



APEC Business Advisory Council

BRIDGE BUSINESS BEYOND

Report to APEC Economic Leaders
Korea 2025



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Report to APEC Economic Leaders



APEC Business Advisory Council



APEC Business Advisory Council



His Excellency Jae Myung Lee

Chair, Asia-Pacific Economic Cooperation
President, Republic of Korea
Seoul, Korea

Your Excellency:

As your representatives of the Asia-Pacific Economic Cooperation (APEC) business community, we recognize our region's prosperity has been founded on the gradual reduction of distortions and the progressive opening of markets, underpinned by the commitments to transparency and predictability of the rules-based multilateral trading system. It is with deep concern, then, that we view heightened trade tensions and policy volatility which have strained global supply chains, driven up production costs, impacted jobs and livelihoods, limited choices for consumers and disrupted business planning, investment and innovation while also contributing to financial market volatility.

These developments undermine the principles of predictable and non-discriminatory trade that have enabled our region to be the dynamic center of global economic growth over the past three decades, lifted hundreds of millions of people out of poverty and contributed to significant advances in science and technology for the advancement of humankind.

Every APEC economy has seen a substantial benefit from free and open trade. We urge Leaders to accept the recommendations from the Asia-Pacific business community in our **Statement on Open, Rules-based, Predictable, Stable, Competitive and Non-Discriminatory Markets**. This will help us manage the escalating costs of doing business in an uncertain landscape, and will mitigate impacts on consumers, workers, jobs and living standards in every economy across the APEC region. This should be achieved through reaffirmation of core APEC and World Trade Organization (WTO) principles, de-escalation to create more stable ground for business, transparency through the preparation of an annual report on trade restrictive measures and revitalization of the enabling environment needed for all forms of trade.

We have developed a set of recommendations in our accompanying report across a range of important topics that address challenges to sustained economic growth in the APEC region. We highlight the need for action on the following priority areas:

- **Upgrade and expand trade agreements** building towards the Free Trade Area of the Asia Pacific (FTAAP), including the Pathways and open plurilateral initiatives on digital trade, sustainability and inclusion; and achieve commercially meaningful early deliverables, including enhanced supply chain resilience, the APEC Centre of Excellence for Paperless Trade, a New Services Agenda for digitally delivered services and a Greener Trade Framework.



- **Support ambitious outcomes at the 14th WTO Ministerial Conference**, including a fully functioning dispute settlement system and a permanent E-Commerce Moratorium. This reflects that, while the WTO system is in need of urgent reform, it provides a critical framework and rulebook for open, undistorted trade.
- **Ensure APEC leads the world in digital transformation** through equitable access to secure, sustainable digital infrastructure; a future-ready workforce; responsible, safe artificial intelligence (AI) which unlocks opportunities for all; and interoperable, open digital trade rules.
- **Recognize the value of closing gender pay gaps** through the ABAC Equal Pay Framework.
- **Tackle demographic challenges** by developing policies that expand workforce participation, support cross-border migration and skills recognition, address health issues, strengthen pensions and leverage emerging technologies.
- **Enable health security** through efficient regulation, resilient healthcare supply chains and market access for innovative health solutions, including genomics and AI. ABAC has developed an actionable Roadmap for Smarter and Inclusive Healthcare for your consideration.
- **Acknowledge ABAC's Declaration on Sustainable AI Infrastructure and Investment** which reaffirms the business community's commitment to shaping an AI-powered future that is not only innovative and inclusive, but also environmentally responsible, and support this collective effort.
- **Recognize that there is a substantial and persistent investment funding gap** for digital infrastructure, energy transition and security and disaster resilience. We must understand our energy demand forecast and capacity gaps, and establish an investment financing framework to address these shortfalls.

Our theme this year— **“Bridge. Business. Beyond.”**—reflects what is needed to deliver on these priorities: leadership that bridges differences and enhances connectivity, empowers business to drive growth, and looks beyond short-term challenges towards sustained, and sustainable, prosperity.

We look forward to discussing our recommendations with you at our annual dialogue.

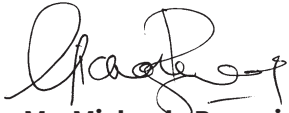
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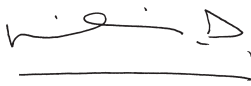
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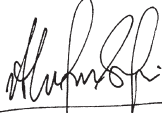
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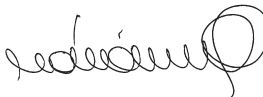
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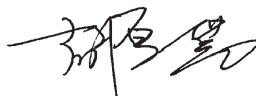
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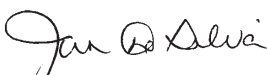
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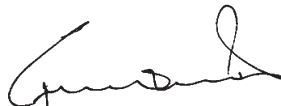


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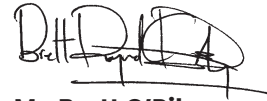


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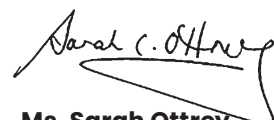
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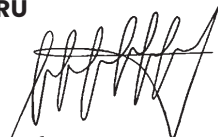


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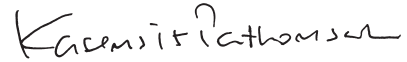
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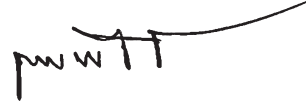
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Executive Summary

Executive Summary

Championing open markets and rejecting protectionism. ABAC is deeply concerned at the continuing trade disruption and steeply rising protectionism. Our region's prosperity has been founded on the gradual reduction of distortions and the progressive opening of markets, underpinned by the transparency and predictability of the rules-based multilateral trading system with the World Trade Organization (WTO) at its core. The economic landscape of today is increasingly restrictive, opaque and uncertain. This is bad for business, growth and sustainability – in every APEC economy. We call on APEC Leaders to support the **ABAC Statement on Open, Rules-based, Predictable, Stable, Competitive and Non-Discriminatory Markets** to help manage the escalating costs of doing business in an uncertain landscape, and mitigate impacts on consumers, workers, jobs and living standards in every economy across the APEC region. The statement makes clear that this should be achieved through reaffirmation of core APEC and WTO principles, de-escalation to create more stable ground for business, transparency through the preparation of an annual report on trade restrictive measures and revitalization of the enabling environment needed for all forms of trade.

Leading efforts to create a WTO that is fit for purpose. ABAC urges APEC to step up to create a reformed WTO that is effective and fit for the challenges economies collectively face. Priorities include restoration of a fully functioning, reformed dispute settlement system, championing a permanent E-Commerce Moratorium prohibiting the imposition of tariffs on digital products at the 14th WTO Ministerial Conference (MC14), and advocating for plurilateral initiatives, including the Investment Facilitation for Development Agreement and full participation in the E-Commerce Agreement and seeking their integration into the WTO rulebook.

Making rapid progress towards the realization of FTAAP. The Free Trade Area of the Asia Pacific (FTAAP) agenda can give important impetus to both short- and longer-term reforms and frameworks that we need to achieve and maintain resilient, inclusive, sustainable and prosperous economies. Consistent with the Ichma Statement, APEC economies should actively seek to build FTAAP from the top down by updating and expanding Pathway Agreements and seeking to join or expand innovative sectoral initiatives in the region on digital trade, sustainability and inclusion. At the same time, APEC economies should also act with urgency to develop and implement practical short-term initiatives from the "bottom up" in areas such as safe and resilient trade infrastructure, paperless trade, an enabling and interoperable environment for digitally delivered services and digital trade more broadly, the dismantling of structural impediments to the participation by women, micro-, small and medium enterprises (MSMEs) and Indigenous entrepreneurs on a level playing field, and a framework for greener trade. FTAAP can also foster diversification of regional markets and expand access to trade and value chains for a broader range of underserved economic actors.

Ensuring the stability of logistics infrastructure. International logistics is the infrastructure that supports trade activities, but as demonstrated by the disruptions and stagnation caused by the COVID-19 pandemic, it has inherent vulnerabilities. The challenges and weaknesses in logistics systems are diverse, including underdeveloped or aging infrastructure, negative effects of rising global uncertainties, climate impacts and natural disasters. Addressing these issues is essential to achieving a free, open, fair, transparent, and predictable trade and investment environment in the Asia-Pacific region, while ensuring seamless connectivity and a resilient supply chain.

Facilitating investment in the region. ABAC underscores the importance of improving investment facilitation across the APEC region, including by simplifying procedures, lowering transaction costs, increasing transparency, and adopting digital tools. ABAC strongly supports the implementation of the updated Investment Facilitation Action Plan 2025 and the WTO Investment Facilitation for Development Agreement. These efforts should be part of a broader strategy that includes continued investment liberalization and measurable progress toward APEC's Putrajaya Vision.

Enabling seamless digital trade. The acceleration of digital trade and the increasing importance of seamless cross-border trade transactions require a robust and interoperable digital trade infrastructure, policy, standards and regulatory environment. APEC policymakers should work closely with business to mutually align and identify the core issues and provisions in digital trade agreements that will deliver the outcomes we need. ABAC has developed a set of model digital trade provisions which will form a valuable foundation for trade policymaking in the region.

Achieving universal, interoperable paperless trade. Universal, interoperable paperless trade will enhance resilience and reduce frictions at a time of considerable churn in the trading environment – but this will only be possible if economies actively seek to build skills, capability and collaboration among policymakers and business. Establishing a public-private APEC Centre of Excellence for Paperless Trade (ACCEPT) will drive adoption, operationalization, and capacity building.

Establishing a New Services Agenda. Trade in digitally-deliverable services is growing rapidly and significantly outpacing other kinds of trade – but barriers and regulatory fragmentation are also on the rise. Recognizing the enormous potential of trade in digitally-deliverable services to drive productivity, inclusion, global value chains and economic growth, APEC should establish a New Services Agenda to follow the APEC Services Competitiveness Roadmap. This New Services Agenda would seek to remove barriers, facilitate trade and build the capacity to participate for women and Indigenous entrepreneurs and other MSMEs.

Harnessing pay equity for regional prosperity. Closing the gender pay gap remains one of the most powerful and underutilized strategies for boosting productivity, innovation, and inclusive growth, potentially unlocking up to USD 4.5 trillion in regional gross domestic product (GDP). ABAC encourages APEC Leaders to support the *ABAC Equal Pay Framework* as a voluntary, agile standard to enable businesses, particularly MSMEs, to measure, report, and act on wage disparities.

Steadily implementing an ambitious, realistic and just energy transition. Decarbonization and low-carbon development are urgent but difficult in the diverse Asia-Pacific region. Energy needs and systems vary, while risks arising from global uncertainties, disasters, and low investment threaten supply. Meanwhile, electrification and digitalization are driving demand. ABAC urges APEC economies to take a practical, science-based approach by creating tailored roadmaps that include diverse clean energy options—such as renewables, nuclear, hydrogen, gas, and carbon capture, utilization, and storage (CCUS). Improving efficiency, sharing best practices, and ensuring stable, affordable energy through proper investment are key to balancing growth and climate goals.

Adopting a Greener Trade Framework. Trade can play a pivotal role in climate action and advancing low-carbon, nature-inclusive, and equitable outcomes. Yet coherent trade policies remain fundamental to achieving sustainability objectives. ABAC urges APEC to establish 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 technologies in addressing the climate challenge and to avoid all forms of green protectionism.



Building resilient EV battery supply chains. The swift global uptake of electric vehicles (EVs) offers game-changing prospects, establishing the sector as a strategic investment channel that fuels economic expansion and hastens the shift towards a sustainable, low-carbon future. A fair trade framework for the EV ecosystem is essential to reinforce EV supply chains. ABAC recommends that APEC remove tariffs and non-tariff obstacles on vital EV parts, including batteries and charging infrastructure, and harmonize technical regulations across APEC economies, replacing fragmented domestic standards.

Supporting sustainable, undistorted APEC food systems. ABAC expresses deep concern over the deteriorating global trade environment, warning that protectionism, discrimination, and unilateralism severely threaten livelihoods and food security across the APEC region. ABAC calls on APEC to advocate for a holistic approach to agricultural trade reform, sustainable food production, and food security; reduce high farm tariffs and burdensome non-tariff barriers; champion WTO reform and advance FTAAP to cut distortions, improve food security, and lower emissions; adopt digital tools by harmonizing digital trade rules to support business-led innovation for efficient food production, trade, and supply chains; and expand public-private partnerships by fostering multi-stakeholder collaboration, dialogue, and knowledge sharing across APEC for food security. ABAC values its role in the APEC Policy Partnership on Food Security and anticipates enhanced collaboration through robust revised terms of reference that enable a meaningful partnership.

Strengthening MSME resilience against cyber risks. MSMEs face persistent exposure to cyber risks due to limited digital capacity and growing technical complexity. APEC should support public-private partnerships that deliver affordable, security-embedded services; integrate basic cybersecurity into MSME upskilling; and expand access to practical, interoperable tools to help MSMEs manage vulnerabilities with minimal burden.

Sustainably powering the digital economy and bridging the digital divide. In 2024, the digital economy represented 15% of global GDP, increasingly driven by the deployment of artificial intelligence (AI). As digital infrastructure rapidly expands to meet the demands of AI, cloud, and advanced computing, its energy and environmental impacts are rising sharply. Compute infrastructure remains critical to unlocking the full potential of technologies like AI, yet disparities in access threaten to widen the digital divide across the region. APEC must lead in scaling green, resilient digital infrastructure by prioritizing and investing in sustainable AI systems—including power grids, water supply, compute infrastructure and data centers—while ensuring governance frameworks are agile, risk-based, and innovation-friendly. ABAC has committed to a Sustainable AI Infrastructure and Investment Declaration.

By fostering regional cooperation, avoiding regulatory fragmentation, and embracing sandboxes and voluntary standards, APEC can chart a middle way on AI regulation that protects public trust without stifling progress. As quantum technologies near a tipping point, APEC also has a timely opportunity to shape a secure, inclusive regional quantum ecosystem that supports long-term competitiveness.

Funding investment gaps for digital transformation, energy transitions and security. The substantial investment funding gap for energy transitions and digital transformation remains unresolved. Addressing these financing challenges is crucial for closing the significant gap of USD 2.5 trillion annually needed to achieve net-zero emissions by 2050.

Promoting stability, certainty and predictability and supporting the institutional architecture underpinning the global financial system. The number one concern that APEC economies have is the significant financial and economic risk that they face. Instead of coming together, economies are going backwards in their efforts to drive trade and investment cooperation and support overall productivity and economic growth for all. It is imperative that Leaders speak to the policy uncertainty economies face, the downside risks of protectionism and fragmentation, and the importance of working together to boost trade, bolster investor and consumer confidence and support financial and economic stability in the interests of all.

Designing a new Finance Ministers' Process Roadmap. At a time of uncertainty and unpredictability, ABAC particularly acknowledges the concrete achievements of public-private collaboration under the Cebu Action Plan over the past decade in deepening economic integration and building stability in the regional financial systems. ABAC looks forward to working with APEC economies in designing a new Finance Ministers' Process Roadmap to chart their shared pathway forward.

Building smarter healthcare systems through data, AI, and genomics. The secondary use of health data, combined with AI and genomic technologies, is the best way to address APEC's demographic challenges by enabling precision medicine and cost-effective healthcare delivery for the benefit of our peoples. ABAC calls on APEC to establish region-wide medical information platforms with robust governance frameworks that enable safe data sharing while unlocking AI-powered diagnostics and genomic innovations. In parallel, APEC should develop regional regulatory approaches for AI tools and software as medical devices, create social and economic benefits evaluation models demonstrating returns on health data infrastructure investment, and promote broader socialization of genomic technologies through identification of barriers and best practices that can save lives while lowering healthcare costs.

Creating agile healthcare systems through regulatory harmonization. Regulatory reliance and harmonized approval pathways are essential to unlock healthcare innovation and ensure access to breakthrough treatments across APEC's aging societies. ABAC calls on APEC to promote regulatory reliance practices endorsed by the World Health Organization, enabling faster approval of treatments through trusted authority assessments and mutual recognition agreements. In parallel, APEC should establish clear legal frameworks for regulatory cooperation, create fast-track pathways for innovative treatments addressing demographic health challenges, and build institutional trust through formal cooperation mechanisms that maintain safety standards while accelerating access to essential treatments.

Confronting demographic health challenges through collaborative research and innovation. The rapid increase of age-related diseases—including brain disorders costing USD 5 trillion annually and rising to USD 16 trillion by 2030—represents the defining health challenge of APEC's demographic transition. ABAC calls on APEC to establish collaborative research initiatives addressing brain health, chronic diseases, and emerging health challenges specific to rapidly aging populations through epidemiological studies and secure cross-border data sharing frameworks. In parallel, APEC should develop multi-stage prevention frameworks targeting homes, education systems, and workplaces to build health capital across the lifespan.



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Main Report

Main Report

Regional Economic Integration

Championing open markets and rejecting protectionism

ABAC is deeply concerned at the challenges faced by our businesses and communities generated by continuing trade disruption, protectionism and the uncertain global trade and financial landscape. Our region's prosperity has been founded on the gradual reduction of distortions and the progressive opening of markets. Transparency and predictability have been enabled through the rules-based multilateral trading system, with the World Trade Organization (WTO) at its core. This has been a critical enabler of business planning, investment decisions, innovation and inclusion, and the smooth functioning of supply chains and global value chains. But the economic landscape of today is increasingly restrictive, opaque and uncertain. This is bad for business, growth and sustainability – in every APEC economy.

The founding principles of APEC and the WTO have created a trade and economic environment that enables economic growth, inclusion and sustainable development. Those principles should continue to guide our region.

Recommendations:

- Support the **ABAC Statement on Open, Rules-based, Predictable, Stable, Competitive and Non-Discriminatory Markets (Annex A)** to help us manage the escalating costs of doing business in an uncertain landscape, and mitigate impacts on consumers, workers, jobs and living standards in every economy across the APEC region. In particular, ABAC urges APEC economies to:
 - Reaffirm APEC's founding goal of free and open trade, and the core WTO principles of a rules-based order which includes predictable and non-discriminatory trade.
 - Preserve existing market access commitments to underpin a stable trading environment.
 - Avoid new trade-distorting and trade-restrictive measures that violate treaty obligations.
 - Apply APEC and ABAC Principles on Non-Tariff Measures/Non-Tariff Barriers.
 - Prepare an annual report on trade-restrictive measures in the region by the APEC Policy Support Unit.
 - Revitalize the enabling environment that is needed for all forms of trade, including goods, services, the digital economy (through a New Services Agenda) and green trade (through a Greener Trade Framework), developing business-backed proposals to reform existing multilateral trade rules in response to the underlying causes of current acute trade frictions, among others.

Together, leading efforts to create a WTO that is fit for purpose

Recognizing that the WTO has driven unparalleled prosperity in our region, APEC must now step up to create a reformed WTO that is effective and fit for the challenges we collectively face. Businesses and economies need the enforceable global trade rulebook of the WTO in order to have the confidence to plan and operate in global markets, while also tackling the formidable interlinked challenges of rising protectionism, climate crisis, food insecurity, digital fragmentation and persistent inequity

in economic participation by micro-, small and medium-sized enterprises (MSMEs), women and Indigenous entrepreneurs.

Much work remains to be done to reform and update existing WTO rules and commitments so that the system is equipped to deal with contemporary challenges. As early priorities, we need the restoration of a fully functioning, reformed dispute settlement system; greater coherence in digital trade rules and open markets, including through full participation by APEC economies in the new E-Commerce Agreement and a permanent E-Commerce Moratorium; and confidence-building reforms in other areas where we face daunting collective challenges, including sustainability and food security, through reforms to agriculture. APEC economies should be at the forefront of these efforts, leveraging our longstanding habits of cooperation and innovation to achieve ambitious outcomes at the 14th WTO Ministerial Conference (MC14) in 2026.

Recommendations:

- Work together to lead efforts on meaningful reforms to strengthen the WTO and maintain its relevance, including the restoration of a fully functioning dispute settlement system.
- Champion a permanent E-Commerce Moratorium at MC14, prohibiting the imposition of tariffs on digital products.
- Join and advocate for plurilateral initiatives, including the Investment Facilitation for Development Agreement and the E-Commerce Agreement, and seeking their integration into the WTO rulebook.

Making rapid progress towards the realization of FTAAP

The case for robust, resilient and open regional economic architecture is more compelling than ever: redoubling our efforts to achieve the Free Trade Area of the Asia Pacific (FTAAP) agenda can give important impetus to both short- and longer-term reforms and frameworks that we need to achieve and maintain resilient, inclusive, sustainable and prosperous economies.

Consistent with the Ichma Statement, APEC economies should actively seek to build FTAAP from the top down. Members of the Pathway Agreements should update and expand these agreements, and others should consider joining. In addition, all economies should also seek to join or expand innovative sectoral initiatives in the region on digital trade, sustainability and inclusion. This strategy will serve as an important hedge against trade uncertainty and rising protectionism.

At the same time, and similarly in line with the Ichma Statement, APEC economies should also act with urgency to develop and implement practical short-term initiatives from the “bottom up” in the areas identified elsewhere in this report, such as safe and resilient trade infrastructure, paperless trade, an enabling and interoperable environment for digitally delivered services and digital trade more broadly, the dismantling of structural impediments to participation by women, MSMEs and Indigenous entrepreneurs on a level playing field, such as pay inequity and lack of access to venture capital, and a Greener Trade Framework. Importantly, advancing FTAAP also offers a pathway to support the diversification of regional market opportunities.

Recommendations:

- Update and expand the Pathway Agreements.
- Participate in innovative sectoral initiatives on digital trade, sustainability and inclusion.
- Achieve early harvest on specific short-term deliverables in the areas of resilient, digital and sustainable trade, and the dismantling of structural barriers to economic participation for women, MSMEs and Indigenous entrepreneurs.



Ensuring the stability of logistics infrastructure

International logistics is the infrastructure that supports trade activities, but as demonstrated by the disruptions and stagnation caused by the COVID-19 pandemic, it has inherent vulnerabilities. The challenges and weaknesses in logistics systems are diverse, including underdeveloped or aging infrastructure, negative effects of rising global uncertainties, climate change impacts and natural disasters. Addressing these issues is essential to achieving a free, open, fair, transparent, and predictable trade and investment environment in the Asia-Pacific region, while ensuring seamless connectivity and a resilient supply chain.

Recommendations:

- Recognize the importance of maintaining a free, open, and stable maritime order supported by the rule of law, ensuring the safety of maritime transportation which is essential for stability and predictability of international trade flows.
- Investigate, identify and address vulnerabilities, bottlenecks, and chokepoints in logistics infrastructure such as shipping routes, ports, airports, roads, and railways, which includes accelerating development of insufficient infrastructure or upgrading aged ones.
- Ensure fair labor and operational environments for logistics workers and businesses, which includes improving the working conditions of logistics personnel so that all employees, regardless of gender or race, can work safely and comfortably and ensuring fair business conditions for small and medium-sized logistics enterprises in alignment with WTO rules.
- Establish a tailored system to enable the free and rapid international mobility of essential logistics personnel, leveraging the APEC Business Travel Card (ABTC) framework.
- Promote the implementation of digital technologies and strengthen cybersecurity measures for enhancing the safety and efficiency of logistic services, which includes the development of autonomous vehicles, vessels and logistics facilities as well as the establishment of legal frameworks for their societal implementation.

Facilitating investment in the region

Global foreign direct investment (FDI) is stagnating amid heightened economic uncertainty, geopolitical tension, and evolving industrial priorities. Fragmented capital flows, relocation risks, and a resurgence of protectionism threaten to erode the gains of regional economic integration. At the same time, fast-growing sectors—green technologies, sustainability-oriented projects, the digital economy, advanced infrastructure, health, and resilient supply chains—are reshaping investor priorities and opening fresh pathways for quality, sustainable growth.

Against this backdrop, ABAC stresses that accelerating investment facilitation across the APEC region is indispensable. Streamlined procedures, lower transaction costs, greater transparency, and modern digital tools can unlock the full potential of FDI as a catalyst for productivity, innovation, and inclusive prosperity.

Recommendations:

- Champion the implementation of clear, time-bound, and transparent approval processes across economies. Encourage the elimination of duplicative investment regulations and foster greater inter-agency coordination to improve investor experience.
- Support the creation and resourcing of specialized investment facilitation units or focal points. Invest in public sector capabilities for delivering high-quality investor services and regulatory modernization.

- Promote the adoption of digital single windows, e-permitting systems, and risk-based assessments. Ensure these platforms are interoperable, secure, and accessible to investors across the region.
- Endorse investment policies that advance sustainability, resilience, and inclusive economic growth. Introduce and scale smart incentives to attract FDI in priority sectors.
- Encourage institutionalized, regular consultations with the business community. Lead and support collaborative policy testing tools such as regulatory sandboxes and investment observatories.
- Utilize the APEC Investment Facilitation Action Plan and the WTO Investment Facilitation for Development Agreement as reform roadmaps. Promote cross-economy capacity building, data sharing, and peer learning mechanisms.

Enhancing the APEC Business Travel Card scheme

The ABTC scheme has been of great importance for business people in the region, due to its effectiveness and usability. However, these advantages are being undermined by growing delays in processing times and fragmented implementation of travel privileges. These inefficiencies pose a risk to its capacity to support business mobility across the region, which is more critical than ever given the need for enhanced cross-border connectivity and active trade and investment within the APEC region.

Considering these challenges, ABAC urges prompt and coordinated efforts to modernize the ABTC scheme. This includes active adoption of digital technologies, greater alignment in the delivery of ABTC benefits, and more consistent communication with cardholders and the wider business community.

Recommendations:

- Encourage a three-stage information communication technology upgrade for ABTC processing, including workflow automation, rule alignment, and secure data-sharing.
- Encourage economies to consider the APEC Business Mobility Group (BMG) to coordinate the development and rollout of a unified Fast-Track Lane signage standard to improve lane visibility and user consistency.
- Support BMG to convene a task force to explore harmonization of companion policies across economies.
- Support capacity building for resource-constrained economies, including technical assistance and digital tools to strengthen their ABTC processing capabilities.

Enabling seamless digital trade

The acceleration of digital trade and the increasing importance of seamless cross-border trade transactions require a robust and interoperable digital trade infrastructure, policy and regulatory environment. Businesses need certainty to empower them to seize opportunities in the digital economy, and reduce frictions, cost and complexity to enable these opportunities to be fully realized. Accordingly, policymakers must work to untangle the “digital noodle bowl” and achieve greater coherence in policy and regulation. APEC policymakers should work closely with business to mutually align and identify the core issues and provisions in digital trade agreements that will deliver the outcomes we need. ABAC has developed a set of model digital trade provisions (**Annex B**) which should be used for digital trade policymaking in the region.

Recommendations:

- Utilize ABAC’s model provisions for digital trade agreements as a key resource for trade policymaking.



- Champion a permanent prohibition on tariffs on digital goods and services by all APEC economies, as a complement to the E-Commerce Moratorium in the WTO.

Achieving universal, interoperable paperless trade

To build confidence and foster more resilient and sustainable trade and supply chains, APEC economies must strengthen efforts to advance paperless trade, ensuring that businesses can benefit from reduced costs, increased efficiency, and improved market access. The establishment of an APEC Centre of Excellence for Paperless Trade (ACCEPT) would serve as a platform to support businesses and policymakers in implementation, operationalization, mobilizing resources and capability building. It would also serve as a knowledge-sharing hub and advocate for common digital trade standards and policy alignment. ACCEPT would complement ongoing APEC and ABAC work on digital trade.

Recommendations:

- Agree to establish ACCEPT, as a public-private partnership to drive knowledge, uptake and effective implementation of universal paperless trade in the region.
- Agree that ACCEPT should develop strategies and track progress in paperless trade adoption through a new steering group.

Establishing a New Services Agenda

Trade in digitally-deliverable services is growing rapidly and significantly outpacing other kinds of trade – but barriers and regulatory fragmentation are also on the rise. Recognizing the enormous potential of trade in digitally-deliverable services to drive productivity, inclusion, global value chains and economic growth, APEC should establish a New Services Agenda to follow the conclusion of the APEC Services Competitiveness Roadmap. This New Services Agenda would focus on removing trade barriers, facilitating trade and seeking to build the capacity to participate for MSMEs, women and Indigenous entrepreneurs. It should tackle shortfalls in transparency, particularly for digitally delivered services regulation.

Recommendations:

- Establish a New Services Agenda for trade in digitally delivered services.
- Under the New Services Agenda, undertake a range of actions aimed at enhancing transparency, reducing trade barriers and facilitating participation and inclusion, in close cooperation with business, including:
 - Enhance transparency. Update and make more accessible the APEC Index for the Measurement of the Regulatory Environment for Services (the APEC Index), and establish a Repository for Digitally Delivered Services.
 - Reduce trade barriers. Agree a standstill on new trade restrictions on digitally delivered services; apply the APEC Principles on Non-Tariff Measures to services and digital trade; and set new targets for services, including reducing the current APEC economy scores in the APEC Index, raising the growth rate for digitally delivered services in every economy, and achieving a higher degree of participation by MSMEs, women and Indigenous entrepreneurs in digitally delivered services.
 - Facilitate trade and enable inclusion. Share best practices and consult with relevant stakeholders with a view to establishing tailored, fit-for-purpose support for wider and more successful participation in digitally delivered services trade by MSMEs, women and Indigenous

entrepreneurs; commit to establish Digital Regulatory Impact Assessments for new regulatory measures; and develop a “digitally delivered services export tool” accessible to MSMEs, to tackle knowledge and awareness gaps and facilitate participation in trade.

Embracing renewed ambition for aviation services

The Asia Pacific is in the midst of an aviation boom following the disruption of the COVID-19 pandemic. Air services serve as virtual bridges supporting the flows of key economic activities between markets and facilitate links between businesses, economies and people – enabling world trade, investment, tourism, travel, and knowledge exchange, among other economic activities. Air travel in the Asia-Pacific region has grown significantly over pre-COVID-19 levels. Passenger numbers have reached 5 billion – 103% of the 2019 level – and the region now accounts for 10.5% of global air traffic, up from 4.2% in 2019. However, more work can be done to fully realize the potential of a more integrated, connected and prosperous region.

Recommendations:

- Update and establish a new and ambitious vision for air connectivity in APEC, including encouraging Open Skies agreements to liberalize market access and drive economic growth throughout the region.
- Harmonize regulations to work towards safety, security, and environmental standards to facilitate easier market entry and reduce regulatory burdens.
- Ease ownership restrictions to reduce caps on foreign ownership and investment in domestic airlines to attract international capital and expertise, fostering greater competition and innovation.
- Incentivize liberalization in the aviation sector by encouraging economies to take concrete steps towards reducing protectionist barriers and fund APEC research to map the state of air connectivity.

Harnessing pay equity for regional prosperity

Gender equality in the workplace is a core driver of regional prosperity. Inclusive organizations are more innovative, productive, and resilient. Yet persistent gender pay gaps across APEC economies continue to constrain the economic potential of women and undermine regional competitiveness.

In 2025, ABAC commissioned research into employer-level gender pay disparities across the APEC region. The findings confirmed the gap reflects structural challenges: unequal access to leadership, undervaluation of care work, gendered workforce segregation, and a lack of transparency in remuneration practices. The report proposed a ***voluntary Equal Pay Framework*** to guide business-led responses that align with the APEC Gender Equality Principles and La Serena Roadmap.

The Framework enables voluntary, non-regulatory measurement and action by companies, particularly MSMEs. It includes standard metrics and reporting templates that can be adapted by firms across legal systems and development stages. Its implementation supports APEC’s commitment to inclusive, sustainable economic growth and will unlock the full economic and trade potential of gender equality. The economic rationale is clear: closing the gender pay gap could add up to USD 4.5 trillion in regional gross domestic product (GDP). We urge Leaders to recognize gender pay transparency as a foundational step in building fairer, more resilient economies.



Recommendations:

- Position gender pay equity as a cornerstone of Asia-Pacific economic resilience and competitiveness, by integrating fair pay principles into domestic growth strategies, regional trade narratives, and supply chain policy frameworks.
- Endorse the ABAC Equal Pay Framework as a regional voluntary standard that empowers businesses, especially MSMEs, to transparently measure, report, and address wage gaps using practical tools tailored to diverse regulatory environments.
- Lead a step-change in regional cooperation on inclusive growth, by championing voluntary employer action on pay equity and tasking APEC forums to embed gender-responsive approaches into their core agendas, including in trade, finance, innovation, and structural reform tracks.

Sustainability

Steadily implementing an ambitious and realistic energy transition

Achieving our climate goals is urgent but challenging, impeded by 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. Global uncertainties, 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 significantly increase demand for electricity and critical mineral consumption. APEC economies must recognize these scientific realities and outline diverse, practical pathways tailored to the circumstances of each APEC economy. This approach ensures a comprehensive, practical, and just transition toward a low-carbon society.

Recommendations:

- Collaborate with industry and energy service 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 ambitious, diverse and realistic energy transitions tailored to the current circumstances of each APEC economy and advance 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 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 (CCUS) 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.

- Establish an investment environment and frameworks for transition financing to secure necessary investments in order to balance sustainable economic growth with climate goals. This 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.

Recommendations:

- 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 and standards 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. As the world evolves to be ever more digital, sectors such as data centers will require exponentially increasing energy demands. By leveraging existing decarbonization and low-carbon development pathways for policy change and support, this will give corporates the tools and incentives to adapt their businesses and transition to net-zero, with support from financial institutions and investors.

Beyond providing government financial incentives, government support in cutting red tape and overcoming regulatory hurdles can be instrumental in accelerating transition finance projects. Establishing a structured public sector to private sector dialogue to understand what is needed to incentivize or remove blockers to transition projects is key to making private investments more attractive. To motivate investment into transition finance projects, they must be economically viable and should also benefit the local economy and community.

Recommendations:

- Leverage existing decarbonization and low-carbon development pathways—starting from the energy sector and then high-emitting sectors such as manufacturing, steel, aluminum and cement within APEC to accelerate transition finance.
- Utilize public tools to help accelerate transition finance.



- Adopt interoperable principle-based frameworks. Examples are principles for definitions for transition activities, so that investors and financiers can confidently channel capital and financing solutions across borders. A coordinated effort backed by bodies like the G20 or the United Nations Framework Convention on Climate Change could unlock substantial private capital investment by making transition finance credible and scalable.

Advancing sustainability disclosure requirements: harmonization and convergence

Economies worldwide are assessing mandatory sustainability disclosure requirements to ensure the burdens and benefits of sustainability reporting are appropriately balanced with competitiveness goals. APEC economies can meet this balance by enhancing cooperation to harmonize disclosure requirements and identify opportunities to reduce reporting burdens.

Across APEC, there are currently inconsistencies between reporting regimes related to the entities required to report, the timelines for reporting, and the topics required for disclosure. This fragmentation in reporting requirements undermines the integrity and comparability of reporting across jurisdictions – creating potential opportunities for greenwashing and increasing the cost and complexity of compliance for businesses, which in turn is diverting resources from actual sustainability initiatives. ABAC encourages APEC economies considering mandatory sustainability disclosure to ensure a balance between competitiveness and sustainability reporting, and to support these emerging simplification trends to promote competitiveness and the continued convergence of requirements in the region.

Recommendations:

- Assess emerging sustainability disclosure requirements to reduce complexity, alleviate burdens on economic operators, and ensure reporting obligations are appropriately balanced with competitiveness goals, including by revising the scope and timing of reporting obligations.
- Create opportunities to support the development of the sustainability disclosure ecosystem in APEC economies, including through capacity building activities with regulators, reporters (particularly MSMEs), and assurance providers, and ensuring appropriate reporting timelines to allow for the maturation of reporting ecosystems.
- Establish a platform for regional public-private consultation and cooperation on sustainability reporting, to promote regional and global convergence between sustainability disclosure frameworks across different jurisdictions.
- Increase cooperation with other leading intergovernmental forums active in this area, including the United Nations, the G20, the International Organization of Securities Commissions, the Organization for Economic Cooperation and Development (OECD), and the Association of Southeast Asian Nations (ASEAN), among others.
- Collaborate with ABAC to produce clear guidance on mechanisms for interoperability and convergence between domestic and international frameworks, including by prioritizing climate reporting and granting equivalence to sustainability reports that comply with globally recognized standards.

Strengthening clean energy distribution networks

APEC economies account for approximately 60% of global energy demand, and many have committed to ambitious targets to combat climate change. However, transitions to clean energy face challenges such as aging grid infrastructure, inconsistent regulatory frameworks, and varying levels of technological advancement across member economies. To address these issues, APEC has emphasized the need for modernized energy distribution networks that integrate renewable energy sources, improve grid reliability, and ensure energy access for all communities.

In recent years, APEC economies have invested in smart grid technologies, cross-border energy trade, and energy storage solutions to facilitate the integration of renewable sources like solar, wind, and hydropower. Additionally, APEC's Energy Working Group has launched initiatives such as the APEC Low-Carbon Model Town Project, which supports sustainable community-based energy planning. By fostering regional cooperation, harmonizing clean energy policies, and leveraging digital innovations, APEC economies can enhance regional energy security, reduce carbon emissions, and build more resilient and interconnected clean energy networks.

Recommendations:

- Support work on developing APEC clean energy corridors to enable regional cross-border renewable energy trade.
- Facilitate the transfer of green and renewable energy technologies within the APEC region.
- 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 clean energy technology transfers and adoption in emerging markets.

Adopting a Greener Trade Framework

Trade has the potential to serve as a critical tool in the climate response and to support the transition to low-carbon, nature-positive, and inclusive economies. However, coherent approaches to trade policy will be an essential precondition to achieving sustainability goals, particularly at a time when it is critical to maintain ambitious reductions as well as adaptation measures, as the world faces the serious threat of warming well above 1.5 degrees, with catastrophic potential consequences.

A Greener Trade Framework, based on WTO-consistent principles, could serve to increase coherence in trade policy settings across the region, including for the liberalization and facilitation of greener trade, adaptation and the mitigation and rejection of green protectionism. Such a framework could help unlock commercial opportunities in and access to sustainable supply chains, environmental goods and services, renewable energy, and clean technology, while also supporting Just Transitions, including for MSMEs, thereby benefiting people, prosperity, and the planet.

This will be an important complement to business action in the climate response, consistent with ABAC's Climate Leadership Principles for Business of Reduction, Adaptation and Just Transitions, enabling businesses to deploy a mindset shift and strategic approach that can be implemented with the tools they need, including for asset transition, energy resilience and business innovation.

Recommendation:

- Establish a Greener Trade Framework. This framework should be based on a set of WTO-consistent principles and reflect ABAC's Climate Leadership Principles of Reduction, Adaptation, and Just Transitions. This will enable economies to effectively leverage trade and technology in addressing the climate challenge, while avoiding all forms of green protectionism.



Building resilient electric vehicle battery supply chains

The electrification of transportation is a critical component of APEC economies' collective commitment to reducing greenhouse gas emissions and achieving long-term energy security. Battery electric vehicles (BEVs) play a pivotal role in these transitions, with batteries serving as the core technology that determines performance, efficiency, and cost.

To ensure the long-term stability, sustainability, and resilience of the battery electric vehicle supply chains within APEC economies, a multi-pronged strategy is necessary. The following recommendations aim to address existing vulnerabilities, foster economic growth, and promote sustainable industrial development across the region.

Recommendations:

- Diversify mineral sources. Reduce reliance on concentrated production by investing in mineral exploration, processing, and refining in APEC economies. Attract responsible investment via FDI, 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 International Labor Organization 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 and development in plastic circular economy

Plastic is a fundamental but important material for both modern industry and daily life. However, its pollution has become a serious threat to human health, marine ecology, climate, environment, and socio-economy. A circular economy for plastics (recycling) is the most sustainable pathway to solving the problem of plastic pollution. However, the plastics economy today is essentially linear, from the production of plastic to its disposal and leakage into the environment, as less than 10% of the plastic produced is recycled back into the system.

Recommendations:

- Establish APEC green bonds or special funds, introducing risk-sharing mechanisms, and lowering the investment threshold for advanced recycling technologies, and implement stricter classification management or restrictive measures for the flow of high-risk plastic waste.
- Expand the Extended Producer Responsibility system to foster regional cooperation, coordinate large-scale enterprises to jointly build regional processing hubs, and enable cross-border transfer of advanced plastic recycling technologies through partnerships.
- Launch regional pilot projects to validate and promote the closed-loop model of "Technology validation - capacity export - rule replication", accelerate the regional coverage of best practice, and actively promote the development of the APEC-wide classification standards for chemical recycling technology to facilitate technology promotion.

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 green energy and agricultural 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.

Recommendations:

- 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.

Fostering food security and the sustainable development of agriculture

ABAC is deeply concerned over the deteriorating global trade environment, warning that the ongoing protectionism, discrimination, and unilateralism poses a severe risk to regional food security. Further compounded by supply chain disruptions, trade uncertainty, and climate change impacts, the threat—and reality—of food insecurity is alarming for individuals and businesses throughout the APEC region, especially as food prices become more volatile.

The need is clear: to ensure physical and economic access to sufficient, safe, and nutritious food for our communities, APEC must not just maintain but in fact redouble its efforts to build the open, fair, transparent, productive, sustainable and resilient food system envisaged in the APEC Food Security Roadmap Towards 2030.

Recommendations:

- Invest in resilient agriculture systems, enable structured knowledge exchange between disaster-ready and high-risk economies, strengthen regional cooperation and demonstrate policy leadership in embedding disaster resilience into domestic and regional food security strategies.
- Harness digital tools to modernize food production, distribution, and trade through the adoption of new digital tools, including AI adoption, smart technologies, and paperless trade. Develop coherent approaches for the deployment and utilization of digital technologies.
- Prioritize a holistic approach to food trade reform by: championing the reduction and eventual elimination of the most environmentally-harmful agricultural subsidies, including at the WTO Ministerial Conference in March 2026; ensuring free and unimpeded flows of agricultural goods and services; making progress towards realizing FTAAP to create opportunities for businesses across the region, including by reducing non-tariff barriers consistent with ABAC's 2016 Cross-Cutting Principles for Non-Tariff Barriers; and creating an enabling environment for sustainable food trade, including through science-based, non-distorting non-tariff measures, consistent with the underpinning principles of ABAC's proposed Greener Trade Framework.
- Foster unity and APEC leadership by elevating collaboration across the diverse food value chain through the exchange of industry best practices, research and knowledge exchange. Support candid dialogue and partnership between the public and private sectors, including through the Policy Partnership on Food Security.



AI and Digital Innovation

Strengthening MSME resilience against cyber risks

MSMEs are critically susceptible to evolving cyber threats, stemming from their limited digital infrastructure, insufficient awareness, and constrained resources. The rapid deployment of emerging technologies, while offering new opportunities, has also introduced more complex and AI-driven cyber risks. Without adequate support, these challenges may undermine MSMEs' participation in the digital economy. Strengthening resilience to cyber threats is essential to achieving an inclusive and secure innovation environment for the business community, and to ensuring that no enterprise is left behind in the region's digital transformation.

Recommendations:

- Promote inclusive access to secure digital infrastructure by facilitating public-private partnerships that offer affordable service packages with embedded cybersecurity protections.
- Integrate foundational cybersecurity awareness and risk management modules into all APEC-supported MSME digital upskilling and capacity building policy frameworks.
- Strengthen cross-economy cooperation to scale access to affordable, interoperable cyber risk assessment tools, including External Attack Surface Management, to support MSMEs in proactively identifying and managing digital vulnerabilities with minimal technical burden.

Sustainably powering AI and 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. Many major economies and international organizations have recently committed to addressing the energy challenges of AI. In a similar spirit, ABAC urges APEC Leaders 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.

ABAC has committed to a Sustainable AI Infrastructure and Investment Declaration which appears in **Annex C**.

Recommendations:

- Establish a common, evidence-based framework to measure 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.
- Support 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.

Bridging the compute infrastructure divide

In 2025, compute capacity is essential to unlocking the full potential of emerging technologies like AI. In 2024 alone, global spending on compute and storage infrastructure surged to USD 183.1 billion, up 73.5%. However, disparities in compute access and infrastructure have widened both within and between regions. This imbalance limits the region’s potential to innovate and risks leaving economies behind in the AI revolution.

Recommendations:

- Use the APEC forum to catalyze cross-border, compute-sharing partnerships that unlock economies of scale, reduce public spending, accelerate infrastructure development, improve digital connectivity, and accelerate digital transformation.
- Mobilize private sector investment by tracking and reporting emerging investment-ready markets, and coordinating regional policy incentives for green and inclusive compute development.
- Build AI-ready workforces across the region by collaborating on specialized AI and digital workforce visa schemes.

Driving innovation through responsible, inclusive AI regulation which also enables opportunity

AI is a critical enabler of the digital economy, with advances like generative AI and autonomous agents poised to transform business models and productivity. To unlock APEC’s full potential, responsible and inclusive AI governance and innovation-friendly regulation can and must coexist.

As the global debate on AI regulation evolves between highly restrictive and laissez-faire approaches, APEC can broker a pragmatic “middle way” that fosters trust, reduces regulatory friction and supports regional cooperation. This requires effective, collaborative, cross-border governance solutions, including voluntary international cooperation initiatives and domestic models, developed in close partnership with the private sector. Existing and new trade and digital economy agreements will also play a pivotal role. This would position APEC as a global leader in inclusive digital policy, while avoiding creating a false binary between innovation and regulation. Without regional coordination, regulatory fragmentation could raise compliance costs, stifle innovation, and impede cross-border scalability.

Recommendations:

- Ensure AI rules are coherent or interoperable with existing laws such as data protection, consumer rights, and non-discrimination.
- Modernize baseline legal frameworks that support AI accountability and transparency.
- Facilitate regional policy dialogues, support relevant new trade and digital economy agreement provisions, and expand capacity building to support convergence in emerging AI regulations and frameworks across jurisdictions.
- Enhance policy support on industry development empowered by AI among economies.



Advancing 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. International coordination, interoperability and trusted partnerships with industry will be critical to the responsible development and deployment of quantum technologies. APEC can lead with a flexible, proportionate and risk-based approach that encourages innovation while safeguarding public trust and security.

Recommendations:

- 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 ecosystems, through upskilling of workforces, investments in post-quantum cryptography solutions, harmonized standards development, and resilience planning.
- Invest in quantum talent pipelines by strengthening regional capabilities in advanced science, technology, engineering and mathematics (STEM) education, research and development (R&D), and workforce development.
- Promote public-private partnerships to support scalable, secure, and interoperable quantum, software, infrastructure and innovation ecosystems.

Addressing online scams and fraud in APEC economies

According to the Global State of Scams Report by the Global Anti-Scams Alliance, over USD 1.03 trillion was lost by people to scams across the world in 2024. Rapid growth in digital trade has expanded economic opportunities for MSMEs, entrepreneurs and large companies across APEC. However, the digitalization of commercial activity is accompanied by increased threats from online scams and fraudulent activities that undermine trust and hinder the full realization of digital trade's potential. Strengthening consumer confidence requires comprehensive, collaborative efforts across economies, involving governments, businesses, and consumer groups.

Effective responses to scams and frauds must include robust legal frameworks and sufficient funding and resources for law enforcement to implement those frameworks; consistent information sharing and enforcement mechanisms across jurisdictions; appropriate incentives for businesses that take proactive steps to detect, prevent and mitigate scams; and public education to empower individuals to protect themselves from scams. Interoperable regulatory and policy frameworks to tackle scams and fraud provide clarity and assurance for businesses and consumers alike, creating a safer digital marketplace. APEC economies have an essential role in developing and promoting framework and best practices that reinforce legal certainty, transparency, and cooperation on cross-border enforcement and prevention.

Recommendations:

- Address the growing sophistication and cross-border scope of online scams by facilitating stronger collaboration and intelligence sharing across relevant stakeholders, including relevant government agencies, financial services providers, technology firms, and consumer groups.
- Establish robust legal frameworks that explicitly criminalize scams and fraudulent online activities, while enhancing law enforcement capabilities and resources for effective enforcement actions.
- Create appropriate mechanisms, including Good Samaritan protections, to encourage businesses to proactively identify, prevent, and mitigate scams and fraudulent activities occurring both on and off their platforms and services.

- Invest in sustained and targeted public education and awareness campaigns, in collaboration with industry, to equip consumers and businesses with the knowledge and tools needed to recognize, avoid, and respond effectively to scams and fraudulent activities.

Promoting connectivity through low Earth orbit satellites

Compared to other satellites, low Earth orbit (LEO) satellites orbit Earth at lower altitudes. This allows LEO satellites to communicate with less delay or latency, and the larger number of satellites required provides more resilience and redundancy. These advantages could make LEO satellites an ideal tool for extending high-speed broadband access around the world. Advances in LEO satellite technology, including more affordable customer terminals, are rapidly making LEO satellite broadband a more accessible option for consumers and businesses alike. Providers are utilizing LEO technology to deliver high-speed, affordable broadband access to everyone, including previously underserved or unserved areas.

Recommendations:

- Ensure flexible and streamlined license procedures for domestic internet service providers and satellite broadband providers.
- Consider satellite provision of international internet capacity without a requirement for domestic ground stations to route traffic to and from satellite transponders.
- Consider elimination of tariffs and local manufacturing mandates for terminals.
- Engage in regional discussion and cooperation both in terms of regulatory convergence to improve the ease of doing business for LEO satellite connectivity as well as for potential demand aggregation between markets.
- Deploy universal access funding to support public access through community Wi-Fi deployments.
- Invest in developing accurate, publicly available, mobile coverage and network infrastructure availability maps to better identify geographic areas that are unserved and underserved by current service providers.
- Promote demand through digital skills programs for advancing education and training of underserved and unserved populations.

Finance and Economics

Promoting stability, certainty and predictability and supporting the institutional architecture underpinning the global financial system

Regional business is confronting significantly changed and unprecedented circumstances, including instability in global financial and trading systems, and uncertainty and unpredictability in policy and decision making. ABAC remains committed to the principles of free and open trade and investment, and the ideals of economic integration, as the proven and most effective way to deliver prosperity for all people in the region. Economic volatility and unpredictability undermine the stability which has previously brought confidence for investment, and the cooperation necessary to drive growth and prosperity. ABAC is concerned about the impact of current policy changes on the institutions and stability of the global financial system, which undermine its capability to remain a foundational element that has contributed to global peace and prosperity since the Second World War.

APEC continues to play an important role in bringing government and business together, and advocating for maintaining stable markets and facilitating trade and investment in the region. Economic engagement between APEC economies remains a driving force for our collective good.



Our number one concern is that we face significant financial and economic risks. Instead of coming together, we are going backwards in our efforts to drive trade and investment cooperation and support overall productivity and economic growth for all. It is imperative that economies speak to the policy uncertainty we face, the downside risks of protectionism and fragmentation, and the importance of working together to boost trade, and bolster investor and consumer confidence and support financial and economic stability in the interests of all. The APEC business community remains committed to the global financial system and the power of regional cooperation and collaboration to return the equilibrium required for harmony, and investment and trading confidence.

Recommendation:

- Act to stabilize the economy and restore mutually beneficial trading arrangements as quickly as possible.

Funding investment gaps for digital transformation, energy transition and security

This year, ABAC reflected on the fact that the substantial investment funding gap for energy transitions and digital transformation remains unresolved. The advent of AI has exacerbated this challenge, in the rush for even more capacity to enable the AI led transformation. Addressing these financing challenges is crucial for closing the significant gap of USD 2.5 trillion annually needed to achieve net-zero emissions by 2050. Beyond net-zero, the economic development of developing economies, global intensive computing demand, and related energy goals in achieving energy efficiency and security, there is a pressing need for economies to accelerate the transformation of energy systems, contributing to a ballooning financing gap. To address this, strong leadership to drive bolder efforts in direct financing participation, and establishment of supportive financing mechanisms and frameworks is essential. Current progress is hindered by a lack of regulatory guidance and regional standardization as well as the under-utilization of revenue protection and viable investment mechanisms.

While achieving climate goals is an urgent priority, it presents significant challenges, including technological hurdles and cost burdens. Addressing the challenges is increasingly complex, given the region's diverse economic development stages, industrial structures, and energy supply frameworks.

Recommendations:

- Prioritize energy transition and energy security by integrating energy transition and security into economy-level development agendas, especially in light of rising energy demand from intensive computing and increasing supply constraints.
- Strengthen enabling policy and regulatory frameworks by introducing coherent, long-term policies to attract investment – such as corporate power purchase agreement frameworks, decarbonization pathways, feed-in tariffs, dispute resolution mechanisms, and blended finance vehicles to pool capital and allocate risks effectively.
- Invest in resilient, modern, and interconnected power infrastructure by accelerating investment in domestic and regional grids (e.g. the ASEAN Power Grid), expand capacity, and develop micro grids in remote areas. Binding regional agreements are needed to fast-track cross-border electricity trade and enhance regional energy resilience.
- Harmonize regional standards and frameworks by promoting the alignment of taxonomies, regulatory frameworks, and grid codes across economies. APEC should convene a dedicated dialogue to consolidate best practices and develop guidance toward an APEC-wide framework for energy and infrastructure investment.

- Expand and diversify energy transition financing instruments by developing financial tools that mitigate climate, currency, and interest rate risks. Explore portfolio-based approaches, capital pooling from diverse sources, and consider incentives such as capital relief for qualifying energy transition projects.

Designing a new Finance Ministers' Process Roadmap

At a time of uncertainty and unpredictability, ABAC particularly acknowledges the concrete achievements of public-private collaboration under the Cebu Action Plan (CAP) over the past decade in deepening economic integration and building stability in the regional financial systems. Many CAP initiatives continue to be relevant, and there remain areas where further progress is needed. New developments, including heightened risks from natural disasters and pandemics, advances in technology, business models and products, and the need for the private sector to play a larger role in financing the region's development, should also be taken into account.

Responding to these challenges and opportunities will require stronger regional financial cooperation and public-private collaboration.

Recommendation:

- Ensure that the new Finance Ministers' Process Roadmap calls for more intensive efforts to fully implement key CAP initiatives, and provide a framework for leveraging innovation in technologies, products and processes to promote inclusive, sustainable and resilient growth.

Bio and Healthcare

Advancing regulatory reliance for better health access

Access to quality medical products remains a global challenge, with many APEC economies facing delays due to limited regulatory capacity and fragmented oversight. As science evolves and products become more complex, national regulatory authorities (NRAs) must manage increasing workloads with constrained resources. Regulatory reliance—endorsed by the World Health Organization (WHO)—offers a practical solution. It allows NRAs to take into account trusted assessments from other authorities, improving efficiency, reducing duplication, and accelerating access without compromising independence.

ABAC views regulatory reliance as a vital tool to strengthen health systems, support innovation, and facilitate trade in the APEC region. It can be applied throughout the product lifecycle—from marketing authorization to clinical trials and post-market surveillance. Implementing clear legal frameworks, building institutional trust, and investing in domestic capacity are essential steps to ensure safe, timely, and equitable access to medical products. APEC must encourage greater regional collaboration to scale good reliance practices and address persistent access barriers.

Recommendations:

- Champion regulatory reliance as a strategic tool to facilitate trade, support innovation, and improve access to medical products.
- Support the adoption of WHO-recommended practices, including:
 - Establishing clear legal frameworks for reliance
 - Building institutional trust and formalizing cooperation agreements
 - Investing in regulatory capacity to assess and adapt external decisions



- Promote regional collaboration to exchange best practices and technical expertise, advancing practical reliance implementation across APEC.

Ensuring fiscally sustainable healthcare financing

Ensuring fiscally sustainable healthcare financing is a growing priority in the APEC region, as rising costs and high out-of-pocket expenditures place increasing pressure on individuals and public budgets. Strengthening financing mechanisms is essential to improving access, enhancing resilience, and supporting equitable, long-term health outcomes. This requires a shift toward innovative solutions, greater public-private collaboration, and policy frameworks that enable sustainable investment in healthcare.

APEC should focus on prevention and primary care, harness private sector innovation, and improve system efficiency. As seen in successful models, better health outcomes depend not on higher spending alone but on smarter allocation, regional partnerships, and support for scalable, cross-border financing mechanisms that promote inclusion and long-term impact.

Recommendations:

- Prioritize prevention and primary care in budget allocations.
- Support regional mechanisms to share innovative financing models and best practices.

Expanding the use of genomics and precision medicine

APEC economies are at varying levels of understanding and readiness to adopt biotechnological advancements such as genomics and precision medicine. Genomics—the comprehensive study of an organism’s full set of genetic material—and precision medicine—which tailors medical treatment to individual characteristics—together have the potential to transform healthcare across the region. As economies deepen their capacity in these fields, they will be better positioned to promote public health by developing more effective medicines and delivering targeted, personalized care.

These innovations extend beyond healthcare, with applications in agriculture, oncology, reproductive health, and research and development. To fully realize their benefits, APEC economies must work toward broader adoption, identify implementation barriers, and share best practices. Expanding the use of genomics and precision medicine can save lives and lower healthcare costs through earlier diagnoses, more accurate interventions, and specialized preventive care.

Recommendations:

- Determine the readiness of all APEC economies through a region-wide landscape assessment, taking into account the status of the adoption of genomics and precision medicine, the capacity of health systems to utilize the technology, and the readiness of the workforce.
- Adopt a set of ABAC Genomic and Precision Medicine Best Practices to guide economies through the implementation and operation stages along with economy-specific or region-wide genomic and precision medicine programs.
- Address key gaps within existing data models and work toward more balanced data representing the region’s diversity.
- Leverage APEC to serve as a knowledge sharing platform with the private sector, government, academia, international organizations and other stakeholders.

Building resilient healthcare supply chains

Many governments are currently considering how to better secure critical healthcare supplies in times of crisis. However, what has been missing is a clear set of recommendations that reflect an understanding of how global healthcare supply chains are designed, where actual rigidities and vulnerabilities lie, and the extent to which they can be re-organized, with a thoughtful examination of trade-offs for both firms and patients.

As governments embark on efforts to strengthen supply chain resilience in this vital sector, ABAC recommends starting with a better understanding of what works and what does not and advancing a set of solutions that make strategic and commercial sense for healthcare companies.

Recommendations:

- Maintain and strengthen an open, integrated supply chain model. Immediate steps include accelerating regulatory harmonization and mutual recognition efforts, creating common data standards, and enabling digitalization.
- Identify a discrete reference list of essential medicines and supplies. There is value in recognizing a foundational list of essential medicines for times of crisis.
- Integrate commercial viability as a key consideration when designing solutions. Any proposed solutions will require long-term government commitments through budgetary, regulatory, or policy actions to change the current paradigms.
- Avoid complex and disruptive requirements to establish supply chain resilience. Attempts to establish supply chain resilience for essential medicines and medical supplies should avoid stockpiling, ever-warm production, or localization requirements.
- Practice a higher degree of business engagement and consultation. An effective crisis response requires collaboration to develop early indicators and streamline procedures that support import/export, regulatory approvals, production, and workforce deployment during times of crisis.

Enabling the healthcare workforce to shape human-centered AI innovation

As economies accelerate the use of AI in healthcare services, a growing challenge is the exclusion of non-technical professionals from participating in its development and deployment. This capability gap risks undermining equity, trust, and local adaptability, particularly in healthcare, long-term care, and community support, where aging populations increase demand. APEC economies must ensure that AI transformation is not only efficient, but inclusive. Enabling broader participation in AI innovation, including through no-code tools and collaborative approaches will be critical to building resilient healthcare systems that reflect real-world needs and support equitable, economy-wide digital transition.

Recommendations:

- Foster policy and institutional conditions for healthcare practitioners to build hands on, no-code AI skills, and integrate this priority into broader, region-wide health innovation strategy.
- Promote collaborative model-building between AI developers and healthcare providers to ensure solutions are responsive to diverse care settings, supported by context-driven, community-led innovation approaches.
- Support the co-creation of shared AI assets, such as federated learning, open model libraries, and joint validation frameworks, to accelerate safe, cross-border deployment in line with ethical use and patient privacy.



Leveraging AI-powered solutions for cognitive health in aging societies

Globally, more than 55 million people live with dementia, with over 60% in low- and middle-income economies. As aging accelerates across the region, neurodegenerative diseases such as dementia are projected to affect over 80 million people in the Asia Pacific by 2050. These trends are straining healthcare systems, particularly in economies with limited diagnostic and long-term care capacity.

Advances in AI and Software as Medical Devices (SaMDs) offer new opportunities to support early detection and personalized care. However, gaps remain in regulatory readiness, workforce training, and cross-border collaboration, particularly in ensuring tools are accurate, inclusive, and clinically actionable across diverse populations.

Recommendations:

- Invest in training for physicians, healthcare specialists, and caregivers to strengthen capacity in applying AI-informed diagnostics and integrating results into clinical decision making.
- Partner with private sector developers to co-design AI tools that reflect the physiological diversity of APEC populations.
- Promote regulatory alignment on SaMDs across APEC to support cross-border implementation, ensure safety and efficacy, and build patient confidence.

Addressing the urgent demographic transformation

As APEC economies confront the dual pressures of aging populations and declining birth rates, the need for strategic, forward-looking responses from both governments and businesses has become paramount. ABAC believes that the private sector has critical roles to play in helping economies adapt and mitigate the impacts of these transitions. ABAC encourages Leaders to consider the following issues in the development of APEC's strategy on addressing the demographic challenge in the region.

Recommendations:

- Develop policies that expand workforce participation, support cross-border migration and skills recognition, and leverage emerging technologies that can counter demographic shifts, mitigate labor shortages, and strengthen workforce resilience by enhancing inclusion, productivity, and longevity.
- Leverage demographic data to make highly accurate predictions about the timing and scale of population-driven social and economic transformations. This enables governments and businesses to proactively develop mid- to long-term strategies.
- Promote sustainable pension systems and improve financial literacy, alongside accessible retirement planning tools, to ensure financial security for aging populations, reduce poverty risks and enable longer, more independent and dignified post-retirement lives.
- Strengthen women's health across life stages and advance universal health coverage to support maternal well-being, empower family formation, and boost workforce participation—creating healthier, more resilient societies with inclusive economic and demographic outcomes.

Advancing the use of health data in the APEC region

Across the APEC region, health data is increasingly recognized as a key enabler of better healthcare outcomes, more efficient service delivery, and policy innovation. It holds the potential to improve clinical

practice, empower individuals in managing their health, accelerate pharmaceutical development, and inform evidence-based policy decisions. However, despite the growing availability of relevant technologies, most economies have not yet fully realized this potential.

A number of critical challenges remain. Health data infrastructures are often fragmented, limiting their usefulness across institutions and borders. In many cases, the benefits of health data use are not clearly communicated or well understood, leading to limited investment and public hesitation. Furthermore, there is no common framework in the APEC region for cross-border health data sharing, which hinders regional cooperation and slows down joint responses to emerging health threats. Without a strategic foundation and coordinated leadership, economies risk perpetuating inefficiencies, overlooking opportunities for innovation, and widening disparities in health outcomes. To address these challenges, it is essential to adopt a comprehensive, inclusive, and internationally coordinated approach.

Recommendations:

- Develop a “Grand Design”, a comprehensive technical architecture and roadmap, for an integrated health data repository that supports both primary use (e.g., clinical care) and secondary use (e.g., research and policy evaluation), guided by the principles of privacy, transparency, and inclusiveness.
- Commission a rigorous and independent cost-benefit analysis by a trusted institution to quantify both direct and indirect benefits of health data infrastructure development, thereby supporting policy legitimacy and encouraging private investment.
- Establish APEC-wide guidelines for the safe, ethical, and mutually beneficial sharing of health data, incorporating interoperability standards, accountability mechanisms, and a shared trust framework, while respecting domestic sovereignty.

Acknowledging and addressing the escalating brain health crisis

Brain health represents one of the most pressing yet unattended challenges facing APEC’s rapidly aging societies. The rapid increase of brain-related diseases, driven by aging populations and lifestyle changes, currently costs the global economy USD 5 trillion annually according to the World Economic Forum—a figure expected to rise to USD 16 trillion by 2030.

Despite this staggering economic impact, significant knowledge gaps persist in brain health research. Unlike other major health conditions such as cardiovascular diseases or cancer, brain disorders remain at the early stages of awareness and recognition, with limited understanding of causes and few effective interventions. Most APEC economies lack adequate access to brain health promotion, services, and support, creating a substantial gap between the magnitude of the challenge and the resources dedicated to addressing it. Strengthening brain capital—the economic output of positive brain health—is critical for achieving the region’s social and economic development goals, particularly as demographic pressures intensify across APEC economies.

Recommendations:

- Create secure brain health data sharing frameworks that enable cross-border research collaboration while protecting patient privacy, facilitating large-scale studies on genetic, environmental, and lifestyle factors affecting brain health across diverse APEC populations.
- Establish APEC-wide collaborative brain health research initiatives, including epidemiological studies for region-specific populations and emerging health challenges.



- Develop multi-stage prevention frameworks targeting homes, education systems, and workplaces to build and maintain brain capital across the lifespan.

Facilitating market access for innovative medical and pharmaceutical solutions

Facilitating market access for innovative medical and pharmaceutical solutions within the APEC region is critical to advancing healthcare outcomes and ensuring regional health security. This requires a multifaceted approach, including promoting open access to research to accelerate scientific collaboration and innovation. Establishing a robust legal framework is essential to streamline the adoption of breakthrough treatments, such as mRNA vaccines, ensuring timely patient access. Additionally, fostering the development of compound pharmacies and centers for production and application of custom medical devices can enhance personalized medicine by enabling tailored treatments for individual needs. Public sector support, through funding, infrastructure development, and regulatory harmonization, is vital to scaling up production and distribution of innovative medical products. By addressing these key areas, APEC economies can strengthen healthcare systems, drive medical innovation, and improve patient care across the region.

Recommendation:

- Ensure non-discriminatory access to breakthrough medical and pharmaceutical solutions in the APEC region through creating an enabling, collaborative, and rules-based environment that harmonizes regulatory frameworks, incentivizes voluntary technology sharing, establishes pooled procurement mechanisms, and builds regional capacity for sustainable production and distribution of advanced therapies.



Annexes

Annex A

ABAC Statement on Open, Rules-based, Predictable, Stable, Competitive and Non-Discriminatory Markets

We, the APEC Business Advisory Council, representing the Asia-Pacific business community, need a return to a commitment to the open, rules-based, predictable, stable, competitive and non-discriminatory environment which has underpinned our prosperity for decades. This will help us to manage the escalating costs of doing business in an uncertain landscape, and will mitigate impacts on consumers, workers, jobs and living standards in every economy across the APEC region.

This should be achieved through:

Principles

- Reaffirming **APEC's founding goal of free and open trade**
- Reaffirming the **core WTO principles of a rules-based order which includes predictable and non-discriminatory trade**

De-escalation to create more stable ground for business

- **Preserving existing market access commitments** to underpin a stable trading environment
- Avoiding new **trade-distorting and trade-restrictive measures that violate treaty obligations**
- Applying the **APEC and ABAC Principles on Non-Tariff Measures/Non-Tariff Barriers**

Transparency

- Preparing an **annual report on trade-restrictive measures** in the region by the APEC Policy Support Unit

Revitalization

- **Revitalizing the enabling environment that is needed for all forms of trade** – including goods, services, the digital economy (through a New Services Agenda) and green trade (through a Greener Trade Framework), including by developing business-backed proposals to reform existing multilateral trade rules in response to the underlying causes of current acute trade frictions.

Annex B

ABAC Recommendations on Model Provisions for Digital Trade Agreements

Introduction

Advancements in technology and the widespread expansion of internet access — particularly mobile internet — have significantly reshaped international trade. Businesses and consumers have increasingly shifted to online channels for the supply and procurement of goods and services, making digital trade a core element of modern business models.

According to a recent World Trade Organization (WTO) report,¹ digital trade encompasses “all international trade that is digitally ordered and/or digitally delivered.” Digitally ordered trade refers to the sale or purchase of goods and services conducted through e-commerce platforms or other computer networks. Digitally delivered trade refers to services provided and received entirely online, such as software, financial services, video or music streaming, and online games. This definition reflects the multidimensional nature of digital trade and acknowledges the overlap between both categories, and is distinct from trade digitalization, where paperless trade would fall under.

The digitalization of economies has transformed how businesses, consumers, and governments interact across borders. Digital trade now underpins global commerce, offering new avenues for economic growth, especially for micro-, small and medium enterprises (MSMEs) that can more easily reach global markets.

However, the rapid pace of digital innovation has outstripped the ability of traditional trade rules to address emerging issues such as data governance, cybersecurity, artificial intelligence (AI), digital trust, and interoperability. In response, APEC economies and non-APEC economies have started negotiating Digital Economy Agreements and embedding digital trade chapters in Free Trade Agreements to create common rules, promote interoperability, and ensure an open, secure, and inclusive digital environment.

These disciplines are increasingly used to shape these agreements, providing templates for economies to align with best practices, ensure coherence, and reduce regulatory fragmentation. Yet the coverage and depth of digital trade provisions across plurilateral, regional, and bilateral agreements differ widely. A recent report by Access Partnership (commissioned for APEC),² estimated that provisions adopted between 2000 and 2018 added approximately USD 40 billion—or 3%—to digitally delivered trade among APEC economies.

In response, ABAC Singapore has led a workstream since 2024 to identify the most impactful and business-relevant digital trade provisions. This policy paper outlines a set of recommended principles and preferred digital trade rules to guide future negotiations. The primary goal of free trade agreements

¹ The International Monetary Fund, Organization for Economic Cooperation and Development, United Nations, and World Trade Organization, Handbook on Measuring Digital Trade, Second Edition (WTO, 2023).

² Economic Impact of Adopting Digital Trade Rules: Evidence from APEC Member Economies (2024), Committee of Trade and Investment (Access Partnership, 2023)



is to harmonize the standards and infrastructure across economies to keep costs low, ease the flow and exchange of business. The aim is to support APEC members to adopt frameworks that deliver tangible benefits to businesses of all sizes and sectors, while recognizing that digital trade rules are not one-size-fits-all. By starting from regional arrangements, the objective is to work towards the larger, long-term goal of setting international standards in a more multilateral setting.

Consultation Process

To ensure that the policy recommendations are grounded in real-world business needs and experiences, extensive stakeholder engagement was conducted between April and September 2024. Over 250 business voices were captured through a combination of roundtable discussions and survey responses, providing a robust mix of qualitative and quantitative insights into the challenges faced in cross-border digital trade, which shaped the model provisions.

To complement digital agreements and the digital economy, governments should also work with businesses on trade regulations and free trade agreements, particularly in the areas of (i) harmonizing border regulations; (ii) market access for foreign goods or services; and (iii) streamlining customs procedures and requirements.

Key Engagement Activities

1. ABAC Digital Trade Roundtable

Attended by 50 business leaders, including representatives from Hong Kong, China, and ABAC Members and Staffers, the session was held on 22 April 2024, on the sidelines of ABAC II 2024 in Hong Kong, China.

2. Roundtables on the ASEAN Digital Economy Framework Agreement

Held on 21 June and 22 August 2024 in Singapore, the two sessions convened with 60 business leaders and Singapore government stakeholders. With initial plans for one roundtable, a second session was held due to overwhelming business interest to be engaged in the consultation process.

3. ABAC Digital Trade Survey

Between the survey period of 22 April to 27 September 2024, a comprehensive digital survey was launched, capturing business insights and input on the most significant challenges on adopting digital trade that should be tackled and prioritized in future digital trade agreements. The survey gathered 142 business respondents across 20 APEC economies.

Business Challenges and Recommendations to Governments

Challenge 1: Operational Barriers to Digitalization

Businesses face significant implementation and operational challenges, including high compliance and infrastructure costs, shortage of digital talent and inadequate digital infrastructure, particularly for cross-border e-payment systems (e.g., e-Bills of Lading). These challenges are further exacerbated by confusing, disparate, and evolving regulations, particularly in the e-commerce sector for both business-to-business and business-to-consumer transactions.

Recommendation: Governments should invest in digital infrastructure, promote workforce upskilling, and reduce compliance burdens. A shift in regulatory mindset, from enforcement-first to facilitation-focused, would enable more businesses to adopt and benefit from digital trade.

Challenge 2: Restrictions on Cross-Border Data Flows

Businesses identified free, trusted, and verifiable cross-border data flows as critical to digital trade. However, local content requirements, data localization policies, and inconsistent e-payment regulations (including anti-money laundering concerns) remain key bottlenecks.

Recommendation: Support the development of clear, interoperable rules that enable cross-border data transfers while safeguarding legitimate policy objectives. Digital trade provisions should discourage data localization and promote mutual recognition of data governance frameworks.

Challenge 3: Fragmented Digital Regulations

Inconsistent policies on data protection, classification, cybersecurity, and AI across jurisdictions complicate compliance and increase the cost of doing business digitally. The lack of harmonized regional standards continues to hinder the scalability of digital trade.

Recommendation: Advance regional cooperation to harmonize digital standards and establish clear processes for classifying data and defining sensitive information. Digital trade agreements should prioritize regulatory transparency, interoperability, and mutual recognition, wherever possible.

Challenge 4: Misalignment Between Policy and Practice

Despite public support for digital trade, businesses expressed concern that some government actions, such as taxes, bans, and restrictive regulations, run counter to stated ambitions. The lack of coherence between policy rhetoric and regulatory implementation creates uncertainty and discourages investment.

Recommendation: Governments should conduct impact assessments on digital trade-related policies and ensure regulatory measures are aligned with broader economic goals. Emphasis should be placed on fostering innovation and reducing regulatory fragmentation.

Model Provisions for Digital Trade Agreements

ABAC adopted the approach of creating model provisions that promote general principles rather than enforcing detailed technical rules that are overly prescriptive. The provisions focus on shared beneficial outcomes, rather than a one-size-fits-all approach.

Through the business challenges revealed by qualitative and quantitative consultations, ABAC distilled APEC businesses' views on seven key model provisions that would facilitate digital trade, with a focus on intended business outcomes.



To ensure a safe and trusted business environment amid constant and rapid technological advancements, it would be of importance to include provisions on **(1) Artificial Intelligence; (2) Cybersecurity**.

1. Artificial Intelligence

- a. Develop and adopt governance and policy frameworks for ethical, trusted, safe, secure and responsible use of AI technologies (AI Governance Frameworks).
- b. Encourage interoperability through regional, multilateral, and international forums.
- c. Consider internationally recognized principles like explainability, transparency, fairness, and human-centered values when developing such AI Governance Frameworks.
- d. Promote collaboration between governmental and non-governmental entities across research, academia, and industry on:
 - i. R&D
 - ii. Joint deployment
 - iii. Test-bedding opportunities, investment and commercialization of AI technologies
 - iv. Responsible use and adoption of AI technologies.

2. Cybersecurity

- a. Build capabilities of economy-level entities for cybersecurity incident response.
- b. Strengthen capacity building for response teams.
- c. Establish or enhance collaboration mechanisms to identify and mitigate malicious intrusions or code dissemination.
- d. Reinforce information exchange on best practices on cybersecurity.
- e. Develop the capabilities of our workforce cybersecurity, mutual recognition of qualifications.
- f. Support collaborative cybersecurity R&D and innovation projects.
- g. Adopt risk-based approaches to manage cybersecurity risks and improve resilience of enterprises and customers.

To improve business efficiency, thus reducing costs, while also addressing the issues on privacy, provisions on the following should be included in digital trade agreements: **(3) Cross-border Data Flows; (4) Data Innovation and Regulatory Sandboxes; (5) Paperless Trade**.

3. Cross-border Data Flows

- a. Allow cross-border transfer of information by electronic means and prohibit measures requiring the use or location of computing facilities for business activities.
- b. Ensure deviations do not constitute discrimination or disguised trade restrictions, nor impose greater restrictions than necessary.

4. Data Innovation and Regulatory Sandboxes

- a. Collaborate on data-sharing projects and mechanisms (proof of concepts for new uses of data, regulatory sandboxes).
- b. Cooperate on policy and standards for data portability and trusted frameworks.
- c. Share research, policy approaches, and industry practices on data innovation and data sharing, including data trusts.

5. Paperless Trade

- a. Accept electronic trade documents as legal equivalents of paper documents.
- b. Establish a single window for submitting trade documents and data requirements that is secure.
- c. Facilitate the legal use of electronic transferable records, aligning with the UNCITRAL Model Law on Electronic Transferable Records 2017.
- d. Develop data exchange systems for secure and seamless trade document exchange.
- e. Hold exchanged data in confidence and provide protection as per domestic laws, by sharing data only with responsible customs authorities, requiring written permission for disclosure.
- f. Promote the use and adoption of data exchange systems through information sharing, best practices, and pilot projects.
- g. Ensure compatibility and interoperability of data exchange systems.
- h. Develop and adopt internationally recognized standards for data exchange systems.
- i. Cooperate bilaterally and in international forums to enhance acceptance of electronic trade documents and records.

To boost business confidence due to improved regulatory certainty and transparency, with harmonized standards easing business processes, businesses believe that the inclusion of the following provisions are significant: **(6) Transparency in rules and regulations governing the digital economy; (7) Adoption of Interoperable Digital Standards and Certification.**

6. Transparency in Rules and Regulations Governing the Digital Economy

- a. Create a free, user-friendly website with comprehensive, up-to-date information in English, which includes:
 - i. Descriptions of relevant provisions, additional useful information for enterprises (including MSMEs)
 - ii. Links to equivalent websites of other Parties, and government agency websites
 - iii. Provide an enquiry point or designated contact within government agencies
 - iv. Measures and decisions related to customs, data flows, data privacy, cybersecurity, intellectual property rights, innovation and data regulatory sandboxes, technical regulations, standards, conformity assessment procedures, sanitary or phytosanitary measures, trade promotion programs, government procurement opportunities, and financing programs for MSMEs.

7. Adoption of Interoperable Digital Standards and Certification

- a. Align with international frameworks like the International Chamber of Commerce Data Standards Initiative's Key Trade Documents and Data Elements for consistency and interoperability across global supply chains.
- b. Participate in regional, multilateral, and international forums to promote the development and adoption of international standards for the digital economy, including AI, Internet of Things, and 5G.
- c. Ensure information and procedures regarding standards development are accessible, notified, and communicated through established mechanisms.
- d. Allow open and non-discriminatory participation in the standards development process, ensuring impartial and coherent adopted standards that are effective and relevant.



- e. Facilitate cross-border recognition of conformity assessment results through voluntary arrangements and regional or international recognition agreements, fostering cooperation between governmental and non-governmental bodies on cross-border research or test-bedding projects.
- f. Exchange information, share experiences, promote joint initiatives, and cooperate on technical assistance, capacity building, and dialogues related to standards, technical regulations, and conformity assessment procedures.
- g. Cooperate to promote common standards, technical regulations, and conformity assessment procedures in Digital Standards and Certification.
- h. Acknowledge the importance of information exchange and transparency. Parties are to provide information on standards, technical regulations, and conformity assessment procedures, ideally within 60 days, and include the full text or summary in English.

Conclusion

To fully unlock the potential of digital trade, APEC economies must work together to deliver transparent, predictable, and business-friendly digital trade rules. Harmonized standards, trusted data flows, and improved digital infrastructure are key enablers for inclusive growth in the digital economy.

This paper could be used as a reference material and standard to facilitate regional or international cooperation when shaping Digital Trade Agreements (DTAs) still in the earlier stages of negotiations, or future DTAs in a bilateral, plurilateral or multilateral context.

Annex C

ABAC Voluntary Declaration on Sustainable AI Infrastructure and Investment Advancing a Future-Ready, Responsible AI Ecosystem in the Asia Pacific

As leaders of the Asia-Pacific business community, the APEC Business Advisory Council (ABAC) recognizes that artificial intelligence (AI) is rapidly transforming our economies, societies, and ways of life. It is a cornerstone of the digital age, with the potential to drive innovation, productivity, and inclusive growth across the APEC region.

However, ABAC recognizes the benefits of AI cannot be realized without robust, efficient, and sustainable infrastructure to support its development and deployment. From data centers to computing infrastructure and energy grids, the foundation of AI must be built in a way that respects environmental limits, enhances resilience, and promotes responsible use of resources.

In support of the 2025 APEC vision of “Building a Sustainable Tomorrow”, ABAC is committed to:

1. **Doubling down investments in sustainable AI infrastructure**

We commit to supporting infrastructure that underpins AI systems, including data centers, cloud computing facilities, and supporting energy grids that meet high standards of environmental sustainability, efficiency, and performance. We will actively explore the use of low-emission energy sources, including renewables, advanced cooling systems, and energy-efficient architecture to optimize water usage and reduce waste.

2. **Integrating sustainability at the core of AI systems and operations**

As businesses across the region adopt AI in their operations, we pledge to factor in the sustainability of the infrastructure and services that support these technologies across the entire AI lifecycle. This includes prioritizing suppliers and partners who share our commitment to responsible resource use, energy efficiency, and climate-conscious innovation.

3. **Catalyzing cross-economy collaboration and investments**

We will foster partnerships that accelerate the development of sustainable AI infrastructure across APEC economies, particularly in emerging markets. By championing sustainable investment, we will contribute to the creation of an equitable and future-ready AI ecosystem.

4. **Advocating for enabling policies and standards**

We are ready to work with governments, regulators, and standard-setting bodies to promote policies that incentivize infrastructure investment that aligns sustainability and digital goals and encourages measurable environmental transparency and accountability in the development of AI systems.

ABAC reaffirms the business community’s role in shaping an AI-powered future that is not only innovative and inclusive, but also environmentally sustainable. We call on other stakeholders, governments, industry, academia, and civil society to also join us in this collective effort to build the foundations of environmentally responsible and resilient AI across the APEC region.



Annex D

The APEC Business Advisory Council

Founding and Structure

The APEC Business Advisory Council (ABAC) was created by the APEC Economic Leaders in November 1995 to provide the business perspective on specific areas of cooperation to APEC Leaders, Ministers and Senior Officials. It is the sole non-governmental entity that has an official role in the APEC Economic Leaders' Meeting through a formal dialogue.

ABAC comprises up to three members of the private sector from each economy. ABAC members are appointed by their respective Leaders, and represent a range of business sectors, including small and medium enterprises. The economy determines the term of membership of each appointee as well as its own administrative arrangements and staff support.

The ABAC Secretariat based in Manila, Philippines serves all members and all economies and maintains a website. It coordinates and consolidates recommendations for the ABAC Report to APEC Economic Leaders and manages the substantive part of the ABAC meetings. Funding is provided through a system of annual dues, which are structured to reflect the size of each economy, following the APEC formula.

ABAC in 2025

In 2025, Korea took on the chair of ABAC, with Peru and China as co-chairs, following the APEC order. Co-chairs represent immediate past and future chairs.

This year, ABAC adopted the theme "Bridge. Business. Beyond." The 2025 work program focused on the following priorities, the work on which was carried out by five working groups, namely:

Regional Economic Integration Working Group

- Championing robust, resilient and open economic architecture
- Facilitating trade, supply chains and investment
- Enabling seamless digital trade and a new services agenda
- Empowering inclusive economic integration

Sustainability Working Group

- Promoting food security and sustainable agriculture
- Advancing green growth and low-carbon economy
- Fostering energy security and energy transition

AI and Digital Innovation Working Group

- Sustainably powering the digital economy
- Bridging the digital divide
- Future-proofing the digital economy
- Supporting Digital Ministerial engagement

Finance and Economics Working Group

- Financing investment gaps for digital transformation, energy transition and security
- Promoting financial inclusion for development
- Building resilient financial systems for trade, investment and development
- Supporting the development of a new Finance Ministers' Process Roadmap

Bio and Healthcare Working Group

- Accelerating biotech innovation for smart health
- Building interconnected health networks for medical resilience
- Narrowing the divide for inclusive health
- Encouraging public-private partnership for future health

In addition, ABAC collaborates with economies in implementing previous ABAC recommendations that have been endorsed by the Finance Ministers through the Asia-Pacific Financial Forum (APFF), the Asia-Pacific Financial Inclusion Forum (APFIF) and the Asia-Pacific Infrastructure Partnership (APIP). These are policy initiatives established by the APEC Finance Ministers, which ABAC oversees through the Advisory Group on APEC Financial System Capacity Building.

ABAC convened four meetings in 2025: Brisbane, Australia (23–25 February); Toronto, Canada (23–26 April); Hai Phong, Viet Nam (15–18 July); and Busan, Korea (26–28 October).

ABAC actively participated in various APEC meetings and related events, among others:

- First APEC Senior Officials' Meeting (SOM1) and related meetings (Gyeongju, Korea: 24 February–9 March)
- Finance and Central Bank Deputies' Meeting (Gyeongju, Korea: 5–7 March)
- SOM2 and related meetings (Jeju, Korea: 3–14 May)
- Senior Finance Officials' Meeting (SFOM) (Jeju, Korea: 7–9 May)
- Human Resource Development Ministerial Meeting (HRDMM) (Jeju, Korea: 11–12 May)
- Ministers Responsible for Trade Meeting (Jeju, Korea: 15–16 May)
- SOM3 and related meetings (Incheon, Korea: 26 July – 15 August)
- Digital and AI Ministerial Meeting (Incheon, Korea: 4–6 August)
- Food Security Ministerial Meeting (Incheon, Korea: 9–10 August)
- Women and the Economy Forum (Incheon, Korea: 12 August)
- Energy Ministerial Meeting (Busan, Korea: 27–28 August)
- SME Ministerial Meeting (Jeju, Korea: 1–5 September)
- High-Level Meeting on Health and the Economy (Seoul, Korea: 15–16 September)



- Finance Ministers' Meeting (Incheon, Korea: 21–22 October)
- Structural Reform Ministerial Meeting (Incheon, Korea: 22–23 October)
- APEC Ministerial Meeting (Gyeongju, Korea: 29–30 October)
- ABAC Dialogue with Leaders (Gyeongju, Korea: 31 October)

Other events organized and/or participated in by ABAC included:

- ABAC–APFF SFDN–FinCity Tokyo Seminar on Advancing the Asia-Pacific Network of Interoperable Voluntary Carbon Markets (Tokyo, Japan: 23 January)
- ABAC x Digital Trust Advisory Roundtable (Toronto, Canada: 23 April)
- ABAC–ILI–APFF–APIP Hybrid Finance Roundtable "Asia-Pacific Public-Private Financial Cooperation – New Medium-Term Priorities for APEC" (28 April)
- ABAC–APEC IPEG Virtual Workshop to implement ABAC's IP Finance Initiative (14/15 May)
- ABAC–EPAA–APFF Virtual Open Data Workshop (21 May)
- ABAC–APFF DRFI Webinar on Risk Data, Risk Models and Innovative Climate Risk Insurance Solutions (22 May)
- APEC MSME Cybersecurity Workshop (3 and 4 June)
- ABAC–ASEAN BAC–APFF 2025 Southeast Asia Conference – Identifying Medium-Term Deliverables for APEC and ASEAN (Kuala Lumpur, Malaysia: 11 June)
- 2025 Do AI Locally Yourself (DAILY) Plus Workshop (11 and 12 June)
- ABAC–APFF–APFIF–APIP Hybrid Roundtable on Mobilizing Capital for Innovative, Resilient and Sustainable Growth: New Medium-Term Priorities for APEC (Tokyo, Japan: 23 June)
- ABAC–APFF–APFIF–APIP Hybrid Roundtable on New Medium-Term Priorities for the APEC Finance Ministers' Process (Tokyo, Japan: 23 June)
- ABAC Virtual Roundtable on Investment Facilitation (23/24 June)
- ABAC Virtual Roundtable on the Role of Insurance in Energy Transitions (10 July)
- ABA–ASEAN–BAC–APFF Roundtable on Digital Trade Connectivity 2025 (Bangkok, Thailand: 22 July)
- ABAC–APFF SFDN–ICVCM Virtual Workshop on Creating High-Integrity Carbon Credits Across the Asia-Pacific Region (29 July)
- ABAC– APFF SFDN–VCM Virtual Workshop on Building High-Integrity Voluntary Carbon Markets – The Role of Carbon Credit Buyers and Investors (30 July)
- ABAC–APEC IPEG Workshop on Intellectual Property Finance: Barriers and Breakthroughs (Incheon, Korea: 7 August)
- ABAC VCM Pathfinder Initiative Virtual Workshop on Unlocking the Benefits of High-Integrity Voluntary Carbon Markets: How Governments can Leverage the VCM Access Strategy Toolkit to Create Enabling Environments for Thriving VCMs (28 August)
- ABAC–World Bank–APFF SFDN Workshop: Guidance for Economies on Navigating Carbon Markets (1 October)
- ABAC–World Bank–APFF SFDN Workshop: Carbon Registries: Considerations for Design and Implementation (7 October)

Studies and Related Work

This year, ABAC commissioned research which helped build out ABAC's proposal for "A New Services Agenda" for APEC to follow the APEC Services Competitiveness Roadmap after its conclusion in 2025, with a specific focus on trade in digitally-deliverable services. ABAC also commissioned work to look at gender pay gaps in the APEC region and recommended an Equal Pay Framework as a voluntary, agile standard to enable businesses, particularly MSMEs, to measure, report, and act on wage disparities. It undertook a project aimed at understanding the economic value and environmental costs of powering the digital economy, with a sectoral analysis on data centers to identify sustainable energy solutions in the APEC region. Finally, ABAC developed a Roadmap for Smarter and Inclusive Healthcare which synthesized insights from all its projects into forward-looking policy recommendations for senior health policymakers across the region.

Outreach

ABAC continues to strengthen its interaction and engagement with APEC Ministers, Senior Officials and APEC fora, including through the annual ABAC-SOM Dialogue and a stronger presence in APEC meetings. It prepares press releases and social media posts for ABAC meetings.

Future Work

ABAC remains fully committed to providing advice to APEC Leaders on business sector priorities and in helping build a dynamic, resilient and prosperous Asia-Pacific community. Future work will continue to focus on the implementation of the Putrajaya Vision and the Aotearoa Plan of Action, regional economic integration, support for the WTO and FTAAP, trade facilitation, infrastructure development and investment, supply chain connectivity and global value chains, digital economy, MSME development, economic empowerment of women, youth and the underrepresented, food security, climate change and renewable energy, structural reform, and the development and integration of financial markets.



List of Acronyms

ABA	ASEAN Bankers Association	FDI	Foreign Direct Investment
ABAC	APEC Business Advisory Council	FTAAP	Free Trade Area of the Asia Pacific
ABTC	APEC Business Travel Card	GDP	Gross Domestic Product
ACCEPT	APEC Centre of Excellence for Paperless Trade	HRDMM	Human Resource Development Ministerial Meeting
AI	Artificial Intelligence	ICVCM	Integrity Council for the Voluntary Carbon Market
APEC	Asia-Pacific Economic Cooperation	ILI	International Law Institute
APFF	Asia-Pacific Financial Forum	IoT	Internet of Things
APFIF	Asia-Pacific Financial Inclusion Forum	IPEG	Intellectual Property Experts Group
APIP	Asia-Pacific Infrastructure Partnership	LEO	Low Earth Orbit
ASEAN	Association of Southeast Asian Nations	MC14	14th WTO Ministerial Conference
ASEAN BAC	Association of Southeast Asian Nations Business Advisory Council	MSME	Micro-, Small and Medium Enterprise
BEV	Battery Electric Vehicle	NRA	National Regulatory Authority
BMG	Business Mobility Group	OECD	Organization for Economic Cooperation and Development
CAP	Cebu Action Plan	R&D	Research and Development
CCUS	Carbon Capture, Utilization, and Storage	SaMDs	Software as Medical Devices
COVID-19	Coronavirus Disease of 2019	SFDN	Sustainable Finance Development Network
CO2	Carbon Dioxide	SFOM	Senior Finance Officials' Meeting
DRFI	Disaster Risk Financing and Insurance Program	SOM	Senior Officials' Meeting
DTA	Digital Trade Agreement	STEM	Science, Technology, Engineering and Mathematics
EPAA	Emerging Payments Association Asia	UNCITRAL	United Nations Commission on International Trade Law
ESG	Environmental, Social and Governance	VCMI	Voluntary Carbon Market Integrity Initiative
EV	Electric Vehicle	WHO	World Health Organization
		WTO	World Trade Organization

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