# Role of Good Regulatory Practice in Supporting Sustainable and Inclusive Growth

Submitted by: Malaysia

**Conference on Good Regulatory Practices - Regulatory Reform the Digital Age**
**Port Moresby, Papua New Guinea**
**12-13 August 2013**

# 2018 APEC Conference on GRP Regulatory Reform in the Digital Age

## Role of GRP in Supporting Sustainable and Inclusive Growth

### 12 August 2018

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1. Overview of Malaysia's Digital Transformation and the

    potential of e-commerce


2. Role of GRP in Supporting Sustainable and

    Inclusive Growth - Malaysia's Experience

    i.      Tourism Smart Lab – Regulation Ecosystem; and

    ii.     APEC  Peer Review on Public Consultation

            Initiatives.


3. APEC Internet and Digital Economy Roadmap
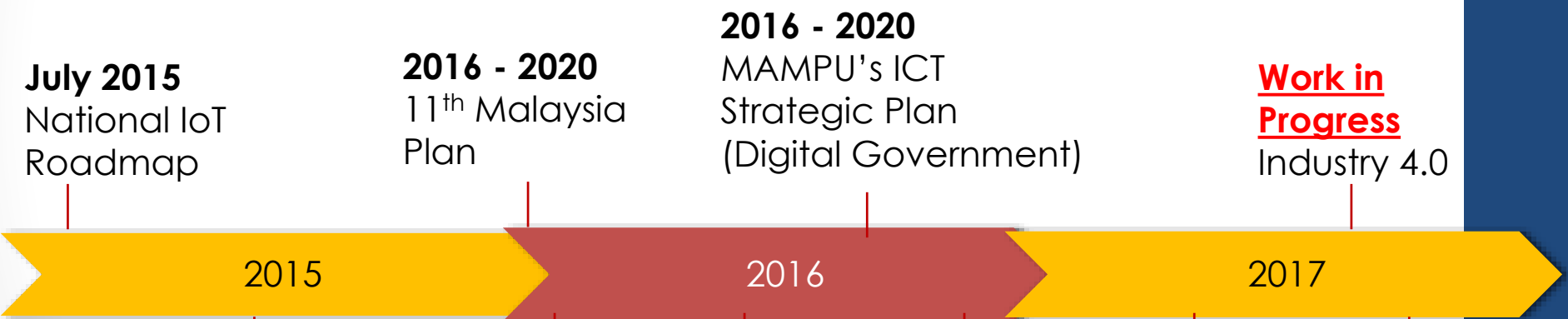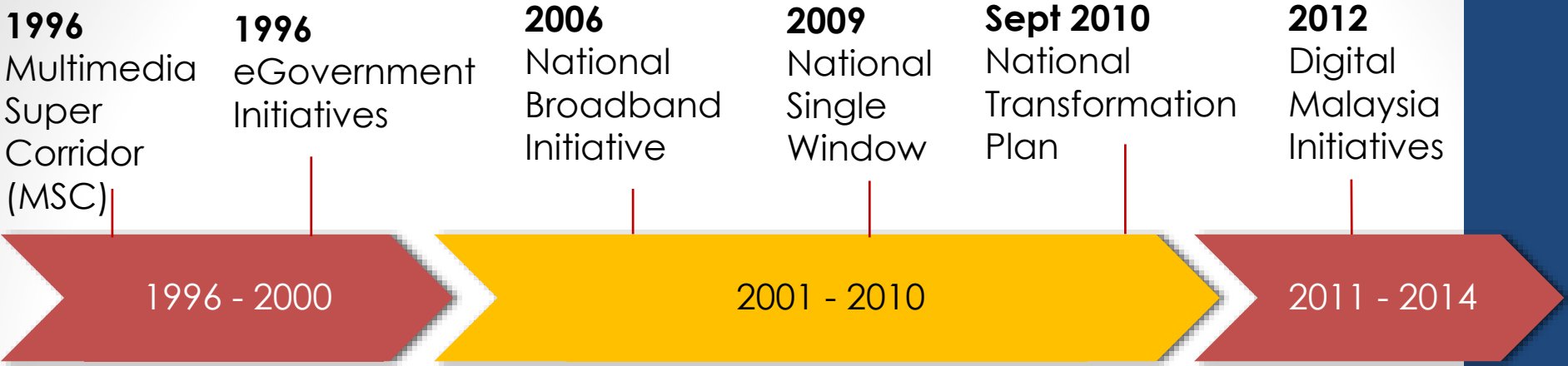
# TUN DR. MAHATHIR MOHAMED



**Malaysia's Father of Modernisation**

- **Introduced the MSC in 1996, the initiative to promote global information and communication technology (ICT) industry.**

- **Transform nation to a knowledge based society driven by the New Economy.**

- **Youngest Prime Minister in the world.**

# MALAYSIA'S DIGITAL TRANSFORMATION

**1996**
Multimedia Super Corridor (MSC)

**1996**
eGovernment Initiatives

**2006**
National Broadband Initiative

**2009**
National Single Window

**Sept 2010**
National Transformation Plan

**2012**
Digital Malaysia Initiatives

**1996 - 2000**

**2001 - 2010**

**2011 - 2014**

**July 2015**
National IoT Roadmap

**2016 - 2020**
11th Malaysia Plan

**2016 - 2020**
MAMPU's ICT Strategic Plan (Digital Government)

**Work in Progress**
Industry 4.0

**2015**

**2016**

**2017**

**Dec 2015**
Establishment of the National eCommerce Council (NeCC)

**11th Apr**
Rebranding of the Malaysia Digital Economy Corporation (MDEC)

**13th Oct**
Launch of the National eCommerce Strategic Roadmap

**21st Oct**
Year of Internet Economy

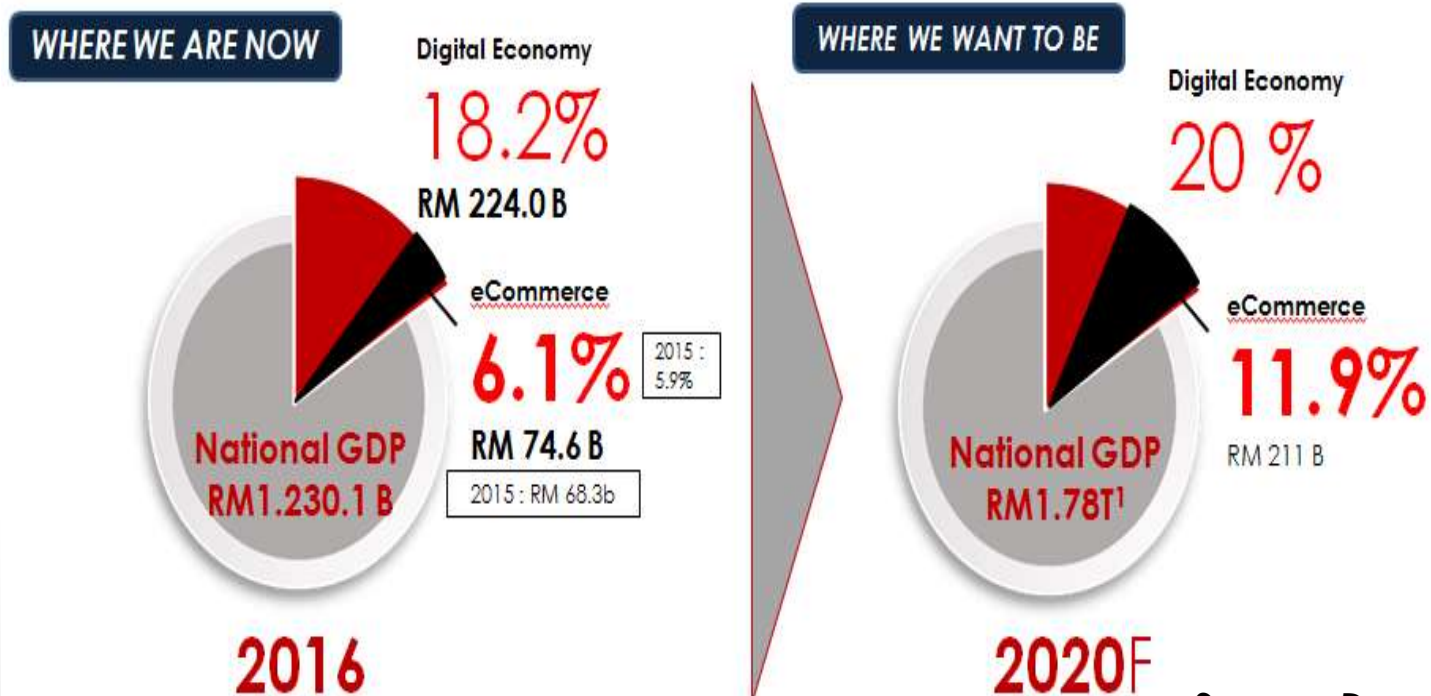**22nd March**
Launch of the Digital Free Trade Zone (DFTZ) initiative

**3rd Nov 2017**
DFTZ Pilot Project

# MALAYSIA:

- **Digital Economy** accounted for **18.2%** of Malaysia's GDP in 2016

  eCommerce **GDP** contribution increases to 6.1 % in 2016 compared to 5.9% (2015).



**WHERE WE ARE NOW**

Digital Economy
**18.2%**
RM 224.0 B

eCommerce
**6.1%**   2015 : 5.9%

National GDP RM1.230.1 B

RM 74.6 B
2015 : RM 68.3b

**2016**

**WHERE WE WANT TO BE**

Digital Economy
**20 %**

eCommerce
**11.9%**
RM 211 B

National GDP RM1.78T[1]

**2020F**

*Source: Department of Statistics, 19th Oct 2017*

# SOUTHEAST ASIA (SEA) e-ECONOMY REPORT
## (by Google - Temasek)

**SEA** ahead on its way to be **a USD200 bil** internet economy by **2025.**

SEA's
7 internet unicorns
(over SGD1 bil valuation)

**330 mil**
monthly <u>internet users in SEA</u> in 2017
**(additional 70 mil users since 2015)**

eCommerce transactions hit
almost **SGD11 bil**
in 2017 (+ 41% since 2015)

**>90%**
of SEA's internet users are on Smartphones
Spent average 3.6 hours daily on mobile internet
**(the MOST in the WORLD)**

SEA internet users spend
**140 minutes/ month**
on eCommerce platforms that help SME retailers reach new consumers online

Grab  traveloka
tokopedia  GO JEK
sea  LAZADA
RAZER

# SHOULD WE REGULATE THE DIGITAL ECONOMY?

# IF YES, FOR WHAT REASONS?

**Global Trends - Disruptive Innovation**

1. **Airbnb - should be subject to same regulations as hotel?**

2. **GRAB, UBER , should be regulated same as taxis?**

i. Tourism Smart Lab - Regulation Ecosystem; and

ii. APEC Peer Review on Public Consultation Initiatives.

# Tourism Smart Lab – Regulation Ecosystem (Malaysia's tourism sector)

In 2017, Malaysia has welcomed **25.9 million** arrivals. The tourism industry is expecting at least 33 million tourists in 2018.

## Identified challenges

We believe that there **should be a level and legal playing field** within the **lodging sector** and that **regulations** and **taxes** with respect to short-term rentals should be **enforced**.

## We are recommending…

It is imperative to **coordinate engagements** with the **various regulators in the industry** to facilitate promotional initiatives and drive transformation in the tourism sector.

# Lodging ……issues

**1** Rental accommodation set up for business are **not registered**

**2** No **enforcement** on stratified residential housing units under mother lord land residential status

**3** **Fire and Safety issues** at the home sharing premises

**4** Does this home sharing platform contribute to **tax?**

# Key Success Factor Tourism Lab

1. **Co-chaired** by government and Industry Leader;

2. Identifying **key stakeholders** and gaining trust for cooperation, 1-to-1 meetings;

3**. Inclusive approach** to Public Consultation prior in designing regulations-everyone was allowed to present their case in a constructive manner;

4. **Comparative Studies** on how other advance economies tackled similar issue; and

5. A **joint-list** of recommendations.

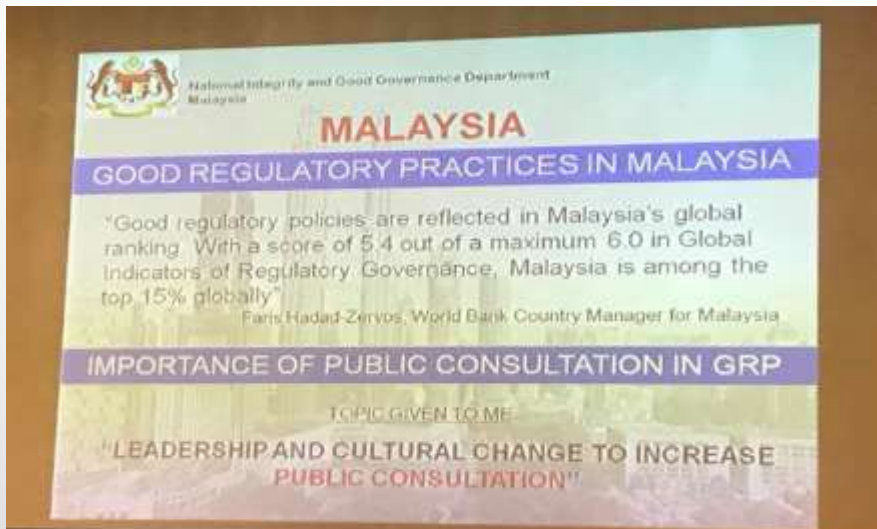Malaysia led the initiative of a Peer Review on Public Consultation Initiatives. The project was aimed at:

- To increase participants knowledge on **implementing more effective** and **efficient public consultation** initiative for formulating regulatory policy;
- To **share experiences** among the participants on the implementation of good public consultation practices; and
- To discuss and explore the way forward on **governance, strategies and techniques** in implementing **effective and efficient public consultation** for APEC economies.

# APEC Peer Review on Public Consultation Initiatives



**Target Participants:**

- **Public sector (e.g. officials from ministries and regulatory agencies/coordinators);**
- **Private sector (e.g. businesses, traders and commerce associations); and**
- **Academia, civil society and interested parties**

# Survey on Public Consultation Initiatives

| Methodology | Systematic Adoption | Transparency and Inclusiveness | Oversight and Quality Control |
|---|---|---|---|
| • Stages when the public is consulted<br>• Guidance<br>• Methods used to encourage widespread involvement<br>• Methods used to gather inputs from interested parties<br>• Minimum period to receive feedback | • Formal Requirements<br>• Standard questions for developing new regulations<br>• Standard questions for amending existing regulations<br>• Commitment & leadership | • Transparency of process<br>• Consideration of and response to stakeholder comments<br>• Availability of information<br>• Who gets to participate in consultations?<br>• What triggers public consultation? | • Independent body to monitor and enforce<br>• Publicly available evaluation of stakeholder engagement<br>• Training<br>• Guidance documents for public servants |

**Some outcome recommendations:**

1. Building capacities in the **civil service** on **PC** and **RIA**; and

2. To require all ministries to follow the guidelines contained as in:

   i. **Guideline on Public Consultation** Procedures;
   ii. **Best Practice** Regulation Handbook (July 2013); and
   iii. A Guide To **Reducing Unnecessary Regulatory Burdens.**

- **Malaysia is the <span style="color:red">Champion Economy</span> in the development of AIDER.**

- **The APEC Internet and Digital Economy Roadmap (AIDER) is <span style="color:red">a framework that provides guidance on key areas</span> and actions to <span style="color:red">facilitate technological</span> and <span style="color:red">policy exchanges</span> among member economies and to <span style="color:red">promote innovative, inclusive</span> and <span style="color:red">sustainable growth,</span> as well as to bridge digital divide in the APEC region.**

# APEC Internet and Digital Economy Roadmap

**Provides Guidance for Cooperation in <u>11 areas</u>:**

1. **Development of Digital Infrastructure**
2. **Promotion of interoperability**
3. **Achievement of Universal Broadband Access**
4. **Development of Holistic Government Policy Frameworks for the Internet and Digital Economy**
5. <span style="color:red">**Promoting Coherence and Cooperation of Regulatory Approaches affecting the Internet and Digital Economy**</span>
6. **Promoting innovation and adoption of enabling technologies and services**
7. **Enhancing trust and security in the use of ICTs**
8. <span style="color:red">**Facilitating the free flow of information and data for the development of the Internet and Digital Economy, while respecting applicable domestic laws and regulations**</span>
9. <span style="color:red">**Improvement of baseline Internet and Digital Economy measurements**</span>
10. **Enhancing inclusiveness of Internet and Digital Economy**
11. **Facilitation of E-Commerce and Advancing Cooperation on Digital Trade**