Digital Economy Steering Group Report to APEC Senior Officials on the Implementation of the APEC Internet and Digital Economy Roadmap in 2021

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DESG Report
to the APEC Senior Officials on the Implementation of the APEC Internet and Digital Economy Roadmap (AIDER) in 2021

Introduction

In 2017, APEC Leaders pledged to work together to realize the potential of the internet and digital economy and welcomed the adoption of the APEC Internet and Digital Economy Roadmap (AIDER). The AIDER is a framework that provides guidance on key areas and actions to facilitate technological and policy exchanges among member economies and to promote innovative, inclusive, and sustainable growth, as well as to bridge the digital divide in the APEC region. It lays out 11 Key Focus Areas (KFA) on which APEC economies are encouraged to concentrate their work.

The Digital Economy Steering Group (DESG) advises APEC Senior Officials on a comprehensive and regular basis on the implementation of the AIDER, giving full recognition to the AIDER's broad scope. In 2020, DESG adopted the Work Program for the Implementation of the AIDER (Work Program), which translates each AIDER KFA into several more specific Priority Areas. DESG and other relevant APEC fora and sub-fora are requested to identify initiatives or projects that would address the Priority Areas and when completed will achieve the attainment of the relevant KFA.

In 2021, members of DESG and other APEC fora reported completed and ongoing projects, and made suggestions for new initiatives that contribute to the implementation of the AIDER. These inputs are consolidated in the relevant reporting table of the Work Program (Annex A). Based on those inputs, this report summarizes the progress APEC has made in each of the 11 KFAs and identifies areas that require more efforts from member economies.

1.   Development of digital infrastructure

AIDER encourages all member economies to promote an enabling and competitive environment with pro-investment policies for the development of digital infrastructure to support the Internet and Digital economy. In 2021, TELWG contributed to exploring the development of ICT infrastructure by organizing a project to discuss the potential of new technological approaches, such as *Open Architectures and Network Virtualization*, to foster innovation, competition, and greater resiliency in 5G telecommunications networks.

However, further collaboration by APEC members would be needed to identify gaps in digital infrastructure, and to enable initiatives that would facilitate investment to advance it.

2.   Promotion of Interoperability

APEC efforts in this area were focused on the technological innovations for resilience in the face of natural disasters, climate extremes, and pandemics (*2021 APEC Resilience Week*); and on the transformation of businesses in the digital age (*Transforming Business in the Digital Age*). APEC has also undertaken activities in the sphere of interoperability in recent years, such as a PSU study on *Single Window Systems' international interoperability* (published in 2018), which provided recommendations to overcome obstacles for the Single Window implementation and showed the benefits of SWS international interoperability such as enhancing trade facilitation, institutional connectivity as well as regional economic integration efforts.

At the same time, more efforts can be made by APEC members to study systems or design interoperability of emerging technologies, such as Internet of Things (IoT), 5G, and Artificial Intelligence (AI), e-invoicing etc.

3.   Achievement of universal broadband access

AIDER calls out the importance of ensuring affordable and universal access to high-speed broadband. However, APEC collaboration in this area has been lacking. This remains a frontier where joint efforts, such as capacity-building activities, research, development of guidelines and best practices, etc., could help APEC achieve tangible progress.

4. Development of holistic government policy frameworks for the Internet and Digital Economy

This area remains a focus of attention for member economies. APEC fora such as DESG and CTI recently conducted studies, capacity-building events, and public-private dialogues contributing to the development of holistic government policy frameworks in such spheres as:

- digital trade facilitation (*Survey on E-Commerce Regulations in APEC*; *Public-Private Dialogues related to trade facilitation issues in support of the Supply Chain Connectivity Action Plan Phase 2 and implementation of the WTO Trade Facilitation Agreement*);
- the digital business environment for traditional enterprises (*APEC Workshop on Promoting the Doing-Digital-Business Environment to Reactivate Market Entities*; *Industry Roundtable on Digital Start-ups and MSMEs*);
- stimulating economic upgrading through global value chains (GVCs) (*Workshop on Effective Domestic Policymaking for Stimulating Economic Upgrading through GVCs*);
- application of internal taxes to electronic transmissions (*Supporting discussions in the WTO: Workshop on the application of non-discriminatory internal taxes to electronic transmissions*);
- intellectual property rights protection (*Protection of Intellectual Property Rights in Digital Content Trade*);
- women empowerment (*Strengthening Women Empowerment in Industry 4.0 through Digital Entrepreneurship Training*);
- digital capacity building in the post-COVID era (*Promoting Digital Capacity Building to Bridge the Digital Divide in the Post-COVID Era*).

In 2017-2018, TELWG has also undertaken projects focused on multilanguage email addresses for use in e-government, ICT access for people with hearing or speech impairments, and has an ongoing initiative an e-government centers.

5. Promoting coherence and cooperation of regulatory approaches affecting the Internet and Digital Economy

According to the AIDER, member economies should promote mutual understanding and strengthen cooperation in approaches to regulation including international and technical standards, while respecting each economy's choice of policies that are consistent with domestic situations and international legal obligations. In 2021 and recent years, APEC members undertook initiatives to facilitate regulatory coherence in the following areas:

- businesses' digitalization (*Transforming Business in the Digital Age*);
- digital trade facilitation (*Digital Trade Policy Dialogues*);
- customs-to-customs cooperation (*Customs Strategic Framework on Building Connectivity*);
- intellectual property rights protection (*Protection of Intellectual Property Rights in Digital Content Trade*);
- personal data breach notification systems (*Hosting an APEC forum to improve cross-border effectiveness of the personal data breach notification*);
- consumer protection in digital trade (*Promoting Consumer Protection in Digital Trade: Challenges and Opportunities*; *Promoting Consumer Protection in Digital Trade / E-commerce: Towards Building an APEC Regional Consumer Protection Framework*).

6. Promoting innovation and adoption of enabling technologies and services

AIDER encourages economies to take advantage of enabling digital technologies and the internet to promote innovation in products, services, processes, organizations, and business models. In 2020-2021, CPLG, CTI, DESG, HRDWG, HWG, OFWG, PPSTI, SMEWG, and TPTWG implemented initiatives devoted to innovative technologies in a wide range of areas, such as:

- mobility integration (*APEC TPT-WG IIEG Main Policy theme Virtual Meeting: Facilitating Mobility Integration through Technological Innovation*);
- healthcare ecosystem (*AI Policy Recommendation on Digital Transformation for Healthcare Ecosystem*);
- marine debris monitoring (*Capacity Building on Marine Debris Monitoring by Using Innovative Technologies in APEC Region*);
- manufacturing (*Policy Recommendation on Improving Supply Chain Performance with Digital Manufacturing technology amid Pandemic Crisis*);
- entrepreneurship (*APEC Digital Economy and Innovative Entrepreneurship Online Forum*);
- prevention of the spread of COVID-19 and other infectious diseases (*Using Digital Technologies for the Prevention and Control of COVID-19 and Economic Recovery*; *Digital Tools for Addressing Infectious Disease in the Asia-Pacific Region: Challenges and Opportunities*; *APEC Conference on Digital Healthcare Innovation – COVID-19 Response by Health Information Utilization*);
- competition laws and regulations (*Competition Law and Regulation in Digital Markets*);
- digitally-enabled services;
- promoting trade by utilizing digital technology

7.   Enhancing trust and security in the use of ICTs

DESG and CTI organized a series of workshops and studies exploring the potential for regional cooperation in the field of consumer protection in digital trade (*Promoting Consumer Protection in Digital Trade: Challenges and Opportunities*), including a framework for enforcement cooperation (*Promoting Consumer Protection in Digital Trade / E-commerce: Towards Building an APEC Regional Consumer Protection Framework*).

DESG held a policy dialogue in 2020 to identify challenges, opportunities, and capacity-building needs for personal data protection and utilization

(*Personal Data Protection and Utilization in the Asia-Pacific Region: Challenges and Opportunities*).

Apart from these initiatives, a more concentrated effort would need to be undertaken to promote cooperation on other important topics, such as ICT security and promotion of an open, fair and non-discriminatory business environment.

8. Facilitating the free flow of information and data for the development of the Internet and Digital Economy, while respecting applicable domestic laws and regulations

In March 2021, DESG Data Privacy Subgroup (DPS) member economies came together to issue a joint statement on COVID-19. Members recognized the importance of data in addressing the unprecedented challenges posed by the COVID-19 pandemic. At the same time, members acknowledged that it is also crucial to promote consumer and business trust by striking the balance between the utilization of data and the privacy of personal information, to draw the full potential of digital technologies in addressing the challenges inflicted by COVID-19.

As another recent accomplishment, a 2019 PSU study, and an associated trade policy dialog, on *Fostering an Enabling Policy and Regulatory Environment in APEC for Data-Utilizing Businesses*, identified some middle-ground approaches that would enable governments to achieve public policy objectives in areas of data security and privacy while also promoting the growth of data-utilizing businesses.

9. Improvement of baseline Internet and Digital Economy measurements

Some relevant projects were implemented in 2015-2018, but no recent activities were undertaken. More efforts to develop a common understanding of baseline measurements for the Internet and Digital Economy would help stakeholders in APEC economies make more informed decisions.

10. Enhancing inclusiveness of Internet and Digital Economy

Inclusiveness of the Internet and Digital Economy is a crucial part of the AIDER and an important focus of APEC members' efforts across a wide

range of fora: DESG, HRD, IPEG, PPFS, PPWE, SCE, SMEWG, and TEL. Relevant projects and initiatives contributed to advancing digital skills, facilitating the growth of MSMEs, women empowerment, expanding opportunities for indigenous and ethnic minorities, integrating support for the aging population, and alleviating poverty. A number of initiatives and programs have been undertaken in this key area and ensuring the synchronization and leveraging of the relevant programs will further strengthen its capability and maximize its benefits.

11. Facilitation of E-commerce and Advancing Cooperation on Digital Trade

APEC's broad agenda in the sphere of e-commerce and digital trade facilitation is evident from the wide range of initiatives and projects implemented and planned, covering such topics as:

- single window interoperability;
- capacity-building to support e-commerce negotiations;
- analysis of the impact of the digital economy on GVCs;
- smart agriculture;
- trade facilitation in the context of the COVID-19 pandemic;
- participation of MSMEs in cross-border e-commerce;
- digitally-enabled services;
- paperless trading.

Members have also acknowledged the importance of increasing the number of economies participating in the Pathfinder on Building Blocks for Facilitating Digital Trade and the Pathfinder for a Permanent Customs Duty Moratorium on Electronic Transmissions, Including Content Transmitted Electronically.

Conclusion

Several APEC fora have been actively contributing to the implementation of the AIDER. Considerable efforts have been made to address such KFAs as "*6. Promoting innovation and adoption of enabling technologies and services*" and "*11. Facilitation of E-commerce and Advancing Cooperation on Digital Trade*". Following the Statement on COVID-19 by APEC Ministers Responsible for Trade, issued on 5 May 2020, a range of initiatives have been undertaken to strengthen APEC's digital agenda and strategy, including electronic commerce and related services, with fresh perspectives and innovative means to navigate the new economic realities brought about by COVID-19.

At the same time, there are areas in which there are still opportunities for development:

> 1. Development of digital infrastructure,
>
> 3. Achievement of universal broadband access,
>
> 7. Enhancing trust and security in the use of ICTs,
>
> 8. Facilitating the free flow of information and data for the development of the Internet and Digital Economy while respecting applicable domestic laws and regulations
>
> 9. Improvement of baseline Internet and Digital Economy measurements

These areas represent some "low-hanging fruit" where stronger APEC collaboration would bring significant results. To reinforce the focus on these areas, it may be necessary to suggest further actions or establish development plans specifically for them, or to explore the experience of those economies that demonstrate strong development in these areas. The collaboration may have to build on current work programs that have already been established in member economies, to find the initiatives or projects to leverage opportunities in each area.

In addition, APEC Ministers Responsible for Trade agreed in their Joint Statement in 2021 that APEC should accelerate implementation of the WTO Trade Facilitation Agreement, particularly those articles relating to the

accelerated use of digitalisation for border processes. They also agreed to embed digital trade facilitation measures taken by APEC members during COVID-19. In light of this, it will be important that relevant APEC fora give due priority to strengthening digital trade facilitation.

In order to accelerate implementation of the AIDER the DESG will intensify its work (including intersessionally), strengthen its coordination with other APEC fora and sub-fora, and proactively engage with them to identify synergies and cross-cutting objectives for APEC's digital economy activities.