

23 July 2025

**The Honorable Kyunghoon Bae**

Chair, APEC Digital and AI Ministerial Meeting  
Minister of Science and ICT  
Republic of Korea

Dear Minister Bae,

The APEC Business Advisory Council (ABAC) commends the Republic of Korea for convening the inaugural APEC Digital and AI Ministerial Meeting. As artificial intelligence (AI) becomes a defining force shaping productivity, innovation, trade, sustainability, and global competitiveness, how APEC governs, invests in, and collaborates on digital transformation today will determine whether the region can unlock shared prosperity or deepen divides. The business community is a vital partner in this effort.

This gathering comes at a pivotal moment for the region's digital economy as the unstable global trading environment threatens to fragment technology ecosystems and regulatory settings, and slow momentum in digital transformation. With disparities in compute-capacity continuing to grow despite a [73%](#) increase in global spend on compute and storage last year, coordinated action is needed to ensure digitalization can drive inclusive, economic growth in the region.

ABAC has identified several key imperatives for action for APEC Ministers Responsible for AI and Digital Innovation.<sup>1</sup>

1. ***Sustainability Imperative: Responsibly Powering the Digital Economy***

In 2024, the digital economy represented [15%](#) of global GDP. The rapid expansion of AI is an important driver of this digital economy growth. By 2030, global electricity demand from AI-intensive data centers is forecast to more than [quadruple](#). ABAC recognizes the significant benefits that AI can offer the region across a range of domains – but equally we are concerned that the infrastructure enabling its deployment must be environmentally sustainable, consistent with our broader climate goals. This reinforces the urgency of ABAC's work on addressing the region's worsening infrastructure investment gap, and reaffirms the commitments outlined in our Declaration on Sustainable AI Infrastructure and Investment.

Many major economies and international organizations have recently committed to addressing the energy challenges of AI. In a similar spirit, **ABAC urges APEC Ministers to prioritize and invest in sustainable AI infrastructure—including data centers, computing infrastructure, water supply and power grids, to support both innovation and climate goals. To do so, APEC should:**

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<sup>1</sup> This work draws on ABAC's priorities and workstreams as well as insights from experts from the Digital Trust Advisory (DTA)'s [2025 Now & Next: Digital Economy Developments & Insights Report](#).

- Establish a common, evidence-based framework to measure, benchmark and assess the economic value and environmental impact of the digital economy, using benchmarking tools such as [\*The Burn-to-Earn Index\*](#) to enable cross-economy comparisons, and support informed policy and investment decisions.
- 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.
- Lead coordinated investments in research and development and deployment of advanced cooling, heat reuse, integrated zone design, next-generation chips and semiconductors—scaling these technologies to maximize synergies and embed efficiency across operations.
- Forge regional compute-sharing partnerships between economies to unlock economies of scale, reduce public spending and accelerate infrastructure development.

## ***2. Regulatory Imperative: Supporting Responsible Innovation through Coherent, Interoperable and Balanced Regulations***

Digital technologies, including AI, are transforming business, trade and productivity across the region. To unlock their full potential, ABAC urges APEC Ministers to prioritize coherent, interoperable and responsible governance and deployment.

On **AI**, a balanced approach that supports both responsible AI governance and innovation-friendly regulation can and must co-exist. APEC can lead with a pragmatic “middle way” that fosters trust and scalability, while reducing regulatory friction and costs. Without such regional coordination, regulatory fragmentation could raise compliance costs, stifle innovation, and impede cross-border scalability. **APEC economies should strive for interoperability and alignment with emerging global AI regulations to position APEC as a leader in inclusive AI policy. ABAC calls on APEC to:**

- Upgrade and align existing baseline legislations in data protection, consumer rights and safety, intellectual property and copyright, and non-discriminatory practices, and update sectoral regulations to support responsible AI development and deployment.
- Host regular multi-stakeholder exchanges to monitor evolving global regulations, facilitate capacity building initiatives, and collaborate on AI safety research and governance.
- Promote industry development and collaboration through increased regulatory sandboxes to trial AI solutions and co-develop voluntary standards and codes of practice with industry to establish guardrails that do not stifle experimentation and innovation.

On **digital trade**, while the region is seeing unprecedented expansion of digitally delivered services (including AI), continued growth of this critical sector requires a well-designed and interoperable environment that will enhance resilience, improve productivity, reduce friction and support greater economic inclusion. To achieve this end, ABAC calls on APEC to:

- Promote interoperable digital trade by advancing ABAC’s model provisions.
  - Support a permanent WTO E-Commerce Moratorium and full participation by APEC economies in the WTO E-Commerce Agreement.
  - Champion universal adoption of paperless trade enabled through our proposed APEC Centre of Excellence for Paperless Trade (ACCEPT).
  - Establish a New Services Agenda to remove barriers and expand access to digitally deliverable services, especially for MSMEs, women, and Indigenous entrepreneurs.
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### 3. *Trust Imperative: Cyber Resilience in the AI and Post-Quantum Era*

Without confidence in digital systems, both adoption and innovation will stall. With emerging technologies like quantum computing nearing commercial deployment, there is an increased need to prepare and secure our digital ecosystems. **APEC can lead with a flexible, proportionate and risk-based approach that encourages innovation while safeguarding public trust and security. ABAC urges APEC economies to:**

- Promote well-designed, proportionate, and risk-based AI regulatory frameworks that avoid one-size-fits-all mandates and are consistent with emerging global AI governance.
- Strengthen cross-economy and public-private cooperation to build resilient quantum, software, infrastructure and innovation ecosystems, through upskilling of workforces, investments in post-quantum cryptography solutions, harmonized standards development, and resilience planning.

As digitalization grows, online scams and fraud are also increasing, with losses exceeding USD [1.03 trillion globally](#). MSMEs and citizens are also increasingly vulnerable as AI and emerging technologies enable more sophisticated threats. To maintain **confidence and user engagement in digital platforms**, APEC should:

- Develop coordinated, interoperable regulatory frameworks for scam prevention, detection and response, while encouraging enforcement and prosecution.
- Incentivize industry-led cybersecurity and anti-fraud solutions and expand APEC-wide access to affordable cybersecurity tools for MSMEs, digital literacy and scam awareness initiatives.
- Encourage early adoption of quantum-safe encryption in critical infrastructure to mitigate emerging cybersecurity risks.

The AI revolution has opened a defining chapter for APEC's digital future, and APEC has an opportunity and a responsibility to lead with foresight, inclusion, and collaboration. We thank you for your leadership. ABAC stands ready to partner with Ministers in shaping a digital economy that is **secure, innovative, sustainable, and equitable for all**.

Yours sincerely,



**H. S. Cho**  
ABAC Chair 2025