



Asia-Pacific
Economic Cooperation

APEC Regional Trends Analysis

March 2025 • Policy Support Unit



GDP Growth
and Outlook



Inflation and
Monetary Policy

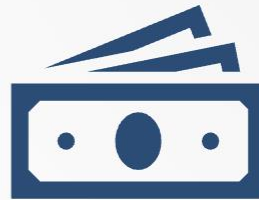


Trade
Performance

APEC Regional Trends Analysis



Risks and
Challenges



Government
Budget



Suggested Policy
Options

KEY POINTS



APEC's growth prospects are dampened by geopolitical issues and geoeconomic fragmentation, fueled by the rise of measures affecting trade and investment.



Tourism is driving the growth in commercial services trade in APEC, boosting economic ties and cultural exchange.



As global risks rise, gold prices hit historic highs, with investors seeking safety amid rising uncertainty.

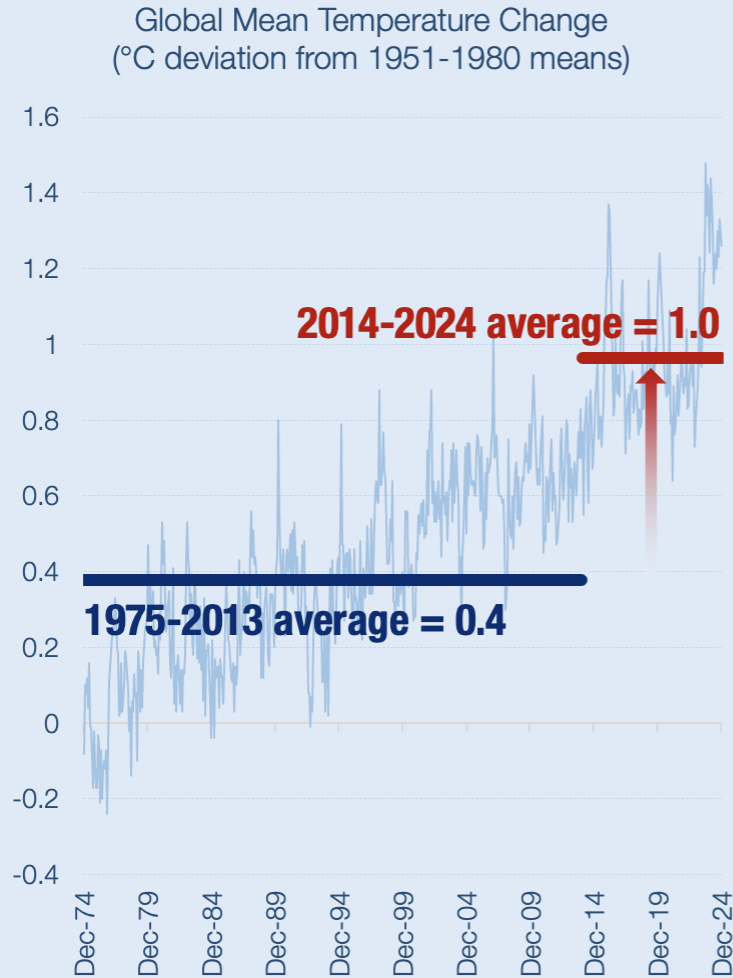


The widening fiscal gap, worsened by demographic shifts that increase fiscal burden, could threaten stability and growth.

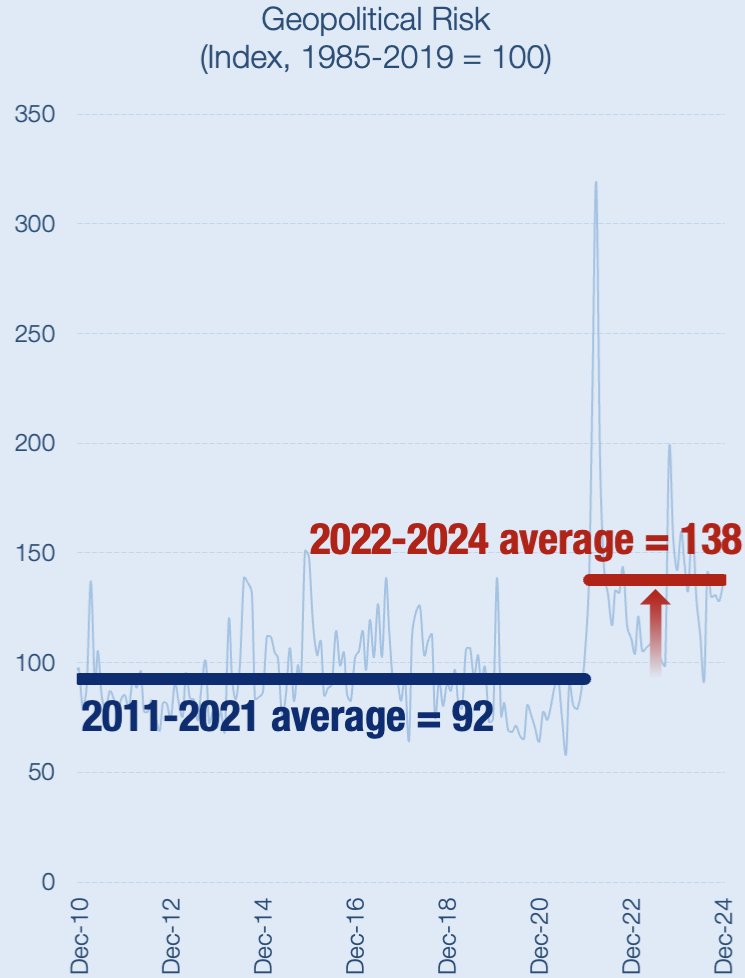


APEC is navigating an era marked by an unprecedented escalation of global challenges.

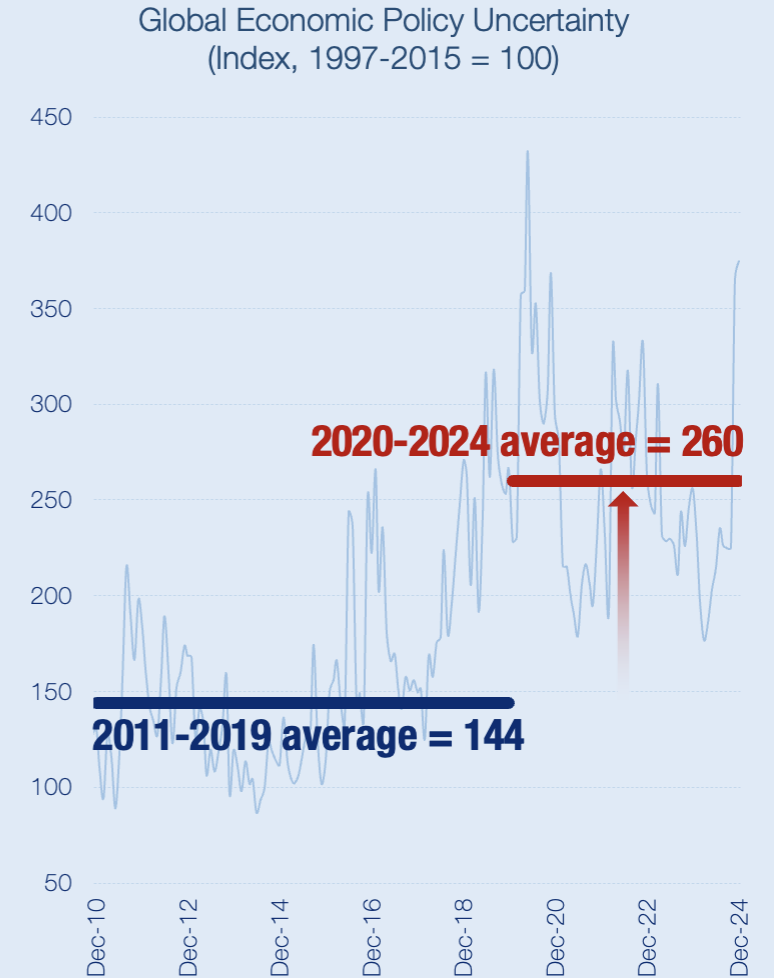
Sustainability risks



Geopolitical tensions



Policy uncertainty





DOWNSIDE RISKS



Multiple Global Challenges



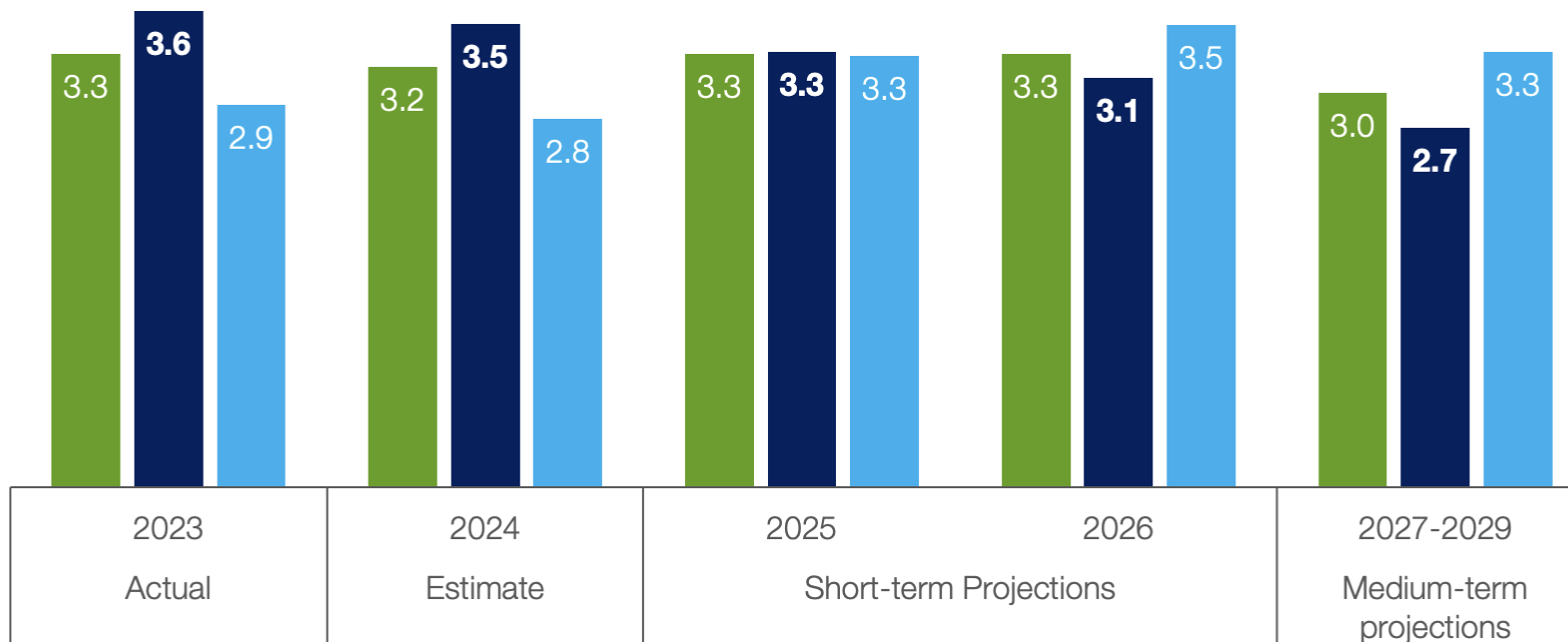
Policy Uncertainties



Soaring Debt

GDP Growth and Outlook: Global, APEC and ROW (% , y-o-y)

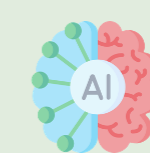
■ Global economy ■ APEC region ■ Rest of the world



UPSIDE OPPORTUNITIES



Travel Resurgence



Innovative Technologies

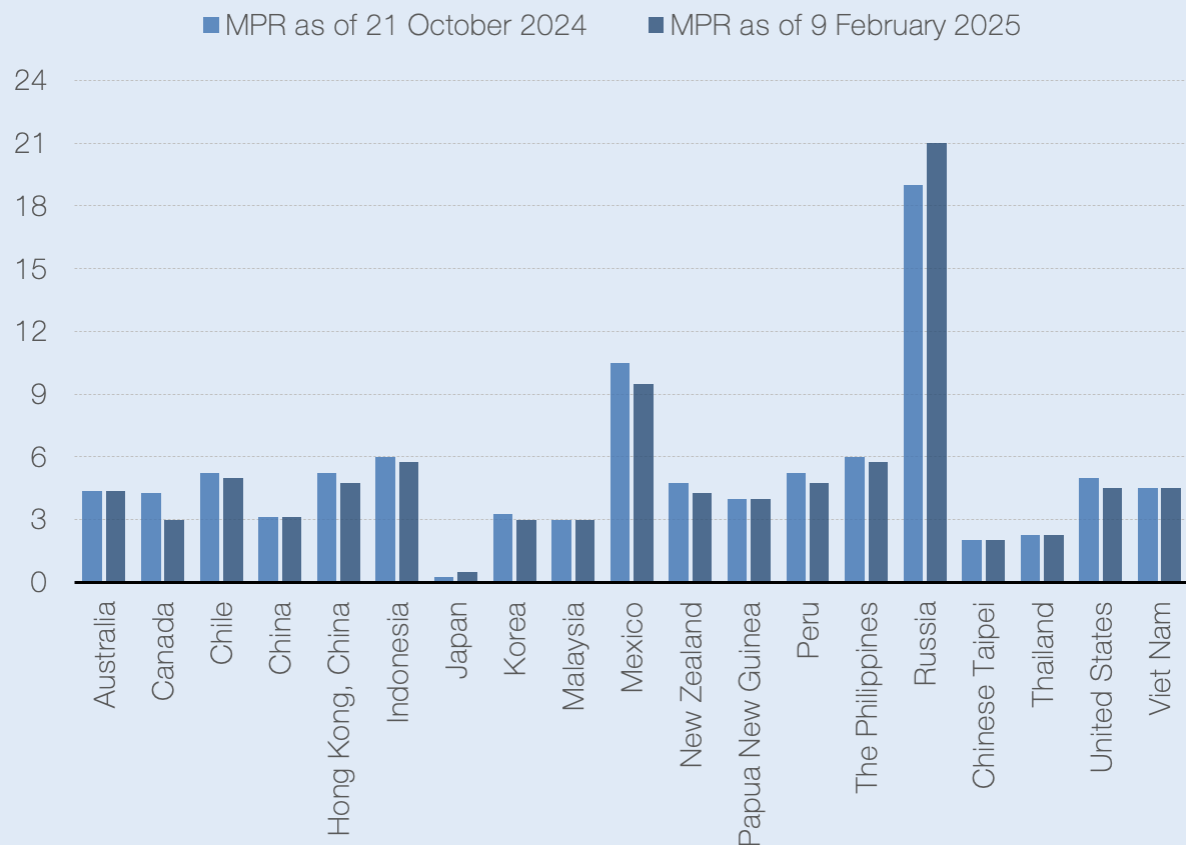


Growth-enhancing Reforms

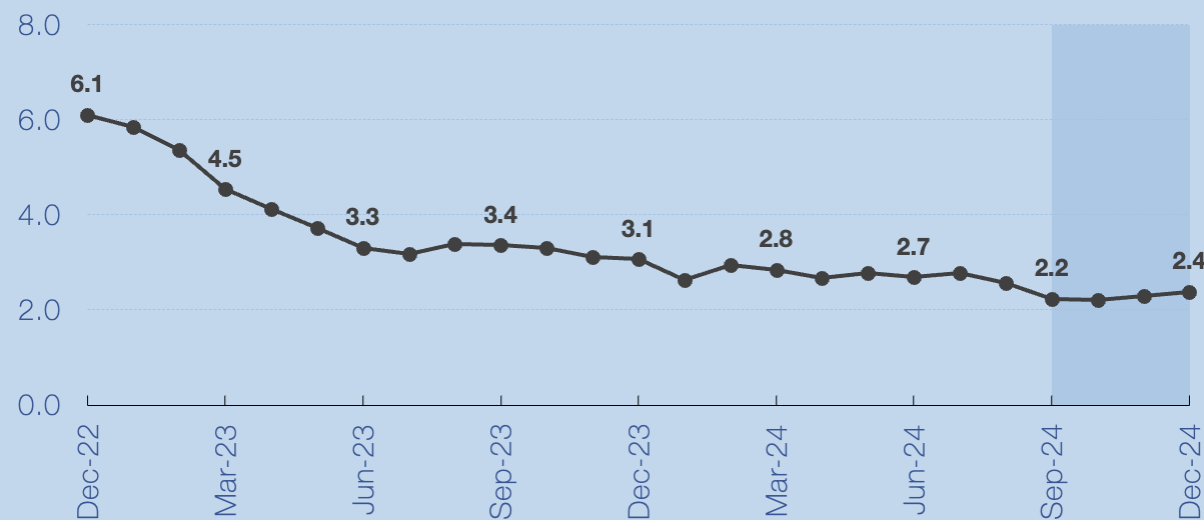
APEC is set for steady growth in the short term, but projected to trail the global economy in the medium term amid rising risks and uncertainties, particularly on trade policy.



Monetary Policy Rate (%)



APEC Average Inflation (% y-o-y)



Foreign Exchange Rate

2.5% depreciation

is the average decrease among APEC currencies against the USD from 9 February 2024 to 9 February 2025

14 APEC currencies depreciated against the USD ranging from -16.9% to -0.5%

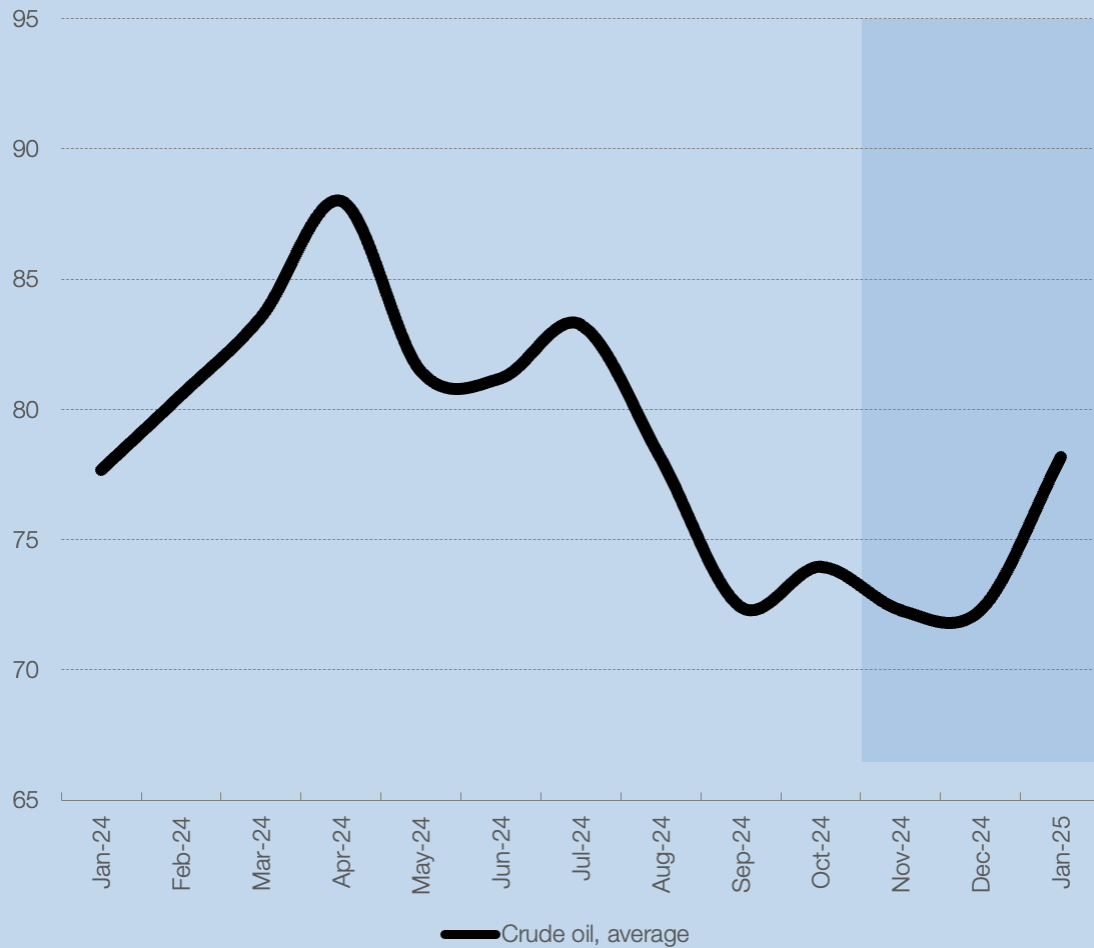


6 APEC currencies appreciated against the USD ranging from 0.4% to 7.4%

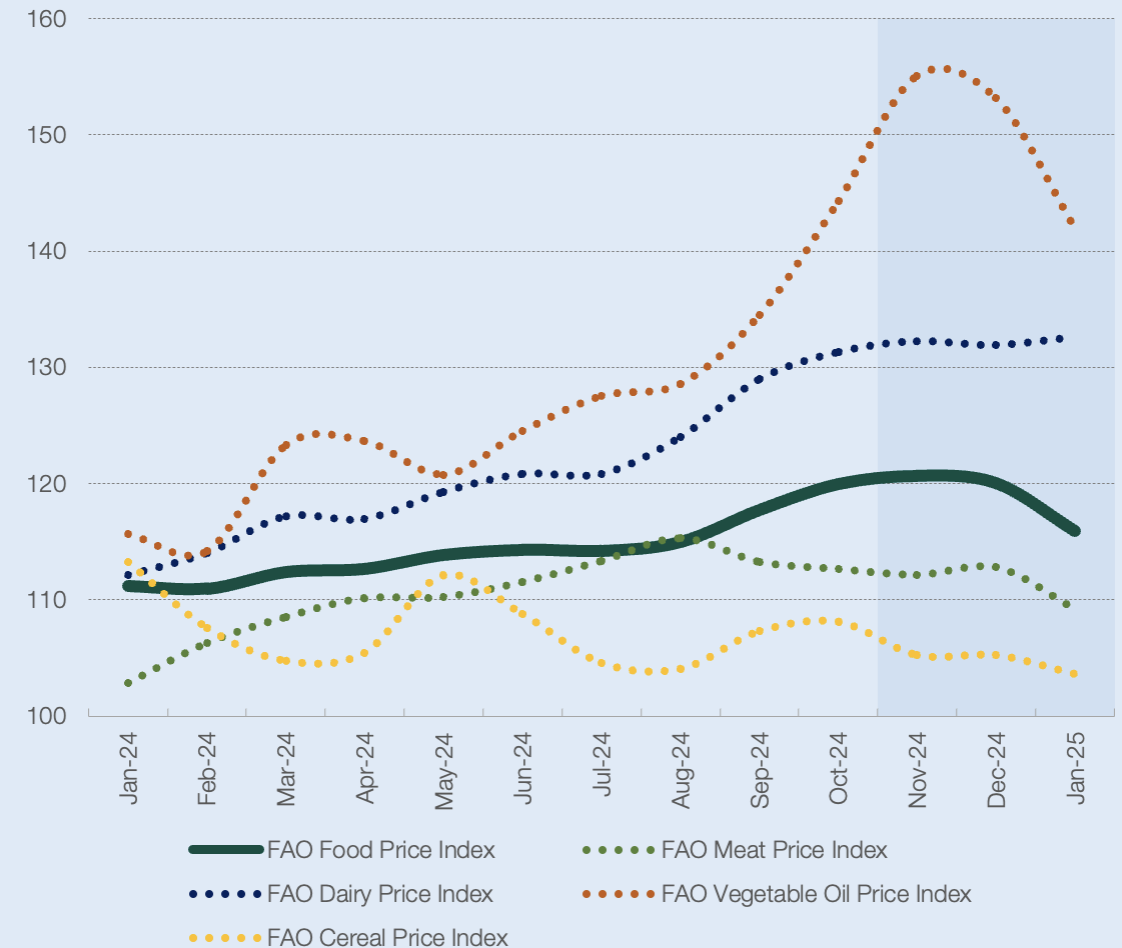
While inflation trends lower, cautious monetary policy is needed to maintain exchange rate and macroeconomic stability amid risks.



Crude Oil Price (USD/barrel)



Food Prices (2014-2016 = 100)



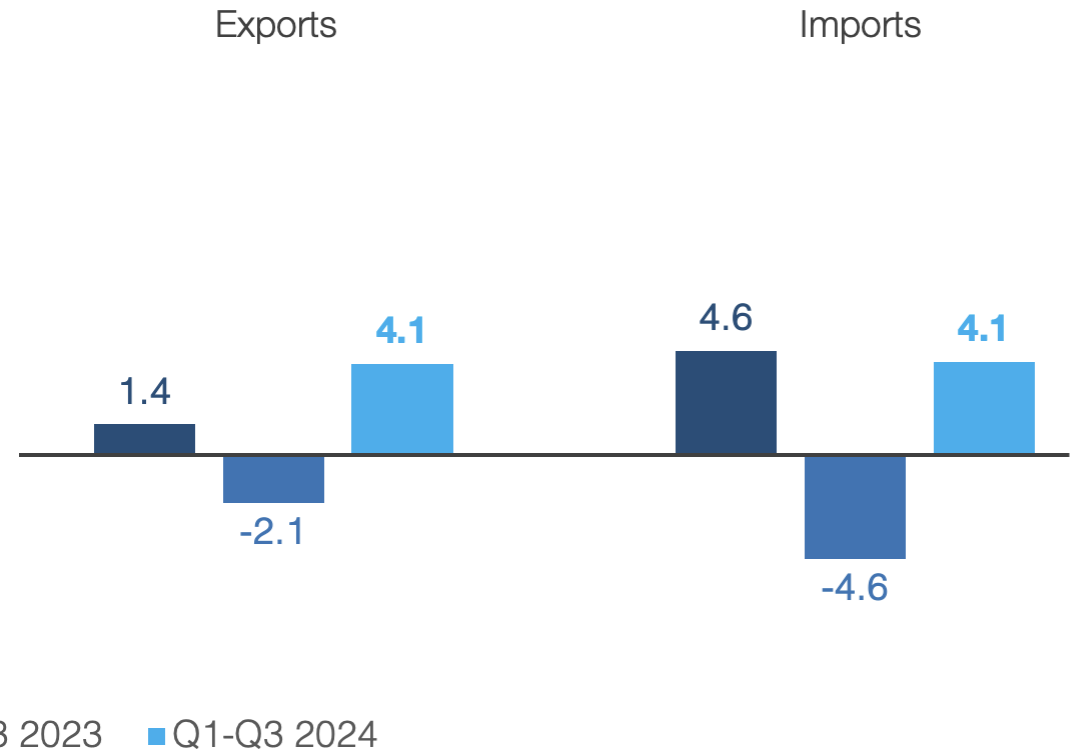
Oil prices are trending upward, fueled by mounting concerns over policy uncertainties, while food prices have generally moderated due to weaker demand for some products.



APEC Growth in Value of Merchandise Trade (% y-o-y)



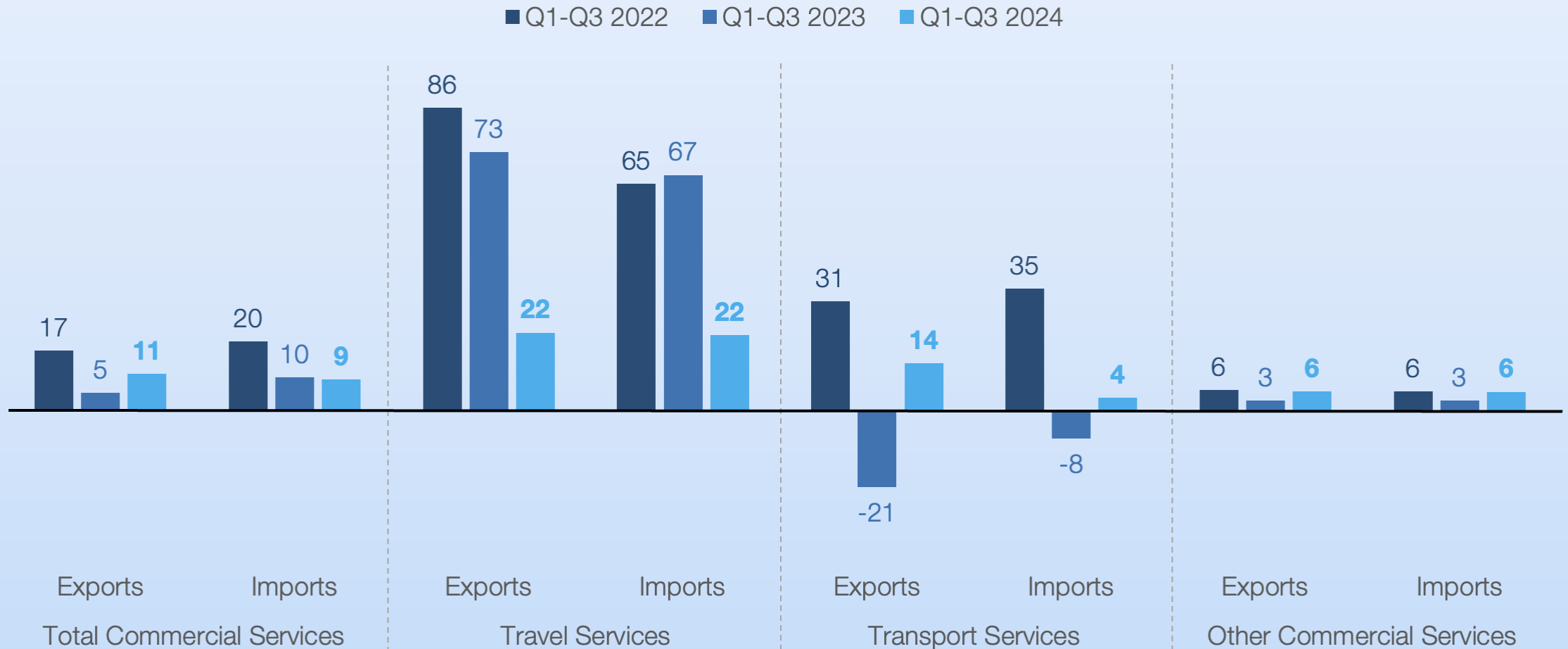
APEC Growth in Volume of Merchandise Trade (% y-o-y)



Merchandise trade rebounded in the first three quarters of 2024, boosted by lower inflation and interest rates, which spurred consumption and investment. Trade prospects may decline with potentially slower global demand and restrictive trade policies.



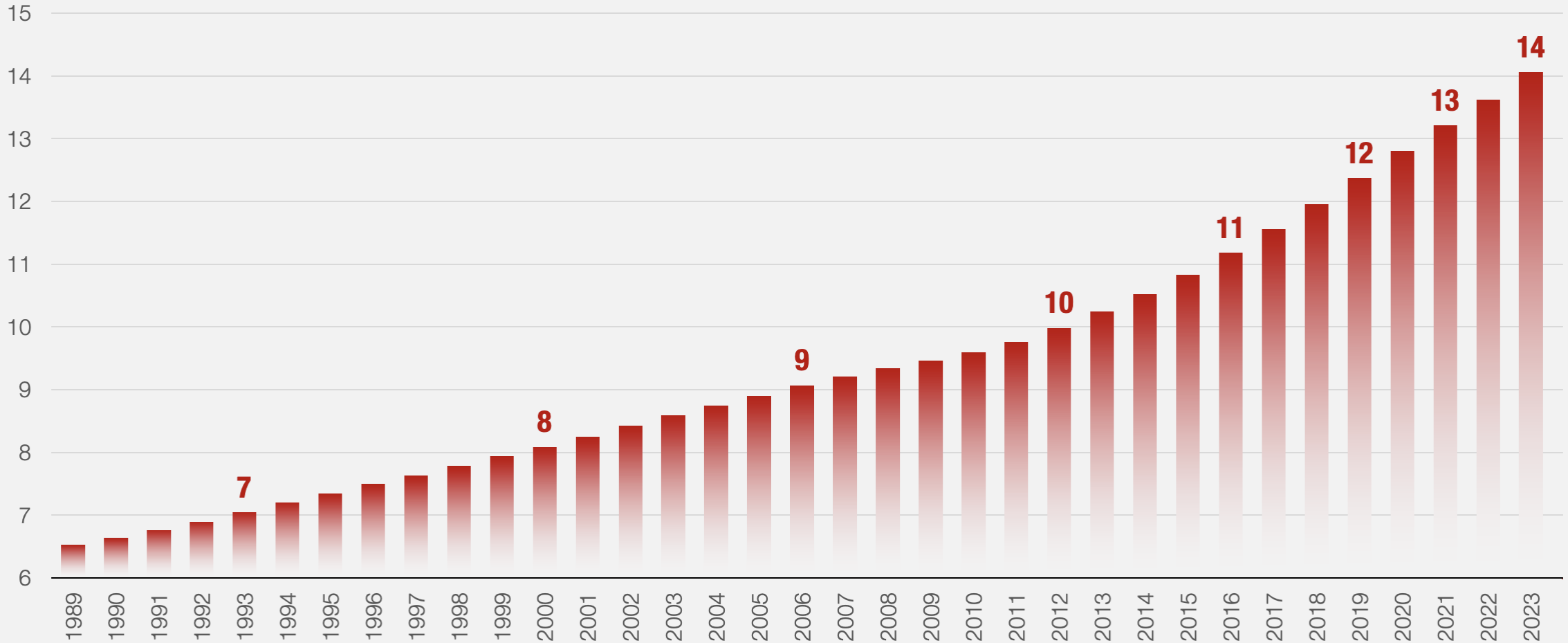
APEC Growth in Value of Trade in Commercial Services (% , y-o-y)



Robust double-digit growth in travel in APEC has propelled commercial services expansion, particularly tourism, strengthening economic ties and cultural exchange.



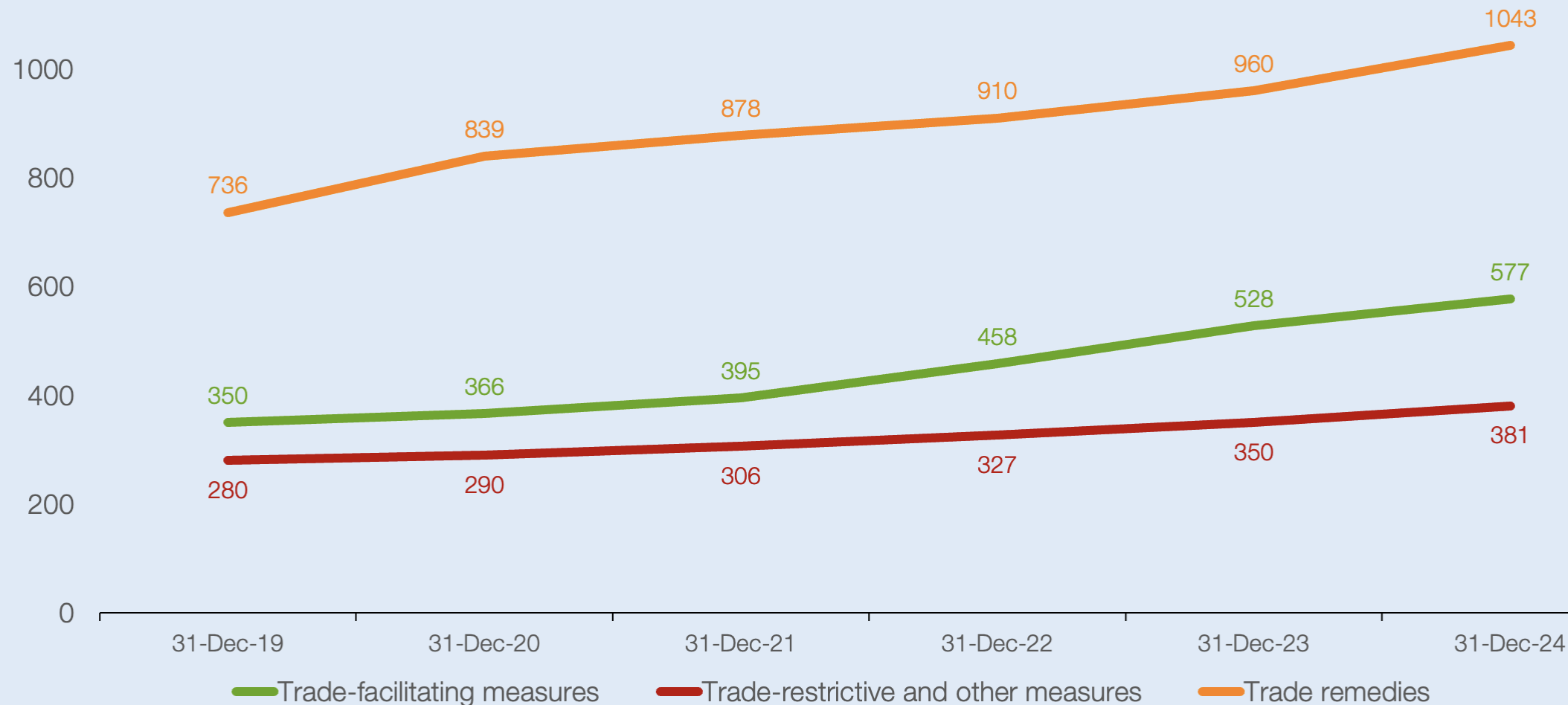
APEC Elderly Population: Ages 65 and Above (per 100 population)



Ageing populations strain economies through rising healthcare costs, labor shortages, and increased fiscal burdens.



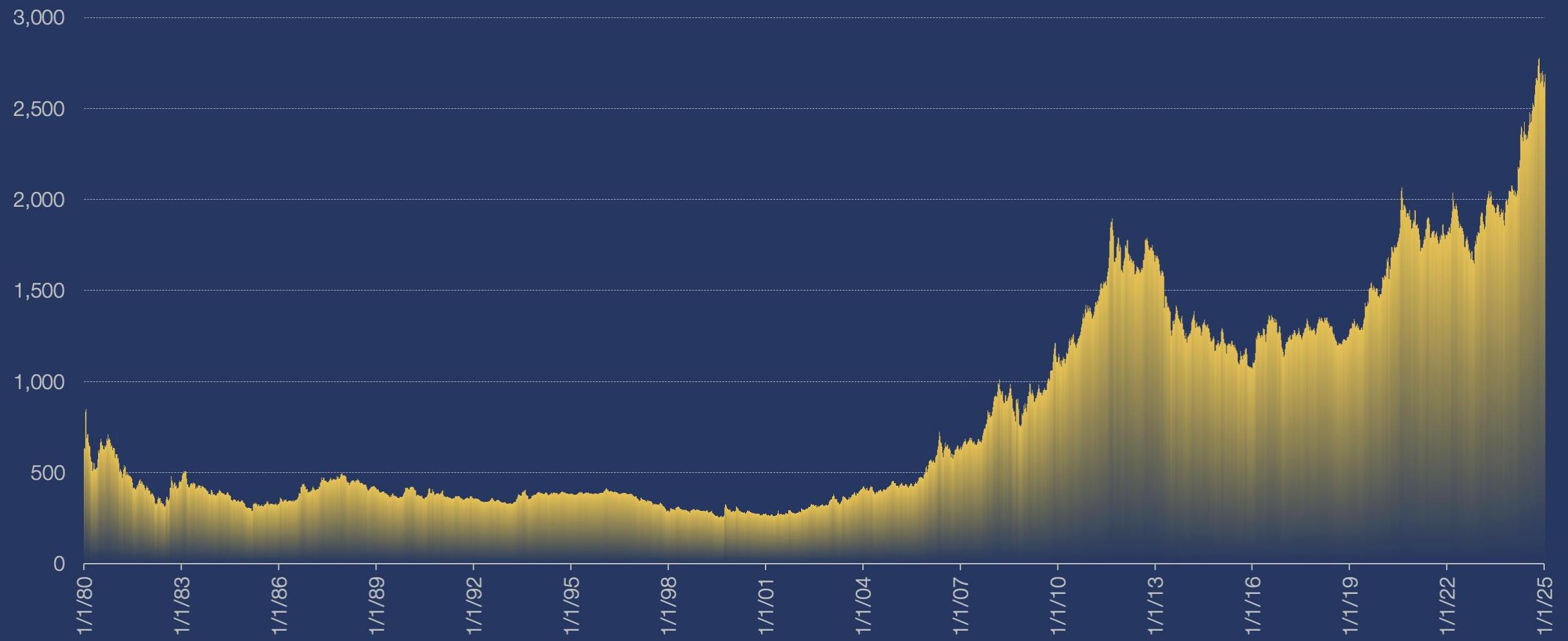
APEC Trade Measures in Force (accumulated number)



Trade-restrictive measures raise costs and limit market access, potentially weakening external demand and trade activity. Additionally, the growing number of trade remedies suggests an increase in unfair trade practices.



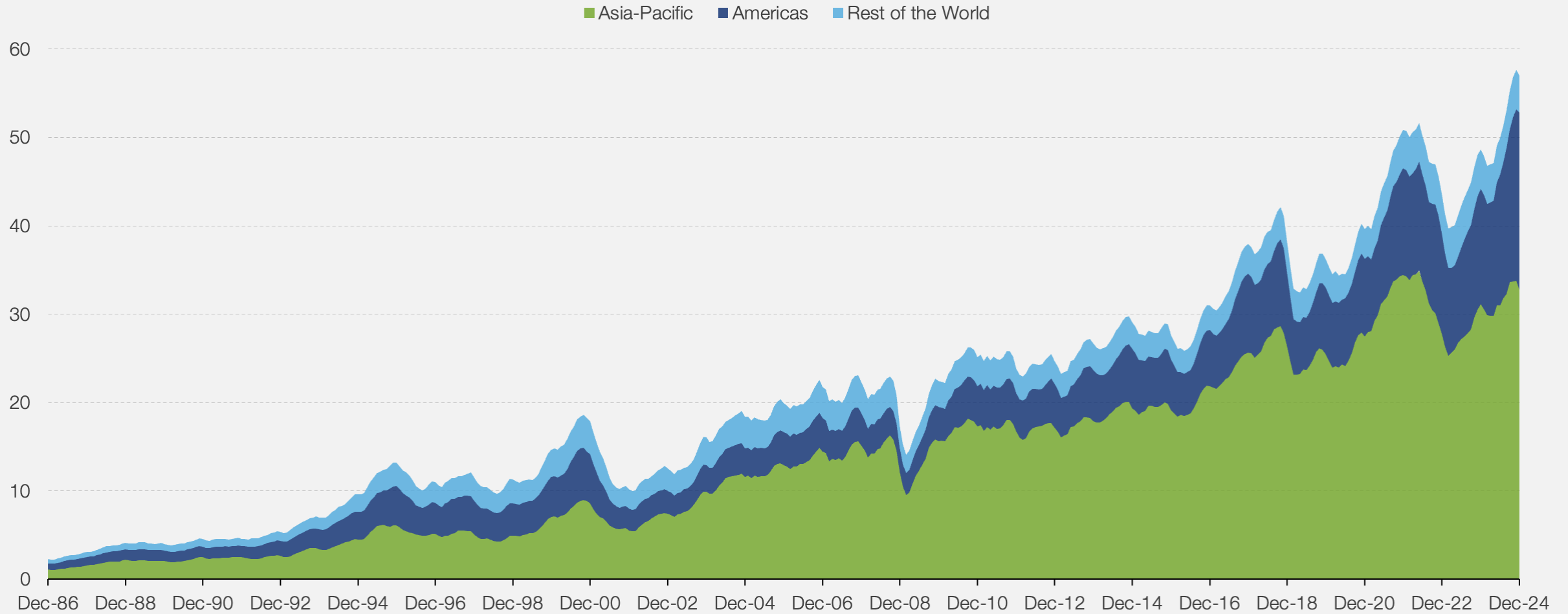
Gold Price (USD/troy ounce)



Intensifying global risks have pushed gold prices to record highs, ignited by demand for safe-haven assets as investors hedge against growing uncertainties.



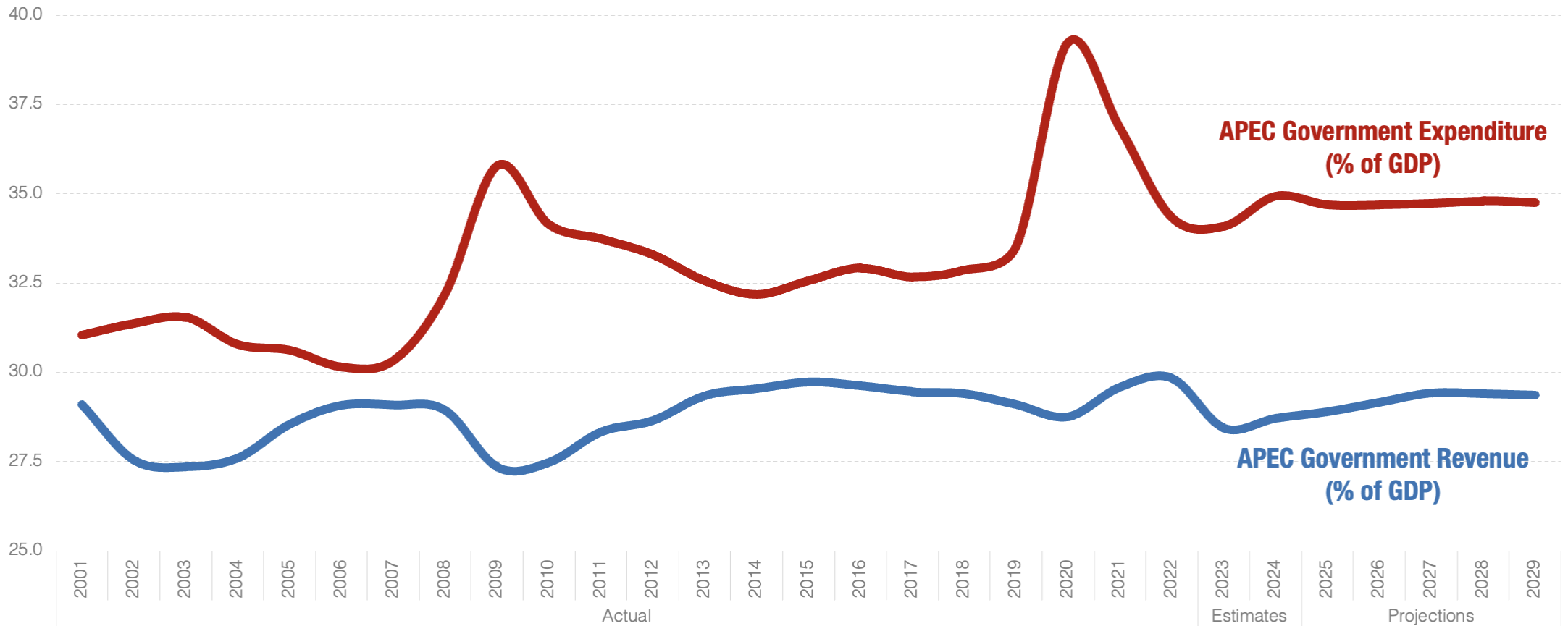
Semiconductor Industry Billings (USD billion)



Semiconductors are the lifeblood of the digital economy, highlighting the need for open trade and robust supply chains to sustain global technological progress. However, concerns remain on whether this upsurge could be sustained well into 2025.



APEC Government Revenue and Expenditure (% of GDP)



Ramping up fiscal consolidation and building buffers for future shocks are essential for APEC to narrow the fiscal gap and bring down debt to sustainable levels.

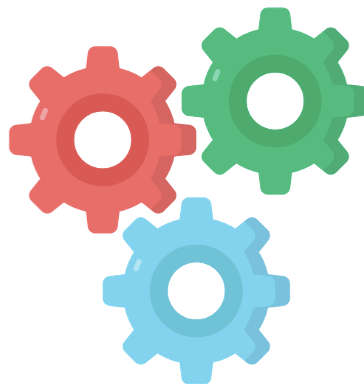


Policy Recommendations: Charting a more resilient path forward



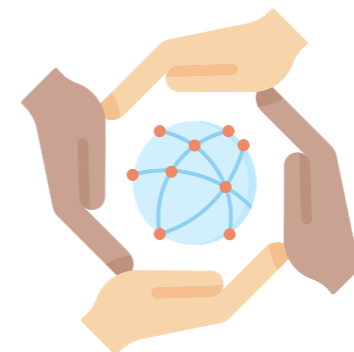
SOUND MONETARY AND FISCAL POLICIES

- Maintain a flexible monetary policy to manage inflation and support growth.
- Ensure fiscal consolidation and target spending to improve livelihoods.
 - Enhance investments in key economic sectors.



GROWTH-ENHANCING REFORMS

- Boost productivity and promote innovation.
- Invest in human capital through education and healthcare.
- Improve workforce participation and skills.



RESILIENT MULTILATERAL COOPERATION

- Strengthen APEC's role in regional economic integration.
- Promote trade and sustainable growth.
 - Foster policy dialogue on critical reforms to increase regional competitiveness and build resilience.

Asia-Pacific Economic Cooperation (APEC) was established in 1989. The 21 member economies are Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States; and Viet Nam.

APEC Policy Support Unit (PSU) was set up in 2008 as the policy research and analysis arm for APEC. It supports APEC members and fora in improving the quality of their deliberations and decisions and promoting policies that support the achievement of APEC's goals by providing objective and high quality research, analytical capacity, and policy support capability.

APEC Regional Trends Analysis (ARTA) is a serial publication of the PSU which provides an overview of the region's economy through an analysis of recent macroeconomic, trade and investment trends. It tracks recent trade and investment measures implemented around the region, and discusses risks and opportunities to the region's economic outlook.

This report was prepared by **Rhea C. Hernando** and **Glacer Niño A. Vasquez**, Analyst and Researcher, respectively, at the PSU. The views expressed in the APEC Regional Trends Analysis are those of the authors and do not necessarily represent those of the APEC Member Economies. This work is licensed under the Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License. To view a copy of this license, visit <https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>.



**Asia-Pacific
Economic Cooperation**

APEC Policy Support Unit • APEC Secretariat
35 Heng Mui Keng Terrace, Singapore 119616
Telephone Number: (65) 6891 9600 • Facsimile Number: (65) 6891 9419
Website: www.apec.org/About-Us/Policy-Support-Unit
Email: psugroup@apec.org

Copyright © 2025 APEC Secretariat
APEC#225-SE-01.3