

Annual Report 2024

APEC Policy Support Unit

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The views expressed in this report are those of the authors and do not necessarily represent those of APEC Member Economies.



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 2024.

A handwritten signature in black ink, appearing to read "C. Kuriyama".

Carlos Kuriyama
Director
APEC Policy Support Unit

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PROJECTS AND ACTIVITIES

OVERVIEW OF PROJECTS AND ACTIVITIES

‘Empower. Include. Grow.’ This was the theme of APEC 2024, and it aptly reflected the PSU’s journey throughout the year—the second under the current PSU Director’s stewardship. **Empowered** by the achievements of 2023, the unit continues to **grow** while pursuing four strategic goals centered on an **inclusive** approach in improving communication, delivering high-quality, evidence-based policy recommendations to benefit the APEC community, managing operational risks with consideration for PSU staff and its work, and raising its profile by engaging various stakeholders.

To improve communications within the PSU, with other units at the APEC Secretariat, and with APEC stakeholders (strategic goal #1), regular meetings were held within the PSU, and fluid communication was maintained with other units at the Secretariat. The PSU continued the practice initiated the previous year of sharing reports with Senior Officials to keep them informed about its work. Newly released publications were shared with Program Directors at the Secretariat for distribution to relevant APEC groups, and presentations were made to these groups. Additionally, the PSU organized seminars within the Secretariat to present its work. These sessions proved valuable not only for disseminating the PSU’s work but also for exchanging views with colleagues and exploring potential synergies.

To deliver 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 (strategic goal #2), efforts were made to continuously improve the PSU’s work. These efforts were recognized, namely:

- The APEC Economic Policy Report 2024, for which the PSU supported the Economic Committee in producing the main report, was welcomed by APEC Ministers.
- The APEC Supply Chain Connectivity Framework Action Plan 2022-2026: Mid-term Assessment, the outcomes of which were commended by APEC Ministers.

These were just two of the 22 deliverables published by the PSU in 2024. Other deliverables addressed topics such as the progress of the FTAAP agenda; open, secure and resilient supply chains; MSME data interoperability; women entrepreneurs in startups; monitoring pandemic recovery in selected services sub-sectors; and a peer review of Chile’s infrastructure. The PSU also produced periodic and serial publications, including the quarterly APEC Regional Trends Analysis and the annual APEC in Charts. Additionally, nine policy briefs were published.

Continuing its commitment to presenting information in an accessible manner, APEC in Charts introduced a refreshed look this year, incorporating more visual elements. APEC’s statistics portal, StatsAPEC, was revamped and offered a more user-friendly interface.

The PSU also provided technical support to various APEC groups, which were similarly recognized. For instance, APEC Ministers acknowledged the PSU’s assistance in updating the Investment Facilitation Action Plan. They also commended the PSU’s participation, alongside other parties, in the process of advancing the FTAAP agenda. Additionally, APEC Finance Ministers expressed appreciation for the PSU’s support in the preliminary review of the Cebu Action Plan’s implementation and in assessing potential considerations for the new roadmap.

The findings of a self-assessment conducted by the PSU corroborated the acknowledgment received. The eight APEC groups surveyed expressed high satisfaction with the PSU’s work completed in 2023, rating it highly in terms of quality and usefulness. They also strongly agreed that the PSU’s research and policy work has contributed to improving the quality of discussions and decisions of APEC groups.

To anticipate and reduce operational risks and ensure business continuity, enabling deliverables to be met on time (strategic goal #3), various steps were taken. While staffing in the PSU remained relatively stable throughout the year, it will be reinforced with the recruitment of a replacement and an additional researcher. In support of the PSU’s efforts to retain and recruit talent and address the issue of financial sustainability, the Board has approved an external compensation review for 2025. Additionally, to

ensure business continuity, the practice of having more than one staff member familiar with each project's topic and maintaining backup measures for certain administrative tasks was continued.

To raise the profile of the PSU as APEC's policy analysis and research arm (strategic goal #4), the PSU continued to actively pursue engagement activities. In 2024, it spoke at around 50 plenary meetings of APEC groups and 60 events within and outside APEC. The PSU also engaged with the APEC Study Centers Consortium (ASCC) and the APEC Business Advisory Council (ABAC). With the ASCC, it interacted with centers from Australia; Chile; Hong Kong, China; Peru; the Philippines; Singapore; and Chinese Taipei, and addressed the ASCC during its annual conference. With ABAC, the PSU delivered several presentations at both plenary and working group meetings. Additionally, it participated in events organized by ABAC members from Chile; Peru; and Singapore, as well as the Asia-Pacific Financial Forum.

Beyond these engagements, the PSU collaborated with other organizations, including working with the Asian Development Bank on the preparation of a policy brief and recruiting student fellows to support research with sponsorship from the Hinrich Foundation. The PSU also connected with youth through various engagement platforms. Under the 'APEC for the People' initiative, it spoke to faculty and students from eight universities, as well as business associations in Peru. Additionally, the PSU mentored five interns and fellows, spoke to students visiting the APEC Secretariat, and responded to thesis interview requests from postgraduate students. In disseminating its work, the PSU partnered closely with the Communications and Public Affairs Unit on initiatives, such as news conferences, news releases, blogs, and social media posts.

In 2025, the PSU will celebrate 17 years of contributing to APEC's policy agenda. Its progress is a testament to the enduring support of APEC member economies, particularly the PSU Board, whose valuable contributions of time, expertise, and resources have been critical to addressing human resources and financial sustainability challenges. Their continued guidance will help the PSU remain a vital contributor to achieving the APEC Putrajaya Vision 2040.

COMPLETED PROJECTS IN 2024

For Committee on Trade and Investment (CTI)

A. Helping Businesses Build and Maintain Open, Secure and Resilient Supply Chains

The PSU conducted this research for the CTI to analyze supply chain vulnerabilities in the Asia-Pacific region and provide recommendations for promoting open, secure and resilient supply chains. The approach included a literature review, a survey of firms across the APEC region in five traded goods sectors (consumer goods and retail, food and beverage, extractives and mineral processing, transportation, and resource transformation/manufacturing), and case study interviews.

The COVID-19 pandemic highlighted significant supply chain challenges, leading to economic losses, inflation and shortages. The study identified three phases of response by businesses to the disruption, emphasizing the importance of long-term strategies such as risk assessment, nearshoring, and sustainability. It also underscored the need for greater supply chain visibility to meet due diligence obligations. Most businesses indicated plans to revise their supply chain strategies, with recommended measures including inventory optimization, improved visibility, sustainable practices, and the adoption of digital technologies. Case study interviews further highlighted the role of digitization and advanced analytics in enhancing supply chain resilience. Additionally, the study provided toolkits to help build and maintain open, secure and resilient supply chains at the firm and economy-wide levels.

The findings were presented to the CTI. Supply chains remain a focus, with APEC Economic Leaders reaffirming their commitment to establishing secure, resilient, sustainable and inclusive supply chains during their annual meeting in 2024. Similarly, in 2024, APEC Ministers committed to safeguarding secure, resilient, inclusive, effective, sustainable, open and interconnected supply chains.

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.

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

Tasked by the CTI, the PSU continued to support the 'Peer Review and Capacity Building on APEC Infrastructure Development and Investment' mechanism by serving as the ad-hoc review team secretariat. The objectives were 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 to identify capacity building needs and suggest activities based on those needs. Chile was the fifth economy reviewed, following the Philippines; Viet Nam; Indonesia; and Papua New Guinea in order.

For this review, the PSU collaborated with Japan (the facilitating economy); Chile (the reviewed economy) and external experts (the review team). The review focused on three areas: (1) resilience and emergency and disaster management related to preventing and addressing traffic accidents within public-private partnerships (PPPs); (2) technology and intelligent road management within PPPs; and (3) the use of public direct investment for infrastructure development, specifically how infrastructure and public buildings are developed and how resilience against extreme events due to climate change is incorporated. In addition to conducting a comprehensive review, workshops and meetings were held, followed by a matrix assessment. The overall assessment revealed that Chile is in a strong position and seeks to adopt a continuous improvement approach to its infrastructure, with specific targets in resilience capacity, emergency management and intelligent transport systems. Areas for improvement

include strengthening institutional coordination for resilience preparedness and emergency management, as well as developing benchmark partners for learning and capacity building.

The report was presented to the CTI. Both APEC Economic Leaders and APEC Ministers continued to reaffirm the importance of quality infrastructure development and investment.

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

C. A New Look at the Free Trade Area of the Asia-Pacific (FTAAP): Review of APEC's Collective Progress

In 2023, the CTI endorsed the proposal 'A New Look at the FTAAP' for inclusion in the FTAAP Agenda Work Plan. Under this proposal, the PSU was tasked with conducting both a review and a study. The aim was to assess whether the work carried out by APEC is moving the FTAAP agenda forward, consistent with the mandate of the Putrajaya Vision and the Aotearoa Plan of Action.

Results from the first component, the review, indicated that APEC economies have continuously undertaken various initiatives that have gradually advanced the FTAAP agenda. These initiatives included capacity building activities, exploration of next generation trade and investment issues, and information sharing on topics related to regional trade agreements (RTAs) and free trade agreements (FTAs). Several work programs have also contributed to this progress. However, more work can be done to advance the FTAAP agenda by identifying and addressing policy gaps. For instance, APEC can strengthen its financial support for capacity building activities, encourage more activities that collaborate not only with other APEC fora but also with external partner institutions, and consider practical approaches, such as mutual recognition agreements, allowing APEC economies to join gradually as they become ready for implementation.

The findings were presented to the CTI and during one of the CTI dialogues on 'A New Look at the FTAAP: How to Advance the FTAAP Agenda'. They were also shared during the Pacific Economic Cooperation Council (PECC) General Meeting. Additionally, the review (and the study on areas of convergence and divergence across all chapters of relevant trade agreements in the region) contributed to advancing APEC's work on the FTAAP agenda, culminating in the Ichma Statement on A New Look at the FTAAP agenda, which was endorsed by APEC Economic Leaders. The PSU's participation in the process was commended by APEC Ministers and appreciated by APEC Trade Ministers.

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

D. APEC Supply Chain Connectivity Framework Action Plan 2022–2026 (SCFAP III): Mid-term Review

Building on its involvement in the first and second phases of SCFAP, and at the request of the CTI, the PSU conducted a review of the implementation of the third phase, known as SCFAP III. This mid-term review examined APEC's progress in addressing the five chokepoints, namely: (1) inefficient digitalization of end-to-end supply chains, including border procedures and trade documentation exchanges; (2) inadequate infrastructure development to support robust multi-modal connectivity and logistics networks; (3) insufficient cooperation on data flows and cross-border payments to support increasingly digitalized supply chains; (4) lack of targeted support to facilitate MSMEs' access and integration into global supply chains; and (5) lack of understanding on green supply chain management practices and increasing pressure for supply chains to be sustainable.

The review utilized 69 quantitative indicators identified in a 2023 PSU report on measuring progress for SCFAP III. Progress was assessed by comparing aggregate values for APEC economies against several benchmark groups, including the Association of Southeast Asian Nations (ASEAN), the European Union (EU), and the Organisation for Economic Co-operation

and Development (OECD). This analysis was supplemented by qualitative analysis providing an account of the policies implemented by APEC economies to address the chokepoints affecting supply chain connectivity. The findings from the quantitative indicators showed overall progress in addressing chokepoints 1, 2, 3 and 4, with most indicators under these chokepoints showing improvement. However, results for chokepoint 5 were mixed. The report also identified areas requiring continued focus and provided recommended policy practices for each chokepoint.

The findings were presented to the CTI and the Sub-Committee on Customs Procedures (SCCP). APEC Economic Leaders reaffirmed their commitment to advancing SCFAP III, while APEC Ministers similarly committed to continuing work on the initiative. They commended the outcomes of the SCFAP III mid-term review, which recorded good progress made by APEC economies in cross-border paperless trade facilitation measures, internet connectivity, and green supply chains.

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

E. 2024 Update to Monitoring Pandemic Recovery Under the APEC Services Competitiveness Roadmap (ASCR)

Group on Services (GOS). The PSU was tasked with supporting GOS in preparing an annual report on the growth and developments related to trade barriers in the travel, transport (including logistics-related services), and 'other business services' sectors. Building on the first report in 2023, this second report offered an updated assessment of developments in services trade recovery in these three sectors, as part of the reporting process under the APEC Services Competitiveness Roadmap (ASCR). The third and last report will be produced in 2025 on the conclusion of the ASCR.

This second report revealed that, despite the resurgence observed in APEC's commercial services trade, there are continuing concerns about APEC's regulatory environment remaining more restrictive than pre-pandemic levels. Given the influence of policies, APEC should be vigilant to prevent backtracking on progress made and redouble efforts to tackle trade restrictions. Even if economies decide to focus on specific policy categories, it is essential for policymakers to recognize the importance of holistic approaches in effectively navigating through these restrictions. APEC members can consider leveraging the ASCR to make meaningful recovery in services trade.

The report was presented in the ASCR Annual Dialogue, convened by the GOS. The ASCR remains a priority on APEC's agenda, with APEC Economic Leaders expressing their commitment to bolster competitiveness in the services sector. APEC Ministers reiterated their commitment to the ASCR, encouraging economies to implement ambitious reforms, noting the services sector's contribution to economic growth and development.

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

For Economic Committee (EC)

F. APEC Economic Policy Report (AEPR) 2024: Structural Reform and Financial Inclusion

The PSU has managed the production of the main report for the EC's flagship annual publication for nine consecutive years. As in previous years, the PSU worked closely with a core team of EC members and the EC to produce the AEPR 2024. This effort included drafting chapters of the main report, supported by external consultants. The report drew on individual economy reports and case studies on financial inclusion initiatives provided by EC members. It also benefited from a peer review conducted by the Asian Development Bank.

This year's report focused on the topic of Structural Reform and Financial Inclusion, addressing both demand-side and supply-side issues through structural reforms to facilitate all people to

access and utilize financial services. The report highlighted that financial inclusion should be a deliberate and deliberative process. Inclusion does not spontaneously happen; it needs to be built in from the start and actively implemented. Even as APEC economies have expanded access to financial services, more can be done to ensure that these services are accessible to all people. From incentivizing financial sector competition and innovation to promoting financial literacy and reasonable accommodation practices, structural reform can play an important role in expanding equitable access to quality financial services for all people.

The report was presented to the EC and endorsed by Senior Officials. APEC Ministers welcomed the report and encouraged economies to implement its recommendations.

To further support the AEPR, the PSU will, starting this year, conduct a short survey to review economies' progress on implementation and identify capacity building needs based on the previous year's AEPR. The first survey in 2024 reviewed the AEPR 2023, themed 'Structural Reform and an Enabling Environment for Inclusive, Resilient and Sustainable Businesses'. The findings were presented to the EC.

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)

G. Enhancing MSME Data Interoperability in the APEC Region (Issues Paper No. 14)

Small and Medium Enterprises Working Group (SMEWG). The SMEWG and the PSU initiated this study, recognizing that, despite micro, small and medium-sized enterprises (MSMEs) being a crucial component of APEC's vision and a major contributor to APEC economies, there is a notable absence of accurate and reliable cross-economy data for MSMEs that policymakers can rely on.

This paper analyzed the importance of interoperable MSME data for evidence-based policymaking and reported on a survey conducted among APEC economies, examining MSME data sources, definitions, and intersections with SMEWG priorities. The survey revealed that the current MSME data in APEC is not comparable, aggregable, or averageable. The lack of interoperable data impedes evidence-based regional policymaking for MSMEs in the APEC region. Additionally, the paper provided the latest available economy-level data on MSMEs, explored opportunities for MSME data cooperation, and offered recommendations for achieving MSME data interoperability in the APEC region.

The paper was presented to the SMEWG.

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

H. Empowering Tomorrow: APEC Women Entrepreneurs in Startups

Policy Partnership on Women and the Economy (PPWE). Conducted for the PPWE, this report used census and survey data, interviews, and policy analysis to examine the prevalence and challenges of women entrepreneurs in startups across the APEC region, both as employees and especially as founders and leaders. It also analyzed policies and best practices to promote women's entrepreneurship in the region.

The report highlighted several main findings, including considerable data gaps regarding women's roles as startup founders and employees, the identification of key barriers to women's entrepreneurship, and the adoption of supportive policies and programmatic approaches for women-led startups by governments and various associations. Additionally, the report provided recommendations on policies, programs and interventions for APEC economies and for APEC

as a whole to promote an enabling environment where women entrepreneurs can survive, scale, and become sustainable.

During their joint meeting, APEC Ministers for Women and Ministers Responsible for Trade acknowledged, among other points, that the growth of women-owned and women-led enterprises and entrepreneurship will further contribute to women's economic empowerment. They encouraged continued efforts to strengthen and promote women's economic empowerment, including through trade and entrepreneurship. APEC Ministers also underscored the importance of women's leadership, participation and economic empowerment through trade and entrepreneurship.

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

Other Activities

I. Technical Support

The PSU provided technical support in several ways, notably:

- (1) For the APEC 2025 host economy, it offered inputs on potential areas that Korea was exploring as possible priorities for 2025.
- (2) For the APEC Connectivity Blueprint, it analyzed the progress and initiatives reported in the 2023 Yearly Review Framework and presented the findings at the SOM Friends of the Chair on Connectivity Meeting. APEC Leaders and Ministers remained committed to implementing the Blueprint.
- (3) For the Investment Facilitation Action Plan (IFAP), it provided technical advice to the Investment Experts' Group (IEG) on the proposal to upgrade the IFAP principles, which has been endorsed by the IEG. This support included preparing a policy brief suggesting elements to be articulated in the work on upgrading IFAP. APEC Ministers acknowledged the help of the PSU in the work to update IFAP.
- (4) For the Cebu Action Plan (CAP), it supported the Finance Ministers' Process by reviewing CAP's implementation. This involved analyzing members' responses to a survey conducted in 2020 and presenting the findings in a policy brief titled 'Progress Evaluation and Future Direction: An Analysis of the Cebu Action Plan,' which was presented at the Finance and Central Bank Deputies' Meeting (FCBDM). The PSU further supported the process by conducting a survey to gather members' inputs for a prospective new roadmap and presenting the outcomes at a virtual post-Senior Finance Officials' Meeting (SFOM). APEC Finance Ministers appreciated the PSU's support.

J. Participation in Meetings and Events

Throughout APEC 2024 Peru, the PSU actively participated in meetings and events across the APEC structure, taking on a variety of roles. In addition to attending and reporting on the progress of projects, the PSU shared technical knowledge, findings and analyses derived from the studies it undertook with various APEC groups. In turn, the PSU benefited by learning from and building connections with participants, including government officials, technical experts, and members of the private sector, thereby enhancing its overall work.

The PSU participated in meetings convened at the following levels:

- (1) Economic Leaders:
 - APEC Economic Leaders' Meeting Retreat (viewing room)

- (2) Ministers:
 - APEC Ministers: APEC Ministerial Meeting
 - Trade: Ministers Responsible for Trade Meeting
 - Trade and Women: Joint Meeting of Ministers Responsible for Trade and Ministers for Women
 - Health: 14th High-Level Meeting on Health and the Economy
 - SME: 30th SME Ministerial Meeting
- (3) Senior Officials:
 - Senior Officials' Meeting (SOM): 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 2025 Korea Priorities, organized by Korea, the APEC 2025 host economy.
- (4) Committees and fora:
 - Committee on Trade and Investment (CTI) plenary meetings, including an informal session.
 - CTI fora, specifically the Automotive Dialogue (AD), Business Mobility Group (BMG), Digital Economy Steering Group (DESG) and DESG Data Privacy Subgroup, Group on Services (GOS) and GOS Technical Group for the APEC Index, Intellectual Property Rights Experts' Group (IPEG), Investment Experts' Group (IEG), Market Access Group (MAG), and Sub-Committee on Customs Procedures (SCCP). Other related activity was convened by APEC Alliance for Supply Chain Connectivity (A2C2).
 - 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 Committee of the Whole (COW) informal meeting of SCE sub-fora and formal COW meeting.
 - SCE fora, specifically the Anti-Corruption and Transparency Experts Working Group (ACTWG), Human Resources Development Working Group (HRDWG), HRDWG Education Network, HRDWG Labor and Social Protection Network, Policy Partnership on Women and the Economy (PPWE), Small and Medium Enterprises Working Group (SMEWG), Transportation Working Group (TPTWG) and TPTWG Land Experts' Group.
 - Budget and Management Committee (BMC) plenary meeting.
- (5) Finance Ministers' Process:
 - Finance and Central Bank Deputies' Meeting (FCBDM)
 - Senior Finance Officials' Meeting (SFOM) and Post-SFOM Virtual Meeting
 - High-Level Event on Sustainable Finance
 - Finance Ministers' Retreat and Finance Ministers' Meeting

Additionally, the PSU 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 2024.

CURRENT PROJECTS - DISCRETE

For Senior Officials (SOM)

A. APEC Services Competitiveness Roadmap (ASCR): Final Review

SOM - Group on Services (GOS). The ASCR, endorsed by APEC Leaders in 2016, is set to conclude in 2025. The GOS, tasked with supporting Senior Officials in monitoring and encouraging action to implement the roadmap, has requested the PSU's support in conducting the final assessment in 2025. The PSU previously conducted the mid-term review in 2021.

The final assessment will take into account the recommendations from the 'Summary Report of the ASCR Mid-Term Review', welcomed by APEC Ministers in 2021. It will focus on the progress of APEC's contributions toward achieving these recommendations, identify the areas that have been most helpful in achieving the objectives of the ASCR and may inform APEC's future services agenda, as well as contribute to realizing the APEC Putrajaya Vision 2040. The assessment will also examine progress in implementing APEC-wide and individual economy actions outlined in the ASCR implementation plan. This will include a quantitative assessment of progress, an assessment of individual economy actions, and an analysis of work undertaken under each of the 19 APEC-wide actions.

The final assessment is expected to be completed in the third quarter of 2025.

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

For Committee on Trade and Investment (CTI)

B. A New Look at the Free Trade Area of the Asia-Pacific (FTAAP): Study on Convergences and Divergences of Free Trade Agreements in the APEC Region

Constituting the second component of the proposal, A New Look at the FTAAP, this study conducts a comparative analysis of the content and scope of five comprehensive 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 and agreements themselves. Additionally, the study identifies innovative approaches being discussed and adopted by economies worldwide to address emerging and future trends, with the potential to shape the international trade and investment rulebook. It also provides recommendations that may serve as a reference for APEC's work on the FTAAP initiative.

The five trade agreements analyzed are: (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 study is expected to be completed in early 2025. It has since been completed.

The findings were presented to the CTI, during one of the CTI dialogues on 'A New Look at the FTAAP: How to Advance the FTAAP Agenda', and to ABAC. Additionally, the study's findings on intellectual property were shared with the IPEG. Moreover, the study (and the review of APEC's collective progress) contributed to APEC's work on the FTAAP agenda, culminating in the 'Ichma Statement on A New Look at the Free Trade Area of the Asia-Pacific agenda', which was endorsed by APEC Economic Leaders. The PSU's participation in the process was commended by APEC Ministers, and its work was appreciated by APEC Trade 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

This project aims to better understand the current landscape of cross-border paperless trade and identify gaps and opportunities to promote its adoption. Eight APEC economies from different geographical regions are the focus of this analysis: Canada; Chile; China; Korea; Mexico; Peru; Singapore and the United States.

The analysis will include a stocktake of relevant paperless trade platforms used by each economy, a review of their functions, and primary research through a multi-economy survey of exporters and interviews with relevant stakeholders interacting with these platforms. The insights gained will enhance understanding of the user benefits of paperless trade for each economy, identify enablers of successful paperless trade platforms, and provide key recommendations to help businesses engage in paperless trade through the platforms.

The study is expected to be completed in early 2025. It has since been completed.

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

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

This study examines the evolution of preferential Rules of Origin (ROO) provisions in trade agreements and their impact on businesses utilizing these agreements. It aims to inform future discussions on preferential ROO to maximize the benefits of trade liberalization for businesses of all sizes, particularly micro, small and medium-sized enterprises (MSMEs).

The study covers nine FTAs in the Asia-Pacific region: 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 FTAs with China; Hong Kong, China; Japan; and Korea.

The study is expected to conclude in the second quarter of 2025.

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

E. APEC Companies' Best Practices on Long-term Foreign Direct Investment (FDI) within APEC Economies

Investment Experts' Group (IEG). This research aims to identify best FDI practices across APEC economies through an in-depth analysis of selected long-term FDI projects. The lessons learned will inform policy recommendations for host economies and provide a model for companies engaging in future FDI.

The study is proceeding in four phases: (1) identifying FDI projects by APEC companies that are welcomed and well-established in host APEC economies; (2) conducting field studies and interviews with key stakeholders to understand why the selected FDI projects have thrived over many years; (3) holding a workshop to exchange views among stakeholders and policy experts; and (4) compiling a report with useful insights and policy recommendations.

The research is expected to conclude in the second quarter of 2025.

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

Investment Experts' Group (IEG). This project aims to examine and assess the effectiveness and efficiency of dispute prevention and mitigation systems, including the Ombudsman System, within APEC economies. These systems are analyzed as alternatives or complements to traditional International Investment Agreement (IIA)-based dispute settlement mechanisms, with a focus on promoting free and open trade and investment in the APEC region.

The project involves research and analysis on the following: (1) Whether dispute prevention and mitigation mechanisms have been introduced in IIAs concluded and enforced by APEC economies, or if such mechanisms have been established separately from IIAs, either pursuant to them or independently; (2) The details of dispute prevention and mitigation mechanisms in each economy; and (3) Case studies and actual performances of these mechanisms within each economy.

The project is expected to conclude in the second half of 2025.

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

The PSU supported the EC in conducting the mid-term review in 2023 and is assisting with the final review in 2025. Similar to the mid-term review, the final review will follow a two-part process: (1) at the individual economy level, through individual action plans submitted by economies; and (2) at the APEC-wide level, using endorsed external indicators and the EAASR implementation plan.

The final review is scheduled for completion in the third quarter of 2025, in time for the Structural Reform Ministerial Meeting.

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 is preparing short papers on the pillars proposed for inclusion in APEC's new structural reform agenda for 2026–2030. This agenda will succeed the EAASR, which concludes in 2025.

The four proposed pillars cover the following topics: (1) enabling open, transparent, connected and competitive markets; (2) enabling environment for doing business (including a focus on services); (3) innovation and digitalization; and (4) inclusiveness. The papers aim to assist the EC in discussing the descriptions of each pillar and identifying relevant indicators. They are expected to be ready by early 2025 to support discussions at the EC's first meeting of the year. They have since been submitted.

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 explores available technologies for preventing, detecting and combating corruption. It will focus on prevention mechanisms to safeguard financial systems, provide policy recommendations on the use of technologies to fight cross-border corruption, and identify opportunities for engaging the private sector in the use of anti-corruption technologies. The paper is expected to be completed in the second quarter of 2025.

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

J. APEC Women and the Economy Dashboard 2025

Policy Partnership on Women and the Economy (PPWE). The PSU has been updating the Dashboard biennially since 2015, with the 2025 edition marking the sixth update. The aim of the Dashboard is to provide a snapshot of the status of women in the region by monitoring trends in a set of indicators selected based on the five priority pillars identified by PPWE, namely: (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 Dashboard is expected to be completed in the third quarter of 2025.

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

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. It also monitors the implementation of recent trade and investment measures across the region, while highlighting potential risks and opportunities for the region's economic outlook. In 2024, a total of four issues were released.

- The February issue reported that APEC GDP is estimated to have expanded by 3.5% in 2023, an increase from 2.6% in 2022, primarily driven by consumer spending alongside a rebound in tourism and travel. Inflation slowed to 3.8% in 2023, lower than the year-ago level of 5.9%. However, near-term economic prospects could be clouded by the accumulation of trade restrictions and remedies, potential spikes in commodity prices, elevated debt levels and global uncertainties. These challenges require a balanced mix of monetary and fiscal policies, underscored by the crucial role of regional cooperation in fostering an open, dynamic, resilient and peaceful Asia-Pacific community.
- The May issue revealed that APEC GDP growth in 2023 outpaced both the global growth and the region's year-ago growth. In the near term, APEC is expected to continue growing but at a moderated pace, reflecting uncertainties stemming from trade protectionism, persistent inflationary pressures, and geopolitical tensions. In the face of global uncertainties and volatile commodity markets, prioritizing enhanced multilateral cooperation stands as an imperative. Fostering collective action to keep trade open, ensure global stability, and address complex and multiple challenges will fortify APEC economies against prevailing headwinds that threaten to diminish the gains made post-pandemic.
- The August issue showed that APEC's GDP growth is expected to remain steady at 3.5% in 2024, mirroring last year's pace. Economic prospects are improving as inflation decelerates, driven by appropriate monetary policy action and moderated food and energy prices. Positive economic signals are emerging, bolstered by a recovery in domestic consumption and stronger export performance. To maintain momentum, economies should avoid premature monetary easing, adjust rates gradually as needed, rebuild fiscal buffers, and achieve consolidation targets when feasible. Additionally, economic policies should facilitate, rather than restrict, trade and investment to achieve economic objectives.
- The November issue indicated a projected APEC growth at 3.5% in 2024, declining to 3.1% in 2025. The APEC region faces significant macroeconomic challenges, characterized by slowing growth and fiscal pressures from ageing populations. Implementing comprehensive structural reforms, supported by deeper regional cooperation, is critical for enhancing economic resilience and fostering sustainable and inclusive growth in the region. Coordinated multilateral engagement is also necessary to mitigate trade vulnerabilities and manage geopolitical risks effectively.

The APEC Regional Trends Analysis was presented to the Trade Ministers, SOM, FCBD, and the EC. It was also shared during news conferences held on the margins of SOM, at talks in several universities under Peru's 'APEC for the People' initiative, in a hybrid seminar organized by the Singapore APEC Study Centre, and through a webinar hosted by the Chile Pacific Foundation.

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 2024, the PSU published the following nine policy briefs:

- (1) Unpacking Issues in the Gig Economy: Policy Approaches to Empower Women in APEC (No. 56, January): This brief discussed women's participation in independent work, particularly in the gig economy, and unpacked women-related issues that hinder greater economic participation by women in this area. It also offered policymakers various policy approaches to advance women's economic empowerment and integration.

The brief was presented to the PPWE and ABAC. Advancing women's economic empowerment remains a key focus, as evidenced by the convening of the 2024 APEC Women and the Economy Forum and the Joint Meeting of the APEC Ministers for Women and Ministers Responsible for Trade. APEC Economic Leaders also welcomed various efforts to accelerate the full implementation of the La Serena Roadmap for Women and Inclusive Growth, while APEC Ministers emphasized its importance.

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

- (2) Addressing Informality: Transitioning to the Formal Economy (No. 57, February): This brief identified the root causes of informality and discussed what was required at the policy level to address informality and promote a proper transition to a formal economy. The topic aligns with one of the priorities of APEC Peru 2024, with APEC Economic Leaders subsequently endorsing the Lima Roadmap to Promote the Transition to the Formal and Global Economies.

The findings were presented to the SOM, EC and ABAC, as well as during a workshop and public-private dialogue organized under the auspices of the SMEWG. They were also shared at a hybrid symposium organized by the Philippine APEC Study Center Network. Additionally, the PSU spoke on this topic at one of Peru's 'APEC for the People' events.

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

- (3) Progress Evaluation and Future Direction: An Analysis of the Cebu Action Plan (CAP) (No. 58, March): This brief provided an overview of the CAP implementation by APEC member economies. It examined the challenges affecting the delivery of actions under the CAP's four pillars and aimed to use this analysis as a foundation for suggesting ideas to the Finance Ministers' Process for developing a revitalized roadmap by the conclusion of the CAP in 2025.

The brief was presented to the FCBDM. APEC Finance Ministers appreciated the PSU's support in the preliminary review of the CAP's implementation and the assessment of potential considerations for the new roadmap.

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

- (4) Digitalising Trade: The Role of Paperless Platforms (No. 59, March): This brief, the result of a collaborative effort between the PSU and the Asian Development Bank, examined the current state of digital trade facilitation with a focus on the role of digital trade platforms. It identified the challenges hindering the wider adoption of such systems and provided recommendations to overcome key barriers.

The brief was presented to the SCCP, as well as during the APEC Customs Business Dialogue, Peru's Digital Week, and a CTI workshop. Both APEC Economic Leaders and

APEC Ministers emphasized paperless trade, with the former promoting cross-border paperless trade, including through exchanging information on different paperless trade systems, and the latter encouraging economies to promote digitalization of trade procedures and promoting the cross-border recognition of electronic trade-related documents through measures to facilitate paperless trade.

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

- (5) Win, Lose or Draw: Estimating the Impact of Trade Disengagement on APEC Trade (No. 60, May): This brief elucidated what would happen—who would win and who would lose—if trade disengagement were to occur. The findings underscored the need to strengthen institutions like APEC to foster cross-border cooperation and rebuild trust in the multilateral trading system, suggesting that geoeconomic fragmentation is not inevitable and can be reversed with concerted efforts.

The brief was presented to the AD, ABAC, and during a hybrid seminar organized by the Singapore APEC Study Centre. Both APEC Economic Leaders and Ministers reiterated their support for the rules-based multilateral trading system, with the WTO at its core.

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

- (6) Reframing an Unfolding Canvas: Policy Approaches to Facilitate APEC's Creative Economy amid Evolving Digital Technologies (No. 61, September): This brief discussed the intersection between the creative economy and digital technologies, particularly how digital technologies can help drive creative processes. It also identified the key challenges faced by the creative economy in using digital technologies and offered policymakers approaches to reframe existing policy environments, thereby facilitating APEC's creative economy amid the evolving digital technologies.

The brief was presented to the GOS and during Peru's Digital Week. APEC Trade Ministers recognized the contribution of creative industries to inclusive growth and job creation.

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

- (7) Driving the Future: Leveraging Regional Cooperation for Inclusive, Sustainable, and Resilient Electric Vehicle (EV) Battery Supply Chains (No. 62, August): This brief analyzed EV battery supply chain challenges in the APEC region, focusing on insights from the private sector and businesses. It aims to guide policymakers by bridging the gap between the business sector's challenges and needs and the support that policymakers can provide to promote an inclusive, sustainable, and resilient EV supply chain.

The brief was presented to the AD and the Land Experts' Group of the TPTWG.

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

- (8) Unlocking the Upstreamness Benefits in Global Value Chains (No. 63, November): This brief examined the degree of upstreamness across various industries in APEC economies. It discussed the benefits and challenges of both upstream and downstream positions and highlighted the pivotal role policymakers can play in incentivizing sustainable practices, addressing supply chain resilience, and fostering collaborative partnerships.

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

- (9) More than Just Another Expansion: Why Does the 3rd Information Technology Agreement (ITA3) Need to Be Bold? (No. 64, December): The brief provided an overview of APEC's history with both the ITA1 and the ITA2 before elaborating on the relevance of an expansion, the ITA3, for the region. It also discussed why and how economies could

make this prospective ITA3 bold and urged APEC to once again take a key role in advancing free trade.

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

C. APEC in Charts

The PSU annually publishes APEC in Charts, a well-received publication that provides an overview of APEC's population, GDP, and trade within the global economy, as well as charts the region's macroeconomic performance. Additionally, it offers insights into APEC's performance across key indicators that reflect the three economic drivers of the APEC Putrajaya Vision 2040 and the APEC 2024 priorities. Since 2024 also marks 35 years since APEC's founding in 1989, this year's issue presents snapshots of the APEC region's evolution in economic and trade performance over the past three and a half decades.

The 2024 issue was released ahead of the APEC Economic Leaders' Week in November, with the next issue scheduled for publication in October 2025.

D. StatsAPEC

StatsAPEC, APEC's statistical database website, was launched in 2010, providing data dating back to APEC's inception in 1989 across more than 120 indicators for all 21 APEC economies. Fourteen years later, the PSU initiated a revamp of StatsAPEC to enhance user engagement and data accessibility. The updated StatsAPEC will be ready for launch in the first quarter of 2025, introducing features that allow users to visualize data and create engaging content.

StatsAPEC comprises two databases: Key Indicators and Bilateral Linkages. Data is updated biannually in June and December, with most indicators and APEC economies now including data for 2023. StatsAPEC can be accessed here: <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 will end in 2025.

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

The PSU Director has been serving 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 each of the three award categories: women, youth, and MSMEs. The winners of the second BCG award were announced in November 2024.

G. Support to APEC Services Competitiveness Roadmap (ASCR)

As tasked in the Implementation Plan of the ASCR, the PSU has been supporting the GOS in monitoring the progress of the roadmap, which is set to conclude in 2025. In addition to conducting the mid-term review in 2021 and the upcoming final review in 2025, the PSU has, since 2023, been preparing an annual report to monitor recovery in the travel, transport (including logistics-related services), and other business services sectors following the COVID-19 pandemic. The second report, '2024 Update to Monitoring Pandemic Recovery Under the ASCR,' completed this year continues to focus on growth and developments related to trade

barriers in the three services sectors. The final report will be included in the final review of the ASCR in 2025. Additionally, the PSU provided an update on the use cases of the APEC Index during a meeting of the GOS Technical Group on the APEC Index in 2024.

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, endorsed by APEC Leaders in 2021, with 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'.

In 2023, the PSU provided technical support to the CTI, EC and SCE during the evaluation process. The next evaluation will be in 2025, as the committees are scheduled to report on their progress evaluation every two years.

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 the PSU Board members and PSU staff members in 2024 are set out in the 'About the PSU' section in 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

During the 45th PSU Board meeting on 3 March 2024 (Document No. 2024/SOM1/PSU/BM45/009), the PSU Director provided an update on the implementation of recommendations from the HR Review. One next step was to conduct an external compensation review, which the PSU Board approved during the 46th PSU Board meeting on 22 August 2024 (Document No. 2024/SOM3/PSU/BM46/011). This review is scheduled to be conducted in 2025. The PSU Director will continue implementing the remaining HR Review recommendations and will provide periodic updates to the Board.

CONTRIBUTIONS IN 2024

APEC funding: The PSU received financial and in-kind contributions from the following APEC economies in 2024:

APEC economies	Contributions (in original currency)	Contributions (in SGD)
Financial contributions:		
Australia*	AUD 550,000	SGD 489,820
China	USD 100,000	SGD 134,568
Japan	JPY 60,000,000	SGD 530,410
Korea	KRW 229,000,000	SGD 221,288
Mexico	MXN 700,000	SGD 50,208
New Zealand	NZD 130,000	SGD 103,621
Peru	USD 10,000	SGD 13,581
The Philippines	PHP 1,150,000	SGD 25,819
Chinese Taipei	USD 100,000	SGD 135,812
United States	USD 399,937	SGD 540,283
In-kind contributions:		
Singapore	Office space	

Note: (*) In addition to the amount shown in the table, a contribution of AUD 350,000 for 2025 was received in 2024, and another AUD 250,000 (AUD 200,000 for 2025 and AUD 50,000 for 2026) was received in 2025.

External funding: The PSU accepted sponsorship from the Hinrich Foundation for fellowships and research, totaling SGD 36,000. This funding will cover the monthly allowance for two student fellows, supervisory expenses, and will be disbursed upon confirmation of each student fellow and the completion of research outputs. The sponsorship period runs from 24 July 2023 to 31 December 2024. The Hinrich Foundation disbursed SGD 12,000 in 2023 and SGD 24,000 in 2024 to the PSU.

FINANCIAL STATEMENTS 2024**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 2024 is presented.



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

ANNUAL REPORT

31 DECEMBER 2024

**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 2024, 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 2024 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

16 April 2025



Chartered Accountants of Singapore

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASIA-PACIFIC ECONOMIC COOPERATION (APEC)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

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 2024, which comprise the statement of financial position as at 31 December 2024, 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 2024 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASIA-PACIFIC ECONOMIC COOPERATION (APEC)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (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.



Chartered Accountants of Singapore

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASIA-PACIFIC ECONOMIC COOPERATION (APEC)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (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 Mr. Lawrence Chen Tse Chau.

Prime Accountants LLP

PRIME ACCOUNTANTS LLP
Public Accountants and
Chartered Accountants

Singapore, 16 April 2025

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 \$	2023 \$
ASSETS			
Non-current assets			
Plant and equipment	4	10,981	18,858
Right-of-use asset	5	4,301	5,776
		15,282	24,634
Current asset			
Contribution receivables	6	13,581	38,550
Other receivables	7	71,722	78,830
Prepayments	8	30,822	21,740
Cash and short-term deposits	9	12,186,121	12,229,128
		12,302,246	12,368,248
Total Assets		12,317,528	12,392,882
FUNDS			
Accumulated funds		11,936,478	11,956,670
LIABILITIES			
Non-current liabilities			
Lease liability	10	3,057	4,534
Current liabilities			
Lease liability	10	1,477	1,402
Other payables	11	64,364	118,006
Other liabilities	12	312,152	312,270
		377,993	431,678
Total Liabilities		381,050	436,212
Total Funds and Liabilities		12,317,528	12,392,882

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 2024

	Note	2024 \$	2023 \$
Revenue	13	2,245,410	2,793,775
Other operating income/(expenses):	14		
Interest income from financial assets at amortised cost		323,126	295,393
Others		234,129	(121,789)
		557,255	173,604
Administrative expenses	15	(2,822,579)	(2,364,293)
Finance cost	10	(278)	(350)
Net (deficit)/surplus before tax		(20,192)	602,736
Income tax	16	-	-
Net (loss)/surplus for the year, representing total comprehensive income for the year		(20,192)	602,736

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 \$	2023 \$
Balance as at 1 January		11,956,670	11,353,934
Total comprehensive (loss)/income for the year		(20,192)	602,736
Balance as at 31 December		11,936,478	11,956,670

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 2024**

	Note	2024 \$	2023 \$
Cash flows from operating activities			
(Loss)/Profit for the year		(20,192)	602,736
Adjustments for:			
Depreciation of plant and equipment		8,667	6,927
Depreciation of right-of-use asset		1,475	1,475
Interest income		(323,126)	(295,393)
Interest expenses		278	350
Unrealised exchange (gain)/loss		(280,827)	133,897
Operating cash flows before working capital changes		(613,725)	449,992
Change in working capital			
Contribution receivables		24,969	300,886
Other receivables		40,930	(245)
Other payables		(53,760)	44,509
Prepayments		(9,082)	(12,814)
		3,057	332,336
Net cash flows (used)/generated from operating activities		(610,668)	782,328
Cash flows from investing activities			
Purchase of plant and equipment		(790)	(25,091)
Net cash flows used in investing activities		(790)	(25,091)
Cash flows from financing activities			
Interest paid		(278)	(350)
Payment of finance lease liability		(1,402)	(1,330)
Net cash flows used in financing activities		(1,680)	(1,680)
Net (decrease)/increase in cash and cash equivalents		(613,138)	755,557
Cash and cash equivalents at beginning of the year		3,974,349	3,275,624
Effect of changes in exchange rate on cash and bank balances		87,557	(56,832)
Cash and cash equivalents at end of the year	9	3,448,768	3,974,349

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 2024

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

1. General

The Asia-Pacific Economic Cooperation (APEC) Secretariat (the "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.

The 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 2024. The adoption of these standards did not have any material effect on the financial performance or position of the PSU.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

2. Material accounting policy information (Continued)

2.3 Standards issued but not yet effective

A number of new standards and amendments to standard 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.

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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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

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).

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

2. Material accounting policy information (Continued)

2.10 Leases (Continued)

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.

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 deposits, which are subject to an insignificant risk of changes in value.

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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

2. Material accounting policy information (Continued)

2.12 Foreign currency translation (Continued)

(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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

3. Significant accounting judgements and estimates

The preparation of the PSU's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)

4. Plant and equipment

	Computer \$	Furniture and fittings \$	Office equipment \$	Total \$
At cost				
At 1.1.2023	65,070	16,097	11,606	92,773
Additions	25,091	-	-	25,091
Disposal	(26,894)	-	(170)	(27,064)
At 31.12.2023 and 1.1.2024	63,267	16,097	11,436	90,800
Additions	-	-	790	790
At 31.12.2024	63,267	16,097	12,226	91,590
Accumulated depreciation				
At 1.1.2023	65,070	15,999	11,010	92,079
Depreciation for the year	6,273	98	556	6,927
Disposal	(26,894)	-	(170)	(27,064)
At 31.12.2023 and 1.1.2024	44,449	16,097	11,396	71,942
Depreciation for the year	8,363	-	304	8,667
At 31.12.2024	52,812	16,097	11,700	80,609
Net book value				
At 31.12.2024	10,455	-	526	10,981
At 31.12.2023	18,818	-	40	18,858

5. Right-of-use asset

	Office equipment \$
Cost	
At 01.01.2023, 31.12.2023 and 01.01.2024	7,374
At 31 December 2024	7,374
Accumulated depreciation	
At 01.01.2023	123
Depreciation for the year	1,475
At 31.12.2023 and 01.01.2024	1,598
Depreciation for the year	1,475
At 31 December 2024	3,073
Net book value	
At 31 December 2024	4,301
At 31 December 2023	5,776

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)

6. Contribution receivables

	2024 \$	2023 \$
Member economies	<u>13,581</u>	<u>38,550</u>

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

7. Other receivables

	2024 \$	2023 \$
GST recoverable	12,850	639
Other receivable	3	105
Interest receivable	<u>58,869</u>	<u>78,086</u>
	<u>71,722</u>	<u>78,830</u>

8. Prepayments

	2024 \$	2023 \$
Prepayments	<u>30,822</u>	<u>21,740</u>

9. Cash and short-term deposits

	2024 \$	2023 \$
Bank balances	3,448,768	3,974,349
Fixed deposits	<u>8,737,353</u>	<u>8,254,779</u>
	<u>12,186,121</u>	<u>12,229,128</u>

Fixed deposits are placed with financial institutions and earn interest at the rates ranging from 2.10% to 4.16% per annum (2023: 2.95% to 5.50%). The fixed deposits are on auto rollover and have maturity terms of 3 to 10 months (2023: 3 to 10 months) from the reporting date.

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

	2024 \$	2023 \$
Cash and short-term deposits	12,186,121	12,229,128
Less: Fixed deposits	<u>(8,737,353)</u>	<u>(8,254,779)</u>
	<u>3,448,768</u>	<u>3,974,349</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)

10. Lease liabilities

	2024 \$	2023 \$
Non-current	3,057	4,534
Current	1,477	1,402
	<u>4,534</u>	<u>5,936</u>

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 2024	Cash Flows	Non-cash changes			31 December 2024
			Addition	Accretion of interest	Other	
	\$	\$	\$	\$	\$	\$
Liabilities						
Lease liabilities						
-Current	1,402	(4,520)	-	278	4,317	1,477
-non-current	4,534	2,840	-	-	(4,317)	3,057
	<u>5,936</u>	<u>(1,680)</u>	<u>-</u>	<u>278</u>	<u>-</u>	<u>4,534</u>

	1 January 2023	Cash Flows	Non-cash changes			31 December 2023
			Addition	Accretion of interest	Other	
	\$	\$	\$	\$	\$	\$
Liabilities						
Lease liabilities						
-Current	1,330	(3,118)	-	350	2,840	1,402
-non-current	5,936	1,438	-	-	(2,840)	4,534
	<u>7,266</u>	<u>(1,680)</u>	<u>-</u>	<u>350</u>	<u>-</u>	<u>5,936</u>

The carrying amount and addition 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.

	2024 \$	2023 \$
Statement of comprehensive income:		
Depreciation of right of use asset	1,475	1,475
Interest expense	<u>278</u>	<u>350</u>

*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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(Continued)

11. Other payables

	2024 \$	2023 \$
Accrued operating expenses	19,408	65,445
Provision for unutilised leave	44,956	52,561
	<u>64,364</u>	<u>118,006</u>

12. Other liabilities

	2024 \$	2023 \$
Deferred Contribution Received	<u>312,152</u>	<u>312,270</u>

13. Revenue

	2024 \$	2023 \$
Australia	489,820	491,355
People's Republic of China	134,568	-
Hong Kong, China	-	269,704
Japan	530,410	602,349
Republic of Korea	221,288	246,482
Mexico	50,208	38,550
New Zealand	103,621	108,446
Peru	13,581	-
The Philippines	25,819	47,832
Chinese Taipei	135,812	136,682
The United States	540,283	852,375
	<u>2,245,410</u>	<u>2,793,775</u>

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

14. Other operating income/(expense)

	2024 \$	2023 \$
Other operating income:		
Fixed deposit interest	323,126	295,393
Others	24,264	12,108
	<u>347,390</u>	<u>307,501</u>
Other operating expenses:		
Foreign currency exchanges gain/(loss)	209,865	(133,897)
	<u>557,255</u>	<u>173,604</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

15. Administrative expenditure

	2024 \$	2023 \$
Accountancy fee	6,000	6,000
Audit fee	4,880	4,720
Bank charges	1,666	1,869
Consultants and research fee	448,288	254,316
Data subscription	8,359	2,491
Depreciation expense	10,142	8,402
General expenses	24,595	22,030
Insurance	31,803	22,090
Medical fee	3,036	1,889
Newspaper and periodical	324	354
Office and building maintenance	40,701	38,421
Printing and stationery	10,306	10,367
Postage and courier	31	144
Telecommunication	2,101	1,765
Transportation	2,424	1,855
Travelling expenses	367,105	317,823
Utilities	3,157	2,864
	964,918	697,400
Staff cost*:		
CPF and SDL	65,157	63,304
Salaries and bonuses	1,578,637	1,421,778
Staff welfare	213,867	181,811
	1,857,661	1,666,893
Total expenses	2,822,579	2,364,293

*Included in staff cost, an amount of \$503,948 (2023: \$491,826) being the total remuneration paid to a key management personnel of the PSU.

16. Income tax

The 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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(Continued)**

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 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 the PSU. The PSU's exposure to credit risk arises primarily from contribution receivables. For other financial assets comprise of other receivables (exclude GST receivables) and cash and bank deposits, the PSU minimises credit risk by dealing exclusively with high credit rating counterparties.

The 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.

The 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.

The 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, the PSU has developed and maintained the 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. The 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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

17. Financial Risk Management (Continued)

(a) Credit risk (Continued)

The 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.

The 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)

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 2024						
Contribution receivables	6	Note 1	12-month ECL	13,581	*	13,581
Other receivables	7	I	12-month ECL	58,872	*	58,872
31 December 2023						
Contribution receivables	6	Note 1	12-month ECL	38,550	*	38,550
Other receivables	7	I	12-month ECL	78,191	*	78,191

Contribution receivables (Note 1)

Contribution receivable 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					
	Current \$	1 to 30 days \$	Days past due 31 to 60 days \$	61 to 90 days \$	Total \$
<u>2024</u>					
ECL rate	*	*	*	*	*
Gross carry amount	13,581	-	-	-	13,581
Allowance for ECL	*	*	*	*	*
Net carry amount	<u>13,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,581</u>

Trade receivables					
	Current \$	1 to 30 days \$	Days past due 31 to 60 days \$	61 to 90 days \$	Total \$
<u>2023</u>					
ECL rate	*	*	*	*	*
Gross carry amount	38,550	-	-	-	38,550
Allowance for ECL	*	*	*	*	*
Net carry amount	<u>38,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,550</u>

*Insignificant ECL rates/loss allowance.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)

17. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Other financial assets (other receivables and bank deposits)

The 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.

The 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. The 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. The PSU's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The PSU's operations are financed mainly through equity. The director is satisfied that funds are available to finance the operations of the 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.

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	Within 2 to 5 years \$
As at 31.12.2024				
Financial liabilities				
Other payables	64,364	64,364	64,364	-
Lease liability	4,534	4,900	1,680	3,220
Total undiscounted financial liabilities	68,898	69,264	66,044	3,220
	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	Within 2 to 5 years \$
As at 31.12.2023				
Financial liabilities				
Other payables	118,006	118,006	118,006	-
Lease liability	5,936	6,580	1,680	4,900
Total undiscounted financial liabilities	123,942	124,586	119,686	4,900

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)

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 the 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

The 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 8.

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

The 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)

The PSU has transactional currency exposures arising from income or expenditure that are denominated in a currency other than the functional currency of the PSU, i.e. USD. To manage the foresaid foreign currency risk, the 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. 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.

	2024 \$	2023 \$
In USD		
Financial assets		
Contribution receivables	13,581	38,550
Other receivables	40,495	53,517
Cash and cash equivalents	7,867,795	7,603,436
	<u>7,921,871</u>	<u>7,695,503</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Continued)**

17. Financial Risk Management (Continued)

(c) Market risk (Continued)

A 1% (2023: 1%) strengthening of Singapore dollar against the foreign currency denominated balances as at the reporting date would decrease surplus for the year, by the amounts shown below. This analysis assumes that all other variables remain constant.

	Impact to surplus for the year	
	2023	2023
	\$	\$
Financial assets	<u>(79,219)</u>	<u>(76,955)</u>

A 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 deposit, 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 2024 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 2024, a breakdown of accrued operating expenses under Note 11 - Other payables is as follows:

Accrued operating expenses

	2024
	\$
2024 Q4 Expense Reimbursement (to APEC Secretariat)	9,770.57
2024 Q4 Professional Fees (to accountant, auditor and lawyer)	5,380.00
2024 Q4 Invoices (to vendors)	2,522.98
12/2024 Salary, Allowances and Manpower Levies (to staff)	<u>1,734.17</u>
Total	<u><u>19,407.72</u></u>

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 foundation document for the PSU – [PSU Governance Arrangements](#) – and the PSU became operational a few months later in August. Since then, the PSU had gone through three reviews – in 2010, 2012 and 2017. The last (a mid-term) review led to the granting of an ongoing mandate to the PSU by APEC Ministers. This means that with effect from 1 January 2018, the PSU will continue to operate as long as it has the financial resources. Financial sustainability of the PSU remains a topic of discussion for Senior Officials and the PSU Board.

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 2024: (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 Victor Muñoz, Peru	PSU Board Chair (Current Host Economy), Contributing Economy
Ms Kim Sun Young; and Mr Lee Dongku, Korea	PSU Board Vice-Chair (Next Host Economy), Contributing Economy
Mr Vincent Wang, USA	Immediate Past Host Economy, Contributing Economy
Ms Felicity Hammond, Australia	Contributing Economies
Mr Zhang Guoqiang, China	
Ms Noel Ng; and Ms Joanie Fok, Hong Kong, China	
Mr Takuo Miyazaki, Japan	
Mr Godofredo Gonzalez, Mexico	
Ms Park Shee-Jeong; and Ms Rapunzel De Leon, New Zealand	
Ms Marie Sherylyn D. Aquia; and Mr Marcos A.S. Punsalang, the Philippines	
Mr Tan Weiming, Singapore	
Mr Tony Nien-Tze Hu, Chinese Taipei	
Dr Rebecca Fatima Sta Maria	APEC Secretariat Executive Director
Mr Carlos Kuriyama	PSU Director
Mr Christopher Tan	CTI Chair
Mr James Ding	EC Chair
Mr Franklin Thompson Loyola	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	Analyst
Ms Rhea Crisologo Hernando	Analyst
Ms Nguyen Thu Quynh	Researcher (until 31 August)
Mr Sylwyn C. Calizo Jr	Researcher
Mr Glacier Niño A. Vasquez	Researcher
Mr Eldo Malba Simanjuntak	Researcher
Ms Chelsea Seah Jiaqi	Researcher (starting 9 December)

Staff biographies are available on the [PSU website](#).