Background Paper: Sustainable Growth

Purpose: Information
Submitted by: Chile
**Background Paper**

**Introduction**

While our economies grow and adapt to new global challenges, we recognize that APEC has facilitated trade and investment and achieved policies through regional economic integration, leading to strong economic growth across the Asia-Pacific region.

Nevertheless, we acknowledge that APEC has a challenge to address its work towards ensuring a sustainable platform for growth in the twenty-first century. APEC needs to increase its effort to work towards ensuring that regional economic development delivers on its promise to improve peoples’ lives.

In addition, we are facing environmental challenges that requires us to respond through transforming our current economic activities, in a way that is balanced and sustainable. Today, more than ever, we need to put our efforts into work on critical issues such as the reduction of waste and pollution, the development of cleaner and more efficient energy, as well as more progress on urban infrastructure for livable and healthy smart cities.

In 2019, Chile would like to focus on the essence of development. An economic growth that is people-centered: balanced, inclusive, sustainable, innovative, and secure. A kind of growth addressed to the whole population that focuses on the quality of life in a way that people are responsible and friendly with the environment and to generations to come.

Building on the work of previous hosts, we will focus our work in key areas such as: the effects in our oceans caused by illegal fishing and marine debris; sustainable energy for a better quality of life; and promoting the development of common standards for smart cities.

**Key Issues**

1. ** Protecting our oceans and marine ecosystem 

Among the main milestones and principles that APEC has achieved in oceans-related issues, the following are reference points for Chile’s proposal:

- Xiamen Declaration: The Ministers statement “Towards New Partnership through Ocean Cooperation in the Asia-Pacific Region”, adopted in 2014, recognizes four key priority areas: 1) Coastal and marine ecosystem conservation and disaster resilience; 2) The role of the ocean on food security and food-related trade; 3) Marine science, technology and innovation; 4) The Blue Economy.

- Facilitating trade and investment opportunities that promote the sustainable use of fisheries, aquaculture, and marine ecosystem resources;

- Ensuring the conservation and sustainable use of marine resources as well as protection of marine ecosystems needed to support fisheries and aquaculture; and

- Promoting a common approach to preventing illegal fishing and related trade.
1.1 Preventing and reducing Marine Debris

Two of the world’s five major oceanic debris accumulation zones, or “garbage patches”, are in the Pacific Ocean. The North and South Pacific Garbage Patches are the largest and third largest respectively. Every year, approximately 8 million tons of plastic enters the world ocean. An estimated 40% of marine plastics in the Pacific originate from Asia. The majority of plastic in the ocean comes from land-based sources.

Marine debris and maritime transport impact the life of the coastal ecosystem and human health. Among the different kinds of marine debris, plastic has become a focus of concern because it persists in the environment for more than 400 years. Much of the plastic produced is non-recyclable and much of it ends up in the oceans. We do not yet understand the full impact of the harm caused to marine life and human health.

Joint effort is required to reduce and eliminate land-based contributions and to clean up what has already accumulated in the ocean. Marine debris monitoring is important for improving protections, identifying prevention policies and to determine the compliance and effectiveness of the reduction measures implemented reduction of plastics to the sea. Waste management practices should be improved. This can be achieved by implementing collection systems; increasing recycling efforts; establishing Waste-to-Energy plants for non-recyclable plastic; removing accumulated plastic in rivers; and banning certain types of plastic.

Mercury (Hg) is a pollutant of global importance that negatively affects ecological and human health. The concentration of mercury in the environment has increased significantly and oceans are one of the primary reservoirs where it is deposited.

To reduce human exposure to mercury and improve the health of exposed fish and animals, the use of non-essential mercury-containing products should be phased out. We must introduce new safe methods of handling, using and disposing of the remaining mercury-containing products.

In 2019, Chile would like to develop a pilot project to monitor marine garbage throughout the region at the coastal edge, with the objective of advancing our work towards a monitoring methodology to be used as a tool for APEC economies. In addition, we will promote the commercialization of products without mercury.

- Activities and Outcomes:
  - To organize a workshop on Promoting Trade of Products that replace those with Mercury to Reduce Marine Pollution (August 2019, TBC);
  - To develop a technical guide to promote the commercialization of products without added mercury.
  - To develop a pilot project to monitor marine garbage, in order to assess reduction measures and propose prevention policies.
1.2 Combating illegal, unreported and unregulated (IUU) fishing

The Pacific Ocean is the largest on Earth. APEC member economies, which line the Pacific Rim, account for 70% of global fish-product consumption, 90% of global aquaculture production, and more than 65% of the world’s capture fisheries. Nine of the top ten fish producers in the world are APEC economies.

The scourge and threat of illegal, unreported and unregulated (IUU) fishing practices is becoming a global concern. IUU fishing has negative impacts on fish stocks and the marine ecosystem. It distorts global fish trade and food security. Marine Resources & Fisheries Consultants (2016) estimated the cost of IUU fishing to be between USD10 to USD 23 billion, globally. The study also found that IUU activity in the tuna fisheries is about 306, 440 tons either harvested or transshipped within the Asia-Pacific region.

Given the size of IUU fishing to the region, Chile proposes to assess current IUU measures in each economy, to identify areas of convergence and best practices. This will allow us to work towards decisive and collective actions.

- Activities and Outcomes:
  - To host a workshop on Information Sharing to Combat IUU Fishing (May 2019, TBC);
  - To identify areas of convergence and best practices to combat IUU fishing and develop a set of recommendations (intersessionally between SOM1 and SOM3);
  - Leaders instruction to Member Economies to develop convergent and compatible action plans to combat IUU fishing in the APEC region.

2. Sustainable energy: modernization for a better quality of life

The ability to decouple energy demand from economic growth is crucial for the environment and for our economies. Accounting for around 60% of the world energy demand, the APEC region includes four of the world’s five largest energy users. The region consumed the equivalent of over 8,000 million tons of oil worth of energy (Mtoe) and was a net energy importer of over 650 Mtoe, 90% of which was oil.

The transition to a low-carbon economy requires modernization of the energy sector. New technology and energy systems must be developed to take advantage of renewable sources, improve energy intensity, enhance energy security, and promote enduring economic growth.

Energy cooperation has become an increasingly important topic for APEC’s economies. The APEC intensity and renewable doubling goals – in conjunction with the United Nations Sustainable Development Goals – seek to drive the development of sustainable, cleaner, more efficient and accessible energy. In this regard, energy modernization can help to meet these goals and improve standards of living across APEC. In this regard, energy modernization may tackle the following challenges: sustainable transportation, innovation, and modern regulatory frameworks.
Sustainable Transportation: Transport plays a critical role in economic and social development. However, transport systems need to be sustainable and be able to provide services in a manner that is safe, affordable, accessible, efficient, and resilient while minimizing air pollution and other negative environmental impacts. Critical steps include sharing best practices on policy development and implementation, improving access to financing, building an enabling environment, and strengthening regional cooperation.

Innovation: Energy underpins almost all economic activity and enables access to education, health care, and other public services. In the pursuit of these goals, APEC has experienced dynamic change and will continue to do so. New technology and systems are persistent features of the energy industry; innovation makes this possible. Better technology and procedures can expedite change and have a significant impact in better energy. For example, because of the development of fuel cell and battery technology, electric vehicles are rapidly gaining market share in APEC vehicle markets.

Modern regulatory framework: Energy systems across the APEC region are currently undergoing profound technological change associated with decarbonization efforts. Regulatory policies and instruments that reduce technical and commercial barriers must accompany the development of these new energy technologies. Although regulatory frameworks are generally developed domestically, APEC can provide an excellent forum to share energy policy experiences and lessons learned.

Chile is committed to supporting APEC initiatives that allow us to move towards a more sustainable world, and the use of renewable energy is fundamental in that regard. Therefore, we have defined that "sustainable energy" will be a priority in our year. In 2019 Chile will host the Energy Working Group Meeting and contribute on its efforts to intensify the promotion of sustainable energy and keep working towards the modernization of the energy sector in the Asia-Pacific region.

Activities and Outcomes:

- To host a workshop on Boosting Energy solutions in Remote Areas (June 2019, TBC);
- To host a workshop on Technological Challenges and Opportunities to Supply Flexibility to Electric Systems (Second semester 2019, TBC);
- To host a workshop on Distributed energy resources regulation and rate design (second semester 2019, TBC);
- To promote an Energy Vision Post 2020, currently under development in the Energy Working Group;
- To propose to Leaders a mandate to reach goals on sustainable and efficient energy use and disposition with the aim to encourage APEC member economies achieve the 2030 targets.
3. Developing common standards for Smart Cities

In 2007, for the first time in history, most of the world’s population lived in cities - 3.3 billion people. By 2050, up to 80% of Earth’s total population, or 6.4 billion people, will live in urban areas. Cities will continue to be central to economic growth; as will the power of integrated services, harmonized systems, and economies-of-scale. Smart technologies allow us to more accurately monitor and assess the way we interact with the natural and man-made environment.

The efforts that the Asia-Pacific region make towards comprehensive growth, prosperity and progress, must include promoting APEC cooperation on inclusive urban growth, boosting innovative and sustainable urban infrastructure, and building smart and green cities - which are future proofed, livable and healthy.

Building on previous work, in 2019 Chile wants to focus on areas such as Governance – integrated services, accountability, autonomous governance; and Transportation and Infrastructure – and efficient networks, congestion management, accident prevention, environment impact reduction; buildings, and public spaces, in order to share best practices on the implementation of Smart Cities in the APEC region.

Activities and Outcomes:

- To circulate a survey and collect information of standards on Governance, Transportation and Infrastructure, and Environment related to smart cities.
- To host an APEC Smart City workshop in the margins of SOM3 to discuss about best practices for the development of standards for Smart Cities in the APEC region (addressed to relevant working groups: CTI – TPTWG – SCSC).
- To identify best practices and standards, in order to propose a set of recommendations to comply with the development of urban planning for Smart Cities.