

**SUMMARY REPORT OF THE 39th APEC ELECTRONIC COMMERCE STEERING
GROUP MEETING (ECSG)
9:00-6:00pm, 28 Feb 2019
Santiago, Chile
W Hotel/B**

INTRODUCTION

1. The 39th APEC Electronic Commerce Steering Group (ECSG) meeting was held on 28 Feb 2019 in Santiago, Chile. The meeting was chaired by Ms Shannon Coe, United States. The following member economies and guest organizations were represented at the meeting: Australia; Brunei; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States; Viet Nam; ABAC; APEC E-Commerce Business Alliance (APEC ECBA); PECC; Centre for Information Policy Leadership (CIPL); Information Accountability Foundation (IAF); International Chamber of Commerce (ICC); Derechos Digitales; and Asociación Latinoamericana de Internet (ALAI).

AGENDA #1. INTRODUCTORY REMARKS BY THE ECSG CHAIR

2. The ECSG Chair Ms Shannon Coe, United States, welcomed the delegates, thanked the Host Economy for its hospitality, and encouraged the participation of all Member Economies to ensure a fruitful meeting. The ECSG Chair noted that just prior to the ECSG's establishment some two decades ago, many people did not have access to the Internet, but now e-commerce has become a feature of daily lives for many across the region. The digital revolution has affected many aspects of the global economy and therefore, it was an opportune time to expand the work of ECSG and increase coordination with other APEC fora on this front.

AGENDA #2. ADOPTION OF THE AGENDA

3. The meeting adopted the agenda (2019/SOM1/ECSG/001).

AGENDA #3. ADOPTION OF 38TH ECSG MEETING REPORT

4. The meeting endorsed the report of the 38th ECSG Meeting held on 10 August 2018 at Port Moresby, Papua New Guinea (2019/SOM1/ECSG/002).

AGENDA #4. APEC PRIORITIES FOR 2019

5. The meeting noted the presentation by the SOM Chair's Office on the priorities for 2019, including "Integration 4.0 Priority: Global Value Chains and the Digital Economy" (2019/SOM1/ECSG/011).

AGENDA #5. BRIEFING BY CTI CHAIR ON CTI PRIORITIES 2019

6. The meeting noted the briefing by CTI Chair on CTI's priorities for 2019 with a view to strengthen collaboration between CTI and DESG (2019/SOM1/ECSG/008).

AGENDA #6. REPORT ON APEC DEVELOPMENTS

7. The APEC Secretariat presented an update of the relevant developments in APEC since SOM3, 2018 and the update on APEC project management (2019/SOM1/ECSG/003).

AGENDA #7. DEVELOPING QUALITY CONCEPT NOTES

8. The Project Management Unit provided a briefing on the development of concept notes for APEC funded projects (2019/SOM1/ECSG/004).

AGENDA #8. REPORT FROM DATA PRIVACY SUB-GROUP

9. The meeting endorsed the report from the Acting ECSG-DPS Chair at **Annex A** (2019/SOM1/ECSG/012).

AGENDA #9. 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**

10. The United States said that the above ongoing project is a joint initiative between the Life Science Innovation Forum (LSIF) and the ECSG and did not have any updates to report. The LSIF, as initiator and lead of this cooperative work, may have more information to share at a future meeting.

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

11. The United States shared that the workshop would be held later in the year in Honolulu, Hawaii, and invited all members to participate. The workshop will focus on key aspects of the CBPR System's administration with a focus on how to increase the number of Accountability Agents (AA). The workshop will bring together existing and prospective AAs, experts and policymakers to consider various AA models and how to make AAs more cost effective, among other issues..

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

12. Korea shared that it would be holding a workshop related to the above project at the margins of SOM2/2019. The details of the workshop program were being finalized with the relevant experts from OECD, WTO and other international organization. Other details including the agenda and invitation letter would be circulated to members at a later date prior to the workshop.

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

13. Singapore thanked the members who had provided information for the survey and shared that the collated data had been uploaded and publicly available on the APEC Trade Repository (tr.apec.org). The survey was meant to be a “living document” where members could update the information from time to time, which would in turn promote openness and transparency in this area. Members were encouraged to share any relevant regulatory changes with the APEC Secretariat and the Market Access Group (MAG) so that the information on the APEC Trade Repository could remain up-to-date. Singapore welcomed the inputs from other members on the possible follow-up initiatives that builds upon the information and data from this survey.

(v) Promoting the Participation of MSMEs in the Regional Market to Bridge the Digital Divide in APEC Economies, **Viet Nam**

14. Thanking members’ support for the project, in particular Chile, Japan and the United States, Viet Nam explained that there were two main activities related to this project: 1) Research on bridging the digital divide in APEC economies and; 2) a workshop with participants from the government and private sector. In addition, a questionnaire related to the project would be circulated to members for their responses. A report would be presented at the workshop that was planned to take place in October in Viet Nam. Further details will be provided to members at the next ECSG meeting during SOM3/2019.

Completed Project

(vi) Multi-year project, “APEC Cross Border Privacy Rules System Implementation and Administration Assistance” M CTI 01 2011T, **United States**

15. Recalling that this multi-year project was approved for funding back in 2011, the ECSG Chair said that the approved funds were used for capacity building activities with respect to the APEC CBPR System, and prior to the sunset of the project, the remaining funds were utilized to revamp the APEC CBPR website (<http://cbprs.org/>). The ECSG Chair also noted that since the APEC multi-year project pilot had concluded, funding from this mechanism would no longer be available, at least in the near future.

(b) New Projects or Activities

(vii) Workshop on Using Blockchain for Cross Border Trade, **Chinese Taipei**

16. Chinese Taipei shared that it intends to host a workshop on blockchain technology in October 2019 as the main component of this proposed project. Chinese Taipei explained that the purpose of this project was to enhance understanding of emerging blockchain technology among member economies and its application among MSMEs, which could in turn enhance MSMEs’ participation in the global markets. Emphasizing that alignment of this proposed project with the overall theme

of digital trade and digital economy and the scope of ECSG, Chinese Taipei looked forward to member economies' support for the project (2019/SOM1/ECSG/005).

(viii) Work Plan for APEC MyData Cooperation Platform, **Korea**

17. Starting with the overall background of the proposal, Korea said that the free flow of information and the protection of privacy are two core objectives that the APEC Internet and Digital Economy Roadmap aspires to achieve. In order for enterprises, especially MSMEs, to provide innovative services across borders, it is essential for them to be able to easily access and utilize high-quality big data resources in both domestic and overseas markets and in cost-effective ways. But at the same time, there must be an effective mechanism that can ensure an adequate level of safeguarding privacy and personal data. Furthermore, such a mechanism should be able to ensure individuals' self-determination rights and possibly beneficiary rights over their own data. In this sense, it would be necessary to consider achieving a balance between the utilization and protection of data, and the "Work Plan for APEC MyData Cooperation Platform" is a proposal from Korea as an effort to achieve this balance. One of the main goals of the platform is to create an environment to promote favorable conditions for utilizing data-driven technologies and services of various sectors within the APEC region. Along with that, it is important to protect and promote individuals' rights and welfare, not because they were only mere subjects for protection, but because they were the key players in creating and controlling data within the platform. However, despite many ongoing public and private movements globally in similar context such as "Open Data" and "Internet of Me", the policies of "MyData" were still in their early stage. Hence, in order to explore specific ways to develop the platform, it would be necessary for APEC Members to better understand the concept of "MyData" ecosystem. As a first step to enhance the understanding of "MyData" and explore cooperation possibilities of the "MyData" platform, Korea would be proposing to hold a policy dialogue in 2020 and seeking members' interest and support for this initiative (2019/SOM1/ECSG/010).

(ix) Public-Private Dialogue (PPD) on promoting Consumer Protection in Digital Trade: Challenges and Opportunities in the dispute resolution and redress mechanisms, **Peru**

18. Explaining the main idea behind this proposed project, Peru said that the internet and digital economy has created new opportunities and challenges in the supply of goods and offer of services through the internet. In line with such developments, there was an urgent need to address consumer protection and regional cooperation in resolving consumer conflicts. Given that consumer confidence was essential to the growth of e-commerce, Peru's proposed PPD would seek to provide an overview of current barriers and challenges in order to foster consumer confidence in e-commerce and to exchange experiences on the regulatory frameworks in each of the APEC economy. Peru shared that it would like to focus this PPD on exploring the legal framework related to the provision of meaningful access to fair, easy-to-use, transparent and effective mechanisms to solve domestic and cross-border e-commerce disputes without unnecessary costs and requirements for online consumers. This should include out-of-court settlement mechanisms such as internal complaints, alternative dispute resolutions to self-regulation tools, which should be

discussed in the proposed PPD. The PPD should also serve as a platform for economies to share their views, suggestions, information on regulatory frameworks. Another element of the PPD should also analyze and identify adequate compensation mechanisms for the damages consumers suffered because of the goods and services that did not meet the quality requirements as represented by the providers. An outcome of the PPD would be a set of draft recommendations to promote best practices for online dispute resolution and redress mechanisms in the APEC region. The proposal for this PPD would be circulated to members for their views and comments in due course, and Peru would like to seek members' support with the aim of having this proposed project approved for Project Session 2 2019.

- (x) APEC Workshop on Fostering Inclusive Digital Economy: Sharing Best Practices in Advancing Women Participation in Start-ups Industries, **Indonesia**

19. Indonesia shared that key issues covered in this proposed project would be: 1) identifying opportunities and challenges on how women engage in Digital Startups and utilize digital platform in order to foster their participation in global trade; 2) discussing the potential benefits for women to have online presence; and 3) identifying best practices that can facilitate access for women to better participate in Digital Startups. Indonesia said that the intention was to surface this proposal to CTI with the aim of seeking approval during Project Session 1 2019. However, since this proposed project could potentially involve cross-fora collaboration, Indonesia intends to circulate this for ECSG and SMEWG's for inputs. With the rapid growth of the digital economy in recent years, the current way of understanding business models may no longer be sufficient, given that business models in the digital economy have evolved into more complex and complicated models. The workshop would cover several issues including: 1) current approach on digital economy landscape and business models; 2) emerging business models on digital economy; 3) current government policies for the digital economy; and 4) role of government in formulating innovative business policies. Indonesia would circulate the concept note for this project in due course and seek members' support for it to be funded during Project Session 1 2019.

- (xi) Workshop on "Understanding Digital Economy Landscape: How to Formulate Innovation and Business Policy", **Indonesia**

20. Indonesia shared that the objective of this proposed project would be to assist APEC economies, in particular developing economies, with a framework to identify and analyze digital economy landscape. Through better understanding of the landscape through such a framework, member economies could formulate better policies and anticipate future business models in the digital economy.

- (xii) Good practices on competency-based training that support labor market adaptability, employment and life-long learning, **Chile**

21. Chile explained that this is a proposed self-funded project which will consist of a two-day workshop during SOM2/2019, in which education and training strategies for the 21st century in terms of labor market adaptability, employment and life-long learning will be discussed. The workshop would also seek to identify national and

regional models, and adapt recommendations for beneficiary profiles, specifically for NEET, young people that are not in education, employment or training, and senior citizens. Finally, the project will develop recommendations for regional cooperation in competency-based training that supports labor market adaptability, employment and life-long learning.

(xiii) Domestic regulatory frameworks as a mean to promote digital services and contents, **Chile**

22. Chile shared that this project, which intends to seek APEC funding, would seek to identify the best regulatory practices that foster the emergence of digital services and applications. As part of this project, a survey would be conducted to assess the role of competition policies and related regulations in APEC economies in order to investigate factors that improve the emergence of digital-related ventures. The results of the survey would then be used to propose recommendations that serve to improve the provision of digital related services and content. Participating APEC economies would be expected to provide information about their domestic competition frameworks and related regulations.

(xiv) Study to identify concrete recommendations for facilitating the Internet and Digital Economy in the APEC region, **Chile**

23. Chile explained that this proposed project would aim at developing common principles for the improvement of cross-border regulation in the light of the needs and challenges of the internet and digital economy in the APEC region. This shall be addressed from various regulatory disciplines regarding digital trade. The purpose of this initiative would be to give policymakers of the APEC economies an overview as well as recommendations for facilitating the internet and digital economy in the APEC region. A report from this project would serve as a basis for further discussion would be made available after a study has been conducted.

(xv) Capacity building on digital trade measurements cross-border digital trade poses, **Chile**

24. Explaining that this would be proposed as an APEC-funded project, Chile shared that this proposed project would seek to provide policymakers with comparative data on the development of the digital economy. One of the ideas associated with this project was a toolkit consisting of relevant indicators that would monitor the development of the digital economy in the APEC region, which would allow for objective and comparable data that would inform public policymaking in this area. The second initiative under this project would be developing common methodology in measuring cross-border digital trade. Current methodologies that relied on measuring cross-border data flows and services have significant limitations, as they did not capture the full scale of the digital economy or runs into technical difficulties. Hence, this project would like to explore ways to gather consensus on comparable data measuring the digital economy and a concept note would be circulated for members' inputs intersessionally.

AGENDA #10. UPDATE FROM APEC E-COMMERCE BUSINESS ALLIANCE (ECBA)

25. The Meeting noted the presentation by the ECBA on the “APEC E-Commerce Business Alliance Secretariat Report” (2019/SOM1/ECSG/006) and “Xi’an Experience in E-commerce Poverty Alleviation” (2019/SOM1/ECSG/007).

AGENDA #11. INFORMATION SHARING ON ELECTRONIC COMMERCE ISSUES

Member Economies

26. Chile said that it had just concluded negotiations of an e-commerce chapter with Argentina, Uruguay and Brazil.

27. The United States informed the meeting that the revised NAFTA, now known as the USMCA, had been finalized in late 2018 and is currently under consideration by Canada, Mexico and the United States. According to the United States, the digital trade chapter under the USMCA contained the “strongest” digital disciplines on digital trade of any international agreements and provided a firm foundation for expanding trade and investment in innovative products and services. Under this digital trade chapter, the United States highlighted six key provisions: 1) Prohibit customs duties and other discriminatory measures on digital products; 2) ensure that data can be transferred cross-border, and that limits on where data can be stored and processed are minimized, thereby strengthening and protecting the international digital ecosystem; 3) ensure no restrictions on the use of electronic authentication and signatures, thereby facilitating digital transactions; 4) guarantee that enforceable consumer protections, including for privacy and unsolicited communications, apply to the digital marketplace; 5) limit governments’ abilities to require disclosure of proprietary computer codes and algorithms to better protect the competitiveness of digital firms and suppliers; and 6) limit the civil liability of Internet platforms for third-party content that such platforms host or process, outside of the realm of intellectual property enforcement, thereby enhancing the economic viability of these engines of growth that depend on user interaction and user content.

Guest Organizations

28. The meeting noted the verbal updates from CIPL, IAF and ALAI on their recent work, activities, research and information that were relevant to the work of the ECSG.

AGENDA #12. UPDATE ON THE FORMATION OF THE DIGITAL ECONOMY STEER GROUP (DESG)

29. Highlighting the instructions from Senior Officials in 2018 to fold the ECSG into the newly established Digital Economy Steering Group (DESG), the ECSG Chair drew the meeting’s attention to one of the key elements of those instructions. This key element was for the DESG to preserve the ECSG’s existing functions and functions and continue to report to the CTI on matters of ECSG’s existing work program. Detailed discussions on this matter would be taken up during the DESG’s meeting on 1 March 2019 as part of the overall discussions of the DESG’s terms of reference.

AGENDA #13. APEC IMPLEMENTATION OF THE BORACAY ACTION AGENDA (BAA) AND RESULTS/RECOMMENDATIONS OF THE MID-TERM REVIEW OF PROGRESS ASSESSMENT

30. The Meeting noted the Philippines' update on the implementation of the BAA and results of the mid-term review of progress report (2019/SOM1/ECSG/009).

AGENDA #14. OTHER BUSINESS

(a) Report to CTI

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

AGENDA #15. CONCLUSION AND NEXT MEETING

(a) Document access

32. The meeting endorsed the meeting document classification list (2019/SOM1/ECSG/000).

(b) Dates and venues for next meeting

33. The next ECSG and related meetings will be convened at the margins of SOM 3, 2019, at Puerto Varas, Chile. The administrative details of the meetings will be circulated to all Members, Observers and Guests in due course.

☐ ☐ ☐ END ☐ ☐ ☐

39th ECSG-DPS REPORT (27 FEBRUARY 2019)

- DPS Executive Positions
 - Noted that:
 - United States nominated Ms Shannon Coe as the new DPS Chair
 - Japan nominated Mr Junichi Ishii as the new DPS Vice Chair
 - Chile nominated Mr Piero Guasta as the new DPS Vice Chair
 - Secretariat will circulate the above nominations and Members agreed to confirm their consensus on the above nominations by the end of the ECSG Plenary Meeting on 28 Feb 2019.
 - In view of the ongoing discussions of the TOR of the DESG, Members agreed that any provisions in the final DESG TOR that are relevant to the governance of DPS executive positions will apply to the new DPS leadership.

 - Cross Border Privacy Rules (CBPR) System:
 - Endorsed:
 - The Technical Updates to Cross-Border Privacy Rules (CBPR) Documents – As a Result of the Updated Privacy Framework 2015 and Other Outdated References (2019/SOM1/ECSG/DPS/003). The revised documents resulting from these updates will be posted by 13 March 2019.

 - APEC-EU Interoperability:
 - Agreed that the DPS Acting Chair will provide a factual report to Senior Officials (via the ECSG Plenary and CTI) regarding the meeting with the EU on 26 Feb
 - The European Commission indicated that they were willing to remain engaged on interoperability discussions for BCRs and CBPRs as well as begin discussions on GDPR certifications and CBPRs. However, the Commission noted that the European Data Protection Board (EDPB) was the lead for both BCRs and GDPR certifications.
 - The DPS invited the EDPB to these meetings, but they were unable to participate.
 - Agreed that the DPS Acting Chair will put forth an intersessional recommendation to be submitted to Senior Officials in seeking authority to engage the EDPB on potential GDPR certification matters and request that EDPB placed interoperability discussions with APEC on their existing and future work plans.

 - Study Group on data portability
 - APEC Data Portability Study Group Discussion Paper: Agreed to pursue further work pursuant to this paper submitted by Australia
- **Noted** the following reports received at the DPS:

- Update from the United States on current matters under JOP consideration – Agenda #2(a)
- Status Report from MYP Project Lead, United States – Agenda #2(b)
- Update from the United States on capacity building activities – Agenda #2(b)(i)
- Updates from existing CBPR participating economies – Agenda #2(c)
- Update from economies working towards participation: the Philippines - Agenda #2(d)
- Update from the United States on the ongoing and planned work of the AASG – Agenda 2(f)
- The document “2015 APEC Privacy Framework – Summary of New Elements for Consideration from Australia – Agenda #2(g)
- Recap from DPS Acting Chair on the developments from the APEC-EU Interoperability Meeting on 26 Feb – Agenda #3
- Update from Cross Border Privacy Enforcement Arrangement (CPEA) Administrators (US and Japan) – Agenda #5
- Project Management Update, APEC Secretariat – Agenda #6(a)
- Member Economies’ updates on their respective data privacy developments: Australia; Canada; Chile; China; Indonesia; Japan; Republic of Korea; Peru; the Philippines; Russian Federation; Singapore; Chinese Taipei; Thailand; United States; Viet Nam – Agenda #8(a)
- Guest Organisations and other updates: IAF, ICC, CIPL, ICDPPC, GPEN, ECBA, APPA, OECD, ALAI, Derechos Digitales – Agenda #9(a) and (b)

- END -