肆、附　　件

附件一：2015 EC1 會議議程 (文件編號：2015/SOM1/EC/001)

Asia-Pacific
Economic Cooperation

2015/SOM1/EC/001
Agenda Item: 3

Draft Agenda

Purpose: Consideration
Submitted by: EC Chair

APEC
PHILIPPINES
2015

First Economic Committee Meeting
Clark, Philippines
4-5 February 2015

APEC Economic Committee First Plenary Meeting 2015
Draft Agenda
February 4 and 5, 2015, Clark, Philippines

Key Objectives of EC1 Plenary:

- **Discuss and reach agreements on the EC's contributions to the APEC 2015 priorities**
- **Review progress in the FotC work plans and consider prospective activities**
- **Discuss APEC New Strategy for Structural Reform (ANSSR) implementation**
- **Discuss progress on the APEC Economic Policy Report (AEPR)**
- **Discuss progress on Ease of Doing Business (EoDB)**
- **Hold initial discussions on the 2015 APEC Ministerial Meeting on Structural Reform**

Day 1: Start: 09:00

1. **Friends of the Chair (FOTC) Group Meetings**
   FOTC coordinators are encouraged to schedule meetings for their groups during the morning to discuss work plans, ongoing projects, and exchange ideas for how the FOTC can take forward EC work. Chairs should confer on meeting times to avoid scheduling conflicts.
   - 9:00–9:50 am: Ease of Doing Business (USA) and Corporate Law and Governance (VN)
   - 9:50-10:40 am: Competition Policy (PNG), Regulatory Reform (JPN) and Public Sector Governance (CT)

***Plenary Session Convenes* 10:50**

2. **Chair's Welcome and Opening Remarks**

3. **Adoption of the EC1 Plenary Agenda**

4. **Overview of APEC 2015 Priorities** (11:00-11:30)
   The Philippines SOM Chair's Office, Undersecretary Ferdinand B. Cui Jr. confirmed.

5. **Overview of Activities across APEC Fora** (11:30-12:30)

   - APEC Business Advisory Council (ABAC) - Dr. Julius Caesar Parreñas
   - Pacific Economic Cooperation Council (PECC) – Mr. Eduardo Pedrosa

Lunch (12:30-14:00)

6. **Advancing EC Objectives: CPLG and FOTC Contributions** (14:00-15:30)
   The CPLG Convenor and FOTC Coordinators will provide readouts of recent discussions and work plans, focusing on how their groups can take forward work and capacity-building programs in their focus areas. Economies that have recently sponsored activities also are encouraged to provide a brief update on key outcomes and potential follow-on work.

   - Competition Policy and Law Group (The Philippines) - Mr. Geronimo Sy
   - Competition Policy (Papua New Guinea) –Dr. Billy Manoka
   - Corporate Law and Governance (Viet Nam) – Mr Nguyen Anh Duong
   - Ease of Doing Business (United States) – Mr. Alex Hunt
   - Public Sector Governance (Chinese Taipei) – Director Tsai-tsu Su
   - Regulatory Reform (Japan) – Mr Mikiharu Shimizu

Coffee Break

7. **Policy Discussion: State of the Regional Economy and Its Policy Implications** (15:50-17:30)
   - International Monetary Fund - Mr. Shanaka Jayanath Peiris
   - PSU – Ms. Yuwen Dai

- World Bank – Mr. Rogier van den Brink
- APEC Secretariat, Executive Director, Dr. Alan Bollard

Day 2: Start: 08:30

8. **APEC Economic Policy Report (AEPR) Planning Session** (08:30-09:30)

- **AEPR 2015 on Structural Reform and Innovation**
  - Discussion on structure, process and timeline for compiling the report.
- **AEPR 2016**
  - Discussion on possible themes for next AEPR (EC Chair)

9. **Structural Reform** (9:30-10:40)

- **ANSSR:** Report on Ongoing and Completed ANSSR Projects
  - Overview of ANSSR Projects and ANSSR Sub-Fund (APEC Secretariat)
  - Project reports
  - Workshop report

- **Ease of Doing Business:**

  - UNCITRAL Workshop Readout
  - PSU to provide short presentation on the updated figures concerning the progress by APEC in EoDB.
  - Post-2015 Survey and Stocktake Results

- **Middle Income Trap**

- **Good Regulatory Practices (U.S.)**
  - Report on the CSOM result on public consultations
  - Update on the Baseline Study that the U.S. will undertake in 2015
  - Report on the GRP Conference at SOM 3
  - Capacity building ideas for advancing the public consultation actions.

- **Structural Reform Ministerial Meeting**

Coffee Break

10. **Review of Economic Committee Terms of Establishment and Consideration of New Proposals** (11:00–12:30)

- Chair will lead discussion on required biennial consideration of EC Terms of Establishment
- Chair will discuss nomination process for Chair and Vice-Chairs
- Presentation on any new proposals, including the Concept Notes to be submitted to Project Approval Session 1 2015.

Lunch (12:30-14:00)

11. **Policy Discussion: Improving the Quality of Public Service** (to be organized by Chinese Taipei) (14:00-16:00)

Coffee Break

12. **Overview of APEC Activities:**

- **Committee on Trade and Investment,** Mr. John Larkin (16:15-16:25) *(invited)*
- Report-back on EC-GOS joint meeting on services (16:25-16:40)
- Women and the Economy dashboard presentation (16:40-16:55) (U.S.)

13. **Updates from the APEC Secretariat** (16:55-17:15)

- 2015 Project Approval Process and Timeline (APEC Secretariat)
- Secretariat Report on Key Developments (APEC Secretariat)
- Policy Support Unit Work (Policy Support Unit)

14. **Classification of Documents**

15. **Chair's Closing Remarks**

附件二：2nd APEC Structural Reform Ministerial Meeting (文件編號：2015/SOM1/EC/041)

APEC PHILIPPINES 2015

Office of the SOM Chair

Building Inclusive Economies, Building a Better World

To: APEC Senior Officials
Executive Director , APEC Secretariat
ABAC Secretariat
APEC Official Observers

Subject: Updated APEC 2015 Notional Calendar
Attachments: APEC 2015 Notional Calendar
Pages: 03
No: APEC2015-PHL-SOM2-20

Manila, 06 March 2015

Dear Colleagues,

With reference to document 2015/SOM1/026 circulated during the working lunch of SOM1 in Clark, I wish to provide you an updated version of the APEC 2015 Notional calendar (as of 26 February 2015). Kindly take note of the following adjustments:

1. Structural Reform Ministerial Meeting (SRMM): 7-8 September 2015 in Cebu

2. Third Senior Officials Meeting (SOM 3) and Related Meetings: 24 August–06 September 2015

As reflected in the notional calendar circulated as document 2015/SOM1/026 at SOM1 in Clark, the AELM week shall culminate in the APEC Economic Leaders Meeting (AELM) on 18-19 November 2015.

Thank you and I look forward to welcoming you in SOM 2 in Boracay.

Very truly yours,

LAURA Q. DEL ROSARIO
APEC 2015 SOM Chair
Department of Foreign Affairs
Republic of the Philippines

Asia-Pacific
Economic Cooperation

2015/SOM1/EC/041
Agenda Item: 9

2nd APEC Structural Reform Ministerial Meeting, 9–10 September 2015, Cebu, Philippines

Purpose: Information
Submitted by: Philippines

APEC
PHILIPPINES
2015

First Economic Committee Meeting
Clark, Philippines
4-5 February 2015

Asia-Pacific Economic Cooperation

APEC PHILIPPINES 2015

2nd APEC Structural Reform Ministerial Meeting

09 – 10 September
Cebu, Philippines

Objectives

1. To review the progress made on ANSSR since 2010
2. To set the direction for post-2015 structural reform

Proposed Agenda

1. Review / assessment of ANSSR since 2010 (PSU Report)
2. Discussion of experience in structural reform by APEC economies
3. Discussion of specific aspects of structural reform (panel)
   - Competition policy
   - Regulatory coherence
   - Regulatory impact assessment
   - Political economy

Proposed Agenda

4. Emerging Issues
   - Middle Income Trap
   - The new protectionism
   - Others
5. The way forward: post-2015 structural reform agenda

Process

- Individual economy reports on progress of ANSSR (02 March)
- PSU assessment (draft), SOM2
- Preparatory meeting of EC for SRMM
  - 15 May 2015/SOM2
  - To prepare agenda
- 2nd APEC Structural Reform Ministerial Meeting, 09-10 September 2015

APEC
PHILIPPINES
2015

Thank you.

附件三：Program of PSG Policy Discussion on Improving the Quality of Public Services (文件編號：2015/SOM1/EC/002)

Asia-Pacific
Economic Cooperation

2015/SOM1/EC/002
Agenda Item: 11

Program of Policy Discussion on Improving the Quality of Public Services

Purpose: Information
Submitted by: Chinese Taipei

APEC
PHILIPPINES
2015

First Economic Committee Meeting
Clark, Philippines
4-5 February 2015

Program of Policy Discussion on Improving the Quality of Public Services

2015 APEC Economic Committee First Plenary Meeting
February 5, 2015, Clark, the Philippines
Organized by Chinese Taipei

Introduction

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. In order to deepen experience-sharing on how economies utilized new incentive mechanisms to improve the quality of public services, Chinese Taipei will hold a two-hour policy discussion at 2015 EC1. This EC "Friends of the Chair" Group on Public Sector Governance (PSG FotC) event is expected to provide a platform for economies to exchange innovative ideas and initiatives that economies designed to evaluate the quality of public services and to encourage the citizen-oriented public services.

The aim of this discussion is to facilitate the improvement of the quality of public services, especially in advancing efficiency and quality of the public service delivery. The keynote speech will focus on innovations and quality improvement in public services. Indonesia, Japan, Chinese Taipei, Viet Nam, and voluntary economies will also share their experiences in the session. The discussion will provide an opportunity for all member economies to exchange the incentive mechanisms or initiatives to enhance the quality of public services.

Discussion Preview

1. Introduction by PSG FotC coordinator (5 minutes)

   Tsai-Tsu Su, Senior Director, TPGRC, Chinese Taipei

2. Keynote speech (25 minutes)
   Decentralization: A Reform Strategy to Improve Public Service, by Prof. Alex B. Brillantes Jr., National College of Public Administration and Governance, University of the Philippines

3. Brief presentation /Experience-sharing (60 minutes)

Presentation topics are as follows:

A. Innovative methods used by economies to promote public service quality in public sector.

B. The criteria of evaluating public service quality.

C. The effectiveness of public service quality award in terms of the influence and benefits to the publics.

D. The successful public service cases

E. Future projects of improving public service quality.

Presenting members:

Indonesia (tbc)

Rizal Edwin, Acting Assistant Deputy Minister for Regional and Sub Regional Economic Cooperation, Coordinating Ministry for Economic Affairs, Indonesia

Japan

Kyoko Deguchi, Director for International Economic Affairs, Cabinet Office, Japan

Chinese Taipei:

Li-Lan Juang, Deputy Director, Department of Social Development, National Development Council, Chinese Taipei

Vietnam

Nguyen Anh Duong, Deputy Director, Department for Macroeconomic Policy and Integration Studies, Central Institute for Economic Management, Vietnam

4. General discussion (25 minutes)

5. Wrap-up remarks by PSG FotC coordinator and the EC chair (5 minutes)

附件四：Decentralization: A Reform Strategy to Improve Public Service (文件編號：2015/SOM1/EC/019)

Asia-Pacific
Economic Cooperation

2015/SOM1/EC/019
Agenda Item: 11

Decentralization: A Reform Strategy to Improve Public Service

Purpose: Information
Submitted by: Chinese Taipei

APEC
PHILIPPINES
2015

First Economic Committee Meeting
Clark, Philippines
4-5 February 2015

Decentralization: A Reform Strategy to Improve Public Service

Alex Brillantes Jr, PhD
Professor, National College of Public Administration and Governance, University of the Philippines
On Secondment as
Commissioner. Commission on Higher Education

Notes for Presentation at the APEC Economic Committee (EC-1), Clark Freeport, 5 February 2015.
I am grateful to Prof. Tsai-Tsu Su for the privilege to be part of this important event.

Overview of Presentation

- Notion of Decentralization
- Reasons for Decentralization
- Decentralization Strategy in the Region
- Decentralization in the Philippines
- Good and Best Practices
- Decentralization Issues and Concerns in the Philippines
- Framework for Reform

Notion of Decentralization

In general, decentralization means the dispersal and transfer of functions, powers, authority, responsibility to lower levels (sub-national)

Why Decentralize?

- In general:
  - Democratize and enable people participation
  - Improve Public Service and Enhance Quality of Life of People
- In particular
  - Management: Quicker decisions (Efficiency)
  - Public Administration: Access
  - Governance: More responsive and accountable
- Local governments
  - Frontliners
  - "Where the rubber hits the road"

Why Decentralize?

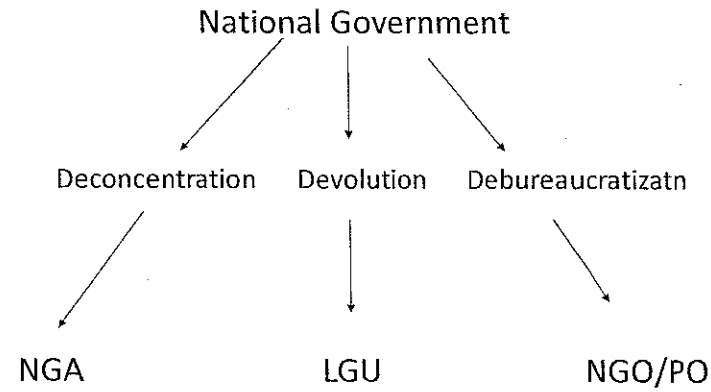
- Efficiency: The improvement of administrative and economic efficiency in the allocation of scarce resources as there is a better understanding of local needs.
- Transparency: There is a clear link between payments made by local tax-payers and the level of services provided at the local level.
- Subsidiarity: There are efficiencies gained by ensuring that democratically elected officials are accountable to the electorate.
- Mobilization: Greater community participation of local citizens within local institutions should enhance decision-making and the democratic process.

Types of Decentralization

- Deconcentration (administrative)
- Devolution (political)
- Debureaucratization (getting out of government)

Types of Decentralization

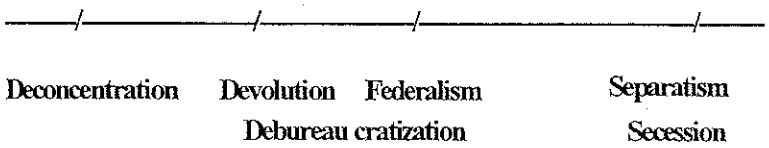
A Stylized Presentation
Brillantes 1990



Decentralization Continuum

(Brillantes 2000)

Figure Two
A Decentralization Continuum



Variations of Decentralization Have been adopted by countries in the Region

- Thailand
- Indonesia
- Cambodia
- Philippines
- Korea
- Japan

Decentralization, Devolution and Local Autonomy in the Philippines: Context

- Centralized set up unable to respond to the demands
- Decentralization within the context of overall efforts to democratize the polity
- Dispersal of power and autonomy from center to local
- Dispersal of power and autonomy from center to local
- Access to government institutions
- Less government – engage private sector and civil society in governance
- Recognize the key role of LGU in poverty reduction and service delivery and the attainment of the MDGs
- Local Government Code of 1991 brought about massive changes at the local government level

1986 Philippine Constitution

Article X Section 3

The Congress shall enact a local government code which shall provide for a more responsive and accountable local government structure instituted through a system of decentralization with effective mechanisms of recall, initiative, referendum, allocate among the different local government units their powers, responsibilities and resources, and provide for the qualifications, election, appointment and removal, term, salaries, powers and functions and duties of local officials, and all other matters relating to the organization and operation of local units.

Local Government Code of 1991

Major Features

Devolved to local government units the responsibility for the delivery of various aspects of basic services that earlier were the responsibility of the national government: health, social services, environment, public works, education, tourism, telecommunications services, housing projects, investment support

Major Features

Devolved to local governments the responsibility for the enforcement of certain regulatory powers, such as the reclassification of agricultural lands; enforcement of environmental laws; inspection of food products and quarantine; enforcement of national building code; operation of tricycles; processing and approval of subdivision plans; and establishment of cockpits and holding of cockfights.

Major Features

Institution of the legal and institutional infrastructure for expanded participation of civil society in local governance.

Increased financial resources available to local governments by (1) broadening their taxing powers; (2) providing them with a specific share from the national wealth exploited in their area, and (3) increasing their share from the national taxes

Major Features

Provision for the foundation for the development and evolution of more entrepreneurial-oriented local governments (e.g. build-operate-transfer (BOT) arrangements with the private sector, bond floatation, obtain loans from local private institutions

Galing Pook: Good and Best Practices in Improving Public Service

- Health services
- Environmental management
- Public finance
- Peace initiatives
- Integrated approach to development
- Socio-cultural development
- Employment generation / livelihood
- Productivity improvement

Galing Pook and Improving Public Service: Some examples of Good and Best Practices over the years

- Taking Care of People and Environment - Negros Oriental
- Saving the Marikina River
- The Mandaluyong Public Market
- Acquiring a Complete Equipment Pool in Muñoz, Nueva Ecija
- Floating Bonds for Low Cost Housing in Victorias, Negros Occidental

Galing Pook and Improving Public Service: Some examples of Good and Best Practices Over the Years

- Improving the Productivity in Naga City
- *Lote Para sa Mahirap*: Land Banking in San Carlos City
- Eco-Walk for the Environment in Baguio City
- Health Insurance Project of Guimaras Province
- Carabao and Tractor Pool in Puerto Princesa
- *Talahib* Handicraft in Jones, Isabela

And More!

Issues and Concerns of Devolution
(Brillantes 2002)

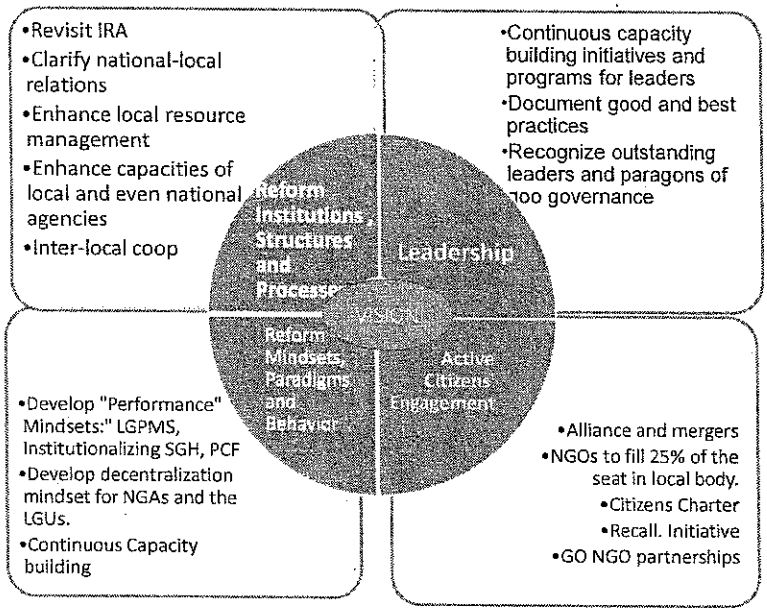
1. Decentralization is not meaningful unless there is financial decentralization
2. Capacity building should be high in the priority of the agenda for local governance
3. Local governments have become more assertive and effective in articulating LGU concerns
4. Recognize the value of inter-Local Cooperation and Collaboration
5. Enter into partnerships and collaboration with civil society
6. Governance and local governance has generated high interest among the international donor agencies operating in the Philippines

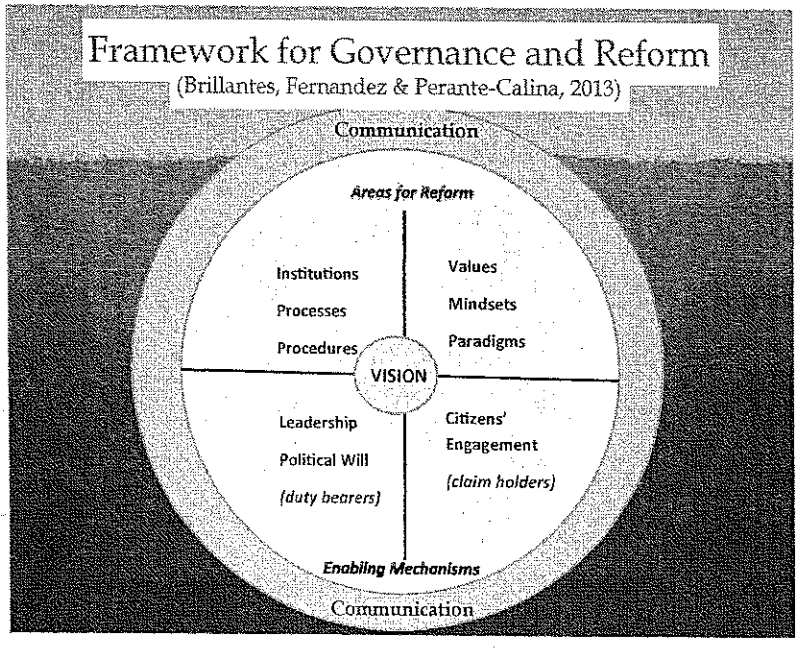
Issues and Concerns of Devolution

7. Awards programs have been instruments in successfully disseminating and encouraging good, and best practices, at the local level
8. Address urbanization at the local level
9. Globalization issues and concerns that are being increasingly addressed by local governments
10. Performance indicators and benchmarks for good governance
11. Search for appropriate institutional reforms for more responsive and appropriate forms of governance
12. Leadership Matters
13. Implications to ARMM

DILG Study of Decentralization
(supported by ADB TA)

- *On balance:* The effects of decentralization since 1991 are positive, due to:
  - An Enabling Policy Framework
  - Strong Leadership at the Local Level
  - Improved Access to Financial Resources
  - Stronger Inter-local Government Partnerships
  - Wider Participation and Engagement with Civil Society Institutions
  - A Broader Role for the Leagues of Local Governments
- *But:* There have been emerging questions/issues:
  - Inadequate Local Finance
  - Weak Local – and National – Capacity
  - Unclear and Inadequate Corporate and Taxing Powers of Local Governments
- *So:* These involve some "Next Steps"


•Revisit IRA
•Clarify national-local relations
•Enhance local resource management
•Enhance capacities of local and even national agencies
•Inter-local coop
•Continuous capacity building initiatives and programs for leaders
•Document good and best practices
•Recognize outstanding leaders and paragons of good governance
Reform Institutions, Structures and Processes
Leadership
VISION
Reform Mindsets, Paradigms and Behavior
Active Citizens Engagement
•Develop "Performance" Mindsets:" LGPMS, Institutionalizing SGH, PCF
•Develop decentralization mindset for NGAs and the LGUs.
•Continuous Capacity building
•Alliance and mergers
•NGOs to fill 25% of the seat in local body.
•Citizens Charter
•Recall. Initiative
•GO NGO partnerships


Framework for Governance and Reform
(Brillantes, Fernandez & Perante-Calina, 2013)
Communication
Areas for Reform
Institutions
Processes
Procedures
Values
Mindsets
Paradigms
VISION
Leadership
Political Will
(duty bearers)
Citizens' Engagement
(claim holders)
Enabling Mechanisms
Communication

Thank you!

附件五：Promoting Innovation and Integration in Public Services: Practices in Chinese Taipei (文件編號：2015/SOM1/EC/020)

Asia-Pacific
Economic Cooperation

2015/SOM1/EC/020
Agenda Item: 11

Promoting Innovation and Integration in Public Services: Practices in Chinese Taipei

Purpose: Information
Submitted by: Chinese Taipei

APEC
PHILIPPINES
2015

First Economic Committee Meeting
Clark, Philippines
4-5 February 2015

Promoting Innovation and Integration in Public Services: Practices in Chinese Taipei

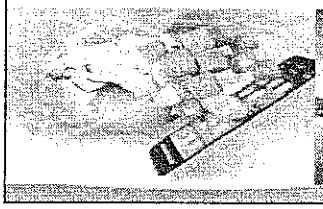
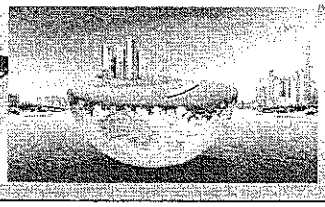
Chinese Taipei

February 5th, 2015

1

Outline

- Global Trends of Innovation in Public Services
- The Goals of Public Services in Chinese Taipei
- Government Service Quality Award
- Cross-boundary Governance & Process Reform
- Reform Models and Practices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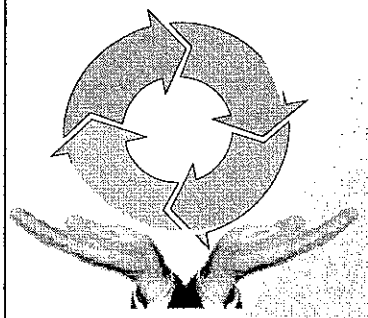
I. Global Trends of Innovation in Public Services



1. Integrating Services
2. Decentralizing Service Delivery
3. Utilizing Partnership
4. Engaging Citizens
5. Taking Advantage of ICTs

3

II. The Goals of Public Services in Chinese Taipei

Providing satisfactory services

Utilizing ICTs to improve the quality of government services

Encouraging each agency to engage in multi-faceted integration of public services

4

III. Government Service Quality Award

1. Candidates

A. First-Line Service Agencies:

✓The agencies are encouraged to make sure that the public can easily access information about their services and to propose innovative services.

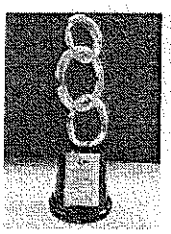
B. Service Planning Agencies :

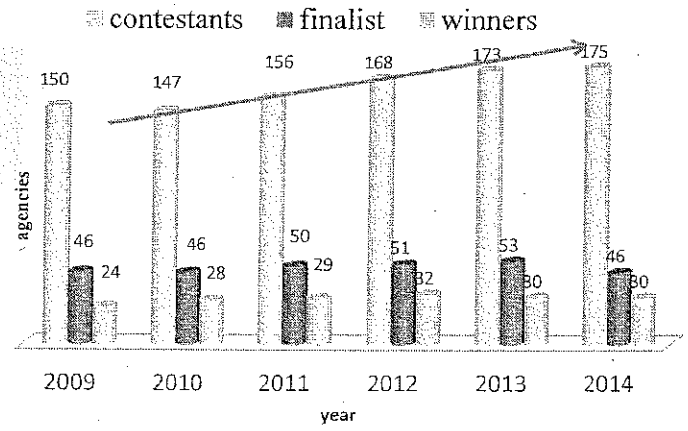
✓The agencies are encouraged to deregulate and simplify the process of application, and utilize resources from the private sector and ICTs to innovate and integrate services.

5

III. Government Service Quality Award

2. Statistics





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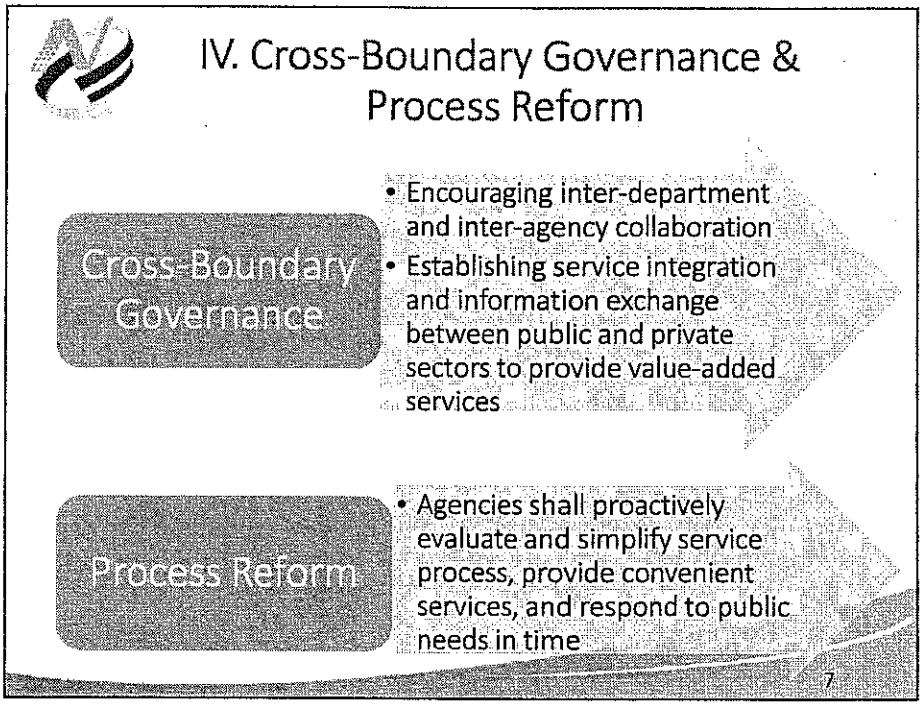
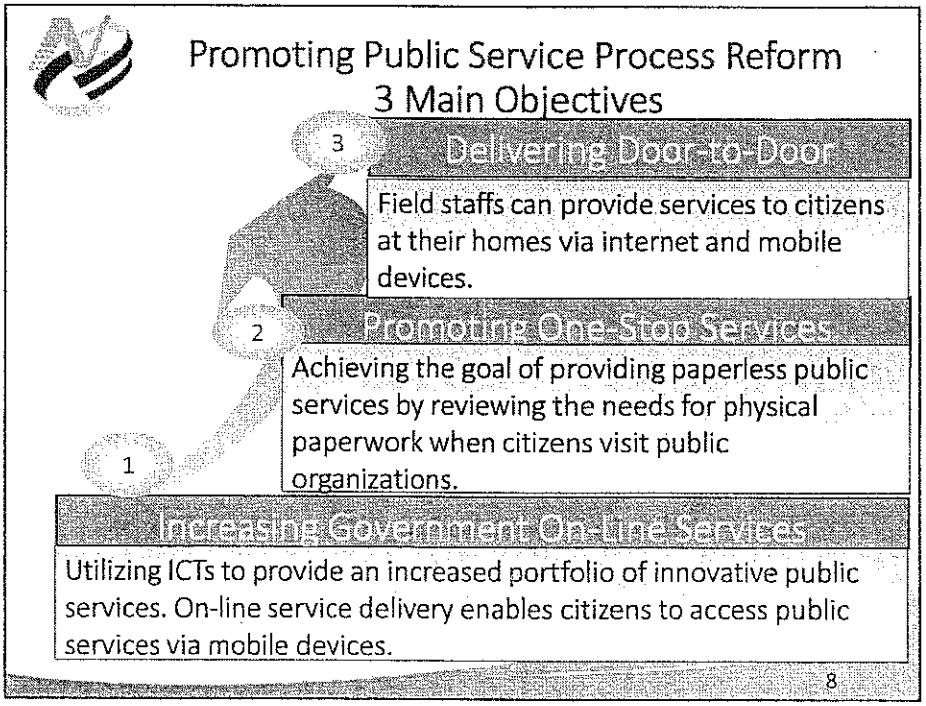

IV. Cross-Boundary Governance & Process Reform
Cross-Boundary Governance
• Encouraging inter-department and inter-agency collaboration
• Establishing service integration and information exchange between public and private sectors to provide value-added services
Process Reform
• Agencies shall proactively evaluate and simplify service process, provide convenient services, and respond to public needs in time
7


Promoting Public Service Process Reform
3 Main Objectives
3
Delivering Door-to-Door
Field staffs can provide services to citizens at their homes via internet and mobile devices.
2
Promoting One-Stop Services
Achieving the goal of providing paperless public services by reviewing the needs for physical paperwork when citizens visit public organizations.
1
Increasing Government On-line Services
Utilizing ICTs to provide an increased portfolio of innovative public services. On-line service delivery enables citizens to access public services via mobile devices.
8

V. Reform Models and Practices

Reform Model #1: Government On-Line Services

The key strategy is to enable citizens to use the Internet to access government services. ICTs are used by the government to provide an increased portfolio of innovative public services to the public. Therefore, citizens can easily access to public services without leaving their home.

Service Model Comparison

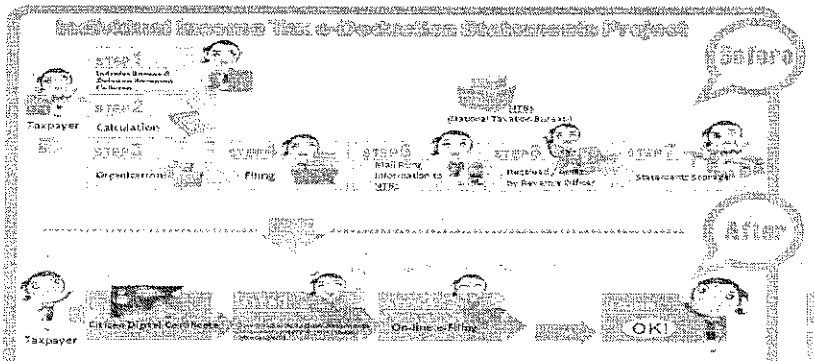
Citizens have to spend precious time and energy to travel to government agency

Via the internet / mobile devices, citizens can access public services anytime anywhere

9

Practices 1-1: The eTax Portal

Via cloud computing technology, the Fiscal Information Agency can provide the following service on its website: downloadable tax documents and files, e-deduction document, income tax calculator and general inquiry.



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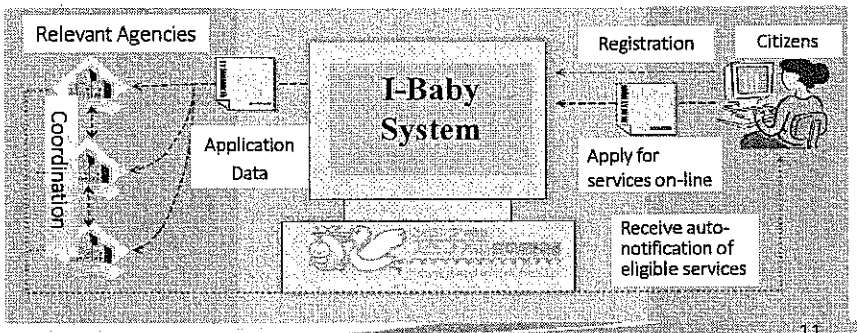
Practices 1-2: The I-Baby Portal

The I-Baby portal provides parents with integrated information of public health and education services from stages of pregnancy and birth to child rearing, including on-line registration of the National Health Insurance Card for a new-born baby.



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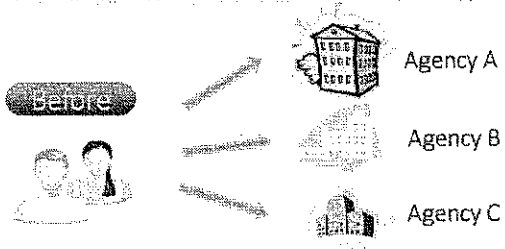
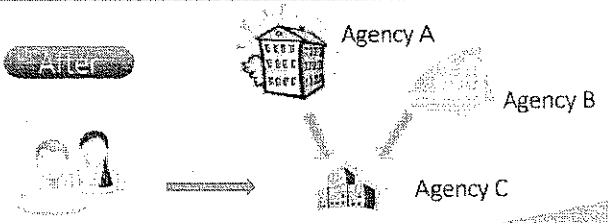
Reform Model #2: One-Stop Services

Service Model Comparison



Citizens need to visit different government agencies

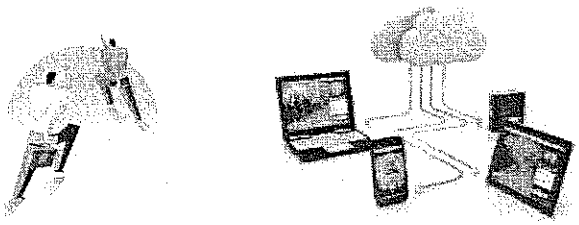


One-stop services via inter-agency collaboration

12

Practices 2-1:
New Taipei City government-
Shorten the path

Via the cloud system for authentication, citizens of the New Taipei City are able to file their applications without preparing a hardcopy of certification concerned.



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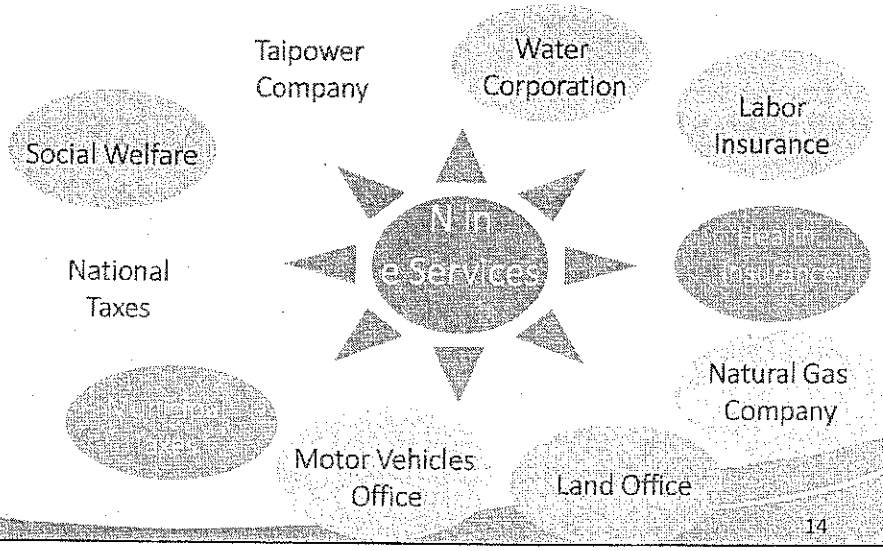
Practices 2-2:
Taichung City Government-
N in e Services



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Reform Model #3: Door-to-Door Services

The key strategy is providing real-time on-line services. Via internet and mobile devices, field civil servants can provide proactive service to citizens at their homes.

Before

Service desk for citizens

After

Door-to-Door services

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Practices 3-1: Portable Mini- Motor Vehicle Office

It brings the services to citizens living in remote areas. Civil servants will drive scooters equipped with a laptop and 3G wireless device to the remote areas and provide services such as driver license issuance and renewal, vehicle license tax, vehicle fuel tax and payment collection for traffic violation tickets.

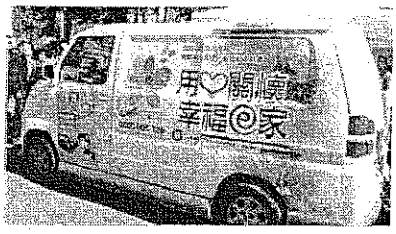
Providing Service on the go

Expanding Service Area and Speeding up the Service

16

Practices 3-2:
Mobile Service Van for Immigrants

- The concept of mobile service van is to provide better and immediate care and services to new immigrants and their communities.



- Mobile Services include:
  - ✓Visiting new immigrants
  - ✓Visiting and providing assistance to priority cases
  - ✓Regulations promotion and counseling
  - ✓Inquiry, residence permit application, issuance and extension service
  - ✓Promoting multicultural events

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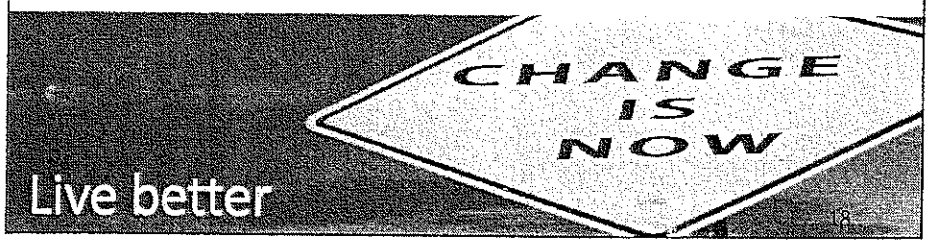
Good, Better, Best.
Never let it rest.



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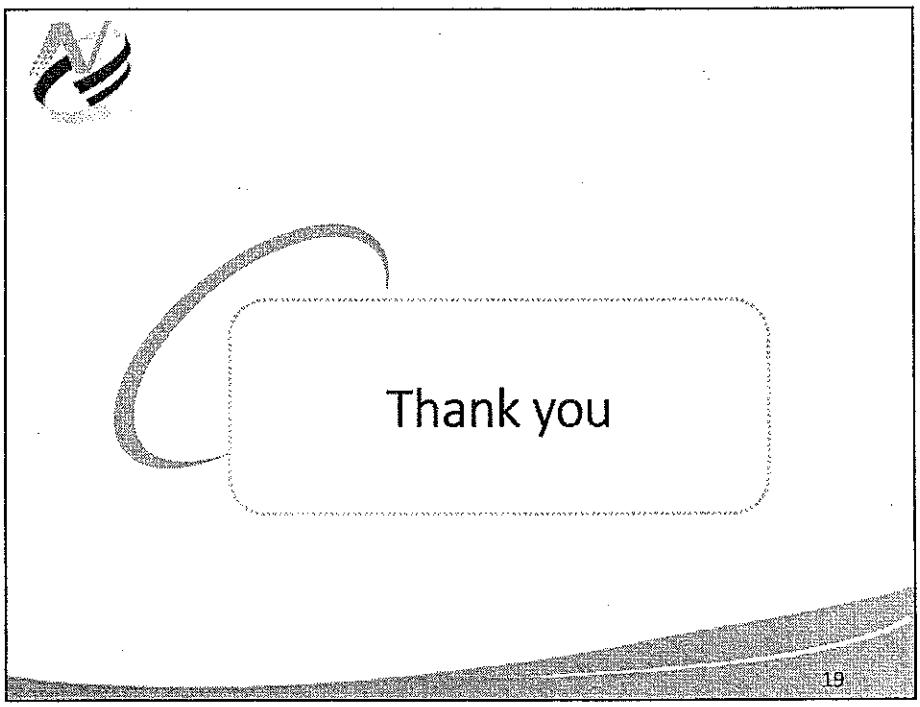
Thank you
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附件六：EC Chair's Note on AEPR Initial Framework (文件編號：2015/SOM1/EC/009)

Asia-Pacific
Economic Cooperation

2015/SOM1/EC/009
Agenda Item: 08

EC Chair's Note Re AEPR Initial Framework

Purpose: Consideration
Submitted by: EC Chair

APEC
PHILIPPINES
2015

First Economic Committee Meeting
Clark, Philippines
4-5 February 2015

Sent on behalf of the EC Chair

EC Chair's note re AEPR initial framework

Dear EC Colleagues

In my note of 17 December 2014 (kindly circulated by Kristin) I proposed a process for preparation of the 2015 AEPR on structural reform and innovation. (A big thanks to Peter Cheah from Malaysia for his comments on the process which I hope will be answered in the material below.) As part of that process, I noted that I would circulate an initial draft framework and set of questions to FotC leads and the Philippines for comment, before circulating these to the wider Committee. As I noted, the framework and questions have been prepared by a consultant that we have engaged for this exercise, Mr Derek Gill of the New Zealand Institute of Economic Research.

We have now completed this initial part of the process and a draft framework and set of questions are attached for your comment. Also attached are comments on the earlier draft received from FotCs, the Philippines and the APEC Secretariat, for which I also wish to relay my thanks. I would note that we have attempted to include most of these comments in the draft. The one notable exception is the comment from Japan, that it could be better if we ask each economy to describe what policies they are implementing/have implemented to effect the transmission mechanisms enumerated in column 1 of the questionnaire as a whole, rather than answer specific questions. I would be happy to discuss this suggestion further in the Committee, but our own initial view is that the questions provide for comparability of input, as well as acting to limit the amount of information that economies are required to provide.

I would note that we have included questions for four structural reform areas only (i.e. regulatory reform, corporate governance, competition policy and public sector governance). We have not included questions for Ease of Doing Business because on reflection, this is a process based cross-cutting aspect of structural reform which encompasses all the other four aspects. As such, we have tried to give a strong EoDB flavour to the questions under the other areas (e.g. regulatory reform and public sector governance). However, I would welcome views on whether this is the right approach.

Please note also that we have formulated the questions in a manner that does not require individual economies to gather data for cross comparison purposes. This is because Derek is of the view that sufficient data already exists to include in the study (and he has outlined the nature of the existing data that he intends to bring together). As such, the questions are essentially qualitative rather than quantitative in nature. We have also tried to keep the number of questions relatively short, limiting these to 4-5 for each structural reform area.

In looking at the questions, we would appreciate your views on whether:

- we have chosen the right questions (and if not, what would be better questions);
- whether the questions could be expressed better (and if so how);
- whether APEC economies as a group will be able to answer these questions successfully.

There will be an opportunity to discuss these issues on Day 2 of the EC meeting in Clark on **5 February 2015**. I would however welcome any preliminary comments you may have prior to the meeting. Following EC1, you will to have the opportunity to comment further intersessionally, with final comments due by mid-February (date to be agreed at the EC1 meeting). Once finalised, the AEPR questionnaire will be circulated to all member economies for completion.

If you have any comments please send them to me at Rory.McLeod@mbie.govt.nz, with a cc to Kristin O'Grady kog@apec.org and Leona Feng Leona.Feng@mbie.govt.nz.

Look forward to seeing you all in Clark.

Warm regards

Rory

附件七：AEPR 2015 - The Role of Structural Policies in Innovation (文件編號：2015/SOM1/EC/007)

Asia-Pacific
Economic Cooperation

2015/SOM1/EC/007
Agenda Item: 08

The Role of Structural Policies in Innovation - APEC 2015 Economic Report (AEPR)

Purpose: Consideration
Submitted by: EC Chair

APEC
PHILIPPINES
2015

First Economic Committee Meeting
Clark, Philippines
4-5 February 2015

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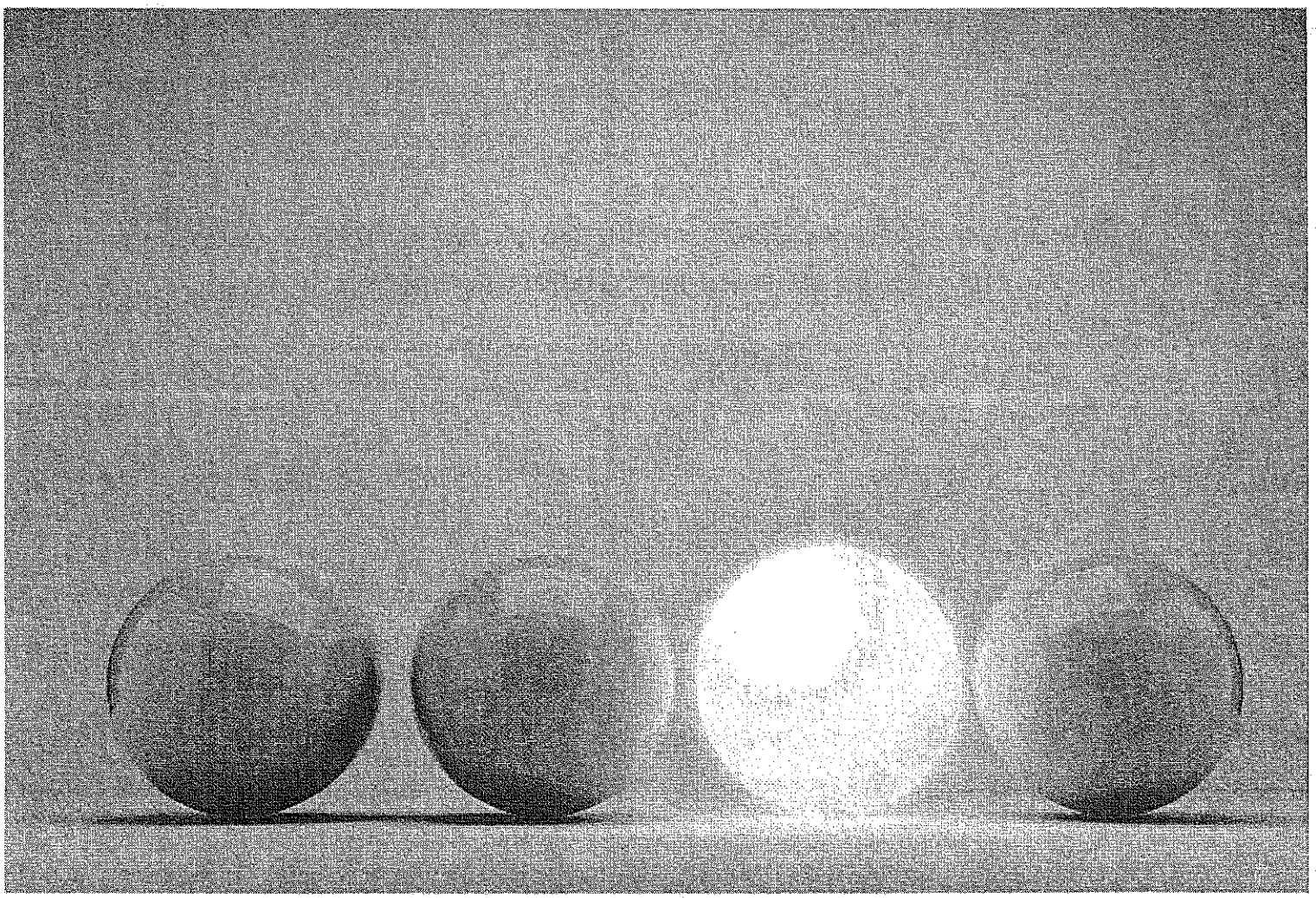

The role of structural policies in innovation

APEC 2015 Economic Report (AEPR)

NZIER revised draft report to the Ministry of Business, Innovation and Employment

January 2014

About NZIER

NZIER is a specialist consulting firm that uses applied economic research and analysis to provide a wide range of strategic advice to clients in the public and private sectors, throughout New Zealand and Australia, and further afield.

NZIER is also known for its long-established Quarterly Survey of Business Opinion and Quarterly Predictions.

Our aim is to be the premier centre of applied economic research in New Zealand. We pride ourselves on our reputation for independence and delivering quality analysis in the right form, and at the right time, for our clients. We ensure quality through teamwork on individual projects, critical review at internal seminars, and by peer review at various stages through a project by a senior staff member otherwise not involved in the project.

Each year NZIER devotes resources to undertake and make freely available economic research and thinking aimed at promoting a better understanding of New Zealand's important economic challenges.

NZIER was established in 1958.

Authorship

This paper was prepared at NZIER by Derek Gill. It draws on previous work by NZIER staff.

The assistance of MBIE staff (Rory McLeod, Roger Proctor and Peter Mumford in particular) who participated in a review workshop, and the comments of FOTC leads on an earlier draft are gratefully acknowledged.

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1. Key themes

Innovation is key to economic growth and business productivity[1]

Innovation – in products, processes, designs, marketing and organisational approaches – is a key source of economic growth.[2] Innovations unlike other finite resources accumulate and can be utilised simultaneously by a number of producers. Studies suggest that at the national level technological growth alone is responsible for more than half of the observed rise in labour productivity and national income. In a business context innovation relates to the hard graft of learning and achieving efficiency gains over time. At the firm level innovation has a major effect on productivity and hence growth of firms. Investment in innovation is critical for enhancing firm level productivity. Continued innovation is very important to the ongoing survival of firms. It is innovation at the firm level that is the focus of this study.

Box 1 Firm level innovation – key findings

BIS (2011: page 12) reports cross-country OECD data supports a strong relationship between:

- broad investment in innovation (not simply R&D) being linked to sales of innovative products
- labour productivity and product innovation
- larger firms were more likely to engage in innovation but spent proportionately less than smaller firms
- cooperation with other firms and public financial support were linked to higher innovation spending
- firms closer to the technology frontier spend more on innovation.

Innovation is bigger than invention or technology

Investment in innovation is not limited to R&D. Innovation can take a variety of forms based on quite different pattern of activities. Firms invest in a wide range of tangible assets such as design assets, formal intellectual property such as software, as well as intangible assets including product development management capability. Thus innovation is multifaceted and extends beyond R&D to intangible organisational capabilities. An innovation is a product, process, or marketing method that is new to a firm – it need not be new to the economy.

Innovation used to be portrayed as a linear life cycle that begins with the discovery or idea creation phase, followed by a period of development, testing and demonstration before it comes to market i.e. deployment. In some areas, scientific developments lead to technology developments such as biotechnology. In others, science and technology essentially played no role (for example, the development of steelmaking and steam power). In fact, causality ran the

[1] Part 1 of this paper particularly draws on the 2011 BIS Economics Paper No 15 *Innovation and Research Strategy* https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32445/11-1386-economics-innovation-and-research-strategy-for-growth.pdf, the work of Roger Procter at MBIE on innovation, productivity and growth, and previous work by my NZIER colleagues Chris Nixon and John Stephenson. Further references are available on request. Responsibility for errors and omissions remain with the author.

[2] The Oslo Manual for measuring innovation defines four types of innovation: product innovation, process innovation, marketing innovation and organisational innovation. Product innovation is when a 'good or service that is new or significantly improved. This includes significant improvements in technical specifications, components and materials, software in the product, user friendliness or other functional characteristics'. Process innovation is a 'new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software.' Marketing innovation is a 'new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing'. Organisational innovation is a 'new organisational method in business practices, workplace organisation or external relations'. http://www.oecd.org/site/innovationstrategy/defininginnovation.htm.

opposite way, since the development of steam power assisted in the creation of the field of modern thermodynamics. Thus, innovation can be theory-led or trial-and-error led development that is later explained scientifically.

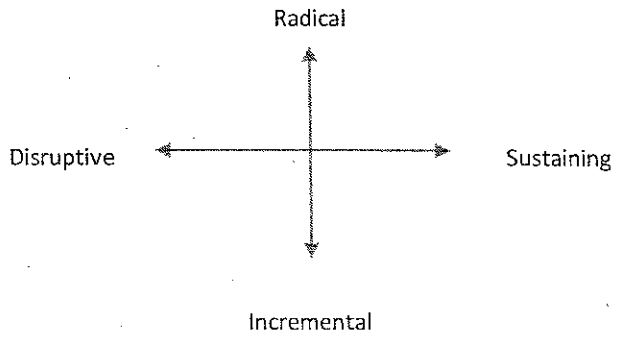
No unified general theory

However, there is no general unified theory of innovation. What the drivers are and how quickly innovations will spread are very context dependent. But generalisations are possible. The United Kingdom's Department for Business Innovation and Skills observed:

> *"Innovation activity is pervasive across industries, collective in character ((involving interactions of many actors), cumulative over time, risky and uncertain and often rests on national and regional specialisation.....Above all innovation performance rests not simply on entrepreneurial actors but is powerfully shaped by the innovation system." (BIS: 2011: page 2)*

Innovations can be usefully classified by the kind of impact on businesses and wider society. For business innovations can be incremental – involving a small departure from existing products, processes and organisational approaches or more radical. Innovations effect on society can be sustained relatively easily or more disruptive to the way people live their lives. These impacts can be placed in a diagram with the two dimensions shown in figure 1.

Figure 1 Classifying innovation by potential impacts



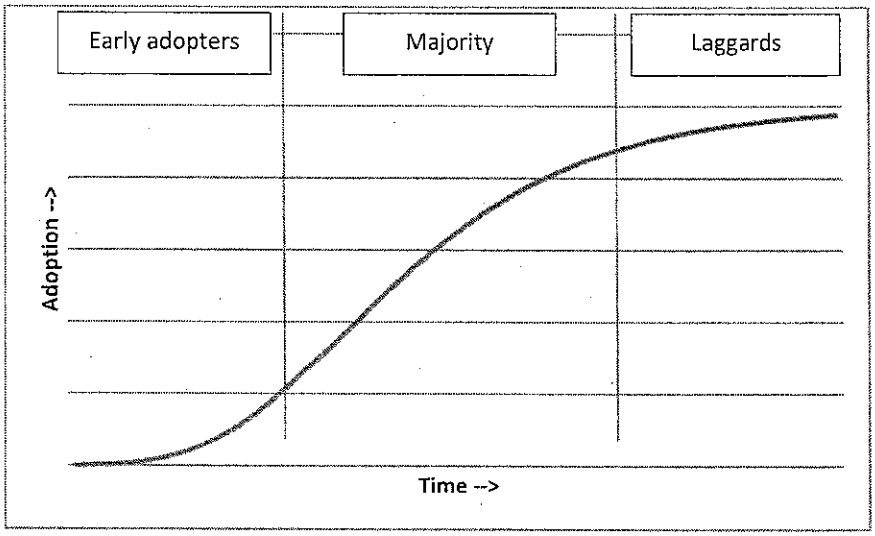
Source: NZIER

Adoption of innovations is a dynamic process

One common approach to thinking about the timeframe for the take up of innovations is the adoption curve, shown in Figure 2. It shows a sigmoid curve in which adoption of an innovation starts slowly and then builds momentum as it reaches the majority. At some point, the rate of adoption slows. In the last phase, adoption is a slow process. Figure 2 divides adopters into three categories (other analyses use more categories): early adopters who are in the minority and keen to adopt; the majority, who are the bulk of adopters; and laggards, who adopt and innovate slowly and only after most people have already adopted. The adoption curve shows that adoption is a non-linear process and that it can take a while to build acceptance of an innovation.

Innovation is a dynamic process that plays out over time. Innovation can occur because of changes in the innovation system, firms may adopt new processes, governments may change their approaches to policy, and researchers working with end users may shift their research priorities.

Figure 2 Innovation adoption curve



Source: NZIER

Innovation is path dependent as it depends upon capabilities

Capabilities cover a whole range of attributes that lead to a competitive advantage of a nation or region. These capabilities include the web of social and business relationships, climate, and a myriad of other attributes that contribute to improved innovation. Without such capabilities, a country or a region can struggle to overcome the hurdles to durable growth. The capabilities needed to produce any product in the modern economy are myriad, highly specific and co-evolving. These capabilities evolve organically with the other capabilities, becoming increasingly sophisticated and specialised over time. As a result of capabilities, countries' economic development is highly path dependent: what you can produce today depends on the capabilities you had yesterday, and what you produce tomorrow depends on the capabilities that you have today. As a result, we find apparently similar economies produce quite different things.

Geographic specialisation and concentration in clusters persist

Innovations require capabilities which often develop in clusters of interconnected businesses suppliers and associated institutions. These specialised clusters build up over time and are hard to change or replicate. Clusters traditionally have been horizontal regional clusters but increasingly they are vertical global value chains.

User led demand-side dynamics also matter

While the extent of user led innovation varies across industries, user demands are an increasingly important driver of the innovation system. A key question is what is the nature of the group, audience, or market for which the innovation is being developed? Some demand-side considerations are:

- the size and scale of the problem or market – either domestically or internationally, depending on the focus or transferability of the innovation
- trends – whether increasing or decreasing, and the rate of change
- key drivers of demand – how those drivers are changing and the potential flow-on impacts

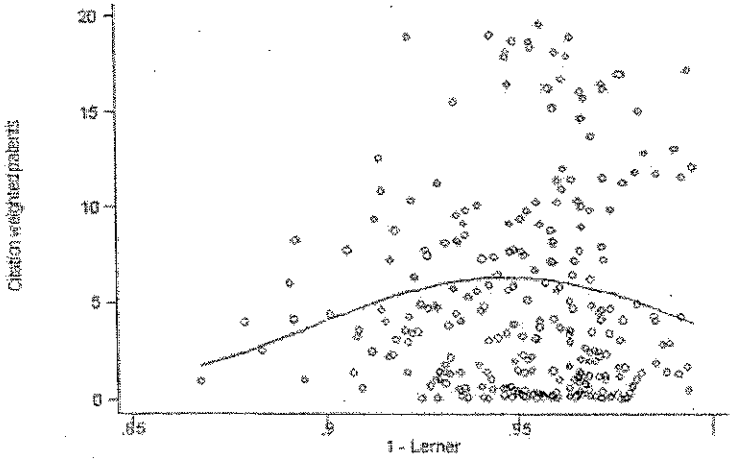
- how close to the market the innovation occurs
- absorptive capacity – the market, communities, institutions or targeted end-users must be able absorb the innovation; constraints on capacity are important to understand.

The link between industry structure and innovation is concave

There is an on-going debate in economics about the kinds of business structures that maximise innovation. The debate has centred on the relative merits of productive efficiency and portfolio effects that large firms can generate through scale, versus the (market) dynamic innovation exhibited by small firms in the form of nimbleness and flexibility. There is some evidence that there is a concave relationship between structure and innovation. This suggests, as shown in Figure 3, that moderately competitive markets generate the most innovation while both monopolies and highly competitive markets have less innovation.

Figure 3 Product Market Competition and Innovation

Using measured competition (x axis) and citations of patents as a proxy for innovation (y axis).



Source: OECD (2014) based on Aghion et al (2005)

Competition is an important determinant of innovation because the pursuit of competitive advantage drives new ways of doing things. Firms which operate inside the technological and productivity 'frontier' of their industry will tend to focus on cost reduction strategies to remain profitable rather than innovations. Studies show firms closer to the technology frontier spend more on innovation. These firms invest in innovation to sustain their competitiveness with the rest of the industry and pursue additional 'rents' that can come from innovation.

Competitive barriers that encourage monopolies can inhibit innovation. Barriers to entry can reduce the number of new and young firms which are an important source of innovation, in part, because they often pursue innovations overlooked by larger firms.

Innovation in firms depends on the wider innovation system

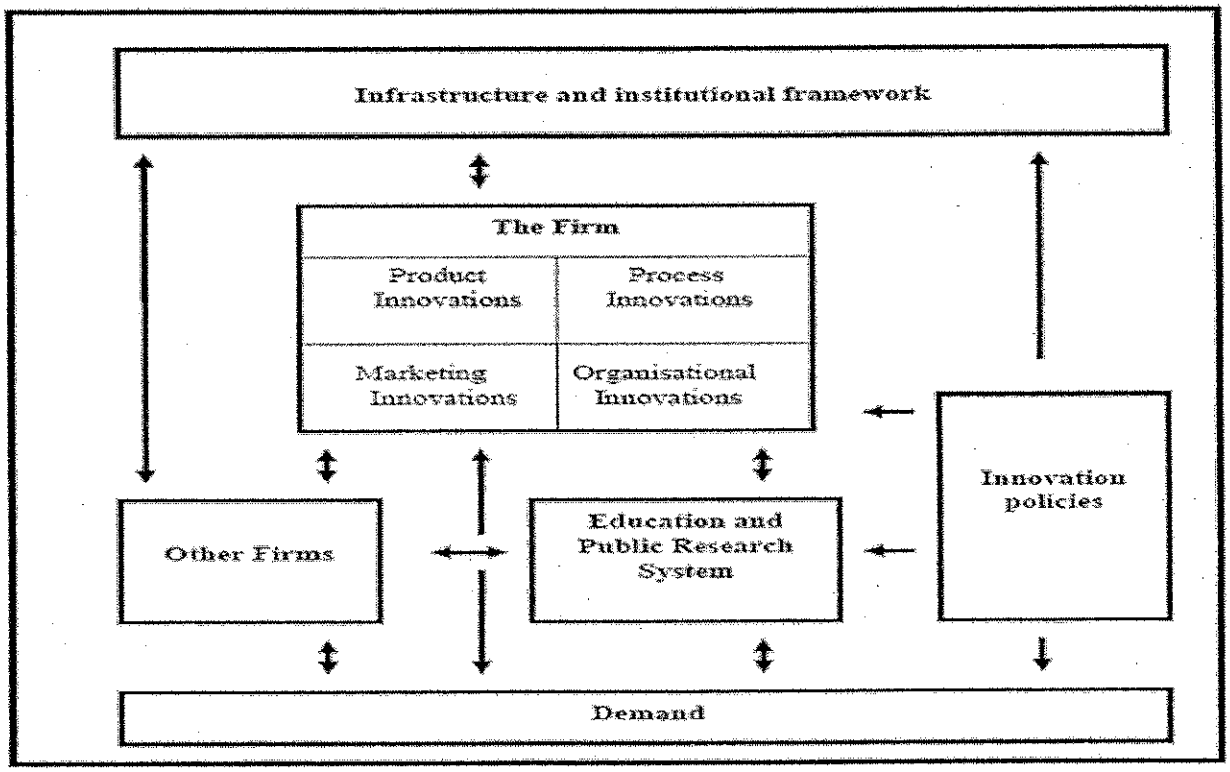
While competition has a major role in encouraging technological advances by firms, it has been long understood that publicly-funded basic research also has an important role to play, especially

[3] Drawn from OECD (2014) Factsheet on how competition policy affects macroeconomic outcomes.

when the knowledge is disseminated widely throughout the economy. In addition to supporting scientific and technological breakthroughs through investment in research, it is also important to strengthen the connections for sharing and dissemination of knowledge within the national innovation system shown in Figure 4.

Innovation is a joint process involving a wide range of actors and is not confined to the entrepreneur in a firm. Instead innovation occurs within a wider system that includes customers, other firms, science providers within the education and public research system and the innovation information infrastructure (standard setters, patent offices, geophysical information providers etc.) Figure 4 shows OECD innovation system measurement framework. In an open system the strong feedback loops are required in order to sustain innovative developments and these loops are reflected in the complexity of the system.

Figure 4 OECD innovation system measurement framework



Source: OECD, Oslo Manual

A key challenge for policy makers is how well the overall innovation system is operating as a system. As well as looking at businesses and markets, it looks at supporting organisations and linkages between them including international linkages and supporting institutions. Successful innovation systems deal with all the following problems: identifying innovation opportunities; accessing, creating and distributing knowledge capabilities; business development and business financing; managing risk and uncertainty; and providing both physical and knowledge infrastructures. Structural policies have an important role to play in supporting the development of high-performing national innovation systems where:

- regulatory policies stimulate rather than stymie innovations
- the enforcement of competition policies is focused on highly uncompetitive industries

- the laws on corporate and public sector governance create an environment within which risk taking can occur and innovations are developed.

The quality of public institutions matters

The stability and predictability of public sector institutions is important because innovation is inherently uncertain and risky. The quality of public sector governance influences the overall capability of the national innovation system and has an important role in setting the overall rules of the game. Governments can have a major impact on innovation by providing the broad legal framework, the specific national innovation system as well as conceiving of and undertaking innovation themselves.

The level of economic development matters

Differences in productivity differ significantly between firms but also markedly across economies. In some developing economies, a large number of low productivity firms survive and persist, while in other developed economies, the gaps between productivity leaders and followers is much less. The discussion to date has highlighted how innovation is a vital contributor to economic growth and has the potential to provide a path that avoids the middle income trap. The focus to date has been on all countries' economies as many of the links between structural policies and productivity and innovation apply equally to both OECD and non-OECD economies alike. But the discussion also highlighted the role of specialised capabilities.

Economic growth comes from creating and exploiting sources of competitive advantage that grow over time and are difficult to replicate. The difficulty of replication arises because of spill overs, increasing returns, and the use of sophisticated capabilities. As a result, the economic development route that a particular economy follows is highly path-dependent.

Economies differ in their starting point, paths and levels of economic development, and government capabilities. Different economies face different imperatives. Looking at public governance, for some the priority is getting the basic building blocks in place to underpin a national innovation system. For others the priority is to refine how the system is operating and focus on removing bottlenecks. The next section examines the link between structural policy settings and innovation in more detail.

2. Implications for structural policies

Structural policy settings matter as they strongly influence where and how much innovation occurs. By structural policies, we include competition policies, regulatory policy (including ease of doing business), corporate law and governance, and public sector governance. Intellectual property law is also important for innovation but there is a well-established literature on this subject and IP is not the focus of this piece of work.

Regulatory policy has direct and indirect links to innovation

Regulatory policy can have *direct* linkages through technology standards, stretch targets and administrative simplification. Regulatory policy (including ease of doing business) that improves the quality of regulation also has *indirect* links through improving competition which in turn is associated with high innovation, productivity and economic growth.

Innovation is directly enabled when the regulatory system is flexible enough to permit the use of alternative approaches and solutions under outcome/performance-based or prescriptive input based regulation. Performance-based regulation tends to be more amenable to innovation than prescriptive input-based standards. Government procurement can assist in speeding the diffusion of new technologies but is less likely to have an effect on discovery.

Innovation can be spurred by regulations which set stretch targets or altering relative prices in the market. This helps to create demand for new technologies or practices. Setting regulatory stretch targets such as emission standards which are beyond current technical capabilities create incentives to innovate and perform.

Administrative simplification through ease of doing business and 'red tape' reduction programmes can assist innovation by removing barriers that slow the speed of innovations to markets. Administrative simplification programmes can also be linked to programmes to reduce corruption. Regulation can also affect the value of new knowledge by enabling or discouraging social and economic change. The OECD (2003) found, for example, that the speed of take up of IT technologies in the 1990s was negatively related to the stringency of regulatory regimes. The implication is that regulation which inhibits change inhibits innovation. This includes inhibiting organisational innovation needed to make productive use of new production technologies.

In addition to these direct effects there are also *indirect* mechanisms by which improved regulatory policies can facilitate innovation. For example, innovation often relies on tacit knowledge held by skilled people. Immigration can place barriers on the movement of skilled people between economies and occupational regulation imposes barriers on movement within economies between firms. By encouraging competition for the market (not just in the market), regulatory policies can indirectly encourage innovation. Competitive barriers also inhibit innovation for example by creating barriers to entry to new and young firms which are important sources of innovation. Regulatory regimes also can also create barriers to innovation restricting conduct once entry has occurred. One means of counteracting these barriers is strengthening the regulatory development process. This can encourage the choice of the most effective policy that minimises any adverse impact on competition and explicitly requiring the identification of the effects of specific regulation on competition.

Competition policy has an important role to play

An earlier section discussed the concave relationship between market structure and innovation whereby moderately competitive markets generate the most innovation while both monopolies and highly competitive markets have less innovation. Policy settings and enforcement actions by

competition authorities that focus on highly uncompetitive industries can therefore boost innovation. Increased competition through the presence of rivals can increase innovation through a number of mechanisms:

- within firm adoption of improved technology and organisational arrangements
- reallocation of employment and output to higher productivity firms
- improved efficiency in the investment of the rents from market power in undertaking innovations
- promoting the more effective diffusion and adoption of innovation.

There is also growing evidence of the positive link between innovation and the openness of an economy to trade and investment.

The concave relationship market structure and innovation suggests the potential for a very positive role for competition policies. This is because the focus of competition policies is on making highly uncompetitive industries and monopolies more competitive. Resources for enforcement of competition policies are not generally focused on making already competitive markets hyper-competitive. The focus on making protected industries more competitive has the potential to increase innovation. Achieving this potential benefit from competition policy will depend on the quality of the competition policy settings and whether the completion authority(s) has the mandate and capabilities required.

Comprehensive coverage of competition policy is important not only to ensure competition in specific markets but also competition in downstream markets. A balance needs to be struck in competition law itself that favours longer term technical and dynamic efficiency rather than just focusing on allocative efficiency and consumer protection in the short term. Competition policy needs to be able to respond to changes in market structure and technology. This requires that competition authorities have both the legal authority and the capability to move beyond black letter of the law approaches (deemed unlawful per se) and subject the cases to fact-based rule of reason analysis.

Corporate governance affects innovation and productivity growth

Arguably the greatest invention of the mid-nineteenth century was the limited liability joint stock company where the state enabled the legal form that allowed for the separation of management from investor owners. The state continues to have key enabling roles in corporate governance. In short the state has a key role at birth, change of life and at the death of corporations. These roles include corporate or companies law, securities law, share market regulation and insolvency and bankruptcy law.

Corporate or companies law plays a key enabling role for innovation by establishing the relevant corporate governance frameworks. There is wide range of corporate forms including publicly listed companies, privately controlled firms, publicly owned businesses (state owned enterprises). They all have to grapple with the problem of the separation of management from investor owners to allow good management to be rewarded and poor management to be disciplined. While competition in product markets helps discipline poor managers, corporate governance is also important. Corporate governance also affects the type of investments that management makes. The mix and level of investment firms make is critical for innovation.

Securities law, by enabling capital raising from the public, allows investment in innovation. These investments can take a variety of forms including venture capital funds and direct capital raising from the public. This can include introducing flexibility into public equity markets, for example, by allowing a second board on the stock exchange where the cost of listing is lower.

The legal framework provides the means for new firms to be created and once they mature to enable changes in the corporate governance. For example, they can enable family or closely owned firms to take on private equity partners or go public.

Insolvency and bankruptcy laws enable innovation by allowing entrepreneurs to take risks even if these can lead to failure. However, these also allow poor managers the opportunity to repeatedly start businesses that fail with losses to shareholders and creditors.

In summary the state can play a positive role at the birth, change of life and at the death of corporations. Administrative simplification through ease of doing business programmes can assist innovation by smooth these transitions in the life cycles of businesses. While competition in product markets helps discipline poor managers, corporate governance is also important. Studies suggest "poor management practices are more prevalent when product market competition is weak and/or when family-owned firms pass on control to the eldest sons".[4]

Public sector governance matters

Good public policies that are effectively delivered are an important enabler for innovation. The state has a key enabling role in establishing the corporate governance frameworks discussed above. It also has a pivotal role in development of property rights and the rule of law applying to capital, labour and product markets. The rule of law implies that every citizen is subject to the law, including law makers themselves. Lack of the rule of law occurs because of neglect or ignorance of the law, corruption, or lack of corrective mechanisms for administrative abuse, such as an independent judiciary. In addition to role of *regulation* in establishing general governance frameworks discussed in the previous section, there are three types of public policy tools: *ownership, spending, and taxation.*

The *ownership* role includes state-owned enterprises (SOEs) and specialist non-market bodies tasked with and capable of delivering: (a) an innovation policy, (b) a knowledge infrastructure and (c) an innovation infrastructure. SOEs, which produce and sell their outputs into commercial markets, often form a large part of a developing economy. Like private firms when SOES are excessively sheltered from competition, innovation is reduced both in the immediate and in downstream markets. Sometimes, however, SOEs play a positive role as they are explicitly tasked with encouraging private sector innovation.

Specialist non-market bodies play an important part of the overall national innovation system. There are two parts to the public innovation infrastructure that are predominantly publicly owned and funded – the knowledge infrastructure of universities and research institutes and the innovation information infrastructure provided by standards bodies, patents offices etc. The quality of public sector *spending* and governance influences the effectiveness of the public infrastructure and hence the overall capability of the national innovation system.

The *taxation* regimes that apply also can shape the returns on innovation. Innovation takes a variety of forms of which investment in R& D is often relatively minor. Taxation can unintentionally distort the allocation of resources because of the different treatment of investment in R&D, establishing patents, process redesign, and organisational improvements. The tax system also can include explicit tax incentives for R&D spending aimed at increasing overall innovation.

[4] OECD (2014) Factsheet on how competition policy affects macroeconomic outcomes, page 12.

3. Measurement framework

While the links between innovation and productivity and economic growth are well established at both the firm and the economy wide level, the multifaceted nature of innovation does not lend itself readily to measurement. Cross country measures of innovation can occur at a number of levels:

- Outcomes – economic growth, productivity growth over time
- Impact – R & D investment by private business
- Output – policies in place
- Process – good practice development followed
- Input – resources available.

NZIER plans to deliver a suite of innovation indicators for each APEC economy from available data sources at the output and process level (see Appendix B) along with comparisons at the level of overall economic outcomes and impacts. The details of the available indicators are being finalised.

In addition to this quantitative data, countries will also receive a questionnaire with a set of more qualitative questions on structural policy settings. Appendix A Tables 1 - 4 contain the proposed questions on which comments are being sought from EC1.

Appendix A Questionnaire

Table 1 Regulatory policy

Structural policy mechanisms What is the transmission mechanism??	What are your country's policy settings for this specific mechanism?	Current policy settings	Remaining challenges	What evidence is available?
Innovation is enabled through the use of alternative approaches and solutions under outcome/performance based or prescriptive input based regulation.	Is the regulatory system flexible enough to permit innovations by allowing alternative approaches and solutions under outcome/performance based or prescriptive input based regulation?			
Administrative simplification including cost of doing business programmes can assist innovation by removing barriers that slow the speed of innovations to markets.	Is there an administrative simplification programme that would speed up the delivery of innovations to market? Also, is any administrative simplification programme linked to programmes to reduce corruption?			
Setting regulatory stretch targets such as emission standards which are beyond current technical capabilities create incentives to innovate and perform.	Are there examples of where innovations have been triggered by stretch targets set by regulations?			
Competitive barriers can inhibit innovation, for example, by creating barriers to entry to new and young firms which are important sources of innovation. Regulatory regimes often create barriers to entry by restricting entry into the market as well as conduct once entry has occurred.	Does the regulatory development process such as the RIA explicitly require the identification of the effects of specific regulation on competition? Does it encourage the choice of the most effective policy that minimises any adverse impact on competition and hence innovation?			
Innovation often relies on tacit knowledge held by skilled people. Immigration can place barriers on the movement of skilled people between economies and occupation regulation imposes barriers on movement within economies between firms.	Are there constraints on the movement of skilled people within your economy and with other economies? How easily can skilled people move between firms?			

Table 2 Competition policy

Structural policy mechanisms What is the transmission mechanism?	What are your country's policy settings for this specific mechanism?	Current policy settings	Remaining challenges	What evidence is available?
Competition policy can increase the adoption of innovations by allowing reallocation of output to higher productivity firms. This raises issues about the balance in competition law between technical and dynamic efficiency on the one hand over allocative efficiency and consumer protection on the other.	How does competition law in your country strike the balance between shorter term allocative efficiency and technical and dynamic efficiency in the longer term How does competition policy deal with protection of consumers?			
Competition policy needs to be able to respond to changes in market structure and technology. The ability to deal with those challenges depends in part upon the legal authority and capability of competition authorities to take gains in technical and dynamic efficiency into account. This requires that competition authorities to move beyond black letter of the law approaches (deemed unlawful per se) and subject cases to fact-based rule of reason analysis.	Does the competition authority(s) have the legal authority to take into account gains in technical efficiency? Does the authority(s) have the capability (i.e. the tools, procedures, staff and other resources) to allow for technical efficiency gains in decision making?			
Comprehensive coverage of competition policy is important not only to ensure competition in specific markets but also competition in downstream markets.	Does the reach of competition policy (and its enforcement) extend to all good and services markets? Or are there significant exclusions, for example, particular sectors of the economy or for businesses owned by national or sub-national government?			
Effective competition policy enforcement requires that the competition authority(s) have the legal authority and the capability to independently undertake their role.	Does the competition authority(s) have statutory independence in the cases it selects for enforcement action or is this a more collective decision involving other ministries? How is any independence established and safeguarded?			
There is growing evidence of the positive link between innovation and the openness to trade and investment.	How is openness to trade and investment factored in to competition policy settings and the practices of the competition authorities?			

Table 3 Corporate governance

Structural policy mechanisms What is the transmission mechanism?	What are your country's policy settings for this specific mechanism?	Current policy settings	Remaining challenges	What evidence is available?
Different corporate forms have to grapple with the problem with how to reward good management and discipline poor management.	What mechanisms exist in your country's corporate governance legislation to ensure managers act in the interests of owners by investing in innovation?			
Securities law, by enabling capital raising from the public, allows investment in innovation. These investments can take a variety of forms including venture capital funds and direct capital raising from the public.	Do your country's financial markets facilitate capital raising to finance the development of innovations? If so what are the major forms of capital raising that are used in your jurisdiction?			
The legal framework provides the means for new firms to be created and once they mature enable changes in the corporate governance. For example, they can enable family or closely owned firms to take on private equity partners or go public.	What are the incentives and disincentives for taking on private equity partners or public listing? Is it possible to create a public equity market, for example, on a second board on the Stock Exchange where the cost of listing is lower? Do you have or intend to have a legal vehicle that can raise capital from the public for investing in start-ups?			
Insolvency and bankruptcy laws enable innovation by allowing entrepreneurs to take risks even if these lead to failure. However, these also allow poor managers the opportunity to repeatedly start businesses that fail with losses to shareholders and creditors.	How is the balance struck between enabling risk taking and protecting shareholders and creditors?			

Table 4 Public Governance

Structural policy mechanisms What is the transmission mechanism?	What are your country's policy settings for this specific mechanism?	Current policy settings	Remaining challenges	What evidence is available?
The rule of law implies that every citizen is subject to the law, including law makers themselves. Lack of the rule of law occurs because of neglect or ignorance of the law, corruption, or lack of corrective mechanisms for administrative abuse, such as an independent judiciary.	Does your system actively protect and enforce the property rights of different stakeholders?			
State-owned enterprises (SOE) often form a large part of a developing economy and they are often sheltered from competition which reduces innovation both in the immediate and in downstream markets. Sometimes SOEs play a positive role in encouraging private sector innovation.	In your country, how large is the government-owned market sector (as measured by SOE value added as share of GDP) and how much of it is sheltered from competition? Are there SOEs explicitly tasked with encouraging private sector innovation?			
Innovation takes a variety of forms of which investment in R& D is often relatively minor. Taxation can unintentionally distort the allocation of resources because of the different treatment of investment of R&D, establishing patents, process redesign, and organisational improvement. The tax system also can include explicit incentives for R&D spending aimed at increasing overall innovation.	How does the national tax system treat the different types of innovation investments in tangible and intangible assets as well as R&D? What evidence is available about the overall effectiveness of any tax based incentives in increasing overall innovation?			
A national innovation system (shown in figure 4) includes an innovation policy, a knowledge infrastructure and an innovation infrastructure.	Does your jurisdiction have public sector bodies tasked with and capable of delivering: (a) an innovation policy, (b) a knowledge infrastructure and (c) an innovation infrastructure?			
Economies differ in their levels of economic development and government capabilities. Different economies face different imperatives. For some the priority is getting the basic building blocks in place to underpin a national innovation system. For others the priority is to refine how the system is operating and focus on removing bottlenecks.	Taking into consideration the overall level of economic development for your jurisdiction, what are the areas of current focus for innovation policy? What are the key strategies and next steps?			

Appendix B Innovation measures

To support countries' answers to the questionnaire, we will provide each jurisdiction with quantitative information which compares innovation across APEC as shown in Table 1. The dimensions of innovation are sourced from the OECD (Oslo manual). The dataset included at this stage are:

- World Economic Forum – Global Competitiveness Index
- INSEAD – Global Innovation Index
- OECD / UNESCO – Innovation data.

Table 5 Innovation measurement template

Innovation dimensions	Measurement	Source
Infrastructure and institutional framework	Political environment	INSEAD
	Regulatory environment	INSEAD
	Business environment	INSEAD
	ICT	INSEAD
	General infrastructure	INSEAD
Firm	Product innovation	OECD / UNESCO
	Process innovation	OECD / UNESCO
	Marketing innovation	OECD / UNESCO
	Organisational innovation	OECD / UNESCO
Innovation policies	TBC	TBC
Education and public research system	Education	INSEAD
	Tertiary education	INSEAD
	Research and development (R&D)	INSEAD
Other firms	Local supplier quantity	WEF
	Local supplier quality	WEF
	State of cluster development	WEF
	Nature of competitive advantage	WEF
Demand	Degree of customer orientation	WEF
	Buyer sophistication	WEF
	Value chain breadth	WEF
	Control of international distribution	WEF
	Production process sophistication	WEF
	Extent of marketing	WEF
	Willingness to delegate authority	WEF

Source: WEF, INSEAD, OECD, UNESCO

附件八：Proposed Work Plan for the SELI FotC Group (文件編號：2015/SOM1/EC/040)

Asia-Pacific
Economic Cooperation

2015/SOM1/EC/040rev1
Agenda Item: 10

Proposed Work Plan for the Strengthening Economic and Legal Infrastructure FotC Group

Purpose: Consideration
Submitted by: Hong Kong, China

APEC
PHILIPPINES
2015

First Economic Committee Meeting
Clark, Philippines
4-5 February 2015

Strengthening Economic and Legal Infrastructure (SELI)
Proposed Work Plan

Name of the FotC: Strengthening Economic and Legal Infrastructure ("SELI")

Coordinating Economy: Hong Kong, China

Membership Principles: All member economies are invited to nominate designated legal advisors or officials with legal background from relevant authorities or agencies.

Objectives:

1. To raise awareness of the role and importance of legal infrastructure for economic developments;
2. To promote understanding of relevant international standards and international instruments useful for strengthening the economic and legal infrastructure of member economies; and
3. To identify areas for technical cooperation and capacity building among APEC member economies.

Scope of operation:

1. SELI is to serve as a network of focal points for relevant legal advisors and officials:

   (i) To exchange information on legal infrastructure relevant to economic developments (including sharing of their law and practice in the relevant fields);
   (ii) To develop and enhance in-depth understanding of international economic law including relevant international instruments such as the Hague Conventions and UNCITRAL instruments;
   (iii) To share experiences and expertise on activities relevant to the implementation of these international instruments and to develop good practice guides in specific legal areas;
   (iv) To identify areas for capacity building and technical cooperation on the implementation of international instruments or improvement to legal infrastructure essential to economic developments;
   (v) To examine, when possible, the importance of legal infrastructure on trade and investment flows;
   (vi) To develop and review appropriate action plans, when necessary; and
   (vii) To do outreach and public relations to APEC Stakeholders on the achievements of the group as and when appropriate.

2. In collaborating with other relevant APEC fora and the legal sector in member economies, SELI will serve as a forum:

   (i) To coordinate and discuss as appropriate the implementation of cooperative initiatives such as but not limited to Structural Reform with other relevant APEC fora (including other FotCs) and relevant international organizations;
   (ii) To report progress and outcomes of each cooperative initiative to the EC, and when necessary make recommendations thereto; and
   (iii) To invite when appropriate other relevant APEC fora, and/or other relevant experts to participate in/or observe the group's activities.