ASEAN in Practice Episode 19 Transcript

Denis: Good day, and welcome to our latest episode of the ASEAN in Practice podcast series. I'm your host, Denis Hew, Senior Research Fellow at the Centre on Asia and Globalisation at the Lee Kuan Yew School of Public Policy, National University of Singapore. We are recording this episode at a time when the Asia-Pacific region is facing a far more complex and uncertain geoeconomic environment, where we're seeing rising trade protectionism, increased geopolitical tension, supply chain disruptions, technological competition, as well as transformation, climate risk, and demographic changes, reshaping how economies are thinking about trade and investment, resilience, as well as regional cooperation.

Today, we'll discuss these issues and challenges through the work of the Pacific Economic Cooperation Council, PECC for short. PECC is a regional policy-orientated network that brings together individuals from businesses, governments, academia, and civil societies in a non-official capacity to promote cooperation and policy coordination across the Asia-Pacific.

It's also one of the official observers of the Asia-Pacific Economic Cooperation (APEC) process, but its relevance goes beyond APEC. It provides a Track 1.5 space for policy discussion, research, and practical ideas on the major challenges facing the region. To help us unpack these issues, I'm delighted to be joined by Dr Kaewkamol Pitakdumrongkit, Karen for short. Our friends all call her Karen, who is Executive Director of the PECC International Secretariat. Karen, welcome to the show.

Karen: Thank you so much, Denis, for having me.

Denis: So let me just start off by maybe grouping a couple of questions together. What is the PECC? What does it do? And what is PECC's relationship with APEC?

Karen: Sure. I think you made a very good introduction of PECC already. Thank you so much for doing that. Maybe just to add on a few points. So, we are a non-governmental organisation dedicated to enhancing economic cooperation in the Asia-Pacific. We were established in the 1980, and the International Secretariat where I'm heading is based in Singapore. So just a brief history of PECC. We are actually a precursor of APEC. As I mentioned earlier, PECC was set up in 1980 as a group of scholars that you mentioned, Denis. Not only scholars, but we also have people from private sector, people from the government and civil society. They got together and think, debate ideas about how to propel and advance economic cooperation. And then nine years after that, there was a consensus among the community that, we should elevate it to the government-to-government level. So that was when the APEC idea was, discussed and eventually led to the establishment of APEC in 1989.

And since then, we become an APEC think tank as well as official observer. So, we have access to the APEC meetings, several sub-fora meetings, and this is when we add value to the discussion. As you mentioned, Denis, we are a Track 1.5 mechanism. This is something that we can provide more insights or foster dialogues and bring new perspectives into the discussion and propel economic cooperation going forward. So that's a short history of PECC and our relationship with APEC.

Denis: Thanks Karen. So, I think for PECC you have a flagship publication, right? The State of the Region report. And I think you've just come out with, this year's report, right? It's the State of the Region 2025-2026. The question I'd like to ask is, what role does this report play in capturing the views of the Asia-Pacific policy community, and also what are the main findings of that report?

Karen: Sure, so it's the State of the Region, we call it SOTR in short. It's the PECC annual flagship publication. It's aimed at providing an assessment of the key issues affecting the region as well as the challenges in order to create a stronger and deeper cooperation across the region. We have issues of SOTR [published] every year. So as of the last year one, we focused on trade uncertainty, because this was when a lot of economies are facing tariffs at that time, and there was a tariff escalation, right? So, we were focused on that issue because it was a pressing issue last year. But this year we focus on a very interesting topic, which is AI [Artificial Intelligence] adoption in the Asia-Pacific. We think that this is a way forward for the future and we can capture the views of how the Asia-Pacific policy community think about AI adoption, how they have adopted AI, in what ways, and what are the enabling or hindering factors. So, we hope to see the results coming up, and then we can put together the report and present it to the APEC officers during the APEC Economic Leaders week in November.

Denis: I think I just filled in the survey you did. So that's going to be your main theme, I believe, for the upcoming SOTR report. Am I right?

Karen: Yes, that's the main theme for the upcoming SOTR, which will be released in November i.e. AI adoption in the Asia-Pacific.

Denis: So, I think what I probably would like to ask about that is, some of the key areas that's covered. I think you mentioned something about trade facilitation within the AI context. Maybe you can just explain a little bit about what that means.

Karen: Sure, well we are actually doing several projects on AI right now, Denis. The SOTR that I just mentioned is one of them. Another one is looking at the more practical aspect of AI adoption in the region. So, we have another project called Enabling AI for Trade Facilitation, and this project focuses on the intersection of custom agencies and businesses. We try to come up with a practical roadmap for utilising AI to enhance paperless trade and cross-border efficiency between custom agency and businesses. So, something that APEC has been doing when we think about incorporating AI and leverage on the benefits of AI to help propel cooperation on these fronts as well. So, for this project, we aim to have the final report coming out during APEC Senior Official Meeting 3, which will be convened in August this year.

Denis: Okay, thanks Karen. I think you've got some other projects, too, that you're working on. I think one of them is looking at labour shortages linked to low birth rates and ageing populations in the region. I know, Singapore, Thailand, a few countries, even Japan, we're all facing aging population[s]. But is that something we need to be worried about across the whole region?

Karen: Sure, Denis. Maybe just to give you more about what we have been working on. Definitely, we're working on pressing issue and upcoming issues like trade uncertainty as well as AI, which I just mentioned. But going beyond that, PECC is also looking into long-term trends and how they are likely to affect the region as well. So demographic shift, that definitely is not going to happen overnight, right? You don't just blink your eye, and it changes everything. So, it's like a slow progressing, slow changing, but this is actually coming. This is actually something that we think that the region, regional stakeholder[s], regional policymakers need to focus on. So that is why we have the project called "Addressing Labour Shortages Due to Low Birth Rates and Ageing Populations in the APEC region". This one looks at how the region are now facing and will be facing labour shortages because of the demographic shifts that are happening in many economies. People tend to think that low birth rates and aging population are actually confined to fewer economies, right? So, you can think about maybe Singapore or Japan, or Thailand, for example. But our survey found a very interesting result. I just want to refer back to the SOTR of 2024, which we asked several questions about demographics. And we found that a majority of our respondents, about 80%, feel that they the economy will face an ageing crisis within the next ten years if nothing has been done. So, this reflects a sense of urgency that we need to think about solutions now to prevent what's going to happen along the road. So that is actually the sentiment. Going back to the project on addressing labour shortages, we have produced seven commentaries to provide solutions to help economies to address this issue of labour shortages. So, for example, we have some commentaries looking into how we are going to boost female workforce participation. And we have some experts that are looking into how we can make migrant policy work better in order to bring in, facilitate the movement of skilled labourers at least across APEC region. So, you probably think that this is actually something that, the same topic, labour, migrant policy, or female workforce participation, right?

But our experts introduce new ideas and offer a new perspective. For example, female workforce participation. We look at one specific female workforce for those who are self-employed and those who participate in the gig economy, delivery drivers, for example, right? These women, including working moms, are not able to get as much social safety net or social security as the regular worker. So, our experts are trying to find policy ideas and offer policy solution to help increase the social safety nets for these working moms so that they can stay in the workforce and help, contribute to the economy. This is something to show you that this is something that we're looking into right now. This reflects our mission to provide value-added contribution to the policy ideas that make policy in the region.

Denis: Yes, you are right. It's not a static model, right? You're looking ahead, and these are some of the emerging challenges that they're facing. In fact, they're quite interlinked as well, looking at AI adoption as well as ageing population and shrinking labour forces. The concern, of course has been brought up by many is that [AI] could lead to job displacements and other challenges, right? I think you're also doing some work on supply chain decarbonisation. So, what does that mean when you apply a supply chain perspective on decarbonisation?

Karen: Sure, Denis. Happy to talk more about that. Yes, sustainably is another area that does not happening overnight as well. So, this is our mission to look into, the issue of green technology or green supply chain as it will be the future, right? There are opportunities for supply chain decarbonisation in the APEC economy, this is one of the projects that we have done. And yeah, you're right that we use supply chain lens to understand better about the decarbonisation in across the region. The rationale for using this supply chain lens is that no single firm or entity is solely responsible for pollution, right? So, we should think about this as a whole. It's a systemic issue because if we focus only on certain firms, what we're going to have? We are going to miss the whole picture of supply chain decarbonisation of pollution, right?

So, supply chain lens will enable us to see the cross-border networks through which goods, services, and emissions flow together. That is why we feel that there is a lot of value that we adopt this supply chain lens to understand more about where pollutants are and where we can have the opportunity to decarbonise.

Denis: That sounds like a very interesting project. I actually prepared this question on the Middle East conflict, and we know that, that was done before the ceasefire memorandum of understanding that was signed, I think in the middle of last week. But I think that fallout and the uncertainties continue to be quite relevant for the Asia-Pacific region as well as Southeast Asia. We have been talking about higher energy prices and shipping routes. It is also very uncertain whether the Straits of Hormuz will be open anytime soon. I think we have to wait and see. But how should policymakers in this region think about these kinds of external shocks that we've seen over the last couple of months, what can be handled at the national level, and what requires much more regional level cooperation?

Karen: Yes, definitely. I think we are all hit by the conflict and wars in the Middle East, right Denis? Yes, so not only do we experience a rise in energy prices, but other products also, right? The prices of neon gases and also other products such as chemicals and plastic. The prices are coming up. So, it is actually more widespread than we thought. We thought that it was going to be confined to energy-but no, it is chemicals too and plastic as well. I think what should policymakers in the region think, and maybe perhaps do at the national level or at the regional level is to have some resilience in energy and supply chains, right? I think there are definitely going to be policies at the national level or economy level that they can deploy, right?

For example, perhaps for resilience in energy, maybe they need to look more energy-saving methods more, or campaign for people to save energy or switch off lights if they don't use them. That can reduce the use of electricity, for example, right? And also, there's some regional collaboration that you can do in order to help enhance resilience and energy, right? So, at the APEC level, there are a lot of initiatives, right? For example, there is the Bangkok Goals on Bio circular and Green Economy that can promote cooperation on tackling environment and climate change issue and work towards sustainability.

There is also the San Francisco Principles on integrating inclusivity and sustainability into trade and investment policy, right? So, trying to look into how it can shape trade and investment policy to have a more sustainable future, and also for PECC, as I mentioned earlier, we have projects, a lot of projects on sustainability. One is the supply chain decarbonisation that we just discussed. Another one is on climate technology. We also have a series of papers that are already coming out on climate, how we can leverage new technologies to help make the economy greener so that it in turn will boost energy resilience. So, in terms of supply chain resilience, I think there are many ways that we can cooperate on. At the APEC level, I think you know, that APEC has the connectivity framework action plan. We are now in the phase three of this action plan 2022-2026, right? So, this has actually helped the APEC economies work together to facilitate the flow and movement of goods, services, and investment. And that could help shore up the responsibilities of supply chain as a whole.

Denis: Yeah. And I think at the ASEAN level, at the ASEAN summit in Cebu, Philippines, I think they talked about reviving this old agreement on, I think it's called the ASEAN Petroleum Security Agreement, looking at oil reserve buffers to help each country. But at the moment it's just a study, I think. They're not really implementing anything right now. And I think the other thing that they looked at as well is revisiting the ASEAN Power Grid, right? The implementation has been quite slow, but maybe the urgency because of the Middle East crisis would help to expedite the implementation.

Related to this question is economic security as well because in many ways the kind of crisis we see in the Middle East, and the energy crisis. There are these kinds of spillover effects that we can see and observe that would quickly turn into quite serious economic security challenges.

But economic security means different things for different economies. From PECC's perspective, how should the region approach economic security in a way that preserves openness, connectivity, and the rules-based trading system?

Karen: Yes, from the PECC’s perspective, economic security can be achieved by enhancing resilience through openness and cross-border cooperation. It is not by enhancing resilience by closing up or using protectionism. PECC echoes the spirit of APEC that we should maintain openness and maintain collaboration across borders in order to enhance resilience because our economies are so interconnected, right? So, you need to work together toward resilience.

So yes, maybe if you don't mind, I just want to, because we talk about the word resilience already, I want to cite one of the findings that we found in last year's State of the Region Report 2025. As mentioned earlier, this issue focused on trade uncertainty and also about disruption. We asked, in that report, several questions touching on trade uncertainty, touching on what we should do in this challenging environment. So maybe just to give you some ideas of how concerned the stakeholders are about rising protectionism and trade war. Rising protectionism and trade war are seen as the number one risk to economic growth. According to our survey, about 88% of the respondents think this is going to pose risks to the economic growth in the next few years, right? So, 88% is huge. Almost nine out of ten people, if you ask around the region, will say that they are the most concerned about protectionism and trade war. And then we also ask a question about, okay, what do you think would be the top priorities for APEC leaders to focus on in these challenging times? And if you can guess, the number one priority is to ameliorate risks posed by increased protectionism and trade wars. That it was selected by the majority of our respondents. So, as you can see that, all the stakeholders are concerned about rising protectionism and all the stakeholders want APEC leaders to work together to lessen protectionism and trade wars. That is actually a very, a very obvious signal from our stakeholders that, yeah, APEC need to work together.

Denis: I think also from the survey findings for the state of the region, I think you had one question where the respondents seemed to see value in several layers of cooperation, right? With bilateral trade investment agreements, ASEAN-plus frameworks, APEC, Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Regional Comprehensive Economic Partnership (RCEP), and the World Trade Organization (WTO). So, does that mean the region is moving away from traditional multilateralism, or does it simply reflect kind of a more pragmatic and multilayered approach to economic cooperation?

Karen: I think that was a very good observation that you're making, Denis, about these outcomes. I think you're referring to our survey that we just discussed right now. One of the questions that we asked our respondents to select institutional frameworks or agreements that they think that the government should promote to advance economic cooperation during this challenging time. And yes, the number one choice seems to be bilateral deals, bilateral trade and investment deal. It was selected by 87% of our respondents. And but this is followed by APEC. APEC was selected by 79% of our respondents, and then we have CPTPP and then we have people selecting RCEP and WTO. Only about 60% of them selected WTO, right? So, the question is whether the WTO is falling out of fashion or becoming irrelevant in this new environment that we are facing? Maybe before I jump into how to interpret this result, let me tell you a bit about when we conducted the survey last year. We distributed the survey from June to August, right? This is the time, if you recall, in June to August last year where the bilateral negotiation was being conducted, right? How do we interpret the result, right? Is WTO being irrelevant? Actually, we have a discussion among PECC, and we came up with this conclusion which actually we insert in the report, is that the findings itself are not an indication that the WTO is irrelevant. Because if you look closely, bilateral and regional agreements, all of them support WTO and adhere to WTO rules, right? So it could be that this bilateral[s] is actually maybe something in fashion during those months last year. That's why we have several respondents selecting this option. But don't forget that it can be a reflection of economies or government are using different tools to weather the disrupted world and weather the time of disruption, right? So, I don't think it's the WTO being falling out of fashion because as long as the economies are upholding bilateral deals and regional deals that are supporting and adhering to WTO rules, that means that WTO is still relevant.

Denis: Okay, that's good. let me just ask you another question, which is from your perspective, besides being the Executive Director of PECC Secretariat, you're also a scholar in international political economy. It's kind of related to ASEAN. Do you think ASEAN is kind of gradually adapting to all these sorts of geoeconomic, changes and challenges? Or does it really have any kind of strategic agency in shaping the regional order, particularly in the Asia-Pacific region?

Karen: Sure, happy to talk about that. ASEAN is something that I have been doing for many years. So, it's something close to my heart as well. And we have several ASEAN economies inside the APEC and PECC family as well. My work still continues to do something about ASEAN. My opinion is that ASEAN is both adapting to geoeconomic changes as well as shaping the regional agenda. They are actually doing both. Let me elaborate on that a little bit on that. ASEAN is responding to external shocks by fostering cooperation to lessen the impacts of other shocks that are coming out of the region. It is something that is happening outside of the ASEAN countries that we need to respond, reactively, right? Just not too far away, we have the COVID-19 pandemic, right? Something happening outside of the ASEAN area. But ASEAN was quick to come up with their plan. There was a Hanoi Plan of Action on strengthening the ASEAN economic cooperation and supply chain connectivity in response to the COVID-19 pandemic, right? This is a great initiative that was coined, during the COVID year that will promote the cooperation to smooth the flows of essential goods, right? Food, medicine, Personal Protective Equipment (PPE), right? And also, in the conflict in the Middle East right now, ASEAN leaders have come up with the joint statement to respond to the Middle East crisis, right? They have agreed to work together to enhance regional resilience in several areas ranging from energy to food to finance and supply chain. But yeah, we are reactive to the shocks that are happening outside the region, but we are not the passive player. ASEAN is not a passive player. ASEAN, it actually leads in rulemaking as well.

So, for example, you look at RCEP, the Regional Comprehensive Economic Partnership, is an ASEAN-led FTA. What it does is it consolidates existing ASEAN plus one FTA[s] and come up with new rules like common Rules of Origin, and it's also had accession clause if someone who are non-RCEP member want to join, there's an accession clause or the way for them to join as well. So RCEP can be expanded further. Another recent success of ASEAN is DEFA, right? The Digital Economy Framework Agreement, which was just concluded early this month. It is actually the world first regional agreement on digital economy governance, right? It talks about data flow to e-payment, to cybersecurity, talent mobility, to emerging matters like AI. So, I would think that ASEAN's doing both. They are adapting to changes around the world, around the region, and they're also actively shaping the regional agenda too.

Denis: That's good. It's good to know that ASEAN does still have agency to meet these challenges. One last question, if you had to identify one area where PECC can make the most meaningful contribution to Asia-Pacific cooperation at this current moment, what would it be?

Karen: At this current moment, we are talking a lot about energy, right? Not just energy constraint because of the crisis and conflicts in the Middle East, but we are going to have energy crunch coming soon because of the demand from the digital front, right? I think about AI and how much energy that the AI model demands, right? How much energy that AI models demanded in order to function. And now with the acceleration of AI development, we are going to need more and more energy to propel the digital innovation and digital transformation. And also, we have energy crunch by climate change that is now facing several economies around the region, around the world are facing extreme weathers. So sometimes that can lead to energy disruption, right? So, for example, droughts. If a drought is coming up, then there is going to be a huge reduction in the electricity that hydropower dams can produce, for example, right? So, PECC thinks that we are going to have a scarcity or crunch in energy soon. We need to work together to ensure that energy security can be achieved by collaboration, by openness. We have just launched an international project on securing energy for digital future. This project will come up with ideas of how we can make regional cooperation work for sustainable energy in the future.

Denis: Good answer, Karen. Thank you so much for joining us and for sharing your insights on PECC and its work on Asia-Pacific cooperation. It's been very useful to hear how PECC is approaching some of the most important challenges facing the region. Do check out the PECC website for more information on the current, work that PECC is doing. To our listeners, thank you for tuning in to this episode of ASEAN in Practice. Do join us again for more conversations with thought leaders, practitioners, and experts working on Southeast Asia and the wider region. Stay tuned. Thank you.

***The episode was recorded on June 24, 2026.**