

**KEYNOTE SPEECH BY
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APEC 2017 SOM CHAIR**

**at "APEC's Post 2020 Agenda: Rising Protectionism,
Economic Rebalancing, and Diversified Growth**

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Excellency Lim Hng Kiang, Minister for Trade of the Ministry of Trade and Industry of Singapore

Dr. Tan Khee Giap, Chairman of Singapore National Committee for Pacific Economic Cooperation

Mr. Ian Buchanan, thank you for your kind introduction.

I would like to thank SINCPEC for inviting me to this conference to exchange views with leading regional specialists and experts about APEC. Many of you have and will continue to contribute many valuable ideas and initiatives for APEC 2017. I thank you for that precious support.

Our discussion today on APEC's agenda is very timely. 2017 promises to be an unpredictable but critical year for the region and for APEC. As we are only a few years away from the 2020 milestone to meet the Bogor Goals of free and open trade and investment, APEC is facing numerous challenges:

- Global economic growth is weak and fragile. In its Global Economic Outlook last month, the World Bank highlighted: "stagnant global trade, subdued investment and heightened policy uncertainty marked another difficult year for the world economy".

- While trade, investment and integration have brought many people out of poverty, challenges such as rising inequality and unemployment remain, and have contributed to rising globalization skepticism and protectionism in different corners of the globe.

- The digital age that we are living in has brought about tremendous opportunities but has also created challenges for disadvantaged groups. Many are neither prepared nor equipped to be part of the digital or internet economy and we stand to have more "digital refugees" in the years to come.

- Climate change manifestations and scarcity of water sources are having great impacts on vulnerable economic sectors, including agricultural production, fishery and tourism...

In this context, the ideas raised today will be useful to inform the discussion on how to maintain APEC's ongoing relevance but also to set the scene for the coming APEC SOM 1 in Nha Trang, Viet Nam in a few days time.

Colleagues and friends,

Viet Nam is privileged to be the host of APEC 2017. Following over 3 decades of reform and robust integration, Viet Nam today is in a strong position to contribute effectively to APEC cooperation. Our experience in joining a region-wide network of FTAs with most APEC members and successes in promoting inclusive growth, sustainable and comprehensive development are useful stories to be shared at this forum. The commitments that the Vietnamese government has made to build an action-oriented government of integrity, working to serve people and businesses will add to APEC's common efforts to facilitate a more open business environment for people and businesses. Vietnam's efforts in conducting structural reforms, improving market economy mechanisms, policies and regulations, administrative reforms are the same goals that APEC is pursuing.

Viet Nam has worked closely with APEC member economies and stakeholders to steer the APEC boat towards our shared goal of prosperity for all. Allow me to share with you the direction and priorities of APEC 2017.

In the face of a changing regional landscape, it is crucial that APEC demonstrates its vitality, dynamism and responsiveness; that it assumes global leadership in addressing the challenges of today; and that it remains an incubator of ideas, an engine for innovation, and a driver for regional economic growth and integration. In the aftermath of the Asian financial crisis and most recently the 2008 financial crisis, APEC has changed, adapted and pioneered change in the region.

We have a firm belief in the potential of the APEC region, which accounts for 39% of the world population, 57% of the world GDP and 49% of global trade. From 2000 to 2015, APEC's total trade volume increased 2,5 times, from 6,4 trillion USD to 16,5 trillion USD. According to an APEC Policy Support Unit report last year, the average MFN tariff in the APEC region has declined by almost half – from 11 percent in 1996 to 5,5 percent in 2014. APEC's achievements over the last 28 years in terms of promoting trade and investment and reducing trade barriers speak for itself. With the rise of middle class and dynamism and innovation of the businesses in our region, there is no doubt that the future of the 21st century will continue to be in this very region.

As such, APEC needs to build on its foundation as the premier regional economic forum and lead the change. The presence of APEC leaders in November this year in Danang, the host city of the 2017 APEC Leaders' Week, to jointly send a message of continued commitment to promote trade and investment and open markets has great significance. APEC will need to work to create new dynamisms for a responsible APEC in the new context.

"Creating new dynamism, fostering a shared future" is the theme for APEC 2017. Building on outcomes and deliverables from past years and taking into account the new global and regional landscape, Viet Nam has proposed 4 priorities to create new dynamism and promoting APEC's long-term strategies on growth, connectivity, structural reform, competition in services and global supply chains.

The first priority relates to promoting sustainable, innovative and inclusive growth. Structural reform will continue to play a significant role, creating new dynamism and momentum for growth and improving labor productivity. At the same time, APEC will need to pay more attention to the interests of people and businesses in the context of rising regional and global economic inequalities. In 2015, APEC set forth a quality growth strategy, which stressed the importance of inclusive growth. To realize this goal, APEC will need to place people and businesses at the center of development. Education, lifelong learning and reskilling in particular, will be crucial to ensure all segments of our societies can actively participate in the workforce and benefit from the technological revolution. APEC must better inform people and businesses of its successes and the positive impacts that this very forum has made to their lives and work over the years. In this context, sharing experiences in ensuring social welfare, training and creating employment, and assisting MSMEs in transitioning to new areas of operation are also of great importance.

The second priority is on regional economic integration and connectivity. Trade and investment has proven to be a key source of dynamic growth over the years. In particular, trade and investment in services is playing an increasingly important role in promoting integration and assisting traditional industries to grow and create jobs. In its State of the Region Report, PECC pointed out that the services sector, which includes e-commerce, internet economy, digital trade, ICT, education, finance and health are 5 key sectors for future growth.

It is important for APEC to accelerate the realization of the Bogor Goals of free and open trade and investment in Asia Pacific with a new sense of urgency. Viet Nam's experience following 30 years of reform has shown the pros of integration far exceed the cons. Meanwhile, protectionism stands to

erode our regional prosperity. More than ever, APEC need to send a strong message to affirm its continued commitment to maintaining open markets and pursuing economic integration. At the same time, APEC will need to better demonstrate the benefits of globalization, free trade and investment to the public.

Our third priority is to help create dynamism for a key driver of our region's growth, namely micro, small, medium enterprises (or MSMEs), which account for 97% of the total number of APEC businesses. We seek ways to make value chains more inclusive, with greater participation of MSMEs. We will also focus on creating a more facilitative business environment for MSMEs in the digital age. Viet Nam saw over 100 thousand newly registered enterprises in 2016. That means, on average, 12 new businesses are registered every hour, the majority of which are MSMEs. Their growth will also translate as growth for the whole economy. We should encourage and support the entrepreneurship of the MSMEs community with concrete policy measures.

In recent years, APEC has increased its focus on the speed and negative effect that climate change has had on efforts to improve food security and achieve sustainable agriculture. This is also the fourth priority for APEC 2017. Ensuring food security and promoting sustainable agriculture is the second goal of the Sustainable Development Goals (SDGs). We will need to pursue continued cooperation in this regard. In particular, technological application and transfer will be needed to improve agricultural productivity and resilience to climate change. APEC members will need to work closely together to sustainably manage resources, particularly water, while pursuing existing efforts related to the food market and sustainable and inclusive development of rural areas.

Colleagues and friends,

In addressing an uncertain future, as the premier economic forum, APEC will need to assume greater responsibility in leading global growth, maintaining open markets, trade and investment liberalization and ensuring an inclusive future for all.

On the one hand, we need to fulfill the unfinished businesses to achieve the Bogor Goals. On the other hand, we need to envision APEC's future and role in the region, and the world. It's not too soon to start developing an APEC post-2020 vision. We should start by thinking about establishing a mechanism towards this process.

Last year in Lima, APEC Leaders affirmed that "four years before the target of the Bogor Goals and with major developments taking place both within and outside APEC, we consider it pertinent to start a process of

reflection on an APEC post-2020 vision". It is important that APEC continue with high-level dialogues on APEC Toward 2020 and Beyond. As such, Vietnam will host a Dialogue at SOM level on this particular topic tentatively around SOM 2.

I look forward to the insights and recommendations of our experts at this Conference. They will be important contributions not only for APEC in 2017 but also for APEC's future.

May I wish everyone and APEC Community new dynamism and vitality in the New Year.

I thank you all./.