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Priorities for APEC 2025 Korea – Policy and Discussion Paper

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- Policy and Discussion Papers

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Policy Paper

Priorities for APEC 2025 Korea

The global economy, including the Asia-Pacific region, has been undergoing fundamental changes. As a region that has thrived upon free and open trade and investment, we are now witnessing a rise in protectionism and a weakening of the rules-based multilateral trading system. We experienced the disruption in the supply chain of key resources, which was exacerbated by the pandemic and regional conflicts. Digital transformation and advances in AI are affecting industries in almost all sectors and reshaping the way we do business, the way we work and the way we learn. Climate change is causing unimaginable natural disasters leading to economic and social chaos. There is also a change in demographics as some economies face declining birth rates and aging population, impacting the labor market and economic growth.

Against this backdrop, the Republic of Korea proposes the following theme for APEC 2025:

Building a Sustainable Tomorrow

The theme embodies our commitment to create a better future for the next generation in accordance with the Putrajaya Vision 2040 which envisions an open, dynamic and resilient Asia-Pacific by 2040. Korea recognizes that a sustainable tomorrow can only be achieved by overcoming common challenges and by taking advantage of developments such as in digitalization and innovation. Furthermore, the economic prosperity and benefits of tomorrow need to be accessible and beneficial to everyone.

As host of APEC 2025, Korea will endeavor to realize this vision through three main policy priorities: Connect, Innovate, Prosper.

1. Connect

Under this priority, APEC 2025 will endeavor to strengthen connectivity through physical, institutional, people-to-people exchanges in the Asia-Pacific region. It is firstly, a response to the weakening of free trade, such as the spread of protectionism and fragmentation of supply chains. Considering the importance of reliable logistics and supply chains, which we all experienced during and post-pandemic, discussions need to continue on cooperation to make supply chains more stable and more resilient to future challenges. However, it is important to consider connectivity alongside existing trade issues such as trade liberalization.

Collaborative efforts for structural reform and financial inclusion will also encourage institutional connectivity to promote a more efficient and more innovative Asia-Pacific region. Such comprehensive policies will in turn create a more stable environment for trade and investment.

Furthermore, projects for people to people exchanges will ensure APEC is more connected in areas other than trade and business, such as science, culture etc.

Fostering a predictable, free and stable trade and investment environment

The Asia-Pacific region thrived upon a free and open trade and investment environment and appreciates the need to have a predictable and stable global trade and investment environment for businesses to compete on a level-playing field, with the rules-based multilateral trade system at its core. APEC 2025 will continue discussion on the initiatives of WTO MC 13 as well as endeavor to achieve support for MC 14.

Facilitating services trade, investment and enhance competitiveness of the services sector

APEC 2025 will continue to pursue the recommendations outlined in the ASCR Mid-Term Review, and will host the annual ASCR Dialogue. The APEC Services Competitiveness Roadmap (ASCR) will conclude in 2025 and the final review will take place under the

support of PSU. We will support the GOS and PSU in conducting the final review, as well as identifying potential objectives and targets for future APEC services agenda.

Advancing discussions on the Free Trade Area of the Asia-Pacific (FTAAP)

APEC 2025 will build upon past efforts and continue discourse on the FTAAP agenda. In particular, it will continue discussions on examining and analyzing areas of convergences and divergences of FTAs and RTAs practices. APEC 2025 will also work on updating and utilizing the Information Sharing Mechanism. Korea will continue to lead the Capacity Building Needs Initiative and will be holding the Capacity Building Workshop on Resilient Supply Chain in 2025. We also look forward to the CBNI workshops led by Australia, Viet Nam and New Zealand on e-commerce, trade and the environment and trade facilitation, respectively.

Throughout 2025, Korea will make preparations for the fifth stage of CBNI and will endeavor to explore relevant topics.

Building a sustainable supply chain

Considering various efforts to enhance stability of supply chains, more needs to be done to ensure reliable logistics and supply chains after the pandemic. While it is important to consider supply chains in terms of existing trade issues, we propose a focus on sustainable growth. APEC 2025 will seek to enhance cooperation to build a sustainable supply chain that can respond to external shocks such as climate change and to secure the stability of trade and investment within the region. A symposium on sustainable supply chain in the trade area will be held for deeper discussions in this area.

Supply chain stability will also be discussed in terms of food security, considering the importance of ensuring a stable food supply chain.

Pursuing structural reform

The current agenda, the Enhanced APEC Agenda for Structural Reform, will guide APEC's work on structural reform until 2025. Work is being conducted to develop a new agenda, the Strengthened and Enhanced APEC Agenda for Structural Reform, which will guide APEC

for another five years.

APEC 2025 will hold the 4th Structural Reform Ministerial to endorse this new agenda as well as lead discussions to create new economic drivers for the future by sharing best practices and providing policy recommendations on innovation in regulations and technologies. We will also hold discussions to address structural challenges, such as finding ways to strengthen economic inclusiveness and promote sustainable development by ensuring fair opportunities and promoting social mobility.

Developing a New Roadmap for the APEC Finance Ministers' Process (FMP)

The Cebu Action Plan has reached its conclusion, highlighting the need for a successor roadmap to address emerging challenges and opportunities. In APEC 2025, Korea aims to develop a forward looking roadmap that emphasizes innovative, sustainable and resilient practices to address shared challenges and future needs in the region. This new roadmap could potentially advance the following aspects as FMP policy priorities for the next five years; Enhance economic dynamism by promoting innovation, Ensure fiscal sustainability by supporting innovation and achieving long-term fiscal soundness, and Secure digital financial stability as a measure to prevent systemic risks in the financial sector. These priorities align with the APEC Putrajaya Vision 2040 and aim to guide collaborative efforts toward sustainable and inclusive growth in the region.

Promoting people to people exchanges

Korea has been working on realizing the APEC Scientist Travel Card Program since last year. It aims to provide visa exemption and fast track immigration process for scientists entering the host economy to attend seminars or conduct joint research. We are now ready to initiate a pilot project with members that are willing to join. It will be an opportunity for scientists to share experiences and promote collaborative research to contribute to the development of science and technology in the Asia-Pacific region.

Connectivity Blueprint (2015-2025)

The Connectivity Blueprint is set to conclude in 2025. In this regard, we need to continue discussions on whether to implement the Final Yearly Review or to move forward with an updated Connectivity Blueprint.

2. Innovate

The second priority recognizes that innovation, in particular digital innovation is essential for accelerating sustainable and inclusive growth. It aims to strengthen the economic competitiveness of the Asia-Pacific region through innovation and digitalization, while focusing on bridging the digital gap, developing human resources, and creating an inclusive technology ecosystem so that all economies and social classes can enjoy the benefits of digital transformation.

Digitalization and new technology cannot be discussed without addressing artificial intelligence. In Peru it was agreed that member economies are encouraged to seek innovative, inclusive, interconnected and sustainable growth by continuing to exchange views and contribute to the relevant ongoing global discussions on AI as appropriate.

AI governance discussions have unfolded across various global platforms, such as the United Nations and at the same time there are some concerns that discussions in various forums may fragment the efforts to formulate a framework on AI governance.

Nevertheless, we cannot avoid discussing AI in APEC as it will continue to impact all our economies across all sectors of industry. In this regard, Korea proposes to hold a discourse on ways for APEC economies to cooperate to implement safe and inclusive AI for the benefit of our people and the Asia-Pacific region.

Facilitating an enabling environment for digital innovation

APEC 2025 will hold the first AI and Digital Ministerial Meeting to discuss ways to address the challenges brought by emerging digital technologies, including AI. It will seek a balanced approach by promoting technological advancements but with a focus on inclusion and will discuss innovation and digital transformation with the aim of enhancing competitiveness throughout the Asia-Pacific region so that everyone will benefit from the

development of new technology.

We aim to encourage further cooperate to foster an inclusive technological ecosystem, by promoting collaborative efforts to bridge the digital divide among and within the economies, by coordinating activities to address the policy challenges in the areas of cybersecurity, data protection and digital skills development.

Furthermore, APEC 2025 will continue APEC 2023 US initiative on holding Digital Month by holding Digital Week to expand discussion on all areas of innovation and digitalization.

Harnessing digital technology for sustainable growth

APEC 2025 will advance the Smart Mobility Initiative, a strategy aimed at promoting eco-friendly mobility technologies, such as low-carbon emission vehicles, autonomous cars and ITS. Discussions on the initiative will address not only responses to climate change but also mobility efficiency, as well as sustainable and inclusive growth.

We will also seek to explore how the initiative ensures access to such technology for everyone. In this regard, we plan to host a Smart Mobility Forum to engage in substantive discussions on the topic with members.

Broadening the horizon for the use of digital technology, including AI

Digital learning, especially using AI-driven technology, is changing the classrooms. APEC 2025 will hold an Education Ministerial where we will be introducing the initiative for AI digital textbook set to be adopted in Korea in 2025. AI digital textbooks play a critical role as a key policy in providing students with personalized learning experiences, supporting teachers in classroom, and reducing educational disparities. We will also host the "Global Education Reform Forum" to share key educational achievements and discuss future directions for education.

Given the growing impact of culture on economic growth, APEC 2025 will hold a High-

level Dialogue on Culture for the first time on the vision and roles of the cultural and creative industries in the digital era. We will seek to address both the opportunities and emerging challenges in the cultural and creative industries in relation to the digital transformation including AI. In particular, we will examine the increasing influence of the cultural and creative industries on economic growth. We will also touch upon the common issues related to copy right and AI-generated work and explore the potential of coordinated efforts. We will seek to explore cooperative ways to close the digital cultural divide and to innovate the art creation ecosystem through AI-related technologies. Furthermore, there will be the “AI and Tourism workshop” to explore the potential of AI as a transformative force to elevate sustainability, inclusivity and prosperity in the tourism sector in the Asia-Pacific region.

Proposal for AI driven cooperation

The emergence of AI technology now cuts across nearly all sectors, from agriculture, to education and to the way businesses work, touching upon all aspects of daily life. APEC 2025 will also be discussing AI across many areas – in the context of trade, as a tool in education, human resources development, and in culture.

Considering that AI affects so many aspects of our economies and our people, we need to ensure that everyone can adapt and benefit from the changes brought about by AI. Building upon the experiences and lessons learned in holding the AI Seoul Summit, Korea seeks to establish a framework for inclusive AI.

3. Prosper

The third priority proposes strengthening cooperation and joint policies to effectively respond to global challenges such as energy issues, climate change, health, food security, change in demographics, etc. The policies include promoting carbon neutrality, expanding clean energy, enhancing the stability of health and food supply chains, and managing resources sustainably. Furthermore, through human resource development initiatives the priority aims to provide opportunities for active economic participation to economic actors with untapped economic potential, including women, micro, small and medium-sized enterprises, and people with disabilities. By seeking common solutions such as interconnection and innovation in response to diverse and complex global challenges, it ultimately aims to pursue sustainable and inclusive growth in the Asia-Pacific region, leading to a collectively prosperous Asia-Pacific community.

In this priority, Korea seeks to bring to the forefront the issue of declining birthrate and aging population. For some economies this will already be a pressing issue, while for some it will be an issue that they will confront in the future. Nonetheless, Korea believes it is time to start discussions on this trend, especially since it impacts the labor force and ultimately economic growth that is sustainable.

(Promoting sustainable growth)

Accelerating the transition to clean energy

The impacts of climate change are becoming increasingly apparent, underscoring the pressing need to expedite clean, sustainable, just, affordable, and inclusive energy transitions through various pathways, consistent with the global ambition of achieving net-zero greenhouse gas emissions and carbon neutrality by or around mid-century. In September 2023, during the UN Assembly, the Republic of Korea proposed the launch of the Carbon-Free Energy Initiative, which centers on reaching carbon neutrality targets through the strategic implementation of carbon-free energy sources. As we prepare for APEC 2025, the Energy Ministerial Meeting will serve as an important

platform to further discuss ways to accelerate energy transitions and ensure energy security. Our discussions will aim to enhance the utilization of various carbon-free energy sources, including nuclear power, renewable energy, and hydrogen while fostering innovation and technological advancements in these domains. Moreover, we are committed to facilitating a constructive Energy Policy Dialogue, focusing on utilizing carbon free energy technology in the power sector to expand clean electricity across the Asia-Pacific region

Promoting a resilient food system in the region

While global issues such as climate change, global population growth and pandemic are increasing concerns about food security, APEC 2025 will hold discussions on an open, fair, transparent, productive, sustainable and resilient APEC food system. Korea believes that it is essential for everyone to always have access to sufficient, safe, affordable, and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

APEC 2025 will explore ways to enhance food security through digitalization and other innovative technologies, etc. While 2025 is the halfway point of the 2030 food Security Roadmap, a mid-term review of the Roadmap will be conducted and APEC 2025 will discuss ways to successfully achieve our goals in the 2030.

Ensuring Sustainable Ocean and Enhancing Resilience

Concerns over global challenges facing the marine sector - such as climate change, marine debris, illegal, unreported, and unregulated (IUU) fishing, and the resulting threats to marine biodiversity – are rapidly intensifying. To address these urgent issues, APEC 2025 will hold the APEC Ocean-Related Ministerial Meeting to pursue a coordinated and comprehensive approach. The meeting will focus on solutions that include leveraging innovative technologies to enhance ocean resilience, including mitigating the impacts of climate change, and promoting sustainable development through marine conservation. The discussions will also explore ways to advance

fisheries and aquaculture for economic prosperity, and foster inclusive economic growth within the ocean economy.

Investing in the future of the Asia-Pacific region

Korea proposes the establishment of an APEC Prosperity Fund for Future Generations. As the theme of APEC 2025 suggests, we are building a sustainable tomorrow for our future generations. Our work our APEC is to make our region more dynamic, more inclusive, more resilient and more prosperous for our future generations. In this regard, the APEC Prosperity Fund is to be used to support the young generation of the Asia-Pacific region, for example to support their participation in the economy, or start up companies, for people-to-people exchanges etc.

(Promoting inclusive prosperity among and within economies)

Advancing empowerment of women

As we arrive at mid-juncture of the La Serena Roadmap, we will evaluate the progress made to ensure women's economic activities have expanded. APEC 2025 will hold the Women and the Economy Forum, particularly touch upon empowering women in terms of digital transformation and ways to enable women to expand meaningful participation in economic activities by addressing the issue of equal access to decent work, childcare, women's decision-making and leadership roles, gender pay gap, etc.

Supporting MSMEs and securing human resources to adapt to the changing environment

MSMEs are the engines of economic growth. APEC 2025 will hold the SME Ministerial and lead discussions on best practices to support MSMEs to promote sustainable and inclusive growth, through emerging new technologies, through policies using smart technology, and through enhanced connectivity. We will also host various side events to encourage and support MSMEs and start ups.

APEC 2025 will also hold the Labor and Employment Ministerial to discuss Sustainable Works of the Labor Market. The meeting will focus on Flexible and Vibrant Labor Market & Protection of vulnerable workers, and Responding to Future Jobs and Active Labor Market Policies.

Enhancing cooperation on public health

While the global economy is recovering from the effect of the Pandemic, we need to be prepared for a global health threat including emerging infectious disease, climate change. APEC 2025 will seek ways on strengthening global cooperation for pandemic preparedness and response, and utilizing digital technologies for health improvement such as ensuring interoperability and data security for health system integration, cloud EMR. We will also have discussions on shared prosperity by overcoming health challenges.

Addressing new emerging issues in demography such as declining birth rate and aging population

APEC 2025 will address the decline in population growth which inevitably effects the labor market, economic growth as well as security. Such decline comes with an aging population which relates to healthcare issues.

Although the pace and stage will be different for each economy, we would like to propose a joint research and joint response to the issue of declining birth rate and aging population.