

## **PECC Update for APEC SOM 2 Plenary**

**May 13-14, 2025, Jeju, Korea**

**International Convention Center, Jeju (ICC Jeju)**

**On behalf of Dr Richard Cantor and Ambassador Zhan Yongxin, PECC Co-Chairs**

Ambassador Yoon Seongmee, APEC 2025 SOM Chair, Senior Officials

On behalf of the members of the Pacific Economic Cooperation Council (PECC), we thank you for this opportunity to update you on the work at PECC. In line with Korea's APEC 2025 theme "Connect. Innovate. Prosper.", PECC remains dedicated to advancing regional cooperation, fostering innovation, and promoting shared prosperity across the Asia-Pacific.

### **Connect**

As we reported at SOM 1, PECC's Signature Project on "Free Trade Area of the Asia Pacific (FTAAP): Pathways to Prosperity" has deepened multi-stakeholder dialogues to shape the forward-looking vision for trade cooperation. We are preparing concise summaries of recommendations in our FTAAP policy briefs on three topics: Services and Good Regulatory Practice, Professional Services and Mutual Recognition, and Trade and Climate Change. These summaries aim to disseminate the recommended actions and provide government and business stakeholders with clear insights to facilitate further engagement and implementation. We are progressing a broader work program on 'talent mobility' under the FTAAP umbrella which would encompass digitalization, people, and services trade.

### **Innovate**

Advancements in digital technologies and Artificial Intelligence are rapidly transforming the global value chains, reshaping production, distribution, and consumption. This requires forward-looking policy strategies for the region to effectively reap the benefits of these new technologies while mitigating associated risks. As reported at the SOM 1 meeting, PECC's Signature Project on "Artificial Intelligence (AI)" is driving policy discussion and enhancing our understanding about the effects of AI on the Asia-Pacific region. Our next activity is the AI conference, scheduled to be held in Singapore on 11 July 2025.

### **Prosper**

Demographic changes, particularly declining birth rates and ageing populations, are putting significant socio-economic pressures on regional economies. Focusing on this theme, PECC's State of the Region (SOTR) 2024-2025 reveals that demographic shifts

are a shared regional concern. From our survey, 65 percent of the respondents see significant impacts from ageing in their own economies, and 71 percent of the respondents believe their economies could face an ageing crisis within the next 10-20 years if no action is taken. This underscores the urgent need for collaborative initiatives that will not only address the issue but also turn the challenges into opportunities.

Our survey also indicates that the aging population is less likely to lead to more liberal migration policies in the Asia-Pacific. Only 45 percent of the respondents view immigration as a desirable solution, reflecting ongoing sensitivities around cross-border labor mobility. Regarding female workforce participation as a response to demographic challenges, our findings highlight a strong link between participation rates and cost of living. Notably, reducing housing cost is seen as crucial for supporting women's work-life balance, which is key to both recruitment and retention in the workforce.

As for the PECC's Signature Project "Addressing Labor Shortages Due to Low Birth Rates and Aging Population in the APEC Region", policy commentaries are being developed on the following topics: technological innovation and productivity, marriage trends and gender inequality, national strategies for fertility and employment, work-family balance and child-rearing support, and lessons from Canada's immigration approach.

### **Announcements**

The 32<sup>nd</sup> PECC General Meeting will be held on 12 August 2025, at the Federation of Korean Industries (FKI) Tower in Seoul, with the theme of "Reimagining Asia-Pacific Cooperation: Trade, AI, and Demographics in a Shifting Global Landscape." We invite your participation to enrich the discussion and contribute to actionable policy recommendations.

We are pleased to announce the launch of our electronic newsletter, PECC Link, which features updates of our work, insights, and analysis on economic cooperation across the Asia-Pacific. This newsletter is available on our website: [www.pecc.org](http://www.pecc.org).

This year's State of the Region (SOTR) will focus on "Trade Policies in a Disrupted World." We will soon launch our opinion survey targeting the region's stakeholders comprising governments, businesses, academic, thinktanks, media, and civil society.

Thank you very much again for the opportunity to provide the PECC update.