



**Asia-Pacific
Economic Cooperation**

2016/SOM3/013
Agenda Item: 3.1

Updates by the Ad Hoc Steering Group on the Internet Economy to APEC Senior Officials

Purpose: Information
Submitted by: AHSGIE Chair



**Third Senior Officials' Meeting
Lima, Peru
27-28 August 2016**



**Asia-Pacific
Economic Cooperation**

Updates by the Ad Hoc Steering Group on the Internet Economy (AHSGIE) to APEC Senior Officials

**APEC 2016 Third Senior Official Meeting (SOM3)
28 August 2016
Lima, Peru**

**Nur Sulyna Abdullah
Chair, AHSGIE**

Via Skype

AHSGIE Activities: February – August 2016



24 Feb 2016	ASIA PACIFIC FINANCIAL FORUM ROUNDTABLE ON FINANCIAL INNOVATION
25 Feb 2016	APEC EXECUTIVE FORUM ON CONNECTING THE ASIA-PACIFIC: INNOVATION, DISRUPTION AND GROWTH
26 Feb 2016	AHSGIE STAKEHOLDER ENGAGEMENT SESSION ON THE MARGINS OF ABAC1
29 Feb 2016	2 nd MEETING OF AHSGIE
26 April 2016	APEC SME O2O FORUM
27 April 2016	42 nd MEETING OF SMEWG
11 June 2016	PECC WORKSHOP ON SERVICES AND TECHNOLOGY
17 June 2016	53 rd MEETING OF TELWG
29 June 2016	AHSGIE STAKEHOLDER ENGAGEMENT SESSION ON THE MARGINS OF GSMA MOBILE WORLD CONGRESS SHANGHAI
1 August 2016	AHSGIE STAKEHOLDER ENGAGEMENT SESSION ON THE MARGINS OF ABAC3

AHSGIE's Engagement Sessions (1/6)

Session	Discussions and Outcomes
<p>24 Feb. 2016</p> <p>APFF Roundtable on Financial Innovation</p> <p><i>Session 2: Building a Robust Enabling Ecosystem for Inclusive Financial Innovation</i></p> <p>PayPal HQ, San Jose, CA, US</p> <p>Chair Role : Panel Speaker</p>	<ul style="list-style-type: none"> ▪ The need to stimulate growth and innovation by both the regulator and the private sector. ▪ The merging of financial innovation and technology require further discussions between the finance sector and the telecommunications sector. ▪ Sharing of views on the issues of privacy, security, cross-border data flow, and innovative solutions from the regulators. ▪ Importance of creating a regional discussion platform for private and public stakeholders on fintech issue. ▪ ABAC to formulate recommendations to APEC on structures and processes to help member economies harness financial innovation to build bigger, robust and inclusive financial markets.
<p>25 Feb. 2016</p> <p>APEC Executive Forum: Connecting the Asia Pacific</p> <p><i>Session 5: How to Accelerate the Region's Readiness</i></p> <p>InterContinental San Francisco, CA, US</p> <p>Chair Role : Panel Speaker</p>	<ul style="list-style-type: none"> ▪ Discussion on how technology can unlock the growth of the region, address social and economic challenges, and disruptive technology on changing business models. ▪ The need to accelerate mutual readiness, expanding trade and innovation to facilitate the Internet Economy.

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AHSGIE's Engagement Sessions (2/6)

Session	Discussions and Outcomes
<p>26 February 2016</p> <p>Stakeholder Engagement Session: The Internet/ Digital Economy</p> <p>Telegraph Hill Room, 4F, Hotel Intercontinental, San Francisco, CA, US</p> <p>Chair Role: Co-chairs with ABAC Hong Kong and PECC</p>	<ul style="list-style-type: none"> ▪ How the services industry can benefit from the Internet Economy, and the importance of capacity building, infrastructure and human capital development. ▪ Harmonization of laws and practices may provide a big challenge to the economies; rather, the AHSGIE proposed for the equivalence approach, which may be less painful. ▪ Other issues highlighted by the participants include transparency, trust and security, the need to improve ICT infrastructure and removing legal impediments. ▪ To consider private sector's approach on some of the issues such as cross-border data ▪ A discussion paper will be issued to highlight the areas, issues and considerations for the framework ▪ To discuss with ABAC Singapore on the APEC services sector roadmap currently being developed

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AHSGIE's Engagement Sessions (3/6)

Session	Discussions and Outcomes
<p>29 February 2016</p> <p>Second Ad Hoc Steering Group on Internet Economy (AHSGIE) Meeting</p> <p>Cusco Room, Westin Lima, Peru</p> <p>Chair Role: SG Chair</p>	<ul style="list-style-type: none"> Common issues identified in SF sessions include platforms or domains: cross-border data flows, cloud computing, commerce, transactions/payments, and (cyber) security; and equivalence: standards, policies, laws and regulations, including frameworks, guidelines, codes and conduct. New issues highlighted include spectrum issues for innovative services, consumer protection matters, capacity building and awareness of existing initiatives, including the APEC Cross Border Privacy Rules System (CBPR).
<p>26 April 2016</p> <p>APEC SME O2O FORUM</p> <p>Panel Discussion: Mobile Commerce: The Emerging Market Connecting the Unconnected</p> <p>Sheraton Saigon Hotel and Towers, Ho Chi Minh City, Vietnam</p> <p>Chair's Role: Panel Speaker</p>	<ul style="list-style-type: none"> Hosted by Chinese Taipei and Vietnam Focused on application of Online-to-Offline (O2O) innovation in m-commerce, sharing economy, collaborative industry and next generation innovation. Also focused on global markets and trends, how MSMEs participate in digital economy, identifying issues on connecting the MSMEs and collaborating with start-ups from APEC economies. AHSGIE highlighted the outcome of the PWC CEO Survey which holds the potential of broadband. Improving digital infrastructure and awareness among MSMEs on the potential of the digital economy are important.

AHSGIE's Engagement Sessions (4/6)

Session	Discussions and Outcomes
<p>27 April 2016</p> <p>42nd MEETING OF SMEWG</p> <p>Updates on the Activities of the AHSGIE and Chances for Collaboration</p> <p>Sheraton Saigon Hotel and Towers, Ho Chi Minh City, Vietnam</p> <p>Chair's Role: SG Chair</p>	<ul style="list-style-type: none"> AHSGIE briefed the meeting on the establishment of the Group and developments since its first meeting in September 2015 in Cebu, Philippines. AHSGIE's mandate was to identify cross-cutting collaboration, undertake engagement across economies and groups, explore ways to support work of the fora and sub-fora for the internet economy while remaining flexible, practical and not duplicate the existing work. Proposed focus areas include equivalence in policies, laws and regulations, and standards, and the identification of platforms including e-identity, payments and cloud. AHSGIE Chair acknowledged the SMEWG for the development of its Digital Economy Plan for MSMEs and welcomed the SMEWG's continued cooperation with the AHSGIE in its implementation.
<p>11 June 2016</p> <p>PECC WORKSHOP ON SERVICES AND TECHNOLOGY</p> <p>Session 4: Priorities for International Cooperation and 21st Century Trade Agreements</p> <p>InterContinental Hotel, Singapore</p> <p>Chair's Role: Facilitator</p>	<ul style="list-style-type: none"> Discussion was about how the new economy is affecting the traditional economy Focused on policy challenges on disruption of technology; impact of new services on digital technology; the servicification and global production value chains of new goods; and the importance of international cooperation and 21st century trade agreements.

AHSGIE's Engagement Sessions (5/6)

Session	Discussions and Outcomes
<p>17 June 2016</p> <p>53rd MEETING OF TELWG</p> <p><i>Special Session between TEL Chair, HOD & ExComm with AHSGIE Chair (via Skype)</i></p> <p>Tacna, Peru</p> <p>Chair's Role: SG Chair</p>	<ul style="list-style-type: none"> AHSGIE and TELWG discussed about the work on e-identity, the status of TEL Cybersecurity Framework and AHSGIE's proposal to hold a regulatory Roundtable on "Developing the Internet Economy: Emerging Regulation" during a TEL meeting in 2017. TELWG updated that e-identity is not an area that it currently looks at; the completion of the TEL Cybersecurity Framework is scheduled during TEL54 (November, 2016); and it will consider AHSGIE's proposal to hold a regulatory roundtable in future TEL meeting. The AHSGIE Chair also requested that TELWG looks into the following areas: changes that technology is bringing to traditional business models; policy and regulation that are needed to enable the growth of Internet Economy; and the impact of O2O on the growth of Internet Economy in APEC.
<p>29 June 2016</p> <p>GSMA MOBILE WORLD CONGRESS SHANGHAI</p> <p><i>The Internet Economy: Exploring Platforms and Equivalence</i></p> <p>Jumeirah Himalaya Hotel, Shanghai, China</p> <p>Chair's Role: SG Chair</p>	<ul style="list-style-type: none"> Chair provided a background on the establishment of the AHSGIE and developments since its first meeting in September 2015 in Cebu, Philippines. GSMA presented on future regulation of the digital ecosystem, developing mobile payments and supporting mobile identity. Facilitated discussion around 3 key questions that are central to the wider debates on 'equivalence' and 'platforms'. Companies including AT&T, Axiata, China Mobile, China Unicorn, Google, Nokia and Telstra participated and submitted written responses to the questions which were discussed during the session.

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AHSGIE's Engagement Sessions (6/6)

Session	Discussions and Outcomes
<p>1 August 2016</p> <p>ABAC3</p> <p><i>The Internet Economy: Generating New Momentum for Growth</i></p> <p>JW Marriott Hotel, Shenzhen, China</p> <p>Chair's Role: SG Chair</p>	<ul style="list-style-type: none"> Hosted by Ministry of Foreign Affairs, China, ABAC China, PECC and AHSGIE, on the margins of ABAC3. Engaged the online business community from China and other international companies on their experiences and views on the Internet Economy. The meeting discussed issues on connectivity, infrastructure, identity, pragmatic public-private partnerships on pro-innovation policy, non-discriminatory, light touch approach to regulations of new technologies, consumer protection, talent growth and educational reform, innovation and productivity growth, as well as discussions between financial and telecommunications regulators.

AHSGIE's Engagements



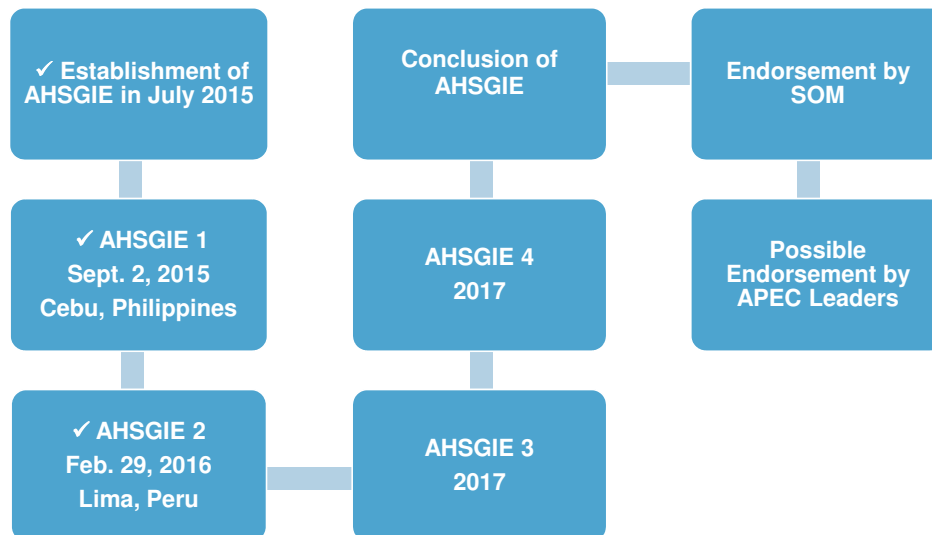
- Asia Pacific Financial Forum Roundtable on **Financial Innovation**
- APEC Executive Forum on **Connecting the Asia-Pacific: Innovation, Disruption and Growth**
- AHSGIE Stakeholder Engagement Session (on the margins of **ABAC1**)
- APEC **TEL** Working Group (52nd & 53rd Meetings)
- APEC **SME O2O** Forum
- APEC **SME** Working Group (42nd Meeting)
- PECC Workshop on **Services and Technology**
- GSMA **Mobile** World Congress Shanghai
- AHSGIE Stakeholder Engagement Session (on the margins of **ABAC3**)

- What policy and regulation need to be put in place?
- The need for regulation while not limiting growth
- Need for KYC, equivalence, security
- Impact of O2O on the growth of the Internet Economy
- How to help the telcos monetize investments in infrastrucutre
- Balancing the peculiarities of different cultures and traditions with the need for regional equivalence
- Light touch approach to regulations of new technology/ innovation
- Pragmatic PP partnerships on pro-innovation policy
- Tel and Fintech joint regulatory sandbox

AHSGIE: Timelines



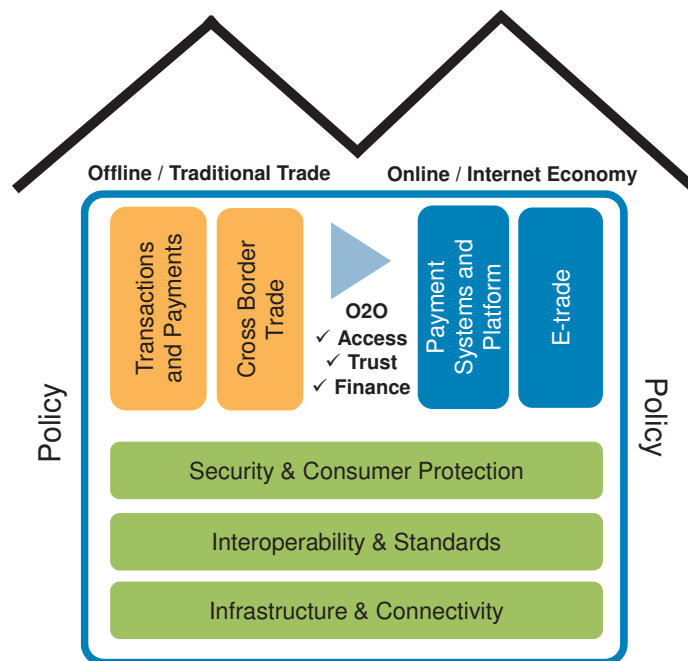
Via inclusive engagements, awareness to develop the framework within 2 years from 2015



Way Forward

Timeframe	Activity
2016, SOM3	Conference call with SOM to seek mandate to circulate initial consultation paper on draft Roadmap
2016, Q4	<ul style="list-style-type: none"> • Consultation on draft Roadmap • Further engagement
2017, SOM1	<ul style="list-style-type: none"> • AHSGIE 3 to collate input from consultation • Present to SOM
2017, SOM2	AHSGIE 4 to finalise Roadmap
2017, SOM3	<ul style="list-style-type: none"> • Possible AHSGIE 5 • Presentation of the APEC Internet Economy Roadmap to SOM for endorsement • Conclusion of AHSGIE

The APEC Internet Economy Foundations and Principles



The Foundations for the APEC Internet Economy



Foundations	Requirements	APEC Initiatives
Security & Consumer Protection	<ul style="list-style-type: none">• Privacy• Data Protection• Trust• KYC	<ul style="list-style-type: none">• APEC Cross-Border Privacy Rules• APEC Privacy Framework
Interoperability & Standards	<ul style="list-style-type: none">• Equivalence• Platforms• Protocols• e-Government	<ul style="list-style-type: none">• APEC Roadmap for electric vehicles• TEL MRA
Infrastructure & connectivity	<ul style="list-style-type: none">• Affordability• Availability• Ubiquity	<ul style="list-style-type: none">• Strategic Blueprint for Promoting Global Value Chains Development and Cooperation• APEC Connectivity• APEC Business Travel Card• Asian Region Funds Passport initiative (about finance)• APEC Global Supply Chain Resilience Initiative



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THANK YOU