Bridging Gap in Economic Development and Integration of Remote Areas for Sustainable Growth in the APEC Region

Purpose: Consideration
Submitted by: Russia
1. Background

Currently, the development of remote areas is one of the most pressing issues both for global and regional economies. The Asia-Pacific region is diverse in terms of its economic development. At the same time there are a lot of remote areas, suffering from deep economic and social problems. These problems can only be solved with active support of government and business community and timely application of advanced measures.

Remote area (in the context of this initiative) - is the area which is usually located far from political, financial and business centers. The access to this area may be impeded due to climatic and geographical conditions as well as poor infrastructure.

According to World Bank estimations, in 2015, 90 million people of East Asia and Pacific live in extreme poverty and another 300 million people are vulnerable to falling back into poverty as a result of climate change, natural disasters, disease and economic shocks. Majority of these poor live in rural communities in remote and isolated areas. Insufficient development of these areas hinders the economic growth, brings a number of problems, such as social tension, burdening financial aid and its irregular distribution, corruption, criminogenic environment, etc.

The development of remote areas of the APEC economies will:
- strengthen the integration trends in the Asia-Pacific region, ensure higher connectivity within and between APEC economies;
- increase productive capacity and rational use of human and natural resources;
- promote integration of remote areas into regional and global value chains;
- contribute to poverty alleviation and ensure overall economic and social well-being (human security);
- promote introduction of innovative solutions that improve quality and competitiveness of social services.

Development of remote areas usually faces the following "bottlenecks", among others:
- low level of industrial development and business activity:
  - weak development of transport, telecommunications, energy and tourism infrastructure;
  - lack of access to reliable financial products and services;
  - undeveloped transit potential and insufficient access to markets;
- low level of social development:
  - gap in standards of living in comparison with other regions of the economy;
  - lack of basic social services and infrastructure;
  - lack of reliable, skilled and high-paying employment opportunities;
  - low density and outflow of population;
  - weak development of disaster mitigation, response and reconstruction.

Ensuring balanced, secure, sustainable and inclusive growth in remote areas requires an integrated approach and application of effective principles and mechanisms, taking into account specific features of the territory.

2. Related Activities in APEC

Since 2010 some aspects of remote areas development are in the focus of the projects and initiatives of various APEC fora. For example, projects focused on the development of remote areas in specific fields have been implemented by Energy Working Group (EWG), Health Working Group (HWG), Telecommunications and Information Working Group (TELWG), Emergency Preparedness Working Group (EPWG) and Intellectual Property Rights Experts Group (IPEG).
3. Main Activities Proposed

Russia offers a comprehensive initiative aimed at ensuring social and economic development of remote areas, their integration into the economic processes of a single economy and the entire Asia-Pacific region for achieving balanced, secure, sustainable and inclusive growth.

Integration of remote areas into the regional economic processes will facilitate the achievement of seamlessly and comprehensively connected and integrated Asia Pacific. Among other aspects, the initiative recognizes the great importance of remote areas’ infrastructure development, improvement of investment climate, tourism facilitation and provision of access to quality education – the fields that enhance physical and people-to-people connectivity in the Asia-Pacific region.

Expansion of access to social services for the population of remote areas is associated with the development and adoption of new technologies in the services sectors, including transport, ICT, financial, education and healthcare sectors. This can be a significant factor in increasing the services competitiveness at economy-level and Asia Pacific. Development of remote areas will most likely entail the development of manufacturing-related services, environmental services, tourism sector, increase the participation of women, youth, MSMEs and indigenous businesses in the economy.

Therefore, taking into account the above-mentioned, the initiative will contribute to the realization of APEC Connectivity Blueprint 2015-2025 and APEC Services Competitiveness Roadmap 2016-2025.

Key issues for consideration under the initiative might be the following (the list is not limited to the topics below):

- Economic development and integration of remote areas:
  - diversification of economy of remote areas;
  - creation of favorable conditions for the development of new competitive industries;
  - development of transport, energy and telecommunications infrastructure;
  - expanding Internet access in order to overcome digital gap, provide remote social services and create additional jobs (remote employment);
  - improvement of investment climate and promotion of public-private partnerships (PPP) in remote areas;
  - promotion of positive image and background of remote areas;
  - integration into regional and global value chains;
  - development of recreational potential of remote areas, assistance in attracting tourist flows, creation of regional tourism brands;
  - maintenance of ecological balance of territories traditionally inhabited by indigenous population, effective use of natural resources;

- Human resources development and ensuring access to basic social services for the population of remote areas:
  - providing access to quality healthcare;
  - development of education system (including pre-school, school, vocational and higher education), implementation of training and retraining programs;
  - development housing and communal services, provision of drinking water to population;
  - ensuring food and energy security;
  - development and application of innovative technologies, including ICT, to enhance the quality of life (development of off-site, electronic and remote forms of services (especially in the fields of culture, telemedicine and education), disaster early warning and rapid response systems;
  - maintenance of population density, improvement of demographic situation, development of incentives and compensations for living and working in harsh environmental conditions;
  - sustainable development of indigenous population, support and preservation of its traditional lifestyle, economy, culture, native languages, folk arts and ways of life;

- Administrative measures:
  - implementing balanced budget and tax policy;
  - fighting corruption;
  - organizing efficient system of policing in remote communities.
The key objectives of the initiative are:

- organization of the APEC dialogue on comprehensive development of remote areas;
- study of measures and mechanisms used by the APEC economies to solve the problems of remote areas;
- sharing experience and best practices with a view to their dissemination in the Asia Pacific region;
- strengthening of cooperation to promote regional economic integration and sustainable inclusive growth;
- improving the quality of life in the Asia-Pacific region.

Within the implementation of the initiative it is proposed to collect, analyze and annually monitor the information on the following issues:

- criteria and definitions used by the APEC economies in relation to the concept of "remote area";
- indication of "bottlenecks" and barriers, typical for remote areas;
- analysis of the current situation, existing regulatory framework and economy-level development programs for remote areas;
- identifying the best practices in addressing the problems of remote areas and overcoming "bottlenecks";
- preparation of recommendations for the development of remote areas.

On the basis of analytical outcomes and subsequent discussions in the APEC working bodies, the APEC Blueprint for Development and Economic Integration of Remote Areas in Asia-Pacific Region might be elaborated.

4. Cooperation with Other Fora

Taking into account an integrated approach to solving the problems of remote areas, as well as the necessity of systematization of accumulated experience in different fields, the implementation of the initiative should be executed in a cross-body format.

The following APEC fora may be involved in its implementation:

- Transportation Working Group, TPTWG
- Energy Working Group, EWG
- Health Working Group, HWG
- Telecommunications and Information Working Group, TELWG
- Emergency Preparedness Working Group, EPWG
- Human Resources Development Working Group, HRDWG
- Small and Medium Enterprises Working Group, SMEWG
- Investment Experts’ Group, IEG
- Tourism Working Group, TWG
- Agricultural Technical Cooperation Working Group, ATCWG
- Policy Partnership on Food Security, PPFS
- Intellectual Property Rights Experts Group, IPEG
- Policy Partnership on Women and the Economy, PPWE

Steering Committee on Economic and Technical Cooperation (SCE) will be responsible for coordination of the realization of this initiative.
## 5. Draft Schedule of Implementation

<table>
<thead>
<tr>
<th>Year</th>
<th>Action Plan</th>
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<tbody>
<tr>
<td><strong>2017</strong></td>
<td><strong>After ISOM:</strong> Circulation of the initiative for information and possible comments among the interested APEC working bodies (EC, CTI, TPTWG, EWG, HWG, TELWG, EPWG, HRDWG, IEG, TWG, ATCWG, PPFS, IPEG, PPWE, SMEWG), as well as to SOM.</td>
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<td><strong>SOM1:</strong> Presentation, discussion and approval of the initiative.</td>
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<td><strong>After SOM1:</strong> Working out a structure of the APEC Blueprint for Development and Economic Integration of Remote Areas in Asia-Pacific Region and a questionnaire to study various aspects of remote areas development by APEC economies.</td>
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<td><strong>SOM2:</strong> Adoption of the questionnaire and the structure of the APEC Blueprint.</td>
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<td><strong>After SOM2:</strong> Collection of data on APEC economies’ experience in the sphere. Conducting a study based on the data obtained and information from open sources. Preparation of the draft APEC Blueprint.</td>
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<td><strong>SOM3:</strong> Presentation and discussions of the study results. Presentation of the draft APEC Blueprint.</td>
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<td><strong>After SOM3:</strong> Making a brief summary of the APEC Blueprint for submission to APEC Ministerial Meeting (AMM).</td>
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<td><strong>CSOM:</strong> Adoption of the APEC Blueprint.</td>
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<tr>
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<td><strong>AMM:</strong> Adoption of the brief summary of APEC Blueprint.</td>
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<tr>
<td><strong>Post 2017</strong></td>
<td>Monitoring of the implementation of the APEC Blueprint.</td>
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