

**Update from the Pacific Economic Cooperation Council**  
**Eduardo Pedrosa, Secretary General of PECC**  
**On behalf of PECC Co-chairs, Donald Campbell and Tang Guoqiang**  
**APEC SOM 1**  
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On behalf of the Co-chairs of the Pacific Economic Cooperation Council, I would like to express appreciation for this opportunity to update you on our ongoing work which may be of interest to you.

**Make Globalization Work**

We recently held the annual PECC Singapore Conference entitled, “APEC’s Post 2020 Agenda: Rising Protectionism, Economic Rebalancing and Diversified Growth.” We would like to express our deep appreciation to APEC 2017 SOM Chair, Deputy Minister Bui Thanh Son and his colleagues for taking the time to participate in this conference and to brief the PECC community on the priorities for APEC this year.

In his keynote address, Singaporean Minister of Trade Mr. Lim Hng Kiang emphasized the importance of globalization and inclusive growth. He said that APEC finds itself at an inflection point, as we reach the deadline of the Bogor Goals. “Amidst a backdrop of sluggish growth and concerns about unemployment, income inequality and immigration, anti-trade sentiments have been on the rise,” said Minister Lim. While globalization cannot resolve all the economic problems in the world, we should not forget that globalization has lifted hundreds of millions of people out of poverty in this region.

These circumstances are a wake-up call that challenge our community to do better, not only to better communicate the work that is being done to improve peoples’ lives but also to address the anxiety that people have over their futures. As we approach 2020, the expiry date of the Bogor Goals, we are at an important juncture of having to recalibrate our vision and goals for the years ahead.

**APEC Beyond 2020**

During our discussions in Singapore we reflected on the progress that APEC has made and the challenges that remain. We reiterate our appreciation to Peru, who, as APEC chair last year, invited PECC to co-organize the SOM Dialogue on APEC Toward 2020 and Beyond as well as your acknowledgement of the role that many members of the PECC community made as part of the Eminent Persons Group that provided critical input in formulating the vision for APEC.

With the above in mind, at our last Standing Committee meeting held in Yangzhou in September, we launched a new project on ‘APEC Beyond 2020’ through which we aim to provide concrete proposals and policy recommendations for APEC to consider as future directions and agenda. The project is led by our Malaysian and New Zealand committee chairs, bearing in mind that their two economies will play hosts for APEC in 2020 and 2021 respectively. At an informal meeting held back-to-back with the PECC Singapore Conference last month, we discussed the modalities and the process for this project. With the view to keep the process open and inclusive, we will be implementing this project with a multi-stakeholder engagement approach. We will execute the first phase of information gathering throughout this year with surveys and interviews conducted in collaboration with PECC member committees and other stakeholders. We will look at how the global landscape has transformed compared to 1994 when the Bogor Goals were first set, to make recommendations for realistic goals appropriate for the changed reality. We look forward to updating you further on the progress throughout the year.

**Measuring Connectivity**

We welcome the progress that is being made through the APEC Connectivity Blueprint since the initial discussions were held in 2013 under Indonesia’s leadership on the need to address these issues. We recall that in our statement to the APEC Ministerial Meeting in Bali, we expressed our deep concern about the rising levels of inequality both within and among APEC economies. This trend threatens to undermine the success of the past few decades unless we are able to effectively address the supply side constraints that prevent people from fully realizing their potential. This includes insufficiency in

infrastructure investment, regulatory reforms, education and training especially in those communities that are not currently benefiting from trade.

To contribute to the measurement of progress in addressing the supply side constraints, we have started work on an index of connectivity. We aim to identify a selection of key criteria deemed worthy of particular focus for the Asia-Pacific economies. The key objective is to be able to point out where we have seen improvement or deterioration in the quantity and quality of connectivity, based on which, we will be better equipped to make some specific and concrete policy recommendations. Recognizing that indices on the physical pillar of connectivity already exist, PECC will be focusing on people-to-people and institutional pillars of connectivity. Once established, the index will be updated every 2-3 years with contributions from PECC member committees and other sources of index and data. Our intention is to include the findings and the status of connectivity in the annual *State of the Region* report. We hope to be able to produce a credible and unique index that APEC would find useful as a reference in its own work. This two-year signature project is led by our Canadian and Indonesian committee members.

### **Circular Economy and Sustainable Development**

Led by our France (Pacific Territories) committee, as an international project, we will be focusing on ‘circular economy’ in a series of three seminars throughout this year and the next. The first seminar will be hosted by the French Polynesia committee of FPTPEC where we will look at how circular economy approach contributes to sustainable or responsible tourism. With the help of the new chair of FPTPEC Mr. Pascal Lamy, we will be co-organizing the first seminar with the UN World Tourism Organization in June this year.

### **Global Economic Partnership Agreements Research Consortium**

The PECC Standing Committee has also extended the mandate for the Global EPA Research Consortium that was launched in 2013. The consortium is co-chaired by Dr. Kenichi Kawasaki from Japan and Professor Peter Petri from the US and includes experts from other economies in the region, Europe as well as regional and global institutions. The consortium organized a conference, “The Economic Impacts of New Generation Trade Agreements” on January 16-17, 2017 at the National Graduate Institute for Policy Studies (GRIPS). The consortium’s work is focused on improving the data used for estimating the economic impact of trade agreements, especially non-tariff measures.

### **Quest for Economic Growth Engines**

Recovery since the last economic crisis has been slow and economists have been stressing a “new normal” in the context of growing uncertainties amid deteriorating economic conditions. Consumption, investment and trade are the main engines that used to drive economic growth but these seem to have lost steam in recent years. The purpose of this international project is to explore new growth engines, analyze the costs and benefits of regional economic integration process, and to look for ways in which we could harness the potential gains from global value chains. This project is led by our Chinese Taipei committee and will run till end of 2018.

### **Future Meetings**

We will be holding our next General Meeting and Standing Committee Meeting in Hanoi, Vietnam in mid-May, just prior to the next APEC SOM and the meeting of Ministers Responsible for Trade. Given the timing of the meeting, we hope to increase interaction between the stakeholders in the PECC process and APEC officials.

In closing, I would like to reiterate on behalf of the PECC members that it is critical for the broader Asia-Pacific policy community to play a proactive role in communicating the work that is done around the region to restate the case for free trade and globalization, which, if managed well, has the potential to become more inclusive and equitable. We look forward to working more closely with you throughout 2017 with this mission in mind.

Thank you for your attention.