Introduction

Context for the project. All countries have their own unique systems for developing and reviewing laws, regulations, and rules. Within the diversity of country experiences, however, there are some common patterns. Increasingly, countries are introducing regulatory management policies and strengthening their institutions to make their regulatory systems more effective with the aim of improving the quality of the stock and flow of regulation.

The Economic Research Institute for ASEAN and East Asia (ERIA) and the governments of Malaysia and New Zealand agreed to undertake a comparative study of regulatory management systems (RMSs) of countries in the East Asia and Pacific region. The New Zealand Institute of Economic Research (NZIER) joined with ERIA to undertake the study. The Study Team was headed by Ponciano Intal, Jr., Senior Economist at ERIA, and Derek Gill, Principal Economist at NZIER.

The study team for the project tapped the expertise of both researchers and practitioners from the countries involved. The collaboration among the researchers and practitioners has proven to be very fruitful. It also has the potential to guide further capacity building in the public sector by sharing understanding across countries and creating a process for learning together.

The countries in the study included Australia, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, the Republic of Korea, Thailand, and Viet Nam. This meant that there was a mixture of ASEAN and Organisation for Economic Co-operation and Development (OECD) member countries from the Asia-Pacific region. Cambodia, Lao PDR, and Myanmar participated in the workshops as observers.

Research approach. To better understand the evolution of regulatory management in 10 countries in the East Asia and Pacific region, the Project focused on ‘what works’ to make regulatory management regimes successful. As part of the project, we explored three questions:

1. What are the elements that make up an RMS?
2. Which elements add most value?
3. How does the use of elements change with levels of economic development?

The Project relied primarily on studies of the 10 countries’ formal RMSs and case studies for each country that generally focused on a successful regulatory change and contrasted that with previous or other regulatory change that did not achieve the stated goal. To address the difficulties of making inter-country comparisons, the project design provided for extensive dialogue among the country researchers. The project included two workshops in which draft material was presented and then commented on by reviewers from other jurisdictions; and the provision of feedback, on an iterative basis, from the lead researchers on each of the draft country chapters.

We eschewed the simplistic notion of ‘best practice’ – in the regulatory management space there are good practices but no one ‘best’ way. We wanted to explore what was different and what was common among the countries.

**Deliverables from the Project.** The study has produced two volumes. The first volume ‘The Development of Regulatory Management Systems in East Asia: Deconstruction, Insights, and Fostering ASEAN’s Quiet Revolution’ highlights the key research findings and policy recommendations of the Project. It includes:

- Chapter I which discusses the importance of good regulatory practices (GRP) including those aimed at improving RMSs
- Chapter II which discusses GRP principles and develops a typology of stages of RMS development
- Chapter III which discusses the evolution of RMS in selected East Asian and Pacific countries
- Chapter IV which presents the results of the analysis of the role of the individual elements of the RMSs as well as the key lessons from the country experiences
- Chapter V which presents key recommendations on engendering GRP, developing a high-performing RMS, and improving regional regulatory cooperation.

One of the key insights from the Project was the classification of the selected countries by the level of development of their RMSs (shown in Figure 1).

Figure 1 (drawn from Chapter II of Volume 1) uses a typology of the stages or levels of the RMS:
• Starter or Informal – ad hoc practices that are specific to the context, sector, organisation, and person undertaking the regulatory quality management function
• Enabled – regulatory quality management processes have been put in place but, while the intention is there, regulatory quality management does not happen consistently
• Practised – enacted in some sectors and often reliant on a few key people in selected institutions
• Embedded – practices are part of the public sector culture and not reliant on key institutions

**Figure 1. Classification of Countries According to RMS Stages**

![Diagram showing the classification of countries according to RMS stages: Starter, Enabled, Practised, and Embedded.](image)

RMS = Regulatory Management System.
Source: Authors.

Singapore, New Zealand, and Australia are in the ‘embedded’ RMS stage. Indonesia, the Philippines, and Thailand are still in the ‘starter or informal’ stage while Viet Nam is in the ‘enabled’ stage. Malaysia, Japan, and South Korea are in the transition process.

This monograph is the second companion volume for the Project. It provides the background to Volume 1 by presenting a more technical analysis of the components of RMSs and the individual country studies prepared by the country
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experts. The country studies include an analysis of the evolution of each country’s RMS and an examination of the role of the RMS in two case studies. The research drew extensively on the judgment of the country experts; for example, the researchers came to a judgment about the significance of each individual element in the RMS in influencing the overall outcome of the case studies and the effectiveness of the overall national system.

Structure of this monograph. The monograph is in three parts. Part 1 is a short technical chapter which explores what is meant by ‘a regulatory management system’ and what are the 'elements' of an RMS. Part 2 focuses on OECD countries from the East Asia and Pacific region and includes the individual studies of each country’s RMS and regulatory reform case studies for Australia, Japan, Korea, and New Zealand. Part 3 focuses on ASEAN countries and includes country studies for the Philippines, Thailand, and Viet Nam along with a chapter that compares Malaysia and Singapore.

Part One
Chapter 1 by Derek Gill focuses on defining what an RMS is, drawing out the elements that make up an RMS, and distinguishing the RMS from the wider public management and policy development system. It defines the formal RMS as the set of special measures that apply to the development of new, or the review of existing, regulations but do not apply to other policy interventions. It draws the distinction between the formal RMS (what is in place) from the requisite RMS (what is required for an ideal or high-performing RMS). The requisite RMS would have the full set of functionality that is needed in a high-performing or ideal system. The distinction between the formal and the requisite systems is important in country case studies in Parts 2 and 3 of this volume. These discuss both how the formal RMS affected the outcomes of the case studies and how a requisite system might have changed those outcomes.

Part Two
Chapter 2 by Peter Carroll, Gregory Bounds, and Rex Deighton-Smith reviews the coherence of the formal RMS in Australia and explores how that system was applied in two contrasting case studies of regulatory change. The paper explores the broad success of the National Competition Policy legislative review and the relatively disappointing outcome of the Seamless National Economy Agenda.
Chapter 3 by Naohiro Yashiro reviews the RMS in Japan. It explores the evolution of regulation in Japan from sector-based regulatory review through the adoption of Regulatory Impact Analysis and the current Special Zone approach. The chapter then considers how the RMS was applied to two case studies of regulatory change: Agency Worker Law and the Taxi Revitalization Law.

Chapter 4 by Song June Kim and Dae Yong Choi reviews regulatory reform in the Republic of Korea. The government has made great efforts to improve its RMS and to introduce regulatory reforms since the economic crisis of the late 1990s. The chapter first explores the evolution of regulatory reform and reviews the coherence of the RMS in Korea. Subsequently it explores how this system was applied in two case studies of regulatory change: golf course regulation and restriction of opening hours of food services businesses.

Chapter 5 by Derek Gill (along with Hayden Fenwick and Ben Temple from the New Zealand Treasury) explores the evolution of regulation in New Zealand from a sector-based regulatory review, through the adoption of Regulatory Impact Analysis, to the current increased emphasis of stock management. The case studies explore how the RMS was applied to two case studies of regulatory change – one failure (building controls) and one success (reform of motor vehicle licensing).

Part Three

Chapter 6 by Gilberto Llanto explores the evolution of regulation in the Philippines since the post–martial rule regime. This chapter tracks the macroeconomic and regulatory reforms, along with political and economic developments. It analyses the RMS in the Philippines, and concludes that while the Philippines does not have a coherent RMS, it does have some of the components of a coherent system. It then explores how some aspects of an RMS were applied in the successful case studies of regulatory change in the establishment of the National Competitiveness Council, a public–private partnership, and in the regulatory reforms of Quezon City’s Business Permit and Licensing System.

Chapter 7 by Sumet Ongkittikul and Nichamon Thongphat explores the evolution of regulatory reform in Thailand since its democratisation. It reviews the coherence of the RMS in Thailand and the regulatory reform initiatives currently
underway. It then explores how the system was applied to two regulatory changes: one regulatory success (the Protection of Car Accident Victims [1992]) and one regulatory failure (passenger van licensing).

Chapter 8 by Thanh Tri Vo and Cuong Van Nguyen reviews the experiences of Viet Nam in improving its approach to regulatory management. As part of the market-oriented reforms since 1986, Viet Nam promulgated and amended a number of laws and regulations. Viet Nam then gradually introduced GRP, including regulatory impact assessment, online publication of draft regulations, enhanced regulatory planning, etc. Numerous efforts were also sought to simplify and control administrative procedures, the most notable of which were Project 30 (commencing 2007) and Resolution 19 (commencing 2014). Both Project 30 and Resolution 19 produced quick and material outcomes but further meaningful reforms of administrative procedures will depend on building confidence of stakeholders in the regulatory process.

Chapter 9 contrasts the cases of Malaysia and Singapore. It was written by Dato' Abdul Latif Bin Haji Abu Seman, Hank Lim of the Singapore Institute of International Affairs, and Shahriza Bahari of the Malaysia Productivity Corporation, with editorial assistance from Anne French. Singapore and Malaysia share a colonial history, but have taken very different paths with respect to regulatory reform, demonstrating that every country needs to find its own way. Singapore, for example, has not adopted the range of special measures seen in other developed countries’ formal RMSs and instead relies on using a high-performing public sector to undertake regulatory management and reform as part of business as usual. By contrast Malaysia’s approach to regulatory reform is centralised, led by the Malaysia Productivity Corporation. The impressive gains in regulatory quality in both countries lends strong support to the notion of equifinality, which suggests that a goal can be reached by various paths involving rather different journeys.

In summary many countries in the East Asia and Pacific region have been reviewing their RMSs with the aim of reducing the costs of doing business, improving competitiveness, and improving the quality of health, safety, and environmental regulation. This monograph highlights the experiences of the different countries on the long and winding journey to high performing regulatory systems, including the different starting points and paths taken.