

## Report by the Chair of the Economic Committee on EC 1 2020

### Executive Summary

1. The EC held its first plenary meeting of 2020 on 16-17 February in Putrajaya, Malaysia.
2. The EC pursued the following key objectives through its deliberations:
  - a. Advance Renewed APEC Agenda for Structural Reform (RAASR) Implementation
  - b. Agree process for 2020 AEPR on Structural Reform and Women's Empowerment, endorse ToR and Individual Economy Report Questionnaire
  - c. Align the work of EC with the APEC themes and priorities of 2020 and contribute to Structural Reform Ministerial Meeting
  - d. Endorse EC's role as the responsible APEC forum for the SELI Sub-fund and the Eligibility Criteria and Guidelines governing the SELI Sub-fund
3. The EC endorsed:
  - a. ToR and Individual Economy Report Questionnaire for 2020 APEC Economic Policy Report (AEPR) on Structural Reform and Women's Empowerment (2020/SOM1/EC/018 and 2020/SOM1/EC/019)
  - b. EC's role as the responsible APEC forum for the SELI Sub-fund and the Eligibility Criteria and Guidelines governing the SELI Sub-fund (2020/SOM1/EC/036 and 2020/SOM1/EC/037)
4. The EC welcomed the proposed SELI Work Plan for Implementation of the APEC ODR Collaborative Framework (2020/SOM1/EC/043)
5. The following events were held in conjunction with EC 1:
  - a. CPLG Meeting (14 February) – Summary Report 2020/SOM1/CPLG/SUM
  - b. Workshop on Innovative Regulatory Policy Development: APEC Economies' Approaches on Sharing Economy (13-14 February)
  - c. Workshop to Finalize the Third APEC EoDB Action Plan (15 February)
6. Prior to the EC 1 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 Japan)
  - 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. EC 1 featured four policy dialogues on:
  - a. Structural Reform for 2021-2025 (led by Viet Nam)
  - b. Structural Reform and Beyond GDP (led by Malaysia)
  - c. APEC Collaborative Framework for ODR (led by Japan)
8. PSU organized a session on Regional Economic Outlook and presented preliminary insights from RAASR Final Review.
9. International partners including OECD, UNIDROIT, UNCITRAL and ADB contributed to the EC plenary.

**Recommendation:** that Senior Officials endorse this report.

## Report

The following report provides details about the proceedings of the EC 1 2020 plenary.

### Regional Economic Outlook

The session was organized by the Policy Support Unit (PSU).

Dr Denis Hew, Director of the PSU, presented APEC Regional Trends Analysis focusing on signs of stabilization and remaining downside risks in the region. Dr Denis Hew also commented on additional indicators that can be used to complement GDP, such as green GRP, human development index, expanded GDP, gender inequality index, genuine progress indicator and inclusive wealth index.

Mr Héctor Tajonar de Lara from OECD presented on Economic Outlook and Structural Drivers of Future Growth focusing on education in the digital era. He mentioned that greater structural reform ambition is required in all economies, given that global outlook remained fragile and world trade growth remained subdued. In this regard, he underlined the importance of rethinking education in the digital era as one of the structural drivers of economic growth.

Dr Muhamed Zulkhibri from the ASEAN Secretariat presented on the progress and challenges of ASEAN economic integration. He emphasized that ASEAN is one of the most dynamic regions, underpinned by the region's strong external orientation.

Mr James Villafuerte from the Asian Development Bank presented on the digital platforms for inclusive growth. He took members through how digital platforms optimize use of digital technology, connect all sorts of market players and facilitate flow of transactions and information to expand market opportunities. He highlighted that ADB is contributing to digital-related knowledge and projects to promote greater use and understanding of digital technology in the region.

### Policy Dialogue on Structural Reform for 2021-2025

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 this year.

RAASR Action Team, which was created last year and is led by Viet Nam, organized a Policy Dialogue on Structural Reform for 2021-2025.

The Policy Dialogue started with the update and preliminary insights of RAASR Final Review by the PSU. Using the various indicators available, the PSU emphasized that APEC should continue with some of existing areas of structural reform, and that adaptation to the changing landscape would be essential.

Ms Amy Leaver, Australian Treasury, then made a presentation that highlighted the significant gains from addressing behind-the-border barriers further. Mr Tanaka Shigeki, Cabinet Office of Japan, elaborated on the experiences of Japan, focusing on structural reform to cope with demographic changes and structural reform to build a new era. Ms Nor Haida Shahimi, Ministry of International Trade and Industry of Malaysia, delivered a presentation on key areas and approach to structural reform for improved labor productivity, well-being and sustainable growth in APEC, including the elaboration on the well-being index. Mr Vincent Wang, Department of State, United States, provided a readout of the EoDB workshop and key elements of the next EoDB program. Mr Hector Tanojar de Lara, OECD,

introduced the Going-for-Growth framework which could offer inputs to the EC in the SRMM preparation process, subject to any necessary adaptation in the APEC context.

Mr Nguyen Anh Duong, Ministry of Planning and Investment of Viet Nam, then briefed the EC on the progress of RAASR Action Team. He introduced a draft list of key areas for the new structural reform program of APEC in 2021-2025, covering the three existing pillars of RAASR and the new Ease of Doing Business program. He also raised some issues for EC members to discuss and consider.

EC members then discussed the next steps to prepare for the SRMM. Australia, Indonesia and Chinese Taipei shared the view that the SRMM would endorse pillars of the new structural reform program. Australia proposed to consult the FMP on SRMM inputs. China raised a query about how to use the Going-for-Growth framework given diversity of APEC member economies, and the OECD representative provided additional clarification. The United States raised a question on the length of input papers for SRMM to consider, and Viet Nam made a clarification. Australia, Indonesia, Chinese Taipei and United States shared the view that the inputs from OECD's Going-for-Growth framework could be used in the SRMM preparation process, subject to consensus by APEC member economies. Australia and Indonesia shared the view on the proposed pillars of new APEC structural reform program. Chinese Taipei expressed the intention to join RAASR Action Team and the proposal was endorsed. EC Chair concluded that the RAASR Action Team, headed by Viet Nam, would continue to work with consultants, OECD, and other APEC fora to prepare inputs for the SRMM.

### **Policy Dialogue on Structural Reform and Beyond GDP**

The aim for the Policy Dialogue was to introduce the priorities identified under this year's Priority Area 1: Improving the Narrative of Trade and Investment for APEC 2020 on Beyond GDP. The Policy Dialogue provided opportunities for economies to bring the public discourse on beyond GDP into the APEC platform.

Mr Hector Tajonar de Lara from OECD shared the OECD Report on Beyond GDP: Measuring What Counts for Economic and Social Performance, which includes the OECD Well-Being Framework that focuses on people rather than the economic system, outcomes vs. inputs and outputs, averages and inequalities, and the objective and subjective aspects of today and tomorrow's well-being. Mr Mokhtar Idham from the Ministry of Economic Affairs of Malaysia delivered a presentation on the Shared Prosperity Vision 2030 which is guided by three main principles: development for all; addressing wealth and income disparities; and unified, prosperous and dignified economy.

The speaker from the Treasury of New Zealand, Ms Jennie Marjoribanks, briefed on The Living Standards Framework and the Wellbeing Approach which is used by the government to support its objective of embedding a 'wellbeing approach' across the public sector. Via remote participation, Dr Bryan Smale from the University of Waterloo, Canada, presented on the Canadian Index of Wellbeing with the vision to enable all Canadians to achieve highest wellbeing status by identifying, developing and publicizing statistical measures that offer clear, valid and regular reporting on progress toward wellbeing goals and outcomes.

Ms Evgeniia Drozhashchikh from the Ministry of Economic Development of Russia, shared Russia's journey in incorporating inclusive dimension in strategic projects including the one on extensive support for MSMEs. Having reflected Russia's 2024 targets as well as measures adopted to ensure greater integration of businesses into domestic and global markets, the speaker then covered the economy's attempts to foster territorial development by 2025. In this regard, the emphasis was made on the tasks

of improving ICT, transport and energy infrastructure, unveiling the potential of digital technologies, city and rural planning, and promoting exports of goods and services. The final speaker, Ms Wandira Senja Larasati from the Ministry of National Development Planning of Indonesia, presented on Indonesia's Inclusive Development Index with the main objective to achieve economic growth that creates equal economic opportunities by reducing poverty and income inequality.

The Policy Dialogue created a better understanding on the existing/on-going initiatives undertaken by selected APEC economies in addressing the need to provide better quality of life to its citizens. It provided additional perspectives for policy makers when planning, formulating and coming out with policies. There were common interests from member economies such as Australia, Chile, and Chinese Taipei on the need to look beyond economic indicators to ensure a more inclusive growth with improved livelihood standards. The Philippines, Thailand and Viet Nam addressed the push for wellbeing in their economies by sharing their economy's initiatives on going beyond GDP. Some economies recommended that the EC work closely with OECD to potentially develop an APEC-wide matrix on wellbeing. The United States asked the OECD about the time and resources it took to create the Better Life Index, and the data needed for APEC to develop something similar. Malaysia will continue the discussion on this topic through the High Level Multi-Stakeholder Dialogue on Beyond GDP scheduled in the margins of SOM2 and Related Meetings scheduled in April in Kota Kinabalu, Sabah.

### **Policy Dialogue on Online Dispute Resolution**

After the welcome remarks and introduction from the EC Chair and the SELI Convenor, Mike Dennis, an International ODR consultant, provided an overview of the APEC ODR Collaborative Framework and the APEC ODR Model Procedural Rules. He also addressed administrative issues to be developed for the implementation of the project based on the proposed SELI Work Plan for Implementation of the APEC ODR Collaborative Framework. .

In the first Panel Discussion, ODR providers from Hong Kong, China; Japan and New Zealand, namely Mr Daniel Lam, Ms Yuki Sawada and Ms Tomoko Deguchi and Mr Rhys West commented on the Collaborative Framework and the Model Procedural Rules. They shared their views on the needs and challenges ODR providers face as they seek to provide service to the business sector and acknowledged that the Model Procedural Rules could be useful across various APEC jurisdictions.

In the second Panel Discussion, two notable ODR academics, namely Prof. Zhao Yun from the University of Hong Kong and Ms Angie Raymond from the University of Indiana commented on ways in which APEC academic institutions might contribute to the implementation of the Collaborative Framework. They noted that the Collaborative Framework was of great interest to academic institutions and that many would be willing to contribute their expertise and energy. They also supported the proposed SELI Work Plan for Implementation of the APEC ODR Collaborative Framework.

In the same Panel Discussion, Mr Hiroki Habuka particularly commented that the existence of the Collaborative Framework stimulated discussions on ODR and created a new movement both in the public and private sectors in Japan. He also pointed out that the Model Procedural Rules were of relevance to a new project of ISO, as an international recognized standard on ODR which a good e-commerce vendor should rely on in providing ODR service for users. Support was expressed for the proposed SELI Work Plan for Implementation of the APEC ODR Collaborative Framework.

In the open discussion, China, Singapore and the United States announced their decision to "opt-in" to the Collaborative Framework. Several other economies explained that they were in the final stages of

their internal approval process. These economies also expressed their strong support for an additional workshop on ODR and another Policy Dialogue in EC2 for the discussion of ODR and administrative detail as outlined in the SELI administrative implementation work plan. In relation to the workshop, the CN for the workshop on ODR in Tokyo proposed by Japan was widely welcomed and includes co-sponsorship by Chile; China; Hong Kong, China; Indonesia; Papua New Guinea; Russia; Chinese Taipei; Viet Nam and the United States. A concept note for the research on ODR technologies proposed by Russia was also noted, and some economies requested Russia to circulate the concept note after some revisions.

### **Structural Reform and Gender**

Chile provided an introduction to the La Serena Roadmap for Women and Inclusive Growth (2019-2030).

The United States reported the outcome of the APEC Women@Work project. Under this initiative, the United States developed a research brief outlining the key issues facing women's equal labor force participation and examples across the region of positive structural reforms. In 2020, the United States will finish scoping process to identify areas of focus for the economic impact assessment report, draft and launch the economic impact assessment report and hold a workshop/policy dialogue to discuss the findings of the report and how policymakers can utilize structural reform measures to increase gender equality and economic growth.

Australia and Canada presented progress update on the 2020 APEC Economic Policy Report (AEPR) on Structural Reform and Women's Empowerment. The report aims to build capability in APEC economies to identify and implement structural reforms and supporting policies that empower women to engage fully and equally in economic activity. The AEPR will provide an opportunity for APEC economies to: take stock of women's participation in, and contribution to, the region's economy; share information and compare policy approaches to key barriers to women's economic participation in APEC economies; and inform the Economic Committee's future work to advance women's empowerment issues.

The AEPR will:

1. Identify the key barriers and challenges to women's economic empowerment in the APEC region;
2. Contribute to a deeper understanding of how structural reform enables women to participate fully and equally in the economy, and existing structural policies in APEC economies; and
3. Contribute to a greater understanding of the kinds of economic and social policies and programs that enhance economic opportunities for women.

The EC endorsed 2020 AEPR Terms of Reference and Individual Economy Report Questionnaire.

### **APEC Internet and Digital Economy Roadmap**

Informal Roadmap Group (IRG) Chair Mr Eric Holloway presented his report outlining the next steps for the EC's internet and digital economy work agenda, which should reflect the evolving nature of the digital economy, taking into account the policy recommendations from the 2019 AEPR on Structural Reform and the Digital Economy that builds on previous digital economy focused work by the EC. The EC will use the 2019 IRG Workplan as the basis of the 2020 Workplan taking into account identified priorities and areas where more work can be undertaken. IRG should perform a stocktake of existing and planned initiatives by the EC and seek opportunities for cross-fora collaboration. The draft 2020 IRG Workplan had been circulated to the EC members for comments and inputs.

### **Proposal to Establish SELI Capacity Building Sub-fund**

Hong Kong, China proposed to establish a new APEC Support Fund sub-fund for Strengthening Economic Legal Infrastructure (SELI Sub-fund). The SELI Sub-fund will provide funding for projects which support strengthening of economic and legal infrastructure in APEC economies with a view to fostering economic development in the Asia-Pacific region and implementation of the SELI Work Plan.

The proposal and SELI Sub-fund eligibility criteria (with certain revisions as discussed at the meeting) were endorsed by the EC and will be forwarded to BMC.

### **Discussion on potential topics for 2021 AEPR**

Economies discussed potential topics for 2021 AEPR. Initial ideas include topics focusing on structural reform and the future of work as well as structural reform and sustainable food systems.

Economies would further consider other potential topics and come up with concrete proposals by SOM2 for discussion among EC members.

### **Collaboration with CTI**

CTI Chair Ms Krasna Bobenrieth presented CTI's 2020 priorities and outlined potential areas for CTI-EC collaboration, including 2020 AEPR and inclusive approaches (possibility of a joint Policy Dialogue), work on measuring the services trade restrictiveness, annual Good Regulatory Practice Conference, action plan for more SCSC-EC synergies, EoDB Phase 3 and digital economy and e-commerce (e.g. ODR can be useful to CTI's work on MSMEs).

### **Projects**

Economies presented ongoing and proposed projects.

Existing project reports:

- a. EC 02 2019 – Indigenous Women's Participation in Local Economies: Discussing Institutional Involvement to Promote Capacity – Chile
- b. EC 01 2019 – Workshop on Innovative Regulatory Policy Development: APEC Economies' approaches on Sharing Economy – Malaysia
- c. EC 04 2019A – Workshop on Crowdfunding: An Alternative Economic Tool to Promote Innovation in the Digital Era for Inclusive Growth – Malaysia
- d. EC 04 2018A – Comprehensive Review of Potentially Anti-Competitive Laws and Regulations – The Philippines
- e. EC 03 2019A – Analysis of Perspectives and Barriers for Effective Implementation of Public e-Services – Russia
- f. EC 06 2019A – Building Capacity for Competition Policy to Support Digital Economy Development in Viet Nam – Viet Nam
- g. EC 03 2019S - Report on Protecting Minority Investors in Privately Held Companies in APEC – United States

New project proposals:

- a. Capacity building workshop on digital economy measurement – Australia
- b. Governance Innovation - How to Redesign our Governance Model in the Digital Economy? – Japan

- c. CTI-EC FTAAP Policy Dialogue on Competition Related Provisions from a Business Perspective – Japan
- d. Developing a Practical APEC-OECD Resource on International Regulatory Cooperation – New Zealand
- e. EC 01 2020S – FinTech Regulatory Sandboxes Capacity Building – Russia
- f. Stocktake of APEC Online Dispute Resolution (ODR) Technologies - Russia

### **EC Governance and Procedure**

It was Dr James Ding's first meeting as the new EC Chair for 2020-2021 and Ms Netty Muharni's first meeting as EC Vice-Chair for the same period.

Prof Yoshihisa Hayakawa of Japan had his first meeting SELI FotC Convenor for 2020-2021.

Mr Eric Holloway of the United States took over as the Informal Roadmap Group Chair.

Mr Arunan Kumaran of Malaysia took over as CPLG Chair for 2020-2021.

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

Finally, the Committee showed great appreciation to its outgoing Program Director, Mr Pavel Bronnikov, for his professionalism and great efforts in the past few years, and the EC Chair welcomed the incoming Program Director, Mr Krirkbhumi Chitranukroh.

### **Future Meetings**

The tentative schedule of future EC-related meetings this year:

- SRMM Preparatory Meeting (Kota Kinabalu, April 2020)
- 13<sup>th</sup> Good Regulatory Practices Conference (SOM 3, Penang, August 2020)
- EC 2 Plenary (SOM 3, Penang, August 2020)
  - Policy Dialogue on Online Dispute Resolution
  - FTAAP Policy Dialogue on Competition Related Provisions in FTAs/EPAs from a Business Perspective
- Structural Reform Ministerial Meeting (Selangor, date TBC)