

PECC Update for APEC SOM 3 Plenary

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Songdo Convensia

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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 committed to advancing regional cooperation, fostering innovation, and promoting shared prosperity throughout the Asia-Pacific.

Connect

Under PECC's Signature Project on "Free Trade Area of the Asia Pacific (FTAAP): Pathways to Prosperity", the Policy Toolkits are being developed out the policy briefs on three topics: Services and Good Regulatory Practice, Professional Services and Mutual Recognition, and Trade and Climate Change. These Toolkits, which are purposed to drive advocacy and implementation of recommendations in the policy briefs, are scheduled to be released by the end of 2025.

Building digital trust and confidence in digital trade are priority areas for PECC. Our project on "Track 1.5 Process to Review and Update the CPTPP Chapter 14 on Electronic Commerce" aims to provide a set of recommendations to meaningfully contribute to the CPTPP General Review for Chapter 14. Since November 2024, PECC has convened multi-stakeholder roundtables to discuss ways to future-proof the Chapter by elevating it to the frontier of digital trade policy. The report containing thirteen recommendations has been released, reflecting input from business leaders, digital service providers, small and medium enterprises (SMEs), academia, and policy experts. The recommendations were presented at ABAC meeting April 2025 to gather business feedback, helping to align efforts across the APEC fora and entities in fostering digital trust and robust digital trade. Ongoing consultations are underway with government stakeholders to deliver these recommendations to the CPTPP Commission.

Innovate

Artificial intelligence (AI) is crucial to APEC's future growth, prosperity, and resilience. PECC's Signature Project on AI has been advancing multi-stakeholder discussions on the impact of AI on the region and AI governance. The Conference on "Asia-Pacific Artificial Intelligence (AI) Governance Accelerator and Preparing for AI Transformation" was held on 11 July 2025 in Singapore. The participants examined ways to facilitate AI adoption by SMEs and start-ups through sharing practical toolkits and sector-specific guides as well as

addressing the lack of expertise, infrastructure, and access to generative AI. The discussions also explored the creation of industry-specific transformation maps, strategies for workforce adaptation, and ongoing impact assessments and analytic tools to track the socio-economic effects of AI such as digital divide and misinformation. Fostering ethical and responsible AI is crucial for sustainable AI transformation in the Asia-Pacific. This warrants a proactive approach to risk management, robust governance, and practical integration of ethical principles throughout the AI development and deployment lifecycle. Moreover, public-private collaboration is necessary for developing standardized approaches to safety testing, enhancing transparency, and building common ethical frameworks. The policy paper is being developed and will be released soon.

Prosper

PECC's Signature Project on "Addressing Labor Shortages Due to Low Birth Rates and Aging Population in the APEC Region" identifies key policy areas for structural reform. These include boosting productivity, developing human resources and skills, facilitating cross-border labor migration, and strengthening social security systems through universal healthcare. Commentaries on these issues have been published. Also, an in-person workshop on "Demographic Change, Aging Societies, and Policy Innovation in the Asia-Pacific" featuring a keynote speaker and project contributors was held on 13 August 2025 in Seoul.

The analysis reveals that low birthrates and aging populations are structural issues stemming from economic and social policies. This has exacerbated gender inequality and workplace discrimination. A significant disparity exists in the provision of childcare support and family-friendly benefits by the private sector, with large corporations offer more than SMEs. This underscores the need for increased government support for SMEs. Moreover, inadequate job-matching and concerns about career progression after marriage continue to create barriers to women's labor market entry and re-entry. In addition, the effectiveness of migrant worker programs is hindered by the lack of clear permanent residency pathways. Businesses often hesitate to participate due to concerns about retaining their trained personnel.

The 32nd PECC General Meeting

The Asia-Pacific region is now at a critical juncture where changes in trade policy, technology, and demographics are redefining cross-border trade and investment dynamics. Against this backdrop, PECC organized the 32nd PECC General Meeting on 12 August 2025, at the FKI Tower in Seoul. It has the theme of "Reimagining Asia-Pacific Cooperation: Trade, AI, and Demographics in a Shifting Global Landscape" and consists of four session: (1) Global Trade Landscape and World Economy; (2) AI and Advanced Technologies: Reshaping Digital Future through Regional Cooperation; (3) Responding to Demographic Change and Ensuring Sustainable Prosperity; and (4) Beyond 2025: The Way Forward for Asia-Pacific Regional Cooperation.

Key takeaways from the General Meeting included:

- **Economic issues are being securitized**, with a new normal of widespread protectionism, justified as measures needed to strengthen national security. Supply chains are being restructured due to geopolitical competition, creating both uncertainty and potential opportunities. A multi-polar trading system is emerging, but is fragile and challenged by tensions at key chokepoints.
- **Cross-border AI cooperation** is needed to manage misinformation risks and ensure equitable access. Regulatory clarity and private-sector buy-in are essential for advancing responsible innovation.
- **Cooperation to address demographic changes and ageing populations** should include government intervention to promote human development and gender equality, and adjustment of the traditional retirement age to reflect contemporary realities.

The 2025 Yeouido Declaration

The PECC Standing Committee met on 13 August 2025. The member committees unanimously adopted the 2025 Yeouido Declaration to reaffirm “our shared responsibility to strengthen multilateralism and adapt our economies for sustained, inclusive growth”

The Asia-Pacific is being shaped by rapid technological changes, demographic shifts, evolving trade dynamics, and new demands for regional cooperation. The region is also facing “the most consequential challenges to the rules-based open and liberal trading system in the 21st century, marked by rising economic uncertainty and a resurgence of protectionism.”

Against this backdrop, PECC calls for reinvigorating Asia-Pacific cooperation and urges APEC and its member economies to:

1. **Strategically leverage AI for regional growth and shared prosperity**, by enhancing AI infrastructure, capacities, literacy, and promoting shared standards, privacy framework, and inclusive access.
2. **Revitalize the multilateral trading system**, by serving as an idea incubator to explore new trade paradigms that foster balanced, inclusive and sustainable growth, and strengthening cooperation in services as an enabler for growth and stability
3. **Address demographic change**, by developing and implementing collaborative strategies for structural reform to enhance social safety nets, human capital development, and inclusive and robust labor markets.
4. **Accelerate joint climate action**, by reaffirming a shared goal of advancing the transition to a low-carbon society, and adopting trade policies that contribute to carbon neutrality and environmental sustainability

The Declaration highlights PECC's role as a unique tripartite organization and its pledge to empower the next generation of regional leaders through youth engagement, while further strengthening the relevance of its flagship publication, The State of the Region, as a guide for APEC and broader regional policymaking.

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