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APEC Summit Presents Opportunity to Rekindle Global Trade Cooperation

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South Korea is set to host the Asia-Pacific Economic Cooperation (APEC) summit for the second time. The event will be held from October 31 to November 1 and presents a valuable opportunity for Korea—with a new president in office—to demonstrate renewed diplomatic leadership and reaffirm its commitment to international cooperation.

Unfortunately, the timing of the thirty-third APEC summit could not be more challenging. Leaders from twenty-one of the world's most impactful economies, including China, Japan, Singapore, and others, will convene for the first time since U.S. President Donald Trump announced—and then suspended—double-digit tariffs on nearly all of them. The summit may also mark the first face-to-face between Trump and Chinese President Xi Jinping since the former returned to the White House in January.

Major Issue Facing the APEC Summit

The most pressing issue for discussion at the summit will be Trump's proposed tariffs. APEC has projected that exports in the Indo-Pacific will grow by only 0.4 percent this year, a sharp decline from the 5.7 percent growth recorded last year. Similarly, it downgraded the regional economic growth forecast to 2.6 percent, down from 3.6 percent, largely due to heightened policy uncertainty and weakened external demand in manufacturing and consumer goods.

The Trump administration's seemingly arbitrary tariffs have affected all APEC member economies except Canada, Mexico, and Russia. Although the United States has free trade agreements with several APEC members—including Australia, Chile, Japan, Peru, Singapore, and South Korea—these countries have nonetheless been targeted by tariffs of at least 10 percent or higher, rendering the agreements virtually meaningless. Given that APEC accounts for approximately half of global trade and 60 percent of global GDP, a slowdown in these countries would significantly impact the global economy.

The countries most affected by the Trump administration's tariffs have already initiated talks with the United States to try to eliminate or at least reduce the tariff rate threatened on April 2. While the president appears reluctant to engage in multilateral trade negotiations, he has shown a willingness to bilateral trade deals or frameworks. President Trump sent letters to South Korea, Japan, and a dozen other trading partners and indicated his commitment to finalizing negotiations before the new deadline of August 1.

But even if a country were to reach a deal, it does not necessarily guarantee a permanent end to unilateral tariffs, especially with ongoing Section 232 investigations. Section 232 of the Trade Expansion Act of 1962 authorizes the U.S. Secretary of Commerce to investigate whether certain imports threaten U.S. national security—if so, the U.S. president can impose tariffs or quotas. In 2025 alone, at least seven new Section 232 investigations have been initiated, covering copper, timber and lumber, semiconductors, pharmaceuticals, trucks, critical minerals, and commercial aircraft. These unilateral measures risk contradicting APEC's founding principles of open trade and economic cooperation. And such unilateral tariffs could also trigger retaliatory tariffs or legal challenges in the World Trade Organization (WTO).

The APEC summit presents an opportunity for some of the United States' most important trade partners to settle the current uncertainty surrounding tariffs. It brings together heads of state, trade ministers, and high-ranking officials from twenty-one member economies and provides a forum for U.S. partners to engage directly with the Trump administration. As APEC emphasizes dialogue, consensus, and voluntary cooperation, it is an ideal environment for trading partners to propose confidence-building measures, such as de-escalation or reduction of tariffs. This could significantly contribute to restoring stability and predictability in international trade.

A potential Trump-Xi meeting could bring some relief to APEC members, as the ability of the two superpowers to find common ground on key geopolitical issues will be critical to the summit's success. A recent truce, agreed upon after talks in London, includes some easing of trade restrictions. The deal includes a provision in which China will supply the United States with rare earth elements vital to U.S. companies and reduce the current 125 percent tariffs on U.S. goods to 10 percent. In return, the United States will lower its 145 percent across-the-board tariffs on Chinese goods to 55 percent. Some experts view the "truce" as a return to the pre-April 2025 status quo but without any significant resolution regarding long-term stability between the two countries. China continues to tie restrictions to military-use rare earths such as samarium, and the United States maintains curbs on advanced AI chips based on national security concerns.

Additional Agenda Items for APEC Members

Amid ongoing tensions, the joint statement issued by APEC trade ministers in May 2025 reflected a shift in APEC's traditional focus—from trade liberalization to broader areas such as digital trade, supply chain resilience, connectivity, and support for small and medium-sized enterprises (SMEs), which the United States and China have jointly endorsed.This shift builds on earlier initiatives such as the 2017 *APEC Internet and Digital Economy Roadmap* (AIDER) to foster innovation and bridge the digital divide and the establishment of the Digital Economy Steering Group in 2018 to implement this roadmap. When the United States hosted APEC in 2023, it prioritized AIDER and strengthening international cooperation on digital technologies and governance.

Looking ahead to the 2025 summit, one key area for further collaboration is the governance of AI. As AI technologies rapidly evolve and become central to economic competitiveness, they raise urgent questions around data privacy, algorithmic transparency, cross-border standards, and responsible use. Including AI in the APEC agenda would help member economies align on shared principles, reduce regulatory fragmentation, and promote inclusive and trustworthy AI adoption, particularly for SMEs and developing economies in the region.

Another important issue for the 2025 APEC summit is reforming the WTO. The WTO is currently facing an existential crisis due to the paralysis of its dispute settlement, persistent difficulties in reaching consensus on new trade rules, and growing doubts about its capacity to address emerging issues such as digital trade and climate change. Despite structural differences, APEC and the WTO have maintained a cooperative relationship. APEC not only supports multilateral trade negotiations but also plays a complementary role in reinforcing emerging trade rules. For instance, it was during the 1996 APEC consultations in Singapore that the Information Technology Agreement (ITA), which eliminated tariffs on over 200 IT products among participating WTO members, gained new traction, ultimately leading to its successful conclusion at the WTO. With a membership base that includes both industrialized and developing countries, APEC can be seen as a mini WTO well-suited to explore new trade issues with potential for global agreement.

As the WTO members struggle to adopt new trade agreements, APEC members may fill in the gap. The Investment Facilitation for Development (IFD) Agreement, which seeks to enhance transparency, predictability, and efficiency in investment procedures, has garnered support from over 126 WTO members. Yet, it remains stalled due to the lack of full consensus. Unlike the WTO, APEC functions through a non-binding framework, which allows member economies to gain momentum on investment facilitation agreements with low legal risk. APEC can build on its existing initiatives—such as the APEC Investment Facilitation Action Plan (IFAP) and the Ease of Doing Business (EoDB) initiative—that closely align with the goals of the IFD Agreement. Moreover, APEC is well-positioned to support developing economies by providing technical assistance, capacity building, and regulatory reform support, thereby helping them facilitate investment.

Not the Last, But the Best Hope

As host of this year's APEC summit, South Korea faces the challenge of fostering dialogue and consensus among a diverse group of members. APEC brings together both advanced and emerging economies in the Indo-Pacific, and its informal, inclusive structure makes it well-suited to serve as a "laboratory" for addressing complex trade and economic issues.

Moreover, the inclusion of private sector voices through the APEC CEO summit and a focus on emerging trade challenges enhance APEC's role as a practical platform for shaping consensus and driving regional cooperation. With high-level engagement anticipated among the leaders of many of the world's leading economies, APEC countries will have an opportunity to reaffirm their commitment to regional cooperation.

At a time when multilateralism is under serious strain, APEC is the best hope for international cooperation in the Indo-Pacific.

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