

**The Honorable Tan Sri Muhyiddin Yassin**

Chair, Asia-Pacific Economic Cooperation

Prime Minister of Malaysia

Kuala Lumpur, Malaysia

Honorable Prime Minister:

It is our privilege to submit the recommendations of the APEC Business Advisory Council (ABAC) this year to APEC Economic Leaders.

This is a pivotal moment in history; the unprecedented challenges we face require bold responses. The world faces the greatest health and economic crises of the last hundred years. Adding to the difficulty, we must try to overcome these obstacles in a world that is riskier, less stable and more divided than in decades. In responding, our greatest strength will be collaboration and cooperation – the hallmark of APEC for thirty years. Our collective efforts towards deeper regional economic integration have helped to lift millions out of poverty and improved the lives of many millions more. Continuing to work closely together will be key to APEC’s future prosperity, stability and wellbeing. By contrast, combatting COVID-19 will be enormously harder if we take a fragmented approach to policy and practice such as in reopening borders. Working collaboratively to reopen travel through risk-based border management will stimulate demand within and across economies.

In July, ABAC wrote to Ministers Responsible for Trade with our recommendations on how economies should respond to the immediate impacts of COVID-19. We have the honor now to present a more comprehensive report which looks to the future, and to the formidable task of economic rebuilding and revitalization. Drawing on the lessons of the pandemic, we share below our recommendations in relation to ABAC’s priorities for 2020 of Integration, Innovation, Inclusion and Sustainability.

*“Integration”*

Free and open trade and investment are key to a return to growth. However, the pandemic has brought massive disruptions to these flows. Global trade is forecast to fall substantially this year, and a lengthy recovery is predicted. This makes it all the more important to reject protectionist quick fixes: history has shown that closed markets and trade barriers only exacerbate economic contraction. Accordingly, we urge APEC Economic Leaders to prioritize pro-trade and pro-investment policies, including enhancing open, secure and stable supply chains. In this regard, ABAC believes that developing and realizing a Free Trade Area of the Asia-Pacific (FTAAP) has taken on greater significance to achieve substantial regional economic integration. ABAC also remains strongly committed to supporting the multilateral rules-based trading system, with the World Trade Organization (WTO) at its core. We underscore the importance of a well-functioning WTO and one that is credible, relevant and fit-for-purpose, reflecting evolving business needs and models. In July, we released a Statement outlining our recommendations to that end, including for resolving the unfinished business from the Doha Round, reviving the WTO appeals mechanism and making necessary reforms to the WTO’s operations and rulebook, for example in relation to e-commerce.

*“Innovation”*

The pandemic has dramatically demonstrated the importance of digital innovation and connectivity as well as the need for robust physical infrastructure and an enabling regulatory environment to underpin the digital economy. Societies have responded to the pandemic by moving their essential daily activities online wherever possible, but while this has helped to sustain communities, it has also highlighted the risks of a digital divide along geographic and socio-economic lines. We call on Leaders to ensure that digital

infrastructure, including broadband, is accessible even in underdeveloped areas; and that the regulatory and technological environment is open, non-discriminatory and coherent across APEC to enable innovation, interoperability and more rapid digitalization for all.

*“Inclusion and Sustainability”*

As we rebuild our economies post-pandemic, we must take the opportunity to address issues of more equitable sharing of the opportunities in and benefits of trade and regional prosperity, including by ensuring that micro, small and medium enterprises, women, indigenous communities and youth are not left behind. This will help to enhance our collective resilience.

There is also an urgent need to address sustainability. It is imperative that we take steps to reverse the dramatic decline in the health of our planet, avert crises and prepare for greater environmental challenges. This includes strengthening international cooperation to mitigate and adapt to climate change as a matter of urgency, and to foster the transition to a low-carbon economy, including by encouraging innovative solutions and the development and uptake of renewable energy.

*Bringing the threads together: Shaping a new Vision*

The pandemic has underscored the value of having a collective ‘Vision’ for the coming years, and has also given us some valuable lessons on the importance of including the concepts of resilience and cooperation in setting these goals. The effect of the COVID-19 shock has shown that free and open trade and investment are crucial to our individual and collective wellbeing, meaning that the FTAAP should be at the heart of the Vision. Further, the demonstrated benefits of collaboration through the pandemic point strongly to including the concept of an Asia-Pacific economic *community* – one which is both inclusive and actively seeks resilience. And finally, as part of our collective effort to ‘build back better’, we must seize the opportunity to make tackling climate change an explicit goal. All in all, APEC should ideally be a resilient, sustainable and seamless region in which it is as easy for all to work, live and do business in any one part of the region as any other.

How we respond to the health and economic consequences of the pandemic, collectively and individually, will have a far-reaching impact on the world for generations to come.

The responsibility to be decisive, to take immediate steps to recover and rebuild our region, also offers enormous opportunity – to act with forward thinking purpose, to create a better version of our region and ensure we are prepared for the future shocks which we know will inevitably come. There is the possibility to now deliver a more peaceful and prosperous region, as envisaged when APEC was created.

Yours sincerely,

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