

## **APEC Initiative of Cooperation to Promote Internet Economy**

### **I. The importance of promoting the Internet Economy**

The world economy is now undergoing great transformation, more integrated and globalized than ever before. This trend is gaining momentum with the spread of the Internet. The Internet Economy, as a working definition, includes the range of economic activities stemming from or using the Internet and connection technologies. As a new economic phenomenon, such technologies are lowering barriers to economic participation, and the Internet Economy empowers economic participants using e-commerce, instant messaging, search engines, online media, internet finance, and other means.

The ICT revolution has produced cloud computing, big data, machine learning, machine-to-machine communication, and great advances in mobility and remote access, all innovations stemming from or related to the Internet. With these new technologies, we are discovering new ways to put them to use.

In recent years, information and communications technologies have become integrated into many traditional industries, transforming how they do business. The Internet is connecting businesses and resulting in a new, more integrated economic ecosystem. We see these technologies facilitating trade, access to information empowering customers, and increasing opportunities for small and micro enterprises as well as individual entrepreneurs.

In the past industrial era, large corporations were sometimes the only ones able to apply advanced technologies, and they have advantages in taking on large-scale challenges, but new information and connection technologies are opening up the economy, jobs and growth to SMEs and individuals.

As mobile technologies advance and computing becomes embedded in a wider array of devices, we foresee technology becoming increasingly scannable, pliable, wearable and drivable. This ubiquity may cause the devices to fade into the background of a digital environment and change how people experience information and connectivity.

New innovations in finance and payments are also facilitating a wide variety of small-scale commerce and economic activity as well as serving many who have been historically underserved by the formal financial sector. Recognizing this will raise

new policy questions, we see demonstrated value in innovations to include: mobile money and micro-financing, lightweight payment technologies, P2P lending, and crowd funding. Such innovations are also challenging many traditional models and spurring new and improved services to the public in sectors such as asset management, insurance, medical care and health management

The Internet Economy is an effective carrier of economic reform, innovation and sustainable growth. It has ushered in an era of mass innovation, expanding the space of prosperity; has the potential to turn individuals into an economic growth point. It benefits each and every social stratum, contributing in particular to the growth of the middle class. It has boosted the employment of the destabilizing and the vulnerable groups such as the youth, women and the disabled.

At the macro-level, the Internet Economy may help developed economies stimulate flagging economic growth rates, while providing developing economies a less painful way to overcome the "middle income trap". The growth of the Internet Economy can help satisfy people's aspiration for inclusive and high-quality prosperity in the information era.

Nevertheless, the Internet Economy will produce policy or regulatory challenges. We should be sensitive, as our economies are increasingly interconnected, of the risks of unintended consequences from laws and policies. Laws and regulations often lag behind new technologies, and we should be engaged with each other so our respective efforts are effective and to minimize inadvertent affects across the regional economy.

## **II. APEC's constructive role in promoting the Internet Economy**

With diversified markets and users, the Asia-Pacific region is at the forefront of the Internet Economy. Internet and mobile device subscribers in the region account for 45% and 50% of the world's total. The region has witnessed an explosive growth of the Internet Economy and boasts the largest number of online shoppers in the world.

Demand by SMEs and individuals for access to credit, transactions, and other financial services in the Internet Economy has spurred many new innovations and spurred rapid growth in the Asia-Pacific region. Innovations in online and mobile micro-financing have enabled new economic activity and grass-roots economic participation by individuals as well as SMEs.

This sort of economic activity, which we see in the Internet Economy and is resulting in economic new opportunities and greater inclusiveness and prosperity, is the type of dynamic growth APEC has sought to promote since its establishment.

APEC, as a premier forum for enhancing economic growth and prosperity in the Asia-Pacific region, has long been committed to promoting internet economy since

the adoption of APEC Blueprint for Action on Electronic Commerce in its annual Leaders' meeting in 1998 and the establishment of the APEC Electronic Commerce Steering Group (ECSG) in 1999, aiming to promote the development and use of electronic commerce by creating legal, regulatory and policy environments in the APEC region. The work was followed by the highlighting of the use of ICTs in the world economic development in the Action Agenda for New Economy, the e-APEC Strategy and the Statement to Implement APEC Policies on Trade and the Digital Economy endorsed by APEC Leaders in their annual meetings in 2000, 2001 and 2002 respectively.

Further to it, goals of achieving universal access to broadband in all APEC economies by 2015 and achieving access to next generation, high speed broadband by 2020 were endorsed by Ministers in 2009 and 2010, so as to enable economies to access more benefits of ICTs that increase economic efficiencies and productivity, utilize smart ICT applications, and improve the livelihoods of people in APEC economies, and stimulate economic growth in the APEC region. Once more, the use of ICT was recognized by our Leaders as a crucial driver for further integration in the APEC region in 2012. And our Ministers also encouraged members to “expand the application of safe and trusted ICT and e-commerce environment”, and “explore the possibility of implementation a one-stop shop for online transactions”, and to provide all the procedures and services “required to export and e-commerce across boundaries promote the easiness of doing business” in their Joint Ministerial Statement in 2013.

In 2014, APEC continues to carry out the work on promoting the Internet Economy. In February, the Concept Paper "Developing the Internet Economy through Enhanced ICT Cooperation" was endorsed in SOM 1 in Ningbo. In April, the APEC Telecommunications and Information Working Group (TELWG) held a Roundtable on the Internet Economy in Yangzhou, where representatives from member economies and internet enterprises envisaged the bright future of the Internet Economy in the Asia-Pacific region. In May, during SOM 2 in Qingdao, members agreed to incorporate the Internet Economy under agenda Priority Two -- "Promote Innovative Development, Economic Reform and Growth" -- as a key cooperation area of the "new economy" pillar.

### **III. Proposed Actions**

Observing established guidelines focusing on practical economic cooperation, respecting the diversity of APEC members, we propose the following cooperative actions with a view to seizing the opportunity to promote the growth of the Internet Economy:

1. Establish an Ad Hoc Steering Group consists of APEC member economies, related fora and ABAC to discuss issues arising from the Internet Economy, propose actions,

and encourage collaboration across multiple APEC fora.

2.Promote technological exchanges with stakeholders in member economies.

3.Organize entrepreneurship and skill training on the Internet Economy to facilitate capacity building and encourage entrepreneurship and innovation. Recalling the 2009 APEC Digital Prosperity Checklist, organize training programs to help developing member economies bridge the digital divide.

4.Continue work to realize the goal of achieving universal access to broadband by 2015 and universal access to the next generation, ultrahigh-speed broadband by 2020 in the APEC region, as well as promoting IPv4 to IPv6 transition.

While we strive to benefit more from the Internet Economy and new technologies, we note the importance of continued work to ensure robust, reliable and resilient infrastructure.

Continue activities in promoting confidence and trust in electronic environments globally by encouraging secure cross border flows of information, including electronic documents. Reaffirm the necessity of multi-stakeholder cooperation to continue efforts to expand and strengthen the Asia-Pacific Information Infrastructure and to build confidence and security in the Internet Economy.

5.Leverage the Internet Economy to foster an enabling environment and inclusive economic participation to allow people to improve their own lives. We note the potential for technologies to empower vulnerable and disadvantaged groups like women, young people, people with disabilities, and the poor.

6.Support the healthy development of innovative Internet finance. We commit to promote safe, efficient, low-cost and inclusive financial services to enable SMEs and individuals to share the benefits of economic development, with a view to building an open, cooperative, and safe environment for the Internet Economy. We propose a dialogue bringing together a balanced group of stakeholders to explore innovative new ways to serve the underserved.

7.Explore how "mobility" may help facilitate economic activity and promote APEC goals. As mobile devices become more ubiquitous connection technologies will change how we experience the Internet and interact with an increasingly rich information environment. We propose TEL open a dialogue of these topics, inclusive of stakeholders and other fora, to explore these topics.

8.Promote the development of Internet of Things (IOT). The deployment embedded sensors and computing, machine to machine communication, and the development of improved analytics will be transformative and offer many benefits but also raise new

policy questions. We propose TEL initiate discussion of these topics and their policy considerations, promoting deployment of such technologies.