

Recommendation of the Council on International Regulatory Co-operation to Tackle Global Challenges

OECD Legal Instruments



This document is published under the responsibility of the Secretary-General of the OECD. It reproduces an OECD Legal Instrument and may contain additional material. The opinions expressed and arguments employed in the additional material do not necessarily reflect the official views of OECD Member countries.

This document, as well as any data and any map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

For access to the official and up-to-date texts of OECD Legal Instruments, as well as other related information, please consult the Compendium of OECD Legal Instruments at <u>http://legalinstruments.oecd.org</u>.

#### Please cite this document as:

OECD, Recommendation of the Council on International Regulatory Co-operation to Tackle Global Challenges, OECD/LEGAL/0475

Series: OECD Legal Instruments

#### Photo credit: © Andrew Esson

© OECD 2025

This document is provided free of charge. It may be reproduced and distributed free of charge without requiring any further permissions, as long as it is not altered in any way. It may not be sold.

This document is available in the two OECD official languages (English and French). It may be translated into other languages, as long as the translation is labelled "unofficial translation" and includes the following disclaimer: "This translation has been prepared by [NAME OF TRANSLATION AUTHOR] for informational purpose only and its accuracy cannot be guaranteed by the OECD. The only official versions are the English and French texts available on the OECD website <a href="http://legalinstruments.oecd.org">http://legalinstruments.oecd.org</a>"

# **Background Information**

The Recommendation on International Regulatory Co-operation to Tackle Global Challenges (hereafter "the Recommendation") was adopted by the OECD Council at Ministerial Level on 10 June 2022 on the proposal of the Regulatory Policy Committee (RPC). The Recommendation aims to help governments develop and implement international regulatory co-operation (IRC) as a key element of regulatory quality in light of increasingly global regulatory challenges.

#### The need for a holistic vision on IRC

Many of today's defining policy issues can only by effectively addressed by learning from others, or through collaborative responses grounded in international co-operation. These challenges include the existential climate and biodiversity crisis, harnessing the benefits while managing the risks of the digital transformation, supporting the stability of the global financial system or ensuring fluid and predictable international trade, among many others.

Meeting these global challenges starts at national level. Governments and regulators need to undertake key transformations in their governance and rulemaking processes which are still very much inward focussed, in order to draw the full benefits from international co-operation. Better international regulatory co-operation can help governments increase their ability to solve common policy challenges together and ensure that international action – just like national action – yields results while reducing unnecessary regulatory divergences and saving administrative and economic costs.

Against this backdrop, the RPC has worked extensively on IRC over the last years. Pursuant to principle 12 of the Recommendation on Regulatory Policy and Governance [OECD/LEGAL/0390], the RPC has developed a unique evidence and analysis base on IRC, including key concepts, specific sector and country studies, and analytical work to clarify the scope, benefits and challenges of IRC.

#### Process for developing the Recommendation

The Recommendation builds on the extensive RPC work on IRC over the last years, that will provide a reference for its implementation. It was developed by the RPC to further the vision of the 2021 <u>Best</u> <u>Practice Principles on International Regulatory Co-operation</u> (hereafter: "the BPPs"): improving domestic rulemaking with better international co-operation.

It benefited from valuable inputs from a public consultation with relevant stakeholders (namely regulators, government officials, academics), as well as relevant OECD bodies and their Secretariat, including the OECD Committee on SMEs and Entrepreneurship, Competition Committee, Development Assistance Committee, Trade Committee, Committee for Agriculture, Committee on Financial Markets, and the Health Committee. The development process particularly benefited from the guidance of the RPC Steering Group on IRC and, as part of the public consultation, the draft Recommendation was also shared with the <u>Partnership for Effective International Rulemaking</u> (hereafter: "IO Partnership").

#### Scope of the Recommendation

The Recommendation sets forth an overarching vision on IRC and provides the basic tools for governments to include an international lens in their regulatory policy and governance tools, bringing their rulemaking up to date with the global opportunities and challenges they currently face. In providing guidance on how to make the best of IRC, the Recommendation aims to help governments strengthen their abilities and skills to achieve regulatory outcomes that better address global challenges and, ultimately, put in place the governance and regulatory arrangements necessary to better promote welfare of the population and reinforce trust in global co-operation.

The Recommendation aims to support a holistic approach to IRC across government and between governments and a more strategic use of IRC to meet broad policy objectives, complementing the action-oriented content of the BPPs. To that effect, the key elements on IRC are divided into three building blocks:

- Taking a whole-of-government IRC approach, with a common vision and clear roles and responsibilities;
- Introducing IRC at all stages of the domestic rulemaking process, throughout the domestic regulatory design, development and delivery; and
- Co-operating internationally (bilaterally, plurilaterally and multilaterally) for rulemaking.

#### Next steps

The RPC will support Adherents and follow up on the Recommendation's implementation through specific studies and analysis and the development of implementation tools such as self-assessment tools or mapping cross-country trends based on quantitative and qualitative research. Further, the RPC will continue to provide a forum to promote the sharing of relevant experience and the dissemination of good practices, including through the IO Partnership.

A report on the implementation, dissemination and continued relevance of the Recommendation will reach Council in 2027.

For further information please consult: <u>https://www.oecd.org/gov/regulatory-policy/international-regulatory-co-operation-5b28b589-en.htm</u> and <u>https://www.oecd.org/governance/better-international-rulemaking/</u>.

Contact information: information:govregirc@oecd.org.

## Implementation

To support the implementation of the Recommendation, the <u>Best Practice Principles on International</u> <u>Regulatory Co-operation</u> provide more detailed information on concrete ways in which Adherents could implement the provisions of the Recommendation in practice.

### THE COUNCIL,

**HAVING REGARD** to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

**HAVING REGARD** to the Recommendation of the Council on Improving the Quality of Government Regulation [<u>OECD/LEGAL/0278</u>], the Recommendation of the Council on Regulatory and Policy Governance [<u>OECD/LEGAL/0390</u>], and the Recommendation of the Council on Agile Regulatory Governance to Harness Innovation [<u>OECD/LEGAL/0464</u>];

**RECOGNISING** the progress made by the Regulatory Policy Committee to improve the mechanisms and tools of international regulatory co-operation since 2012, culminating in the development of the Best Practice Principles on International Regulatory Co-operation [GOV/RPC(2020)3/REV2];

**RECOGNISING** that international regulatory co-operation has become an essential building block to ensure the quality and effectiveness of regulation today;

**CONSIDERING** that the world faces significant and growing challenges that require international cooperation and action, and effectively addressing global challenges in their complexity and multidimensional nature requires both national action and international co-operation to create the global public response needed for prosperous environmental, social and economic welfare of citizens in a resilient future;

**CONSIDERING** the contribution of international regulatory co-operation in supporting governments to achieve their domestic public policy objectives by improving the effectiveness of domestic regulations to face transboundary and global challenges, by fostering a regulatory environment that limits unnecessary regulatory divergences, and by improving administrative efficiency through sharing of knowledge, resources and information;

**RECOGNISING** that international regulatory co-operation plays an important role in bridging the gap between domestic laws and regulations and the increasing international dimension of issues that those laws and regulations aim to address;

**RECOGNISING** that global crises such as the COVID-19 pandemic or the 2008 financial crisis are stark reminders of the importance of having in place international regulatory co-operation mechanisms to improve the resilience of regulatory frameworks and supply chains in the face of transnational disruptions and emerging risks and manage better the health, economic and social impacts in times of global crises, by facilitating the interoperability of services and cross-border activities, reducing costs and delays to international trade and investment for essential goods and services and testing procedures, and promoting mutual learning and pooling of resources between governments;

**RECOGNISING** the interdisciplinary nature of international regulatory co-operation and the importance of improving understanding and catalysing the efforts of different policy communities, including of central regulatory oversight bodies, various sectoral and transversal portfolios (including trade and investment), to enhance the awareness and interoperability of laws, regulations and regulatory frameworks between jurisdictions;

**RECOGNISING** that international regulatory co-operation practices and terminologies vary widely across the international community as do the extent, form and pace of different co-operation efforts, depending on the issue at stake and the legal, institutional, and cultural context.

#### On the proposal of the Regulatory Policy Committee:

I. AGREES that the purpose of this Recommendation is to support Members and non-Members having adhered to it (hereafter the "Adherents") to leverage international regulatory co-operation to deliver on their public policy objectives more effectively and tackle global challenges.

- **II. AGREES** that, for the purposes of the present Recommendation, the following definition is used:
  - International regulatory co-operation (IRC) refers to any agreement or organisational arrangement, formal or informal, between countries to promote some form of co-operation in the development, monitoring, enforcement, or ex-post management of regulation;
- **III. RECOMMENDS** that Adherents promote and implement international regulatory co-operation by:
- 1. Taking a whole of government international regulatory co-operation approach, that:
  - a. conveys political leadership and builds a holistic vision with clearly defined roles and responsibilities, whether reflected in a broad policy, strategic document or other instruments;
  - b. promotes co-ordination activities across governments and regulators to build a common understanding on international regulatory co-operation and its impacts and capitalise on relevant information, practices and activities;
  - c. considers a governance structure that is conducive to and raises awareness of the benefits of international regulatory co-operation, involving regulatory oversight bodies, building on existing platforms for co-operation, and encouraging policy makers and regulators to consider international regulatory co-operation.
- 2. Recognising international regulatory co-operation throughout domestic rulemaking by:
  - a. gathering and taking into account international knowledge and expertise that may be applicable to their own objectives and jurisdiction;
  - b. considering existing international instruments when developing regulation;
  - c. taking into account all relevant economic, social and environmental impacts both inside and outside of the domestic jurisdiction, as well as on international trade;
  - providing opportunities, where appropriate, to engage with all interested parties, including foreign stakeholders, to comment on potential impacts of proposed regulatory options with potential impacts beyond that jurisdiction's borders and for such impacts to be considered;
  - e. conducting periodic reviews of stock of regulation, as appropriate, that may incorporate the state of international knowledge on the regulated area, take stock of new approaches adopted across jurisdictions and analyse the costs and benefits of diverging from international practice;
  - f. noting at an early stage the value of co-operation for appropriate compliance and enforcement, as needed.
- 3. Co-operating internationally (bilaterally, plurilaterally and multilaterally) through:
  - a. the development and diffusion of good practices and innovations in regulatory policy and governance, both to learn from or to build capacity of other countries as appropriate;
  - considering, as appropriate, recognising (i) other jurisdictions' measures; or (ii) other jurisdictions' conformity assessment procedures and enforcement results when doing so is in line with Adherents' own regulatory systems and objectives and taking into account any relevant international obligations;
  - c. considering coherence in international regulatory co-operation across various international fora and instruments;
  - d. collaborating in international fora, where appropriate, to collect evidence and gather expertise on issues of common interest and play an active role in the development of outputs;
  - e. promoting the use of good regulatory practices at the international level, to increase their use in support of more effective international regulatory co-operation in international fora.

- **IV. ENCOURAGES** international organisations to disseminate this Recommendation.
- V. **INVITES** the Secretary-General to disseminate this Recommendation.
- VI. INVITES Adherents to disseminate this Recommendation at all levels of government.
- VII. INVITES non-Adherents to take account of and adhere to this Recommendation.
- VIII. **INSTRUCTS** the Regulatory Policy Committee to:
  - a. serve as a forum for exchanging information on international regulatory co-operation including experience with the implementation of this Recommendation, and to foster multi-stakeholder and interdisciplinary dialogue on international regulatory co-operation, including, for example, through engagement with the Partnership of International Organisations for Effective International Rulemaking and other initiatives supporting IRC;
  - b. develop further guidance on the implementation of this Recommendation, including through the use of the Indicators of Regulatory Policy and Governance (<u>iREG</u>);
  - c. continue its important work on international regulatory co-operation building on this Recommendation and taking into account work in other international fora;
  - d. report to Council on the implementation, dissemination and continued relevance of this Recommendation no later than five years following its adoption and at least every ten years thereafter.

# About the OECD

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD Member countries are: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

# **OECD Legal Instruments**

Since the creation of the OECD in 1961, around 460 substantive legal instruments have been developed within its framework. These include OECD Acts (i.e. the Decisions and Recommendations adopted by the OECD Council in accordance with the OECD Convention) and other legal instruments developed within the OECD framework (e.g. Declarations, international agreements).

All substantive OECD legal instruments, whether in force or abrogated, are listed in the online Compendium of OECD Legal Instruments. They are presented in five categories:

- **Decisions** are adopted by Council and are legally binding on all Members except those which abstain at the time of adoption. They set out specific rights and obligations and may contain monitoring mechanisms.
- **Recommendations** are adopted by Council and are not legally binding. They represent a political commitment to the principles they contain and entail an expectation that Adherents will do their best to implement them.
- **Substantive Outcome Documents** are adopted by the individual listed Adherents rather than by an OECD body, as the outcome of a ministerial, high-level or other meeting within the framework of the Organisation. They usually set general principles or long-term goals and have a solemn character.
- **International Agreements** are negotiated and concluded within the framework of the Organisation. They are legally binding on the Parties.
- Arrangement, Understanding and Others: several other types of substantive legal instruments have been developed within the OECD framework over time, such as the Arrangement on Officially Supported Export Credits, the International Understanding on Maritime Transport Principles and the Development Assistance Committee (DAC) Recommendations.