

Report by the Chair of the Economic Committee on EC 2 2019

Executive Summary

1. The EC held its second plenary meeting of 2019 on 26-27 August in Puerto Varas, Chile.
2. EC endorsed:
 - a. On a pilot basis, APEC Collaborative Framework for ODR of Cross-Border B2B Disputes and Model Procedural Rules for the APEC Collaborative Framework for ODR of Cross-Border B2B Disputes (2019/SOM3/EC/022)
 - b. Extension of the mandate of the Informal Roadmap Group (IRG) to 2021
3. EC noted the progress on 2019 APEC Economic Policy Report (AEPR) on Structural Reform and the Digital Economy.
4. EC agreed to continue discussion of the proposed topic of the 2020 AEPR intersessionally.
5. The following events were held in conjunction with EC 2:
 - a. APEC Gender and Structural Reform Workshop: Improving the Environment for Women in the Workplace (25 August)
 - b. Best Practices Workshop on Public Investment Systems (28-29 August)
6. Prior to the EC 2 Plenary the EC's five Friends of the Chair (FotC) groups also met and then presented to EC the results of their discussions. Some FoTCs presented new proposals for future work, including on a cross-fora basis.
 - a. Strengthening Economic Legal Infrastructure (SELI – led by Hong Kong, China)
 - b. Ease of Doing Business (EoDB – led by the United States)
 - c. Corporate Law and Governance (CLG – led by Viet Nam)
 - d. Regulatory Reform (RR – led by Mexico)
 - e. Public Sector Governance (PSG – led by New Zealand)
7. In addition to EC's regular work under the Renewed APEC Agenda for Structural Reform (RAASR) and Phase II of EoDB, EC 2 featured four policy dialogues on:
 - a. Structural Reform and Inclusive Growth (led by New Zealand)
 - b. Secured Transaction and Online Dispute Resolution (led by Hong Kong, China)
 - c. Promoting Competition Assessment for Improved Market Efficiency (led by Viet Nam)
 - d. Digital Government (led by Thailand)
8. International partners including OECD, UNIDROIT, UNCITRAL and World Bank Group contributed to the EC plenary.
9. This was Mr Robert Logie's last meeting as EC Chair. Members expressed appreciation for his leadership over the past two years. Dr James Ding of Hong Kong, China will take over the role of EC Chair immediately after SOM 3 2019 until December 2021.

Recommendation: that Senior Officials endorse this report.

Report

The following report provides details about the proceedings of the EC 2 2019 plenary.

Renewed APEC Agenda for Structural Reform (RAASR)

The EC aims to help economies implement their structural reform commitments outlined in their Individual Action Plans (IAPs). Members discussed preparations for the next Structural Reform Ministerial Meeting (SRMM) to be held in 2020 and development of the next structural reform program to replace the RAASR, which will expire next year.

Prior to EC 2 the Committee created an informal RAASR Action Team, consisting of volunteer economies and led by Viet Nam. The Team pursues the following objectives:

- Advancing outcomes from the 2018 High-Level Structural Reform Officials' Meeting;
- Identifying opportunities to strengthen the RAASR, and priorities and ideas for the next APEC structural reform program; and
- Preparation of papers to inform the Structural Reform Ministers' Meeting in 2020

The RAASR Action Team proposed a project aimed to produce input papers and organize a policy dialogue in preparation for SRMM-2020. The project was approved in-principle for APEC funding in Project Session 2, 2019.

PSU provided an update on RAASR Final Review, including the timeline for delivering the report, and proposed additional indicators to assess progress of RAASR implementation. The RAASR Final Review Report will be presented to Structural Reform Ministers for endorsement in 2020.

Ease of Doing Business

PSU presented final assessment of the Second EoDB Action Plan implementation. Looking at the average values recorded by the APEC region, the combined progress for the period 2016-2018 was equal to 11.6%, above the final target of 10%. The greatest progress was achieved in the priority area of Getting Credit (20.9%), followed by Starting a Business (16.9%). Also, Dealing with Construction Permits improved substantially in 2018 (10.8%). The other two areas also reported progress during the aforementioned period.

The U.S. presented initial ideas for the next EoDB program, which may include current topics such as enforcing contracts and getting credit as well as new topics such as registering property, resolving insolvency, and protecting minority investors. The U.S. invited members to contribute ideas for the next EoDB program.

The U.S. plans to organize a self-funded workshop at EC 1 in 2020 where economies will consider possible indicators, time frame, and target goal for Phase 3 of EoDB. Based on this discussion, the U.S. will circulate a proposal for Phase 3 intersessionally.

Prior to EC 2 the U.S. proposed a self-funded project to conduct a study on protecting minority investors in APEC economies, which was endorsed by the Committee for implementation.

The Committee will discuss further steps on EoDB in the lead-up to SRMM-2020, with the goal of SRMM endorsing the next phase of the EC's EoDB work.

APEC Economic Policy Report (AEPR)

Chile and PSU presented the draft of 2019 AEPR on Structural Reform and the Digital Economy. The main report consists of three parts: 1) Definitions, Priorities and Measurement of the Digital Economy;

2) Core Structural Reforms and Digital Economy Development; 3) Structural Reforms, the Digital Economy and Inclusion. The first draft of the report was circulated to EC and SFOM members for comments. Second draft will be circulated in mid-September. The Report will be finalized intersessionally by EC and SFOM for submission to FMM and CSOM/AMM.

Members discussed a potential topic for 2020 AEPR and agreed to continue consultations intersessionally in order to ensure a focused and manageable scope for the report.

Prior to EC 2 Canada and Australia proposed to jointly lead the Core Team of volunteer economies that will be working on the 2020 AEPR. EC members will finalize this arrangement intersessionally.

Structural Reform and Gender

The EC aims to contribute to Chile's host year priority on Women, SMEs and Inclusive Growth.

Chile provided an update on the drafting of the Roadmap for Women and Inclusive Growth, which will aim at empowering women through access to capital and markets, strengthening women's labor force participation, improving access of women to leadership positions at all levels of decision making, support women's access to education, training and skills development in a changing world of work and advancing women's economic empowerment through data collection and analysis.

The U.S. provided an update on a self-funded project on structural reforms for women in the formal workforce. So far, in 2019, the U.S. started three components of the work: 1) a research brief outlining the key issues facing women's equal labor force participation and examples across the region of positive structural reforms, which was recently circulated to the EC and PPWE for comment; 2) a workshop on August 25 on the margins of this meeting; 3) a workshop on October 2 on the margins of the APEC Women and the Economy Forum.

PSU briefed members on the progress of the study "Structural Reform Measures to Improve Women's Access to Labor Markets, Finance and Capital", which aims to identify structural reform measures that have improved women's access to labor markets, finance and capital and to contribute to a suite of evidence-based research on structural reform and women's economic empowerment that will help guide APEC's work on these areas (through EC and PPWE), deepen APEC economies' understanding of the application of structural reforms to increase women's economic participation and inclusion and support commitments by APEC Economic Leaders and Ministers in this area. Final draft to be circulated to EC and PPWE in end-August/early-September for comments. Final report to be presented at PPWE 2 in early-October and EC 1 2020.

APEC Internet and Digital Economy Roadmap

Australia as the lead of the EC Informal Roadmap Group presented an update on Committee's recent and current work in line with the APEC Internet and Digital Economy Roadmap. The EC endorsed the extension of Informal Roadmap Group's term to 2021.

Good Regulatory Practices

SCSC Chair briefed EC members on the outcomes of the 12th Conference on Good Regulatory Practices (GRP - 19-20 August, Puerto Varas) and focused on the need to increase collaboration between the two fora on good regulatory practices and on the organization of the annual GRP conference, which is hosted by the EC and SCSC on alternate years.

OECD presented on its perspective on structural reform. The following trends underline the urgency of structural reforms. Globalization, digitalization, ageing and environmental degradation are the megatrends shaping tomorrow's living standards and well-being. Gains in living standards have been

much slower since the Great Financial Crisis. The global economy is facing headwinds, with growth weakening in the wake of high trade uncertainty. The prospects look weak in the absence of renewed reform dynamism.

New Zealand sought EC's views on potential areas for further APEC-OECD cooperation on good regulatory practices, as set out in a paper previously circulated. The ideas for further cooperation were generated during the 2017 Conference on GRP. New Zealand noted its offer to lead an APEC-OECD initiative on international regulatory cooperation (IRC). Given the significance of IRC across several APEC committees, the EC discussed the need to consult more widely, including SCSC and CTI.

Policy Dialogue: Structural Reform and Inclusive Growth (led by New Zealand)

New Zealand led a Policy Dialogue on Structural Reform and Inclusive Growth to expand upon the "Three Approaches" paper endorsed by the Economic Committee in 2018. This paper outlined a framework in which pro-inclusion structural reforms are integrated with supporting policies to effectively promote inclusion while maximising economic growth. Speakers from the OECD, Canada, the United States, New Zealand, and an intervention from Viet Nam provided examples of how structural reforms can be harnessed to practically promote inclusive growth with respect to the digital divide, the gender divide, and indigenous economies.

Mariagrazia Squicciarini from the OECD shared recommendations on ways close the digital gender divide. This presentation provided examples of the types of targeted structural reforms that can promote women's inclusion in the tech industry, including labour market and education reforms. Janelle Kuroda from the U.S. State Office of Global Women's Issues outlined a strategy to address the gender divide. This strategy aligned with the integrated approach outlined in the "Three Approaches", combining targeted structural reforms with policies and programmes to support both labour market and education outcomes.

Audrey Bélanger Baur from Global Affairs Canada and Max Skudra from the Canadian Council for Aboriginal Business shared their research on Indigenous-Government cooperation, outlining some examples of trade policies, structural reforms and supporting policies and programmes Canada is pursuing to better support indigenous-led SMEs. They identified the importance of collecting and analysing data, noting that the indigenous community contribute \$32 billion to the Canadian economy. Taria Tahana from the New Zealand Ministry of Foreign Affairs and Trade discussed ways that New Zealand is supporting the Māori economy. Like Canada, New Zealand's presentation emphasised the importance of data, noting that by quantifying the Māori contribution to the New Zealand economy (at \$50 billion), a significant advancement was made in securing government support and buy-in for its re-integration.

In its intervention, Viet Nam outlined their co-ordinated approach to considering the impacts of structural reform on inclusion. From the floor, Mexico and Japan expressed support for the integrated approach to structural reform as explored in the Policy Dialogue; while Indonesia shared its approach to measuring inclusiveness and evaluating inequalities in its economy through its various inclusivity indices. Chinese Taipei commended the Dialogue, noting that it was the first time that the EC had received comprehensive presentations on economic cooperation with Indigenous people; and the Philippines also noted that the presentations on Indigenous economies had given the Committee a chance to consider a new angle on economic inclusion.

Policy Dialogue: Secured Transaction and Online Dispute Resolution (led by Hong Kong, China)

Dr James Ding, the SELI Convenor, briefly introduced the theme of the policy discussion and introduced the two panels, one on secured transaction laws and the other on online dispute resolution (ODR).

The first panel consisted of Mr Jae Sung Lee of UNCITRAL, Mr William-Brydie-Watson of UNIDROIT, Mr John Wilson and Ms Lina Kee of the World Bank Group and Mr Tomas Contrevas, a legal expert from Chile. The moderator of the panel, Mr Michael Dennis, opened the dialogue by briefly taking members through secured transaction law reform and relevant issues under APEC. Mr Jae Sung Lee then took members through possible reform of secured transaction law based on the UNCITRAL Model Law to make it easier to obtain credit and briefed on the 2019 UNCITRAL Practice Guide to the Model Law on Secured Transactions. On behalf of UNIDROIT, Mr William Brydie-Watson introduced the Cape Town Convention and described its legal and economic benefits for APEC member economies. Meanwhile, Mr John Wilson and Ms Lina Kee centered their presentation on secured transactions and collateral registries in Latin America and highlighted World Bank Group's work in this area. Lastly, Mr Tomas Contrevas of Chile gave members an overview of the credit and secure lending situation and explored related reform efforts in Chile.

The second panel began with Prof Yoshi Hayakawa of Japan reporting on the ODR Workshop in Osaka in June 2019, on how it contributed to finalizing the draft APEC Collaborative Framework for ODR of Cross-Border B2B Disputes and Model Procedural Rules ("Collaborative Framework and Rules"). The rest of the panel comprised potential pilot ODR providers in various APEC economies. Ms Macarena Letelier and Ms Laura Aguilera shared with EC the latest development on ODR by the Arbitration and Mediation Center of the Chamber of Commerce, Chile and their enthusiasm to participate in the pilot. Mr Daniel Lam of Hong Kong, China emphasized eBRAM's continuing support to and effort in developing the ODR platform in Hong Kong, China and the interest of eBRAM in participating in the pilot. Lastly, Prof Tsisana Shamlikashvili of Russia shared her insights on developing the ODR platform and expressed her support for the Collaborative Framework and Rules from a practitioner's perspective.

The Collaborative Framework and Rules were endorsed as follows: "Noting the report by Japan on the Osaka Workshop on ODR in June 2019 including its Conclusions and Recommendations, the Committee endorses the APEC Collaborative Framework for ODR of Cross-Border B2B Disputes and its Model Procedural Rules (2019/SOM3/EC/022), on a pilot basis, which will be subject to review by EC at the end of a five year period, or at any time EC considers appropriate. SELI will continue to assist EC in the implementation of the pilot. APEC economies are encouraged to consider opting into the Framework, which may be done verbally at the plenary meeting of EC or in writing any time to EC Chair and APEC Secretariat."

Policy Dialogue: Promoting Competition Assessment for Improved Market Efficiency (led by Viet Nam)

This policy dialogue was held under APEC project with the same name, led by Viet Nam. The policy dialogue started with a keynote speech from OECD, followed by presentations on economies experience by Australia, Chile and Viet Nam.

Dr Robertson, from OECD, elaborated on the cooperation between APEC and OECD in the past years on competition policy issues. Dr Robertson also spoke about the need to consider the policy objectives of regulation. She pointed out that there can be legitimate policy objectives beyond increased competition. Ms Weaver, from Australian Treasury, described Australia's inquiry into digital platforms. She then highlighted the need for joined up policy approaches by demonstrating the interlinkages between the goals of greater competition, the need to protect consumers and the need for data privacy and protection. However, she noted that the biggest challenges for competition policy is to address the pace

of changes brought by disruptive technologies, platforms and new business models. These challenges are compounded by the fact that markets and issues are interlinked.

Mr Castro, from Chile's competition agency, elaborated on the difference in contextual and regulatory framework for market studies before and after 2016. Mr Castro also provided an interesting case of using market enquiry and studies to provide an evidence base for competition assessment and policy.

Finally, Mr Nguyen, Ministry of Planning and Investment of Viet Nam, provided the summary of pilot case study using APEC-OECD framework on competition assessment in Viet Nam. He also elaborated on the key requirements and implications for APEC member economies to effectively implement the APEC-OECD framework on competition assessment. This demonstrated the need to integrate competition policy into other aspects of the policy-making process.

The follow-up discussion further emphasized the need to consider the more complex and challenging policy context that economies now face as they implement competition policy and other structural reforms.

Policy Dialogue: Digital Government

The policy dialogue was organized and chaired by Dr Pattama Teanravisitsagool from Thailand. It provided a platform to learn more about digital government principles and practices, exchange international experiences and discuss successful initiatives. The discussion featured presentations by the OECD, Russia, Chinese Taipei and Thailand.

Drawing on the experiences of OECD countries, Ms Barbara Ubaldi from the OECD presented the main trends and challenges faced by governments around the world in navigating the changes brought about by the digital transformation, which can be quite disruptive. Governments need to leverage digital technologies and the increasing wealth of data to respond to the changing expectations of their economies and societies. Ms Ubaldi discussed how mature digital governments can provide services that better respond to citizens' needs and impact their overall wellbeing, and to increase the efficiency of the public sector in ways that benefit the overall national competitiveness and favours economic growth.

Ms Evgeniia Drozhashchikh from Russia shared Russia's experience on developing digital governance. She analysed Russia's position in global digital economy-related indices. The presentation also included the implementation of the National Program "Digital Economy," which defines six key directions of Russia's digital upgrade, including the application of digital technologies and platform solutions to public governance and the provision of public services. She specified the quantitative goals that the economy strives to achieve by 2024, and gave concrete examples of digital governance initiatives, including digital Public Service Portal, Centers of providing municipal services, "My documents," National System of Data Management, Digital ID, etc.

Mr Andrew Wang from Chinese Taipei presented the Citizen Centric Action Plan, which includes the action plan undertaken by Chinese Taipei to create innovative and smart services for citizens. The Plan involves building necessary infrastructure and setting goals such as using open data to maximize value added application, a connecting governance network to optimize decision making and integrating services functions to create innovative smart services.

Mr Papoj Thamjaroenporn from Thailand introduced the Smart Government Framework and other efforts to make public services transparent, efficient and inclusive. According to a Smart Government Framework formalized by the Digital Development Act passed in 2017, Thailand has deployed new infrastructure for internet, data center, cloud, and IoT; developed human resources with establishments of the Government Big Data Institute and more; passed the Personal Data Protection Act and the Cybersecurity Act; engaged in data governance and data linkage implementation with government

agencies; started digital public services in tourism, healthcare, and import & export, with plans to expand to other sectors in the near future.

New Zealand also shared their experience on e-invoicing initiative in collaboration with Australia and Singapore, where businesses will no longer need to generate paper-based invoices.

The policy dialogue showed the progress made by various APEC economies towards digital government. A guiding principle that was referred to several times is “people-centric and people-driven approach”. As noted by the OECD presentation, economies shared similar challenges related to regulatory framework, digital skills of various groups, data integrity, data quality, privacy, digital rights, transparency and accountability, the development of indices to be used for monitoring and evaluation, and inclusiveness.

Projects

Economies presented ongoing and proposed projects.

Existing project reports:

- a. EC 01 2019S – Workshop “The Digital Economy: Measurement, Regulation and Inclusion” – Australia
- b. EC 08 2018A – Best Practices Workshop on Public Investment Systems - Chile
- c. EC 02 2019 – Indigenous Women’s Participation in Local Economies: Discussing Institutional Involvement to Promote Capacity Building – Chile
- d. EC 01 2019 – Workshop on Innovative Regulatory Policy Development: APEC Economies’ approaches on Sharing Economy – Malaysia
- e. EC 04 2018A – Comprehensive Review of Potentially Anti-Competitive Laws and Regulations – The Philippines
- f. Analysis of Perspectives and Barriers for Effective Implementation of Public e-Services – Russia
- g. SCE 01 2018S – APEC PPD on Remote Areas Development in the Digital Era – Russia

New project proposals:

- a. Workshop on Crowdfunding: An Alternative Economic Tool to Promote Innovation In This Digital Era for Inclusive Growth – Malaysia
- b. Building Capacity for Competition Policy to Support Digital Economy Development in Viet Nam – Viet Nam
- c. PSU Study and 2nd Policy Discussion on Applying OECD Guidelines for Governance of State-Owned Enterprises - Japan and Viet Nam. Japan and China agreed to continue discussion on this project intersessionally. A consensus approval needs to be reached before the start of project’s implementation.

EC Governance and Procedure

This was Mr Robert Logie’s last meeting as EC Chair. Members expressed appreciation for his leadership over the past two years. Dr James Ding of Hong Kong, China will take over the role of EC Chair after SOM 3 until December 2021.

Dr Sun Xuegong from China will continue to serve in the role of EC Vice-Chair for 2020-2021.

Ms Netty Muharni from Indonesia will take over from Rosmarie Edillon from the Philippines as EC Vice-Chair for 2020-2021.

Mr Arunan Kumaran from Malaysia will take over from Mr Sebastian Castro from Chile as CPLG Chair for

2020-2021.

EC is seeking nominations from member economies for the positions of CLG FoTC Convenor and SELI FoTC Convenor. Viet Nam will continue to lead and support the work of CLG FoTC until a new convenor is found.

EC Work in 2020

The tentative schedule of EC-related events for next year:

- EC 1 Plenary (SOM 1, Putrajaya, March 2020)
 - Policy dialogue on the next APEC structural reform program (Viet Nam)
 - Policy dialogue on implementation of the ODR Framework (Hong Kong, China)
- EC 2 Plenary (SOM 3, Penang, August 2020)
 - 13th Good Regulatory Practices Conference (to be organized by Malaysia and Mexico)
- Structural Reform Ministerial Meeting (Penang, August 2020)

Concluding Remarks

At the conclusion of plenary the EC Chair reviewed the EC's achievements over the past two years and outlined the role that structural reforms can play in APEC's work post-2020, noting the importance of providing integrated policy solutions to help economies face complex challenges and the need to work more closely with other APEC fora and international partners to that end. He described the role of the EC Chair and expressed confidence that Dr Ding would be able to provide strong leadership of the EC based on his experience leading SELI and his involvement in the EC over many years.

In response, the incoming EC Chair expressed gratitude for the trust of and valuable friendships with EC members. Drawing from the successful experience in the past, he looked forward to continue working together with economies despite any difference in views, systems and culture, and was confident that with support from economies and through collaboration with other APEC fora and partner international organizations, the role and profile of EC could be further advanced to an even higher level.

Annex: CPLG Chair's Report at EC 2

REPORT BY THE CHAIR OF THE CPLG AT EC2 2019
APEC work on Competition Assessment
Puerto Varas, Chile, 26 August 2019

Thank you Chair, as CPLG Convenor, I would like to present an update on our work Plan for 2019.

After the CPLG meeting on March 2019, one Concept Note from CPLG seeking APEC-funding was submitted, for APEC funding in Project Session 2 2019.

- Public-Private Dialog - Understanding Digital Market Mechanism and Possible Competition Issues in Digital Economy in APEC Region: Malaysia proposed a two-day workshop to be held in Kuala Lumpur prior to the next CPLG Meeting in SOM 1. The purpose of the workshop is for Member economies to exchange views with the digital market players and experts. This project is designed for competition agencies in APEC region that are currently facing rapid changes in the competition enforcement caused by the fast-growing digital market.

As for other activities I would like to briefly provide an update on the other CPLG projects.

- Workshop on Economic Analysis in Horizontal and Non-Horizontal Mergers: As you may recall, the Workshop took place at the margins of SOM 1 2019. Chile prepared the draft Final Project Report that was circulated and approved during July 2019. At the beginning of this month, the Project Overseer circulated a brief survey relating to the Workshop. I encourage all the antitrust authorities in each member economies to provide an answer to this survey.

- Workshop on Competition Policy for Regulating Online Platforms in the APEC Region.

The 3-day Workshop took place in México City on 7-9 May 2019, in the Federal Telecommunications Institute (IFT) headquarters. The activity had great participation from APEC Economies and all the participants benefited from the presentations of the speakers as well as the exchange with other participants. Mexico prepared the draft Project Report that was circulated last month and approved in August.

Finally, as some of you may know, my term as CPLG Convenor ends this year. As of 2020, Mr. Arunan Kumaran from Malaysia will take my position. I wish Mr. Kumaran good luck and I am sure he will do a great job. As for the position of CPLG Vice-Chair, Mr Kazuhiro Hara has agreed on renewing his position. I wish to thank him for his efforts and also wish him the best of luck.

I would like to thank all Member Economies as well as the Secretariat. I have benefited a lot from all our exchanges.

Thank you Chair.