JACOBS&ASSOCIATES
international consultants in regulatory reform

March/April 2003

The Better Regulator©

REGULATORY REFORM AND BETTER BUSINESS ENVIRONMENTS

The Global View from Jacobs and Associates
March/April 2003

Contents of this newsletter:

- Letter from Scott Jacobs
- Better Regulatory Governance Can Stimulate Private Investment in Asia's Infrastructure
- Social partnership can play a key role in regulatory reform
- Europe is warned of the dangers of backtracking on regulatory reforms: France, Germany and Italy are lagging behind
- Africa's informal sectors should be gradually formalized through regulatory and tax holidays, Jacobs and Associates recommends
- Regulation, Productivity, and Growth: OECD Evidence
- China continues to fascinate investors, but must focus on establishing rules-based governance of the market
- US publishes latest estimates of the costs and benefits of regulation
- Competition Policy: Controversy over Merger Controls in North America and EU
- Ten years later, Serbia moves to catch up with business environment reforms
- Balli, balli" put Korea's reforms ahead in Asia. But can the new administration keep its lead?

Letter from Scott Jacobs

Dear Colleagues,

I am pleased to announce that Jacobs and Associates recently celebrated our first year, and our global family is expanding. Jacobs and Associates Inc. is still based in Washington, D.C., while Jacobs and Associates Europe, Ltd is now incorporated in Dublin to better serve our European clients. Managing Director Scott Jacobs and Director Michael Wise manage the firm from Washington, D.C.; Director Eoin Gahan in Dublin heads up European services; and Director Jong Seok Kim works from Seoul.

In the past year, we have provided a wide range of regulatory reform services to clients in Europe, Asia, and Africa. In addition to our work on good regulatory governance, regulatory regimes in utility sectors, and private sector development our services to government and corporate clients are expanding in areas such as:

- building capacities for regulatory impact analysis;
- reviews of national competitiveness strategies;
- broad-based reviews of national regulatory practices, based on international benchmarks of good regulatory practices and tailored to emerging markets;
- assistance to independent regulators in resolving difficult regulatory issues;
- market-based strategies for SME development; and
- for our corporate clients moving into Asian markets, we now offer advice on emerging regulatory risks and opportunities in specific domestic markets.

Regulatory reform continues to drive market development world-wide. This newsletter, *The Better Regulator*, contains highlights of selected regulatory reforms around the globe. It supplements our website at www.regulatoryreform.com, where our services and work are more fully described. Please contact the Directors at any time with enquiries.

With our best wishes for 2003,

Scott Jacobs
Managing Director

BETTER REGULATORY GOVERNANCE CAN STIMULATE PRIVATE INVESTMENT IN ASIA'S INFRASTRUCTURE

Asian governments are not receiving their global share of private investment, and are starting later than many other developing economies in the competition for private infrastructure capital. To catch up, they must improve regulatory governance and speed up market reforms.

An article by Scott Jacobs in the *Asian Development Bank Review* (Sept-Oct 2002) noted that new infrastructure investment requirements for East Asia were $1,000 billion in the 1990s. The World Bank estimates that investments of $1,500 billion are needed from 1995 to 2004. These levels cannot be reached without mobilizing private investment and making enterprises in these sectors more efficient and commercially viable through market incentives.

But private investment was hit hard by the 1997 Asian financial crisis, and levels of private sector participation in Asia's infrastructure are lower than in Latin America and Europe. More important than the financial crisis in slowing private investment is the neglect in Asian countries of underlying policy and governance reforms seen in Latin America and Europe.

Most private investment in those other regions came from divestiture and broad reforms to create competitive markets.

But in Asia, most private investment in infrastructure has come from greenfield investment to meet growing demand. Asian state monopolies and interventions are still largely untouched. Investors are lured by concessions, guarantees, and taxpayer-financed contingent liabilities, rather than the chance to innovate and compete fairly for customers.

To bring investors back to Asia, governments must expand market reforms, and work harder and more visibly, to establish a liberal policy environment that sustains market incentives and investor trust. (Download the ADB Review article at http://www.adb.org/Documents/Periodicals/ADB_Review/2002/vol34_5/better_regulatory_governance.asp).

SOCIAL PARTNERSHIP CAN PLAY A KEY ROLE IN REGULATORY REFORM

Regulatory reform is not a program of unbridled capitalism. Indeed, programs of regulatory reform often are developed and implemented in countries where social partnership systems are in place, notes Eoin Gahan. Jacobs and Associates is building on its strengths and experience of social partnership processes in many countries to develop new approaches that will be helpful in furthering the regulatory reform agenda.

Social partnership, a central feature of policy making in many European countries, is a system where consultation, negotiation and agreement take place between government, business and trade unions on a range of socio-economic policy issues. It has deep roots in European society and is enhanced through European integration.

Social partnership exists in many forms, sometimes with a legal or constitutional basis, and sometimes with elaborate institutions to further dialogue and policy formation, as in Austria. Sometimes it is centralized, and other times decentralized to sectoral or local levels, as in Denmark. It has played key roles in wage agreements, and also to developing a wider policy agenda, as in Ireland. Social partnership often has direct or indirect effects on the regulatory process when regulations are developed or modified with all of the social partners.

Whatever its form of social partnership, it should ideally follow the same principles that apply to good regulation: consultation, transparency and inclusiveness. Without these principles, there is a danger that the social partnership system, and the regulations that result, could be captured by sectional interests. Consumer voices may need to be strengthened, and socially marginalized groups and their special needs may be ignored if measures are not taken to include them in the social dialogue.

Social partnership can help to dispel incorrect perceptions of regulatory reform. Regulatory reform is sometimes equated with de-regulation, whereas it means more or better regulation in some cases. Also, regulatory reform is sometimes equated with privatization, perhaps because the liberalization of many network industries has often been accompanied by privatization of dominant state enterprises in electricity, gas and telecommunications sectors.

By using the social partnership frameworks to explain regulatory reforms to the social partners, and by clearly demonstrating the expected benefits, those engaged in regulatory reform can build wider constituencies for change and secure more popular support.

Jacobs and Associates is also well placed to advise social partners (business organizations, trade unions, and NGOs) on the regulatory reform process and how to determine priorities for change.

EUROPE IS WARNED OF THE DANGERS OF BACKTRACKING ON REGULATORY REFORMS: FRANCE, GERMANY AND ITALY ARE LAGGING BEHIND...

The European Single Market has helped to create 2.5 million extra jobs over ten years, and boost European GDP by 1.8% or 164.5 billion, according to a valuable January 2003 report by the European Commission (***The Internal Market – Ten Years without Frontiers*** at http://europa.eu.int/comm/internal_market/10years/working-doc_en.htm). The report is the most comprehensive assessment of the results and weaknesses of the single market.

But European Commission president Prodi noted that the EU risks missing its target of becoming the world's most competitive economy by 2010. Remaining obstacles are deep-seated, and progress on important Single Market areas has been slow. "Rather than reacting to the slowdown by redoubling efforts to invigorate the economy, policy inertia and backtracking are widespread," the report said. The Commission has more than 1500 legal actions outstanding against governments. The report warns of a "two-tier" liberalization in the EU, with Britain, Sweden and Denmark in the lead, and Germany, France and Italy among the slowest in reforming their economies.

The Commission states that it is determined to give the Internal Market a major new push. By April, it will present an Internal Market Strategy for the medium-term (2003-2006). The Strategy will:

- respond to challenges posed by enlargement to 25 Member States,
- will finally meet the long-delayed Lisbon objectives in financial services, energy, transport and telecommunications markets, and
- respond to demographic pressures. "Enhancing our competitiveness is critical for Europe if it is to continue to afford our social protection, to pay for pensions, health and long-term care, and to maintain and enhance our high-quality of life."

The Commission's warnings parallel those of Scott Jacobs in the *Wall Street Journal Europe* on 20 December 2001: "What seemed like brave reform before the Berlin Wall fell looks pale and outdated today, and has not kept Europe in the vanguard of best practices. The single market of 1992 focused on goods, while the new economy is moving toward services," he wrote.

"Movement toward a single market has in many ways stalled. Rigidities and protections are not on the retreat. There is still too little cross-border competition in Europe, and too many internal trade barriers, outdated rules, and anti-competitive practices…. The key elements of a revived single market initiative [should include] completing and updating the single market. Europe has an unfinished agenda in many services such as transport, distribution, construction, insurance, medical services, and professional services" (see ***The Cure For Eurosclerosis*** on our website).

On February 5, 2003, Britain, Germany and France responded by committing themselves again to freeing up Europe's rigid labor markets, but they promised this time to "match words with actions." The three leaders said, "We have to remember that European industry has to hold its own in global competition. It cannot be used as a laboratory for regulatory experiments which increase costs or burdens on employers." Among the steps they suggested:

- High-level review of European labor markets to identify ways to boost employment;
- Review of state support for public services;
- Support for European Commission moves to end barriers to competition;
- Assessment of EU legislation to measure impact on competitiveness;
- Further liberalization of energy markets.

A few days later, Prodi promised to cut European laws by 25 per cent within three years by repealing, rewriting and reorganizing more than 90,000 pages of EU regulations. The need for simplification has been highlighted by complaints from the 10 accession countries. Businesses, too, complain that there is no consolidated legal code, and that it is difficult to find relevant rules.

…as the Commission pushes forward with its Action Plan for Better Regulation

The European Commission issued in 2002 an ***Action Plan for Better Regulation*** that includes expanded transparency, consultation with stakeholders, and more rigorous regulatory impact analysis. "Regulatory improvement and simplification **remain an absolute necessity for the future of the European Union**." (original emphasis) the Commission said when it promised the action plan. "The EU's economic and social development requires…a clear and effective regulatory framework to protect the interests of the people and of business competitiveness by enhancing legal certainty and cutting the cost of poor regulatory work."

The EU does not suffer from a lack of reports on the need for better regulation. The 2002 Action plan follows the 2000 Lisbon Initiative, the 2001 White Paper on "European Governance," the 2001 Mandelkern Report, and the 2001 opinion of the Economic and Social Committee of the European Parliament on regulatory simplification.

One high point is that the Action Plan launches, for the first time, a serious effort to improve regulatory impact analysis in European institutions and at national levels "to improve the quality and coherence of the policy development process." Implementation starts in 2003 and full implementation of RIA is expected by 2004.

(Download the Commission's action plan and background reports on consultation and regulatory impact assessment at http://europa.eu.int/comm/enterprise/library/lib-regulation/off-doc.html.

AFRICA'S INFORMAL SECTORS SHOULD BE GRADUALLY FORMALIZED THROUGH REGULATORY AND TAX HOLIDAYS, JACOBS AND ASSOCIATES RECOMMENDS

Most work in Africa today is in the informal sector. Flourishing informal sectors, where most new jobs are created, are the most important anti-poverty mechanisms in Africa today.

For that reason, no policies should be adopted that inhibit the capacity of the informal sector to create jobs, but large informal sectors should not be a matter of *laissez faire*. African economies would grow faster and more equitably if the most successful elements of the informal sector could be brought into the formal sector.

Constraints on growth and productivity in the informal sector are severe, as are the human consequences for its employees due to lack of social protections. Most exporters are in the formal sectors, since international markets demand a level of professionalism and quality that the informal sector cannot meet due to difficulties in recruiting quality staff. Formalization would also diversify the tax base (perhaps reducing overall rates) and the financing of social programs.

Bringing the informal sector progressively into the mainstream – through incentives rather than coercion — would expand the size of internal and external markets, increase opportunities for entrepreneurship and employment, raise incomes in towns and rural areas, and boost consumer demand, Jacobs and Associates found in recent studies prepared for the World Bank on Senegal and Mauritania.

"It is useful to see the informal sector as an incubator to build skills and assets."

Rather than focusing on the informal sector as an "unfair competitor" to the formal sector, it is more useful to see the informal sector as an incubator to build skills and assets before an enterprise enters the formal sector, with its opportunities such as larger markets and costs such as higher production and labor costs. The informal sector has traditionally been an entry point into the formal sector.

Due to costly fiscal and regulatory barriers, transition to the formal sector is difficult for all except the most successful of informal enterprises. Jacobs and Associates recommends that governments create special "regulation and tax holidays" by creating a special legal status, such as "Enterprises in Transition", accompanied by an attractive package of incentives and aids such as:

- Easily accessible one stop shops for business formalities;
- Phased levels of taxation over time, and access to special tax credits for investments in training and physical capital, with a possible tax rate of zero;
- Phased-in payments under social security, pension, and medical programs, with phased-in benefits for employees;
- Set-aside programs in public procurement;
- Priority in recognition and formalization of land ownership;
- Efficient justice through priority procedures for contract and dispute resolution in commercial courts;
- Exemption from minimum wages for a period, and other exemptions from rigid labor codes.

REGULATION, PRODUCTIVITY, AND GROWTH: THE EVIDENCE FROM THE OECD

The OECD's unique regulatory reform database on regulatory practices and institutions continues to generate important insights.

A recent analysis by Giuseppe Nicoletti and Stefano Scarpetta shows that, rather than converging due to liberalization and privatization, cross-country variation of regulatory practices among OECD countries has actually increased in recent years, lining up with increasing dispersion in growth.

Reinforcing the OECD's work on regulation for the past decade, they found evidence that reforms promoting private governance and competition boost productivity. But their latest analysis went further, and found that, in manufacturing, the gains expected from lower entry barriers are greater the further a given country is from the technology leader. Thus, regulation limiting entry may hinder the adoption of existing technologies, possibly by reducing competitive pressures, technology spillovers, or the entry of new high-tech firms. Privatization and entry liberalization are estimated to have a positive impact on productivity in all sectors.

These results point to the potential benefits of regulatory reforms and privatization, especially in those countries with large technology gaps and strict regulatory settings that curb incentives to adopt new technologies.

Download the report at http://econ.worldbank.org/files/22970_wps2944.pdf

CHINA CONTINUES TO FASCINATE INVESTORS, BUT MUST FOCUS ON ESTABLISHING RULES-BASED GOVERNANCE OF THE MARKET

China pulled in an estimated $54bn of foreign direct investment in 2002. Privatizations brought in $8.4 billion. Yet risks to investors are still very high, in part due to a highly indebted banking sector, but also due to poor regulatory practices out of step with international expectations. Moreover, the value of FDI to the Chinese is diminished by severe regulatory problems.

In a chapter on regulatory reform included in a major OECD report on China,* Scott Jacobs notes that the Chinese state is in the midst of a far-reaching transformation from owner of production to arms-length regulator of competitive markets. But deregulation and creation of market-based regulatory regimes and administrative capacities are late compared to other market reforms, and this lag increases the risks of costly market failures.

"...the Chinese state is in the midst of a far-reaching transformation from owner of production to arms-length regulator of competitive markets."

Jacobs suggests that China's regulatory reforms should focus on international good practices in several areas:

- Improving regulatory transparency through more systematic publication, public consultation, and notification procedures is a high priority, since this is where China lags furthest behind good international standards, and where regulatory risks can be most easily reduced.
- Enhancing the capacities of regulators to choose efficient regulatory solutions consistent with market needs will reduce risks of costly mistakes and market failures. In the current transition phase, when markets are changing quickly, the risk of making bad regulatory decisions is very high. Investors in China cite many cases where laws were adopted without clear understanding of market impacts. China's national administration, where most laws are drafted, should design a regulatory impact analysis program for major laws.
- Accession to the WTO opens the door to broader and deeper reforms in China that require longer-term planning, coordinated institutional reforms, and sustained commitment. Improved regulatory planning, coordination, and oversight from the center of the government, and monitoring by the National People's Congress, will help rationalize fragmented regulatory institutions and promote adoption of good regulatory practices against strong resistance.
- China is rich in rules, but adopting a rule is easier than implementing it. Application and enforcement of China's laws and other regulations have lagged behind the establishment of national policy reforms, imposing unnecessary costs and uncertainties on the market, and allowing scope for unethical behavior. In many areas, the legal system has been captured by local political and economic interests. In addition, disputes about enforcement are not easily resolved due to weak and poorly-trained judicial and police institutions.
- Opening the internal market in China might create as much or more wealth than opening to external trade. China's internal market is highly fragmented. Regulatory barriers to the movement of goods and services across regional, provincial, county, and even urban jurisdictions create enormous hidden costs by weakening competition, increasing production costs, and reducing quality of products and services. These internal barriers will become even more troublesome as China opens to international trade and investment.
- Building autonomous regulators to oversee increasingly competitive utility sectors is necessary if consumers are to enjoy lower prices and better services, and if China is to benefit from world-class services. The regulatory institutions now in place in these sectors were designed for state-provided services, and will not function well in a complex market environment, due to conflicts of interest, fragmentation, inefficiency, and lack of transparency.

*See Jacobs, Scott "An OECD Perspective on Regulatory Reform in China," (2002) Chapter 11 in **China in the World Economy: The Domestic Policy Challenges**, OECD, Paris. This report can be purchased from the OECD at http://oecdpublications.gfi-nb.com/cgi-bin/oecdbookshop.storefront

U.S. PUBLISHES LATEST ESTIMATES OF THE COSTS AND BENEFITS OF REGULATION

The US White House recently released its annual report: "**Stimulating Smarter Regulation: Report to Congress on the Costs and Benefits of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities**", as required by law. Scott Jacobs was invited to peer review the draft report. His comments can be downloaded from our website.

The report promises further regulatory improvements: "With regard to Federal regulation, the Bush Administration's objective is quality, not quantity. Those rules that are adopted promise to be more effective, less intrusive, and more cost-effective in achieving national objectives while demonstrating greater durability in the face of political and legal attack." To that end, the US continues to place more emphasis than most countries on regulatory impact and benefit-cost analysis, reinforced by centralized oversight by an expert unit accountable to the President. This central unit is the influential Office of Information and Regulatory Affairs (OIRA).

OIRA estimates that the annual benefits of Federal regulations (adopted from April 1995 to September 2001) range from $48 billion to $102 billion, while estimated costs range from $50 billion to $53 billion.

But the report says that the total costs and benefits of Federal rules could easily be a factor of ten or more larger than that. It notes that more research is necessary to provide a stronger analytic foundation for comprehensive estimates of total costs and benefits by agency and program.

The White House noted the value of international exchanges of information on regulatory reform, particularly the work of the OECD. In 1995, the OECD published the first internationally accepted set of principles on ensuring regulatory quality: Recommendation of the Council of the OECD on Improving the Quality of Government Regulation.

In an important development, OIRA announced that it will revise its influential guidance on preparing impact analysis to improve the quality of risk assessment and benefit-cost estimates. OIRA released its draft revisions on 3 February 2003 and asked for comments by 3 April 2003. OIRA's draft revisions:

- promote greater use of cost-effectiveness analysis as well as benefit-cost analysis in agency rulemakings;
- call for rulemakings with economic effects that exceed $1 billion per year to be supported by formal probabilistic analysis of the scientific and economic uncertainties. Costs and benefits must be presented as probability distributions rather than as known values;
- call for more detailed analysis, using several discount rates, of rules that will produce benefits or costs in the future.

The 2002 White House report can be downloaded at http://www.whitehouse.gov/omb/inforeg/regpol-reports_congress.html. Current OIRA guidance "Economic Analysis of Federal Regulations Under Executive Order 12866" (January 11, 1996) is at http://www.whitehouse.gov/omb/inforeg/riaguide.html. The Feb. 2003 draft revisions can be downloaded at http://www.whitehouse.gov/omb/inforeg/regpol-reports_congress.html

COMPETITION POLICY: CONTROVERSY OVER MERGER CONTROLS IN NORTH AMERICA AND EU

Although process has dominated substance in Europe's debate over merger reform, the EU is also asking whether it should replace its unique standard based on dominance.

The obvious alternative is the "substantial lessening of competition" standard that is used in most of the world outside of continental Europe, as Mike Wise noted in a speech to European competition enforcement officials in the Dutch Ministry of Economy. Before asking which is the right rule, we ought to ask first what merger control is trying to accomplish, and then examine which rule will reach that goal most efficiently.

Merger control has many motivations, not all based clearly on economically-founded competition policy. Even policies based on economic ideas have changed over time, as economists have changed their minds.

The US has applied the "substantial lessening of competition" test over the last 90 years to nearly every imaginable theory, from straight cartel combination to exotic speculations about conglomerates. The test may have a comparative advantage in dealing with oligopoly. This was illustrated by a case that Mike Wise tried in a US court several years ago that was obvious and easy under the US standard but that the EU might not even have attempted to stop. But that raises the question of purpose: perhaps the EU would not have wanted to stop it.

On the other hand, in some notorious recent cases involving aircraft, the EU was comfortable blocking transactions that the US did not challenge—and probably could not have challenged successfully in US courts.

Perhaps any result and any theory could be rationalized under either rule. Still, the difference in formulation may yet make a difference. Maintaining the possibility of difference, between Europe and others and even within Europe, could preserve potential for healthy debate and growth.

TEN YEARS LATER, SERBIA MOVES TO CATCHES UP WITH BUSINESS ENVIRONMENT REFORMS

Economic reform is moving ahead in Serbia, although its reforms still lag as much as ten years behind those of other Balkan economies. Structural and economic policy reforms have accelerated in Serbia over the past two years in areas such as taxation, privatization, labor relations, and pensions. The macroeconomic stabilization package has reduced inflation from over 100 % in 2000 to around 15% in 2002. However, reforms are just beginning to change regulatory constraints affecting private sector activity. The overall domestic policy environment is still hostile to private enterprise start-ups, investment, and innovation.

Scott Jacobs has, for the past year, served as Advisor on Deregulation to the Ministry of Economy and Privatization in the Republic of Serbia. He has advised the government that, despite its late start, Serbia could, in a few years, become a frontrunner in the region in establishing a transparent and efficient regulatory environment for the private sector.

The historic Constitutional reforms adopted in February 2003 - which devolve competencies for economic legislation from Yugoslavia to Serbia – set the stage for deeper domestic reforms. The Serbian government is now strengthening an inter-ministerial council on regulatory reform to speed up reforms and improve transparency of law-making. This group will, for the first time, provide systematic oversight of new legislation to assess economic impacts.

Reform of business registration and company law are among the Government's top priorities for 2003. "Business registration should be friendly, fast, and cheap. Unfortunately, Serbian registration systems are none of the three," said Scott Jacobs in an interview published in the *Belgrade New Times* in January 2003. Serbia's new registry is scheduled to become operational by end 2003, based on key principles such as administrative rather than judicial registration, streamlined data requirements, and electronic registration (download "Reforming business registration in Serbia," by Scott Jacobs, August 2002, from our website).

"BALLI, BALLI" PUT KOREA'S REFORMS AHEAD IN ASIA. BUT CAN THE NEW ADMINISTRATION KEEP ITS LEAD?

"Balli, balli" is Korean for "hurry, hurry", and this sentiment has helped Korea recover from the disastrous 1997 crisis. More than a quarter of financial institutions have closed, while the surviving banks are now profitable. Half of the 30 big conglomerates, or *chaebol*, have been closed or broken up. The remaining *chaebol* have cut debt and increased profits to record levels.

But the Korean economy continues to suffer deep weaknesses. Reforms have run into stiff opposition and have lost momentum.

Jong Seok Kim writes that the presidential elections in December 2002 have introduced uncertainty into economic reforms. President Roh Moo Hyun, inaugurated on 25 February 2003, was elected on an agenda that, for example, opposes privatization of electricity, gas, and rail.

President Roh reaffirmed his commitment to *chaebol* reform, and his transition team announced a few controversial measures to tighten the grip on the *chaebol*, such as allowing class action suits by shareholders against *chaebol*, and comprehensive taxation law on inheritance and gifts to prevent intergenerational transfer of wealth among the rich.

However, to reassure investors, the new administration will need to make a clear commitment to other reforms, such as public sector reform, regulatory reform, and financial reform. Reforms based on market principles and global standards should continue. In some respect, labor market reform, which Korea badly needs, is actually going the wrong way. Employment practices and welfare benefits are becoming more rigid.

Moody's Investor's Service expressed concern in early February 2003 about Korea, not only due to uncertainty from North Korean relations, but also about the future environment for investment in South Korea if rising nationalism and anti-American sentiments are not channeled constructively.

South Korea remains on track as a leader in economic reforms in Asia. The challenge facing the new administration will be to continue tough reforms that recognize that Korea's future prosperity depends on market performance, while at the same fulfilling campaign promises for reforms that ease the pains of necessary economic adjustment.

JACOBS&ASSOCIATES

international consultants in regulatory reform

Jacobs and Associates is a consulting firm on regulatory reform and business environments based in Washington, D.C., Seoul, and Dublin. Our Directors and Associates have advised national governments in over 50 developing, transitional, and developed economies in Asia, the Americas, Europe, and Africa. We:

- specialize in assessing, designing, and helping to implement high-quality rules and institutions to improve the performance of competitive markets;
- diagnose market performance, identify the impacts of policy reforms, and develop practical and tested solutions, based on international good practices, to manage the risks of regulatory reform and to maximize the benefits of moving to markets;
- provide a multidisciplinary understanding of how interactive problems and policy reforms relate to the overall macro- and micro-environment for private sector development.

Our approach to good regulation is hands-on and pragmatic, not theoretical. We believe that a focus on practical institutional designs tailored to individual country needs and capacities is essential, since good regulation and market policy is not just about finding the right technical solution, but about linking that solution to a wider supportive policy and governance environment in which it can function.

Our Directors are internationally-recognized experts in regulatory reform and competitiveness. Their CVs can be downloaded from our website.

Scott H. Jacobs, Managing Director, is among the leading international experts on regulatory reform. He developed and directed the Program on Regulatory Reform in the Paris-based Organisation for Economic Co-Operation and Development (OECD) from 1995 to 2001, working with its 30 Member countries. He has written 18 books and many articles. Contact him at scottjacobs@regulatoryreform.com

Eoin Gahan is the former Chief Economist of Forfas, Ireland's industrial policy board. He directed the research of the National Competitiveness Council and instituted Ireland's Annual Competitiveness Reports and the Council's work on regulatory reform, and on small business and entrepreneurship. He has worked with the United Nations Industrial Development Organisation (UNIDO), where he was Co-ordinator of the Industrial Development Decade for Africa. Contact him at eoingahan@regulatoryreform.com.

Jong Seok Kim, professor of economics at Hong Ik University in Seoul, Korea, specialises in economic regulation, industrial policy, competition policy, and public enterprise reform. He was Chair of the Policy Evaluation Committee of the Korean Fair Trade Commission, and member of Korea's Presidential Committee on Regulatory Reform. He has written extensively on regulation and economic policy in academic journals and news media. Contact him at jongseokkim@regulatoryreform.com

Michael Wise is a lawyer with 25 years of experience in private and government practice in regulation and antitrust litigation. He managed the program of regulatory analysis and comment at the U.S. Federal Trade Commission, working on sectors from electric power and transport to professional services and health care. Since 1996, he has worked with the OECD's multi-disciplinary regulatory reform team, assessing and working to strengthen competition policy regimes in 21 countries. Contact him at michaelwise@regulatoryreform.com

Jacobs and Associates assembles a worldwide team of consultants who are among the leading experts in tackling complex regulatory problems. Our Associates include:

- Ivy Broder is Dean of Academic Affairs and Professor of Economics at American University in Washington, DC.
- Rex Deighton-Smith, former Director of the Office of Regulation Reform in the Government of Victoria, Australia.
- Do Hoon Kim is a senior fellow and director of the Industrial Policy Division at the Korea Institute of Economics and Technology.
- Tae Yun Kim was formerly Director of the Research Center for Regulatory Reform at the Korea Institute of Public Administration.
- Randall Lutter is a Resident Scholar at the American Enterprise Institute for Public Policy Research and a Fellow at the AEI-Brookings Joint Center For Regulatory Studies in Washington, D.C.
- Claudio M. Radaelli is a Professor of Public Policy, Department of European Studies at Bradford University, Bradford and a Jean Monnet Fellow at the European University Institute in Florence.
- Patrick Xavier is an economist and telecommunications expert based in Australia.

CONTACT US AT:

www.regulatoryreform.com

Global e-mail:
jacobsandassociates@regulatoryreform.com

WASHINGTON, D.C.
Jacobs and Associates
International Trade Center, Suite 700
1300 Pennsylvania Avenue, NW
Washington, D.C. 20004
United States
tel: 1 202 204 3060
fax: 1 202 248 2032

EUROPE
Jacobs and Associates EUROPE
Mespil House
Sussex Road
Dublin 4
Ireland
Telephone: 353 1 205 6906
Fax: 353 1 205 6906

ASIA
Jacobs and Associates ASIA
c/o Prof Jong Seok Kim
Mapo, Sangsoo-dong 72, B-207
Seoul, Korea
Telephone: 822 320 1707
Fax: 822 6352 0032