



VMUN 2026

Asia-Pacific Economic Cooperation

BACKGROUND GUIDE



Vancouver Model United Nations

The Twenty-Fifth Annual Session | January 23rd-25th, 2026

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Dear Delegates,

My name is Aidan Madamba and I am incredibly excited to serve as your Director of the Asia-Pacific Economic Cooperation (APEC) at Vancouver Model United Nations 2026. I am a senior at Saint Thomas More Collegiate, and have been a part of the STMC MUN Club for all five years of my high school career. On behalf of your Chair Evangeline Mah, and your Assistant Director Xia Sy, I would like to sincerely welcome you to APEC, and the 25th iteration of VMUN.

Following the end of VMUN 2025, I made a promise to myself that I would come back to my final iteration of VMUN as a staff member as a way to give back to the community that had welcomed me all those years ago. While I will miss the thrill of impassioned speeches and late night negotiations, giving back to the community that has seen my best, my worst, and has ultimately helped me grow into the person that I am today makes sacrificing the delegate experience worth it. If you happen to catch me outside of the conference room, you would likely find me DJing at the Granville Flea, being “productive” at my favourite cafe, La Foret, or speeding around Downtown Vancouver in my E-Bike.

At this iteration of VMUN, delegates of APEC will be addressing the topics of *Access to Digital Infrastructure* and *Equitable Trade and Investment Practices*. To ensure your success, I highly encourage you to read the provided backgrounder and conduct any further research necessary to develop a strong understanding of the topics at hand.

If you have any questions or concerns, please reach out to the dias at apec@vmun.com. I wish you the best of luck on your research and look forward to seeing you all at VMUN 2026!

Sincerely,

Aidan Madamba

APEC Director

Position Paper Policy

What is a Position Paper?

A position paper is a brief overview of a country's stance on the topics being discussed by a particular committee. Though there is no specific format the position paper must follow, it should include a description of your positions your country holds on the issues on the agenda, relevant actions that your country has taken, and potential solutions that your country would support.

At Vancouver Model United Nations, delegates should write a position paper for each of the committee's topics. Each position paper should not exceed one page and should all be combined into a single document per delegate.

For APEC, position papers, although strongly recommended, are not required. However, delegates who wish to be considered for an award must submit position papers.

Formatting

Position papers should:

- Include the name of the delegate, his/her country, and the committee
- Be in a standard font (e.g. Times New Roman) with a 12-point font size and 1-inch document margins
- Not include illustrations, diagrams, decorations, national symbols, watermarks, or page borders
- Include citations and a bibliography, in any format, giving due credit to the sources used in research (not included in the 1-page limit)

Due Dates and Submission Procedure

Position papers for this committee must be submitted by **January 12, 2026, at 23:59 PT**. Once your position paper is complete, please save the file as your last name, your first name and send it as an attachment in an email to your committee's email address, with the subject heading as "[last name] [first name] — Position Paper". Please do not add any other attachments to the email. Both your position papers should be combined into a single PDF or Word document file; position papers submitted in another format will not be accepted.

Each position paper will be manually reviewed and considered for the Best Position Paper award. The email address for this committee is apec@vmun.com.

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Access to Digital Infrastructure

Overview

In the decades that digital infrastructure has been globally available, it has become increasingly essential for all aspects of daily life. High-speed internet, also known as broadband, data centers, and digital devices are all examples of these technologies. They have become essential in government systems, healthcare services, and educational institutions, serving as the gears propelling the functions of our society.¹

Digital infrastructure also plays an essential role in economic growth. Economic activity that takes place on digital systems is referred to as the “digital economy”, and contributes an estimated 4.5 to 15.5 percent to global GDP, and projections show that 70 percent of new value created in the economy will be based on digital enabled platforms over the next decade.^{2,3} Billions of people interact with this economy daily, but recent statistics show that over 2.6 billion people worldwide, and 151 million people in Southeast Asia specifically, do not have access to internet connection.⁴

These numbers largely consist of rural populations, who remain disconnected due to geographic and infrastructural barriers. Building digital infrastructure requires sufficient funding, access to educated and skilled workers, and innovative technologies. However, social barriers, such as insufficient digital literacy or lack of access to technology, also limit their ability to contribute towards the digital economy.⁵ Thus, it is often insufficient to simply build more infrastructure; multidisciplinary angles must also be considered when addressing the issue.⁶

APEC has recognized digital infrastructure’s impact on economic growth and the phenomenon of the “digital divide”. As a result, they have begun to attempt to resolve this gap in access. Their efforts include the creation of the Digital Economic Steering Group (DESG) and the adoption of the APEC Internet and Digital Economy Roadmap (AIDER), which aim to facilitate technological exchanges among APEC economies so as to encourage economic growth.⁷ For these initiatives to succeed, however, APEC economies must set aside their political and ideological differences to find common ground and meaningfully support them.

¹ José Luis Ruiz, "Digital Infrastructure: What It Is, Benefits and Examples," *Smowl* (blog), July 3, 2024, <https://smowl.net/en/blog/digital-infrastructure/>.

² Revenu Quebec, "What Is the Digital Economy?," *Revenu Québec*, <https://www.revenuquebec.ca/en/one-mission-concrete-actions/helping-you-meet-your-obligations/what-is-the-digital-economy/>.

³ Asia-Pacific Economic Cooperation, "Digital Economy Steering Group," *Asia-Pacific Economic Cooperation*, November 2024, <https://www.apec.org/groups/committee-on-trade-and-investment/digital-economy-steering-group>.

⁴ Christy Tila, "Number of Individuals Not Using the internet as of October 2025, by region," Statista, October 2025, <https://www.statista.com/statistics/1378504/people-do-not-use-internet-by-region/>.

⁵ Institute of Electrical and Electronics Engineers, "Solutions to the Digital Divide: Moving Toward a More Equitable Future," Institute of Electrical and Electronics Engineers - Connecting the Unconnected, <https://ctu.ieee.org/blog/2023/02/03/solutions-to-the-digital-divide-moving-toward-a-more-equitable-future/>.

⁶ Institute of Electrical and Electronics Engineers, "Digital Divide in Developing Countries: Why We Need to Close the Gap," *IEEE Connecting the Unconnected*, <https://ctu.ieee.org/blog/2023/01/23/digital-divide-in-developing-countries-why-we-need-to-close-the-gap/>.

⁷ Asia-Pacific Economic Cooperation, "Digital Economy Steering Group."

As the world economy becomes increasingly dependent on digital infrastructure in virtually all industries, it is time for APEC member states to address the lack of access in underserved areas to ensure that all people, no matter where they reside, are able to use technology to foster sustainable economic growth.

Timeline

December 12, 2003 — The UN World Summit on the Information Society concludes its Geneva phase, adopting a declaration and action plan that commits to bridging the digital divide.⁸ Leaders pledge their investment and political powers to aid in connecting developing nations.⁹

October 8, 2013 — APEC Leaders introduce a long term connectivity agenda at an APEC Economic Leaders Meeting in Bali, Indonesia. The new agenda calls for pursuing “greater connectivity” across the region and conceptualises an APEC Blueprint to achieve a connected Asia-Pacific.¹⁰

October 20 - November 7, 2014 — The International Telecommunication Union (ITU) adopts the “Connect 2020 Agenda for Global ICT Development” at the ITU Plenipotentiary Conference in Busan, South Korea.¹¹ In this Agenda, Resolution 200 establishes global broadband targets and a vision of “telecommunication/ICT [that] enables socially, economically, and environmentally sustainable growth for everyone”.¹² This commitment brings Information and Communications Technology (ICT) development together with inclusion goals, influencing the scope of future APEC policy.

November 11, 2014 — APEC Leaders endorse the “APEC Connectivity Blueprint for 2015-2025” at the APEC Leaders’ Meeting in Beijing.¹³ The Beijing Declaration states that APEC economies will commit to implementing said blueprint and aim to strengthen physical infrastructure and ICT networks by 2025.¹⁴

March 30, 2015 — APEC Telecommunications and Information Ministers meet in Kuala Lumpur and endorse a 2016-2020 Strategic Action Plan for ICT. The tenth Telecommunications and Information Ministers Meeting (TELMIN10) Statement commits to “promoting deployment and access to networks”.¹⁵ This strategic action plan provides concrete goals like creating affordable broadband and secure networks, and is a catalyst for starting coordinated projects to expand the connectivity in rural APEC areas.¹⁶

⁸ World Summit on the Information Society, “WSIS Opening Meeting Discusses How Digital Divide Is Preventing Equal Sharing of Opportunities concerning ICTS,” news release, December 11, 2003, <https://press.un.org/en/2003/pi1541.doc.html>.

⁹ Ibid.

¹⁰ APEC, “2013 Leaders’ Declaration,” *Asia-Pacific Economic Cooperation*, October 8, 2013, https://www.apec.org/meeting-papers/leaders-declarations/2013/2013_aelm.

¹¹ International Telecommunications Union, “Connect 2020 Agenda,” *International Telecommunications Union*, November 7, 2014, <https://www.itu.int/en/ITU-D/LDCs/Pages/Connect-2020-Agenda.aspx>.

¹² Ibid.

¹³ Asia-Pacific Economic Cooperation, “2014 Leaders’ Declaration,” *Asia-Pacific Economic Cooperation*, November 11, 2014, https://www.apec.org/meeting-papers/leaders-declarations/2014/2014_aelm.

¹⁴ Ibid.

¹⁵ APEC Telecommunications and Information Working Group, “APEC Telecommunications and Information Working Group Strategic Action Plan 2016-2020,” *Asia-Pacific Economic Cooperation*, March 30, 2015, https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/telecommunicationsandinformation/2015_tel.

¹⁶ Ibid.

September 25, 2015 — The UN General Assembly adopts the “2030 Sustainable Development Goals”, with SDG Target 9.c calling to “provide universal and affordable access to the internet”.¹⁷

November 7, 2017 — APEC member economies publish the finalized version of the “APEC Internet and Digital Economy Roadmap”.¹⁸ This roadmap outlines 11 focus areas, including the “development of digital infrastructure” and the “achievement of universal broadband access”.¹⁹

December 7, 2019 — APEC Leaders announce the establishment of the new “APEC Digital Economy Steering Group”. This new steering group exists as an advisory body for senior APEC officials on strategies for coordination among APEC economies on matters of broadband deployment and e-commerce.²⁰

November 19, 2022 — The APEC Economic Leaders’ Meeting in Bangkok yields a declaration emphasizing the importance of digital connectivity under the theme “Open. Connect. Balance.”.²¹ This declaration promises to “strengthen physical, institutional, and people-to-people connectivity as well as take advantage of digital connectivity”, and to “bridge the digital divides” by facilitating access to digital infrastructure.²²

November 17, 2023 — The APEC Economic Leaders’ Meeting in San Francisco yields an important declaration that sets the tone for APEC’s goals moving forward. At this meeting, Leaders “[reaffirmed] [APEC’s] commitment to create an enabling, inclusive, open, fair, and non-discriminatory digital ecosystem”, and pledge to “strengthen digital infrastructure” and “equip people with digital skills” to ensure that “no one is left behind”.²³

Historical Analysis

The use of and reliance on digital infrastructure such as broadband networks, internet connection, and other ICT systems has quickly expanded worldwide in recent decades. Globally, internet use has shot up from 361 million users worldwide in 2000 to around 5.56 billion users in 2025.^{24, 25} In 2021, about 55 percent of internet users

¹⁷ The United Nations, “Transforming Our World: The 2030 Agenda for Sustainable Development,” *United Nations Department of Sustainable Development*, September 25, 2015, <https://sdgs.un.org/2030agenda>.

¹⁸ Asia-Pacific Economic Cooperation, “Digital Economy Steering Group.”

¹⁹ Ibid.

²⁰ Asia-Pacific Economic Cooperation, “2019 Host Economy Leader’s Statement: ‘Connecting People, Building the Future,’” *Asia-Pacific Economic Cooperation*, December 7, 2019, http://apec.org/meeting-papers/leaders-declarations/2019/2019_aelm.

²¹ Asia-Pacific Economic Cooperation, “2022 Leaders’ Declaration,” *Asia-Pacific Economic Cooperation*, November 19, 2022, <https://www.apec.org/meeting-papers/leaders-declarations/2022/2022-leaders-declaration>.

²² Ibid.

²³ Asia-Pacific Economic Cooperation, “2023 Leaders’ Declaration,” *Asia-Pacific Economic Cooperation*, November 17, 2023, <https://apec.sitofinity.cloud/meeting-papers/leaders-declarations/2023/2023-leaders-declaration>.

²⁴ Tech Musings, “The Incredible Growth of the Internet since 2000,” *Solarwinds: Pingdom* (blog), October 22, 2010, <https://www.pingdom.com/blog/incredible-growth-of-the-internet-since-2000/>.

²⁵ United Nations Educational, Scientific, and Cultural Organization, “The State of Broadband 2022: Accelerating Broadband for New Realities,” *United Nations Educational, Scientific, and Cultural Organization*, May 16, 2022, <https://www.unesco.org/en/articles/state-broadband-2022>.

worldwide were in the Asia-Pacific.²⁶ Their population of users is projected to grow rapidly to over 2.87 billion users by the end of 2025.²⁷ This rise stems from the COVID-19 pandemic, which accelerated digital infrastructure adoption and drove an 11% increase in global users in 2020.²⁸ This rapid growth in internet usage highlighted the ways in which digital infrastructure could be used for communication and commerce, but it also exposed what has come to be known as the digital divide. In particular, it brought the fact that over 2.7 billion people still had no broadband access in 2022 to light.²⁹

The 1990s

APEC began exploring the potential of digital infrastructure in the mid-1990s, with the first Telecommunications and Information Ministerial being held in May 1995.³⁰ It was here that the member economies yielded the Seoul Declaration, which explicitly noted that telecom and information infrastructure were “critical” to APEC’s economic goals.³¹ At this meeting, ministers also recognized that there were large disparities in infrastructure and development among members, which led them to agree to the establishment of the Asia-Pacific Information Infrastructure (APII) action plan to build regional connectivity.³² This new action plan entailed joint research and technology transfer efforts between APEC economies, as well as modernization of telecommunications infrastructure.³³

The following year, APEC ministers vowed to make APEC’s telecommunications sector a model for trade and investment liberalization. They endorsed pilot projects in business, education, and rural development to ensure that remote communities were able to “benefit from the enhancement of telecommunications and information infrastructure” as well.³⁴

The 2000s

APEC leaders began the new millennium with bold connectivity targets. The 2000 APEC Leaders’ Summit in Brunei yielded the adoption of the Brunei Goal: a brand new e-APEC strategy that aimed to accomplish universal,

²⁶ Global Data, “Global Internet Subscribers by Geographic Region in 2021,” *Global Data*, July 2022, <https://www.globaldata.com/data-insights/technology--media-and-telecom/internet-number-of-subscribers-by-region-2021/>.

²⁷ Statista Research Department, “Number of Internet and Social Media Users Worldwide 2025,” Statista, Dec 1, 2025, <https://www.statista.com/statistics/617136/digital-population-worldwide/>.

²⁸ Robin Geuens, “How Many People Use the Internet?,” *Soax*, February 19, 2025, <https://soax.com/research/how-many-people-use-the-internet>.

²⁹ United Nations Educational, Scientific, and Cultural Organization, “The State of Broadband 2022: Accelerating Broadband for New Realities.”

³⁰ Asia-Pacific Economic Cooperation, “Seoul Declaration for the Asia Pacific Information Infrastructure,” *Asia-Pacific Economic Cooperation*, May 30, 1995, https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/telecommunications-and-information/1995_tel/1995_tel_seoul.

³¹ *Ibid.*

³² Asia-Pacific Economic Cooperation, “1995 APEC Ministerial Meeting on the Telecommunications and Information Industry,” *Asia-Pacific Economic Cooperation*, May 29, 1995, https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/telecommunicationsandinformation/1995_tel.

³³ *Ibid.*

³⁴ Asia-Pacific Economic Cooperation, “1996 APEC Ministerial Meeting on Telecommunications and Information Industry,” *Asia-Pacific Economic Cooperation*, September 5, 1996, https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/telecommunications-and-information/1996_tel.

community-based internet access by 2010.³⁵ Independent studies from the mid-2000s reported rapid progress; APEC was on track to meet the 2010 goal, with the amount of internet users projected to double from the year 2000 to 2005.³⁶ APEC Ministers attributed this projected growth to falling costs made possible by mass production techniques and emerging wireless technologies that helped bring service to large and hard-to-reach countries.

2010-2020

APEC's telecommunication ministers met in Japan on October 29, 2010 and declared that APEC economies had "largely achieved the Brunei Goal of universal Internet access by 2010".³⁷ At this meeting, ministers also reaffirmed the next targets regarding broadband access and attempted to ensure universal broadband access by 2015, and next-generation high speed broadband by the year 2020.³⁸ They acknowledged the importance of embracing new technologies and pushed for the global adoption of mobile and wireless networks.³⁹ It was also during this meeting that ministers called for member economies to transition to a new standardized internet protocol known as IPv6 to accommodate the increase in connected devices. The previously used internet protocol, IPv4, was becoming more and more exhausted with not enough IP addresses to give out to users. Standardizing this new internet protocol was essential to "[facilitating] the achievement of universal broadband access in the APEC region".⁴⁰

Despite the progress made, the digital divide remained a key issue. Disparities in access between highly connected cities and underdeveloped rural or marginalised communities remained as a result of lower population density and insufficient infrastructure. APEC attempted to create inclusion programs, one in particular being the APEC Digital Opportunity Center initiative in 2003. It aimed to "reduce digital divides" through providing Internet access centers and training for women, the elderly, and the poor.⁴¹ In creating this initiative, APEC leaders realised that bridging the digital divide was not only about whether or not people could actually use digital resources, but also about developing their skills and maximizing affordability.

The 2010s and the 2020s saw the creation of the APEC Digital Economy Steering Group, which was mainly focused on the "development of digital infrastructure" and "achievement of universal broadband access".⁴² APEC summits and ministerials began to reorient their focuses and began to push the importance of digital infrastructure in the realms of e-commerce and innovation. This change in focus was depicted in a Ministerial Meeting in 2010, where ministers noted that ICT-driven networks, referred to as the "Asia Pacific Information

³⁵ Asia-Pacific Economic Cooperation, "E-APEC Strategy: Goal of Community-Based Internet Access for APEC's 2.5 Billion People by 2010," *Asia-Pacific Economic Cooperation*, November 20, 2004, https://apec.sitefinity.cloud/press/news-releases/2004/1120_eapecstrgyinternetaccess2010.

³⁶ Ibid.

³⁷ Asia-Pacific Economic Cooperation, "2010 APEC Telecommunications and Information Ministerial Meeting," *Asia-Pacific Economic Cooperation*, October 30, 2010, https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/telecommunicationsandinformation/2010_tel.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Asia-Pacific Economic Cooperation, "Bridging the Digital Divide through Asia-Pacific Partnership," *Asia-Pacific Economic Cooperation*, October 2014, <https://www.apec.org/publications/2014/10/bridging-the-digital-divide-through-asia-pacific-partnership>

⁴² Asia-Pacific Economic Cooperation, "Digital Economy Steering Group."

Society”, were essential for the region’s growth.⁴³ Future-proofing was another topic of discussion, with standardizing faster networks and their rollouts being endorsed.

Past UN/International Involvement

The World Summit on the Information Society (WSIS) & UNESCO

The 2003 World Summit on the Information Society in Geneva ended with leaders declaring that “ubiquitous access to ICT” and extending its benefits to everyone were core goals.⁴⁴

These declarations led the ITU and UNESCO to launch the Broadband Commission for Sustainable Development in 2010. Later on in 2020, the Broadband Commission issued a manifesto that framed digital access as a “global goal of universal connectivity”, supporting the UN 2030 Agenda.⁴⁵ The United Nations’ 2030 Sustainable Development Goals include target 9.c to make the internet affordable and universally available.⁴⁶

Despite these commitments, progress on achieving universal access has been uneven. For example, UNESCO reported that about 3.6 billion people around the world still lacked access to internet connection in 2020.⁴⁷ Despite the slow progress, UN agencies and development banks continue to pilot new programs such as UNESCO’s digital literacy and universal connectivity initiatives, but challenges remain.

The Successes

Successes of past efforts include raising awareness and the creation of SDGs, and financing mechanisms like ITU’s Connect 2030 Agenda. These initiatives helped bridge the digital divide as SDGs raised awareness of the effects of this issue, and the ITU’s Connect 30 Agenda’s specific targets and financing models paving the way for the achievement of 95 percent global mobile broadband coverage in 2023.^{48 49}

The Failures

Failures of past efforts, however, include the absence of funding for actual rollout initiatives and insufficient attention to factors like affordability and skillsets. For example, some international projects focused too heavily

⁴³ Asia-Pacific Economic Cooperation, "2010 APEC Telecommunications and Information Ministerial Meeting,"

⁴⁴ World Summit on the Information Society "WSIS Opening Meeting Discusses How Digital Divide Is Preventing Equal Sharing of Opportunities concerning ICTS"

⁴⁵ Broadband Commission for Sustainable Development, "Broadband Commission Manifesto: Global Goal of Universal Connectivity," Broadband Commission for Sustainable Development, September 2020, <https://www.broadbandcommission.org/publication/manifesto2020/>.

⁴⁶ The United Nations, "Transforming Our World: The 2030 Agenda for Sustainable Development,"

⁴⁷ Ana Sepúlveda, "The Digital Transformation of Education: Connecting Schools, Empowering Learners," United Nations Educational, Scientific, and Cultural Organization, September 18, 2020, <http://unesdoc.unesco.org/ark:/48223/pf0000374309?posInSet=1&queryId=9255b5e7-3d9b-4dfe-9194-ba950d651da4>.

⁴⁸ Antonio Hidalgo et al., "The Digital Divide in Light of Sustainable Development: An Approach through Advanced Machine Learning Techniques," ScienceDirect, January 2020, <https://www.sciencedirect.com/science/article/abs/pii/S0040162519310637>.

⁴⁹ International Telecommunications Union, "Statistics," International Telecommunications Union, August 12, 2025, <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>.

on building fiber networks while neglecting the task of training local workforces, which ended up limiting the ability to adopt such technologies. Overall, while global efforts have yielded important foundations in solving this issue, billions remain offline.

Current Situation

The contemporary landscape of this issue varies widely across APEC economies. Globally, about 68 percent of the world's population, or approximately 5.5 billion, are online as of 2024.⁵⁰ Despite this, 83 percent of residents living in urban centres use the internet, while only 48 percent of rural residents do.⁵¹ In the Asia-Pacific, the rural gap in access is similar, with the usage of digital infrastructure being roughly 1.7 times higher than the rural rate.⁵² The Philippines is a prime example of this: in this archipelago nation, nearly 40 percent of citizens lack reliable internet access, with many residing on islands away from the Metro-Manila area.⁵³ On the other side of the Pacific Ocean lies highly developed APEC economies like the United States, who have nearly achieved universal connectivity. A 2024 survey found that roughly 96 percent of urban, 98 percent of suburban, and 95 percent of rural American adults have access to and use the Internet.⁵⁴

Economic Implications

This disparity in connectivity has obvious economic implications. APEC economies that reap the benefits of having mature digital sectors are often more developed, and are able to interact with the digital economy, contributing to economic growth. In the United States, the digital economy accounted for roughly 10-18 percent of GDP in recent years,⁵⁵ with robust e-commerce and innovation centers fueling growth. A study from the Hudson Institute found that rural broadband providers added over USD 17.2 billion to the United States' GDP in 2015 through new business opportunities in farming and education.⁵⁶

Contrastingly, economies still working towards building networks see that their digital sectors remain underdeveloped. In the Philippines, the digital economy grows day by day, accounting for about 8.4 percent of GDP in 2023.⁵⁷ Without widespread access, however, many rural businesses and farms are unable to utilize digital tools to tap into the digital economy and reach new markets.

⁵⁰ International Telecommunication Union, "Internet Use Continues to Grow, but Universality Remains Elusive, Especially in Low-Income Regions," *International Telecommunication Union*, October 11, 2024, <https://www.itu.int/itu-d/reports/statistics/2024/11/10/ff24-internet-use/>

⁵¹ International Telecommunication Union, "Little Progress in Bridging the Urban-Rural Divide, except in the Lowest Income Group," *International Telecommunication Union*, October 11, 2024, <https://www.itu.int/itu-d/reports/statistics/2024/11/10/ff24-internet-use-in-urban-and-rural-areas/>

⁵² Ibid.

⁵³ International Trade Administration, "Philippines Country Commercial Guide," *International Trade Administration*, September 20, 2024, <https://www.trade.gov/country-commercial-guides/philippines-digital-economy>

⁵⁴ Olivia Sidoti et al., "Internet, Broadband Fact Sheet," *Pew Research Center*, November 13, 2024, <https://www.pewresearch.org/internet/fact-sheet/internet-broadband/>

⁵⁵ Bureau of Economic Analysis, "Digital Economy," *Bureau of Economic Analysis*, March 11, 2025, <https://www.bea.gov/data/special-topics/digital-economy>.

⁵⁶ Hanns Kuttner, "The Economic Impact of Rural Broadband," *Foundation for Rural Service*, April 2016, <https://www.frs.org/sites/default/files/documents/2017-12/Hudson%202016%20The%20Economic%20Impact%20of%20Rural%20Broadband.pdf>.

⁵⁷ International Trade Administration, "Philippines Country Commercial Guide."

Public-Private Partnerships (PPPs)

Firms from the private sector often partner with governments to drive the rollout of infrastructure in rural areas. A prime example of such a partnership is Microsoft's partnership with Indian and Kenyan governments in the creation of the Airband Initiative. It provided internet access to over 51 million people through the creation of region-specific infrastructure.⁵⁸ What incentivises private firms to work with these governments is the growth in consumer base, as rural and underserved populations are seen as untapped markets. Innovation in technology can revolutionise the expansion of coverage in new and emerging markets, as new mobile networks and satellite internet provide ways to accelerate the process of rollouts. However, despite the successes of these innovations and rollouts, gaps in digital skills and affordability persist. Rural villages that have been provided with digital infrastructure often report low usage as a result of high prices or a lack of training.⁵⁹

Case Study: Japan

Japan is one of APEC's most developed member nations, with the third highest GDP of USD 4.03 trillion and an estimated population of 123,027,492 people.^{60, 61} Japan has the ninth highest internet usage rate in the world, with an estimated 88.62 percent of Japanese citizens having access to the internet.⁶² They have achieved this through former Prime Minister Kishida Fumio's vision for a Digital Garden City Nation which aimed to revitalize and include rural and underserved areas in Japan.⁶³ By allocating JPY 5.7 trillion towards its completion, Japan produced a "digital superhighway to circle the nation [that extends] 5G data to 90 percent of people everywhere, rural and urban, enabling over two million human resources with digital skills to ensure all parts of the country prosper".⁶⁴ After being sworn into office in 2021, Kishida stated that the growth of rural areas directly affected the growth of the country as a whole. His administration followed through with this goal, making significant progress in Kamiyama Town, a rural area based in Shikoku Island.⁶⁵ Prior to government efforts of revitalisation, the town was set to be removed from the map as a result of dwindling population.⁶⁶ However, with the integration of high-speed internet infrastructure, startups and young tech workers saw the town as a perfect place to start their businesses, as the town boasted both beautiful scenery and a low cost of living.⁶⁷ Through Japan's joint effort with Green Valley Inc, the development of digital infrastructure in the region reversed their population decline; they saw a 20% rise to 6,200 residents.⁶⁸ Regarding the success of Kamiyama's revitalisation, the chairman of Green Valley Inc. stated that the town was now becoming a "major IT city [...] [as] young people from all over the world [were] coming [to Kamiyama Town] to start their own businesses".⁶⁹ Japan is living proof that

⁵⁸ Microsoft, "Microsoft Airband Initiative," Microsoft, August 12, 2025, <https://www.microsoft.com/en-us/corporate-responsibility/airband-initiative>.

⁵⁹ World Bank Group, "World Development Report: Digital Dividends," *World Bank Group*, 2016, <https://www.worldbank.org/en/publication/wdr2016>.

⁶⁰ World Bank Group, "GDP (current US\$) - Japan," *Global Bank Group*, last retrieved August 12, 2025, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=JP>.

⁶¹ Worldometer, "Japan Population," Worldometer, last retrieved August 12, 2025, <https://www.worldometers.info/world-population/japan-population/>.

⁶² Fabio Duarte, "Countries with the Highest Number of Internet Users (2025)," *Exploding Topics*, last updated May 21, 2025, <https://explodingtopics.com/blog/countries-internet-users>.

⁶³ Cable Network News, "The Digital Transformation of Rural Japan," *Cable Network News*, August 13, 2025, <https://sponsorcontent.cnn.com/int/government-of-japan/digital-transformation/>.

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Ibid.

expanding digital infrastructure to rural areas can unlock untapped markets and provide new opportunities for all.

Case Study: Chile

With a GDP of USD 330.27 billion in 2024 and a population of over 19,871,367 citizens, Chile is considered to be one of South America's more developed economies.^{70, 71} In 2025, Chile had an estimated 18.6 million internet users, translating to an average of 94.1 percent of all Chileans having access to an internet connection.⁷² They have been able to expand their digital infrastructure through joint ventures between the Chilean government and UN agencies.⁷³ Most recently, they created the "Guaranteeing Coverage, Access and Use of Digital Connectivity in Lagging Rural Territories to Improve the Quality of Life of the Most Vulnerable" project at the Agricultural Expo in 2024.⁷⁴ Technically implemented by the Food and Agricultural Organisation (FAO), the project aimed to provide rural communities with fast internet connection and essential services to boost their economic and social opportunities.⁷⁵ Not only did the project aim to expand internet coverage, but it also brought in societal change, as the project also aimed to improve access to technology to empower women and girls, which was done in the pursuit of promoting their economic autonomy.⁷⁶ Chile was able to fund this project through levying funds from the Joint SDG Fund, with notable donors being the European Union and the governments of several economies like Belgium, Germany, and Switzerland.⁷⁷

While this project is in its infant stages, it is clear that those backing it have high hopes for its outcome, with the Regional Coordinator of UN Chile, María José Torres stating that she hopes to see "tangible results in the lives of people [...] as a result of [...] increasing economic opportunities by leveraging digital connectivity, [and] expanding employment options, health, and social protection".⁷⁸

Case Study: Indonesia

With the sixteenth largest GDP of USD 1.371 trillion globally, Indonesia has been known to have a large digital infrastructural gap between urban and rural areas.^{79, 80} As of 2023, over 30.8 percent of Indonesian citizens lack access to internet connection.⁸¹ To address this, Indonesia's Ministry of Communications and Digital Affairs

⁷⁰ World Bank Group, "GDP (current US\$) - Chile," *World Bank Group*, last retrieved August 13, 2025, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CL>.

⁷¹ Worldometer, "Chile Population (2025)," *Worldometer*, last retrieved August 13, 2025, <https://www.worldometers.info/world-population/chile-population/>.

⁷² Simon Kemp, "Digital 2025: Chile," *Data Reportal*, March 3, 2025, <https://datareportal.com/reports/digital-2025-chile>.

⁷³ United Nations Joint SDG Fund, "Digital Transformation in Rural Areas: Government of Chile and UN Launch Innovative Connectivity Project," *United Nations Joint SDG Fund*, October 11, 2024, <https://jointsgdfund.org/article/digital-transformation-rural-areas-government-chile-and-un-launch-innovative-connectivity>.

⁷⁴ *Ibid.*

⁷⁵ *Ibid.*

⁷⁶ *Ibid.*

⁷⁷ *Ibid.*

⁷⁸ *Ibid.*

⁷⁹ Worldometer, "GDP by Country," *Worldometer*, last retrieved August 13, 2025, <https://www.worldometers.info/gdp/gdp-by-country/>.

⁸⁰ Digital Global, "How Indonesia Is Building Digital Bridges between Rural Areas," *Digital Global*, February 23, 2024, <https://www.bmz-digital.global/en/news/wie-indonesien-digitale-bruecken-zwischen-laendlichen-gebieten-baut/>.

⁸¹ World Population Review, "Internet Users by Country 2025," *World Population Review*, August 13, 2024, <https://worldpopulationreview.com/country-rankings/internet-users-by-country>.

(KOMDIGI), has chosen to follow a comprehensive strategy which is outlined in Indonesia's Digital Roadmap 2021-2024.⁸² This strategy prioritized infrastructure development and close collaboration with mobile operators with intent to expand internet access across the entire archipelago.⁸³ To fund this endeavour, KOMDIGI drew from the Universal Service Obligation (USO) fund, which was financed by network operators and was overseen by the Telecommunications and Information Accessibility Agency (BAKTI).⁸⁴ The success in Indonesia's efforts are evident, as KOMDIGI recently reported the completion of 6,672 Base Transceiver Stations, which helped extend cellular coverage in remote locations. Similarly, through collaboration with the private sector and levying donations from network operators, BAKTI was able to produce 630 new cell towers in rural Indonesia, extending internet connectivity further.⁸⁵ Indonesia is a great example of how combining the powers of government regulatory bodies and the private sector is an effective method of bridging the digital divide in rural areas.

Possible Solutions and Controversies

Different views have emerged on how to proceed with addressing this issue. Some push for increased investment in supplies like faster internet and cellular towers, while others endorse solutions oriented around social factors like education, digital literacy, and lowering costs. Some argue that the Internet should be treated as a "public utility" that requires universal service obligations, while others argue that market competition and private investment would more effectively expand networks.⁸⁶

Public-Private Partnerships and Infrastructure Sharing

Public-private partnerships are cooperative arrangements between government agencies and private sector companies.⁸⁷ These partnerships typically work to collaboratively finance, build, and operate digital infrastructure.⁸⁸ Shared infrastructure, on the other hand, refers to multiple operators using the same communal physical and network assets rather than building their own systems.⁸⁹ This can be a way to reduce the costs of infrastructure development and extend infrastructure coverage.⁹⁰ By combining these two strategies, APEC can leverage private investment to further roll out broadband into underdeveloped areas. Governments may subsidize the rollout of the internet or co-fund the development of cell towers that multiple operators then share in rural areas. Through spreading costs and duplication, this solution allows for extended coverage across APEC economies. APEC analysis states that sharing infrastructure "[conserves] resources, [protects] user interests, promote[s] market competition and improve[s] network coverage".⁹¹ For instance, Thailand has attempted this

⁸² Affandy Johan, "Indonesia's Digital Divide Narrows with Mobile Network Performance Gains," Ookla, August 12, 2025, <https://www.ookla.com/articles/indonesia-connectivity-divide-1h2025>.

⁸³ Ibid.

⁸⁴ Ibid.

⁸⁵ Paul Lipscombe, "BAKTI to Build 630 New Cell Towers in Remote Parts of Indonesia," Data Center Dynamics, July 27, 2024, <https://www.datacenterdynamics.com/en/news/bakti-to-build-630-new-cell-towers-in-remote-parts-of-indonesia/>.

⁸⁶ Darryl West and Jack Karsten, "Rural and Urban America Divided by Broadband Access," *Brookings*, July 18, 2016, <https://www.brookings.edu/articles/rural-and-urban-america-divided-by-broadband-access/>.

⁸⁷ Investopedia Team, "Public-Private Partnerships (PPPs): Definition, How They Work, and Examples," ed. Jefreda R. Brown and Melody Kezel, *Investopedia*, June 6, 2024, <https://www.investopedia.com/terms/p/public-private-partnerships.asp>.

⁸⁸ Ibid.

⁸⁹ Stephanie Burrell, "What Is Telecom Infrastructure Sharing?," *Wray Castle*, October 31, 2024, <https://wraycastle.com/blogs/glossary/what-is-telecom-infrastructure-sharing>.

⁹⁰ Ibid.

⁹¹ Yanbin Zhang et al., "Survey Report on Infrastructure Sharing and Broadband Development in APEC Region," *Asia-Pacific Economic Cooperation*, September 2011, https://www.apec.org/docs/default-source/publications/2011/9/survey-report-on-infrastructure-sharing-and-broadband-development-in-apec-region/2011_tel_survey_report_on_infrastructure_sharing_in_apec_region.pdf?sfvrsn=63caaf0b_1.

strategy with great success.⁹² Thailand's two major mobile operators, Dtac and AIS, mutually agreed to an infrastructure sharing agreement that covered over 2000 towers in rural areas in 2015.⁹³ This approach helped lower expenditures and accelerated the expansion of internet connection into rural regions.⁹⁴ Combining public incentives like tax breaks and grants with private expertise and capital would greatly accelerate network rollout in geologically difficult terrain.

Economists warn, however, that there is no such thing as a "free lunch" and that any private investment must be "paid back, either by the taxpayer or the consumer".⁹⁵ This may further burden these developing economies, making the practice counter-productive. There can also be regulatory and sociopolitical hurdles like deciding who takes on the burden of maintaining and upgrading shared lines, or how to decide on pricing for wholesale access. For this approach to succeed, PPPs require clear rules and consensus among stakeholders.

Community-Led Connectivity Initiatives

Even with great strides being made in expanding connectivity within the Asia-Pacific, with over 67 percent of people now using the Internet, many rural and marginalised communities remain offline.⁹⁶ In light of this, local "community networks" have emerged as potential solutions.⁹⁷ Supported by NGOs, villagers undertake the installation and management of their own internet infrastructure, from local Wi-Fi hubs to micro-cell towers serving remote areas. Evidence shows that these community-centered connectivity initiatives (CCCI) advance inclusion by enhancing digital literacy among marginalized groups such as women. In the Asia-Pacific, they "have become catalysts for social and economic transformation, particularly in geographically isolated and disadvantaged areas".⁹⁸ With these initiatives, connected village schools and clinics are now able to access online training to better their services, while artists become exposed to wider markets through e-commerce. Community networks typically charge below market fees and reinvest any surplus capital into the maintenance and keeping the service affordable for all.⁹⁹

However, community networks in their current state are not sustainable. This is because most, if not all initiatives rely on mixed funding. Grants or donations cover capital costs, while operation costs depend on user fees or volunteer labor.¹⁰⁰ If external grants bleed out, some networks may struggle to update equipment or further expansion. In these scenarios, technical expertise is also limited, as local operators lack experience with complex

⁹² World Bank Group: Public-Private Partnership Resource Center, "Telecom Infrastructure Sharing, Thailand," *World Bank Group: Public-Private Partnership Resource Center*, August 12, 2025, <https://ppp.worldbank.org/telecom-and-ict/telecom-infrastructure-sharing-thailand>.

⁹³ Ibid.

⁹⁴ Ibid.

⁹⁵ Diane Whitmore et al., "No Free Lunch: The Pros and Cons of Public-Private Partnerships for Infrastructure Financing," *Brookings*, February 17, 2017, <https://www.brookings.edu/articles/no-free-lunch-the-pros-and-cons-of-public-private-partnerships-for-infrastructure-financing/>.

⁹⁶ Armen Ria Toquero et al., "Understanding Community-Centred Connectivity Initiatives in Asia and the Pacific," *Association for Progressive Communications*, April 10, 2025, <https://www.apc.org/en/pubs/understanding-community-centred-connectivity-initiatives-asia-and-pacific>.

⁹⁷ Ibid.

⁹⁸ Ibid.

⁹⁹ Web Foundation, "Rethinking Affordable Access," *Web Foundation*, February 25, 2019, <https://webfoundation.org/2019/02/rethinking-affordable-access/>.

¹⁰⁰ Ibid.

hardware.¹⁰¹ The proper role of regional governments in this matter is another topic of contention, with some arguing that easing regulations and providing training or funding would help these networks thrive, while others wonder if public funds are better off going to large-scale programs. Ultimately, community networks have proven their effectiveness in enriching villagers in digital literacy, but their success almost always depends on external funding and supportive local policies.

Bloc Positions

Liberal Democracies

Delegates in this bloc are typically a part of advanced and industrial democracies, where open markets, property rights, and competitive telecom sectors are the norm. Economies in this bloc often favour regulated market-driven solutions. Economies of this bloc like the United States, Australia, South Korea, and Latin democracies like Chile and Mexico typically align with a rule of law governance and free market ideology. Their digital policies are oriented around incentives for innovation and competition. While they do push for universal connectivity, their programs for achieving such goals are heavily reliant on private sector involvement. Delegates in this bloc are mostly supportive towards PPPs. Notably, Canada's "Connect to Innovate" program levied public funds to partner with private telecommunication companies to roll out high-speed internet infrastructure in rural areas.¹⁰² APEC's own policy blueprint pushes for "enhancing infrastructure financing through public-private partnerships", which shows this bloc's consensus that PPPs are essential to efficient roll outs.¹⁰³ Delegates in this bloc may support community-led initiatives, but the programs in these nations are fairly limited. Economic policy typically opts to fund digital literacy in schools or other public institutions rather than directly funding community internet infrastructure. The United States, in particular, has a program that connects community institutions such as libraries and tribal areas.¹⁰⁴ This program, however, left capacity-building out of its core policies, leaving that responsibility to NGOs. This happens to be the case in other places as well, as many community connectivity projects in the Asia-Pacific are usually funded by grants and run by nonprofits.¹⁰⁵

State-Led Economies

This bloc is made up of large economies with strong state control over essential sectors like telecommunications. States like China, Russia, and Vietnam set ambitious and aggressive connectivity goals, using state-owned

¹⁰¹ David Kenney, "Bridging the Broadband Divide in Rural Communities," T&D World, February 28, 2025, <https://www.tdworld.com/smart-utility/article/55248630/bridging-the-broadband-divide-in-rural-communities>.

¹⁰² Innovation, Science and Economic Development Canada, "High-Speed Access for All: Canada's Connectivity Strategy," Government of Canada, 2019, <https://ised-isde.canada.ca/site/high-speed-internet-canada/en/canadas-connectivity-strategy/high-speed-access-all-canadas-connectivity-strategy>.

¹⁰³ Asia-Pacific Economic Cooperation, "Annex D - APEC Connectivity Blueprint for 2015-2025," Asia-Pacific Economic Cooperation, 2014, https://www.apec.org/meeting-papers/leaders-declarations/2014/2014_aelm/2014_aelm_annexd.

¹⁰⁴ National Telecommunications and Information Administration, "NTIA Fact Sheet: Bridging the Digital Divide," National Telecommunications and Information Administration, September 10, 2024, <https://www.ntia.gov/press-release/2024/ntia-fact-sheet-bridging-digital-divide>.

¹⁰⁵ Armen Ria Toquero et al., "Understanding Community-Centred Connectivity Initiatives in Asia and the Pacific," Association for Progressive Communications, July 8, 2025, <https://www.apc.org/en/pubs/understanding-community-centred-connectivity-initiatives-asia-and-pacific>.

enterprises (SOEs) or heavily regulated private firms to meet them.^{106, 107} Delegates in this bloc are authoritarian in political policy, and align with state-driven capitalism economically. They would usually fund infrastructure expansion projects directly, seeing them as strategic priorities. Delegates in this bloc harbour limited support for PPPs, as those are relatively uncommon in their economies. Instead, they opt to assign SOEs to build networks, with each project being financed through drawing from public funds. This was put into practice by China, where in 2021, nearly all 640,000 villages were provided with basic internet connection.¹⁰⁸ With this project, the Chinese government levied a total of RMB 22 billion from government sources.¹⁰⁹ Meanwhile, Russia relies on its universal telecom service provider, Rostelecom, to fulfil rural coverage goals.¹¹⁰ Delegates in this bloc may only agree to PPPs if they are government-coordinated. This bloc does not consider community-led initiatives as viable solutions, as these economies focus more on infrastructure building rather than local networks.

Developing Pragmatists

Economies in this bloc range from middle-income democracies to hybrid regimes that push for rapid development. Countries like Thailand, Indonesia, the Philippines, Malaysia, Mexico, Peru, and Chile often blend ideas like market liberalisation with state intervention. Their governments may aim for universal connectivity, but experiment with different models that suit them best. Delegates in this bloc are generally for PPPs, with many projects being initiated by economies in this bloc. To fund these projects, they often use mixed financing or draw from the private sector through incentives. Indonesia's Palapa Ring is an example of a successful endeavour, as the entire project cost USD 1.5 billion.¹¹¹ It was largely funded by the Indonesian government, but was operated by private telecommunication companies like Telkom.¹¹² Mexico on the other hand, utilizes a concessioned PPP titled the Red Compartida. This group worked collaboratively to create nationwide 4G infrastructure that covered 95 percent of the population by 2024.¹¹³ Economies in this bloc use PPPs, but under government direction or regulation. Delegates in this bloc are for community-led initiatives. For instance, through the Konektadong Pinoy connectivity legislation, the Philippines provides "simplified licensing process for building networks and offering internet services".¹¹⁴

Community-Centric Small Economies

This bloc is made up of countries like Papua New Guinea, Brunei, and Singapore, who have smaller populations and emphasize community and social connectedness. They may lack the market scale to attract private

¹⁰⁶ The State Council of the People's Republic of China, "140 Billion Yuan Rural Internet Upgrade Plans Unveiled," The State Council of the People's Republic of China, October 14, 2015, https://english.www.gov.cn/premier/news/2015/10/14/content_281475211700845.htm?

¹⁰⁷ Reuters, "China to Invest \$22 Billion to Extend Broadband to 50,000 Villages," Reuters, October 14, 2015,

<https://www.reuters.com/article/technology/china-to-invest-22-billion-to-extend-broadband-to-50000-villages-idUSKCN0S819K/>.

¹⁰⁸ Xinhua, "Villages in China All Connected to Broadband Internet Service," The State Council of the People's Republic of China, December 31, 2021, https://english.www.gov.cn/statecouncil/ministries/202112/31/content_WS61ce3c30c6d09c94e48a2f38.html.

¹⁰⁹ Ibid.

¹¹⁰ Rostelecom, "Universal Service Obligation and Bridging the Digital Divide," Rostelecom, August 13, 2025, <https://csr2018.rostelecom.ru/en/60/30>.

¹¹¹ Ayman Falak Medina, "Indonesia's Palapa Ring: Bringing Connectivity to the Archipelago," ASEAN Briefing, January 28, 2020, <https://www.aseanbriefing.com/news/indonesias-palapa-ring-bringing-connectivity-archipelago/>.

¹¹² Ibid.

¹¹³ Marcin Frankiewicz, "State of Internet Access in Mexico: The Digital Divide, Ground and Sky," TS2, May 29, 2025, <https://ts2.tech/en/state-of-internet-access-in-mexico-the-digital-divide-ground-and-sky/>.

¹¹⁴ Benjz Gerard Sevilla, "A New Internet Era for the Philippines," Internet Society, March 20, 2025, <https://www.internetsociety.org/blog/2025/03/a-new-internet-era-for-the-philippines/>.

investment, so they instead welcome aid and prioritize community solutions.¹¹⁵ Because large private investors consider these markets unprofitable, economies in this bloc offer minimal support for PPPs. Consequently, connectivity is secured through a blend of carrier investment and external funding, with Papua New Guinea's leading telecommunications firm, Digicel, illustrating this approach.¹¹⁶ Moreover, they operate under an inclusive business model, partnering with international donors and NGOs to extend 3G connectivity. Community-led initiatives are seen as paramount to these economies; governments and donors often support local ICT initiatives.

Discussion Questions

1. How should APEC balance the role of the government against the private sector in expanding digital networks?
2. Considering the digital divide, what should be prioritized first by APEC members: building physical networks, improving digital literacy, or ensuring affordability? Why? Are there any other priorities?
3. How can APEC members find common ground between their different economic ideologies?
4. How can APEC economies secure investments that not only cover the initial rollout of digital infrastructure, but also address long-term expenses like maintenance?
5. What strategies can be used to financially sustain community-led connectivity initiatives without overly relying on external grants?
6. How can APEC economies customise digital literacy programs to effectively reach different demographics like women, Indigenous communities, and the elderly?
7. Should access to high-speed internet be considered a human right by APEC?

Additional Resources

Measuring Digital Development - Facts and Figures 2024:
<https://www.itu.int/itu-d/reports/statistics/facts-figures-2024/>.

The Mobile Economy Asia Pacific 2024:
<https://www.gsma.com/solutions-and-impact/connectivity-for-good/mobile-economy/wp-content/uploads/2024/07/240724-Mobile-Economy-Asia-Pacific-2024.pdf>.

Internet, Broadband Fact Sheet:
<https://www.pewresearch.org/internet/fact-sheet/internet-broadband/>.

21st Century Financing Models for Bridging Broadband Connectivity Gaps:
https://broadbandcommission.org/wp-content/uploads/dlm_uploads/2021/11/21st-Century-Financing-Models-Broadband-Commission.pdf.

¹¹⁵ Lendo Kia, "Minister Masiu Launches Gabagaba Village ICT Facility: Bridging the Digital Divide in Rural Papua New Guinea," Department of Information and Communications Technology, September 29, 2023, <https://www.ict.gov.pg/20051/?>.

¹¹⁶ United Nations Development Programme, "Bridging the Digital Divide in Papua New Guinea," United Nations Development Programme, September 21, 2016, <https://www.businesscalltoaction.org/news/bridging-the-digital-divide-in-papua-new-guinea>.

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Equitable Trade and Investment Practices

Overview

Equitable trade and investment policies ensure that all peoples and their respective economies, not just big corporate conglomerates or wealthy economies, are able to fairly benefit from commerce.

Maintaining these equitable trade and investment practices is paramount in the Asia-Pacific region, as APEC's 21 member economies range from wealthy developed economies like Japan, to poorer, emerging economies like Papua New Guinea. APEC's vision pushes for a "free, open, fair, non-discriminatory, transparent and predictable" trade and investment environment to ensure universal economic growth.¹¹⁷

For APEC's vision to become a reality, APEC economies must work to lower trade barriers like tariffs to help expand markets while also addressing income gaps and social equity to ensure that smaller businesses and underrepresented groups are able to reap the benefits. A 2024 APEC ministerial statement directly linked trade policy to inclusive growth, with the group advocating for the delivery of "equitable benefits for the region's 3 billion people".¹¹⁸

Ultimately, APEC's contemporary equitable trade agenda is heavily oriented around the goals of free trade, but with an added focus on ensuring that trade and investment practices within the Asia-Pacific Region propels citizens upward equally.

Timeline

November 6, 1989 — APEC is founded by twelve economies situated on the Pacific Rim. Founding members include powerhouses like the United States and Japan, and developing economies like Indonesia and the Philippines. The purpose of APEC is to accomplish regional growth and cooperation.¹¹⁹ The premier meeting of these economies yielded discussion on slashing trade barriers among member economies.

November 15, 1994 — APEC leaders meet in Bogor, Indonesia and adopt the Bogor Goals, which aim to achieve "free and open trade and investment" by 2010 for developed members and 2020 for developing members.¹²⁰

November 16, 2000 — In a meeting in Brunei Darussalam, APEC leaders reaffirm their commitment to the Bogor Goals and pledge to "address the wide disparities in wealth and knowledge" across the APEC region so that

¹¹⁷ Asia-Pacific Economic Cooperation, "APEC Putrajaya Vision 2040," *Asia-Pacific Economic Cooperation*, last modified October 2023, <https://www.apec.org/about-us/about-apec/apec-putrajaya-vision-2040>.

¹¹⁸ Asia-Pacific Economic Cooperation, "Strengthening Ties: APEC Ministers Drive Forward Equitable Trade and Inclusive Growth Goals," *Asia-Pacific Economic Cooperation*, last modified November 14, 2024, <https://www.apec.org/press/news-releases/2024/strengthening-ties--apec-ministers-drive-forward-equitable-trade-and-inclusive-growth-goals>.

¹¹⁹ Asia-Pacific Economic Cooperation, "History," *Asia-Pacific Economic Cooperation*, last modified July 2024, <https://www.apec.org/about-us/about-apec/history>.

¹²⁰ Ibid.

all citizens are able to reap the benefits of globalization.¹²¹ This statement proves to be especially important as it recognized that even with the booming economic growth of the time, rural and crisis-affected populations had been left behind.

2010 - 2014 — APEC turns a Free Trade Area (FTA) in the Asia-Pacific from an idea to a reality. Endorsements for the project began in Yokohama in 2010 and continued all the way into 2014 in Beijing, where APEC leaders affirmed a roadmap to complete this Free Trade Zone. APEC leaders saw the new FTA as a way to further prosperity and regional integration across the Asia-Pacific. The 2014 meeting in Beijing also noted APEC's work in "[narrowing] the development gap" and promoting "inclusive growth", echoing the progress of the time¹²²

November 18, 2018 — In a meeting in Papua New Guinea, APEC leaders meet under the theme of "Inclusive Opportunities, Digital Future" to reaffirm their commitments to free trade and "balanced, innovative, secure, sustainable and inclusive growth" by ensuring that "all people of the region can share in the benefits" of the digital economy.¹²³

November 20, 2020 — APEC Leaders adopt the Putrajaya Vision 2040.¹²⁴ This vision calls for open markets, resilience, and inclusivity. For trade and investment, they aim for "free open, fair, non-discriminatory, transparent and predictable markets" as well as growth that brings "palpable benefits" to all, with an emphasis on small businesses, women, and other untapped economic potential across the region.¹²⁵

November 17, 2023 — The Economic Leaders' Meeting in San Francisco yields the acceptance of the San Francisco Principles. These principles set out to integrate "inclusivity and sustainability" into trade and investment policies.¹²⁶ This meeting is the first clear shift toward embedding equity and environmental goals into trade talks.

¹²¹ Asia-Pacific Economic Cooperation, "2000 Leaders' Declaration," *Asia-Pacific Economic Cooperation*, last modified November 16, 2000, https://www.apec.org/meeting-papers/leaders-declarations/2000/2000_aelm.

¹²² Asia-Pacific Economic Cooperation, "2014 Leaders' Declaration," *Asia-Pacific Economic Cooperation*, last modified November 11, 2014, https://www.apec.org/meeting-papers/leaders-declarations/2014/2014_aelm.

¹²³ Asia-Pacific Economic Cooperation, "2018 Chair's Statement," *Asia-Pacific Economic Cooperation*, last modified November 18, 2018, https://www.apec.org/meeting-papers/leaders-declarations/2018/2018_aelm.

¹²⁴ Asia-Pacific Economic Cooperation, "APEC Putrajaya," *Asia-Pacific Economic Cooperation*.

¹²⁵ Ibid.

¹²⁶ Asia-Pacific Economic Cooperation, "San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy," *Asia-Pacific Economic Cooperation*, last modified November 2023, <https://www.apec.org/meeting-papers/leaders-declarations/2023/2023-leaders-declaration/san-francisco-principles-on-integrating-inclusivity-and-sustainability-into-trade-and-investment-policy>.

Historical Analysis

Mitigating Tariffs

Before the 1994 Bogor Goals were adopted, trade across the Asia-Pacific region was rampant with protectionism. Many APEC economies relied on tariffs to safeguard their domestic industries which resulted in high tariffs, and fragmented trade relations.

In light of the state of trade at the time, APEC economies moved to lower tariffs and decrease the protectionism in the region by adopting the 1994 Bogor Goals. While the change was gradual, it was also noticeable: in 1989, the average applied tariff in the Asia-Pacific region sat at 17 percent.¹²⁷ However, as time went on, this applied tariff fell to about 5 percent by 2021.¹²⁸ Lowering tariffs evidently proved to be successful in increasing trade volume, as the “region’s total merchandise trade increased over nine times”.¹²⁹ APEC’s Trade Facilitation Action Plan of the mid-2000s also worked to simplify customs procedures, with the plan cutting border costs by about 10 percent from 2004-2010.¹³⁰ This plan ultimately saved APEC businesses an estimated USD 58.7 billion.¹³¹ As time went on though, APEC realized that cutting tariffs was not enough. The 2014 Economic Leaders Meeting in Beijing yielded a declaration that reaffirmed APEC’s position as an “incubator” to turn the Free Trade Area of the Asia-Pacific from an idea to a reality.¹³² This meeting also yielded the mutual agreement to reduce tariffs to 5 percent or less on a list of environmental goods, which emphasized both trade liberalization and support for green industries.¹³³ By lowering tariff rates, the pricing on commodities across the Asia-Pacific region decreased for all stakeholders.

Promoting Gender Inclusivity

Even with liberalizing trade being at the forefront of discussions, APEC has also prioritized inclusion in trade and investment policy. Since its creation, APEC has moved to create working groups tackling issues on women and small businesses, with some noticeable instances being the Policy Partnership on Women and the Economy and the several SME Ministers’ Meetings.¹³⁴ APEC has also pushed for inclusivity in the digital market with the creation of the APEC Internet and Digital Economy Roadmap in 2017. This document pushed for the “achievement of universal broadband access” so that citizens of rural and underdeveloped areas are able to actively participate and contribute to the digital economy.¹³⁵

¹²⁷ Asia-Pacific Economic Cooperation, “Achievements and Benefits,” *Asia-Pacific Economic Cooperation*, last modified October 2023, <https://www.apec.org/about-us/about-apec/achievements-and-benefits>.

¹²⁸ Ibid.

¹²⁹ Ibid.

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² Asia-Pacific Economic Cooperation, “2014 Leaders,” *Asia-Pacific Economic Cooperation*.

¹³³ Ibid.

¹³⁴ Asia-Pacific Economic Cooperation, “Policy Partnership on Women and the Economy,” *APEC*, 2025, <https://www.apec.org/groups/som-steering-committee-on-economic-and-technical-cooperation/working-groups/policy-partnership-on-women-and-the-economy>.

¹³⁵ Asia-Pacific Economic Cooperation, “APEC Internet and Digital Economy Roadmap,” *Asia-Pacific Economic Cooperation*, Last modified November 6, 2017, https://www.apec.org/docs/default-source/groups/ecsg/17_csom_006.pdf.

Even with the gradual lowering of tariffs and the expansion of trade within the Asia-Pacific region, the economic benefits have not always been spread evenly. Despite the astounding GDP growth and reduction in poverty, the region's "non-tariff measures have [increased]", with some protectionist policies persisting.¹³⁶ Though the committee has succeeded in growing trade, inequality persists, suggesting need for further action.

Past UN/International Involvement

Former Action Plans

Among other things, APEC has also worked to lower other trade barriers. In 2008, the Trade Facilitation Action Plan, and an Investment Facilitation Action Plan were launched.¹³⁷ These were voluntary frameworks that were composed of member economies sharing their best practices in making customs clearance faster and making investment rules clearer. Through these action plans, APEC introduced standards to simplify trade paperwork and an APEC business travel card to expedite business travel.¹³⁸

In 2014, APEC Leaders endorsed an APEC Strategic Blueprint for Global Value Chains. This blueprint promoted connectivity and the use of e-commerce in integrating small businesses into the global value chain.¹³⁹ APEC's approach to address equity in trade and investment practices has been to create voluntary "best practices" and provide technical assistance instead of binding rules to make trade and investment equitable and beneficial for all. These best practices took the form of APEC frameworks for self assessment on regulatory quality, and market openness, and the creation of principles to abide by regarding inclusive and sustainable trade and investment policies.^{140, 141}

The Doha Round and the Aid-for-Trade Initiative

The World Trade Organization (WTO) created the Doha Round, which was launched in 2001. It was intended to serve as a developmental economic agenda, creating trade rules that were more equitable for developing economies. It aimed to slash industrial and agricultural subsidies in wealthier countries to expand market access for poorer countries.¹⁴² While the Doha Round held promising initial talks, negotiations stalled after 15 years, leaving many countries frustrated.

¹³⁶ Asia-Pacific Economic Cooperation, "Achievements and Benefits," *Asia-Pacific Economic Cooperation*.

¹³⁷ Asia-Pacific Economic Cooperation, "APEC Senior Officials Agree to Investment Facilitation Plan," APEC News Releases, 29 May 2008, https://www.apec.org/Press/News-Releases/2008/0529_pe_investfaciltplan?utm.

¹³⁸ Asia-Pacific Economic Cooperation, "APEC Business Travel Card (ABTC)," *Asia-Pacific Economic Cooperation*, last modified October 2023, <https://www.apec.org/groups/committee-on-trade-and-investment/business-mobility-group/abtc>.

¹³⁹ Asia-Pacific Economic Cooperation, "2014 Leaders," *Asia-Pacific Economic Cooperation*.

¹⁴⁰ Asia-Pacific Economic Cooperation, *Good Regulatory Practices in APEC Member Economies – Baseline Study*, Sub-Committee on Standards and Conformance, 2011, https://www.apec.org/docs/default-source/publications/2011/11/good-regulatory-practices-in-apec-member-economies---baseline-study/2012_scsc_grpbaseline.pdf?sfvrsn=575889e6_1.

¹⁴¹ Asia-Pacific Economic Cooperation, "San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy," *APEC*, 2023, <https://www.apec.org/meeting-papers/leaders-declarations/2023/2023-leaders-declaration/san-francisco-principles-on-integrating-inclusivity-and-sustainability-into-trade-and-investment-policy?utm>.

¹⁴² World Trade Organization, "The Doha Round," *World Trade Organization*, last modified December 2015, https://www.wto.org/english/tratop_e/dda_e/dda_e.htm.

The WTO's Aid-for-Trade (ATF) initiative sought to mobilize financing and technical aid to build trade capacity in developing countries.¹⁴³ This initiative helped disburse over USD 648 billion from its creation in 2005 until 2022.¹⁴⁴ While this aid has allowed some countries to upgrade their ports and train customs officials, it has seen uneven results when evaluated. Because these countries did not have the knowledge to utilize the resources being given, it ended up being the developing countries who received the aid that went on to lack the institutions to efficiently absorb the aid.

Both of these examples show that offering access does not guarantee equity. Without complementary investments and reforms, low-income countries may not be able to fully overcome non-tariff barriers. Future efforts in addressing these issues could improve by placing a heavier emphasis on assistance and capacity building when addressing domestic barriers.

The Trade Facilitation Agreement

WTO members mutually agreed upon the Trade Facilitation Agreement (TFA) in 2013, and launched it by 2017. The TFA aimed to simplify customs procedures and cut redundant delays at the border, specifically focusing on developing countries. Recent studies have shown that it has succeeded in its goals, contributing to a 5 percent rise in global agricultural trade and at least a 1.5 percent rise in manufacturing trade through the years of 2017-2019.¹⁴⁵ Many of these increases have come from what the WTO calls "least-developed countries".¹⁴⁶ Analysis from The United Nations Economic and Social Commission for Asian and the Pacific (UNESCAP) found that complete implementation of the TFA ended up reducing trade costs by about 1 percent to 4 percent on average.¹⁴⁷

Even with the successes of the TFA, shortcomings persist. For instance, UNESCAP found that the TFA's cost savings have not been as high as early projections.¹⁴⁸ On top of that, many countries still have not fully implemented their commitments. In 2023, an estimated 76 percent of TFA obligations were scheduled for implementation.¹⁴⁹ UNESCAP finds that complete implementation of the TFA has the potential to yield even more savings, with a projected extra 6 percent reduction in trade costs within the Asia-Pacific.¹⁵⁰ The incomplete implementation of the TFA largely came from capacity constraints in some economies.¹⁵¹ It also only addresses customs and paperwork, not infrastructure or digitalization. APEC economies have noticed that too, and as a result, proposals of a reformed TFA that bundles customs reform with e-commerce and transport initiatives have been brought to the table.

¹⁴³ World Trade Organization, "Aid for Trade," *World Trade Organization*, last modified July 2015, https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm.

¹⁴⁴ Ibid.

¹⁴⁵ World Trade Organization, "Trade Facilitation Agreement Has Increased Trade by over US\$ 230 Billion, New Study Finds," *World Trade Organization*, last modified March 22, 2023, https://www.wto.org/english/news_e/news23_e/fac_27mar23_e.htm.

¹⁴⁶ Ibid.

¹⁴⁷ United Nations Economic and Social Commission for Asian and the Pacific, "Has the WTO Trade Facilitation Agreement Really Helped to Reduce Trade Costs?," *United Nations Economic and Social Commission for Asian and the Pacific*, last modified June 27, 2022, <https://www.unescap.org/blog/has-wto-trade-facilitation-agreement-really-helped-reduce-trade-costs>.

¹⁴⁸ Ibid.

¹⁴⁹ World Trade Organization, "Trade Facilitation," *World Trade Organization*.

¹⁵⁰ United Nations Economic and Social Commission for Asian and the Pacific, "Has the WTO Trade," *United Nations Economic and Social Commission for Asian and the Pacific*.

¹⁵¹ World Trade Organization, "WTO Members Focus on TFA Implementation, Transit Issues and Capacity-Building," *WTO*, 5 June 2025, https://www.wto.org/english/news_e/news25_e/fac_05jun25_e.htm.

The WTO's TFA has done exceptionally well in reducing trade costs and helping least-developed countries contribute to the global value chain, but its full potential has been left untapped as a result of uneven implementation and lacking infrastructure across the Asia-Pacific.

Current Situation

APEC's 21 member economies are now met with an ever-changing and complex trade environment driven by various sociopolitical influences. Contemporary trade growth within the Asia-Pacific region has drastically slowed. Recent APEC projections depict an approximate 0.4 percent growth in export in 2025, which is down from the 5.7 percent growth of last year.¹⁵² This dip is attributed to rising policy uncertainty and the fear of new tariffs. For instance, since 2018, the United States has moved to impose unilateral duties on most APEC economies. They were rolled out with very little warning, disrupting regional supply chains. In their recent meeting in Korea, APEC Trade Ministers expressed their "concern [...] with the fundamental challenges faced by the global trading system" and reaffirmed their commitment to fostering open markets. This meeting also yielded the sentiment that WTO reform is necessary.¹⁵³

Donald Trump's Tariff War

Half, if not more of APEC's 21 economies are now faced with some form of import duty from the United States. Reuters shows that the United States' tariffs have "hit more than half of the [APEC] members with duties in excess of 10 percent".¹⁵⁴ These sweeping tariffs have even affected APEC economies that had free-trade agreements with the United States. Japan and South Korea, in particular, have had their agreements undermined by Donald Trump's tariffs. The extent of these tariffs, as of October 2025, sits at about 25 percent on all imported goods.¹⁵⁵ The protectionist actions of the United States have sparked outrage among many economies, with China moving to launch a WTO dispute to challenge the United States' "reciprocal tariffs".¹⁵⁶ China was not the only country affected; even smaller countries faced similar fees. The Philippines was hit by a 19 percent tariff on all exports, which led to a projected reduction in GDP by 0.4 percent.¹⁵⁷

Uneven Impact

APEC's 21 member economies make up about half of all world trade and an approximate 60 percent of global GDP.¹⁵⁸ With these staggering figures, it is no surprise that any slowdown in growth would significantly affect the

¹⁵² Korea Economic Institute, "APEC Summit Presents Opportunity to Rekindle Global Trade Cooperation," *Korea Economic Institute*, last modified July 15, 2025, <https://keia.org/the-peninsula/apec-summit-presents-opportunity-to-rekindle-global-trade-cooperation/>.

¹⁵³ Asia-Pacific Economic Cooperation, "APEC Trade," *Asia-Pacific Economic Cooperation*.

¹⁵⁴ Jihoon Lee, "APEC Highlights Fundamental Challenges' in Global Trade as Tariffs Overshadow Meeting," *Reuters*, last modified May 16, 2025, <https://www.reuters.com/world/china/us-tariffs-take-centre-stage-apec-trade-gathering-joint-statement-doubt-2025-05-15/>.

¹⁵⁵ TOI Business Desk, "Donald Trump Releases 14 Tariff Letters: Japan, South Korea, Myanmar, Malaysia & Other Countries to Face Up to 40% Duties from August 1; Check Full List," *The Times of India*, 9 July 2025, <https://timesofindia.indiatimes.com/business/international-business/donald-trump-releases-tariff-letters-japan-korea-to-face-25-duties-from-august-1-2025-check-details-of-us-reciprocal-tariffs-countries-list-india/articleshow/122301007.cms>.

¹⁵⁶ World Trade Organization, "China Initiates WTO Dispute regarding US 'Reciprocal Tariffs,'" *World Trade Organization*, last modified April 8, 2025, https://www.wto.org/english/news_e/news25_e/dsrfc_08apr25_e.htm.

¹⁵⁷ Luisa Maria Jacinta C. Jocson, "US Tariff May Trim PHL GDP Growth," *BusinessWorld*, 28 July 2025, <https://www.bworldonline.com/top-stories/2025/07/28/687831/us-tariff-may-trim-phl-gdp-growth/>.

¹⁵⁸ Asia-Pacific Economic Cooperation, "Achievements and Benefits," *Asia-Pacific Economic Cooperation*.

global economy. Ministers worry that economic shocks could drive inflation and end up hurting consumer spending due to rising costs. This is where a fork in the road becomes more apparent, as poorer member economies like Indonesia and Vietnam argue that protecting local industries come at the cost of higher prices, while wealthier economies like the United States call for security and competitiveness instead.

Digital Trade Barriers

E-commerce and data flows have exploded in use in recent years, significantly shaping modern APEC trade. APEC's intra-regional digital trade in 2018 was valued at around USD 1.68 trillion, accounting for approximately 20 percent of total APEC intra-regional trade. Chinese tech firms are a major player in the current trade landscape, with over 50 percent of global retail e-commerce orders in 2023 involving Chinese brands.¹⁵⁹ Asia-Pacific governments, especially during the COVID-19 pandemic, also worked to expand support for digital exports, with online marketplaces linking rural and women entrepreneurs to global markets.¹⁶⁰

Even with the booming benefits of digital trade, new points of tension continue to emerge. Many APEC economies have moved to impose data localization rules or strict privacy standards which may act as invisible barriers. A prime example of this is China debating how to balance open data flows with national security and privacy with other member economies. Further, the United States went as far as to withdraw their support for some WTO proposals regarding e-commerce on account of concerns about global rules benefiting China.¹⁶¹

Sustainability and Social Standards

APEC's discussions have increasingly considered environmental and labour concerns.¹⁶² Greening trade has been a crucial topic of discussion, with member economies mutually agreeing to slash tariffs on "a list of 54 environmental goods," including solar panels and wind turbines, "to five percent or less" in an attempt to improve affordable access to clean technologies.¹⁶³ Similarly, trade ministers have been exploring ways to enforce labour and sustainability standards. APEC forums are now pushing for a "transition toward sustainable, resilient, and inclusive supply chains across the Asia-Pacific region" to make sure that goods are produced in fair labour conditions, with relatively low carbon emissions.¹⁶⁴

Work like this, while beneficial, has its tradeoffs. For instance, cheaper agricultural imports from Australia or the United States may help consumers in urban Asia-Pacific cities, but end up undercutting small farmers in countries like Papua New Guinea or the Philippines as a result. APEC leaders have recognized this, and have addressed it in recent ministerial discussions. Recent talks have yielded discussion, albeit, without any action, on how to protect food security while still honoring commitments to open markets.

¹⁵⁹ Frank Calvino, "The Impact of Chinese E-Commerce on Global Trade - 2025 UPDATE!," *Cross-Border Magazine*, last modified February 1, 2025, <https://cross-border-magazine.com/chinese-e-commerce-impact-2025/>.

¹⁶⁰ Asia-Pacific Economic Cooperation. *Women-Owned Business in Cross-Border E-Commerce: A Diagnostic Toolkit*. APEC Secretariat, 2020, https://www.apec.org/docs/default-source/Publications/2020/10/Women-Owned-Business-in-Cross-Border-E-Commerce/220_SME_Women-Owned-Business-in-Cross-Border-E-Commerce-A-Diagnostic-Toolkit.pdf?utm.

¹⁶¹ U.S. to End Support for WTO E-Commerce Proposals, Wants 'Policy Space' for Digital Trade Rethink. *Inside U.S. Trade*, 24 Oct. 2023, <https://insidetrade.com/share/178191>.

¹⁶² Asia-Pacific Economic Cooperation, "APEC Trade," *Asia-Pacific Economic Cooperation*.

¹⁶³ Asia-Pacific Economic Cooperation, "ANNEX C - APEC List of Environmental Goods," *Asia-Pacific Economic Cooperation*, last modified September 9, 2012, https://www.apec.org/meeting-papers/leaders-declarations/2012/2012_aelm/2012_aelm_annex.

¹⁶⁴ Ibid.

Case Study: China

China represents both opportunity and conflict in APEC trade. Its Digital Silk Road, which was a part of the Belt and Road Initiative, has built thousands of 5G stations and data centers abroad in an effort to expand e-commerce.¹⁶⁵ In 2023, China's cross-border e-commerce trade hit a whopping USD 3363 billion in value, a 26 percent increase from 2020.¹⁶⁶ Credit for this growth is given to platforms like Alibaba, Temu, and Shein, who are major players in global merchandise sales.

China, however, is also heavily involved in trade disputes, most notably with the United States. It has challenged tariffs at the WTO, citing that the United States unfairly targeted exports like solar panels and rare earth minerals, which are especially critical to their export-dependent economy.¹⁶⁷ In light of trade tensions, China has moved to boost their AI and semiconductor industries to reduce foreign reliance. These tensions have affected APEC as well: a clear divide has begun to form, with China supporting WTO reform to eliminate the United States' unilateralism, and the United States hitting back with criticism of China's state-led economic model.

Case Study: The United States

The United States has had a drastic switch from free trade to protectionist policies, with the most notable changes happening under the presidency of Donald Trump. The first of these protectionist policies began as early as 2018, with the U.S. imposing tariffs on about 16-17 percent of imports from China, Canada, Mexico, and the European Union.¹⁶⁸ These tariffs yielded price increases of about 0.4 to 1 percent, a GDP loss of 0.2 percent.¹⁶⁹

These tariffs only drove the deficit higher. In 2018, the American trade deficits sat at USD 891 billion in 2018, with China accounting for USD 419 billion of that deficit.¹⁷⁰ This is a prime example of how protectionist economic policy has limits. American tariffs, whose original purpose was to lower costs and slash the trade deficit, ended up doing the opposite by raising costs and harming lower-income groups.

Case Study: The Philippines

As a mid-sized APEC economy, the Philippines finds itself stuck in the middle of global economic powers. In late 2024 into early 2025, it was hit by a 20 percent American tariff. This was later reduced to 19 percent in exchange for an absence of tariffs on American goods. This was criticized by many Filipino economists, who claimed the

¹⁶⁵ Richard Ghiasy and Rajeshwari Krishnamurthy, "China's Digital Silk Road and the Global Digital Order," *The Diplomat*, last modified April 13, 2021, <https://thediplomat.com/2021/04/chinas-digital-silk-road-and-the-global-digital-order/>.

¹⁶⁶ Lucia Brancaccio, "China's Cross-Border E-Commerce: 2023 Performance and 2024 Outlook," *China Briefing*, last modified February 20, 2024, <https://www.china-briefing.com/news/chinas-cross-border-e-commerce-2023-performance-and-2024-outlook>.

¹⁶⁷ China, "UNITED STATES – UNIVERSAL AND COUNTRY-SPECIFIC ADDITIONAL DUTIES ON IMPORTS FROM CHINA REQUEST FOR CONSULTATIONS BY CHINA," *World Trade Organization*, last modified April 8, 2025, [https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=\(%20@Symbol=%20\(wt/ds638/1%20\)\)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#](https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=(%20@Symbol=%20(wt/ds638/1%20))&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#).

¹⁶⁸ Chad P. Brown and Melina Kolb, "Trump's Trade War Timeline: An Up-to-Date Guide," *Peterson Institute for International Economics*, last modified January 20, 2025, <https://www.piie.com/sites/default/files/documents/trump-trade-war-timeline.pdf>.

¹⁶⁹ Mary Amiti et al., "The Impact of the 2018 Trade War on U.S. Prices and Welfare," *National Bureau of Economic Research*, last modified March 2019, https://www.nber.org/system/files/working_papers/w25672/w25672.pdf.

¹⁷⁰ United States Census Bureau, "Trade in Goods with China," *United States Census Bureau*, last modified May 2025, <https://www.census.gov/foreign-trade/balance/c5700.html>.

deal undermined Philippine exporters, was unfair to the Filipino economy, and was “the worst insult”, because other Asian allies like Japan received a much more favourable tariff reduction.¹⁷¹ President Marcos, however, phrased this as a “significant achievement” in diplomatic terms, only fueling the frustration harboured by the Filipino citizens.¹⁷²

The Philippines has also actively been embracing digital trade, with over 73 million Filipino citizens shopping online in 2021, fueling a USD 17 billion e-commerce market.¹⁷³ APEC has helped train small businesses in e-marketing and helped to promote its creative industries globally. The country also pushes for climate-sustainable agriculture within APEC economies.

The Philippines definitely requires greater trade access and technical assistance to succeed, but it has concerns of being pushed around by global economic powers. As a country, the Philippines is working to grow its economy while also navigating through unequal trade relationships.

Possible Solutions and Controversies

Strengthened Trade Facilitation and Capacity Building Framework

This solution entails the creation of an APEC-wide framework to refine existing trade facilitation successes by fully implementing and expanding programs like the World Trade Organization’s TFA. Should APEC follow this route, member economies would need to commit to concrete aid-for-trade and capacity building measures. The creation of a regional “trade equity fund” that would finance customs modernization, digital ports, and training for small and medium enterprises (SMEs) in developing economies is a necessary first step to build trade capacity in developing countries. This proposed framework could also help confirm commitments to slash non-tariff barriers and share best practices. This framework would target resources to assist poorer members in eliminating border delays and meeting the higher standards of the more developed economies while calling for richer economies like Japan and Canada to contribute technical and financial support. In accelerating reforms and improving logistics, this new framework would aim to make trade cheaper and much more inclusive for all APEC citizens.

The success of the WTO’s TFA is proof that trade facilitation has been proven to boost growth and inclusion.¹⁷⁴ This proposed framework builds on this idea, and APEC’s founding Bogor Goals of open trade and the Putrajaya Vision’s call for “transparent and predictable” markets.^{175, 176} In targeting its resources on the poorest economies and SMEs, it directly aims to extend “equitable benefits” to all 3 billion APEC citizens.¹⁷⁷

¹⁷¹ Mong Palatino, "What Marcos Got from His Meeting with President Trump," *The Diplomat*, last modified July 24, 2025, <https://thediplomat.com/2025/07/what-marcos-got-from-his-meeting-with-president-trump/>.

¹⁷² Ibid.

¹⁷³ International Trade Administration, "Philippines Country Commercial Guide - eCommerce," International Trade Administration, last modified January 24, 2024, <https://www.trade.gov/country-commercial-guides/philippines-ecommerce>.

¹⁷⁴ World Trade Organization, "Trade Facilitation," *World Trade Organization*.

¹⁷⁵ Ibid.

¹⁷⁶ Asia-Pacific Economic Cooperation, "APEC Putrajaya," *Asia-Pacific Economic Cooperation*.

¹⁷⁷ Ibid.

However, this approach heavily depends on political will and resources. As it currently stands, only about 76 percent of TFA commitments have been implemented thus far.¹⁷⁸ This stems from the fact that some governments lack the capacity to implement measures, or fear the transparency that implementation brings. On top of this, securing new funding or reallocating existing aid may prove to be difficult for donor economies who are facing budget pressures. Smaller or resource-lacking economies may also struggle to meet stricter commitments without external grants or loans, which raise several concerns regarding equity. Developed members may demand legally binding guidelines, but many APEC agreements are completely voluntary, leading to concerns about its methods of enforcement. There is an ideological split between wealthier APEC economies, who typically prefer rapid liberalization and set high standards, and more developing countries, who desire flexibility and protection for their emerging industries.

APEC Digital Economy and Inclusive E-Commerce Initiative

This approach would call for the creation of an APEC regional agreement and support program that is oriented around the digital economy. It would build on the APEC Internet and Digital Economy Roadmap (AIDER) by launching a new APEC Digital Partnership for Inclusive Trade. Key elements of this agreement would be binding commitments that maintain open cross-border data flows, joint standards like privacy protections and consumer safeguards for e-commerce, and a commitment to extend broadband connectivity and digital skills in rural or underserved areas. Alongside this initiative might exist a new APEC Digital Inclusion Fund, a fund that works to subsidize internet access in poorer member economies and help micro enterprises contribute to the global value chain. When put into practice, APEC members would collaborate on interoperable regulations so that an online vendor from the Philippines or a farming cooperative based in Papua New Guinea would be able to reach customers in other countries like Canada or Korea.

This approach works for many different reasons. Firstly, an initiative oriented on inclusive digital trade leverages one of APEC's fastest growing sectors. As of 2020, APEC's intra-regional e-commerce has been valued at over USD 2.12 trillion, making up about 28 percent of intra-APEC trade as a whole.¹⁷⁹ Half of global retail e-commerce orders in 2023 involved Chinese platforms in one way or another, which demonstrates how much market potential there is for an open regional internet.¹⁸⁰

APEC Ministers have discussed that closing digital divides and utilising tech are paramount for incorporating SMEs into the digital economy.^{181, 182} This approach has the potential to empower rural and marginalized communities. APEC training programs like the APEC Women's Business Activator Program already help female entrepreneurs reach global markets. Lower trade barriers also increase trade and innovation, with a study finding that even non-binding digital rules in trade deals can boost e-trade by 10 percent to 44 percent.

This approach also has its issues. Digital trade is politically sensitive and ideologically divisive. Advanced economies like the United States have recently become more cautious about cross-border data flows, on grounds

¹⁷⁸ World Trade Organization, "Trade Facilitation," *World Trade Organization*.

¹⁷⁹ Asia-Pacific Economic Cooperation, "Understanding the Economic Impact of Digitalisation on Digital Trade," *Asia-Pacific Economic Cooperation*, last modified December 2024, https://www.apec.org/docs/default-source/publications/2024/12/224_desg_understanding-the-economic-impact-of-digitalisation-on-digital-trade.pdf?sfvrsn=f4f82549_1.

¹⁸⁰ Calvino, "The Impact," *Cross-Border Magazine*.

¹⁸¹ Access Partnership, "Access Alert," *Access Partnership*.

¹⁸² Asia-Pacific Economic Cooperation, "Strengthening Ties," *Asia-Pacific Economic Cooperation*.

of national security and privacy.¹⁸³ The United States has even gone as far as to withdraw support from WTO e-commerce talks.¹⁸⁴ China and other economies similarly insist on data sovereignty and have begun drafting cybersecurity laws to protect their interests. These differences show that even within APEC, there is a lack of consensus.¹⁸⁵

Technical issues also complicate implementation. Developing members worry that rapid digitalization has the potential to leave behind those who lack skills or infrastructure. Even though a digital partnership has huge potential for inclusivity and equitable economic growth, a consensus between free-trade libertarians pushing for open data flows and data protection advocates needs to be reached.

Bloc Positions

High Income, Free Trade Economies

This bloc is made up of the most advanced APEC members that boast a high GDP per capita, are highly diversified, and have service and tech-oriented economies. These countries would consist of the United States, Canada, Japan, and Australia, among others. These countries have championed liberal trade policies and worked to reduce trade barriers through regulatory harmonization since APEC's establishment. The U.S. Trade Representative notes that these economies often advocate for "market opening actions to eliminate barriers to trade and investment," which reflect a strong pro-liberalization stance.¹⁸⁶ Major East Asian members in this bloc also recognize that liberalization promotes growth, with analysts observing that many "East Asian governments have undertaken substantial unilateral trade liberalization," understanding that "those who liberalize first and fastest gain the most".¹⁸⁷ The wealth and capacity of this bloc give it the confidence to push for regional integration and set trade policies with high standards. Delegates in this bloc will likely be willing to assist with trade and advocate for initiatives that further open markets and strengthen multilateral trade frameworks.

Emerging Industrializing Economies

This bloc consists of middle-income APEC economies that are either rapidly industrializing or working toward diversifying their economies. This includes Indonesia, Malaysia, and the Philippines, among others. These economies typically foster a mix of state-run and market-driven sectors. They have expanded manufacturing and infrastructure, leveraged trade as a growth engine, and achieved "rapid economic growth through trade and

¹⁸³ Kristina Irion et al., "Privacy Peg, Trade Hole: Why We (Still) Shouldn't Put Data Privacy in Trade Law," *The University of Chicago - The Law School*, last modified July 24, 2025, <https://lawreview.uchicago.edu/online-archive/privacy-peg-trade-hole-why-we-still-shouldnt-put-data-privacy-trade-law>.

¹⁸⁴ Meredith Broadbent, "USTR Upends U.S. Negotiating Position on Cross-Border Data Flows," *Center for Strategic & International Studies*, last modified December 12, 2023, <https://www.csis.org/analysis/ustr-upends-us-negotiating-position-cross-border-data-flows>.

¹⁸⁵ Calvino, "The Impact," *Cross-Border Magazine*.

¹⁸⁶ Office of the United States Trade Representative, "Asia-Pacific Economic Cooperation (APEC)," *Office of the United States Trade Representative*, last modified July 24, 2025, <https://ustr.gov/issue-areas/trade-organizations/asia-pacific-economic-cooperation-apec>.

¹⁸⁷ Heather J. Smith, "China, Trade Peace Key to APEC's Future," *Brookings*, last modified November 21, 1996, <https://www.brookings.edu/articles/china-trade-peace-key-to-apecs-future/>.

investment liberalization".¹⁸⁸ Many have also signed agreements such as the Regional Comprehensive Economic Partnership and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Mexico is a successful example of liberalization; their market is extremely open. Trade accounts for roughly 73 percent of its GDP, with over 90 percent of its trade occurring within FTAs.¹⁸⁹ Delegates in this bloc support a similar ideology that balances openness with strategic protection. They will typically push for integration driven by infrastructure and region value chains and support gradual tariff reduction in combination with developmental safeguards. Countries will push for inclusive trade that not only supports job creation on the homefront, but also technical assistance and capacity building in other developing economies.

Resource-Dependent Economies

This bloc is made up of APEC members whose economies are heavily reliant on commodity exports and do not have many diversified sectors; for instance, Brunei Darussalam, and Papua New Guinea. These economies typically fall within the upper-middle to lower-middle income range, with substantial portions of GDP stemming from mining, oil, and gas. As a result, this bloc often maintains higher trade barriers outside of its key export sectors and utilizes tariffs to protect growing domestic industries. Delegates in this bloc may also favour stabilizing measures like support for commodity prices or rural development to buffer against market volatility. APEC analysts warn that swings in commodity markets and rising protectionism lead to slow growth, noting that global growth moderation in 2025 into 2026 is partly driven by “fluctuations in commodity prices” and increased tariffs.¹⁹⁰ Consequently, delegates in this bloc will likely advocate for policies that secure reliable access to export markets while remaining cautious about unilateral trade liberalization until they reach more diversified and sustainable growth.

Discussion Questions

1. What measures can APEC take to ensure that trade remains open while also protecting vulnerable workers and industries? Furthermore, how can social or environmental standards be consciously integrated into trade agreements?
2. Given APEC's completely voluntary and consensus-based approach, in what ways can it promote participation in equitable trade practices, such as getting member states to abide by voluntary principles and contribute to technical aid?
3. How can digital technologies like e-commerce platforms and digital payment methods aid in the engagement of small businesses and rural communities in international trade? What challenges must be addressed for this approach to succeed?
4. Can wealthier APEC economies be expected to provide financial and technical support to poorer members in trade negotiations? How can APEC balance differences in development levels whilst still pursuing common goals?

¹⁸⁸ Asia-Pacific Economic Cooperation, "APEC's Trade Liberalization at the Crossroad: An Overview," *Asia-Pacific Economic Cooperation*, last modified March 2000, https://www.apec.org/docs/default-source/Publications/2000/3/APECs-Trade-Liberalization-at-the-Crossroad-An-Overview-March-2000/00_misc_crossroad.pdf.

¹⁸⁹ Santander, "Mexican Foreign Trade in Figures," *Santander*, last modified May 2025, <https://santandertrade.com/en/portal/analyse-markets/mexico/foreign-trade-in-figures>.

¹⁹⁰ Asia-Pacific Economic Cooperation, "APEC GDP Expands to 3.5% in 2023, Uncertainties Loom Large," *Asia-Pacific Economic Cooperation*, last modified May 15, 2024, <https://www.apec.org/press/news-releases/2024/apec-gdp-expands-to-3-5-in-2023-uncertainties-loom-large>.

5. How should APEC's trade agenda align with or differ from the World Trade Organization and other similar international trade forums, given its unique economic context and member nations' demographics?

Additional Resources

APEC Putrajaya Vision 2040:

<https://aotearoaplanofaction.apec.org>.

APEC Achievements of Bogor Goals:

<https://www.apec.org/about-us/about-apec/achievements-and-benefits/bogor-goals>.

UNCTAD The Bridgetown Covenant:

<https://unctad.org/publication/unctad-15-outcome-spirit-speightstown-and-bridgetown-covenant>.

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