



**Asia-Pacific  
Economic Cooperation**

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**2017/SOM2/AHSGIE/004**

Agenda Item: 3

## **Report of the 3<sup>rd</sup> Ad Hoc Steering Group on the Internet Economy Meeting**

Purpose: Information  
Submitted by: APEC Secretariat



**4<sup>th</sup> Ad Hoc Steering Group on the Internet  
Economy Meeting  
Ha Noi, Viet Nam  
14-15 May 2017**



Asia-Pacific  
Economic Cooperation

Advancing  
Free Trade for Asia-Pacific  
Prosperity

## Report of the 3<sup>rd</sup> Meeting of the Ad Hoc Steering Group on the Internet Economy (27-28 February 2017)

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Sulyna Abdullah  
Chair, Ad Hoc Steering Group on the Internet Economy

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## **Brief snapshot of the APEC Internet eco-system**

## Some figures

	Internet users *	Mobile subscription*	Retail E Commerce Asia Pacific
2010	<b>40.6</b>	<b>83.4</b>	
2015	<b>55.4</b>	<b>100.9</b>	<b>USD877.61b</b>

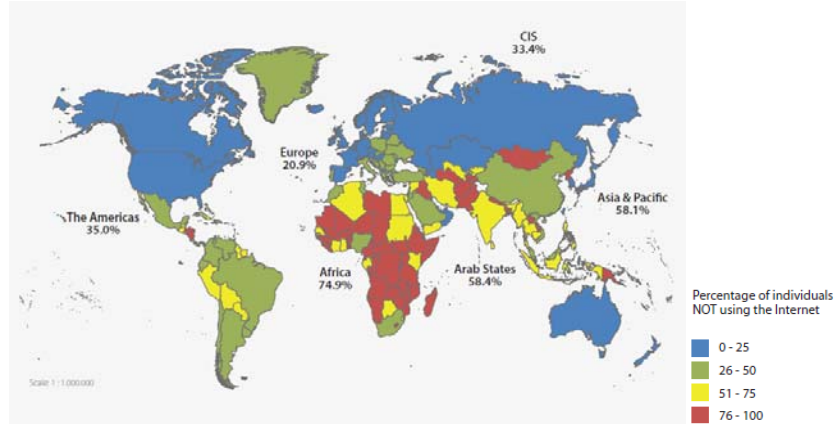
\*per 100 inhabitants  
Source : APEC PSU

## Global cost of cybercrime\*

2015	<b>USD3 trillion</b> (estimate)
2021	<b>USD6 trillion</b> (estimate)

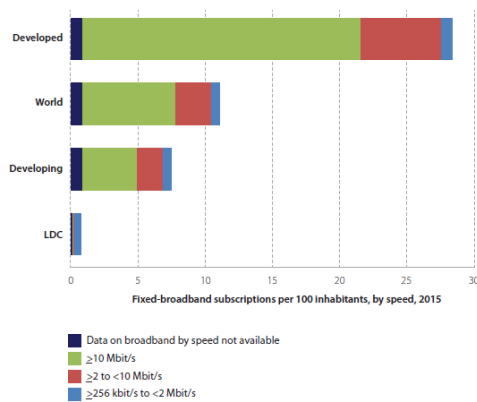
\*securityaffairs.co/wordpress/50680/cyber-crime/global-cost-of-cybercrime.html

53% of the world's population is not using the Internet,  
58% in the Asia Pacific\*



<http://www.itu.int/en/ITU-D/Statistics/Documents/facts/ICTFactsFigures2016.pdf>

### Broadband speed is a catch-up game



In early 2016, three out of four fixed-broadband subscriptions had advertised speeds of 10 Mbit/s and above in the developed countries, compared with two out of four in the developing countries.

In the LDCs, overall fixed-broadband penetration remains very low and only 7% of fixed-broadband subscriptions are advertised at speeds above 10 Mbit/s.

<http://www.itu.int/en/ITU-D/Statistics/Documents/facts/ICTFactsFigures2016.pdf>

## Broadband infrastructure investment by Governments in APEC 2010 - 2015

15 economies = **USD251Billion\***

*\*Reported figures from  
various sources*

Australia USD23b	Mexico USD3b
Canada USD1b	New Zealand USD2b
Chile USD0.7	Peru USD0.4b
China USD182	Russia USD3.5b
Korea USD10b	Singapore USD0.7b
Japan USD10	Chinese Taipei USD1.3b
Malaysia USD3.4b	United States USD10b

**“Broadband connectivity is a critical component for online trade”**

“There is a strong correlation between e-commerce and fixed broadband adoption”

**“Enhancing the ICT infrastructure connectivity will very likely increase B2B trade and e-commerce in Asia-Pacific countries. Moreover, smaller businesses stand to gain from the opportunities provided by ecommerce with global reach.”**

UNESCAP,  
2016

## The deep web, it's dark

4% of  
www  
content



**SURFACE WEB**  
The visible web e.g.  
[www.apec.org](http://www.apec.org) can be found  
using search engines

96% of  
www  
content

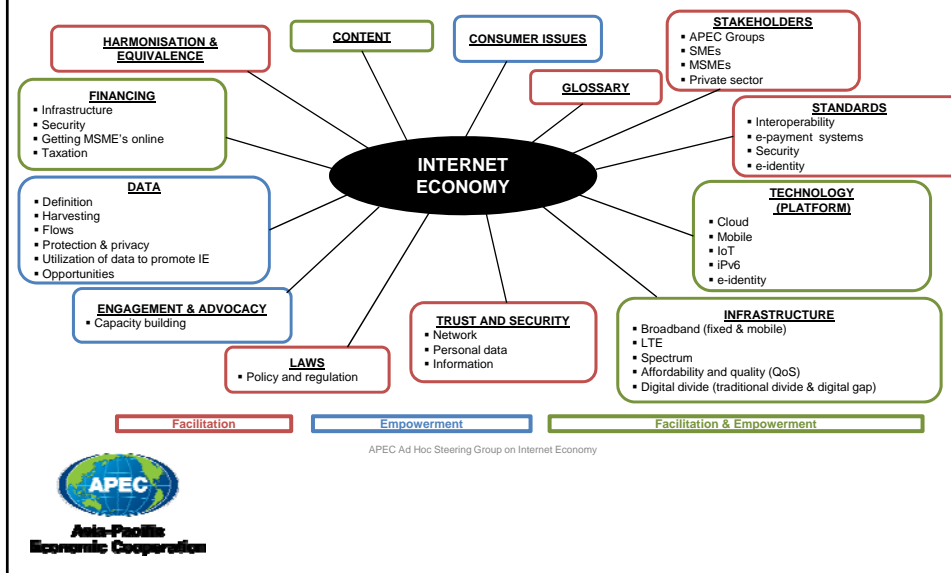
**DEEP WEB**  
Or the Invisible web has  
content that cannot be  
indexed by search engines

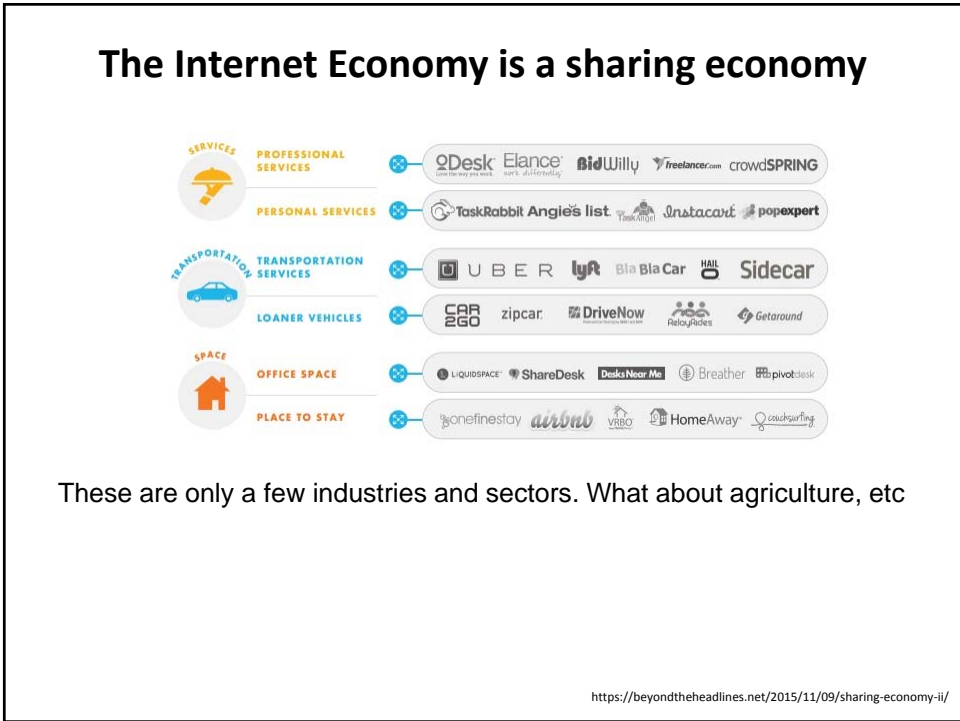
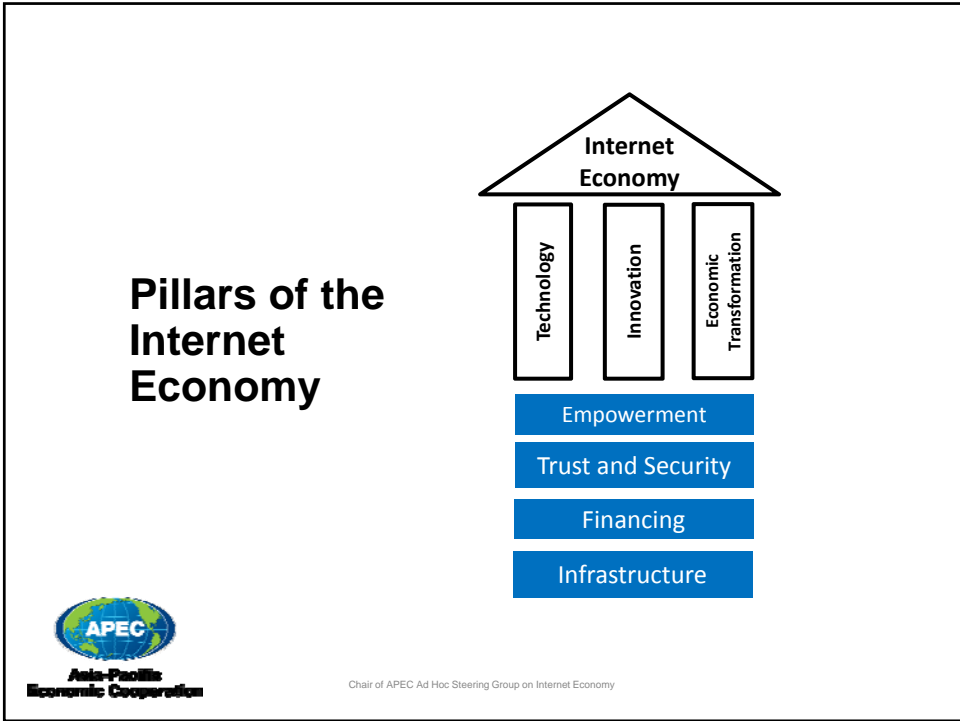
**USD1 billion worth  
of goods sold in  
the 2 years the Silk  
Road was in  
operation (2011-  
2013)\***

The deep web is estimated to be **500x** the size of the Surface Web

\* Adapted from <http://www.whoishostingthis.com/blog/2013/12/17/tor-deep-web/>  
Picture from <http://www.erikvermeulen.com>

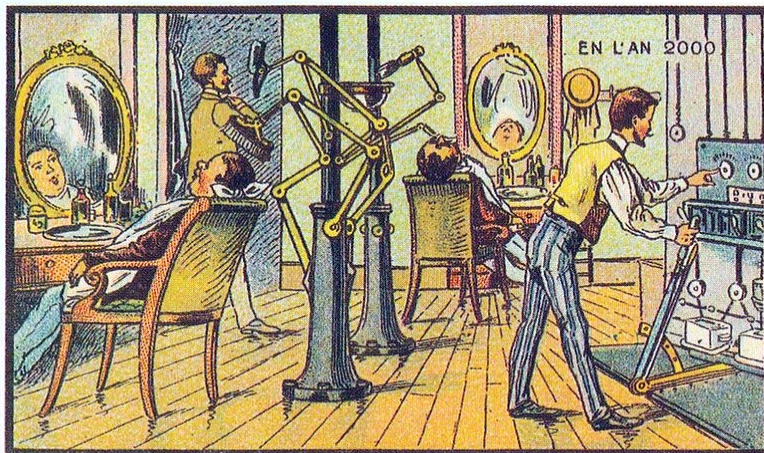
## The Internet Economy





## What's Next?

### The barber in 2000, imagined in 1910

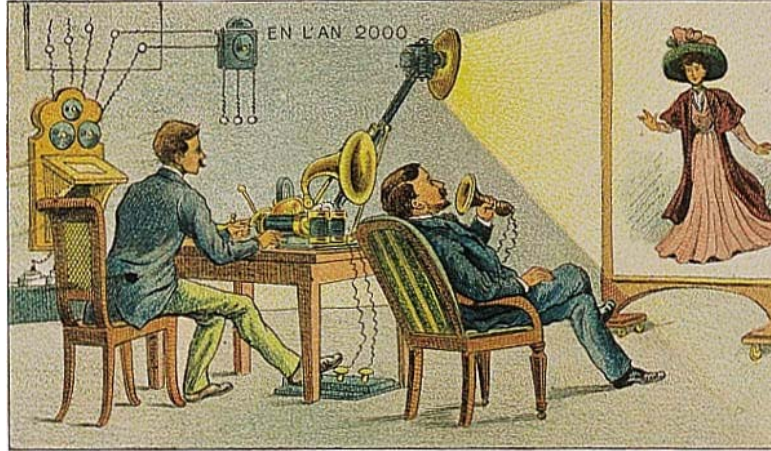


The New-Fangled Barber

<https://publicdomainreview.org/collections/france-in-the-year-2000-1899-1910/>



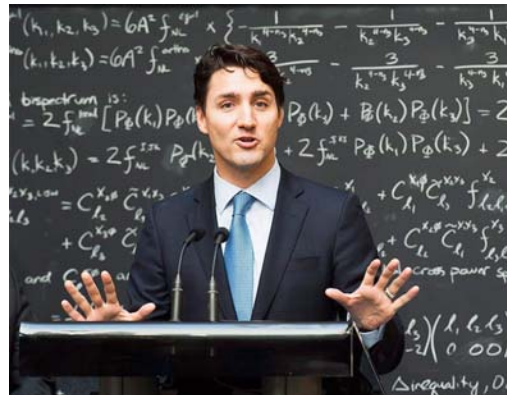
### 1910 predicting video conferencing in 2000



(Remote participation, anyone?)

<http://www.upworthy.com/11-ridiculous-future-predictions-from-the-1900-worlds-fair-and-3-that-came-true>

Thanks to Prime Minister Trudeau, many more women have heard about **quantum computing**



(Nathan Denette/CP from <http://www.macleans.ca/politics/ottawa/justin-trudeau-quantum-leap/>)

“Beam me up, Scotty”



Today, it's called **4D Printing**  
(Coming to an IT store near you soon, prototyping now)

### **SMART DUST**

Nanotechnology -  
changing the way food  
is produced,  
processed and  
packaged.  
Towards a safer and  
more efficient food  
and agriculture  
system.





## **NEUROMORPHIC HARDWARE, COMPUTING & ENGINEERING**

A path towards human level  
artificial intelligence  
(already used for UAVs)

**Highlights  
of the  
Third Meeting  
of the  
Ad Hoc Steering Group on the Internet Economy  
(AHSGIE)**

## Highlights of the 3<sup>rd</sup> AHSGIE Meeting



### 1. What we have been doing since SOM III, 2016


- 54th Meeting of APEC TELWG
- Symposium on APEC 2017 Priorities
- Engagement with the APEC Secretariat on the Internet and Digital Economy
- NCAPEC 2017 Annual Executive Roundtable (Breakout on the Digital Economy)
- Committee on Trade and Investment (CTI) Meeting
- 3<sup>rd</sup> Meeting of the AHSGIE

## Highlights of the 3<sup>rd</sup> AHSGIE Meeting



### 2. Discussion on Draft Consultation Paper

- Members agreed to continue to work inter-sessionally on:
  - the proposed 11 priority areas /key focus areas in the consultation paper; and
  - the draft Roadmap, based on the template/ framework which was discussed.

  
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## Draft Template of the Roadmap

**(I) TITLE**  
 [ROADMAP FOR THE DEVELOPMENT OF THE INTERNET AND DIGITAL ECONOMY IN APEC]  
 [RUS/US/CN: APEC INTERNET AND DIGITAL ECONOMY ROADMAP]

**(II) BRIEF INTRODUCTION / BACKGROUND**

(a) Referencing mandate  
 [2014 Decision to set up AHSGIE; 2015 TOR; SOM mandate to draft Roadmap]  
 To consider: GRP?  
     Mandate from other sectoral ministers' meeting?  
     Ongoing work on digital trade?

(b) Purpose/Intention of the Roadmap  
 (c) Key Focus of the Roadmap (summary)  
 (d) Key Action Items to Advance the focus areas (summary)

  
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## Draft Template for Roadmap

**(III) THE ROADMAP**

Key focus / principles and specific actions in details

Preferred terminology:  
 PE/US/CT/JPN/SGP: “Key Focus Areas”  
 AUS/CHL/ECSG/VN /RUS/US/CN/HKC/CT/JPN/MYS/PH: “Priority Areas”  
 NZ: (Flexible)

Listing vs categorization – to be decided at next Meeting (drafting session)

## Draft Template for Roadmap



### (IV) ROADMAP IMPLEMENTATION

- (a) Specific APEC-wide activity to support the [key focus areas/ import areas] and specific actions  
Includes completed, ongoing and future work
- (b) Monitoring Elements  
Propose to add “internet and digital economy” as one of the reporting elements by all groups

### Roadmap Development: ‘Bottom up’ Approach

<b>Objective</b>	To develop an overview of where APEC is; what can and should be focused on in facilitating the development of an Internet Economy for all member economies and the regional economy as a whole, based on existing work programmes and identified gaps in work initiatives.
<b>Approach</b>	<ul style="list-style-type: none"> <li>• Survey the work ongoing in APEC sub-fora and working groups to identify initiatives relevant to the Internet and Digital Economy;</li> <li>• Identify duplication of Internet Economy-related initiatives;</li> <li>• Identify levels of awareness of initiatives and, where apparent, coordination between fora;</li> <li>• Engage with various Internet Economy stakeholders, both within APEC and APEC-related fora (e.g., ABAC), and external to APEC through various private public dialogues.</li> </ul>
<b>Inputs</b>	<ul style="list-style-type: none"> <li>• Presentations, suggestions and requests from member economies;</li> <li>• Requests and suggestions from SOM;</li> <li>• Summary programme audits from APEC sub-fora;</li> <li>• Inputs from private sectors and non-governmental organizations through PPDs;</li> <li>• Responses to consultations.</li> </ul>
<b>Timeline</b>	<p>End-2016 : Summary of initial capture of initiatives and issues</p> <p>H1 2017 : Draft Roadmap for circulation based upon inputs</p> <p>Q3 2017 : Finalized Roadmap</p>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>• Key issues of the Internet Economy for focus by APEC;</li> <li>• Where duplicate initiatives/efforts and gaps exist;</li> <li>• Which sub-fora should have responsibility for which issues;</li> <li>• Where coordination is required (across silos) and which sectors should be coordinating;</li> <li>• Initial suggested priorities.</li> </ul>

Timelines for Roadmap	
1 March 2017	APEC Secretariat to circulate email to members
15 March 2017	Members to submit comments on the 11 key focus/ priority areas
<b>16 March 2017</b>	Drafting Group commences work (Convenor(s) to develop first draft)
<b>6 April 2017</b>	First Draft is circulated to AHSGIE Members
<b>28 April 2017</b> 2 weeks before SOM II, 2017	AHSGIE Members to submit comments
<b>AHSGIE 4, SOM II, 2017</b> (7-18 May)	Drafting Session for Roadmap & Finalization of Roadmap - Consolidated draft to be circulated to members before AHSGIE 4
<b>AHSGIE 5, SOM III, 2017</b> (15-30 Aug)	Drafting Session for Roadmap & Finalization of Roadmap (if necessary)
<b>CSOM</b> (5-6 Nov 2017)	Submission of Roadmap for Endorsement

Way Forward


- Establishment of drafting group for Roadmap
- Continued engagement with the private sector until Roadmap is finalized
- Encourage technical experts to attend AHSGIE meetings with Economy reps
- Engagement with SMEWG & TELWG via video conference

## Other Matters



- The work post-AHSGIE
- The Chair raised the need to consider “barriers” in the context of the Internet Economy, for example:
  - Access to broadband/Internet
  - Speeds
  - Price
  - Roaming charges
  - Censorship
  - Identity
  - Cybercrime and Cyber Threats
  - Difficulty of enforcement
  - Lack of technical resources (e.g. spectrum, numbers)


## For Decision of SOM:



- Note the AHSGIE Chair’s Report, including:
  - “barriers” in the context of the Internet Economy;
- Request endorsement for:
  - (a) the AHSGIE Timelines for the development of the Roadmap in 2017; and
  - (b) Proposed Template for Roadmap.



# The Internet



- Is borderless
- Offers anonymity
- Nothing ever disappears
- Nothing is absolute
- For every good, there is a bad (or two, perhaps three ...)

In the context of trade and services,  
the Internet is free and open  
(largely!)



**AD HOC STEERING GROUP ON THE INTERNET ECONOMY**  
September 2, 2016 | Cebu City, Philippines



**Ad Hoc Steering Group on the Internet Economy Meeting**  
Lima, 29 February 2016

**APEC PERU 2016**

