SUMMARY REPORT OF THE 1ST MEETING OF
THE AD HOC STEERING GROUP ON THE INTERNET ECONOMY (AHSGIE1)
9.00 am – 5.00 pm, Wednesday, 2 September 2015
Nina Ballroom 1, Radisson Blu Cebu Hotel, Cebu, the Philippines

The first meeting of the Ad Hoc Steering Group on the Internet Economy (AHSGIE) was convened in Cebu, Philippines on 2 September 2015. The meeting was chaired by Ms Nur Sulyna Abdullah, Malaysia, and representatives from 16 Member Economies, ABAC, PECC, as well as the Lead Shepherds/Chairs from ECSG, IPEG, PPSTI, PPWE, SMEWG and TEL attended the meeting.

1.   Welcome Remarks by Chair, AHSGIE

The AHSGIE Chair welcomed the members to the first meeting of the AHSGIE, noting that the basic elements which make up the Internet Economy, including consumer issues, stakeholder engagement and advocacy, policy and regulation, trust and security, data protection, infrastructure, technology, standards, financing, would need to be first evaluated and prioritised within APEC.

Noting that the Internet Economy can unlock the potential of MSMEs, transforming their businesses and livelihoods, it is therefore critical to continue to facilitate the free flow and create a positive and trusted cyber environment, where the flow of data and confidentiality of transactions is protected.

Lastly, the Chair underlined the importance of an inclusive approach, engaging as many stakeholders as possible and be as flexible, dynamic and practical in our efforts.

2.   Adoption of Agenda

The Meeting adopted the draft agenda (2015/SOM3/AHSGIE/001).

3.   Terms of Reference (TOR) for AHSGIE

The Meeting noted the TOR for the AHSGIE (2015/SOM3/AHSGIE/002) and the Illustrative Scope of Cooperation (2015/SOM3/AHSGIE/003).

4.   Briefing by SOM Vice Chair on APEC 2015 Priorities

The meeting welcomed and thanked the SOM Vice Chair for his briefing on APEC 2015 Priorities.

5.   Briefing by PECC on the Symposium on the Internet Economy

The meeting noted the summary report by Peter Lovelock, PECC, on the Symposium on the Internet Economy held on 18 May 2015. The meeting noted that:

- There is widespread agreement across the business community, academia and civil society for the Ad Hoc Steering Group on the Internet Economy;

- The Internet/Digital Economy has contributed to growth in employment, GDP, trade and inclusion and is not being accurately captured or recognized;

- The potential for growth, equality and inclusion by the Internet/Digital Economy is profound, and Asia Pacific stand to lead the way;

- A holistic approach to empowering the Internet Economy is required. The Internet/Digital Economy needs to be seen as a horizontal enabler and should align with initiatives undertaken in finance, e-Commerce, logistics, education, services, etc; and

- Areas of prioritization amongst the myriad developments include, amongst others: (i) infrastructure interconnectivity and interoperability; (ii) cross-border data flows; (iii) cloud computing and issues of localization; and (iv) payments and transactions.

6. China's Proposal on the Internet Economy

China presented its concept paper "Enabling Inclusive Growth through the Internet Economy" (2015/SOM3/AHSGIE/004), underlining that the AHSGIE could have a broader discussion and a coordinating role in this proposal, whilst inviting the experts from the fora/sub-fora to provide technical inputs to the proposal.

The meeting agreed that it was important to consult the relevant fora/sub-fora before the AHSGIE proposed new work items to these groups.

The AHSGIE **noted** the concept paper submitted by China and agreed that:-

- The meeting would take note of the concept paper as China expressed that the paper had been submitted as "food for thought" and to contribute to the discussion on this year's theme and priorities; and

- The concept paper will be circulated to all relevant fora and sub-fora for information.

7. Discussion on the way forward

7.1 Consideration of the Illustrative Scope of Work in the TOR

The AHSGIE exchanged views and ideas on the Illustrative Scope of Work in the TOR. The following views were expressed:-

- Commencing the process with a mapping exercise was a good and necessary first step to identify the scope of work, the gaps and guide the fora/sub-fora in their work;

- Beyond a stock-taking exercise and coordinating the work of the fora/sub-fora, the AHSGIE could undertake broader and strategic work in areas that are not being pursued by other groups;

- The discussions need to reflect APEC prospects, be pragmatic and contribute to growth; and

- The work needs to be inclusive and benefit all sectors of the economies, especially women and MSMEs.

The AHSGIE agreed on the following **five (5) principles to guide the work of the group** in the next two years:-

- **Avoid duplication** of the existing work of the various work streams within APEC;

- **Stock-take** of the existing work of the various work streams within APEC;

- **Identify gaps** in the existing work;

- **Value-add** to the existing work; and

- **Tackle 'tough' issues**, including regulatory issues that cannot be done in the existing work streams.

In the discussion on the way forward based on the initial **mapping of key elements on Internet Economy** prepared by the Chair, the AHSGIE agreed on the following:-

- To undertake a stock-taking exercise of all the relevant work that is being or has been planned by all fora and sub-fora; this will need to take into account current and future work, including the Boracay Action Agenda to Globalize MSMEs, annual work plans and strategic action plans;

- Engage the relevant APEC fora and sub-fora in identifying their priority areas as outlined in the Illustrative Scope of Cooperation (2015/SOM3/AHSGIE/003); and

- Identify gaps which the AHSGIE will then consider and recommend how best to be approached.

7.2 Work Prioritization
7.3 Consideration on the Development of AHSGIE Work Plan

The AHGSIE exchanged views on the Chair's proposed focus areas of work below and agreed to undertake domestic consultation for further discussion inter-sessionally.

Proposed Focus Areas

(I)   Equivalence
- Standards
- Laws
- Policies

(II)   Platforms
- e-Identity
- e-Payments
- Paperless/Trading
- Cloud

7.4 Presentation by the Policy Partnership on Science, Technology and Innovation (PPSTI) on its contribution to AHSGIE

The AHSGIE noted the briefing on the existing work of PPSTI (2015/SOM3/AHSGIE/007), and those from ECSG, IPEG, PPWE, SMEWG, and TEL.

8.   Discussion of Future Meetings

On the frequency of meeting and proposed reporting mechanism, the AHSGIE agreed that:-

- The AHSGIE will meet **twice** a year at the margins of SOM, as recommended by the SOM Chair to the AHSGIE Chair and Vice Chair in a discussion between all three parties;

- Additionally, the AHSGIE agreed that the work of this group should be as inclusive as possible, as such, the group should consult and engage with as many stakeholders as possible; towards this, the AHSGIE will seek the assistance of other fora, sub-fora, ABAC and PECC to invite stakeholders to open sessions with one to be held in Peru (to be held back-to-back with one of the AHSGIE meetings) and another in Asia (inter-sessionally);

- The AHSGIE will engage with regulators from areas such as telecommunications, finance and data privacy, as suggested by the SOM Chair;

- Where possible, have meetings scheduled back-to-back with the TEL and ECSG meetings; and

- The AHSGIE will report to SOM at CSOM annually.

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