Annual Report 2025

APEC Policy Support Unit

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Asia-Pacific
Economic Cooperation
Secretariat

APEC Senior Officials

Dear Senior Officials

On behalf of the APEC Policy Support Unit (PSU) and in accordance with clauses 54 and 55 of the APEC PSU Governance Arrangements, I am pleased to enclose the APEC PSU Annual Report 2025.

Carlos Kuriyama
Director
APEC Policy Support Unit

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OVERVIEW OF PROJECTS AND ACTIVITIES

The theme of APEC Korea 2025, “Building a Sustainable Tomorrow,” together with its three priorities—**Connect, Innovate, and Prosper**—provides a framework for advancing the Policy Support Unit’s (PSU) strategic goals in 2025. This year also marked the third year of the PSU Director’s tenure, which has been extended through 2027, ensuring continuity and momentum in the delivery of the PSU’s work program.

Connect

The **Connect** priority aligns with the PSU’s goal to improve communication within the PSU, across the APEC Secretariat, and with APEC stakeholders. Throughout the year, the PSU strengthened internal communication through regular staff meetings and internal seminars involving Secretariat colleagues. It maintained close engagement with Senior Officials by sharing reports and work programs, disseminated newly released publications to Program Directors for distribution to relevant APEC groups, and delivered presentations to these groups as appropriate. Presentations were also made at the level of Senior Officials, Ministers, and the Finance Ministers’ Process.

The PSU also actively pursued engagement activities to raise its profile as APEC’s policy analysis and research arm. It engaged with a broad range of stakeholders, including APEC economies, APEC groups, the APEC Study Centers Consortium, the APEC Business Advisory Council, regional and international organizations, academia, research institutes and think tanks, the private sector, foundations, as well as students. Notable initiatives included agreements with Google Asia-Pacific and the Hinrich Foundation to support student fellows and research, contributions as a peer reviewer to the Asian Development Bank’s flagship MSME publication, and an article on trade and energy for the Forum on Trade, Environment, & the SDGs. The PSU also provided mentorship to master’s students in Singapore on their capstone projects, with a similar arrangement planned for master’s students in Canada the following year.

Raising the PSU’s profile was a collective effort undertaken in close collaboration with the Communications and Public Affairs Unit. News releases, blog articles, and videos were produced and disseminated through online platforms, while PSU staff participated in news conferences, media briefings, interviews, and podcasts. The PSU also delivered presentations at events held both within and beyond APEC. In 2025, it recorded approximately 50 speaking engagements at APEC plenary meetings and around 60 engagements at APEC and non-APEC events.

Innovate

The **Innovate** priority supports the PSU’s delivery of high-quality, evidence-based policy analysis by strengthening analytical depth and adopting new approaches to disseminating policy insights. During the year, the PSU’s analytical work informed APEC deliberations and was cited by several APEC Ministers, including references to its policy brief on demographic change and the APEC Regional Trends Analysis. At their annual meetings, APEC Ministers expressed their appreciation for the PSU’s work and contributions, while APEC Finance Ministers acknowledged the PSU’s assessment of the Cebu Action Plan.

In 2025, the PSU completed more than 20 deliverables spanning a wide range of policy areas. Reflecting the Innovate priority, several outputs focused on digital transformation, including technologies for combating corruption, paperless trade platforms, and AI applications in energy systems, and the AI regulatory landscape. Other outputs addressed trade issues, such as free trade agreements and non-tariff measures; services, including the final review of the APEC Services Competitiveness Roadmap; investment, covering best practices for long-term foreign direct investment, dispute prevention and mitigation systems, and investment facilitation; structural reform, including the final review of the Enhanced APEC Agenda for Structural Reform and measures to increase participation in the formal economy; and cross-cutting issues, such as women’s economic participation.

The PSU also supported the three APEC committees in their biennial evaluation of progress toward the APEC Putrajaya Vision 2040. In addition, it provided technical expertise to several APEC groups in developing key documents, including best practice guidelines on non-tariff measures, updated principles for the Investment Facilitation Action Plan, and a new roadmap succeeding the Cebu Action Plan.

Innovation also extended to the dissemination of the PSU's work. A short video promoting the demographic change policy brief was produced in collaboration with the Communications and Public Affairs Unit, adopting a fresh approach to dissemination and reaching approximately 20 million views on Instagram by the end of 2025. The PSU also expanded its outreach through podcasts produced by external organizations, participating in two this year, and continued to innovate in presenting its analysis through periodic and serial publications, including the quarterly APEC Regional Trends Analysis and the annual APEC in Charts.

Prosper

The **Prosper** priority reflects the PSU's role in supporting the realization of the Putrajaya Vision 2040 of an open, dynamic, resilient and peaceful Asia-Pacific community for the prosperity of all people and future generations. The PSU supports this vision through rigorous analysis and practical policy recommendations that improve the quality of discussions and decisions across APEC groups. Its work was recognized in the annual assessment with APEC groups, which reported high satisfaction with the PSU outputs in 2024 and strongly agreed that its research and policy work contributed to improving the quality of deliberations and decision-making.

To ensure continuity in the delivery of its work, the PSU strengthened its operational resilience by ensuring that multiple staff members are familiar with each project topic and putting in place backup arrangements for administrative tasks. Financial sustainability is another key aspect of continuity. Progress in this area included the PSU Board's approval of a five percent management fee for project-tied contributions, effective from 2025. In addition, the external compensation review for the PSU was completed, with findings informing ongoing discussions on the potential introduction of a mandatory minimum annual contribution.

The PSU expresses its sincere appreciation to the PSU Board for its continued guidance, oversight, and support. The Board's strategic advice has been instrumental in enabling the successful delivery of the PSU's work across the **Connect, Innovate, and Prosper** priorities. Its support has provided a financial foundation for PSU operations while discussions on long-term financial sustainability continue. As in the previous year, a record ten APEC economies provided voluntary financial contributions, with one economy continuing to offer in-kind support. The Board's engagement and direction remain essential to strengthening the PSU's sustainability and ensuring its ongoing ability to deliver high-quality research and policy analysis in support of APEC economies in achieving the Putrajaya Vision 2040.

COMPLETED PROJECTS IN 2025

For Senior Officials (SOM)

A. APEC Services Competitiveness Roadmap (ASCR) Final Review

SOM - Group on Services (GOS). The ASCR (2016–2025), endorsed by APEC Leaders in 2016, underwent its final review in 2025, four years after the mid-term review. The PSU conducted this review at the request of the GOS, which had supported Senior Officials in monitoring and encouraging action to implement the roadmap.

The final review adopted a holistic approach, combining quantitative indicators with qualitative analysis to assess progress in implementing the ASCR. It drew on four sources of input: (1) baseline indicators for the ASCR's overarching targets and APEC-wide actions; (2) a consolidated matrix of APEC-wide actions; (3) individual economy submissions through the Enhanced APEC Agenda for Structural Reform (EAASR) Individual Action Plans; and (4) a perception survey conducted among relevant APEC fora. The review was further enriched by insights from the 2025 Update to Monitoring Pandemic Recovery Under the ASCR. It also evaluated the implementation of recommendations from the mid-term review.

The findings indicated that APEC had made notable progress, although there remained room for further improvement. Recommendations were provided to support APEC as it embarked on the next chapter of efforts to enhance services competitiveness in the region.

The review was presented to the GOS and shared during the ASCR Annual Dialogue. APEC Economic Leaders and Ministers noted the ASCR's role in supporting effective reform and growth of the services sector in the APEC region.

The APEC Putrajaya Vision 2040, proclaimed by APEC Economic Leaders in 2020, consists of three economic drivers: Trade and Investment; Innovation and Digitalisation; and Strong, Balanced, Secure, Sustainable and Inclusive Growth. This project contributes to the economic driver of Trade and Investment.

For Committee on Trade and Investment (CTI)

B. Study on Convergences and Divergences of Free Trade Agreements in the APEC Region

This study supported APEC's contribution to high-standard and comprehensive regional undertakings going forward, as envisioned through the work on the Free Trade Area of the Asia-Pacific (FTAAP). Under the proposal endorsed by the CTI in 2023, titled "A New Look at the FTAAP" and included in the FTAAP Agenda Work Plan, the PSU was tasked with conducting a review and a study. The review was completed in 2024, and this study constituted the second component.

The study involved a comparative analysis of the content and scope of the chapters or sectoral annexes of five regional trade agreements (RTAs) or free trade agreements (FTAs) to identify the degree of convergence and divergence of the provisions contained therein, and of the chapters or sectoral annexes and agreements themselves to determine how much they converge and how wide the divergences are. The five agreements were: (1) the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA); (2) the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); (3) the Agreement between the United States, the United Mexican States, and Canada (USMCA); (4) the Additional Protocol to the Framework Agreement of the Pacific Alliance (PA); and (5) the Regional Comprehensive Economic Partnership (RCEP) Agreement.

The comparative analysis found that the large majority of chapters or sectoral annexes analyzed had medium to high levels of convergence, with only one chapter and one sectoral annex showing low levels of convergence. The analysis also identified areas where APEC could undertake further work to advance the FTAAP agenda. Additionally, the study identified innovative approaches being discussed and adopted by economies around the world in response to emerging and future trends, which have the potential to shape the international trade and investment rulebook. It also provided recommendations that may serve as a reference for APEC's work on the FTAAP initiative.

The findings were presented to the CTI during a policy dialogue on FTAAP, the Market Access Group (MAG), and the APEC Business Advisory Council (ABAC) and were also shared during a CTI workshop and an AusPECC dialogue. APEC Trade Ministers welcomed the study and expressed their commitment to begin work in the areas of work on convergence and divergence identified in the Ichma Statement on A New Look at the Free Trade Area of the Asia-Pacific agenda. The FTAAP also continued to be reflected in statements issued by APEC Leaders and Ministers.

This project contributes to the economic driver of Trade and Investment.

C. Promoting the Utilization of Paperless Trade Platforms in the Post COVID-19 Era

Carried out for the CTI, this project examined opportunities for paperless trade and the enablers of successful paperless trade platforms, with the aim of identifying gaps and opportunities for policymakers to promote their adoption. While most existing research has looked at the opportunities for paperless trade using a top-down approach, this project contributed to the field by collecting empirical evidence on the impact of public and commercial paperless trade platforms from exporters' perspective.

The analysis focused on the economic contributions of eight public platforms and 31 commercial platforms across eight APEC economies from different geographical regions: Canada; Chile; China; Korea; Mexico; Peru; Singapore and the United States. It involved a review of each platform's functions, a multi-economy survey of exporters, and interviews with relevant stakeholders interacting with these platforms.

The research identified eight key insights across the eight economies, which are also relevant to policymakers across the broader APEC region. Drawing on these insights, as well as a review of regional best practices and ongoing developments in APEC, five recommendations were proposed under two policy pillars to promote greater adoption of paperless trade platforms. These pillars were: (1) promoting the business case for paperless trade adoption, and (2) fostering interoperability and integration within the paperless trade ecosystem.

The findings were presented to the Digital Economy Steering Group (DESG), the MAG, the Sub-Committee on Customs Procedures (SCCP), as well as during a CTI dialogue and to ABAC. Paperless trade continued to be a focus, with Leaders promoting various trade facilitation efforts, including measures to advance paperless trade, and Ministers reaffirming their commitment to enhancing the facilitation of paperless trade in the region.

This project contributes to the two economic drivers of Trade and Investment, and Innovation and Digitalisation.

D. Technical Assistance to CTI Project: Best Practice Guidelines to Apply the APEC Cross-cutting Principles on Non-Tariff Measures (NTMs)

The PSU provided technical assistance to a CTI project on developing "Best Practice Guidelines to Apply the APEC Cross-cutting Principles on NTMs." The aim was to build APEC economies' capacity to minimize unnecessary obstacles to trade through the development of best practice guidelines.

The project involved two steps: first, organizing a workshop to share experiences and discuss the benefits of implementing best practices, the tools available to economies when working with

NTMs, and ways to mitigate their impact; and second, preparing the best practice guidelines. The CTI requested the PSU to provide technical assistance during the second step, supporting the development of the guidelines. Although not part of this assistance, the PSU was also involved in the first step, when it was invited to speak at the workshop and presented an overview of NTMs affecting trade in APEC, as well as the main findings from the "Study on Convergences and Divergences of Free Trade Agreements in the APEC Region" regarding sanitary and phytosanitary measures and technical barriers to trade.

The guidelines were presented to and endorsed by the MAG and CTI. APEC Ministers welcomed them as a practical and enduring resource for APEC economies, which supports economies in developing and implementing NTMs in ways that facilitate trade, advance legitimate policy objectives and drive innovation.

This project contributes to the economic driver of Trade and Investment.

E. Companies' Best Practices on Long-Term Foreign Direct Investment Within APEC Economies

Investment Experts' Group (IEG). This study aimed to identify and understand the factors that underpin the long-term success of FDI projects. The research was structured into four phases: case selection, field research, workshop discussions, and final reporting. The first two phases involved extensive on-site engagements, structured interviews, and facility visits to gather both qualitative and quantitative data. The third phase convened an IEG workshop to validate and exchange research insights, while the final phase focused on consolidating the findings into a report.

The project focused on six FDI companies: Ajinomoto Malaysia, Kaneka Malaysia, Toyota Motor Thailand, Toyota Motor Manufacturing Kentucky, Intel Malaysia, and Intel Viet Nam. These companies were selected from submissions by IEG members based on their demonstrated track records in sustaining long-term investments. The study examined their investment strategies, operational models, and local integration efforts.

Key findings highlighted three critical dimensions of long-term investment success: (1) continuity, (2) relationships, and (3) human resource development. Based on the insights gathered, 87 actionable recommendations were developed, with one set targeted at FDI companies and the other at host economies. These recommendations were shaped not only by the case studies but also by emerging trends to help companies and host economies adapt to the evolving FDI landscape. In addition, two checklists were created to serve as practical tools for companies and host economies involved in long-term FDI.

The findings were presented to the IEG during a workshop. The study will support the updated Investment Facilitation Action Plan (IFAP), which was welcomed by APEC Trade Ministers. One of the IFAP principles is to foster quality investment to enhance sustainable economic growth for all, and one of the associated strategies is to learn from exemplary cases of long-term sustained quality investment.

This project contributes to the economic driver of Trade and Investment.

F. Research and Survey on the Dispute Prevention and Mitigation System in APEC Economies

IEG. This project examined dispute prevention and mitigation mechanisms established by APEC economies to address foreign investors' grievances and complaints at an early stage to prevent and mitigate the risk of escalating into formal investment disputes. It focused on two types of mechanisms: (1) those that serve as a one-stop contact point for receiving grievances and complaints directly from foreign investors, and (2) those that initiate actions to resolve such grievances or are otherwise involved in the grievance resolution process, including through coordination among different authorities.

The report analyzed ten mechanisms established by seven APEC economies under domestic legislation, as well as five mechanisms required or encouraged to be established under investment agreements between two or more APEC economies. The analysis was based on a desktop review of legal texts, procedural documents, and related materials. Interviews were conducted with government officials responsible for the identified mechanisms to gain insight into operational realities, implementation practices, and factors vital to their proper functioning. Separate interviews were also conducted with representatives from Japanese industry and business sectors and ABAC to understand their views as investors and users of these mechanisms.

Among the key findings was that there was no set pattern among the practices of APEC economies and diverse mechanisms have been constituted under different institutional models and performed a range of functions. There was no one-size-fits-all approach to establishing a mechanism for receiving and addressing investors' grievances and complaints, or for coordinating government efforts to prevent and mitigate investment disputes. The analysis identified issues, presented in the form of a checklist, that economies may consider when designing or refining their mechanisms for handling investors' grievances and complaints.

The findings were presented to the IEG. The study will support the updated IFAP, particularly the principle of enhancing the stability of investment environment, security of property and protection of investments, for which one of the associated strategies is the establishment of proactive and early resolution mechanisms.

This project contributes to the economic driver of Trade and Investment.

For Economic Committee (EC)

G. Enhanced APEC Agenda for Structural Reform (EAASR) Final Review

The EAASR, endorsed by APEC Structural Reform Ministers in 2021, guided APEC's structural reform work for the 2021–2025 period. The Ministers tasked the EC with monitoring and reporting on the implementation of the EAASR to Senior Officials, including a mid-term review in 2023 and a final review in 2025.

As with the mid-term review, the PSU supported the EC in conducting the final review. The review followed a dual-track approach, assessing regional structural reform trends while highlighting the diversity of economy-level initiatives. It drew on three sources of input: (1) external indicators, (2) the EAASR Implementation Plan, and (3) EAASR Individual Action Plans. Building on key insights from the 2023 mid-term review, the final review assessed progress to date and identified areas requiring further attention.

The results showed that APEC had made notable progress under the EAASR. Remaining gaps, however, underscored the need for deeper cooperation and more transformative reform efforts. The review was not only a retrospective exercise but also a forward-looking tool. Insights from the review provided input to the design of the next structural reform agenda, the Strengthened and Enhanced APEC Agenda for Structural Reform (SEAASR) 2026–2030, which was subsequently endorsed by APEC Structural Reform Ministers and welcomed by both APEC Leaders and Ministers.

The final review was presented to the EC, the Competition Policy and Law Group (CPLG), and at the EAASR Final Review Meeting. It was also presented at the APEC Structural Reform Ministerial Meeting, where Ministers noted the progress made in implementing structural reforms under the EAASR and recognized that APEC economies, both collectively and individually, have undertaken structural reforms consistent with the EAASR.

This project contributes to the economic driver of Innovation and Digitalisation.

H. Short Papers for APEC's New Structural Reform Agenda 2026–2030

At the request of the EC Chair, the PSU prepared short papers on the four pillars proposed for inclusion in APEC's new structural reform agenda, which will succeed the EAASR concluding in 2025.

These short papers were presented to the EC and informed its deliberations, ultimately contributing to the development of the four pillars outlined in the SEAASR 2026–2030. The four pillars are: (1) enabling fair, market-oriented competition, (2) enabling environment for doing business, (3) promoting innovation and digitalization, and (4) empowering all to achieve their economic potential for sustainable economic growth.

The APEC Ministers have instructed the EC to continue working with the PSU to update the set of relevant indicators for monitoring and reporting APEC-wide progress on structural reform under the SEAASR. The EC will report to Senior Officials on the implementation progress of the SEAASR, including a mid-term review in 2028 and a final review in 2030.

This project contributes to the economic driver of Innovation and Digitalisation.

For SOM Steering Committee on Economic and Technical Cooperation (SCE)

I. Technologies for Preventing, Detecting and Combatting Corruption (Issues Paper)

Anti-Corruption and Transparency Experts Working Group (ACTWG). This issues paper examined the current state and future potential of technologies for anti-corruption purposes within APEC. It emphasized the importance of aligning technological solutions with the three broad stages of the anti-corruption value chain: (1) prevention, (2) detection, including investigation, and (3) sanction, including recovery of asset and denial of safe haven. The paper further highlighted a dual imperative for APEC economies: to leverage innovative tools to address complex corruption risks, while ensuring that their implementation aligns with institutional readiness, governance capacities, and societal needs. It also identified opportunities for APEC to play a role in accelerating anti-corruption efforts.

The paper was presented to the ACTWG. The topic aligned with the call by APEC Leaders, who reaffirmed that anti-corruption efforts must be more innovative, better coordinated and more effective.

This project contributes to the economic driver of Strong, Balanced, Secure, Sustainable and Inclusive Growth.

J. The APEC Women and the Economy Dashboard 2025

Policy Partnership on Women and the Economy (PPWE). The Dashboard was launched in 2015 to provide a snapshot of the status of women in the region by tracking key indicators over time. The 2025 Dashboard marked the sixth biennial edition prepared by the PSU.

The indicators were selected based on the five priority pillars identified by the PPWE: (1) access to capital and assets, (2) access to markets, (3) skills, capacity building and health, (4) leadership, voice and agency, and (5) innovation and technology. The 2025 Dashboard comprised 92 indicators, and a total of 22 dashboards were prepared: one for each of the 21 APEC member economies and one for the APEC region as a whole.

Monitoring movements in indicators over the last 15 years showed considerable progress in some aspects of women's participation in economic activity. However, most indicators were either stagnant or showed incremental changes. Gender inequality across APEC economies remained deep, persistent and systemic. Legal reforms, targeted policies and sustained political will are crucial to dismantling barriers and ensuring women's full, equal and meaningful participation and leadership in all facets of the economy.

The Dashboard was presented to the PPWE. It was among the sources referenced by the PPWE to track progress on implementing the La Serena Roadmap for Women and Inclusive Growth (2019-2030), as reflected in the 2025 La Serena Roadmap Implementation Report. Additionally, during the APEC Women and the Economy Forum 2025, APEC Ministers called for the active use of instruments such as the Dashboard. APEC Trade Ministers also recognized the importance of women's economic empowerment.

This project contributes to the economic driver of Strong, Balanced, Secure, Sustainable and Inclusive Growth.

Other Activities

K. Technical Support

The PSU provided technical support in several ways, notably:

(1) For the Investment Facilitation Action Plan (IFAP), it continued to provide technical advice to the IEG in updating the IFAP principles. APEC Trade Ministers welcomed the updated IFAP and encouraged the development of a work program to guide its implementation. Building on its previous involvement, the PSU provided technical support to the IEG in developing the work program. As part of this effort, the PSU prepared a menu of suggested actions to guide economies in submitting their inputs on IFAP implementation. The PSU also completed a policy brief, "Pursuing Investment Facilitation and Quality in APEC", outlining future directions for APEC economies to enhance their business environments and attract quality investment.

(2) For the new roadmap succeeding the 2015 Cebu Action Plan, the PSU continued to support the Finance Ministers' Process by presenting the path forward and highlighting key elements for consideration in formulating the new roadmap at the Finance and Central Bank Deputies' Meeting (FCBDM). It also presented an assessment of the Cebu Action Plan during the APEC Finance Ministerial Meeting. The PSU's support was recognized by the Finance Ministers, who acknowledged the assessment conducted by the PSU in their adoption of the new roadmap, the Incheon Plan.

L. Participation in Meetings and Events

Throughout APEC 2025 Korea, the PSU was actively involved in meetings and events across the APEC structure, taking on multiple roles. Beyond attending sessions and reporting on project progress, the PSU contributed by sharing technical expertise, key findings, and analyses drawn from its studies and projects with various APEC groups. Through these engagements, the PSU also gained valuable insights and strengthened its networks with government officials, technical experts, and private sector representatives, enhancing its capacity and broadening collaboration both within and beyond the APEC community.

In particular, the PSU took part in meetings convened at the following levels:

(1) Economic Leaders:
- APEC Economic Leaders' Meeting (listening room)

(2) Ministers:
- APEC Ministers: APEC Ministerial Meeting
- Digital: Digital and AI Ministerial Meeting
- Human Resources: Human Resources Development Ministerial Meeting
- Structural Reform: Structural Reform Ministerial Meeting
- Trade: Ministers Responsible for Trade Meeting
- Women: High Level Policy Dialogue on Women and the Economy

(3) Senior Officials:

- Senior Officials' Meeting (SOM) plenary meetings: From the First to the Concluding SOM, including the SOM Friends of the Chair on Connectivity Meeting. The PSU also attended the Informal SOM, including the Symposium on APEC 2026 Theme and Priorities, organized by China, the APEC 2026 host economy.

(4) Committees and fora:

- Committee on Trade and Investment (CTI) plenary meetings.

- CTI fora, specifically the Automotive Dialogue (AD), Digital Economy Steering Group (DESG), Group on Services (GOS), Intellectual Property Rights Experts' Group (IPEG), Investment Experts' Group (IEG), Market Access Group (MAG), Sub-Committee on Customs Procedures (SCCP), and Telecommunications and Information Working Group (TELWG).

- Economic Committee (EC) plenary meetings, including joint dialogues between EC and PPWE and between EC and GOS on services and structural reform.

- EC fora, specifically the Competition Policy and Law Group (CPLG).

- SOM Steering Committee on Economic and Technical Cooperation (SCE) plenary meetings, including the formal and informal Committee of the Whole meetings.

- SCE fora, specifically the Anti-Corruption and Transparency Experts Working Group (ACTWG), Health Working Group (HWG), Human Resources Development Working Group (HRDWG), HRDWG Networks – Labor and Social Protection Network (LSPN), Capacity Building Network (CBN) and Education Network (EDNET), Policy Partnership on Women and the Economy (PPWE), and Tourism Working Group (TWG).

- Budget and Management Committee (BMC) plenary meetings.

(5) Finance Ministers' Process:

- Finance and Central Bank Deputies' Meeting (FCBDM)
- Senior Finance Officials' Meeting (SFOM)
- Finance Ministers' Meeting (FMM)
- Joint Session of FMM and SRMM: Innovation and Digitalization

The PSU also participated in meetings and events organized by the APEC Business Advisory Council (ABAC) and the APEC Study Centers Consortium (ASCC). A list of the PSU's participation in meetings and events, both within and outside APEC, can be found in the two PSU Half-Year Evaluation Reports for 2025.

CURRENT PROJECTS - DISCRETE

For Senior Officials (SOM)

A. APEC Connectivity Blueprint: Final Review

The APEC Connectivity Blueprint, endorsed by APEC Leaders in 2014, is set to conclude in 2025. Senior Officials, tasked with monitoring and evaluating its implementation, requested the PSU's support in facilitating the mid-term and final evaluations in 2020 and 2026, respectively.

The mid-term review was completed in 2021, while work on the final review began in 2025. Senior Officials have agreed on a framework for the final review, which will evaluate the Blueprint's progress toward its 2025 goals, assess the effectiveness of initiatives implemented since 2015, and identify gaps and recommendations. APEC Trade Ministers encouraged members to evaluate the Blueprint's current progress and complete the final review in a timely manner. APEC Leaders also noted the ongoing final review to be concluded in 2026.

In relation to this, the PSU presented key takeaways from the 2024 Yearly Review of the Blueprint to the SOM Friends of the Chair on Connectivity. Facilitated by the APEC Secretariat, the Yearly Review stocktakes and monitors connectivity initiatives within the year and will be part of the qualitative assessment for the final review.

Expected completion: fourth quarter of 2026.

This project contributes to the economic driver of Trade and Investment.

For Committee on Trade and Investment (CTI)

B. Rules of Origin in Modern Trade Agreements – Trends and Challenges

This study examines the evolution of preferential rules of origin (ROO) provisions in preferential trade agreements (PTAs), the differences and restrictiveness of product-specific ROO and associated procedures, and their impacts on businesses utilizing these agreements. The aim is to inform future discussions on ROO and associated procedures to maximize the benefits of trade liberalization, especially for micro, small and medium-sized enterprises (MSMEs). This work was undertaken as part of the FTAAP Agenda Work Plan.

The study covered nine PTAs: the Regional Comprehensive Economic Partnership (RCEP) Agreement; the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); the Additional Protocol to the Framework Agreement of the Pacific Alliance (PA); the Agreement between the United States, the United Mexican States, and Canada (USMCA); the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA); and ASEAN's bilateral PTAs with China; Hong Kong, China; Japan; and Korea.

The analysis involved a literature review on ROO restrictiveness and its effects on PTA utilization. It examined the types and restrictiveness of product-specific ROO across the nine PTAs, assessed divergences in ROO and associated procedures, and explored their relationship with PTA utilization using import data from two APEC economies. Survey data on MSMEs' views of how different ROO regimes and associated procedures shape export decisions to PTA partner markets were also analyzed. Based on the findings, policy recommendations included piloting AI and blockchain technologies to automate and simplify origin verification and expanding MSME outreach and training programs to improve awareness and capacity in utilizing PTAs.

The findings were presented to the CTI and MAG and will also be shared at a university conference in 2026.

Expected completion: first quarter of 2026.

This project contributes to the economic driver of Trade and Investment.

C. Peer Review and Capacity Building on APEC Infrastructure Development and Investment (Reviewed Economy: Peru)

The PSU has been supporting the "Peer Review and Capacity Building on APEC Infrastructure Development and Investment" mechanism, a CTI project, by serving as the ad-hoc review team secretariat. The objectives are to review policies and practices, including relevant laws, regulations and guidelines related to the planning, selection and implementation processes of infrastructure projects, as well as identify capacity building needs and suggest activities to address them. Peru is the sixth economy to be reviewed, following the Philippines; Viet Nam; Indonesia; Papua New Guinea; and Chile; in that order.

For this review, the PSU is collaborating with Japan (the facilitating economy); Peru (the reviewed economy); and external experts (the review team). The review focuses on the implementation of public-private partnerships in the following three sectors: sanitation, health, and transportation.

Progress was presented to the CTI.

Expected completion: second quarter of 2026.

This project contributes to the economic driver of Trade and Investment.

<u>For Economic Committee (EC)</u>

D. APEC Economic Policy Report (AEPR) 2025: Structural Reform to Increase Participation in the Formal Economy

The 2025 edition of the AEPR, the EC's annual flagship publication, marks the tenth consecutive year the PSU has overseen its production. The AEPR 2025 focuses on structural reform to increase participation in the formal economy. The importance of formalization efforts was emphasized by APEC Leaders when they endorsed the Lima Roadmap to Promote the Transition to the Formal and Global Economies (2025–2040) in 2024.

Consistent with previous years, the PSU recruited and managed a consultant and coordinated closely with a core team of EC members and the EC in producing the report. The report also drew on individual economy reports and case studies submitted by EC members.

The report highlighted numerous initiatives and programs undertaken by APEC economies to accelerate transitions to the formal sector. Lessons from these experiences, together with insights from economic literature, identified three key policy areas to accelerate the formalization of businesses and employment: (1) strengthening governance and institutional quality, (2) investing in human capital development and recognition, and (3) ensuring that the benefits of formalization outweigh its costs.

The report's main findings were presented to the EC and the APEC Structural Reform Ministerial Meeting, where Ministers noted the efforts made by economies to undertake structural reform to reduce informality and looked forward to the report's publication.

Additionally, since 2024, the PSU has conducted an implementation survey to assess economies' progress and capacity building needs arising from the previous year's AEPR. The 2025 survey, the second to be conducted, reviewed the AEPR 2024 on Structural Reform and Financial Inclusion, and its findings were presented to the EC. The PSU also presented the AEPR 2024 during the Joint Session of APEC Finance Ministers and Structural Reform Ministers in 2025.

Expected completion: first quarter of 2026.

This project contributes to the economic drivers of Innovation and Digitalisation; and Strong, Balanced, Secure, Sustainable and Inclusive Growth.

For SOM Steering Committee on Economic and Technical Cooperation (SCE)

E. Strengthening Capacity for Integrity: Advancing Education and Training to Address Corruption in APEC (Issues Paper)

Anti-Corruption and Transparency Experts Working Group (ACTWG). This study assesses how training and capacity-building in the public sector can reinforce integrity, transparency, and accountable governance across the APEC region. It reviews existing best practices, identifies approaches that are scalable and adaptable, and sets out policy suggestions to enhance effectiveness. It also examines opportunities for regional cooperation and partnerships to support sustainable capacity-building in the fight against corruption.

Expected completion: second half of 2026.

This project contributes to the economic driver of Strong, Balanced, Secure, Sustainable and Inclusive Growth.

F. Enhancing the Effectiveness of Travel Facilitation Measures in the APEC Region (Issues Paper)

Tourism Working Group (TWG). This study analyzes and discusses various before- and at-the-border travel facilitation measures implemented by APEC economies to encourage inbound tourism and facilitate cross-border tourist flows, while also enhancing the efficiency of data gathering, information sharing, and monitoring of such flows. It further examines the effectiveness of these measures in increasing tourist flows. The aim is to identify policy recommendations that support the achievement of tourism objectives and enhance people-to-people connectivity across the APEC region.

Expected completion: second half of 2026.

This project contributes to the economic driver of Trade and Investment.

CURRENT PROJECTS - ONGOING

A. APEC Regional Trends Analysis

The PSU periodically publishes the APEC Regional Trends Analysis, providing an overview of the region’s economy by analyzing recent macroeconomic, trade and investment trends. The publication also monitors the implementation of recent trade and investment measures across the region and highlights potential risks and opportunities for the region’s economic outlook. In 2025, four issues were released.

- The March issue highlighted the APEC region’s growing economic challenges, with slowing growth and rising fiscal pressures aggravated by aging populations. While near-term prospects remain stable, risks affecting the medium-term outlook are intensifying due to persistent trade barriers, geopolitical tensions, and structural constraints. Strengthening resilience requires bold policy action — advancing structural reforms to boost productivity and innovation, while maintaining sound fiscal and monetary policies to ensure economic stability. Deepening regional cooperation remains essential to mitigate trade vulnerabilities and navigate global uncertainties.

- The May issue reported significant global headwinds facing the region, with short-term growth forecasts revised sharply downward due to rising policy uncertainties, escalating trade tensions, and shifting global supply chains. External demand is weakening, and rising protectionist measures are exacerbating trade vulnerabilities. At the same time, an aging population and mounting debt are placing pressure on fiscal space. These challenges call for agile and strategic monetary, fiscal, and trade policies, and resilience-enhancing structural reforms. Deeper regional cooperation will be critical to mitigating risks, strengthening economic resilience, and paving the way for sustained prosperity.

- The August issue indicated that APEC’s economic expansion slowed in Q1 2025, reflecting weak demand and continued uncertainty. Easing inflation has allowed monetary policy to remain steady or adjust cautiously, supportive of economic growth requirements. Trade activity shows signs of precautionary frontloading, but sentiment remains largely fragile. Advances in AI offer potential for productivity gains, although outcomes will depend on digital readiness and widespread adoption. Strengthening structural reform, upgrading digital skills, and deepening regional cooperation are critical to building resilience and sustaining growth.

- The October issue noted that APEC is expected to remain resilient in 2025, reflecting strong trade performance and demand for high-tech goods. However, growth momentum is unlikely to be sustained in 2026 amid fading temporary drivers and tighter fiscal space. Inflation has eased across the region, creating room for accommodative monetary policy, yet elevated debt continues to limit fiscal capacity to support growth. Restoring confidence amid ongoing uncertainty will require sound economic management, transformative reforms, and deeper regional cooperation. Strengthened dialogue and multilateralism remain vital to revitalizing growth across the APEC region.

The APEC Regional Trends Analysis was presented to the AD, CTI, EC, FCBDM, SOM, and ABAC. It was also shared at the ASCC annual conference and in a webinar organized by the Singapore APEC Study Centre, and further disseminated through news conferences and university talks.

This contributes to the economic driver of Trade and Investment.

B. PSU Policy Briefs

Since 2011, the PSU has been producing policy briefs to provide concise analyses of policy issues. In 2025, the PSU published the following five policy briefs:

(1) Artificial Intelligence Landscape in APEC: Balancing Development and Oversight (No. 65, April): This brief outlined the current state of the AI regulatory landscape across APEC economies at both domestic and international levels. It reviewed the benefits and challenges of AI development and adoption, examined governance efforts in the region, and considered APEC's potential role in promoting greater alignment and cooperation in this area.

The findings were presented to the DESG, HRDWG, SCCP, and SOM as well as to ABAC and during a DESG policy dialogue.

This project contributes to the economic driver of Innovation and Digitalisation.

(2) Addressing Demographic Change in the APEC Region (No. 66, June): This brief explored the effects of demographic change, presenting projections and empirical data for the APEC region. It recommended a multi-pronged approach to mitigate the adverse effects of demographic change.

The findings were presented to the EC during the EAASR final review meeting, and to the HRDWG, HWG and ABAC.

This project contributes to the economic driver of Strong, Balanced, Secure, Sustainable and Inclusive Growth.

(3) Using AI to Power Up Efficient and Resilient Energy Systems (No. 67, August): This brief showcased practical AI applications that are already delivering results in optimizing grid operations, unlocking energy savings in buildings and industry, and increasing energy market efficiency. It outlined policy options at the regional and domestic levels to enable AI uptake, integration, and acceptance in energy systems.

The brief was disseminated on the margins of the APEC Energy Ministerial Meeting and will be presented to the Energy Working Group and ABAC in 2026. It was also shared at a few regional and international events.

This project contributes to the two economic drivers of Innovation and Digitalisation; and Strong, Balanced, Secure, Sustainable and Inclusive Growth.

(4) The Costs of Hidden Measures: APEC's Experience with Non-Tariff Measures (NTMs) (No. 68, September): This brief drew insights from APEC's experience with NTMs and highlighted the challenges that economies often face. It presented a set of policy approaches to help policymakers manage these challenges.

The brief assisted the CTI in their discussions to approve the Best Practice Guidelines to Apply the APEC Cross-cutting Principles on Non-Tariff Measures (NTMs).

This project contributes to the economic driver of Trade and Investment.

(5) Pursuing Investment Facilitation and Quality in APEC (No. 69, December): This brief examined recent developments in investment facilitation measures. It outlined APEC's progress in this area and introduced the updated 2025 Investment Facilitation Action Plan.

The analysis was presented to the IEG and at a virtual roundtable organized by ABAC Peru.

This project contributes to the economic driver of Trade and Investment.

C. APEC in Charts

The PSU publishes APEC in Charts, an annual publication that provides an overview of APEC's population, GDP, and trade within the global economy. It also charts the region's macroeconomic performance and offers insights into key indicators that reflect the three economic drivers of the APEC Putrajaya Vision 2040, as well as the APEC 2025 priorities.

The 2025 issue was released during APEC Economic Leaders' Week in October, and the next issue is scheduled for publication in November 2026.

D. StatsAPEC

StatsAPEC, APEC's statistical database website, was launched in 2010 and provides data dating back to APEC's inception in 1989, covering more than 120 indicators across all 21 APEC economies. StatsAPEC comprises two databases: Key Indicators and Bilateral Linkages. Data are updated biannually in June and December, with most indicators and economies now including data up to 2024.

The website underwent a revamp and was launched in February 2025 to positive reviews. The PSU introduced the portal to the APEC Study Centres Consortium (ASCC) during their annual conference and at a CTI workshop.

Enhancements will continue to be made to the website. StatsAPEC can be accessed at https://statistics.apec.org/.

E. Enhanced APEC Agenda for Structural Reform (EAASR) Sub-Fund Assessment Group

Since 2022, the PSU has been providing advice and feedback on concept notes submitted by APEC economies applying for project funding under the EAASR Sub-Fund. The PSU previously fulfilled the same role during the operation of the Renewed APEC Agenda for Structural Reform (RAASR) Sub-Fund from 2017 to 2021.

The EAASR concluded in 2025, marking the end of the PSU's involvement.

F. APEC Bio-Circular-Green (BCG) Award Selection Committee

The PSU Director has been participating as a member of the APEC BCG award selection committee since 2023, when the first BCG award was given. The selection committee is responsible for evaluating and ranking nominees for the award and selecting winners in the three award categories: women, youth, and MSMEs. The winners of the third BCG award were announced in October 2025.

G. Support to APEC Services Competitiveness Roadmap (ASCR)

The PSU has supported the GOS in monitoring the progress of the ASCR (2016–2025) since 2016, as tasked in its implementation plan. In 2025, the PSU completed the final review of the ASCR. The final review report incorporated the 2025 update, which also served as the final annual update on monitoring pandemic recovery under the ASCR and was prepared by the PSU beginning in 2023.

The conclusion of the ASCR in 2025 marked the end of the PSU's support.

H. Support to Aotearoa Plan of Action, A Plan for Implementing APEC Putrajaya Vision

The PSU has been tasked with supporting the Aotearoa Plan of Action (APA), endorsed by APEC Leaders in 2021, under the following mandate: "With assistance from the PSU, APEC economies will evaluate progress towards achieving the APEC Putrajaya Vision 2040. Committees will work with the PSU to identify relevant indicators that will support this evaluation. Progress will be reported by Committees every two years through existing reporting processes."

The first biennial evaluation took place in 2023, with the PSU providing technical support to the Committees. The year 2025 marked the second evaluation. In addition to assessing progress toward the Putrajaya Vision, the PSU also incorporated a review of progress on the Lima Roadmap to Promote the Transition to the Formal and Global Economies (2025–2040). For the SCE specifically, the evaluation further included a mid-term review of the 2017 APEC Action Agenda on Advancing Economic, Financial, and Social Inclusion.

The outputs of the 2025 evaluation were presented to the respective committees in these documents: (CTI) 2025 Update to Evaluating Progress on the Aotearoa Plan of Action: Trade and Investment Perspective; (EC) EAASR Final Review; and (SCE) 2025 Evaluation of SCE's Progress Towards Achieving APEC Putrajaya Vision 2040.

The next evaluation is scheduled for 2027.

I. Support to Ichma Statement on A New Look at the Free Trade Area of the Asia-Pacific Agenda

The PSU has been tasked with supporting the Ichma Statement, endorsed by APEC Leaders in 2024, under the following mandate: "The PSU to continue supporting APEC's work on FTAAP," and "To maintain momentum and ensure tangible progress on the FTAAP agenda, we instruct officials to report to ministers on advancements and tangible outcomes, including through the CTI Annual Report. The PSU may review related work done during this period, with a comprehensive review in 2030."

Starting in 2026, the PSU will support the CTI in implementing a new workstream on divergence and convergence in FTAs and RTAs practice through dialogues on agreed topics, as outlined in the proposal titled "A Way Forward to Implement the Ichma Statement." The dialogues will be based on the PSU's Study on Convergences and Divergences of Free Trade Agreements in the APEC Region and other relevant initiatives.

MANAGEMENT AND ACCOUNTABILITY

ROLE AND STRUCTURE

The PSU was established in 2008 as APEC's research and analysis arm. The founding principles and expectations of the PSU are set out in the PSU Governance Arrangements.

The PSU comprises a Board and staff under the management of the PSU Director. The Board is made up of:

- representatives from each of the current, immediate past and next host economies (often referred to collectively as the 'troika');
- a representative of each contributing economy; and
- APEC Secretariat Executive Director, PSU Director, and chairs of the CTI, EC and SFOM in an ex-officio capacity.

The Chair of the Board is the current SOM Chair (represented by his delegate). The Vice-Chair is the Senior Official (represented by her delegate) of the next host economy. Members have agreed that where a member economy is nominally entitled to more than one representative on the PSU Board, due to being both a troika member and a contributing economy, that economy would only send a single representative to sit on the Board. PSU Board decisions are made by consensus.

PSU policy research professionals are contracted employees, recruited on merit through an internationally competitive selection process. Information on PSU Board members and PSU staff members in 2025 is provided in the "About the PSU" section of this annual report.

KEY RESPONSIBILITIES

The PSU Board provides strategic guidance to the PSU. The PSU Director is responsible for implementing the principal objectives of the PSU, while ensuring its work program is undertaken in a timely manner and managing its budget and procurement of consultants.

The Senior Analysts and Analysts assist in research, project management and mentoring of staff. With respect to financial management, accounting and payroll services are outsourced, and the PSU Director and Administrative Executive are responsible for financial management.

HUMAN RESOURCES

The PSU Board approved the conduct of an external compensation review for the PSU in 2025 (Document No. 2024/SOM3/PSU/BM46/011). This came four years after the PSU Human Resource (HR) Review in 2021, which had recommended conducting a compensation review within three to five years. The review process commenced in February 2025 with the appointment of an external contractor and concluded in October 2025, following the Board's acceptance of the final report prepared by the contractor.

CONTRIBUTIONS IN 2025

APEC funding: The PSU received financial and in-kind contributions from the following APEC economies for 2025:

APEC economies	Contributions (in original currency)	Contributions (in SGD)
Financial contributions:		
Australia*	AUD 550,000	SGD 480,090
Canada	CAD 222,333	SGD 207,843
Hong Kong, China	USD 200,000	SGD 256,694
Japan	JPY 50,000,000	SGD 440,750
Korea	KRW 472,000,000	SGD 435,706
Mexico	MXN 700,000	SGD 48,274
New Zealand	NZD 150,000	SGD 116,738
The Philippines	PHP 1,150,000	SGD 25,670
Chinese Taipei	USD 100,000	SGD 128,415
United States	USD 400,000	SGD 509,108
In-kind contributions:		
Singapore	Office space	

Note: (*) Of this amount, AUD 350,000 was received in 2024, and AUD 200,000 was received in 2025. In addition, AUD 50,000 allocated for 2026 was received in 2025.

Since March 2025, the PSU has been applying a five percent management fee to project-tied contributions. This fee is deducted from the total amount of each contribution received for those purposes. For clarity, the fee does not apply to general financial contributions from APEC economies to the PSU.

In 2025, the following project-tied contributions were subject to the five percent management fee:

APEC economies	Project-tied Contributions (in original currency)	5% Management Fee (in original currency)
Japan	JPY 30,000,000	JPY 1,500,000
Mexico	MXN 700,000	MXN 35,000
New Zealand	NZD 50,000	NZD 2,500

External funding: In 2025, the PSU received sponsorships from Google Asia-Pacific and the Hinrich Foundation, amounting to SGD 18,000 and SGD 36,000, respectively. The sponsorships are scheduled to conclude on 31 December 2025 and 31 December 2026. The funding will cover monthly allowances for student fellows and supervisory expenses and will be disbursed upon confirmation of each student fellow and the completion of research outputs. In 2025, Google disbursed SGD 18,000, while the Hinrich Foundation disbursed SGD 12,000 to the PSU.

FINANCIAL STATEMENTS 2025

AUDITOR'S REPORT

As required by the PSU Governance Arrangements, the auditor's report on the financial statements for the financial year ended 31 December 2025 is presented.

Prime Accountants
Chartered Accountants of Singapore

APEC POLICY SUPPORT UNIT
ASIA-PACIFIC ECONOMIC COOPERATION (APEC) SECRETARIAT

ANNUAL REPORT

31 DECEMBER 2025

APEC POLICY SUPPORT UNIT
ASIA-PACIFIC ECONOMIC COOPERATION (APEC) SECRETARIAT

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APEC POLICY SUPPORT UNIT
ASIA-PACIFIC ECONOMIC COOPERATION (APEC) SECRETARIAT

STATEMENT BY THE DIRECTOR

In the opinion of the director, the accompanying financial statements which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of fund and statement of cash flows for the year then ended, with notes thereon, are drawn up in accordance with the Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, of the financial position of the APEC Policy Support Unit of Asia-Pacific Economic Cooperation (APEC) Secretariat (the "PSU") as at 31 December 2025 and of the financial performance, changes in fund and cash flows of the PSU.

The Director has, on the date of this statement, authorised these financial statements for issue.

The Sole Director

Mr. Carlos Augusto Kuriyama Shishido
Director
5 June 2026

Prime Accountants
Chartered Accountants of Singapore

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASIA-PACIFIC ECONOMIC COOPERATION (APEC)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of APEC Policy Support Unit of Asia-Pacific Economic Cooperation (APEC) Secretariat (the "PSU"), as at 31 December 2025, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of fund and statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects of the financial position of the PSU as at 31 December 2025 and of the financial performance, changes in fund and cash flows of the PSU for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the PSU in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditor's report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Prime Accountants
Chartered Accountants of Singapore

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASIA-PACIFIC ECONOMIC COOPERATION (APEC)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the FRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the PSU's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the PSU or to cease operations, or has no realistic alternative but to do so.

Director is responsible for overseeing the PSU's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PSU's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Prime Accountants
Chartered Accountants of Singapore

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASIA-PACIFIC ECONOMIC COOPERATION (APEC)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PSU's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PSU to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Koo Kah Yee.

PRIME ACCOUNTANTS LLP
Public Accountants and
Chartered Accountants

Singapore,

5 June 2026

APEC POLICY SUPPORT UNIT
ASIA-PACIFIC ECONOMIC COOPERATION (APEC) SECRETARIAT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025	2024
		$	$
ASSETS			
Non-current assets			
Plant and equipment	4	2,354	10,981
Right-of-use asset	5	2,827	4,301
		5,181	15,282
Current asset			
Contribution receivables	6	-	13,581
Other receivables	7	56,965	71,722
Prepayments	8	64,281	30,822
Cash and short-term deposits	9	11,494,009	12,186,121
		11,615,255	12,302,246
Total Assets		11,620,436	12,317,528
FUNDS			
Accumulated funds		11,485,984	11,936,478
LIABILITIES			
Non-current liabilities			
Lease liability	10	1,500	3,057
Current liabilities			
Lease liability	10	1,557	1,477
Other payables	11	89,410	64,364
Other liabilities	12	41,985	312,152
		132,952	377,993
Total Liabilities		134,452	381,050
Total Funds and Liabilities		11,620,436	12,317,528

The accompanying notes form an integral part of the financial statements.

APEC POLICY SUPPORT UNIT
ASIA-PACIFIC ECONOMIC COOPERATION (APEC) SECRETARIAT

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 $	2024 $
Revenue	13	2,649,288	2,245,410
Other income and gain or (loss):	14		
Interest income from financial assets at amortised cost		244,597	323,126
Others		(382,214)	234,129
		(137,617)	557,255
Administrative expenses	15	(2,961,962)	(2,822,579)
Finance cost	10	(203)	(278)
Net deficits before tax		(450,494)	(20,192)
Income tax	16	-	-
Net decrease in fund for the year, representing total comprehensive loss for the year		(450,494)	(20,192)

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 $	2024 $
Accumulated Funds		
Balance as at 1 January	11,936,478	11,956,670
Net decrease in fund and total comprehensive loss for the year	(450,494)	(20,192)
Balance as at 31 December	11,485,984	11,936,478

The accompanying notes form an integral part of the financial statements.

APEC POLICY SUPPORT UNIT
ASIA-PACIFIC ECONOMIC COOPERATION (APEC) SECRETARIAT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 $	2024 $
Cash flows from operating activities			
Net deficits before tax		(450,494)	(20,192)
Adjustments for:			
Depreciation of plant and equipment	4	8,627	8,667
Depreciation of right-of-use asset	5	1,474	1,475
Interest income	14	(244,597)	(323,126)
Interest expenses	10	203	278
Currency exchange loss/(gain)		174,281	(280,827)
Operating cash flows before working capital changes		(510,506)	(613,725)
Change in working capital:			
Contribution receivables		13,581	24,969
Other receivables		5,201	40,930
Other payables and liabilities		(245,121)	(53,760)
Prepayments		(33,459)	(9,082)
		(259,798)	3,057
Net cash flows used operating activities		(770,304)	(610,668)
Cash flows from investing activities			
Purchase of plant and equipment	4	-	(790)
Increase in fixed deposits	9	(150,000)	-
Net cash flows used in investing activities		(150,000)	(790)
Cash flows from financing activities			
Interest paid	10	(203)	(278)
Payment of principal portion of lease liability	10	(1,477)	(1,402)
Net cash flows used in financing activities		(1,680)	(1,680)
Net decrease in cash and cash equivalents		(921,984)	(613,138)
Cash and cash equivalents at beginning of the year		3,448,768	3,974,349
Effect of changes in exchange rate on cash and bank balances		91,223	87,557
Cash and cash equivalents at end of the year	9	2,618,007	3,448,768

The accompanying notes form an integral part of the financial statements.

APEC POLICY SUPPORT UNIT
ASIA-PACIFIC ECONOMIC COOPERATION (APEC) SECRETARIAT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Asia-Pacific Economic Cooperation (APEC) Secretariat ("APEC Secretariat") is a body corporate established in the Republic of Singapore under the International Organisations (Immunities and Privileges) Act. The registered address and its principal place of operations of the Secretariat is located at 35 Heng Mui Keng Terrace, Singapore 119616.

APEC Policy Support Unit (the "PSU") become active since August 2008 as a new function within the APEC Secretariat with a mandate to provide a policy and research capability to assist in the implementation of APEC's ongoing regional economic integration agenda. It currently focuses on behind-the-border (structural) economic reforms and at-the-border trade policy reforms; both of which contribute to increase living standards in APEC economies and the enhancement of trade and investment amongst them. It is funded differently from the Secretariat under arrangements as set out in the PSU Governance Arrangements.

The principal activities of the PSU include the following:

I. Undertaking analytical work or commissioning research for consideration by APEC committees;
II. Preparing policy dialogue papers for APEC committees;
III. Evaluating progress in implementation of policy measures; and
IV. Identifying high level policy principles and best practice.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements of the PSU have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the PSU's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are expressed in Singapore dollars ($) which is the functional currency of the PSU.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the PSU has adopted all the new and amended standards which are relevant to the PSU and are effective for annual financial periods beginning on or after 1 January 2025. The adoption of these standards did not have any material effect on the financial performance or position of the PSU.

2. Material accounting policy information (Continued)

2.3 Standards issued but not yet effective

A number of new standards and amendments to standards that have been issued are not yet effective and have not been applied in preparing these financial statements.

The directors expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

The following are new / revised / amendments to FRSs issued by the Accounting Standards Council of Singapore up to 31 December 2025 which are effective for annual reporting periods beginning after 1 January 2025:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*	1 January 2025
Amendments to FRS 109 Financial Instruments and FRS 107 *Financial Instruments: Disclosures:* Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to FRSs - Volume 11	1 January 2026
FRS 118 *Presentation and Disclosure in Financial Statements*	1 January 2027
FRS 119 *Subsidiaries and Small Entities without Public Accountability:* Disclosures	1 January 2027

2.4 Plant and equipment

All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment losses. The cost of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be operating in the manner intended by management.

Depreciation of plant and equipment is calculated on the straight-line method so as to write off the cost of the assets over their estimated useful lives as follows:

Computer	3 years
Furniture and fittings	3 years
Office equipment	3 years
Software	3 years

The residual values, useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the PSU and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the profit or loss when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

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2. Material accounting policy information (Continued)

2.5 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the PSU measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Contribution receivable being the voluntary contribution from member economies is measured at the amount of consideration to which such contribution has been agreed and the PSU expects to be received, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the PSU's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of financial assets are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The PSU only has debt instruments at amortised cost which comprise of contribution receivable, other receivables (exclude GST recoverable) and cash and short-term deposits as presented on the statement of financial position.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for financial asset is recognised in profit or loss.

2. Material accounting policy information (Continued)

2.5 Financial instruments (Continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the PSU becomes a party to the contractual provisions of the financial instrument. The PSU determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Financial liabilities of the PSU comprise only non-derivative financial liabilities which are measured at amortised cost, i.e. other payables as presented on the statement of financial position. Financial liabilities are presented as current liabilities unless the PSU has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Impairment of financial assets

The PSU recognises an allowance for expected credit losses (ECLs) for all financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the PSU expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2. Material accounting policy information (Continued)

2.6 Impairment of financial assets (Continued)

For trade receivable, if any, the PSU applies a simplified approach in calculating ECLs. Therefore, the PSU does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The PSU has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment which could affect receivables' ability to pay.

2.7 Impairment of non-financial assets

The PSU considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the PSU may also consider a financial asset to be in default when internal or external information indicates that the PSU is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the PSU. A financial asset, including contribution receivable, is written off when there is no reasonable expectation of recovering the contractual cash flows.

The PSU assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists (or, where applicable, when an annual impairment testing for an asset is required), the PSU makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such a reversal is recognised in profit or loss.

2.8 Employee benefits

(a) Defined contribution plans

Contributions made to defined contribution plans, the Central Provident Fund ("CPF") are recognised as an expense in the statement of comprehensive income as incurred.

(b) Employee paid leave entitlement

Employee paid leave entitlement is recognised when they accrue to employees. A provision is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the reporting date.

2. Material accounting policy information (Continued)

2.9 Income Tax

The PSU, as a special unit within the Secretariat, is similarly exempted from tax liability in respect of its income generated from its principal activities by virtue of the provisions of Section 11(1) of the Singapore Income Tax Act, Chapter 134.

2.10 Leases

The PSU assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The PSU applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The PSU recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The PSU recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the PSU at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7.

Lease liabilities

At the commencement date of the lease, the PSU recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the PSU and payments of penalties for terminating the lease, if the lease term reflects the PSU exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Material accounting policy information (Continued)

2.10 Leases (Continued)

(a) As lessee (Continued)

Lease liabilities (continued)

In calculating the present value of lease payments, the PSU uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The PSU applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Fixed deposits with original maturities exceeding three months are excluded from cash and cash equivalents in the statement of cash flows.

2.12 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the PSU are measured using the currency of the primary environment in which the PSU operates ("the functional currency"). The financial statements are presented in Singapore dollars, which is the PSU's functional and presentation currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of comprehensive income.

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2. Material accounting policy information (Continued)

2.13 Provisions

Provisions are recognised when the PSU has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.14 Revenue recognition

Revenue is measured based on the voluntary contributions from member economies to which the PSU expects to be entitled in exchange for transferring promised goods or services to the member economies, excluding amounts collected on behalf of third parties. Revenue is recognised at a point in time when the PSU obtains the rights to receive cash from the respective member economies.

(a) Contribution from member economies

The PSU recognises revenue when its right on voluntary contribution from members economies is established and measures the amount of revenue at the fair value of the contribution.

(b) Interest income

Interest on fixed deposit is recognised on time-proportion basis using the effective interest method.

3 Significant accounting estimates and judgements

3.1 Judgements made in applying accounting policies

Determination of functional currency

In determining the functional currency of the PSU, judgement is used by the PSU to determine the currency of the primary economic environment in which the PSU operates and faithfully represents the economic effects of the underlying transactions, events and conditions. The functional currency of the PSU has been determined using the currency that mainly influences the operating costs of the PSU in providing services to APEC members and related activities.

Measurement of ECLs on contribution receivable

The PSU recognises contribution from member economies as an income when its right to receive the voluntary contribution is established and the fair value amount of contribution is determined.

Management is of view that the credit risk of contribution receivable as at the reporting date is minimal as such voluntary contribution is simply a promise to give and all of cash payment is to be received in the subsequent period.

Accordingly, ECL on contribution receivables is measured using 12-month ECLs and details of credit risk assessment is disclosed in Note 17(a) to the financial statements.

3.2 Key sources of estimation uncertainty

There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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4. Plant and equipment

	Computer $	Furniture and fittings $	Office equipment $	Total $
At cost				
At 1.1.2024	63,267	16,097	11,436	90,800
Additions	-	-	790	790
At 31.12.2024 and 1.1.2025	63,267	16,097	12,226	91,590
Additions	-	-	-	-
At 31.12.2025	63,267	16,097	12,226	91,590
Accumulated depreciation				
At 1.1.2024	44,449	16,097	11,396	71,942
Depreciation for the year	8,363	-	304	8,667
At 31.12.2024 and 1.1.2025	52,812	16,097	11,700	80,609
Depreciation for the year	8,363	-	264	8,627
At 31.12.2025	61,175	16,097	11,964	89,236
Net book value				
At 31.12.2025	2,092	-	262	2,354
At 31.12.2024	10,455	-	526	10,981

5. Right-of-use asset

	Office equipment $
Cost	
At 01.01.2024 and 31.12.2024	7,374
At 01.01.2025 and 31.12.2025	7,374
Accumulated depreciation	
At 01.01.2024	1,598
Depreciation for the year	1,475
At 31.12.2024 and 01.01.2025	3,073
Depreciation for the year	1,474
At 31.12.2025	4,547
Net book value	
At 31/12.2025	2,827
At 31.12.2024	4,301

Details of such lease asset are disclosed in Note 10 to the financial statements.

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6. Contribution receivables

	2025	2024
	$	$
Member economies	-	13,581

Contribution receivable is non-interest bearing and receivable in cash.

7. Other receivables

	2025	2024
	$	$
Other receivables		
Interest receivables	49,313	58,869
Others	-	3
GST recoverable	7,652	12,850
	59,965	71,722

8. Prepayments

	2025	2024
	$	$
Prepayments	64,281	30,822

9. Cash and short-term deposits

	2025	2024
	$	$
Bank balances	2,618,007	3,448,768
Fixed deposits	8,876,002	8,737,353
	11,494,009	12,186,121

Fixed deposits are placed with financial institutions and earn interest at the rates ranging from 0.90% to 4.16% per annum (2024: 2.10% to 4.16%). The fixed deposits are on auto rollover and have maturity terms of 6 to 12 months. During the current year, fixed deposits movements include reinvested interest and new deposits placed amounted to $254,153 and $150,000 (2024: $289,304 and Nil), respectively, and balance pertains to currency exchange difference arose from USD fixed deposits.

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	2025	2024
	$	$
Cash and short-term deposits	11,494,009	12,186,121
Less: Fixed deposits	(8,876,002)	(8,737,353)
	2,618,007	3,448,768

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10. Lease liabilities

	2025 $	2024 $
Non-current	1,500	3,057
Current	1,557	1,477
	3,057	4,534

The PSU entered into a lease arrangement for office equipment in November 2022, with a lease term of five years commencing from 1 December 2022. Reconciliation of movements of lease liabilities to cash flows arising from financing activities as below.

	1 January	Cash in/(out) flows	Non-cash changes			31 December
			Addition	Accretion of interest	Other	
	$	$	$	$	$	$
2025						
Lease liabilities						
-Current	1,477	(5,997)	-	203	5,874	1,557
-non-current	3,057	4,317	-	-	(5,874)	1,500
	4,534	(1,680)	-	203	-	3,057
2024						
Lease liabilities						
-Current	1,402	(4,520)	-	278	4,317	1,477
-non-current	4,534	2,840	-	-	(4,317)	3,057
	5,936	(1,680)	-	278	-	4,534

The carrying amount and movement of right-of-use assets are disclosed in Note 4. Amounts recognised in the statement of comprehensive income and total cash flows for the lease as below.

	2025 $	2024 $
Statement of comprehensive income:		
Depreciation of right of use asset	1,474	1,475
Interest expense	203	278

*The PSU has lease of equipment with lease of office equipment, which the PSU applies the "lease of low-value asset" recognition exemptions for this lease. This lease was terminated early during the year.

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11. Other payables

	2025 $	2024 $
Accrued operating expenses	35,235	19,408
Provision for unutilised leave	54,175	44,956
	89,410	64,364

12. Other liabilities

	2025 $	2024 $
Deferred Contribution Received	41,985	312,152

13. Revenue

	2025 $	2024 $
Australia	480,090	489,820
Canada	207,843	-
People's Republic of China	-	134,568
Hong Kong, China	256,694	-
Japan	440,750	530,410
Republic of Korea	435,706	221,288
Mexico	48,274	50,208
New Zealand	116,738	103,621
Peru	-	13,581
The Philippines	25,670	25,819
Chinese Taipei	128,415	135,812
The United States	509,108	540,283
	2,649,288	2,245,410

Revenue from the contribution of member economies is recognised at a point in time.

14. Other income and gain or (loss)

	2025 $	2024 $
Fixed deposit interest	244,597	323,126
Foreign currency exchanges (loss)/gain	(412,386)	209,865
Other income	30,172	24,264
	(137,617)	557,255

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15. Administrative expenses

	2025 $	2024 $
Accountancy fee	6,000	6,000
Audit fee	4,880	4,880
Bank charges	2,087	1,666
Consultants and research fee	573,754	448,288
Data subscription	8,269	8,359
Depreciation expense	10,101	10,142
General expenses	46,177	24,595
Insurance	59,907	31,803
Legal and Professional Fee	1,500	-
Medical fee	4,048	3,036
Newspaper and periodical	324	324
Office and building maintenance	47,212	40,701
Printing and stationery	10,652	10,306
Postage and courier	18	31
Telecommunication	2,053	2,101
Transportation	2,392	2,424
Travelling expenses	147,817	367,105
Utilities	2,571	3,157
	929,762	964,918
Staff cost*:		
CPF and SDL	77,099	65,157
Salaries and bonuses	1,725,968	1,578,637
Staff welfare	229,133	213,867
	2,032,200	1,857,661
Total expenses	2,961,962	2,822,579

*Included in staff cost, total remuneration for key management personnel of PSU which details as below.

	2025 $	2024 $
Salaries and bonuses	511,442	503,948
Other allowance and benefits	150,558	141,174
	662,000	645,122

16. Income tax

PSU is a unit function of APEC Secretariat which is funded under arrangements as set out in the PSU Governance Arrangements and details of its principal activities as disclosed in Note 1. Accordingly, its surplus from operations is not subject to income tax.

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17. Financial Risk Management

The PSU's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Secretariat reviews and agrees with policies and procedures for the management of these risks, which are executed by the PSU's management. It is, and has been throughout the current and previous financial year, the PSU's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the PSU's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the PSU's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to PSU. PSU's exposure to credit risk arises primarily from contribution receivables. For other financial assets comprise of other receivables (excluding GST receivables) and cash and bank deposits, PSU minimises credit risk by dealing exclusively with high credit rating counterparties.

PSU has adopted a policy of only dealing with creditworthy counterparties. The PSU performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

PSU considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

PSU has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, PSU has developed and maintained PSU's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information. PSU considers available reasonable and supportive forward-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the debtor.
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

17. Financial Risk Management (Continued)

(a) Credit risk (Continued)

PSU determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor.
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganization.
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The PSU categorises receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

PSU's current credit risk grading framework comprises the following categories:

Category	**Definition of category**	**Basis for recognising expected credit loss (ECL)**
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL - credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

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17. Financial Risk Management (Continued)

(a) Credit risk (Continued)

The table below details the credit quality of the PSU's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross Carrying Amount $	Loss Allowance $	Net Carrying Amount $
31 December 2025						
Contribution receivables	6	Note 1	12-month ECL	-	*	-
Other receivables	7	I	12-month ECL	49,313	*	49,313
31 December 2024						
Contribution receivables	6	Note 1	12-month ECL	13,581	*	13,581
Other receivables	7	I	12-month ECL	58,872	*	58,872

Contribution receivables (Note 1)

Contribution receivables comprise the voluntary contribution which is simply a promise to give and full payment was received subsequent to the year end.

The table below is an aging analysis of contribution receivables:

	Trade receivables				
		Days past due			
	Current $	1 to 30 days $	31 to 60 days $	61 to 90 days $	Total $
2025					
ECL rate	*	*	*	*	*
Gross carry amount	-	-	-	-	-
Allowance for ECL	*	*	*	*	*
Net carry amount	-	-	-	-	-
2024					
ECL rate	*	*	*	*	*
Gross carry amount	13,581	-	-	-	13,581
Allowance for ECL	*	*	*	*	*
Net carry amount	13,581	-	-	-	13,581

*Insignificant ECL rates/loss allowance.

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17. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Other financial assets (other receivables and bank deposits)

PSU assessed the latest performance and financial position of the counterparties adjusted for the future outlook of the industry in which the counterparties operate in and concluded that there has been no significant increase in the credit risk since the initial recognition of these other financial assets. The PSU considers that its cash at bank has low credit risk based on the external credit rating of counterparties.

PSU measured the impairment loss allowance using 12-month ECL of other financial assets and determined that the ECL is insignificant.

(b) Liquidity risk

Liquidity risk refers to the risk that the PSU will encounter difficulties in meeting its short-term obligations due to shortage of funds. PSU's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. PSU's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. PSU's operations are financed mainly through equity. The director is satisfied that funds are available to finance the operations of PSU.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the PSU's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

		Cash flows		
	Carrying Amount $	Contractual cash flows $	Within 1 year $	Within 2 to 5 years $
2025				
Financial liabilities				
Other payables	89,410	89,410	89,410	-
Lease liability	3,057	3,220	1,680	1,540
Total undiscounted cial Liabilities	92,467	92,630	91,090	1,540
2024				
Financial liabilities				
Other payables	64,364	64,364	64,364	-
Lease liability	4,534	4,900	1,680	3,220
Total undiscounted cial liabilities	68,898	69,264	66,044	3,220

*There are no undiscounted financial liabilities for more than 5 years.

APEC POLICY SUPPORT UNIT
ASIA-PACIFIC ECONOMIC COOPERATION (APEC) SECRETARIAT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

17. Financial Risk Management (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect PSU's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

PSU is exposed to interest rate risk through the impact of rate changes on interest earning assets.

Interests earning financial asset is mainly fixed deposit interest from financial institutions which earn interest at fixed rates within the maturity period and will rollover automatically if they are not being withdrawn on the maturity date. The detail of the fixed deposit and their current interest rates are disclosed in Note 7.

No sensitivity analysis has been presented as these fixed deposits with fixed interest rate are not subject to interest rate risk within their maturity period.

Foreign currency risk

PSU's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the PSU does not have any formal policy for hedging against currency risk. The PSU ensures that the net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

Foreign currency risk (Continued)

PSU has transactional currency exposures arising from income or expenditure that are denominated in a currency other than the functional currency of PSU, i.e. USD. To manage the foresaid foreign currency risk, PSU maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from income into foreign currency bank accounts which are primarily used for payments of purchases/expenses in the same currency denomination. PSU ensures that net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

	2025 $	2024 $
In USD		
Financial assets		
Contribution receivables	-	13,581
Other receivables	41,343	40,495
Cash and short-term deposits	6,302,760	7,867,795
	6,344,103	7,921,871

17. Financial Risk Management (Continued)

(c) Market risk (Continued)

A 5% (2024: 1%) strengthening of Singapore dollar against USD denominated balances as at the reporting date would increase net deficit or loss for the year, by the amounts shown below. This analysis assumes that all other variables remain constant.

	Impact to net deficits for the year	
	2025	2024
	$	$
Financial assets	317,205	79,219

A 5% (2024: 1%) weakening of Singapore dollar against the foreign currency would have had the opposite effect that is equal to the amounts shown above, on the basis that all other variables remain constant.

18. Fair Value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Contribution receivables, cash and short-term deposits, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

19. Authorisation for Issue of Financial Statements

The financial statements for the financial year ended 31 December 2025 were authorised for issue by the PSU's Director at date of the Statement by the Director.

ADDITIONAL NOTE

With reference to Notes to the Financial Statements for the Year Ended 31 December 2025, a breakdown of accrued operating expenses under Note 11 - Other payables is as follows:

Accrued operating expenses

	2025
	$
2025 Q4 Expense Reimbursement (to APEC Secretariat)	22,554.02
2025 Q4 Professional Fees (to accountant, auditor and lawyer)	6,880.00
2025 Q4 Invoices (to vendors)	2,448.28
12/2025 Salary, Allowances and Manpower Levies (to staff)	3,353.13
Total	35,235.43

ABOUT THE PSU

ESTABLISHMENT AND MANDATE

In September 2007, APEC Ministers agreed to establish a Policy Support Unit (PSU) attached to the APEC Secretariat. The unit, funded by voluntary contributions, was to provide analytical capacity, policy support and assistance in coordinating related capacity building for APEC's trade, investment and economic reform agenda and related Economic and Technical Cooperation (ECOTECH) activities. The underlying aim was to offer the potential for APEC fora to elevate the quality of their deliberations with access to tailor-made analytical work and provide for greater follow-up of initiatives intersessionally.

In March 2008, Senior Officials approved a foundational document for the PSU – PSU Governance Arrangements – and the PSU became operational a few months later, in August 2008. Since then, the PSU has undergone three reviews, conducted in 2010, 2012 and 2017. The last review, a mid-term review, resulted in APEC Ministers granting the PSU an ongoing mandate. Accordingly, with effect from 1 January 2018, the PSU continues to operate as long as it has the financial resources.

The financial sustainability of the PSU remains a topic of discussion for Senior Officials and the PSU Board. In 2025, the PSU Board approved a five percent management fee on project-tied contributions to the PSU, effective the same year.

VISION, MISSION AND STRATEGIC GOALS

Vision: For the PSU to be recognized as an integral part of the APEC architecture and a highly respected source of policy research and analysis, contributing to APEC's goal of supporting sustainable economic growth and prosperity in the Asia-Pacific region.

Mission: The PSU's mission—as the policy research and analysis arm of APEC, comprised of openly recruited professionals—is to provide objective and high-quality research, analytical capacity and policy support capability to the APEC Senior Officials, committees and fora in order to contribute to improving the quality of deliberations and decisions in the forum and in promoting policies that support the achievement of APEC's goals.

Strategic Goals: The PSU continues to pursue these four strategic goals in 2025: (1) To improve communications within the PSU, with other units at the APEC Secretariat, and with APEC stakeholders; (2) To provide high-quality policy analysis and recommendations by providing useful evidence-based research to APEC stakeholders to improve the quality of deliberations and facilitate the decision-making process; (3) To anticipate and reduce operational risks in order to ensure business continuity, so that deliverables can be met on time; and (4) To raise the profile of the PSU as the policy analysis and research arm of APEC.

RESEARCH AGENDA

The PSU pursues a policy research and analysis agenda to support the achievement of APEC Putrajaya Vision 2040, which APEC Economic Leaders endorsed in 2020 to guide APEC's work for the next twenty years, including the Aotearoa Plan of Action which was endorsed in 2021 to implement the Vision.

PSU BOARD MEMBERS

Mr Lee Dongku, Korea	PSU Board Chair (Current Host Economy), Contributing Economy
Mr Zhang Guoqiang, China	PSU Board Vice-Chair (Next Host Economy), Contributing Economy
Mr Victor Muñoz, Peru	Immediate Past Host Economy, Contributing Economy
Mr Aslan Mesbah, Australia	Contributing Economies
Mr Alan Bowman, and Ms Harkiran Rajasansi, Canada	
Ms Noel Ng, and Ms Joanie Fok, Hong Kong, China	
Mr Takuo Miyazaki, Japan	
Mr Godofredo Gonzalez, Mexico	
Ms Park Shee-Jeong, New Zealand	
Ms Marie Sherylyn D. Aquia, and Mr Marcos A.S. Punsalang, the Philippines	
Mr Tan Weiming, and Ms Sharon Chan, Singapore	
Mr Tony Nien-Tze Hu, Chinese Taipei	
Mr Alex Tatsis, and Mr Vincent Wang, USA	
Mr Eduardo Pedrosa	APEC Secretariat Executive Director
Mr Carlos Kuriyama	PSU Director
Mr Christopher Tan	CTI Chair
Mr James Ding	EC Chair
Mr Youn Jung-in	SFOM Chair

PSU STAFF MEMBERS

Mr Carlos Kuriyama	PSU Director
Ms Chang Hui Ling	Administrative Executive
Ms Esther Neelavani d/o Magalingam	Administrative Assistant
Ms Aveline Low Bee Hui	Policy Advisor
Mr Akhmad Bayhaqi	Senior Analyst
Mr Emmanuel A. San Andres	Senior Analyst
Mr Andre Wirjo	Senior Analyst (from 1 January)
Ms Rhea Crisologo Hernando	Analyst
Mr Sylwyn C. Calizo Jr	Researcher
Mr Glacer Niño A. Vasquez	Researcher
Mr Eldo Malba Simanjuntak	Researcher
Ms Chelsea Seah Jiaqi	Researcher
Ms Chang Yan Rong	Researcher (from 13 February)

Staff biographies are available on the PSU website.