



**Asia-Pacific
Economic Cooperation**

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Economic Committee Chair's Report 2020

Purpose: Consideration
Submitted by: EC Chair



**Concluding Senior Officials' Meeting
13 November 2020**

The following report provides APEC Senior Officials with an overview of the Economic Committee's work and achievements in 2020.

It is recommended that Senior Officials **welcome** the EC Chair's Annual Report and endorse the following recommendations:

- **Welcome** the Renewed APEC Agenda for Structural Reform (RAASR) Final Review Report and **forward** the RAASR Final Review Report to the Structural Reform Ministerial Meeting (SRMM) to **welcome** the report.
- **Welcome** the Third APEC Ease of Doing Business (EoDB) Action Plan and Implementation Plan and **forward** the Third EoDB) Action Plan and Implementation Plan to the SRMM to **endorse**.
- **Endorse** the 2020 APEC Economic Policy Report (AEPR) on Structural Reform and Women's Empowerment and **forward** the 2020 AEPR to Ministers (AMM) to welcome the report.
- **Endorse** the topic of Structural Reform and the Future of Work for the 2021 AEPR **forward** it to AMM for further consideration and endorsement, and **welcome** the Core Team for the 2021 AEPR.

Annexes

- Annex A. RAASR Final Review Report
- Annex B. Third APEC Ease of Doing Business Action Plan and Implementation Plan
- Annex C. 2020 AEPR on Structural Reform and Women's Empowerment.

Economic Committee Chair's Report 2020
November 2020

I. OVERVIEW

1 In 2020, the Economic Committee (EC) aligned its overall effort with Malaysia's APEC theme of *"Optimising Human Potential towards a Resilient Future of Shared Prosperity - Pivot. Prioritise. Progress."* In doing so, the EC supported Malaysia's priorities for 2020 - in particular the priorities of *"Inclusive economic participation through digital economy and technology"* and *"Driving innovative sustainability."*

2 Despite the disruption caused by the global pandemic, the EC met in plenary two times in 2020, once physically in February and virtually in August. The EC also had two virtual informal meetings in July and October.

3 Under the **Renewed APEC Agenda for Structural Reform (RAASR, 2016-2020)**, EC members endorsed the **RAASR Final Review Report**, prepared by the Policy Support Unit (PSU). The Report will be presented to the Structural Reform Ministerial Meeting (SRMM) in due course. Due to COVID-19, the SRMM (originally scheduled for 2020) was postponed until sometime in the near future.

4 Despite the delays of the year, the EC made progress on APEC's new structural reform agenda – the **Enhanced APEC Agenda for Structural Reform ("EAASR", 2021-25)**. The RAASR Action Team is leading the work to develop the "EAASR" pillars, which will focus on structural reforms across APEC economies. Further discussions on the structural reform program is still ongoing, after endorsement by EC, it will then be presented to SRMM for approval.

5 The EC endorsed the **Third APEC Ease of Doing Business Action Plan and Implementation Plan**, prepared with the leadership of the US. The Action Plan set out the objectives of the third EoDB for the next five years, with five priority areas: 1) Registering Property; 2) Resolving Insolvency; 3) Protecting Minority Investors; 4) Enforcing Contracts and 5) Getting Credit. The document will be presented to the SRMM for approval.

6 The EC's annual, flagship structural reform product, the **APEC Economic Policy Report (AEPR)** in 2020 focused on **women's empowerment**. The AEPR highlighted that while the APEC region has made progress across many areas of women's economic participation, significant gaps and barriers remain.

7 The EC discussed the proposed topic of the **2021 AEPR**, Structural Reform and the Future of Work, pending final approval by the AMM.

8 Regarding ongoing APEC-wide processes, the EC is actively contributing to the implementation of the APEC Internet and Digital Economy Roadmap by implementing the 2020 Internet and Digital Economy Workplan. The EC continued its support to the implementation of the APEC Services Competitiveness Roadmap, the APEC Strategy for Strengthening Quality Growth, the Boracay Action Agenda, and the Connectivity Blueprint.

9 The EC continues to actively pursue cross-fora collaboration. The EC worked with PPWE on the 2020 AEPR, and with SCSC on good regulatory practices. The EC appreciated being kept informed of developments in the CTI that are relevant to the EC's structural reform work. Moreover, EC aims to work closely with FMP on COVID-19 related issues.

10 The APEC Policy Support Unit (PSU) continues to play a major role in supporting the EC's structural reform work, including on the preparation of the RAASR Final Review Report, technical support to the RAASR Action Team which contributed to the discussions and plans for APEC's next structural reform

agenda, supported discussions leading to the Third EoDB Action Plan, preparation of the 2020 AEPR, and presentation of the regional economic trends. Furthermore, the EC collaborated with ABAC, the World Bank, ECLAC, OECD, UNCITRAL, UNIDROIT and HCCH, among others, with the latter four organisations being three-year guests of the EC (for 2019-2021).

11 In its plenary sessions this year, the EC held several high-quality policy dialogues on: Structural Reform for 2021-2025, Structural Reform and Beyond GDP, APEC Collaborative Framework for ODR, Structural Reform and Future of work. The EC also implemented a number of successful projects. In particular, it is noted that China; Hong Kong, China; Japan; Singapore and the United States have opted into the APEC Collaborative Framework for Online Dispute Resolution of Cross-Border Business-to-Business Disputes since its endorsement by the EC last year, while a number of economies are actively considering the possibility of joining.

12 Throughout the year, the EC's five Friends of the Chair (FotC) groups (Corporate Law and Governance – CLG, Ease of Doing Business – EoDB, Public Sector Governance – PSG, Regulatory Reform – RR and Strengthening Economic Legal Infrastructure – SELI), as well as the Competition Policy and Law Group (CPLG), did essential work to support the EC's overall effort through a number of successful events and workshops.

II. EC CONTRIBUTIONS TO APEC PRIORITIES

A. RAASR Implementation

13 2020 was a productive year with regards to APEC Structural Reform programme. However, due to the global pandemic, the third Structural Reform Ministerial Meeting (SRMM) has been postponed. The EC is hopeful to hold an SRMM in the near future. Nevertheless, EC's work on structural reform continues to progress.

14 The EC also endorsed the RAASR Final Review Report by PSU. The Report shows that APEC economies have collectively and individually made good strides in advancing RAASR. As EC looks at developing the next structural reform agenda, the Report calls for members to continue with some of the existing areas even as it tackles other challenges and adapts to the changing landscape. Backtracking, decline and uneven progress in a number of indicators shows that the RAASR agenda has not been fully accomplished. It also recommends that the EC identifies additional or a new set of indicators to ensure that they are more relevant and fit for the purpose of monitoring progress of the next structural agenda. The Report also includes suggestions for acting decisively to ensure that a new structural reform agenda contributes not only to tackling the challenging tasks at hand, but also to building resilience in the region against shocks similar to the COVID-19 pandemic in the future; and reinforcing the importance of holistic approaches to structural reform efforts in the next agenda and working to promote such approach across EC's work and in interactions with other APEC fora. The said Report is attached as Annex A for welcoming by the Senior Officials and forwarding to the Structural Reform Ministers.

15 The RAASR Action Team, which was formed last year, made considerable progress on the development of the APEC's next structural reform agenda – the Enhanced APEC Agenda for Structural Reform ("EAASR"). Further discussions on the new structural reform agenda and the new pillars are still ongoing before they can be endorsed at EC and present to the SRMM.

16 Member economies continued to implement their RAASR Individual Action Plans in 2020 – including through projects funded under the RAASR sub-fund (please refer to Section II.E on the EC Projects). The RAASR sub-fund had funded two projects this year. RAASR Sub-Fund Eligibility Criteria were further updated to reflect the recent changes in the APEC project selection process and for improved clarity.

B. Ease of Doing Business

17 The EC endorsed the Third APEC Ease of Doing Business (EoDB) Action Plan and Implementation Plan. The EoDB Action Plan (2020-2025) sets out the objectives of the third EoDB with five priority areas. The three new priority areas are: 1) Registering Property; 2) Resolving Insolvency; and 3) Protecting Minority Investors, on top of two priority areas that could see further improvement: 4) Enforcing Contracts and 5) Getting Credit.

18 Under the Third APEC EoDB Action Plan, APEC economies formulated an APEC EoDB Implementation Plan, which identified capacity building and technical assistance activities to be implemented under the new Action Plan. The implementation plan will be a living document, developed and to be updated through a consultative process with APEC economies at each EC Meeting.

19 To assess APEC's progress in achieving the target of the Third APEC EoDB Action Plan during 2020-2025, the EC proposed that the PSU conduct a mid-term review in 2023 and a final assessment in 2026.

20 The Third APEC Ease of Doing Business Action Plan and Implementation Plan are attached herewith as Annex B for welcoming by the Senior Officials and forwarding to the SRMM for final approval.

C. 2020 APEC Economic Policy Report

21 The topic of this year's AEPR is Structural Reform and Women's Empowerment. The topic not only supports the on-going capacity building programs by the EC on empowering women, but also contributes to Malaysia's host year priorities for APEC 2020, which focuses on inclusive growth and women as one of the targeted segments.

22 The 2020 AEPR consists of five parts: 1) Introduction and overview of structural reform and women's economic participation in the APEC region; 2) Analysis of women's labour force participation in the APEC region; 3) Policy initiatives and programmes addressing women's economic empowerment; 4) Enforcement of structural policies to enable women's economic participation; and 5) Summary of key findings and policy recommendations. The Report found that while the APEC region has made progress in improving women's economic empowerment, women still face structural barriers in economic participation as a result of regulatory gaps and limitations in areas such as securing credit, accessing affordable childcare services and overcoming cultural barriers as well as discriminatory practices.

23 The EC acknowledges the contributions by Australia and New Zealand in funding this year's AEPR. The EC is particularly grateful to Australia and Canada for leading the AEPR Core Team, which also included Indonesia, Japan, Malaysia, Mexico, New Zealand, Russia, Chinese Taipei, the United States and Viet Nam.

24 The following economies provided case studies for this year's AEPR: Australia, Canada, Indonesia, Japan, Malaysia, New Zealand, Papua New Guinea, Russia, Chinese Taipei, and the United States. Case studies and Individual Economy Reports were provided in full and annexed to the report.

25 The EC expresses its appreciation to the PSU for their excellent work writing sections of the report and managing its overall production.

26 In addition, the EC produced a Factsheet of the 2020 AEPR that will be further distributed at AMM.

27 The 2020 AEPR was endorsed by the EC. It is attached herewith as Annex C for consideration and endorsement by the Senior Officials and forwarding to the AMM for welcoming.

D. Structural Reform and Future of work

28 At EC2, the topic of Structural Reform and Future of Work was discussed as a possible topic for next year's AEPR. New Zealand, as a member of the core team, would like to see this topic framed around the impact of COVID-19 and increasing economic resilience.

29 At the Second Virtual EC Informal Meeting, New Zealand led a Policy Dialogue on Structural Reform and the Future of Work. Speakers provided useful thoughts and ideas on how the 2021 AEPR can be developed. The Policy Dialogue assisted in delineating the scope of the 2021 AEPR.

30 The EC agreed to put forward the Structural Reform and Future of Work as the proposed topic for next year's AEPR. The EC will work out the exact scope of the report in the 2021 AEPR Outline. This topic is considered timely and relevant given the current global pandemic. Senior Officials are requested to endorse Structural Reform and Future of Work as the topic for 2021 AEPR and to forward it to the AMM for final approval.

31 The EC looks for areas of collaboration on 2021 AEPR with relevant APEC fora such as HRDWG as appropriate given the cross-fora nature of the topic.

32 The 2021 AEPR Core Team will be led by New Zealand and will include EC representatives from Canada, Hong Kong China, Indonesia, Malaysia, Peru, Chinese Taipei and the United States.

33 The EC expresses its appreciation to Australia for their intention to fund the production of next year's AEPR.

E. Policy Discussions, Seminars and Workshops

34 As reported to Senior Officials during the year, the EC held many high-quality policy discussions, workshops, and seminars closely linked with APEC priorities.

35 Policy discussions:

- Regional Economic Outlook (EC1 in February, led by the PSU)
- Structural Reform for 2021-2025 (EC1 in February, led by Viet Nam)
- Structural Reform and Beyond GDP (EC1 in February, led by Malaysia)
- APEC Collaborative Framework for Online Dispute Resolution (EC1 in February, led by SELI Convenor)
- Structural Reform and the Future of Work (Second Virtual Informal EC Meeting in October, led by New Zealand)

36 Workshops:

- Workshop on Innovative Regulatory Policy Development: APEC Economies' Approaches on Sharing Economy (February, led by Malaysia)
- Indigenous Women's Participation in Local Economies: Discussing Institutional Involvement to Promote Capacity Building (July, led by Chile)

37 The EC wishes to record its appreciation for the efforts of all those that organised and participated in these policy discussions, seminars, workshops and capacity-building activities.

38 Eleven new EC and CPLG APEC-funded and self-funded projects were approved this year:

- Workshop on Implementing the APEC ODR Collaborative Framework (Japan)
- Capacity Building on Data Science Tools for Sector Regulators and Competition Authorities amidst the New Normal (The Philippines)
- Analysis of perspectives and barriers for effective implementation of public e-services (Russia)

- Modernizing Secured Transaction Legal Regimes in APEC Economies through International Instruments and Effective Dispute Resolution Mechanisms (USA)
- FinTech Regulatory Sandboxes Capacity Building (Russia)
- Stocktake of APEC Online Dispute Resolution (ODR) Technologies (Russia)
- APEC Gender and Structural Reform: Measuring the Economic Impact (USA)
- Developing a practical APEC-OECD resource on international regulatory cooperation (New Zealand)
- APEC Ease of Doing Business Resolving Insolvency in APEC Economies (USA)
- Flexible Work Arrangements – APEC Best Regulatory Practices (Russia)
- Workshop on competition law and regulation in digital markets (New Zealand)

III. EC CONTRIBUTION TO NON EC-LED PROCESSES

39 APEC Strategy for Strengthening Quality Growth (ASSQG). The EC work in 2020 contributed to the ASSQG's three Key Accountability Areas, particularly institution building and social cohesion. Various RAASR IAPs touch on all three aspects, and include specific structural reforms which fit within the five growth attributes in the ASSQG. In addition, the work of the EC's FotCs is particularly relevant to the ASSQG's focus on building strong, resilient economic institutions.

40 APEC Internet and Digital Economy Roadmap (AIDER). The EC held a number of policy discussions related to the topic of internet and digital economy. Throughout the year, many EC projects and activities focused on harnessing digital tools in the areas of better regulation, EoDB and public sector governance. The EC produced its 2020 Internet and Digital Economy Workplan.

41 Boracay Action Agenda (BAA) to Globalize MSMEs. The EC provided inputs into the BAA stocktake for 2020, including Secured Transactions and Online Dispute Resolution policy discussion, Analysis of Perspectives and Barriers for Effective Implementation of Public E-services, and the FinTech Regulatory Sandboxes Capacity Building.

42 APEC Services Competitiveness Roadmap (ASCR). The EC continues to consider ways to contribute to the ASCR. The substantial AEPR on structural reform and services that the EC produced in 2016 contains structural reform actions that could be implemented in conjunction with other bodies such as CTI and GOS.

43 Regarding CTI-led processes, the EC appreciated being kept informed of EC-related aspects of FTAAP work. In this regard, the EC also supported the CTI workshop, CTI-EC FTAAP Policy Dialogue on Competition Related Provisions from a Business Perspective. The EC very much welcomes such close cooperation with CTI.

44 Conference on Good Regulatory Practices (GRP). The EC and SCSC host the GRP Conference in alternate years. The EC and the SCSC, will host the 13th GRP Conference in 2020, which focuses on regulatory approaches to new and emerging digital technologies.

IV. EC GOVERNANCE

45 It was the first meeting at EC1 for Dr. James Ding of Hong Kong, China as the new EC Chair and Ms Netty Muharni of Indonesia as EC Vice-Chair. They both, along with Dr Sun Xuegong of China as EC Vice Chair, will continue to serve in their respective role until the end of 2021.

46 Professor Yoshihisa Hayakawa of Japan assumed the role of SELI FotC Convenor for 2020-2021.

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

48 It was the first meeting for Mr Arunan Kumaran of Malaysia as the new CPLG Convenor, he is expected to continue to serve his role until the end of 2021.

49 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.

50 The EC endorsed a sub-fora assessment methodology which uses both quantitative and qualitative information to produce an overall assessment report for CPLG. The methodology will make use of existing meeting and project data collected by the APEC Secretariat, information reported to the EC, short annual questionnaires for economies conducting self-funded projects, and four-yearly surveys of sub-fora and EC. The sub-fora assessment reports will be compiled in 2021, with a view to making recommendations on mandate renewal to Senior Officials during SOM3 2021.

51 The EC endorsed the Strengthening Economic Legal Infrastructure (SELI Sub-fund) eligibility criteria submitted by Hong Kong, China. 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 SELI Sub-fund will be open for application after completion of the necessary formalities.

52 Both the EC and the CPLG dedicate their sincere thanks to our Program Director, Mr. Pavel Bronnikov, for the fantastic job he has done in the role. We wish him all the best for the future. The EC and CPLG warmly welcomed Dr. Kirikbhumi Chitranukroh as the incoming Program Director.

V. FUTURE WORK

53 2021 is shaping up as another busy year for the EC with the following events currently planned to be held virtually or in a hybrid-mode:

- Workshop on Implementing the APEC ODR Collaborative Framework (Japan)
- Virtual EC 1 Plenary (SOM 1)
- Workshop on competition law and regulation in digital markets (New Zealand)
- Virtual EC 2 Plenary (SOM 3)
- Virtual Structural Reform Ministerial Meeting (TBC)

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