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Asia-Pacific Perspectives is a key publication of CTPECC and an open forum welcoming submissions of analyses, perspectives, and commentaries on the Asia-Pacific region. The periodical focuses on political, economic, business and social issues.

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Inclusive Growth Agenda for the Asia-Pacific Region

CTPECC

The Asia-Pacific region is increasingly becoming the center of the global economy, driving world economic growth. However, structural changes in the economy and industry caused by the Global Financial Crisis have slowed regional economies efforts to resolve adverse issues hindering quality growth.

Economies in the region have been seeking feasible policy measures to promote inclusive growth. This means economic growth that promotes opportunities equally throughout society and distributes the benefits of increased prosperity in monetary and non-monetary terms more equitably.

Inclusive growth should develop in concert with overall economic growth so that the two can benefit from a synergistic effect. If the two diverge, there is a risk that only a select few ends up enjoying the benefits of faster growth resulting in undesirable outcomes including increased social tensions undermining the consensus for solid growth strategies.

According to research carried out by the Asian Development Bank, promoting economic growth is a necessary condition for reducing poverty. Moreover, the extent of the success of poverty reduction strategies depends not only on the speed but also the form of growth. Inclusive growth places similar emphases on equal opportunities and economic growth. Economic growth should incorporate the following: 1) help mitigate possible distortions

introduced by the market, competition and unexpected market failures, and provide more opportunities for the less well-off in society to grow; and 2) ensure a social safety net for those classified as the chronically poor, to provide for their specific needs.

To sum up, inclusive growth emphasizes equal opportunities for all thereby giving everyone a chance to develop. It promotes creating sufficient number of jobs through solid and continued economic growth, and offering comprehensive social inclusion.

Solid and continued economic growth is driven by the private sector, while the public sector is responsible for providing good infrastructure, human capital and economic stability, and policy measures such as taxation as incentives to cope with market imbalances, reduce the impacts of external factors, and maintain a healthy environment more conducive to investment and business.

Inclusive growth was listed as a core principle of the APEC Growth Strategy in the 2011 Leaders' Declaration. Other principles included balanced, innovative, secure and sustainable growth. The idea of principles is to ensure that all people, in the process of globalization and regional economic integration, have access to opportunities and successes. The strategy also included bolstering the development of micro, small and medium-sized enterprises (MSMEs), promoting the entrepreneurial spirit, boosting human capital development and encouraging employers to hire more manpower. Implementation is expected to improve social safety nets and support disadvantaged groups. The APEC Growth Strategy is therefore geared toward "complete social inclusion."

Furthermore, to sustain high levels of economic growth, innovative growth driven by the digital economy cannot be ignored. New and innovative digital products and services have brought transformed lifestyles and



businesses, causing a digital revolution. The digital economy has rapidly entered the mass market, improving the efficiency of individuals, enterprises and governments, each in their own ways. In view of various priorities and needs in the region, the inclusive growth agenda in the Asia-Pacific should address the following key elements: the digital economy, MSMEs, women's empowerment, and jobs and skills.

Digital Economy

There is currently a huge gap in economic development in the Asia-Pacific region. Several economies are still in the emerging and middle-income category. With appropriate investment, digital technologies and innovative business models could contribute to overcoming obstacles to economic development and financial inclusion.

Digital economy by definition refers to the economy supported and promoted by digital computing technologies. The traditional economic system is constrained by the law of diminishing returns. However, the digital economy will change the rule of the game to enjoy the "law of increasing returns", simply because all data can be processed and digitalized to be knowledgeable products. In addition, the digital economy will also help increase government efficiency, transparency and inclusiveness. The digital economy will certainly require an optimal budget allocation, but in the following decade it will be a core factor in promoting inclusive growth.

MSMEs

Most businesses in the Asia-Pacific region are characterized as MSMEs. They provide the highest percentage of jobs. Hence, they are important

drivers of inclusive growth and increased competitiveness. During the digital transformation of the economic and business environments of small enterprises, policymakers should provide business information, training, and access to funds to increase the competitiveness of MSMEs at good times and enhance resilience at bad times. This will also enable these enterprises to integrate more smoothly into global value chains and allow them to take more independent and critical roles in the regional economy.

Women Empowerment

This will be a crucial factor driving economic prosperity and growth in the Asia-Pacific region. Women constitute half of the world's population, yet their participation in the global labor market is not proportionate. There remains considerable growth potential in this area. Increasing the labor participation of women will certainly bring added value, create socio-economic benefits and ultimately contribute to inclusive growth.

The public, business and labor sectors should work together to bring about equality in work and life to encourage and empower women into the workplace. Promoting professional skills training to increase the areas in which women can develop further will also enhance the quality of family life.

Jobs and Skills

To increase the employment rate and competitiveness of the unemployed and young graduates, we need to make certain investments in human capital development. This entails making available relevant and specific professional skills training, providing assistance for the physically and mentally disabled,



as well as offering a diversity of choices in education and vocational training.

Establishing links between academic and technical competencies, providing practical and accessible training options, helping people gain new skills are all important objectives. Investments made now to better equip the human resources adapt to the fast-changing nature of jobs will go a long way toward addressing the potential gaps in the future labor market.

(This article is reprinted from "State of the Region 2017-2018")

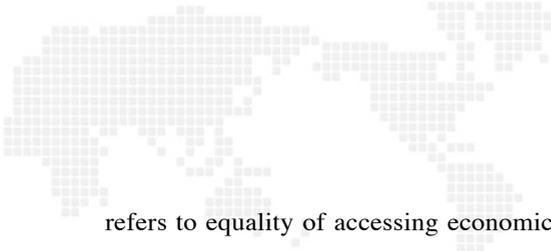
APEC 2017 Outcomes and Looking Forward

Wayne Chen

After 10 years, Vietnam again hosted APEC in 2017 and held the Summit in Da Nang in November. Under the theme of Creating New Dynamism, Fostering a Shared Future, 4 priority areas were identified, namely, 1) Fostering Sustainable, Innovative and Inclusive Growth; 2) Deepening Regional Economic Integration; 3) Strengthening MSMEs' Competitiveness and Innovation in the Digital Age, and; 4) Enhancing Food Security and Sustainable Agriculture in Response to Climate Change.

Advancing Inclusive Growth is crucial to Build the APEC Community

Different from years past, APEC 2017 gives high priority to inclusive growth as reflected by the sequence of the priority areas. That is Fostering Sustainable, Innovative and Inclusive Growth replaced the issue of Deepening Regional Economic Integration at the first place among all the 4 priority areas. On the other hand, Viet Nam proposed the APEC Action Agenda on Promoting Economic, Financial and Social Inclusion in the APEC Region which was endorsed by Leaders and adopted as one annex of the Leaders' Declaration. The Inclusion Action Agenda aims to improve regional inclusive growth by advancing three key pillars: Economic Inclusion, which



refers to equality of accessing economic opportunities for all citizens and to meaningfully participate in economic activities; Financial Inclusion, which implies that equal access to useful and affordable financial products and services to meet people's needs is essential; and Social Inclusion, which is defined as the process of improving engagement in society for vulnerable groups and people in remote areas and poverty. Inclusive growth, one of the 5 attributes of APEC Leaders' Growth Strategy, was highly attended for the first time after APEC 2015 renewed the Growth Strategy. The Inclusion Action Agenda also shows that APEC is extending its endeavor of boosting economic growth to enhancing quality of growth. The gradual shift from economic growth agenda to sustainable development context revealed by APEC 2017 is no doubt one significant legacy Vietnam left in APEC.

Along the line of emphasizing inclusive growth, the APEC Framework on Human Resources Development in the Digital Age was selected as the other annex of Leaders' Declaration this year is. Advancing working skill of current labors as well as education systems for students to adapt to the forthcoming digital era are crucial to release business potentials of citizens and improve access to economic opportunities for youths, women, and people in remote areas. APEC 2017 in so doing attaches great importance to capacity building and training programs as pathways to inclusive growth. The primary initiatives of APEC 2017 are sorted by 4 priority areas as shown in Table1.

Table 1: Primary Initiatives of APEC 2017

Priority Areas	Primary Initiatives
Fostering Sustainable, Innovative and Inclusive Growth	APEC Action Agenda on Promoting Economic, Financial and Social Inclusion in the APEC Region
	APEC Internet and Digital Economy Roadmap
	APEC Framework on Human Resources Development in the Digital Age
Deepening Regional Economic Integration	APEC Cross-Border E-commerce Facilitation Framework
	Monitoring Framework of APEC Supply-Chain Connectivity Framework Action Plan (SCFAP) II 2017-2020
	APEC Best Practices for Promoting Supporting Industry in the Asia Pacific Region
Strengthening MSMEs' Competitiveness and Innovation in the Digital Age	APEC Strategy for Green, Sustainable and Innovative MSMEs
	APEC Initiative on Promoting Innovative Start-Ups
Enhancing Food Security and Sustainable Agriculture in Response to Climate Change	Food Security and Climate Change Multi-Year Action Plan (MYAP) 2018-2020
	Action Plan on Rural-Urban Development to Strengthen Food Security and Quality Growth

In this light, Economic and Technical Cooperation is further addressed besides the pillar of Trade and Investment Liberalization and Facilitation, particularly on empowerment and narrowing development gap across the APEC region facing the rapid increasing challenges of automation and digitalization. The APEC Internet and Digital Economy Roadmap conducted in 2017 is a cornerstone in this regard and will serve as a guideline to identify potential areas of cooperation and coordinate efforts of APEC economies on promoting Internet and Digital Economy. 11 key focus areas were highlighted in the Roadmap and would be concentrated for years to come, they are 1) Development of digital infrastructure; 2) Promotion of Interoperability; 3)



Achievement of universal broadband access; 4) Development of holistic government policy frameworks; 5) Promoting coherence and cooperation of regulatory approaches affecting the Internet and Digital Economy; 6) Promoting innovation and adoption of enabling technologies and services; 7) Enhancing trust and security in the use of ICTs; 8) Facilitating the free flow of information and data; 9) Improvement of baseline Internet and Digital Economy measurements; 10) Enhancing inclusiveness of Internet and Digital Economy, and 11) Facilitation of E-commerce and Advancing Cooperation on Digital Trade.

Papua New Guinea will further Inclusive Growth and Internet Economy

According to the latest documents for the preparation of the Initial Senior Official Meeting to be held in Port Moresby, the theme and priority areas of APEC 2018 are:

Theme: Harnessing Inclusive Opportunities, Embracing the Digital Future
Priority Areas:

- 1.Improving Connectivity, Deepening Regional Economic Integration.
- 2.Promoting Sustainable and Inclusive Growth.
- 3.Strengthening Inclusive Growth through Structural Reform.

Apparently, inclusive growth will continue to be centered among APEC works and discussion for the coming year and further associated with the internet economy. Utilizing Information and Communication technologies (ICT) is now new and has been recognized as one important means to promote innovative development and empower economic participation of citizens especially youth, women and people living in far. For example, the APEC Digital Opportunity Center (ADOC) Initiative proposed by Taiwan

is well known for narrowing and transforming digital gap into digital opportunities across the Asia-Pacific.

However, current internet economy driven by industry 4.0 and new technologies, such as Artificial Intelligence, is an even more powerful driver for economy and penetrating in people's living in a more holistic manner. Opportunities brought by the new wave of technological innovations also refer to fast-evolving challenges requiring rapid response on training and education, infrastructure, industrial development, regulatory reform, and so on.

Particularly for developing economies who are lack of capital and human power on the promotion economic and social transformation facing such challenges. Considering Papua New Guinea's intra-regional and domestic development challenges and priorities, it is not surprising that drawing resources and expertise to accelerate its pace towards a digital future is of high priority and will be intensively attended in APEC 2018.

(Wayne Chen is an Associate Research Fellow, TIER)



Moving Forward Despite of Protectionist Turbulence

Eric Chiou

The year of 2017, from various perspectives, can be viewed as a critical test for the development of regional integration in the Asia-Pacific. Although numerous challenges have appeared and, to different extents, obstructed the further progress of regional integration in the area, the fact shows that the determination of most countries in the Asia-Pacific region to continue deepening regional economic integration has not been wavered. The most significant evidence is that the Declaration of the 2017 APEC Economic Leaders' Meeting has indicated no sign of retreating back from APEC's consistent commitment on facilitating a free and open regional environment.

As an APEC host member in 2017, Viet Nam proposed the theme of "Creating New Dynamism, Fostering a Shared Future" as APEC's annual objectives, which appropriately reveals what APEC members desperately need in the recent years of economic uncertainty, due to increasingly prevalent trend of anti-globalization. Indeed, in the aftermath of the 2008 Global Financial Crisis, the world economy has not totally recovered from the greatest recession since the 1930s, but remained weak and fragile. Hence, it is critical for countries to make collective actions and to pursue new dynamism for fostering the global economy.

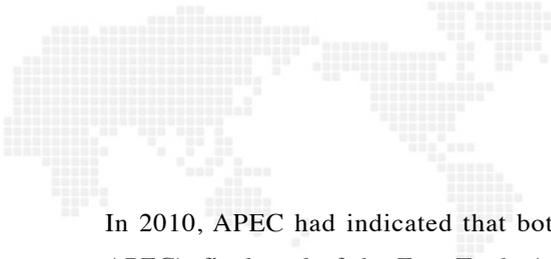
On the other hand, owing to the devastated consequences of the 2008 Global Financial Crisis, for preserving national interests, many countries

have turned their sails toward the direction protectionism. In other words, free trade, economic globalization, and regional economic integration have no longer been perceived as self-evident maxims, but the subjects need to be reexamined and reconsidered. In other words, the vision of global economic future is no longer the same among states, neither is an ultimate goal that most states would pursue and cherish. As a result, APEC needs to "foster a shared future" to prevent the further deterioration of economic disarray in the region.

In the year of 2017, several challenges have posed negative impacts on the progress of regional integration in the Asia-Pacific region, and therefore undermined the achievements that APEC has been accomplished in the past decades. The first challenge comes from the US president, Donald Trump and his American First Policy, as well as his preference of unilateralism and denouncement of multilateralism.

Although he merely came to power less than one year, Trump's trade policy has brought significant and overwhelming impacts on the direction of the global economy. Right after his inauguration, Trump waited no time to withdraw the US from the Trans-Pacific Partnership (TPP) and left other 11 TPP members to wonder about the future of this pending trade pact. In addition, the Trump administration also intends to reopen negotiations with its FTA partners in order to maximize its national interests. South Korea and the other two members in the North American Free Trade Agreement (NAFTA), Canada and Mexico, were forced to surrender to US pressures and agreed to renegotiation. The US unilateral trading policy and conducts have not only impeded progress of regional integration, but also induced more unstable factors in the world trade.

The second challenge in the region is the further postponement of the conclusion of the Regional Comprehensive Economic Partnership (RCEP).



In 2010, APEC had indicated that both TPP and RCEP are pathways to APEC's final goal of the Free Trade Area in Asia-Pacific (FTAAP). Since Trump decided to withdraw from TPP, RCEP has been highly expected as the last resort to save regional integration from a total collapse in this region. Nevertheless, the unbridgeable divide between RCEP members have let its negotiation extremely difficult to achieve consensus. Therefore, the conclusion of RCEP has been postponed again to 2018. The expectation of RCEP to play a major role in leading regional economic integration in the Asia-Pacific region has proved in futile.

Nevertheless, despite two challenges mentioned above, some encouraging signs are worthy of noticing in terms of regional integration. The first is the revival of TPP, despite no US participation. The TPP-11 countries have reached an agreement in November and decided to replace TPP with the new name, "the Comprehensive and Progressive Trans-Pacific Partnership" (CPTPP), representing this new regional integration initiative without the US.

This development reveals that despite the lack of the US, other 11 TPP members are still willing to keep their commitments to fostering regional integration, which implies that the majority of TPP members consider that the establishment of this regional integration initiative is largely beneficial to them. In other words, the US unilateralism and protectionist tendency have not deterred other countries from making efforts to deepen regional economic integration.

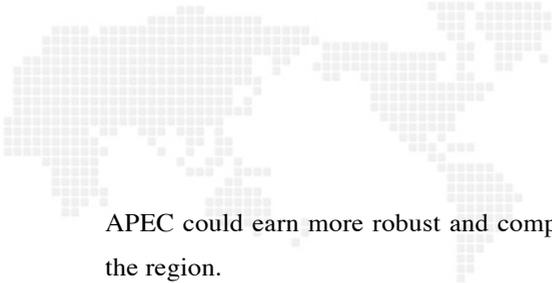
The second is that China becomes a self-appointed vanguard of global free trade and a defender of economic globalization. Relevant remarks regarding Chinese trading policy can be seen from the Chinese president Xi Jinping's speech in the APEC Leaders' Summit this year. Though oddly, but not surprising, China assumes the leadership of economic globalization

which is discarded by the US, and proclaims its steadfast commitment to free trade and open markets. After all, China is the largest beneficiary from the latest economic globalization in the recent decades. Maintaining an open global market as well as free flows of trade and investments certainly fits its national interests and economic goals.

In contrast, the US is properly the victim of the recent globalized economy. Due to the growth of outsourcing and the loss of manufacturing jobs, these developments have severely eroded the fundamental health of American economy, which have not only triggered serious problems of unemployment and social instability, but also worsened US trade deficit and increased US debt. Hence, it is understandable why the Trump administration has decided to turn its back on the WTO and adopts unilateral or bilateral approaches to pursue its interests.

The final is the APEC's commitment on promoting a free and open trade and investment in the Asia-Pacific region. In this year's APEC Leaders' declaration, despite US objection, APEC leaders have overcome discords and reached consensus on advancing free and open trading and investment, which shows that most APEC members have decided to pursue the approach of deepening regional integration.

In the world of mounting economic uncertainty, it is critical and vital for APEC to unwaveringly persist the path of further free and open market environment, since this path will bring benefits to most countries in the region. Meanwhile, as APEC makes its commitment on further trade liberalization, it is also important for APEC to be considerate to understand the concerns and anxieties from some countries which experience negative impacts from regional integration. After all, a prosperous and durable economic development in the Asia-Pacific region should positively contribute to all countries' economic growth in the region, which is the only way that



APEC could earn more robust and comprehensive support from members in the region.

(Eric Chiou is an Assistant Professor of National Chiao Tung University)

The State Must Help Athletes to Transition

Gary Chen

The Taipei Summer Universiade's conclusion is a reminder that young athletes must consider what their professional career will be after their competitive career ends. Not too far down the road, they will need adequate professional skills to build a second career.

Youth employability has been one of the main focuses of APEC. During last year's APEC education ministerial meeting, the topics included how best to address rapid social change.

Taiwan pushed for the APEC economies to expand their job markets, to implement economic policies conducive to job creation and to establish frameworks designed to further develop human resources, professional skills and skills training for young people.

The nation has policies to assist young people with the difficulties of a career transition, such as guiding athletes who want to become trainers or staff in sports organizations; subsidizing companies employing outstanding sportspeople; promoting enterprise sports leagues; and through corporate sponsorship, enhancing the athletes' professional standards and their participation in courses related to job-seeking, entrepreneurship and preparatory training.

To incentivize outstanding athletes, Singapore provides full sports



scholarships, while Indonesia gives economic subsidies, depending on age level.

Taiwan provides scholarships for athletes with impressive achievements: Those ranked in the top three at an Olympic competition can earn from NT\$5 million to NT\$20 million (US\$165,804 to US\$663,218) to have sufficient funds to face future challenges.

Given the similarities between outstanding athletes and successful entrepreneurs, sportspeople have more potential to start a business than the average person.

The Singaporean government, in partnership with the Action Community for Entrepreneurship, has launched the Sports Excellence Entrepreneurship plan, providing athletes with entrepreneurship guidance and instruction; assistance in obtaining funding, hardware, facilities, technology and knowledge; and an interactive platform giving entrepreneurial athletes access to business networks.

Malaysia is interested in helping its entrepreneurial youngsters hone their business skills, with the Malaysian Global Innovation and Creativity Center offering business-related courses, which range from financial management to marketing that can be tailored to the entrepreneur's needs.

All this shows how extensive the policies of different nations, Taiwan included, are for helping young athletes find jobs, with career guidance and scholarships.

Considering both the policies of other APEC economies and the nature of Taiwan's education and sports systems would help the government to draw up a comprehensive policy that suits our athletes and provides them with what they need to develop their careers.

In addition, if government, business and academia can partner together, this would hugely benefit athletes in each of the economies. Within these

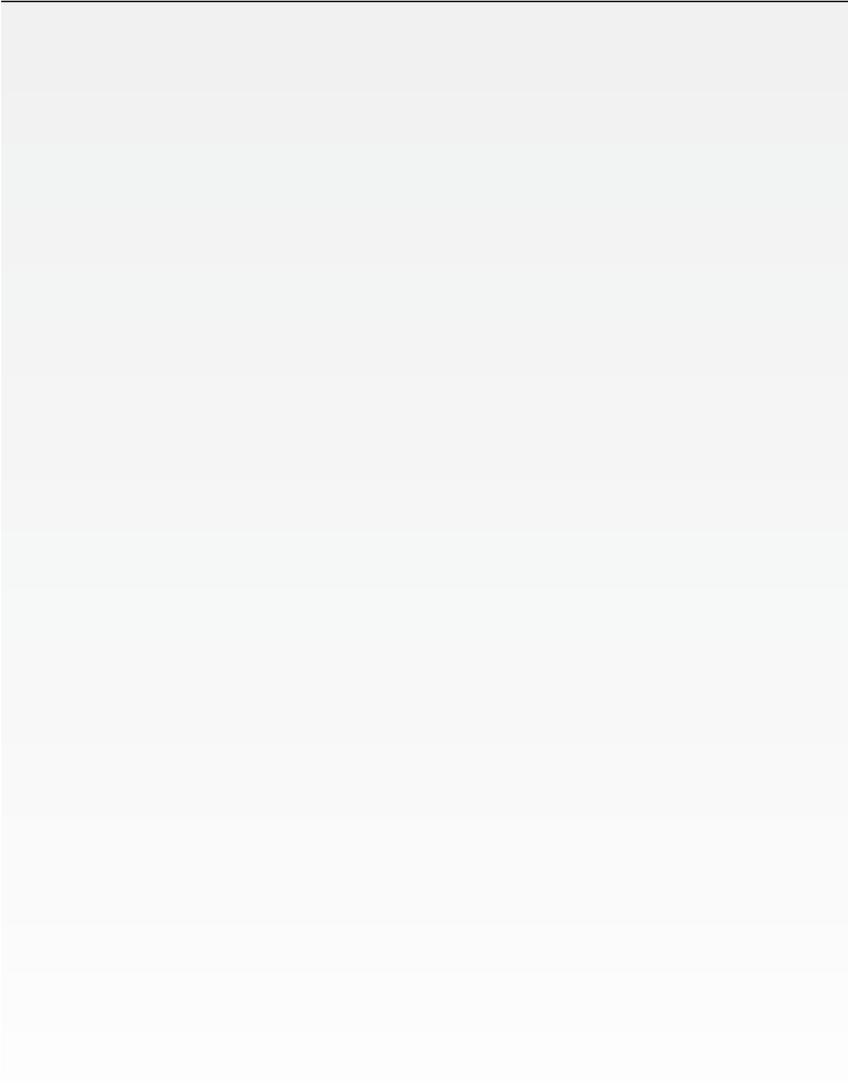
partnerships, the governments could play bridging roles, and create a platform that gives business and academia opportunities to cooperate and grants young athletes access to resources.

The government should also provide businesses with resources to encourage them to sponsor young athletes, and subsidize schools so that they have adequate funding to employ coaches or offer the appropriate courses to assist young athletes.

In this way, it would be possible to efficiently coordinate the related resources and help these athletes with their future careers.

(Gary Chen is an assistant research fellow at the Department of International Affairs of Taiwan Institute of Economic Research. This article is reprinted from Taipei times, September 4, 2017. Translated by Paul Cooper)

Memo





Memo

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