ABAC Digital and Innovation Working Group

Workshop on Building a Supportive Regional AI Environment: Next Steps for APEC

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The views expressed here are his own and do not necessarily reflect those of the PECC nor its members.
First 30 years of APEC’s existence have seen dramatic increases in prosperity
- Underpinned by substantial expansions in trade and investment flows.

As 2020 approaches both APEC, as an institution, and its region find themselves at a critical and decisive juncture.
- Existential challenges of environmental sustainability and climate change;
- Rapid technological change with both the potential to contribute to an acceleration of the spread of prosperity, but the potential also to intensify social strains and current tendencies toward fragmentation;
- Growing scepticism in some sections of Asia-Pacific societies toward the value of openness and interconnectedness threaten to undermine political support for regional economic cooperation.
Impact of the Covid-19 Crisis on Economic Growth

Question: Please give an assessment of the impact the COVID-19 crisis will have on your economy over the following time periods compared to last year. Average weighted growth based perception survey.
Artificial intelligence can bring unprecedented economic and social benefits.

AI is revolutionizing the ways we live and work but also fueling anxieties and ethical concerns.

Different models of data regulation.

International cooperation in such areas goes beyond trade policy, and includes collaboration on regulatory issues as well as finance in fora such as the OECD and G20.

Recommended need for further setting international standards and promotion of inter-operability.
APEC should take a lead to avoid the fragmentation of the digital economy

Question: Please indicate your level of agreement with the following statements regarding the digital economy.
### Region-wide views on key propositions

<table>
<thead>
<tr>
<th>Proposition</th>
<th>Percentage</th>
<th>Disagree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Building to appropriately regulate emerging technologies</td>
<td>81%</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>Common approach for the protection of privacy</td>
<td>79%</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>Competition policy</td>
<td>78%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Cross-border data flows</td>
<td>73%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Common priorities and responses by members Artificial intelligence (AI) and other path-breaking technologies</td>
<td>73%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Coherent approach to taxation in the digital age</td>
<td>70%</td>
<td>-6%</td>
<td></td>
</tr>
</tbody>
</table>

- Disagree
- Agree
Agreement across stakeholders and sub-regions on the need for APEC to develop common priorities and responses to pathbreaking technologies including Artificial Intelligence

Question: APEC should develop common priorities and responses by members on critical issues associated with related technologies such as artificial intelligence (AI), robotics, block-chain, and quantum computing, as well as other path-breaking technologies.
Impact of Technological Change on Employment Size and Skills Mismatch

Northwest Quadrant: Fewer Jobs and Surplus of Workers

North-East Quadrant: More Jobs and Surplus of Workers

South-West Quadrant: Fewer Jobs and Shortage of Workers

South-East Quadrant: More Jobs and Shortage of Workers

State of the Region Report 2018
Transition of Jobs into the 4th Industrial Revolution

Northwest Quadrant

- Clerical Support Workers
- Personal services and sales workers (shopping sales assistant, waiters)
- Building and Related Trades, Metal, Machinery and Related Trade, Electrical and Electronic Trades Workers
- Handicraft and Printing Workers
- Food Processing, Woodworking, Garment and Other Craft and Related Trades Workers (butchers, tailors)
- Plant and Machine Operators and Assemblers (including train engine drivers, car and other transport drivers, trucks, mobile and fixed plant operators, ship deck crews)
- Cleaners and Helpers
- Laborers in Mining, Construction, Manufacturing and Transport
- Food Preparation Assistants & Agricultural, Forestry and Fishery Laborers
- Street and Related Sales and Services Workers

Southeast Quadrant

- Chief Executives, Senior Officials and Legislators, Administrative and Commercial Managers
- Production and Specialized Services Managers
- Science and Engineering Professionals
- Health Professionals (doctors, nurses, dentists)
- Teaching Professionals
- Information and Communications Technology Professionals
- Science and Engineering Associate Professionals
- Health Associate Professionals (eg medical and pharmaceutical technicians)
- Information and Communications Technicians
- Ship and Aircraft Controllers and Technicians (eg ships' engineers, deck officers and pilots, traffic controllers, air traffic safety electronics technicians)
- Childcare Workers (eg childcare, teachers' aides)
- Elderly care workers
- Protective Services Workers (police, fireman, security guards)

COMMON CHALLENGE BUT DETAILS VARY FROM ECONOMY TO ECONOMY: DEMOGRAPHIC STRUCTURE, LEVEL OF EDUCATION, etc
Current Developments

• Joint Statement Initiative on Ecommerce (WTO)
• Business engagement? Yes this is a trade issue but cross-over and coherence with other groups (it’s complex!)
  – US-Japan Agreement
  – EU-Japan Agreement
  – Regional Comprehensive Economic Partnership
  – G20 DFFT, Osaka Track
  – ASEAN Framework on Digital Data Governance
  – Digital Economy Partnership Agreement
  – Singapore-Australia Digital Economy Agreement
Impact of Covid-19 Crisis: Video Conferencing

- Video Conferencing

- Global Weekly Downloads of Videoconferencing Apps

- Graph shows a linear relationship with the equation $y = 15.79x + 3.53$ and $R^2 = 0.95$.

- Bars represent global weekly downloads from 4th January to 18th April.

- Bar heights range from 4.3 to 52.1.
Where can APEC make a difference?

- Covid-19 Crisis: Pessimism – Chance to Rethink What Matters Implement the APEC Roadmap on Internet and Digital Economy
  - Why AI and Growth? Artificial Intelligence *could* add US$13 trillion to the world economy annually
- APEC’s core value proposition: dialogue mechanism
  - Where are we now?
    - Understanding of key concepts:
      - DEPA
      - CPTPP
      - BRI
      - DFFT
      - JSI

BUT where in APEC should this conversation take place? Are these purely trade policy (CTI) or they better framed as international regulatory cooperation (EC), sectoral coherence (FMP)?
  - Social strains risk gains?
    - Education policy
    - Other tools? FMP, EC, Tele WG.