

## PRESS RELEASE

### Upskill and change regulatory mindset for the digital economy

**7 November 2017 (Da Nang, Viet Nam)** – APEC members need to focus on building trust among our policymakers and regulators, understanding the unique circumstances in each of our respective economies to arrive at standards and norms that facilitate growth, innovation and job creation. This process needs to put front and center the impact that such rules have on micro and small and medium enterprises. New technologies are revolutionizing business models and the way in which businesses and consumers interact – from ride sharing services to mobile banking. This offers the opportunity to shape a new phase of growth – one that enables even micro and small and medium size enterprises to engage in global trade.

The impact of the digital economy on labor markets will be significant and appropriate adjustments will be needed. Routine jobs will be replaced by machines and systems, through the process of automation. According to the respondents of the PECC annual survey, some types of jobs are expected to decrease, such as clerical and assembly line work, while others such as technical and professional jobs are expected to increase. “There will inevitably be some shifts in the future labor market as certain jobs become redundant while new skills are required. Various digital tools and online platforms can help us become more inclusive in our approach to education and upskilling; this can be our chance to bring more people to benefit from easier access to knowledge and to better, higher paying jobs,” said PECC Co-chair Ambassador Tang Guoqiang. On-the-job training and informal education helped by online learning platforms will take renewed importance as they can offer flexible and on-demand training and learning.

APEC is an ideal platform for discussing how individual governments are dealing with the challenges of the digital economy given its non-binding, flexible nature. It can encourage whole-of-government approaches and emphasize the need for a shift in the regulatory mindset from solely one of risk management to include that of enabling innovation.

“Beyond being a risk manager, and an enforcer of sectoral regulation, the regulating authority needs to become an advocate for, and an enabler of, digital inclusion and innovation,” according to the PECC *State of the Region 2017-2018* report released today on the occasion of the APEC summit.

The digital economy, if successful, can promote efficiency, innovation, and inclusion. The “Industrial Revolution 4.0” promises new opportunities, but without a holistic policy framework, sound planning and inclusive approach, these opportunities can further widen the development gap in the form of a digital divide.

“Every industrial revolution is disruptive and the wave of digitalization that we are seeing across all sectors of our society is no exception,” said Eduardo Pedrosa, Secretary General of PECC and Coordinator of the Report. “While the governments need to protect the consumers, and keep the business environment secure, they also need to encourage and enable innovations and start-ups.”

The following issues related to digital economy were ranked the most important according to the PECC annual survey of opinion leaders:

- Data protection
- Digital infrastructure
- Data privacy
- Universal broadband access
- Digital literacy

“All these transformative changes taking place today due to digitalization and automation offer opportunities for us to reverse the trend of a widening gap between the haves and the have-nots among and within the region’s economies,” said PECC Co-chair Don Campbell. “But we must make appropriate investment in human capital development to appropriately equip the next generation to stay competitive with the fast-changing demands of the digital age. We should also put in place balanced and secure policy environment that not only protect but also encourage the new technological innovations and empower small businesses,” he added.

Technological innovations and their applications are rapidly changing the ways in which we communicate, conduct business and connect. Policies, frameworks, rules and regulations need to continuously remain agile as well as increase capacities in order to adapt to such changes. In order to harness opportunities, and to ensure inclusive growth, appropriate and timely policy changes need to take place, and this requires building trust among regulators, politicians, businesses, negotiators and the civil society.

The *State of the Region 2017-2018* report of PECC was released today on the sidelines of APEC senior official and ministerial meetings ahead of the summit. This report includes the results of a survey of over 700 regional policy experts on key developments and challenges that the Asia-Pacific as a region is facing. The survey panelists were selected based on their expertise and direct involvement or influence on regional policy-making, coming from government, business and civil society.

According to the survey, the following issues related to digital economy emerged as part of top-10 priorities that the respondents considered important for the APEC Leaders to address in Da Nang:

- Investing in human capital development in the digital age
- Development of a regional digital economy framework
- Developing a major initiative on the internet/ digital economy



### **About *State of the Region***

The *State of the Region* report ([www.pecc.org/research/state-of-the-region](http://www.pecc.org/research/state-of-the-region)) is an annual statement of PECC’s views on the major developments affecting Asia-Pacific regional cooperation. The report contains a macroeconomic overview of the current state of the region and related issues. It contains results from its annual survey of opinion-leaders of perceptions on key developments in the region and priorities for APEC. It is useful for gauging converging as much as diverging perceptions of stakeholders from business, government, and the research/ media/ civil society. This year, the survey was conducted from 10 August to 14 September and responses were received from 722 opinion leaders.

**Respondents** to the PECC survey are high-profile senior individuals from the academia, business, government, civil society, and the media. They are selected by PECC member committees on the

basis of their level of knowledge of the Asia-Pacific region. The criteria given for the selection of panelists are as follows:

#### *Government*

Panelists should be either decision-makers or senior advisors to decision-makers. The past government respondents included former and current ministers, deputy and vice-ministers, central bank governors and their advisors for Asia-Pacific issues, current APEC senior officials, and former APEC senior officials.

#### *Business*

Panelists should be from companies who have operations in several Asia-Pacific economies or conduct business with partners from the region; this might include each economy's current ABAC members as well as past ABAC members. They may be CEOs, vice presidents for Asia-Pacific operations, and directors of chambers of commerce.

#### *Research Community/Civil Society/Media*

Panelists should be well versed in Asia-Pacific affairs, being the type of people governments, businesses, and the media would tap into for input on issues related to Asia-Pacific cooperation. These include heads of institutes concerned with Asia-Pacific issues, heads of departments, senior professors, and correspondents covering international affairs.

### **PRESENTERS/ PANELISTS:**

#### ***Eduardo Pedrosa, Secretary General, PECC***

Eduardo Pedrosa is the coordinator of *State of the Region* report. Mr. Pedrosa first joined PECC as its Director (Policy Program) in 2000 where his responsibilities included the management and coordination of the Council's research program. He has also worked for the Economist Intelligence Unit, the Konrad-Adenauer-Stiftung, and the Philippine government. He is a graduate of the London School of Economics and Political Science.

#### ***Don Campbell, Co-chair, PECC***

Ambassador Campbell, a Distinguished Fellow of the Asia Pacific Foundation of Canada and Senior Strategy Advisor for DLA Piper, is Co-Chair of PECC since April 2012. He is also the Chair of Canadian committee for PECC (CANCPEC). Amb. Campbell's former appointments with the Canadian government include Deputy Foreign Minister (1997-2000), Deputy Minister for International Trade (1989-1993), Ambassador to Japan (1993-1997), and Ambassador to Korea (1984-1985). From 2000 to 2007, he was Group President of CAE Inc.

#### ***Tang Guoqiang, Co-chair, PECC***

Ambassador Tang served in the Ministry of Foreign Affairs of the People's Republic of China for 38 years. He has served as Ambassador to Norway, and to the Czech Republic, and has been China's Permanent Representative to the United Nations and other international organizations in Vienna, the United Nations Industrial Development Organization (UNIDO), as well as the International Atomic Energy Agency (IAEA) (2006-2009). He also served as the Deputy Commissioner of the Commissioner's Office of the Ministry of Foreign Affairs in Hong Kong (1998-2002), Deputy Director-General of the Information Department and Spokesman of the Ministry of Foreign Affairs (1996-1998), and as Counselor at the Chinese Embassy in the United Kingdom.

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**About the Pacific Economic Cooperation Council**

The Pacific Economic Cooperation Council (PECC) is a non-profit international organization committed to the promotion of cooperation and dialogue in the Asia Pacific. Founded in 1980, PECC is a tripartite network of 26 member committees comprising individuals and institutions dedicated to this shared mission. Of the 26 member committees, 23 represent the economies of Australia, Brunei Darussalam, Canada, Chile, China, Colombia, Ecuador, Hong Kong (China), Indonesia, Japan, Korea, Malaysia, Mexico, Mongolia, New Zealand, the Pacific Islands Forum, Peru, the Philippines, Singapore, Chinese Taipei, Thailand, the United States of America, and Vietnam. The PECC also has one associate member, France (Pacific Territories), and two institutional members, the Pacific Trade and Development Conference and the Pacific Basin Economic Council. As the only non-governmental official observer of APEC (Asia-Pacific Economic Cooperation), PECC provides independent business and research input for the regional policy-making process. [www.pecc.org](http://www.pecc.org)