Importance of Good Regulatory Practices

Context and application in the field of standards

Virgilio Andrade Martínez
Head of the Federal Commission for Regulatory Improvement

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I. Regulation

- Issuance of rules governing economic and social activities of individuals
- Ensures the functioning of markets and rights
- It avoids or reduces damage and risks in health, the environment and the economy
- Limits the impact of market and government failures
- Visible hand" that operates when the 'invisible hand' is not capable of encouraging behaviours in favour of social welfare

Traffic light that restricts the activities or unwanted behaviors in a society, and that makes it easy for the benefit (control or release).
II. The policy of Regulatory Improvement

**Objective of Regulatory Improvement**

- Development of clear regulations
- Effective institutions for its creation and application
- Simplified procedures and services

**Scopes of the Regulatory Improvement**

- Deregulate
- Simplify
- Regulate gaps
- Manage and prevent risks

**Higher benefits for the society with the least possible costs**

*Raise the quality of the legal system, through a revision of the rules, ensuring that they encourage the:*

- Investment
- Business development
- Innovation
- Competitiveness
- Economic competition
- Productivity
- Efficiency and effectiveness of the institutions
- Human development and social welfare

**International Best Practices**
### II. The policy of Regulatory Improvement

#### II.1. Main Benefits

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Impact on GDP</th>
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<tr>
<td>It contributes so that the more productive or important sectors have an impact on economic growth</td>
<td>2%-3% of GDP</td>
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<td>It stimulates the growth of investment in sectors</td>
<td>3% of GDP</td>
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<td>It promotes the growth of GDP through foreign trade</td>
<td>0.88% of GDP</td>
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<td>It promotes the growth of GDP through the facilitation of doing business</td>
<td>0.15% of GDP</td>
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<td>It promotes the formality (increase in the number of entrepreneurs)</td>
<td>5.6% a 7.3%</td>
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III. Good Regulatory Practices

Governance Regulatory Cycle

1. Develop a policy roadmap and choose the policy instrument(s)

2. Design new regulation
   - Check current regulation

3. Enforce regulation

4. Monitor and evaluate performance of regulation

Policy issues for government actions

The 4 Cs
Consultation
Co-ordination
Co-operation
Communication

Source: OECD, 2011
III. Good Regulatory Practices

Institutional Coordination

- RIA
- Public consultation and transparency
- Ex Post Evaluation, Review of the regulatory stock
- Regulatory planning
- Risk Analysis
- Domestic and international regulatory coherence
- Inspection, compliance and monitoring
IV. Implementation in the context of standards

Technical, mandatory and voluntary standards (NOM’s and NMX in Mexico)

Specifications, attributes, guidelines, characteristics or prescriptions applicable to a product, process, installation, system, activity, service or method of production or operation

Terminology, symbols, packaging, marking or labeling

To protect the population/promote competitiveness
### IV. Application in the field of standards

**Technical Standards**

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<tr>
<td></td>
<td>Protect health and life</td>
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<td>Consumer safety</td>
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<td>Optimal conditions for the provision of services</td>
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<td>Reduce risks to the environment</td>
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<td>Reduce asymmetric information</td>
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<td>Position products and competitive services in the market</td>
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IV. Application in the field of standards

- National standardization program
- Detection of needs in the current regulation
- Definition of measurable objectives and related to the purpose
- Consideration of alternatives related to the existing problem
- Consistency with international standards
- Dialog with the regulated and experts - Public Consultation
- Design of evidence-based standards
- Evaluation of impacts (benefits, costs, trade, risks, competition, PyMES) RIA
- Conformity Assessment – clear processes.
- Enforcement and Compliance - Certification and Accreditation Bodies, authorized Third Parties
- Analysis of the obtained results - five-year review, sunsetting
- Detection of opportunities for planning
V. Benefits of good regulatory practices in standards

- Elimination of barriers to entry and trade, release of resources
- Reduction of the possibility of regulatory capture and of the problem of the principal-agent
- Public Consultation - collaborative process, more information
- Agility and clarity in its implementation and verification
- Safety in the delivery of goods and services
- Better planning for a permanent attention to the objectives of regulatory policy
### VI. Challenges and Opportunities

| Institution capacity and support to manage regulatory improvement |
| To count with specialized bodies of high technical capacity |
| Sufficient human resources |
| Risk-based inspection schemes |
| Involvement of the private sector without falling into problems of regulatory capture |
| Concise and clear procedures of assessment of the conformity for the regulated subjects |
| Real consideration of the international standards and alternatives |
| An effective Ex-post review and not as a formality |
| Mutual recognition agreements |
Thank you

Virgilio Andrade Martínez

virgilio.andrade@cofemer.gob.mx

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