

**APEC Economic Committee First Plenary Meeting 2015
February 4 and 5, 2015, Clark, Philippines**

Chair's Summary Notes

Agenda Item 1: Friends of the Chair (FOTC) Group

FoTC coordinators held meetings for their groups during the morning to discuss work plans, ongoing projects, and new ideas for how the FoTC could take forward the Economic Committee's (EC) work. Report-outs from these meetings are listed in Agenda Item 6 below.

Agenda Item 2: Chair's Welcome and Opening Remarks

Introductions were made and the EC Chair commented on the robust work program of the EC, including comprehensive reviews of the Ease of Doing Business (EODB) initiative, and the APEC New Strategy for Structural Reform (ANSSR). He also noted the significance of the APEC Economic Policy Report (AEPR) for 2015, which will draw on work done on the Middle Income Trap (MIT) work done last year.

Agenda Item 3: Adoption of the EC1 Plenary Agenda

Draft agenda was adopted.

Agenda Item 4: Overview of APEC 2015 Priorities

Undersecretary Ferdinand B. Cui Jr. of the Philippines SOM Chair's Office, briefed the EC on the Philippines' APEC 2015 Priorities. In particular, he drew attention to the importance of policies to encourage inclusive growth as important to the achievement of these priorities.

Agenda Item 5: Overview of Activities across APEC Fora

Dr. Julius Caesar Parreñas, representing the APEC Business Advisory Council (ABAC), updated the EC on its activities. In addition, Mr. Eduardo Pedrosa, representing the Pacific Economic Cooperation Council (PECC), discussed economic developments and PECC's work in the Asia-Pacific region.

Agenda Item 6: Advancing EC Objectives: CPLG and FOTC Contributions

The following convenors/coordinators reported on the various workplans of their groups:

- Competition Policy and Law Group (The Philippines) - Mr. Geronimo Sy
- Competition Policy (Papua New Guinea) –Dr. Billy Manoka
- Corporate Law and Governance (Viet Nam) – Mr Nguyen Anh Duong
- Ease of Doing Business (United States) – Mr. Alex Hunt
- Public Sector Governance (Chinese Taipei) – Director Tsai-tsu Su
- Regulatory Reform (Japan) – Mr Mikiharu Shimizu

The EC endorsed the EC Work Plan for 2015, which consists of the collection of the FOTC work plans on Competition Policy, Public Sector Governance, Regulatory Reform, Corporate Law and Governance, Ease of Doing Business as well as the work plan on the Competition Policy and Law Group submitted (Annex A).

Agenda Item 7: Policy Discussion: State of the Regional Economy and Its Policy Implications

The EC held a policy discussion on the state of the regional economy and its policy implications. This included speakers from the IMF, World Bank, PSU, and the APEC Secretariat.

During the panel discussion, the IMF noted:

- Financial instability had returned

- Falling price of oil was a factor in this and created winners and losers
- Overall growth forecasts had been lowered
- But the United States is a bright spot in terms of forecast growth.

Next, the World Bank highlighted the following points:

- Global recovery is slow moving
- Emerging APEC continues to be a driver of global growth (and is still outperforming the rest of the world)
- Structural transformation is essential to inclusive growth but will need to be carefully targeted to achieve this
- APEC has a role to play in meeting the reform challenges of inclusive growth, and in particular, in creating coalitions for reform.

The APEC PSU noted that while APEC trade was still growing, APEC trade growth rates may have reached their “peak”. Whether the current trade growth rate slowdown will continue or not depends on how the dynamics will develop over the medium term among the different factors at play, such as the:

- the slowing Chinese economy,
- increasingly divergent monetary policies across major advanced economies, and
- soft commodity prices.

The APEC Executive Director noted the Economic Committee’s focus on medium term structural issues as opposed to the finance ministers’ focus on shorter term financial market concerns. He also highlighted a productivity story. He argued this should involve continuing with the “boringly good” structural policies that APEC has been following for a long time. He remarked that it was an interesting year for the EC in terms of the timely reviews of the structural reform programs. He concluded that the EC needed to focus on structural reform issues with a view to the long term rather than short term dividends. He challenged the Committee to understand the concept of inclusive growth and analyse in empirical terms what the actual implications were in terms of policy frameworks adopted.

Agenda Item 8: APEC Economic Policy Report (AEPR) Planning Session

AEPR 2015 on Structural Reform and Innovation

The Committee considered a draft framework and questions presented by New Zealand to guide the preparation of the Individual Economy Reports for the 2015 AEPR on Structural Reform and Innovation. As well as some specific comments, economies requested that the proposed questions be simplified and streamlined, and that latitude be given for economies to answer these in terms of the specific circumstances they faced. The Committee agreed that member economies should have until 27 February 2015 to comment further on the draft prior to it being circulated for completion.

AEPR 2016

Possible themes for the 2016 AEPR were discussed, and two possible themes were suggested:

- human capital development (Peru), and
- the role of services in the 21st century global economy (the Philippines).

Both ideas received some support and the Committee agreed that any written proposals could be circulated intersessionally with a final decision being made at EC2.

Agenda Item 9: Structural Reform

ANSSR: Report on Ongoing and Completed ANSSR Projects

An overview of ANSSR Projects and ANSSR Sub-Fund was given by the APEC Secretariat. Australia presented on the outcomes of the ANSSR workshop held on 2 February 2015. It reported an emerging view that while the five pillars of ANSSR were still relevant, they could usefully be streamlined and reduced in number. The workshop had also agreed that any pillars agreed for the future could be accompanied by process guidance in such areas as good regulatory practice. The Committee agreed that Australia would circulate a short paper to EC members, which would provide greater detail on how the post-2015 ANSSR framework might be developed in light of the findings of the workshop.

Ease of Doing Business

The United States presented a proposed process for taking forward the EoDB program post 2015 (attached as Annex B). The EC agreed that:

- economies would review and discuss key findings presented in this document, at EC1-2015
- economies would endorse key findings at EC1-2015 or intersessionally as basis for developing a roadmap for APEC's Post-2015 Agenda
- the United States would prepare a draft post-2015 EoDB roadmap intersessionally, and consult with EC members and champion economies to identify capacity building/technical assistance to be implemented under the Post-2015 EoDB Agenda
- the EC would discuss the proposed roadmap at EC2-2015 with the aim of endorsing it for recommendation to Ministers.

Middle Income Trap

China highlighted that the Middle Income Trap (MIT) work is closely linked to EC's work on Structural Reform. China suggested that the EC should incorporate this issue into its workstreams, and expressed that it had already heard some linkages expressed already in this EC meeting. China also approved of the MIT being addressed in the 2015 AEPR, and expressed its hope that the PSU will capitalize on activities like workshops to brief on MIT issues.

The EC Chair acknowledged the MIT as a very significant area, and expressed his intent to continue to take analysis forward on the MIT.

Good Regulatory Practices

The United States reported on the update of the Baseline Study that it will undertake in 2015. It also noted that it was thinking about how to provide for capacity building following the endorsement by APEC Leaders of the APEC Actions on Conducting Public Consultations on Proposed Regulations in the Internet Era. It noted that the Committee needed to think about its approach to organizing the GRP Conference in 2016 (in collaboration with the SCSC) and that while SCSC was leading the preparation of the 2015 GRP Conference, the EC had the opportunity to input into this process.

Structural Reform Ministerial Meeting

The Philippines proposed that the objectives for the Ministerial Meeting should be:

- To review progress made on ANSSR since 2010
- To set the direction for post 2015 structural reform.

The Philippines further notified the Committee that it would hold a one-day meeting of EC representatives in the margins of SOM2 to discuss and agree on the themes and format for the Ministerial Meeting (including such new issues as regulatory reform and services and the Middle Income Trap). It also notified that it planned to hold the Ministerial Meeting on 9-10 September 2015 with the Finance Ministers' being held concurrently from 9-11 September 2015. Several economies stated that such a concurrent meeting could present issues since the finance minister might be the structural reform minister as well.

Agenda Item 10: Review of Economic Committee Terms of Establishment and Consideration of New Proposals

The EC conducted its biennial review of its Terms of Establishment and agreed that its existing Terms of Establishment be approved for next two-year period.

Election of Chair and Vice-Chairs

The Committee noted that the terms of its Chair and Vice-Chairs would expire at the end of 2015 and agreed that an election process for these positions should be held prior to EC2 so that new office holders could begin their terms at the start of 2016.

The Competition Policy and Law Group (CPLG) and the Competition Policy FotC

The Committee agreed that the CPLG and the Competition Policy FotC should be combined on the basis that:

- the CPLG Convenor would also become the Competition Policy FotC Convenor, thus folding the Competition Policy FotC functions into the CPLG;
- a new draft Terms of Reference for the CPLG would be circulated intersessionally with agreement on these to be reached at EC2. These would provide guidance on future directions for the CPLG; and
- an election process for a new CPLG Convenor would take place following EC2.

Strengthening Economic and Legal Infrastructure (SELI)

The Committee agreed that given the significant activity that was currently taking place on legal work in the area of structural reform, a new FotC on Strengthening Economic and Legal Infrastructure would be created on a two-year trial basis. The Committee thanked Hong Kong China for agreeing to be the Convenor of this new FotC.

Agenda Item 11: Policy Discussion: Improving the Quality of Public Service

This dialogue was organized and coordinated by Chinese Taipei. The keynote speaker, Dr. Alex B. Brillantes Jr. spoke on the advantages of decentralization of public sector governance functions to the local level. This was followed by presentations from Indonesia on “One Agency, One Innovation: Indonesian Public Service Competition”, Japan on “PPP Development in Japan”, Chinese Taipei on “Promoting Innovation and Integration in Public Services: Practices in Chinese Taipei” and Viet Nam on “Successful Cases of Public Services in Viet Nam”.

Agenda Item 12: Overview of APEC Activities

Mr. John Larkin Chair of the Committee on Trade and Investment, briefed the Economic Committee on CTI activities. He cited the importance of supporting the multilateral trading system, including the WTO MC10 coming up soon. He also mentioned CTI's work on Regional Economic Integration (REI), including the implementation of the Beijing roadmap to FTAAP; cooperation on GVCs; next generation trade and investment issues; implementation of commitments in EG list; action plan on environmental services liberalization; services; investment; the APEC strategic plan on capacity building to promote the trade and investment agenda. He also acknowledged the joint services session. Mr. Larkin also mentioned the importance of connectivity, including work on trade facilitation, chokepoints, customs procedures, inadequate infrastructure, and global data standards. Mr. Larkin went on to highlight CTI work on regulatory cooperation, including the APEC roadmap for electric vehicles; the ARCAM dialogue; and work with the EC and SOM on Good Regulatory Practices. Finally, Mr. Larkin discussed cross-cutting mandates, including the connectivity blueprint, the APEC Accord, human capital development, the travel facilitation initiative, and urbanization.

The Philippines representative/GOS Convenor reported back on this seminar. He noted that conclusions had been reached as follows:

- Work on services and regulatory reform should be a priority for APEC
- APEC can improve its approach to domestic regulation and international coordination of services, which are mutually reinforcing
- Digital environment issues demonstrated the stakes APEC faces in getting it wrong
- APEC should undertake services work at principle level first as well as sector by sector
- The EC needs to think about how it can build an adequate services dimension into the Structural Reform Ministerial.

In addition, the U.S. presented on the Women and the Economy Dashboard established by Leaders in 2014. The U.S. explained that the framework pulls from existing data sources on a set of indicators relevant to APEC's efforts to improve women's economic participation. PSU will be producing the first Dashboard in May 2015. The U.S. suggested that the EC look at the data, look at the indicators, and consider how these can be applied to EC's work, such as EODB and structural reform. Mexico expressed its interest in this project and requested that they be informed of progress on dashboard implementation.

Japan presented slides on the global value chain.

Agenda Item 13: Updates from the APEC Secretariat

The APEC Secretariat updated the EC on the 2015 project approval process and timeline, as well as on key Secretariat developments. PSU also updated the EC on its work.

Agenda Item 14: Classification of Documents

The EC reached consensus on classification of documents.

Agenda Item 15: Chair's Closing Remarks

The Committee agreed that consideration would be given to holding the following events in the margins of EC2 of SOM3:

- A workshop on the Hague Agreement on Private International Law (Hong Kong China)
- A further workshop on International Regulatory Cooperation toolkit (New Zealand)
- A two-day workshop on Methods and Methodologies on the Impact of Economic Regulations (Mexico)
- A half-day joint workshop with the Chemical Dialogue on GRP issues of mutual interest (the United States).
- A workshop on EoDB bridging from phase 1 into phase 2.

In addition, EC members would be able to attend the 2015 GRP Conference being organized by the SCSC.

Annex A

Work Plan for the Competition Policy and Law Group

Name of the Group: Competition Policy and Law Group (CPLG)

Coordinating Economy: Philippines

Membership Principles¹ and Member Economies:

The CPLG membership remains open to all economies as in the past.

Objectives:

The CPLG works to promote an understanding of regional competition laws and policies, to examine the impact on trade and investment flows, and to identify areas for technical cooperation and capacity building among APEC member economies.

Scope:

The CPLG is responsible for practical aspects of competition law and enforcement to develop and enhance competition law and policy in APEC member economies. It covers the legal and regulatory issues of competition law and enforcement, including sharing new developments in the law, comparative aspects of competition law, the role of the courts, the degree of autonomy granted to competition authorities, better methods to improve success of monitoring and enforcement of the law and appropriate remedies. It requires high degree of technical expertise, in-depth understanding and ability to analyze the legal and regulatory issues from the members involved.

Activities and projects for 2015

- APEC Training Course on Competition Policy in 2015

APEC Training Course on Competition Policy will be held in Russia this October. Federal Antimonopoly Service of the Russian Federation will host this training course.

- The Competition Policy and Law Database

Based on consensus among member economies, gathering and collating information and the establishment of a regional database is recognized as one essential step towards narrowing the competition information gap among member economies. For the purpose of sharing information/experiences and discussions among APEC member economies regarding updates and recent developments in competition law and policy, the website "The Competition Policy & Law Database" has been managed by Chinese Taipei since 1999. It has been more than 15 years since its establishment. According to the re-design plan of the Database approved at the 2014 CPLG meeting, Chinese Taipei revamped the website in 2014 and will continuously maintain the Database. Furthermore, member economies are highly encouraged to submit updated information and documents for inclusion in the Database, so that the Database will provide the most up-to-date and valuable information to the public users.

- Members' Report/Presentation on Up-dated and Development of Competition Policy

In order to exchange information, promote dialogue and encourage cooperation among the authorities for competition policy of member economies, each economy will make presentations in the

¹ FotC coordinators are expected to propose as to how the membership can be organized. Possible examples include:

A: Economies with the intension of sizable/substantial contribution will be members, while other economies will take part in decision making at the Plenary.

B: Two kinds of membership, with core members and non-core members.

C: Economies with the intension of sizable/substantial contribution will be members, while other economies will be CC-ed when FotC e-mail discussion is conducted among such members.

CPLG meeting on up-dates and development of competition policy and law, which may cover the following items;

- 1) Introduction of competition law and change to competition law and policy;
- 2) Enforcement of competition law and policy (featuring recent cases);
- 3) Issues for SMEs in Competition Law and Policy

- Deepen International Enforcement Cooperation among APEC Competition Jurisdictions

To enhance the enforcement cooperation among the competition authorities in the APEC region, the CPLG in 2014 held a members' dialogue and roundtable discussion on the International Enforcement Cooperation against Anti-Competitive Practices. In 2015, the CPLG Convenor will invite experts from experienced competition agencies to share further their experiences of cooperation on enforcement cases at the 2015 CPLG meeting. The purpose of improving the enforcement cooperation among APEC-wide economies is not only to create a level playing field in response to APEC ANSSR priority areas, but also to enhance the fairness and transparency of competition law enforcement.

Work Plan for the Corporate Law and Governance FotC Group

Name of the FotC: Corporate Law and Governance

Coordinating Economy: Viet Nam

Membership Principles and Member Economies:

Chinese Taipei

Hong Kong, China

Korea

Thailand

United States

Viet Nam

Other APEC economies with interest in issues of corporate law and governance, and strengthening economic and legal infrastructures.

Objectives:

The Corporate Law and Governance FotC group aims to maintain a platform for economies to discuss and exchange information on corporate law and corporate governance issues as well as strengthening economic and legal infrastructures in APEC.

Following the Chair's Letter regarding EC Governance, members are invited to comment on whether a new FotC group on Strengthening Economic and Legal Infrastructures should be established, which may lead to the change in objectives and work agenda of CLG group.

List of Ideas on Possible New Projects

| Issue/idea | Lead economy | Suggested next step | Timeframe | Format |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------|
| 1. Protection of small investors' interest and rights. Governance structure of enterprises has become increasingly diverse, yet the legal framework and enforcement structure to ensure proper exercise of rights by small investors remain inadequate. This may undermine the development potential of various groups of enterprises (especially SMEs) as big investors may focus more on taking full control of enterprises rather than promoting its development. Sharing of experience among APEC economies facing similar problems is thus necessary. This activity also represents a follow-up attempt to the self-funded project of Chinese Taipei on "Lessons from the financial crisis for corporate governance and law. | Viet Nam | Viet Nam has developed a draft concept note. Some member economies have considered to join the discussion. Willingness of other economies to participate in future activities is greatly appreciated. | EC1 of 2016 | Roundtable discussion |
| 2. Promotion of credit ratings for financial market development in the APEC region. As a prevalent issue in various APEC economies, financial market could not enjoy vigorous and long-term development due to information asymmetry. In this regard, credit rating services may promote information disclose since credit rating seeks to provide the users with credit situation of the issuers/debtors, thereby making way for financial market development. A number of papers have looked into the possibility of promoting credit ratings; yet it is high time more coordinated actions at APEC regions be developed and justified. | To be identified. Viet Nam is considering to lead | May need to find leader; Additional idea for improvement of concept note is greatly appreciated. | EC2 of 2015 | Theme report |

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| 3. Building capacity to increase adoption of IFRS standards. Following the introduction of IFRS in the Roundtable at EC2 2012, one may see the crucial need to gradually adapt internal regulations to incorporate IFRS. However, this process may imply some adjustment costs for member economies, so survey of relevant areas for feasible capacity building efforts, as well as possible supporting/knowledge-sharing mechanism is important to identify priorities of capacity building. On the basis of diagnostic findings, a workshop may be held to discuss practical roadmap for adapting IFRS into internal regulations of member economies. | To be identified. | May need to find leader; Additional idea for improvement of concept note is greatly appreciated. | 2015-2016 | APEC-funded project |
| 4. Others??? | | | | |

Work Plans of the Ease of Doing Business (EoDB) FOTC (draft for consideration)

Name of FOTC: Ease of Doing Business (EoDB) FOTC

Coordinating Economy: The United States

Membership Principles and Member Economies:

Membership is not intended to be exclusive, and broad participation by interested economies is highly encouraged. Ideally, three groups of economies will actively participate in the FOTC:

- EoDB Champion Economies
- Economies participating in, or that are interested in pursuing, EoDB Phase 2 diagnostics
- Economies that are willing to provide assistance in conducting Phase 2 diagnostics

Objectives:

Continue support of EoDB projects in all phases through the end of the 2015 mandate, further progress towards a 25 percent improvement by the end of the year, as measured by the World Bank's *Doing Business* indicators. Develop the scope and mandate of EoDB's agenda post-2015.

Scope:

The focus of the FOTC centers on effectively implementing Phase 2 diagnostics and Phase 3 implementation or assistance in each of the five priority areas in volunteering economies and monitoring progress in the APEC region by 2015 in light of the World Bank's *Doing Business* indicators. As the original mandate of EoDB comes to close in 2015, activities will also focus on shaping the future of EoDB initiative with the goal of endorsing a post-2015 agenda at EC2.

LIST OF COMPLETED ACTIVITIES:

| Priority Area | Activity | Beneficiaries |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Starting a Business | Phase 1: Workshop on reducing start-up and establishment time of businesses (Hiroshima, March 2010) | All Economies |
| | Phase 2: <ul style="list-style-type: none"> • Diagnostic study (2010) • Diagnostic studies (2011) • Diagnostic studies (2013) • Diagnostic study (2014) | Indonesia Thailand & Peru Viet Nam & Papua New Guinea Brunei Darussalam |
| Getting Credit | Phase 1: Seminar on "Getting Credit for SMEs" (Sendai, September 2010) | All Economies |
| | Phase 2: <ul style="list-style-type: none"> • Diagnostic study in terms of strengthening the secured lending (2011) • Roundtable meeting with legal and economic experts (2012) • Diagnostic on SME financing (2013) • Workshop on Getting Credit (2013) | Thailand Chinese Taipei Indonesia |

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|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enforcing Contracts | Phase 1: APEC Workshop on Enforcing Contracts (Seoul, June 2010) | All Economies |
| | Phase 2: <ul style="list-style-type: none"> Diagnostic Study (2011) Workshops on Enforcing Contracts (2011) 1st APEC International Conference on Enforcing Contracts (2011) Diagnostic Study (2012) Workshops on Enforcing Contracts (2012) 2nd APEC International Conference on Enforcing Contracts (2012) Diagnostic Study Workshop on Enforcing Contracts (2013) 3rd APEC International Conference on Enforcing Contracts (2013) | Indonesia & Peru All Economies Thailand & The Philippines All Economies Viet Nam & Brunei Darussalam All Economies |
| Trading Across Borders | Phase 1: Workshop on Trading Across Borders (Sendai, September 2010) | All Economies |
| | Phase 2: <ul style="list-style-type: none"> Diagnostic Studies (2011) Diagnostic Study (2013) | Peru & Mexico Vietnam |
| Dealing with Construction Permits | Phase 1: Workshop on Reforming the Regulatory System for Construction Permits (Singapore, October 2010) | All Economies |
| | Phase 2: <ul style="list-style-type: none"> Diagnostic Studies (2011-2013) Diagnostic Studies (2014) | Indonesia, Peru & Thailand Brunei Darussalam |

| | |
|---------------------------------------------------------------------------------|---------------|
| 1 st Stocktake Workshop (Moscow, February 2012) | All Economies |
| 2012 APEC Economic Policy Report on EoDB | All Economies |
| 2 nd Stocktake Workshop (Beijing, August 2014) | All Economies |
| Workshop on Hague Conventions and Ease of Doing Business (Beijing, August 2014) | All Economies |

FUTURE AND ONGOING ACTIVITIES

- Workshop on UNCITRAL Instruments and the Ease of Doing Business, EC1 Clark
- Roadmap for Ease of Doing Business Post-2015
- Concluding Ease of Doing Business Phase 1 and Transition to Phase 2 Workshop (tentative), EC2 Cebu
- The United States also plans to continue economy-level diagnostics studies and follow-on capacity building from earlier diagnostic studies with 1-2 economies, to be determined.

Work Plan for the Public Sector Governance FotC Group

Name of the FotC: Public Sector Governance

Coordinating Economy: Chinese Taipei

Membership Principles and Member Economies:

Economies with the intention of sizable/substantial contribution will be members, while other economies will be CC-ed when FotC e-mail discussion is conducted among such members. The eight start-up members include Canada, Indonesia, Korea, New Zealand, Chinese Taipei, Thailand, USA, and Vietnam.

Objectives:

Good public sector governance strengthens the national economic environment and improves public service performance. APEC Economic Committee has been in charge of promotion of structural reform and established a set of principles of public sector governance. The 2007 APEC Economic Policy Report highlighted nine generalized high-level principles of good public sector governance to economies. As the progress of structure reform steps into a new phase in 2011-2015, the new PSG FotC aims to maintain a platform for economies to discuss and exchange practical experiences on public sector governance and to promote the application of the principles of good governance in the public sector. It will facilitate ANSSR and support APEC Growth Strategy by improving the quality of public sector governance via providing opportunities for benchmark learning and best practices sharing among economies.

Scope:

In order to deepen and widen dialogues among economies, Chinese Taipei suggests that the new PSG FotC group develops the priority areas on the basis of its past achievements and the interests of member economies. With references to the results of the *Stock-take of activities against the nine high-level principles for good public sector governance* and the *LAISR Reformulation Survey*, economies agree the five themes for advanced discussions in the new PSG FotC as follows:

- **Strengthening public administration for the future**
Coping with changes of the market, the political situations, and the natural environment within and beyond the boundaries, economies have adjusted their governmental structures to enhance competitiveness and to strengthen governance capacity in the past decade. In order to update lessons of government restructuring from economies, the new PSG FotC focuses on the experiences and the results of public administration reforms. Discussions in this area will concentrate on approaches and outcomes of organizational restructuring in the public sector promoting across boundary governance, reduction of administrative process and burden, and establishment of an effective government. This area aims to facilitate experience sharing of administrative reforms and expects to promote economic, social, and political performance and good public sector governance among economies.
- **Improving the quality of public service**
Quality public service delivery is essential when promoting citizen trust and satisfaction toward the public sector. Seeking ways to advance the efficiency and quality of the public service delivery, APEC member economies have developed various innovative measures in recent years. This area aims to exchange the incentive mechanisms or initiatives economies designed to evaluate the quality of public service and to encourage the citizen-oriented public service.
- **Leveraging ICTs to strengthen public sector governance**
ICTs are becoming an essential part of many economies' governance initiatives. Active uses of ICTs for improving government process (e-administration), connecting citizens (e-citizens and e-services), and building external interactions (e-society) are beneficial to public participation and government transparency. This area expects to deepen experience sharing on how economies utilize new ICTs to promote government efficiency and responsiveness. Key issues in this area include agile and friendly

access of public service, real-time government information and services, and applications of social networking to enhance interactions between the government and the public.

- **Enhancing fiscal transparency and public accountability**
Promoting fiscal transparency is one of the government's focal responsibilities to articulate the achievements of value for money. This area focuses on the practical measures and tools economies took to enhance public spending management, to improve government productivity, and to assess the quality of fiscal transparency. This area aims to develop a paper of fiscal transparency and public accountability.
- **Strengthening trust, integrity, and ethics**
Corruption erodes public trust towards the government and the performance of public governance. Therefore, to build a clean government and to construct public service ethic codes have been major concerns among economies. This area aims to promote further discussions on the systematic and organizational design and regulations of anti-corruption in the public sector. Economies will also have opportunities to exchange experiences on surveying the public perception of corruption and on training programs of the public service ethics.

List of Projects (see below)

- Seminar, workshop, and roundtable discussion on priority areas
- Tailor-made project to assist member economies to improve governance quality in the public sector
- Paper on fiscal transparency and public accountability

Work Plan Details of Public Sector Governance FotC Group

| Priority areas | Action items/Specific products | Timeframe | Led by | Format |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------|-----------------------------|----------------------------------------|
| 1. Strengthening public administration for the future | Good practice principles for public sector governance | 2011 EC1 | Canada | Theme report |
| | Policy discussion on bureaucratic reform | 2013 EC2 | Indonesia | Policy discussion |
| 2. Improving the quality of public service | Policy discussion on improving the quality of public service | 2015 EC1 | Chinese Taipei | Policy discussion |
| 3. Leveraging ICTs to strengthen public sector governance | Best practice for ICT strategy and public sector governance | 2013 EC1 | Chinese Taipei | Policy discussion |
| 4. Enhancing fiscal transparency and public accountability | Improving public sector transparency: Good practices and reform experiences | 2011 EC2 | Chinese Taipei, New Zealand | Roundtable discussion/ Policy dialogue |
| | Policy discussion on international public sector accounting standards (IPSAS) | 2013 EC2 | New Zealand | Policy discussion |
| | 2013 APEC Economic Policy Report on improving fiscal transparency and public accountability | 2013 | Chinese Taipei | Theme report |
| 5. Strengthening trust, integrity, and ethics | Roundtable discussion on anti-corruption and public sector governance | 2014 | Chinese Taipei | Roundtable discussion |

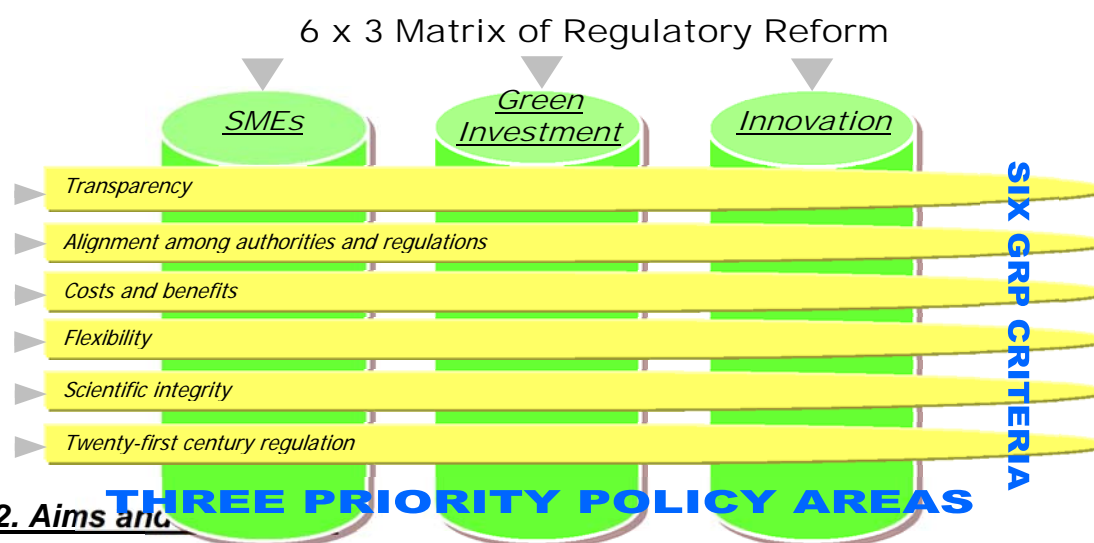
Regulatory Reform FotC work plan

Case Studies on Improving the Business Environment for Small and Medium Enterprises (SMEs) (Outline)

- Proposed by Japan, Coordinator for the Regulatory Reform FotC -

1. Background

- The Regulatory Reform FotC has supported regulatory reform activities in APEC economies through a horizontal approach, such as the Good Practice Guide on Regulatory Reform and the benchmarking survey and APEC-OECD Integrated Checklist on Regulatory Reform.
- In addition to this horizontal approach, the group has been using case studies focusing on priority policy areas and sharing best practices by promoting regulations that could be a driving force in these areas. Such areas should contribute to the priorities as agreed upon in the APEC Leaders' Growth Strategy, the APEC New Strategy on Structural Reform (ANSSR), and the Good Regulatory Practices (GRP).
- The priority policy areas are as follows:
 - i. Improving the business environment for SMEs
 - ii. Promoting green investments
 - iii. Promoting innovation
- At the SOM1 in 2011, there was broad agreement among APEC economies that GRP encourage economic growth, job creation, innovation, and trade, while also protecting public welfare.
- The three priority policy areas are different in nature and the types of regulations to promote them might not be similar. In this regard, as the first step, the Regulatory Reform FotC group implemented the case studies on regulatory reform in green investments during 2012 and 2013. Subsequently, case studies on promoting innovation were undertaken in 2014.
- The intention in 2015 to conduct case studies will be on the third area concerning the improvement of the business environment for SMEs.



2. Aims and

- SMEs play a significant role in the Asia-Pacific region to achieve a sustainable growth path and thus improving business environment for SMEs is critical for all APEC economies. The Philippines, host economy of APEC 2015, have identified the topic "Fostering SMEs' Participation in the Regional and Global

- Economy” as one of its priority areas for the 2015 meetings.
- Recognizing the importance of businesses in reaping the benefits of open and free trade environment, APEC gives a special focus to the mainstreaming and internationalization of SMEs, including their participation in GVCs in this year.
 - This study aims to conduct case studies describing and analyzing the role of regulatory reforms and practices in improving the business environment for SMEs. The case studies seek to draw lessons and suggest policy recommendations based on previous experiences of implementing regulatory reforms to improve the business environment for SMEs. Regulatory reforms, if properly implemented, can improve economic and social resilience and create new market opportunities for SMEs.
 - Such regulatory reforms and practices include several types/areas:
 - (i) improving general business environment for SMEs (e.g. corporate law, competition law, business accounting, labor law, business succession),
 - (ii) improving access to finance by SMEs by incorporating/changing regulations, establishing/improving credit information systems or establishing regulatory guidelines,
 - (iii) easing regulatory burdens for SMEs (e.g. intellectual property rights, simplification of trade procedures),
 - (iv) assessing the cost of legislation to SMEs before regulatory proposals are adopted, and when possible, introducing exemptions or lighter regulatory regimes for SMEs in new regulations to prevent SMEs facing an increase of unnecessary regulatory burden (e.g. new or tighter environmental or consumer protections).
 - The objective of this study is therefore to show through case studies, how well-designed regulations can contribute to improving business environment for SMEs; boosting productivity, competitiveness, and participation of SMEs in the economy; and facilitating their participation in global value chains (GVCs).

3. Process

- PSU will assist in the selection of a proper consultant and supervise the role of the selected consultant.
- The consultant researches and analyzes the selected case studies based on the above mentioned Good Regulatory Practices criteria.
- Regulatory Reform FotC group will share the lessons learnt from the case studies with APEC EC members.

4. Timeline

| Tasks | Date |
|------------------------------------------|-------------------------|
| Presentation of the project outline | EC1 (4 February, 2015) |
| Submission of Inception Report | 30 March, 2015 |
| Submission of Progress Report for review | 1 July, 2015 |
| Presentation of the Progress Report | EC2 (late August, 2015) |
| Finalization of Final Report | end of October, 2015 |

Annex B

APEC Ease of Doing Business Agenda – Post 2015

I. **Background**

APEC's Ease of Doing Business (EoDB) Action Plan was launched in 2009 to improve the business environment in the Asia-Pacific, setting an aspirational target of making it 25% cheaper, faster and easier to do business in 5 priority areas (starting a business, dealing with construction permits, trading across borders, getting credit, and enforcing contracts) by 2015, with an interim target of 5% by 2011.

The EoDB Action Plan, started with general experience sharing workshops in each of the priority areas (phase 1); and then focused on the implementation, by Champion Economies, of capacity building activities tailored to the needs to volunteer economies in the form of diagnostic studies, tailored workshops and guided visits that provided customized, practical recommendations for reforms (phase 2). It also included the implementation of 2 stocktake workshops to assess the progress and share experiences and best practices.

Considering that 2015 is the last year of the current EoDB Action Plan, at ECI-2014, a policy discussion on APEC EODB included initial thoughts about possible next steps post 2015. While there was widespread support to continue doing EoDB-related work post 2015, it was clear that further discussions were needed to determine what could be the future direction of the APEC EoDB agenda. As a result, a post-2015 questionnaire was developed to collect member economy inputs on the matter.

Later, under the APEC EoDB multi-year project (EoDB MYP)², the U.S. implemented the Second EoDB Stocktake Workshop on the margins of the Third APEC Senior Officials Meeting (SOM 3) in Beijing, China. This workshop covered 3 major topics: i) Interim assessment of APEC progress towards achieving the EoDB objective and tools from other multilateral fora contributing to EoDB reforms; ii) 5 panels on APEC EoDB priority areas (starting a business, dealing with construction permits, trading across borders, getting credit, and enforcing contracts); iii) Discussion on APEC's EoDB work post-2015.

At EC2-2014, EC members discussed the outcomes of the second stocktake workshop and agreed that the U.S. would present a draft document at ECI-2015 that would include a summary of the Post-2015 questionnaire and workshop discussion results, from which a roadmap for APEC's EoDB Agenda Post-2015 could be developed.

II. **Significant progress achieved but there is still need for further EoDB reforms**

From the interim assessments that have been conducted by the APEC Policy Support Unit (PSU) on APEC's progress in achieving its EoDB objectives, it can be concluded that APEC economies have made continuous progress in all of the 5 areas in the period from 2009 to 2014. However, the collective improvement registered to date (12.7 percent) is lower than the pro-rata 2014 benchmark (i.e., 20 percent) of the 2015 goal. Moreover, the analysis finds that progress remains uneven among the priority areas as well as across APEC member economies. Therefore, APEC should intensify its efforts to improve business environment in the region.

² Approved in 2011.

Additionally, during the experience sharing sessions on the 5 EoDB priority areas, participants and experts accounted for numerous reforms undertaken by APEC economies in the past few years. However, it was noted that the easy reforms such as streamlining procedures have in large part been accomplished, but the more difficult issues involving institutional changes that will sustain the reforms in the long run still need to be addressed.

The active workshop discussions reflect that EoDB reforms remain a high policy priority in APEC economies; that capacity building and technical assistance can help economies overcome constraints and challenges in implementing such reforms; and that while progress has been achieved in all the areas, there is room for improvement, so it is important to sustain the momentum for reforms.

III. Possible elements for the APEC's EoDB work post-2015

Following the EoDB Dialogue at ECI-2014, member economies agreed to develop and circulate the **EoDB Post-2015 Questionnaire** to collect member economy inputs on the future direction of the APEC EoDB agenda. This questionnaire comprised 11 questions covering possible elements for an APEC EoDB Agenda post-2015 including: priority areas, time frame, targets, and capacity building activities in APEC. The questionnaire was circulated inter-sessionally among all APEC economies and 16 responses were received.

During the 2014 Stocktake Workshop, the APEC PSU and the US-APEC Technical Assistance to Advance Regional Integration (US-ATAARI) project presented a summary of the results of the questionnaire, as a basis for discussions among the workshop participants, exchanging views on APEC work on EoDB beyond 2015 and how it could evolve to better serve the needs of member economies in their effort to improve the business environment in the region. Key findings from the Post 2015 Questionnaire and the 2014 Stocktake Workshop include:

- There is broad support to continue with the APEC EoDB initiative post 2015.
- In terms of the **scope (priority areas)**: The majority of APEC economies (12 out of 16 responses) supported the idea of continuing work on the 5 current priority areas; recognizing their relevance for economic activity and also the need to continue APEC's work, but focusing on implementation of reforms, including the recommendations resulting from the Phase 2 diagnostic activities developed under the current EoDB Action Plan. In addition, there were a few economies who indicated an interest in exploring additional Doing Business areas, such as "Protecting Investors"³ (7 out of 16 economies).
- As for the **timeframe**, the majority of economies (12 out of 16 economies) showed support for a 3 year period (2015-2018).
- 9 out of 16 responses to the questionnaire (56%) supported the idea of setting a **target for the EoDB post-2015 agenda**. The majority preferred an **overall target** for the whole period. Moreover, workshop participants noted that setting targets helps create positive incentives for economies to implement reforms. However, target levels should be realistic, and one option mentioned during the workshop was to take into account the annual rate of improvement registered in the past, though at 7.5% (2.5% per year), this could be quite low. Another approach would be to set a goal of 10% improvement by 2018, which would mean a goal of 3.3% incremental improvement per year (2016-2018).
- Regarding the role of **APEC capacity building activities**, both the questionnaire results and workshop discussions demonstrated a high level of support for continuing capacity

³ Now called "Protecting Minority Investors".

building activities including seminars and workshops, diagnostic studies, as well as advisory services and visits to champion economies.

Moreover during the workshop, economies highlighted the need of further technical assistance, **focusing on the implementation** of EoDB reforms. It was noted that while diagnostic studies and general workshops developed under the initial EoDB Action Plan have been useful to identify the main obstacles for doing business and to provide policy recommendations; now economies need to increase their capacity to effectively implement the reforms. As a result, economies noted the benefits of continuing capacity buildings in 2 formats:

1. **APEC wide activities**, which include workshops, seminars or policy dialogues where economies share best practices and exchange lessons learnt from their experiences designing and implementing EoDB reforms. Some examples of possible topics:
 - Existing international instruments that contribute to EoDB reforms (eg. UNCITRAL, Hague Conventions, etc.)
 - Best practices in specific tools to implement EoDB reforms, such as one-stop shops, registries, etc.
 - Implementing reforms at the local level. Train-the-trainers.
2. **Activities tailored to volunteer economy-specific needs and guided by champion economies**, which may include:
 - Continue with tailored diagnostic studies for volunteer economies
 - Technical assistance to implement the recommendations from diagnostic studies
 - Technical assistance for economies who identify their own specific priorities and present an action plan for implementation.

IV. Recommendations

The following actions are recommended as steps to develop a roadmap for an APEC EoDB Post-2015 Agenda:

- Economies to review and discuss key findings presented in this document, at EC1-2015.
- Economies to endorse key findings at EC1-2015 or inter-sessionally as basis for developing a roadmap for APEC's Post-2015 Agenda.
- The post-2015 EoDB roadmap, to be developed inter-sessionally, would liaise with EC members and champion economies to identify capacity building/technical assistance activities to be implemented under the Post-2015 EoDB Agenda.
- Discuss proposed roadmap at EC2-2015 with aim of endorsing it at EC2-2015.
- Economies to assess progress in achieving the 2015 EoDB target, based on report by APEC PSU at EC1-2016.⁴

⁴ The World Bank's Doing Business reports are published in late October/early November each year. Accordingly, the assessment of the 2009-2015 period would occur in late 2015/early 2016.

Work Plan -FoTC on Competition Policy FOTC

Name of the FotC- Competition Policy

Coordinating Economy- Papua New Guinea

Principles

For effective implementation of competition policy there is a need for economies to have a process in place, supported by appropriate remedies, for the monitoring or approval/ control of mergers and acquisitions.

The purpose of this proposal is to allow members (including those that do not currently have a regime in place) to consult, share experiences and to develop or strengthen mechanisms for effectively addressing mergers and acquisitions.

Membership

Members who have participated in the past include Brunei, Thailand, Philippines, Chinese Taipei, New Zealand and the United States of America. Enforcement agencies and policy makers of other member countries are invited to participate at the EC level.

Objectives:

Competition policy is a broad set of principles designed to bring about micro economic reform and enhanced economic efficiency. Broadly, competition policy is designed to achieve structural reform through the processes of competition. Competition law is the main legislative tool for implementing competition policy.

Mergers and acquisitions, particularly in small and or developing economies have the potential to adversely affect the balance of the economy where such mergers and acquisitions allow a firm to acquire market power that can be used to the detriment of competition or to the detriment of the interests of the community.

As part of APEC's New Strategy for Structural Reform, the FoTC on competition policy has initiated discussions on *Merger Control Regimes*. A Discussion Paper has been prepared for consideration and comments by members. This discussion paper outlines the objectives of merger and acquisition monitoring/ control and sets out some issues that economies need to consider.

Scope:

A questionnaire on *Merger Control Regulation* has been developed by Papua New Guinea and sent to members. The purpose of the questionnaire is to develop an appreciation of the background, experience and requirements of member regimes and to understand the assessment process. Responses are due by the end of January. Members are invited to complete the questionnaire and include any other comments they might have.

List of Work Plans for 2015:

1. Circulation of questionnaire on merger control – EC 1- completed- one response received- other members to be reminded.
2. Collation and report on responses to questionnaire
3. Policy dialogue on merger control in the margins of EC2/ EC3
4. Information sharing workshop in SOM3
5. Consider developing APEC Guidelines (thresholds etc.) on merger control
6. Capacity building on merger control regime implementation, transition and review
7. Discussion for interagency cooperation for mergers across borders.