



**Asia-Pacific
Economic Cooperation**

2015/SOM1/EC/009

Agenda Item: 08

EC Chair's Note Re AEPR Initial Framework

Purpose: Consideration
Submitted by: EC Chair



**First Economic Committee Meeting
Clark, Philippines
4-5 February 2015**

Sent on behalf of the EC Chair

EC Chair's note re AEPR initial framework

Dear EC Colleagues

In my note of 17 December 2014 (kindly circulated by Kristin) I proposed a process for preparation of the 2015 AEPR on structural reform and innovation. (A big thanks to Peter Cheah from Malaysia for his comments on the process which I hope will be answered in the material below.) As part of that process, I noted that I would circulate an initial draft framework and set of questions to FotC leads and the Philippines for comment, before circulating these to the wider Committee. As I noted, the framework and questions have been prepared by a consultant that we have engaged for this exercise, Mr Derek Gill of the New Zealand Institute of Economic Research.

We have now completed this initial part of the process and a draft framework and set of questions are attached for your comment. Also attached are comments on the earlier draft received from FotCs, the Philippines and the APEC Secretariat, for which I also wish to relay my thanks. I would note that we have attempted to include most of these comments in the draft. The one notable exception is the comment from Japan, that it could be better if we ask each economy to describe what policies they are implementing/have implemented to effect the transmission mechanisms enumerated in column 1 of the questionnaire as a whole, rather than answer specific questions. I would be happy to discuss this suggestion further in the Committee, but our own initial view is that the questions provide for comparability of input, as well as acting to limit the amount of information that economies are required to provide.

I would note that we have included questions for four structural reform areas only (i.e. regulatory reform, corporate governance, competition policy and public sector governance). We have not included questions for Ease of Doing Business because on reflection, this is a process based cross-cutting aspect of structural reform which encompasses all the other four aspects. As such, we have tried to give a strong EoDB flavour to the questions under the other areas (e.g. regulatory reform and public sector governance). However, I would welcome views on whether this is the right approach.

Please note also that we have formulated the questions in a manner that does not require individual economies to gather data for cross comparison purposes. This is because Derek is of the view that sufficient data already exists to include in the study (and he has outlined the nature of the existing data that he intends to bring together). As such, the questions are essentially qualitative rather than quantitative in nature. We have also tried to keep the number of questions relatively short, limiting these to 4-5 for each structural reform area.

In looking at the questions, we would appreciate your views on whether:

- we have chosen the right questions (and if not, what would be better questions);
- whether the questions could be expressed better (and if so how);
- whether APEC economies as a group will be able to answer these questions successfully.

There will be an opportunity to discuss these issues on Day 2 of the EC meeting in Clark on **5 February 2015**. I would however welcome any preliminary comments you may have prior to the meeting. Following EC1, you will have the opportunity to comment further intersessionally, with final comments due by mid-February (date to be agreed at the EC1 meeting). Once finalised, the AEPR questionnaire will be circulated to all member economies for completion.

If you have any comments please send them to me at Rory.McLeod@mbie.govt.nz, with a cc to Kristin O'Grady kog@appec.org and Leona Feng Leona.Feng@mbie.govt.nz.

Look forward to seeing you all in Clark.

Warm regards

Rory