



Asia-Pacific  
Economic Cooperation

# Economic Policy Report 2019: Structural Reform and the Digital Economy

## The Digital Economy: Opportunities and Challenges

The digital economy is an important part of the broader economy of the Asia-Pacific region. New technologies, tools and business models made possible by digitalization have disrupted old models and opened up new opportunities for innovation and growth, often at lower costs. But it also comes with significant challenges to individuals, policymakers and businesses.

### Opportunities



New business models



Wider opportunities at lower costs



Growing role of data in business and society

### Challenges



Data privacy and security



Intellectual property rights and data/content sharing

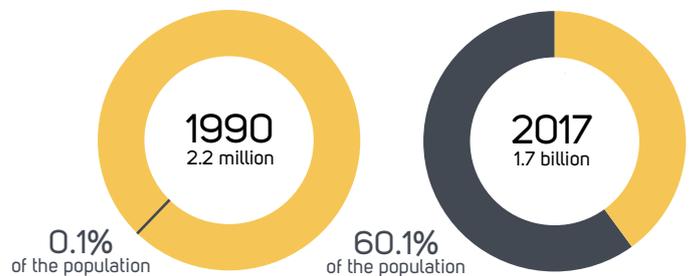


Digital divide



Jobs created, jobs lost

Access to the internet, the gateway to the digital economy, is growing



## Policy Recommendations



Agree on definitions and measurement frameworks



Develop and agree on policy-relevant indicators



Get core structural reforms right



Supplement core structural reforms



Adopt a holistic approach to structural reforms



Monitor trends and developments and adapt accordingly

### There are varying definitions of digital economy.

Notwithstanding, APEC should move forward on work relating to the digital economy. This is since various statistics, such as increasing access to the internet and adoption of digital payment services, indicate the impact that the digital revolution is having in the region.

## Leverage regional cooperation

Regional organizations such as APEC can play an important role in facilitating discussion and knowledge sharing on best practices and innovative regulatory approaches to the emerging technologies and business models.

APEC is also well-placed to serve as a platform for identifying opportunities presented by the digital economy and advance progress on particular initiatives for cross-border collaboration. To avoid duplication and reinventing the wheel, APEC's regional cooperation efforts should leverage relevant digital economy work of international organizations.



## The twin role of measurement and structural reforms

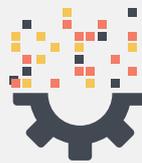


### Measuring the digital economy

Statistics and indicators play an important role in evidence-based policymaking.

Policymakers need to have accurate

measures of digital and digitally facilitated flows and digital transformation to understand how digitalization is changing the economy and society as well as devise appropriate policy responses.



### Structural reforms

Structural reforms remove structural barriers to improving access to economic opportunity. The report provides an overview

of the application of core structural reforms—competition policy and law; regulatory reform; public sector governance; and ease of doing business—to the digital economy's challenges, and of the role of supplementary structural reforms and supporting policies.

## The impact of the digital economy on inclusivity

There is a need to ensure that the digital economy also benefits the ordinary workers as it can have a big impact on inclusion when:

- Repetitive and routine jobs are being replaced by computers/robots
- Mismatch between what workers know and what industries need becomes more prevalent
- Significant gaps exist in broad categories of infrastructure, including ICT
- Fewer firms have access to more advanced, productivity-enhancing tools such as big data analytics
- A precarious class of on-demand workers or independent contractors is on the rise



To download full report, go to <https://www.apec.org/Publications/2019/11/2019-APEC-Economic-Policy-Report>.