1 July 2020

The Honorable Senior Minister Dato’ Seri Mohamed Azmin Ali
Chair, Meeting of APEC Ministers Responsible for Trade
Minister of International Trade and Industry
Malaysia

Honorable Senior Minister:

When we last wrote in March, we observed that APEC’s response to the COVID-19 challenge would be a profound test of our collective commitment to our core values of cooperation, collaboration and partnership to secure the growth of our economies and the well-being of our people. That still holds true today. As we look to deal with the ongoing impacts of the pandemic, and rebuild our disrupted regional economy, decisive and coordinated action will be vital.

We warmly welcomed the APEC Ministers Responsible for Trade (MRT) Statement on 5th May calling for collaboration at all levels and across all economies to hasten the fight against COVID-19. It is now time for concrete action, if we are to recapture momentum towards our shared goal of sustainable and inclusive growth, along with a renewed sense of optimism for our region.

We are pleased to share with you the attached ABAC COVID-19 Report, which contains ABAC’s recommendations for responding to the immediate impacts of the pandemic, and laying the groundwork for economic recovery and building resilience. These include actions to address the pandemic itself, temporary and tailored fiscal support, particularly for micro, small and medium enterprises (MSMEs), and support for open trade and investment, including through the World Trade Organization (WTO), to address the economic consequences. Most importantly, there should be a commitment to sharing research findings and vaccine solutions on a free and open basis. We should also seize the opportunity to shape a more sustainable, low-carbon region as we emerge from the pandemic, bearing in mind that some economies are already facing adverse impacts of climate change and more will follow in the foreseeable future.

It is important that APEC Ministers and Leaders continue to meet, including with ABAC’s participation as appropriate, as we collectively seek to make tangible progress on the action agenda set out in the Report. To that end, business must also connect quickly in a coordinated and practical manner.

In conclusion, we emphasize that the region’s recovery and resilience are best served by staying true to APEC’s fundamental belief that regional cooperation, open markets, integration, innovation and inclusive, secure and sustainable growth best equip APEC economies to achieve the well-being and prosperity of our communities. APEC must fully reflect these ideas, and the lessons of COVID-19, when developing its vision for the region post-2020.

Yours sincerely,

Dato’ Rohana Tan Sri Mahmood
ABAC Chair 2020
ABAC COVID-19 Report:
Laying the Groundwork for Economic Recovery and Resilience

Executive Summary

Introduction

The global economy is reeling from the impact of the COVID-19 pandemic, a health and economic crisis of unprecedented proportions. The crisis has severely impacted economies across the globe, costing many lives and harshly affecting the livelihoods of individuals, the viability of businesses, and economic growth both within and across economies.

Responding effectively to the pandemic in the immediate and longer term requires regional cooperation and leadership as well as public-private collaboration. Core APEC values of “equal partnership, shared responsibility, mutual respect, common interest and common benefit”, agreed by APEC Economic Leaders in 1994, have never been more relevant. Open markets and non-discrimination should continue to be our benchmarks as we address the many threats posed by COVID-19, and for any future crises that the region may face. We must also act with urgency to shape a more sustainable, low-carbon region going forward, bearing in mind that we may soon face similar adverse impacts arising from climate change.

In this report, the APEC Business Advisory Council (ABAC) sets out the actions that APEC economies should take to respond to the pandemic and its immediate and long-term economic consequences. This builds on our letter to APEC Ministers in March.

Part 1: Responding to the Immediate Impact of the Pandemic

These measures will ensure that essential goods, services, and people can go where they are needed, and will help to avoid prolonging the pandemic. It is also critical that support be given to businesses particularly micro, small and medium enterprises (MSMEs) to remain viable and to facilitate their recovery. Some of these measures will need to be sustained and enhanced over the medium to long term in order to promote economic recovery.

1. Keep markets for goods, services and investment open
   - Remove all unjustified export restrictions and bans on an agreed list of essential medical supplies, and commit to a sectoral approach for a standstill followed by elimination of tariffs and non-tariff barriers on an agreed list of essential medical supplies and basic hygiene products.
   - Shore up trade in food and agriculture, by removing unjustified export restrictions, eliminating non-tariff barriers, strengthening value chains and enhancing transparency, as some APEC members have already committed to do in the World Trade Organization (WTO) statement of 22 April.
   - Resist the use of measures that will discourage foreign direct investments.

2. Minimize supply chain disruption
   - Enter into agreements such as those between New Zealand and Singapore to keep supply chains working and food trade flowing and lead the development of similar multilateral commitments in the WTO.
   - Resist any approach towards de-globalization and encourage diversification to ensure open, stable and secure supply chains.
   - Make concrete improvements to trade facilitation measures, leveraging digital technology wherever possible, including for supply chain monitoring and digital border processes, and adopting expedited and flexible approaches to product standards and conformity assessment in emergencies.

3. Support MSMEs to address operational challenges, while recognizing the specific circumstances of economies and businesses
   - Intensify efforts to enhance the financial inclusion of MSMEs and their participation in international trade through a more robust enabling environment and capacity building for digital transformation.
   - Alleviate liquidity challenges where needed through temporary support measures and emergency credit programs tailored to the specific circumstances of MSMEs and economies.
• Facilitate speedy restructuring of non-viable businesses and accelerate fresh starts of insolvent businesses by streamlining personal insolvency regimes and introducing well-designed support programs where needed.

4. Leverage digital connectivity
• Foster the development of more secure, accessible and affordable digital infrastructure for all and of free and secure flows of data across borders.
• Release bands of spectrum on a temporary basis to expedite network expansion during the pandemic.
• Encourage interoperability between privacy regimes in order to enable secure sharing of health data, vaccine trials or data from contact tracing apps as appropriate, and including in relation to digital fencing for quarantine monitoring.

Part 2: Laying the Groundwork for Economic Recovery and Building Resilience
As economies move through the immediate aftermath of the first wave of the pandemic, it is clear that policymakers will need to turn their attention to laying the groundwork for economic recovery, including building resilience for the future. Markets will need to remain open for goods, services and investments; supply chains will need to be made resilient to disruptions; MSMEs will need to be readied for the “contactless and cashless” economy; and digital connectivity will need to be strengthened to ensure that it is affordable and reliable as more and more of our daily activities take place online.

History has shown that keeping markets open helps minimize the prolonged impact of global crises. In this regard, we should support the central role of trade in economic recovery by agreeing to refrain from imposing new trade and investment barriers, and supporting the WTO.

We highlight three recommendations which demonstrate the importance of working together in a coordinated way, and over a long period as the challenges of the pandemic will continue for many years into the future.

1. Support the central role of trade and sustainability in economic recovery
• Refrain from imposing new barriers to trade in goods, services and investment.
• Support the WTO by maintaining its core value and principles and making it fit-for-purpose through improvement in its functioning, rules, commitments and operation.
• Urgently work to achieve more inclusive and sustainable low-carbon businesses and economies.

2. Work collaboratively to plan for re-opening of borders
• Establish a temporary APEC coordination body as soon as possible to provide guidance for the orderly re-opening of borders and development of quarantine protocols. This body would collaborate, share information and evaluate available data against agreed criteria, that would enable all APEC economies to assess when and how to open borders and fully reconnect with other economies as safely as possible.
• In preparation for future crises, develop the APEC Policy Support Unit (PSU) checklist for pandemic planning into a regional policy toolkit, with business input.

3. Develop a regional framework for sustained recovery
• Develop a region-wide framework for sustained recovery and resilience so as to enable the sharing of best practices in post-pandemic policy setting.
• Work collaboratively with other multilateral institutions to re-establish global stability during and in the aftermath of the COVID-19 pandemic.

It is vital that APEC Ministers and Leaders continue to meet, including with ABAC’s participation as appropriate, as we collectively seek to make tangible progress on the action agenda set out above. To that end, business must also connect quickly in a coordinated and practical manner.

No single economy has the solution to the pandemic and its public health, social and economic consequences, but sharing experiences, keeping markets open and working together will achieve the best outcomes for us all. APEC
must remain true to its fundamental belief that regional cooperation, open markets, integration, innovation and inclusive, secure and sustainable growth best equip APEC economies to achieve the well-being and prosperity of our communities.
ABAC COVID-19 Report: 
Laying the Groundwork for Economic Recovery and Resilience

I. Introduction

The global economy is reeling from the impact of the COVID-19 pandemic, a health and economic crisis of unprecedented proportions. The crisis has severely impacted economies across the globe, costing many lives and harshly affecting the livelihoods of individuals, the viability of businesses, and economic growth both within and across economies.

While the immediate impacts are grave, however, the longer-term picture is also deeply worrying. Even before the pandemic, the Asia-Pacific economy had been buffeted by rising protectionism. Now we face massive demand and supply-side shocks. The World Trade Organization (WTO) has forecast that global trade could fall by as much as 32 percent. The APEC Policy Support Unit (PSU) estimates that the APEC region—long an engine for broader global growth—will post a record 2.7 percent decline in gross domestic product (GDP) in 2020; but the actual contraction could well be even sharper, since this figure is contingent on the containment of the virus and implementation of suitable economic response measures, which are by no means certain.

Responding effectively to the pandemic in the short and longer term requires regional cooperation and leadership as well as public-private collaboration. Core APEC values of “equal partnership, shared responsibility, mutual respect, common interest and common benefit”, agreed by APEC Economic Leaders in 1994, have never been more relevant. Open markets and non-discrimination should continue to be our benchmarks as we address the many threats posed by COVID-19, and for any future crises that the region may face. Despite the immediate urgency of the COVID-19 pandemic, we must also do more to address the issue of climate change—another global crisis with enormous potential for socioeconomic harm. We should seize the opportunity to shape a more sustainable, low-carbon region as we emerge from the pandemic, bearing in mind that some economies are already facing adverse impacts of climate change and more will follow in the foreseeable future.

This report builds on our letter to APEC Ministers in late March and is in two parts. In the first part, **Responding to the Immediate Impact of the Pandemic**, we set out the actions that we consider APEC economies should take in the short term to respond to the pandemic, including those which should be sustained over the medium to long term. In the second part, **Laying the Groundwork for Economic Recovery and Resilience**, we outline the business community’s concerns and priorities in the disrupted economic landscape we are likely to face in the APEC region in the period ahead.

II. Responding to the Immediate Impact of the Pandemic

A. Keeping markets for goods, services and investment open

1. Remove unjustified export restrictions and bans on critical medical supplies and other necessities including basic hygiene products and food

A global pandemic requires a coordinated global response. In a deeply integrated and interconnected world, it does not make sense for any economy to seek to be self-sufficient in the essential tools to fight the pandemic. Export restrictions and export bans, including on food, risk prolonging the pandemic and causing more suffering. Equally, there is a strong case for removing barriers to imports of these pandemic-fighting tools. Open and non-discriminatory markets will ensure that goods and services can reach those in most urgent need. Likewise, continued investment in the region will be important to counteracting the economic fallout from the pandemic; the introduction of unduly stringent measures that will discourage and impede foreign direct investment (FDI) should be avoided.

We welcome and are heartened by the Joint Statement by the APEC Ministers Responsible for Trade on 5 May 2020, committing to “keeping our markets open and working together to deliver a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, to ensure that trade and investment continue to flow in these trying times”.

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APEC should lead the way in making these commitments concrete, both within the APEC region and through multilateral outcomes in the WTO.

Recommendations:

- Remove all unjustified export restrictions and bans on an agreed list of essential medical supplies, as some APEC economies have already undertaken. While they remain, any such restrictions must be targeted, proportionate, transparent and temporary, and applied only to relieve critical shortages.

- Commit to a sectoral approach for a standstill followed by elimination of tariffs and non-tariff barriers on an agreed list of essential medical supplies and basic hygiene products.

- Consider the acceptance of the International Civil Aviation Organization (ICAO) public health corridor concept. Implementation of border restrictions have been inconsistent resulting in disruption in the delivery of personal protective equipment (PPE) and medical supplies. The establishment of a public health corridor is an important step, which encourage economies to exempt crew for cargo operations who have met the guidelines from additional entry requirements.

- Shore up trade in food and agriculture by removing unjustified export restrictions, eliminating non-tariff barriers, strengthening value chains and enhancing transparency, as some APEC members have already committed to do in the WTO statement of 22 April.

- Facilitate the flow of foreign direct investments by resisting the use of measures that will restrict and discourage FDIs; where such measures are introduced, they should be narrow in scope, and with prompt review processes.

2. Address barriers to trade in essential services

Many services are critical enablers for trade in essential medical supplies and basic necessities. These include logistics, financial, legal and information and communication technology (ICT) services. Reducing barriers to such services (for example, through expedited clearance processes and/or tailored quarantine approaches for transport operators) would further assist in tackling the medical and economic impacts of the pandemic.

Similarly, enabling essential workers including medical professionals to move around the region will enable them to provide services wherever those services are most needed, but visa policies and a lack of administrative capacity may impede this. We encourage the development of new approaches, such as special visas, work permits or other approaches, such as using the model of the APEC Business Travel Card (ABTC), to expedite the movement of essential workers.

Recommendations:

- Commit to taking measures to maintain cross-border logistics functions, including the development of modified and expedited quarantine processes for freight operators transporting essential goods by air, sea or land.

- Make concrete commitments to facilitate movement of essential workers and medical professionals across borders in response to the pandemic, including the development of new approaches, such as special visas or other new mechanisms modelled on the ABTC.

- Work together, to the extent possible, to craft a clear and consistent definition of “essential services,” including essential infrastructure and workers. A global essential worker protocol should have provision to make it easier for workers, for example, pilots, truck drivers, and
B. Minimizing supply chain disruption

The pandemic has disrupted supply chains for manufactured goods, food and energy supplies, while at the same time increasing the need for trade in essential goods to respond to the crisis. It is critical that APEC economies seek collectively to keep supply chains functioning, facilitate trade and minimize disruption.

To that end, economies should prioritize and expedite customs clearance for both sea and air ports on essential medical supplies and other necessities, using simplified formats and processes based on an agreed list of goods and set of guidelines and protocols. One model could be the provisions in the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP) on urgent cargoes. Concrete improvements in trade facilitation will also be important in mitigating trade and market disruption, including through the use of digital technologies and expedited and flexible approaches to product standards accreditation. APEC should seek to develop ‘Guidelines for Emergencies’ for use at times of crises.

The supply chain based on the global value chain (GVC) model has been effectively developed in the APEC region and has contributed to the rapid expansion of economic growth in the region enabling the participation of developing economies in cross-border trade in goods and services. Further growth is expected, with the Regional Comprehensive Economic Partnership (RCEP) negotiations involving 15 economies in the final stage of completion and the possible future expansion of CPTPP membership. While some economies are discussing re-shoring and near-shoring in the context of enhancing supply chain resilience, APEC needs to resist any approach towards de-globalization and re-affirm the importance of economic integration, including liberalization of trade and investment as the most effective means to minimize supply chain disruption. To strengthen the supply chain network, digital technologies should be leveraged to enable developing economies, micro, small and medium enterprises (MSMEs) and start-ups to participate in cross-border trade. APEC economies should collaborate to promote regionally consistent rules to support digital networks and to promote capacity building.

We strongly welcome the efforts by APEC economies and others to keep supply chains and trade functioning. In particular, we applaud the Joint Ministerial Statement of 6 April by nine economies including Australia, Brunei Darussalam, Canada, Chile, New Zealand and Singapore reaffirming their commitment to unimpeded trade flow and ensuring supply chain connectivity during the pandemic; the agreement of 15 April between Singapore and New Zealand on supply chains and essential goods including food; and the Joint Ministerial Statement of 12 May by Australia, Canada, New Zealand, Korea and Singapore on action plans to facilitate the flow of goods and services as well as the essential movement of people. We urge all APEC economies to make specific, concrete commitments to keep supply chains and markets functioning effectively.

Recommendations:

• Enter into agreements to keep supply chains working and food trade flowing along the lines of the 15 April agreement between New Zealand and Singapore and lead the development of similar multilateral commitments in the WTO.

• Resist any approach towards de-globalization and encourage diversification to ensure open, stable and secure supply chains.

• Develop APEC Guidelines for Emergencies including a definition of “essential goods” and guidelines for expedited administrative and customs procedures in such situations.

• Make concrete improvements to trade facilitation measures, leveraging digital technology wherever possible, including for supply chain monitoring and digital border processes, and...
adopting expedited and flexible approaches to product standards and conformity assessment in emergencies.

C. Supporting MSMEs address operational challenges, while recognizing the specific circumstances of economies and businesses

MSMEs have been disproportionately impacted by the effects of the pandemic, facing risks around cashflow and credit and severe contraction in both supply and demand, hampered by limited agility and resources to respond.

There is no one-size-fits-all solution: not every MSME needs the same kind of help and some small businesses may no longer be viable, despite support. Different types of support may be required in different circumstances, particularly if the aim is to keep businesses alive during the crisis (“re-start”) or to protect assets while businesses wait for the crisis to pass (“re-open”). APEC economies should develop a suite of measures to help alleviate MSMEs’ particular challenges.

To address the solvency challenge, APEC economies can streamline the personal insolvency regime to facilitate speedy restructuring of non-viable small as well as larger businesses and accelerate fresh starts for owners of insolvent businesses with well-designed support programs.

Supporting the digital transformation of MSMEs will enable them to obtain better and safer access to finance, markets and technology and become more resilient. While many economies have already been undertaking policy and regulatory reforms during the past few years to improve the ecosystem for adoption and use of digital technology, COVID-19 has pushed businesses and governments to accelerate this process. APEC should intensify its efforts to create a more robust enabling environment and greater financial inclusion for MSMEs, including in relation to interoperable open banking, digital identity and “Know Your Customer” requirements, greater use of digital documentation in domestic and cross-border activities and capacity building to help MSMEs use digital technology more successfully and achieve greater access to finance.

APEC economies should support pilot projects to scale up financial inclusion that can address regulatory barriers and facilitate domestic and cross-border transactions. Initiatives targeting the unbanked can also be scaled up regionally through international financial innovation platforms, such as the ASEAN Financial Innovation Network.

Recommendations:

• Build support packages that correspond to business needs and objectives, differentiating the type of support offered as appropriate.

• Intensify efforts to enhance the financial inclusion of MSMEs and their participation in international trade through a more robust enabling environment and capacity building for digital transformation.

• Alleviate liquidity challenges where needed through temporary support measures and emergency credit programs tailored to the specific circumstances of MSMEs and economies.

• Facilitate speedy restructuring of non-viable businesses and accelerate fresh starts of insolvent businesses by streamlining personal insolvency regimes and introducing well-designed support programs where needed.

• Simplify and harmonize customs procedures to support MSME participation in international trade, and their ability to access essential goods and services such as PPE and medical supplies necessary to protect their employees and resume business.
• Provide regional fora for collaboration to overcome fragmentation of digital policy frameworks and drive the process of coordinated digitalization of supply chains and financial transactions frequently used by MSMEs.

• Support pilot projects to scale up financial inclusion that can address regulatory barriers and facilitate domestic and cross-border transactions.

• Review laws, policies and regulations that can incentivize MSMEs and Microfinance Institutions to digitalize operations and processes.

• Provide support measures to stimulate consumer demand to help local business and boost local economy.

D. Leveraging digital connectivity

The COVID-19 pandemic has placed in stark relief the importance of a robust digital connectivity to promote economic participation and drive inclusive growth. Connectivity includes not only the physical infrastructure assets that form the backbone of the digital economy, but also regulatory regimes and support mechanisms that enable society to maximize the benefits of digital connectivity. Societies are responding to the pandemic by shifting their essential daily activities online where possible, including work, education, shopping, doctor visits and interactions with government.

The increased reliance on digital connectivity has placed a heavy burden on telecommunications networks around the world. Among APEC economies, fixed broadband networks have seen significant increases in rates of use, ranging between 20 – 70% since stay at home orders have been put in place. To cater to the increase in traffic across fixed and mobile broadband networks, governments are urged to release available spectrum on a temporary basis to expedite network expansion during the pandemic. To ensure that these bands can be deployed as quickly as possible and used in the most efficient manner, temporary use of spectrum should be granted to service providers with existing bands which can complement this spectrum. It is critical that these service providers have the capacity – technical, financial and complementary spectrum bands – to be able to develop the bands quickly. Meanwhile, COVID-19 also presents a unique opportunity to accelerate development of digital technology by further implementing the APEC Internet and Digital Economy Roadmap and the APEC Connectivity Blueprint.

The 53% of the world that is connected to the Internet has benefitted immensely from the continuity of daily life enabled by digital connectivity. However, as more activities essential to daily life move online, existing disparities in broadband internet access are set to exacerbate the digital divide between urban and rural areas as well as the poor and the wealthy. This holds true both within and between APEC economies. Against this landscape, it is critical that economies implement short-term steps to ensure all parts of society can remain engaged in necessary activities that have moved online in response to the pandemic. Seizing the opportunity and enhancing cooperation on digital connectivity will unleash huge potentials and create new drivers for future economic growth.

To realize remote access such as telehealth, remote classes and digital government, digital authentication technologies and platform are essential, in addition to broadband and secure connectivity. Authentication would promote confidence when the service provider and client are remotely connected.

Proper authentication is also critical when government offers economic and medical support for populations to make sure the support is delivered to all recipients, although not redundantly.

Recommendations:

• Foster the development of more secure, accessible and affordable digital infrastructure for all.
• Release bands of spectrum on a temporary basis to expedite network expansion during the pandemic.

• Classify telecom employees as essential workers to ensure they can perform necessary maintenance and upgrades to existing telecommunications infrastructure.

• Classify network equipment as essential infrastructure and facilitate customs and procedures to ensure access to replacement equipment.

• Provide support measures to expand internet access and access to devices.

• Encourage telecom operators to consider strategic approaches to network planning and construction that will promote greater accessibility during the pandemic and in preparation for similar challenges in the future.

• Promote digital inclusion and bridge the digital divide by increasing investments in ICT infrastructure for the underserved population and adopting enabling policies such as universal service fund subsidies to promote connections for all.

• Adopt policies to simplify site acquisition process to provide operators more site resources thereby speeding up deployment and strengthening existing infrastructure.

• Promote digital authentication technologies and platform to ensure better confidence in digital service delivery.

• Advance a ‘contactless economy’ that will require collective digital connectivity using emerging technologies as the supporting infrastructure.

• Remove unnecessary regulatory restrictions on the supply of telecom network equipment and products, ensure telecom operators and their services suppliers can freely choose the supporting technologies of their networks and related products and services.

• Press forward with the implementation of the Internet and Digital Economy Roadmap.

1. Data flows, privacy and track and trace

The COVID-19 pandemic has highlighted the importance of data and technologies in allowing workers and businesses to operate remotely, manage supply chains and adjust to the pandemic. Anonymized data and the use of predictive analysis, artificial intelligence and machine learning are playing a valuable role in helping us understand the spread of the pandemic and manage risk arising from the pandemic.

Restrictions to cross-border data flows hamper the operation of these tools, delay the pandemic response and raise costs for business. These restrictions may be intended to address a range of regulatory goals, in particular privacy, security, economic development, internet access and control and financial regulation and law enforcement. It is therefore meaningful to propose mechanisms for data sharing and access by addressing concerns over the above issues to allow data access by regulators and law enforcement. It is important that APEC build on the Internet and Digital Economy Roadmap and develop policies to address these goals without unnecessarily impeding cross-border data flows.

Many economies are seeking to deploy digital technologies for tracking and tracing the spread of the pandemic to replace laborious manual systems and enable better management of testing and quarantine, but care will need to be taken to safeguard privacy and maximize uptake and interoperability. Sharing of best practices, including around mobility as a service and digital fencing, can enhance economies’ ongoing management of these challenges.
**Recommendations:**

- Initiate a standstill on all additional restrictions to cross-border data flows until the pandemic is under control and the underlying privacy, security and competition issues can be addressed.

- Encourage interoperability between privacy regimes in order to enable the eventual secure sharing of health data, vaccine trials or data from contact tracing apps, should this be needed.

- Develop principles (and as needed, regulatory frameworks) for the use and management of this data, including in relation to new and evolving technologies.

- Seek to ensure that systems are interoperable across borders, and share best practices, including in relation to digital fencing for quarantine monitoring such as ensuring clear communications through the smart use of text messages and without invading people's privacy.

- Develop principles, frameworks, good regulatory practices, international standards, and mutual recognition agreements, including provisions in free trade agreements amongst others, to ensure cross-border data flows while at the same time recognizing domestic laws and regulations and concerns around privacy and security at the domestic level.

- Minimize regulatory heterogeneity by striving to develop APEC-wide international standards in consumer protection and cybersecurity that can be a basis for domestic regulation. The APEC Privacy Framework provides a model for how this could be done.

- Provide support to economies that wish to align domestic regulation with international standards.

- Expand work on good regulatory practice to include cross-border data flows by encouraging regulatory impact assessment for all new regulation that includes the impact on cross-border data flows and encouraging transparency by publishing in advance regulations affecting data flows, explaining the rationale for the regulation, agreeing to consider alternatives, providing all interested parties with opportunities to comment on proposed regulations and publishing reasons for the final approach taken.

2. **Cybersecurity**

The importance of good cybersecurity practices has increased in the face of the pandemic. The increase in people working and learning from home has been accompanied by a notable uptick in organized cybersecurity attacks like phishing emails and advanced persistent threats.

- Encourage governments and businesses to ensure that information systems are built in multiple security layers and that employees are trained in proper cyber practices. In cases of attack, entities should quickly establish a central command center to manage the workforce, and develop protocols to build the trust with the workforce and public communication.

- Build on the cybersecurity work in the APEC Telecommunications and Information Working Group (TEL) which includes information sharing about cybersecurity threats best practices. A clear set of cybersecurity guidelines in cloud services could help APEC achieve a consistent approach across the region.

- Ensure regulation enacted in response to cyber threats is fit-for-purpose and does not unnecessarily hinder the development of the digital economy.
3. **E-commerce**

As government orders to limit in-person interactions have accelerated the growth of e-commerce, the WTO’s E-commerce negotiations present an important opportunity to establish global norms around e-commerce. This is an opportunity for APEC economies, which have been active in e-commerce negotiations to date, to define and influence the WTO e-commerce agenda.

**Recommendation:**

- Actively advance the e-commerce negotiations and strive for an agreement that reflects principles of good governance, provides governments with the ability to counter digital protectionism while safeguarding and promoting consumer trust, fosters inclusion and generates real commercial opportunities and economic growth.

III. **Laying the Groundwork for Economic Recovery and Building Resilience**

As economies move through the immediate aftermath of the first wave of the pandemic, it is clear that policymakers will need to turn their attention to laying the groundwork for economic recovery, including building resilience for the future. Markets must remain open for goods, services and investments; supply chains must become more resilient to disruptions; MSMEs will need to be readied for the “contactless and cashless” economy; and digital connectivity will need to be strengthened to ensure that it is affordable and reliable as more and more of our daily activities take place online.

We highlight three recommendations which demonstrate the importance of working together in a coordinated way, and over a long period as the challenges of the pandemic will continue for many years into the future.

A. **Supporting the central role of trade and sustainability in economic recovery**

History has shown that keeping markets open helps minimize the prolonged impact of global crises: for example, during the 2008 Global Financial Crisis, Leaders committed to refrain for a year from imposing new restrictions on imports, exports and investment which helped generate renewed growth.

Forecasts for sharp contractions in trade and growth in the period ahead are rightly prompting policymakers to consider a range of stimulus and other economic measures to help support economic recovery. In responding, economies must seek to avoid creating new distortions. Revitalizing trade will also be also crucial, including for the most vulnerable economies, businesses and workers. Open markets and non-discrimination should continue to be our benchmark; the multilateral rules-based system of the WTO is foundational to this effort. APEC economies should commit to maintaining the core value and principles of the WTO and making meaningful progress to improve its functioning, rules, commitments and operation, including in relation to dispute settlement.

Despite the immediate urgency of the COVID-19 pandemic, we must also do more to address the issue of climate change – another global crisis with enormous potential for human and economic harm. Similar to impact of the pandemic, the impending climate change crisis represents an external physical shock causing major disruption to lives and livelihoods with disproportionate loss to the most vulnerable segments of society. An abject lesson learned from the COVID-19 pandemic is that some measure of coordination and cooperation across economies will be needed to more effectively manage the crisis. Now is the time to be transitioning to a low-carbon economy and the opportunity exists to emerge from the pandemic with a focus on more sustainable development.

**Recommendations:**

- Refrain from imposing new barriers to trade in goods, services and investment.
- Support the WTO by maintaining its core value and principles and making it fit-for-purpose through improvement in its functioning, rules, commitments and operation.
• Urgently work to achieve more inclusive and sustainable low-carbon businesses and economies.

B. Working collaboratively to plan for the reopening of borders

Economies will recover from the pandemic at different times and make their own assessments as to when and how to reopen community life, business and borders. There will be significant concern to avoid a resurgence of the virus in individual economies and communities and to avoid further transmission through renewed contact beyond home borders. Reaching a coordinated agreement on effective health responses and consensus on medical issues associated with the pandemic, would not only assist individual economies in their own decision-making, but build trust between economies seeking to reopen borders. ABAC proposes establishment of a temporary APEC coordination body, which would be made up of Chief Medical Officers, public officials and business representatives from all APEC economies, to provide guidance for the orderly re-opening of borders and development of quarantine protocols.

The PSU has developed a list of essential and desirable elements for pandemic planning and has urged APEC economies to develop a pandemic planning and policy toolkit. This would identify essential health measures as well as policy actions to be employed during phases of a pandemic. The toolkit should be reflective of different levels of capacity for health emergency planning and preparation. ABAC urges governments to plan for future challenges to ensure that the region is in a strong position to cope with future crises.

We encourage economies to swiftly agree to health protocols that will enable efficient and safe business travel. These should cover issues such as mutual recognition of testing arrangements, quarantine requirements, pre-travel and arrival requirements, tracking and tracing requirements, temperature checking, new social norms such as masking and distance requirements, and health and hygiene requirements. Transparency as these steps are taken will be key to rebuilding confidence. Individual governments will determine when and how to reopen borders. However, these judgements will be assisted if there is collaboration and cooperative effort between economies in the region.

Noting the APEC Ministers Responsible for Trade Statement, several economies have introduced measures to ease travel restrictions in order to keep the global supply and industry chains open, secure and stable. For example, Korea and China have agreed on introducing a ‘fast track entry system for business people’ which streamlines quarantine requirements upon entry in order to guarantee essential movement of people while respecting the disease control principles. Additionally, China and Singapore have also agreed to create a ‘fast lane’ to facilitate essential business and official travel.

ABAC notes the encouraging negotiations underway to develop travel bubbles between economies in the region which have had some success in bringing COVID-19 under control. These bubbles should be expanded as circumstances stabilize in other economies.

Allowing business people to move across borders will be critical to the next stage of recovery from the pandemic, as the regional economy restarts. The ABTC could be utilized to assist in ensuring global health security and expedite economic recovery. ABAC proposes that options be considered for inclusion of biometric data on the ABTC for business people, to enable travel in the region as they work to reopen economies. APEC economies should consider conferring other relevant benefits to ABTC holders, including priority in resuming business travel, expedited work permit application procedures and extended stays in economies for business travel. Trust, safety, and privacy issues must be considered in inclusion of such data, however the potential benefits warrant commencing these discussions.

Recommendations:

• Establish a temporary APEC coordination body, which would be made up of Chief Medical Officers, public officials and business representatives from all APEC economies, to provide guidance for the orderly re-opening of borders and development of quarantine protocols. This body would collaborate, share information and evaluate available data against agreed criteria,
and develop protocols, that would enable all APEC economies to assess when and how to open borders and fully reconnect with other economies as quickly and safely as possible.

- In preparation for future crises, develop the PSU checklist for pandemic planning into a regional policy toolkit, with business input.
- Expand the use of fast track entry systems to facilitate essential business and official travel.
- Explore the potential of the ABTC to promote safe business travel in the post-COVID-19 era.

C. Developing a regional framework for sustained recovery

In a heavily interconnected world and region, our economies will not flourish separately – we must work in a coordinated way, and over a long period; some of the challenges of the pandemic will continue for many years into the future. Fragmented responses will be ineffective and potentially inhibit our ability to recover from the crisis. A region-wide framework for eventual recovery would enable the sharing of best practices to foster recovery in post-pandemic policy settings. Economies are rightly looking to provide immediate assistance and longer-term stimulus to their economies, but such measures must be designed to avoid introducing long-term distortions. Economic, fiscal/monetary, trade policies and structural reforms should be designed with this longer-term perspective in mind.

In addition, APEC economies must identify challenges and articulate lessons learned while compiling and institutionalizing solutions developed to better prepare for future situations. For example, the establishment of whole-of-economy epidemic committees have been tremendously successful in formulating solutions to support business continuity while protecting the health of communities. Many of the debates held over the last few months involving health, trade/economic, finance, international cooperation, transportation, labor and border enforcement agencies have led to effective solutions that can be deployed in the future.

Multilateral institutions have a significant role to play in re-establishing global stability, and it is imperative that APEC engage with those institutions. APEC is encouraged to work collaboratively with other international fora and organizations. It is essential that these institutions work together. ABAC itself recognizes the need for business groups to coordinate to present collaborative recommendations to governments, and we will actively pursue those outcomes.

ABAC recognizes the enormous financial challenges and stress faced by all economies at present, however we urge our governments to maintain economic and development support for our most vulnerable communities. This is more important now than ever. There is an urgent need to support emerging and developing economies to deal with health, economic and social impacts of the pandemic. Withdrawal or reduction of aid and economic development support, would be potentially devastating for those economies in greatest need and have broader implications for the whole region.

Recommendations:

- Work collaboratively with other multilateral institutions as appropriate to re-establish global stability during and in the aftermath of the COVID-19 pandemic.
- Develop a regional framework for recovery, including both region-wide arrangements and guidance for domestic policies.
- Maintain and expand where possible, development support for economies in greatest need, with a focus upon capacity building and technical assistance, to enable vulnerable developing economies to rebuild their economies.
IV. Conclusion

No single economy has the solution to the pandemic and its medical, social and economic consequences, but sharing experiences, keeping markets open and working together will achieve the best outcomes for us all. APEC must remain true to its fundamental belief that regional cooperation, open markets, integration, innovation and inclusive, secure and sustainable growth best equip APEC economies to achieve the well-being, prosperity and security of their communities and be resilient to future shocks.

It is vital that APEC Ministers and Leaders continue to meet, including with ABAC’s participation as appropriate, as we collectively seek to make tangible progress on the action agenda set out above.

As APEC develops its post-2020 Vision for the region, it will be important to fully reflect the realities of COVID-19. We must seek to build a future Asia-Pacific economic community on the foundation of resilience and in a way that enables dynamism, sustainable, secure and inclusive growth.