ABAC Statement on FTAAP 2026

Building greater resilience, opportunity and security through deeper economic integration

The APEC Business Advisory Council (ABAC) represents diverse business interests, but we share a common conviction: that deeper economic integration, enabled by open, rules-based markets and non-discrimination, is essential to unlocking a secure and prosperous future.

Recalling its commitment to the eventual Free Trade Area of the Asia Pacific (FTAAP), ABAC encourages APEC economies to prioritize practical outcomes to build momentum toward the FTAAP - both as a long-term aspiration and as a vehicle to create a more stable, resilient and seamless business environment in the short and medium term. FTAAP is essential in the face of current challenges, including supply chain disruption, market fragmentation, rising protectionism and digital and green transformations. These factors are particularly challenging for micro-, small and medium-sized enterprises (MSMEs).

Consistent with the Ichma Statement, ABAC accordingly advocates for two parallel and complementary strategies to advance the work on the FTAAP Agenda and realize the eventual FTAAP:

1. Building from the top down, we encourage APEC economies to continue to strengthen and streamline the region's trade agreement architecture

Rules-based trade architecture helps to build a more stable, predictable and resilient trade environment. Participants in high-quality regional trade agreements should fully implement, modernize and seek to expand these agreements. However, as businesses facing the costs, frictions and impediments of a diverse and growing "noodle bowl" of agreements, we also encourage APEC economies to pursue convergence over time, across both large comprehensive free trade agreements (FTAs) and innovative sectoral initiatives in areas such as digital trade, supply chains, environmental resilience and expanding economic opportunity. This will ensure that the rules architecture is fit for modern business models and enables greater resilience and levels the playing field for MSMEs, women, Indigenous entrepreneurs and other groups.

We welcome work by the APEC Policy Support Unit on analyzing areas of FTA convergence and divergence, as well as economies' efforts for active dialogue in this area.

Market diversification is a key outcome of effective regional economic integration, enabling businesses – particularly MSMEs – to reduce exposure to external shocks, expand into new and emerging markets, and strengthen resilience. However, many businesses continue to face challenges related to limited access to information, regulatory complexity and capacity constraints. These challenges can be addressed by improving access to market intelligence and trade-related information, where applicable, supporting business-led platforms and knowledge-sharing initiatives that facilitate identification of new market opportunities, and strengthening capacity building programs to enable businesses, particularly MSMEs, to effectively enter and operate in new markets.

2. Building from the bottom up, we urge APEC economies to catalyze progress in the shorter term through practical deliverables in areas of importance to business

Businesses across the region need improvement in the commercial environment to address the range of complex and costly challenges we face. Achieving incremental progress can help unlock business opportunities, support job creation and improve living standards in the short term, while also laying the practical and institutional groundwork for deeper economic integration in the eventual FTAAP. We call on APEC economies to cooperate in areas of mutual interest and foster dialogue across the agenda.

We have previously and repeatedly called for action on early harvest deliverables and have yet to see significant movement on these issues. Business communities across the region are leading efforts to address cutting-edge issues and are employing dynamic changes to meet the needs of their customers. ABAC stands ready to contribute and lend our expertise to the following urgent priorities, including:

- Adoption of a Greener Trade Framework
- Support for a conducive legal and technological environment for paperless trade
- Strengthening supply chain cooperation
- Developing a 'New Services Agenda' for digitally deliverable services
- Targeting support for women's access to venture capital funding

We continue to support those calls, and would add the following areas as urgent priorities:

1. Supply Chains

Supply chain disruptions and chokepoints can trigger inward-looking responses and risk undermining the principles of non-discrimination and openness. Resilient and reliable supply chains are essential to sustaining a free and open trade and investment system. ABAC is contributing to efforts to upgrade the 2023 Supply Chain Resilience Toolkit to strengthen results, extend accessibility and better reflect the changing regulatory environment for international trade.

ABAC calls on APEC Ministers Responsible for Trade to:

- **Advance supply chain resilience through strengthened multilateral frameworks** that ensure transparency, predictability and stability, enhanced logistics resilience including stable maritime transport, and more efficient trade procedures through digitalization and interoperable, adaptive and flexible paperless trade.
- **Promote strategic and integrated investment in resilient and sustainable logistics infrastructure** to address challenges such as ageing, disaster risks, and climate change.
- **Strengthen efforts to secure and develop the logistics workforce**, including through improving working conditions, enhancing operational efficiency, and ensuring adequate recognition of logistics work, in order to sustain resilient and reliable supply chains.

2. Paperless trade

The digitalization of trade processes, including across multimodal supply chains, is essential to enhancing supply chain resilience, reducing costs, and enabling inclusive participation in trade. In the current environment of economic uncertainty and fragmentation, accelerating the transition to paperless trade has become both an economic and strategic imperative – but digitalization remains inconsistent across the APEC region. Economies should work together to establish more interoperable, adaptive and flexible infrastructure for paperless trade and multimodal electronic document exchange; an enabling and interoperable legal, regulatory and standards environment, and trust and readiness for wider adoption. The new APEC Centre of Excellence for Paperless Trade (ACCEPT), in which APEC and ABAC will work closely together, is intended to provide critical end-to-end support to economies, businesses and other stakeholders in advancing these efforts.

ABAC calls on APEC Ministers Responsible for Trade to:

- **Advance the operationalization of ACCEPT through sustained public-private collaboration** in the areas of advocacy and information sharing; to advance legal reform, and strengthen institutional readiness.
- **Work with and support businesses and other stakeholders to enable the cross-border use and mutual recognition of electronic trade documents**, promoting interoperability of digital systems, and supporting capacity building efforts, and developing scalable business models to accelerate the effective implementation of paperless trade across the region.
- **Support the use of state-of-the-art digital innovations in trade facilitation,** including but not limited to artificial intelligence (AI) and AI+ solutions, IoT data, fast-track public interfaces and stress-testing simulations to enable greater interoperability, adaptivity and flexibility in supply chains, particularly in response to external shocks.

3. Non-Tariff Barriers Affecting Food Trade

While non-tariff measures (NTMs) are frequently applied to achieve legitimate objectives such as food safety, consumer protection and sustainability, they can also become "non-tariff barriers" (NTBs) when their design adds unwarranted costs or red tape, is discriminatory, or is intended to shield domestic producers from fair competition. Food-related NTBs create persistent frictions, not only distorting trade and adding a heavy compliance burden to food businesses, but also undermining food security by making food more expensive and less available, and worsening environmental outcomes by incentivizing production that may have negative biodiversity, climate and other impacts. Research commissioned by ABAC shows that the tariff equivalent of agri-food NTMs in APEC is four times the cost of tariffs with these measures, including those that constitute unwarranted barriers, amounting to the equivalent of over USD 130 billion per year. A targeted policy approach that prioritizes reform of food NTBs will deliver outsized benefits not only for trade, but also for food security and sustainability.

ABAC calls on APEC Ministers Responsible for Trade to:

- **Prioritize the application of the APEC Cross-Cutting Principles on NTMs to the food sector,** utilizing the APEC Best Practice Guidelines to mitigate frictions in existing measures and avoid the creation of new NTBs.
- **Promote trade-friendly approaches to food supply chains and transparency**, for example by extending Authorized Economic Operator programs to low-risk food traders, and by adopting mechanisms for greater visibility of and consultation in the development of food-related NTMs.
- **Provide targeted capacity building and knowledge-sharing for compliance with technical and sanitary and phytosanitary (SPS) requirements**, particularly for MSMEs, and for **universal adoption of interoperable paperless trade**, including electronic SPS certification, through ACCEPT.

4. Gender Pay Gap

Addressing the gender pay gap remains one of the most powerful and underutilized strategies for boosting productivity and trade, innovation, and inclusive growth, potentially unlocking up to USD 4.5 trillion in regional GDP. In 2025, ABAC developed the voluntary Equal Pay Framework, an agile tool with localization for economies' languages and regulatory contexts, to enable businesses of all sizes, particularly MSMEs, to measure, report and take action on wage disparities. The ABAC Equal Pay Framework offers an opportunity for structural reform which will enable APEC economies to work together to share knowledge and experience, and take action to address significant inequality while boosting productivity and prosperity.

ABAC encourages APEC Ministers Responsible for Trade to:

- **Support uptake of the ABAC Equal Pay Framework** as it becomes available across economies.

5. A new 'Open Skies' agenda

Air connectivity is a practical enabler of trade, tourism, investment and supply chain resilience. However, the system that connects APEC economies and links them to the rest of the world has been constrained by complex regulatory systems and subjected to repeated shocks. The challenge is to build greater flexibility and create new options. APEC should pursue progressive liberalization of air services through a phased, staged approach that expands passenger and cargo connectivity, broadens access across the region and balances efficiency with resilience.

The first step should be the development of a set of air connectivity principles to guide phased measures that expand connectivity across the region. These principles could emphasize increasing connectivity for people and cargo, deepening openness where gains are most tangible, tackling recurring bottlenecks, developing shared indicators, and building resilient networks.

ABAC calls on APEC Ministers Responsible for Trade to:

- **Develop a set of shared air connectivity principles** as the foundation for a renewed APEC aviation agenda that leads to increased supply and lower cost of business for passenger and freight movement.
- **Pursue phased reform in stages**: for existing airlines, it is intended to increase secondary-airport access, fast track cargo liberalization, add transparency to competition policy and slot allocations, share experiences of hub development strategies, and make more use of digital technology to facilitate cross-border movement of people and products (new entrants would be required to go through existing processes and regulatory regimes).
- **Provide model clauses, pilot new cross-border corridors, and consider technical cooperation** so that economies can implement commercially usable updates and extensions within the current policy system.

6. Digital Trade Rules Coherence

Digital trade rules across the region are increasingly fragmented, with a patchwork of approaches (or no guardrails at all) in the areas that ABAC has identified as being of key interest to the business community, including AI, cybersecurity, cross-border data flows, data localization, data innovation, paperless trade, interoperable digital standards and regulatory transparency. At the same time, digital trade barriers are on the rise. Trade rules and domestic digital economy regulation have also struggled to keep pace with the emergence of cutting-edge technologies, notably generative AI and quantum computing. The Aotearoa Plan of Action (APA) for the Putrajaya Vision 2040 largely predates the rapid evolution of these frontier technologies, and thus does not fully address economies' needs in these areas. The relevant Collective Actions should be reviewed and updated to reflect this changing digital landscape, as part of the five-year APA Review.

ABAC urges APEC Ministers Responsible for Trade to:

- **Agree a permanent APEC-wide prohibition on tariffs on digital products.**
- **Prioritize coherent policy and regulatory settings and trade rules for digital trade** in areas such as AI and quantum computing, trusted cross-border data flows, and interoperability of standards and regulations, including by adding relevant new Collective Actions under the Aotearoa Plan of Action for the Putrajaya Vision.

A call to action

We encourage early action on our specific proposed recommendations and would welcome regular progress updates on these areas.

Current pressures in the global economy make the work of building towards FTAAP more difficult – but essential. This work can deliver tangible improvements in the business and trade environment in the short term through the bottom-up approach, and lays the groundwork for deeper integration and prosperity over time. Additionally, achieving greater convergence in trade rules will be critical to safeguarding the rule of law, reducing uncertainty and restoring confidence in open markets throughout this journey. We stand ready and eager to work with Leaders, Ministers and policymakers to develop our shared vision of an open, dynamic, resilient and peaceful Asia-Pacific community.