

## **ABAC Statement on Digital Now & Next Developments for APEC**

November 2024

Lima, Peru

Digital transformation is a significant driver of APEC's growing digital economy and the region's overall prosperity. Notably, the broader Asia-Pacific is the fastest-growing region in the global digital landscape, with APEC economies leading the way.

However, realizing APEC's full potential requires the readiness of economies, businesses, communities and individuals to engage in the digitalised economy. The right conditions are needed across the domains of regulation, policy and standards; infrastructure; human capital, and digital adoption.

In 2022, the APEC Business Advisory Council (ABAC) convened a Digital Trust Advisory (DTA) of technology thought leaders to offer insights on technology developments, digital policy and governance. Building on critical insights from the DTA's 2024 "*Digital Now & Next: Key Trends Report*" ABAC has identified five key trends for action by APEC economies and their Ministers responsible for the Digital Economy.

ABAC welcomes the Republic of Korea's plan to host the first-ever APEC Digital Ministerial Meeting to enable the region to respond effectively to this rapidly changing landscape. We call on officials to make this critical meeting a permanent fixture in the APEC calendar.

### **ABAC's 2024 Key Digital Trends:**

#### **1. Addressing Environmental Impacts of the Digital Economy**

Digital innovation can play a powerful role in responding to climate challenges by enabling the monitoring and reduction of emissions and facilitating the adaptation to a low-carbon and circular economy for all.

At the same time, digitalization is increasing demand for electricity, water and critical minerals necessary to support the widespread adoption of e-commerce and digital technologies, including devices, the internet of things, blockchain and artificial intelligence (AI).

Rising energy demand is a major concern. Across APEC, data centre growth is a prerequisite to meet the increasing computing requirements of the digital economy. From 2018 to 2021, electricity use by the 13 largest data centres (mostly in the APEC region) doubled—and it is expected to double again by 2026.<sup>1</sup> If these centres rely on fossil fuels or reduce the availability of renewable energy for other sectors, it could threaten climate goals

***We call upon Ministers to drive a dual transition of digital and energy systems that integrates digital growth with climate commitments.***

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<sup>1</sup> UN Trade and Development (UNCTAD). [Digital Economy 2024 \(unctad.org\)](https://unctad.org/publications/digital-economy-2024)

## **2. Bridging The New Digital Divide in Compute Access**

Compute capacity is a critical foundation for AI. Globally, more than \$300 billion annually is invested to grow compute capacity. However, these investments are not evenly distributed.<sup>2</sup> Economies lacking the necessary infrastructure will be restricted in their ability to tap AI-enabled productivity gains and innovation, exacerbating the digital divide.

Governments should explore regional frameworks or consortia to support additional investments where access to compute infrastructure is lacking and build the necessary talent pools to support these ecosystems.

***We urge Ministers to address the emerging digital divide in compute access, a critical foundation for AI and broader digital innovation.***

## **3. Enhanced Digital Trust and Cybersecurity**

The cost of cybercrime is expected to increase from \$8.4 trillion in 2022 to more than \$23 trillion in 2027, with the Asia Pacific region experiencing a major increase in cyberattacks.<sup>3</sup> As digital trust is essential for promoting economic integration, resilience, and formalization, it is incumbent upon economies to proactively invest in technological enablers such as privacy-enhancing technologies (PETs), distributed ledger technologies (DLTs), interoperable, accessible and secure digital identity systems, and advanced cybersecurity measures. Economy-level cybersecurity strategies should be comprehensive, covering both preventive and responsive measures to protect critical infrastructure, while being tailored to the unique needs of each economy. This includes those seeking to transition economic activity from the informal to formal sectors where digital platforms and services are showing promising signs of enabling formalization.

***We call upon Ministers to prioritize digital trust and cybersecurity as foundational enablers of economic growth, especially for economies with large informal sectors.***

## **4. Addressing Digital Fragmentation and Advancing Coherent Governance for Trust and Growth**

The rapid pace of digital transformation has led to fragmented governance in areas such as cross-border data flows, digital trade, and AI, and the emergence of new or potential trade barriers, including the threat of tariffs on electronic transmissions. This inconsistent patchwork of rules and standards creates uncertainty, undermines trust, and poses risks to security, innovation, and growth.

To address these challenges, APEC economies and multilateral institutions like the World Trade Organization, OECD, and the United Nations must work towards more coherent, interoperable

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<sup>2</sup> Tony Blair Institute for Global Change, 2023. [State of Compute Access: How to Bridge the New Digital Divide \(institute.global\)](https://www.toni-blair-institute.org/state-of-compute-access)

<sup>3</sup> WEF, 2023. [Asia Pacific region is the new ground zero for cybercrime | World Economic Forum \(weforum.org\)](https://www.weforum.org/articles/2023/03/21/asia-pacific-region-is-the-new-ground-zero-for-cybercrime/)

governance frameworks that foster trust, remove and prevent the creation of trade barriers, and unlock the full potential of the digital economy for all. In the case of AI in particular, good governance frameworks must be developed with the involvement of diverse and representative voices.

**We urge Ministers to promote greater coherence in digital economy governance by prioritizing interoperability, secure and trusted data flows, and removing barriers to digital trade.**

## **5. Preparing MSMEs & Labour Markets for AI-driven Transformation**

AI and digital technologies are set to redefine the future of work. Building an AI-ready workforce, with a focus on integrating the necessary skills and awareness for the safe, responsible and beneficial use of AI, will require investments to educate new workers and upskill those who may be displaced by AI. Policymakers, industry, civil society, and academia must collaborate on training programs and skilling initiatives that equip workers with the necessary competencies to thrive in an AI-driven economy. Ensuring diversity and representation of data within AI training systems is also key. These efforts should prioritize STEM fields and ensure inclusivity, particularly for women and workers in lower-wage and underserved communities, so that the benefits of digital transformation are accessible to all.

***We urge Ministers to take proactive steps in preparing MSMEs and labour markets for the AI-driven digital economy.***

### **Call for an annual APEC Digital Ministerial**

Recognising that digital transformation affects every economy, sector and dimension of everyday life, ABAC applauds the Republic of Korea's plan to host the first-ever APEC Digital Ministerial Meeting to enable the region to respond effectively to this rapidly changing landscape.

**We believe the APEC Digital Ministerial should be established as a permanent fixture in APEC's annual calendar and include active dialogue and engagement with ABAC to exchange views between the public and the private sector at the highest levels.**

Ministers, the actions we take today will shape the digital economy of tomorrow. Let us seize this moment to lead with bold, decisive measures that will secure a sustainable, inclusive, and prosperous digital future for all APEC economies. We call upon each of you to commit to these priorities, act with urgency, and collaborate closely with ABAC to address these developments as we build a resilient digital economy that benefits all our citizens. Together, we can make APEC a beacon of responsible technological leadership on the global stage.

**APEC Business Advisory Council  
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