



Developing Better Regulation in the new EU Member States

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Better Regulation to Enhance Competitiveness

- Enhancing the competitiveness of its economy through increased productivity growth is one of the main challenges recognised by the European Union.
- The improvement of the regulatory environment and regulatory processes is a key factor in creating an environment conducive to productivity growth.
- This policy is known as ‘Better Regulation.’
- Regulation plays a central role in the functioning of economies and is essential to address market failures, foster competition, promote safety, health and welfare and facilitate the protection of the environment.

Review of the Regulatory Management Capacities the New Member States

- The studies were designed as fact finding exercises and were used as a means to encourage the development of Better Regulation policy.
- Much is known about the implementation of Better Regulation policy in OECD countries.
- Much less is known about the implementation of Better Regulation policy in the 10 countries that joined the EU on the 1st May 2004.
- In order to learn more about developments in Better Regulation in the NMS, the European Commission requested the OECD to study this issue.

Some background on the NMS

- The NMS are geographically and culturally diverse.
- They share the experience of adopting the *acquis communautaire* in a short period.
- They now face the pressure of interpreting it and applying it to their own conditions.
- Eight of these countries moved from command and control economies to market economies during the 1990s.
- These economies also had significant and substantial changes to their administrative cultures and political institutional environments.

Conclusions of the Review -1

- Political leadership will be necessary to encourage sustained attention to Better Regulation policy.
- Better Regulation Units need to engage political attention through seminars and debates which promote an understanding of Better Regulation issues.

Conclusions of the Review - 2

- The development of a Better Regulation policy and the improvement of regulatory management capacities is an issue which is competing with a significant number of other issues, all of pressing importance.
- The responsibility for the development of Better Regulation falls on the shoulders of a dedicated but small number of officials.
- The challenge is to recognize that this is not just as a 'one shot' policy but is something which requires sustained commitment to improvement.

Conclusions of the Review - 3

- There is a widespread understanding of the necessity to use Better Regulation tools.
- However, many NMS enacted laws to oblige officials to prepare impact assessments for all **new** legislation.
- These laws were rarely underpinned by adequate methodologies or institutional arrangements to oversee the quality of assessments.
- As a result, the potential benefits from the use of this tool were lost.

Conclusions of the Review - 4

- The approach to regulatory impact assessment is an example of a wider problem.
- The belief that the enactment of a law is a sufficient activity for the solution of a policy problem.
- As well as enacting laws, NMS need to address the necessity to support new laws with adequate institutional arrangements to ensure that they are enforced.

Conclusions of the Review - 5

- All NMS recognise the need to measure the size of administrative costs and, where possible, take steps to reduce them.

Conclusions of the Review - 6

- The executive and legislative branches of government need to work together and follow common policies to achieve Better Regulation.
- Within the executive branch of government all agencies need to adopt a more multidisciplinary approach where regulations are reviewed against the application of Better Regulation principles.

Conclusions of the Review - 7

- Finally, there is a need to review the enforcement and compliance of regulation.
- Key to discover if there are better ways of ensuring that, once laws, are enacted they are enforced or complied with in a manner that achieves the result intended.

Considerations for Developing the Better Regulation Agenda in China

- Political support is essential to develop and maintain a policy on Better Regulation.
- A policy to achieve Better Regulation works best when there are appropriate and adequately-funded arrangements in place to support and maintain it.
- Regulatory management capacities may be developed through the effective use of Better Regulation tools.
- Executive agencies need to co-operate in a constructive way to ensure good governance.
- More attention needs to be paid to enforcement and compliance.