ABAC

APEC Business Advisory Council

REIWG II

Services Roadmap, Digital Trade and the APA:
Shaping a coherent, interoperable and business-friendly approach

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Missing in action: A new APEC Services Roadmap

APEC failed to agree a new Services Roadmap in 2025…

01 **Services are how modern firms compete**
Embedded in every product and supply chain, key to all business models

02 **The enabling environment is deteriorating**
APEC is trailing on competitiveness, and services trade restrictions are increasing

03 **Digitally delivered services are the growth frontier**
Fastest-growing segment of trade, critical to innovation, productivity, inclusion; the New Services Agenda points the way

…and has still not agreed it (targeting MRT meeting, May 2026)

A new Roadmap is critical for the region's prosperity and resilience



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E-Commerce Moratorium

- WTO E-Commerce Moratorium has prevented tariffs on digital products since 1998 – but was “terminated” at MC14
- Talks continue in Geneva, but the legal default has flipped
- The impact: cost, friction, uncertainty
  - New legal uncertainty (over which economies will apply tariffs, coverage/classification, tariff rates, ROO…?)
  - Risks destabilising the digital trade environment and shrinking GDP
  - Tariffs would disproportionately impact MSMEs, including purely domestic businesses, by reducing access to back-office services
- OECD analysis shows the potential tariff revenue is tiny

➢ **APEC should agree a permanent APEC-wide moratorium on tariffs on digital products**



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The APA is out of date on digital

The *Aotearoa Plan of Action* (to implement the Putrajaya Vision) largely pre-dates genAI and quantum, and is light on some key details

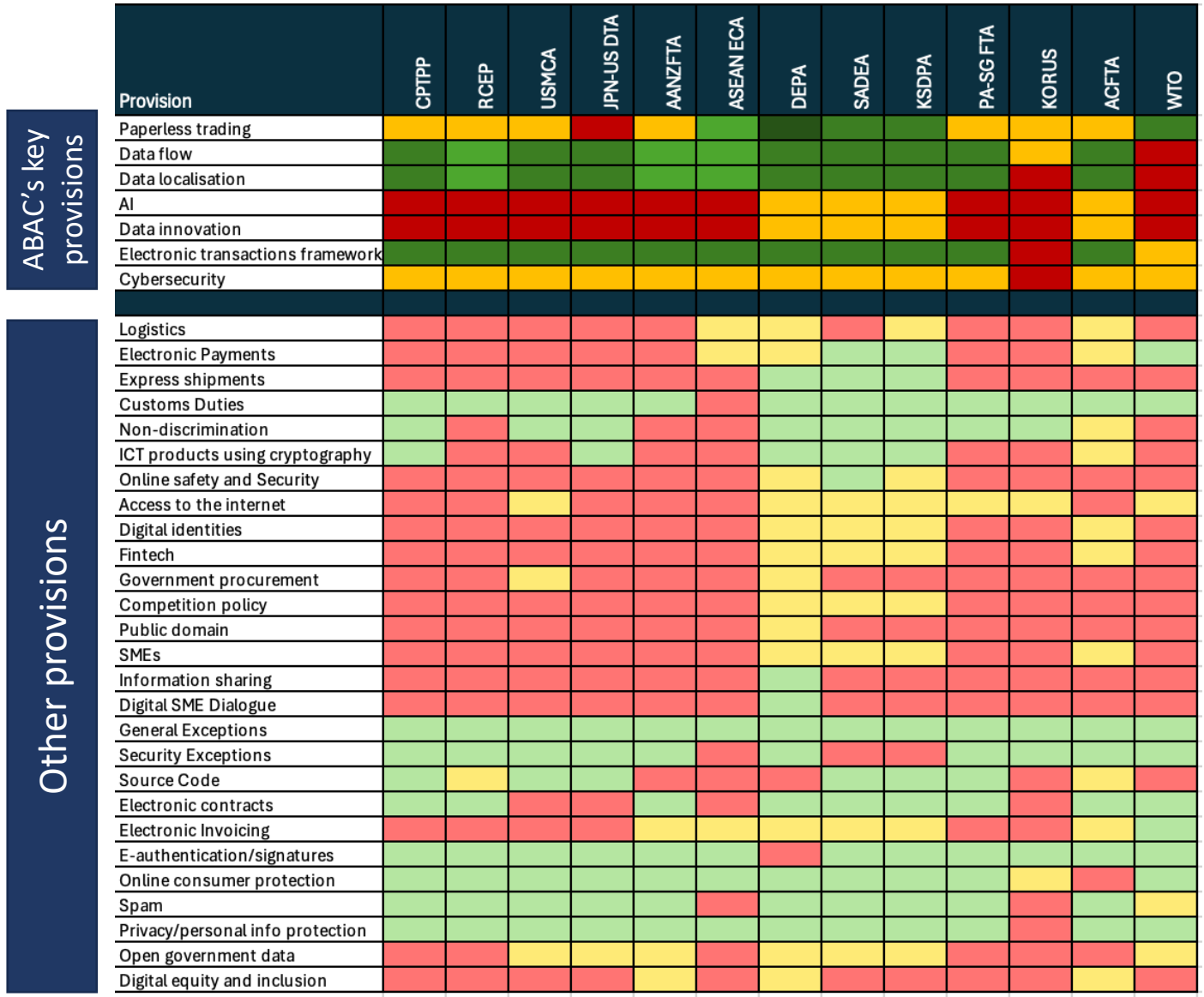
What it covers

- Structural reform – *but little detail*
- Adopt new technologies, innovative business environment
- Address challenges, barriers, competition – *but little detail*
- Promote interoperability, facilitate trade, discuss rules
- Work towards digitalizing border processes
- Capacity building, skills, digital divide
- Infrastructure – *but little detail*

What it doesn't

- Impact of emerging tech on jobs, productivity, society
- AI, genAI, Agentic AI, sectoral AI
- Quantum Computing
- Data innovation, data sharing
- "Interoperability" in practice
- Digital trade rules coherence
- Digital supply chains including eBL, e-invoicing, digital identities
- Digitally-deliverable services
- Sustainable AI infrastructure, energy

The “digital noodle bowl” adds friction and cost



- 18 APEC economies have negotiated at least one digital trade agreement or applied to join at least one
- However, even within this ‘universe’ of agreements/initiatives, there are still gaps and divergences:
  - Most agreements/initiatives include rules (soft or hard) on **paperless trade, electronic transactions frameworks, data governance** and **cybersecurity**
  - Even where rules exist, there are some critical divergences, especially on data flows and data localisation
  - Very few agreements/initiatives include any rules on **AI, data innovation** or **standards**
- Overall the “digital noodle bowl” of rules adds friction (cost, paperwork, complexity), working against GVCs, investment, scale

➢ **APEC should prioritise convergence, streamlining and interoperability of rules**

Adapted from WEF ASEAN DEAL depository, https://depository.asean-deal.org

Recommendations

APEC should:

- Finalise an ambitious APEC Services Roadmap as a matter of urgency – integrating ABAC's New Services Agenda.
- Agree a permanent APEC-wide moratorium on tariffs on digital products.
- Use the APA Review to prioritise updates on digital (AI, quantum, data innovation, interoperability, digitally-deliverable services and digital trade rules)
- Prioritise digital trade rules coherence in the FTAAP Bottom Up process