

## ***Business at OECD (BIAC) comments on the paper 'Better Regulation for the Green Transition'***

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- *Business at OECD* appreciates the opportunity to comment on the OECD's paper 'Better Regulation for the Green Transition' that was presented and discussed during the Regulatory Policy Committee meeting on 5-6 December.
- The paper highlights that "Governments are not sufficiently engaging with a wide range of stakeholders at all stages of the regulatory cycle." In fact, only a few countries consult systematically with stakeholders at an early stage as well as throughout the entire decision-making process, which is of great importance to define policy problems and consider potential options.
- Furthermore, stakeholder engagement also enables governments to receive critical input from the business sectors, which can lead to greater regulatory efficiency and also lower implementation costs. Stakeholder engagement is also important to enhance trust in regulation and regulators. Early involvement in the process also leads to transparency and effectiveness, which are crucial elements that strengthen trust in public institutions.
- Regarding the impact of environmental policies (paragraph 21), the OECD asserts that there is scope to improve the assessment of the environmental impacts of policies and regulations. Better regulation tools should always be considered when assessing environmental, economic, and social impacts. In this area, we find policy neutrality very important since political preferences should not pre-determine the results of such assessments. In its Annual report 2020, the Regulatory Scrutiny Board (RSB) notes that a significant number of impact assessments support preferred political choices and outcomes instead of considering various real alternative policy options and making informed political decisions.
- We would also like to point out the importance of considering the cumulative burdens that new regulations create for businesses. This results in additional costs, and we hence favor regulations that take into account the less cost-burden option. Businesses are particularly suffering under the constant crises, from Covid to the Ukraine war, and their vulnerability should be considered by regulators.

- Too high costs on business will among other things affect their profitability and thus possibilities to make the necessary investments for the green transition and to make the most environmental-friendly choices. Investing in the green transition is a priority for businesses, but it cannot result in too high costs. Additionally, high costs might also affect business perceptions regarding regulation and may decrease trust in regulators.
- In paragraph 37 it is suggested that “Governments can ask stakeholders to help place societal values on environmental goods and services by using willingness to pay/willingness to avoid methodologies to support the cost-benefit analysis”. We would like to highlight in this statement there might be a large discrepancy between consumers' stated will and actual choice. This methodology should thus be applied with great care. If possible and without requiring additional information from businesses, recent figures on consumer behavior and real purchases should be used instead of results from investigations on their willingness to pay for future purchases.
- Furthermore, regarding inspections and promoting compliance with environmental regulations, we would like to add that, as a starting point, supervisory agencies should also receive the mandate to help businesses implement regulations and not just focus on finding faults and fining them.
- Finally, we would also like to briefly comment on the previous agenda item discussed, seeing regulation as assets, and on the intention of the OECD to have a more positive approach to regulation in the next coming OECD RPO 2025. In our view regulation must be seen as one option to solve a problem. All options including non-regulatory options must always be assessed and considered. The point of departure should always be to always regulate when it is necessary for society and the functioning of a fair and sustainable economy.