



Recommendation of the Council on Regulatory Policy and Governance

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Please cite this document as:

OECD, *Recommendation of the Council on Regulatory Policy and Governance*, OECD/LEGAL/0390

Series: OECD Legal Instruments

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Date(s)

Adopted on 22/03/2012

Background Information

The Recommendation on Regulatory Policy and Governance was adopted by the OECD Council on 22 March 2012 on the proposal of the Regulatory Policy Committee. The Recommendation is the first comprehensive international statement on regulatory policy since the global financial and economic crisis that uncovered major failings in governance and regulation. It reflects the fact that a well-functioning national regulatory framework for transparent and efficient markets is central to re-injecting confidence and restoring growth. The Recommendation: provides governments with clear and timely guidance on the principles, mechanisms and institutions required to improve the design, enforcement and review of their regulatory framework to the highest standards; advises governments on the effective use of regulation to achieve better social, environmental and economic outcomes; and calls for a “whole-of-government” approach to regulatory reform, with emphasis on the importance of consultation, co-ordination, communication and co-operation to address the challenges posed by the inter-connectedness of sectors and economies.

HAVING REGARD to Articles 1, 2a), 3 and 5b) 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 [C(95)21/FINAL], including the OECD Reference Checklist for Regulatory Decision-Making ;

HAVING REGARD to the 1997 OECD Report on Regulatory Reform [C/MIN(97)10 (summary) and C/MIN(97)10/ADD], the 2005 Guiding Principles for Regulatory Quality and Performance [C(2005)52 and CORR1], the APEC-OECD Integrated Checklist for Regulatory Reform [SG/SGR(2005)4], and the Recommendation of the Council on Competition Assessment [C(2009)130];

NOTING the considerable progress made by Members and non-Members to improve the quality of regulation and of the tools and institutions for evidence-based decision making;

NOTING that the challenges facing governments today and in the foreseeable future include issues and problems with a regulatory dimension that have not been addressed systematically in previous OECD decisions, recommendations and principles;

RECOGNISING that democracy and the rule of law depend upon and reinforce sound regulatory frameworks;

RECOGNISING that regulations are one of the key levers by which governments act to promote economic prosperity, enhance welfare and pursue the public interest;

RECOGNISING that well-designed regulations can generate significant social and economic benefits which outweigh the costs of regulation, and contribute to social well-being;

NOTING that regulatory policy as a government policy framework for how regulations are made, assessed and revised should be carried out at the highest level by the office of the President or Prime Minister and calls for good governance practice to be implemented across departments and levels of government;

RECOGNISING that the financial crises and economic cycles, innovation, social change, environmental challenges and the search for new sources of growth highlight the importance of regulatory frameworks for well-functioning markets and societies and of regulatory policies and institutions to cope with the inter-connectedness of sectors and economies;

RECOGNISING that the OECD has played a leading role in the international community to promote regulatory reform and the implementation of sound regulatory practices on a whole-of-government approach; and,

RECOGNISING that the Regulatory Policy Committee was created in 2009 to assist Members and non Members in building and strengthening capacity for regulatory quality and reform;

On the proposal of the Regulatory Policy Committee:

I. RECOMMENDS that Members:

1. Commit at the highest political level to an explicit whole-of-government policy for regulatory quality. The policy should have clear objectives and frameworks for implementation to ensure that, if regulation is used, the economic, social and environmental benefits justify the costs, the distributional effects are considered and the net benefits are maximised.

2. Adhere to principles of open government, including transparency and participation in the regulatory process to ensure that regulation serves the public interest and is informed by the legitimate needs of those interested in and affected by regulation. This includes providing meaningful opportunities (including online) for the public to contribute to the process of preparing draft regulatory proposals and to the quality of the supporting analysis. Governments should ensure that regulations are comprehensible and clear and that parties can easily understand their rights and obligations.

3. Establish mechanisms and institutions to actively provide oversight of regulatory policy procedures and goals, support and implement regulatory policy, and thereby foster regulatory quality.
4. Integrate Regulatory Impact Assessment (RIA) into the early stages of the policy process for the formulation of new regulatory proposals. Clearly identify policy goals, and evaluate if regulation is necessary and how it can be most effective and efficient in achieving those goals. Consider means other than regulation and identify the tradeoffs of the different approaches analysed to identify the best approach.
5. Conduct systematic programme reviews of the stock of significant regulation against clearly defined policy goals, including consideration of costs and benefits, to ensure that regulations remain up to date, cost justified, cost effective and consistent, and deliver the intended policy objectives.
6. Regularly publish reports on the performance of regulatory policy and reform programmes and the public authorities applying the regulations. Such reports should also include information on how regulatory tools such as Regulatory Impact Assessment (RIA), public consultation practices and reviews of existing regulations are functioning in practice.
7. Develop a consistent policy covering the role and functions of regulatory agencies in order to provide greater confidence that regulatory decisions are made on an objective, impartial and consistent basis, without conflict of interest, bias or improper influence.
8. Ensure the effectiveness of systems for the review of the legality and procedural fairness of regulations and of decisions made by bodies empowered to issue regulatory sanctions. Ensure that citizens and businesses have access to these systems of review at reasonable cost and receive decisions in a timely manner.
9. As appropriate apply risk assessment, risk management, and risk communication strategies to the design and implementation of regulations to ensure that regulation is targeted and effective. Regulators should assess how regulations will be given effect and should design responsive implementation and enforcement strategies.
10. Where appropriate promote regulatory coherence through co-ordination mechanisms between the supranational, the national and sub-national levels of government. Identify cross-cutting regulatory issues at all levels of government, to promote coherence between regulatory approaches and avoid duplication or conflict of regulations.
11. Foster the development of regulatory management capacity and performance at sub-national levels of government.
12. In developing regulatory measures, give consideration to all relevant international standards and frameworks for co-operation in the same field and, where appropriate, their likely effects on parties outside the jurisdiction.

II. RECOMMENDS that Members take appropriate steps to implement high standards and to improve regulatory processes, and to use regulations wisely in pursuit of economic, social and environmental policies, and to take into account the principles expressed in this Recommendation, which are recalled and further developed in the Annex to this Recommendation of which it forms an integral part.

III. INVITES Members and the Secretary-General to disseminate this Recommendation;

IV. INVITES non-Members to take account of and adhere to this Recommendation;

V. INSTRUCTS the Regulatory Policy Committee to monitor the implementation of this Recommendation and to report thereon to the Council no later than three years following its adoption and regularly thereafter, in consultation with other relevant OECD Committees.

ANNEX

ANNEX TO THE RECOMMENDATION OF THE COUNCIL ON REGULATORY POLICY AND GOVERNANCE

1. Commit at the highest political level to an explicit whole-of-government policy for regulatory quality. The policy should have clear objectives and frameworks for implementation to ensure that, if regulation is used, the economic, social and environmental benefits justify the costs, distributional effects are considered and the net benefits are maximised.

1.1 Regulatory policy defines the process by which government, when identifying a policy objective, decides whether to use regulation as a policy instrument, and proceeds to draft and adopt a regulation through evidence-based decision-making. An explicit policy to ensure that regulations and regulatory frameworks serve the public interest should commit governments to:

- Adopt a continuous policy cycle for regulatory decision-making, from identifying policy objectives to regulatory design to evaluation;
- Use regulation when appropriate to achieve policy objectives, applying the Recommendation of the Council on Improving the Quality of Government Regulation [C(95)21/FINAL];
- Maintain a regulatory management system, including both ex ante impact assessment and ex post evaluation as key parts of evidence-based decision making;
- Articulate regulatory policy goals, strategies and benefits clearly;
- Systematically review the stock of regulations periodically to identify and eliminate or replace those which are obsolete, insufficient or inefficient;
- Develop, implement and evaluate a communications strategy to secure ongoing support for the goals of regulatory quality.

1.2 To achieve results, governments should:

- Adopt an integrated approach, which considers policies, institutions and tools as a whole, at all levels of government and across sectors, including the role of the legislature in ensuring the quality of laws;
- Recognise that specific components such as impact assessment and administrative simplification are important but do not substitute for a comprehensive programme;
- Consider the impacts of regulation on competitiveness and economic growth;
- Commit to apply regulatory policy principles when preparing regulations that implement sectoral policies, and strive to ensure that regulations serve the public interest in promoting and benefitting from trade, competition and innovation while reducing system risk to the extent practicable;
- Monitor the impact of regulations and regulatory processes;
- Develop programmes to reduce the administrative and compliance costs of regulation without compromising legitimate regulatory objectives.

1.3 Governments should develop and maintain a strategic capacity to ensure that regulatory policy remains relevant and effective and can adjust and respond to emerging challenges. It is a core function of government to ensure that existing regulations are delivering the necessary level of public protection including having the strategic capacity to consider and identify if regulatory intervention is necessary and will be effective.

1.4 Governments should issue a formal and binding policy statement underpinning regulatory reform including guidelines for the use of regulatory policy tools and procedures. The design of institutional frameworks and resources necessary to implement regulatory policy including the enforcement of regulation should be assessed to ensure that they are adequate and address regulatory gaps.

1.5 Regulatory policy should include a preference for performance-based regulation, and should facilitate the efficient functioning of the market.

1.6 The regulatory policy should clearly identify the responsibilities of ministers for putting regulatory policy into effect within their respective portfolios. In addition, governments should consider assigning a specific Minister with political responsibility for maintaining and improving the operation of the whole-of-government policy on regulatory quality and to provide leadership and oversight of the regulatory governance process. The role of such Minister could include:

- Monitoring and reporting on the co-ordination of regulatory reform activities across portfolios;
- Reporting on the performance of the regulatory management system against the intended outcomes;
- Identifying opportunities for system-wide improvements to regulatory policy settings and regulatory management practices.

2. Adhere to principles of open government, including transparency and participation in the regulatory process to ensure that regulation serves the public interest and is informed by the legitimate needs of those interested in and affected by regulation. This includes providing meaningful opportunities (including online) for the public to contribute to the process of preparing draft regulatory proposals and to the quality of the supporting analysis. Governments should ensure that regulations are comprehensible and clear and that parties can easily understand their rights and obligations.

2.1 Governments should establish a clear policy identifying how open and balanced public consultation on the development of rules will take place.

2.2 Governments should co-operate with stakeholders on reviewing existing and developing new regulations by:

- Actively engaging all relevant stakeholders during the regulation-making process and designing consultation processes to maximise the quality of the information received and its effectiveness.
- Consulting on all aspects of impact assessment analysis and using, for example, impact assessments as part of the consultation process;
- Making available to the public, as far as possible, all relevant material from regulatory dossiers including the supporting analyses, and the reasons for regulatory decisions as well as all relevant data;
- Structuring reviews of regulations around the needs of those affected by regulation, co-operating with them through the design and conduct of reviews including prioritisation, assessment of regulations and drafting simplification proposals;
- Evaluating the competitive effects of regulation on various economic players in the market.

2.3 Introduce regular performance assessments of regulations and regulatory systems, taking into account, among other things, the impacts on affected parties and how they are perceived. Communicate the results of these assessments to the public.

2.4 Make sure that policies and practices for inspections and enforcement respect the legitimate rights of those subject to the enforcement, are designed to maximise the net public benefits through compliance and enforcement and avoid unnecessary burdens on those subject to inspections.

2.5 All regulations should be easily accessible by the public. A complete and up-to-date legislative and regulatory database should be freely available to the public in a searchable format through a user-friendly interface over the Internet.

2.6 Governments should have a policy that requires regulatory texts to be drafted using plain language. They should also provide clear guidance on compliance with regulations, making sure that affected parties understand their rights and obligations.

3. Establish mechanisms and institutions to actively provide oversight of regulatory policy procedures and goals, support and implement regulatory policy, and thereby foster regulatory quality.

3.1 A standing body charged with regulatory oversight should be established close to the centre of government, to ensure that regulation serves whole-of-government policy. The specific institutional solution must be adapted to each system of governance.

3.2 The authority of the regulatory oversight body should be set forth in mandate, such as statute or executive order. In the performance of its technical functions of assessing and advising on the quality of impact assessments, the oversight body should be independent from political influence.

3.3 The regulatory oversight body should be tasked with a variety of functions or tasks in order to promote high-quality evidence-based decision making. These tasks should include:

- Quality control through the review of the quality of impact assessments and returning proposed rules for which impact assessments are inadequate;
- Examining the potential for regulation to be more effective including promoting the consideration of regulatory measures in areas of policy where regulation is likely to be necessary;
- Contributing to the systematic improvement of the application of regulatory policy;
- Co-ordinating ex post evaluation for policy revision and for refinement of ex ante methods;
- Providing training and guidance on impact assessment and strategies for improving regulatory performance.

3.4 The performance of the oversight body, including its review of impact assessments should be periodically assessed.

4. Integrate Regulatory Impact Assessment (RIA) into the early stages of the policy process for the formulation of new regulatory proposals. Clearly identify policy goals, and evaluate if regulation is necessary and how it can be most effective and efficient in achieving those goals. Consider means other than regulation and identify the tradeoffs of the different approaches analysed to identify the best approach.

4.1 Adopt *ex ante* impact assessment practices that are proportional to the significance of the regulation, and include benefit cost analyses that consider the welfare impacts of regulation taking into account economic, social and environmental impacts including the distributional effects over time, identifying who is likely to benefit and who is likely to bear costs.

4.2 *Ex ante* assessment policies should require the identification of a specific policy need, and the objective of the regulation such as the correction of a market failure, or the need to protect citizen's rights that justifies the use of regulation.

4.3 *Ex ante* assessment policies should include a consideration of alternative ways of addressing the public policy objectives, including regulatory and non regulatory alternatives to identify and select the most appropriate instrument, or mix of instruments to achieve policy goals. The no action option or baseline scenario should always be considered. *Ex ante* assessment should in most cases identify approaches likely to deliver the greatest net benefit to society, including complementary approaches such as through a combination of regulation, education and voluntary standards.

4.4 When regulatory proposals would have significant impacts, *ex ante* assessment of costs, benefits and risks should be quantitative whenever possible. Regulatory costs include direct costs (administrative, financial and capital costs) as well as indirect costs (opportunity costs) whether borne by businesses, citizens or government. *Ex ante* assessments should, where relevant, provide

qualitative descriptions of those impacts that are difficult or impossible to quantify, such as equity, fairness, and distributional effects.

4.5 Regulatory Impact Analysis should as far as possible be made publicly available along with regulatory proposals. The analysis should be prepared in a suitable form and within adequate time to gain input from stakeholders and assist political decision making. Good practice would involve using the Regulatory Impact Analysis as part of the consultation process.

4.6. *Ex ante* assessment policies should indicate that regulation should seek to enhance, not deter, competition and consumer welfare, and that to the extent that regulations dictated by public interest benefits may affect the competitive process, authorities should explore ways to limit adverse effects and carefully evaluate them against the claimed benefits of the regulation. This includes exploring whether the objectives of the regulation cannot be achieved by other less restrictive means.

4.7 When carrying out an assessment, officials should:

- Assess economic, social and environmental impacts (where possible in quantitative and monetised terms), taking into account possible long term and spatial effects;
- Evaluate if the adoption of common international instruments will efficiently address the identified policy issues and foster coherence at a global level with minimal disruption to national and international markets;
- Evaluate the impact on small to medium sized enterprises and demonstrate how administrative and compliance costs are minimised.

4.8 RIA should be supported with clear policies, training programmes, guidance and quality control mechanisms for data collection and use. It should be integrated early in the processes for the development of policy and supported within agencies and at the centre of government.

5. Conduct systematic programme reviews of the stock of significant regulation against clearly defined policy goals, including consideration of costs and benefits, to ensure that regulations remain up to date, cost-justified, cost-effective and consistent and delivers the intended policy objectives.

5.1 The methods of Regulatory Impact Analysis should be integrated in programmes for the review and revision of existing regulations. These programmes should include an explicit objective to improve the efficiency and effectiveness of the regulations, including better design of regulatory instruments and to lessen regulatory costs for citizens and businesses as part of a policy to promote economic efficiency.

5.2 Reviews should preferably be scheduled to assess all significant regulation systematically over time, enhance consistency and coherence of the regulatory stock, and reduce unnecessary regulatory burdens and ensure that significant potential unintended consequences of regulation are identified. Priority should be given to identifying ineffective regulation and regulation with significant economic impacts on users and/or impact on risk management. The use of a permanent review mechanism should be considered for inclusion in rules, such as through review clauses in primary laws and sunseting of subordinate legislation.

5.3 Systems for reviews should assess progress toward achieving coherence with economic, social and environmental policies.

5.4 Programmes of administrative simplification should include measurements of the aggregate burdens of regulation where feasible and consider the use of explicit targets as a means to lessen administrative burdens for citizens and businesses. Qualitative methods should complement the quantitative methods to better target efforts.

5.5 Employ the opportunities of information technology and one-stop shops for licences, permits, and other procedural requirements to make service delivery more streamlined and user-focused.

5.6 Review the means by which citizens and businesses are required to interact with government to satisfy regulatory requirements and reduce transaction costs.

6. Regularly publish reports on the performance of regulatory policy and reform programmes and the public authorities applying the regulations. Such reports should also include information on how regulatory tools such as Regulatory Impact Assessment (RIA), public consultation practices and reviews of existing regulations are functioning in practice.

6.1 Review the effectiveness of programmes to improve the delivery of regulation inside government to ensure that they are effective and efficient and meet clearly identified objectives for public service delivery.

6.2 Design and assess data collection and information management strategies to ensure that the necessary high-quality information is available for the preparation of reports while avoiding the imposition of unnecessary administrative burdens.

6.3 Promote an external review function, including input by stakeholders and civil society. The assessment of RIA by the regulatory oversight body should be periodically evaluated by an independent third party, such as, for example, the National Audit Authority.

6.4 Simplification and reform programmes should be evaluated for the public value they deliver based on the resources required. Evaluation should focus primarily on the outcomes and effects for society ahead of the quantification of administrative burdens reduced.

7. Develop a consistent policy covering the role and functions of regulatory agencies in order to provide greater confidence that regulatory decisions are made on an objective, impartial and consistent basis, without conflict of interest, bias or improper influence.

7.1 The legislation that grants regulatory authority to a specific body, should clearly state the objectives of the legislation and the powers of the authority.

7.2 To ensure that regulatory agencies are integrated in the regulatory system, governments should compile and maintain a public register of all entities in government with authority to exercise regulatory functions. The register should include the details of the statutory objectives of each regulatory authority and a listing of the regulatory instruments that it administers.

7.3 Independent regulatory agencies should be considered in situations where:

- There is a need for the regulatory agency to be independent in order to maintain public confidence;
- Both the government and private entities are regulated under the same framework and competitive neutrality is therefore required; and
- The decisions of regulatory agencies can have significant economic impacts on regulated parties and there is a need to protect the agency's impartiality.

7.4 Mechanisms of public accountability are required that clearly define how a regulatory agency is to discharge its responsibility with the necessary expertise as well as integrity, honesty and objectivity.

7.5 Regulatory agencies should be required to follow regulatory policy including engaging with stakeholders and undertaking RIA when developing draft laws or guidelines and other forms of soft law.

7.6 Agency performance should be subject to regular external evaluation.

8. Ensure the effectiveness of systems for the review of the legality and procedural fairness of regulations, and of decisions made by bodies empowered to issue regulatory sanctions. Ensure that citizens and businesses have access to these systems of review at reasonable cost and receive decisions in a timely manner.

8.1 Citizens and businesses that are subject to the decisions of public authorities should have ready access to systems for challenging the exercise of that authority. This is particularly important in relation to regulatory sanctions, i.e. sanctions issued by an authority in virtue of a regulation.

8.2 This access should include the right to appeal the decisions of regulators on legal grounds, including on the grounds of procedural fairness and due process. This should also include the possibility to challenge in court the legality of any statutory provision, on which decisions of regulators are based, vis-à-vis higher hierarchical legal norms, including constitutional norms.

8.3 In principle, appeals should be heard by a separate authority than the body responsible for making the original regulatory decision.

8.4 Governments should, where appropriate, establish standard time periods within which applicants can expect an administrative decision to be made.

9. As appropriate apply risk assessment, risk management, and risk communication strategies to the design and implementation of regulations to ensure that regulation is targeted and effective. Regulators should assess how regulations will be given effect and should design responsive implementation and enforcement strategies.

9.1 Governments should include their strategy on risk and regulation in their public statement underpinning regulatory reform. They should develop and regularly update guidance on the methodologies for risk assessment, management and communication concerning the use of regulation to achieve public and environmental protection.

9.2 Regulators should build an accountable system for review of risk assessments accompanying major regulatory proposals that present significant or novel scientific issues, for example through expert peer review.

9.3 Evaluate the likely effectiveness of risk strategies against their capacity to identify and inform regulatory actions that will help to avoid or mitigate catastrophic or systemic risks and minimise unintended consequences and “risk-risk” tradeoffs. Ensure that risk systems incorporate lessons from past events, including failures and close calls.

9.4 Governments should consider the use of risk-based approaches in the design and enforcement of regulatory compliance strategies to increase the likelihood of achieving compliance goals and to minimise the imposition of costs on citizens and businesses through compliance and enforcement procedures.

9.5 Regulators should be required to develop, implement and review regulatory compliance strategies against risk-based criteria.

9.6 Where the principle of precaution is applied, regulatory agencies must build an accountable system for review as scientific information becomes available.

10. Where appropriate promote regulatory coherence through co-ordination mechanisms between the supra national, the national and sub-national levels of government. Identify cross cutting regulatory issues at all levels of government, to promote coherence between regulatory approaches and avoid duplication or conflict of regulations.

10.1 Design appropriate co-ordination mechanisms to develop regulatory policies and practices for all levels of government, including where appropriate through the use of measures to achieve harmonisation, or through the use of mutual recognition agreements;

10.2 Develop tools to diagnose regulatory issues that cut across levels of government (including supra-national organisations) to identify and reform overlapping regulations;

10.3 Capitalise on the proximity of sub-national governments to local firms and citizens to develop effective consultation procedures in the design of regulation and better reflect local needs in overall regulatory policy, at all levels of government;

10.4 Promote information sharing and transparency mechanisms between levels of government to overcome asymmetries of information and promote complementarities across regulations;

10.5 Disseminate innovative regulatory practices that take place at the local level, including making effective use of benchmarks among different jurisdictions;

10.6 Facilitate local variations and experimentation in regulatory approaches when it is nationally beneficial;

10.7 Supranational bodies with rule making powers should be encouraged to consider and apply all relevant aspects of this Recommendation.

11. Foster the development of regulatory management capacity and performance at sub national levels of government.

11.1 Governments should support the implementation of regulatory policy and programmes at the sub-national level to reduce regulatory costs and barriers at the local or regional level which limit competition and impede investment, business growth and job creation.

11.2 Promote the implementation of programmes to assess and reduce the cost of the compliance with regulation at the sub-national level;

11.3 Promote procedures at the sub-national level to assess areas for which regulatory reform and simplification is most urgent to avoid legal vacuum, inconsistencies, duplication and overlap;

11.4 Promote efficient administration, regulatory charges should be set according to cost recovery principles, not to yield additional revenue;

11.5 Support capacity-building for regulatory management at sub-national level through the promotion of e government and administrative simplification when appropriate, and relevant human resources management policies;

11.6 Use appropriate incentives to foster the use by sub-national governments of Regulatory Impact Assessments to consider the impacts of new and amending regulations, including identifying and avoiding barriers to the seamless operation of new and emerging national markets;

11.7 Develop incentives to foster horizontal co-ordination across jurisdictions to eliminate barriers to the seamless operation of internal markets and limit the risk of race-to-the bottom practices, develop adequate mechanisms for resolving disputes across local jurisdictions;

11.8 Prevent conflict of interest through clear separation of the roles of sub-national governments as regulators and service providers.

12. In developing regulatory measures, give consideration to all relevant international standards and frameworks for co-operation in the same field and, where appropriate, their likely effects on parties outside the jurisdiction.

12.1 In an increasingly globalised economy, international regulatory co-operation must become integral to systemic risk management and long-term policy planning.

12.2 Governments should take into account relevant international regulatory settings when formulating regulatory proposals to foster global coherence.

12.3 Governments should act in accordance with their international treaty obligations (for example under the ILO, UN and WTO/GATT Agreements which require that regulations accord foreign products and services treatment no less favorable than like products and services of national origin, or those originating in any other country).

12.4 Governments should co-operate with other countries to promote the development and diffusion of good practices and innovations in regulatory policy and governance.

12.5 Governments should contribute to international fora, including private or semi-private, which support greater International Regulatory Co-operation (IRC).

12.6 Governments should avoid the duplication of efforts in regulatory activity in cases where recognition of existing regulations and standards would achieve the same public interest objective at lower costs.

12.7 Processes of consultation on regulatory proposals should be open to receiving submissions from foreign and domestic interests.

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- **Recommendations:** OECD legal instruments which are not legally binding but practice accords them great moral force as representing the political will of Adherents. There is an expectation that Adherents will do their utmost to fully implement a Recommendation. Thus, Members which do not intend to do so usually abstain when a Recommendation is adopted, although this is not required in legal terms.
- **Declarations:** OECD legal instruments which are prepared within the Organisation, generally within a subsidiary body. They usually set general principles or long-term goals, have a solemn character and are usually adopted at Ministerial meetings of the Council or of committees of the Organisation.
- **International Agreements:** OECD legal instruments negotiated and concluded within the framework of the Organisation. They are legally binding on the Parties.
- **Arrangement, Understanding and Others:** several ad hoc 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.