

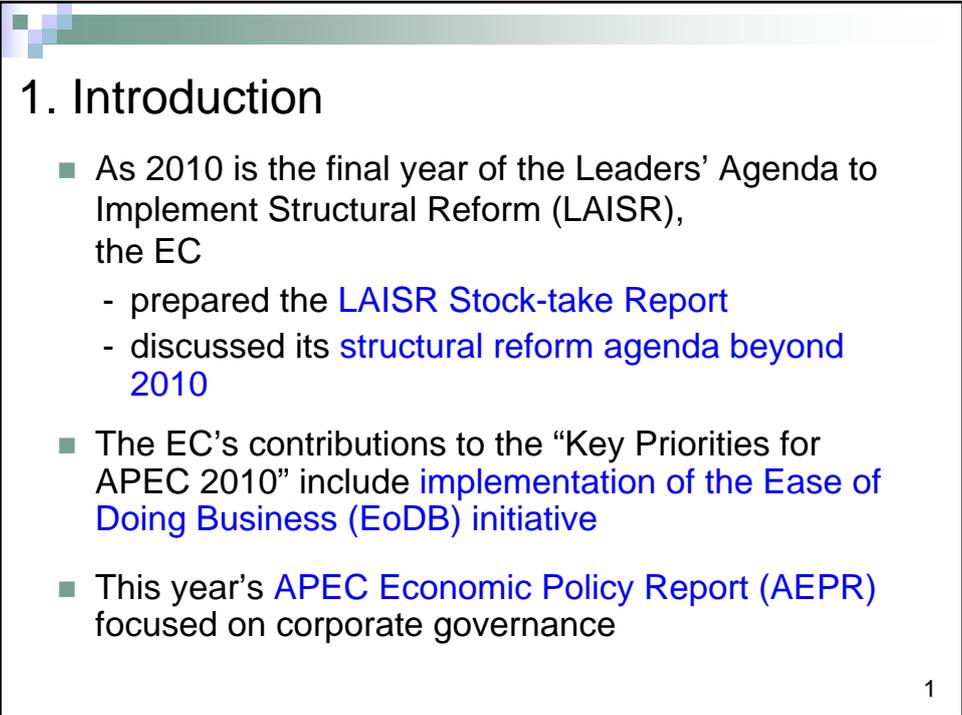


Economic Committee Chair's Update to Concluding Senior Officials' Meeting

7-8 November, 2010

Takashi Omori, EC Chair

Asia Pacific Economic Cooperation



1. Introduction

- As 2010 is the final year of the Leaders' Agenda to Implement Structural Reform (LAISR), the EC
 - prepared the [LAISR Stock-take Report](#)
 - discussed its [structural reform agenda beyond 2010](#)
- The EC's contributions to the "Key Priorities for APEC 2010" include [implementation of the Ease of Doing Business \(EoDB\) initiative](#)
- This year's [APEC Economic Policy Report \(AEPR\)](#) focused on corporate governance

2. Major Achievements in 2010

(1) Improving the Business Environment in APEC

Held [work-shops and seminars](#) in 4 of the 5 priority areas as [Phase 1](#) and [some of the Phase 2 activities](#) were also initiated

Workshops/seminars	Champion economies	Place	Date
Reducing Start-up and Establishment Time of Business	US and New Zealand	Hiroshima	1-2 Mar.
Enforcing Contracts	Korea	Seoul	21-22 Jun.
Getting Credit for Small and Medium Enterprises	Japan	Sendai	21 Sep.
APEC Seminar on the First Steps of Successful Reform in Doing Business	US, New Zealand, Japan and Singapore	Taipei	5-6 Oct.
Reforming the Regulatory System for Construction Permits	Singapore	Singapore	18-22 Oct.

* CTI also organised a seminar on "Trading across Borders" in Sendai on 18-19 Sep.

2

(2) Growth Strategy

In order to consider how and what the EC can contribute to the APEC Growth Strategy, the EC conducted;

- [Joint meeting with the HRDWG](#) on Inclusive Growth
- [Round Table Discussion at the EC1](#)
- [Quick survey](#) on the relationship between structural reform and the Growth Strategy

Subsequently, the EC's view was reported to ESOM held in April 2010

3

(3) LAISR Forward Work Programme (FWP)

(i) Regulatory Reform

- The [Benchmarking Survey](#) on Regulation
- [Joint Seminar](#) on the APEC-OECD Integrated Checklist on Regulatory Reform [with OECD](#) in Hiroshima
- [Voluntary Review of Institutional Frameworks and Processes](#)

(ii) Competition Policy

- Seminar on the [impacts and benefits of structural reforms in telecommunications, transport and energy sectors](#) in Hiroshima
- [CPLG-ABAC joint dialogue](#) “2010 Round Table with Private Sector on Procedural Fairness in Competition Cases” in Hiroshima
- [APEC Training Course](#) on Competition Policy in Nha Trang

4

(iii) Corporate Governance

- [AEPR 2010 on Corporate Governance](#)
outlines the corporate governance and sustainable economic growth, as well as legal and institutional foundations of corporate governance in APEC economies along with reports from individual economies

(iv) Public Sector Governance

- Report “[Management Performance: towards Effective Government](#)”

(v) SELI

- [Policy Dialogue](#) on Strengthening Economic Legal Infrastructure in Hiroshima

5

(4) LAISR Stock-take Report

- The EC has prepared this report on the progress in implementing the **LAISR FWP** and the progress **by all the 21 economies** in pursuing structural reforms
- The main messages are
 - > A **good progress** has been made in APEC's structural reform agenda under ministerial and leaders' mandate since 2004
 - In addition to traditional approaches such as seminars and workshops, new approaches such as developing checklist/guidelines, holding a ministerial meeting, and introducing a process of voluntary reviews of institutional frameworks have been employed.

6

> Member economies have also worked hard to **facilitate structural reforms**

- Progress has been made in all of the five LAISR priority areas, such as regulatory reform to create business-friendly environments and various efforts to improve public sector governance.
- Leadership is the most important factor for the success of reforms.

> Structural reforms bring about **significant economic benefits**

- A new study by the PSU has estimated a big impact of the introduction of more competition in transport, energy and telecommunications sectors in member economies.

> Given that structural reform takes time and that APEC is faced with new challenges such as fostering inclusive growth, APEC's work on structural reform should be **reenergised**, building upon the progress of LAISR

7

3. Post-LAISR Structural Reform Agenda

(1) The EC's updated set of priority areas for structural reform

As 2010 is the final year for the present LAISR, the EC discussed its structural reform agenda beyond 2010, including the [reformulation of the LAISR priority areas](#).

The updated set of priority areas are;

- [Competition Policy](#)
- [Corporate Law and Governance](#)
- [EoDB](#)
- [Public Sector Governance](#)
- [Regulatory Reform](#)

The Competition Policy and Law Group (CPLG) is retained as a group of experts.

8

(2) Possible contribution to the APEC New Strategy for Structural Reform (ANSSR)

- Continue its [horizontal approach](#) as pursued under LAISR
- Explore ways to collaborate with other relevant fora/subfora under ANSSR
e.g. Holding joint seminars/workshops, introducing a tailor-made approach, etc.

9



4. Required Action/Decision Points

It is recommended that SOM:

1. Welcome the completion of various activities by the EC in 2010 conducted under the LAISR Forward Work Programme.
2. Note the progress made in implementing Phase 1 and 2 of the EoDB Action Plan.
3. Endorse the APEC Economic Policy Report on Corporate Governance to be tabled at the APEC Ministerial Meeting in November 2010.
4. Endorse the LAISR Stock-take Report to be tabled at the APEC Ministerial Meeting in November 2010.
5. Welcome the EC's decision to continue its horizontal approach to facilitate structural reform as pursued under LAISR with the updated set of priority areas.

**Economic Committee Chair's Update to Concluding Senior Officials Meeting
Yokohama, Japan
7-8 November 2010**

Executive Summary

This report provides APEC Senior Officials with an overview of the Economic Committee's (EC) work in 2010, including its contribution to "Key Priorities for APEC 2010" put forward by Senior Officials at SOM1 in 2010.

Improving the Business Environment

As part of the Phase 1 activities of the capacity building work programmes on Ease of Doing Business (EoDB), the EC held seminars and workshops in four of the five priority areas. Some of the Phase 2 activities were also initiated, the preliminary results of which have been encouraging. The EC has prepared a short note to provide an update on the progress of the EoDB Action Plan.

The APEC Leaders' Growth Strategy

Following the instruction by SOM for each fora to consider possible contribution to the APEC Leaders' Growth Strategy, the EC had a round-table discussion at the EC1, a joint meeting with the HRDWG, and a quick survey to its members on the relationship between structural reform and the Growth Strategy.

The EC members' view is that further promotion of structural reform would be the key in achieving "balanced" and "inclusive" growth; hence the next phase of the APEC's structural reform agenda should be formulated in line with the Growth Strategy.

The LAISR Stock-take

As tasked at the Ministerial Meeting on Structural Reform (SRMM) in 2008, the EC has prepared a report to take stock of the progress in implementing the Leaders' Agenda to Implement Structural Reform (LAISR) Forward Work Programme and the progress by economies in pursuing structural reforms. The report has concluded that the LAISR initiative has made significant progress which has been supported by ministerial and leaders' mandates. Given that structural reform takes time and that APEC is faced with new challenges such as fostering inclusive growth, the report concludes that the APEC's structural reform agenda should be reenergised building upon the progress in LAISR.

Post-LAISR structural reform agenda

As 2010 is the final year of LAISR, the EC has been discussing the post-LAISR structural reform agenda since 2009. At its second meeting this year, the EC agreed on the following updated set of priority areas to focus on towards 2015;

- Competition Policy
- Corporate Law and Governance
- EoDB
- Public Sector Governance
- Regulatory Reform

In 2011 and beyond, the EC will continue its horizontal approach as well as explore additional roles that it can play to facilitate the APEC New Strategy for Structural Reform (ANSSR).

Progress in the LAISR Forward Work Programme

The EC has in 2010 held various seminars, workshops and dialogues under the LAISR Forward Work Programme, as well as conducted a number of studies and surveys. In addition, the EC has prepared the 2010 APEC Economic Policy Report (AEPR) on the theme of corporate governance, focusing on 1) corporate governance and sustainable economic growth and 2) legal and

institutional foundations of corporate governance in APEC economies. One of the key messages that comes out of the AEPR is that no single approach to corporate governance is perfect while there are a diverse array of institutions in APEC that deal with corporate governance. It was also decided that the LAISR Stock-take Report will form the basis of the 2011 AEPR.

Other Businesses

The EC agreed on the extension of the term of the current Chair, Mr. Takashi Omori (Japan), until the end of 2011, and also elected Mr. Rory McLeod (New Zealand) as one of the Vice-Chairs, succeeding Ms. Elley Mao (Hong Kong, China) who stepped down at EC2.

Required Action/Decision Points

It is recommended that SOM:

1. Welcome the completion of various activities by the EC in 2010 conducted under the LAISR Forward Work Programme.
2. Note the progress made in implementing Phase 1 and 2 of the EoDB Action Plan.
3. Endorse the APEC Economic Policy Report on Corporate Governance to be tabled at the APEC Ministerial Meeting in November 2010.
4. Endorse the LAISR Stock-take Report to be tabled at the APEC Ministerial Meeting in November 2010.
5. Welcome the EC's decision to continue its horizontal approach to facilitate structural reform as pursued under LAISR with the updated set of priority areas.

**Economic Committee Chair Update to the Concluding Senior Officials Meeting
Yokohama, Japan
7-8 November 2010**

1. Introduction

During 2010, which is the final year of the Leaders' Agenda to Implement Structural Reform (LAISR), the Economic Committee (EC) continued to make good progress on the structural reform agenda and made contributions to the “**Key Priorities for APEC 2010**” put forward by Senior Officials at SOM1 in 2010, including the implementation of the Ease of Doing Business (EoDB) initiative and discussions on the APEC Leaders' Growth Strategy and on the post-LAISR structural reform agenda.

2. Major Achievements in 2010

The major achievements of the EC in 2010 are listed below. In conducting these activities, the EC has collaborated with relevant fora in APEC such as the Committee for Trade and Investment (CTI), the Finance Ministers' Process, and the Human Resources Development Working Group (HRDWG), as well as external organisations such as the OECD.

(1) Improving the Business Environment in APEC

The EC has held workshops and seminars in four of the five priority areas as part of the Phase 1 of the EoDB Action Plan capacity building work programmes as indicated below. Some of the Phase 2 activities involving diagnostics to identify concrete actions to improve the business environment of participating economies have also been initiated. The EC has also prepared a short note on the progress of the EoDB Action Plan in 2010, which has been attached to the LAISR Stock-take report. Initial signs are encouraging, although some flexibility would be needed in implementing the initiative to allow for the diverse nature of economies, while maintaining sufficient momentum.

Workshops/Seminars	Champion Economies	Place	Date
Reducing Start-Up and Establishment Time of Businesses	US and New Zealand	Hiroshima	1-2 Mar.
Enforcing Contracts	Korea	Seoul	21-22 Jun.
Getting Credit for Small and Medium Enterprises	Japan	Sendai	21 Sep.
APEC Seminar on the First Steps of Successful Reform in Doing Business	US, New Zealand, Japan and Singapore	Taipei	5-6 Oct.
Reforming the Regulatory System for Construction Permits	Singapore	Singapore	18-22 Oct.

* In addition to these, the CTI organised a seminar on “Trading across Borders” in Sendai on 18-19 Sep.

(2) The APEC Leaders' Growth Strategy

In order to discuss possible contributions to the APEC Leaders' Growth Strategy, the EC conducted a **Joint Meeting with HRDWG** on inclusive growth in Hiroshima on 24 February, as well as a **Round Table Discussion on the Growth Agenda and the Post-LAISR Agenda** at the EC1 on 27 February. The EC Chair also conducted a **Quick Survey** of EC members on the relationship between structural reform and the Growth Strategy. The main finding of the survey was that further promotion of structural reform

would be the key in achieving “balanced” and “inclusive” economic growth and therefore the next phase of the APEC’s structural reform agenda should be formulated in line with the Growth Strategy. The EC’s view was reported at the Extraordinary SOM meeting when Senior Officials discussed the Growth Strategy.

(3) LAISR Forward Work Programme (FWP)

The present five LAISR themes are: regulatory reform, competition policy, corporate governance, public sector governance and strengthening economic and legal infrastructure (SELI). Initiatives that have been carried out in 2010 under each of these themes are as follows.

(i) Regulatory Reform

- Information on the current regulatory state of member economies was gathered through the **Benchmarking Survey on Regulation** in order to measure the progress of APEC’s regulatory reform agenda.
- The EC organised a **Joint Seminar on the APEC-OECD Integrated Checklist of Regulatory Reform** with the OECD in Hiroshima on 26 February. Japan volunteered for the self-assessment. Following the seminar, the OECD’s Regulatory Policy Committee has called for further cooperation with the EC.
- Volunteers for the first review of **Voluntary Review of Institutional Frameworks and Processes** are yet to be found.

(ii) Competition Policy

- A seminar on **Impacts of Structural Reform and LAISR Stock-take** was held in Hiroshima on 25 February with a focus on structural reforms in the telecommunications, transport and energy sectors in APEC.
- CPLG organised a **Joint Dialogue 2010 Round Table with Private Sector on Procedural Fairness in Competition Cases with ABAC** in Hiroshima on 28 February, which was the first CPLG-ABAC collaboration.
- **The APEC Training Course on Competition Advocacy** was held in Nha Trang, Viet Nam on 8-10 September.

(iii) Corporate Governance

- This year’s **APEC Economic Policy Report (AEPR)** focused on corporate governance and outlined the link between corporate governance and sustainable economic growth, the legal and institutional foundations of corporate governance in APEC economies, and provided reports from individual economies. One of the key messages that comes out of the AEPR is that no single approach to corporate governance is perfect while there are a diverse array of institutions in APEC that deal with corporate governance.
- The EC has decided that the APEC Economic Policy Report 2011 will cover the LAISR Stock-take Report and relevant key materials.

(iv) Public Sector Governance

- A report “**Management Performance: towards Effective Government**” has been prepared, which emphasises APEC’s role in sharing information and best practices for public sector efficiency and effectiveness.

(v) Strengthening Economic and Legal Infrastructure (SELI)

- A **Policy Dialogue on Strengthening Economic Legal Infrastructure** was held in Hiroshima on 26 February focusing on (i) Bankruptcy, Restructuring and Secured Financing Law and (ii) Alternative Dispute Resolution.

(4) The LAISR Stock-take Report

The EC has prepared a report, as tasked by the Ministerial Meeting on Structural Reform (SRMM) in 2008, on the progress in implementing the LAISR Forward Work Programme and the progress by APEC economies in pursuing structural reforms. The report, titled "Taking Stock of the Progress in the LAISR Initiative and Structural Policies in APEC Economies", has been prepared based on the outcome of the seminar on "Impacts of Structural Reform and LAISR Stock-take" held in February, the LAISR Stock-take survey of EC members, as well as discussions at the EC plenary meetings. The report has concluded that the LAISR initiative has made significant progress and the choice of the five areas seems to have been appropriate, while APEC's structural reform agenda should be reenergised building upon the progress in LAISR.

The main messages of the Report are;

- Good progress has been made in APEC's structural reform agenda under ministerial and leaders' mandates since 2004. The LAISR initiative has evolved considerably in terms of its contents and implementation mechanism by making use of APEC's unique advantages. In addition to traditional approaches such as seminars and workshops, new approaches such as developing checklists/guidelines, holding a ministerial meeting, and introducing a process of voluntary reviews of institutional frameworks have been employed. The approach is unique to APEC, in terms of providing assistance tailored to the common needs of economies.
- Member economies have also worked hard to facilitate structural reforms. Progress has been made in all of the five LAISR priority areas, such as regulatory reform to create business-friendly environments and various efforts to improve public sector governance. One of the key findings is that leadership is the most important factor for the success of reforms.
- Structural reforms bring about significant economic benefits. Positive impacts of structural reforms have been identified by member economies and a new study by the PSU. The PSU study has estimated that the impact of the introduction of more competition in transport, energy and telecommunications sectors in member economies would be almost twice as big as the gains from further liberalisation of trade.
- Given that structural reform takes time and that APEC is faced with new challenges such as fostering inclusive growth, APEC's work on structural reform should be reenergised, building upon the progress of LAISR. The five priority areas are still relevant and should be continued with necessary modifications. Taking an approach which combines cross-cutting themes as pursued under LAISR and sectoral themes will be important in addressing new challenges.

3. Post-LAISR Structural Reform Agenda

As this year is the final year of the LAISR initiative, the EC has been discussing APEC's structural reform agenda beyond 2010, including the reformulation of the LAISR priority areas. At its second meeting in Sendai, the EC agreed on the following updated set of priority areas, each of which would be managed through a Friends of the Chair (FotC) group;

- Competition Policy
- Corporate Law and Governance
- EoDB
- Public Sector Governance
- Regulatory Reform

The EC also agreed to retain the Competition Policy and Law Group (CPLG) as a group of experts. However, both the CPLG and the Competition Policy FotC group were encouraged to more closely coordinate their work plans.

As for the possible contribution to the APEC New Strategy for Structural Reform (ANSSR), the EC will continue its horizontal approach as pursued under LAISR to improve market efficiencies as well as to further explore ways to collaborate with other relevant fora/subfora.

4. Other businesses

The EC agreed on the extension of the term of the current Chair, Mr. Takashi Omori (Japan), until the end of 2011, and also elected Mr. Rory McLeod (New Zealand) as one of the Vice-Chairs, succeeding Ms. Elley Mao (Hong Kong, China) who stepped down at EC2 in 2010.