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Advancing APEC's Vision for a Free Trade Area of the Asia-Pacific (FTAAP)

Discussion Paper – May 2026





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Executive summary

Background

APEC Leaders, the APEC Business Advisory Council (ABAC) and the Pacific Economic Cooperation Council (PECC) have long advocated a Free Trade Area of the Asia-Pacific (FTAAP). Yet there has been no consensus on the form the FTAAP should take or how to achieve it.

Economic integration had been accepted for decades as the primary purpose of APEC, but in more recent years rising geopolitical tensions have created challenges for economic integration in the region. The question now is how should we best take forward the FTAAP concept to help advance APEC's Putrajaya 2040 Vision of market-driven economic integration.

APEC's FTAAP vision

APEC's support for the FTAAP is longstanding, dating back to 2004. It has taken on renewed interest in recent years, amid growing uncertainty in the global trading system and debate over how to advance and sustain integration.

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." This continues China's efforts of more than a decade ago to advance the concept within APEC, when APEC Leaders adopted the Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP under China's leadership in 2014. This year's focus on the FTAAP follows renewed discussion of the FTAAP in APEC in 2024, where the 2024 Ichma Statement on a New Look at the Free Trade Area of the Asia-Pacific Agenda, agreed by APEC Leaders in Peru, reaffirmed support for advancing the FTAAP agenda. Since 2023, PECC has explored how to advance the FTAAP through its signature project FTAAP Pathways to Prosperity, led by the Australian Pacific Economic Cooperation Committee (AusPECC).

Advancing the FTAAP in challenging times

We are experiencing the most consequential challenges of the 21st century to the world's rules-based, open trading system – rising protectionism, demographic transformations, technological disruption, and climate change. To address these challenges, APEC member economies and the PECC community must work together and commit to tangible forward-looking actions. That involves collaborating to create an economic region that is based on a shared interest in driving greater prosperity for a peaceful Asia-Pacific community.

The FTAAP provides a practical way to achieve this. Combined with APEC's unique and useful mode of voluntary cooperation, the FTAAP is an ideal conceptual framework to build deeper understanding of the key drivers of future growth and welfare; to champion open dialogue focused on joint solutions that are consistent with each of the APEC economies' long-term interests; and to guide efforts to advance economic collaboration, integration and trade openness.

Building the FTAAP from the bottom up

As a framework for advancing collaboration, integration and openness, the most practical and achievable approach is to build the FTAAP from the bottom up. The bottom-up approach involves leveraging existing APEC institutional frameworks to advance practical, collaborative initiatives.

Utilising APEC's unique voluntary, non-binding and non-discriminatory Pathfinder Initiatives, the bottom-up approach provides a way for willing economies to collaborate on specific areas of economic and business integration and share lessons to facilitate others to join when ready.

In this sense, the FTAAP can be an evolving set of agreements, where the journey would be continuous and more important than any final destination. This involves recognising the benefit of progressing specific reform for participating economies without the need for top-down agreements. Issues for reform can be progressively identified for consideration as conditions within the region and beyond continue to change.

Progressing FTAAP pathways

Adopting this approach, existing initiatives in APEC can be built upon to form part of the FTAAP as a first step. The FTAAP can also encompass innovative approaches to the new and emerging challenges affecting the region, developed over time as a series of undertakings. In both cases, the focus should be on contributions the FTAAP can make to practical outcomes that drive productivity, facilitate growth and advance economic integration.

Initiatives that could be advanced under the FTAAP using the bottom-up approach include:

Adopting paperless trade

The FTAAP can provide the framework to adopt a more coordinated and strategic approach to advance paperless trade. A first step would be the adoption of the UNCITRAL Model Law on Electronic Transferable Records (MLETR), or equivalent arrangements across APEC economies.

Expanding the APEC List of Environmental Goods

APEC economies could agree on an expanded List of Environmental Goods under the framework of the FTAAP, with special reference to goods used in the energy transition to a low-carbon future.

Improving the APEC Business Travel Card (ABTC)

The FTAAP provides an opportunity to broaden the use and uptake of the ABTC to reduce administrative barriers to travel, better reflect how business operates and support greater business engagement across the region.

Exploring the application of artificial intelligence (AI) in health diagnostics

The FTAAP could explore the application of AI in health diagnostics to harness the transformative potential of technology for improving healthcare access and diagnostic accuracy across the region.

Enhancing talent mobility

The FTAAP could include arrangements to promote greater mobility of skills and professionals in the digital age

Promoting good regulatory practice in digital services and electronic commerce

A workstream on digital services regulation could be adopted to explore the many challenges and opportunities arising from growth and regulation of services trade, focused on digitally delivered services.

Building capacity, maximising impact

It is important that pathfinder initiatives are supported by capacity building to ensure all economies can participate in the FTAAP a meaningful way. Initiatives should also be supported by measurable outcomes where possible, to ensure efforts are focused in areas where they can have practical, visible impact, assist in identifying areas for improvement, and encourage broader participation.

Engaging business as a driver

Progressing the FTAAP will require more than conceptual thinking within APEC academic and policy networks. Engagement with business is needed to ensure the FTAAP's focus and outcomes are directly relevant to traders and investors in the region. Business would need to continue to commit to playing its part in advancing the FTAAP.

Next steps

As a next step, PECC can work to progress the FTAAP by building understanding of the FTAAP concept among PECC, APEC and the business community; advancing priority initiatives as proposed above and strengthening engagement with business.

This could be achieved through:

- » Collaborative effort led by AusPECC and the China National Committee for Pacific Economic Cooperation (CNCPEC), highlighting areas of mutual interest and pathways forward; and
- » Dialogue with business on what and how best to progress initiatives of direct business interest.

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1. Background

We are experiencing the most consequential challenges in the 21st century to the world's rules-based trading system. These challenges are interconnected and realistically require regional responses; that is, working together to create an economic region that is more integrated and based on a shared long-term interest in driving greater prosperity.

The FTAAP provides a way to advance this. Combined with APEC's unique and useful mode of voluntary cooperation, the FTAAP can be a conceptual framework to advance integration. The question now is: how can we best take forward this FTAAP concept to help advance APEC's Putrajaya 2040 Vision of market-driven economic integration that will establish an open, dynamic, resilient and peaceful Asia-Pacific community by 2040 for the prosperity of all our people?

This paper seeks to contribute to the discussion and foster mutual understanding on how to do so. It is intended as a conversation starter that can be enhanced and built on with further ideas, and led collaboratively by example.

2. A renewed focus on the FTAAP

APEC's support for the FTAAP dates back to 2004. It has taken on renewed interest in recent years, amid growing uncertainty in the global trading system and debate over how to sustain market-driven integration in the region.

As APEC host for 2026, China has identified the FTAAP vision among its priorities under the pillar of “Advancing Open and Harmonized Regional Economic Integration.” China has called on APEC to commit to the long-term development of the FTAAP to ensure open regionalism and “promote trade and investment with mutual trust in the Asia-Pacific region”.¹

Chinese President Xi Jinping referred to the FTAAP in his address to the APEC Economic Leaders Meeting in October 2025 in Gyeongju, describing it as part of APEC's open economic development.² China's Foreign Minister, Wang Yi, similarly highlighted the FTAAP during the opening session of the First Senior Officials' Meeting (SOM) in February 2026 in Guangzhou.³ This reflects China's efforts to advance the FTAAP concept within APEC more than a decade ago, when under China's Leadership, APEC adopted the Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP,⁴ noting that APEC could act as an incubator for this idea.

History of the FTAAP in APEC

The FTAAP was first proposed by the business community (ABAC) in 2004. ABAC remains a strong supporter of the concept, undertaking work and making recommendations on both form and substance every year. As early as 2006, APEC Leaders, in a preliminary and exploratory way, announced that APEC would examine the long-term prospect of the FTAAP.

In 2014, APEC Leaders adopted the Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP. They agreed that the FTAAP should be pursued as a comprehensive, high-quality free trade agreement, building on existing regional initiatives such as the Trans-Pacific Partnership (TPP, now CPTPP) and RCEP. Leaders agreed that APEC itself would not be the negotiating body but would act as an incubator for the idea.

In 2016, APEC Leaders agreed a Declaration on the FTAAP at Lima, Peru. They affirmed that the FTAAP should be realised outside of APEC and achieved by building on regional undertakings, which they wanted to be “open, transparent and inclusive.”

In 2020, APEC Leaders endorsed the Putrajaya 2040 Vision, which reaffirms APEC's “voluntary, non-binding and consensus-building principles” and commits APEC to advancing market-driven economic integration in the region, including through work on an FTAAP agenda that contributed to high-standard and comprehensive regional undertakings.

1 Concept Paper on Priorities for Trade and Economic Cooperation in APEC 2026 (Submitted by the People's Republic of China, for information at SOM1)

2 Full text: Remarks by Chinese President Xi Jinping at Session I of the 32nd APEC Economic Leaders' Meeting, https://english.www.gov.cn/news/202510/31/content_WS69044eafc6d00ca5f9a0735f.html

3 He emphasised that progress toward the FTAAP would require building consensus across trade issues and better aligning the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), echoing President Xi's earlier remarks. Source: Wang Yi on Key Tasks of the APEC “China Year” Ministry of Foreign Affairs People's Republic of China, https://www.fmprc.gov.cn/eng/wjbxhd/202602/t20260210_11855621.html

4 Annex A – The Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP, https://www.apec.org/meeting-papers/leaders-declarations/2014/2014_aelm/2014_aelm_annexa

At their meeting in 2021, APEC Leaders declared support for advancing the FTAAP agenda in line with the Lima Declaration. The 2021 Aotearoa Plan of Action agreed by Leaders notes their desire to further economic integration through the FTAAP agenda.

At their 2022 meeting in Bangkok, APEC Leaders welcomed the advancement of the FTAAP agenda and expressed support for a refreshed conversation on the FTAAP.

In 2023, APEC Leaders, while mentioning the FTAAP, did not take the idea any further.

In 2024, with APEC host Peru focused on a renewed vision for the FTAAP, APEC Leaders agreed to the Ichma Statement. This advanced the FTAAP agenda and re-emphasised the FTAAP as an important measure to enhance information sharing, capacity building and technical cooperation.

In 2025, APEC host Korea mentioned the FTAAP as a part of its priorities, as it was referenced in the 2025 APEC Leaders' Gyeongju Declaration, although the concept was not advanced further.

Source: Annex 1

The 2024 Ichma Statement on a New Look at the Free Trade Area of the Asia-Pacific Agenda⁵ (Ichma Statement), agreed by APEC Leaders in Peru, reaffirmed support for advancing the FTAAP agenda. The Ichma Statement encouraged economies to explore linkages between trade and other sectors, including through Pathfinder Initiatives, and recommended establishing a new workstream within the APEC Committee on Trade and Investment (CTI) to further develop the FTAAP agenda. At the first Senior Officials' Meeting of 2026, the CTI identified "further progress on the FTAAP agenda" as one of its priorities

5 Ichma Statement on a New Look at the Free Trade Area of the Asia-Pacific agenda, <https://www.apec.org/meeting-papers/leaders-declarations/2024/2024-apec-leaders'-machu-picchu-declaration/ichma-statement-on-a-new-look-at-the--free-trade-area-of-the-asia-pacific-agenda>

for the year. APEC economies have proposed projects under the FTAAP Work Program in 2026.⁶

Complementary work on the FTAAP is also taking place in the Pacific Economic Cooperation Committee (PECC), which has long advocated advancing the FTAAP concept. Since 2023, the PECC signature project "FTAAP Pathways to Prosperity," led by AusPECC, has focused on the FTAAP as a framework to guide, encourage and prioritise efforts to help lay the foundations for future frameworks that advance economic collaboration, integration and openness.⁷

In the PECC statement to APEC Ministers in October 2025,⁸ PECC emphasised three pathways to regional economic cooperation: a bottom-up approach focused on issues-based cooperation, a top-down approach applying selected clauses from existing FTAs at a regional level, and a pathfinder approach that allows groups of economies to move forward on specific initiatives where consensus exists.

Work on the FTAAP is also advancing in the APEC Business Advisory Council (ABAC), primarily in the Regional Economic Integration Working Group where recently there has been a focus on navigating protectionism, and prospects for the FTAAP.⁹

6 China will lead a policy dialogue on FTAAP on the topic of trade digitalization. Other work under the FTAAP agenda Work Plan includes a study on rules of origin in modern trade agreements (Hong Kong, China), a study on digital trade provisions of FTAs/RTAs (Japan), a project on labour-related provisions on technical assistance and capacity building in FTAs/RTAs (United States), and research and evaluation on state-owned enterprises (United States). Source: Agenda, First Meeting of the APEC Committee on Trade and Investment, https://mddb.apec.org/Documents/2026/CTI/CTI1/26_cti1_001.pdf

7 Work under this project has focused on exploring possible outcomes on trade and economic issues and developing guidance with practical steps that can contribute to the understanding of, and progress toward, the long-term FTAAP vision. Source: PECC Signature Project on a Free Trade Area of the Asia Pacific (the PECC FTAAP Project), AusPECC, <https://www.apec.org.au/ftaap-project>

8 PECC Statement, APEC Ministerial Meeting (AMM), 29-30 October, <https://www.pecc.org/resources/statements/2853-pecc-statement-for-amm-2025/file>

9 ABAC Statement on FTAAP 2024: Unlocking the full potential of our region through deeper economic integration, https://mddb.apec.org/Documents/2024/MM/MRT/24_mrt_002b.pdf; Bridge, Business, Beyond: Report to APEC Economic Leaders, Korea 2025, https://www2.abaonline.org/assets/2025/Previous_Reports_Library/ABAC_Report_to_APEC_Economic_Leaders_2025.pdf

3. Advancing the FTAAP in challenging times

The rules-based, open trading system is facing serious challenges.

The PECC 2025 Yeouido Declaration¹⁰ points to some of these – of rising protectionism, demographic transformations, technological disruption, and climate change – and urgently calls APEC member economies and the PECC community to commit to tangible forward-looking actions to address them.

These challenges are interconnected and require regional responses. Open regionalism,¹¹ as a living, evolving compact for a common vision for an Asia-Pacific Community, offers the best hope. Its success is dependent on ‘enlightened collaboration;’ that is, working together to create an economic region that is more integrated and based on trust that is driven by each economies’ recognition that their long-term interests coincide with the economic integration aims of the region.

The FTAAP provides a way to address current challenges and to advance these aims. Combined with APEC’s unique and useful mode of voluntary cooperation, the FTAAP can be a conceptual framework to:

- » Build deeper understanding of the key drivers of future growth and welfare;
- » Champion open dialogue focused on joint solutions that are consistent with the long-term interests of economies; and
- » Guide efforts to advance economic collaboration, integration and trade openness.

i. Building the FTAAP from the bottom up

As a framework for advancing collaboration, integration and openness, it is proposed that the FTAAP be built from the bottom up. Combined with APEC’s unique voluntary, non-binding and non-discriminatory Pathfinder Initiatives methodology the bottom-up approach provides a way for willing economies to collaborate and share lessons to facilitate others to join if and when ready.

In this sense, the FTAAP would be an evolving set of agreements that had no end point. New issues would be explored as conditions within the APEC region and beyond continued to change.

A bottom-up FTAAP would have the following features:

- It would be voluntary and non-binding;
- It would be built from the bottom up in an evolving series of undertakings; and
- The journey would be continuous and more important than the destination.

Voluntary and non-binding

The proposed voluntary and non-binding features of the FTAAP are consistent with APEC’s mode of working and its commitment to open regionalism. APEC deliberately avoids creating preferential treatment for member economies over non-members and does not create binding law. Since a voluntary approach means there are no penalties for non-compliance, members are not ceding authority to a higher-level body, so that there is less incentive to leave.¹²

This has worked well to date in APEC. Guided by the Bogor Goals of free and open trade and investment in the Asia Pacific by 2020, APEC economies voluntarily reduced average tariffs in the region from 16 per cent in 1994 to less than 5 per cent in 2023.¹³ Similarly, the APEC agreement in 2012 to limit tariffs on 54 environmental

10 2025 PECC Yeouido Declaration, Pacific Economic Cooperation Council (PECC), <https://www.pecc.org/pecc/204-issues/989-2025-pecc-yeouido-declaration>

11 Open regionalism (regional integration without discrimination): This ensures that regional integration efforts do not create barriers to trade with non-members, reflecting the global orientation of member economies. Source: APEC and Why it Matters: Case Studies of Services and AI, Findlay and Wang, 2025.

12 East Asian architecture of integration. In, Handbook on East Asia Economic Integration, Pangestu and Armstrong, 2021

13 APEC offers China a chance to revitalise integration, Findlay and Wang, 2026, <https://eastasiaforum.org/2026/01/06/apec-offers-china-a-chance-to-revitalise-integration/>

goods to no more than 5 per cent by 2015 has been implemented by all but three of the APEC economies.¹⁴ No penalties have applied to APEC members that had not achieved the agreed tariff reductions.

An evolving series of undertakings

The FTAAP would not be a conventional trade agreement, but an area characterised by economic collaboration and integration based on trust, and a shared vision for an Asia-Pacific community. It would entail a journey taken in a series of steps and, as new issues arose, the journey would continue.

The concept of the FTAAP as an evolving series of undertakings is complementary to the nature of APEC's own agenda, which has evolved to address new issues over time as reflected in recent Leaders' Statements. For example, in 2020, the Kuala Lumpur Declaration's launch of the Putrajaya Vision 2040 moved APEC beyond trade liberalisation to prioritise innovation, sustainability and resilience — significant for setting a new, more holistic regional agenda in a time of pandemic crisis. The urgency of the 2023 US Golden Gate Declaration on sustainability, digital inclusion and defending multilateralism reflected the need for APEC adaptation to mounting climate, technological and trade pressures. The most recent statement for 2025 included annexes on an Artificial Intelligence Initiative (2026 to 2030) and a Framework for Demographic Challenges.¹⁵

The aim of the FTAAP would be to build on work already undertaken in APEC, or in regional trade agreements, rather than duplicate it. In this way the FTAAP would add value to existing arrangements and allow new ones to be created to address the most pressing challenges.

The importance of the journey over the destination

Consistent with the view that the FTAAP would not be concluded on a particular date but would continue to evolve as new issues emerged, outcomes could be agreed at Leaders' Meetings on an ongoing basis. APEC economies would be able to explore and develop undertakings concurrently.

¹⁴ By 2021, most APEC economies had implemented their commitments to reduce tariffs on the listed environmental goods, while Indonesia, Chile, and Thailand were still working toward full implementation. Source: A Review of the APEC List of Environmental Goods, APEC Policy Support Unit, 2021.

¹⁵ APEC offers China a chance to revitalise integration, Findlay and Wang, 2026, <https://eastasiaforum.org/2026/01/06/apec-offers-china-a-chance-to-revitalise-integration/>

ii. Adopting the pathfinder approach

Adopting the pathfinder approach would enable progress towards the FTAAP. Unlike at the World Trade Organization (WTO), where negotiation towards a plurilateral agreement requires the agreement of all 166 WTO members, APEC explicitly allows for a subset of member economies to agree to pursue a Pathfinder Initiative. Pioneering members can pilot new projects. Other APEC economies are free to join later if and when they are ready. Pathfinder Initiatives are both voluntary and non-binding. They allow for more agile progress on specific initiatives, without undermining APEC's cohesion.¹⁶

Under the FTAAP, willing economies could lead the way in priority or specific areas, through practical actions and initiatives. Over time, these pathways could be built upon and expanded to encompass more economies and address a wider set of issues.

Adopting the pathfinder approach, the FTAAP has the potential to complement the broader framework of regional cooperation, advancing APEC's common vision, while allowing for differentiated participation on particular issues.

APEC Pathfinder Initiatives

The pathfinder model has enabled breakthroughs in APEC in areas such as trade facilitation and regulatory reform, promoting flexibility, innovation, and rapid progress on key issues that might otherwise be stalled by the need for universal agreement.

APEC has numerous Pathfinder Initiatives, including the APEC Business Travel Card Pathfinder (2001), Cross-Border Privacy Rules Pathfinder (2011) and the Pathfinder on Building Blocks for Facilitating Digital Trade (2019).¹⁷

¹⁶ APEC offers China a chance to revitalise integration, Findlay and Wang, 2026, <https://eastasiaforum.org/2026/01/06/apec-offers-china-a-chance-to-revitalise-integration/>

¹⁷ See 2025 CTI Annual Report to Ministers – Appendix 12, 2025 Update on Status of CTI Pathfinder Initiatives

4. Progressing FTAAP pathways

Existing, successful initiatives in APEC can be built on and included as part of the FTAAP by adopting the pathfinder approach.

The FTAAP can also encompass innovative approaches to new and emerging challenges, whereby forward-looking FTAAP workstreams are pursued to develop initiatives that are picked up by willing economies and then expanded to more areas and economies over time.

In both cases, the focus should be on contributions the FTAAP can make to practical outcomes that drive productivity, facilitate growth and respond to challenges for the longer term.

Illustrative initiatives and potential workstreams are outlined below, intended as a conversation starter in the APEC and PECC communities. They draw on work explored as part of the PECC Signature Project “FTAAP Pathways to Prosperity,” led by AusPECC and open to all PECC members.

i. Adopting paperless trade

Paperless trade could be part of ongoing work toward the FTAAP. Cross-border recognition of electronic documents would replace the centuries-old paper-based system. It is estimated by the International Chamber of Commerce (ICC) that at any given time four billion paper-based trade documents are floating through the system. Moving the international trading ecosystem away from outdated paper-based systems towards more reliance on paperless systems and a legal environment supportive of electronic transferable records will greatly enhance efficiencies in international trade facilitation.¹⁸

A first step could be adoption of the UNCITRAL Model Law on Electronic Transferable Records (MLETR), or equivalent arrangements. MLETR provides a legislative template for electronic (‘paperless’) versions of transferable documents or instruments. These include bills of lading, bills of exchange, promissory notes, and warehouse receipts which are crucial documents for the conduct of international trade, often regarded as documents of title.

MLETR’s uniform adoption, or of equivalent arrangements, by APEC economies would facilitate the use of paperless trade in international commerce across the region, increase efficiency, reduce costs and enhance trade. The benefits of moving along this path to paperless trade are large – estimated to be as high as US\$2.0 trillion across the APEC region.¹⁹

Mexico, Papua New Guinea, Singapore and the United States have already embraced the approach that the MLETR provides. Others are at various stages of MLETR readiness. As of 2025, Thailand was in the process of adoption, Japan was preparing to amend its Commercial Code to allow for the use of electronic bills of lading and Australia was developing domestic legislation aligned with MLETR.²⁰ ASEAN is also negotiating digital trade commitments under the Digital Economy Framework Agreement (DEFA).

¹⁸ Trade cost reductions expected from full implementation of cross-border paperless trade are estimated at 10-30 per cent of existing transactions costs, depending on the current state of paperless trade development in the participating economies. Significant benefits in terms of trade compliance are also expected. Source: Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA), <https://www.unescap.org/projects/cpta>

¹⁹ Recent economic modelling on the impact of adopting MLETR and measures to move toward paperless trade across APEC finds that GDP gains are potentially large – as high as US\$2.0 trillion over 2024-2033. APEC economies would also potentially experience increases in trade volumes, employment and real wages from adoption of paperless trade measures. The International Chamber of Commerce Digital Standards Initiative (ICC DSI) reports that 61.5 per cent of global exports now come from economies that have either aligned with or committed to the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Electronic Transferable Records (MLETR). This represents a significant step forward in building the legal certainty for paperless trade, paving the way to accelerate digital adoption worldwide. Source: A Path to Paperless Trade, APEC Committee on Trade and Investment, 2025

²⁰ The bill, consistent with MLETR principles, is expected to be submitted to Japan’s legislature in 2025, with implementation foreseen by the 2026 fiscal year. Source: MLETR Advances, EU ICS2 and Aviation Security Updates, and Upcoming Events, 2025, <https://fiata.org/n/mletr-advances-eu-ics2-and-aviation-security-updates-and-upcoming-events/>

Paperless trade in APEC

There is already support in APEC for region-wide adoption of paperless trade initiatives. At the 2024 APEC Leaders' Meeting in Lima, Peru, Leaders committed to advancing cross-border paperless trade, backed by upgrades of digital infrastructure, legal harmonisation and streamlined trade procedures.

At the 2025 APEC Leaders' Meeting in Gyeongju, Republic of Korea,²¹ APEC Leaders reaffirmed and strengthened commitments to paperless trade. They welcomed the establishment of an ABAC proposed APEC Centre for Excellence for Paperless Trade (ACCEPT), which aims to serve as a regional hub to support efforts to digitise trade processes, encourage capacity building and foster collaboration between public authorities and private-sector entities. ACCEPT will also facilitate capacity building and knowledge sharing to align APEC economies with MLETR.²²

ABAC has also made strong calls for APEC economies to adopt the MLETR.²³ Most APEC economies are also party to trade and digital economy agreements which include commitments to facilitate paperless trade and already require the parties to maintain legal frameworks for electronic transactions.

The FTAAP can provide the framework to adopt a more coordinated and strategic approach to advance paperless trade and MLETR adoption across APEC.

In conjunction with the recently proposed APEC Centre for Excellence for Paperless Trade (ACCEPT), action could be taken to develop tailored roadmaps for individual economies to advance reform measures toward paperless trade, including a specific goal on MLETR adoption and implementation. This could be supported by capacity-building in partnership with international fora.²⁴

ii. Expanding the APEC List of Environmental Goods

APEC economies could agree to work towards an expanded APEC List of Environmental Goods (APEC EGL) under the framework of the FTAAP, with special reference to goods used in the energy transition to a low-carbon future.

In 2012, all APEC economies agreed to limit their tariffs on 54 environmental goods to no more than 5 per cent by 2020²⁵ with the intention of improving access to environmental technologies and contribute to green growth and trade liberalisation. As of 2021, the non-binding agreement APEC EGL that eventuated had been successfully implemented by 19 APEC economies.

The list includes solar panels, wind turbines, bamboo flooring and environmental monitoring, and analysis and assessment equipment. It is widely credited as the 'pathfinder' for multilateral discussions leading to negotiations in the WTO on an Environmental Goods Agreement for more open trade in these goods. An attempt was made in 2014 within the WTO to create an environmental goods list as a plurilateral agreement, but negotiations broke down.

21 2025 APEC Ministerial Meeting, Gyeongju, Republic of Korea | 01 November 2025. <https://www.apec.org/meeting-papers/annual-ministerial-meetings/2025/2025-apec-ministerial-meeting>

22 As a public-private partnership, the APEC Centre of Excellence for Paperless Trade, or "ACCEPT", will work with all APEC economies as well as ABAC and interested stakeholders in advancing paperless trade. The Singapore Business Federation, through its Centre for the Future of Trade and Investment, will host the physical secretariat of ACCEPT and provide administrative and logistical support for its activities. APEC Ministers for Trade in 2025 reiterated their commitment to promoting the cross-border recognition of electronic trade-related documents, such as the electronic bills of lading and electronic invoices and encouraged economies working towards aligning legal frameworks with MLETR. Source: Australian Ambassador for Asia-Pacific Economic Cooperation (APEC), 2025, https://www.linkedin.com/posts/australian-ambassador-for-apec-australia_apec2025-paperless-trade-digitaltrade-activity-7394508298521296896-kBV2/; 2025 APEC Ministers Responsible for Trade Joint Statement, Jeju, Republic of Korea | 15-16 May 2025, <https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/trade/2025-apec-ministers-responsible-for-trade-joint-statement>

23 ABAC: Leverage the APEC Centre of Excellence to facilitate discussions and cooperation on digital trade issues, and to support MSMEs in adopting paperless trade solutions. Source: APEC Business Advisory Council (ABAC) Report to Ministers Responsible for Trade, 15-16 May 2025

24 Other international fora: ICC, ADB, FIT P. During their first meeting in 2025, Ministers from FIT P members launched a workstream to advance digital and paperless trade. The workstream will promote the adoption of international standards and legislation, to facilitate the use and exchange of digital trade documentation. Source: Joint Press Release on the Inaugural FIT Partnership Ministerial Meeting, 2025, <https://www.mfat.govt.nz/en/media-and-resources/joint-press-release-on-the-inaugural-fit-partnership-ministerial-meeting>

25 Negotiations for the APEC List of Environmental Goods that occurred at Vladivostok were vexed, with the initial list presented to the meeting of trade ministers comprising more than 300 items. In a period of less than two days, trade ministers pared the list back to 60 items and a further 6 goods were removed from the list on the final day of negotiations. Leaders endorsed the list of 54 environmental goods.

Since the APEC EGL was agreed, new environmental goods and technologies have evolved, trade in these products has grown,²⁶ and climate change policy has advanced. Technology is moving fast and there is an urgency to achieve environmental sustainability. Expanding the list to reduce barriers to trade in these new environmental goods would support more competitive, low-emission and climate-resilient industries and help member economies meet their own environmental commitments.²⁷

Reducing tariff (and non-tariff) barriers would also have a direct and compounding positive impact on the competitiveness of new environmental goods in the APEC region, creating opportunities for goods (and services) exports up and down the value chain; for example, raw material supply, component manufacturing, product assembly and waste recycling. More open and competitive supply chains would encourage the participation of developing member economies in building the clean industries of the future.²⁸

APEC and environmental goods and services

In 2021, New Zealand, as APEC host, led a process to update the APEC EGL as well as identify environmental services that could be added. APEC Leaders agreed to review the implementation of the 2012 list and, noting that environmental goods and technologies had evolved and cover a wide range of industries, instructed officials to develop recommendations for potentially producing a voluntary, non-binding reference list with a view to providing guidance for further work. They also encouraged further discussions on the impact of non-tariff measures on trade in environmental goods and services, and on other regulatory measures that underpin the development of more sustainable supply chains.²⁹ They endorsed a non-binding Reference List of Environment and Environmentally Related Services and discussions on environmentally related services.³⁰

The 2022 Bangkok Goals on Bio-Circular-Green (BCG) Economy advocated advancing the facilitation of trade in environmental goods and services, building on discussion about the APEC EGL, the Reference List of Environmental Services and further discussing the impact of non-tariff measures on trade in environmental goods.³¹

Concurrently, environmental goods and services lists have been agreed as part of bilateral free trade agreements and arrangements. For example, the Australia-Singapore Green Economy Agreement includes a non-exhaustive list of Environmental Goods and also an Environmental Services List.³² The recent plurilateral Agreement on Climate Change, Trade, and Sustainability (ACCTS) includes a commitment to reduce barriers to trade on a list of 360 environmental goods and 110 environmental and environmentally related services.³³

26 The PSU notes: "The trade of products in the APEC List of Environmental Goods has grown significantly, worldwide and within the APEC region, since its endorsement in 2012. Between 2012 and 2019, global and intra-APEC trade in the products on the list increased by 6.4 percent and 7 percent, respectively. In contrast, overall global trade (all products) rose by only 1.9 percent". Source: A Review of the APEC List of Environmental Goods, APEC Policy Support Unit, 2021

27 A Review of the APEC List of Environmental Goods, APEC Policy Support Unit, 2021; Expanding the APEC List of Environmental Goods to Fight Climate Change: Analysis, 2021, <https://www.apec.org/press/news-releases/2021/expanding-the-apec-list-of-environmental-goods-list-to-fight-climate-change-analysis>

28 A Review of the APEC List of Environmental Goods, APEC Policy Support Unit, 2021

29 2021 APEC Ministerial Meeting, Wellington, New Zealand | 09 November 2021, <https://www.apec.org/meeting-papers/annual-ministerial-meetings/2021/2021-apec-ministerial-meeting>

30 2021 APEC Ministerial Meeting: Annex 2 - Reference List of Environmental and Environmentally Related Services, <https://www.apec.org/meeting-papers/annual-ministerial-meetings/2021/2021-apec-ministerial-meeting/annex-2---reference-list-of-environmental-and-environmentally-related-services>

31 Bangkok Goals on Bio-Circular-Green (BCG) Economy, 2022, [https://www.apec.org/meeting-papers/leaders-declarations/2022/2022-leaders-declaration/bangkok-goals-on-bio-circular-green-\(bcg\)-economy](https://www.apec.org/meeting-papers/leaders-declarations/2022/2022-leaders-declaration/bangkok-goals-on-bio-circular-green-(bcg)-economy)

32 Annex B 1.1 Environmental Goods List, <https://www.dfat.gov.au/countries-and-regions/singapore-australia-green-economy-agreement-annexes/annex-b-1-1-environmental-goods>; Annex B 1.2: Environmental Services List, <https://www.dfat.gov.au/countries-and-regions/singapore-australia-green-economy-agreement-annexes/annex-b-1-2-environmental-services-list>

33 ACCTS members are Costa Rica, Iceland, New Zealand, and Switzerland. Source: Agreement on Climate Change, Trade and Sustainability (ACCTS) Overview, <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-concluded-but-not-in-force/agreement-on-climate-change-trade-and-sustainability-accts-overview>; Trade Tools for Climate Action: Agreement on Climate Change, Trade, and Sustainability, Inu Manak, 2025, <https://www.cfr.org/articles/trade-tools-climate-action-agreement-climate-change-trade-and-sustainability>

An expanded list within an FTAAP framework could include:

- » Contemplating a global value chain approach to allow adapted goods, which are environmentally friendly or cleaner, and whose use is beneficial for environmental protection or resource management, to be factored in. A global value chain approach would also benefit developing economies, as they could produce some of many components that go into particular environmental products.³⁴
- » Exploring reducing barriers to environmental services, by building on reference lists.
- » Considering how to address non-tariff barriers such as licenses and quotas; discriminatory concessional loans and grants to local exporters; and export tax rebates.³⁵

iii. Improving the APEC Business Travel Card

The FTAAP provides an opportunity to broaden the use and uptake of the APEC Business Travel Card (ABTC) to reduce administrative barriers to travel, better reflect how business operates, and support greater business engagement across the region.

The ABTC is one of APEC's most practical initiatives. The scheme was proposed by ABAC and introduced in 1997, allowing pre-cleared business travellers from participating economies to travel across the region with visa-free entry and access to fast-track immigration lanes at major airports using a single card.³⁶ In this sense it serves not simply as a travel facilitation tool but as an enabler of cross-border business activity and trade.

While the scheme has been successful in bringing tangible benefits to cardholders, its operation has not kept pace with contemporary business realities. In its 2025 Report to APEC Economic Leaders, ABAC called on APEC to address challenges faced by ABTC cardholders and improve the scheme, particularly by addressing growing delays in ABTC processing times and fragmented implementation of the ABTC scheme across APEC.³⁷ Use of digital technology to streamline approval processes is not uniform or widespread. Uptake among SMEs, the main drivers of business and trade activity in the region, remains relatively low.³⁸

The current eligibility criteria can limit the potential benefits of the scheme as an enabler of cross-border activity. While broadly targeted at business travellers and senior officials, criteria and its application are not consistent among economies.³⁹ In practice the scheme remains largely oriented towards senior executives and large enterprises.

Accompanying family members are not eligible to apply. Junior and mid-level professionals, including those in digital and services sectors, are increasingly required to travel for work as part of their roles in regionally integrated economies.⁴⁰ Expanding access to these cohorts, and improving alignment of criteria across economies, would make the ABTC more effective. It would help to build the regional skills base and mobile professional networks that reflect modern ways of working and which underpin long-term integration.

34 These components, for example, may include materials such as steel, copper, silica and molten salt for building concentrated solar power systems. Source: Expanding the APEC List of Environmental Goods to Fight Climate Change: Analysis, 2021, <https://www.apec.org/press/news-releases/2021/expanding-the-apec-list-of-environmental-goods-list-to-fight-climate-change-analysis>

35 Annex C of the 2012 Honolulu Declaration also addresses non-tariff measures for APEC economies to go beyond tariff-cutting and deliver on removing non-tariff restrictions, such as local content requirements in clean energy, and ensure that all economies support and incentive programs aimed at promoting environmental goods and services are transparent and consistent with economies' WTO obligations. Source: Transforming the APEC Outcome on Environmental Goods into a Broader Sustainable Energy Trade Initiative: What are the Options?, ICTSD, 2013, https://seors.unfccc.int/applications/seors/attachments/get_attachment?code=J8G7YKR2TMF4QIZX9F0LV8GP5AN4NT6O

36 19 APEC economies are full members of the ABTC. Canada and the United States are transitional members that do not participate in the preclearance aspect of the ABTC scheme.

37 Bridge, Business, Beyond: Report to APEC Economic Leaders, Korea 2025, ABAC: APEC Business Advisory Council

38 Most economies do not have many ABTC holders from SMEs (despite constituting more than 97 per cent of companies in the APEC region). Source: Performance Review Study of the APE Business Travel Card (ABTC) Scheme, Final Report, APEC Business Mobility Group

39 Each economy sets its own criteria, which can vary significantly in how they are applied in practice. This can disadvantage certain businesses, including SMEs, as well as professionals in sectors where cross-border mobility is increasingly important but may look different from traditional business travel patterns. Source: Frequently Asked Questions for APEC Business Travel Card Clients, APEC, <https://www.apec.org/groups/committee-on-trade-and-investment/business-mobility-group/faq>

40 Currently most ABTC cardholders are management level staff. Source: Performance Review Study of the APEC Business Travel Card (ABTC) Scheme, Final Report, APEC Business Mobility Group

Modernising the ABTC through the FTAAP can build on substantial existing work in APEC. The virtual ABTC, launched during APEC Leaders' Week in November 2020, is an example of an innovative method for modernising the card and has been progressively adopted across member economies. APEC Ministers Responsible for Trade have encouraged economies' uptake and acceptance of the virtual ABTC.⁴¹

The 2024 APEC Ministerial Meeting called on economies to promote the use of a more inclusive ABTC.⁴² These signals from Ministers provide a clear mandate for reform. As an example, Australia was the first economy to transition to a fully virtual card in March 2021. It has since been followed by 13 economies,⁴³ bringing the total number of economies issuing the virtual ABTC to 14 of 21 APEC economies, with the remaining economies yet to complete the transition.

Modernisation of the ABTC under an FTAAP framework could involve:

- » Updating and promoting greater alignment in the definition of eligible business activities covered by the card to a broader range of professionals in digital and services sectors, particularly SMEs, where cross-border mobility is increasingly important.
- » Broadening eligibility to junior employees where their roles require regular cross-border travel.
- » Extending the scheme to accompanying spouses or family members to better support travellers with family commitments, particularly women and SMEs.

In the longer term, initiatives could support broader implementation of the virtual ABTC and digitalisation of application processes to improve accessibility and uptake.

iv. Exploring the application of AI in health diagnostics

The FTAAP could include a workstream focused on the application of artificial intelligence (AI) in health diagnostics to harness the transformative potential of technology for improving healthcare access and efficiency across the region. This could support sharing of good practices, building of collective analytical and regulatory capacity, and development of regionally coherent frameworks for the responsible deployment of AI in health systems.

Healthcare systems across the APEC region face mounting pressures from ageing populations, rising rates of chronic disease, escalating costs, and workforce shortages.

The World Health Organization for example, projects a shortfall of 11 million health workers globally by 2030.⁴⁴ Earlier and more accurate diagnostics and streamlining of clinical operations would help to address these challenges and improve health outcomes.⁴⁵

Machine learning is already making breakthroughs in diagnostic applications by enabling remote, data-driven screening and triage as part of wider digital health value chains, AI tools now have the potential to improve the accuracy of medical diagnosis and the efficiency of healthcare providers, leading to greater access to a higher quality of care.⁴⁶

There are challenges involved in realising these benefits equitably and sustainably. Regulatory frameworks for AI in health vary significantly across economies. Questions of data governance are incompletely addressed. Ensuring that AI-enabled diagnostics are safe, inclusive, and trustworthy requires further collaboration and shared frameworks.

41 2025 APEC Ministers Responsible for Trade Joint Statement, Jeju, Republic of Korea, <https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/trade/2025-apec-ministers-responsible-for-trade-joint-statement>

42 2024 APEC Ministerial Meeting, Lima, Peru, <https://www.apec.org/meeting-papers/annual-ministerial-meetings/2024/2024-apec-ministerial-meeting>

43 Indonesia, Thailand, Peru, Brunei Darussalam, Chile, Papua New Guinea, New Zealand, the Philippines, Mexico, Malaysia, Vietnam, Japan, and Korea. Source: Business Mobility Group, APEC Business Travel Card, <https://www.apec.org/groups/committee-on-trade-and-investment/business-mobility-group>

44 Health Workforce, World Health Organization, https://www.who.int/health-topics/health-workforce#tab=tab_1

45 APEC Conference on Harnessing AI for Resilient and Inclusive Health Systems, <https://www.2026apecnhi.org/>

46 Artificial Intelligence (AI) Policy, Recommendation on Digital Transformation for Healthcare Ecosystem – AI Policy Report. APEC Policy Partnership on Science, Technology and Innovation, [https://www.apec.org/docs/default-source/publications/2021/11/artificial-intelligence-\(ai\)-policy-recommendation-on-digital-transformation-for-healthcare-ecosystem---ai-policy-report/221_ppsti_ai-policy-recommendation-on-digital-transformation-for-healthcare-ecosystem_policy-report.pdf?sfvrsn=972a1846_2](https://www.apec.org/docs/default-source/publications/2021/11/artificial-intelligence-(ai)-policy-recommendation-on-digital-transformation-for-healthcare-ecosystem---ai-policy-report/221_ppsti_ai-policy-recommendation-on-digital-transformation-for-healthcare-ecosystem_policy-report.pdf?sfvrsn=972a1846_2)

AI and health diagnostics in APEC

The use of AI in health diagnostics is an area of growing interest within APEC. The APEC Policy Partnership on Science, Technology and Innovation's 2021 report on AI Policy for Digital Transformation in Healthcare Ecosystems identified diagnostics as a priority area for AI application, highlighting its potential to improve accuracy in medical diagnosis and including a case study from Chinese Taipei on AI-assisted diagnostic screening.⁴⁷

This groundwork was built upon during Korea's APEC host year in 2025, which elevated AI and health diagnostics, including through statements from the APEC High Level Meeting on Health and the Economy⁴⁸ and from the APEC Executive Director.⁴⁹ ABAC established a Bio Healthcare Working Group under Korea's leadership. ABAC Korea produced a dedicated roadmap on smarter and inclusive healthcare, with the use of AI in diagnostics as a central theme.

Work in this area is continuing into 2026. ABAC Chinese Taipei is progressing its work on AI and health innovation through the Sustainability Working Group, and ABAC Canada and ABAC China are undertaking a joint project on AI applied to traditional industries, including healthcare, with the aim of identifying best practices for AI adoption through cross-economy case studies. China's APEC agenda has also prioritised people-centred AI and AI for good, with AI-enabled health diagnostics fitting squarely within this framing.

An FTAAP workstream on AI and health diagnostics could build on this work to:

- » Develop a regional framework for the responsible deployment of AI in health diagnostics, drawing on existing APEC work, economy regulatory approaches and international standards. Such a framework could address shared principles around safety, transparency, data governance and equity, while remaining adaptable to economies at different stages of development.
- » Establish pilot programs and sandboxes in which economies and healthcare institutions test AI diagnostic tools in different settings, documenting what regulatory thresholds, safeguards, and interoperability standards work in practice. Lessons from these pilots could be compiled into case studies and shared across the region as a practical evidence base.

v. Enhancing talent mobility

The FTAAP could include arrangements to promote greater mobility of skills and professionals in the digital age. Mobility of talent is crucial to enabling the flexible, scalable, and agile ways of working along value chains that has arisen from growth in services trade, digitalisation and the globalisation of professional practice. As an intermediate service, the ready availability of multijurisdictional professional services play an essential role in underpinning economic activity, international trade and investment.

The landscape for professional services trade in APEC has transformed dramatically in recent years. Trade in professional services has grown rapidly and digitalisation is driving remote delivery of work, creating structural shifts in how professional services are being delivered. They are increasingly a mix of remote and physical activity, are more interconnected across borders, and form part of wider value chains.

Digitalisation is also affecting the nature and type of work and upending traditional roles and occupations. New tasks, applications and professions are arising from the creation and adoption of new technologies, data and the use of AI. The focus of regulation of professions is shifting to competencies rather than formal qualifications to account for these new ways of working.⁵⁰ Alongside this, trusted standards, and their interoperability across borders, are becoming more

47 Artificial Intelligence (AI) Policy, Recommendation on Digital Transformation for Healthcare Ecosystem – AI Policy Report, APEC Policy Partnership on Science, Technology and Innovation, 2021, [https://www.apec.org/docs/default-source/publications/2021/11/artificial-intelligence-\(ai\)-policy-recommendation-on-digital-transformation-for-healthcare-ecosystem---ai-policy-report/221_ppsti_ai-policy-recommendation-on-digital-transformation-for-healthcare-ecosystem_policy-report.pdf?sfvrsn=972a1846_2](https://www.apec.org/docs/default-source/publications/2021/11/artificial-intelligence-(ai)-policy-recommendation-on-digital-transformation-for-healthcare-ecosystem---ai-policy-report/221_ppsti_ai-policy-recommendation-on-digital-transformation-for-healthcare-ecosystem_policy-report.pdf?sfvrsn=972a1846_2)

48 2025 APEC High-Level Meeting on Health and the Economy, Joint Ministerial Statement, <https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/health/2025-apec-high-level-meeting-on-health-and-the-economy>

49 How Aging and AI are Rewriting the Economics of Health, Eduardo Pedrosa, 2025, <https://www.apec.org/press/blogs/2025/How-aging-and-ai-are-rewriting-the-economics-of-health>

50 Mobilising Asia Pacific Talent, Southeast Asia Clean Economy Workforce Action Plan, Australian APEC Study Centre and AusPECC, 2025, https://ab46bb92-a539-4d61-9a28-f77eb5f41c00.usrfiles.com/ugd/ab46bb_06e644566d5f48129cf2efc3eab4a333.pdf

important for underpinning the quality of work (such as to verify qualifications and assess competencies).⁵¹

Professions are converging globally in terms of standards and practices, driven by shared knowledge, technologies and international coordination.⁵²

However, regulatory settings are yet to adapt sufficiently. A lack of streamlined qualifications requirements, and fragmented recognition processes across the region, make it hard for people and expertise to move to where they are needed. Inefficient and diverging requirements can impede mobility of qualified professionals and hinder trades.⁵³ At the same time, the application of digital credentialing and technological solutions offer opportunities to improve streamlining of these processes.

Professional services and mutual recognition in APEC

Professional services trade has been topical for APEC since the mid-1990s.⁵⁴ Mutual recognition of professional standards has long been recognised as a key tool to enable this⁵⁵ to improve labour market efficiency, productivity and further stimulate trade by enhancing cross-border labour mobility.⁵⁶ APEC has also actioned a range of regional recognition initiatives, including the APEC Architect Framework (2000) and the APEC Engineer Register (2003). Since the 1990s the number of mutual recognition agreements in APEC has grown rapidly, doubling each decade to reach almost 230 by 2025.

In recent years, under the auspices of APEC's Group on Services led by Australia, there has been a continuing program of work to support further action on mutual recognition aimed at facilitating professional services in the digital age.

As the professional services landscape continues to evolve, an FTAAP workstream on professional services and talent mobility could be advanced to build on this.

Economies could:⁵⁷

- » Develop 'professional services project passports' as pilot programs that allow for recognition of professional services qualifications for specific projects. These programs could provide temporary recognition (streamlined occupational recognition and/or visa entry processes) for foreign professionals and workers involved in projects in specific, priority areas, for example, infrastructure or green economy projects.
- » Establish arrangements that allow for the recognition of qualifications, competencies and skills with interested partners in key professions. Such arrangements should be 'fit for purpose' in the current landscape in that they are based on proportionate regulation and internationally or regionally aligned standards.
- » Experiment with pilot programs for use of digital credentialing and tools involving key professions and partners.

vi. Promoting good regulatory practice in digital services

The FTAAP could include a workstream on digital services regulation to explore the many challenges and opportunities arising from growth and regulation of services trade across the region, focusing on digitally delivered services.

This work could be helpful in highlighting where regulatory approaches diverge, identifying emerging good practices and strengthening collective analytical capacity.⁵⁸ It could also inform development of a regional-ready framework for digital services among willing economies.

Services trade has grown faster than trade in goods. Digitally deliverable services — such as software, business process outsourcing, online finance and creative content — have contributed strongly to intra-regional trade and narrowed gaps between advanced

51 Mobilising Asia Pacific talent for the clean economy workforce: a shared challenge, a regional response, Kristen Bondietti, 2025, https://www.apec.org.au/_files/ugd/ab46bb_57cfa2d03dd64f85abe8725c2dc39a4e.pdf

52 Mutual recognition of professional services in APEC for the digital era – where to now? (Draft Paper), The Australian APEC Study Centre, 2026

53 Mutual recognition of professional services in APEC for the digital era – where to now? (Draft Paper), The Australian APEC Study Centre, 2026

54 1995 Leaders' Declaration, Osaka, Japan, 1995, https://www.apec.org/meeting-papers/leaders-declarations/1995/1995_aelm

55 The 2016 APEC Services Competitiveness Roadmap (ASCR) lay the groundwork for this.

56 APEC Services Competitiveness Roadmap Mid-term Review, APEC Policy Support Unit, 2021. <https://www.apec.org/publications/2021/10/apec-services-competitiveness-roadmap-mid-term-review>

57 MRA Digital Age Report: Mobilising Asia Pacific Talent, Southeast Asia Clean Economy Workforce Action Plan, Australian APEC Study Centre and AusPECC, 2025, https://ab46bb92-a539-4d61-9a28-f77eb5f41c00.usrfiles.com/ugd/ab46bb_06e644566d5f48129cf2efc3eab4a333.pdf

58 APEC offers China a chance to revitalise integration, Findlay and Wang, 2026, <https://eastasiaforum.org/2026/01/06/apec-offers-china-a-chance-to-revitalise-integration/>

and emerging economies.⁵⁹ Trade in digitally delivered services is now the fastest growing component of world trade.⁶⁰ The spread of digital platforms, cloud computing and mobile connectivity has transformed how firms and consumers engage across borders.

However, there are regional differences in how services are regulated, how data can move and how much domestic institutions support competition, innovation and productivity. Divergences in regulation increase trade costs, often substantially. These costs fall disproportionately heavily on micro, small and medium-sized enterprises (MSMEs), as well as on individual service suppliers.

Many economies have yet to fully implement available good regulatory practice tools and disciplines. This calls for greater cooperation on shared principles, benchmarking and mutual learning.⁶¹ Doing so would help capture opportunities for new sources of growth, as services play an increasingly important cross-cutting role in economic competitiveness through their incorporation into all economic output.⁶²

APEC and services regulation

Extensive existing frameworks and principles related to services regulatory practice have been articulated by APEC, WTO, and in major RTAs.

APEC economies have developed a toolbox that includes a services trade restrictiveness index, a Services Competitiveness Roadmap and a structural reform work program covering services-related measures. These instruments allow economies to diagnose their own barriers, compare themselves with peers and plan sequences of reform without engaging in reciprocal bargaining. Ministers have already agreed to adopt a new Services Competitiveness Roadmap beyond 2025.⁶³

These initiatives have been reinforced recently by the entry into force of the plurilateral agreement at the WTO on Services Domestic Regulation, inspired by the earlier APEC Non-binding Principles on Domestic Regulation for Services. In addition, APEC adopted a robust set of good regulatory practices in 2023 in the form of the Blueprint on Good Regulatory Practices for APEC.

An FTAAP workstream focused on services and digital approaches could:

- » Develop region-ready pilot frameworks for digital services adopting the pathfinder approach for specific issues. Efforts could draw upon the content of existing digital economy agreements, but which would need to be evaluated as to their appropriateness for a region-wide framework.
- » Enable regulators in selected services to test light touch approaches in sandboxes, documenting what thresholds and safeguards work in practice, and feeding these lessons into regional discussions.
- » Include the publication of brief case studies after pilots or sandboxes concluded, summarising what worked, what did not, and how good regulator practices will be adjusted, creating a practical evidence base others can adapt under the FTAAP over time.⁶⁴

Building capacity, maximising impact

It is important that pathfinder initiatives are supported by capacity building to ensure all economies can participate in a meaningful way. Core to this is identifying capacity needs and best ways to provide it.

Initiatives should also be supported by measurable outcomes where possible. For example, paperless trade could be measured by reductions in processing time and document costs; APEC Business Travel Card modernisation could be assessed in terms of processing times and SME uptake; and on environmental goods, the paper could track the coverage of goods and services, tariff and non-tariff barriers, as well as participation by developing economies.

This would help ensure efforts are focused in areas where they can have practical, visible impact, assist in identifying areas for improvement, and encourage broader participation of economies and engagement of businesses.

59 APEC offers China a chance to revitalise integration, Findlay and Wang, 2026, <https://eastasiaforum.org/2026/01/06/apec-offers-china-a-chance-to-revitalise-integration/>; Updating the digital economy rulebook, Faizal Bin Yahya, 2022, <https://eastasiaforum.org/2022/08/18/Updating-the-digital-economy-rulebook/>

60 MRA Digital Age Report; Mobilising Asia Pacific Talent, Southeast Asia Clean Economy Workforce Action Plan, Australian APEC Study Centre and AusPECC, 2025, https://ab46bb92-a539-4d61-9a28-f77eb5f41c00.usrfiles.com/ugd/ab46bb_06e644566d5f48129cf2efc3eab4a333.pdf

61 APEC offers China a chance to revitalise integration, Findlay and Wang, 2026, <https://eastasiaforum.org/2026/01/06/apec-offers-china-a-chance-to-revitalise-integration/>

62 Regulatory Practice for Services in APEC: Precedents, Principles and Challenges ahead for FTAAP, Sherry Stephenson, Mia Mikic with assistance of Salitorn, 2024.

63 APEC offers China a chance to revitalise integration, Findlay and Wang, 2026, <https://eastasiaforum.org/2026/01/06/apec-offers-china-a-chance-to-revitalise-integration/>

64 Good Regulatory Practice for Services in APEC: Precedents, Principles and Challenges ahead for FTAAP, Sherry Stephenson, Mia Mikic with assistance of Salitorn, 2024.

5. Engaging business as a driver

Recognising ABAC's leadership with economies engagement in driving the FTAAP and its agenda for more than two decades, progressing the FTAAP at a practical level will require more than conceptual thinking and identification of areas for reform – the 'what' – by APEC academic and policy networks. Engagement with business is needed to ensure the FTAAP's focus and outcomes are directly relevant to traders and investors in the region.

This includes not only ABAC, which already has a voice on the FTAAP, but also the direct engagement of the broader business community, including MSMEs, in identifying how to eliminate barriers and trading pain points. They must be brought into playing a direct role in advancing initiatives, including in collaboration with economies and regulators; for example, in accessing up-to-date innovations, sharing knowledge and experience and technical expertise, highlighting operational and policy issues and bottlenecks and proposing change where change is needed, and driving and participating in pilot programs.

The aim of PECC is to ensure that businesses will both work with economies and commit to playing its part in adding to and complementing the work towards the FTAAP into the future.

6. Taking the bottom-up approach forward

As a next step, PECC could work to progress the FTAAP by:

- » Building mutual understanding on the FTAAP concept among PECC, APEC and the business community;
- » Advancing priority initiatives as proposed above; and
- » Strengthening engagement with business.

This could be achieved through:

- » Collaborative efforts led by AusPECC and CNCPEC, highlighting areas of mutual interest and pathways for consideration across APEC; and
- » Dialogue with business trading in the region, seeking views on areas of priority interest and discussing how best to progress initiatives with direct business investment in them and in collaboration with economies.

Annex 1

APEC Leaders' Statements and the FTAAP

APEC Leaders have referred to the FTAAP in numerous statements dating back to 2014. The following excerpts are drawn from six APEC Leaders' statements that reflect the evolution of this agenda over time.

The Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP

At their meeting in 2014, APEC Leaders agreed to the Beijing Roadmap:

*"Today, we have reached a critical point in global economic evolution, and APEC economies are committed to making a contribution by translating the vision of the FTAAP into concrete steps, and to kicking off and advancing the process in a comprehensive and systematic manner towards the eventual realization of the FTAAP. Establishment of this Roadmap for APEC's Contribution to the Realization of the FTAAP represents an important concrete step towards greater regional economic integration."*⁶⁵

Leaders' Declaration 2021

At their meeting in 2021, APEC Leaders declared:

*"We will advance economic integration in the region in a manner that is market-driven. We support ongoing efforts to conclude, ratify, implement and upgrade trade agreements in the region that benefit our people and our businesses. In this context, we will advance the APEC Free Trade Area of the Asia-Pacific (FTAAP) agenda in line with implementing the Lima Declaration, to contribute to high quality and comprehensive regional undertakings. We also note that APEC Business Advisory Council considers the realisation of FTAAP its preeminent economic priority."*⁶⁶

Aotearoa Plan of Action, A plan to implement the Putrajaya Vision 2040

The 2021 Aotearoa Plan of Action agreed by Leaders notes their desire to:

*"... further advance the Bogor Goals and economic integration in the region in a manner that is market-driven, including through the work on the Free Trade Area of the Asia-Pacific (FTAAP) agenda which contributes to high standard and comprehensive regional undertakings."*⁶⁷

Leaders' Declaration 2022

At their 2022 meeting in Bangkok, APEC Leaders declared:

*"Recognising the useful contributions of the Lima Declaration and the Beijing Roadmap on progressing the Free Trade Area of the Asia-Pacific (FTAAP) agenda, we welcome the advancement of this agenda this year through a refreshed conversation on the FTAAP in the COVID-19 pandemic and beyond. We will continue to build on this momentum towards high quality and comprehensive regional undertakings through the FTAAP Agenda Work Plan."*⁶⁸

2024 Ichma Statement on A New Look at the Free Trade Area of the Asia-Pacific agenda

In the 2024 Ichma statement, APEC Leaders stated:

*"We collectively support advancing, in a comprehensive and systematic manner, the Free Trade Area of the Asia-Pacific (FTAAP) agenda as an important shared initiative that supports enhancing information sharing, capacity building and technical cooperation efforts in support of economies' readiness to participate in high quality and comprehensive regional undertakings."*⁶⁹

Leaders' Declaration 2025

In the 2025 Leaders' Declaration, APEC Leaders declared:

*"We will advance economic integration in the Asia-Pacific region in a manner that is market-driven, including through the work on the Free Trade Area of the Asia-Pacific (FTAAP) agenda. We will continue working together to enhance experience sharing, capacity building, business engagement and technical cooperation efforts among members, aimed at strengthening member economies' readiness to participate in high-standard and comprehensive regional undertakings."*⁷⁰

65 Annex A - The Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP, 2014, https://www.apec.org/meeting-papers/leaders-declarations/2014/2014_aelm/2014_aelm_annexa

66 2021 Leaders' Declaration, 2021, <https://www.apec.org/meeting-papers/leaders-declarations/2021/2021-leaders-declaration>

67 Aotearoa Plan of Action, A plan to implement the Putrajaya Vision 2040, 2021, <https://aotearoaplanofaction.apec.org/>

68 2022 Leaders' Declaration, 2022, <https://www.apec.org/meeting-papers/leaders-declarations/2022/2022-leaders-declaration>

69 Ichma Statement on A New Look at the Free Trade Area of the Asia-Pacific agenda, 2024, <https://www.apec.org/meeting-papers/leaders-declarations/2024/2024-apec-leaders'-machu-picchu-declaration/ichma-statement-on-a-new-look-at-the-free-trade-area-of-the-asia-pacific-agenda>

70 2025 APEC Leaders' Gyeongju Declaration, 2025, <https://www.apec.org/meeting-papers/leaders-declarations/2025/2025-apec-leaders--gyeongju-declaration>

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**Prepared by Craig Emerson, Kristen Bondietti,
Timothy Lawler and Arjuna Nadaraja**

The Australian APEC Study Centre at RMIT University
50 Cardigan Street, Carlton, VIC 3053 Ph: +61 3 9925 7250

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