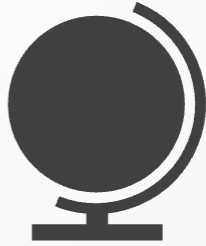




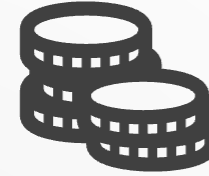
Asia-Pacific
Economic Cooperation

APEC Regional Trends Analysis

May 2025 • Policy Support Unit



GDP Growth
Outlook



Inflation and
Monetary Policy



Trade
Performance and
Outlook



Ageing
Populations



Suggested Policy
Options



Risks and
Challenges

APEC Regional Trends Analysis

KEY POINTS



APEC faces a sharper growth downgrade than the rest of the world due to increased trade disputes and protectionism as well as shifting supply chains amid a complex global environment.



Heightened trade uncertainties and volatility are weakening demand, eroding investor confidence, slowing exports, and dampening growth prospects.



Amid mounting debt and escalating risks, well-calibrated and adaptive policies are crucial to ensure fiscal soundness and economic resilience.



An ageing population strains healthcare, labor markets, and social systems, intensifying the need for reforms to sustain productivity and drive technological adoption.



**DOWNSIDE
RISKS**



Global Challenges and
Uncertainty



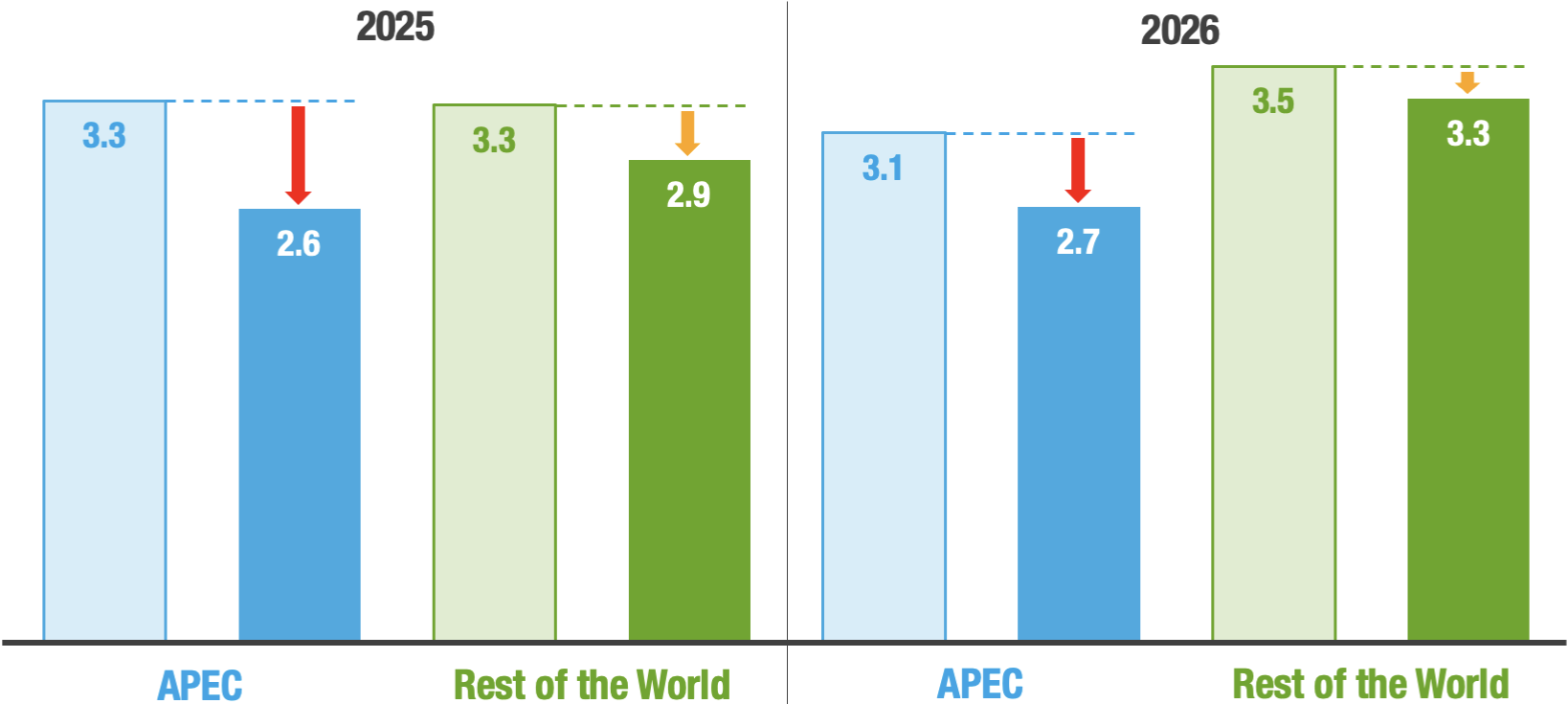
Trade
Disputes



Soaring
Debt

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

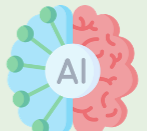
ART A March 2025 ART A May 2025



**UPSIDE
OPPORTUNITIES**



Services
Trade



Innovative
Technologies



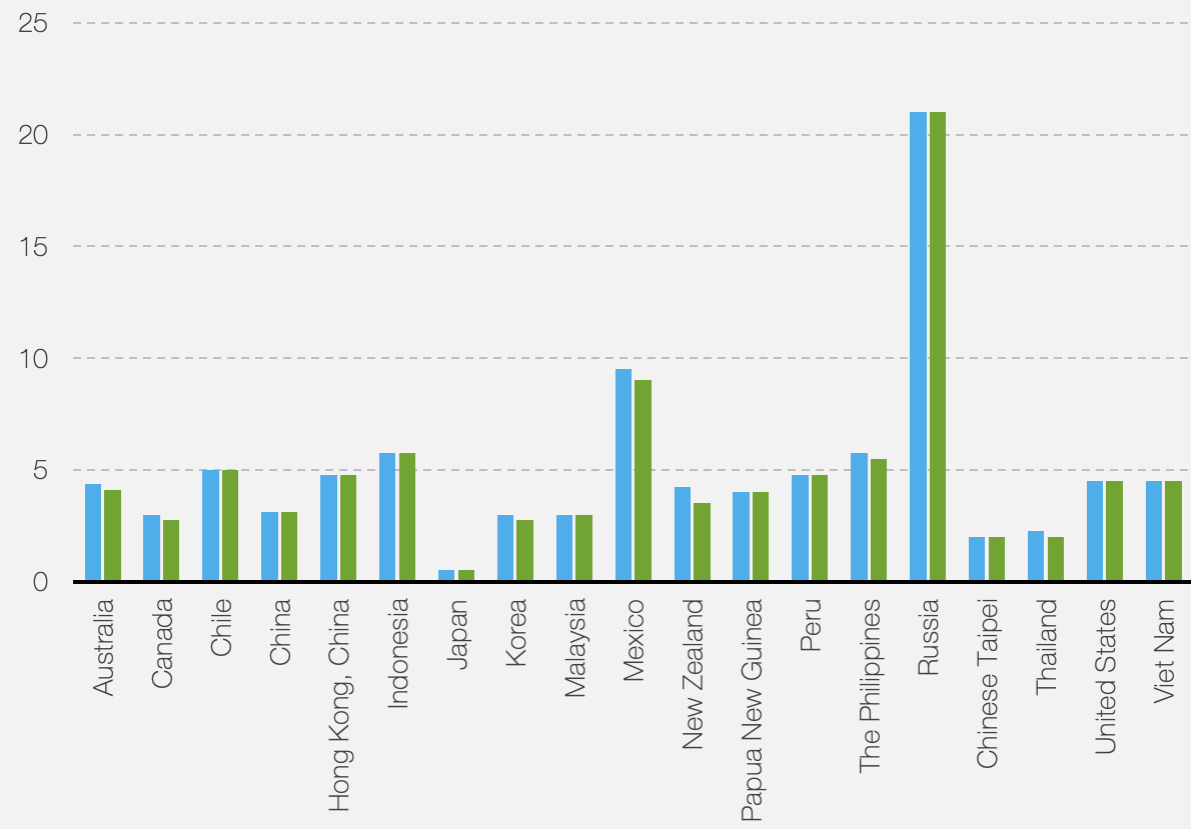
Growth-enhancing
Reforms

As a key driver in global trade, the APEC region faces a steeper growth downgrade than the rest of the world, driven by escalating trade disputes and policy uncertainty.



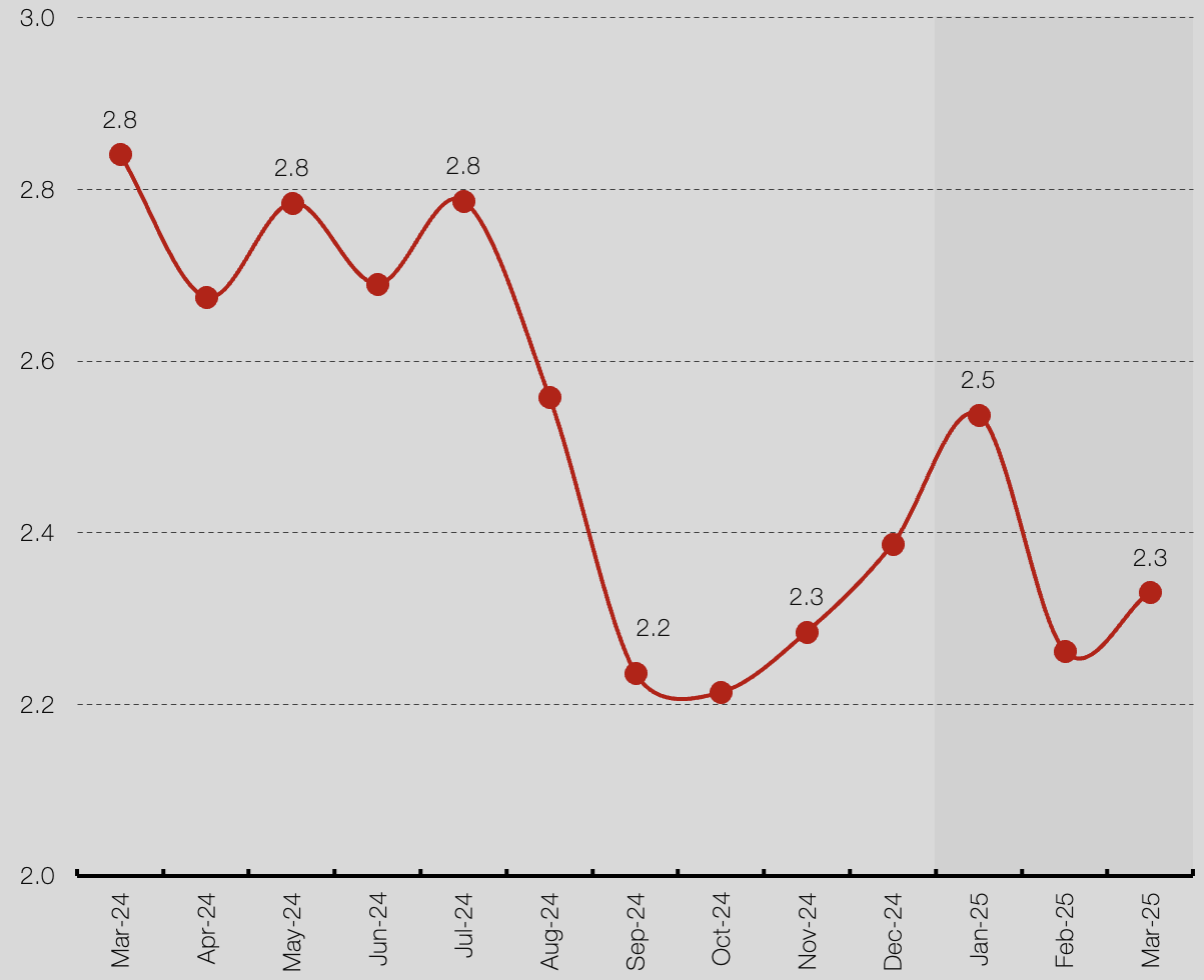
Monetary Policy Rate (%)

■ ARTA March 2025 ■ ARTA May 2025



Note: As of 20 April 2025. The monetary policy framework in Brunei Darussalam is based on a currency board system, with the Brunei dollar anchored to the Singapore dollar at par. For Singapore, monetary policy is conducted through the trade-weighted exchange rate, which is allowed to fluctuate within a policy band.

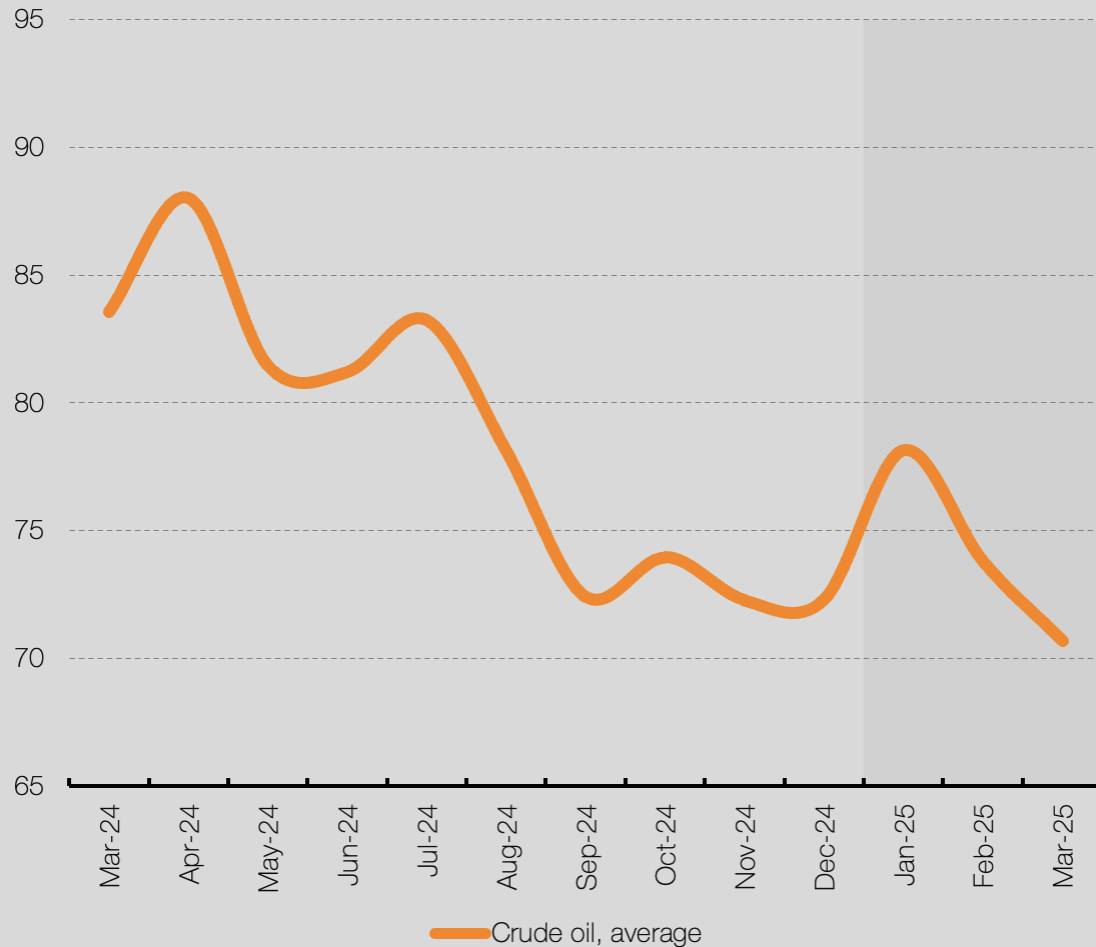
APEC Average Inflation (% , y-o-y)



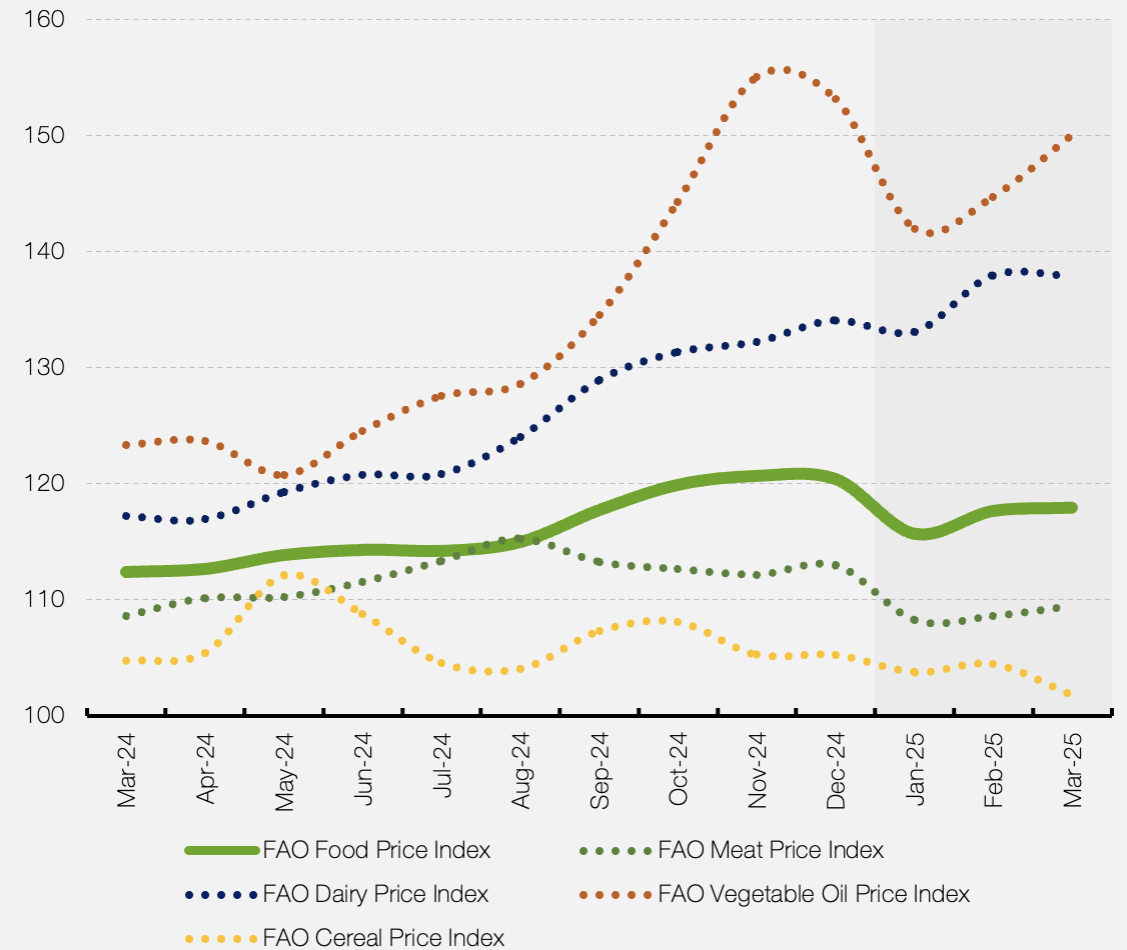
Monetary policy rates hold steady as economies closely monitor inflation and economic activity due to global headwinds.



Crude Oil Price (USD/barrel)



Food Prices (2014-2016 = 100)

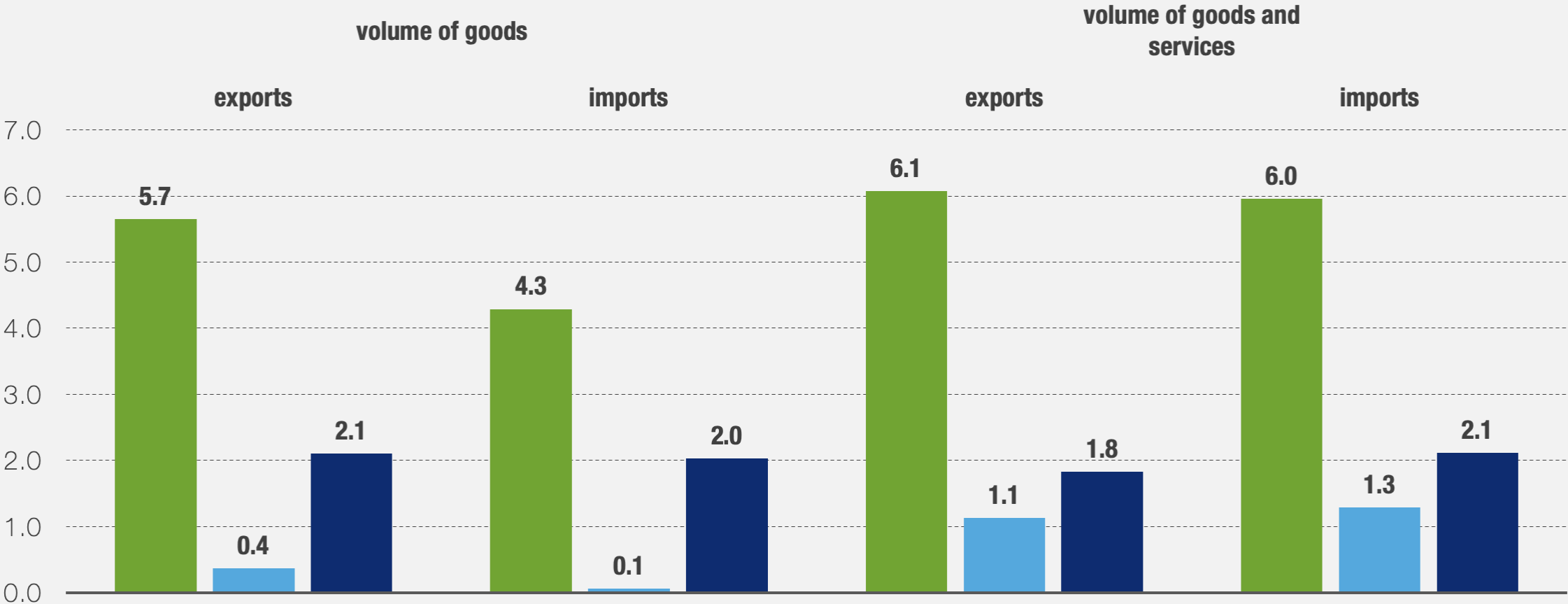


Oil prices are falling on oversupply and subdued demand, while food prices remain stable, supported by balanced production and steady consumption.



APEC Trade Outlook (% y-o-y)

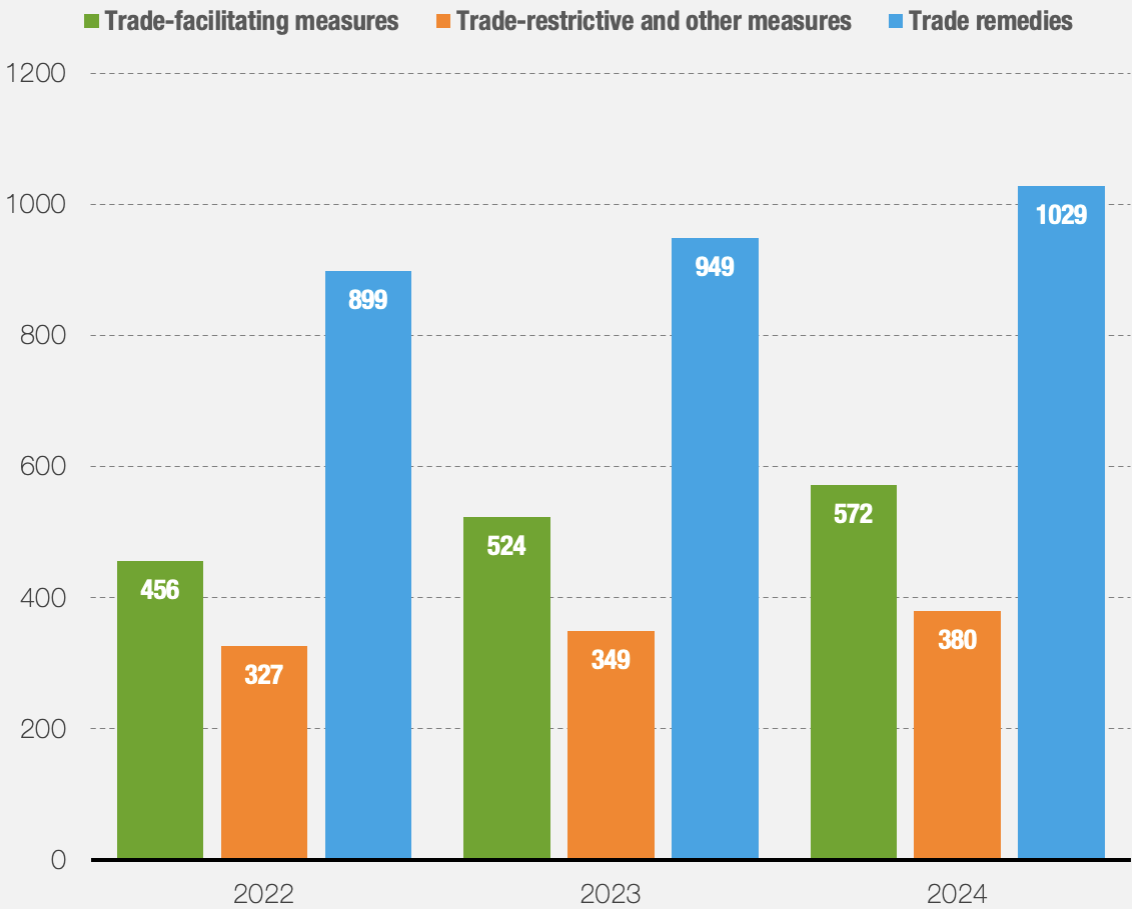
2024 2025 2026



Trade growth is set to decline sharply across APEC due to lower external demand, particularly in manufacturing and consumer goods, while rising uncertainty over goods-related measures weighs on services trade.

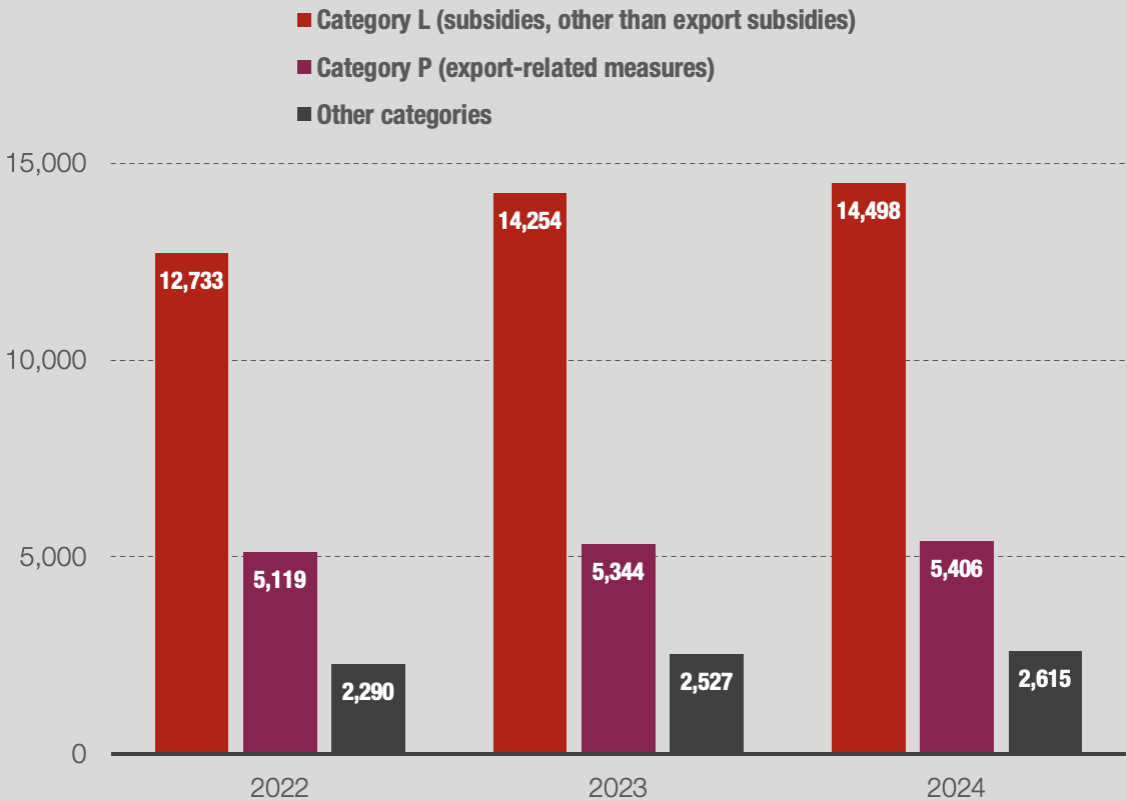


APEC Trade Measures in Force (accumulated number)



Efforts to facilitate trade are offset by the proliferation of trade restrictions and frictions, while non-tariff measures, especially subsidies, are on the rise.

APEC Discriminatory Non-Tariff Measures in Force (accumulated number)



Note: The above figures show Non-Tariff Measures implemented by APEC economies that are identified as discriminatory in the Global Trade Alert Database.

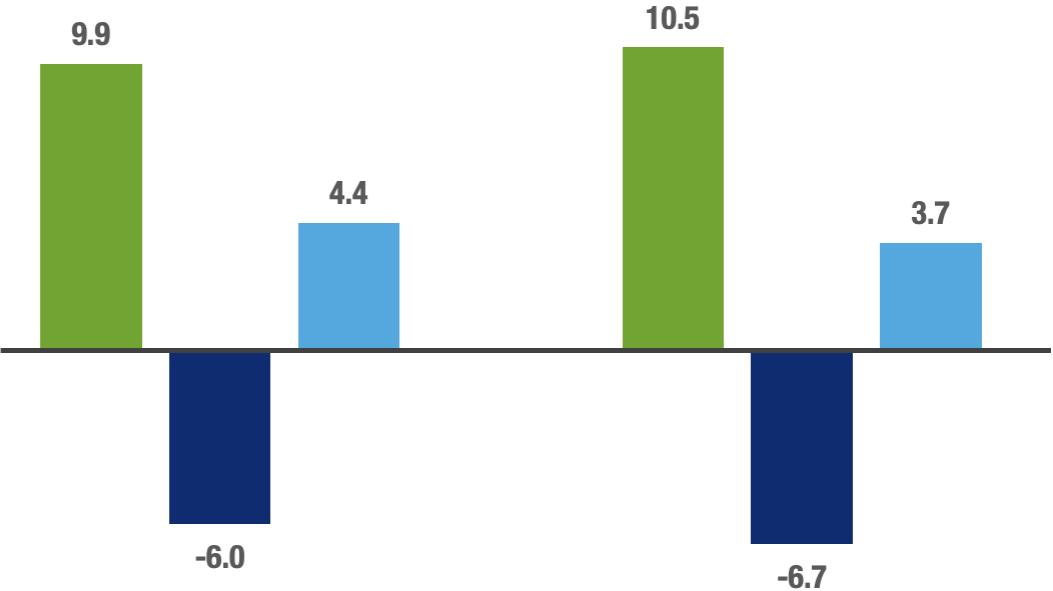


Trade Performance in 2024

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

Exports

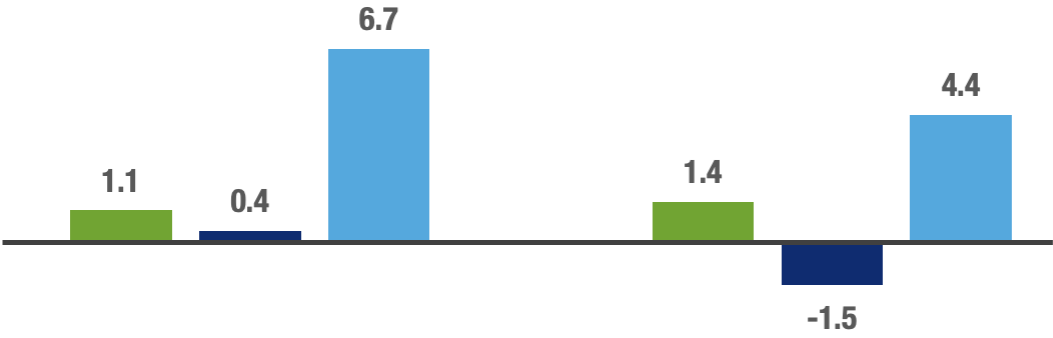
Imports



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

Exports

Imports



■ 2022 ■ 2023 ■ 2024

Merchandise trade rebounded as lower inflation and interest rates revived consumption and investment, spurring growth in exports and imports.



Trade Performance in 2024

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

2022 2023 2024

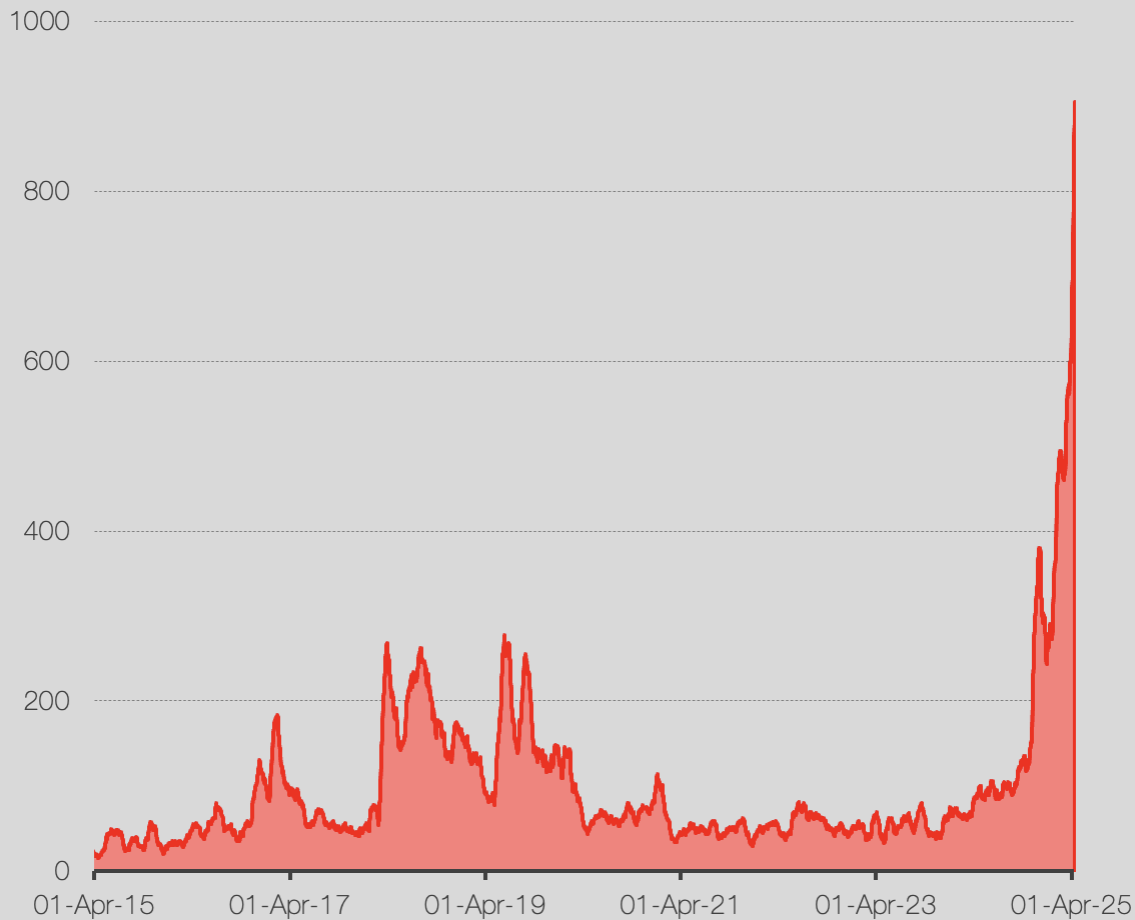


Double-digit growth in travel and recovery in transport boosted commercial services, strengthening economic ties and regional trade.



Trade Policy Uncertainty

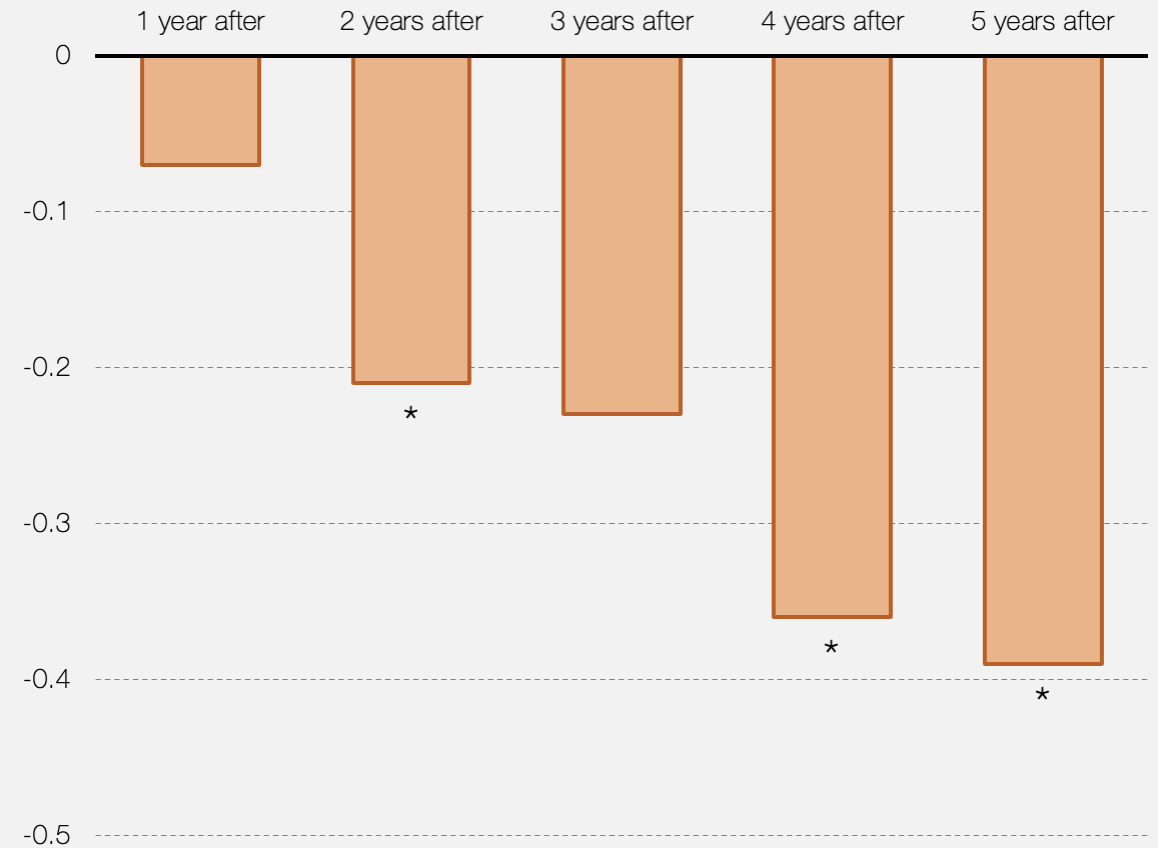
(Index, 30-day moving average, Sep 2024 = 100)



The unprecedented rise in trade policy uncertainty, fueled by frictions, amplifies risks to economic growth, especially for trade-dependent economies.

Impact of Tariffs on GDP

(% change in output from a one standard deviation [about 3.6 percentage points] increase in tariffs)

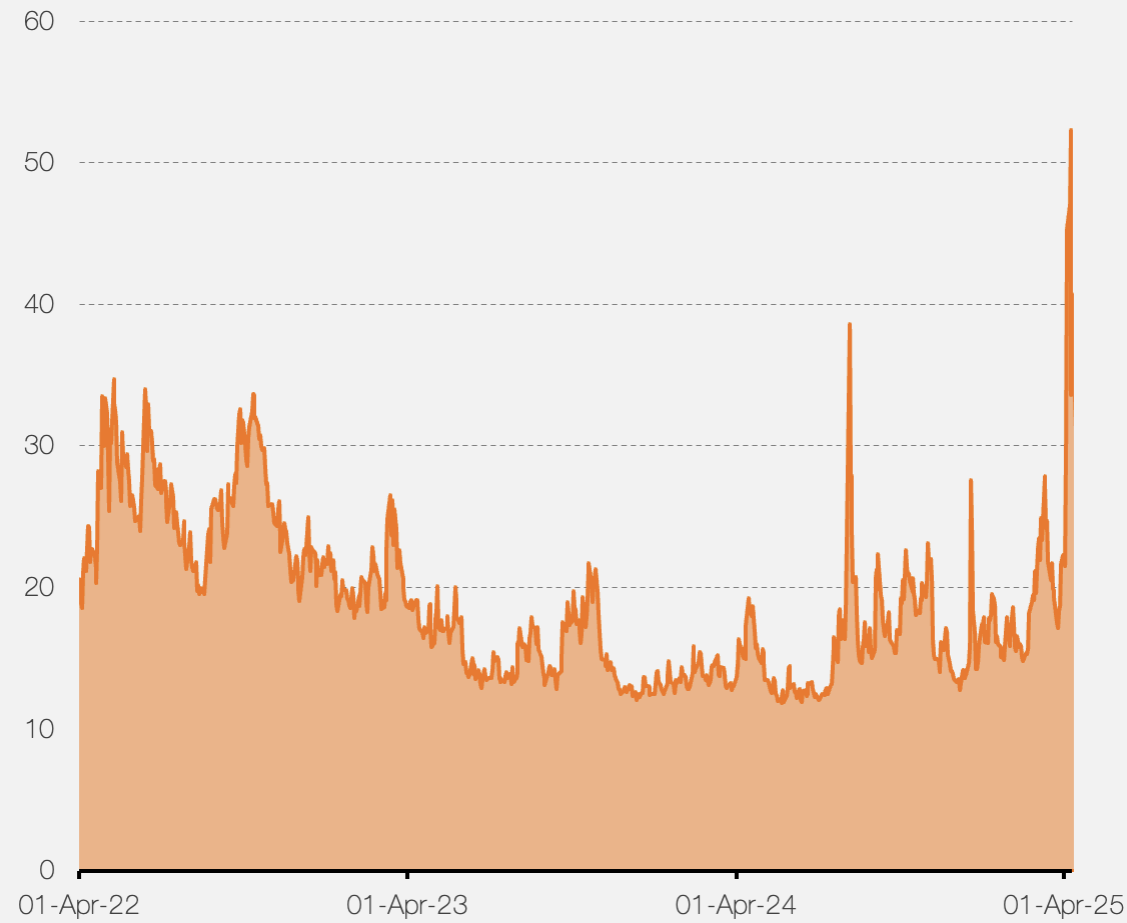


Note: Asterisks indicate that the results fall within the 90% confidence interval. The results are from Furceri et al. (2020).



Volatility Index

(index point, month-ahead stock market expectations for volatility)



Gold Prices

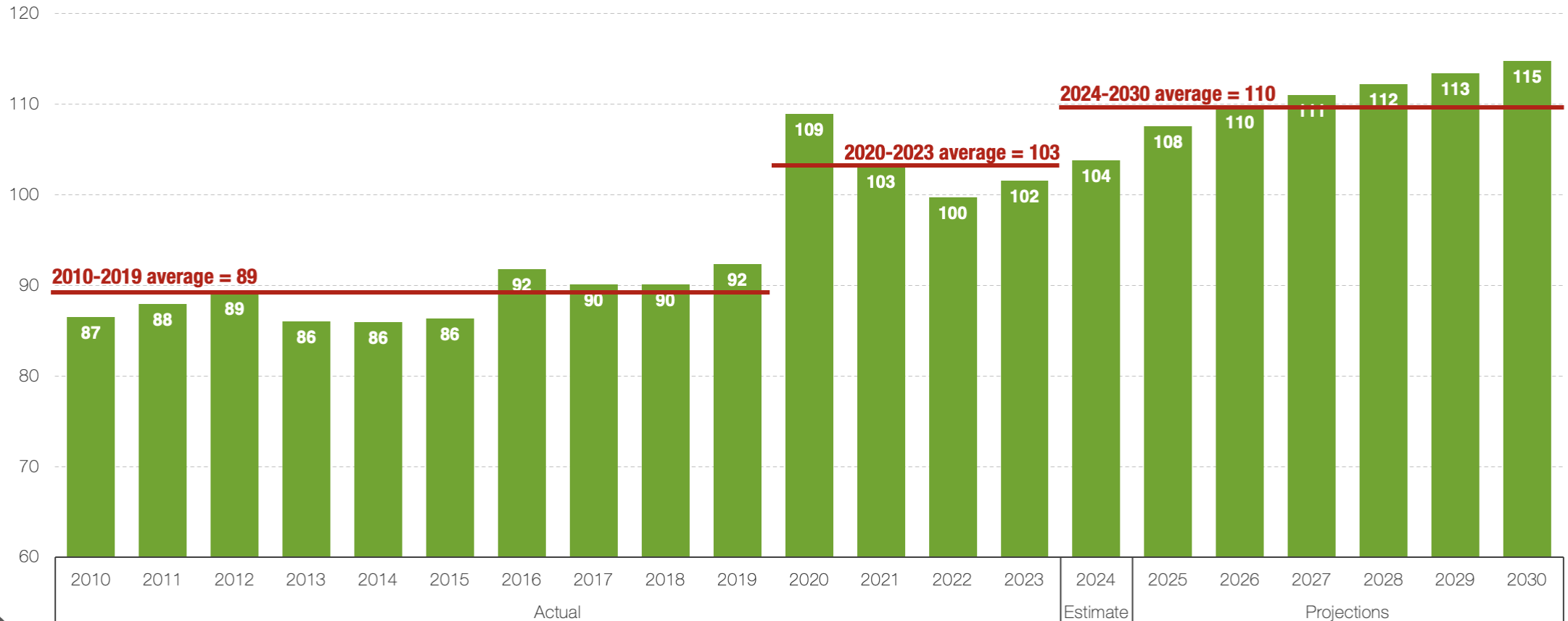
(USD/troy ounce)



Trade policy uncertainties have contributed to increased financial market volatility, boosting demand for safe-haven assets like gold.



APEC General Government Gross Debt (% of GDP)

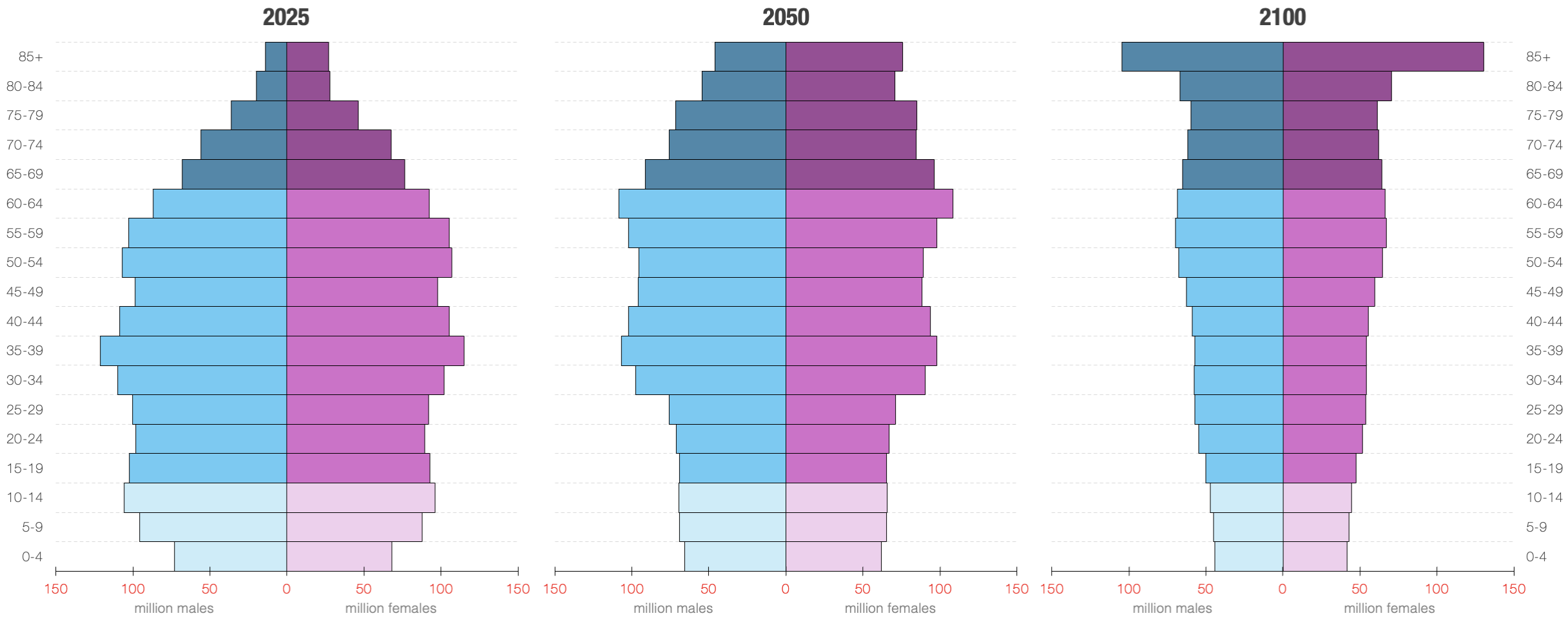


The projected rise in general government debt, surpassing the pandemic peak, underscores the need for structural reforms to balance long-term growth with rising fiscal pressures.



Fewer Celebrants, More Birthday Candles: A Shrinking and Ageing APEC Population by 2100

APEC Age Pyramid Projections



APEC population is projected to decline from 3 billion today to 2.2 billion by 2100, with an ageing population and a shrinking youth base that will strain social systems, reduce workforce, and challenge growth.

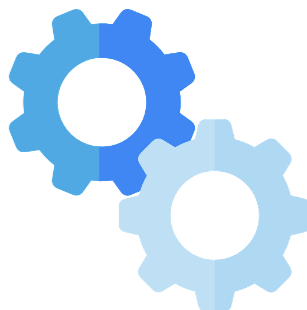


Policy Recommendations: Shaping an Adaptive and Resilient Path



AGILE AND STRATEGIC ECONOMIC POLICIES

- Adjust monetary policy swiftly to manage inflation risks and support stable economic growth.
- Focus fiscal policy on strategic sectors, striking a balance between long-term growth and prudent spending.
 - De-escalate trade tensions, reduce policy uncertainty, and promote trade diversification to unlock economic opportunities.



RESILIENCE-ENHANCING STRUCTURAL REFORMS

- Strengthen labor markets through skills development and widen workforce participation.
 - Implement reforms to boost business competitiveness and innovation.
- Invest in digital infrastructure to improve efficiency and productivity.



ADAPTIVE MULTILATERAL COOPERATION

- Strengthen multilateral efforts to tackle shared economic challenges, including fostering continuous policy dialogue toward collective action and global stability.
- Coordinate and cooperate to improve responsiveness to external shocks.

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**

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