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Advancing Free Trade
for Asia-Pacific **Prosperity**

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SUMMARY REPORT
EC 02/2018A
11th CONFERENCE ON GOOD REGULATORY PRACTICES (GRP11)
12 & 13 August 2018
Port Moresby, Papua New Guinea

The 11th Conference on Good Regulatory Practices (GRP 11) took place on August 12 and 13, 2018 in Port Moresby Papua New Guinea in the margins of the Third Senior Officials' Meeting (SOM3) 2018). This Conference gathered 143 participants and experts from 18 APEC economies¹ in a total of 8 sessions in which was discussed the appropriate regulatory frameworks necessary for the emergence of the new digital economy activities.

The GRP 11 Conference registered the participation of 24 experts in the digital economy coming from all sectors of society, including the government sector, private sector, the academy, think tanks and international organizations. In this Conference participated experts coming from the following organizations: the Organisation for Economic Co-operation and Development (OECD), the World Bank, the Inter-American Development Bank, Innovation Associates Consulting, Internet Development Research Center, Technology Research Project Corporate, the Centre for European Policy Studies, the Center for Research and Teaching in Economics, the International Trade Centre, Walmart, Google, Digicell, Coca Cola FEMSA, among others.

The discussions of this GRP 11 Conference provided the participants with a deeper perspective about the new challenges that the regulatory frameworks face because of the emergence of the new economic activities. Additionally, this Conference increased the awareness about the need to create initiatives and implement capacity building actions aimed to consider the necessary regulatory approaches which achieve the right balance between protecting public interests, such as those of consumers' rights and the protection of the environment, while at the same time supporting innovation and technological development in these new economic activities as result of the emergence of digital economy.

Sessions of the GRP11 Conference

The Conference lasted two days and included 8 sessions in which were registered the following discussions:

¹ Australia; Brunei Darussalam; Canada; Chile; China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Philippines; Russia; Singapore; Chinese Taipei; United States and Viet Nam.

- Session 1: Policy and Regulation Making in the Digital Age: An Overview

The speakers discussed elements to understand a first approach to regulate the new economic activities. In this session, Mauricio Mejia from the IDB talked about the need of governments to create new capacities to build regulation to deal with the digital economy and the need to be prepared to construct the right regulatory frameworks for this new technological transformation taking into account a multi-sectoral approach.

Nuraslina Zainal from Innovation Associates Consulting provided a perspective from the private sector about the new features of the digital economy which must be taken in account, and the necessary regulation of other consequences of this type of activities such as the property of the data and the cyber-attacks. She also highlighted the necessity to create the regulatory frameworks by a collaborative mechanism in which the private sector can participate in the design of these regulatory frameworks.

Sam Cai from the Internet Development Research Center talked about the need to incorporate the stakeholder approach and the necessities of the consumers in the creation of the necessary regulatory frameworks for digital economy. He also invited to discuss the new approaches to understand these new activities, such as the data ownership and the development of agreed principles for regulating this new type of activities.

Rory McLeod, Former EC Chair, talked about the new area of opportunity that brings us the digital economy in matter of inclusive opportunities and he reminded us the work made in APEC in terms of digital economy and inclusions such as the PNG objectives 2018 and the policy framework on structural reform and inclusive growth.

Finally, Hazrul Imran from Malaysia provided an overview of Malaysia's digital transformation in which this economy has undertaken initiatives to face the irruption of these new markets and have adapted some of them to the APEC priorities and guidance in this matter.

- Session 2: Enhancing Transparency and Engagement Through Digital Tools

In the second session, Peter Lovelock from the Technology Research Project Corporate talked about the benefits that arise to all the economies for integrating the new digital economy in their activities, which allow a more integrated world, he also reminded about the need to investigate and analyze the characteristics of this new type of economy in which we don't have already all the tools necessary to precisely measure these new activities, finally he talked about the importance to strengthen the process of public consultation in order to encourage the participants to develop the new regulatory approaches to this activities.

Alex Hunt from the United States presented the main characteristics of the US system of public consultation and engagements by using the website regulations.gov in which the stakeholders can participate in the policy-making process.

Ricardo Massa from Mexico's CIDE presented a first approach about the supervision and inspection processes and their relationship with the digital economy in which this process is improved by the digitalization of evidence.

Finally, Miguel Garcia from Mexico's National Commission for Better Regulation (CONAMER) provided a case study about the rule-making process in Mexico in which all the regulations are subject to electronic public consultation by a web portal (www.cofemersimir.gob.mx) in which all the stakeholders can participate electronically and can send their inputs and comments about every regulatory proposal before this was enacted.

- Session 3: Regulation and the Digital Economy: Perspectives from the private sector

In the final session of day 1, Andrew Ure from Google talked about the challenges of regulating the new digital economy activities which required an international approach due to the fact that the digitalization and the internet don't recognize national boundaries. Andrew Ure also presented a set of principles for regulating in the digital economy.

Vidal Garza from Coca-Cola FEMSA talked about the inclusive opportunities using the GRPs and adapting these to the digital economy, in which the use of this type of technologies could accelerate the financial inclusion and the number of e-services provided such as the internet banking. Moreover, Vidal talked about the importance to make cooperative efforts to achieve a good regulatory outcome with the participation of the government, the regulated, and the broader community. He mentioned that to achieve better regulatory outcomes it is vital that the full range of mutually reinforcing regulatory mechanisms and structures are in place.

Finally, Welby Leaman from Walmart presented his perspective about the regulatory principles needed for the digital transformation in which is required a complete transformation about the customer interaction with the business and he concluded by providing a set of 8 Regulatory Principles for the Digital Transformation and in particular Digital Retail such as the simplification of the rules, the non-discrimination among evolving business models, the reduction of inflexible categories within regulation and the building of digital transparency of license and permit services.

- Session 4: Formalizing International Regulatory Cooperation (IRC)

In this first session of the second day about International Regulatory Cooperation (IRC), Jeannine Ritchot from the Treasury Board of Canada provided an overview about Canada's efforts in IRC including the cooperation in the matter of disruptive technologies and she explained and provided examples about the benefits of including the IRC in this type of activities.

Kathy James from the Ministry of Business, Innovation, and employment of New Zealand explained the relationship between the good regulatory practices and the promotion of IRC practices; she also introduced New Zealand's IRC toolkit, which provides to the policymakers a practical guidance about the different IRC options.

Finally, in this panel, Nick Malyshev from the OECD made a presentation about the importance of introducing the IRC as part of the IRC practices and the role of the IRC in reducing the regulatory divergences. He also provided an overview of the interesting works it has been made the OECD in matter of IRC implementation about its members and about the measurement of these efforts like the use of the policy outlook.

- Session 5: Role of Oversight Bodies in Promoting GRPs

In the fifth session about the role of oversight bodies in promoting GRPs, Mario Emilio Gutierrez from CONAMER made a presentation about Mexico's new institutional better regulatory framework, which was the result of the approval and implementation of the new national law on better regulation that creates CONAMER.

Nick Malyshev made a presentation about the importance to establish economy mechanisms and institutions to provide the oversight of regulatory policy as is included in the 2012 recommendation on regulatory policy and governance, he also provided us the main recent results in matter of oversight bodies performance and comparison by making use of the OECD's regulatory policy outlook 2018.

Finally, Alex Hunt made a presentation about the regulatory oversight institutional framework in the United States in which this oversight policy was implemented by the Office of Information and Regulatory Affairs (OIRA) with a longstanding tradition that comes from the early eighties and that today is plenty consolidated as an oversight body committed to the plenty implementation of the GRP practices from the center of the government.

- Session 6: GRPs and Inclusive Growth

In this six-session about the GRPs and inclusive growth, Welby Leaman from Walmart made a presentation about the promotion of inclusive growth and he presented us a best practice case about the issuance of permits in which the use of

the new technologies such as the payment by an online via which allowed to increase the efficiency in the emission of these permits and reduced the corruption.

Jeannine Ritchot from the Treasury Board of Canada made a presentation about the necessary regulatory frameworks for advancing the inclusive growth in which she explained about how the GRP practices can promote a more inclusive growth such as by including approaches on gender, environmental impacts, and indigenous consultation, among others.

In this session were also presented to the audience two videos about disruptive technologies made by two international recognized experts in regulation; in the first one video made by Andre Renda from the Centre for European Policy made a presentation about the smart regulation in the age of disruptive technologies in which he presented us a fourth wave on the new different approach of regulatory governance that need to incorporate the recognition of regulating the new disruptive technologies, he also concluded that the disruptive technologies will provoke a consequences for the regulatory governance because the oversight becomes even more important and coordinates the experimentation and learning across government in this matter.

In the second video made by Peter Ladegaard from the World Bank was made a short presentation about the creation of the necessary regulatory frameworks that will be properly designed and could incorporate this new type of digital activities.

- Session 7: Fit-for-purpose Regulatory Frameworks in the Digital Age

In the session 7 about the “fit-for-purpose regulatory frameworks in the digital age”, Mauricio Mejia provided a presentation about the work made by the IADB and the promotion of GRPs policy implementation in the region, as well as the new regulatory agenda necessary to create in face of the emerging technologies disruption and which imposes us new dilemmas and risks about regulating this new type of activities and their consequences such as the collusion practices.

Quan Zhao from the International Trade Centre in Geneva made a presentation about creating regulatory frameworks for the digital age which take into account the goods e-trade, the core e-trade regulations and the services e-trade, Mr. Quan also reminded about the importance to include the inclusivity and the sustainability as part of the digital transformation benefits, such as actions like the inclusive e-trade or the support of SMEs by the emergence of e-commerce.

Anton Gersev from the Ministry of Economic Development in the Russian Federation presented the case of the Russian program on digital economy which was adopted in 2017 and includes as part of its strategic directions the creation of digital

infrastructure, the digital security, the creation of a normative regulation in this matter and the research and competencies and technological achievements.

Finally, Douveri Henao from Papua New Guinea talked about the perspective from the private sector about the opportunities and challenges faced by Papua New Guinea in the face of the digital irruption space in which the digitalization offers an alternative to increasing the access to the supply of goods and services such as the use of e-banking and increases the inclusion of other participants such as the SMEs.

- **Session 8: High Level Panel on Regulatory Reform and the Digital Age**

This final session was an opportunity to provide high-level recommendations about the future work of the Economic Committee about digital economy and regulation. In this session were proposed the following conclusions: (1) Regulatory cooperation is now a priority in order to improve the innovation among out economies, (2) the efforts to achieve the structural reform inside APEC need to incorporate the inclusive growth in the digital age, (3) the use of the GRPs and specially of the regulatory impact assessment is still an adequate mechanism to provide a framework for dealing with these new regulatory challenges created by the digital economy and (4) there is necessary to increase the efforts to measure the real value of the digital economy activities in the economy with the aim to incorporate them into our impact assessments.

Main conclusions of the 11 GRP Conference

As result of this conference, it can be mentioned the following conclusions:

- There is necessary that regulators and policymakers a could develop their capacities in order to understand and analyze the irruption of the new digital economy activities and their consequences taking into consideration a multi-sectoral and collaborative approach in which all sectors of society could participate in the design and development of these regulatory frameworks;
- The required approach to regulate the digital economy is different in comparison to the other traditional economic activities because these activities go beyond the national boundaries and in this regard, we need to make use of the IRC mechanisms focusing on creating the international norms and standards required for guarantee an appropriate regulation beyond borders;
- The digital economy should be used as a mechanism to promote the social inclusion and sustainability by allowing to the other sectors of society the access of this new area of opportunity that could create benefits for the disadvantage sectors;

- There is necessary to develop a new regulatory framework about the data ownership because we face a new economic environment in which there are not sufficient mechanisms to provide the necessary protection that required the digital entrepreneurs for the expansion and consolidation of their economic activities; and finally:
- The most effective mechanism for guarantee the creation of the adequate regulator frameworks for digital economies will continue to be the better regulation process by the use of GRPs and particularly the use of the RIA in which will be needed the incorporation of the new technology process that increases the direct participation of all sector of society in the process of rulemaking.

As a main conclusion of this event, we could mention that the challenges imposed by the creation of the regulatory frameworks for the digital economy must be a domestic priority in APEC economies and these must be reflected on our structural reform objective making an adjustment in our long term national objectives and transit to an another state beyond the current regulatory governance in which we could incorporate the necessary mechanisms and tools to align the create the adequate regulatory frameworks for the disruptive technologies.