



**Asia-Pacific  
Economic Cooperation**

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**2017/SOM3/AHSGIE/008**

Agenda Item: 5

## **Reviewing the Mandate of the Ad Hoc Steering Group on Internet Economy**

Purpose: Consideration  
Submitted by: China



**5<sup>th</sup> Ad Hoc Steering Group on the Internet  
Economy Meeting  
Ho Chi Minh City, Viet Nam  
25-26 August 2017**

## **Renewing the Mandate of the Ad Hoc Steering Group on Internet Economy**

**(Proposal from China, Co-sponsor: Malaysia)**

### **Introduction**

In the context of the rapidly unfolding Fourth Industrial Revolution, the Internet and Digital Economy is booming and transforming the world with unprecedented breadth and depth, bringing both opportunities and challenges.

On APEC agenda, the Internet and Digital Economy relates closely to our priority areas. It can facilitate trade and investment, drive productivity growth, promote innovation and structural reform, empower economic participation of MSMEs and vulnerable groups, and support human resources development. Moreover, it can play an instrumental role in promoting inclusive growth at a time when more concrete actions are needed to ensure the benefits of globalization could reach all people.

APEC cooperation in this area is gaining strong momentum. In 2014, APEC Leaders formally recognized the role of the Internet Economy in promoting innovative development and empowering economic participation. In 2015, Leaders welcomed the establishment of the Ad Hoc Steering Group on the Internet Economy (AHSGIE) to guide the discussion on issues arising from the Internet Economy. In 2016, Leaders welcomed the progress made in, and encouraged economies to embrace the opportunities brought forth by, the Internet and Digital Economy. In 2017, APEC continues its efforts in areas like cross-border e-commerce facilitation and explores new fronts like MSMEs in the Digital Age. The incoming host highlights “Embracing the Digital Future” in its proposed APEC 2018 theme.

### **Relevance of the AHSGIE**

Cross-cutting in nature, the Internet and Digital Economy correlates with many APEC cooperative fields. Quite a few APEC fora and sub-fora, including but not limited to CTI, EC, ECSG, GOS, HRDWG, IPEG, PPSTI, PPWE, SCCP, SCE, SCSC, SMEWG, TELWG, have been engaged in this area. According to a recent survey, 4 mechanisms alone - CTI, EC, ECSG, and TELWG have reported over 100 completed or on-going initiatives related to Internet and Digital Economy. Thus, a holistic approach is needed to identify and coordinate on cross-cutting aspects for better synergies, and to manage both opportunities and challenges (like digital divides). This necessitates the steering and coordinating role of the AHSGIE.

Since its inception in 2015, the AHSGIE has done a lot to fulfill its mandate. It has been actively engaging and coordinating with member economies, fora and sub-fora as well as the private sector, held a series of joint meetings and engagement sessions, and had in-depth discussions on ways to promote the Internet and Digital Economy. It

carried out stocktaking of relevant initiatives and activities by APEC fora and sub-fora, to seek synergies and envisage cross-APEC work.

It is currently undertaking the development of APEC Internet and Digital Economy Roadmap, a comprehensive document that will guide APEC's future work in this area. With 11 priority areas, the wide scope of the Roadmap calls for a strong coordinating mechanism to monitor and coordinate the full implementation, to avoid fragmentation and reduce redundancy, while leaving specific and non-crosscutting programmes to be implemented by relevant fora and sub-fora.

Given the evolving nature of the Internet and Digital Economy, new technologies, industries and cooperation areas are coming up constantly, which will impact the regional economic cooperation and the APEC agenda. It is important that all work and further developments in this field, driven by the rapid changes in technology, are coordinated and monitored at a level that facilitates quick decision-making, with the engagement of a diverse stream of expertise. The AHSGIE, which reports directly to the SOM, takes guidance directly from the SOM, and already has a cross-cutting membership, is in a position to do this.

### **Recommendations**

As stipulated in its TOR, the AHSGIE has a mandate of 2 years, renewable thereafter upon consensus by the SOM. Its current mandate will expire this year.

In view of the above-mentioned consideration, it is recommended that the SOM renew the mandate of the AHSGIE for a period of 2 years until the end of 2019.

The mandate renewal is also in line with the spirit of current APEC governance improvement, as the core objective of the latter is to prioritize and concentrate resources to key and promising areas. The Internet and Digital Economy is such a prominent area that it requires continued commitment of resources. Moreover, the mandate renewal would be the optimal way to strike a balance between the goals of ensuring the continuity of the Internet and Digital Economy agenda and improving APEC's efficiency, as this approach could avoid the establishment of a new mechanism, or introducing structural change to current APEC sub-fora.