

ABAC
APEC Business Advisory Council

OPENNESS CONNECTIVITY SYNERGY

Report to APEC Economic Leaders
China 2026

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Report to APEC Economic Leaders



APEC Business Advisory Council

APEC Business Advisory Council

His Excellency Xi Jinping
Chair, Asia-Pacific Economic Cooperation
President, People's Republic of China
Beijing

Your Excellency,

We write to you at a time when the global economy faces slow growth, acute stresses to energy security and supply chains, rising trade barriers, policy volatility and heightened regional, structural and environmental challenges that are reshaping trade and investment and posing risks to future prosperity. At the same time, rapid advances in artificial intelligence (AI), quantum and other frontier technologies and energy transition are transforming productivity, competitiveness and future growth, but also create risk if not managed carefully. Sustaining long-term prosperity will require stronger regional cooperation and renewed confidence in an open, predictable and innovation-friendly economic environment.

Against this backdrop, the Asia-Pacific has an opportunity to demonstrate leadership on global economic growth. ABAC believes APEC can do so by advancing three mutually reinforcing priorities that define this year's theme—**Openness, Connectivity and Synergy.**

Openness

An open, rules-based, non-discriminatory and market-oriented regional economy remains the foundation of Asia-Pacific prosperity. At a time of increasing fragmentation, APEC should reaffirm its commitment to free, open, fair, non-discriminatory, transparent and predictable trade and investment environment, regional economic integration and the multilateral trading system.

ABAC calls on APEC to work towards the Free Trade Area of the Asia-Pacific through practical, business-led early deliverables while strengthening convergence of regional trade rules. We also urge renewed efforts to reduce non-tariff barriers particularly those affecting food trade, accelerate paperless trade, develop interoperable cross-border QR code payment systems and actively pursue coherence in digital trade rules, while strengthening cooperation against illicit trade scams and fraud.

Openness must also be inclusive. Expanding women's economic participation and leadership opportunities, including through greater recognition of the care economy, will unlock workforce participation, strengthen productivity and support more inclusive growth.

Connectivity

Connectivity has long been a defining strength of the Asia-Pacific. Today's priority is to make it more resilient, sustainable and future-ready. Building on the outcomes of the Final Review of the APEC Connectivity Blueprint, ABAC encourages APEC to take action on connectivity in response to emerging economic realities, including by enhancing air connectivity.

Greater investment in disaster-resilient and low-carbon infrastructure, supported by interoperable standards and reliable digital systems, will facilitate seamless cross-border trade. Strengthening supply chain resilience through cooperation and diversification, improved logistics and digital connectivity will help businesses manage future shocks while reducing costs.

Equally important is investing in people. Skills development, workforce and business mobility, and people-to-people exchanges will ensure that the benefits of regional integration are widely shared. By fostering mutual understanding, cultural appreciation and trust through business-led dialogue and exchanges, and enhancing the APEC Business Travel Card scheme, the Asia-Pacific can further strengthen the human foundations of regional cooperation and long-term prosperity.

Synergy

The region's most pressing challenges require stronger collaboration among governments and businesses. Public-private partnerships and innovative financing will be essential to mobilizing investment in infrastructure, energy, healthcare, climate resilience and digital transformation.

Artificial intelligence, quantum computing and other frontier technologies are reshaping industries and promise substantial gains in productivity and innovation. However, these technologies also pose risks and challenges which means that carefully designed policy settings are essential. ABAC encourages APEC to promote responsible, safe, interoperable and innovation-friendly governance and cooperation frameworks that promote AI for good while enabling responsible deployment, cross-border collaboration, trade, investment and technology diffusion. At the same time, equally important is ensuring AI for all by creating an enabling environment for all economies, particularly developing economies, and all businesses, including micro-, small and medium enterprises, to access digital infrastructure, secure data ecosystems, innovative health solutions and skills development to fully participate in an AI-enabled economy.

Regional cooperation should likewise strengthen food and energy security, healthier populations, disaster and pandemic preparedness, and sustainable, responsible and competitive mining development — all supported by sustainable and innovative financing mechanisms. Together, these priorities will reinforce long-term resilience and competitiveness.

Your Excellency, the Asia-Pacific has repeatedly shown that its greatest achievements are realized when economies commit to sustained cooperation, embrace innovation and build concrete partnerships.

By advancing Openness, Connectivity and Synergy, APEC can reinforce confidence in an increasingly uncertain global economy while delivering practical benefits for businesses, workers and communities throughout the region, thereby fully embodying this year's APEC theme of "Building an Asia-Pacific Community to Prosper Together".

ABAC stands ready to work closely with APEC economies in translating these priorities into concrete outcomes that strengthen resilience, expand opportunity and sustain the Asia-Pacific as the world's most dynamic engine of growth.

Yours sincerely,

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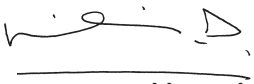
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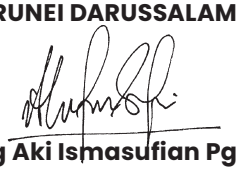


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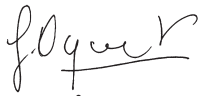
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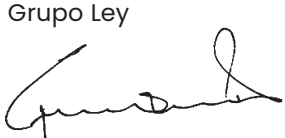


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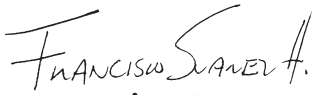
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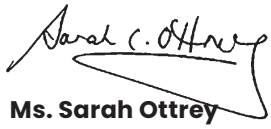
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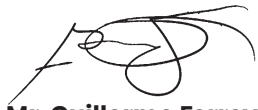


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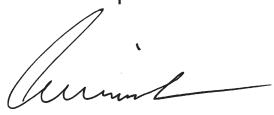
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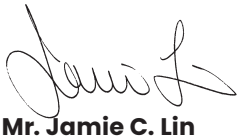
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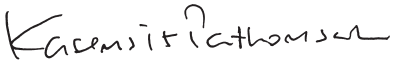
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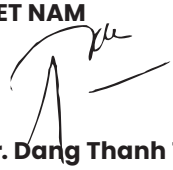


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Executive Summary

Executive Summary

The following is a summary of the recommendations contained in this report:

Openness

Updating the Aotearoa Plan of Action. ABAC welcomes the Five-Year Review of the Aotearoa Plan of Action (APA) as an opportunity to update it to reflect structural shifts since 2021, including new technologies, supply chain pressures, economic fragmentation and accelerating the energy transition. ABAC encourages APEC economies to add new APA Collective Actions where needed, including artificial intelligence (AI) and coherence in digital trade rules.

Accelerating progress towards the Free Trade Area of the Asia-Pacific. ABAC remains committed to the eventual Free Trade Area of the Asia-Pacific (FTAAP), and urges APEC to prioritize bottom-up, practical, business-driven near-term outcomes that build momentum and improve the commercial environment, especially for micro-, small and medium-sized enterprises (MSMEs). Early deliverables should include business priorities such as supply chain resilience, paperless trade, tackling non-tariff barriers, especially affecting food trade, and coherent digital trade and digital payments rules. APEC economies should provide regular progress reports. Important work on convergence in high-standard trade agreements should also continue.

Promoting market diversification for resilient trade. Market diversification has become a strategic imperative for businesses across APEC as they navigate rising protectionism, supply chain disruptions and a growing proliferation of non-tariff measures. Yet diversification is not solely a matter of corporate strategy. Its success depends on the enabling conditions that regional economic integration provides. Regulatory divergence and non-tariff barriers, not tariffs, are now the dominant constraint on businesses' ability to reach new markets, falling disproportionately on MSMEs, which lack the resources to navigate fragmented regulatory environments across multiple destinations. APEC economies should deepen and operationalize the integration tools already proven to work: establishing a standing regulatory cooperation and mutual recognition mechanism in priority sectors; creating a single-window transparency portal for non-tariff measures; developing a dedicated MSME market diversification support facility; advancing trade facilitation measures targeting logistics and connectivity constraints; launching a mutual recognition pilot for clean energy and storage standards; and establishing an early notification mechanism to improve tariff and trade policy predictability across the region.

Addressing non-tariff barriers affecting food trade. Agri-food markets across APEC remain distorted by both tariffs and non-tariff measures (NTMs) — the latter imposing costs four times that of tariffs on the same products. While many NTMs are legitimate, when they become non-tariff barriers (NTBs) — due to poor design or deliberate intent — this adds cost, red tape and complexity, and undermines both food security and sustainable food systems by making food less affordable, less available and less sustainably produced. APEC economies should seek to mitigate and avoid new NTBs by applying the APEC NTM Principles and other measures to facilitate food trade and reduce trade costs, especially for MSMEs, such as mechanisms to promote transparency and consultation on food NTMs, systems recognition and universal adoption of paperless trade, including electronic certification.

Strengthening the multilateral trading system. ABAC welcomes the recognition from APEC Ministers Responsible for Trade that the World Trade Organization (WTO) needs meaningful reform to improve all its functions and to be more relevant and responsive to the interests of its Members, and that APEC economies should work together to improve the WTO. At the same time, recognizing that transparency and predictability are essential for investment and growth, open, high-standard, inclusive and non-discriminatory plurilateral initiatives offer an important pathway to the development of relevant modern trade rules. APEC economies should champion a permanent WTO Moratorium on Customs Duties on Electronic Transmissions; work together to improve the WTO's functions and rulebook; and support open, high-standard, transparent, inclusive and non-discriminatory plurilateral initiatives, including through the development of innovative new ideas within APEC.

Bolstering efforts to counter trade in illicit goods. Increasingly sophisticated illicit trade centered on the Asia-Pacific is a significant challenge which calls for stronger collaborative enforcement across the region. Tackling trade in illicit goods would improve market access for legitimate traders, raise tax revenue, prevent crime and protect consumers. APEC economies should undertake cross-economy enforcement, especially in free trade zones, encourage shared responsibility across the supply chain, establish coordinated standards and reporting, and use digital and AI tools for risk detection.

Promoting women's economic participation. Women continue to face many structural barriers to their economic participation, including persistent and substantial underrepresentation in leadership and management roles. Increasing women's participation in decision-making roles has consistently been demonstrated to lead to greater productivity and profitability in private sector enterprises, and stronger, more inclusive public policy outcomes in public and political sectors. Addressing the gender pay gap remains one of the most powerful and underutilized strategies for boosting productivity, trade, innovation and inclusive growth. ABAC has developed a voluntary Equal Pay Framework to enable businesses to measure, report and address wage disparities.

Creating innovative, competitive and resilient services sectors. Services underpin business activity, employment and prosperity; APEC's services sectors must remain innovative, competitive and resilient. ABAC welcomes the new APEC Roadmap for Innovative, Competitive and Resilient Services and urges its early implementation, including work on reducing barriers to trade and investment in services, the promotion of digitally delivered services and AI, including through reductions in trade barriers affecting such services, and undertaking the structural reforms necessary to create an enabling environment.

Enhancing digital trade rules coherence. Digital trade rules are increasingly fragmented, with inconsistent or absent guardrails and standards on data governance and cooperation, AI, cybersecurity, paperless trade and other areas, even as digital trade barriers rise and technology itself continues to evolve, with the emergence of transformative developments such as agentic AI and quantum computing. Coherence and interoperability in digital trade rules should be important early priorities both for FTAAP and the APA Review, and would be supported by wider participation in the Digital Economy Partnership Agreement, or at least adoption of specific modules as appropriate, and in the WTO E-Commerce Agreement. APEC economies should also establish a permanent APEC-wide prohibition on tariffs on digital products.

Advancing digital payments as a foundational enabler of trade. Digital payments are foundational to modern trade, helping businesses, especially MSMEs, to participate in cross-border commerce. However, interoperability gaps, fragmented regulation and uneven access remain barriers. Interoperable, secure, resilient payments are critical to expanding market access and deepening regional economic integration. APEC should enhance regulatory interoperability, with a view to advancing mutual recognition, by adopting international best practices, advancing the development of an APEC MSME digital trade toolkit for digital payment choices, and developing pilot frameworks to streamline low-risk e-commerce.

Connectivity

Advancing resilient and future-ready transport connectivity. Transport connectivity has a critical role in strengthening regional economic integration, supply chain resilience, sustainable growth, energy resilience and people-to-people linkages across the Asia-Pacific. However, despite progress achieved under the APEC Connectivity Blueprint (2015-2025), infrastructure gaps persist which undermine the region's ability to achieve seamless and resilient connectivity. ABAC urges APEC economies to invest in resilient, future-ready physical infrastructure, including multimodal transport connectivity, zero and low-carbon transportation systems, and disaster-resilient infrastructure.

Working towards Open Skies in APEC: A Roadmap for Greater Air Connectivity in the Asia-Pacific. Air connectivity is a practical enabler of trade, tourism, investment and supply chain resilience. ABAC recommends that APEC economies work towards phased implementation of an APEC Open Skies policy agenda between member economies. There is a need for a new APEC air connectivity agenda that moves beyond formal market-opening language towards practical reforms that make connectivity more usable, more contestable and more resilient. The analysis shows that the clearest near-term gains lie in cargo liberalization, secondary airport access, removal of implementation bottlenecks, and measures that reduce excessive dependence on a small number of major hubs and corridors.

Safeguarding maritime transport networks and critical logistics corridors. Maritime transport remains the backbone of regional and global trade. Recent disruptions have highlighted the economic consequences of chokepoints, congestion and supply chain vulnerabilities. ABAC urges economies to prioritize safe, efficient and uninterrupted maritime transport networks by strengthening port resilience, improving logistics infrastructure, enhancing maritime security, supporting a rules-based order for maritime transport and deepening public-private cooperation to improve preparedness and response to transportation disruptions and emergencies.

Strengthening supply chain and logistics resilience. Resilient and reliable supply chains are essential to economic growth, trade competitiveness and business confidence. ABAC encourages economies to work together to identify and address transportation bottlenecks and systemic vulnerabilities while maintaining open and predictable trade and investment environments. Priorities should include accelerating digitalization and paperless trade, improving transparency and visibility across supply chains, investing in resilient logistics infrastructure, and strengthening workforce development initiatives that support the recruitment, retention and productivity of logistics and transport workers. This year, ABAC is updating its Supply Chain Resilience Toolkit to offer increased visibility to areas that often cause delays, and leveraging valuable platforms, including supply chain expos, to enhance cooperation ecosystems.

Accelerating paperless trade through the APEC Centre of Excellence for Paperless Trade. Digitalizing trade processes to make them efficient, interoperable and trusted is essential in the current uncertain and fragmented economic environment. APEC and ABAC should work together in the APEC Centre of Excellence for Paperless Trade to address inconsistent legal frameworks, interoperability challenges and limited institutional readiness, as well as working with businesses to identify practical priorities for the implementation of interoperable, adaptive and flexible paperless trade, including high-impact trade documents and pathways to scale adoption across APEC economies, particularly for MSMEs.

Building an interoperable cross-border QR code payment ecosystem. Divergent payment standards, fragmented regulatory frameworks and varying consumer habits across economies continue to constrain transaction efficiency and raise costs for businesses and individuals. ABAC encourages APEC economies to consider the development of an interoperable QR code ecosystem as a foundational step to facilitate cross-border QR code payment interoperability, leveraging domestic practices and successful solutions and experiences.

Enhancing the APEC Business Travel Card scheme. The APEC Business Travel Card scheme remains one of APEC's most successful initiatives for facilitating business mobility, promoting trade and investment, and strengthening regional economic integration. ABAC encourages APEC economies to continue modernizing and strengthening the Scheme by improving efficiency, accelerating digital integration where applicable, expanding participation in the Scheme, ensuring consistent implementation across the region, and enhancing cooperation among participating economies to deliver a more seamless, secure and user-friendly experience for business travelers.

Accelerating the transition to zero and low-carbon mobility. Decarbonizing transport is not only an environmental imperative but also a strategic necessity for energy security and industrial competitiveness. Electrification of vehicles, vessels and aircraft—supported by intelligent charging and swapping infrastructure, battery recycling and circular economy practices—offers a viable pathway to zero and low-carbon transport, in addition to existing uses of clean fuels. APEC economies should also support open and resilient green supply chains so that zero and low-carbon transport solutions can move across the region efficiently.

Balancing economic growth with environmental sustainability. APEC economies face shared structural pressures of climate risk, energy transition and land-use constraints, and must seek to balance economic growth, competitiveness, energy security and environmental integrity. ABAC urges regional cooperation, including in partnership with the private sector, as a key enabler of good outcomes, particularly to address gaps in capacity and policy settings in respect of carbon pricing, industrial decarbonization, grid modernization, nature-based solutions, investment in resilience, and scaling up financing for energy transition.

Addressing transboundary waste dumping and misdeclared cargo. The misdeclaration of cargo and illegal transboundary movement of waste are emerging as significant threats to trade integrity, maritime safety and supply chain resilience across the Asia-Pacific. These activities distort trade costs, undermine fair competition, and impose substantial operational, environmental and compliance costs on businesses and governments. APEC economies should strengthen accountability at origin for high-risk shipments, improve cargo transparency through digital trade and risk management tools, and enhance cooperation between customs, environmental and transport authorities to prevent illegal trade flows and safeguard legitimate commerce.

Synergy

Enabling AI transformation in traditional industries. AI is reshaping traditional industries by promising substantial improvements in productivity, resilience and competitiveness across sectors. However, significant adoption gaps remain across economies and between businesses of all sizes. To facilitate the inclusive adoption of AI, ABAC urges APEC to modernize data legislation, promote diverse and representative datasets, establish predictable regulatory pathways for AI-enabled products and services, invest in workforce upskilling and reskilling, and support MSME-focused pilots, capacity building initiatives and shared digital infrastructure.

Responding to the shift from generative AI to agentic AI. Agentic AI systems are rapidly moving beyond content generation towards autonomous decision-making and task execution. While promising substantial productivity gains, they also introduce new governance, accountability, liability and systemic risks. APEC can play an important coordinating role in aligning cross-border approaches, including updating AI governance and cooperation/trade frameworks, promoting interoperable and innovation-enabling AI governance and cooperation approaches, supporting an environment conducive to fostering emerging AI technologies, and preparing workers for increasingly human-AI collaborative operating models.

Preparing for the transition of quantum technologies to commercial reality. Quantum technology is emerging as one of the most important technologies of the coming decades, with material near, medium and longer term economic and strategic implications. Applications identified to date include significant impacts on finance, aerospace, automotive, data centers and energy, health and medicine, chemical, logistics and transport, cybersecurity including cryptography, communications and defense industries. Advances in quantum capabilities, combined with rapidly evolving AI systems, have the potential to address complex societal and industrial challenges and to have a transformative impact globally. There is a responsibility to utilize the power of this innovation and technology revolution for the benefit of all and for economies to develop the governance, standards and approaches to mitigate potential risks of misuse and to consider how to ensure the benefits of quantum are shared and sustainable. There is an immediate and pressing need to address the potential of quantum to compromise digital security and threaten current encryption, making the development of post-quantum encryption an urgent priority.

Combating online fraud and scams in the digital economy. The rapid expansion of digital trade across APEC has created significant opportunities for MSMEs, entrepreneurs and large firms, but it has also driven a sharp increase in cyber-enabled fraud. Strengthening trust is essential for sustained digital growth and for realizing the full potential of digital trade in the region. ABAC urges APEC economies to strengthen regional policy frameworks and cross-sector coordination mechanisms to better prevent, detect and disrupt evolving scam typologies across the full scam cycle; promote balanced, proportionate and interoperable anti-scam tools and policy approaches; and support engagement with a secure, cross-sector regional platform to enable timely information sharing and coordinated action among stakeholders to disrupt cross-border scam networks.

Preparing economies for the Digital Now and Next. As digital innovation accelerates, ABAC has identified four major shifts shaping APEC's digital economy in 2026: the transition from generative to agentic AI, rising energy demands from AI infrastructure, the convergence of AI and quantum technologies, and the mainstream adoption of digital assets. Progress across these areas remains uneven. Without stronger alignment on standards, governance, digital infrastructure and energy planning, APEC risks a more fragmented digital region rather than a more integrated one. ABAC urges APEC to strengthen AI governance frameworks to address agentic AI risks, aligning digital growth with energy planning through impact assessments and grid modernization, establish an APEC AI–Quantum Coordination Platform and Transition Roadmap, and advance regulatory interoperability to support trusted digital asset ecosystems across the region.

Promoting interoperable digital currencies. Digital currencies and tokenized financial infrastructure are increasingly being deployed in scale across the region, in conjunction with the growing role of blockchain in finance. This creates substantial opportunities for cross-border efficiency, financial inclusion and integration, and modernization of payments infrastructure, but progress is being constrained by regulatory fragmentation, outdated licensing frameworks, limited coordination on

standards and regulatory concerns. APEC economies should support capacity building and regional dialogue to deepen understanding of risks and opportunities and help develop enabling interoperable regulatory frameworks and market infrastructure.

Building resilient and sustainable food systems through innovation. Food security remains fundamental to economic stability and social well-being across the Asia-Pacific. Climate pressures, resource constraints, supply chain disruptions and growing demand require a more resilient and sustainable food system. ABAC calls on APEC economies to accelerate agri-tech innovation, improve water efficiency, strengthen food trade, advance bio-manufacturing and circular food systems, and enhance disaster preparedness to ensure long-term food security and sustainability, complemented by the work noted above on food NTBs.

Enhancing water access and monitoring cross-border water basins. Climate change impacts, population growth and increasing production needs are threatening food security by stressing water systems and availability for human access. With water demand predicted to increase by 55 percent by 2030, APEC economies are called to implement a clear strategy focusing on water access and efficiency while effectively monitoring water conditions through investments in water system infrastructure, the implementation of technologies and management systems, enhancing multistakeholder cooperation, and creating harmonized approaches across APEC to protect regional water resources.

Investing in healthier populations for stronger and more resilient economies. Demographic change, workforce shortages and the growing burden of non-communicable diseases are increasingly shaping economic performance across the region. ABAC encourages APEC economies to recognize health as an investment in human capital by promoting healthier and more productive populations, accelerating access to medical innovation, advancing regulatory cooperation, and enabling the responsible use of digital technologies and AI to improve healthcare outcomes.

Strengthening healthy mobility across the continuum of care. As populations age across the Asia-Pacific region, preserving physical mobility and functional independence will be essential to sustaining workforce participation, productivity and quality of life. Musculoskeletal disorders already affect more than 750 million people across APEC and are among the leading causes of disability, absenteeism and economic loss. APEC economies should strengthen policies that promote healthy mobility across the continuum of care. This includes integrating functional health into local health and healthy aging strategies, incorporating routine mobility and functional assessments into existing preventive screening programs, expanding access to innovative rehabilitation technologies, and advancing regulatory convergence to facilitate timely access to emerging Disease-Modifying Osteoarthritis Drugs by reducing unnecessary duplication in regulatory review processes.

Accelerating access to safe and effective medical innovation across APEC. Today, access to life-saving medical innovation across APEC still depends on where a patient lives, as duplicative regulatory reviews delay medicines, vaccines and diagnostics for nearly three billion people. ABAC urges economies to accelerate regulatory convergence, reliance and mutual recognition to cut costs and put critical innovation in patients' hands faster.

Advancing the responsible use of health data and AI for better healthcare outcomes. As AI adoption in healthcare accelerates, APEC economies should move beyond isolated innovation and enable collaboration across institutions and borders, including through privacy-preserving technologies such as federated learning and joint model validation. This shift can support more advanced applications of AI in healthcare, particularly in cancer care and precision medicine. Building on the 2025 ABAC

Best Practices for Genomics-Driven Precision Medicine, APEC should ensure that AI-enabled tools and personalized treatments can be responsibly interpreted, validated and integrated into clinical decision-making.

Transforming the care economy into a driver of economic growth. The care economy is becoming an important driver of economic resilience across the Asia-Pacific. As populations age and labor markets tighten, unmet care needs are emerging as a structural constraint on workforce participation, productive capacity and long-term growth, with the burden of unpaid and informal care work falling disproportionately on women. At the same time, rising demand for care services positions the care economy as a potential growth sector across care-related industries and Silver Economy markets. APEC economies should recognize care as a strategic component of economic policy and development planning and strengthen care ecosystems to meet future demand.

Developing a sustainable, responsible and competitive mining sector. Mining is becoming increasingly strategic to economic growth, industrial competitiveness, digital transformation and the energy transition across the Asia-Pacific. Recognizing the growing importance of resilient, transparent and sustainable mineral value chains, ABAC calls on APEC economies to promote competitive and investment-friendly mining frameworks, advance sustainable and responsible resource development, strengthen resilient mineral value chains, promote transparent and traceable international mineral trade, accelerate innovation, digital transformation and human capital development, enhance cooperation to address illegal mining, and explore a more structured and permanent mechanism for mining cooperation within APEC, while taking forward the ABAC Roadmap for a Sustainable, Responsible and Competitive Mining Sector in APEC.

Advancing pragmatic, ambitious and inclusive energy transitions. Energy security, affordability and sustainability remain central to the region's long-term prosperity. Recognizing the diversity of economic structures and energy systems across APEC, ABAC supports practical and inclusive pathways that promote energy resilience, facilitate multi-energy integration, strengthen regional connectivity, encourage technological innovation and support sustainable economic development while advancing environmental objectives.

Mobilizing investment for resilience and sustainable growth. Achieving sustainable growth will require significantly greater investment in infrastructure, healthcare, food systems, energy security, minerals and metals, water resources, climate adaptation, disaster resilience and pandemic preparedness. ABAC encourages APEC economies to strengthen public-private partnerships, expand innovative financing mechanisms, promote the use of alternative sustainable financing instruments, and mobilize private capital to address the region's growing investment needs and insurance protection gaps and support long-term competitiveness.

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Main Report

Main Report

Openness

Updating the Aotearoa Plan of Action

ABAC supports the Aotearoa Plan of Action (APA) as an essential tool for achieving the Putrajaya Vision 2040. The 2026 Five-Year Review offers a chance to ensure that the APA takes full account of important structural shifts that have taken place since 2021, including the emergence of transformative technologies, challenges to supply chain resilience, accelerating economic fragmentation and the need for an ambitious energy transition. ABAC considers that new Collective Actions should be added where needed, in respect of artificial intelligence (AI) and coherence in digital trade rules in the region, to create the optimal enabling environment for realizing the Putrajaya Vision.

Recommendation:

- Agree additional APA Collective Actions on AI and digital trade rules coherence.

Accelerating progress towards the Free Trade Area of the Asia-Pacific

Recalling APEC's commitment to the eventual Free Trade Area of the Asia-Pacific (FTAAP), ABAC encourages APEC economies to prioritize practical outcomes to build momentum towards that goal — 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. This will support jobs and living standards and create opportunities for all, including micro-, small and medium-sized enterprises (MSMEs). ABAC supports the Ichma Statement approach of parallel and complementary top-down and bottom-up strategies.

In particular, ABAC urges the prioritization of bottom-up initiatives in order to achieve tangible improvements to the increasingly challenging commercial environment. ABAC has previously and repeatedly called for early action on concrete deliverables under the FTAAP Agenda; the case for tangible outputs is now more urgent than ever. Early priorities from a practical business perspective include, but are not limited to: strengthening supply chain resilience, the universal adoption of paperless trade, tackling non-tariff barriers, including for food and services trade, and coherent approaches to digital trade and digital payments. ABAC also supports work to promote high standards and increase convergence in trade agreements. The ABAC FTAAP Statement (**Annex A**) has more detail on these points.

Recommendations:

- Support early deliverables in areas of practical importance to business.
- Provide regular updates on progress on these specific recommended early deliverables.
- Fully implement, modernize and expand trade agreements to which APEC economies are parties, and sectoral initiatives in areas such as digital trade, sustainability and inclusion, and pursue the convergence of these economic integration mechanisms over time.

Promoting market diversification for resilient trade

Market diversification has become increasingly critical as APEC economies navigate a period of heightened trade uncertainty, marked by rising protectionism, supply chain disruptions and the proliferation of non-tariff measures. In this environment, diversification has shifted from a defensive afterthought to a strategic imperative — but its success depends less on individual firm decisions than on the enabling conditions that regional economic integration provides: trade agreements, regulatory convergence, mutual recognition arrangements and predictable customs policy. APEC economies are well positioned to strengthen these foundations, particularly for MSMEs, which face disproportionately higher barriers in accessing new markets and adapting to shifting trade dynamics.

Recommendations:

- Establish a standing APEC Regulatory Cooperation and Mutual Recognition Initiative in priority sectors.
- Create a single-window APEC Non-Tariff Barrier Transparency Portal with economy-specific technical and licensing requirements.
- Develop an APEC MSME Market Diversification Support Facility to help smaller businesses identify and validate new markets.
- Advance trade facilitation and digital trade measures targeting logistics, connectivity and cold-chain constraints.
- Launch a sector-specific mutual recognition pilot for clean energy and battery storage standards.
- Establish an APEC Trade Policy Predictability Mechanism to provide early notification of prospective tariff and trade policy changes.

Addressing non-tariff barriers affecting food trade

Agri-food markets across the APEC region continue to be distorted by significant trade barriers, including tariffs and non-tariff measures (NTMs). 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 amounting to the equivalent of over USD 130 billion per year. While many NTMs are critical to achieving legitimate objectives such as food safety, consumer protection and sustainability, such measures can become barriers when their design adds unwarranted costs or red tape, when they are discriminatory, or when they are in fact intended to shield domestic producers from fair competition. Food-related non-tariff barriers (NTBs) not only distort trade and add to an already significant compliance burden to food businesses, but they also undermine food security by making food more expensive, less affordable and less available, and they can worsen environmental outcomes by incentivizing production that may have negative biodiversity, climate and other impacts. A targeted trade policy approach that prioritizes reform and streamlining of food NTBs will deliver outsized benefits not only for trade, but also for food security and sustainability.

Recommendations:

- Integrate food NTBs reform into the implementation of the APEC Food Security Roadmap.
- Prioritize the application of the APEC Cross-Cutting Principles on NTMs to the food sector, utilizing the APEC Best Practice Guidelines and Good Regulatory Practices to mitigate frictions in existing measures and avoid the creation of new NTBs.
- Support greater transparency in food trade by adopting mechanisms for notification and consultation in the development of food-related NTMs, including the establishment of an online portal that would allow businesses to report trade barriers as they arise.

- Prioritize 'systems recognition' and 'equivalence' for measures or products to reduce the compliance burden on both exporters and regulators.
- Provide targeted capacity building for MSMEs to understand and meet technical and sanitary and phytosanitary (SPS) requirements, recognizing the significant compliance burden and structural barriers they face in this area.
- Redouble efforts towards universal adoption of paperless trade, including electronic SPS and country of origin certification, through the APEC Centre of Excellence for Paperless Trade (ACCEPT), with targeted training provided to MSMEs in the food sector.

Strengthening the multilateral trading system

ABAC welcomes the acknowledgement by APEC Ministers Responsible for Trade at their 2026 meeting that the agreed-upon rules in the World Trade Organization (WTO) are key to facilitating global trade. The WTO has long underpinned transparency, predictability and stability in global trade and investment through a rules-based framework. ABAC also welcomes their recognition that the WTO has challenges and needs meaningful reform to improve all its functions and to be more relevant and responsive to the interests of its Members. The outcomes of the 14th WTO Ministerial Conference fell well short of addressing the full range of collective challenges that economies and businesses face today — for example, in not achieving a fully functioning, reformed dispute settlement system; in allowing the termination of the Moratorium on Customs Duties on Electronic Transmissions; and in failing to integrate more relevant and responsive trade rules. Reform is critically needed in these and other areas, notably fisheries subsidies and agriculture. APEC economies should work together to improve the WTO.

Recommendations:

- Champion a permanent WTO Moratorium on Customs Duties on Electronic Transmissions.
- Continue to work together to improve the WTO's functions and rulebook.

Building a stable business environment based on transparency and predictability through open and inclusive plurilateral initiatives

Transparency and predictability are essential foundations for trade, investment, innovation, decarbonization and sustainable growth. Businesses require stable and predictable institutional environments, supported by advance notice, adequate transition periods and effective public-private dialogue to make medium- to long-term investment decisions.

Rapidly evolving challenges in areas such as digital trade, environmental goods and services and supply chains are increasingly outpacing existing WTO rules. In areas where consensus is difficult to achieve, open and high-standard plurilateral initiatives among willing economies can serve as a practical means to complement and strengthen the multilateral trading system, rather than replace it. Joint Statement Initiatives (JSIs) in areas such as e-commerce and investment facilitation have already made meaningful progress.

Such initiatives should remain open, inclusive and non-discriminatory, with pathways for broader future participation. As a non-binding and cooperation-based forum, APEC has a strong track record in fostering trust and cooperation among economies at different stages of development and is well positioned to promote rule-making that enhances transparency, non-discrimination and interoperability.

Effective rule-making for rapidly evolving technologies and business environments also requires stronger mechanisms for continuous business participation. The public-private partnership model developed between APEC and ABAC can provide valuable input to multilateral and plurilateral rule-making processes, including WTO JSIs.

Recommendations:

- Support open and high-standard plurilateral initiatives as a practical means to complement and strengthen the multilateral trading system.
- Promote plurilateral initiatives as transparent, inclusive and non-discriminatory frameworks that remain open to broader future participation.
- Strengthen public-private partnership mechanisms to ensure that business expertise and practical needs are reflected in rule-making through plurilateral initiatives.
- Use APEC's role as an incubator of ideas to support Members' deliberations at the WTO.

Bolstering efforts to counter trade in illicit goods

The World Customs Organization's most recent Illicit Trade Report shows a steady increase in global illicit trade as well as increasing sophistication and adaptability of transnational smuggling networks, demonstrating the urgent need for collaborative efforts to counter illicit trade in the APEC region. The Asia-Pacific is a leading source of counterfeit goods globally and includes key production and transit hubs for illicit trade flows. Efforts to combat illicit trade would increase trade efficiency and market access for legal traders, increase tax revenue yield for economies, disrupt funding for criminal organizations and protect consumers from goods that violate health and safety regulations.

Recommendations:

- Collaborate across economies to strengthen enforcement of controls on illicit goods and their inputs, especially within free trade zones.
- Encourage shared responsibility across marketplaces, sellers, payment providers, fulfillment operators and customs authorities to identify repeat offenders, disrupt illicit seller networks and prevent re-entry by bad actors.
- Coordinate between relevant domestic and international government agencies to develop standards frameworks, implement reporting requirements and normalize consultations with industry experts in this process.
- Leverage digital technologies to enhance risk detection in customs and shipping, including tracking technologies, product authentication and verification technologies, and advanced data analytics and AI tools for monitoring and prediction.

Promoting women's economic participation

Women continue to face many structural barriers to their economic participation in the region. There is a persistent underrepresentation of women in management and leadership positions in public and private sectors, as board members, as chief executive officers (CEOs) and presidents in the private sector, as legislators, in the judiciary, as members of cabinets and as ministers, and as leaders of economies. Globally, women hold three in 10 managerial positions, 27 percent of board seats and only six percent of CEO positions. The impact of that imbalance is profound in terms of public policy priorities and actions and economic performance of both firms and economies. Increasing women's participation in decision-making roles has consistently been demonstrated to lead to greater

productivity and profitability in private sector enterprises, and stronger, more inclusive public policy outcomes in public and political sectors.

Addressing the gender pay gap remains one of the most powerful and underutilized strategies for boosting productivity, trade, innovation and inclusive growth, potentially unlocking up to USD 4.5 trillion in regional gross domestic product (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.

Recommendations:

- Act to increase women's engagement in leadership roles through measures such as educational curricula and public awareness campaigns, quotas, voluntary targets and disclosure requirements, and reporting, as appropriate, to support gender balance on boards and in management, and embed transparency, objectivity and gender equity criteria in selection, recruitment and promotion practices for both public and private sector roles.
- Support uptake of the ABAC Equal Pay Framework as it becomes available across economies.
- Utilize the Gender Equality Structural Reform Principles as a guide for women's empowerment in the region.

Creating innovative, competitive and resilient services sectors

Services form the backbone of modern economies, underpinning business activity across every sector and driving employment and prosperity throughout the region. APEC economies must continue their efforts to ensure that the region's services sectors are innovative, competitive and resilient, including by reducing and reforming services trade restrictions. ABAC welcomes the new APEC Roadmap for Innovative, Competitive and Resilient Services, and urges its early implementation. ABAC looks forward to working closely with policymakers in the Roadmap work program, particularly as it relates to progressively reducing barriers to services trade and investment, and fostering growth in digitally-delivered services including AI, including through creating and maintaining the necessary enabling environment for digital transactions, data flows and AI, and undertaking the necessary structural and domestic regulatory reforms.

Recommendation:

- In implementing the new APEC Roadmap for Innovative, Competitive and Resilient Services, prioritize the removal of barriers to cross-border trade in digitally deliverable services, and complementary reforms to create and maintain the necessary enabling environment.

Enhancing 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, agentic AI and quantum computing. Achieving greater coherence and interoperability in digital trade rules in the region should be an early priority for FTAAP as part of the bottom-up process. Economies should work together to achieve greater coherence, including by considering joining or, as appropriate, adopting elements of the open plurilateral Digital Economy Partnership Agreement (DEPA), and the plurilateral WTO E-Commerce Agreement, in order to ensure that trade rules are, and remain, optimized for emerging business models.

Recommendations:

- 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 of practical importance to business, in particular for trusted cross-border data flows, for AI and quantum technologies, and for the interoperability of standards and regulations, including by advancing this work and as an early harvest deliverable for FTAAP.
- Consider joining or, as appropriate, adopting elements of DEPA and the WTO E-Commerce Agreement, to achieve greater coherence in digital trade rules in the region.
- Develop fit-for-purpose approaches to support the participation of all businesses in digital trade, including through the use of digital regulatory impact assessments; through the development of tailored capacity building for digital trade export readiness for MSMEs, for example, potentially through a digital trade toolkit including payments and other aspects of digital trade; and through ongoing close engagement with business stakeholders to better understand emerging business models, digital trade barriers and effective policy responses to create an enabling, open, trusted and safe regulatory environment.

Advancing digital payments as a foundational enabler of trade

Digital payments are increasingly recognized by APEC and international financial institutions as foundational to modern trade and digital commerce infrastructure, enabling businesses, particularly MSMEs, to participate more effectively in cross-border commerce. As trade becomes more digital, efficient, secure and cost-effective, payment systems are essential to supporting transactions and supply chain connectivity across the region. However, gaps in interoperability, fragmented regulatory approaches and uneven access to payment systems continue to create barriers to their full use. Interoperable, secure and resilient digital payments will be critical to expanding market access and advancing economic integration in the region.

Recommendations:

- Progress initiatives to enhance interoperability of regulatory frameworks across APEC economies, with a view to advancing mutual recognition — by adopting international best practices in digital regulation, including consistent terminology, streamlined licensing and technology neutral approaches — to enable interoperable cross-border payment systems, including QR-based solutions.
- Advance clear and interoperable rules that enable trusted cross-border data flows while safeguarding legitimate policy objectives.
- Promote solutions that provide upfront visibility of duties and taxes at checkout to improve cost transparency, reduce delivery-stage friction and enable smoother customs clearance.
- Encourage APEC working groups to develop and pilot frameworks that leverage relevant transaction insights, within appropriate legal and privacy safeguards, to support risk-based pre-clearance and streamline low-risk e-commerce shipments.

Connectivity

Advancing resilient and future-ready transport connectivity

ABAC recognizes the critical role of transport connectivity in strengthening regional economic integration, supply chain resilience, sustainable growth, energy resilience and people-to-people linkages across the Asia-Pacific. Despite progress under the APEC Connectivity Blueprint (2015-2025), infrastructure gaps persist—including aging transport networks, underdeveloped cross-border linkages and vulnerability to energy supply disruptions—which undermine the region's ability to achieve seamless and resilient connectivity. As the region confronts evolving economic, technological and environmental challenges, enhanced cooperation on resilient and future-ready transport systems is essential. ABAC's Statement on Connectivity (**Annex B**) provides more information.

Recommendations:

- Invest in resilient, future-ready physical infrastructure, including multimodal transport connectivity, zero and low-carbon transportation systems, and disaster-resilient infrastructure.
- Scale up financing for regionally integrated resilient infrastructure through blended finance and innovative co-investment mechanisms.
- Advance interoperability and institutional resilience through sustainable infrastructure evaluation systems that align existing global standards within an integrated assessment framework.

Working towards Open Skies in APEC: A Roadmap for Greater Air Connectivity in the Asia-Pacific

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 economies should work towards phased implementation of an APEC Open Skies policy agenda between member economies to: strengthen air connectivity across the region by improving the conditions under which air services rights are translated into real services for passengers and cargo, especially on routes that can deepen competition, expand secondary city access, and strengthen resilience in the face of disruption.

The analysis indicates that APEC aviation remains constrained by uneven liberalization, recurring operational bottlenecks, underused cargo and secondary airport opportunities, and a network structure that has become too dependent on a limited number of major hubs and corridors. ABAC's vision is a stronger air transport network in the region, one that is resilient and evolving, with connectivity that is both wider and deeper.

ABAC recommends a phased implementation agenda based on a set of principles that prioritize commercially usable connectivity over formal liberalization on paper, beginning with areas where gains are likely to be fastest and most visible, including cargo reform, better use of existing rights, more effective access to secondary airports, and practical removal of regulatory and operational barriers. This should be supported by a follow-up report setting out where these principles have been applied, which barriers have been removed, and what progress has been made in improving connectivity, diversification and resilience across the regional aviation network.

Recommendations:

- Work towards phased implementation of an APEC Open Skies policy agenda between member economies, with air transport reform focusing on converting existing and future rights into commercially usable connectivity for people and cargo. This includes a work program organized around passenger market access, cargo market access, secondary city connectivity, ownership and competition, digital facilitation, and sustainability and regulatory capacity, implementing the following key principles:

  - Ensure better connections for people and cargo are at the center, and judge policy by the quality and usability of the connectivity it produces.
  - Deepen openness where gains are most tangible, beginning with reforms that can unlock extra services quickly and visibly.
  - Tackle recurring bottlenecks first, especially licensing, slots, ground handling, key staff restrictions, border coordination and secondary airport readiness.
  - Use cargo as a fast-moving pathfinder, since cargo markets can often be liberalized more quickly and can generate early gains in trade, resilience and institutional learning.
  - Build a more diversified and resilient network by reducing dependence on a small number of hubs and corridors and by making alternative gateways and operating models more viable.
  - Use shared indicators, pilots and scorecards to distinguish between liberalization on paper and liberalization that changes actual connectivity.

Safeguarding maritime transport networks and critical logistics corridors

Maritime transport remains the backbone of regional and global trade. Recent disruptions have highlighted the economic consequences of chokepoints, congestion and supply chain vulnerabilities.

Recommendation:

- Prioritize the maintenance of safe, efficient and uninterrupted maritime transport networks, including the availability of critical sea lanes and strengthened resilience of ports and logistics infrastructure, while promoting the rules-based maritime order and deeper public-private cooperation to respond effectively to transportation disruptions and emergencies.

Strengthening supply chain and logistics resilience

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. Platforms bringing together stakeholders to foster stronger partnerships, including the China International Supply Chain Expo, showcase efforts to enhance cooperation, and build more secure, stable, open and inclusive global industrial and supply chains. 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.

Recommendations:

- Advance supply chain resilience through strengthened multilateral frameworks that ensure transparency, predictability and stability, enhanced logistics resilience 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 aging, 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.

Accelerating paperless trade through the APEC Centre of Excellence for Paperless Trade

In the current environment of economic uncertainty and fragmentation, making trade processes more efficient, interoperable and trusted through digitalization has become both an economic and strategic imperative. APEC economies must plan ahead and collectively work towards an interoperable, adaptive and flexible infrastructure for paperless trade and multimodal cross-border electronic documents exchange.

Following the endorsement of the APEC Centre of Excellence for Paperless Trade (ACCEPT) as an implementation-driven initiative to provide end-to-end support to economies in advancing paperless trade, APEC and ABAC should work together to operationalize the center and support practical implementation across the region. ACCEPT can help address inconsistent legal and regulatory frameworks, interoperability and scalability challenges, limited institutional readiness and the lack of practical evidence needed for wider business adoption. By anchoring efforts in both policy alignment and practical delivery, ACCEPT can help economies move from commitment to implementation, while supporting businesses, including MSMEs, in adopting paperless trade more effectively.

To further regional integration of trade processes, an initiative is being advanced to deepen customs partnership for cross-border trade data exchange. Various APEC economies have well-established infrastructure and platforms, but the lack of standardization and connectivity hinder interoperability across the region. Within ASEAN, the ASEAN Single Window (ASW) connects the National Single Windows (NSWs) of all ASEAN Member States. In line with ASEAN's efforts in advancing towards the new generation of ASW (ASW 2.0), APEC economies are invited to participate in the proposed pilot to connect their NSWs with the ASW for the secure electronic exchange of identified customs documents.

Recommendations:

- Advance the operationalization of ACCEPT through sustained resourcing support and driving public-private collaboration. This includes support for legal reform, cross-border interoperability and capacity building to accelerate the cross-border use and mutual recognition of electronic trade documents.
- Work with business to identify practical priorities for paperless trade implementation, including high-impact trade documents and pathways to scale adoption across APEC economies, particularly for MSMEs.
- Support the use of state-of-the-art digital innovations in trade facilitation, including but not limited to 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.

- Collaborate with ABAC to explore pilot projects in expanding interoperability of ASW with other APEC economies.

Building an interoperable cross-border QR code payment ecosystem

The rapid growth of cross-border trade and people-to-people exchanges in the Asia-Pacific region has created surging demand for efficient, secure and interoperable digital payment systems. However, divergent payment standards, fragmented regulatory frameworks and varying consumer habits across economies continue to constrain transaction efficiency and raise costs for businesses and individuals. QR code payments, given their standardization, widespread adoption and adaptability, offer a practical pathway towards retail payment connectivity in the region. Building on successful practices—such as the Cross-border Interconnection Payment Gateway (CPG), bilateral QR code interconnection and other existing cross-border payment systems—APEC economies now have an opportunity to advance a shared, secure and sustainable cross-border QR code payment ecosystem.

Recommendations:

- Leverage domestic practices and share successful solutions and experiences, including the CPG, to facilitate cross-border QR code payment interoperability.
- Encourage interested APEC economies to consider the development of their own QR code payment systems, including a unified QR code ecosystem as a foundational step towards regional connectivity.
- Initiate discussions to explore the feasibility of establishing an APEC-wide interoperable QR code ecosystem, with the goal of achieving a "single-point access with APEC-wide connectivity".
- Facilitate regulatory dialogues and technical coordination of QR payment standards and the interoperability of QR code payment systems, and foster collaboration among banks, card schemes, payment institutions and all relevant stakeholders.

Enhancing the APEC Business Travel Card scheme

The APEC Business Travel Card (ABTC) scheme has become one of APEC's most successful initiatives for facilitating business mobility and strengthening regional economic integration. By reducing administrative barriers to travel, the Scheme promotes trade, investment and cross-border business collaboration across the Asia-Pacific region. As business travel continues to evolve alongside digital transformation and changing border management practices, the ABTC scheme should remain practical, secure, efficient and responsive to the needs of its users. Building on APEC's ongoing work, ABAC encourages member economies to continue modernizing and strengthening the Scheme while sharing successful experiences and best practices across the region.

Recommendations:

- Enhance the efficiency of ABTC processing by streamlining administrative procedures and strengthening digital integration with the ABTC platform, including workflow automation, online application systems, batch-upload capabilities and secure information sharing among relevant authorities.
- Encourage broader participation by all APEC economies in the ABTC scheme and explore opportunities to further enhance its value by expanding facilitation measures available to ABTC

holders, including greater interoperability with trusted traveler programs, expedited border processing arrangements, and where appropriate, consider select benefits to accompanying persons traveling with ABTC cardholders on business-related travel.
- Promote greater participation by MSMEs by reviewing eligibility requirements, simplifying application processes and improving access for smaller businesses, entrepreneurs and first-time exporters.
- Ensure the consistent recognition and acceptance of both physical and virtual ABTCs at all border control points through clear operational procedures, greater visibility of priority lanes, regular training for border officials and strengthened coordination among relevant border agencies.
- Strengthen cooperation among implementing authorities by promoting the exchange of good practices, operational experiences and technical cooperation to support the continuous improvement and consistent implementation of the Scheme across APEC economies.

Accelerating the transition to zero and low-carbon mobility

The transportation sector accounts for approximately one-fifth of global greenhouse gas emissions, with the Asia-Pacific region contributing 83 percent of the global rise in transport-related fossil CO2 emissions since the Paris Agreement. Decarbonizing transport is not only an environmental imperative but also a strategic necessity for energy security and industrial competitiveness. Electrification of vehicles, vessels and aircraft—supported by intelligent charging and swapping infrastructure, battery recycling and circular economy practices—offers a viable pathway to zero and low-carbon transportation. However, progress is hindered by uneven access to technology, regulatory fragmentation and infrastructure gaps across APEC economies.

Recommendations:

- Accelerate the electrification of transportation across land, maritime and aviation modes, recognizing its potential to reduce emissions, enhance energy security and stimulate new industries and employment.
- Construct adequate and intelligent supporting infrastructure, including battery charging and swapping stations, integrated photovoltaic-energy storage-charging systems and smart grid upgrades, with a focus on developing economies with weaker grid capacity.
- Harmonize regulations and technical standards for zero and low-carbon power batteries, charging interfaces and safety performance to eliminate fragmentation, reduce cross-border cooperation costs and achieve economies of scale.
- Reaffirm APEC's commitment to eliminating tariff and non-tariff barriers for green supply chains, and accelerate the establishment of a WTO-consistent Greener Trade Framework to ensure stable, resilient and seamless flows of zero and low-carbon transport solutions.

Balancing economic growth with environmental sustainability

APEC economies face three shared, interrelated structural pressures: climate risk, energy transition and land-use constraints. Economies need to find the balance across growth, competitiveness, energy security and environmental integrity in responding to these challenges. There is convergence on common levers, including carbon pricing, industrial decarbonization, grid modernization, nature-based solutions and investment in resilience. However, significant gaps in capacity and policy settings remain, and every economy also faces risks and pressures, including climate vulnerability, the need for energy security, managing emissions from land-use (including from agriculture) and from industrial

activity, water scarcity and economic competitiveness. Structural frictions, including bankability gaps, credibility risks, opacity and capacity constraints, inhibit the flow of capital to transition financing. Economies are deploying a range of policy instruments, from green industrial policy to carbon pricing, energy transition strategies to investment in resilience measures. New innovations, such as innovative carbon asset monetization models, are emerging to address various limitations facing the use of carbon credits to finance. There are many areas of potential synergy arising from regional cooperation which will help economies to deliver on shared goals, such as grid interconnection, hydrogen corridors, green finance, nature-based markets and technology diffusion. These should be prioritized, but also shaped with a view to private sector priorities, so that there can be dynamic gains from public-private partnerships.

Recommendations:

- Work together to share experiences and best practices in reconciling environmental protection with growth and strengthen regional cooperation, including to accelerate permitting and grid modernization across APEC; scale blended finance for nature, resilience and energy transition; promote interoperable carbon markets and disclosure standards; and strengthen regional cooperation on hydrogen, carbon capture and storage and clean-tech supply chains.
- Support just transition frameworks for affected regions and sectors.
- Adopt a transition finance toolkit to unlock the flow of capital to energy transition projects, including standardized frameworks for taxation, whenever necessary, and accounting governing carbon credits; ensure real-time visibility and eliminate double counting; embed carbon credits into financial instruments such as sustainability-linked bonds to lower financing costs; pragmatic mutual recognition frameworks; and ensure compatibility with relevant global guidelines and mechanisms governing trade in carbon-intensive goods.
- Develop an enabling framework for carbon asset-backed securities to mobilize large-scale global capital that establishes a comprehensive and tiered menu of carbon asset monetization options; an integrity architecture leveraging digital measurement, reporting and verification and tokenization rules; a foundational legal and market infrastructure for carbon-backed instruments; and the inter-jurisdictional ecosystem utilizing cross-border regulatory sandboxes to test pilot transactions.

Addressing transboundary waste dumping and misdeclared cargo

Transboundary waste dumping and cargo misdeclaration emerge as systemic risks to trade integrity, supply chain resilience and maritime safety across APEC economies. Hazardous and contaminated waste is frequently misdeclared as recyclable materials or general cargo, allowing high-risk shipments to enter legitimate trade flows and shifting the resulting costs and risks onto ports, businesses and governments. Existing governance frameworks remain fragmented across customs, environmental and transport domains, limiting effective risk identification and enforcement. Without stronger coordination and accountability, these practices will continue to distort trade costs, undermine fair competition and weaken confidence in regional supply chains, with wider consequences for trade facilitation and economic performance.

Recommendations:

- Strengthen accountability at origin, including through the development of financial deterrence mechanisms and enforceable take-back obligations to ensure that the full costs of misdeclared or illegal shipments are borne by the source of risk.

- Enhance cargo transparency and risk management by advancing paperless trade, mandating pre-arrival cargo data requirements and strengthening Know Your Customer and Know Your Business practices for high-risk trade.
- Enhance integration between customs and environmental enforcement mechanisms, supported by strengthened regional cooperation and data-sharing, while reinforcing alignment with relevant international frameworks, including the Basel Convention, to prevent illegal transboundary movements of waste.

Harnessing blended finance co-investment mechanisms for infrastructure financing

APEC economies may wish to apply blended finance more systematically to infrastructure sectors where project preparation gaps, long investment horizons and regulatory risks continue to constrain private capital mobilization. Co-investment mechanisms can play a particularly important role by aligning public, concessional and commercial capital within transparent governance and risk-sharing arrangements. Such mechanisms can help reduce perceived risks, improve project bankability and attract institutional investors seeking scalable investment opportunities.

The effectiveness of blended finance depends on strong institutional frameworks, including well-defined governance arrangements, coordinated project preparation support, and effective cooperation among governments, development finance institutions and private investors. Strengthened institutional architecture can reduce transaction complexity, improve investment predictability, and facilitate the mobilization of private capital into infrastructure and sustainable development projects.

APEC economies may also benefit from moving beyond project-by-project financing towards more programmatic blended finance approaches. By developing coordinated project pipelines and portfolio-based financing structures, economies can improve scalability, reduce transaction costs and better align infrastructure investment opportunities with institutional investor requirements. Co-investment mechanisms provide a practical vehicle for implementing such approaches by enabling multiple sources of capital to participate under standardized and transparent arrangements.

Recommendations:

- Prioritize the strengthening of institutional frameworks that enable the effective deployment of blended finance mechanisms. This includes enhancing coordination across relevant authorities, development finance institutions and private investors; establishing credible risk-sharing arrangements; and creating transparent project preparation and pipeline development processes.
- Advance, on a voluntary basis, the transition from project-based financing towards programmatic blended finance frameworks that align infrastructure investment with economies' and regional development priorities. This may include developing coordinated project pipelines, adopting portfolio-based financing structures, using harmonized project preparation templates, and promoting more interoperable and comparable investment approaches, while taking into account each economy's circumstances and priorities.
- Consider development of co-investment mechanisms, including voluntary co-investment platforms, that prioritize infrastructure pipelines and are supported by harmonized, flexible and mutually agreed term sheets, transparent risk-allocation matrices, common comparable development impact metrics, fiscal risk safeguards and mechanisms for private sector feedback.

Synergy

Enabling AI transformation in traditional industries

AI is reshaping traditional industries and is delivering measurable gains in productivity, efficiency, resilience and competitiveness across traditional industries. The question is no longer whether AI works. The challenge is ensuring businesses of all sizes, across economies at all levels of readiness, can adopt and scale it.

Recommendations:

- Advance common data standards, modernize data legislation and promote diverse, representative datasets that reflect local, industrial and cultural contexts.
- Establish predictable regulatory pathways for AI-enabled products and services and promote greater mutual recognition across economies.
- Invest in workforce upskilling and reskilling to support workforce transitions as AI reshapes roles and industries.
- Support MSMEs to adopt AI through targeted pilots, capacity building initiatives and shared digital infrastructure that lowers barriers to adoption.

Preparing for the transition of quantum technologies to commercial reality

Quantum technology is emerging as one of the most important technologies of the coming decades, with material near, medium and longer term economic and strategic implications. Applications identified to date include significant impacts on finance, aerospace, automotive, data centers and energy, health and medicine, chemical, logistics and transport, cybersecurity including cryptography, communications and defense industries. Advances in quantum capabilities combined with rapidly evolving AI systems have the potential to address complex societal and industrial challenges and to have transformative impact globally. The convergence of AI and quantum technologies could become one of the most consequential technological shifts of the coming decade, transforming cybersecurity, scientific discovery, healthcare, advanced manufacturing, logistics, financial services and energy systems.

There is a responsibility to utilize the power of this innovation and technology revolution for the benefit of all and for economies to develop the governance, standards and approaches to mitigate potential risks of misuse and to consider how to ensure the benefits of quantum are shared and sustainable. There is an immediate and pressing need to address the potential of quantum to compromise digital security and threaten current encryption, making the development of post-quantum encryption an urgent priority.

APEC Leaders are encouraged to prepare for the accelerating developments in quantum technologies by advancing regional cooperation on quantum readiness, prioritizing post-quantum cryptography within cybersecurity frameworks, supporting investment in quantum-related developments, promoting practical quantum applications in areas of strategic importance and developing long-term strategies that prepare economies for the cybersecurity, digital trust and economic implications of AI-quantum convergence. The ABAC Statement on Quantum (**Annex C**) provides more information.

Recommendations:

- Advance regional cooperation on quantum readiness, including governance, standards, workforce development, research collaboration and information sharing.
- Prioritize post-quantum cryptography within cybersecurity frameworks.
- Support investment in quantum research, infrastructure, talent, commercialization and public-private-academic partnerships.
- Promote practical quantum applications in areas of strategic and societal importance.
- Develop long-term strategies that prepare economies for the cybersecurity, digital trust and economic implications of AI-quantum convergence.

Combating online fraud and scams in the digital economy

The rapid expansion of digital trade across APEC has created significant opportunities for MSMEs, entrepreneurs and large firms, but it has also driven a sharp increase in cyber-enabled fraud. The Global Anti-Scam Alliance reports that in 2025 alone, scams resulted in an estimated USD 23.6 billion in losses across Southeast Asia, underscoring the scale and urgency of the threat. These activities erode consumer trust, disrupt business operations and weaken the foundations of digital commerce. Consistent with the objectives of the APEC Internet and Digital Economy Roadmap, building a trusted digital economy requires coordinated, cross-border action that brings together economies, businesses and consumers. Strengthening trust is essential for sustained digital growth and for realizing the full potential of digital trade in the region.

Recommendations:

- Strengthen regional policy frameworks and cross-sector coordination mechanisms to better prevent, detect and disrupt evolving scam typologies across the full scam cycle.
- Promote balanced, proportionate and interoperable anti-scam tools and policy approaches to help economies and industries close cross-border enforcement gaps, support victims and improve collective resilience.
- Support engagement with a secure, cross-sector regional platform to enable timely information sharing and coordinated action among stakeholders to disrupt cross-border scam networks, such as the Global Signal Exchange.

Preparing economies for the Digital Now and Next

As digital innovation continues to evolve at a rapid pace, ABAC looks ahead to key "now and next" developments shaping APEC's digital economy and the implications for long-term competitiveness, resilience and digital trust across the region. Four major shifts are highlighted for 2026: the transition from generative to agentic AI, rising energy demands associated with AI infrastructure, the convergence of AI and quantum technologies, and the mainstream adoption of digital assets. While progress is accelerating, it remains uneven and increasingly fragmented. Agentic AI adoption continues to be constrained by infrastructure and trust gaps; AI-related energy demand is expected to outpace grid capacity by 2030; quantum capabilities remain concentrated in a small number of economies but all economies must prepare for quantum disruption; and digital asset ecosystems are clustering around key regional hubs, creating new dependencies. Without stronger alignment on standards, governance, digital infrastructure and energy planning, the region risks developing increasingly fragmented digital ecosystems.

Recommendations:

- Strengthen APEC's existing AI frameworks to address emerging risks and ensure agentic AI remains a priority within APEC's digital agenda.
- Better align digital growth with long-term energy planning by encouraging energy impact assessments, accelerating grid modernization and strengthening cross-border energy connectivity.
- Establish an APEC AI–Quantum Coordination Platform and Transition Roadmap to build shared understanding of quantum technologies, their convergence with AI and the implications for cybersecurity, innovation and digital trust.
- Advance regulatory interoperability and shared governance principles to support trusted, interoperable digital asset ecosystems across APEC.

Promoting interoperable and resilient digital currency and tokenized financial infrastructure

Digital currencies and tokenized financial infrastructure have increasingly moved from experimentation to scaled deployment across APEC economies in conjunction with the growing role of blockchain in financial services, with digital asset rails playing an increasingly visible role in the evolution of payment and settlement systems. This shift creates substantial opportunities for cross-border efficiency, financial inclusion and the modernization of payments infrastructure, but its benefits are being constrained by regulatory fragmentation across jurisdictions, licensing frameworks that pre-date current technologies and the limited coordination on relevant standards. The trajectory across the region is one of growing collaboration between regulated financial institutions, licensed fintech firms and technology providers, with each contributing distinct capabilities, including capital, trust, licensing, technical infrastructure and product innovation. However, regulatory concerns about currency substitution and financial stability and integrity related to the growing domestic use of foreign currency-denominated tokenized e-money need to be addressed. The development of local currency-denominated tokenized e-money that can potentially be used to promote financial integration will require robust foundational infrastructure and mature regulatory frameworks based on appropriate legal, market and governance infrastructure. APEC is well positioned to ensure this process delivers inclusive and resilient outcomes by coordinating on interoperability, regulatory proportionality and the long-term integrity of the underlying infrastructure.

Recommendations:

- Support policy dialogues, workshops and regional conferences to deepen understanding of risks and opportunities and help create enabling ecosystems for interoperable digital currencies, including on-chain platforms, that promote the goals of monetary and financial stability, financial integrity, efficiency, greater access to finance and regional capital market and financial integration.
- Promote regional dialogue on the interoperability of digital currency and tokenized financial infrastructure, including compatible technical standards, relevant licensing and supervisory approaches, and regulated tokenization pilots or initiatives, in order to reduce fragmentation and avoid reproducing the frictions of legacy correspondent banking systems.
- Encourage proportionate, activity-based regulatory approaches that scale obligations according to risk, customer profile and the nature of the activity, while supporting the responsible participation of fintech firms, digital finance providers and technology providers in extending formal financial services to underserved segments, including first-time borrowers, gig workers and MSMEs.

- Strengthen the long-term resilience of critical financial infrastructure by encouraging operators to maintain cryptographic agility and post-quantum migration roadmaps, coordinated where appropriate with global standards bodies, to ensure that digital currency infrastructure remains secure as cryptographic standards evolve.

Encouraging the use of carbon markets as an alternative financing tool

Affordable financing options are essential for a realistic and just energy transition, primarily in developing economies, which are subject to high cost of capital and attract limited foreign capital to their energy transition projects. Carbon markets can help mobilize private investment, support emissions reduction projects and create new incentives for businesses to participate in the transition. However, the Asia-Pacific carbon market is underutilized, leaving sizeable financing opportunities untapped. The supply-demand mismatch of carbon credit makes the emerging carbon market suffer from low demand while carbon price in mature carbon market tend to rise due to tightening regulations and ambitious carbon neutrality goals. An accelerated convergence of compliance and voluntary market, driven by the United Nations Framework Convention on Climate Change Conference of the Parties, also affects various aspects of the carbon market which needs to be consolidated to maximize decarbonization output against economy-level and multilateral commitments, including against APEC's regional aspiration for carbon neutrality. These developments raise the urgency for APEC to level up and expand existing cooperation agenda on decarbonization for the region to achieve carbon neutrality as soon as possible in an inclusive manner. APEC should come up with its own regional cooperation framework in carbon market, leveraging its unique position that can provide balanced representation and bridge interests of both mature and emerging carbon market stakeholders. ABAC encourages regional coordination to stimulate the use of carbon market mechanisms as alternative financing instruments while supporting transparency, credibility and interoperability across economies.

Recommendations:

- Establish a structured APEC carbon market dialogue forum, a recurring forum bringing together governments, industry and standard-setters to share and align on cross-border carbon trading approaches and policies.
- Launch an APEC Carbon Market Literacy Program in coordination with ABAC and relevant private sector organizations to offer practical education and training for corporates, MSMEs and financial institutions on carbon market basics, credit quality and compliance measures to allow an increased and inclusive participation in carbon market schemes.
- Facilitate the formation and implementation of carbon offtake agreements to connect supply-rich and demand-rich economies in the region and improve project bankability.
- Develop an APEC Transition Roadmap to better understand and improve the knowledge and readiness gap in the region for enabling international cooperation to tackle climate change and unlock financial support for developing economies.

Fostering entire food chain sustainability through agri-tech innovation

Agriculture in the Asia-Pacific region faces mounting pressures from economic fragmentation, supply chain disruptions, climate change, biodiversity loss and socioeconomic factors, threatening food security and rural livelihoods. Sustainable intensification, technological innovation and whole-food-

chain policies are essential to build resilience and ensure food security. However, low technology adoption rates, insufficient long-term funding mechanisms and persistent food loss and waste remain significant barriers. Bio-manufacturing offers a transformative opportunity to decouple food systems from fossil fuel dependence and create high-value materials from agricultural biomass.

Recommendations:

- Establish innovative financing mechanisms, including blended finance and de-risking instruments, to mobilize private capital for agri-tech, climate-smart agriculture and bio-manufacturing.
- Promote public-private partnerships that de-risk and incentivize private sector investment in agricultural innovation, with a focus on next-generation farmers and capacity building.
- Deliver harmonized, science-based and risk-proportionate regulatory frameworks to accelerate market entry of new agri-tech innovations, including precision farming, AI-driven crop monitoring and blockchain traceability systems.
- Support the development and adoption of bio-manufactured solutions, such as biofertilizers, biopesticides and bio-polymers, and encourage investment in bio-refinery infrastructure and circular economy practices.

Facilitating water access and efficiency in APEC economies

ABAC acknowledges that water access and efficiency are major challenges and priorities in APEC economies. The impacts of climate change, population growth and the increasing demand for food and agricultural products are stressing water systems, the availability for human access and increasing risk in food security. The relationship between water and food security is one of the most important issues on the international sustainable development agenda. The concept of the "Water-Food Nexus" refers to the interdependence between water resources and food production, as virtually every stage of food systems depends directly on water. According to United Nations Water, agriculture accounts for approximately 72 percent of global freshwater withdrawals, making it the sector with the highest water demand worldwide.

ABAC recommends that APEC economies implement a clear strategy focusing on water access and efficiency. In particular, ABAC urges investment in water system infrastructure (green and gray), implementation of technologies and management systems that improve efficiency in agricultural activities, incentivizing wastewater treatment innovations and improving policy information and transparency. These efforts would improve food security conditions in the region.

Recommendations:

- Modernize agricultural irrigation systems through efficient technologies like drip irrigation, precision agriculture and smart sensors, drought-resistant crops, training for farmers and early warning systems.
- Embrace nature-based solutions such as wetland restoration, reforestation and watershed protection to help preserve the natural water cycle and increase resilience to climate change.
- Promote technology exchange, scientific cooperation and coordination among economies to address issues related to droughts, pollution and water resource management.
- Implement wastewater treatment initiatives, particularly in rural areas and vulnerable communities.
- Adopt digital technologies and monitoring systems to optimize water management—artificial intelligence, data analysis and satellite monitoring.

Monitoring cross-border water basins through multistakeholder cooperation

Water demand across Asia-Pacific economies is predicted to increase by 55 percent by 2030—from agriculture and fisheries to digital infrastructures—key sectors across the region are largely dependent on access to sufficient and good-quality water. However, relevant data remains sparse due to weak monitoring and reporting capacity. This makes monitoring of water condition an essential part of sustainable planning. Regular data collection helps to identify pollution sources, assess environmental trends and support timely policy responses.

The issue is especially important for transboundary basins, where pollution can move across borders and affect several economies at once. According to the United Nations Educational, Scientific and Cultural Organization Report 2024, compared to other regions, the Asia-Pacific still has to take comprehensive steps to reach operational arrangements between economies sharing a transboundary water body.

In this context, stronger regional cooperation based on effective multistakeholder partnerships, best corporate practices and involvement of businesses, joint scientific missions, shared monitoring and reporting systems, as well as harmonized standards can help APEC economies to protect common fresh water resources for a secure and sustainable future.

Recommendations:

- Promote multistakeholder initiatives on monitoring freshwater bodies, particularly in cross-border water basins.
- Involve relevant stakeholders to consider data on the quality of freshwater bodies, particularly transboundary ones, and to further identify institutional and technical engagement needed for better regional water cooperation.
- Increase data monitoring on the quality of freshwater bodies through pilot projects and long-term collaborative initiatives, particularly in cross-border water basins.
- Consider establishing guidelines to harmonize methodologies on monitoring freshwater bodies to enhance regional data compatibility.

Enhancing resilience to natural disasters and pandemics

APEC economies are highly exposed to intensifying natural disaster events, such as typhoons, earthquakes, volcanic eruptions, wildfires and droughts. In a 2025 United Nations Office for Disaster Risk Reduction report, global losses reached more than USD 202 billion, but cascading and indirect effects pushed the real annual toll to USD 2.3 trillion. Agriculture absorbs the bulk of drought-related losses (82 percent historically), showing the uneven burden on vulnerable sectors.

Every USD 1 invested in disaster risk reduction saves up to USD 15 in recovery costs. Disaster resilience should be treated as a core economic strategy rather than solely a post-disaster response.

In addition, the frequency of reported pandemic outbreaks has been increasing every year. Pandemics create severe economic shocks that threaten the survival of MSMEs. In light of this, it is essential to mobilize greater private sector resources, in collaboration with multilateral development banks, to provide insurance against future natural disasters and pandemics.

Recommendations:

- Create an APEC disaster resilience training program for regular sharing of good practices across economies.
- Formalize private sector roles in disaster preparedness, response and recovery.
- Scale disaster risk financing tools, such as parametric insurance and catastrophe bonds, to fund preparedness and rapid response.
- Make disaster resilience a core economic and investment priority in infrastructure and public-private partnerships.
- Enable interoperable, secure data sharing for early warning systems through government–private sector cooperation.
- Develop a simple APEC MSME Resilience Toolkit for business continuity, supply chains and emergency finance.
- Expand disaster risk financing instruments, including through a regional program to promote catastrophe bond issuance, and strengthen preparedness for pandemics by launching pilots for hybrid insurance products that combine pandemic-related business interruption insurance with contingent credit facilities.

Investing in healthier populations for stronger and more resilient economies

Across APEC economies, demographic change, longer working lives, labor shortages and the growing burden of non-communicable diseases are increasingly influencing workforce participation, productivity and economic resilience. As economies seek to strengthen competitiveness and sustain growth, investing in healthier and more resilient populations should be recognized as an investment in human capital. Business-led approaches, supported by enabling policy environments, can help strengthen workforce participation, productivity and economic resilience.

Recommendations:

- Advance health as an investment in human capital and economic resilience, and encourage policies and business practices that support prevention, early intervention, mental health and chronic disease management to strengthen workforce participation and productivity.
- Promote access to sustainable health financing, insurance and supplemental insurance solutions to promote continuity of care, financial resilience and workforce participation, while expanding access to scalable and affordable models for businesses of all sizes, including MSMEs.
- Advance policies and workplace practices that support healthy aging and economic participation, helping individuals remain productive and engaged throughout longer working lives.
- Foster enabling environments for innovation and evidence-based workforce health solutions, including digital tools and technologies that improve prevention, disease management, harm reduction models and access to care while respecting privacy and building trust.

Expanding access to rehabilitation, mobility care and healthy aging

As populations age across the Asia-Pacific region, maintaining physical mobility and functional independence will become increasingly important for workforce participation, productivity and quality of life. Musculoskeletal disorders already affect hundreds of millions of people across the region and remain among the leading causes of disability and lost productivity.

Expanding access to rehabilitation, preventive care, mobility support and healthy aging interventions can help economies sustain workforce participation, improve quality of life, reduce long-term care burdens and support long-term economic resilience.

Recommendations:

- Integrate mobility, rehabilitation and functional health into broader musculoskeletal domestic health frameworks.
- Add musculoskeletal function checks to the screening touchpoints that each economy has already established, with the aim of recognizing early risks rather than confirming a burdensome diagnosis.
- Encourage regulatory convergence to reduce unnecessary duplicative reviews in Disease-Modifying Osteoarthritis Drugs. Establishing fast-tracks at the pre-approval stage would improve patient access to these emerging innovative therapies.
- Improve access to innovative rehabilitation technologies, assistive technologies and digital rehabilitation tools while expanding insurance coverage.

Accelerating access to safe and effective medical innovation across APEC

ABAC believes APEC economies must act now to make the approval and movement of medical products across the region faster, more predictable and more cost-effective in order to increase accessibility to critical medical innovation for patients. Healthcare spending represents roughly 4–7 percent of GDP in APEC, yet progress on regulatory alignment is uneven: only 12 of the 21 economies are Pharmaceutical Inspection Cooperation Scheme participating authorities, less than 50 percent extend reliance beyond initial approval to post-approval manufacturing changes and roughly one-third still mandate duplicative local testing of imports already cleared by stringent regulators. Without a renewed push on reliance and mutual recognition, APEC risks entrenching a two-speed region in which a patient's access to medical innovation depends on which economy they live in.

ABAC supports efforts to maintain an active program to advance regulatory reliance and mutual recognition among member economies. APEC's frameworks have not kept pace with a fast-moving innovation landscape: about half the region still lacks published pathways for decentralized trials, real-world evidence and paperless submissions, and the core frameworks remain benchmarked against a baseline of binary indicators. With APEC's 2030 goal of regional regulatory convergence now the governing framework, cooperative frameworks and reliance pathways agreed in earlier phases should be reviewed and updated to reflect the current nature of biomedical innovation and supply chains. ABAC urges Leaders to endorse the practical measures below, which would deliver faster market access for nearly three billion people while preserving rigorous standards for safety, quality and efficacy.

Recommendations:

- Advance mutual recognition agreements for product approvals among member economies, beginning on a bilateral basis where multilateral consensus is not yet feasible, so that a product approved by a regulator can reach patients in partner economies without fully duplicative review.
- Initiate high-level forums on best practices in regulatory science and evaluation techniques. This peer-led model would help smaller regulatory bodies enhance their capacity and build the professional trust that makes subsequent reliance decisions easier to accept. By being the trainer, the “trainee” will more likely approve products from trainers.

- Develop common regulatory guidelines that can be adapted across different economies' contexts while maintaining a consistent core of safety and efficacy requirements.
- Support the pharmaceutical industry in conducting regional multi-economy clinical trials and submitting data concurrently to multiple regulatory agencies, including through joint scientific advice and aligned dossier requirements, to compress the time between scientific readiness and patient access.
- Jointly roll out conditional approval programs for medicines and vaccines addressing serious unmet needs in selected member economies, evaluate the outcomes against agreed safety and access metrics, and use the lessons learned to inform any wider regional rollout.

Building privacy-preserving AI health networks through decentralized collaboration

As AI becomes more widely used in healthcare, economies need to move beyond isolated innovation and enable collaboration across institutions. Medical data remains sensitive and difficult to share across borders, limiting the development of robust AI models. A promising next step is to shift AI health collaboration from data sharing to intelligence sharing, allowing data to remain locally governed while models improve through shared learning. A decentralized "Constellation" approach, supported by federated learning and joint validation, can reduce reliance on centralized systems and help advance responsible, resilient and inclusive AI-enabled healthcare across APEC.

Recommendations:

- Integrate privacy-preserving AI collaboration into economy-wide and region-wide health innovation frameworks, including federated learning and joint model validation that enable model improvement across different data governance environments.
- Encourage collaboration between healthcare providers and technology developers so that AI solutions can be developed and validated in ways that reflect real clinical needs and diverse care settings.
- Promote interoperable tools and governance practices for AI model collaboration to reduce implementation barriers, strengthen institutional trust, and support safe deployment of AI-enabled healthcare across the region.

Enabling next-generation cancer care through AI-driven precision medicine

AI is opening new possibilities for precision medicine in cancer care, where AI-driven analysis can help identify patient-specific tumor characteristics and inform more targeted treatment options. As prediction tools become more capable, the key challenge is shifting from identifying therapeutic targets to ensuring that AI-informed treatment options can be interpreted, validated and integrated into clinical decision-making. APEC economies will need policy frameworks that can support pathway-based assessment for AI-driven personalized therapies, including clinical evidence, production quality and post-deployment learning. This can help advance next-generation cancer care while maintaining trust in clinical decision-making and patient confidence.

Recommendations:

- Support a voluntary, anonymized cross-border cancer genomic data network to foster collaboration among pharmaceutical companies, AI startups, academia and the public sector.

- Strengthen current governance frameworks for AI-driven personalized treatment to ensure algorithmic transparency and protect the rights of patients and clinicians to understand AI recommendations.
- Facilitate specialized, rolling review pathways for personalized neoantigen vaccines to promote regulatory convergence, focusing evaluations on AI prediction methodologies and manufacturing quality.
- Recognize the 2025 ABAC Best Practices for Genomics-Driven Precision Medicine as a foundation for economies considering or at various stages of deployment of large-scale genomics and precision medicine programs.

Transforming the care economy into a driver of economic growth

The care economy, encompassing childcare, aged care, disability support and long-term care services, is becoming an increasingly important driver of economic performance and resilience across the Asia-Pacific region. Unpaid care and domestic work contribute between 5.5 percent and over 40 percent of GDP across APEC economies, highlighting their significant but often unrecognized contribution to economic activity. At the same time, the burden of unpaid and informal care work continues to fall disproportionately on women. As populations age and labor markets tighten, unmet care needs are emerging as a structural constraint on workforce participation, productive capacity and long-term growth. Concurrently, rising demand for care services is positioning the care economy as a potential growth sector, creating opportunities for investment, innovation and enterprise development across care-related industries and Silver Economy markets. Recognizing care as enabling economic infrastructure will be critical to sustaining long-term growth and competitiveness in an aging Asia-Pacific.

Recommendations:

- Recognize the care economy as a strategic component of economic policy and development planning by positioning care as enabling economic infrastructure and embedding care considerations within domestic and regional policymaking frameworks.
- Advance long-term preparedness for rising care needs by developing sustainable care ecosystems that are equipped to meet future demographic demands while supporting workforce participation, household wellbeing and economic resilience.
- Strengthen the measurement and valuation of care as an economic activity by improving the collection, analysis and comparability of care-related data to support evidence-based policymaking, economic planning and performance monitoring.
- Mobilize investment, accelerate innovation, support enterprise development and expand the adoption of technologies and business models that enhance productivity, create employment and strengthen long-term economic resilience.

Developing a sustainable, responsible and competitive mining sector

Mining is becoming increasingly strategic for the Asia-Pacific region. APEC economies play a central role across global mineral supply chains as producers, consumers, investors, technology developers, processors and manufacturing hubs. Minerals and metals are essential to economic growth, industrial development, advanced manufacturing, digital technologies and the energy transition. In 2025, APEC economies accounted for 61.9 percent of global mineral exports and nearly half of global production of key strategic minerals, underscoring the region's critical role in global mineral supply chains.

As demand for minerals continues to grow, ensuring secure, resilient, transparent and sustainable mineral value chains has become increasingly important for economic competitiveness, energy security, industrial development and the digital and energy transitions across the region. At the same time, the sector faces significant challenges related to investment competitiveness, regulatory efficiency and predictability, sustainability performance, supply chain resilience, transparency and traceability, workforce development, community trust and the growing threat of illegal mining.

Recognizing both the opportunities and challenges facing the sector, ABAC has developed the ABAC Roadmap for a Sustainable, Responsible and Competitive Mining Sector in APEC as a private sector contribution to a shared vision for strengthening regional cooperation and advancing a mining sector that supports sustainable growth, regional competitiveness, responsible resource development and resilient mineral supply chains across the Asia-Pacific.

Recommendations:

- Establish competitive and investment-friendly mining frameworks by ensuring stable and predictable regulatory environments, legal certainty and policies that encourage long-term investment, regulatory certainty and efficient permitting processes across mineral value chains.
- Advance sustainable and responsible resource development by promoting high environmental, social and governance standards, responsible water management, biodiversity protection, meaningful stakeholder engagement and the adoption of responsible sourcing practices.
- Strengthen sustainable, resilient, transparent and traceable international mineral trade by advancing interoperable traceability systems, enhancing information sharing, promoting responsible sourcing, facilitating open and market-oriented trade and investment, and strengthening cooperation to address illicit trade and illegal mining.
- Accelerate innovation, digital transformation and human capital development by expanding support for research and innovation, digitalization, the responsible use of artificial intelligence, workforce development, STEM education and collaboration among governments, industry and academia.
- Deepen regional cooperation and effective governance, including by considering a more structured and permanent mechanism within APEC, supported by regular high-level policy dialogue and task force, to reflect the sector's growing strategic importance to economic development, industrial competitiveness and resilient mineral value chains.

Accelerating multi-energy integration for regional connectivity and sustainable development in the Asia-Pacific

The Asia-Pacific region faces critical energy challenges, including uneven development across sectors, infrastructure disparities and geographical separation between supply and demand centers. Most APEC economies are coastal or island-based, requiring energy systems that address unique spatial and logistical constraints. Multi-energy integration—combining conventional energy (such as oil, gas, coal and nuclear), renewable energy (such as wind, solar, hydro and geothermal) and emerging carriers (such as hydrogen, ammonia and methanol)—offers a practical pathway to enhance energy security, resilience and sustainability. Maritime energy infrastructure, including subsea cables, offshore platforms, small modular reactors and shore power facilities, plays a central role in enabling sea-land-island connectivity.

Recommendations:

- Explore, in accordance with domestic circumstances and development priorities, the coordinated planning of diverse energy sources — including conventional energy (such as oil, gas and coal), renewable energy (such as wind, solar, hydro and geothermal) and hydrogen and nuclear — with a view to bolstering regional energy security and resilience.
- Deepen synergistic cooperation on technical standards, safety regulations and best practices in the field of maritime energy infrastructure, with a focus on submarine cables, offshore platforms, small modular reactors and shore power facilities in order to improve cross-border interoperability and strengthen the safety and reliability of regional energy flows.
- Explore frameworks for the mutual recognition of energy attributes and for cross-border clean energy trading in order to facilitate market-driven energy flows and the regional energy transition.
- Share knowledge and provide technical assistance and training in AI+ energy applications, renewable energy, energy efficiency and system management to help close capability gaps across the region.

Advancing sustainable growth through artificial intelligence

Sustainable growth increasingly depends on economies' ability to improve resource efficiency, strengthen resilience and accelerate practical solutions to climate and sustainability challenges. The 2025 AI for Sustainability report developed in collaboration with ABAC demonstrates how artificial intelligence can support these objectives by improving energy systems and manufacturing, strengthening logistics, enhancing climate adaptation and promoting more sustainable trade.

Realizing these opportunities will require moving beyond pilot projects towards large-scale deployment. Stronger institutional capacity, sustainable digital infrastructure and AI applications that address real-world sustainability challenges will be essential to achieving measurable outcomes. These efforts will help economies improve resource efficiency, strengthen resilience and advance sustainable growth across the Asia-Pacific.

Recommendations:

- Support the large-scale adoption of AI by strengthening institutional capacity, expanding access to reliable data and computing infrastructure, enabling regulatory innovation and promoting real-world use cases that can be deployed across sectors.
- Invest in energy-efficient computing, renewable-powered data centers, interoperable digital infrastructure and low-carbon technologies to ensure that AI contributes to, rather than undermines, sustainability objectives.
- Focus AI deployment on high-impact use cases such as clean energy, manufacturing, logistics, climate adaptation, sustainable finance and carbon-transparent trade, where outcomes can be demonstrated and scaled.

Annexes

Annex A

ABAC Statement on FTAAP

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 towards 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 aging, 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, 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, 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.

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.

Annex B

ABAC Statement on Connectivity

Connectivity is the lifeblood of regional economic integration, serving as the essential conduit for the transport of goods, services, data, people and capital. We, the APEC Business Advisory Council (ABAC), represent the voice of the Asia-Pacific business community in calling for a reaffirmed commitment to the APEC Connectivity Blueprint (2015-2025) to build towards a "seamlessly and comprehensively connected and integrated Asia-Pacific."

For the past decade, the Blueprint has been the strategic cornerstone for APEC's efforts to narrow development gaps and lay a robust foundation for regional prosperity. While we acknowledge the strides made in regional cohesion over the past decade, we recognize that economies' increased reliance on the digital economy and the need for resilient growth require a renewed roadmap. We call on APEC Leaders to enhance and upgrade the APEC Connectivity Blueprint, aligning with the timely review by the APEC Policy Support Unit, so that it can meet the demands of the next decade while forging closer ties amongst APEC economies.

Recognizing these evolving global challenges, ABAC reestablished the Connectivity Working Group this year with the aim of actively contributing to efforts to enhance connectivity in the Asia-Pacific region.

ABAC calls for decisive actions around the following three pillars:

1. Build more resilient physical networks

Continue to bridge physical distances by investing in traditional infrastructure that is resilient and future-ready. This requires a holistic approach — strengthening water, land and aviation connectivity, promoting multimodal transport connectivity to improve logistics efficiency, while enhancing cross-border personnel mobility — all are critical to achieving this outcome. This year, ABAC is prioritizing initiatives that call for accelerating the development of zero-carbon transportation and supporting infrastructure, including securing the necessary personnel, advancement of the construction of high-quality infrastructure with robust disaster resilience and long-term performance, ensuring that regional logistics are both efficient and environmentally responsible. Air connectivity is a practical enabler of trade, tourism, investment and supply chain resilience. APEC should pursue progressive liberalization of air services through a phased, staged approach that expands passenger and cargo connectivity. Concurrently, it is essential to scale up financing for regionally integrated resilient infrastructure through blended finance and innovative co-investment mechanisms, thereby reducing physical bottlenecks and ensuring a seamless flow of people and legitimate goods across the Asia-Pacific. At the same time, APEC economies should strengthen energy resilience, enhance regional energy cooperation, and diversify energy sources to reduce infrastructure vulnerability to energy supply and price shocks.

2. Advance interoperability and standards to support business connections

The seamless cohesion of systems, networks and institutions that underpin the commercial ecosystem of APEC economies — the "software" of connectivity — should continuously evolve into a more interoperable and data-driven regulatory environment to support the modern digital economy. We call for the development of a digital financial market ecosystem that reduces scams and fraud and promotes

cross-border payment systems, including QR code payments, to facilitate safe, secure and efficient commercial transactions. We also advocate for deeper collaboration on cross-border e-commerce and digital innovation, advancing paperless trade and mutually aligned legal and technical standards to empower businesses and enhance trade efficiency. Simultaneously, it is imperative to strengthen institutional resilience through the implementation of sustainable infrastructure evaluation systems that align existing global standards within a coherent assessment framework. A more coherent approach to cross-border trade rules would also support this goal. ABAC is updating its Supply Chain Resilience Toolkit to enhance resilience and visibility.

3. Foster closer people-to-people connections

The heart of connectivity, particularly for the business community, lies in the facilitation of the movement of people and ideas across borders. Business travel mobility, cross-border education, tourism facilitation and skilled labor mobility form the foundation of a cohesive Asia-Pacific community. APEC should enhance the significant, tangible value of the APEC Business Travel Card (ABTC) in facilitating business mobility and enhancing regional connectivity. Where applicable, we should continue to encourage APEC economies' uptake and acceptance of the ABTC, including the virtual card. To empower the next generation, it is essential to establish the proposed ABAC "APEC People-to-People Accelerator" to strengthen youth entrepreneurship networks, while promoting sharing of educational resources and joint training programs across the region. Furthermore, we call for deepening people-to-people ties by promoting cultural exchange initiatives to foster mutual understanding, learning and shared values. ABAC is preparing a volume featuring business stories from ABAC members highlighting common experiences and insights and the deep connections between businesspeople from different cultural backgrounds. By embracing the diverse perspectives and shared values of our region, we can build a more closely connected and cooperative regional economy.

We stand ready to partner with APEC economies to revitalize the connectivity agenda, striving together towards an open, dynamic, resilient and peaceful Asia-Pacific community, ensuring that our collective efforts today secure a future of common prosperity for all.

Annex C

ABAC Statement on Quantum

The Quantum Opportunity

Quantum technologies are emerging as one of today's most important innovations. What was once considered a long-term research frontier is rapidly becoming a commercial reality. Quantum sensing, communications and security are already seeing commercial deployment. At the same time, commercial-scale quantum computing is advancing faster than previously anticipated, with practical applications expected to begin emerging within the next five years. Quantum preparedness needs to begin now to meet the cybersecurity implications, with post-quantum cryptography (PQC) migration timelines expected as early as 2029.

If we want to shape the responsible development and governance of quantum computing and its application, we need to understand its potential and impacts, inform our societies and take action now.

The rapid acceleration of technology, including artificial intelligence (AI), creates an opportunity for APEC economies to consider and plan for the opportunities and disruption of quantum capabilities. Application of quantum technologies will have transformative impacts globally and on the APEC region, its peoples, communities and businesses will have material near, medium and longer term economic and strategic implications. Some estimates suggest quantum technologies could generate trillions of dollars in economic value globally by 2035[1].

Economies, businesses and investors are increasing their investment in quantum, though this represents only a fraction of investment in other areas like AI, and they are beginning to focus on preparedness. But more needs to be done. Fragmented and rapidly evolving regulatory frameworks, standards and guidance on research and development, and application of quantum capabilities are emerging. There is a responsibility to utilize the power of this innovation and technological revolution for the benefit of all, and to ensure that it is sustainable. Economies will need to develop the governance, standards and approaches to mitigate potential risks of misuse.

Quantum technologies can be a key future enabler of trusted digital connectivity in our region, noting that current and foreseeable developments are significantly changing the risk and opportunity landscape for business, economies and societies more broadly.

Impact on industry, risk and infrastructure

ABAC acknowledges that many economies, as well as large and technologically advanced companies, may not yet fully understand how the quantum era will affect their operations, competitiveness, security posture and long-term resilience, or what practical steps are required to prepare. Nevertheless, quantum applications are expected to have significant impacts on finance, aerospace, automotive, data centers and energy, health and medicine, chemical, logistics and transport, cybersecurity including cryptography, communications and defense industries.

The potential for quantum technology to compromise digital security poses a significant risk; there is an urgent need to address PQC. Economies and business leaders should focus their attention on developing PQC

1 https://bit.ly/McKinseyReport_QuantumTechnologyMonitor

as a multi-year effort. Widely used encryption standards can be broken by a sufficiently powerful quantum computer, risking exposure of sensitive banking data, transactions and communications. Focused and timely efforts to integrate post-quantum cryptography within cybersecurity frameworks are essential to mitigate emerging quantum-related risks and ensure comprehensive data protection and operational resilience.

Quantum technologies are already being applied to accelerate or improve AI. It has the potential to help harness and analyze sparse data, or vast data sets, more efficiently and/or accurately to help solve problems. For example, computational compression can make AI less energy intensive. However, in the longer term, quantum technologies are also expected to be a disruptor to some of the design and utilization of the digital infrastructure used to build and enable AI.

Specialized cloud and data center infrastructure, as well as software-level integration with existing digital, cybersecurity and operational systems may be required. Quantum computing also depends on advanced hardware capabilities, including semi-conductor manufacturing, precision engineering, advanced packaging, cryogenic systems, photonics and other enabling technologies. ABAC notes that APEC economies possess complementary strengths and capabilities across these critical hardware and supply chains.

APEC's Role in Cooperation and Responsible Deployment

APEC has a significant opportunity to lead greater regional cooperation on standards, ethical development and governance, workforce readiness, cybersecurity transition planning and the responsible deployment of quantum technologies. APEC economies — including Australia, Canada, China, Japan, Korea, Singapore, Chinese Taipei and the United States — have already launched quantum strategies, including governance measures and guidelines for post-quantum regulation. Many of these economies are also investing heavily in research, talent, infrastructure, commercialization and cybersecurity preparedness. APEC is uniquely positioned to help economies navigate the opportunities and challenges of quantum technologies – including APEC's focus on AI and the interplay between these two technologies.

Enhancing predictability and reducing uncertainty will be essential to enable sustained investment, commercialization and deployment. The emergence of scalable and applicable quantum technologies may vary significantly across economies and sectors based on a range of possible deployment scenarios, longer transition periods and uneven levels of readiness. Therefore, closer collaboration among economies, industry and academia — including through pilot initiatives, the sharing of practical experiences, use cases and best practices and cross-border cooperation — can help accelerate the transition from research to scalable industrial and societal applications.

APEC's role can include encouraging and supporting international cooperation, avoidance of duplication, interoperability and consensus, and preventing the adoption of conflicting approaches to governance. APEC's strength in delivering capacity building within the region can be leveraged to ensure that all economies are equipped to meet the challenges of developments in quantum technology and reap their benefits, while addressing risks, and adopting appropriate, consistent and responsible governance arrangements.

ABAC calls on APEC economies to focus on securing the digital economy, preparing people and businesses for transformation, and supporting practical deployment of quantum technologies to improve productivity, strengthen competitiveness and address major economic and societal challenges. ABAC recommends APEC economies:

- **Work towards adoption of appropriate governance arrangements**, including possible shared standards and regulation, seeking collaboration and cooperation in identifying opportunities and risks, and creating an enabling, responsible, interoperable, non-discriminatory policy environment for quantum.

These measures protect privacy, trade secrets and intellectual property by promoting transparency, accountability, safety and security. ABAC encourages APEC to include quantum computing in a new Collective Action under the Five-Year Review of the Aotearoa Plan of Action.

- **Encourage responsible innovation and development of quantum technology capabilities**, while prioritizing ethical considerations and removing unnecessary barriers by promoting trust, accountability and transparency.
- **Promote the development of practical quantum computing use cases by integrating quantum technologies into economy-level digital and innovation strategies**, including examining the potential impact of quantum technologies in leveraging and amplifying AI, and in sectors addressing complex societal and industrial challenges, in accordance with the circumstances and priorities of each economy.
- **Develop policy measures, shared evaluation frameworks and industry engagement mechanisms** to reduce uncertainty regarding technological maturity, business value and deployment pathways, thereby enabling informed investment and adoption decisions for quantum computing applications.
- **Establish long-term, coordinated policy frameworks and economy-level programs** that support the commercialization, deployment and scaling of quantum computing solutions.
- **Create and support public-private-academic partnerships and pilot programs** to accelerate the transition of quantum computing from research environments to real-world industrial and societal applications.
- **Engage the public and stakeholders**, including diverse and representative voices, in discussions on the potential and risks of quantum, prioritizing quantum literacy, including informing communities on the need to move to PQC.
- **Support research into PQC within cybersecurity frameworks** and initiate strategic transition plans to quantum resistant cryptography, along with developing frameworks to ensure the technology is harnessed securely when it becomes commercially viable.
- **Strengthen cross-border collaboration mechanisms**, including through the sharing of practical experiences, use cases and best practices to enable scalable and practical quantum computing applications across the Asia-Pacific region.

ABAC's commitment:

Recognizing the significant contribution which quantum technologies could make towards achieving the APEC Putrajaya Vision goals for an open, dynamic, resilient and peaceful Asia-Pacific community by 2040, for the prosperity of all our people and future generations, **ABAC commits to a multi-year work program on quantum computing, across a number of workstreams, focused on**:

- **Sharing information** regarding quantum research, development and application with a particular focus on digital and financial security, data and privacy protection.
- **Sharing best practices** in quantum governance, regulation and interoperability, and on efforts and effectiveness of public stakeholder engagement on how quantum will impact business, economies and societies and how to prepare and harness the benefits, and mitigate the risk.
- **Sharing industry sector specific information** on potential applications, experience and risks, including issues such as quantum readiness and awareness, PQC, cybersecurity and resilience, innovation, commercialization, talent development, business preparedness, investment certainty, workforce implications, digital trust and supply chain resilience.

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 2026

In 2026, China took on the chair of ABAC, with Korea and Viet Nam as co-chairs, following the APEC order. Co-chairs represent immediate past and future chairs.

This year, ABAC adopted the theme "Openness, Connectivity, Synergy." The 2026 work program focused on the following priorities, the work on which was carried out by four working groups and a task force, namely:

Regional Economic Integration Working Group

- Robust, resilient and open economic architecture
- Unlocking pathways to prosperity: access and opportunity
- Future-proofing trade: The new digital and green economies

Sustainability Working Group

- Enhancing food security and agri-tech innovation
- Achieving smarter and inclusive healthcare
- Fostering resilience and sustainability in mining
- Promoting just, ambitious and realistic energy transitions

Digital and Innovation Working Group

- AI Applied (AI+): AI solutions transforming traditional sectors
- Digital Currency: Landscape and implications
- Quantum Technologies: Foundations, impacts and commercial progress
- Digital Now and Next: Digital Trust Advisory knowledge exchange and thought leadership

Connectivity Working Group

- Physical Connectivity: Strengthening water, land and aviation connectivity, and enhancing people mobility
- Institutional Connectivity: Progressing the establishment of the Sustainable Infrastructure Evaluation System, promoting interoperable regional digital infrastructure and mutual recognition of payment standards, and strengthening coordination of trade and supply chain rules
- People-to-People Connectivity: Encouraging education exchange and cooperation across the region, fostering a supportive regional ecosystem for youth entrepreneurship, and promoting cross-border multicultural communication

Finance and Economics Task Force

- Building the ecosystem for digital finance
- Mobilizing private capital for strong, sustained and resilient growth
- Supporting the implementation of the Finance Ministers' Incheon Plan

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 2026: Jakarta, Indonesia (7-9 February); Mexico City, Mexico (22-25 April); Bangkok, Thailand (6-9 July); and Shenzhen, China (14-16 November).

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

- First APEC Senior Officials' Meeting (SOM1) and related meetings (Guangzhou, China: 1-10 February)
- Finance and Central Bank Deputies' Meeting (Shanghai, China: 4-5 February)
- SOM2 and related meetings (Shanghai, China: 11-19 May)
- Women and the Economy Forum (Shanghai, China: 15-16 May)
- Ministers Responsible for Trade Meeting and related meetings (Suzhou, China: 20-23 May)
- Senior Finance Officials' Meeting (SFOM) (Chengdu, China: 10-12 June)
- Digital and AI Ministerial Meeting (Chengdu, China: 23 July)
- High-level Dialogue: Leveraging Digital and AI Technologies to Empower the APEC Community (Chengdu, China: 24 July)
- Data for Growth High-level Roundtable (Chengdu, China: 25 July)
- SOM3 and related meetings (Dalian, China: 17-28 August)
- Food Security Ministerial Meeting (Hangzhou, China: 24-25 August)
- SME Ministerial Meeting (Guangzhou, China: 31 August - 4 September)
- Energy Ministerial Meeting (Beijing, China: 8-11 September)
- Transportation Ministerial Meeting (Beijing, China: 21-22 September)
- Finance Ministerial Meeting (Hong Kong, China: 19-21 October)

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

- Virtual Sustainable Future Forum Dialogue on Resiliency and Reliability: AI for Smarter Industrial Growth (21 January)
- Connecting Policy, Business and People: Digital Finance and Market Readiness for Inclusive MSMEs (Jakarta, Indonesia: 6 February)
- ABAC Voluntary Carbon Market (VCM) Pathfinder Initiative Virtual Workshop on International Collaboration to Address Double-Counting Risks in Carbon Markets: The Role of Climate Action Data Trust (4 March)
- ABAC VCM Pathfinder Initiative Virtual Workshop on The Science-based Targets Initiative Financial Institutions Net-Zero Standard (5 March)
- ABAC-ILI-APFF Hybrid Finance Roundtable on Legal and Regulatory Enablers of Digital Finance (Washington, DC, USA: 18-19 March)
- ABAC VCM Pathfinder Initiative Virtual Workshop on Legal Enablers for Scaling Up Voluntary Carbon Markets (9 April)
- ABAC VCM Pathfinder Initiative Virtual Workshop on The Science-based Targets Initiative Corporate Net-Zero Standard (16 April)
- ABAC-ASEAN BAC APFF Hybrid 2026 Southeast Asia Conference on Financing a Digital, Inclusive, Sustainable and Resilient Future for Southeast Asia (Manila, Philippines: 8 April)
- APFF Roundtable on Sustainability Reporting and Capital (Hong Kong, China: 20 April)
- APFF SFDN Carbon-Backed Securities Workshop on Scaling Up the Market for Carbon Asset-Backed Securities Across the Asia-Pacific Region (Mexico City, Mexico: 22 April)
- ABAC-APFF-Emerging Payments Association Asia (EPAA) Virtual Workshop Where Trade Breaks: Fixing Payments for Cross-Border MSMEs (21 May)
- Breakfast on Digital Trade in the 21st Century (Suzhou, China: 22 May)
- Virtual ABAC-APFF SFDN Transition Finance Workshop (28 May)
- ABAC Healthcare Harmonization Webinar (9 June)
- APEC-ABAC-AIIB Workshop on Digital Infrastructure Financing: Advancing Collaborative Financing for Digital Infrastructure in APEC (Chengdu, China: 10 June)
- APEC-Asia-Pacific Financial Inclusion Forum-ADB Seminar on Financial Access and Opportunity for All: Supply-side Policies and Innovation for Expanding Financial Access (Chengdu, China: 10 June)
- 2026 ABAC Better AI Together for Health Innovation Workshop (10-11 June)
- ABAC Virtual Roundtable "In the Shadow of Mythos: Practical AI Solutions for Modern Cyber Threats" (15 June)
- APEC China CEO Forum 2026 (Beijing, China: 21 June)
- Focus Group Discussion on Carbon Market Outlook for the Asia-Pacific: Exploring Options for Regional Coordination under APEC (23 June)
- ABAC Virtual Roundtable: APEC Business Travel Card Good Practices (24 June)
- ABAC x Digital Trust Advisory Roundtable (Bangkok, Thailand: 6 July)
- ABAC Policy and Industry Dialogue: Toward a Sustainable, Responsible and Competitive Mining Sector in APEC (Bangkok, Thailand: 7 July)
- 2026 Asia-Pacific Financial Forum Conference (Hong Kong, China: 22 October)
- APEC CEO Summit (Shenzhen, China: 17-18 November)

Studies and Related Work

This year, ABAC jointly commissioned with New Zealand research on the impact of food non-tariff measures (NTMs) on food trade. The findings revealed the significance of the overall burden of NTMs on businesses, and the compliance challenges that this posed, particularly for MSMEs. ABAC also commissioned research which sought to develop a voluntary air connectivity roadmap that individual economies may elect to implement in order to reduce protectionism in aviation across the Asia-Pacific.

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 focus on the continued implementation of the Putrajaya Vision and the Aotearoa Plan of Action, support for the WTO, FTAAP, services, connectivity, digital economy, artificial intelligence, quantum, trade facilitation, infrastructure development and investment, MSME development, women's economic empowerment, food security, climate change and renewable energy, structural reform and finance.

List of Acronyms

ABAC	APEC Business Advisory Council
ABTC	APEC Business Travel Card
ACCEPT	APEC Centre of Excellence for Paperless Trade
ADB	Asian Development Bank
AI	Artificial Intelligence
AIIB	Asian Infrastructure Investment Bank
APA	Aotearoa Plan of Action
APEC	Asia-Pacific Economic Cooperation
APFF	Asia-Pacific Financial Forum
APFIF	Asia-Pacific Financial Inclusion Forum
APIP	Asia-Pacific Infrastructure Partnership
ASEAN	Association of Southeast Asian Nations
ASEAN BAC	Association of Southeast Asian Nations Business Advisory Council
ASW	ASEAN Single Window
CEO	Chief Executive Officer
CO2	Carbon Dioxide
DEPA	Digital Economy Partnership Agreement
EPAA	Emerging Payments Association Asia
FTA	Free Trade Agreement
FTAAP	Free Trade Area of the Asia-Pacific
GDP	Gross Domestic Product
ILI	International Law Institute
IoT	Internet of Things
JSI	Joint Statement Initiative
MSME	Micro-, Small and Medium Enterprise
NTM	Non-Tariff Measure
NTB	Non-Tariff Barrier
NSW	National Single Window
PQC	Post-Quantum Cryptography
SFDN	Sustainable Finance Development Network
SFOM	Senior Finance Officials' Meeting
SME	Small and Medium Enterprise
SOM	Senior Officials' Meeting
SPS	Sanitary and Phytosanitary
STEM	Science, Technology, Engineering and Mathematics
VCM	Voluntary Carbon Market
WTO	World Trade Organization

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