



# Better Regulation through International Cooperation

**OECD Conference – Regulatory Policy at the Crossroads: Towards a New Policy  
Agenda**

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## Benefits of Regulatory Cooperation

- Empirical literature tends to measure potential benefits of regulatory cooperation in terms of gains in trade. Other economic benefits can also accrue from greater international regulatory cooperation, namely:
  - Reductions in regulatory burden
  - Increases in productivity, income, employment, and investment
  - Greater pooling of scientific and technical expertise
- Regulatory cooperation can also result in:
  - Better-informed decision making through access to regulatory resources of international bodies and other countries (e.g. assessment results, analysis, people)
  - Greater transparency and predictability of regulatory practices
  - Allow countries to contribute their expertise and promote their best regulatory practices internationally, thus influencing standards elsewhere.



## How does International Regulatory Cooperation Fit Within a Regulatory Reform Strategy

- With reduction in tariffs and proliferation of bilateral free trade agreements, attention is increasingly focused on how to dismantle technical barriers to trade.
- Differences in the regulatory requirements or standards of individual economies arguably have the greatest potential impact on trade.
- Aligning with key trading partners allows for better market access, exchange of best regulatory practices internationally, convergence on risk assessment methods and adoption of common standards and practices.



# Implementing Regulatory Reform Policies and Building Capacity in Canada

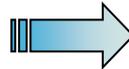
- The *Cabinet Directive on Streamlining Regulation*, that came into force April 1, 2007, is the result of collaboration between federal regulatory departments and agencies as well as thorough consultations with a wide cross-section of stakeholders including environmental and consumer groups, industry and small business as well as provinces and territories.
- Canada also took into account the recommendations that came out of a number of studies, including the 2002 OECD review of the Canadian federal regulatory system and the 2004 report of the External Advisory Committee on Smart Regulation. Some of the more notable recommendations focused on:
  - Moving towards a lifecycle approach that includes evaluation;
  - Improving coordination within Canada;
  - **Paying greater attention to market openness and improving international regulatory cooperation**

# Regulatory Impact Analysis

*The Cabinet Directive on Streamlining Regulation supports a performance-based regulatory system*

## Features

Quantitative cost-benefit



**Domestic & int'l cooperation**



Business impact analysis



Performance measurement



Regulatory Governance



## Outcomes

Protection of public and value for money

**Sensitive to trade & investment**

Minimizes administrative burden on business

Drives continuous improvement

Drives the culture change to create a performance-based regulatory system

*Canadians will benefit from new regulations that offer high levels of protection while being easier to comply with, aligned with key trading partners, and supported by timely and transparent approval processes.*



# Canada actively participates in Regulatory Coordination and Cooperation ...

- Canada participates in different regulatory cooperation initiatives with its main trading partners.
  - Canada (TBS-RAS), the U.S. (OIRA) and the European Commission (Directorate-General for Health and Consumers) engage in the Transatlantic Risk Dialogue (TRAD) to facilitate cooperation and exchange of practices and methods on risk assessment. The goal is to improve risk assessment approaches between the three jurisdictions. On June 3-4, 2010, Canada hosted an international conference on risk for regulators and meetings of the TRAD Working Groups.
  - Under the Security and Prosperity Partnership in North America (SPP), Canada engaged with the US and Mexico on regulatory cooperation through the Regulatory Cooperation Framework (RCF). Canada continues to dialogue with its NAFTA partners on regulatory matters.
- Canada hosts various delegations and engages in discussions with various jurisdictions on regulatory reform and governance topics including the exchange of best practices.
- Canada contributes to setting and advancing agendas under the auspices of regulatory policy and reform committees of multilateral forums e.g. OECD and APEC.
- Departments and agencies play an important role by engaging with regulatory counterparts from other jurisdictions on effective risk management and standards development to achieve its regulatory policy objectives.



# How is Canada Addressing International Regulatory Obligations and Cooperation (IROC)

- **Coordination and Cooperation**

- The CDSR also emphasizes on the necessity for departments and agencies to take advantage of opportunities for cooperation, either bilaterally or through multilateral fora, by:
  - reviewing and influencing international best practices, sharing knowledge, adopting or contributing to the development and updating of international standards and conformity assessment procedures, and developing and pursuing compatible approaches with international counterparts;
  - limiting the number of specific Canadian regulatory requirements or approaches to instances when they are warranted by specific Canadian circumstances and when they result over time in the greatest overall benefit to Canadians;
  - identifying the rationale for their approach, particularly when proposing regulations that would be unique to Canada.



# How is Canada Addressing International Regulatory Obligations and Cooperation (IROC)

- **Compliance with international obligations**
  - Through the CDSR, Canadian departments and agencies are to respect Canada's international obligations in such areas as human rights, health, safety, security, international trade, and the environment. They must also implement provisions related to these obligations in all stages of regulatory activity.
  - To ensure the compliance of regulatory proposals, departments and agencies are encouraged, among other things, to seek the advice and assistance of the Regulatory Affairs Sector within Treasury Board of Canada Secretariat, the Trade Law Bureau of Foreign Affairs and International Trade Canada (DFAIT) and the Department of Justice Canada, which provides advice on Canada's international trade obligations.
  - DFAIT is responsible for implementation of the WTO TBT Agreement. DFAIT contracts with the Standards Council of Canada (SCC) for the operation of Canada's enquiry point and notification authority. The SCC, a federal Crown corporation, is the focal point for standardization in Canada that monitors the Canada Gazette to identify relevant technical regulations and conformity assessment procedures for WTO notification.



## Implementing IROC Requirements

- **Challenge Function**

- The Regulatory Affairs Sector within the Treasury Board of Canada Secretariat (TBS-RAS) brief Treasury Board Committee on about 250 regulatory proposals and orders per year.
- Through this function, it has developed a specialist challenge role to ensure departments are complying with the IROC requirements of the CDSR.



## Implementing IROC - Example

- **Canada works closely with the United States (US) and the European Union (EU) to align frameworks and reduce barriers to trade most notably, in the areas of:**
  - Food safety
  - Chemicals safety
  - Consumer products
  - Motor vehicle safety standards
- For example, with respect to food safety, Canada's decisions are based on risk analysis principles established by Codex. Under Codex, decisions made by jurisdictions are subject to challenge by trade partners allowing for a harmonized approach, mitigating against overly risk averse decisions and facilitating international trade in food while protecting the health and economic interests of consumers.
- Collaborative activities on risk assessment have been important to minimize technical barriers to trade.



## Implementing IROC – A Specific Example

### GHG Emission Regulations for New Light-Duty Vehicles

- On October 1, 2010, the US and Canada aligned greenhouse gas emission standards for new passenger automobiles and light trucks for the 2011-2016 model years. Average GHG emission performance of new vehicles for the 2016 model year will be about 25% lower than the vehicles sold in 2008.

#### US/Canada harmonized approach to regulatory innovation:

- Companies are required to comply with fleet based GHG emission standards
- Intra-company emission credit trading system: providing compliance flexibility
- Regulatory incentives for companies to market "advanced technology vehicles", including electric vehicles, plug-in hybrid electric vehicles and fuel cells vehicles.
- Provisions for Non-Conventional GHG-Reducing Technologies (e.g. improvement in vehicle air conditioning systems)



# Thank you

For more information, please visit:

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