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Chinese Taipei Pacific Economic Cooperation Committee (CTPECC)

Editorial Statement

The Pacific Economic Cooperation Council (PECC) is a unique tripartite partnership of senior figures from business, government and academia who participate in a private capacity to freely discuss current practical and policy issues affecting the Asia-Pacific region.

Established in 1980, PECC currently comprises 26 members from across the region, each with their own committee. Of these members, one is an associate, while two are institutional members representing the Pacific Trade and Development Conference (PAFTAD) and the Pacific Basin Economic Council (PBEC).

As the sole official non-governmental observer of APEC since the latter organization's founding in 1989, PECC has provided information and analytical support to APEC, and has also channeled and facilitated the private sector's participation in APEC projects and processes.

The Chinese Taipei Pacific Economic Cooperation Committee (CTPECC) was formed in 1984 to participate in PECC events as an observer, and in November 1986, its application for full membership was approved at the 5th PECC General Meeting, since which time CTPECC has been a full and active member of PECC.

The Chairman of CTPECC is Dr. Chien-Fu Jeff Lin, President of the Taiwan Institute of Economic Research (TIER), and the Secretariat of CTPECC is located at the TIER Department of International Affairs. The Director General of CTPECC is Dr. Darson Chiu.

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 newsletter focuses on political, economic and social issues.

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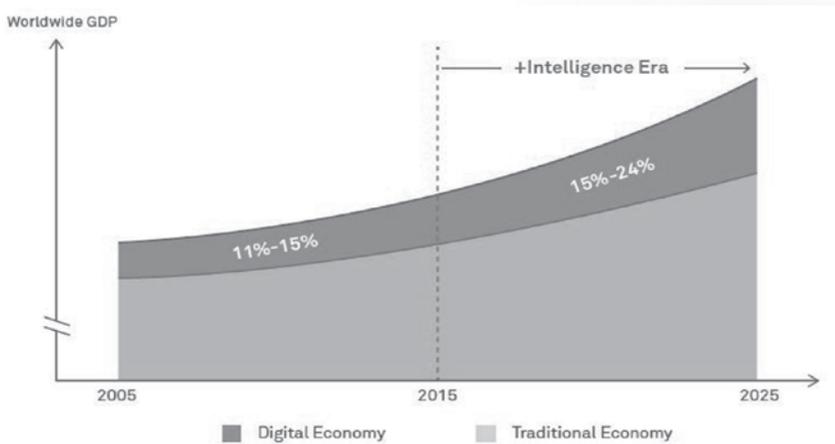
APEC's New Priority: An Asia-Pacific Digital Vision

Chien-Fu Lin

Over its nearly three-decade lifespan, APEC has served an important role in promoting regional development. But with the APEC Bogor Goals set to expire in 2020, we must think about how to make APEC relevant for the challenges of the decades ahead. It is firmly believed that the priority areas for cooperation in APEC's post-2020 vision should focus on the fields which can help us maintain and drive economic growth into the future.

To meet this goal, it is very important that constructing a collective Digital Vision for the Asia-Pacific region will be essential. In economic liberalization, trade facilitation, and business cooperation, APEC has secured significant regional progress. As shown in many evidences, the APEC region has definitely achieved solid and consistent increases in real and per capita GDP, with the latter increasing threefold since the formation of APEC in 1989.

Digital Economy Growth



Source: Huawei and Oxford Economics (2017), “Digital Spillover: Measuring the True Impact of the Digital Economy” at www.huawei.com/minisite/gci/en/digital-spillover/files/gci_digital_spillover.pdf

This growth trend has built on itself, expanding the cross-sector digital asset base while amplifying the spillovers that flow from it. Over the past 10 years, the digital economy went from 11 to 15 percent of global GDP. We can certainly expect that share to continue to increase as we enter the era of Artificial Intelligence. But now, with the arrival of the digital age, it is time for APEC to take on new challenges. After all, we all have to deal with the changes brought by digitization, technological advancements and automation.

In this key area, APEC's efforts have centered around developing policies and strategies to facilitate digitally driven trade and development. This actually means taking steps to enhance access and connectivity to mobile networks, and to promote infrastructure development and modernization



of regulations and standards so that they are compatible with fast-changing trends in data movement and security considerations.

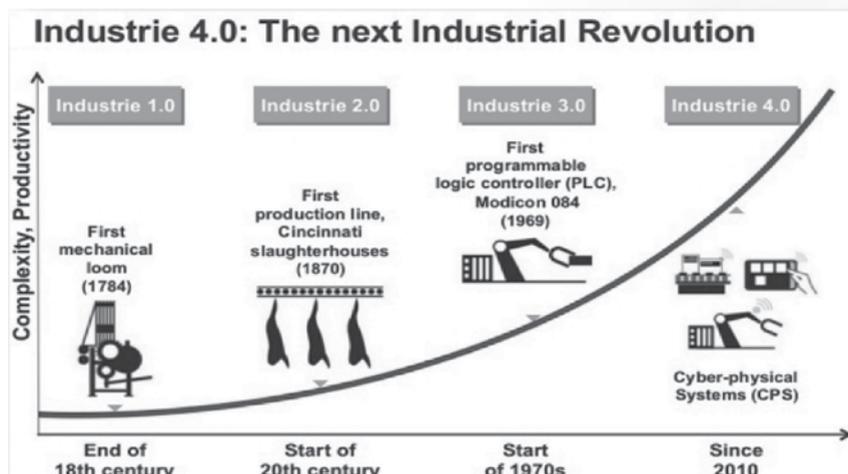
The digital economy has been at the top of the agendas of many other international bodies, including the OECD, G-20, and World Economic Forum. These organizations are all working toward the common goal of building a digital economic ecosystem. The OECD has held digital ministerial meetings since 2016 to discuss policy options which can meet the new needs of the digital era. The G-20 has convened annual ministerial-level gatherings since 2017 focused on digital inclusiveness, digital government and job skills for the future. And the World Economic Forum, for its part, has proposed a concept for shaping the future of the digital economy and society, which it hopes can serve as a platform for global digital cooperation.

In the 1970s, the invention of the personal computer inaugurated the Information Technology Era. In this era, all kinds of information were transcribed into data files for storage, access and transmission on increasingly integrated computing systems. Driven by the development of computing and telecommunications technology, the IT era in turn drove breakthroughs in other technological fields such as e-commerce and e-government.

Now, we are living through a new era of even more spectacular technological change. Digital technologies are becoming faster, more powerful and cheaper, and converging with one another in ever more innovative ways to amplify their potential. Over the last three decades, the virtuous circle of technological breakthroughs has become a central driver of global economic growth and their importance is growing. It has changed the way we work, play, communicate, and think.

In the data technology, or DT era, it is the customer who is the core, and one must serve others. Self-limitation and self-management are dominant in the IT era. However, the major part of technological development is devoted

to public service and boosting productivity.



In line with this process, we in APEC ought to orient our Asia-Pacific Digital Vision around the priorities of integrating IT industry development and promoting the seamless flow of data across technology platforms, users, and workers, with the goal of generating more, and more inclusive, economic growth. It is therefore suggested that this future stage of the digital process be known as “digital growth.”

This Vision should have three main thrusts: one, making APEC a key global platform for digital economy governance; two, promoting open and inclusive digitalization; and three, strengthening digital investment and capacity-building.

First, government services and regulatory bodies must be able to quickly adapt to changes and innovations in the market. It is critical that APEC continue to serve as a platform for exchanging experiences and best practices



in digital economy regulation and governance. APEC's role in promoting Cross-Border Privacy Rules and establishing an investment environment based on digital trust can and should be extended to promote further discussions and regional frameworks to make digital trade more predictable, secure, standardized, and integrated.

Second, we need to reduce barriers to digital trade and make it more transparent, lowering the threshold for small and medium size businesses to enter the digital value chain. In this, APEC must maintain its spirit of inclusiveness in expressing a future digital vision which can help bridge the digital divide and distribute the benefits of digital trade to all sectors of society.

Third, APEC must also work to promote member economies' digital resilience and digital literacy, which includes teaching citizens how to navigate a changing economic landscape and educating businesses on how to overcome the difficulties posed by economic transformation.

(Dr. Chien-Fu Lin is the Chairman of CTPECC.)

Seeking to Join CPTPP is Critical for the Economy of Taiwan

Darson Chiu

For most economies, trade is an essential engine for creating job opportunities, acquiring technologies, and offering consumers more options. And free trade, as the elimination of trade barriers, can fine tune the game of comparative advantage in international trade. Under free trade, overall economic welfare can be maximized and resources can be optimally allocated. Free trade, in short, offers a fair chance to compete.

On this playing field, more competitive industries will inevitably emerge on top, and more vulnerable sectors will lose out. Free trade can also bring in outside competition, which can have severe negative effects on unprotected domestic industries over the short run. But over the long run, this added competition can help make certain industries more healthy and resilient. As a result, free trade can ultimately help promote economic growth.

Though Taiwan is a trade-oriented economy, its free trade agreement (FTA) coverage is insufficient, and it has not yet had a fair chance to compete in the international arena. Time and time again over the years, exports have been proven to be the most important and reliable engine for driving the economy of Taiwan, with the most recent example being the economic slowdown between the second half of 2014 and the first half of 2016 due to the plunge in global crude prices. Though most East Asian countries, Taiwan included, experienced consecutive declines in exports at some point during



that period, Taiwan was the only country that suffered a three quarter-long recession lasting from the third quarter of 2015 to the first quarter of 2016.

Of all of Taiwan's exports, around 34 percent are information technology parts and components, 11 percent are communication products, and 55 percent are traditional manufacturing products such as basic metals, machinery, plastics, chemicals, equipment, and textiles. This means that 45 percent of Taiwan's exports are high tech items that do not face tariff barriers in most of Taiwan's exports destinations thanks to the Information Technology Agreement (ITA) enforced by the WTO in 1997. However, the other 55 percent of Taiwan's exports in traditional products must cope with tariff barriers ranging from 5 percent to as high as 40 percent, precisely because Taiwan has not yet concluded or finalized an FTA with any major world export destination.

South Korea has been Taiwan's foremost competitor for global export market share, given that 80 percent of exports from South Korea and Taiwan are similar in type. But because of its FTA disadvantage, Taiwan has been losing ground to South Korea. For example, Taiwan's share of the Southeast Asia market was larger than South Korea's until 2007, when an FTA between South Korea and the Association of Southeast Asian Nations (ASEAN) came into effect. The ASEAN region is Taiwan's second-largest export destination, behind only China, with the US and Europe as Taiwan's third and fourth-largest destinations, respectively. With South Korea having concluded FTAs with all of Taiwan's major external markets, and its FTA coverage almost eight times that of Taiwan's, Taiwanese exporters have been gradually losing valuable market shares to South Korean industry. Moreover, trade and investment are highly correlated, and so Taiwan's outbound investments in those markets have significantly decreased over time. And this decreasing outbound investment is reducing the ability of Taiwanese businesses

operating overseas to form supply value chains alongside domestic firms. Since more than 78 percent of Taiwan's exports are intermediate goods, weakening supply chains leads to slower GDP growth and export momentum.

It is therefore crucial for Taiwan to sign as many FTAs as it can in order to have a fair chance at competing. Given that Taiwan is lagging far behind its major competitors, Taiwan ought to target the most advanced FTA it can -- namely, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). CPTPP currently has 11 members, and they are all economically vibrant economies in the Asia-Pacific region. These CPTPP members account for about 13.3 percent of global economic capacity and 14.5 percent of the world's total trade volume. And CPTPP has been widely recognized as one of the highest-quality multilateral FTAs, with extremely comprehensive coverage across all relevant economic and trade dimensions.

CPTPP may not offer what its predecessor, the Trans-Pacific Partnership, might have, after US President Donald Trump issued an executive order in January 2017 withdrawing the US from the original deal. It is true that the US is a singularly important and irreplaceable market, but the CPTPP process is expandable, and CPTPP can welcome other members after it enters into force. With CPTPP setting a high standard for ongoing and future FTAs, Taiwan needs to do all it can to secure inclusion.

Taiwan has been a dedicated member of Asia-Pacific Economic Cooperation (APEC) since 1991, and the 2014 APEC Leaders' Declaration stressed that the long-term APEC vision for a Free Trade Area of the Asia-Pacific (FTAAP) should be fulfilled by APEC members voluntarily and non-bindingly through a process conducted parallel to APEC itself. The APEC Leaders' Declaration in 2016 reiterated that the FTAAP and APEC processes were parallel, and that FTAAP would be realized through ongoing projects including TPP (now CPTPP).



It is noteworthy that, among all regional FTAs under consideration, CPTPP is the only such process with members that are all APEC economies. As a dedicated APEC economy, Taiwan absolutely wants to be included in FTAAP. And it has been confirmed in APEC that Taiwan must first gain CPTPP membership in order to eventually join FTAAP.

Joining the CPTPP would certainly create substantial pressure for certain industries in Taiwan. But short-term impacts could be converted to long-term resilience given proper planning. The deal is crucial if Taiwan's manufacturers and exporters are to have any chance of competing internationally. Seeking to join the CPTPP is, without question, critical for the future health of Taiwan's economy.

(Dr. Darson Chiu is the Secretary General of CTPECC)

The 2018 IeSF ESports World Championship Will Take Place in Kaohsiung

Gary Chen

The International e-Sports Federation (IeSF) has announced that Taiwan's port city Kaohsiung will host the 10th ESports World Championship in 2018. The 2018 ESports World Championship is scheduled to take place at the Kaohsiung Arena (K-Arena) from November 9 to 11 and is expected to surpass all previous championships in scale with hundreds of players, officials, and press representatives from over fifty different economies expected to attend.



The IeSF ESports World Championship is the largest international eSports competition organized by the Federation. It is also the largest eSports competition in the world with team participants. The IeSF, which



was established in Seoul, Korea in 2008, launched the first IeSF Challenge in 2009; the Challenge gradually transformed into what is now the IeSF ESports World Championship, an international event that all economies enthusiastically participate in. Previous host cities for the IeSF ESports World Championship include Seoul and Busan, Korea; Bucharest, Romania; Baku, Azerbaijan; and Jakarta, Indonesia.

In contrast to other commercial eSports competitions, the IeSF ESports World Championship views eSports as a formal sports category. Therefore, the ceremonial aspects and scale of the IeSF ESports World Championship are comparable to other formal sporting events in which economies form their teams to compete. The previous nine IeSF ESports World Championships included eleven competition categories, making the IeSF ESports World Championship a major competition and exchange platform for its economies and leading to its playing a key role in promoting eSports and in correcting public stereotypes about eSports. Major sporting competitions such as the Asian Indoor and Martial Arts Games and international sporting organizations refer to the rise of the IeSF ESports World Championship when managing their own sports, a fact which further highlights the amazing success of the IeSF ESports World Championship.

The official athletes' oath ceremony at the IeSF ESports World Championship



The IeSF ESports World Championship is immensely popular. Applications to host the tournament are subject to certain criteria such as the host's level of participation in eSports, the comprehensiveness and feasibility of the proposal, their eSports experience and the capabilities of cooperating local organizations, government support, and the extent of domestic eSports promotion and future planning. During the final interview, five committee members of the IeSF ESports World Championship Organizing Committee raise questions concerning event planning, the applying economy's experience in holding sporting events, the degree of logistical planning involved, budgeting, regulatory requirements, international and diplomatic policies, and relations between the central or local government and the relevant organizations. The committee members then compile the results of the interview and submit the document to the IeSF Council, which makes

the final decision regarding which applicant will host the next IeSF ESports World Championship.

After this series of stringent application evaluations, the IeSF announced during the closing ceremony of the 9th IeSF ESports World Championship on November 12, 2017 that Kaohsiung had been selected as host for the next IeSF ESports World Championship. After the announcement, Vice President Hsu Pei-Ching of the Chinese Taipei ESports Association (CTESA) officially took over the flag of the IeSF ESports World Championship. In front of officials, press members, and eSports athletes from around the world, Hsu declared the dedication and keenness of Chinese Taipei and its sports circles to promote eSports. She also pledged that Chinese Taipei would make full use of its experience in organizing major sporting events to provide the assorted delegations with the best possible experience during the championship.



CTESA Vice President Hsu Pei-Ching receives the IeSF ESports World Championship flag from IeSF Secretary General Alex Lim



Group photo of important members of the CTESA and the committee members of the IeSF ESports World Championship Organizing Committee (From left: IeSF Athletes' Commission Chairperson Jason Batzofin, CTESA Deputy Secretary-General Hung Tzu-Yen, CTESA Vice President Hsu Pei-Ching, IeSF Secretary-General Alex Lim, Swedish eSports Federation Chairman Magnus Jonsson, Mind Sports South Africa General Secretary Colin Webster, and IeSF Athletes' Commission Member Koen Schobbers)

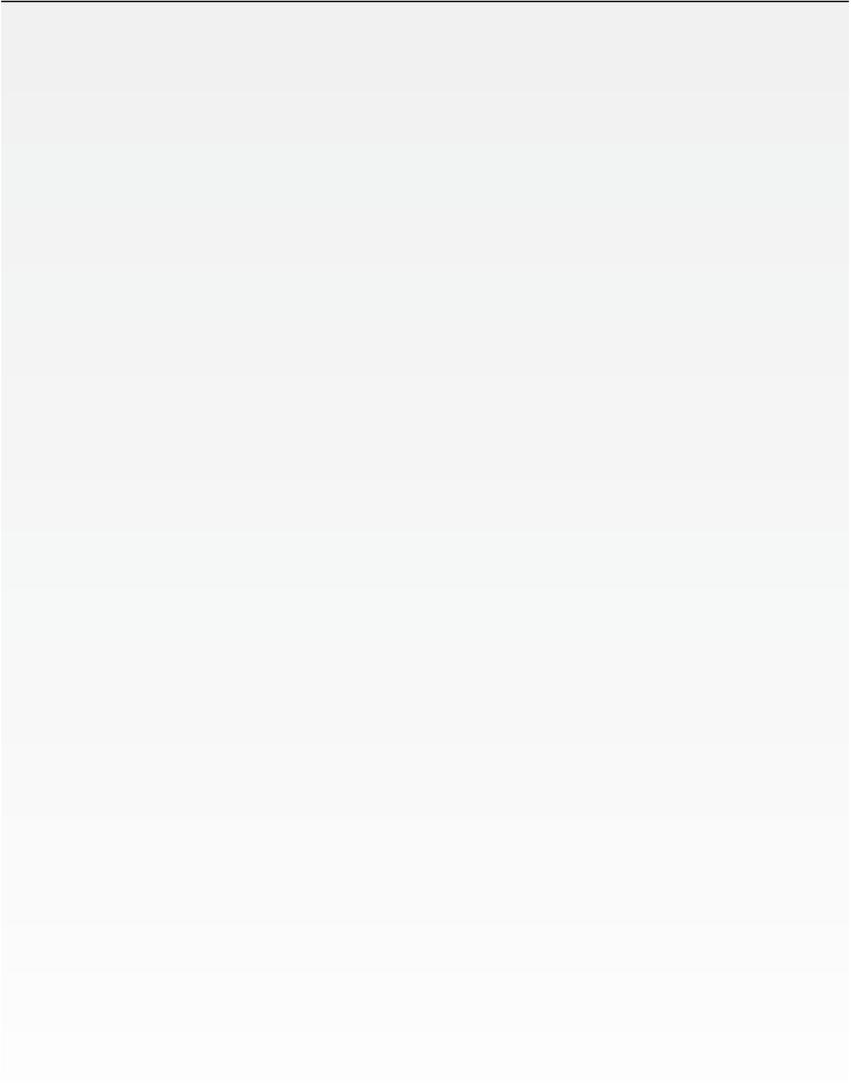
The Kaohsiung City Government, co-sponsor of the 2018 IeSF ESports World Championship, has pledged to handle all welcoming activities, security, transportation, and city sightseeing tours at the same level as



the 2009 World Games, which also took place in Kaohsiung. In addition, students from nearly forty vocational high schools and colleges that are involved in industry-academic collaborations with CTESA will also take part in the organization of the 2018 IeSF ESports World Championship. By participating in internships during the organizational process and gaining practical experience through volunteering, these students can develop a more in-depth understanding of the degree to which eSports is the engine for a large industry chain.

(Gary Chen is an Assistant Research Fellow at the Taiwan Institute of Economic Research)

Memo



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