



**Asia-Pacific
Economic Cooperation**

2014/SOM1/021

Agenda Item: 4

Economic Committee Chair's Report

Purpose: Consideration

Submitted by: EC Chair



**First Senior Officials' Meeting
Ningbo, China
27-28 February 2014**

Executive Summary

This report informs SOM of decisions made at the first meeting of the Economic Committee (EC) held on 23 and 24 February 2014 in Ningbo, China.

Actions Required of SOM

Senior Officials to note the report by the Chair of the EC.

**Report by the Chair of the Economic Committee
to the First Senior Officials' Meeting of 2014
Ningbo, China**

27-28 February 2014

1. The Economic Committee (EC) held its first meeting of 2014 on 23 and 24 February in Ningbo. This report provides a summary of the outcomes of the meeting.
2. At the meeting, the Committee approved the EC Work Plan for 2014, which consists of the collection of the FOTC work plans on Competition Policy, Public Sector Governance, Regulatory Reform, Corporate Law and Governance, as well as the work plan on the Competition Policy and Law Group submitted ([Annex A](#)). The FOTC work plan on Ease of Doing Business is still pending.

Overview

3. Two principal themes emerged during EC1. First, a clear focus was provided by China's Senior Official, Mr Tan Jian, who highlighted for the EC the linkages between the EC's work plan and China's 2014 APEC Priorities. In particular, he drew attention to the importance of Priority 2: Promoting Innovative Development, Economic Reform and Growth for the work programme of the Committee. Suggested areas for cooperation suggested under this priority include: economic structural reform, innovative growth, and the internet economy.
4. Under the second theme, the importance of interconnectedness of EC's work with the work of other APEC fora was clearly evident. The EC will continue to keep in mind the integrated nature of APEC's work programme, and will seek to reach out to other groups such as CTI on an ongoing basis.

State of the Regional Economy and its Policy Implications

5. The EC held a policy discussion on the state of the regional economy and its policy implications. This included speakers from the OECD, IMF, PSU, the APEC Secretariat, and China.

During the panel discussion:

- The IMF noted that there were risks associated with the unwinding of "unconventional" monetary policies in developed APEC economies, and noted some developing economies faced weak policy frameworks and bottlenecks in infrastructure as they emerged from the crisis;
- The OECD stressed that domestic demand rather than exports will be an increasing driver of growth in many APEC economies, and that developing economies faced challenges in SME and infrastructure development as well as low productivity in the informal economy. The OECD noted that many developing APEC economies faced a "middle-income trap" but that the types of structural reforms that would be required to move forward from this varied from economy to economy;
- The PSU stated that growth outside the APEC region had risen from 1.6% in 2012 to 2.0% in 2013, while APEC growth had slowed from 4.2% to 3.7% over the same period. As such, the growth gap between APEC and the rest of the world is narrowing. In particular, there is renewed competitiveness in the developed world with trends such as on-shoring in evidence. While developing economies are still growing more quickly than developed economies, there is a change in the composition of growth with developed economies starting to recover while growth in developing economies is slowing down. The PSU noted that there was low total factor productivity growth in APEC and that innovation policies were important to address this;

- APEC Executive Director, Dr Alan Bollard stressed that it was important for APEC to take an integrated approach to these developments with SFOM addressing monetary policies, the CTI tackling regional economic integration, and the EC working on structural reform.
6. China tabled a proposal to explore the theme of the Middle Income Trap during 2014. It highlighted the connections between the challenges presented by the Middle Income Trap and many areas of the EC's work, and noted that it would seek to organise a workshop on this topic in the margins of SOM2.
 7. Following this discussion, the APEC Economic Committee issued a press release which is attached as Annex B.

Ease of Doing Business (EODB)

8. The EC held a discussion and assessment of APEC's EODB initiatives.
9. Illustrative presentations were given by Malaysia (reducing construction permit delays), Thailand (enforcing contracts), and Chile (incorporating companies in one day). US-ATAARI consultants presented a case study illustrating the significant cost reductions possible by eliminating regulatory delays. In addition, EC members discussed what directions EODB work should take after 2015. It was proposed that US-ATAARI should follow up after the meeting with a questionnaire to members on the future direction of EODB.

APEC New Strategy for Structural Reform (ANSSR)

10. Economies presented case studies on individual ANSSR initiatives as follows:
 - "Development and Implementation of Methodologies to Improve the Quality of Regulations and Regulatory Impact Assessments for Enhancing Market Openness, Ensure Transparency, and Promote Economic Growth" – Mexico;
 - "Capacity Building Program to Improve Appraisal of Public Investment Projects" – Viet Nam;
 - "Enhancing the Quality and Relevance of Technical and Vocational Education and Training (TVET) for Current and Future Industry Needs—Phase 1" – Malaysia;
 - "Government-to-Citizens (G2C) Service Channels: Bringing the State Closer to the People in APEC Economies" – Chile;
 - "Implementing Viet Nam's ANSSR—APEC Seminar on Sharing Experiences in Developing and Implementing New Growth Paradigm." – Viet Nam.

Australia proposed to hold training program to assist APEC economies implement their ANSSR priorities. The program will concentrate on Pillar 1 of ANSSR (promoting "more open, well-functioning, transparent, and competitive markets") and help economies develop structural reform project proposals for ANSSR funding. It will run from March to July 2014 and include a workshop in Bali, Indonesia in June.

APEC Economic Policy Report (AEPR)

11. The focus of 2014's AEPR will be Good Regulatory Practice (GRP). The EC discussed the approach developed by Japan, China, and the United States, who will collaborate on the production of the report in 2014. EC members provided feedback, which will inform the development of the report. Themes for the 2015 AEPR were also discussed. A final decision on the 2015 theme will be made at EC2.

New Project Proposals

12. A number of new projects were proposed for information and consideration at EC1:
 - The United States proposed a "United Nations Commission on International Trade Law (UNCITRAL) Instruments and the Ease of Doing Business Initiative."
 - Mexico proposed a "Capacity Building System for Regulatory Impact Evaluation."

- New Zealand proposed “Regulatory Coherence/ (International) Regulatory Cooperation Workshop Aimed at Improving Regional Connectivity and Economic Integration in the Asia-Pacific Region.”
- Hong Kong China proposed “Enhanced Ease of Doing Business Through the Use of Hague Conventions.”
- The Competition Policy and Law Group endorsed Russia’s proposal, “APEC Training Course on Competition Policy.”

All of these project proposals were endorsed by the EC. The project proposals from the United States, New Zealand, and Hong Kong China would involve holding workshops in the margins of EC2.

Annex A

EC Work Plan: Composite of FOTC and CPLG Work Plans

Work Plan for the Competition Policy and Law Group

Name of the FotC: Competition Policy and Law Group (CPLG)

Coordinating Economy: Chinese Taipei

Membership Principles¹ and Member Economies:

The CPLG membership remains open to all economies as in the past.

Objectives:

The CPLG works to promote an understanding of regional competition laws and policies, to examine the impact on trade and investment flows, and to identify areas for technical cooperation and capacity building among APEC member economies.

Scope:

The CPLG is responsible for practical aspects of competition law and enforcement to develop and enhance competition law and policy in APEC member economies. It covers the legal and regulatory issues of competition law and enforcement, including sharing new developments in the law, comparative aspects of competition law, the role of the courts, the degree of autonomy granted to competition authorities, better methods to improve success of monitoring and enforcement of the law and appropriate remedies. It requires high degree of technical expertise, in-depth understanding and ability to analyze the legal and regulatory issues from the members involved.

Activities and projects for 2014

- APEC Training Course on Competition Policy in 2014

¹ FotC coordinators are expected to propose as to how the membership can be organized. Possible examples include:

A: Economies with the intension of sizable/substantial contribution will be members, while other economies will take part in decision making at the Plenary.

B: Two kinds of membership, with core members and non-core members.

C: Economies with the intension of sizable/substantial contribution will be members, while other economies will be CC-ed when FotC e-mail discussion is conducted among such members.

APEC Training Course on Competition Policy will be held in Russia this October. Federal Antimonopoly Service of the Russian Federation, in cooperation with the Japan Fair Trade Commission, will host this training course.

- The Competition Policy and Law Database

Based on consensus among member economies, gathering and collating information and the establishment of a regional database is recognized as one essential step towards narrowing the competition information gap among member economies. For the purpose of sharing information/experiences and discussions among APEC member economies regarding updates and recent developments in competition law and policy, the website “The Competition Policy & Law Database” has been managed by Chinese Taipei since 1999. It has been more than 14 years since its establishment. Chinese Taipei had conducted a satisfaction survey in 2013 to collect feedback from member economies and assess if any way to improve and enhance the function of this database. Chinese Taipei will submit the final report at the 2014 CPLG meeting.

- Members’ Report/Presentation on Up-dated and Development of Competition Policy

In order to exchange information, promote dialogue and encourage cooperation among the authorities for competition policy of member economies, each economy will make presentations in the CPLG meeting on up-dates and development of competition policy and law, which may cover the following items;

- 1) Introduction of competition law and change to competition law and policy;
- 2) Enforcement of competition law and policy (featuring recent cases).

- Deepen International Enforcement Cooperation among APEC Competition Jurisdictions

To enhance the enforcement cooperation among the competition authorities in the APEC region, the CPLG office in 2013 held a members’ dialogue and a roundtable discussion on the concept of International and Regional Enforcement Cooperation. Furthermore, the CPLG Convenor will invite experts from experienced competition agencies to share their experiences of cooperation on enforcement cases at the 2014 CPLG meeting. The purpose of improving the enforcement cooperation among APEC-wide economies is not only to create a level playing field in response to APEC ANSSR priority areas, but also to enhance the fairness and transparency of competition law enforcement.

Work Plan for the Public Sector Governance FotC Group

Name of the FotC: Public Sector Governance

Coordinating Economy: Chinese Taipei

Membership Principles and Member Economies:

Economies with the intention of sizable/substantial contribution will be members, while other economies will be CC-ed when FotC e-mail discussion is conducted among such members. The eight start-up members include Canada, Indonesia, Korea, New Zealand, Chinese Taipei, Thailand, USA, and Vietnam.

Objectives:

Good public sector governance strengthens the national economic environment and improves public service performance. APEC Economic Committee has been in charge of promotion of structural reform and established a set of principles of public sector governance. The 2007 APEC Economic Policy Report highlighted nine generalized high-level principles of good public sector governance to economies. As the progress of structure reform steps into a new phase in 2011-2015, the new PSG FotC aims to maintain a platform for economies to discuss and exchange practical experiences on public sector governance and to promote the application of the principles of good governance in the public sector. It will facilitate ANSSR and support APEC Growth Strategy by improving the quality of public sector governance via providing opportunities for benchmark learning and best practices sharing among economies.

Scope:

In order to deepen and widen dialogues among economies, Chinese Taipei suggests that the new PSG FotC group develops the priority areas on the basis of its past achievements and the interests of member economies. With references to the results of the *Stock-take of activities against the nine high-level principles for good public sector governance* and the *LAISSR Reformulation Survey*, economies agree the five themes for advanced discussions in the new PSG FotC as follows:

- Strengthening public administration for the future
Coping with changes of the market, the political situations, and the natural environment within and beyond the boundaries, economies have adjusted their governmental structures to enhance competitiveness and to strengthen governance capacity in the past decade. In order to update lessons of government restructuring from economies, the new PSG FotC focuses on the experiences and the results of public administration reforms. Discussions in this area will concentrate on approaches and outcomes of organizational restructuring in the public sector promoting across boundary governance, reduction of administrative process and burden, and establishment of an effective government. This area aims to facilitate experience sharing of administrative

reforms and expects to promote economic, social, and political performance and good public sector governance among economies.

- **Improving the quality of public service**
Quality public service delivery is essential when promoting citizen trust and satisfaction toward the public sector. Seeking ways to advance the efficiency and quality of the public service delivery, APEC member economies have developed various innovative measures in recent years. This area aims to exchange the incentive mechanisms or initiatives economies designed to evaluate the quality of public service and to encourage the citizen-oriented public service.
- **Leveraging ICTs to strengthen public sector governance**
ICTs are becoming an essential part of many economies' governance initiatives. Active uses of ICTs for improving government process (e-administration), connecting citizens (e-citizens and e-services), and building external interactions (e-society) are beneficial to public participation and government transparency. This area expects to deepen experience sharing on how economies utilize new ICTs to promote government efficiency and responsiveness. Key issues in this area include agile and friendly access of public service, real-time government information and services, and applications of social networking to enhance interactions between the government and the public.
- **Enhancing fiscal transparency and public accountability**
Promoting fiscal transparency is one of the government's focal responsibilities to articulate the achievements of value for money. This area focuses on the practical measures and tools economies took to enhance public spending management, to improve government productivity, and to assess the quality of fiscal transparency. This area aims to develop a paper of fiscal transparency and public accountability.
- **Strengthening trust, integrity, and ethics**
Corruption erodes public trust towards the government and the performance of public governance. Therefore, to build a clean government and to construct public service ethic codes have been major concerns among economies. This area aims to promote further discussions on the systematic and organizational design and regulations of anti-corruption in the public sector. Economies will also have opportunities to exchange experiences on surveying the public perception of corruption and on training programs of the public service ethics.

List of Ideas on Possible New Projects (see Annex 1)

- Seminar, workshop, and roundtable discussion on priority areas
- Tailor-made project to assist member economies to improve governance quality in the public sector
- Paper on fiscal transparency and public accountability

Work Plan Details of Public Sector Governance FotC Group

Priority areas	Action items/Specific products	Timeframe	Led by	Format
1. Strengthening public administration for the future	Good practice principles for public sector governance	2011 EC1	Canada	Theme report
	Policy discussion on bureaucratic reform	2013 EC2	Indonesia	Policy discussion
2. Improving the quality of public service	Roundtable discussion on improving the quality of public service (To be confirmed)	2014 (To be decided)	(To be decided)	(To be decided)
3. Leveraging ICTs to strengthen public sector governance	Best practice for ICT strategy and public sector governance	2013 EC1	Chinese Taipei	Policy discussion / Roundtable
4. Enhancing fiscal transparency and public accountability	Improving public sector transparency: Good practices and reform experiences	2011 EC2	Chinese Taipei, New Zealand	Roundtable discussion/ Policy dialogue
	Policy discussion on international public sector accounting standards (IPSAS)	2013 EC2	New Zealand	Policy discussion
	2013 APEC Economic Policy Report on improving fiscal transparency and public accountability	2013	Chinese Taipei	Theme report
5. Strengthening trust, integrity, and ethics	Roundtable discussion on anti-corruption and public sector governance	2014	Chinese Taipei	Roundtable discussion

Work Plan for Regulatory Reform FotC Group

Name of the FotC: Regulatory Reform

Coordinating Economy: Japan

Membership Principles² and Member Economies:

Indonesia, Korea, Malaysia, Mexico, New Zealand, Chinese Taipei, Thailand, the U.S. and Vietnam

Objectives:

Promote regulatory reform in APEC economies to:

- increase social welfare by better balancing and more effectively delivering government policies over time;
- boost economic development and consumer welfare by encouraging market entry, innovation and competition and thereby promoting competitiveness;
- control regulatory costs so as to improve productive efficiency by reducing unnecessary costs, particularly for entrepreneurs and small, medium, and micro sized businesses;
- improve public sector efficiency, responsiveness, and effectiveness through public management reforms;
- rationalize and simplify law; and
- improve the rule of law and democracy through legal reform, including improved access to regulation and reduced discretion, where excessive, for regulators and enforcers.

Scope:

- The Regulatory Reform FotC will work to promote regulatory reform bearing in mind that all the FotC's activities will help implement the APEC Leaders' Growth Strategy and the ANSSR initiative.

List of Individual Activities to be Succeeded (see Annex)

1. APEC-OECD Integrated Checklist on Regulatory Reform

The Checklist is a voluntary tool that member economies may use to evaluate their respective regulatory reform efforts. Based on the accumulated knowledge of APEC and the OECD, the Checklist highlights key issues that should be considered during the process of development and implementation of regulatory policy, while recognizing that the diversity of

² FotC coordinators are expected to propose as to how the membership can be organized. Possible examples include:

- A: Economies with the intention of sizable/substantial contribution will be members, while other economies will take part in decision making at the Plenary.
- B: Two kinds of membership, with core members and non-core members.
- C: Economies with the intention of sizable/substantial contribution will be members, while other economies will be CC-ed when FotC e-mail discussion is conducted among such members.

economic, social, and political environments and values of member economies require flexibility in the methods through which the checklist shall be applied, and in the uses given to the information compiled.

So far, six economies (the U.S.; Hong Kong, China; Chinese Taipei; Korea; Australia; and Japan) have conducted self assessments.

This exercise would contribute to “Regulatory Cooperation and Convergence”, one of the proposed priorities for APEC2011.

2. APEC Voluntary Reviews of Institutional Frameworks and Processes for Structural Reform

A process for voluntary self review was developed and endorsed at the EC2 meeting held on 23 – 24 July 2009 in Singapore.³ The key features of effective reform institutions or processes that were agreed to be important for supporting reform are: Mandate, Governance, Budget, Independence, Authority, Transparency, and Economy-wide mandate/perspective.

The overall purpose of the review is to examine the extent to which these key features are present in the institutions and processes for structural reform within the reviewed economy. This review complements the APEC-OECD Integrated Checklist on Regulatory Reform.

3. Benchmarking Survey

The benchmarking survey was intended to gather information on the current regulatory state of play in APEC economies to provide a base level (the benchmark) against which to measure progress - with a follow up to be conducted in approximately five years to examine progress.

The benchmarking survey was also intended to assist economies in setting domestic targets, tracking the success of regulatory initiatives over time and allocating APEC’s capacity building resources in this area. The questions attempted to capture the framework and processes which assist in achieving good regulatory outcomes by taking a ‘snapshot’ of the regulatory processes in place in each economy.

In 2010, the results of the survey have been reported to EC members. So far, twelve economies (Australia; Hong Kong, China; Japan; Korea; Malaysia; Mexico; New Zealand; Russia; Singapore; Chinese Taipei; Thailand; and the U.S.) have conducted self assessments.

Possible New Projects

Promoting Regulatory Reform Contributing to APEC Leaders’ Growth Strategy and APEC New Strategy on Structural Reform (ANSSR)

In the past, Regulatory Reform FotC have supported regulatory reform activities in APEC economies by horizontal approach through developing and utilizing practical tools such as the Good Practice Guide on Regulatory Reform, the benchmarking survey and APEC-OECD Integrated Checklist on Regulatory Reform, and editing the APEC Economic Policy Report 2009 which focused on regulatory reform.

We continuously seek horizontal approach to share good practices on regulatory reform and improve the quality of regulation among economies.

And after 2011, in addition to utilizing these horizontal approach, we plan to focus on the priority areas contributing to APEC Leaders’ Growth Strategy (which consists of balanced growth, inclusive growth, sustainable growth, innovative growth and secure growth), APEC New Strategy on Structural Reform (ANSSR) and regulatory cooperation, and share best practices through figuring out regulations which could be driving force or disincentive to promoting activities on these areas and enforcing case studies. The priority policy areas are as follows:

³ PSU prepared HANDBOOK FOR “THE APEC VOLUNTARY REVIEWS OF INSTITUTIONAL FRAMEWORKS AND PROCESSES FOR STRUCTURAL REFORM” in October 2009.

- i. Improving business environment for Small and Medium Enterprises such as international trade
- ii. Promoting sustainable growth such as promoting investment on green industries
- iii. Promoting innovation such as developing a skilled, adaptable, and professional work-force

Firstly, we focused on the area on promoting sustainable growth. We implemented case studies on promoting investment on green industries collaborating with PSU during 2012 and 2013, and the report of the case studies issued on the APEC website⁴ in March 2013. Furthermore we hold the policy dialogue with regard to regulation for promoting investment on green industries and shared the best practices among APEC economies in the margin of EC2 in 2013.

Secondly, we focused on the area on promoting innovation in 2014, and we plan to make use of following activities as a means of sharing best practices:

- A) Survey on regulations which could be driving force or disincentive to promoting activities of promoting innovation
With reference to PSU researches, we plan to implement survey of promoting innovation, collaborating with PSU where appropriate.
- B) Policy dialogue or workshops
To be held in order to identify the necessary works by economies and to share the best practices. We will hold policy dialogue or workshops with regard to regulation for promoting innovation in the margin of EC2.
- C) Dialogue with ABAC
Cooperation with ABAC is indispensable in this field to promote regulatory reform in alignment with business needs. Also we might derive benefits through sharing and examining best practices. For this purpose, holding workshops with ABAC would be considered.
- D) Joint sessions with other fora
It is important to make our discussion more professional and technical through cross-fora collaboration. Possible ideas include joint sessions with the SCSC regarding with Good Regulatory practice or with the PPSTI to discuss it for Innovative Growth.

⁴ http://publications.apec.org/publication-detail.php?pub_id=1397

Annex 4

Items in the Forward Work Programme for LAISR and Their Transition to the New FotC Groups (Regulatory Reform)

Objectives	Action items/Specific products	Status	Led by	Suggested New FotC /Subfora
1. Provide context for the discussion on regulatory reform within APEC	Roundtable discussion on regulatory reform	Completed	Australia	[Regulatory Reform]
2. Provide guidance for good practice regulation principles and practices within APEC	Good Practice Guide on Regulatory Reform	Completed	Australia, Peru, Mexico, New Zealand	[Regulatory Reform]
	Workshop on Improving Public Consultation in the Rulemaking Process	Completed	United States, Indonesia, Japan, Mexico, Vietnam	[Regulatory Reform]
	Survey of incentive schemes for civil servants	Completed	Chinese Taipei	[Regulatory Reform]
	Ministerial Meeting on Structural reform	Completed	Australia, Peru, Singapore, EC Chair	[Whole of the EC]
3. Enhance APEC economies' regulation making, review and enforcement processes and systems.	AEPR 2009: Regulatory Reform theme	Completed	Australia	[Regulatory Reform]
	Benchmarking Survey	will be conducted in 2015		[Regulatory Reform]
	APEC Voluntary Reviews of Institutional Frameworks and Processes for Structural Reform	On-going		[Regulatory Reform]
	APEC-OECD Integrated Checklist on Regulatory Reform	On-going		[Regulatory Reform]
	Regulatory impact analysis training within APEC	On-going	Australia, Mexico, New Zealand, Russia	[Regulatory Reform]
4. Improve APEC economies' regulation in key sectors of the economy.	Desktop research on the current cost and quality of transport, telecommunication services, and energy to consumers in APEC economies	Completed	PSU	[Regulatory Reform]
	Case Studies on Green Investments	Completed	Japan, PSU	[Regulatory Reform]

Objectives	Action items/Specific products	Status	Led by	Suggested New FotC /Subfora
	Case Studies on Promoting Innovation	Will be completed by 2014	Japan, PSU	[Regulatory Reform]
	Case Studies on Improving Business Environment for Small and Medium Enterprises	Will be completed by 2015	Japan, PSU	[Regulatory Reform]
5. Address key regulatory burden on businesses in APEC economies.	Study of regulatory burden within APEC economies	Completed	Singapore	[Regulatory Reform]
6. Assess overall progress in regulatory reform amongst APEC economies and set direction for future work.	Report to APEC Leaders for endorsement	Completed by Nov 2010	Australia, EC Chair	[Regulatory Reform, whole of the EC]

WORK PLAN FOR THE COMPETITION POLICY FRIENDS OF THE CHAIR GROUP DISCUSSION PAPER

EC1 23-24 February 2014

Introduction

As part of the APEC New Strategy for Structural Reform (ANSSR), the Economic Committee (EC) is to lead on work to promote more open, well-functioning, transparent and competitive markets, including with respect to competition policy. This suite of reforms is designed to encourage competition, efficiency and transparency and includes improving regulation and government services, as well as reforms to facilitate the use of modern technologies.

Effective competition is a vital element of ensuring a strong economy and is a key component of APEC Economic Leaders' objective of achieving strong, inclusive, and balanced growth, including productivity growth. Competitive markets have a number of benefits including putting downward pressure on prices for the benefit of consumers, encouraging efficiencies to reduce costs for business, and promoting innovative new products and services.

Competition promotes the efficient use of human, capital and natural resources. It encourages goods and services to be produced at minimum cost (*productive efficiency*). It also encourages scarce resources, including labour, to be used in their most valued use (*allocative efficiency*). Over time, competition encourages product innovation and the adoption of new technologies, which may further reduce costs and/or improve product range and quality for consumers (*dynamic efficiency*).

This background paper is provided by Australia in its capacity as coordinator of the Friends of the Chair (FotC) on Competition Policy Group. It provides an update on the areas for further work on competition policy in the work plan for the FotC on Competition Policy Group. Australia is very happy to receive any other suggestions from members.

1. Assisting economies implement their ANSSR plans with respect to competition policy

The first component of the work plan for the FotC on Competition Policy Group is to consider initiatives to assist economies to implement their ANSSR plans with respect to the ANSSR priority of promoting more open, well-functioning, transparent and competitive markets.

The 18 member economies that chose this priority are pursuing a range of measures under their individual ANSSR plans, including reforms to promote the ease of doing business and good regulatory practices such as the use of regulatory impact assessment.

The mid-term progress reports presented to Leaders highlighted the good progress that economies have made to date in advancing their individual reform priorities under ANSSR. Economies continue to collaborate and work towards achieving their structural reform objectives through ANSSR by 2015.

In 2014, the FotC on Competition Policy Group members will continue to share experiences with a view to assisting each other to implement competition reforms in support of their structural reform objectives as part of ANSSR, as outlined below.

Capacity building and the ‘twinning’ program

Australia’s Productivity Commission is conducting a ‘twinning’ program to support structural reform efforts. The Productivity Commission has established an APEC Development Cooperation Unit with Australian Government/Department of Foreign Affairs and Trade (DFAT) funding. The unit conducted ‘twinning programs’ for four developing economies across 2012-13: China, Indonesia, Malaysia and Vietnam. Australia is currently considering further activities from 2014 with other APEC economies, including Thailand, Mexico, Chile, Peru and Papua New Guinea.

The overall objective of the twinning program is to strengthen the institutional capacity of APEC economies to deliver structural reform. Under the program, the Productivity Commission has hosted one representative from each of the four economies for approximately five weeks. During their visits, officials have been able to familiarise themselves with the Productivity Commission’s structure, activities and processes, including its capabilities in whole-of-economy analysis of the costs and benefits of reform. As part of their visits, the officials have also worked on specific structural reform areas and broader areas of policy interest. These have included infrastructure policy, SME policy, public consultation processes, health policy, trade agreements and regional economic cooperation.

Australia’s Structural Reform Initiative

In 2010, Australia established an AUD \$2.5 million ANSSR Sub-fund (ASF) to help APEC economies implement their ANSSR plans, as part of an AUD \$3 million initiative on Structural Reform. The ASF was designed to help developing economies meet their commitments under the ANSSR by assisting them to identify individual structural reform priorities, as well as possible policies and measures to address these priorities in the medium-term. The other component of the Initiative has funded a series of workshops and training programs to help economies develop and implement their ANSSR plans by bringing together policy makers to share experiences and lessons learned and helping economies design project proposals for the ASF.

Australia is currently considering organising a further ANSSR project development training program in 2014. The aim of a training program would be to assist economies to develop project proposals for the ASF and implement their reform priorities by 2015, when ANSSR is due to conclude.

2. Promoting competition in concentrated markets/oligopolies

The second component of the work plan is for members to consider exploring the market outcomes and welfare effects of markets that are relatively concentrated within the APEC region. The outcome of EC2 2013 was that the FotC on Competition Policy Group would consider this matter through a possible survey or policy discussion.

Concentrated markets may be a result of intense competition, with a small number of highly efficient firms and other less efficient firms exiting the market. Alternatively, they can result in outcomes similar to those in markets controlled by a monopolist, especially if barriers to entry are high, reducing competition and allowing firms to exert market power.

A dialogue on promoting competition in concentrated markets is proposed for the Competition Policy and Law Group meeting in 2014. This includes sharing information on how member economies have promoted competition and efficiency in particular sectors in their economy, building on the findings of the Policy Support Unit’s (PSU) January 2011 study into *The*

Impacts and Benefits of Structural Reforms in the Transport, Energy and Telecommunications Sectors in APEC Economies. The PSU study highlights some of the lessons for future reform and principles for promoting competition, which may be of assistance in taking forward future reforms.

Australia as coordinator of the FotC on Competition Policy Group would like to thank very much the CPLG Convenor and his office for all their efforts in organising this dialogue, which is of interest to competition policy makers and regulators who want to ensure that markets operate effectively and in the best interests of consumers and the economy as a whole.

3. Competition policy reviews

The third component of the work plan is for members to consider sharing information on how they are encouraging competition in their economy or updating their competition laws or policies for recent developments to promote growth and productivity. In this regard, Australia is pleased to share information on its review of competition laws and policy to be undertaken.

Australia's experience

Competition policy has contributed significantly to productivity and price changes in key sectors in Australia. For instance, in 2005 the Productivity Commission found that the changes resulting from Australia's original National Competition Policy and related reforms had increased Australia's GDP by 2.5 per cent.

The last comprehensive review of competition policy was carried out in 1993 and much has changed in Australia's economy since that time including market structures, integration into global markets, and communication technologies.

In December 2013, the Australian Government announced that it will undertake a root and branch review of Australia's competition frameworks to ensure its competition laws and policies remain robust and effective into the future. The review will not be limited to the legislation governing Australia's competition policy, but will extend to broad competition policy issues.

The review will be an independent examination of how the competition framework is working, including whether it is keeping up with emerging trends, and looking beyond the competition framework to identify impediments to competition with the ultimate goal of improving living standards. This broad and independent review will engage in thorough and open consultation.

Conclusion

Australia is very happy to receive any other suggestions from members of matters that might be included in a future work plan for the Group if there is sufficient interest from members.

Work Plan for the Competition Policy FotC Group

Name of the FotC: Competition Policy

Coordinating Economy: Australia

Participating Economies⁵: Australia; Brunei Darussalam; Japan; Korea; Mexico; New Zealand; Peru; Chinese Taipei, the Russian Federation and the United States.

Objectives:

Responsible for considering the role that government should play in facilitating and encouraging competition including through pro-competition policies and government decision-making processes aimed at enhancing, protecting and preserving competitive processes in order to enhance consumer welfare and improve economic outcomes.

This will include consideration of ways to facilitate behaviour which is pro-competitive and prevent behaviour which is anti-competitive. This may include consideration of:

- the role of political support for competition;
- how government has regard to competition during policy making processes;
- how the general state of competition and any case for government intervention can be judged by policy advisors;
- institutional responsibility for policy advice and enforcement;
- the processes by which increasing competition can occur and how transitional issues can be ameliorated; and
- options outside of anti-trust law to increasing competition, including for example, reducing barriers to entry and asymmetric information.

Scope:

The Competition Policy FotC would consider competition policy matters from a broad, high level perspective. Consideration of technical elements of anti-trust law and enforcement would be the responsibility of CPLG. CPLG would effectively be a group of experts mainly focused on operationalising competition policy. Competition Policy FotC and CPLG will work closely together and consider joint activities and workshops where appropriate.

List of Individual Activities to be Succeeded (Also see Annex 1)

- The APEC Policy Support Unit's (PSU) research on the impacts and benefits of structural reforms in the transport, energy, and telecommunications sectors.⁶

⁵ These economies are participating in this group but all economies are invited to attend and/or contribute.

⁶ APEC Policy Support Unit, *The Impacts and Benefits of Structural Reforms in the Transport, Energy and Telecommunications Sectors in APEC Economies*, January 2011.

List of Possible New Activities

1. Consider initiatives to assist economies to implement their ANSSR plans with respect to the ANSSR priority of promoting more open, well-functioning, transparent and competitive markets. This could include:
 - 1.1. Expanding the 'twinning' program with Australia's Productivity Commission in 2014.
 - 1.2. A possible ANSSR project development training program in 2014.
2. Members to consider exploring the market outcomes and welfare effects of markets that are relatively concentrated within the APEC region. This could include:
 - 2.1. A dialogue on promoting competition in concentrated markets at the Competition Policy and Law Group meeting in 2014, including sharing information on how member economies have promoted competition and efficiency in particular sectors in their economy, building on the findings of the PSU research.
3. Members to consider sharing information on how they are encouraging competition in their economy or updating their competition laws or policies for recent developments to promote growth and productivity.

Work Plan for the Corporate Law and Governance FotC Group

Name of the FotC: Corporate Law and Governance

Coordinating Economy: Vietnam

Membership Principles and Member Economies:

Chinese Taipei

Hong Kong, China

Korea

Thailand

USA

Vietnam

Objectives:

The Corporate Law and Governance FotC group aims to maintain a platform for economies to discuss and exchange information on corporate law and corporate governance issues as well as strengthening economic and legal infrastructures in APEC.

List of Ideas on Possible New Projects

Issue/idea	Lead economy	Suggested next step	Timeframe	Format
<p>1. Lessons from the financial crisis for corporate governance and law. The workshop was successfully completed on 28 June 2013. The final report on the outcomes and key findings of the workshop will be finalized and submitted to APEC.</p>	Chinese Taipei	Presentation at Plenary of EC1.	EC1 of 2014	Theme report
<p>2. Improving the implementation of corporate law and governance. This work would include the review of progress in the implementation of corporate law and governance in Vietnam; sharing best practices among APEC member economies.</p>	Vietnam???	Vietnam will develop this concept note intersessionally.	EC2 of 2014	Proposal
<p>3. Capacity building on improving the use of PPP. The work would involve a workshop on sharing experiences and best practice in attracting and promoting the implementation of PPP in infrastructure development.</p>	Vietnam	Vietnam will make a more detailed proposal to submit intersessionally for members' consideration. Support from members is greatly appreciated.	EC2 of 2014	Proposal
<p>4. Others???</p>				

Annex B
Press Release

Ningbo, China, 25 Feb 2014

Risks to economic recovery still remain: analysts

Issued by the APEC Economic Committee

An unstable economic recovery in the Asia-Pacific region requires APEC member economies to implement structural reforms despite the strengthening of industrial production, higher growth forecasts and the commitment by G20 members to ensure that monetary policy settings will be carefully calibrated, advised analysts.

These recommendations were offered to the APEC Economic Committee on Monday in the port city of Ningbo by economists from APEC, the International Monetary Fund and the Organization for Economic Co-operation and Development and provided context for the region's challenges.

Exports have been the traditional engine of growth in the APEC region. However, Dr Alan Bollard, the APEC Secretariat's Executive Director, explained that the sluggish growth in exports over the last few years has significantly dampened the pace of recovery in the APEC region.

"Changes to the composition of exports, supply chains, middle income demand and services growth will inevitably change the nature of trade flows within APEC," Dr Bollard said. "We have observed that, increasingly, domestic demand is becoming a primary driver for growth in many APEC economies."

There are downside risks to growth, including the possibility of portfolio reallocation, lower investment and financial disruptions stemming from a disorderly reaction to the normalization of monetary policy in some advanced economies.

While the region's growth is expected to accelerate at a faster pace in 2014, APEC is now at a critical juncture where economic restructuring is needed to secure the region's recovery.

"APEC growth in recent years has been driven by increased capital formation," stated Quynh Le, an analyst with the APEC Policy Support Unit. "Despite this, a slowdown in labor productivity restrained the APEC region from reaching its full growth potential."

"It is vital for APEC economies to take action to transform investments into higher productivity," she added.

The region is in a better position in terms of the fundamentals but some policy frameworks remain weak. The APEC Economic Committee is considering recommendations for reform.

“There might be room in developing APEC economies for monetary tightening, improving fiscal buffers and accelerating structural reform by addressing bottlenecks in infrastructure, reform and fuel price subsidies,” acknowledged Rory McLeod, Chair of the Economic Committee.

“Formulating credible macroeconomic policy priorities and frameworks will dampen the impact of financial volatility.”

“Some developed economies have expressed interest in dealing with export stagnation by enacting structural reforms that encourage imports, value-added manufacturing and innovation.”

The recent announcement from the G20 to raise collective GDP growth by 2 percent higher than the current trajectory implied by current policies over the next five years sets a target for the global effort to increase investment, lift employment and participation, enhance trade and promote competition, in addition to macroeconomic policies.

“In the near-term, achieving balanced, sustainable and inclusive growth will require APEC to enhance our innovative capacity through greater research and development and improving the business and regulatory environment and ultimately the overall productivity in the region,” concluded McLeod.

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More details about APEC's 2014 priorities and initiatives can be found on www.apec.org.

You can also follow APEC on Twitter and join us on Facebook and LinkedIn.

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