

# **Implementing the e-APEC Strategy: progress and recommendations for further action**

## **Background Paper**

### ***EXECUTIVE SUMMARY AND CONCLUSIONS***

#### ***for Part 1: e-Infrastructure; Part 2: Liberalisation and Regulation; and, Part 3: the Progress toward the Brunei Goals***

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This document contains the Summary and Conclusions of the background reference papers for the PECC report to APEC Ministers in Santiago entitled *Implementing the e-APEC Strategy: progress and recommendations for further action*. It is included in a CD accompanying the published Overview Report.

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## Executive Summary and Conclusions

Infrastructure is fundamental to the development of the e-APEC Strategy. It provides the means for access to a widening range of services for business, government, education and private users. It provides the means for innovative service providers to link with all these end users.

In three background papers for the PECC assessment of progress in Implementing the e-APEC Strategy, PECC reviews in Part 1 the state of developments in e-infrastructure including access and affordability and looks at how APEC compares with the wider international community, in Part 2 the policy performance of APEC economies in improving access and regulation; and in Part 3, progress in achieving the Brunei goals on internet access.

Some Key points and Conclusions:

- 1 Traditional fixed line networks remain important for access as new technologies are being developed to meet the demand of data access. While teledensity is still very low in some developing APEC economies it is improving. Big disparities in access between urban and rural areas are one of the most critical policy issues which must be addressed. Affordability also varies with some developing economies locked in high cost access relative to income levels.
- 2 A significant process of market liberalisation in the fixed line sector has been going on in the last five years with most economies opting for more open competition. This has yielded benefits for economies and their consumers and has generally contributed to greater affordability and access. For some economies, there is still further to go.
- 3 The mobile sector is the high flyer in all APEC economies regardless of levels of economic development. Mobile network penetration in some economies is higher than fixed lines penetration. As new technologies like 3G develop, mobile networks are likely to become effective for data access. The mobile sector was not subject to the same entry restrictions and most economies now have competitive mobile sector markets. Affordability is generally greater in the mobile sector.
- 4 Cable is increasing as a means of access particularly in broadband.
- 5 Internet user penetration looks much better on a household basis than on a subscriber basis in many APEC economies. More work needs to be done on public access points to determine their role in access in the region. Many economies have greatly reduced internet charges. In some economies, the telephone charge is still a large component. Broadband is growing rapidly in many economies with the development of DSL.
- 6 APEC includes some of the best when international comparisons are made. Due to the diversity of APEC economies, many economies have still some way to go to reach ITU international "goalposts".
- 7 The market and competitive structure of infrastructure has changed in the majority of APEC economies since 1998 with some economies recording startling moves toward liberalisation and openness. More competition is a feature now of both the fixed line and mobile sectors although the mobile sector had a more open start.
- 8 Foreign investment restrictions remain an important issue in the infrastructure sector and these affect both the fixed line and mobile sectors in a similar way.
- 9 A comparative assessment of policy performance in APEC economies from 1998 to 2003

using a specific scoring system of restrictions is provided. It shows extensive liberalization took place in that period. APEC economies will benefit from ongoing liberalization.

- 10 As markets become more liberalized the importance of regulation will grow. Regulation is an important enabler for liberalization and market performance. Extensive stocktaking and benchmarking activities have been undertaken by APEC TEL. They reveal that most APEC economies have adopted, albeit in different forms, a pro-competitive regulatory regime.
- 11 The Brunei Goals on internet access are an integral part of the e-APEC Strategy. Without widespread internet access and more importantly the services it brings, businesses, communities and individuals are likely to be sidelined from economic development as it will be shaped in the 21<sup>st</sup> century. The Brunei goals are therefore a linchpin for much of the e-APEC Strategy.
- 12 APEC will not achieve the interim Brunei goal of tripling individual and community based access to the internet across the region by 2005. Indications are that the number will double. However, with the rapid advances in technology that are presently underway and with concerted policy reform, all APEC economies have the prospect of meeting the ultimate Brunei goals in 2010.
- 13 The continuing challenge will be integrating the internet into the daily operations of business and governments and into the daily lives of people so that they can productively use the potential the internet holds. APEC is rising already to this challenge on many fronts.