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Policy Paper: Priorities for APEC 2022 Thailand

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Policy Paper Priorities for APEC 2022 Thailand

The world and the Asia-Pacific region are facing challenges on all fronts, ranging from the unprecedented and devastating socio-economic impact of COVID-19 to the entrenched inequalities and imbalances in the way we live, do business, and between people, living things, and nature – which have been laid bare and exacerbated by the pandemic. The situation is in no small part a result of past practices and ways of life that prioritise profit maximisation and economic growth at all costs. We need a paradigm shift in our mindset and actions to achieve a more balanced and sustainable post-COVID-19 world for our people and planet. Recovery from COVID-19 is an opportunity to re-think and change for a better future.

The Putrajaya Vision 2040 and the Aotearoa Plan of Action laid a new foundation and charted a new course for APEC. As a premier economic forum, APEC’s trade and investment agenda must pivot and incorporate the sustainability and inclusivity aspects to stay relevant and complement global efforts.

This shift will depend largely on our ability to balance all things. As part of the post-pandemic recovery, governments and businesses in many economies have adopted innovative, integrated approaches to advance economic, environmental and social goals. This includes the bio-circular-green (BCG) economy model, as well as the Environmental, Social and Governance (ESG) practices and the Responsible Business Conduct (RBC) among the private sector.

The BCG economy concept integrates three mainstream approaches for a more holistic pathway to sustainability. At its core is a campaign to transform the whole of society to become more balanced and sustainable. It reinforces continuing global efforts on climate change and accelerates the achievement of the Sustainable Development Goals (SDGs). This is the overarching thinking behind APEC 2022 Thailand’s theme, priorities and key deliverables.

The theme for APEC 2022 Thailand is “Open. Connect. Balance.” Under this theme, our three priorities and their corresponding key deliverables build on APEC’s existing work with a new way of thinking.

Open to all Opportunities

Trade and investment have always been APEC’s core objectives and missions. The COVID-19 pandemic has caused unprecedented health and economic disruptions within the region and across the globe. To revitalise economic recovery, APEC must join hands to create a conducive environment for inclusive and sustainable growth by facilitating open trade and investment, improving the business environment and advancing regional economic integration, leveraging digitalisation and innovation. APEC must continue to support a rules-based multilateral trading system with the WTO at its core.

The pandemic has hindered the flow of essential goods and services within and across regions. Trade restrictions caused by tariff and non-tariff barriers have also been aggravated. Supply chains disruptions, in particular of vaccines and related medical products, exacerbated the situation. Building on the 2021 Ministers Responsible for Trade (MRT) Statement on COVID-19 Vaccine Supply Chains and the Statement on Services to Support the Movement of

Essential Goods, we must ensure the safety, efficiency, and resilience of trade in COVID-19 vaccines and related essential medical products. We must intensify our efforts to facilitate movements of essential goods and services, strengthen our supply chains and remove barriers to trade and investment. In the next year, APEC will continue to strengthen customs cooperation, market access and digitalised border process as well as increase the uptake of paperless trading.

As the pandemic has accelerated digital transformation, the public and private sectors need to collaborate on agreed measures to create an enabling ecosystem for the digital economy. We kicked off APEC 2022 by hosting an APEC Digital Trade Symposium on “Advancing Digital Trade Transformation and Connectivity in APEC” to exchange views on advancing efficient and cost-effective business processes by harnessing digital tools. We will continue to accelerate the implementation of the APEC Internet and Digital Economy Roadmap (AIDER) across relevant workstreams, including work on digital payment.

As APEC increasingly enhances its work on sustainability and inclusivity, it is crucial to ensure that our financial infrastructure is designed to support these objectives. In 2022, we will strengthen APEC’s work on financial inclusion to expand the reach to MSMEs, women, youth, the informal sector and groups with untapped economic potentials. We will also promote sustainable finance to enable business communities to integrate ESG practices into their strategies and operations and transition to responsible production and consumption. Thailand will organise a workshop on sustainable finance to explore ways to expand cooperation on this issue, including through capital markets.

A transformation towards inclusive and sustainable growth also requires tackling related domestic or behind-the-border impediments through structural reform. The Enhanced APEC Agenda for Structural Reform (EAASR) and the 2022 APEC Economic Policy Report (AEPR) on “Structural Reform and a Green Recovery from Economic Shocks” will provide important analysis and policy tools to support the green transition. Adapting and strengthening domestic policies and institutions, including economic and legal infrastructure, regulatory practices, as well as public sector and corporate governance will be important.

Aligned with global efforts, we should promote economic policies and recovery that contribute to addressing environmental challenges. Building on the 2021 APEC Ministerial Meeting Joint Statement, we support continued discussions on the impact of non-tariff measures on trade in environmental goods and services and the development of recommendations for potentially producing a voluntary, non-binding reference list with a view to providing guidance for further work, and to update the APEC List of Environmental Goods to HS2022 for reference purposes.

Deepening regional economic integration is essential for COVID-19 recovery. Since our Leaders initiated the conversation on the Free Trade Area of the Asia-Pacific (FTAAP) in 2006 our global environment has continued to evolve prompting us to revisit the key elements of regional economic integration. Thailand will initiate a refreshed conversation on the FTAAP agenda, drawing on lessons learnt from COVID-19 and incorporating emerging trade issues such as health, environment and digitalisation. By taking off our negotiating hats, we can freely contribute to APEC’s role as an incubator of ideas. APEC can play a facilitating role through the Committee of Trade and Investment (CTI) and their sub-for a to stocktake ideas and experience

on this agenda. These efforts strive towards regional undertakings that foster inclusive and sustainable trade and investment.

Connect in all Dimensions

Two years into the pandemic, the connectivity disruption remains one of the pressing unresolved issues in APEC. Border restrictions have significant impacts on cross-border movements, economic activities and well-being of our people, particularly the vulnerable groups. According to a report¹ by the Policy Support Unit (PSU), the estimated direct trade losses due to the fall in cross-border movement amount to –88 - 786 billion USD, while GDP losses for the region from cross-border movement and unrealised economic activity is 1.2 trillion USD.

To revive growth, APEC 2022 will focus on restoring connectivity by resuming safe and seamless cross-border travel, reinvigorating tourism and the services sector, facilitating greater business mobility as well as increasing investment in health security.

Thailand will further the work on safe passage to facilitate the movement of people across borders, starting with essential workers including air and maritime crews. Emphasis will be given to developing an APEC travel protocol leveraging on existing relevant international standards and recommended practices. The protocol will build on existing mechanisms where those who are more ready than others can participate. Together we can work towards enhancing interoperability, consider mutual recognition of vaccine certificates developed or implemented by APEC economies, and provide a platform for exchanging relevant information and best practices.

At the same time, we will place emphasis on strengthening and investing in public health security and resilience, including production, distribution and administration of COVID-19 vaccines and therapeutics. We will support the implementation of the North Star – Towards 2030 Strategy with a view to promoting pragmatic collaboration on APEC’s health and life sciences agenda, including the nexus of health and the economy to prepare for future shocks.

The tourism and services sectors are among the hardest hit from cross-border restrictions. The impact is particularly significant for many APEC tourism-dependent economies, especially among MSMEs, women and vulnerable communities. Thailand will work to promote rebuilding the tourism sector that is sustainable and inclusive. We will promote the regenerative tourism approach, with the aim to actively conserve, revitalise and regenerate the environment while engaging and benefiting local communities and economies in the process.

We will advance the implementation of the APEC Connectivity Blueprint with a view to reaching a seamlessly and comprehensively connected and integrated Asia-Pacific. To enhance connectivity in the long term, Thailand will continue conversations on broadening the scheme of the APEC Business Travel Card (ABTC) or exploring other innovative schemes to facilitate mobility for business people and professionals to travel across APEC economies.

¹ “Passport, Tickets and Face Masks: COVID-19 and Cross-Border Mobility in the APEC Region”, Report, APEC Policy Support Unit, August 2021.

Balance in all Aspects

The pandemic has exposed and worsened inherent inequalities and imbalances that render our economies vulnerable to shocks. APEC economies also continue to face serious environmental challenges, including climate change, natural disasters, and biodiversity loss. APEC needs to re-think its approach to achieve more balance, inclusivity and sustainability, as well as to build resilience and enhance preparedness against future shocks. Therefore, our future growth model must integrate sustainability objectives in tandem with economic goals.

Since 1993, APEC Leaders have committed to advancing sustainable and inclusive growth in tandem with advancing free and open trade and deepening regional economic integration. Since then, there has been progress to drive actions towards this end, notably through the recently adopted Aotearoa Plan of Action, all of which provide solid foundation for APEC to accelerate and integrate actions towards inclusive, balanced and sustainable growth.

There are opportunities to explore innovative models such as the BCG economy as a strategy to transition APEC towards its desired post-pandemic growth. To this end, Thailand proposes a standalone Leaders' document to provide a comprehensive policy option for member economies. The transition should be driven through a two-pronged approach. First, we should prioritise stronger whole-of-society partnerships between governments and stakeholders, particularly the private sector, academia and youth. At the same time, we should promote a whole-of-system approach within APEC to further integrate sustainability across all relevant workstreams and fora. Secondly, new relevant commitments should be explored, such as carbon neutrality, net zero emissions, zero waste, and sustainable and responsible production and consumption. A clear set of indicators may also be explored to measure our progress, identify gaps and guide the way forward.

Many APEC member economies are already implementing inclusive and sustainable practices, at varying degrees and in various forms. To raise awareness and understanding of these practices, Thailand plans a series of engagement with relevant stakeholders to facilitate the exchange of experience, best practices and concrete examples from champion economies.

In the coming year, Thailand will continue to promote gender equality and women economic empowerment through the full implementation of the La Serena Roadmap for Women and Inclusive Growth. Attention will be given to the development of digital skills and capacity building for women entrepreneurs to support their participation in the digital economy and the future of work. The APEC Women and the Economy Dashboard will continue to be a critical tool in monitoring and assessing progress in these key areas.

APEC 2022 will continue to support MSMEs and start-ups to adapt to the new way of doing business and strengthen resilience. Building on the 2015 Boracay Action Agenda to Globalize MSMEs, we will promote their role and contributions to the region's sustainability and green growth, including through the exchange of best practices for green and innovative MSMEs.

We will also continue to engage youth and promote inter-generational exchange. Starting from the Informal Senior Officials' Meeting, youth leaders will be invited to share their perspectives on the most pressing issues facing the Asia Pacific, particularly on climate change and sustainability. Thailand plans to convene the Voices of the Future forum at the 2022 Leaders' Week.

Sustainability starts with how the region fuels its growth, and APEC is on the right track having set the energy intensity reduction and renewable energy doubling goals. APEC is on its way to meet the former, but needs to accelerate its energy transition efforts. APEC should explore how advanced technology can be utilised to produce clean and renewable energy. We will also focus our attention on the issues of waste management and circular economy, building on the growing prominence of these issues in APEC conversations and cooperation.

Sustainability also lies in the way we manage our natural resources. In the next year, APEC 2022 will continue to enhance cooperation on forestry. After four years of absence, Thailand will convene the Meeting of Ministers Responsible for Forestry, with a view to promoting sustainable forest management and rehabilitation. We will also explore ways to further facilitate the trade of legally harvested forest products in the region by exploring the development of a forest timber and products certification and declaration and building on past achievements.

We will emphasise protecting the health of our ocean and marine environment and resources, including strengthening our efforts and utilising data and research to address the problem of marine debris, including plastic litter. In addition, as part of the ongoing work to combat Illegal, Unreported and Unregulated (IUU) fishing, Thailand will promote sustainable small-scaled and artisanal fisheries.

Lastly, we will ensure food safety, security and sustainability for all. APEC should leverage frontier technology and innovation, such as big data, to support its work in this regard. With this in mind, we will concentrate our efforts on developing a quality implementation plan for the newly adopted APEC Food Security Roadmap Towards 2030 to help economies transition towards sustainable food systems and agricultural practices.

Open. Connect. Balance.

Thailand believes that if we want a better future for our people, region and planet, we must change our mindset and actions. Success of APEC 2022 Thailand will rest on collaboration and concerted efforts among all member economies and stakeholders, on the basis of APEC's voluntary and non-binding principles. Let us take the first steps together and act now for our shared sustainable, inclusive and balanced future.

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