



## The Asia-Pacific Economic Cooperation (APEC) Summit, 2017: A Review

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The 21 countries of the Asia-Pacific region gathered in Da Nang, Vietnam for the Asia-Pacific Economic Cooperation (APEC) Summit on November 6-11, 2017. The summit, hosted by Vietnam, focused on “Creating New Dynamism, Fostering a Shared Future”. A series of meetings were held during the summit, including the XXIX Ministerial Meeting on November 8 and the XXV APEC Economic Leaders’ Meeting on November 11. The leaders of the 21 APEC member-economies issued the Da Nang Declaration following the APEC Economic Leaders’ Meeting, which was chaired by Vietnam President Tran Dai Quang. The Da Nang Declaration identified four areas of cooperation: a) sustainable, innovative and inclusive growth; b) regional economic integration and connectivity; c) dynamism for micro, small and medium-sized enterprises (MSMEs) and; d) food security and achieving sustainable agriculture.<sup>i</sup>

The summit assumed importance as it took place amidst growing headwinds to global trade, particularly arising from policy changes under the Trump administration on trade issues manifest in the ‘America First Policy’. However, this time what is interesting is the stated position of US President Donald Trump on trade openness. In his speech, President Trump offered “a renewed partnership with America to work together to strengthen the bonds of friendship and commerce between all of the nations of the Indo-Pacific,” emphasising the principle of fairness and reciprocity, while at the same time, referring to his ‘America First Policy’.<sup>ii</sup> At the end of the summit, there was a convergence of positions among the leaders’ which facilitated a unanimous document, reposing faith in trade and investment liberalisation and regional integration.

## Promoting Innovative, Inclusive and Sustainable Growth

To achieve sustainable, inclusive and innovative growth, leaders' reaffirmed their positions on three important objectives: a) quality growth, structural reform and innovation; b) economic, financial and social inclusion in a globalised world; and c) quality human resources development in the digital age.

To attain the first objective, the leaders underscored the importance of “monetary, fiscal and structural policies, individually and collectively”. The leaders stressed on the importance of innovation, science and technology, and energy security as key drivers of economic growth and international trade and investment in the APEC region. In pursuit of the other two objectives, the leaders endorsed the ‘APEC Action Agenda on Advancing Economic, Financial and Social Inclusion’ and APEC Framework on Human Resources Development in the Digital Age’.<sup>iii</sup> Acknowledging that promoting “inclusion is critical to achieving inclusive growth with far-reaching impact on both developing and developed economies, large and small, from the Southern and Northern hemispheres and both sides of the Pacific,” the APEC Action Agenda on Advancing Economic, Financial and Social Inclusion highlighted three key pillars. These are:<sup>iv</sup>

- a. Economic inclusion refers to equality in being informed of and having access to economic opportunity for all members of society to meaningfully participate in their economy.
- b. Financial inclusion implies that individuals and businesses have appropriate access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.
- c. Social inclusion is defined as the process of improving the terms of participation in society for people who are at risk of poverty and social exclusion and enhancing equity.

The main objective of the three pillars is to achieve productive employment and decent work for all, equal pay for equal work, strengthening the capacity of financial institutions, including banking, insurance and financial services, and promoting social inclusion by improving access to education, training and child care opportunities, and enhancing social empowerment of women, youth, elderly and persons with disabilities.<sup>v</sup>

Recognising that all economies face challenges in meeting human resources demands in the digital age, the APEC Framework on Human Resources Development in the Digital Age identified three major objectives. These are:<sup>vi</sup>

- a. provide high-level strategic direction on strengthening regional cooperation in human resources development in the digital age;

- b. outline common policy challenges in building human capital in the face of rapid technological change and;
- c. identify and take action in priority areas of collaboration where APEC can add value.

To achieve these, the leaders underlined certain action plans and priority areas. These include: a) Joint and Regional/APEC research activities to examine the impact of future technologies on the labour market and identify future skills and training as well as new social risks in the region that needs to be addressed on account of emerging technologies; b) Regional/APEC policy discussions to identify approaches to government-wide policies that support labour market adaptability, employment, and workforce participation, along with exploring new options of education and training as well as social insurance schemes that would need to adapt to new forms of technology; c) joint programmes, projects and initiatives to promote cooperation and exchange of best practices in order to assess new forms of work, the required skill education and training, and social protection arising from increased digitisation.<sup>vii</sup>

### **Regional Economic Integration and Connectivity**

In pursuit of creating new drivers of regional economic integration, four objectives have been underlined in the declaration:<sup>viii</sup>

- a) *Advancing Free and Open Trade and Investment*: The leaders reaffirmed their commitment to the Bogor Goals for realising free and open trade in the Asia-Pacific, agreed by member economies in 1994 in Bogor, Indonesia. In order to make trade more inclusive, the leaders noted the importance of the principles of non-discrimination, reciprocity and mutual benefit. They also emphasised addressing “unfair trade practices”. The leaders stressed the importance of realising the potential of the internet and digital economy through appropriate regulatory and policy frameworks. In this regard, the leaders welcomed the adoption of the ‘APEC Internet and Digital Economy Roadmap’ and the ‘APEC Framework on Cross-border E-commerce Facilitation’.

The APEC Roadmap on Internet and Digital Economy Roadmap emphasised development of digital infrastructure; promotion of interoperability; facilitating free flow of data and information while respecting applicable domestic laws and regulations; development of holistic government policy frameworks; promoting coherence and cooperation of regulatory approaches; universal broadband access; innovation; adoption of enabling technologies and services; and, enhancing inclusiveness of internet and digital economy.<sup>ix</sup>

Recognising that e-commerce has become an important driver of growth and development in the Asia-Pacific region, the APEC Framework on Cross-border E-commerce Facilitation stressed on promoting transparent and predictable legal and regulatory approaches and measures that are business friendly and coherent to facilitate cross-border e-commerce in the region; enhancing capacity building so that APEC economies can assist MSMEs to increase their cross-border e-commerce participation in global and regional markets; strengthening cross-border data privacy protection through increased implementation of existing APEC programs; facilitating cross-border paperless trade in the region; and, addressing emerging and cross-cutting issues in cross border e-commerce.<sup>x</sup>

- a) *Free Trade Area of the Asia-Pacific (FTAAP)*: Like at the previous summit, the leaders reiterated their commitment to “advance in a comprehensive and systematic manner” the realisation of an FTAAP to strengthen regional economic integration agenda of APEC.
- b) *Multilateral Trading System*: The leaders noted the importance of rules-based, free, open, fair, transparent and inclusive multilateral trading system alongside bilateral, regional and plurilateral agreements that complement the WTO.
- c) *Fostering Regional and Sub-regional Comprehensive and Inclusive Community*: Reaffirming their commitment to “build a seamless and comprehensively connected and integrated Asia-Pacific by 2025,” the leaders welcomed the efforts at promoting cooperation to “advance policy coordination, trade facilitation, connectivity, financing, and people-to-people exchanges”. Noting the importance of quality infrastructure for sustainable economic growth, the leaders stressed the case for promoting investment and public-private partnership. The leaders also took note of developing policies to enable better participation in global value chains (GVCs) and ensure upward mobility of developing economies and MSMEs in GVCs. The leaders also expressed concern over the growing threat of terrorism in the APEC region emanating from ISIL, al-Qaida and other terrorist organisations and the danger of natural disasters.

### **Dynamism for Micro, Small and Medium-sized Enterprises (MSMEs)**

The leaders at the APEC Summit 2017 resolved to work towards strengthening capacity and innovation of MSMEs by focussing on five specific policy actions:<sup>xi</sup>

- a) Increasing innovation capacities of MSMEs, including facilitating access to finance, technology and capacity-building, especially for women and youth-led businesses.

- b) Improving access to internet and digital infrastructure.
- c) Enhancing digital capabilities, competitiveness and resilience of MSMEs.
- d) Creating an enabling environment, including promotion of business ethics for MSMEs.
- e) Supporting start-ups by establishing a conducive ecosystem with regulatory framework that promotes a business-friendly environment, ensuring access to resources, and building start-up networks and partnership.

### **Food Security and Sustainable Agriculture**

Towards enhancing food security and sustainable agriculture in response to climate change, the APEC leaders expressed their commitments in the following areas:<sup>xii</sup>

- a) To ensure sustainable APEC food system by 2020. In this direction, the leaders welcomed the adoption of the 'Food Security and Climate Change Multi-year Action Plan 2018-2020'. Aimed at addressing challenges associated with food security and climate change, the action plan will be implemented in two phases from 2018-2020. Phase 1 will focus on stocktaking and analysis of activities that clarify policies, best practices, technologies, and levels of capacity currently existing in the APEC economies. Identifying potential training opportunities and integrating new practices for APEC economies to improve their abilities to combat food insecurity and climate change will be covered under Phase 2.<sup>xiii</sup>
- b) Enhancing regional food markets, food standards, and supply chain connectivity to reduce costs of food trade, improve market transparency and provide assistance to both exporting and importing countries to adapt to food price volatility. Welcoming the adoption of the APEC Action Plan on Rural-Urban Development to Strengthen Food Security and Quality Growth, the leaders stressed the need to take steps for integrating food producers into domestic and global food supply and value chains and improving policy and regulatory environment for investment in rural infrastructure, logistics and agro-industry. The Plan underlines three key actions to be undertaken by the APEC economies. They are: a) consolidating and disseminating knowledge on rural-urban linkages for food security and quality growth; b) sharing best practices and lessons learned; and, c) piloting new policies, partnerships, projects and programmes to improve food security and quality growth across the rural-urban continuum.<sup>xiv</sup>
- c) Promote sustainable management of natural resources to attain sustainable food security and higher productivity in agriculture, aquaculture and fisheries. This will entail trans-boundary cooperation and collective efforts at integrated management of land, forest, marine and water resources.

## **Conclusion**

The summit held under the overarching theme of ‘Creating New Dynamism, Fostering a Shared Future’, offered an opportunity to the 21 member-countries to discuss and formulate a common position on the future of free trade, new drivers of economic growth and the role of APEC in dealing with common challenges in the region. Seen from this perspective, the APEC Summit at Da Nang may be termed a success. The summit was a litmus test for the 21 leaders regarding their commitment to free and open trade. The Declaration mentioned in a separate paragraph the commitment towards preventing ‘unfair practices’ that restrict free and open trade and investment, and adherence to the principle of non-discrimination, reciprocity and mutual benefit consistent with the multilateral trading system of the WTO. The fact that the Da Nang Declaration was unanimously adopted by all the 21 member-countries of APEC indicates that their commitment to facilitate free trade and investment is significant.

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Disclaimer: The views are that of the authors and not of the Council.*

## **Endnotes**

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i “THE 25<sup>TH</sup> APEC ECONOMIC LEADERS’ MEETING”, Da Nang, November 11, 2017, [https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017\\_aelm](https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017_aelm) (accessed on November 20, 2017)

ii The White House, Office of the Press Secretary, “Remarks by President Trump at APEC CEO Summit, Da Nang, Vietnam”, November 10, 2017, <https://www.whitehouse.gov/the-press-office/2017/11/10/remarks-president-trump-apec-ceo-summit-da-nang-vietnam> (accessed on November 20, 2017)

iii “THE 25<sup>TH</sup> APEC ECONOMIC LEADERS’ MEETING”, Da Nang, November 11, 2017, [https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017\\_aelm](https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017_aelm) (accessed on November 20, 2017)

iv “ANNEX A: APEC ACTION AGENDA ON ADVANCING ECONOMIC, FINANCIAL AND SOCIAL INCLUSION IN THE APEC REGION”, APEC Economic Leaders’ Meeting, November 11, 2017, [https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017\\_aelm/Annex-A](https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017_aelm/Annex-A) (accessed on November 20, 2017)

v “ANNEX A: APEC ACTION AGENDA ON ADVANCING ECONOMIC, FINANCIAL AND SOCIAL INCLUSION IN THE APEC REGION”, APEC Economic Leaders’ Meeting, November 11, 2017, [https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017\\_aelm/Annex-A](https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017_aelm/Annex-A) (accessed on November 20, 2017)

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vi “ANNEX B: APEC FRAMEWORK ON HUMAN RESOURCES DEVELOPMENT IN THE DIGITAL AGE”, APEC Economic Leaders’ Meeting, November 11, 2017, [https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017\\_aelm/Annex-B](https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017_aelm/Annex-B) (accessed on November 20, 2017)

vii “ANNEX B: APEC FRAMEWORK ON HUMAN RESOURCES DEVELOPMENT IN THE DIGITAL AGE”, APEC Economic Leaders’ Meeting, November 11, 2017, [https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017\\_aelm/Annex-B](https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017_aelm/Annex-B) (accessed on November 20, 2017)

viii “THE 25<sup>TH</sup> APEC ECONOMIC LEADERS’ MEETING”, Da Nang, November 11, 2017, [https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017\\_aelm](https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017_aelm) (accessed on November 20, 2017)

ix “APEC Internet and Digital Economy Roadmap”,

[http://mddb.apec.org/Documents/2017/SOM/CSOM/17\\_csom\\_006.pdf](http://mddb.apec.org/Documents/2017/SOM/CSOM/17_csom_006.pdf) (accessed on November 20, 2017)

x “ANNEX A: APEC CROSS-BORDER E-COMMERCE FACILITATION FRAMEWORK”, APEC Ministerial Meeting, November 8, 2017, [https://www.apec.org/Meeting-Papers/Annual-Ministerial-Meetings/2017/2017\\_amm/Annex-A](https://www.apec.org/Meeting-Papers/Annual-Ministerial-Meetings/2017/2017_amm/Annex-A) (accessed on November 20, 2017)

xi “THE 25<sup>TH</sup> APEC ECONOMIC LEADERS’ MEETING”, Da Nang, November 11, 2017, [https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017\\_aelm](https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017_aelm) (accessed on November 20, 2017)

xii “THE 25<sup>TH</sup> APEC ECONOMIC LEADERS’ MEETING”, Da Nang, November 11, 2017, [https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017\\_aelm](https://www.apec.org/Meeting-Papers/Leaders-Declarations/2017/2017_aelm) (accessed on November 20, 2017)

xiii “ANNEX C: FOOD SECURITY AND CLIMATE CHANGE MULTI-YEAR ACTION PLAN (MYAP) 2018-2020”, APEC Ministerial Meeting, November 8, 2017, [https://www.apec.org/Meeting-Papers/Annual-Ministerial-Meetings/2017/2017\\_amm/Annex-C](https://www.apec.org/Meeting-Papers/Annual-Ministerial-Meetings/2017/2017_amm/Annex-C) (accessed on November 20, 2017)

xiv “ANNEX D: ACTION PLAN ON RURAL-URBAN DEVELOPMENT TO STRENGTHEN FOOD SECURITY AND QUALITY GROWTH”, APEC Ministerial Meeting, November 8, 2017, [https://www.apec.org/Meeting-Papers/Annual-Ministerial-Meetings/2017/2017\\_amm/Annex-D](https://www.apec.org/Meeting-Papers/Annual-Ministerial-Meetings/2017/2017_amm/Annex-D) (accessed on November 20, 2017)