

23 July 2025

The Honorable Jung-Kwan Kim

Chair, APEC Energy Ministerial Meeting
Minister of Trade, Industry and Energy
Republic of Korea

Dear Minister Kim,

On behalf of the APEC Business Advisory Council (ABAC), we are honored to present our recommendations to APEC Energy Ministers. Recognizing the fundamental role energy plays in driving economies, enabling sustainable development, and enhancing societal well-being, we commend your dedication to regional energy cooperation. Today, our economies face multiple energy challenges, including the growing demand for electrification and expanded grid infrastructure, the effects of climate change and limitations in natural energy sources in many economies. It is imperative that we unite to address key issues.

Steady Implementation of an Ambitious and Realistic Energy Transition

Achieving our climate goals is urgent but challenging, and includes technological hurdles and cost burdens. The Asia-Pacific region, which accounts for the majority of global energy consumption and carbon dioxide (CO₂) emissions, shoulders significant responsibility in decarbonization and low-carbon development. However, due to the region's diverse economic development stages, industrial structures, and energy supply frameworks, addressing these challenges is increasingly complex. Natural disasters, cyber threats, and insufficient energy investment heighten supply concerns during the transition. Meanwhile, demand-side electrification and digitalization—driven by electric vehicles (EVs), artificial intelligence (AI) systems, data centers, and semiconductor production—will increase electricity and critical mineral consumption. APEC economies must recognize these realities scientifically and outline diverse, practical pathways for a comprehensive and just transition.

ABAC calls on APEC Energy Ministers to:

- Collaborate with industry and energy providers to forecast electrification demand by economy against existing capacity and energy sources. Establish targets and regional planning frameworks to fast-track low-emission energy and grid upgrades to meet growing demand.
- Recognize the need for diverse, ambitious and realistic energy transitions tailored to the current circumstances of each APEC economy and develop decarbonization and low-carbon development roadmaps grounded in accurate energy supply and demand forecasts to sustainably promote efforts toward a low-carbon society.
- Consider decarbonization and low-carbon development roadmaps that include renewable energy, nuclear power, hydrogen, ammonia, and biomass, and which recognize the role lower-carbon energy sources such as natural gas/liquefied natural gas (LNG) play in both the transition and energy security. Such roadmaps could also promote initiatives to reduce

atmospheric CO₂ such as Carbon Capture, Utilization, and Storage and carbon recycling technologies as a complement to emissions reductions.

- Promote the development and implementation of energy-saving technologies to curb the growth of energy demand. Foster collaboration and share best practices among APEC economies regarding these technologies and initiatives.
- Advocate for sustainable and resilient critical minerals trade and supply chains, which are the backbone of a green energy transition.
- Foster collaboration and share best practices among APEC economies regarding these technologies and initiatives.
- Establish an investment environment and frameworks for transition financing to secure necessary investments in order to balance sustainable economic growth with low-carbon requires a stable supply of energy at reasonable prices, based on an optimal energy mix suited to each APEC economy.

Leveraging the Role of Insurance in Energy Transitions

The insurance sector is uniquely positioned to support energy transformations across the APEC region. It not only helps to assess and manage complex risks, but also unlocks investment, supports climate resilience, and enables the deployment of key energy technologies. To maximize the full potential of the insurance industry, APEC should leverage the knowledge within the industry early on in project development and establish stable policy and regulatory frameworks to build an enabling environment that will expedite the development of risk management solutions and activate cross-sectoral discussions with relevant stakeholders around energy transition and resilience.

ABAC calls on APEC Energy Ministers to:

- Support an ABAC Insurance and Energy Transition Toolkit.
- Establish stable policy, regulatory frameworks, and harmonization across borders to build an enabling environment.
- Expedite development of risk management solutions, standards for risk management that can help replicate projects faster.
- Incorporate prefunded financial protection in energy transition projects.
- Activate cross-sectoral discussions with relevant stakeholders and government around energy transition and resilience.
- Include the private sector insurance industry early on in project phasing and development.

Accelerating Transition Finance

ABAC believes that APEC economies can lead the transition finance effort by setting clear policy frameworks and building project pipelines that drive decarbonization and low-carbon development, as well as actively working together to set interoperable, principle-based frameworks across economies.

ABAC recommends that APEC Ministers:

- Utilize APEC decarbonization and low-carbon development pathways (starting with energy, then high-emission sectors like manufacturing, steel, and cement) to drive corporate transition to net-zero. Support policies must address rising energy demands, notably from data centers, and provide businesses with tools/incentives, backed by financiers.
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- Accelerate transition finance via public tools: Beyond funding, governments must cut bureaucracy and foster public-private dialogue to remove investment blockers, ensuring projects are viable and benefit local communities/economies.
- Adopt interoperable, principle-based frameworks across economies (e.g., defining transition activities) to enable cross-border capital flow. Coordination by bodies like G20/United Nations Framework Convention on Climate Change (UNFCCC) is essential to unlock private investment by ensuring credibility and scalability.

Strengthening Clean Energy Distribution Networks

Strengthening clean energy distribution networks, including grid and energy storage modernization, investment in AI and advanced technologies, and expanding infrastructure access to small clean energy producers, will help further APEC economies' low-carbon goals and ambitions.

ABAC recommends that APEC Ministers:

- Establish one-stop permitting and harmonize regional grid codes to reduce bureaucratic barriers and accelerate clean energy projects and grid modernization.
- Promote voluntary market-driven solutions like renewable energy certificates or cap-and-trade programs to incentivize clean energy investments.
- Create knowledge-sharing platforms to accelerate voluntary and market-driven energy technology transfers and adoption in emerging markets.

Adopting a Greener Trade Framework

Trade holds significant potential as a tool for climate response and enabling the shift towards low-carbon, nature-positive, and inclusive economies. Coherent approaches to trade policy will be an essential precondition to achieving sustainability goals. A Greener Trade Framework, based on World Trade Organization (WTO)-consistent principles, could serve to increase coherence in trade policy settings across the region, including for the liberalization and facilitation of greener trade, and the mitigation and rejection of green protectionism. Such a framework can expand market access to sustainable supply chains, environmental goods and services, renewable energy, and clean technology, while advancing Just Transitions, including for micro-, small and medium enterprises. This benefits people, prosperity, and the planet.

ABAC urges APEC Ministers to:

- Develop a Greener Trade Framework, based on a set of WTO-consistent principles and reflecting ABAC's Climate Leadership Principles of Reduction, Adaptation, and Just Transitions, to effectively leverage trade and technology, including GreenTech, in addressing climate challenges and to avoid all forms of green protectionism.

Sustainably Powering the Digital Economy: The Data Center Imperative

As digital infrastructure expands to meet the growing demands of AI, cloud, and advanced computing, the energy and environmental impacts of data centers are rising sharply, with electricity demand from AI-intensive data centers forecast to more than quadruple by 2030. Without coordinated action, digital growth risks becoming a liability rather than a strategic asset.

ABAC urges APEC Ministers to:

- Prioritize and invest in sustainable digital infrastructure, including reliable power grid and water supply to support innovation and climate goals.
- Collaborate with industry and energy providers to forecast data center demand against energy capacity and establish targets and regional planning frameworks to fast-track low-emission energy and grid upgrades to meet projected demand.

Building Resilient Battery Supply Chains

Battery Electric Vehicles (BEVs) are vital for APEC economies to cut emissions and secure energy. To enhance resilience, this initiative promotes APEC collaboration to diversify the BEV battery supply chain. Key strategies include:

- Diversify mineral sources. Reduce reliance on concentrated production by investing in mineral exploration, processing, and refining in APEC economies. Attract responsible investment via foreign direct investment, partnerships, incentives, and technology advancements.
- Promote sustainable mining by implementing environmental, social and governance (ESG) standards. Mandate low-carbon/water-efficient technology, strengthen waste management, and ensure labor practices are in line with the International Labor Organization (ILO) treaties.
- Enhance recycling and circular economy by prioritizing battery recycling and reuse to cut raw material dependency. Boost regional cooperation on collection/recycling infrastructure and support recyclable battery design. Strengthen regional cooperation on BEV batteries by harmonizing policies, creating APEC data-sharing platforms, industry forums for best practices, and standardizing battery regulations.
- Develop resilient supply chains by proactively managing risks, establishing disruption early-warning systems, identifying bottlenecks, building strategic mineral reserves, and securing long-term access agreements.

Advancing Regional Cooperation in the Plastic Circular Economy

Plastic is vital for modern life, yet the pollution it creates threatens health, ecology, climate, and the economy. Shifting to a circular economy approach is the sustainable solution, but currently, less than 10% is recycled, creating a linear "produce-dispose" system.

ABAC urges APEC Ministers to:

- Establish APEC green bonds/funds with risk-sharing to lower investment barriers for advanced recycling.
 - Expand Extended Producer Responsibility (EPR) for regional cooperation. Coordinate large enterprises to build regional hubs and enable cross-border transfer of recycling technologies.
 - Launch regional pilots to validate and promote the "Technology validation - capacity export - rule replication" closed-loop model. Develop APEC-wide chemical recycling classification standards to facilitate technology promotion.
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Enhancing Disaster Resilience

Based on the 2024 World Risk Index, APEC faces critical disaster vulnerability, with 16 economies rated "very high" risk. This reflects both high exposure to worsening hazards (typhoons, floods, earthquakes, wildfires) and insufficient capacity to withstand them. In 2024 alone, disaster losses exceeded USD 135 billion in the worst-hit APEC economies. Managing disaster risks is important to ensure uninterrupted development of sustainable energy-producing and energy-saving technologies. Thus, collective action is urgently needed to build the capacity of households, businesses, and governments to manage disaster risks and, ultimately, enhance disaster resilience in APEC.

ABAC calls on APEC Ministers to:

- Facilitate the sharing of experiences, knowledge, and best practices among APEC economies, especially between disaster-ready and high-risk economies.
- Develop innovations for disaster risk management by engaging the private sector and building regional cooperation and capacity in APEC, as exemplified by the ASEAN Coordinating Centre for Humanitarian Assistance or AHA Centre.

Yours sincerely,



H. S. Cho
ABAC Chair 2025