



**Asia-Pacific
Economic Cooperation**

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Policy and Regulation Making in the Digital Age

Submitted by: Papua New Guinea



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Practices - Regulatory Reform the
Digital Age
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2018 GRP Conference

Session 1: Policy and Regulation Making in the Digital Age

Remarks by Rory McLeod, Consultant, Papua New Guinea

PNG Overall Theme for APEC 2018

*“Creating Inclusive Opportunities –
Embracing the Digital Future”*

Potential of Digital Technologies

- Availability of many new digital products and services;
- But also potential for significant productivity improvements in sectors such as telecommunications, transport, health and education;
- Technologies help economies do much more with existing resource base as well as provide new opportunities for economic engagement.

Potential Particularly Important for Developing Economies

- Provide potential for rapid technological “catch up” in right circumstances;
- Technologies such smartphones providing new opportunities for economic engagement, including for those from remote rural areas;
- But also a risk that technologies will lead to growing gap between developed and developing economies.

Papua New Guinea's Objectives for 2018

- Settle “scope” of future APEC work on digital economy;
- Agree on governance of this work;
- Provide a simple platform for the development of a future APEC work program.

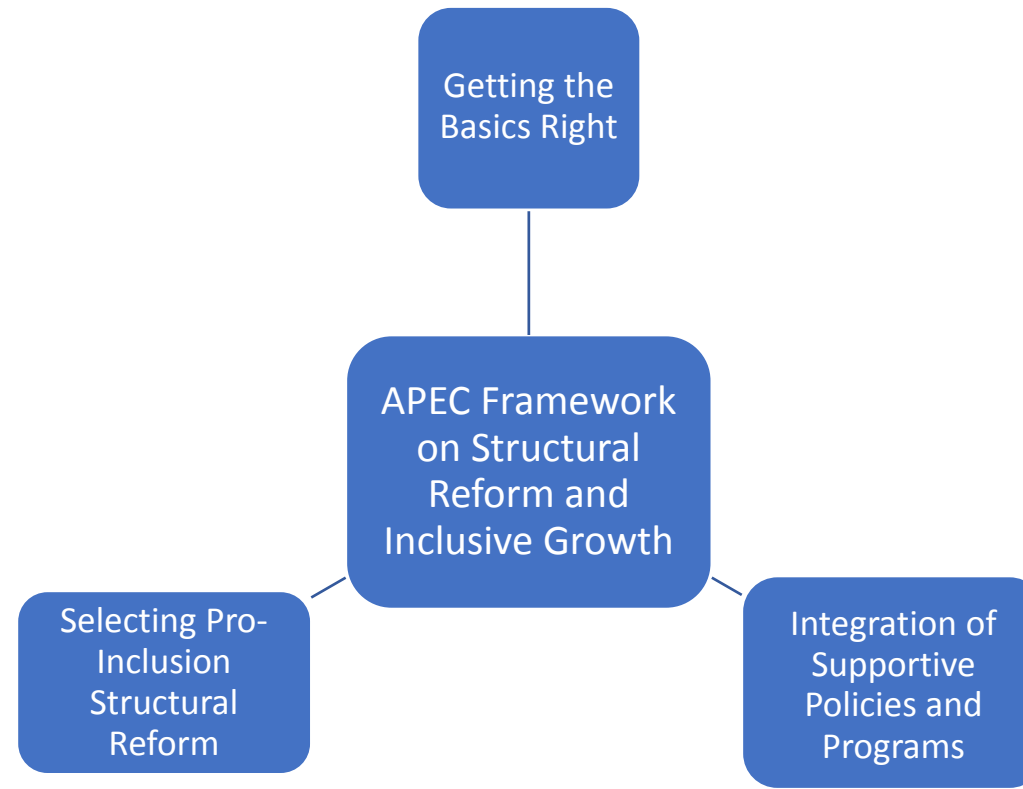
Importance of Structural Reform to the Digital Economy

- Competition policy and law - competition from new technologies, particularly in areas such as telecommunications;
- Good regulatory practice - standards provide for competition from new technologies as well as being compatible across borders;
- Corporate law and governance - firms have adequate incentives to innovate through use of digital technologies;
- Strengthening economic and legal infrastructure/public sector governance – institutions are in place to support digital commerce eg ODR, e-procurement
- EODB – digital platforms (eg company registration) to support ease of doing business

Likely Future Challenges

- Structural reform issues for the digital economy likely to grow in importance and become more complex;
- Our ability to provide for effective competition and regulatory structures likely to determine the extent our economies can benefit from new technologies.
- Meeting these challenges will be important if digital technologies are to deliver inclusive growth. Policy coherence and collaboration will be critical.

PROPOSED POLICY FRAMEWORK ON STRUCTURAL REFORM AND INCLUSIVE GROWTH



Competition Policy in Digital Markets

- Competition often based on innovation and new technologies rather than price and quality;
- Strong presence of network effects;
- As such, competition of “for” the market rather than “in” the market;
- Tough lessons for competition authorities on presence of concentration and sources of market power.

Pro-Inclusive Structural Reform - Telecommunications

- The cost and quality of telecommunications have economy-wide impacts. Telecommunications are crucial to the dissemination and diffusion of knowledge—including through the internet;
- But if there is not adequate competition in telecommunications markets, the costs to users may be prohibitively high, especially for poorer segments of society;
- Equally, effective participation by the poor in digital work will require effective government institutions to ensure that standards of service are sufficiently high and that disputes can be resolved.

OECD Advice to G20 on ICT/Telecoms Competition Issues

- Convergence of fixed- line communications, wireless communications and broadcasting over the Internet has created a need to review public policy objectives and regulatory frameworks to ensure that all market participants have incentives to innovate, compete and invest in the ICT sector;
- Competition policy may also need to undergo some adjustments, such as a shift towards recognising data and its analysis as a competitive asset in some markets, exploring different approaches to market definition and market power;
- Developments may require much greater cooperation between national competition agencies.

Integration of Supportive Policies and Programs

Workable competition in the digital sector may require:

- Building of infrastructure;
- Training and skills development programs;
- Government support for innovative MSMEs.
- Range of provisions to permit working from home, remote working, child care etc.

2019 AEPR on Structural Reform and Digital Technologies would allow the EC to

- establish frameworks to discuss key issues;
- set priorities for future work;
- position itself well within APEC on future discussion on digital economy issues.