

State of the Region

ABAC 1: Opening Plenary

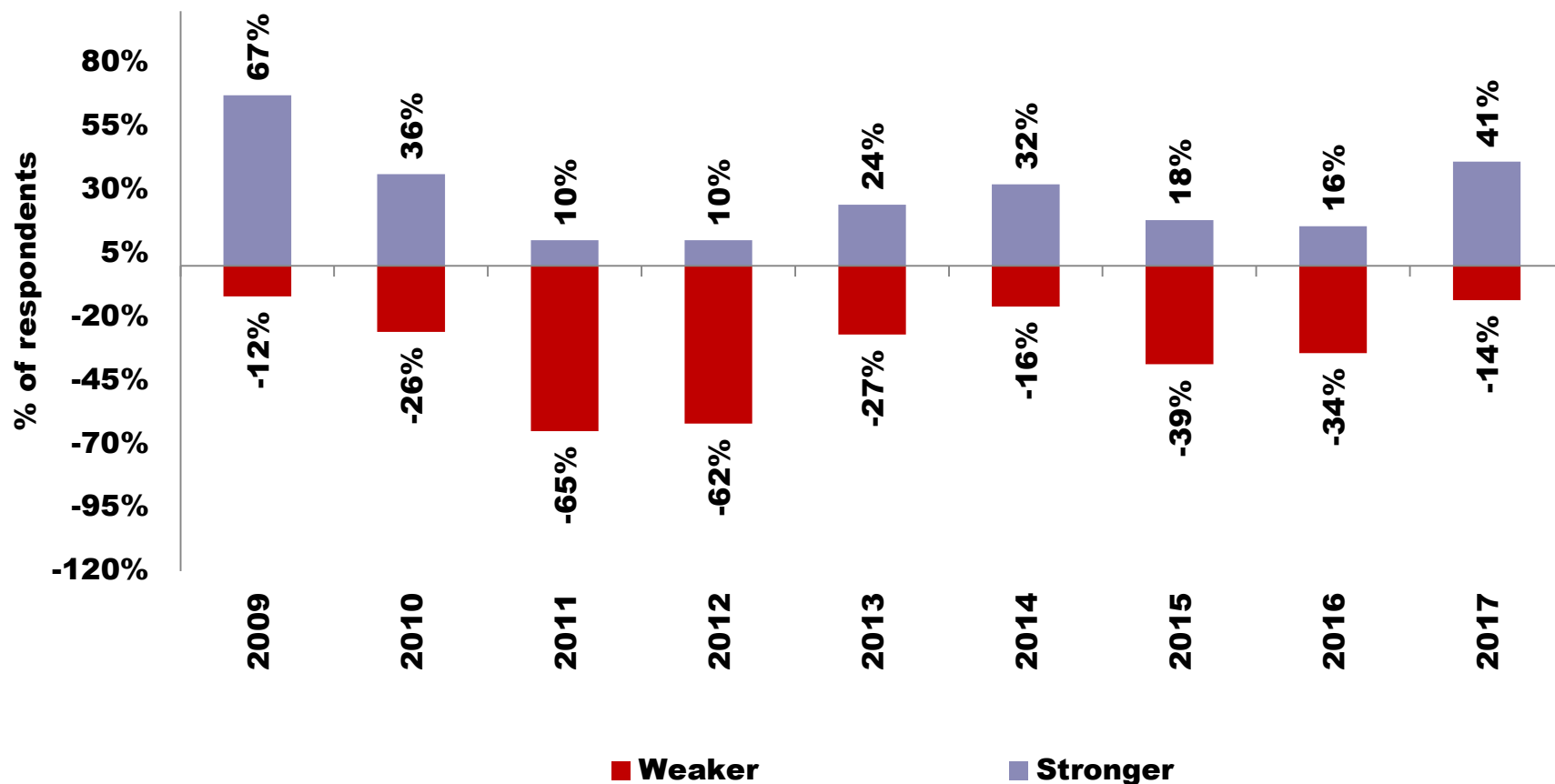
**Review of Global and Regional Business
Issues**

Friday 2 February, 2018

**Eduardo Pedrosa
Secretary General
Pacific Economic Cooperation Council**

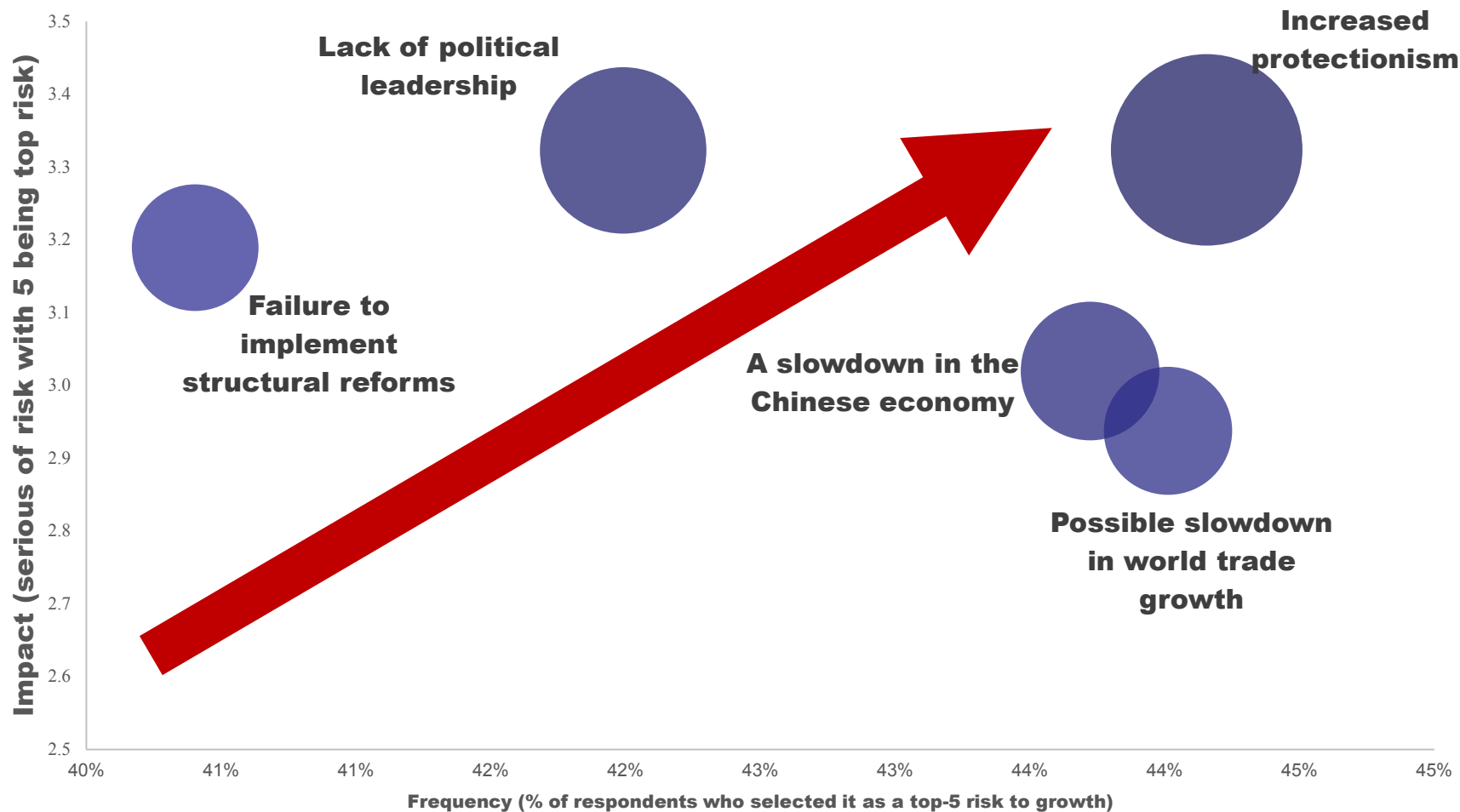
The views expressed here are his own and do not necessarily reflect those of the PECC nor its members.

Expectations for Growth Highest Since 2009



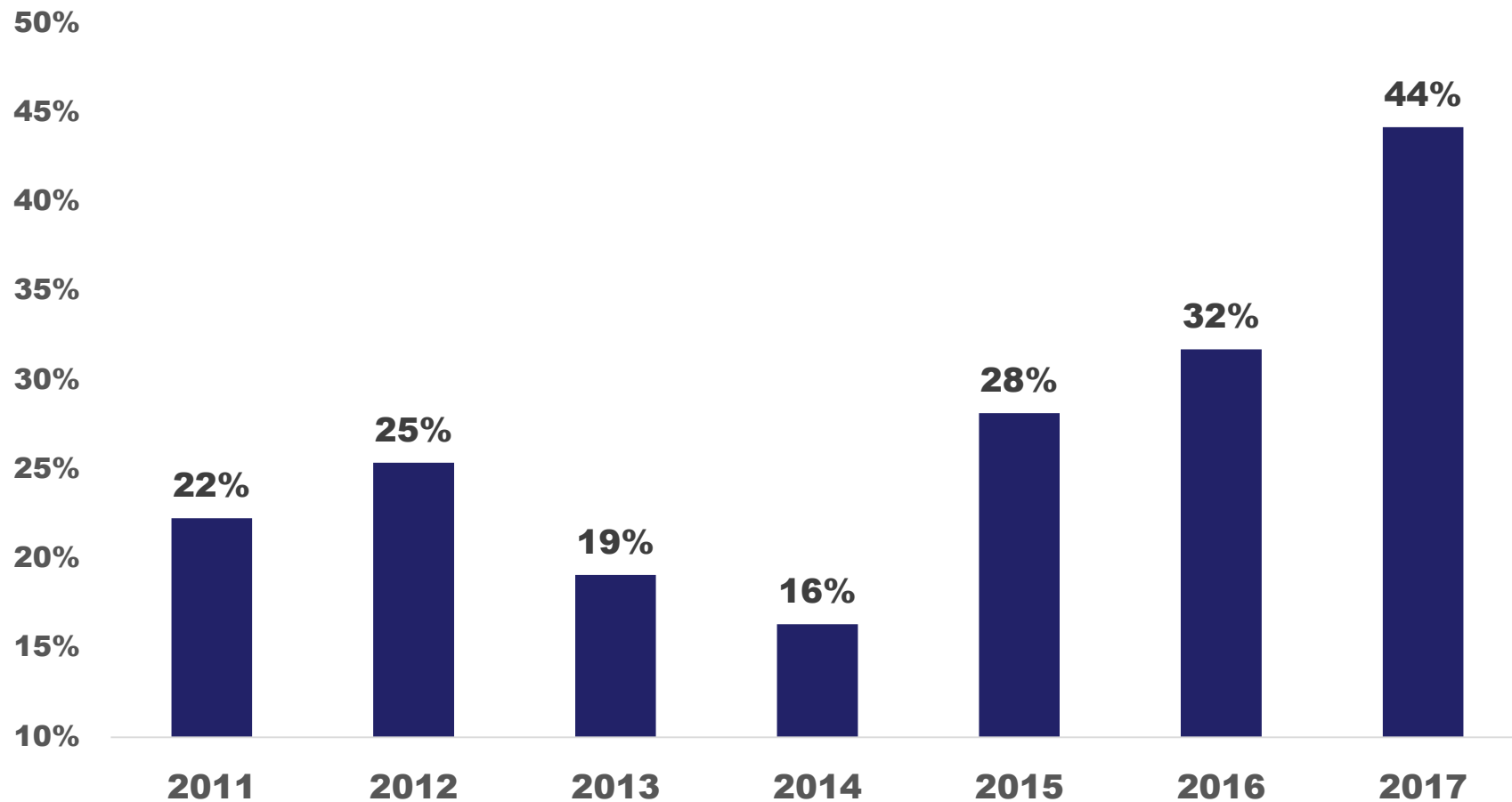
Question: What are your expectations for economic growth over the next 12 months compared to the last year for the global economy?

Top Risks to Growth



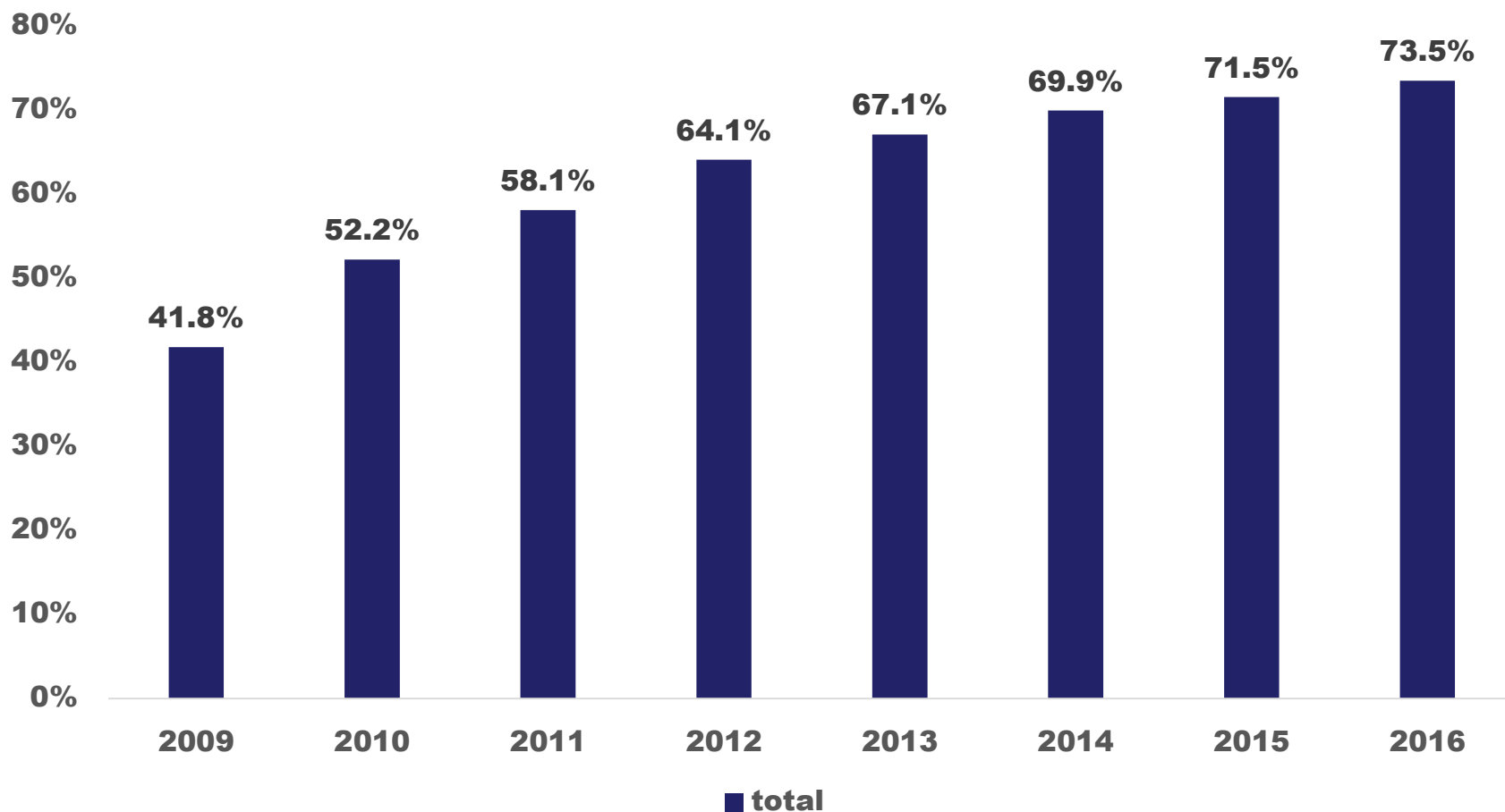
Question: Please select the top five risks to growth for your economy over the next 2-3 years.

Risk of Protectionism on an Upward Trend

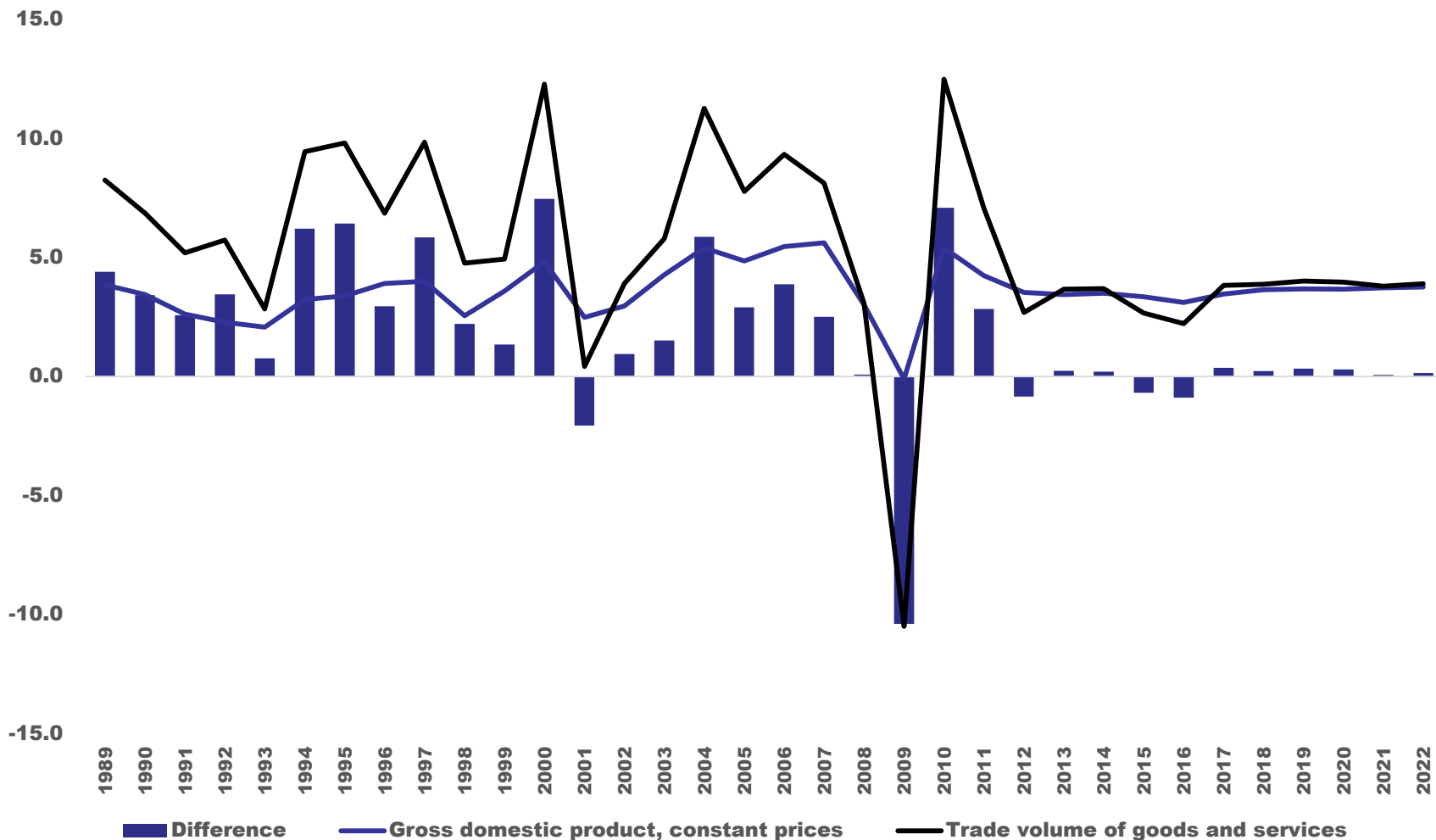


■ % of respondents who selected protectionism as a risk to growth

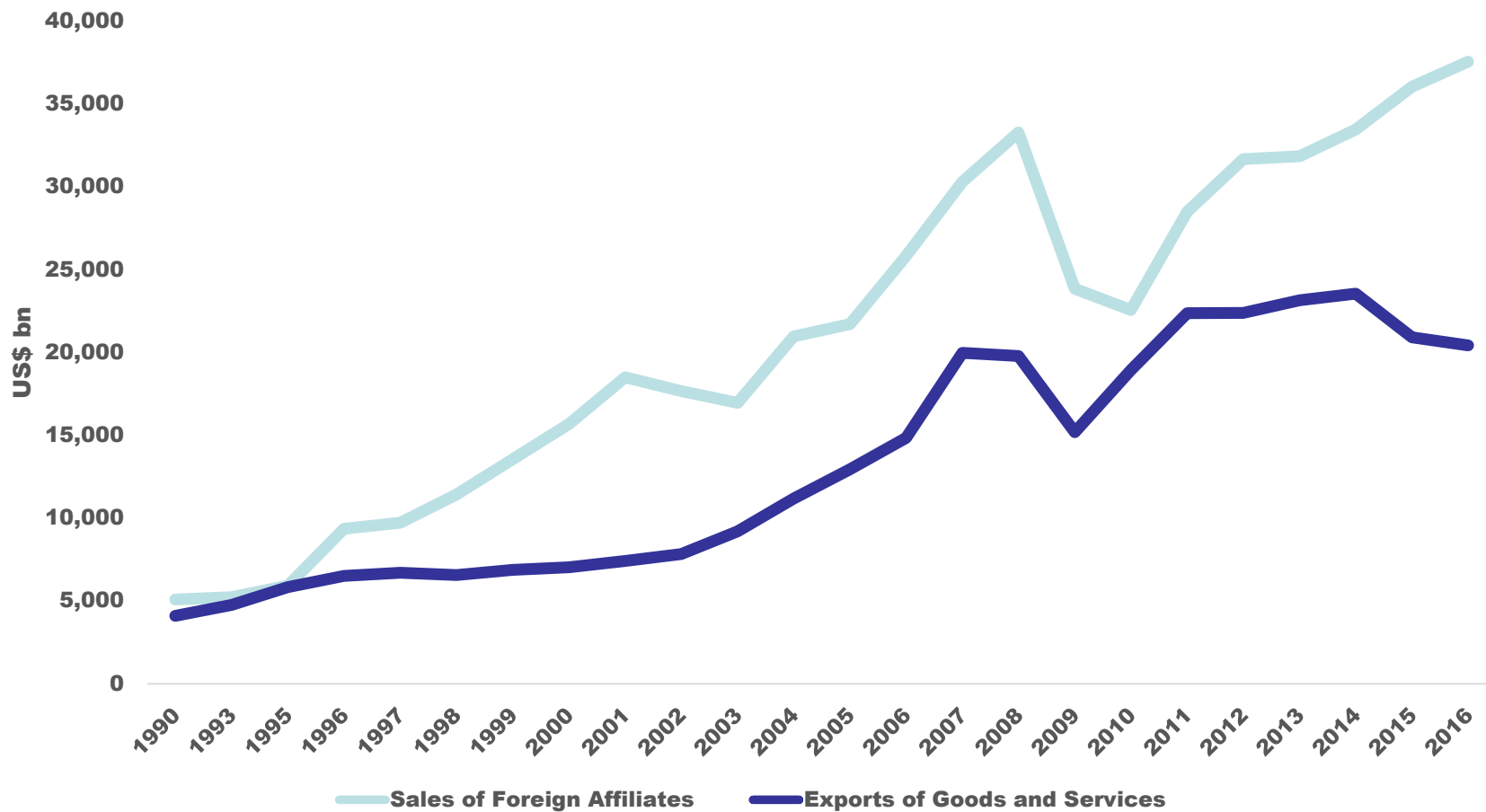
Percentage of G20 Exports Exposed to Trade Distortions since 2008



Trade as a driver of growth?

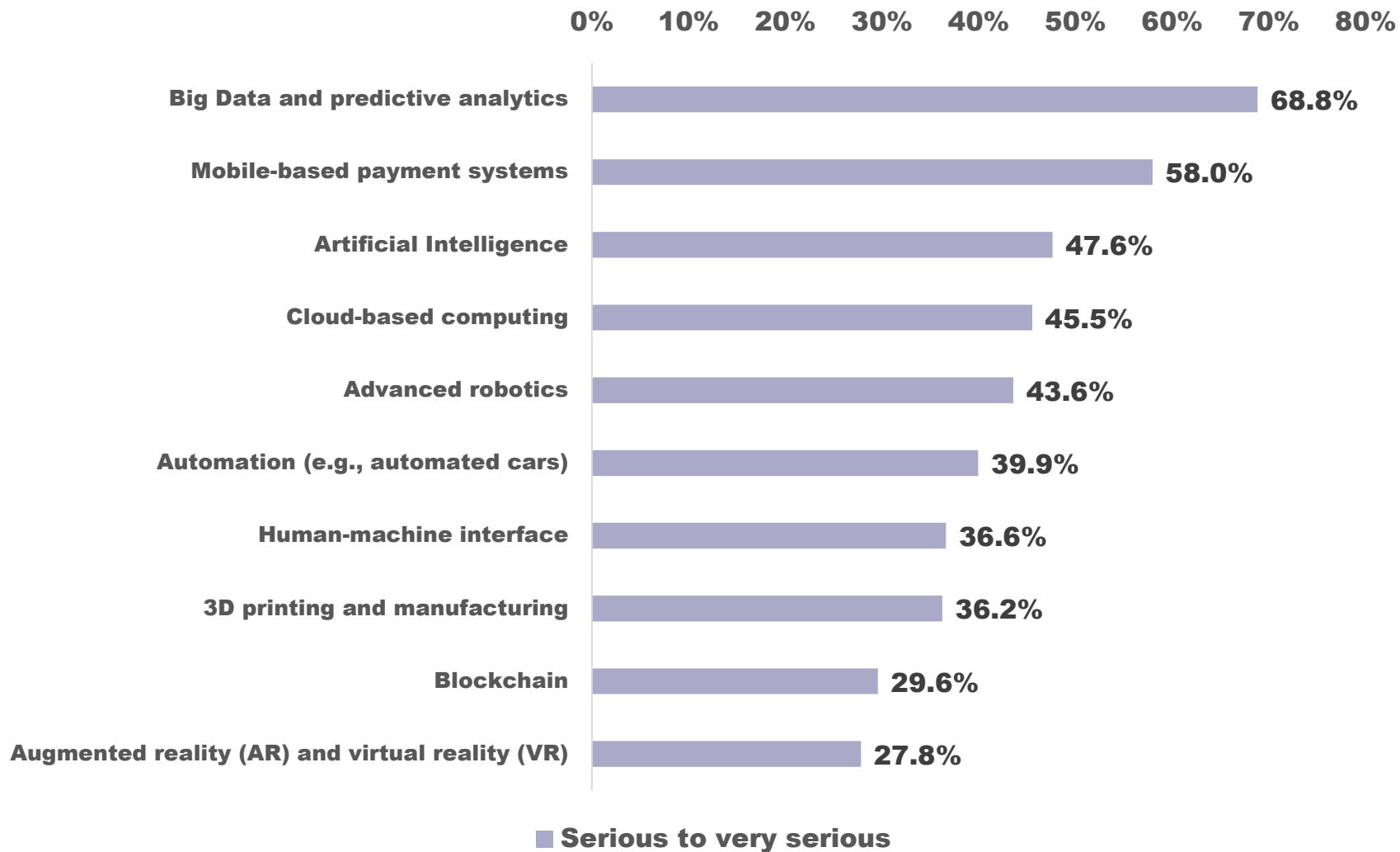


Changing business models?



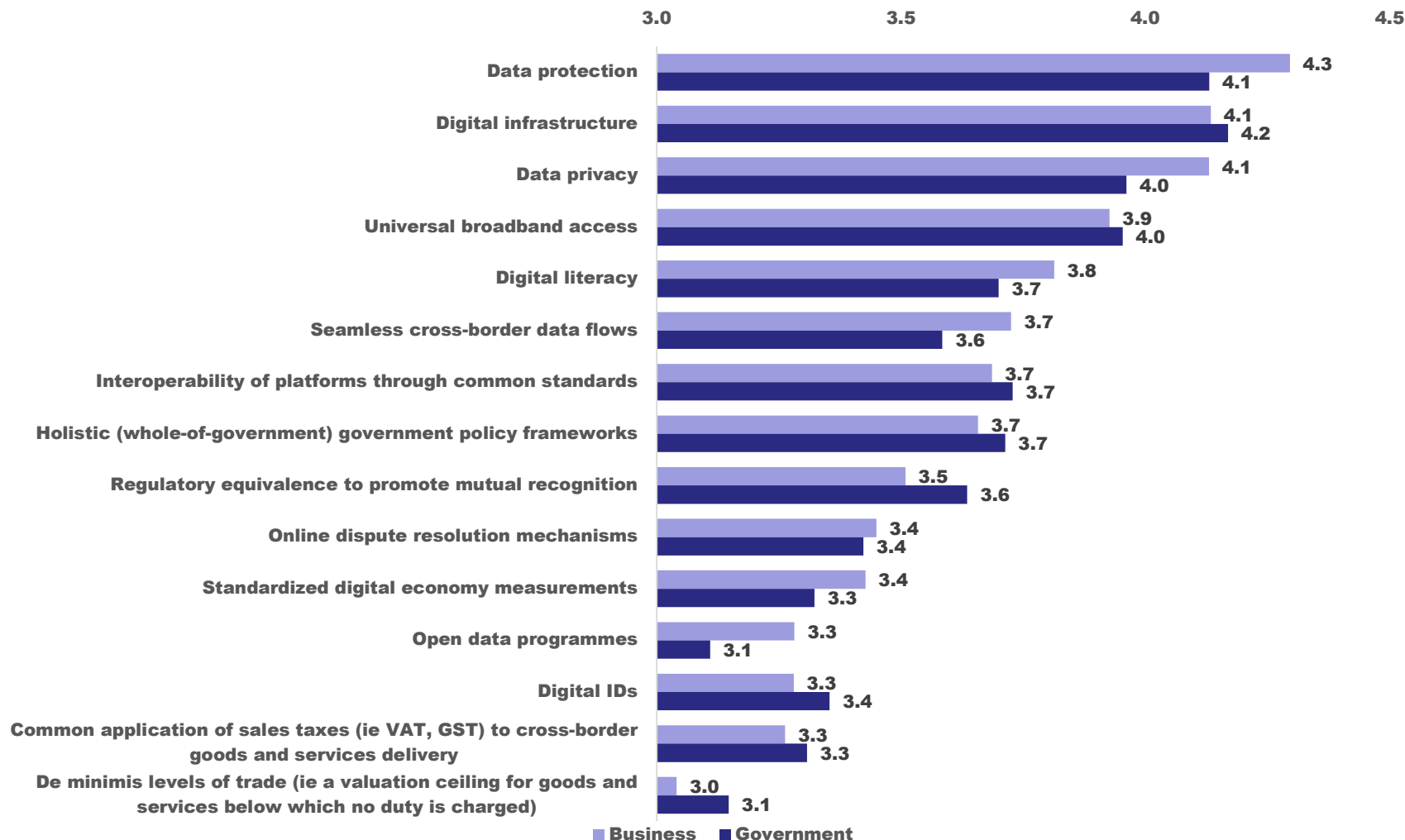
Source: UNCTAD World Investment Report (various years)

What technologies will impact regional economies the most?



Question: What level of impact do you think each of the following technologies will bring to your economy in the upcoming 5 years?

Priorities issues for the growth of the digital economy

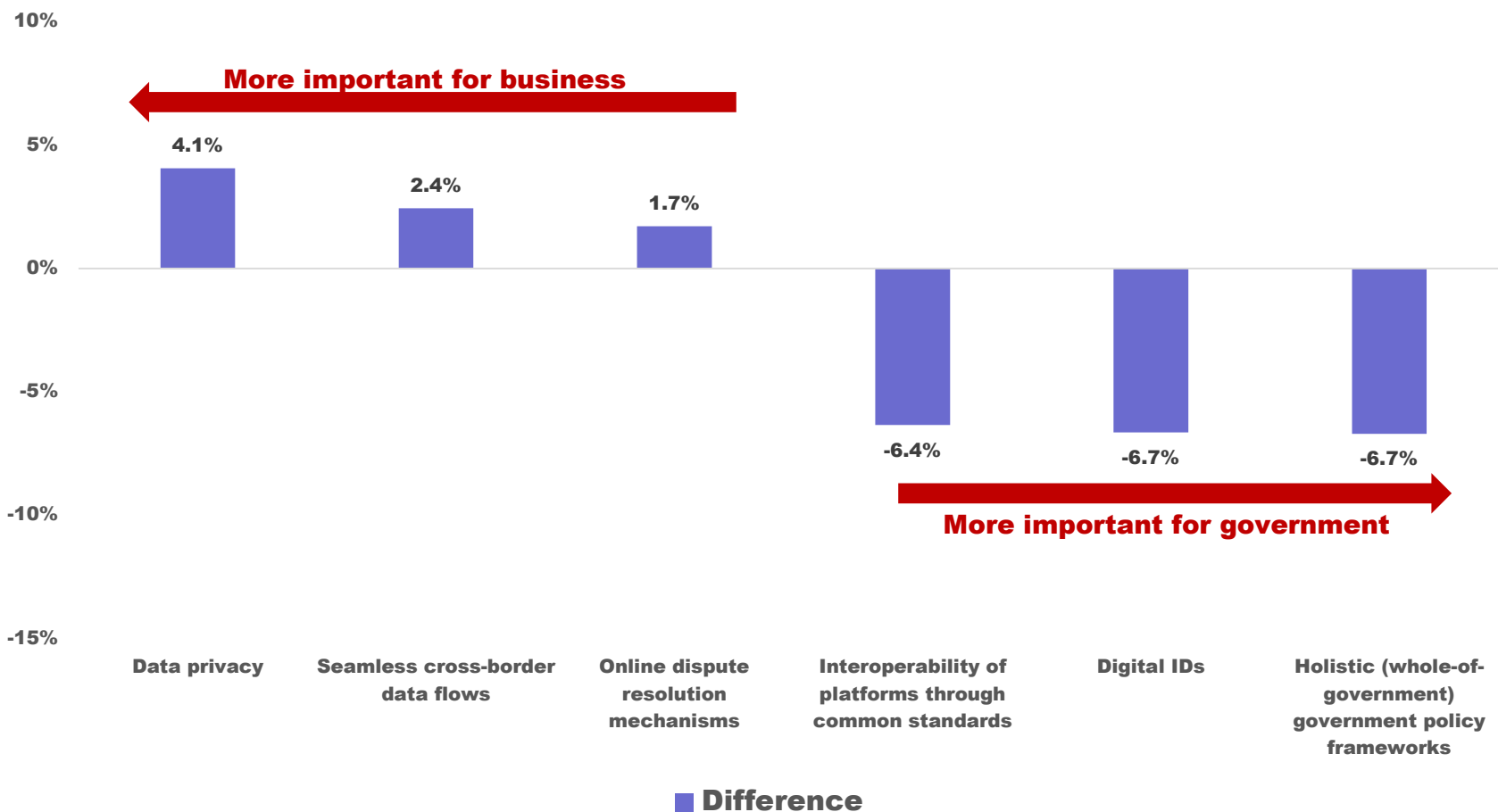


Question: How important do you think the following areas are for the growth of the digital economy?

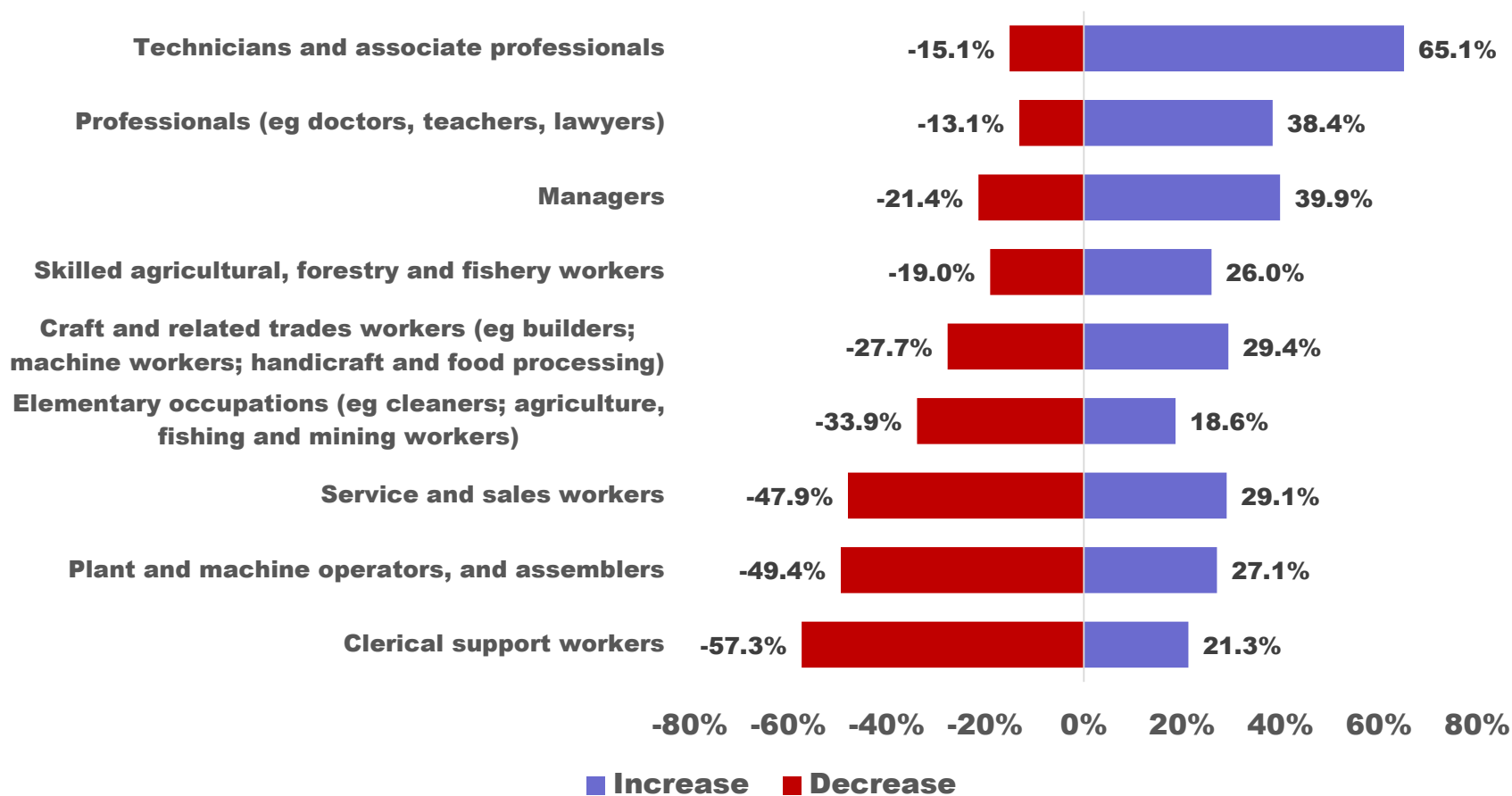
Data protection: The Bottom Line

- **Average cost to a firm in 2016: US\$3.62 million**
 - includes: investigation, victim identification; incident response; PR response, regulatory compliance; audit services; legal; et al
 - Varies by economy
 - Varies by sector: healthcare, financial services and education higher
- **Potential Fines:**
 - EU GDPR:
 - 14 ABAC members – annual revenue US\$341billion
 - Potential fine? Total of upto US\$14 billion
- **How are businesses in the region dealing with this?**
 - Is it a board level issue?
 - APEC initiatives – CBPR awareness?

Business vs Government Views on Digital Economy Policies



Impact of Technology on Jobs



Question: How do you think the digital economy is likely to impact the number of the following types of jobs in your economy?

Priorities for APEC Leaders

Business vs Government Views

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50%

The emergence of anti-globalisation & anti-trade sentiments



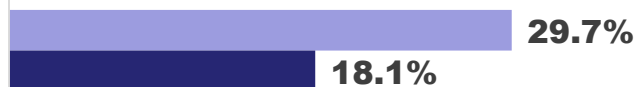
Promoting sustainable, innovative and inclusive growth through the APEC growth strategy



Improving economic, financial and social inclusion in the region



The development of a regional digital economy framework

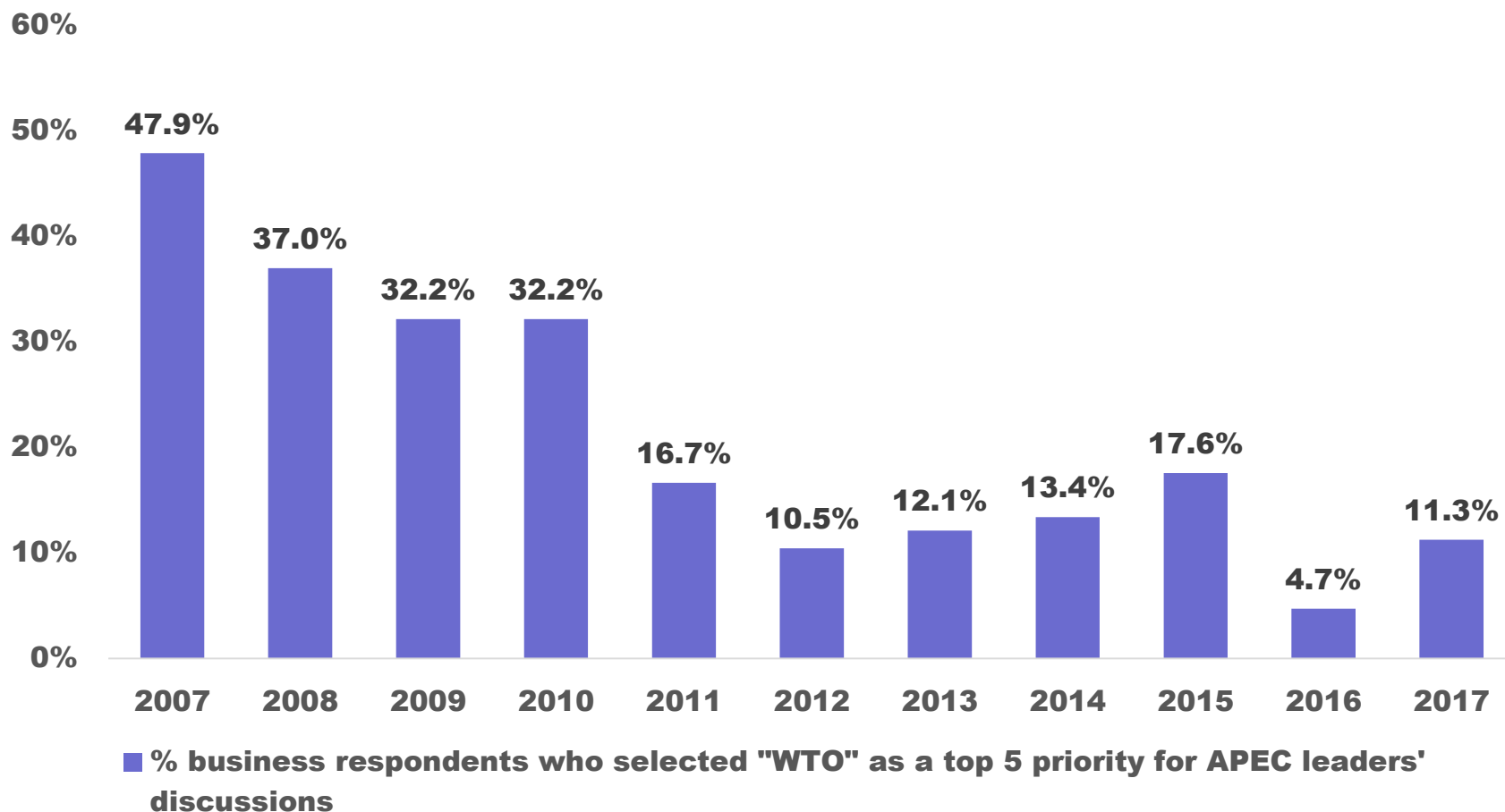


Progress towards the Bogor Goals and the Free Trade Area of the Asia-Pacific (FTAAP)



■ Business ■ Government

Do businesses think the 'WTO' should be a priority for APEC leaders' discussions?



Conclusions

- **Perceptions of the prospects for growth on a strong upward trend**
- **But policy risks are high – especially:**
 - **Increased protectionism**
 - **Failure to implement structural reforms**
- **Negative perceptions on the political environment for freer trade and investment today, BUT seeming optimism about mega-regionals**
- **Technology expected to have serious impact on regional economies:**
 - **Big data**
 - **Mobile-based payment systems**
 - **Artificial intelligence**
- **Digital agenda: issues where there are differences between gov't and business**
 - **Data privacy**
 - **Cross-border data flows**
 - **Online dispute resolution**
- **Need to look at impact of technology on jobs –skills critical**
- **Priorities for APEC: areas to bridge differences**
 - **MSMEs, inclusion agenda; internet/digital economy; REI**
- **Multilateral Trading System**
 - **What's the question?**