

**Update from the Pacific Economic Cooperation Council
PECC Co-chairs
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APEC SOM 3
Ho Chi Minh City, Vietnam**

On behalf of the members of the Pacific Economic Cooperation Council, I would like to express appreciation for this opportunity to update you on our ongoing work. With strong support of the Deputy Prime Minister and Foreign Minister, H.E Mr. Pham Binh Minh, and SOM Chair, Deputy Minister Bui Thanh Son, and the APEC 2017 team of the Vietnamese Government, we successfully held a series of conferences in May in Hanoi including the 24th PECC General Meeting.

By holding PECC events back-to-back with SOM2-MRT meetings, we were able to generate meaningful interaction between the PECC community and APEC officials. We are especially pleased that the Multi-Stakeholder Dialogue on ‘APEC Toward 2020 and Beyond’ was well received by the APEC Senior Officials and hope to be able to continue this model of collaboration between PECC and APEC.

I would like to highlight some of the most important work in progress at PECC. As you know, PECC projects are categorized as: signature, international, and member committee projects. We currently have 3 signature projects, namely: 1) APEC Beyond 2020; 2) Connectivity Index; and 3) State of the Region report.

APEC Beyond 2020

We are continuing our work through a taskforce led by our Malaysian and New Zealand committees. The aim is to produce a substantive report that will form the basis of PECC input to your task of shaping APEC’s vision beyond the Bogor Goals when they expire in 2020. As a first step, we have recently launched a survey to gather views on the changed context for Asia-Pacific cooperation and the APEC process itself.

While APEC already has several work programs in place such as those on the Free Trade Area of the Asia-Pacific (FTAAP) and Connectivity Blueprint, our survey seeks to gather feedback on those as well as other issues critical to the future development of the region.

Over the years, APEC has become much more institutionalized and have taken on a wide variety of portfolios that reach far beyond trade and investment liberalization and facilitation.

Given that the composition of PECC member committees are tripartite in nature, we are in unique position to offer informed views and ask perhaps difficult but frank questions on where we see APEC in the years ahead and how we think APEC might renew itself. We will be compiling the results when the survey closes at the end of November this year.

Connectivity Index

To level the ground for fair competition, we need to offer equal opportunities and address the supply-side constraints. Some parts of our economies have been left behind due to underinvestment in infrastructure, education/ training, and complex or costly domestic regulations. Various connectivity problems have prevented some of our low-income population from harnessing new opportunities from the expanding global market leading to exacerbation of income inequality.

Beyond movement of goods and services across borders, of students and workers, flow of data and knowledge all require enhancement of connectivity within and between economies. Using the three key pillars – physical, institutional, and people-to-people set forth in the APEC Connectivity Blueprint, PECC is working on a signature project that would produce an Asia-Pacific Connectivity Index that would first take a snapshot of the current state of connectivity using a set of selected indicators. As a living index, our intention is to continue monitoring these indicators over time and measure how certain areas of connectivity between economies have improved (or not) based on which policy recommendations may be offered. We expect to have the index finalized by the end of this year.

State of the Region 2017-2018: Digital/Internet Economy

Changing business models through sharing economy, e-commerce, 3D printing, as well as digitalization of our communications, certifications, health records, identities, financial and legal transactions, and more means opportunities are potentially endless. The key is, how do we ensure that these opportunities are opportunities for everyone and that we do not end up creating digital divide that could further widen the income gap.

We welcome the progress of the work that has been undertaken by the Ad Hoc Steering Group on the Internet Economy. We have worked closely with the chair and our colleagues in ABAC to try to bring a range of stakeholder views into your discussions. We began our contribution to these efforts by organizing a symposium on the internet economy in Boracay in 2015, it was clear then that the issues raised by the internet/digital economy cut across numerous APEC working groups and that an effective response would require a cross-cutting approach. Increasingly we are seeing whole-of-government approaches being adopted by several economies in the region.

This year's State of the Region report will focus on the internet/digital economy, and we hope to provide you with feedback on the issues that stakeholders believe to be most important to address if we are to benefit from the internet/digital economy

Opportunities in Services

We welcome the work that APEC is doing on the Services Competitiveness Roadmap to promote a pro-competitive environment that will reduce costs for businesses while continuing to protect consumers. In this respect, we welcome the work led by Korea on the non-binding principles for domestic regulations of the services sector. As mentioned during the workshop held here last week, the results from last year's PECC annual survey of opinion leaders indicated that 'transparency, multiple layers of authority, and predictability of regulations' ranked as the most serious barrier to services trade. This finding confirmed the recommendation from the 2011 PECC-ADB Institute joint report that government should consider developing a set of regulatory principles for the services sector. The services sectors are critical to the future growth of our economies – both advanced and emerging. As pointed out in last year's State of the Region report, services liberalization and reform would bring tremendous benefits for our economies in terms of employment, productivity, innovation, reducing trade costs as well as contribute to attaining development objectives as set out in the UN Sustainable Development Goals (SDG).

We welcome the holding of the symposium on Advancing Economic, Financial and Social Inclusion in APEC to be held in Ho Chi Minh City. We hope that this will lead to initiatives that help to address the concerns of those who feel that they have not benefited from the integration process.