



**Asia-Pacific
Economic Cooperation**

2019/SOM1/ECSG/002

Agenda Item: 3

Summary Report of the 38th Electronic Commerce Steering Group Meeting

Purpose: Information
Submitted by: APEC Secretariat



**39th Electronic Commerce Steering Group Meeting
Santiago, Chile
28 February 2019**

**SUMMARY REPORT OF THE 38th APEC ELECTRONIC COMMERCE STEERING
GROUP MEETING (ECSG)
9:00-6:00pm, 10 August 2018
Port Moresby, Papua New Guinea
International Convention Centre, Room 107**

INTRODUCTION

1. The 38th APEC Electronic Commerce Steering Group (ECSG) meeting was held on 10 August 2018 in Port Moresby, Papua New Guinea. The meeting was chaired by Mr James Sullivan, United States. The following member economies and guest organisations were represented at the meeting: Australia; Chile; China; Hong Kong, China; Japan; Korea; Malaysia; New Zealand; Papua New Guinea; Peru; Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States; Viet Nam; ABAC; APEC E-Commerce Business Alliance (APEC ECBA); International Chamber of Commerce (ICC); World Trademark Alliance (WTA); World Economic Forum (WEF); and ConsenSys.

AGENDA #1. INTRODUCTORY REMARKS BY THE ECSG CHAIR

2. The Acting ECSG Chair Mr James Sullivan, United States, welcomed the delegates, thanked the Host Economy for its gracious hospitality, and encouraged the participation of all Member Economies to ensure a productive and effective meeting. The Acting ECSG Chair also conveyed ECSG Chair Ms Shannon Coe's regards to all present at the meeting.

AGENDA #2. ADOPTION OF THE AGENDA

3. The meeting adopted the agenda (2018/SOM3/ECSG/001).

AGENDA #3. ADOPTION OF 37TH ECSG MEETING REPORT

4. The Meeting endorsed the report of the 37th ECSG Meeting held on 1 March 2018 at Port Moresby, Papua New Guinea (2018/SOM3/ECSG/002)

AGENDA #4. REPORT ON APEC DEVELOPMENTS

5. The APEC Secretariat presented an update of the relevant developments in APEC since SOM1, 2018 and the update on APEC project management (2018/SOM3/ECSG/003).

AGENDA #5. REPORT FROM DATA PRIVACY SUB-GROUP

6. The Meeting endorsed the report from the ECSG-DPS Chair at [Annex A](#) (2018/SOM3/ECSG/014) and the DPS Work Plan for 2019 (2018/SOM3/ECSG/015).

AGENDA #6. PROJECT PROPOSALS

(a) Update on Completed/Ongoing Projects

Ongoing Projects

- (i) Cross-Fora Collaboration in APEC on the Use of Big Data in Medical Research, **United States**

7. The ICC, on behalf of the United States, updated the meeting on the collaborative project between ECSG and LSIF. Under this project, the key issue being addressed was the need to secure patient's consent for the use of secondary data and the goal was to develop a harmonized approach to enable responsible and secure sharing of medical data for secondary analysis to facilitate health and life sciences research. However, the current models of data sharing approaches mainly focused on the transfer of business-related data and does not provide for specific protection for the transfer of health information. The current focus of the project is on the possibility of developing some principles regarding the collection of medical data. The ICC said that it hoped to provide a more substantive update at the next ECSG meeting during SOM1 2019.

- (ii) Self--Funded Proposal "IDEAS Show", **Chinese Taipei**

8. Chinese Taipei updated the meeting on the "IDEAS Show 2018" which was held on 23 -24 July 2018 in Taipei. A total of nine ECSG representatives from Indonesia, Peru, the Philippines, Viet Nam and Papua New Guinea participated in the event. Chinese Taipei also expressed its appreciation to Hong Kong, China; Peru; the Philippines and Viet Nam for nominating excellent startups to pitch on the IDEAS Show stage. Chinese Taipei emphasized that the objective of this project aims to create a better entrepreneurial ecosystem for the digital economy of the future and promote innovative business models for MSMEs in the region.

Completed Project

- (iii) Promote Cross-Border E-Trade under the Framework of Regional Trade Agreements (RTAs) / Free Trade Agreements (FTAs) – Based on Best Practices in the APEC Region, **China**

9. China informed the meeting that the main research work related to this project had been completed and the draft project report have been circulated to the members for finalization through the APEC Secretariat. The research team is still in the process of reviewing the comments from members on the report. China also shared that the project has been extended for another eight months till November 2018 to ensure that all outstanding items related to the project can be addressed without changing the scope and budget of the project.

- (iv) Public-- Private Dialogue (PPD) on Existing and Emerging Issues related to E-Commerce and Digital Economy, **Peru**

10. Peru shared with the meeting that the PPD was held at the margins of SOM 2018. The objective of the PPD was to serve as a platform for discussion between public and private sectors to better understand issues related to e-commerce and digital economy such as the development and diffusion of new technologies, online consumer protection and the development of electronically transmitted content. The PPD was attended by 78 participants from 16 economies. The first panel addressed the importance of data flows in global trade and the different approaches that currently exist. This panel stressed the importance of involving SMEs and promoting interoperability. Speakers on the second panel discussed how consumer protection is addressed in FTAs, particularly in the CPTPP, and how the development of new technologies represent a challenge for public agencies and businesses. The panel took note of the importance of developing guidance and principles that can contribute to the enforcement and better understanding of these issues. Finally, the third panel covered issues related to digital tax implications and provisions related to financial services in the digital economy. Discussions also addressed the new emerging markets and new challenges that business face, such as access, localization, among others. Peru said that it is important to highlight that the issues addressed in this PPD may open the floor to new discussions on future areas for capacity building and collaboration among economies, particularly regarding the importance of digital flows, participation of SMEs in global trade and consumer protection challenges in digital trade. Most of the participants found it very important for their economies as most of the issues have a crosscutting nature and were considered appropriate for policymakers. Additionally, attendees suggested to cover more economies points of view and continue involving the private sector in order to better understand their concerns.

(b) New Projects or Activities

- (v) Seminar on Best Policies and Good Practices on Consumer Protection in Electronic Commerce, **Chile**

11. Chile thanked the cosponsors of its project proposal including Australia, Peru, the United States, Viet Nam and Chinese Taipei. Sharing that Chile has some prior discussions with Korea, Chile said that it shared similar objectives with Korea's proposal, "Promoting Consumer Protection in Digital Trade: Challenges and Opportunities" and decided to collaborate with Korea for efficiency. Chile welcomed other economies to join in the initiative in its project proposal. In response, Korea believed that there were complementary elements in what Chile and Korea were proposing. For Chile's proposal, the consumer protection theme has a domestic focus while for Korea's proposal, the focus was on cross-border enforcement and consumer protection. Therefore, Chile and Korea are in the process of consultation to explore how to synergize their project proposals.

- (vi) Promoting Consumer Protection in Digital Trade: Challenges and Opportunities, **Korea**

12. Korea shared with the meeting its project proposal, "Promoting Consumer Protection in Digital Trade: Challenges and Opportunities". Giving the context for its proposal, Korea said that APEC's discussion on the digital economy so far has been

focused on the supply side of the digital market, including the free flow of data, regulatory infrastructure, and enabling technology. However, the rise of digital trade brought about a compelling need to strengthen regional cooperation in addressing issues associated with the demand side as well. Consumer protection, a key driver of growth in digital trade, is one of the demand side issues that have received less attention from APEC undeservingly. Consumer protection is an important consideration for many economies as they develop policies and regulations to facilitate digital trade and e-commerce. Taking this into account, Korea proposed holding a one-day workshop on consumer protection for Project Session 2. While there would still be some outstanding discussions at the upcoming BMC meeting on granting in-principle approval for concept note, Korea would like to express appreciation for other economies' favourable consideration for this project, as well as co-sponsoring economies including the United States, Japan, Singapore, Chinese Taipei, New Zealand and Chile during the concept note's development. The proposed workshop will be held on the margins of CTI1 2019 and extend invitations to delegates from the consumer protection agencies of member economies no later than early next year to provide a venue for sharing information on the challenges they face in digital trade. The workshop can also provide a venue to identify the international norms and principles that APEC can refer to for this topic, and discuss ways to promote regional cooperation in the field of consumer protection, focusing on ways to create a regional framework for enforcement cooperation.

(vii) Proposal to Survey Ecommerce Regulations in APEC, **Singapore**

13. Singapore updated the meeting its proposal had been endorsed intersessionally prior to SOM1 2018. The next step for this project is to collect and consolidate inputs from members on their respective domestic approaches, measures and policies which are related to e-commerce. The results of the survey will be published on the APEC Trade Repository. Singapore would like thank economies such as China, Indonesia, Papua New Guinea and the United States which had already provided the inputs to the survey. Singapore encouraged economies to provide the relevant information according to the survey template (2018/SOM3/ECSG/004) and the template merely provides a non-exhaustive listing which can be amended/updated when new information are provided. Singapore looked forward for the contributions from member economies to this exercise which is an effort to promote transparency to the various policies related to regulatory environment within the APEC region. Awareness and transparency of existing regulatory frameworks is an important and necessary step towards understanding the digital economy landscape. Singapore hoped that this survey will be a helpful basis as members undertake more substantive and technical discussions on how to facilitate growth in the digital economy.

(viii) APEC Cross-Border Privacy Rules System: Fostering Accountability Agent Participation for Participants, Developing Economies, and MSMEs Benefit Workshop, **United States**

14. The United States informed the meeting that it has put forth the project proposal and expressed gratitude for the co-sponsorship received from ten other member economies. Giving the background to the project proposal, United States recalled a workshop held in December 2017 in Manila which showed that a key barrier

to the uptake of the CBPR System across APEC economies and for MSMEs has been challenges with the Accountability Agent (AA) recruitments and participation. This workshop further showed that the lack of AAs, as well as high costs associated with CBPR certifications, can be limiting for developing participation in participating economies and has been a key challenge to the uptake for CBPR certifications across participating economies. The proposed workshop in this new project will outline steps participating economies can take to increase the understanding of the AA criteria, study various models for AAs from private sector to government authorities, and to discuss ways to mitigate high cost of certifications for some instances. The United States proposed the project to run the course of 2019, and initially considered hosting the workshop in the United States, it shared that it was open to suggestions to hosting in other economies, including at the margins of SOM cluster meetings in 2019. The United States looked forward to work with the co-sponsoring economies and others in furthering the work in this project if it gets APEC funding approval.

- (ix) Bridging the digital divide for APEC economies to promote the participation of MSMEs in the regional market, **Viet Nam**

15. Viet Nam thanked Japan and Chile for co-sponsoring the above proposal. Viet Nam explained that in the context that APEC boasts a diverse range of markets, with varying levels of digital/ Internet economy maturity and technology adoption, the gap between developed and developing members has historically been a challenge to market access, particularly for MSMEs. However, the digital economy is quickly bridging this divide and allowing MSMEs to access new markets through e-commerce previously unavailable to them. Therefore, the core objective of Viet Nam's proposed project is to expand the internationalization opportunities for MSMEs by helping developing economies to design appropriate policies to develop the digital readiness, and hearing best practices in developed economies which have spurred the growth of their own domestic industries. Viet Nam explained that the proposal includes two activities: (i) a research on bridging the digital divide for APEC economies including updated Survey on the Readiness for Joining CBPRs 2016 which is regarded as one of key priorities for digital/ Internet economy, will be conducted to identify issues that developing economies should consider to create a nurturing environment for domestic digital market; (ii) a workshop will be hold for government representatives and digital solution providers to share the best practices on how APEC economies developing their digital/ Internet economy. The information about new and emerging issues in e-commerce will also be provided. After the workshop, the policy makers will acknowledge which policies are needed to foster the MSMEs in the digital/ Internet economy. This project is expected to be implemented in the second and third quarters of 2019.

AGENDA #7. REVIEWING THE ECSG TERMS OF REFERENCE (TOR)

16. ECSG members discussed the proposed text for the revised ECSG TOR and arrived at a consensus to present the final draft to be submitted to CTI for endorsement (2018/SOM3/ECSG/006).

AGENDA #8. NEXT STEPS ON THE IMPLEMENTATION OF THE BORACAY ACTION AGENDA (BAA), INCLUDING THE 2018 ANNUAL STOCKTAKE AND MID-TERM REVIEW OF PROGRESS

17. The Meeting noted the briefing and update by the Philippines on the BAA, including the 2018 Annual Stocktake and Mid-Term Review of progress (2018/SOM3/ECSG/009). The Philippines explained that for the stocktake, the document is a compilation of programs and initiatives developed and implemented in 2018 by economies in support of the BAA across all relevant APEC fora. The Philippines welcomed economies to continue to come up with initiatives to enable MSMEs to participate and compete in the global market. The draft outcome of the stocktake will be presented to Senior Officials and will be submitted for endorsement and adoption at CSOM 2018. Recalling the timeline of the BAA, APEC will also conduct this year the midterm review of progress of the implementation of the BAA and the review will use the data from the past stocktakes. Initial assessment showed that a bulk of activities are concentrated on priority action 6, with ECSG contributing to this area as well as priority action 7. The final findings of the review will be circulated to Senior Officials in due course and the Philippines would welcome members' comments. As part of the midterm review, the Philippines will also be participating in the "Policy Dialogue on sharing best practices in building institutional capacities to promote internationalization of MSMEs and developing competitiveness of MSMEs to go global [Papua New Guinea]", which will be held in the margins of the 47th Small and Medium Enterprises Working Group (SMEWG) Meeting in Port Moresby on 11 September 2018. During the dialogue, the Philippines will share the results of the assessment of the implementation and areas where work needs to be developed in reaching the 2020 the common goal of MSME internationalization. The Philippines thanked the member economies for their continual support in the implementation of the BAA as well as welcomed more initiatives to address the BAA's priority actions.

AGENDA #9. UPDATE FROM APEC E-COMMERCE BUSINESS ALLIANCE (ECBA)

18. The Meeting noted the presentation by the ECBA on the "APEC E-Commerce Business Alliance Secretariat Report" (2018/SOM3/ECSG/010).

AGENDA #10. INFORMATION SHARING ON ELECTRONIC COMMERCE ISSUES

Member Economies

19. Australia shared with the meeting some of its domestic developments in the digital economy space, including the "Open Banking Initiative" related to data portability, initiative on citizen information and sharing within the government while protecting personal data privacy, ongoing work undertaken by the Department of Industry, Innovation and Science on a "Digital Economy Strategy", ongoing work by the Digital Transformation Agency including building digital skills, as well as other initiatives and work on cybersecurity and new technologies such as blockchain.

20. Chile said that it has started work on updating the relevant laws on digital government where some areas are related to e-commerce such as digital identity,

digital signature and digitalization efforts to streamline bureaucratic processes for businesses.

21. China shared with the meeting on the recent significant growth in its online retail market, the resulting creation of related employment and overall economic growth. China also said that there had been ongoing research undertaken on improving cross border e-commerce.

22. Hong Kong, China shared with the meeting its recent initiative in moving trade financing to the digital arena. The Hong Kong Monetary Authority, in collaboration with a number of local banks, will launch a Distributed Ledger Technology-based trade finance platform later this year. This platform will enable automatic verification of trade documents and real time updates to all counterparties, which will enhance transparency of information and detection of fraudulent documents, thereby reducing the risks of fraud and increase the banks' willingness to engage in trade financing. This platform is built on an open architecture, which means that other interested banks in Hong Kong, China will be able to join if they wish to.

23. Malaysia shared with the meeting on its "National eCommerce Strategic Roadmap" which was launched in 2017 and will run its course till 2020. Malaysia, together with other ASEAN members, is also working on the ASEAN Agreement on Electronic Commerce which is slated to be completed later this year.

24. New Zealand mentioned at the meeting about the introduction of a new Privacy Bill to replace its existing 25-year old Privacy Act. This was undertaken in view of the new developments over the last 25 years of the internet and the digital economy. The key purpose of this reform is to promote people's confidence that their personal information is secure and will be treated properly. This will in turn support the effective and innovative use of personal information by private sector and public agencies.

25. Papua New Guinea shared at the meeting its E-Commerce Bill, which is currently undergoing the legislative process, also affects its Evidence Act and therefore the latter has to be reviewed as well.

26. Russia said that for 2017, the contribution of the digital economy to its economy was estimated to be at 2.42% of GDP, while the contribution of the mobile economy was estimated to be at around 4% of GDP. By 2021, the mobile economy is expected to be bigger than the agricultural sector, and the mobile economy is currently the 11th largest segment of the Russian economy. Over the next five years, the mobile economy expected to grow by 11%. The audience of mobile internet in Russia in 2017, for the first time, exceeded the desktop audience. In terms of contribution to employment, about 1.2 million people were employed in the mobile economy in 2017 and over the next five years, the mobile economy is expected to create an additional 400,000 jobs. One of the main expectations for 2018 in the e-commerce sector is the implementation of cooperation between Yandex and Sberbank to develop a platform based on the existing Yandex marketplace platform.

27. Chinese Taipei said that it has informed the ECSG Chair on 25 July 2018 on the competent authority for its Personal Information Protection Act (PIPA). The

competent authority has established a personal data protection office to act as a cross-agency coordinating body to pursue the EU's adequacy decision for cross-border data transfer under the EU's newly implemented General Data Protection Regulation (GDPR).

28. Thailand informed the meeting about the progress of its Data Privacy Act and the Act is now undergoing the legislative process. The Ministry of Digital Economy and Society has also set up a national committee to prepare relevant guidelines for the relevant stakeholders in relation to the Act.

29. The United States shared with the meeting the current work it has been undertaking in facilitating digital trade and e-commerce. Recent studies have shown that the free flow of data across borders will reach a global value of \$11 trillion by 2025. Further estimates showed that currently 12% of all international trade in goods occurred across e-commerce platforms such as Amazon. In the United States alone, digital trade has raised the GDP by nearly 5% by increasing productivity and lowering trade costs, and it has created as many as 2.5 million jobs domestically. Furthermore, a 2016 World Bank study found that 10% increase in internet penetration in exporting countries leads to a 2% increase in export of goods, showing a direct link between goods trade and growth in the digital economy as well the digital divide. The United States has been actively measures around privacy discussions, consumer protection, and also cybersecurity to ensure a stable and long-lasting internet and digital economy. As such, the Department of Commerce is working on a cybersecurity framework which is to be used in concert with 30 economies, including six APEC economies, for streamlining and coordinating cybersecurity responses within economies to better respond to proactively to cyber intrusions. The United States has also adapted a more outward approach against digital protectionism, including statements and leadership through the White House and Trump Administration, all these in support of the ever-growing digital economy and e-commerce market in the United States and the APEC region.

Guest Organizations

- i. ConsenSys
- ii. ICC

30. The Meeting noted the presentation from ConsenSys on "Innovation and E-Commerce on the Blockchain (2018/SOM3/ECSG/011)". The Meeting also noted a verbal update from the ICC.

AGENDA #11. Other Business

(a) Report to CTI

31. The Acting Chair informed the meeting that he would be preparing a written and oral report to the CTI based on the discussions at the meeting.

(b) APEC CHILE 2019

32. The Meeting noted the presentation by Chile on APEC Chile 2019 (2018/SOM3/ECSG/013).

AGENDA #12. Conclusion and Next Meeting

(a) Document access

33. The meeting endorsed the meeting document classification list (2018/SOM3/ECSG/000).

(b) Dates and venues for next meeting

34. The next ECSG and related meetings will be convened at the margins of SOM 1, 2019, at Santiago, Chile. The administrative details of the meetings will be circulated to all Members, Observers and Guests in due course.

*** END ***

38th ECSG-DPS REPORT (9 AUGUST 2018)

- Cross Border Privacy Rules (CBPR) System:
 - Noted:
 - Updates from existing CBPR economy participants – United States, Japan, Korea, Singapore;
 - Chinese Taipei’s application to join the CBPR System has been submitted and currently under JOP’s review. Australia has also submitted its CBPR application recently during the week of 31 July 2018. The Philippines is now working on the documentation required for the submission of the application to participate in the CBPR System;
 - Ongoing work by the AASG on the development of the new CBPR.org website including the finalization of the contracting process and a possible demonstration of the website via webinar intersessionally. Another ongoing piece of work the AASG has been undertaking relates to the communications strategy for the CBPR System to raise outreach and awareness. AASG may also explore the sharing of best practices/cooperative mechanism among the Accountability Agents (AA) as part of future work.
- JOP Chair suggestion on process streamlining:
 - Agreed to streamline the signing of the JOP findings report by replacing physical signature from JOP members with email acknowledgement
- DPS Executive Positions:
 - Noted that current Chair’s term is ending in SOM3, 2018 and sought interested Members’ nominations for a new DPS Chair (SOM1, 2019 – SOM3, 2020)
- ECSG-DPS 2019 Work Plan:
 - Agreed to consult among members on the text “[US: Information on] [PRC: Develop an assessment of] CBPR and PRP implementation by economies and implications for businesses;]”. If there is no consensus, this text will be dropped and deemed endorsed by members and submitted to CTI for approval.
- **Agreed to** undertake the following intersessional work:-
 - Study Group on data portability
 - APEC Data Portability Study Group Discussion Paper: Based on the feedback from the meeting on the latest version of the paper tabled by ECSG-DPS Chair, there is general interest among the members to monitor developments on the issue of data portability. ECSG-DPS Chair will continue to seek members’ views and endeavour to provide a report for next year.
 - Update of CBPR/PRP documents to reflect APEC Privacy Framework update

- 2015 APEC Privacy Framework -Summary of new elements for consideration and the CBPR Documentation – Updates in light of updated 2015 APEC Privacy Framework: Australia has tabled these two papers for member economies for consideration. Based on the comments received during the meeting, Australia will revise these papers and circulate them via the Secretariat for members' comments intersessionally.
- **Noted** the following reports received at the DPS:
 - Noted the update from the JOP Chair's update on JOP ongoing work related to: 1) Truste's AA application for PRP; 2) Truste's recertification as AA for CBPR; 3) KISA's AA application; 4) review of Australia and Chinese Taipei's CBPR application. The JOP Chair also shared about the devotion of more resources from the United States devoted to the work of the JOP on – Agenda #2(a)
 - Status Report from MYP Project Lead on the ongoing work in the development of the new CBPR.org website, United States – Agenda #2(b)(i)
 - Update from Cross Border Privacy Enforcement Arrangement (CPEA) Administrators, including: 1) 15 new members from Chinese Taipei, bringing the total CPEA membership to 27 PEAs from 12 economies; 2) ongoing work to address false claims of CBPR participation; 3) ongoing effort to better understand the impediments for CPEA members in utilizing the CPEA arrangement; and 4) the OECD survey project on data breach notifications (encourage members to participate) and the sharing of the results next year – Agenda #4
 - New Zealand's sharing on "Data Portability –Selected Recent Resources" and "Development of Internationally Comparable Privacy Metrics" – Agenda #3
 - Project Management Update, APEC Secretariat – Agenda #6(a)
 - Member Economies' updates on their respective data privacy developments: Australia, Chile, Canada (by ECSG-DPS Chair on Canada's behalf), China, Hong Kong, China, Japan, Korea, Papua New Guinea, the Philippines, Singapore, Chinese Taipei, Thailand, United States, Viet Nam – Agenda #9(a)
 - New Zealand's presentation "Privacy Bill to replace 25 year old law" – Agenda #9(b)
 - Guest Organisations Updates and Presentations: CIPL, ICDPPC, GPEN, APPA, OECD Working Party on Security and Privacy in the Digital Economy – Agenda #10(a) and (b)

- END -