

Update from the Pacific Economic Cooperation Council
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On behalf of PECC Co-chairs, Donald Campbell and Tang Guoqiang
APEC SOM 3
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On behalf of the members of the Pacific Economic Cooperation Council, we appreciate this opportunity to share our views and an update on our ongoing work in the form of signature projects, international projects, and member committee projects.

APEC Beyond 2020

We thank the APEC SOM Chair for the opportunity to cooperate with you on the organization of the SOM Dialogue on APEC Toward 2020 and Beyond. We recall the discussions during SOM 2 on the role that many members of the PECC community played in the Eminent Persons Group process that provided critical input in formulating the Bogor Goals and the vision of a community of Asia-Pacific economies based on a recognition of the growing interdependence of our economically diverse region. While significant progress has been made towards achieving that vision as seen in the various assessments of progress towards the Bogor Goals, more needs to be done.

As you discuss a post-2020 vision for APEC, we will be holding a retreat in Yangzhou at the end of September on priorities for our work over the next few years. We will share the outcomes of those discussions with you at the Concluding Senior Officials Meeting.

Restating the Case for Trade

During the APEC Trade Ministers Meeting held just a few months ago we emphasized the need to restate the case for free trade. Since then this need has become ever more urgent. We believe that the people of this region have unequivocally benefitted from the implementation of the vision set during APEC's formative years. However, we also need to be fully cognizant of the growing resentments toward globalization and creeping protectionism. Apart from ensuring that the benefits of globalization are shared across economies and distributed more equitably within economies, it is also important to communicate effectively to the broader community.

At SOM 2, we submitted to you our inputs and views on the Collective Strategic Study (CSS) on the FTAAP. We reiterate the view that the practice of trade is undergoing a fundamental transformation. In our submission to the APEC Task Force on the Collective Strategic Study, we suggested using the word 'commerce' as an alternative to capture the developments in the scope of business activities within economies and across borders. Furthermore, the rapid evolution of technology is increasingly making the distinction that we make between goods and services increasingly irrelevant if not detrimental to the rules that govern international commerce.

We suggested that emphasis be placed on ensuring that the eventual FTAAP reflect the realities and demands of modern commerce, to avoid it being one more 'noodle' in the 'noodle bowls' and to promote the notion of an economic partnership. Furthermore, we recommended that the process of designing the FTAAP should involve as many stakeholders as possible, including non-business sectors which have real interests in international commerce. These concerns are related to climate change, employment and labor markets and the distribution of income.

We suggested that successful integration strategies depend on the ability to mobilize and also to engage a wide range of stakeholder groups. This matter must be considered 'front and center' in any integration strategy. It will be very difficult to sustain more liberal policies and reach new agreements without serious and broader structural reforms and reviews of social safety nets.

Opportunities in Services

While we remain concerned about the overall slowdown in regional economic growth, we need to focus on raising productivity, quality of growth including a more equitable distribution of benefits from growth. We believe that the services sector has that potential to make a positive difference in raising the bar on quality and better distribution of benefits. In line with the Sustainable Development Goals, services reforms can significantly improve education, healthcare, sanitation, employment and access to information.

This year, we will be focusing on services in our annual *State of the Region* report. We are working with ABAC and APEC PSU to provide substantial stakeholder feedback on the impediments businesses face in the services sector and give a sense of priority to your work. We look forward to hearing of further developments of the APEC Services Competitiveness Roadmap.

The Opportunity from the Internet Economy

We have been working closely with the APEC Ad Hoc Steering Group on the Internet Economy since it was initiated in 2014. Much of our input thus far has been to organize with the group and with ABAC a series of stakeholder engagement sessions to better understand the needs of this new and constantly evolving sector. Since SOM 2, we have helped to organize two events related to this agenda. The first was in Singapore under the auspices of the Group on Services held in cooperation with ABAC and supported by the Australian government on the “Sharing Economy, Services Trade and Global Production Value Chain.” The second was in Shenzhen on the sidelines of ABAC 3 under the AHSGIE. Both events were substantive in nature bringing together entrepreneurs in the technology sector with regulators, policy-makers and experts. One fundamental point is that all of our economies have companies active in this sector that stand to benefit from a coherent set of policies that facilitates cross-border commerce and the development of the internet/digital economy.

However, another common theme is the cross-cutting nature of the internet/digital economy and the role that APEC could play to lead in efforts to establish a seamless regulatory environment by convening regulators to work together with trade and investment experts and businesses to the question of whether existing international policy frameworks are sufficient for addressing the cross-border aspects of this opportunity.

Ports and Shipping

Efficient management of ports and integrated transport system are at the heart of any domestic or regional infrastructure connectivity agenda. We therefore welcome the goals outlined in the APEC Connectivity Blueprint. A PECC international project focusing on ports and shipping will conclude with the third seminar hosted by our New Zealand committee, to be held in Auckland on 5-7 December this year: “Technological Innovation and Integrated Services at Ports.” We will be wrapping up the results from the two preceding seminars that focused on maritime transport and sustainability at ports. In Auckland we will also look at how the TPP and other emerging trade deals could impact the supply chains of certain industries in respect to shipping and handling at ports.

Future Meetings

As mentioned at the outset, we will be holding our next meetings in Yangzhou, China on 26-28 September at the invitation of our Chinese committee where a PECC symposium “Connecting the Connectivities” will be organized. We will be discussing the links between various regional and sub-regional connectivity initiatives and also review the three key aspects: physical, institutional, and people-to-people connectivities. Enhancing connectivity in the Asia-Pacific is not only to realize the regional economic integration, but indispensable to revitalize economies at domestic level, as well as enable inclusive and sustainable growth. With this premise, we will be discussing the ways in which various regional initiatives are coming together to facilitate seamless connectedness across the Asia-Pacific region.

Thank you for your attention.