THE AUSTRALIAN APEC STUDY CENTRE
Asia Pacific Economic Cooperation
In partnership with RMIT UNIVERSITY
AusPECC
Australian Pacific Economic Cooperation Committee

# Advancing APEC's vision for the Free Trade Area of the Asia Pacific (FTAAP) during China's APEC host year

## Outcomes of the joint Australian Pacific Economic Cooperation Committee (AusPECC) and China National Committee for Pacific Economic Cooperation (CNCPEC) "Workshop on Regional Trade: Advancing APEC's FTAAP Vision"

### Building the FTAAP in APEC

We know there are serious challenges facing the world's rules-based trading system. What can we do to help solve them? Regional responses are required; that is, working together to create a region with a shared interest in driving greater prosperity through economic integration. The Free Trade Area of the Asia-Pacific (FTAAP) provides a practical way to advance this. How can we best take forward the FTAAP?

This was discussed in the joint Australian Pacific Economic Cooperation Committee (AusPECC) and China National Committee for Pacific Economic Cooperation (CNCPEC) "Workshop on Regional Trade: Advancing APEC's FTAAP Vision" held as part of the 33rd General Meeting of the Pacific Economic Cooperation Council (PECC) in Shanghai on 16 May, during the Second APEC Senior Officials' Meetings.

### An FTAAP for current times

We are living in an era of rising protectionism, demographic transformations, climate change and unprecedented technological disruption through AI.

Many of these challenges are regional in nature, and collective responses are needed to address them. A way to do this is to work together to create an economic region with a shared interest in driving greater prosperity.

The FTAAP provides a practical pathway toward achieving this, an overarching trade and investment agenda for the future.

While APEC's support for the FTAAP is longstanding, there is no consensus on the form the FTAAP should take or how to achieve it. This year, as APEC's 2026 host, China has identified the FTAAP vision among its priorities under the pillar of "Advancing Open and Harmonized Regional Economic Integration."

In his remarks to the APEC Senior Officials meeting, PECC Co-Chair, Ambassador Zhan Yongxin, called for the Asia Pacific community to "pragmatically advance regional economic integration with FTAAP at its core. FTAAP represents APEC's long-term, market-driven vision for a comprehensive, high-standard regional integration approach."

But how can we take the FTAAP forward?

### APEC's role

APEC can help build the FTAAP. Economic relationships among APEC economies, policy makers and businesses can provide the trust needed to underpin practical cooperation at the regional level.

APEC's value in creating voluntary and non-binding consensus, and as a platform for incubation of new ideas, can help move the FTAAP from a long-term vision to practical outcomes.

This is consistent with the recent APEC Senior Officials' Statement of 18th May 2026 which called for "active exploration of the pathway toward the Free Trade Area of the Asia-Pacific (FTAAP)," describing it as "a shared APEC vision for advancing economic integration in the region complemented by flexible and pragmatic cooperation."

## Moving forward

The Australian APEC Study Centre (AASC) and AusPECC have advocated that the most practical and achievable approach is to build the FTAAP through an evolving set of voluntary "Pathfinder Initiatives".

Pathfinder Initiatives are part of the APEC architecture. FTAAP can be built in APEC through Pathfinder Initiatives that are focused on areas of value to APEC members. This would involve willing economies collaborating to lead the way with tangible forward-looking actions, facilitating a pathway for others to join when they are ready. Proven "pilot initiatives" could be scaled up over time and brought together under an eventual collaboration agreement among APEC economies. In this way, Pathfinder Initiatives would not be a substitute for the FTAAP, but rather practical building blocks to get there.

This is most practically achievable in areas where there are already existing initiatives, such as on environmental goods, paperless trade and business travel, as well as new areas such as digitalisation of services, the use of AI in health diagnostics and in any area identified of priority by groups of like-minded economies. The aim would be to start with 'low-hanging fruit' to demonstrate progress. This recognises that the FTAAP journey moving from a long-term vision to concrete practice would be a gradual process.

Professor Tu Hong, from the China APEC Study Center of Nankai University (ASCNK), pointed to the value of core principles in guiding Pathfinder Initiatives, to ensure they:

- Are forward looking in approach,
- Lead to scalable and practicable outcomes,
- Are inclusive and open to participation of all APEC economies,
- Recognise differing levels of development of APEC members, such that capacity building is an integral part, and
- Are of commercial value to business, in that they are focused on real world needs.

The Pathfinder approach should not preclude or compete with other pathways but would be a complementary path with realistic prospects of achieving progress.

## Next steps

PECC can take a valuable leadership role in taking FTAAP forward in APEC. Through its collaborative role involving academia, business and government it can provide independent intellectual input and dialogue to drive the operational agenda.

The AusPECC and AASC are working with CNCPEC and ASCNK during China's APEC host year to do so, as part of a project supported by the National Foundation for Australia China Relations.

These ideas are outlined in more detail in the AASC/ AusPECC discussion paper "Advancing APEC's Vision for the Free Trade Area of the Asia Pacific (FTAAP)."

The AASC and AusPECC will host a dialogue in August to promote further discussion and build mutual understanding between Australia and China on the FTAAP.

Outcomes will be conveyed to APEC and relevant stakeholders through PECC and APEC networks.

Prepared by the Australian APEC Study Centre at RMIT University (AASC) and the Australian Pacific Economic Cooperation Committee (AusPECC), in consultation with the China National Committee for Pacific Economic Cooperation (CNCPEC) and the APEC Study Center of Nankai University (ASCNK), June 2026.