

## APEC Economic Committee: Friends of the Chair on Regulatory Reform 2023-2025 Work Plan

### Background

Regulations impact almost every aspect of our daily lives. Having good regulations that are effective and efficient will contribute significantly to the enhancement of productivity and economic growth, which would lead to an improved quality of life. Continued efforts are required towards creating a sustainable business environment in the Asia-Pacific region. While maximising public good should remain the primary guiding principle, the regulatory regime must be sensitive and responsive to the needs of the business community.

In this vein, a more comprehensive regulatory reform approach is needed to give equal emphasis on promoting the entrepreneurial spirit, encouraging orderly transformation, and safeguarding the welfare of the community. Hence, strengthening regulatory delivery is paramount to instilling confidence in businesses, elevating productivity and competitiveness, catalysing economic growth, and propelling digital transformation. It is imperative to tackle prevalent challenges in the business landscape, including bureaucratic intricacies, inefficiencies in regulatory delivery, and unwarranted regulatory burdens. Addressing these issues will contribute significantly to enhancing the overall business ecosystem in the APEC region.

### Period

February 2024 – December 2025

### FotC Convenor

Malaysia

### Key areas of focus and objectives

#### A. ACHIEVING THE COMMON GOALS OF APEC

- The Friends of the Chair on Regulatory Reform (RR FotC) is committed to promote the use of good regulatory practices and the implementation of domestic policies and initiatives aimed to strengthen Regulatory Reform among APEC economies, and, thereby, contribute towards achieving the Putrajaya Vision 2040 for an open, dynamic, resilient and peaceful Asia-Pacific community by 2040, for the prosperity of all our people and future generations by supporting its three economic drivers:

1. Trade and Investment;
2. Innovation and Digitalisation; and
3. Strong, Balanced, Secure, Sustainable and Inclusive Growth.

- Specifically, the RR FotC is dedicated to support the implementation of the Vision through the individual and collective actions on structural reform under the Innovation and Digitalisation driver as identified in the Aotearoa Plan of Action, as below:

*Objective:*

*“We will pursue structural reforms and sound economic policies to promote innovation as well as improve productivity and dynamism.”*

*Structural Reform:*

- Evaluation of progress: The region sustains positive productivity growth, fostered by continuous growth in innovation.
- Individual Actions: Economies will focus their reform efforts on those areas of the economy that have the greatest potential to drive increases in productivity and innovation.
- Collective Actions: Economies will:
  - o advance future APEC initiatives on structural reform under the four pillars of the Enhanced APEC Agenda for Structural Reform (EAASR), including through:
    - i. sharing information and best practice;
    - ii. promoting good regulatory practices and regulatory cooperation; and
    - iii. building capacity to support the implementation of EAASR commitments; and
  - o collaborate across relevant APEC fora on issues related to structural reform, including services and the digital economy.

## B. SUPPORTING THE IMPLEMENTATION OF THE STRUCTURAL REFORM AGENDA

- By taking into consideration the outcomes achieved from the initiatives under the previous Renewed Agenda for Structural Reform (RAASR) and recommendations from the past APEC Economic Policy Reports (AEPRs), the RR FotC will continue supporting the implementation of the structural reform agenda under the current Enhanced APEC Agenda for Structural Reform (EAASR) through its four pillars:
  1. Creating an enabling environment for open, transparent, and competitive markets;
  2. Boosting business recovery and resilience against future shocks;
  3. Ensuring that all groups in society have equal access to opportunities for more inclusive, sustainable growth, and greater well-being; and
  4. Harnessing innovation, new technology, and skills development to boost productivity and digitalisation.

- In doing so, the RR FotC will dedicate its work with the following objectives:
  1. Develop capacities and support the development of manuals and guidelines about the good practices on Regulation and Digital Economy, in order to stimulate the adoption of new technologies, and eliminate unnecessary regulatory burden;
  2. Support initiatives to measure and compare regulatory frameworks among APEC economies, with the aim of identifying those economies that are at the forefront in good practices for regulating the Digital Economy and take advantage of their experiences;
  3. Develop efforts in International Regulatory Cooperation (IRC) in order to create common standards and regulations in areas such as Digital Economy. This includes facilitating the exchange of information to reduce regulatory divergence;
  4. Increase the use of emerging information technologies in the implementation and design of better regulation policies;
  5. Strengthen the implementation of the Good Regulatory Practices (GRPs); and
  6. Promote efforts on simplifying regulatory burden by increasing participation from the business community.

## Initiatives and activities

- Other than to support the implementation of EAASR, this Work Plan is also a tool to identify and leverage opportunities for cross-fora collaboration with other Committees, fora and sub-fora as well as identify opportunities to engage international organisations such as the Organisation for Economic Co-operation and Development (OECD), World Bank and World Economic Forum (WEF), which have expertise in the regulatory reform space.
- Key objectives of the RR FotC under this Work Plan include:
  1. Encourage the use of innovative approaches in regulatory frameworks, such as agile regulatory governance, regulatory sandboxes, adaptive regulations, temporary regulations, outcome-based regulations as well as promoting the use of behavioural insights in regulatory policy-making;
  2. Leverage digital technologies to strengthen the processes of design (ex-ante evaluations), implementation, enforce and review (ex-post evaluations) of regulations;
  3. Strengthen the skills in oversight institutions to diagnose and assess regulatory outcomes by including the new approaches of regulatory evaluation such as the use of data analysis; and
  4. Strengthen the institutional and legal capacities of oversight bodies in order to increase implementation of better regulation policy.
- The key objectives will be achieved through the following key **outputs and activities**:
  1. Develop policies and approaches through GRPs in the matter of IRC aimed to facilitate regulatory harmonisation between APEC's Economies; and
  2. Develop a toolkit on the principles of regulatory frameworks for the digital economy.

## Contribution to the implementation of the Enhanced APEC Agenda for Structural Reform (EAASR)

**Creating an enabling environment for open, transparent, and competitive markets.**

Boosting business recovery and resilience against future shocks.

Ensuring that all groups in society have equal access to opportunities for more inclusive, sustainable growth, and greater well-being.

**Harnessing innovation, new technology, and skills development to boost productivity and digitalization.**

## Contribution to the Putrajaya Vision 2040 and the Aotearoa Plan of Action

| PV 2040 Economic Driver and Objective  | Collective Action   | Explanation of FotC's contribution   |
|--|---|--|
| Creating an enabling environment for open, transparent, and competitive markets: We will pursue the creation of an open, transparent, and competitive markets through the agile regulation                               | Promote a transparent and competitive environment that support cross-border business-to-business engagement   | The RR FotC will contribute to this collective action by, providing the baseline on the individual economy's regulatory policy and agile regulatory governance |
| Innovation and Digitalisation: We will pursue structural reforms and sound economic policies to promote innovation as well as improve productivity and dynamism.   | Advance future APEC initiatives on structural reform under the four pillars of the Enhanced APEC Agenda for Structural Reform (EAASR), including through: <ul style="list-style-type: none"> <li>- sharing information and best practice;</li> <li>- promoting good regulatory practices and regulatory cooperation; and</li> <li>- building capacity to support implementation of EAASR commitments</li> </ul> | The RR FotC will contribute to this collective action by providing the basis of best practices as a guide for the domestic consumption                         |
| Innovation and Digitalisation: We will strengthen digital infrastructure, accelerate digital transformation, narrow the digital divide, as well as cooperate on facilitating the flow of data and strengthening consumer | Promote cost-effective mechanisms that support cross-border business-to-business engagement, including through electronic transactions and dispute resolution including under the APEC Collaborative Framework for Online Dispute Resolution of Cross   | The RR FotC will contribute to this collective action by promoting the use of technology to facilitate the business engagement.                                |

| PV 2040 Economic Driver and Objective       | Collective Action | Explanation of FotC's contribution |
|---|-------------------|------------------------------------|
| and business trust in digital transactions. | Border Disputes.  | Business-to-Business               |

#### Contribution to other APEC strategies or collaboration

- *AIDER*
- *ABAC*
- *OECD*

#### Sunset

The RR FoTC will automatically sunset upon with the expiration of the term of the EC Chair, unless the incoming Chair explicitly requests that it continue.

## Regulatory Reform Friends of the Chair

### Summary of Initiatives

| Priority Area/<br>Objective  | Initiative/ Activity  | Proposed Outputs   | Planned APEC-<br>funded? | Lead<br>Economy | Timelines |
|--|---|--|--------------------------|-----------------|-----------|
| APEC – OECD: Recommendation for Agile Regulatory Governance to Foster Innovation | <ul style="list-style-type: none"> <li>• Background Paper and Survey</li> <li>• Implementation of Toolkit</li> <li>• Project Report</li> <li>• Capacity Building</li> </ul> | A database on the interface between regulatory policy and agile regulatory governance between the APEC economies through a data collection. Which may involve an analytical work focusing in depth on topics or instruments considered as critical to enable “agile” regulatory reform; e.g., regulatory experimentation, outcome-based regulation | [Y]                      | Malaysia        | 2023-2025 |

**Note:** As a continuation to the proposed workplan for 2023, it is proposed for EC to continue with the implementation toolkit in 2024. The development of the toolkit by APEC together with the OECD Regulatory Policy Committee will help to facilitate the governments and regulators to align with the set of principles laid down in the Recommendation, and act as a practical resource setting out a range of actions governments and regulators may take to adapt their rule-making activities to the challenges and opportunities brought by innovation.