

**PECC Statement to the APEC Digital and Artificial Intelligence Ministerial Meeting
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On behalf of the members of the Pacific Economic Cooperation Council, we appreciate the opportunity to address the APEC Digital and Artificial Intelligence Ministerial Meeting (DMM). We commend the Republic of Korea, for its leadership in hosting the meeting and commitment to advancing regional cooperation in the era of artificial intelligence (AI). The DMM’s agenda syncs with the APEC 2025’s theme of “Building a Sustainable Tomorrow” with three thematic priorities – Connect. Innovate. Prosper.

PECC’s ongoing work supports the theme and priorities. Our project on Artificial Intelligence has actively fostered multi-stakeholder dialogues focusing on digital and AI innovation, universal and meaningful digital connectivity, and safe and trustworthy digital and AI ecosystems. PECC organized the seminar on “Responsible Adoption of General Purpose AI How to industrialize Generative AI: Fostering Innovation and Managing Risks” on 18-19 September 2024 in San Francisco, USA. The seminar was an official affiliate event of the Paris AI Action Summit. It brought together AI experts, scholars, industry adopters, and policymakers from APEC and beyond to discuss socio-economic impact, risk management, responsible innovation and adoption, and governance and international cooperation. Building on this momentum, PECC organized the conference on “Asia-Pacific Artificial Intelligence (AI) Governance Accelerator and Preparing for AI Transformation” on 11 July 2025 in Singapore. This event advanced discussions on several topics ranging from AI transformation and adoption by small and medium enterprises (SMEs) and start-ups to sector-specific AI ethics and regulations, responsible AI, and governance.

The following themes and priorities emerged from these events: (1) AI ethics and responsible AI; (2) SMEs’ AI adoption; (3) Inclusive sectoral transformation; (4) Socio-economic impact of AI; (5) Skill training and capacity building; and (6) Cooperation in AI Governance.

Fostering AI Ethics and Responsible AI

Fostering AI ethics and responsible AI is crucial for sustainable AI transformation in the Asia-Pacific. It requires a proactive approach to risk management, governance structures as well as practical pathways to integrate the related principles and guidelines into both development and deployment phases of AI systems. In sectors with widespread AI applications, such as healthcare, effective governance is essential to safeguard public safety. Thus, policy measures must be

forward-looking, by anticipating rather than reacting to, the future adverse implications of AI for societies. Crafting these measures necessitates multi-stakeholder engagement (governments, private sector, academia, and civil society) to develop frameworks promoting transparency, fairness, safety, and accountability in AI systems. Platforms such as APEC and PECC facilitate open dialogues and enhance consensus-building on ethical and responsible AI.

Supporting SMEs' AI Adoption

SMEs are the backbone of APEC economies, but many face persistent pain points, ranging from lacking clear use cases, in-house expertise, and government support to difficulties in integrating Generative AI (Gen AI) into their work streams. Targeted policy interventions to facilitate SMEs' AI adoption can be done in several ways. For example, sharing stories of SMEs' successful use of Gen AI tools in different sectors will raise awareness and provide ideas for AI adoption to other companies with relevant applications. Publishing step-by-step guides and toolkits helps these firms navigate different stages of their AI journey. These tools help SMEs gauge their AI readiness and address gaps such as data capabilities, infrastructure, and workforce skills. Providing financial support such as tax incentives or investment schemes will further boost the AI adoption. Moreover, public-private partnerships in a form of co-funding small-scale pilots will give SMEs hands-on AI experience. Additionally, offering GenAI-embedded features in common SME operations, such as chat, planning, and inventory management will expand access and lower adoption hurdles.

Enabling Inclusive Sectoral Transformation

AI helps firms overcome several challenges pertaining to labor and productivity, maintain competitiveness, and ensure their readiness to participate in future industries. Successful sectoral transformation stems from coordination among different stakeholders, with each playing complementary roles. For instance, partnerships between industry leaders and AI solution providers that co-develop relevant tools and use cases help drive sophisticated AI usage in the sector, craft sector-specific products and solutions, and facilitate the sharing of best practices and knowledge. The development of industry-specific AI transformation maps is necessary. These maps assess the impact of AI on industry segments, prioritize reskilling efforts, and outline plans for the adoption of emerging technologies and related workforce adaptation. Moreover, inclusive transformation requires upskilling and job redesign programs for workers whose roles and skills are adversely affected by AI. When market mechanisms cannot address issues such as data quality and validation requirements, governments' targeted policy interventions should be deployed.

Understanding and Addressing the Socio-Economic Impact of AI

Transformative power of AI extends beyond technical advancements. It is creating profound socio-economic changes. While AI generates new market opportunities and boosts efficiency, it also begets undesired effects ranging from digital divide to social polarization. The gains from general-purpose AI tend to be concentrated among conglomerates and groups with higher digital literacy, as compared to SMEs, disadvantaged individuals, and vulnerable communities. Beyond misinformation, “neginformation” (i.e. factually accurate information presented out of appropriate contexts) has exacerbated social divisions and biases against certain groups. Thus, anticipating these socio-economic impacts and crafting forward-looking policies are crucial for achieving fair and sustainable AI transformation. To address these socio-economic issues in a timely manner, systemic and continuous impact assessments are needed. Scenario analyses and social forecasting can help policymakers grasp the second- and third-order effects of AI deployment on the public. Developing advanced analytic tools to monitor AI’s socio-economic impacts, including misinformation flows and labor market changes, is crucial, as they will further inform policymaking. Multi-stakeholder dialogues involving civil society and labor representatives will facilitate the equitable distributions of AI benefits as well as lessen AI risks for certain segments of societies.

Boosting Skill Training and Capacity Building

AI is reshaping labor markets. On the one hand, it creates demands for new skills and jobs demands in many sectors. For instance, AI adoption reduces routine tasks and enables small businesses to boost productivity and innovation. On the other, AI accelerates skill obsolescence and job losses. Therefore, skill training and capacity building are important elements for achieving inclusive and effective AI adoption. Lifelong learning that is accessible and tailored to evolving capabilities such as prompt engineering and human-AI collaboration skills should be provided for staff at all levels, in both technical and non-technical fields. Also, the introduction and promotion of skills passports can facilitate the transfer of AI-relevant competencies across industries and borders. Capacity-building initiatives could be offered to policymakers to deepen their understanding of AI benefits and risks, enabling them to design policies that foster innovation while protecting public interest.

Promoting Cooperation in AI Governance

Given the global effects of AI transformation, effective governance requires collective action across different jurisdictions. Cooperation in AI governance can be advanced in several aspects. Regarding safe and responsible AI, joint research initiatives facilitate multi-stakeholder dialogues, enabling them to reach consensus on AI safety. Collaboration on AI testing, which

encompasses standardized testing for hallucination, toxicity (i.e. output contains harmful contents), and bias, and adversarial vulnerabilities, should be strengthened. Joint efforts in improving transparency in AI development will provide useful information (e.g. evaluation results, model capabilities and limitations) to downstream parties in the AI value chains. Moreover, collaboration is needed to foster trusted AI ecosystems for the public good. This can be realized by joint studies on the impact of AI-generated contents or misinformation on societies, impact of AI on jobs and skills, and AI access across borders. Additionally, cooperation should be geared towards developing common norms and standards, with stakeholders work together to establish and improve shared ethical principles, norms, and accountability through mechanisms such as guidelines, sci-tech reviews, and regulatory systems.