

PECC STATEMENT
APEC MINISTERIAL MEETING
Thursday, November 14 (09.00-17.30 hrs.) 2024
Dr Richard Cantor and Ambassador Zhan Yongxin, PECC Co-Chairs

- Minister Schialer, AMM Co-Chair,
- Minister Desilú León, AMM Co-Chair

On behalf of the members of the Pacific Economic Cooperation Council (PECC) we welcome the opportunity to update you on the work we have been undertaking since the APEC Ministerial Meeting in San Francisco last year.

PECC is a multistakeholder organization and one of the three official observers of APEC. We have a long history of working together since its establishment, providing the foundations for APEC. Our work is undertaken by task forces established on issues of current and future concern to the region. This statement is based on that work.

We held our 31st General Meeting during the APEC SOM 3 cluster of meetings and, we express our gratitude to the government of Peru for their support and commitment in deepening stakeholder engagement by hosting this event which included delegates from business, government, academia and civil society. The overall theme of our meeting was “*The Role of Regional Cooperation in a Disrupted World*” – this addresses our membership’s concern about the multiple risks we face and the ability of regional processes to address them. Our discussions were on 5 major themes:

1. Challenges to Progressing the Putrajaya Vision.
2. Regional Economic Integration: Next Steps for Achieving a Free Trade Area of the Asia-Pacific;
3. Opportunities and Challenges to the Transition from the Informal to Formal Economy;
4. Meeting Global Climate Change Goals: Challenges and Opportunities; and
5. A World Disrupted: The Imperative of International Cooperation.

We found that while there were many challenges to achieving Putrajaya Vision, APEC provides a valuable platform for discussing issues of mutual concern. One project that we undertake every year is our report on the state of the region. This includes a survey of policy experts from research and academia, business, government and civil society.

Before delving into details of the results relevant to today’s agenda, there are some issues worth highlighting. Respondents were optimistic about the growth prospects for both their own economies and the Asia-Pacific region. However, views on growth for the global economy were evenly divided. These differences likely stem from perceptions of how economic risks will impact the rest of the world compared to regional economies. Furthermore, while inflation and the rising costs of living were top risks over the two years, the level of concern about them has dropped significantly. The top risks identified include geopolitical tensions and associated sanctions; increased protectionism and trade wars; and climate change.

Innovation and digitalization to promote the transition to the formal and global economy.

This year, close to 40 percent of respondents selected promoting the transition of informal actors to the formal and global economy through innovation and digitalization. At the same time, close to 50 percent of respondents selected addressing rapid technological change and artificial intelligence as a priority. Taken together, they represent both the opportunities and challenges of using innovation. Innovation can allow more and more people to engage in the economy, but this requires setting the appropriate policy settings and guardrails.

Views on strengthening educational systems and social safety nets to achieve inclusion and sustainability were divided, while respondents from government ranked it highly, those from business were far less likely to select it as a top 5 priority. Similarly, there were considerable differences among sub-regions. These differences are likely to reflect the different ways that regional economies address inclusion and sustainability.

Sustainable growth for a resilient development

In our survey, climate change was ranked as the third highest risk to growth. We recognize the important discussion points for this session on food loss; a just energy transition for all sectors of society and scaling up the benefits of new energy sources. While about a third of respondents selected food and energy security as a priority for APEC, it was a much higher concern to Southeast Asians, with just over 50 percent of them selecting it as a priority. This underscores the varying vulnerability that regional economies face when disasters strike and the value of trade to diversifying sources of food supply.

For example, natural disasters have resulted in the loss of billions of dollars' worth of crops, as well as billions more on infrastructure. Therefore, in addition to efforts to mitigating carbon emissions, more attention needs to be placed on adaptation. Among the goals that APEC set in Bangkok was enhancing adaptive capacity, strengthening resilience and reducing vulnerability to the adverse effects of climate change and associated risks. Given the region's exposure to natural disasters, we hope that more work can be done to highlight the need for increased investment in resilient infrastructure and promote greater resilience

Trade and Investment for Inclusive and Interconnected growth.

Trade and investment have long been core to APEC's agenda. However, in recent years perceptions of the risk to growth posed issues related to trade have been increasing. Among others, this includes geopolitical tensions and associated sanctions and increased protectionism and trade wars. These concerns were also reflected by respondents' selection of priorities for APEC with ameliorating geopolitical and trade conflicts in the region as well as updating and promoting APEC's vision for a Free Trade Area of the Asia Pacific (FTAAP).

The new renewed vision for an FTAAP provides a framework for APEC members to discuss how rapidly changing technology and other rapid changes can be used to create more jobs and address the underlying concerns its members have making progress towards a free, open fair, non-discriminatory, transparent and predictable trade and investment environment without the burden of binding commitments.

This includes trade and climate change. As both issues are being addressed in separate tracks, there is an urgent need to consider the nexus between them, and how to ensure that climate policies support freer trade and not disguised protectionism.

Another aspect of the global economy today is the shift towards jobs and value from the services sector. Many of the barriers to trade in services are regulatory in nature, placing the emphasis on the need for good regulatory practices for services. Given the evolution of economies and the rapid adoption of new technology, there is a need for coherent approaches to their regulation. This is especially important because the cost of compliance falls disproportionately on micro, small and medium-sized enterprises (MSMEs).

This approach is critical given the opportunities that emerging technologies provide and their ability to move forward to achieving the vision for the region set in 2020.

Thank you.