

Foreword

Appropriately designed and implemented regulations are powerful tools for enhancing economic performance and societal well-being. A strong and sound regulatory framework can mitigate threats to health, safety, and the environment and address market imperfections. Its benefits extend throughout the economy, fostering economic growth. A regulatory framework that facilitates competition, for example, can stimulate productivity by encouraging the efficient allocation of resources and promoting innovation. In turn, these measures can reduce prices for consumers, stimulate the creation of jobs and deliver improvements in living standards.

The *Review of Regulatory Reform of Brazil* identifies areas for reform to bring the country's regulations and institutional arrangements more in line with international best practices. The analysis is carried out through two "lenses": the OECD Product Market Regulation (PMR) indicators and the OECD's instruments on regulatory reform and management, including the 2012 *Recommendation of the OECD Council on Regulatory Policy and Governance*.

The *Review* examines a range of product markets, services and network industries, relying on the results of the PMR indicator, and focuses on reform areas that are most critical for Brazil. These include the governance of state-owned enterprises, interaction between policy makers and interest groups, network sectors, and professional services. In the area of regulatory governance, the *Review* assesses Brazil's efforts to improve regulatory quality, not least by establishing oversight institutions, as well as by developing and adopting effective regulatory management tools, such as regulatory impact assessment, stakeholder engagement, and *ex post* assessment of regulations.

The *Review* provides policy insights and recommendations to help Brazil strengthen its policies and institutions for better regulation and enhance the use of regulatory management tools. The *Review* also takes account of Brazil's federal structure and the challenges it creates for the adoption of regulatory policy by the states and municipalities.

By focusing on both the "what" and the "how" of regulations, the analysis and evidence reported in the *Review* can inform discussions among Brazilian policy makers and society more broadly about how regulatory reform can enhance economic performance and societal well-being.

Acknowledgements

This report results from the work of an OECD interdisciplinary team bringing together the Economics Department (ECO) and the Public Governance Directorate (GOV) under the leadership of Elsa Pilichowski, Director, and Nick Malyshev, then Head of the Regulatory Policy Division in GOV, and Luiz de Mello, Director of the Policy Studies Branch in ECO. This report was co-ordinated by Manuel Flores Romero (GOV) and Cristiana Vitale (ECO). The review was prepared by Gloriana Madrigal, Alberto Morales, Erik Pérez, Andrés Blancas, and Adriana García (GOV), Alexis Durand, Pedro Caro de Souza and Paul Yu (ECO). Jennifer Stein prepared the report for publication and Barbara Acs provided administrative assistance.

The OECD thanks the Ministry of Economy of Brazil for its support during the development of the project. In particular, Marcelo Guarany and Kélvia Alburquerque from the Executive Secretariat and Geanluca Lorenzon, Alexandre Messa, Natasha Miranda, and Carolina Aragão from the Secretariat for Competition Advocacy and Competitiveness. Additionally, the Secretariat thanks the officials from the different administrative areas of the Ministry of Economy who participated in the review and who offered valuable inputs and feedback.

The participation and commitment of peers with unique experience in regulatory policy was particularly relevant for drafting chapters 2 to 6 of this report, which benefitted from their comments and insights. The OECD Secretariat is grateful to Tina Green, James van Raalte, and Sonia Parmar from the Treasury Board of Canada Secretariat; to Jason Lange, Stephen Wills, and Venkatakrishna Kenche from the Office of Best Practice Regulation of Australia, and to César Hernández, regulatory improvement expert from Mexico, for their feedback and support in the development of the chapters on regulatory policy. Thanks also go to Shagufta Ahmed, from the Office of Information and Regulatory Affairs, U S Office of Management and Budget, for her valuable comments.

The OECD also expresses its gratitude to public officials of the federal and sub-national administrations of Brazil, who provided critical insights for this report. In particular, we would like to acknowledge the participation of officials from Casa Civil, the Ministry of Agriculture, the Ministry of Infrastructure (MINFRA), the Ministry of Environment, the Health Regulatory Agency (ANVISA), National Institute of Metrology Standardization and Industrial Quality (Inmetro), the Securities Exchange Commission (CVM), and the National School of Public Administration (ENAP). Special thanks go to the State governments of Minas Gerais and Ceará who offered valuable inputs for the preparation of the report. We also would like to thank the Ministry of Mines and Energy (MME), the National Agency of Petroleum, Natural Gas and Biofuels (ANP), and the Economic Development Secretariat of Minas Gerais for their valuable input to the case study on natural gas (Chapter 7). The Secretariat is grateful to the officials of the National Agency of Water and Public Sanitation (ANA), the Ministry of Economy, the Ministry of Regional Development, and of the Regulatory Agency of Water and Sanitation Services of Minas Gerais (ARSAE-MG), who shared insights and inputs for the development of the case study on public sanitation.

Moreover, the OECD thanks representatives from the Fundação Getulio Vargas (FGV), the Brazilian Institute for Consumer Protection (IDEC), and the Brazilian Institute of Competition, Consumption and International Trade Studies (IBRAC) for sharing their views and feedback on some of Brazil's regulatory policy tools. We also express our gratitude to the representatives from the National Industry Confederation (CNI), the American Chamber (Amcham), and the Brazilian Confederation of Agriculture and Livestock (CNA), who shared the perspective of the private sector on issues relating to regulatory policy.

Chapters 1 and 7 benefited from the input of experts from the OECD and the International Energy Agency (IEA). The authors thank Joerg Husar and Gergely Molnar (IEA); Jens Arnold, Falilou Fall, and Matheus Bueno (ECO); Fernando Mistura, Annia Thiemann, Despina Pachnou, Jordi Bademunt, Paulo Burnier, Federica Maiorano, Caio de Oliveria, and Fernando Mistura (DAF); Silvia Sorecu (Trade and Agriculture Directorate, TAD); and Julio Bacio, Frédéric Boehm, and Pauline Bertrand (GOV); and Verena Weber and Audrey Plonk (Directorate for Science, Technology and Innovation, STI).

Chapter 1 relies on the information collected during the 2018 PMR update, as well as on additional information on reforms in relevant areas provided by Brazilian government agencies. It also draws on the 2020 OECD Economic Survey of Brazil, as well as on many other OECD reports on specific regulatory areas, which include assessments of Brazil.

Chapters 2 to 6 and Chapter 8 draw on information available from the following main sources: desk research conducted by the OECD Secretariat, a questionnaire answered by key stakeholders, a virtual fact-finding mission during August 2021 with Brazilian government agencies, NGOs, academics and industry associations, and a virtual policy workshop on December 2021. Statistics and figures gathered as part of the desk research came predominantly from official sources and from international organisations.

The analysis of regulatory policy governance in Brazil was carried out under the auspices of the OECD Regulatory Policy Committee, whose mandate is to assist both members and non-members in building and strengthening capacity for regulatory quality and regulatory reform. The report was shared for comments with a wide range of stakeholders in Brazil and internationally, including authorities, experts and private representatives.

The section of regulatory policy and governance of the report was approved and declassified by the OECD Regulatory Policy Committee on 2 May 2022 and prepared for publication by the Secretariat.



From:
Regulatory Reform in Brazil

Access the complete publication at:
<https://doi.org/10.1787/d81c15d7-en>

Please cite this chapter as:

OECD (2022), "Foreword", in *Regulatory Reform in Brazil*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/14f5d6b9-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and 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. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.