



**Asia-Pacific
Economic Cooperation**

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

APEC Virtual Public-Private Dialogue (PPD) on Emerging Opportunities and Challenges in Implementing the APEC Connectivity Blueprint 2025

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Summary Report

I. Introduction

The Virtual Public-Private Dialogue (PPD) on Emerging Opportunities and Challenges in Implementing the APEC Connectivity Blueprint 2025 was held via GoToWebinar platform on 15 September 2020. It was hosted by Malaysia and co-sponsored by Chile; China; Hong Kong, China; Japan; Papua New Guinea, Philippines and Singapore. The objective of the PPD was to gather views from the experts of various fields, Government Officials and other relevant stakeholders on the current progress of the implementation of the APEC Connectivity Blueprint (ACB) 2025, and how should the ACB be strengthened in view of the COVID-19 pandemic situation.

The PPD was attended by 86 participants comprising of officials from 19 APEC member economies; experts from international organisations including the Pacific Economic Cooperation Council (PECC), Economic Research Institute for ASEAN and East Asia (ERIA), Asia-Pacific Model E-Port Network Operational Centre, the Organisation for Economic Cooperation and Development (OECD), Asian Development Bank; and businesses including Axiata Group, GE Healthcare and UPS, as well as the ASEAN-Australia Business Council.

II. Background

Under the ACB, APEC Economies agreed on three pillars of connectivity, namely physical, institutional and people-to-people. The rapidly evolving global economy and the spread of the COVID-19 pandemic have led to the emergence of new opportunities and challenges for APEC Economies, which may affect various targets agreed in the ACB.

Immediately before COVID-19 pandemic, the world had been moving towards a higher adoption of digitalisation. COVID-19 pandemic however has accelerated the adoption of digitalisation, hence fast-tracking the digital economy, including in the APEC region. The pandemic also force the rethink of how APEC Economies approach the adoption and the implementation of the three pillars of connectivity.

Both challenges and opportunities need prompt and coordinated policy response from the Governments, complemented with cooperation and contribution from the private sector. For example, the endorsement of the APEC Strategic Blueprint for Promoting Global Value Chains 2020-2025 and the Supply Chain Integration 4.0 through APEC Single Window Interoperability Action Plan would provide better direction for APEC in spearheading future institutional connectivity initiatives.

COVID-19 further stresses the importance of seamless and comprehensively connected APEC region in order to overcome disruption to supply chains and enhance investments in soft and physical infrastructure. The Statement on COVID-19 issued on 5 May 2020 by APEC Ministers Responsible for Trade recognises the importance of “harnessing opportunities of the digital economy and technologies, through utilisation of smart working solutions that enable seamless international business and cross border trade.” Digital connectivity is becoming more important than ever to support connectivity and cross-border access to remote working, health, and learning technologies, to mitigate the impacts of the pandemic and prepare for economic recovery. APEC’s collective support in facilitating the operation of ports and airports, services such as maritime and aviation and digital infrastructure to support free flow of trade in goods and services during and post pandemic is imminent and crucial. In other words, work on supply chain connectivity remains critical.

III. Discussion

Opening remarks

In her opening remarks, **Ms. Krasna Bobenrieth, Chair of the APEC Committee on Trade and Investment (CTI)** highlighted the efforts taken by APEC in improving connectivity in the region through the implementation of ACB. She stressed that the PPD is the platform to share different views, challenges and opportunities faced by both the private and public sector in addressing connectivity issues, subsequently to review what APEC can do to enhance the region's connectivity in the next five years. Ms. Bobenrieth concluded that there is a need for the ACB to be reconciled with the Industrial Revolution 4.0; seamless connectivity is key in fostering inclusive sustainable growth in the region, and last but not least, COVID-19 has proved that the resilient and seamless connectivity are crucial in ensuring global supply chains are not disrupted.

Dialogue sessions

1. Session 1 - Overview

- **Prof. Dr. Sufian Jusoh (Director of Institute of Malaysia and International Studies, IKMAS, National University of Malaysia)** shared the outcome of the Focus Group Discussion (FGD) on Emerging Opportunities and Challenges in Implementing the APEC Connectivity Blueprint 2025 (ACB) held on 8 September 2020. The FGD was attended by three economies, namely China, Malaysia and Singapore; complemented by Japan and Mexico's written input. Participating Economies agreed that:
 - i) Development of infrastructure needs to utilise digital technology and digital infrastructure needs to be enhanced, taking into account the lesson learned from the current pandemic situation. Adoption of big data, Internet of Things (IOT), AI, cloud computing, smart logistics, smart city or smart nation, e-payment and digitalisation of port clearances will support the development of e-commerce, traceability, smarter healthcare systems, and seamless trade and logistics. COVID-19 also provides an opportunity for APEC Economies to promote the single window inter-operability in APEC.
 - ii) Trade facilitation efforts in APEC need to be strengthened, including by facilitating SMEs in venturing into e-commerce and cashless system. In ensuring trade borders remained open, there are various efforts currently being implemented by Economies, including encouraging SMEs to adopt digitalisation and utilise digital trading platform, establishing a timely and effective contact mechanism with major export companies to keep abreast of new issues arising from the impact of COVID-19 with a view to resolving the issues in a targeted manner, as well as ensuring full implementation of the WTO Trade Facilitation Agreement (TFA).
 - iii) It is important for APEC Economies to share best practices or measures introduced by them in facilitating movement of people across borders.
- **Dr. Akhmad Bayhaqi, Senior Analyst, APEC Secretariat Policy Support Unit (PSU)** presented the Preliminary Outcomes of the Mid-Term Review of the APEC Connectivity Blueprint. Using two-pronged approach (new initiatives to support ACB and achieving the existing targets outlined in ACB) in monitoring the implementation of ACB, Dr. Bayhaqi shared that APEC has achieved significant progress in the three pillars of connectivity, among others:

- i) Most APEC Economies have established PPP centres and have conducted financial viability or bankability assessments
- ii) Percentage of population with fixed broadband subscriptions and using internet have increased significantly (due to updates in the report after the symposium)
- iii) Increased number of APEC Economies implementing Single Window and Authorised Economic Operators (AEO)
- iv) Adoption of good regulatory practices (GRP) are visible in most indicators relating to two aspects of quality of governance, namely open government and regulatory enforcement
- v) Increased number of active holders of the APEC Business Travel Card (ABTC)
- vi) Target of having 1 million intra-APEC tertiary-level international students by 2020 had been reached in 2015

He concluded that the three pillars of connectivity are intertwined. Moving forward, Economies are strongly recommended to maintain an open environment to trade and investment, improve digital connectivity, as well as to continue pursuing the Regional Economic Integration (REI) agenda in APEC by implementing measures that support resiliency of the global supply chain (GVC).

2. *Session 2 - Physical Connectivity*

Experts:

- a. Mr. Carlos Kuriyama, Senior Analyst, APEC PSU (Moderator)
 - b. Mr. Takayuki Niikura, Director, APEC Office, Trade Policy Bureau, Ministry of Economy, Trade and Industry, Japan;
 - c. Ms. Cyn-Young Park, Economic and Research Department, Asian Development Bank (ADB); and
 - d. Mr. CK Foong, Group Head of Regulatory Affairs, Axiata Group Berhad.
- **Mr. Takayuki Niikura**, shared the outcomes of the peer review mechanism and capacity-building programmes conducted under the ambit of the APEC Quality Infrastructure Initiative, involving Philippines, Viet Nam and Indonesia, respectively. He shared that there are five elements that Economies need to consider in implementing quality infrastructure projects, namely fiscal soundness, resiliency, economic efficiency and transparency. He concluded by stating that APEC Quality Infrastructure Initiative has contributed to the improvement of connectivity projects in the region through the Quality Infrastructure Guidebook, the implementation of the Peer Review and capacity building programmes. He suggested that that initiative may also be effective for the development of other infrastructure needs, such as digital infrastructure, in the era of COVID-19.
 - **Ms. Cyn-Young Park**, presented on Resilient Trade and Supply Chains through Trade Facilitation and Digital Solutions. She focussed on supply chain disruptions due to COVID-19 pandemic especially on maritime transport and air transport and has elaborated on the problems faced by suppliers, pre and post-COVID-19 pandemic. To solve the problems, most companies has adjusted their retail strategy by adopting digital technology. She concluded her presentation by proposing three strategies i.e. reconfiguration of supply chains to increase resilience, increasing the adoption of digital

tools and real-time data, and utilising e-commerce platform as consumers have shifted to online shopping.

- **Mr. CK Foong**, presented on addressing cross-border investment on telecommunication infrastructure, based on short-term impact of COVID-19 on mobile operations. The pandemic has caused changes to consumer behaviour in terms of spending on airtime credit, spike in subscription of streaming services such as Netflix and Youtube, as well as drop in roaming activity. These new patterns have brought challenges to telco companies, including shifts of traffic demand to the suburban areas, and congestion at hospitals and quarantine centres, thus creating the need to cater both capacity (due to the surge in traffic) and coverage (semi-rural and rural). Mr Foong concluded that more investments are needed to meet increased consumer expectations and national aspirations in telecommunications and digital facilities, broadband connectivity is a key enabler for digitization of economies and societies and regulatory enablers and bold action by policymakers are urgently needed.

3. *Session 3 - Institutional Connectivity*

Experts:

- a. Mr. Eduardo Pedrosa, Secretary-General, Pacific Economic Cooperation Council (PECC) (Moderator)
 - b. Ms. Shiumei Lin, Vice President, Public Affairs, UPS Asia Pacific Region,
 - c. Mr. Huang Feng, Managing Director, Asia-Pacific Model E-Port Network (APMEN) Operational Center, and
 - d. Mr. Joffrey Azan, General Manager (Operations) for GE Healthcare, General Electric.
- **Ms. Shiumei Lin** stated that COVID-19 has affected UPS cargo sector, where demand has dropped to 80% and intra-Asia capacity has decreased by 56%. In addressing this shortfall, UPS recommended an urgent response from APEC as follows:
 - i) Development of new protocols for air cargo crew movement, e.g. testing without quarantine, and mutual recognition of testing.
 - ii) Development of new protocols for business travels
 - iii) Common understanding on essential goods and services
 - iv) Turbocharge of digital connectivity and trade facilitation for e-commerce
 - v) Renewal of commitment of free and open trade and investment
 - **Mr. Huang Feng** shared that APMEN aims at enhancing visibility, integrity and transparency of the maritime supply chain data through its members' exchange port-to-port information on cargo location and container status. In short, this project tried to reduce traditional method of delivering process and adoption of digital technology was vital for supporting the model. Mr Huang also highlighted that APMEN would contribute solutions for paperless transaction, eased customer time and cost, enabling digital transmission of e-AWB among airlines, airport ground handling agency and single windows transaction, and digitally connected to the port service providers and at the same time, integrated air cargo supply chain. This innovative model is currently being carried out at Xiamen Airport.

- **Mr. Joffrey Azan** shared on the impact of COVID-19 on healthcare business activities. In general, as a healthcare supplier, GE relied on their technical experts for operating machines and other appliances for supporting the frontline and hospitals equipment. The pandemic has affected GE's operations to mobilise their technical experts to serve their overseas clients, due to the shutdown of international borders. To overcome the problems, GE has been engaging actively with public and private institutions in the Host Economies in particular on mobilising machineries and technical experts.

4. *Session 4 - People-to-People Connectivity*

Experts:

- a. Ms. Joanne Lovejoy, Convenor of the APEC Group on Services (GOS) (Moderator),
 - b. Mr. Stijn Broecke, Senior Economist, OECD,
 - c. Ms. Kimberlee Stamatis, Convenor of the APEC Business Mobility Group (BMG), and
 - d. Ms. Eleanor Mak, Chair of ASEAN-Australia Business Council
- **Mr. Stijn Broecke** shared OECD's perspective on the current labour market and the Future of Work which has already been affected by the pandemic. While digital technology could assist in creating new jobs, it still possess weaknesses especially in facilitating conventional forms of employment. Further, Mr. Broecke was of the view that artificial intelligence (AI) only benefited the highly skilled employees and it would not guarantee the future undertakings for low-skilled people, especially those without higher education.
 - **Ms. Kimberlee Stamatis** introduced participants to the APEC Business Travel Card (ABTC) Mobile Application, a digital version of the ABTC for approved applicants and cardholders when using their ABTC to enter an APEC Economy. The application is equipped with fundamental security features, such as secure sign-on, user authentication, screenshots and watermark to prevent fraudulent replication. This innovation of ABTC is expected to be operational in early 2021.
 - **Ms. Eleanor Mak** introduced the global virtual internship concept in assisting students, graduates and job seekers to undergo practical and internship programs, in any government and private organizations. She elaborated the idea of global virtual internship through a simple framework that consists of three factors; international intern, international business and international coach. All programmes will be executed online.

5. **Session 5 - Measuring Success of All Connectivity Pillars and Way Forward**

Experts:

- a. Dr. Denis Hew, Director, Policy Support Unit, APEC Secretariat (Moderator),
 - b. Mr. Hugh Stephens, Co-Chair, PECC Connectivity Index Task Force,
 - c. Prof. Fukunari Kimura, Chief Economist, Economic Research Institute for ASEAN and East Asia (ERIA), and
 - d. Prof. Dr. Sufian Jusoh, Director, IKMAS, UKM.
- **Mr. Hugh Stephens** presented the PECC Connectivity Index which had been developed between 2017 and 2019 to measure connectivity across the three pillars

(Physical, Institutional, and People-to-People). All three pillars are given equal weightage, with overall Connectivity Index by Economy and by region being a composite score. Factors within pillars are also given equal weightage in determining the final index. PECC Index would be a tool for policy making, critical assessment, and other purposes in the context of connectivity. Mr Stephens also looked for any potential collaborations and feedback by other members especially economist, academician and experts to make improvement and enhanced the index capability for future use.

- **Prof. Fukunari Kimura** shared his experience in providing methods for measuring policy effects. He highlighted the following key points that can be taken into consideration in observing successful achievement of connectivity pillars:
 - i) Policies must be evaluated based on effectiveness of the implementation.
 - ii) The economic effects at the project level should also be examined before and after the implementation.

Prof Kimura also presented the ERIA-IDE Geographical Simulation Model for more understanding towards evaluation method that can possibly be used in measuring the implementation of the ACB.

- **Prof. Dr. Sufian Jusoh, Director, IKMAS, UKM** summarized the discussion by focusing on the need for good regulatory practice in moving towards seamless connectivity in APEC and at the same time, reducing the regulatory barriers at central and sub-national level. In moving forward, Malaysia would work on a checklist based on the discussion from all speakers. The proposed checklist intended to provide reference to project proponents in implementing ACB-related initiatives in order to conduct future strategies as outlined in the Blueprint.

Closing remarks

Tan Sri Datuk Rebecca Fatima Sta Maria, Executive Director of the APEC Secretariat concluded the PPD by focussing on two perspectives; the reality of the pandemic and its impact, and strategy to move forward after the PPD. The first issue is mainly related to three pillars of connectivity and challenges of both digital and physical infrastructures to access facilities. While people are adopting digital technology, the pandemic has increased the digital divide.

In moving forward, Tan Sri Sta Maria emphasised the need to support regional economic cooperation by implementing the ACB, as well as strengthen and deepen the connectivity in the region for structural reform. APEC Economies need to reduce the connectivity gaps and encouraging cooperation and collaboration between private sectors and policy makers. She opined that one of the best initiatives that has been mentioned was the Global Virtual Internship Project, presented by Ms. Eleanor Mak. She also highlighted the need to review standard operating procedures in the region, in addition to the need to develop the protocol of cross-border travels in the Region.

IV. Conclusions and Recommendations

The Virtual PPD has achieved its objectives in deliberating the ACB implementation through stronger collaboration between public and private sectors. Through this dialogue, all speakers, moderators, and experts have shared ideas and information to move forward in adapting the connectivity to the current situations caused by the pandemic. Physical, institutional, and

people-to-people connectivity remain challenging in pursuing economic growth but at least, the adoption of digital technology has continued the momentum in achieving the targets of ACB.

Based on the PPD, there are seven strategies to be considered by APEC for sustaining connectivity in the region:

- a. Digital connectivity is becoming more important than ever to support connectivity and cross-border access to remote working, health, and learning technologies, to mitigate the impacts of the pandemic and prepare for future economic renewal. APEC Economies should support opening of infrastructure such as port and airports, services such as maritime and aviation and digital infrastructure to support free flow of trade in goods and services during and post pandemic.
- b. Work on supply chain connectivity remains critical. Adoption of digital technology might be the best strategy to provide a major confidence boost to businesses seeking to invest in productive capacity in the very sectors that the world needs. Such digital technology includes the adoption of latest technology such as blockchain to allow seamless and uninterrupted data transfer of supply availability, identifying supply and demand, connecting with real time logistic providers and the utilisation of Authorised Economic Operators (AEO) in clearing goods at customs.
- c. APEC should encourage its members to support regional economic cooperation, implementing ACB in regional connectivity purposes, and to strengthen and deepen the connectivity in the region for structural reform.
- d. Collaboration between private sectors and policy makers should be nurtured in reducing the connectivity gaps.
- e. All connectivity pillars should be measured based on appropriate method for evaluating its implementation and also to provide strategic plan in the future.
- f. Specific procedures and protocols that will be constructed by Economies in the region should be suitable and flexible in terms of promoting more connectivity and created more opportunities.
- g. Digital technology should be fully utilized and innovation and invention of new technologies must be promoted to facilitate business travellers and other stakeholders.