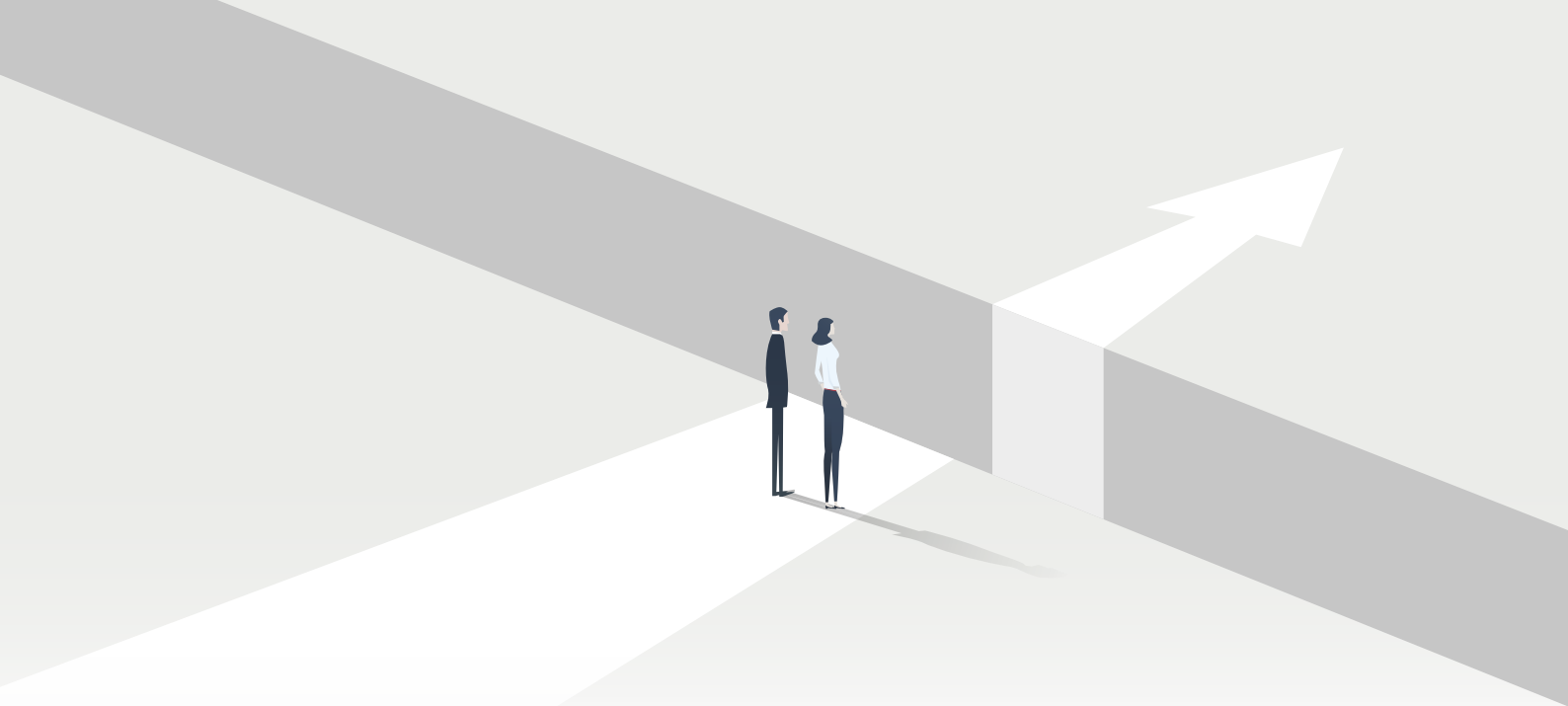


Three examples of effective IRC: 

Limiting tax evasion thanks to close co-operation between tax authorities.

Preserving the ozone layer thanks to a protocol between 46 countries.

Eradicating smallpox through collective action led by the WHO.



Three reasons to look beyond borders in regulation

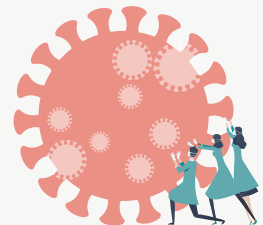


1. REGULATORY EFFECTIVENESS

Tackling regulatory challenges at the level where they occur

Emission reduction policies from one country alone will not make a sufficient difference to tackling climate change.

Policies to eradicate the Covid pandemic will only work if other countries fight it as well: the global health system is only **as effective as its weakest link**.



2. ECONOMIC EFFICIENCY

Limiting undue financial burdens on international flows

In the **financial sector** regulatory divergences are “perceived” to cost financial institutions between 5 to 10% of their annual global turnover (**some USD 780 billion per year**), with the financial performance of smaller firms the hardest hit.

Costs for **traders** can be reduced with better information on regulatory requirements in other countries, less different regulations to adapt products to when trading internationally, and recognition of test results in other countries to avoid duplicative testing.

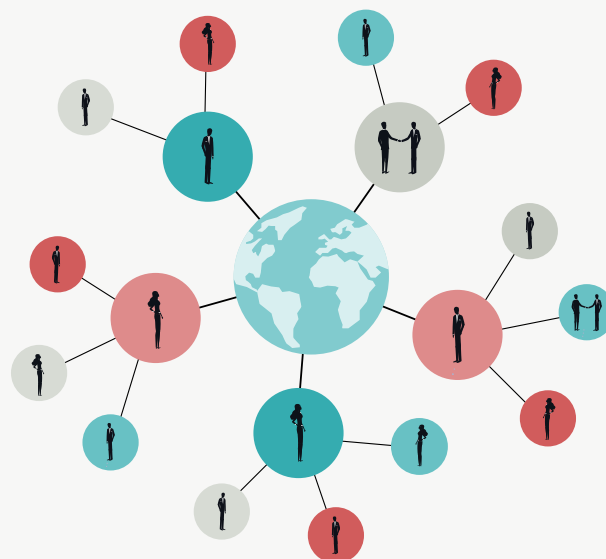


3. ADMINISTRATIVE EFFICIENCY

Pooling intelligence and resources improves the capacities of domestic regulators

Gathering evidence about a new policy area can require resources, expertise and time that domestic regulators often don't have.

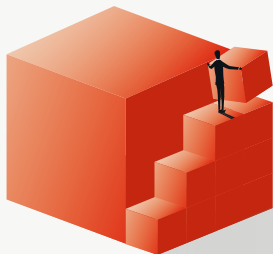
Putting in place **compliance procedures** can be unnecessarily costly if compliance is already ensured by another jurisdiction.





Three building blocks helping to look beyond borders in regulation

The Best Practice Principles on International Regulatory Co-operation are organised around **three building blocks** that will help to consider the international environment in regulatory frameworks more systematically.



1. ESTABLISHING an international regulatory co-operation strategy and its governance structure

- Build incentives for policy makers and regulators.
- Address the whole of government and raise awareness.
- Reduce biases against international regulatory co-operation.
- Establish a co-ordination mechanism to centralise information and build a common understanding.
- Build on existing platforms for co-operation.



2. EMBEDDING international regulatory co-operation throughout the domestic rulemaking

- Adoption of good regulatory practices.
- Engage actively with foreign stakeholders .
- Assess impacts beyond borders.
- Consider existing international instruments when developing regulation and document the rational for departing from them.
- Assess ex ante the co-operation needs to ensure appropriate enforcement and streamline “recognisable” procedures.
- Embed consistency with international instruments as a key principle driving the review process in ex post evaluation and stock reviews.
- Gather and rely on international knowledge and expertise.



3. ENGAGING with peers: co-operating internationally

- Contribute to international fora which support regulatory co-operation.
- Align expectations on international regulatory co-operation across various policy instruments, including trade agreements.
- Use mutual recognition in combination with international instruments.
- Co-operate with other countries to promote the development and diffusion of good practices and innovations in regulatory policy and governance.

The OECD Regulatory Policy Committee (RPC) has played a leading international role in promoting regulatory reform and sound regulatory practices across the whole of government. It identified the importance of international regulatory co-operation (IRC) as early as 1994 and has since systematically collected a profound acquis on the discipline.

Please consult:

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

for more OECD analytical work on IRC including:

- Definitions and key concepts around IRC
- In-depth analytical work to clarify the scope, benefits and challenges of IRC
- Studies of specific sectors, policy areas and approaches
- Case studies on the interface between IRC and trade policy
- Analysis of the role of international organisations in IRC

You are interested in more guidance on how to embrace international regulatory co-operation?

Visit the OECD iLibrary for the full text of the ***Best Practice Principles on International Regulatory Co-operation***.



For more information:



Marianna.Karttunen@oecd.org



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



[@OECDgov](https://twitter.com/OECDgov)