

Update from the Pacific Economic Cooperation Council
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PECC co-chairs Donald Campbell and Su Ge
APEC SOM 3, Puerto Varas
29-30 August 2019

On behalf of the Pacific Economic Cooperation Council, I would like to express our appreciation for this opportunity to update you on our ongoing work.

We note the efforts by APEC to promote continuity in the work program while responding to the rapid changes taking place both within our economies and as well in the ways in which commerce takes place among us.

We thank APEC officials for the opportunity participate in a number of the events leading up to SOM 3 again demonstrating APEC's openness to ideas from track 2.

APEC Beyond 2020

Our task force on APEC Beyond 2020 has completed its report which has since been shared with the APEC Vision Group. The vision for APEC in our report is of *“An Asia-Pacific community of open interconnected, and innovative economies cooperating to deliver opportunity, prosperity and a sustainable future to all their peoples.”* To achieve this vision our task force has recommended 10 high-level areas of focus. We look forward to continuing to provide a platform for broad discussion on these issues in the coming months. One step we are taking is to have our annual survey on the State of the Region focus on key questions raised by the process of thinking about the post-2020 vision for APEC. We look forward to sharing the results of the survey with you when we release the report in November. We hope that this effort will allow us to present to you not only the recommendations of our expert task force but also the views of the broader policy community.

Connectivity Index

Our task force on connectivity has almost completed its work to construct an index to measure connectivity in the region. This work is intended to provide a way for policy-makers to get a sense of priority on the many issues that fall under this broad umbrella. The overall index is composed of three pillars: physical; institutional and people-to-people connectivity.

The physical connectivity pillar includes sub-indices on infrastructure; transport; information and communications technology and energy. The institutional connectivity pillar covers trade facilitation; border administration; supply chain performance; financial infrastructure; and intellectual property receipts. The people to people pillar covers travel mobility; educational mobility; tourism; labor exchange; tourism; migration and social media penetration.

Several initial findings are clear. No one model of connectivity in the region exists, with all economies showing different levels of connectivity amongst the 3 pillars as well among the sub-indices. While the region does relatively well in terms of measurements of physical connectivity, institutional and people to people connectivity lag behind. When we finalize the report we look forward to sharing the results with you as APEC undertakes the mid-term review of progress on the APEC Connectivity Blueprint.

Evolution of the Trading System

Our community is deeply concerned over developments in the trading system. To address these issues, PECC member committees are organizing several events to better understand their impact on the trade policies of regional economies and to formulate coherent recommendations on the role that they and regional institutions can play to avoid potentially disastrous outcomes.

Harnessing Frontier Technologies

The first of these events will take place in Jakarta on 16-17 September focused on the impact of technological change and the impact this has on the agenda for regional economic cooperation. This will begin with an exploration of what these technologies are then move on to the likely economic impact they will have. After this general discussion we will discuss the security and ethics dimensions of the cyber society before delving deeper into specific policy questions focused on the future of work and reskilling; trade and investment issues in the digital era; and tax issues. Our intent is to provide our community with ideas for future work in the coming years.

Ways of Asia-Pacific Regional Integration for the Post 2020 Era

The second of this series of regional discussions will be on 17-19 October 2019 in Shenzhen focused on the role of APEC in this changing environment. This will address the role of APEC in the reform of the multilateral trade system; progress in regional integration; and connectivity, innovative and people-centered development.

Asia-Pacific Strategies for the Global Trading System

The third in this series of events will be held in Vancouver on 28-30 October on Asia-Pacific Strategies for the Global Trading System. This will focus on specifically on trade issues covering both current and next generation trade issues: challenges to the international trading system; non-tariff barriers and non-tariff measures; trade in the age of the fourth industrial revolution; digital trade; the governance and impacts of artificial intelligence; and gender and trade. This seminar is part of a larger project on Asia-Pacific Leadership for the International Trade System led by former WTO Director General, Mr Pascal Lamy in partnership with our Canadian, New Zealand and US committees.

These events will help to inform our recommendations to the APEC Ministerial Meeting in Santiago in November.

Digital Economy

As should be evident from the agenda for the various meetings we have planned over the coming months, our community is strongly focused on the digital economy. While we welcome APEC's work in this field, it should be clear to all that technology is having a profound impact on business models and society in general. PECC and indeed APEC have long traditions of providing a platform for the exchange of views on technology and have done much in the past to engender common understanding on the policies and regulatory frameworks that govern them. However, the lack of progress on the APEC Roadmap on the Internet and Digital Economy and the Action Agenda for the Digital Economy are of deep concern.

As we discussed the post-2020 vision for APEC, we were usefully reminded that APEC's core value proposition is to provide a non-binding venue for the exchange of views. Moreover, we emphasized that at APEC's very core is the idea of cooperation. While some economies have found useful ways to take concepts and ideas generated here into more binding formats, this should not prejudice APEC's ability to discuss difficult and new ideas. As we noted in SOM 2, for example, there has been an almost complete absence of policy discussion around Artificial Intelligence in the APEC sub-fora at a time when other regional groupings are developing regulatory regimes with global trade implications. Our series of conferences over the coming 2 months will cover these issues and allow us to develop a common baseline of understanding on them. However, we hope, as we have done since APEC was founded 30 years ago, to then take these forward to develop frameworks that engender mutually beneficially outcomes ranging from the investment principles to competition policy and then regional trade agreements to mention just three.

We hope that this meeting will set a firm foundation for positive outcomes at the APEC Leaders' Meeting and that the work our community is doing in the coming months will produce useful recommendations for the consideration of ministers in November.