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Regulating lobbying activities to protect competition: New evidence from the OECD PMR indicators

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ABSTRACT/RESUMÉ

Regulating lobbying activities to protect competition: New evidence from the OECD PMR indicators

Competitive product markets are crucial for growth. This requires a regulatory environment that effectively manages interactions between policymakers and stakeholders, particularly lobbyists, to ensure special interests do not unduly influence the design of new policies and regulations. Yet, the OECD Product Market Regulation (PMR) indicators and database show that the regulatory frameworks supporting transparency and accountability in the interactions between interest groups and public officials lag behind best practice in many countries. As governments make greater use of industrial policies, policy reforms to check unregulated lobbying activity will become increasingly important to ensure competitive markets and a level playing field.

JEL Codes: K20 -L50 – L51 – D72

Keywords: Regulation, Competition, Product Market Regulation, Lobbying, Stakeholder Consultation, Accountability, Transparency

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Réglementer les activités de lobbying pour protéger la concurrence : Nouvelles données issues des indicateurs PMR de l'OCDE

Les marchés de produits concurrentiels sont essentiels à la croissance. Pour que la concurrence prospère, un environnement réglementaire est nécessaire afin de gérer efficacement les interactions entre les décideurs publics et les parties prenantes, en particulier les groupes d'intérêt, de manière à garantir que les nouvelles politiques et réglementations préservent des conditions équitables pour tous les acteurs du marché. Les données de la base de données de l'OCDE sur la réglementation des marchés de produits (PMR database) montrent que les cadres réglementaires visant à soutenir la transparence et la responsabilité dans les interactions entre les groupes d'intérêt et les décideurs publics accusent un retard par rapport aux meilleures pratiques dans de nombreux pays. À mesure que les gouvernements recourent davantage aux politiques industrielles, les réformes visant à encadrer les activités de lobbying non réglementées deviendront de plus en plus importantes pour garantir des marchés concurrentiels et des conditions équitables.

Codes JEL: K20 -L50 – L51 – D72

Mots-clés: Réglementation, Concurrence, Réglementation des marchés de produits, Lobbying, Consultation des parties prenantes, Responsabilité, Transparence

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Regulating lobbying activities to protect competition: New evidence from the OECD PMR indicators

Cristiana Vitale, Rosamaria Bitetti[1]

1. Introduction

A regulatory environment that promotes competition can foster the entry and growth of innovative new firms, lowers prices and sustain productivity and employment growth. This requires regular and well-run stakeholder consultations, so that policymakers can better understand the potential impact of the planned policy change and, thus, minimise unintended consequences and improve compliance. However, such interactions can also have a negative impact on competition if they give some market players an undue opportunity to shape rules, and to tilt the playing field in their favour at the expense of other players (OECD, 2021[1]).[2]

As discussed in this paper, the latest OECD Product Market Regulation (PMR) indicators and database (see Box 1) show that the 47 countries surveyed[3] usually impose key requirements on the consultation of stakeholders during the policymaking process. However, they also reveal that the regulatory frameworks to support transparency and accountability in the interactions between interest groups and public officials lag behind best practices in many countries.

Basic integrity standards and transparency requirements for public officials are established in fewer than half of the countries surveyed, underscoring a clear need to strengthen transparency. For instance, two-thirds of countries do not require policymakers to disclose their meeting agendas or the identities of the interest groups they engage with. Additionally, half of the countries lack mandatory cooling-off periods for

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[1] Cristiana Vitale and Rosamaria Bitetti (OECD Economics Department) wish to thank Eszter Danitz and Laure Roobaert from the Economics Department for their invaluable help in calculating the indicators and processing all the data collected. They also thank Paul Davidson and Jesper Johnson from the Public Governance Directorate, Richard May from the Department for Financial and Enterprise Affairs, as well as colleagues from the OECD Economics Department, Alvaro Pereira, Asa Johansson, Isabel Koske, Max Glanville, Sebastian Barnes, Tomasz Kozluk, Dan Andrews, and the participants to EU-OECD Online Workshop on *Better Regulation for More Competitive Markets: What the OECD PMR Indicators Reveal* for useful comments and suggestions.

[2] Powerful market players can also influence public policies by means of providing covert, deceptive or misleading evidence or data, or manipulating public officials and public opinion, which can ultimately lead to policies that do not always benefit societies. However, this source of distortions is not considered in this indicator, which focuses on assessing how lobbying activities should be managed to ensure that they do not distort competition.

[3] In addition to all the 38 OECD member states, the database includes well as Brazil, Bulgaria, China, Croatia, Cyprus, Indonesia, Malta, Peru, and South Africa.

policymakers leaving their posts, and one-third have no comprehensive rules on conflicts of interest applicable to all public officials.

These deficiencies in the regulatory framework matter now more than ever, as governments make greater use of industrial policies to support strategic sectors and promote innovation. Unregulated lobbying activity can shift the focus of these policies away from their original objectives and, instead, benefit influential interest groups, leading to a misallocation of public subsidies to well-connected firms rather than those most capable of driving innovation and growth. These distortions can, in turn, perpetuate market dominance and hinder the natural forces of competition and market selection that drive innovation and productivity improvements.

The rest of this paper discusses the information collected as part of the latest update of the PMR database and indicators (see Box 1). The next section provides a summary of key findings on the impact of lobbying activities on the competitive process. Section 3 explores where countries stand in term of stakeholder involvement in the policymaking process, while Section 4 focuses on the safeguards imposed on lobbying activities. Section 5 shows the extent of the reforms that have taken place since the previous update of the PMR indicators in 2018. Section 6 concludes. The paper also includes an Appendix with more details on how the 47 surveyed countries perform in the various regulatory areas assessed, and Annex A with details on the PMR methodology.

Box.1. The Product Market Regulation (PMR) indicators

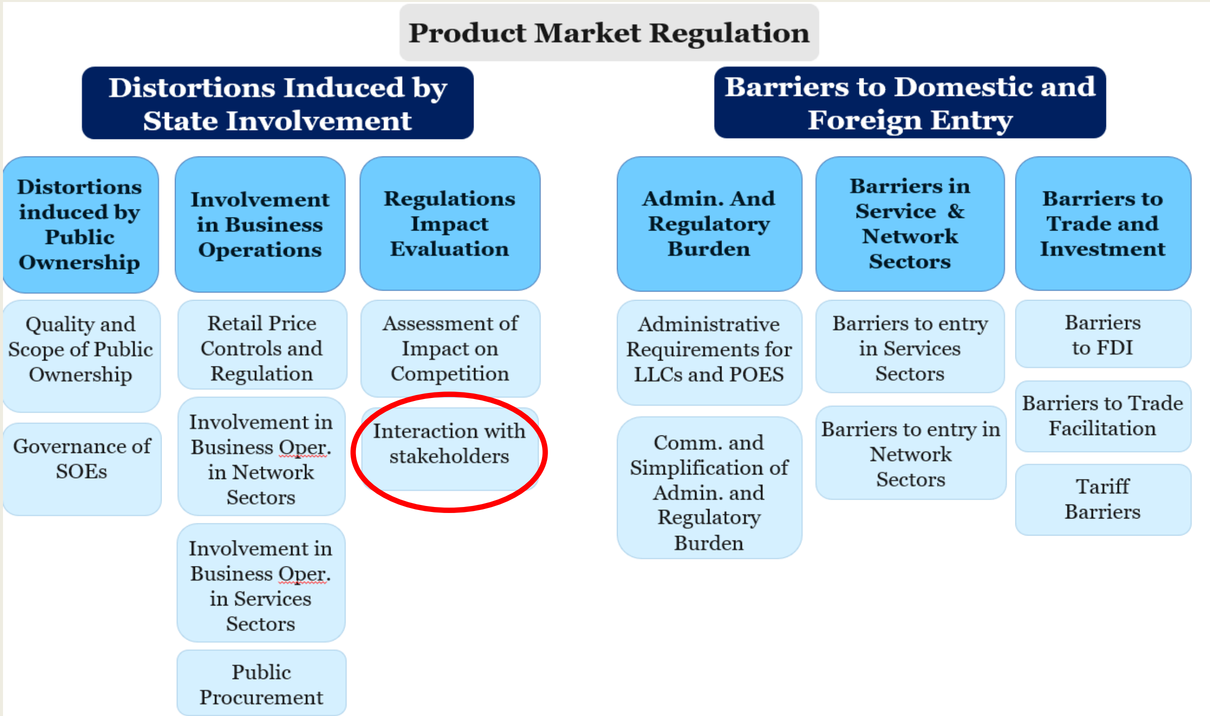
The PMR indicators are a set of indicators that measure the distortions to competition that can be induced by the regulatory barriers to entry and growth faced by firms across the economy.

The PMR indicators are built on a qualitative dataset of laws and regulations that are in place in the surveyed countries at a specific point in time. The PMR database includes information on laws and regulations that are in place in the surveyed countries at a specific point in time across several network and service sectors, as well as horizontal regulatory domains. Since the database reflects 'de jure' policy settings rather than subjective assessments by market participants or country authorities the information is comparable across countries.

This qualitative information is turned into quantitative values by scoring it against internationally accepted best practices. The scores range from 0 for the most competition-enhancing regulatory approaches to 6 for the least competition-friendly. These scores are aggregated in 15 low-level indicators according to regulatory domains. These indicators are then averaged, following a pyramidal structure, until a single economy-wide value is attained (Figure 1).

This note examines the results of the low-level indicator *Interaction with Stakeholders* (circled in red in Figure 1). This indicator assesses the extent to which countries have implemented best practices on how to manage the interactions between policymakers and stakeholders, based on the results of the latest update of the PMR indicators.

Figure.1. Structure and content of the PMR economy-wide indicator



Note: the PMR indicator webpage is available at: http://oe.cd/pmr

2. Evidence on the impact of lobbying on competition

Incumbents and well-funded corporations[4] often use lobbying and other influence activities to create barriers to entry and protect their market power, which can undermine effective market functioning (Zingales, 2017[2]). For example, well-established firms may encourage the adoption of complex regulations that are costly to comply with for smaller financially constrained firms, or advocate for licensing requirements and entry obligations that are disproportionately costly for new entrants.

(Alexander, Mazza and Scholz, 2009[3]) show how firms can have extremely high returns from investments in lobbying activities by obtaining favourable regulatory settings. Both (Morgenson and Rosner, 2011[4]) and (Igan, Mishra and Tressel, 2012[5]) argue that strong lobbying led to lax financial regulation in the early 2000s. According to these two studies, this allowed large financial institutions to engage in riskier lending, which contributed to – if not caused - the 2007-2008 financial crisis.

Several studies show that political connections and lobbying activities benefit politically connected firms at the expenses of all other firms. A first group of studies show a strong positive impact of lobbying expenditure and political connections on firm value and that firms actively establish political connections, via hiring politically connected directors, to obtain competitive advantages and preferential treatment (Fisman, 2001[6]; Faccio, 2006[7]; Borisov, Goldman and Gupta, 2015[8]; Cooper, Gulen and Ovtchinnikov,

[4] (Kerr, Lincoln and Mishra, 2014[26]) show that upfront costs and returns to experience act as barriers to entry into lobbying which explains why larger and better-funded firms are more active in lobbying.

2010[9]; Goldman, Rocholl and So, 2008[10])[5]. Other studies find that politically connected firms often gain preferential access to government contracts and loans (Acemoglu, Hassan and Tahoun, 2017[11]; Johnson and Mitton, 2003[12]; Khwaja and Mian, 2005[13]; Schoenherr, 2019[14]; Leuz and Oberholzergee, 2006[15]). (Duchin and Sosyura, 2012[16]) provide empirical evidence of a strong positive relation between firms' political connections and access to federal investment funds. Using data on White House visitors (Brown and Huang, 2020) find that corporate executives' meetings with key policymakers are associated with positive abnormal stock returns, more government contracts and greater likelihood of receiving regulatory relief.

A recent study shows that, in Germany, firms that have better access to political power enjoy better credit ratings, even though they are less productive, and have a lower probability of exiting the market (Diegmann, Pohlan and Weber, 2024[17]). Furthermore, firms with political connections can disrupt competitive market structures, reducing innovation and distorting the reallocation and creative destruction processes. (Akcigit, Baslandze and Lotti, 2023[18]), using a set of data for Italy, find that market leaders are more likely to rely on political connections in the competition for market share, while newcomers are more likely to innovate. However, new firms need to overcome regulatory and/or bureaucratic barriers to enter markets, against which the incumbents are already immune. The latter anticipate this dynamic effect and strategically invest in political connections to prolong their lead. When they succeed, markets are dominated by older and larger firms that innovate very little and are less productive. While these problems with political connections are negatively related to the strength of a country's institutions, preferential treatment of connected firms is also observed in developed countries with strong institutional structures (Amore and Bennedsen, 2013[19]).

For these reasons, it is essential to prevent, identify, and address conflicts of interest, ensure transparency in interactions between policymakers and interest groups, and include input from a broad range of stakeholders in decision-making

Hence, it is essential to prevent, identify and effectively address situations where conflicts of interest arise through appropriate regulation to limit the risk of political connections, and ensure transparency in interactions between policymakers and interest groups to avoid undue influence in the regulatory process[6]. As seen above, conflicts of interest and links between firms and policymakers can allow some of these firms to gain an unfair advantage over their competitors. Transparency, integrity, openness, and equity in public decision-making processes allow the public to be aware of these interactions and to investigate their possible impact. This provides an incentive for policymakers to align their activities with the public interest and ensure that the policies that are adopted align with the interests of society. These incentives are likely to be blunted in the absence of a strong and effective framework for transparency and integrity in lobbying and influence activities.

3. Consultation of stakeholders when new laws and regulations are drafted

The OECD recommends that when primary laws and subordinate regulations are drafted, policymakers undertake evidence gathering, for example via a regulatory impact assessment (RIA)[7] and, in parallel, consult all stakeholders to obtain their views, suggestions, and feedback[8]. Policymakers should use this

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6 See the [OECD 2024 Recommendation of the Council on Transparency and Integrity in Lobbying and Influence](#).

7 The requirement to perform a RIA when a new regulation or law is designed is assessed in the PMR indicators, but it is not the object of this note, hence it will not be further discussed.

8 See see chapter 2 in the OECD 2021 Regulatory Outlook (https://www.oecd.org/en/publications/oecd-regulatory-policy-outlook-2021_38b0fdb1-en.html).

information to help shape policy options. Further, to ensure transparency and accountability, policymakers should also publicly respond to the comments received. Clear guidance on how to manage consultation processes should also be developed and made public. The PMR indicators reflect the extent to which countries fulfil these requirements.

The 47 countries surveyed show a reasonably good degree of alignment with these key best practices. Only a very small number of countries, even smaller when only OECD members are considered, do not comply with any of them (Table 1).

Table 1. Key requirements on stakeholder consultation during the policymaking process

	Obligations to: i. consult stakeholders ii. consider comments received iii. publicly answer to comments iv. publish guidelines	Obligations to: i. consult stakeholders ii. consider comments received iii. publish guidelines	Obligations to: i. consult stakeholders ii. publish guidelines	Obligation to: i. consult stakeholders	No requirement to undertake stakeholder consultation
For primary legislation[9]	40%	17%	21%	13%	9%
	19 countries	8 countries	10 countries	6 countries	4 countries
For subordinate regulations[10]	38%	28%	19%	9%	6%%
	18 countries	13 countries	9 countries	4 countries	3 countries

Notes:
1 Percentages are calculated over the 47 countries surveyed.
2 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1 in the Appendix.
3 For the identity of the countries that fall into each category please refer to Table A.2 in the Appendix.
Source: 2023-2024 PMR database

However, more effort could be made to ensure transparency and accountability during the consultation process. These results are in line with the conclusions of the OECD 2021 Regulatory Policy Outlook,[11] which highlighted that OECD countries could adopt more systematic and inclusive approaches to stakeholder engagement, by engaging stakeholders early in the policy process, and by providing clear feedback on how their comments and inputs have been considered.

4. Regulation of lobbying and other influence activities

As discussed above, lobbying and influence practices conducted without transparency and integrity, and without the involvement of a broad group of stakeholders, can increase the risks of competitive distortions, as they can favour incumbents and well-resourced firms in the policymaking process. However, insights

[9] Primary laws are legal instruments by which central or federal governments set requirements on enterprises and citizens at the national level. These are approved by parliament/congress.

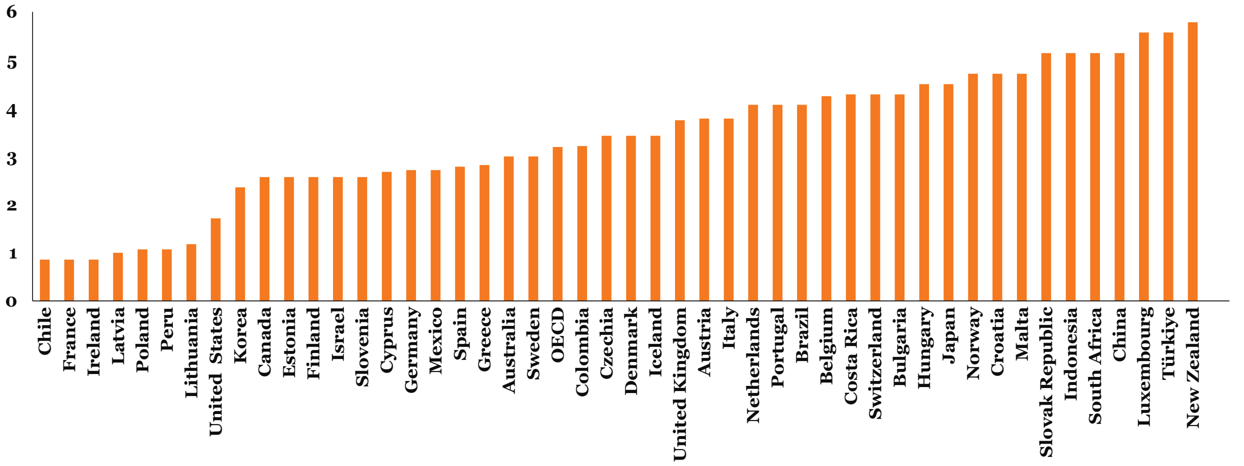
[10] Subordinate regulations are legal instruments by which central governments set requirements on enterprises and citizens at the national level. These are approved by the executive (i.e. the head of government, an individual minister or by the cabinet) and not by parliament/congress. They do not include legal instruments issued by non-governmental bodies, nor those issued by independent sector regulators.

[11] This OECD 2021 Regulatory Policy Outlook is based on the iREG database that includes very detailed information on countries practices in the area of stakeholder engagement.

from the latest PMR indicators and database reveal that the 47 countries surveyed could take many more steps to increase transparency and accountability in the interactions between policymakers and lobbyists (Figure 2).

Figure 2. Regulation of lobbying activities [12]

Values increase in the absence of relevant regulations



Note: In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1 in the Appendix.
Source: 2023-2024 PMR database

Integrity standards

Two types of integrity standards are assessed in the PMR indicators – Conflicts of Interests and Cooling-off Periods – that are important for at least two reasons. One is to limit the risk of creating connections between firms and policymakers that may distort the policymaking process. The second one is to prevent conflicts of interest when seeking a new position, as well as inhibit the misuse of “confidential information” and avoid “switching sides” in specific regulatory processes in which former public officials were substantially involved[13].

These standards, which in this paper are referred to as integrity standards, refer to:

- **Conflicts of Interest**

  A conflict of interest arises when there is a conflict between the public duty of a public official and his/her private interest, and this could improperly influence the public official when performing his/her public duties and responsibilities. A good regulation on conflicts of interest should include: i) clear definition of what is a conflict of interest; ii) the procedures for identifying and reporting such a conflict; and iii) the mechanisms available to manage this conflict[14].

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[12] This figure show the component that measure how well regulation of lobbying and influence activities aligns with best practices, which is part of the PMR indicator on Interaction with Stakeholders.

[13] Various standards can be established to ensure transparency and integrity in policymaking. These include pre-employment conflict-of-interest disclosures, cooling-off periods, time limits, and disclosure of post-term engagements by public officials who hold at-risk positions. The PMR indicator only focuses only on the first two standards.

[14] This definition is taken from [OECD 2003 Recommendation on OECD Guidelines for Managing Conflict of Interest in the Public Service](#).

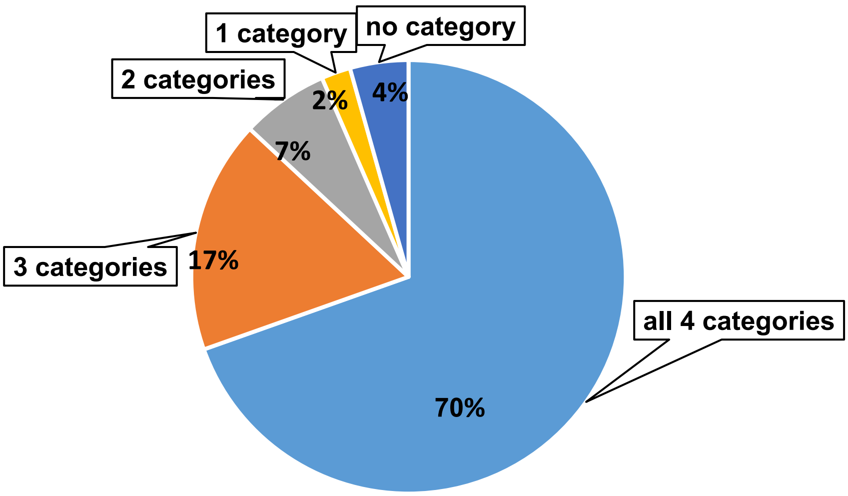
- **Cooling-off Periods when leaving a public post**

  A cooling-off period is a designated period during which former public officials cannot accept employment with certain private sector organisations or cannot represent any entity in dealings with specified parts of the government where those representatives are likely to constitute a real or apparent conflict of interest[15].

Despite their clear relevance, one-third of the countries surveyed have only one of the two sets of integrity standards[16]. The remaining two thirds have both obligations, though in some countries they do not cover all public officials. When only OECD countries are considered, the results are very similar. However, the only two countries that impose no integrity standards are both OECD members.

If one considers the two sets of standards individually, the adoption of rules on conflicts of interest is much more widespread than the requirement for a cooling-off period when public officials leave office. A staggering 36% of the countries surveyed still do not impose the latter requirement on neither appointed public officials (e.g. political advisors and appointees) nor non-elected senior civil servants (Figure 3 and Figure 4). This number is even higher if only OECD member countries are considered.

Figure 3. Rules on conflicts of interest for public officials

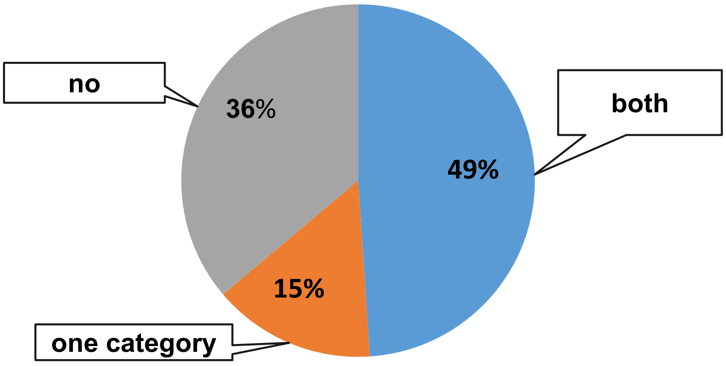


Notes:
1 The four categories assessed are: members of legislative bodies, members of cabinet, appointed public officials (e.g. political advisors and appointees), and senior civil servants (not elected).
2 Percentages are calculated over 46 countries. Türkiye is not included because the OECD could not collect data on conflicts of interest regulation.
3 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1 in the Appendix.
4 For the identity of the countries that fall into each category, please refer to Table A.3 in the Appendix.
Source: 2023-2024 PMR database

[15] For more details refer to the OECD Post-Public Employment: good practices for preventing conflict of interest.

[16] Please note that Luxembourg has none of the two ethical rules. Türkiye could not be allocated to any of the two groups because of lack of data.

Figure 4. Requirement to respect a cooling-off period for public officials



Notes:
1 The two categories whose cooling-off period is assessed include appointed public officials and senior civil servants (not elected).
2 Percentages are calculated over the 47 countries surveyed.
3 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1 in the Appendix.
4 For the identity of the countries that fall into each category please refer to Table A.4 in the Appendix.
Source: 2023-2024 PMR database

Transparency tools

Effectively managing the risks to competition from lobbying also requires a regulatory framework that: i) ensures transparency in the interactions between public officials and interest groups; and ii) effectively identifies all interest groups that may have influenced the regulatory process (e.g. through draft submissions, comments, consultations, calls and meetings with policymakers, donations). This framework should apply, directly or indirectly[17], to all types of interest groups – notably companies, business and trade associations, non-governmental organisations, think tanks, research bodies, trade unions and other organisations – since a framework that does not include all possible interest groups can be circumvented.

Only 30% of the 47 countries surveyed have such a regulatory framework. This percentage does not change when only the 38 OECD economies are considered.

To ensure transparency and accountability in the interactions that can take place between interest groups and policymakers, various transparency tools can be used. These transparency tools include:

i) the obligation on all interest groups to register in a publicly accessible dedicated registry, subject to sanctions in case of non-compliance,

ii) the obligation for policymakers to publicly disclose their agendas of meetings,

iii) the obligation for policymakers to publicly disclose the identity of all the interest groups they meet, and

iv) the obligation to make public the identity of the members of permanent advisory bodies involved in the regulatory process.

[17] Directly means that the regulatory framework clearly lists all the interest groups to which it applies; while indirectly means that the regulatory framework refers generically to interest groups, but there are guidelines that list all the interest groups to which the framework applies.

The PMR database show that these four requirements are not yet very common across the 47 countries surveyed. Only two countries – Chile and Poland - impose all 4 of them, and 11 countries have none of them (Table 2). Results are only slightly better when only the 38 OECD members are considered.

Table 2. Disclosure obligations

All 4 obligations imposed	3 obligations imposed	Only 2 obligations imposed	Only 1 obligation imposed	No obligations imposed
4%	11%	21%	38%	25%
2 countries	5 countries	10 countries	18 countries	12 countries

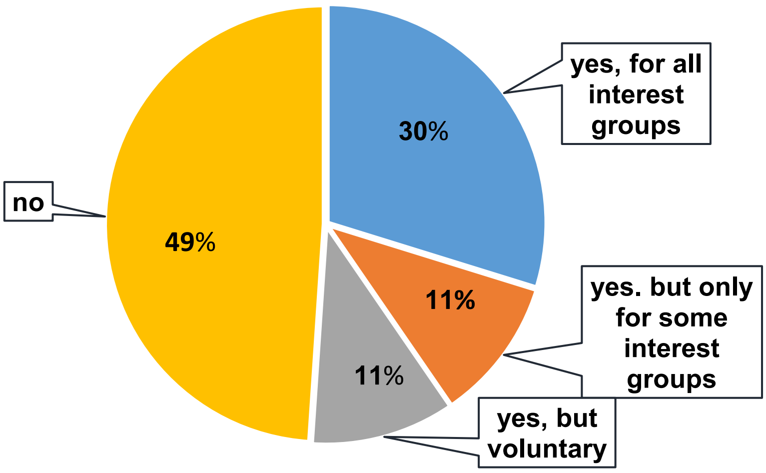
Notes:
1 Percentages are calculated over the 47 countries surveyed.
2 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1 in the Appendix.
3 For the identity of the countries that fall into each category please refer to Table A.5 in the Appendix.
Source: 2023-2024 PMR database

Disclosure obligations on lobbyists

A public registry of interest groups exists only in half of the countries surveyed. Moreover, registration is compulsory for all interest groups and subject to penalties in case of non-compliance only in 30% of the countries surveyed (except for Luxembourg where the obligation is not subject to sanction), (Figure 5.)[18]. The results are quite similar when only OECD member countries are considered, with just a higher percentage of countries having a voluntary registry rather than no registry at all.

[18] For EU member states the PMR database only considers national registries and not the voluntary register that exist at EU level.

Figure 5. Obligation to maintain a public register for interest groups



Notes:
1 Percentages are calculated over the 47 countries surveyed.
2 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1 in the Appendix.
3 For the identity of the countries that fall into each category please refer to Table A.6 in the Appendix.
Source: 2023-2024 PMR database

Disclosure obligations on public officials

Half of the 47 countries surveyed do not impose the main disclosure obligations that could apply to public officials (ii, iii and iv in the list above). Further, only three countries – Chile, Poland, and Sweden - impose all 3 obligations.

Remarkably, the requirement for policymakers to disclose the identity of the interest groups met only applies in 30% of the surveyed countries[19], while the obligation for policymakers to publish their agendas of meetings is the least common one, with only one fifth of the surveyed countries imposing this requirement. The obligation to reveal who is appointed to permanent advisory committees is more common, yet less than half of the 47 countries have it (Table 3). Figures are slightly better if only OECD countries are considered.

[19] For EU member states the PMR database only considers if this obligation exists at national level.

Table 3. Disclosures obligations for public officials

	Disclosure obligations imposed on public officials		
	Disclosure of identity of interest groups met	Agenda of meetings available online	Disclosure of identity of members of permanent advisory bodies involved in policymaking
Imposed	28%	23%	38%
	13 countries	11 countries	18 countries
Not imposed	72%	77%	62%
	34 countries	36 countries	29 countries

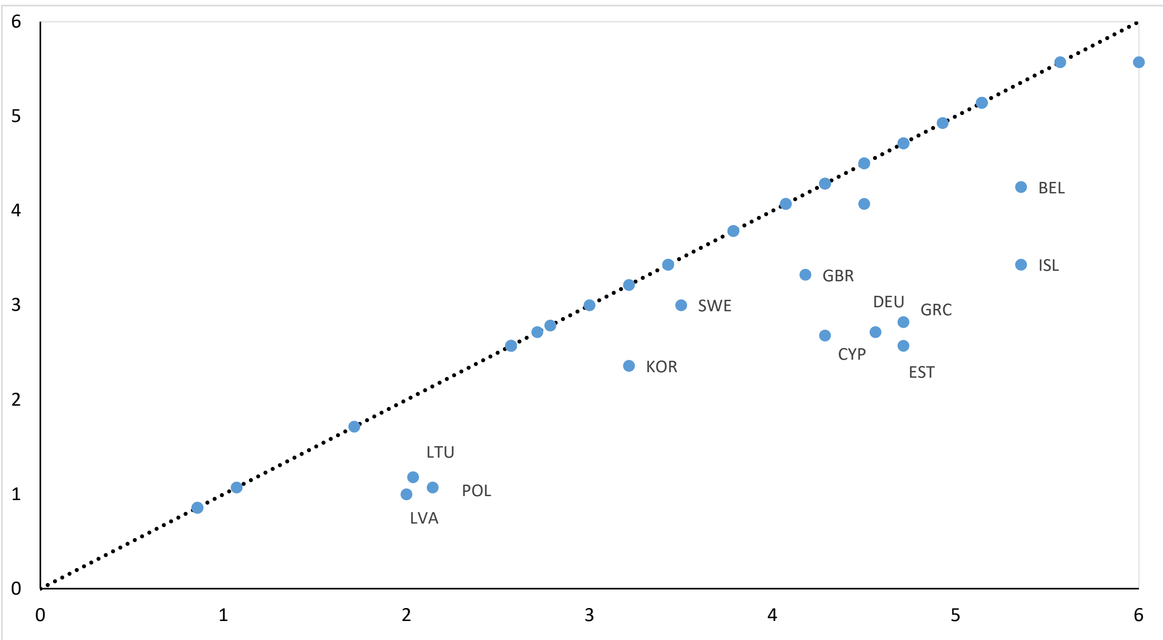
Notes:
1 Percentages are calculated over the 47 countries surveyed.
2 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1 in the Appendix.
3 For the identity of the countries that fall into each category please refer to Table A.7 in the Appendix.
Source: 2023-2024 PMR database

5. Reforms undertaken between the last two editions of the PMR indicators

A comparison with the results obtained in 2018 for the same PMR indicator permits to monitor how the situation has evolved over the last few years. This assessment shows that some improvements in the regulation of lobbying activities have happened, thus indicating that governments are starting to tackle this area, though at a slow pace (Figure 6).

Figure 6. Reforms in lobbying regulation since 2018

Indicator values increase in the absence of relevant regulation



Source: PMR database for 2023-2024 and 2018-2019.

For example, Estonia now requires some, albeit not all, public officials to disclose their agendas of meetings with stakeholders during the policymaking process. Similarly, Germany has introduced a lobbying law and a requirement for all interest groups to register in a public register in 2022, and it also requires policymakers involved in the regulatory process to disclose the identities of consulted lobbyists. Since 2021, Greece has mandated that interest groups record their details in a public register; and in 2020 Iceland considerably expanded the ethical rules imposed on public officials and imposed on policymakers the obligation to disclose the identity of the interest groups consulted in the regulatory process. In 2022, Korea introduced the obligation for policymakers to disclose their agenda of meetings, and Poland introduced rules on conflicts of interest for some categories of public officials, as well as a partial obligation to disclose their agendas.

Conclusions

The latest update of the PMR indicators reveals that over 90% of the 47 countries surveyed, recognise the importance of performing stakeholder consultations before drafting laws and regulations. However, only 40% of these countries require policymakers to consider all the comments received from stakeholders and to publicly respond to them, suggesting room for stronger obligations to foster the quality of policies, as well as to ensure greater accountability.

When it comes to ensuring transparency over the interactions between policymakers and interest groups, the situation is rather different. About half of the countries surveyed have the basic elements of a lobbying regulatory framework, but there remains scope to ensure transparency in the interactions between interest groups and public officials. Indeed the 2024 OECD *Anti-Corruption and Integrity Outlook* highlights that "lobbying regulations are particularly underdeveloped, or non-existent, in many countries" and that the "low levels of transparency around lobbying are increasing the risk that policymaking can be unduly influenced" (OECD, 2024, p. 13 and 35[20]).

The PMR indicators also show that essential disclosure requirements for lobbyists and public officials are missing in many countries, despite recent improvements in some countries. Similarly, numerous countries do not have rules to address conflicts of interest for public officials, and the adoption of mandatory cooling-off periods when policymakers leave their posts is still limited. Reforms have been undertaken, but there is a clear need for greater alignment with international best practices to prevent corruption and undue influence by incumbents and better-endowed firms.

It must be stressed that the PMR indicators measure the "de jure" policies, but not actual enforcement. Therefore, countries with competition-friendly regulatory frameworks "on paper" may score well, even if implementation is lacking. Further details on lobbying regulation enforcement in OECD countries can be found in the OECD Public Integrity Indicators.

As governments are making greater use of industrial policies to boost economic growth, support strategic sectors, promote innovation, and speed up decarbonisation, there is a growing risk that lobbying may undermine the intended benefits of these policies (Evenett, 2024[21]). Lobbying may redirect these policies away from their intended objectives, prioritizing the interests of influential interest groups, leading to misaligned priorities and ineffective policy outcomes. Lobbying can lead to the allocation of economic incentives to well-connected firms rather than those most capable of driving innovation and growth, thus perpetuating market dominance and stifling competition. These distortions can, in turn, hinder the natural process of competition and market selection that drives productivity improvements and fosters innovation.

Further, as argued by (Zingales, 2017[2]), firms with market power may find it more profitable to influence policymakers to protect and entrench their advantages. Hence, when markets become more concentrated and the size of market share of companies increases, the risk of market distortions due to undue influence over policymaking becomes higher. Increasing evidence of rising market concentration in developed economies (e.g. (Koltay, Lorincz and Valletti, 2023[22]; Furman and Orszag, 2018[23]; Calligaris et al., 2024[24]; Calligaris et al., 2024[25]) brings the issue of lobbying and its regulation even further to the fore.

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Appendix

Table A.1. Representative states in the federal countries surveyed

Federal country	Representative State
Australia	New South Wales
Belgium	Flanders
Brazil	State of São Paulo
Canada	Ontario
Germany	Bavaria
Indonesia	Special Capital Region of Jakarta
Mexico	State of Mexico
Switzerland	Canton of Zurich
United States	New York State

Table A.2. Key requirements on stakeholder consultation during the policymaking process

	Obligations to: i. consult stakeholders ii. consider comments received iii. publicly answer to comments iv. publish guidelines	Obligations to: i. consult stakeholders ii. consider comments received iii. publish guidelines	Obligations to: i. consult stakeholders ii. publish guidelines	Obligation to: i. consult stakeholders	No requirement to undertake stakeholder consultation
For primary legislation[20]	40%	17%	21%	13%	9%
	19 countries (EST, FIN, ISL, KOR, LTU, MEX, NLD, POL, SWE SVK, GBR, TUR PER, MLT, IDN, CYP, HRV, BLG, GRC)	8 countries (CHE, ESP. NOR, NLZ, ISR, DEU, BEL, AUS)	10 countries (SVN, LTV, ITA, IRL, FRA, DNK, CZE, CHL, CAN, AUT)	6 countries (CHI, PRT, LUX, HUN, CRI, COL)	4 countries (ZAF, BRA, USA, JAP)
For subordinate regulations[21]	38%	28%	19%	9%	6%%
	18 countries (PER, MLT, IDN, HRV, BUL, BRA, USA, GBR, SWE, SVK, POL, NLD, MEX, LTU, KOR, JAP, COL, CAN)	13 countries (AUS, BEL, CHN, CHE, DEU, ESP, EST, FRA, FIN, ISR, NZL, NOR, TUR)	9 countries (AUT, CZE, CHL, DEN, ITA, IRL, GRC, LTV, SV)	4 countries (PRT, LUX, HUN, CRI)	3 countries (ZAF, CYP, ISL)

Notes: 1 Percentages are calculated over the 47 countries surveyed.

20 Primary laws are legal instruments by which central or federal governments set requirements on enterprises and citizens at the national level. These are approved by parliament/congress.

21 Subordinate regulations are legal instruments by which central governments set requirements on enterprises and citizens at the national level. These are approved by the executive (i.e. the head of government, an individual minister or by the cabinet), hence not by parliament/congress. They do not include legal instruments issued by non-governmental bodies, not those issues by independent sectoral regulators.

2 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1
Source: 2023-2024 PMR database

Table A.3. More details on the rules on conflicts of interest

	Rules on conflicts of interest			
Imposed on all officials[1]	Imposed on 3 categories	Imposed on 2 categories	Imposed on 1 category	Not imposed
70%	17%	7%	2%	4%
32 countries (AUS, AUT, BGR, CAN, CHL, CYP, CHE, COL, CRI, CZK, DEN, ESP, EST, FIN, FRA, HRV, KOR, GRC, IDN, IRE, ISL, ISR, LTU, LTV, MEX, MLT, NLD, PER, SLV, SWE, USA, ZAF)	8 countries (BEL, BRA, GBR, HUN, ITA, JPN, POL, PRT)	3 countries (SWE, NOR, DEU)	1 country (NZL)	2 countries (CHN, LUX)

Notes:
1 The four categories assessed are: members of legislative bodies, members of cabinet, appointed public officials (e.g. political advisors and appointees), and senior civil servants (not elected).
2 Percentages are calculated over 46 countries. Türkiye is not included because the OECD could not collect data on conflicts of interest regulation.
2 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1
Source: 2023-2024 PMR database

Table A.4. More details on the requirements for a cooling-off period for public officials

Cooling-off period		
Imposed on two categories	Imposed on one category	Not imposed
49%	15%	36%
23 countries (PER, CYP, BGL, CHI, BRA, USA, PRT, NOR, KOR, LTV, LTU, MEX, ITA, ISR, IRL, ISL, GRC, FRA, FIN, CZE, COL, AUS, CAN)	7 countries (MLT, HRV, ESP, TUR, POL, DEU, EST)	17 countries (AUT, BEL, CHE, CHL CRI, DNK, HUN, GBR, IDN, JPN, LUX, NLD, NWL, SVK, SVL, SWE, ZAF)

Notes:
1 The two categories whose cooling-off period is assessed include appointed public officials and senior civil servants (not elected).
2 Percentages are calculated over the 47 countries surveyed.
3 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1.
Source: 2023-2025 PMR database

Table A.5. More details on disclosure obligations

All 4 obligations imposed	3 obligations imposed	Only 2 obligations imposed	Only 1 obligation imposed	No obligations imposed
4%	11%	21%	38%	25%
2 countries (POL, CHL)	5 countries (PER, SWE, LTU, IRL, FRA)	10 countries (USA, GBR, ESP, SVN, LTV, KOR, DEU, EST, FIN, DNK)	18 countries (AUS, AUT, BRA, CAN, CHE, COL, CYP, CRI, CZE, GRC, HUN, ISL, ISR, ITA, JPN, LUX, MEX, NLD)	12 countries (BEL, BGR, CHN, IDN, HRV, MLT, NOR, NZL, PRT, SVK, TUR, ZAF)

Notes:1 Percentages are calculated over the 47 countries surveyed.
2 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1.
Source: 2023-2024 PMR database

Table A.6. More details on the obligation to maintain a public register for interest groups

Required for all interest groups	Required, but only for some interest groups	Voluntary	No register
30%	11%	11%	49%
14 countries (AUS, CAN, CHL, CYP, FRA, IRL, ISR, LTU, GBR, PER, POL, SVN, USA, LUX)	5 countries (MEX, ITA, DEU, GRC, AUT)	5 countries (ESP, NDL, KOR, COL, BEL)	23 countries (BRA, BGR, CHE, CHN, CRI, CZE, DNK, EST, FIN, HRV, HUN, IDN, ISL, JPN, LVA, MLT, NOR, NZL, PRT, SVK, SWE, TUR, ZAF)

Notes:
1 Percentages are calculated over the 47 countries surveyed. Please note that Luxembourg is the only country where interest groups must register but there no sanctions for non-compliance.
2 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1.
Source: 2023-2024 PMR database

Table A.7 More details on the disclosure obligations for public officials

	Disclosure obligations imposed on public officials		
	Disclosure of identity of interest groups met	Agenda of meetings available online	Disclosure of identity of members of permanent advisory bodies involved in policymaking
Imposed	28%	23%	38%
	13 countries (CHL, DEU, DNK, EST, FIN, FRA, IRE, ISL, LTV, NDL, POL, SWE, SVK)	11 countries (PER, SWE, ESP, LVA, LTU, KOR, CHL, EST, POL, BRA, GBR)	18 countries (CHL, COL, CRI, CHE, CZE', DNK, ESP, FRA, FIN, IRL, KOR, JAP, HUN, LTU, PER, POL, SWE, USA)
Not imposed	70%	77%	62%
	34 countries (AUS, AUT, BEL, BLG, BRA, CYP, CAN, CHI, COL, CRI, CHE, CZE, ESP, GBR, GRC, HUN, HRV, IDN, ITA, ISR, JAP, KOR, LTU, LUX, MLT, MEX, NZL, NOR, PRT, SVN, PER USA, TUR, ZAF)	36 countries (AUS, AUT, BEL, BLG, CHI, CYP, CAN, COL, CRI, CHE, CZE', DNK, DEU, GRC, HRV, IDN, IRE ISL, ITA, ISR, LUX, LVA, MLT, MEX, NLD, NZL, NOR, PRT, SVK, SVN, TUR, ZAF JAP, HUN, LTU, USA)	29 countries (AUS, AUT, BEL, BLG, CHI, CYP, CAN, DEU, EST, GRB, GRC, HRV, IDN, ISL, ITA, ISR, IRE, LUX, LVA, MLT, MEX, NLD, NZL, NOR, PRT, SVK, SVN, TUR, ZAF)

Notes:
1 Percentages are calculated over the 47 countries surveyed.
2 In federal countries where regulation is set at the state level, the PMR database reports information for only one representative state. The list of representative states used is provided in Table A.1.
Source: 2023-2024 PMR database

Annex 1: The methodology used to build the PMR indicator on Interactions with Stakeholders

The Schema below describes the methodology used to build the PMR indicator on Interactions with Stakeholders. The first part shows how the component assessing lobbying regulation has been constructed, while the second part explains how the component measuring the level of stakeholder engagement has been calculated.

Interaction with interest groups - Lobbying Regulation	Weight	Answer options and their scores (in red)					
Is the legitimate interaction with public officials in the regulatory process of the following interest groups regulated?		yes					no
Professional consultancies	0.0125	0					6
Law firms	0.0125	0					6
Companies	0.0125	0					6
Self-employed consultants	0.0125	0					6
Trade and business associations	0.0125	0					6
Trade unions and professional associations	0.0125	0					6
Non-governmental organizations	0.0125	0					6
Think tanks	0.0125	0					6
Concerning the legitimate interaction between interest groups and public officials in the regulatory process, are (at least some) interest groups required to register in a dedicated public registry for lobbyists?	0.1000	yes, required for all interest groups		yes, required for some interest groups		not required, but there is a voluntary register	no
If you have answered Yes to question above, are there sanctions in case this requirement is not complied with?		yes	no	yes	no	not applicable	not applicable
		0	3	1	4	4.5	6
Are public officials involved in regulatory processes required to pro-actively make their agendas available to the public, in order to increase transparency on their legitimate interaction with interest groups?	0.1000	yes		yes, but only in some cases		no	
		0		3		6	
Is there a requirement that the identity of the interest groups that were consulted in each regulatory process is made available to the public?	0.1000	yes			no		
		0			6		
With respect to the permanent advisory bodies involved in regulatory processes at national level, is it required to publicly disclose the names of the members of these bodies?	0.1000	0			6		
Is there a national regulation specifically dealing with conflict of interest for:		yes			no		

Members of legislative bodies	0.025	0	6		
Members of cabinet	0.025	0	6		
Appointed public officials (e.g. political advisors and appointees)	0.025	0	6		
Senior civil servants (not elected)	0.025	0	6		
Is there a national regulation establishing a cooling-off period after leaving office that applies to the following public officials?		yes	no		
Appointed public officials (e.g. political advisors and appointees)	0.050	0	6		
Senior civil servants (not elected)	0.050	0	6		
Involvement of all stakeholders- stakeholder engagement					
		yes	no		
Is there a requirement to conduct stakeholder engagement to inform the development of **primary laws**?	0.0500	0	6		
Is there a requirement to conduct stakeholder engagement to inform the development of **subordinate regulations**?	0.0500	0	6		
		yes	no	no / not applicable	
Are guidelines available on how to conduct stakeholder engagement on **primary laws**?	0.0500	0	6	6	
Are guidelines available on how to conduct stakeholder engagement on **subordinate regulations**?	0.0500	0	6	6	
Are regulators required to consider all comments received from the stakeholders during the consultation process before finalising any **primary law**?	0.0500	yes			no
If so, are regulators required to answer publicly to each comment received from stakeholders and publish the response online?		yes, to each individual comment	yes, only general response to most significant comments	no	no / not applicable
		0	1.5	3	6
Are regulators required to consider all comments received from the stakeholders during the consultation process before finalising any **subordinate regulation**?	0.0500	yes			no
If so, are regulators required to answer publicly to each comment received from stakeholders and publish the response online?		yes, to each individual comment	yes, only general response to most significant comments	no	no / not applicable
		0	1.5	3	6