

Update from the Pacific Economic Cooperation Council
PECC Co-chairs
Ambassador Don Campbell and Ambassador Tang Guoqiang
APEC CSOM | November 6-7, 2017
Da Nang, Vietnam

On behalf of the members of the Pacific Economic Cooperation Council, we would like to express appreciation for this opportunity to update you on our ongoing work. Thanks to the strong support of the SOM Chair, Deputy Minister Bui Thanh Son, and the APEC 2017 organizing team of the Vietnamese Government, we are very pleased to note that PECC has contributed substantially to the many meetings and initiatives of APEC throughout the year. Most notably, in May, we held a series of conferences in Hanoi including the 24th PECC General Meeting and the Multi-Stakeholder Dialogue on ‘APEC Toward 2020 and Beyond.’ By holding the PECC events back-to-back with SOM2-MRT meetings, we were pleased to see that it generated constructive, meaningful interaction between the PECC community and APEC officials.

We would like to update you on some of the most important work in progress at PECC. PECC projects are categorized as: signature, international, and member committee projects. We currently have 4 signature projects, namely: 1) State of the Region report; 2) APEC Beyond 2020; 3) Connectivity Index; and 4) Corporate Sustainability.

State of the Region 2017-2018

We will be releasing our annual report on the State of the Region this week in Danang. Copies of the report have been distributed to you. We draw your attention to the results of our survey of the regional policy community contained in the report. One question we ask every year is what should be the priorities for leaders’ discussion during the APEC meeting. This year, they were:

- 1) Promoting sustainable, innovative, and inclusive growth through the APEC Growth Strategy;
- 2) The emergence of anti-globalization and anti-trade sentiments; and
- 3) Progress toward the Bogor Goals and the Free Trade Area of the Asia-Pacific (FTAAP).

We hope that this finding will encourage you to place a high degree of importance on the work you are doing on the APEC growth strategy at the same time as continuing work to achieve the Bogor Goals and the eventual FTAAP. Other questions of possible interest to you are: top risks to growth; views on the likelihood of reaching a conclusion on the pathways to FTAAP; perceptions of APEC as well as a series of questions on the impact of technological change on growth and jobs.

The Internet/Digital Economy

Given the growing importance of the digital economy to growth, we have decided to make this the main focus of our *State of the Region* report this year. As mentioned in Chapter 2 of the Report, “the digital economy, if successful, can promote efficiency, innovation, and inclusion.” While new technologies are revolutionizing business models and the ways in which businesses and individuals interact, we also remain cautious over many policy challenges concerning complex regulatory issues, taxation, ownership of data, cybercrimes, jurisdiction over privacy, as well as intellectual property issues. We emphasize the importance of taking a multi-stakeholder approach to addressing the underlying policy issues of the digital economy. Only when government, businesses, and consumers work in true partnership can we work toward creating a healthy policy environment that will ensure equitable and quality growth.

In the last several years, we worked closely with the Ad Hoc Steering Group on the Internet Economy helping to organize a series of stakeholder consultations on the issues they think can be usefully addressed by APEC. We emphasize that while one part of the work will end with the expiration of the mandate of the Steering Group, this marks only the end of the beginning of this work. We believe that APEC, with its non-binding character and strong emphasis on facilitation of opportunities is in a strong position to take a leading role in facilitating the emergence of broadly accepted norms for the commerce in the digital age. This requires building trust among our policy makers and regulators, understanding the unique circumstances in each of our respective economies

to arrive at standards and norms that facilitate growth, innovation and job creation. Whatever the outcome of your discussions on the roadmap and the future home of this work, we hope that you will continue to take a broad, cross-cutting view on the digital economy taking a whole of government approach.

APEC Beyond 2020

With the aim of contributing to your ongoing work on APEC Beyond 2020, PECC has created a taskforce of its own led by our Malaysian and New Zealand committee to coincide with years 2020 and 2021 when they will play hosts to APEC respectively. We are first compiling the views from our membership in respect to what APEC means to their own economies, and what their expectations are going forward. In the questionnaire, there are two key sections: one on 'APEC goals and policies' and another on 'APEC as an institution.' 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. Some of you may be participating in this survey exercise through our member committees. We hope that PECC input would be useful as you review and set new vision and targets for the years ahead toward more equitable and inclusive trade, people-centered economic growth and employment.

Connectivity Index

APEC Leaders have set out to establish "a seamlessly and comprehensively connected and integrated Asia-Pacific" by 2025 through the APEC Connectivity Blueprint, with a mid-term review to be conducted by officials by 2020. Based on the three-pillared framework that organizes the relevant work streams, PECC taskforce on Connectivity aims to offer a composite index that would make it easier to track and monitor what concrete progress APEC has made toward achievement of these goals.

Having done the literature review and policy scan in the first phase of the project we are now building the Asia-Pacific Connectivity Index 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.

Corporate Sustainability

Another project we have recently launched is on the role of the corporate sector in sustainability. It will examine ways in which corporate endeavors can be strengthened and coordinated in support of APEC and UN goals. This project will also contribute to the ongoing discussions about APEC vision beyond 2020 and address the emphasis on the inclusive and secure aspects of the overall APEC Growth Strategy. In 2008, the APEC economic Leaders came to the consensus on corporate social responsibility (CSR) as a means of addressing the social dimension of globalization. Leaders "agreed to promote CSR practices in APEC economies on a voluntary basis in business operations of all sizes to complement public policies that foster sustainable development." They have recognized that the CSR can contribute to sustainable development. They also encouraged dialogue among multi-stakeholders, including non-governmental organizations and recognized relevant efforts made by the APEC Business Advisory Council (ABAC). The premise of this project is that much more can be done to promote effective corporate sustainability by sharing best practices, know-how and by providing a conducive policy environment.

Sustainable Development and the Circular Economy

Another project on sustainability is led by our France (Pacific Territories) committee as an international project: 'sustainable development and circular economy.' Three seminars are being organized throughout 2017-2018 under this theme: 1) natural resource industries and circular economy (held in Bozeman, Montana, USA on September 21-23, 2017); 2) sustainable and responsible tourism (to be held in Papeete, French Polynesia on November 20-21, 2017; and 3) mutually recognized agreements and standards for sustainability (to be held in Taipei, Chinese Taipei on March 29-30, 2018). We would be very pleased to work with you further on these important topics and your feedback would be most welcomed.

We appreciate another successful year in which we have been able to collaborate substantively with you. We particularly thank the SOM Chair's office of Vietnam and look forward to working closely with Ambassador Ivan Pomaleu and his team next year.