



**Asia-Pacific
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ABAC Letter to APEC Ministers Responsible for Trade

Purpose: Information
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**Ministers Responsible for Trade
Meeting
Arequipa, Peru
17-18 May 2024**

30 April 2024

The Honorable Elizabeth Galdo Marin

Chair, Meeting of APEC Ministers Responsible for Trade
Minister of Foreign Trade and Tourism
Peru

Dear Minister Galdo,

We write as the global economic dynamic shifts towards protectionism, unilateralism and fragmentation. The IMF estimates that this shift could shrink the global economy by at least 7 percent, with the harshest impacts on the poorest economies. We must not allow the longstanding consensus on the value of open markets and non-discrimination to fray. ABAC calls on APEC to urgently renew its active support for economic integration through the recommendations below.

Strengthening Global Trade Architecture. The WTO is uniquely placed to create the global rulebook needed to sustain prosperity, to tackle the climate crisis and food insecurity, and to unleash inclusive digitalization, but only if WTO Members allow it to do so. The Thirteenth Ministerial Conference (MC13) fell short of this benchmark in important areas. We urge Ministers to redouble their efforts for MC14 and address dispute settlement reform, as recommended in our attached WTO Statement.

We are particularly concerned at the prospect that the WTO E-Commerce Moratorium may end. This would create corrosive uncertainty for business and potentially impose high compliance costs on vulnerable micro, small and medium enterprises (MSMEs) and economies, undermining inclusive growth. We call on APEC Ministers to work together to establish a permanent Moratorium, while importantly also building the capacity of developing economies to use alternative mechanisms to support their fiscal needs.

Revitalizing the Strategy Towards FTAAP. The Free Trade Area of the Asia-Pacific (FTAAP) is indispensable for prosperous, inclusive, sustainable, and resilient economies. We must construct FTAAP both from the “top down” and the “bottom up”. On the former, high-quality pathway free trade agreements should be fully utilized, expanded, and upgraded to deepen benefits and confidence in economic integration, complemented by recent initiatives on digital, sustainable, and inclusive trade. At the same time, APEC must build FTAAP from the “bottom up”, via the achievement of specific initiatives such as those set out below and in our attached FTAAP Statement.

Advancing Digital Trade. A coherent and interoperable environment is vital for trusted and inclusive digital trade. APEC should work to drive interoperability in policies, regulations and standards, and through trade agreements, in areas of the greatest importance to business including trusted data flows, and e-payments. Recognizing the potential of trade in digitally-deliverable services to support inclusive growth, APEC should establish a “New Services Agenda” to enable and build capacity for such trade. On artificial intelligence (AI), policymakers should prioritize multi-stakeholder efforts to understand the technology, and to develop good governance frameworks for bold and responsible use of AI consistent with the UN framework.

Bolstering Supply Chains. Open, efficient, resilient, and interconnected supply chains underpin trade and investment in the Asia-Pacific region. APEC can enhance regional supply chains by more actively consulting businesses on supply chain policies and refraining from introducing policy interventions and measures that can trigger disruption and distort trade and investment flows.

Paperless trade and digital trade finance facilitation will also be critical. APEC should support the rapid and region-wide adoption of these tools. To that end, APEC economies should align domestic laws with the relevant international model law, enhance digital infrastructure, and support digital literacy and skills, in collaboration with supply chain actors. In support of these efforts, policymakers could look to innovative regional initiatives, including ABAC's Digital Trade Connect Network. APEC must also promote initiatives such as deep-tier supply chain financing that enable MSMEs to participate in global trade.

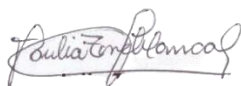
Creating an Enabling Investment Environment. APEC must not overlook investment, which serves as a key engine of growth. APEC should prioritize investment facilitation as well as risk reduction and mitigation measures. Additionally, APEC should champion the integration of the WTO Investment Facilitation for Development Agreement into the WTO rulebook.

Establishing a Greener Trade Framework. Trade can drive the transition to a low-carbon economy. APEC should develop a Greener Trade Framework to identify, liberalize, and facilitate the uptake of key trade and financing tools for the climate fight, such as environmental goods and services; coherent legal, regulatory, and environmental standards for supply chains and cross-border carbon markets; enabling trade in renewable energy and eliminating inefficient fossil fuel subsidies.

Empowering women in trade. ABAC applauds the inaugural meeting to be held between APEC Ministers Responsible for Trade and Ministers for Women. The persistent exclusion of women, including Indigenous women, from trade represents a significant missed opportunity for prosperity. APEC must dismantle structural biases and, where needed, provide tailored capacity building and other support. Women face particular disadvantages in accessing venture capital. APEC economies should support them and collaborate with the private sector to embrace diversity in business practices. Women are underrepresented in green and digital trade. APEC must support women's education and jobs in STEM and AI skills.

Despite the challenges we face, APEC economies can achieve a resilient future through collective action and a renewed commitment to our founding goals, especially free trade. We look forward to discussing these recommendations in Arequipa and to working together for our shared vision.

Yours sincerely,



Julia Torreblanca
ABAC Chair 2024