

Background and context

International Regulatory Co-operation (IRC) is about promoting the interoperability of legal and regulatory frameworks. Global crisis are a stark reminder of the importance of having in place effective systems of IRC. The financial crisis of 2008 revealed some of the shortcomings in the international co-ordination of financial regulation and their consequences for global financial stability. Different IRC initiatives emerged in its aftermaths, for example with regard to the prudential regulation and supervision of banks at the global level (OECD, 2013^[1]) or the *OECD Policy Framework for Effective and Efficient Financial Regulation*, which was particularly important in helping regulatory convergence in the post-Global Financial Crisis era. (OECD, 2010^[2]). More recently, the COVID-19 crisis has reinforced the importance of IRC as a critical building block of regulatory policy. It has illustrated the need for greater co-ordination of laws and regulations to support the availability across borders of essentials such as medical and food, to promote work sharing, mutual learning and pooling of resources between governments to adapt their responses to the crisis and to improve the resilience of regulatory frameworks in the face of disruption.

The *OECD Best Practice Principles on International Regulatory Co-operation* (the Best Practice Principles), aim to support the implementation of the [2012 OECD Recommendation on Regulatory and Policy Governance \[OECD/LEGAL/0390\]](#) (the 2012 Recommendation), which encourages Members and non-Members having adhered to it (hereafter Adherents) to “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” (Principle 12). As such, the Best Practice Principles provide policy-makers and civil servants in Adherents with practical guidance to make better use of IRC.

The Best Practice Principles aim to continue the series of reports on best practice principles for regulatory policy produced under the auspices of the OECD Regulatory Policy Committee (RPC), which provides further guidance and elaboration on the principles embodied in the 2012 Recommendation (OECD, 2012^[3]).¹

This document builds on and synthesises OECD work on IRC carried out since 2011 (Box 1). The RPC work on this has taken several directions, including stabilising the definitions and key concepts around IRC; investigating the various IRC approaches through a range of studies of specific sectors (i.e. financial sector), policy areas (i.e. competition) or approaches (i.e. mutual recognition); unpacking the interface between regulatory and trade policy; highlighting the contribution of international organisations; and analysing the national levers for embedding IRC in domestic rulemaking.

The Best Practice Principles provide a list of elements or building blocks to advance and strengthen international regulatory co-operation efforts which may be used by interested governments. They aim to be adapted to the variety of legal systems and administrative cultures among the OECD and partner countries. They can inform individual governments, leaving a sufficient degree of flexibility for administrations to adapt those policies according to local conditions. They may also provide a useful reference for governments' practical guidance and capacity building initiatives. They are accompanied by the development of other tools, such as the (APEC-OECD, Forthcoming^[4]) that aims to provide a databank of case studies of IRC and a *Compendium of IO Practices* (OECD, Forthcoming^[5]).

Box 1. OECD Regulatory Policy Committee work on international regulatory co-operation

The backbone of the OECD Regulatory Policy Committee work on IRC is the 2012 Recommendation, which is aimed at building and strengthening capacity for regulatory quality and reform. To support Adherents in implementing Principle 12 of the Recommendation, the OECD Regulatory Policy Committee has conducted in-depth analytical work to clarify the scope, benefits and challenges of IRC. In this sense, (OECD, 2013^[6]) started by setting a working definition of IRC and establishing a typology of the different ways in which a country may approach regulatory co-operation. The typology differentiates 11 IRC approaches, from the most constraining (seldom harmonisation through joint institutions) to the lightest form of co-operation (exchange of information). The RPC went further and defined the range of benefits and costs/challenges to be expected from the various identified forms of IRC (OECD, 2013^[6]) (OECD, 2017^[7]).

Subsequent documents have gone in depth into mapping the respective costs and benefits by form of IRC, including of mutual recognition arrangements (Correia de Brito, Kauffmann and Pelkmans, 2016^[8]), the contribution of good regulatory practices (Kauffmann and Basedow, 2016^[9]), the role of international organisations (OECD, 2016^[10]) and of trans-governmental networks of regulators (Abbott, Kauffmann and Lee, 2018^[11]), and exploring the specific interface between IRC and trade policy (OECD, 2017^[7]). This clarification of IRC has been accompanied by illustrative case studies in different thematic areas (Kauffmann and Saffirio, 2020^[12]) (OECD, 2013^[13]) (OECD, 2013^[11]) (OECD, 2013^[14]).

Following (OECD, 2013^[6]) RPC work on IRC has focused on two key pillars: exploring the insertion of international considerations in domestic rulemaking and understanding the contribution of international rulemaking to IRC. The first pillar has involved identifying the key practices that policy makers may adopt at domestic level to systematise IRC. This was explored by embedding relevant questions in the survey of Regulatory Policy and Governance and reflected in the 2018 *Regulatory Policy Outlook* (OECD, 2018^[15]), as well as through the conduct of in-depth country reviews of Mexico (OECD, 2018^[15]) and of the UK (OECD, 2020^[16]). This work has highlighted the importance of developing a common language and catalysing the efforts of different policy communities to foster IRC, including of regulatory oversight, various sectoral portfolio and trade policy makers.

The second pillar has involved investigating the role played by international organisations, as defined for the current document, as platforms for international regulatory co-operation (OECD, 2016^[10]) (OECD, 2019^[17]), a domain where to date little structured comparative information exists. Consequently, a Partnership of International Organisations for Effective International Rulemaking was established in 2014 to provide a framework for exchange of practices, data collection and analytical work on the effectiveness of international rulemaking. The work has sought to analyse the practices of international organisations in the development of international instruments that are in turn used at national level and the respective role of the IOs, their members and secretariats, in ensuring the quality of such instruments.

Source: <http://www.oecd.org/gov/regulatory-policy/irc.htm>.

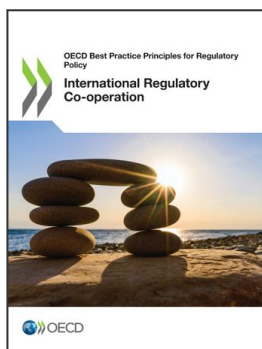
Note

¹ To date the series includes guidance on One-Stop Shops for Citizens and Business (2020), Regulatory Impact Assessment (RIA), Regulatory Enforcement and Inspections Toolkit (2018), The Governance of Regulators (2014) and Regulatory Enforcement and Inspections (2014).

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