

2 May 2023

The Honorable Pete Buttigieg

Chair, APEC Transportation Ministerial Meeting
Secretary of Transportation
United States

Dear Secretary Buttigieg,

In advance of your gathering in Detroit, Michigan, it is my pleasure to convey the APEC Business Advisory Council (ABAC)'s key recommendations to APEC Transportation Ministers. Transportation plays a critical role in the economic development of APEC and the empowerment of all our people and businesses to participate and grow in an interconnected global economy. It is essential that we work together to create a transportation system that is seamlessly and comprehensively connected, environmentally sustainable, efficient, sustainable, resilient and safe for all. In alignment with these objectives, we applaud the APEC Transportation Working Group (TPTWG)'s efforts to realign its agenda to reflect the transportation sector's transformation and ensure the group's work remains relevant to all.

Your meeting presents a critical opportunity for members to advance concrete actions that will address both the immediate challenges facing our region and contribute to realizing the Putrajaya Vision by 2040. ABAC remains steadfast in our support for these efforts, as a way to enable opportunity, equity and sustainability for our communities. To that end, we put forward the following recommendations:

Connectivity and Supply Chain Resilience

- **Preparing for future disruptions.** The transportation sector is a critical enabler of supply chains. During the pandemic, in addition to responding to the increased demand for goods purchased by households under lockdown, the sector played a key role in the fight against COVID-19, delivering life-saving personal protective equipment (PPE), medicines, test-kits and vaccines around the world. However, while continuing to operate, the sector and its employees withstood great hardship to meet customer needs and keep trade flowing. Noting the severe economic losses from supply chain disruptions, we call on Transport Ministers to adopt policies to improve the efficient transport of goods but importantly, also build the resilience needed to respond and recover from future disruptions. We further call for APEC to maintain an open dialogue with business to address potential bottlenecks as they emerge, and work with ABAC to ensure that policy responses are informed by lessons learned from the supply chain disruptions during the COVID-19 pandemic, including those related to the cross-border movement of essential goods, services, and personnel including air and maritime crew. APEC should develop a trouble shooting mechanism for problem resolution and key indicators for an early warning system.
- ***Strengthening physical connectivity through infrastructure investment:*** While the Asia-Pacific region is home to some of the fastest-growing economies in the world, there are still significant gaps in transportation infrastructure development across the region,

especially in light of increasing transportation needs. Moreover, the recent COVID-19 pandemic highlighted significant bottlenecks in existing transportation infrastructure that prevented goods and people from moving efficiently within and between economies. In response to these challenges, we urge APEC Transportation Ministers to facilitate private sector investments in new infrastructure projects, as well as invest in new, upgraded or replacement infrastructure, and continue to implement APEC Connectivity Blueprint (2015-2025) to strengthen physical, institutional and people-to-people connectivity to ensure that APEC can meet the demands of a rapidly evolving global economy. In the same vein, to facilitate greater flexibility, access, and linkages for supply chains, APEC must accelerate the liberalization of cross-border air, maritime, road, rail, and multimodal transportation. APEC should also undertake regulatory cooperation for innovative and climate-friendly solutions such as the use of cross-border Unmanned Aviation Vehicles (UAVs) and electricvertical take-off and landing (eVTOL) aircraft which can support additional connectivity and access to remote communities in APEC.

- ***Enhancing digital connectivity:*** As we move towards a more digitally-driven economy, we call on APEC Transportation Ministers to prioritize the development and accessibility of digital infrastructure and services that help bridge the digital divide; promote secure access to affordable and safe transportation and mobility options; and help streamline and optimize transportation networks. In this regard, we reaffirm the importance of the implementation of the digitalization and innovation pillar of the Putrajaya Vision and the APEC Internet and Digital Economy Roadmap, as well as the deployment of advanced technologies, such as blockchain and artificial intelligence, to improve logistics visibility, supply chain management and real-time tracking capabilities.

Climate Change

- Recalling ***ABAC's Climate Leadership Principles***, we urge APEC Transportation Ministers to develop clear and credible transition roadmaps and pursue policies that advance green and low-carbon ambitions while considering the needs of those most impacted by climate change. Regional collaboration involving both business and communities in these processes will help support the development of inclusive and sustainable transportation infrastructure projects that improve access and mobility.
- Recalling ***ABAC's Trade and Investment in Renewable Energy and Low-Carbon Emissions Technologies Roadmap Towards 2030***, we call on APEC Transportation Ministers to create an enabling environment for private sector investment in renewable energy infrastructure and services and low-to-zero emissions technology, including the physical infrastructure to support its use, in order to reduce the carbon footprint of the transportation sector.
- We encourage APEC Transportation Ministers to support public-private partnerships that focus on the development of **advanced fuels and technologies**, including electric vehicles (EVs), sustainable aviation fuel (SAF), biofuels and hydrogen, and cooperation on regulations and standards on these fuels and technologies.
 - On EVs, we call on APEC to consider policies that will support the electrification of transportation including developing the ecosystem and grid infrastructure for EVs. Policies should be designed to promote availability and supply; EV operation, charging and access; moving towards decarbonization and circularity; commercial viability; scale; and free and open trade.

- Due to the high cost of SAF, a global or regional approach to support R&D, grow production, increase supply, and achieve scale is also critical for commercial viability.

Inclusion

- We affirm our commitment to work with TPTWG to advance **women's economic empowerment** and promote women's access to transportation careers.
- Recognizing the importance of **micro, small and medium enterprises (MSMEs)** in regional supply chains and transportation networks, we call on APEC Transportation Ministers to design policies that reduce barriers to MSMEs conducting cross-border trade. Public-private partnerships play an important role in providing MSMEs with the skills, technologies and financial capability to reduce their carbon footprint and improve overall efficiency and safety.

We look forward to discussing these recommendations with you later this month, including how ABAC can best continue to support your important work to implement the Putrajaya Vision of a more open, dynamic, resilient, and peaceful Asia-Pacific community.

Yours sincerely,



Dominic Ng
ABAC Chair 2023