

Openness, Innovation, and Cooperation

—Building a More Prosperous Asia–Pacific Community

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Preface

The vast Pacific Ocean gathers the waters of countless rivers and connects every corner of the globe. Like an expansive, open embrace, it binds the peoples of the Asia-Pacific region together. In the ebb and flow of its tides, one can feel the pulse of an era marked by the gradual shift of the world's economic center of gravity toward the East, while its surging waves embody the powerful momentum driving regional cooperation ever forward.

Bound together by the waters of the Pacific, the economies of the Asia-Pacific region came together 37 years ago to break away from the mindset of bloc confrontation and zero-sum rivalry. Embracing the global trend toward peace and development and forging a shared consensus on growth, they established the Asia-Pacific Economic Cooperation (APEC) forum, opening a new chapter in regional economic cooperation across the Asia-Pacific.

Over the past three decades, APEC has remained committed to the principle of open regionalism. Respecting and embracing the diversity of its member economies in their political systems, stages of development, and social and cultural traditions, it has advanced regional development through pragmatic cooperation. In doing so, it has ushered in an era of unprecedented growth, prosperity, and connectivity across the Asia-Pacific, helping to make the region the world's most dynamic economic hub and a principal engine of global growth.

Yet, as the world undergoes profound changes unseen in a century at an accelerating pace, global economic growth has lost momentum, and the world's openness index has continued to decline. At the same time, the Asia-Pacific faces mounting challenges, including geopolitical conflicts and the rise of unilateralism and protectionism. As a result, Asia-Pacific cooperation itself stands at a critical juncture where standing still means falling behind. Preserving and strengthening the region's framework of openness and cooperation has become a shared task confronting all APEC member economies.

The rougher the seas, the more important it is to pull together. Faced with the defining question of our time—Where is Asia-Pacific development headed?—China, as a responsible member of the Asia-Pacific family, has consistently worked to share opportunities and pursue common development with its regional partners. It remains committed to bringing greater certainty and fresh momentum to regional development while serving as a steadfast advocate for and leader in Asia-Pacific cooperation.

From stressing the need to foster a strong sense of an Asia-Pacific community with a shared future, to advocating an Asia-Pacific partnership of mutual trust, inclusiveness, cooperation and mutual benefit, and then to advancing the process of building a Free Trade Area of the Asia-Pacific; from putting forward the three proposals to build an open and interconnected paradigm for Asia-Pacific cooperation, make green innovation a catalyst for regional growth, and uphold a universally beneficial and inclusive vision for Asia-Pacific development, the "Five Commons": jointly safeguarding the multilater-

al trading system, jointly building an open economic environment in the region, jointly keeping industrial and supply chains stable and smooth, jointly advancing the digital and green transformation of trade, and jointly promoting universally beneficial and inclusive development—China's initiatives and actions have each left a distinctive Chinese imprint on the course of Asia-Pacific cooperation and injected powerful momentum into peace and development in the region and the wider world.

The year 2026 marks China's APEC Year, during which it will host the APEC meetings for the third time. From Shanghai in 2001, to Beijing in 2014, and now Shenzhen in 2026, APEC has traversed a remarkable 25-year journey. Throughout that time, it has weathered the ups and downs of regional cooperation while witnessing China's unwavering commitment to advancing hand in hand with the Asia-Pacific.

Setting out anew from Shenzhen, China, looks forward to working with all parties to remain true to APEC's founding mission of promoting economic growth and improving people's well-being. It will continue to uphold the principle of sharing opportunities and achieving mutual benefit through openness and development, while working together to build an Asia-Pacific that is prosperous and stable, open and interconnected, universally beneficial and inclusive, and united in solidarity. Together, we can write a new chapter in the "Asia-Pacific Miracle" and embark on a new journey toward the vision of an Asia-Pacific community.

Chapter 1

Staying True to APEC's Founding Mission and Working Together to Build an Asia-Pacific Community

The rougher the seas, the more we must pull together. We should stay true to APEC's founding mission to promote economic growth and improve people's lives, and champion open development where everyone shares opportunities and emerges a winner. We should promote a universally beneficial and inclusive economic globalization, and build an Asia-Pacific community.^①

— H.E. Xi Jinping, President of the People's Republic of China

Since its establishment in 1989, the APEC forum has remained true to its founding mission of promoting shared development and improving people's well-being, forging a path of cooperation characterized by harmony without uniformity, mutual benefit, and win-win outcomes. In recent years, profound changes unseen in a century have accelerated worldwide. Geopolitical tensions have flared up one after another, anti-globalization sentiments have continued to spread, and an unprecedented array of shocks has posed mounting risks and challenges to development in the Asia-Pacific. Through concerted efforts, APEC's member economies have remained steadfast in upholding their original aspirations. They have reinforced the foundations for development through peace and stability, energized growth through openness and connectivity, expanded the "pie" of shared prosperity by leveraging complementary strengths, and demonstrated the warmth of cooperation through universally beneficial and inclusive development. Together, they have forged an Asia-Pacific community of cooperation defined by a shared future, mutual benefit, and win-win outcomes, bringing valuable certainty to global development. In 2025, the Asia-Pacific region accounted for more than 60 percent of the global economy. Its economy grew by 3.3 percent, and growth is projected to remain at 3.1 percent in 2026, keeping the region at the forefront of the world's major economic regions.^②

① Xinhua News Agency. "Full Text of President Xi Jinping's Speech at Session I of the 32nd APEC Economic Leaders' Meeting." October 31, 2025.

② APEC Secretariat. APEC Regional Trends Analysis. May 2026.

1.1 Riding the Waves to Safeguard Peace and Stability

Peace is the precondition for development, and stability is the foundation of prosperity. Despite facing multiple challenges, the Asia-Pacific has maintained an overall environment of peace and stability, emerging as one of the world's most resilient economic regions and providing a solid social foundation for deeper cooperation across all sectors. This hard-won stability rests on three key pillars.

I.1.1 The first is a steadfast commitment to the international order and the purposes and principles of the Charter of the United Nations. APEC members have upheld the fundamental norms governing international relations, including sovereign equality, the peaceful settlement of disputes, and non-interference in the internal affairs of other states. They have supported the international system with the United Nations at its core and the international order underpinned by international law. As an official forum dedicated to economic cooperation, APEC has consistently maintained its non-political character, placing development at the center of its agenda. In doing so, it has provided its member economies with a platform for dialogue that transcends differences and focuses on mutually beneficial cooperation, preventing economic collaboration from being derailed by geopolitical tensions and ensuring the continuity and stability of regional cooperation. History has shown that humanity shares a common destiny. Hegemonism brings nothing but conflict and disaster, whereas fairness and justice are essential safeguards for world peace and development. Confrontation and division lead only to estrangement and instability, while mutually beneficial cooperation is the surest path toward a better future. Unilateralism breeds fragmentation and regression, whereas multilateralism is the inevitable choice to address global challenges.

I.1.2 The second is adherence to the "APEC Way" of dialogue, consultation, and seeking common ground while respecting differences. Characterized by voluntarism, consensus-building, flexibility, pragmatism, and gradual progress, the APEC Way fully respects each member economy's right to pursue its own development path and acknowledges their diversity. It rejects coercion and one-size-fits-all approaches, instead seeking the broadest possible consensus through consultation and coordination at multiple levels. Faced with practical challenges such as differences over trade rules, divergent epidemic prevention policies, and diverse development models, member economies have relied on institutional mechanisms—including the APEC Economic Leaders' Meeting, Ministerial Meetings, Senior Officials' Meetings, and specialized working groups—to engage in candid dialogue, meet each other halfway, and identify areas of common interest while respecting one another's legitimate concerns.

I.1.3 The third is the exemplary leadership and sense of responsibility demonstrated by China and other major countries in safeguarding regional stability during times of crisis. China has remained committed to the path of peaceful development and to a vi-

sion of common, comprehensive, cooperative, and sustainable security, making it a steadfast guardian and builder of peace in the Asia-Pacific. In the face of rising anti-globalization sentiment, China has consistently spoken out against "small yards with high fences" and "decoupling and supply chain disruption." Amid heightened geopolitical tensions, it has continued to promote bilateral and multilateral dialogue and friendship, using connectivity initiatives and partnership mechanisms to provide platforms for communication and de-escalation. Through responsible major-country diplomacy, China has led regional economies weather common challenges and has become a pillar of peace and stability in the Asia-Pacific.

By promoting coordinated cooperation on security and economic issues under the APEC framework, the region has fostered a virtuous cycle in which security and stability reinforce economic prosperity, creating a favorable environment for deeper, all-round cooperation. China has consistently advocated joining hands rather than letting go, extending industrial and supply chains rather than breaking them, while actively seeking more areas of shared interest and supporting the open development of supply chains. It has also worked to strengthen hard connectivity, soft connectivity, and people-to-people connectivity, further consolidating the foundations for open development across the Asia-Pacific.

1.2 Embracing the Ocean to Advance Openness and Connectivity

Openness is the lifeblood of APEC economies and has always been the defining feature of APEC cooperation. Asia-Pacific economies have remained committed to the principle of open regionalism, steadily dismantling trade barriers, facilitating investment, and broadening and deepening cooperation. Home to nearly 40 percent of the world's population, the region now generates more than 60 percent of global gross domestic product (GDP) and nearly half of global trade. In 2025, the region's GDP reached US\$61.4 trillion, while total merchandise trade exceeded US\$26 trillion. The Asia-Pacific has continued to draw the center of gravity of the global economy toward itself and has become the principal engine of global growth. This remarkable achievement in openness and connectivity has been made possible by three sustained areas of endeavor.

1.2.1 APEC has remained committed to open regionalism. From the Bogor Goals adopted in 1994 to the Putrajaya Vision 2040, APEC has consistently focused on advancing trade and investment liberalization and facilitation. It has continued to reduce non-tariff barriers while simultaneously promoting greater openness in services trade, digital trade, and investment access, and has rejected closed and exclusive regional blocs.

In the area of trade liberalization, the simple average most-favored-nation (MFN) tariff rate across APEC member economies fell from 16.9 percent in 1989 to 5.1 per-

cent in 2024.^① Over the same period, the share of tariff lines subject to zero duties rose significantly from 27.3 percent to 48.9 percent. Products that achieved zero tariffs most rapidly included raw materials such as petroleum, minerals, and metals; intermediate goods such as timber, paper, and chemicals; and non-electrical manufactured products. In services trade, APEC has, since 2009, introduced and implemented a series of initiatives—including the APEC Principles for Cross-Border Trade in Services, the APEC Services Action Plan, the APEC Services Cooperation Framework, and the APEC Services Competitiveness Roadmap (2016 – 2025)—thereby accelerating services trade cooperation across the Asia-Pacific.

To reduce non-tariff barriers and advance broader openness in digital trade and investment, all APEC economies have joined the World Trade Organization (WTO) Trade Facilitation Agreement. Through measures such as promoting electronic single-window systems, implementing the Authorized Economic Operator (AEO) program, and streamlining customs clearance procedures, they have continued to reduce institutional transaction costs. APEC has also steadily improved the regional investment climate by adopting and updating policy instruments such as the APEC Non-Binding Investment Principles, the APEC Investment Liberalization and Business Facilitation Initiative, the Guide to the Investment Regimes of the APEC Member Economies, and the APEC Investment Facilitation Action Plan. According to the United Nations Conference on Trade and Development (UNCTAD), annual foreign direct investment (FDI) inflows into APEC member economies increased from US\$92.62 billion in 1990 to US\$956.28 billion in 2024, representing an average annual growth rate of 7.1 percent. Over the same period, the stock of FDI expanded from US\$1.1 trillion to US\$29.8 trillion.^②

1.2.2 APEC has actively safeguarded the multilateral trading system while promoting the synergistic alignment of various free trade agreements. In the face of heightened uncertainty in global trade and economic policies caused by unilateralism and protectionism, APEC economies have spoken with one voice against trade bullying and tariff barriers. Together, they have promoted WTO reform in a manner that better balances the interests of developed and developing economies, upholds the fundamental principles of most-favored-nation treatment and non-discrimination, and helps to remove bottlenecks in global trade. Meanwhile, the network of regional free trade agreements has continued to expand. The Regional Comprehensive Economic Partnership (RCEP) has been signed and fully entered into force, creating the world's largest free trade area. High-standard trade agreements such as the Digital Economic Partnership Agreement (DEPA) have continued to evolve, covering economies at different stages of development and across a broad range of areas. Through regulatory alignment and policy coordination, APEC has promoted complementarity among these agreements and reduced

① Data sources: Second-term Review of APEC's Progress towards the Bogor Goals: APEC Region; World Tariff Profiles 2025.

② Calculated from data published in the UNCTAD World Investment Report (various editions).

regulatory overlap, thereby accumulating practical experience and laying the groundwork for the eventual realization of the Free Trade Area of the Asia-Pacific (FTAAP).

I.2.3 China has continued to expand high-standard opening up, making important contributions to the stability and resilience of global industrial and supply chains and to regional economic integration. China has steadily shortened its negative list for foreign investment, further opened its services sector, and expanded market access in its vast domestic market, proactively creating new opportunities for Asia-Pacific economies. Since 2014, China's overall tariff level has fallen from 9.8 percent to 7.3 percent.^① It has also continued to deepen connectivity across the Asia-Pacific by advancing cross-border transport corridors, digital fiber-optic networks, and energy infrastructure. China is now the largest trading partner of 13 APEC member economies.^② By sharing the dividends of its own opening up with neighboring partners, China has helped make the Asia-Pacific the world's most dynamic trading region and one of the most open regions for the movement of goods, capital, and other factors of production.

1.3 Embracing Harmony in Diversity to Expand the Pie of Mutually Beneficial Cooperation

At the 2025 APEC CEO Summit, President Xi Jinping stated, "We should stay true to the vision of harmony without uniformity, fully leverage the diversity of Asia-Pacific economies, draw on each other's strengths, and jointly make the 'pie' of Asia-Pacific cooperation bigger. We should advance both our respective interests and those of others, and foster an environment of cooperation to achieve success and development for all economies."^③ The Asia-Pacific is a vast and diverse region. It is home to both highly developed, mature economies and developing economies still undergoing industrialization. Its member economies differ markedly in resource endowments, industrial structures, and stages of development, while their cultural traditions and social systems are equally diverse. This diversity is not only a defining characteristic of the Asia-Pacific but also a wellspring of its cooperative potential. Under APEC's coordinating framework, member economies have embraced the principle of harmony in diversity and the pursuit of mutual benefit and win-win outcomes. By capitalizing on their respective comparative advantages and deepening complementary cooperation across a wide range of fields, they have continued to expand the "pie" of Asia-Pacific cooperation while steadily enhancing the region's overall competitiveness.

Complementarity in traditional industries has continued to deepen, reinforcing the foundation for regional cooperation. By leveraging their diverse factor endowments,

① Data source: General Administration of Customs of the People's Republic of China.

② Xinhua News Agency. "China Has Become the Largest Trading Partner of Thirteen APEC Economies in 2025." May 9, 2026.

③ Xinhua News Agency. "Full Text of President Xi Jinping's Written Speech at the APEC CEO Summit." October 31, 2025.

Asia-Pacific economies have developed a highly integrated system of industrial specialization. Developed economies occupy the high-value segments of industrial and supply chains through their strengths in technology, capital, and branding, while developing economies capitalize on their advantages in labor, natural resources, and market potential to undertake industrial transfer and manufacturing. From trade in primary commodities such as energy resources and agricultural products to collaboration in manufactured goods including electronics and automotive equipment, the region has fostered a highly integrated industrial ecosystem in which economies are deeply interconnected and mutually dependent. The electronics and information industry provides a compelling example. Across the Asia-Pacific, a complete industrial chain has taken shape, spanning chip design, the production of key components, final product assembly, and brand marketing and distribution, vividly demonstrating the powerful benefits of complementary regional cooperation.

Cooperation in emerging sectors is flourishing, injecting powerful new momentum into regional growth. In response to the new wave of scientific and technological revolution and industrial transformation, APEC member economies have made emerging fields such as the digital economy, green and low-carbon development, and scientific and technological innovation key priorities for cooperation, working together to foster new drivers of economic growth. At the second session of the 32nd APEC Economic Leaders' Meeting, President Xi Jinping stated, "We should fully harness new technologies to empower and propel us forward, seize the opportunities of digital, smart and green development, and move faster to nurture and promote new quality productive forces."^①

In the digital economy, internet penetration across APEC member economies rose from 52 percent in 2014 to nearly 90 percent in 2026, generating robust consumer demand for innovative industries throughout the region. Member economies are working together to implement the APEC Internet and Digital Economy Roadmap and to deepen cooperation in areas such as digital infrastructure, cross-border e-commerce, and smart cities.

In the green economy, cooperation has advanced rapidly in such areas as renewable energy development, the adoption of new energy vehicles, and the application of low-carbon technologies, fostering strong momentum for coordinated growth across green industries. Through technology exchange, industrial-capacity cooperation, and market sharing, Asia-Pacific economies are advancing side by side in emerging sectors and working together to secure a leading position in future development. In 2025, the value of China's core artificial intelligence industry exceeded RMB 1.2 trillion, providing a strong industrial foundation for digital transformation in the Asia-Pacific.^②

China has consistently adhered to the principle of mutual benefit and win-win coop-

① Xinhua News Agency. "Full Text of President Xi Jinping's Speech at Session II of the 32nd APEC Economic Leaders' Meeting." November 1, 2025.

② Xinhua News Agency. "Promoting Common Prosperity Through Artificial Intelligence: Observations on the 2026 APEC Digital and Artificial Intelligence Ministerial Meeting." July 25, 2026.

eration. By leveraging the strengths of its vast domestic market and its comprehensive industrial system, it has pursued common progress through coordinated development with its partners. China is not only a major manufacturing base for the Asia-Pacific region but also a consumer market with enormous potential. It supplies neighboring economies with a wide range of high-quality intermediate and consumer goods while importing a diverse array of distinctive products and services from across the Asia-Pacific.

Through industrial cooperation, technology transfer, and investment in manufacturing facilities, China has continued to help developing economies enhance their industrial capabilities. Manufacturing parks and new energy projects established by Chinese enterprises across the Asia-Pacific have not only created jobs and promoted industrial upgrading in host countries but also expanded opportunities for Chinese companies. In Thailand, BYD's manufacturing plant officially commenced operations in July 2024, incorporating the full production process—from stamping, painting, and welding to final assembly—with an annual production capacity of 150,000 vehicles. SAIC-GM-Wuling has led 17 Chinese companies in its industrial chain to expand overseas, partnering with more than 100 local suppliers in Indonesia to establish a complete automotive industrial chain spanning vehicle assembly and component manufacturing.

At the same time, by advancing its domestic industrial and supply chains, China is feeding momentum back into the world economy. China has built the world's largest and fastest-growing renewable energy system. Driven by sustained technological advances and economies of scale in manufacturing, China has helped reduce the global average cost of wind power and solar photovoltaic electricity generation by more than 60 percent and 80 percent, respectively, over the past decade, providing cost-effective solutions for the energy transition across the Asia-Pacific and the wider world. During the 14th Five-Year Plan period (2021 – 2025), China's exports of wind power and photovoltaic products helped other countries reduce carbon dioxide emissions by an estimated 4.1 billion metric tons.^① China has consistently embraced an open and inclusive approach to cooperation. It rejects exclusive blocs and zero-sum competition, pursues its own development by helping its partners succeed, continues to expand the pie of Asia-Pacific cooperation, and enables more member economies to share in the dividends of development.

1.4 Putting People First to Advance Universally Beneficial and Inclusive Development

Promoting economic growth and improving people's well-being lie at the heart of APEC's founding mission and remain the ultimate goal of Asia-Pacific cooperation. At the first session of the 32nd APEC Economic Leaders' Meeting, held in

^① State Council Information Office of the People's Republic of China. China's Actions on Carbon Peak-ing and Carbon Neutrality (November 2025); Ministry of Ecology and Environment of the People's Republic of China. China's Policies and Actions for Addressing Climate Change: 2025 Annual Report.

Gyeongju, the Republic of Korea, in 2025, President Xi Jinping emphasized, "We should adhere to the people-centered development philosophy, focus on imbalances in development, and foster an economic globalization that is more inclusive, sustainable, and beneficial to all peoples in the region."^① Guided by a people-centered approach to development, APEC places great importance on addressing regional development imbalances. By strengthening policy guidance, expanding support for developing member economies, fostering the growth of small and medium-sized enterprises, and promoting the green and sustainable transition, APEC has worked to narrow development gaps, ensure that the benefits of development are shared more broadly and equitably among all people, and make development in the Asia-Pacific more people-centered, and sustainable.

1.4.1 Strengthening the guiding role of inclusive development while expanding support for developing economies. APEC has consistently regarded narrowing development gaps and promoting shared development as core objectives, ensuring that the concerns and aspirations of developing member economies are fully reflected across its cooperation mechanisms. Through its Economic and Technical Cooperation (ECOTECH) agenda, developed members provide developing members with technical assistance, capacity-building programs, and policy advisory services to enhance trade facilitation, industrial development, and public governance. In 2014, President Xi Jinping announced that China would contribute US\$10 million to support APEC institutional development and capacity building and to advance practical cooperation across a wide range of fields.^② Economic and technical cooperation projects implemented under APEC cover customs administration, standards and conformity assessment, digital skills, green transition, and many other areas, effectively strengthening the capacity of developing member economies for self-sustaining development. For members with relatively weak development foundations, particularly the Pacific island economies, China initiated the establishment of the APEC Marine Sustainable Development Center, the first ocean cooperation mechanism under the APEC framework. The Center provides targeted support in such areas as climate change response, marine ecological conservation, and infrastructure development, helping these economies overcome development bottlenecks and build stronger momentum for long-term growth.

1.4.2 Providing robust support for small and medium-sized enterprises (SMEs) to invigorate the capillaries of the regional economy. SMEs constitute the largest segment of market participants across the Asia-Pacific and account for the broadest share of employment, making them a cornerstone of inclusive development. APEC has made SME cooperation a priority by establishing the SME Ministerial Meeting mechanism and

① Xinhua News Agency. "Full Text of President Xi Jinping's Speech at Session I of the 32nd APEC Economic Leaders' Meeting." October 31, 2025.

② Xinhua News Agency. "Full Text of President Xi Jinping's Opening Address at the 22nd APEC Economic Leaders' Meeting." November 11, 2014.

adopting a series of dedicated action plans to empower SMEs through improved market access, financing support, digital transformation, and the facilitation of cross-border trade. For example, through initiatives such as the APEC E-Commerce Business Alliance Forum, the APEC Framework on Cooperation in Digital Trade, and the implementation of the APEC Non-Binding Guidelines on Customs and Cross-Border E-Commerce, APEC has helped SMEs expand into international markets via digital platforms while substantially lowering trade barriers.

The share of cross-border trade conducted by SMEs in the Asia-Pacific has continued to grow, with countless SMEs leveraging regional cooperation to expand their businesses, create jobs, and improve people's livelihoods, thereby enabling ordinary people to benefit directly. In 2025, the 31st APEC Small and Medium Enterprises Ministerial Meeting adopted the Joint Ministerial Statement of the 31st APEC Small and Medium Enterprises Ministerial Meeting (hereafter, the Ministerial Meeting) and the Jeju Initiative of the APEC Start-up Alliance. Proposals put forward by the Chinese delegation—including promoting industrial innovation through scientific and technological innovation, fostering a vibrant innovation ecosystem, strengthening collaboration among large, medium-sized, and small enterprises, accelerating digital transformation, and building networks for production collaboration and innovation among SMEs—were incorporated into the Ministerial Statement.

1.4.3 Promoting green and sustainable development to safeguard the shared homeland of the people of the Asia-Pacific. APEC has consistently embraced sustainable development by integrating climate action and environmental protection into cooperation across all fields, advancing economic development and ecological conservation in tandem. In the field of forest conservation, the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet) has continued to implement projects on forest restoration and sustainable forest management. On April 8, 2015, the Network convened the inaugural meeting of its Board of Directors in Beijing. Over the past decade, it has contributed to an increase in forest area across the Asia-Pacific despite global trends to the contrary, making the region a principal contributor to the world's net growth in forest resources. As of March 2026, China's forest area had reached 240.93 million hectares (3.614 billion mu), with forest coverage rising to 25.09 percent and total forest growing stock reaching 20.988 billion cubic meters. China has achieved simultaneous growth in both forest area and forest growing stock for 40 consecutive years, making it the country that has contributed the most—and the fastest—to global afforestation and greening.^①

In the field of ocean governance, the APEC Marine Sustainable Development Center has carried out practical cooperation on marine litter prevention and control and

①Xinhua News Agency. "China's Forest Area and Forest Stock Volume Have Registered Simultaneous Growth for 40 Consecutive Years." March 20, 2026.

sustainable fisheries, working together to protect the region's blue ecological heritage. APEC has also actively promoted the dissemination of green technologies and cooperation in low-carbon industries, helping developing economies protect the environment while accelerating development and avoiding the old path of "pollute first, clean up later." In doing so, it has made green development a defining feature of the Asia-Pacific and preserved the foundations for sustainable development for future generations.

Chapter 2

Recognizing Opportunities and Risks to Seize New Opportunities in the Asia–Pacific

Asia Pacific economies must enhance mutually beneficial cooperation, make good use of new opportunities, stand up to new challenges, and forge a sustainable and brighter future together.^①

— H.E. Xi Jinping, President of the People's Republic of China

The APEC forum is the region's foremost mechanism for economic cooperation and has made significant contributions to the growth and prosperity of the Asia-Pacific. Building an Asia-Pacific community is the surest path toward the region's long-term development and prosperity, and a shared aspiration of all member economies. The journey toward an FTAAP, however, will not be without challenges. It requires seizing opportunities as they arise, responding calmly and effectively to emerging challenges, and steadily advancing toward this overarching vision and long-term objective.

2.1 Chinese Modernization Unleashes New Momentum for Asia–Pacific Cooperation

China has benefited from the development of the Asia-Pacific and, in turn, has contributed to and shared the fruits of its own development with the region. In recent years, against the backdrop of sluggish global economic growth and rising instability and uncertainty, China's economy has remained generally stable. China is now the largest trading partner for 13 APEC member economies and continues to be an important driver of economic growth both globally and across the Asia-Pacific. During the 14th Five-Year Plan period (2021 – 2025), the total value of China's trade with other APEC economies reached RMB 125.49 trillion, an increase of 39.4 percent over the 13th Five-Year Plan period (2016 – 2020). In 2025 alone, bilateral trade amounted to RMB 26.29 trillion, accounting for nearly 60 percent of China's total foreign trade

^①Xinhua News Agency. "Full Text of President Xi Jinping's Speech at Session II of the 32nd APEC Economic Leaders' Meeting." November 1, 2025.

that year.^① To date, fewer than 30 countries, with a combined population of less than one billion, have achieved industrialization. The modernization of a country with a population of more than 1.4 billion is therefore unprecedented in human history. China's enormous domestic market will become an enduring source of growth and vitality for the world economy.

2.1.1 China Can Create More Development Opportunities for the World

2.1.1.1 A vast domestic market is unlocking new growth potential. China has become the world's second-largest consumer market and second-largest import market. It is also the only developing country to host a national-level international import exposition while continuously opening its market to the world. Under the new development paradigm, the full potential of the Chinese market will be further unleashed, and the Chinese people's pursuit of a better life will create growing demand for high-quality goods and services from around the world.

2.1.1.2 Continued opening up enables APEC member economies to share in the dividends of China's development. Opening up is a defining feature of China's path to modernization. This year's APEC host city, Shenzhen, has grown over the past few decades from a modest fishing village into a modern international metropolis. It stands as a powerful testament to China's unwavering commitment to an opening-up strategy based on mutual benefit and win-win cooperation, vividly demonstrating the vital role that openness plays in driving development. In recent years, China has continued to advance high-standard opening up. The 2024 edition of the national negative list for foreign investment reduced the number of restrictive measures from 31 to 29, while all foreign investment access restrictions in the manufacturing sector were eliminated.^② At the same time, China has steadily expanded its openness in sectors such as telecommunications, the Internet, education, culture, and healthcare, creating broader opportunities for businesses worldwide to invest in China.

2.1.1.3 APEC member economies must work hand in hand to safeguard the overall interests of Asia-Pacific cooperation. The history of the Asia-Pacific's prosperity and development demonstrates that cooperation is the only path to progress. The "Asia-Pacific Miracle" was achieved through the joint efforts of all parties, who overcame difficulties together, and the greatest risk is the failure to cooperate. In today's world, the trend toward economic globalization is irreversible. No country can achieve development by closing its doors, and China has long been deeply integrated into the world economy and the international system. As President Xi Jinping has stated, "We will

^①Xinhua News Agency. "China's Trade with Other APEC Economies Tops RMB 125 Trillion Over Five Years." February 4, 2026.

^②Xinhua News Agency. "Restrictions on Foreign Investment Access in China's Manufacturing Sector Have Been Completely Removed." September 8, 2024.

never seek decoupling or pursue a closed and exclusive 'small circle'."^① Today, APEC member economies are highly complementary in their development and deeply interconnected in their interests. Economic cooperation in the Asia-Pacific has never been a zero-sum game; rather, it offers opportunities for all parties to achieve success together through mutual benefit and win-win cooperation.

2.1.2 China Can Provide a World-Class Business Environment for Global Businesses

A sound business environment is the fertile ground on which businesses survive and thrive. Improving the business environment is a central pillar of China's efforts to advance high-standard opening up. Through comprehensive and systematic reforms, China has consistently strengthened the foundations for foreign investment.

2.1.2.1 We must strengthen the foundations by ensuring a level playing field through the rule of law, which provides the best business environment. President Xi Jinping has emphasized, "We will ensure that all companies registered in China are treated equally, and we will improve the environment for fair competition."^② China has continued to deepen reform to foster a transparent, stable, and predictable policy environment. From streamlining government administration and delegating more powers, to further relaxing market access for foreign investment; from strengthening the legal framework for intellectual property protection to fully implementing the Civil Code and related laws and regulations; from proactively aligning with and incorporating high-standard international economic and trade rules to improving a transparent legal framework for foreign-related affairs, China has remained committed to building a first-class business environment that is market-oriented, law-based, and internationalized, enabling enterprises of all forms of ownership to compete on an equal footing and thrive together.

2.1.2.2 We must connect domestic and international markets by fostering stable expectations through trade agreements. China has proactively aligned itself with internationally accepted rules and strengthened confidence in regional investment through multilateral free trade cooperation. It has ensured the high-quality implementation of the RCEP, actively advanced its accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the DEPA, signed the Protocol to Upgrade the China - Peru Free Trade Agreement, and concluded negotiations on the Version 3.0 Upgrade Protocol of the China - ASEAN Free Trade Area. Through these concrete actions, China has injected greater certainty into the business environment across the Asia-Pacific.

2.1.2.3 We must balance openness and security while attracting businesses worldwide through greater convenience. China has long been recognized as one of the world's safest countries. As its opening up has continued, China has introduced unilateral visa-free

^①Xinhua News Agency. "Full Text of President Xi Jinping's Keynote Speech at the APEC CEO Dialogue." November 19, 2020.

^②Xinhua News Agency. "Xi Jinping: Speech at the Symposium with Entrepreneurs." July 21, 2020.

entry for nationals of 50 countries, established comprehensive mutual visa-exemption arrangements with 29 countries,^① and implemented a 240-hour visa-free transit policy for travelers from 55 countries.^② As a result, "Travel to China" and "Shop in China" have become increasingly popular, making it more convenient than ever for international visitors to invest, work, and live in China.

2.1.3 China Can Provide the World with a Broad Platform for Innovation

A broad stage for innovation amid a new wave of technological and industrial transformation. A new round of scientific and technological revolution and industrial transformation is gaining pace, with the digital and green economies emerging as major engines of growth. China is actively fostering industries of the future, expanding strategic emerging industries, and upgrading traditional industries. By developing new productive forces in line with local conditions, China is steadily transforming its innovation strengths into powerful drivers of economic growth.

2.1.3.1 We must share openness to unlock the innovation dividend in the Asia-Pacific. At the 30th APEC Economic Leaders' Meeting in 2023, President Xi Jinping called on all parties to "follow the trend of scientific and technological development, actively promote exchanges and cooperation in science and technology, and jointly foster an open, fair, equitable and non-discriminatory environment for scientific and technological development. We need to accelerate digital transformation, bridge the digital divide..."^③ China is accelerating green, digital, and intelligent development. It continues to make new breakthroughs in artificial intelligence, quantum technologies, humanoid robotics, new energy vehicles, and biomedicine, becoming a global hub for the application and commercialization of emerging technologies. Nowhere is this more evident than in Shenzhen, China's "City of Innovation." As China advances innovation at an accelerating pace and pursues higher-quality development, its growing capacity for innovation will generate broader and stronger spillover effects, create more opportunities for international cooperation, and enable more countries to benefit from China's development.

2.1.3.2 We must build platforms through new initiatives to broaden channels for regional innovation. As China's overall national strength continues to grow, it has both the capacity and the willingness to provide more international public goods for the Asia-Pacific region and the wider world by advancing new initiatives and ideas to deepen regional cooperation. China has launched the Global Initiative on Cross-Border Data

①Xinhua News Agency. "Two Sessions | Wang Yi: China's Diplomacy Will Continue to Serve as a Catalyst for High-Standard Opening Up." March 8, 2026.

② National Immigration Administration of the People's Republic of China. "Transit Visa-Free Policy." June 27, 2025.

③Xinhua News Agency. "Full Text of President Xi Jinping's Speech at the 30th APEC Economic Leaders' Meeting." November 17, 2023.

Flow Cooperation, proposed the Initiative on the Digitalization of Trade Documentation, and initiated dialogues and exchanges on artificial intelligence, creating new platforms to advance innovation cooperation across the Asia-Pacific.

2.1.3.3 Promoting mutual respect and mutual learning to uphold a fair international trading order. The global industrial landscape is the objective outcome of both market forces and economic globalization. It reflects the natural outcome of countries participating in the international division of labor and optimizing the allocation of production factors according to their comparative advantages. One of the essential pillars of preserving a sound global trading order is to view the industrial momentum generated by innovation in China and around the world objectively and fairly, rather than invoking the so-called "overcapacity" narrative to discredit ongoing industrial transformation and technological progress, or even using it as a pretext for trade protectionism and efforts to impede global technological advancement.

2.1.4 China Can Create Favorable Conditions for Green Growth Worldwide

2.1.4.1 China fulfills its global ecological commitments as a major country. A sound eco-environment is the fairest public good and the most inclusive benefit to people's well-being. China has pledged to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060, a solemn commitment to the international community. Committed to achieving these goals, China has actively expanded cooperation on green energy projects, supported the free flow of high-quality green technologies and products, and provided assistance to developing countries to the best of its ability. China has also proposed APEC cooperation initiatives in such areas as green agriculture, sustainable cities, the low-carbon energy transition, and marine pollution prevention and control, helping to build a cleaner and more beautiful Asia-Pacific together.

2.1.4.2 China delivers tangible results to advance low-carbon development. China has made the building of an ecological civilization a fundamental national strategy vital to the sustainable development of the Chinese nation. It has undertaken a series of pioneering initiatives with a level of determination, commitment, and effectiveness unprecedented in its history. As a result, its ecological civilization has undergone historic, transformative, and comprehensive progress in both theory and practice. China has established the world's largest carbon market and the largest clean power generation system, making an important contribution to the global transition toward green and low-carbon development. Through sustained efforts, China has made its skies bluer, its mountains greener, and its waters clearer, creating a more beautiful and vibrant landscape across the country.

2.1.4.3 China advances a comprehensive green transformation of economic and social development. Chinese modernization is characterized by harmony between humanity and nature. Guided by the principle that lucid waters and lush mountains are invaluable assets, China is advancing a comprehensive green transformation of economic and

social development and creating favorable conditions for green growth worldwide. China has now entered a stage of high-quality development marked by accelerated green and low-carbon transformation. China is pursuing carbon reduction, pollution control, ecological conservation, and economic growth in a coordinated manner. It has built the world's largest renewable energy system and the largest and most comprehensive new energy industrial chain. In the 20 years since the principle that lucid waters and lush mountains are invaluable assets was first put forward, China has become one of the countries with the fastest decline in energy intensity and the most notable improvement in air quality, while contributing one-quarter of the world's newly added green areas.^① China will continue to keep the door open to cooperation and work with countries around the world to advance the green and low-carbon transition, jointly opening up new frontiers for global sustainable development.

2.2 Seizing Favorable Conditions to Broaden the Region's Pathway to Development

2.2.1 Changes in the Global Economic Landscape Are Driving Mutually Beneficial Regional Cooperation

Amid the headwinds of deglobalization, some countries have turned to regional markets as a hedge against external risks, while the security of industrial and supply chains has received growing attention. The Asia-Pacific has complete industrial chains, encompassing everything from raw materials and intermediate goods to finished products and supporting manufacturing industries. It gives the region a natural advantage in integrating regional supply chains, making it the preferred destination for optimizing the global distribution of industrial activity. As many multilateral mechanisms have encountered setbacks, some economies have shifted their trade and economic relations toward neighboring markets to hedge against external uncertainties and reduce dependence on any single external market. Intra-regional trade has consequently become an important anchor of economic stability. Accounting for nearly 50 percent of global trade and more than 60 percent of global economic output, the Asia-Pacific has an economic scale that provides a powerful and enduring impetus for regional cooperation.

2.2.2 The Asia-Pacific Region Is Underpinned by a Strong Indigenous Economic Foundation

The Asia-Pacific is the world's most dynamic economic region. Overall, APEC has consistently outperformed the global average in economic growth and is home to a vast consumer market, providing broad scope for regional trade and investment cooperation. The region's economies are highly complementary at different stages of develop-

① Xinhua News Agency. "Foreign Ministry: China Stands Ready to Work with All Parties to Build a Clean, Beautiful and Sustainable World." June 5, 2025.

ment and feature a well-defined division of labor. Advanced economies contribute strengths in high-end manufacturing and financial services; emerging economies specialize in intermediate goods processing and labor-intensive production; while developing economies offer abundant natural resources and significant market potential. Together, these complementary advantages create enormous opportunities for mutually beneficial cooperation. Through the concerted efforts of all member economies, the Asia-Pacific has continued to expand its openness. Average tariff rates have fallen from 17 percent to 5 percent.^① Meanwhile, the region's network of free trade agreements has become increasingly comprehensive. The full implementation of the RCEP, together with the rapid expansion of bilateral free trade agreements, has substantially reduced tariffs and simplified customs procedures. Working in tandem with APEC's long-standing objective of liberalizing and facilitating trade and investment, these developments have strengthened the institutional foundations for Asia-Pacific economic integration. The year 2026 also marks the 20th anniversary of APEC leaders' endorsement of the vision of an FTAAP, presenting a renewed window of opportunity to advance its process.

2.2.3 A New Wave of Scientific and Technological Revolution Is Creating New Frontiers for Cooperation

Driven by the rapid development of the digital economy, artificial intelligence, and other emerging technologies, digital trade across the Asia-Pacific has continued to expand, fostering broad consensus on cooperation in a wide range of fields and making digital connectivity a new engine of regional economic growth. APEC has long promoted cooperation on innovation-driven growth, contributing to major multilateral achievements such as the World Trade Organization's Information Technology Agreement (ITA) and formulating long-term roadmaps for digital economy cooperation, thereby providing strong support for innovation cooperation both within the region and globally. At the same time, the global transition toward green and low-carbon development has created shared demand. Many Asia-Pacific economies have announced carbon neutrality targets, driving a surge in demand for cooperation in such areas as new energy, critical minerals, green infrastructure, and low-carbon technologies. Green investment and green finance have expanded rapidly, opening up new frontiers for economic and trade cooperation. As the latest wave of scientific and technological revolution accelerates, technological innovation—particularly advances in artificial intelligence—is playing an increasingly prominent role in driving economic growth. As one of the world's leading centers of innovation, the Asia-Pacific is well positioned to seize the tremendous opportunities presented by innovation-driven development.

^① Ministry of Foreign Affairs of the People's Republic of China. "Speech at the Opening Ceremony of the APEC Informal Senior Officials' Meeting." December 12, 2025.

2.3 Confronting Risks and Challenges to Strengthen the Safeguards for Stable Development

2.3.1 Trade Protectionist Measures Are Disrupting the Stability of Regional Industrial and Supply Chains

Some economies have increasingly abused the concept of national security, expanding its application to ordinary economic and trade activities. By imposing tariff barriers, export controls, investment screening, and other restrictive measures, they have constrained the flow of technology and market access, artificially fragmenting the industrial and supply chain networks that have developed across the Asia-Pacific over many years. Such practices not only run counter to international rules but also directly undermine regional economic efficiency. Every artificial disruption to industrial and supply chains results in higher costs, lower efficiency, and diminished trust. As President Xi Jinping has emphasized, "We must say no to any attempt to politicize, weaponize, or impose security implications on economic and trade issues."^① This warning is especially relevant today. Disrupting industrial and supply chains will only lead APEC into a dead end, ultimately harming the interests of all participants.

2.3.2 Regional Development Gaps Are Constraining the Medium- and Long-Term Growth Potential of Regional Economies

Although the Asia-Pacific is the world's most dynamic economic region, significant disparities in development persist. Advanced and developing economies continue to differ substantially in infrastructure, digitalization, industrial capabilities, and human capital. Some smaller economies and vulnerable groups have benefited less from globalization and risk being left behind. The digital divide is of particular concern. Unless the benefits of the latest scientific and technological revolution are shared more broadly, they could further exacerbate the Matthew effect, widening existing disparities within the region. Developing economies also face financing constraints and technological bottlenecks in pursuing the green transition. Without effective support, many risk falling into a development trap. Although APEC has established the Economic and Technical Cooperation (ECOTECH) mechanism, there remains considerable room to enhance both its investment and its effectiveness. Only by making the "pie" of economic development bigger and ensuring that its benefits are shared more equitably can the foundations of Asia-Pacific cooperation be truly strengthened.

^① Xinhua News Agency. "Xi Jinping Attends the 30th APEC Economic Leaders' Meeting and Delivers an Important Speech." November 17, 2023.

2.3.3 Climate and Environmental Challenges Are Hindering the Region's Progress Toward Sustainable Development

The Asia-Pacific is among the regions most vulnerable to the impacts of climate change. More frequent extreme weather events, rising sea levels that threaten the very survival of island economies, declining agricultural yields, growing food security risks, and steadily increasing economic losses from natural disasters all pose serious challenges. Climate change is not merely an environmental issue; it is fundamentally a development issue. It directly affects food security, energy security, and the resilience of critical infrastructure across the Asia-Pacific, eroding the foundations for long-term economic growth. Many economies also face dual constraints in pursuing the green transition, including limited access to technology and inadequate financing, making it increasingly urgent to reconcile carbon reduction objectives with development needs. Strengthening regional capacity for climate adaptation, advancing the sharing of green and low-carbon technologies, and improving green finance support mechanisms are pressing priorities that the Asia-Pacific must address to achieve sustainable development.

Chapter 3

Advancing Together Through Openness, Innovation, and Cooperation: Embarking on a New Journey for the Asia–Pacific

As a 19th– century Chinese thinker counseled, 'Alone, one falters under the weight; together, we stride on the road.' China is ready to work with all parties to embrace the philosophy of innovative, coordinated, green, open, and shared development, and build together an Asia–Pacific community.^①

— H.E. Xi Jinping, President of the People's Republic of China

Over more than three decades since its founding, APEC has led the Asia-Pacific in initiatives that span from articulating the vision of an FTAAP to advancing the building of an Asia-Pacific community with a shared future. It has kept the region at the forefront of global openness and development, helping make it the world's most dynamic engine of economic growth. Today, as profound shifts unseen in a century accelerate and the international landscape grows increasingly turbulent and volatile, the Asia-Pacific region faces rising instability and uncertainty. Against this backdrop, APEC members have further aligned around their shared regional interests by clearly identifying openness, innovation, and cooperation as the three strategic priorities for future development—providing a clear pathway for stabilizing growth and enhancing the quality of the regional economy.

3.1 Taking Openness as the Lifeline to Consolidate the Foundations of Shared Prosperity in the Asia–Pacific

From its inception in 1989, APEC identified regional economic integration as its overarching objective. At the APEC Beijing Meeting, the leaders made the historic decision to launch the process toward realizing the FTAAP. At the APEC Lima Meeting, the leaders adopted the Statement on a New Look at the Free Trade Area of the Asia-

^① Xinhua News Agency. "Full Text of President Xi Jinping's Speech at Session II of the 32nd APEC Economic Leaders' Meeting." November 1, 2025.

Pacific Agenda, reaffirming their commitment to advancing regional economic integration. APEC was established in response to the tide of economic globalization. Over the past three decades, it has consistently kept the Asia-Pacific at the forefront of global openness.

When meeting with President Xi Jinping, leaders of APEC member economies have repeatedly underscored the importance of openness. The Prime Minister of New Zealand stated that "New Zealand is ready to maintain close communication and coordination with China to uphold the multilateral trading system."^① The Prime Minister of Singapore said that "Singapore is ready to strengthen coordination and cooperation with China in regional and multilateral forums to jointly uphold multilateralism and the international order."^② The Prime Minister of Australia likewise affirmed that "Australia is ready to work with China to uphold multilateralism, support the important role of the United Nations, and jointly safeguard free trade and the rules of the World Trade Organization."^③

Openness and cooperation are the only path for the Asia-Pacific to meet challenges together and build a shared future. Fostering an open regional economy is a common responsibility of all APEC member economies. In recent years, China has remained committed to the fundamental national policy of opening up and has taken concrete actions to promote the building of an open world economy. China has continued to shorten its negative list for foreign investment, steadily expanded its unilateral visa-free policy, advanced autonomous and unilateral opening up in an orderly manner, and encouraged its pilot free trade zones to proactively align with high-standard international economic and trade rules. Chinese leaders have repeatedly declared: "China's open door will not be closed. We will only become more and more open."^④

As regional cooperation continues to deepen, APEC members should remain firmly committed to genuine multilateralism, uphold the central role of the WTO, advance trade and investment liberalization and facilitation, ensure the smooth functioning of regional industrial and supply chains, and deepen regional integration by leveraging the RCEP and APEC's connectivity initiatives. Through inclusive opening-up measures, APEC should address both the market-expansion needs of advanced economies and the aspirations of developing economies to integrate more fully into the global division of labor, while breaking down barriers created by protectionism and unilateralism.

On the one hand, APEC should establish a high-standard regional trading system that facilitates the free flow of factors of production. It should uphold the multilateral

① Xinhua News Agency. "Xi Jinping Meets with New Zealand Prime Minister Christopher Luxon." June 20, 2025.

② Xinhua News Agency. "Xi Jinping Meets with Singapore Prime Minister Lawrence Wong." June 24, 2025.

③ Xinhua News Agency. "Xi Jinping Meets with Australian Prime Minister Anthony Albanese." July 15, 2025.

④ Xinhua News Agency. "Full Text of President Xi Jinping's Speech at Session I of the 32nd APEC Economic Leaders' Meeting." October 31, 2025.

trading system as the principal channel for international trade and strengthen the top-level design for advancing the FTAAP. Systematic efforts should be made to further reduce tariffs, establish a dynamic mechanism for eliminating non-tariff barriers, and develop a region-wide framework of market access standards covering goods, services, and investment. The coordination of rules of origin should be enhanced, customs facilitation reforms should be advanced through digitalization and smart technologies, and a new model of end-to-end digital supervision for cross-border trade should be established.

Professor Yoo Ja-yang (Liu Ziyang) of Kyonggi University in the Republic of Korea observed that the Asia-Pacific should remain committed to connectivity and innovation-driven development, deepen cooperation in areas such as the digital economy and the green transition, jointly advance regional economic integration, and achieve genuine win-win development.^①

On the other hand, APEC should strengthen the alignment and integration of regional economic and trade rules by building an inclusive institutional framework. It should explore establishing a rule-integration platform that goes beyond traditional free trade agreements, promoting greater convergence in areas such as investment protection, intellectual property rights, and competition policy. The region should also develop an innovative trade rule framework suited to the digital economy by forging Asia-Pacific consensus on issues such as cross-border data flows and the treatment of digital products. In addition, policy adjustment support mechanisms and capacity-building assistance funds should be established to help developing members integrate progressively into the regional integration process and ensure that the benefits of openness are shared by all.

Many experts and scholars have also emphasized that the green and low-carbon transition is an irreversible trend in future development. The Asia-Pacific should establish a regional system for the mutual recognition of green manufacturing standards, promote harmonized methodologies for carbon footprint accounting, and advance the mutual recognition of environmental products. The region should jointly develop a platform for green technology transfer, establish cross-border demonstration zones for carbon neutrality cooperation, and innovate mechanisms for green financial cooperation, develop climate finance instruments and formulate regional standards for environmental information disclosure. These efforts will help channel capital toward low-carbon industries and strengthen the competitiveness of green value chains.

The year 2026 marks the 20th anniversary of APEC Leaders' endorsement of the vision of an FTAAP. As Eduardo Pedrosa, Executive Director of the APEC Secretariat, has observed, this important milestone provides an opportunity for the Asia-Pacific business community to remain committed to the founding spirit of cooperation, build

① Xinhua News Agency. "New Achievements in Chinese Modernization Will Bring New Opportunities to the Asia-Pacific and the World—President Xi Jinping's Important Speech Charts the Course for Building an Open Asia-Pacific Economy." October 31, 2025.

stronger consensus on openness, steadily advance the process of regional economic integration, enhance the resilience of regional industrial and supply chains, and provide robust support for global economic recovery and growth.^①

3.2 Taking Innovation as the Driving Force to Unlock the Asia-Pacific's Long-Term Development Potential

Innovation is the engine of the Asia-Pacific's economic takeoff. The region possesses unique scientific and technological resources and a rich tradition of innovation. It has given birth to numerous new technologies, industries, and institutions, making it one of the world's foremost engines of innovation-driven development. Effectively addressing the common challenge of insufficient global growth momentum is a shared mission for all Asia-Pacific economies.

China is among the world's fastest-rising innovators. In the Global Innovation Index, it climbed from the 34th place in 2012 to the 10th in 2025. Having evolved from the "world's factory" into a global innovation hub, China is increasingly being chosen by multinational companies from across the Asia-Pacific and around the world as a base for global R&D. These companies capitalize on China's vast market, where new technologies can be rapidly deployed, and iterated, thereby supporting their global business strategies. China is also committed to sharing the benefits of its transformation and development with other developing countries. Chinese technologies and Chinese solutions are increasingly being translated into concrete actions and tangible outcomes, contributing to shared prosperity across the region.^② As Robert Yap, former Chairman of the Singapore Chamber of Commerce in China, observed, China's continued advances in digitalization, intelligent development, and the green transition are not only reshaping its own growth model but also creating new opportunities for regional cooperation across the Asia-Pacific.^③

Looking ahead, APEC member economies should work together to build a region-wide collaborative innovation ecosystem and strengthen mechanisms for joint technological research and development. A network of Asia-Pacific Joint Research and Development Centers should be established, focusing on frontier fields such as artificial intelligence, biotechnology, and clean energy to accelerate breakthroughs in common technologies and promote their shared application. Cross-border mechanisms for the protection and commercialization of intellectual property should be strengthened, while a unified framework for the mutual recognition of technical standards should be developed

①Xinhua News Agency. "Building Consensus on APEC Business Cooperation and Jointly Writing a New Chapter in Asia-Pacific Development." June 21, 2026.

②Xinhua News Agency. "Paving Broad Pathways to Development Across the Asia-Pacific: China's Practice in Promoting Shared Regional Prosperity." October 25, 2025.

③Xinhua News Agency. "Xinhua Commentary: Taking the Baton for APEC 2026 and Leading a New Journey of Asia-Pacific Cooperation." November 2, 2025.

to reduce the costs of transferring innovation outcomes across borders. A Regional Innovation Fund should also be established to support collaborative projects among industry, academia, and research institutions across national boundaries, with priority given to developing open laboratories and pilot-scale testing platforms, thereby accelerating the translation of basic research into industrial applications.

The 2025 APEC Leaders' Gyeongju Declaration calls for "developing systematic response strategies to seize the opportunities and address the challenges arising from the rapidly evolving digital environment."^① APEC member economies should jointly establish an Asia-Pacific Digital Governance Cooperation Platform and develop regional rules governing cross-border data flows and data security management. Pilot projects for trusted data spaces should be launched in areas such as smart cities and digital healthcare. Efforts should also be made to enhance the interconnectivity of digital infrastructure, accelerate the coordinated deployment of 5G and 6G networks, and build the regional digital twin system and the sharing of computing resource pools. APEC members should foster innovative applications of artificial intelligence, jointly formulate ethical guidelines and industry standards, and support the digital transformation of small and medium-sized enterprises (SMEs). They should also establish a cross-border certification framework for digital skills, implement digital literacy enhancement programs, and expand online training platforms to reach millions of people, thereby narrowing the digital divide and unlocking the inclusive growth potential of the digital economy.

In addition, APEC member economies should foster innovative mechanisms for cross-border talent development and mobility by simplifying entry and exit procedures for researchers and establishing a repository of joint degrees and academic exchange programs. A regional database of innovation talent should be established, accompanied by mutual recognition of professional skills and qualifications, with particular emphasis on supporting cross-border collaboration among young scientists. An open innovation incubation network should also be established to connect start-ups with venture capital and industrial resources, creating clusters of cross-border accelerators. At the same time, greater efforts should be made to promote the integration of innovation cultures, facilitating knowledge sharing and creative collision.

3.3 Taking Cooperation as the Cornerstone to Build Synergy for Shared Development in the Asia-Pacific

Cooperation is the cornerstone of shared prosperity in the Asia-Pacific and a fundamental guarantee for building an Asia-Pacific community. Today, global challenges—including climate change, food and energy security, demographic shifts, and uneven development—are becoming increasingly interconnected, making it impossible for any single

① Xinhua News Agency. "Summary of the 2025 APEC Leaders' Gyeongju Declaration." November 1, 2025.

economy to prosper in isolation. From enhancing connectivity in trade and investment and strengthening collaboration across industrial and supply chains, to advancing the digital and green transitions and promoting inclusive development in areas affecting people's well-being, China advocates comprehensive, multi-tiered, and pragmatic cooperation that accommodates the interests of all parties. Such an approach encourages advanced and developing economies alike to share responsibilities and the benefits of development, effectively mitigating the risk of regional fragmentation while reinforcing the foundations for stable development and mutually beneficial cooperation across the Asia-Pacific.

At the third meeting of the APEC Business Advisory Council (ABAC) in 2026, the China Council for the Promotion of International Trade (CCPIT) and the U.S. delegation jointly proposed the Asia-Pacific Supply Chain Cooperation Platform, thereby translating the important common understandings reached by the two heads of state into concrete multilateral action. Together with the Canadian delegation, CCPIT also advanced the joint proposal for the APEC Artificial Intelligence (AI)+ Casebook, helping to deepen practical cooperation in science and technology across the Asia-Pacific. These tangible achievements demonstrate the constructive role and open, cooperative spirit of China's business community in advancing business cooperation throughout the Asia-Pacific.^①

President Xi Jinping has pointed out that "Development for all is the overarching goal of Asia-Pacific cooperation."^② The essence of cooperation lies in advancing inclusive development so that more people and organizations can participate in and benefit from its dividends. Asia-Pacific economies should "join hands rather than part ways, and strengthen our links rather than sever them." They should actively seek greater convergence of interests, support the open development of supply chains, continue to strengthen physical, institutional, and people-to-people connectivity, and further consolidate the foundations for open development across the Asia-Pacific.

To establish a sound multi-tiered framework for cooperation and strengthen institutional coordination, APEC member economies should further deepen the mutual recognition and convergence of rules and standards, promote regulatory alignment in such areas as investment facilitation, trade oversight, and competition policy, and develop a unified, transparent regional framework for the business environment. They should also innovate mechanisms for preventing and resolving disputes by developing flexible governance models based on consultation and consensus, establishing a joint committee of experts to provide policy advice, and creating an early warning mechanism to help prevent cooperation-related frictions, thereby reinforcing the institutional foundations for mutual trust and win-win cooperation. Greater support should be provided for capacity

① Xinhua News Agency. "APEC Business Advisory Council Meeting in Thailand Focuses on High-Quality Policy Recommendations." July 9, 2026.

② Xinhua News Agency. "President Xi Jinping's Written Speech at the APEC CEO Summit." November 16, 2023.

building among developing members through dedicated technical assistance funds and knowledge-sharing platforms, enabling them to participate more effectively in institutional opening up, ensuring that the benefits of cooperation are shared more broadly, and preventing development gaps from widening.

Experts and scholars have also recommended strengthening linkages among subregional cooperation mechanisms by supporting coordinated development within subregions such as ASEAN and the Pacific Island countries, while establishing platforms for sharing experience and matching projects across subregions to foster a complementary, multi-pillar framework for regional cooperation. Innovative partnerships for crisis response should also be developed by establishing joint action mechanisms in non-traditional security areas such as food security and public health, and by enhancing regional resilience through scenario-based simulations and joint exercises, thereby demonstrating the Asia-Pacific's collective capacity to address global challenges through cooperation. In addition, a regional framework for sharing public resources should be established, including a cross-border leasing platform for scientific research equipment, a green technology transfer center, and a regional talent mobility database. These initiatives would facilitate the efficient circulation and reuse of knowledge, technology, and human resources, ensuring that the benefits of regional cooperation continue to expand.

Guided by the shared commitment to openness, innovation, and cooperation, the Asia-Pacific will continue to address development bottlenecks while unlocking new drivers of growth. The region's multilateral economic and trading system will become more robust, and institutional opening up will continue to deepen. The digital and intelligent transformation, together with the transition to green and low-carbon development, will gain momentum as a vibrant regional innovation ecosystem takes shape. Inclusive and mutually beneficial cooperation will continue to advance in a more substantive way, steadily narrowing development gaps. China will remain committed to the vision of cooperation it has consistently advocated, using high-standard opening up to advance the building of an Asia-Pacific community with a shared future, helping the regional economy maintain its position as a leading engine of global growth and fostering a more stable, prosperous, and promising future for the Asia-Pacific.

Conclusion

Thirty-seven years ago, guided by the shared aspiration for peace, development, and common prosperity, the economies of the Asia-Pacific set sail on a journey of openness and cooperation, launching APEC as a vessel carrying the region's common dreams.

Today, APEC has grown into the premier economic cooperation mechanism in the Asia-Pacific, distinguished by the highest level of representation, the broadest scope of cooperation, and the greatest regional influence. Home to approximately 40 percent of the world's population, APEC member economies account for more than 60 percent of global GDP and nearly half of global trade, helping transform the Asia-Pacific into the center of global economic growth, an anchor of stability for global development, and a leading platform for international cooperation. Leveraging multilateral frameworks such as the Belt and Road Initiative (BRI) and the RCEP, the region has continued to advance trade and investment liberalization and facilitation, deepen economic and technical cooperation, and promote the freer movement of goods and people. As a result, the Asia-Pacific has maintained robust economic growth, achieved fruitful outcomes through practical cooperation, and created the world-renowned "Asia-Pacific Miracle."

The Asia-Pacific has flourished through openness and prospered through cooperation. Its success stems from an unwavering commitment to safeguarding regional peace and stability, upholding genuine multilateralism and open regionalism, and embracing the tide of economic globalization while pursuing mutual benefit and shared success.

Today, however, the global economy faces mounting uncertainties. The momentum for sustainable development remains insufficient, while unilateralism, protectionism, and geopolitical conflicts pose new challenges to openness and cooperation. Against this backdrop, the prospects and quality of development in the Asia-Pacific have come under increasing scrutiny, and APEC faces a critical choice between openness and isolation, between working together and building walls.

Standing at the forefront of the times and undaunted by challenges, China, as an important member of the Asia-Pacific family, has consistently upheld the APEC spirit of partnership based on equality, shared responsibility, mutual respect, and mutual benefit. It has promoted regional integration and connectivity through openness, strengthened growth momentum through innovation, and advanced common prosperity through inclusive development. By expanding high-standard opening up, China will continue to create new opportunities for its Asia-Pacific partners, contribute to the region's development and prosperity, and inject fresh impetus into building an open Asia-Pacific economy.

We cross the same waters because we share a common future. Looking ahead, we must continue to move forward together. Brought together by the waters of the Pacific, APEC members share the responsibility of making the Pacific an ocean of peace,

friendship, and cooperation, and of jointly advancing peace, development, prosperity, and progress across the Asia-Pacific. Guided by the three priorities of openness, innovation, and cooperation, APEC members should make new and greater contributions to building an Asia-Pacific community with a shared future and achieving common prosperity.