

2022/SOM3/CTI/011 Agenda Item: X a

#### Enhancing Implementation of APEC Connectivity Blueprint in the Digital Era - Presentation

Purpose: Information Submitted by: Policy Support Unit, APEC Secretariat



Third Committee on Trade and Investment Meeting Chiang Mai, Thailand 26-27 August 2022



### Enhancing Implementation of APEC Connectivity Blueprint in the Digital Era

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CTI3 2022

Advancing Free Trade for Asia-Pacific **Prosperity** 

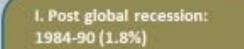
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#### Episodes of global expansion and productivity growth

Supply

growth



- after the 1982 debt crisis
- collapse of commodity prices in 1980s
- increase in house prices

III. Great moderation: 1993–2008 (2.4%)

- IT revolution - rapid growth in global trade and financial flows

#### **Broad-based**

Demand growth

Constrained

II. Stagflation: 1977-81 (1.4%)

post oil-shock crisis
high inflation and interest rate

Low growth and stagflation

IV. Low productivity and inequality: 2011-19 (2.3%) - post global financial crisis

sharp asset price declines
digitization & automation
productivity gaps

High innovation and dynamism

Asia-Pacific Economic Cooperation

Source: Adapted from Mischke et al. (2021) with data from Kose et al. (2020).

## **Key Trends**

- Physical connectivity: New technologies facilitate trade by integrating digital technology into common business practices that facilitate faster and more secure movement of goods across borders or within a supply chain. Trade technology integrates existing economic patterns, trade routes, and the digital economy into one global system.
- Institutional connectivity: The lack of interoperability in data policies reinforces existing borders. Without harmonized standards for data treatment, wide efficiency gains in the global digital economy could be stalled. The diversity of digital policies across economies illustrates the tough decisions that policymakers have to make when balancing data protection and trade facilitation.
- **People to people connectivity**: Since the COVID-19 pandemic, the management of the movement of people across borders has changed, perhaps permanently. Digital strategies are increasingly being used to operationalize solutions to these problems. But there are still gaps in their usefulness, transferability, and accessibility.



# Approaches among APEC members to improve digital connectivity

- Building a reliable data ecosystem: balancing objectives of privacy, protection, and free information exchange
- Developing interoperable data systems to facilitate digital transformation: successful interoperability will support trade, shorten customs clearance times, and enhance the effectiveness and efficiency of customs control
- Improving digital education and e-learning strategies to better equip the workforce for the digital economy: developing a digitally literate workforce with the appropriate digital skills



## POLICY RECOMMENDATIONS

Reducing the digital divide	Improving cross-border interoperability of digital systems	Fostering greater regulatory cooperation	Maximizing digital dividends and spillover benefits
Build the physical/digital infrastructure needed to improve Internet access in rural and remote areas	Continue efforts to digitalize trade processes to increase trade efficiency as well as enable greater engagement of SMEs	Reduce regulatory barriers, such as those concerning electronic transactions, to promote the digital economy	Promote digital entrepreneurship through the use of incentives to reduce risks associated with the application of new technologies
Promote digital skills in the general population through training courses and by incorporating digital education into school curricula	Facilitate cross-border paperless systems to progress towards greater integration of Single Window systems	Participate in multilateral collaborative efforts to develop frameworks that align rules and standards relevant to digital economy to foster interoperability	Adopt certain digital safeguards, such as data privacy policies and social protection, to address informalization and job displacement
Provide adequate digital equipment so that everyone has access to the internet	Ensure that digital infrastructure and digital processes are resilient by developing and implementing strong data security frameworks	Develop innovative regulatory solutions to address compliance issues relating to tax and labor laws that arise due to cross-border remote work	

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