



Asia-Pacific
Economic Cooperation

APEC Regional Trends Analysis

August 2025 • Policy Support Unit



GDP Growth
and Outlook



Inflation and
Monetary Policy



Trade Performance
and Risks

APEC Regional Trends Analysis



Artificial
Intelligence



Foreign Direct
Investments



Suggested Policy
Options

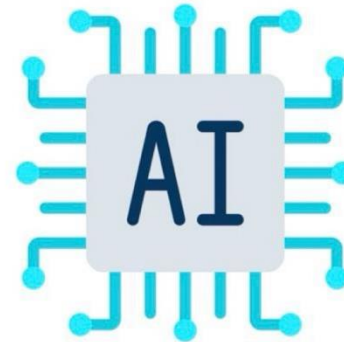
KEY POINTS



APEC growth moderates in Q1 2025 as elevated uncertainty and geopolitical headwinds dampened demand, with early trade gains providing only temporary support.



Merchandise trade registers solid growth in Q1 2025 from frontloaded shipments ahead of anticipated restrictive measures, but momentum may ease as transitory factors fade.



APEC stands to benefit from advances in artificial intelligence, but uneven digital capacity and skills gaps may constrain broader adoption and productivity.



Greenfield investments in APEC remain resilient, driven by the shift toward strategic and high-growth sectors amid digitalisation and structural transformation.



**DOWNSIDE
RISKS**



Heightened
Uncertainty



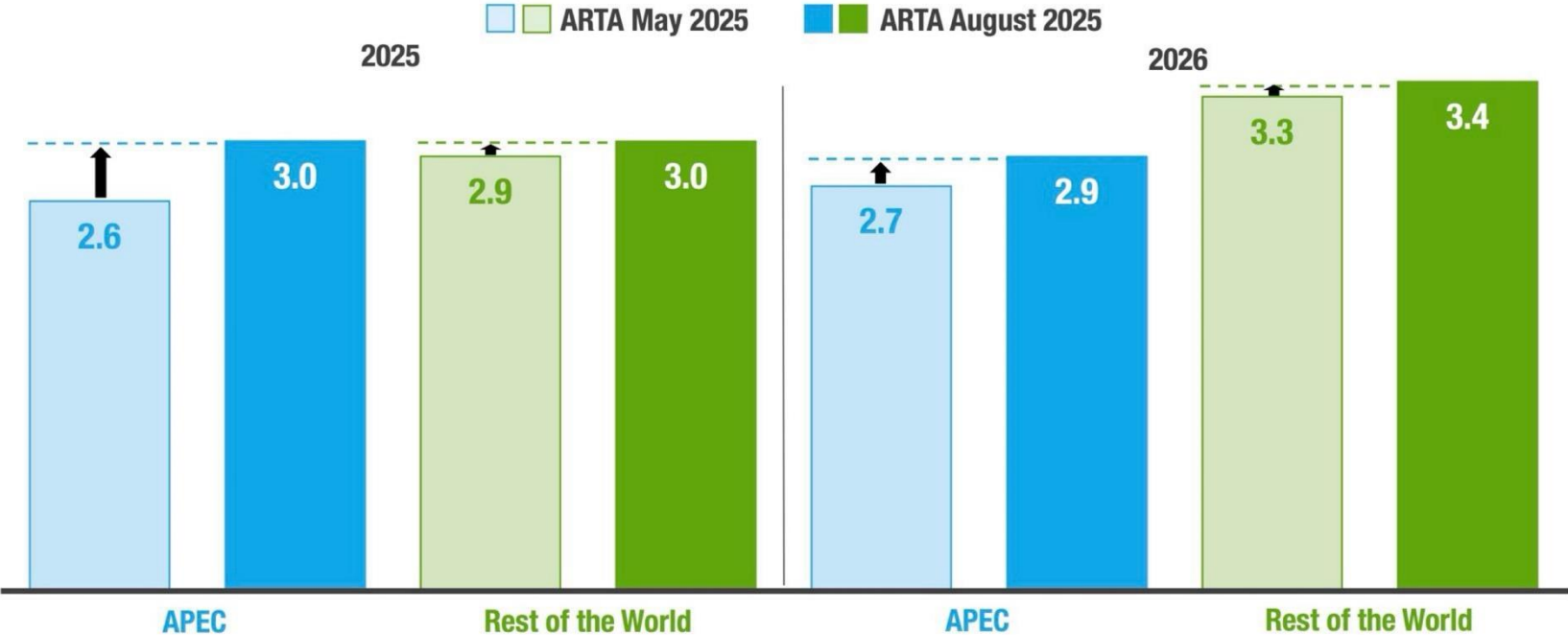
Policy Disputes
and Reversals



Geopolitical
Risks

APEC Quarterly Real GDP Growth (%)	Q1	2024				2025
		Q2	Q3	Q4	Q1	Q1
	3.8	3.6	3.4	3.7		3.5

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



**UPSIDE
OPPORTUNITIES**



Greenfield Investments
Resilience



Innovative
Technologies

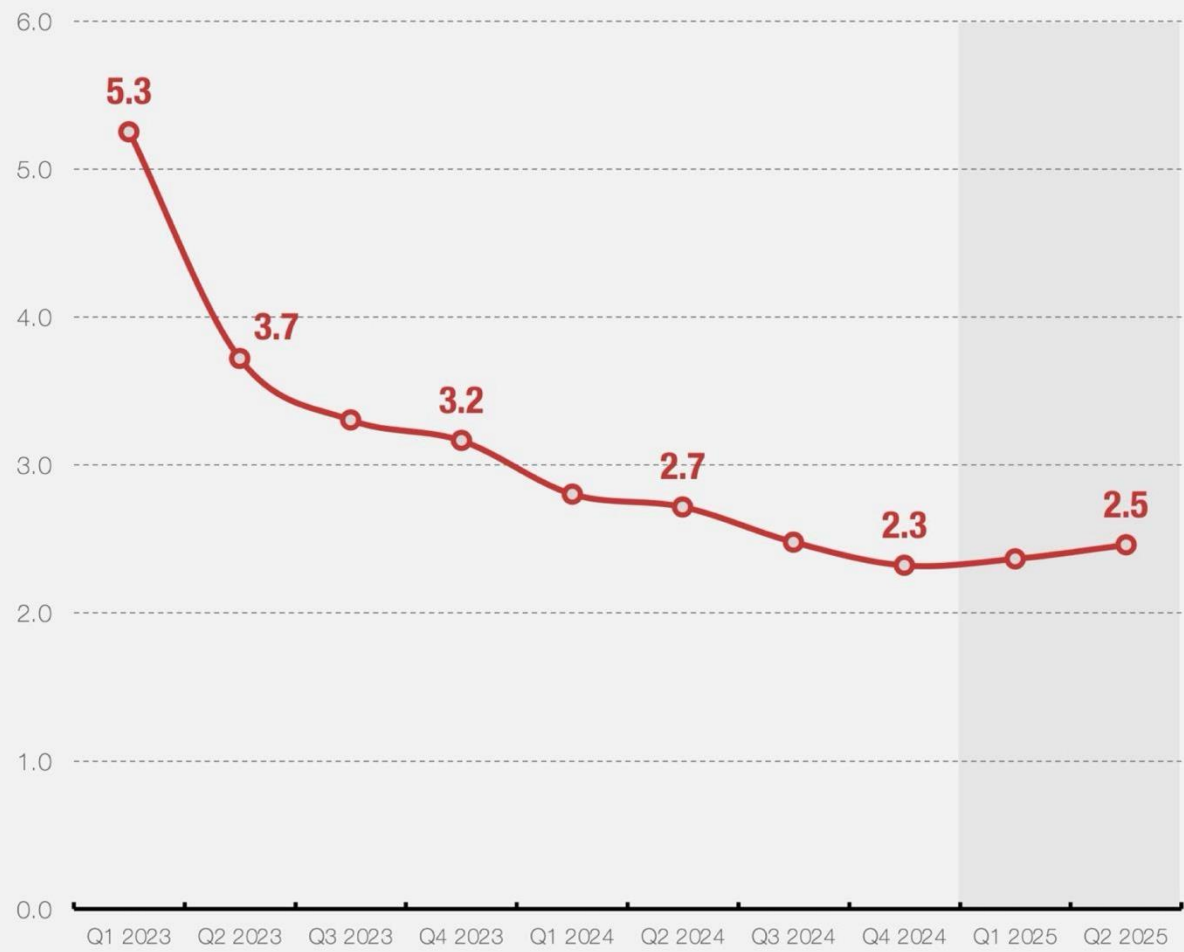


Growth-enhancing
Reforms

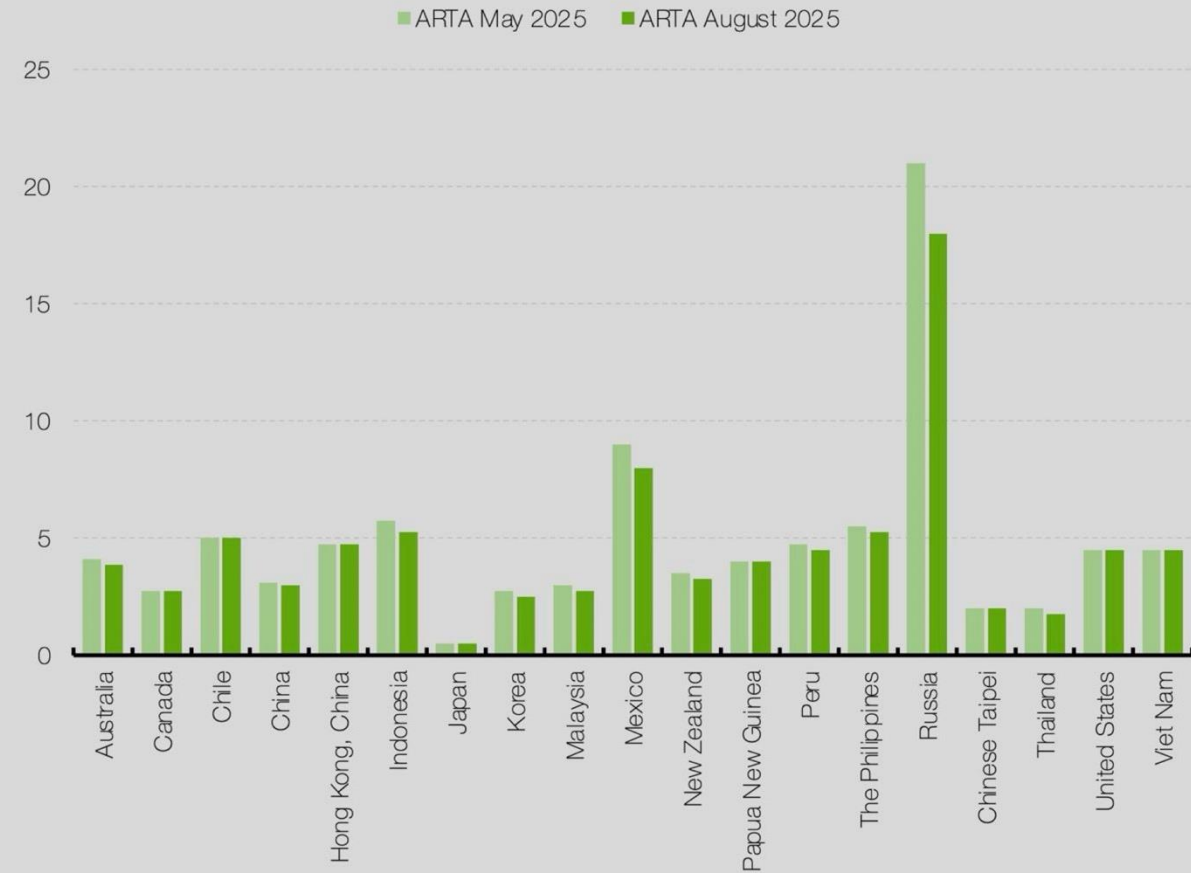
APEC growth slows in Q1 2025 as global uncertainty and headwinds weigh on demand; frontloaded trade gains lift growth prospects but lack momentum.



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



Monetary Policy Rate (%)

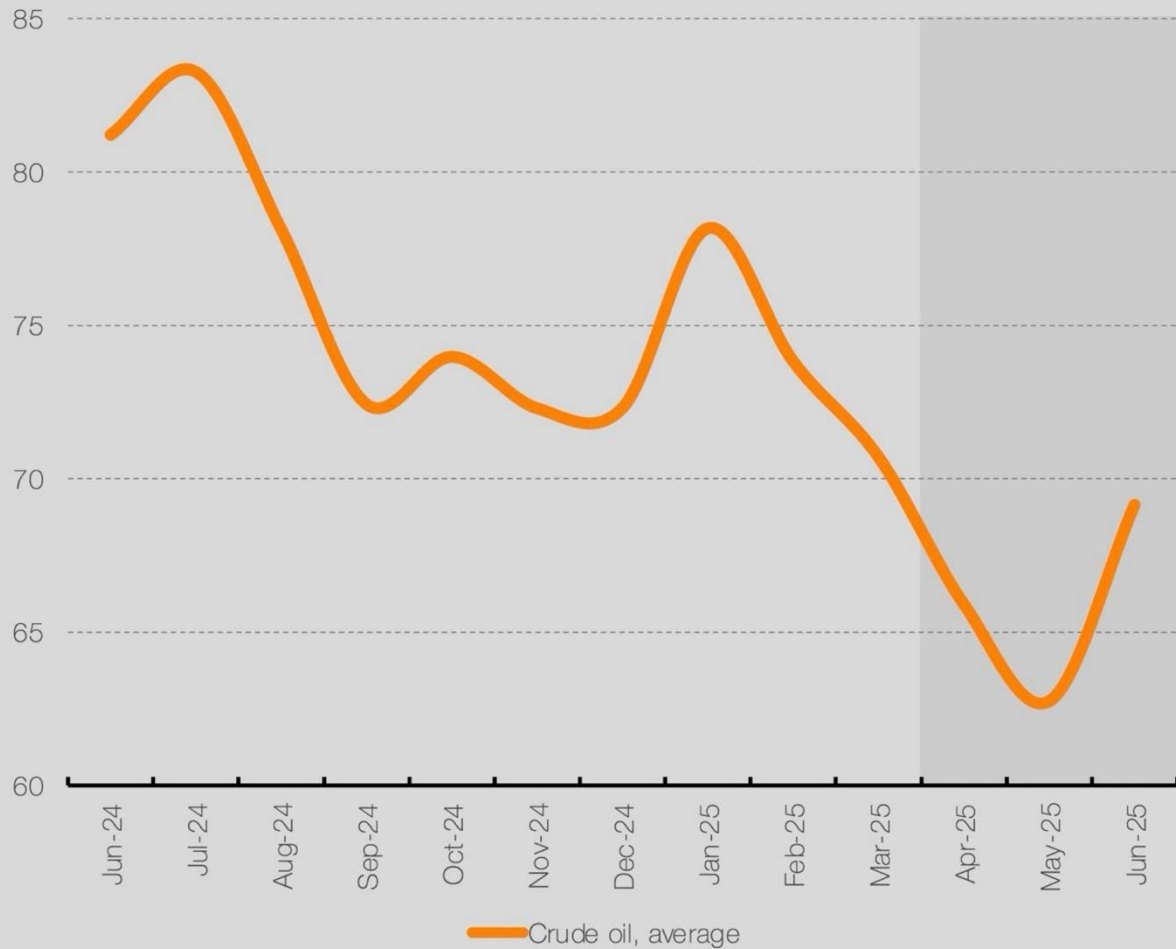


Note: As of 27 July 2025. The monetary policy framework in Brunei Darussalam is based on a currency board system, with the Brunei dollar anchored to the Singapore dollar at par. For Singapore, monetary policy is conducted through the trade-weighted exchange rate, which is allowed to fluctuate within a policy band.

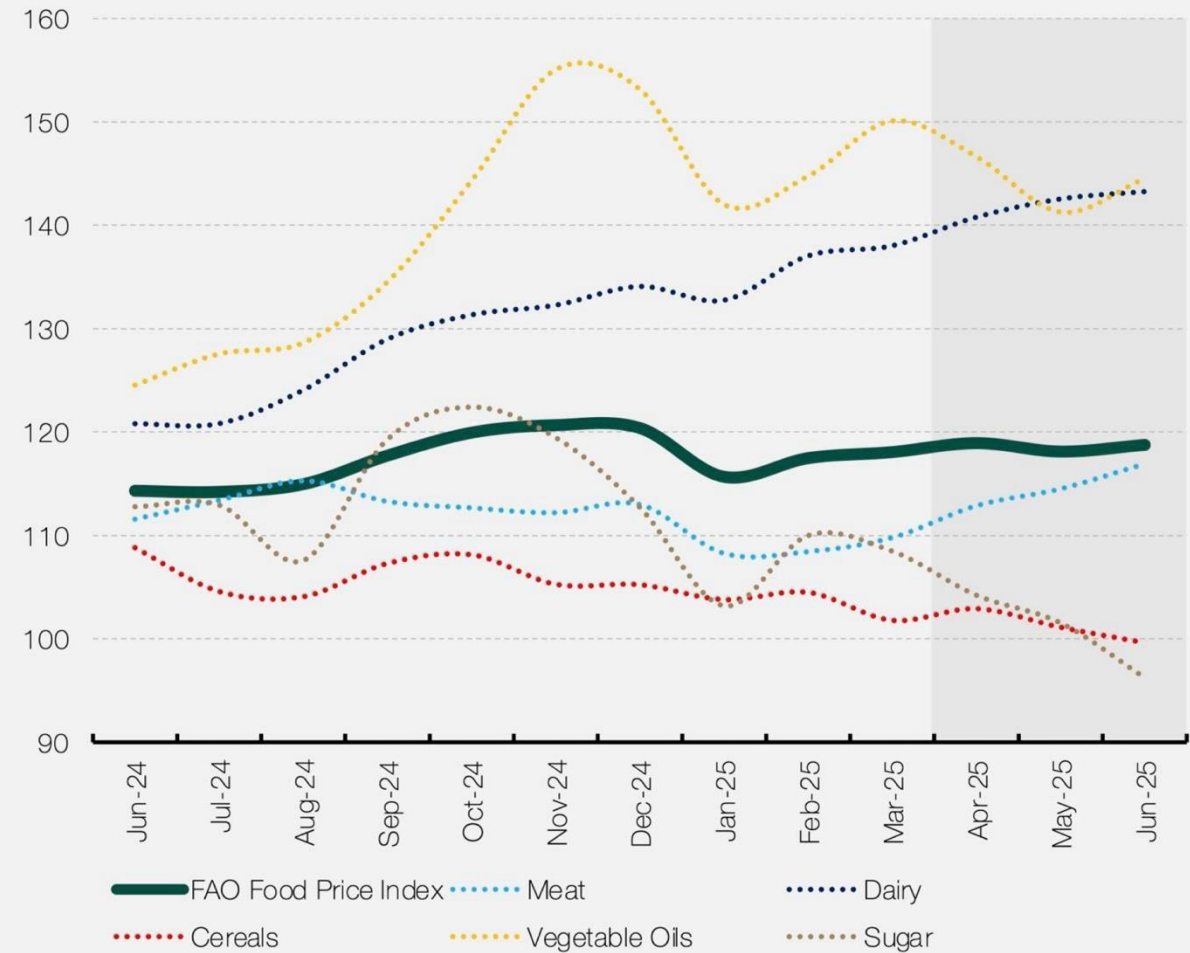
As inflation stays low, central banks have either reduced or kept policy rates steady to support growth amid global challenges, while keeping an eye on potential pressures.



Crude Oil Price (USD/barrel)



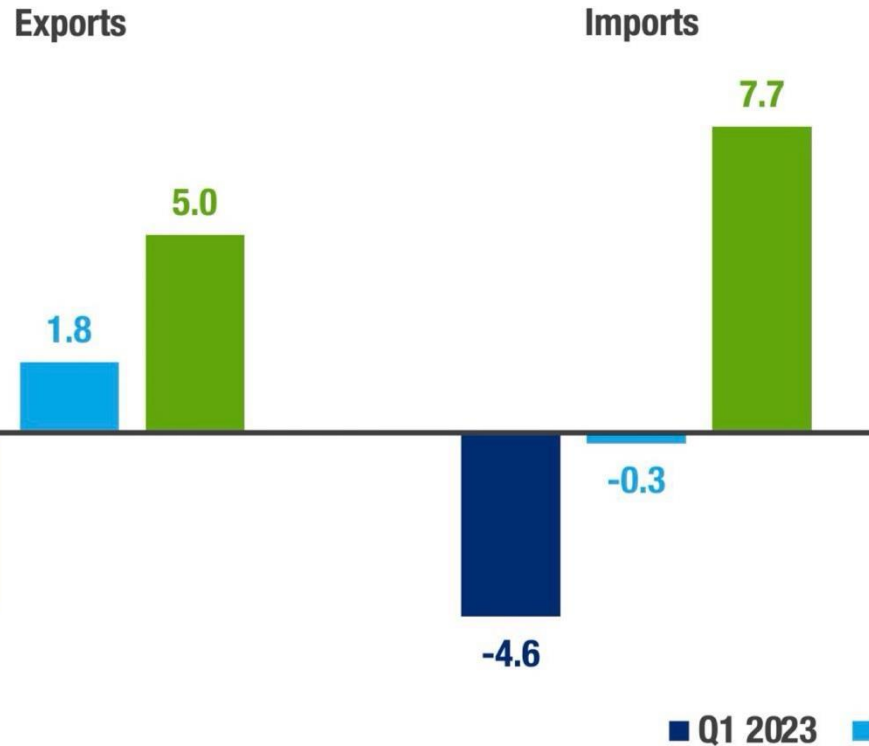
Food Prices (2014-2016 = 100)



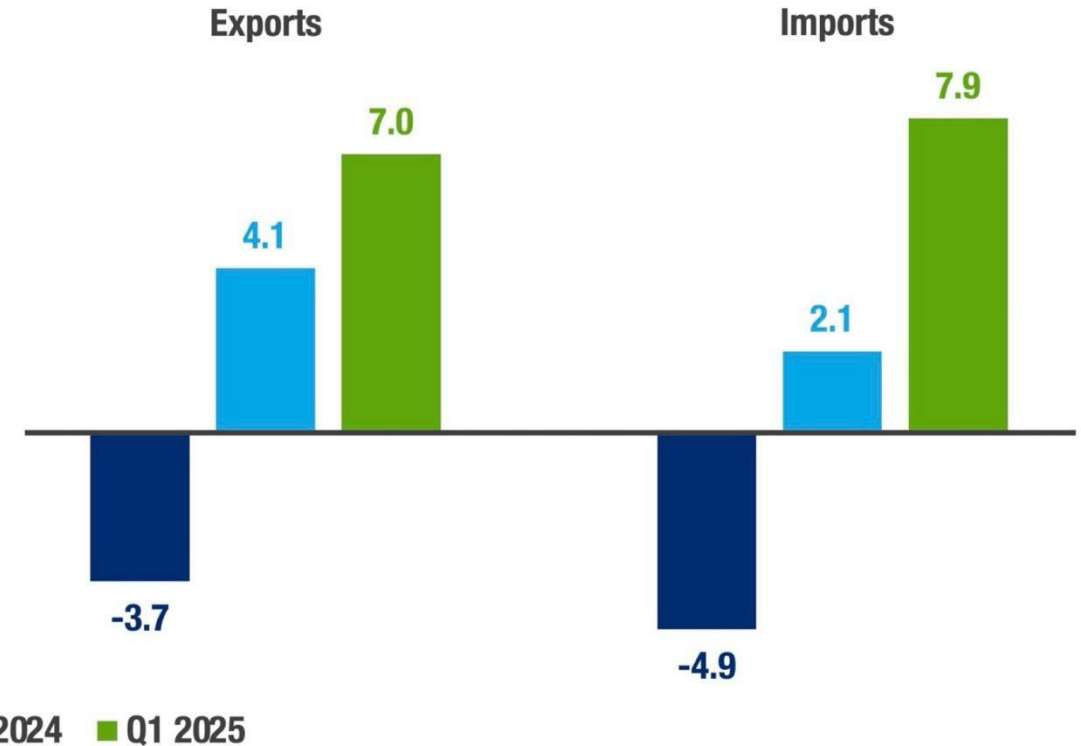
Crude oil prices inch up on geopolitical instability, while food prices remain broadly stable despite mixed trends across key commodity groups.



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



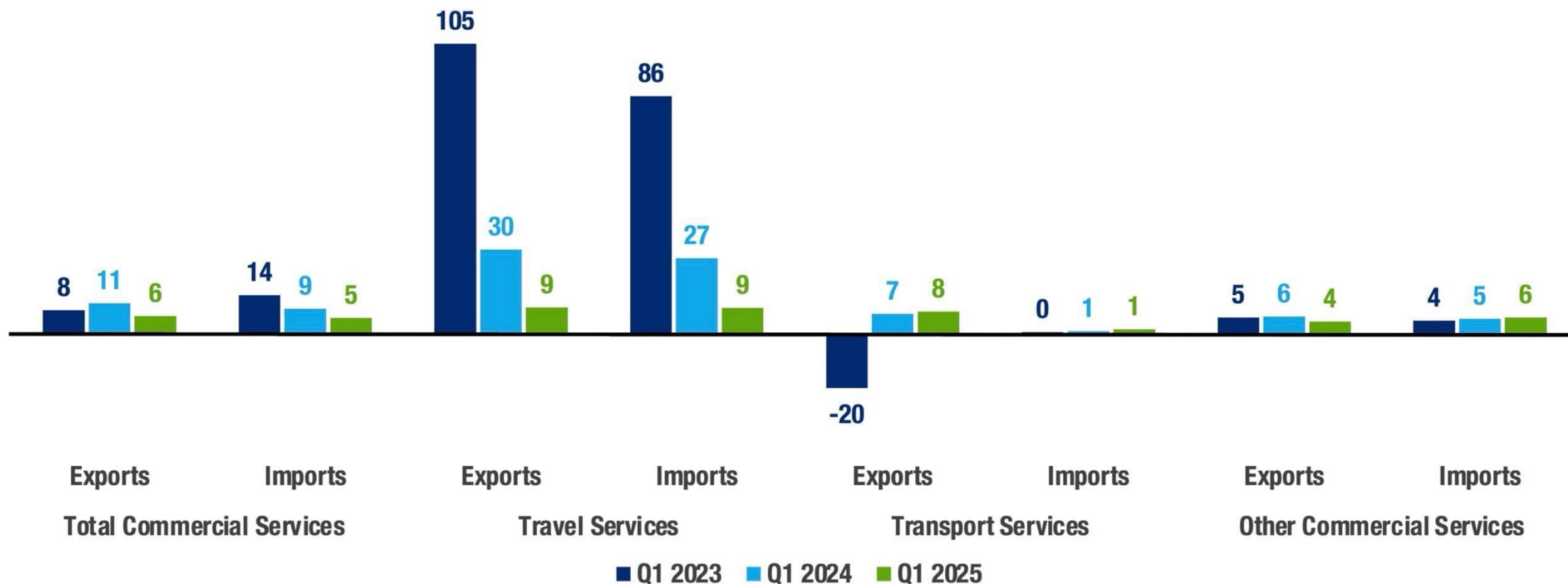
APEC Growth in Volume of Merchandise Trade (% , y-o-y)



Merchandise trade posts strong early-year growth on frontloaded shipments ahead of anticipated restrictive measures, but momentum is fragile and reliant on policy shifts.



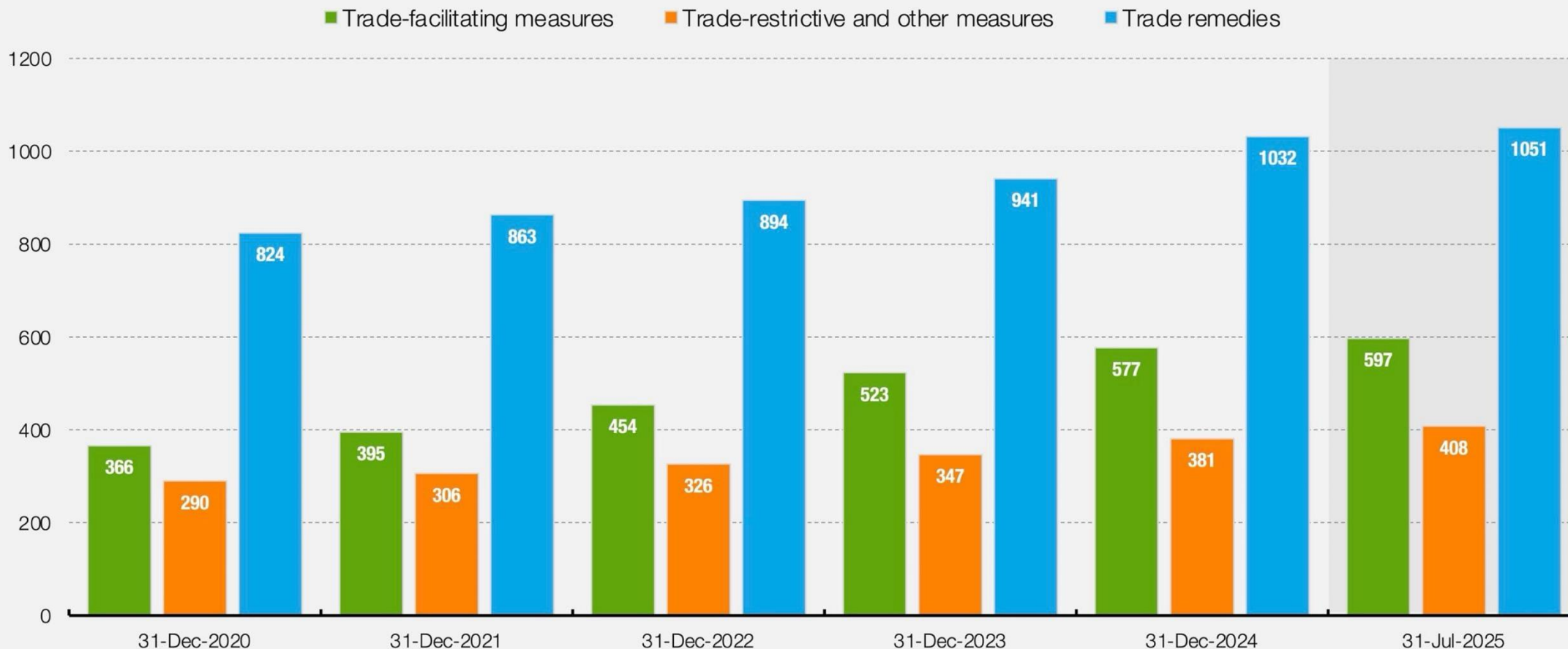
APEC Growth in Value of Trade in Commercial Services (% , y-o-y)



Services trade moderates, dragged down by declining travel flows and contractions in major sectors amid elevated uncertainty.



APEC Trade Measures in Force (accumulated number)

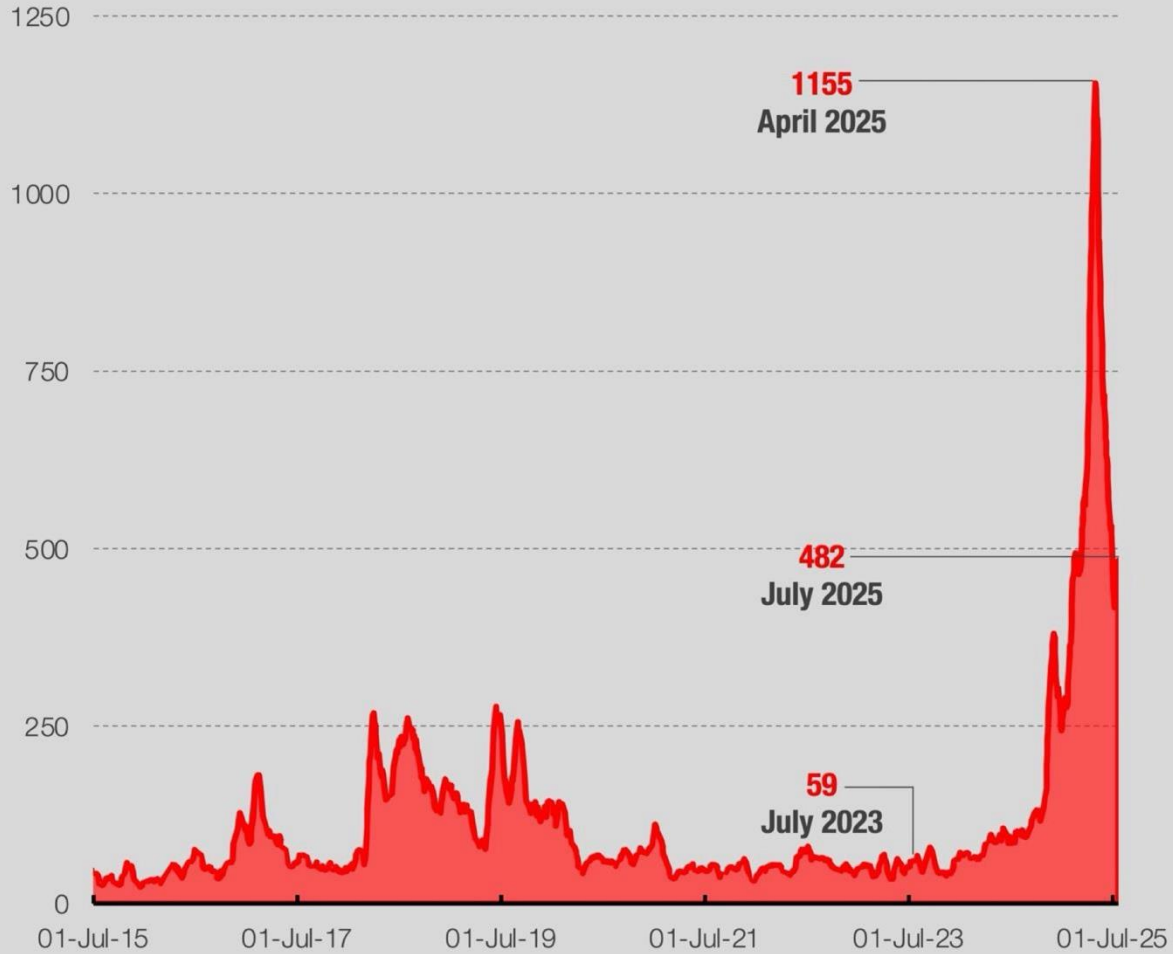


Trade-facilitating efforts continue, but the sustained increase in restrictive measures and remedies reflects perceived imbalance in trade relationships and practices.



Trade Policy Uncertainty

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



Gold Prices

(USD/troy ounce)

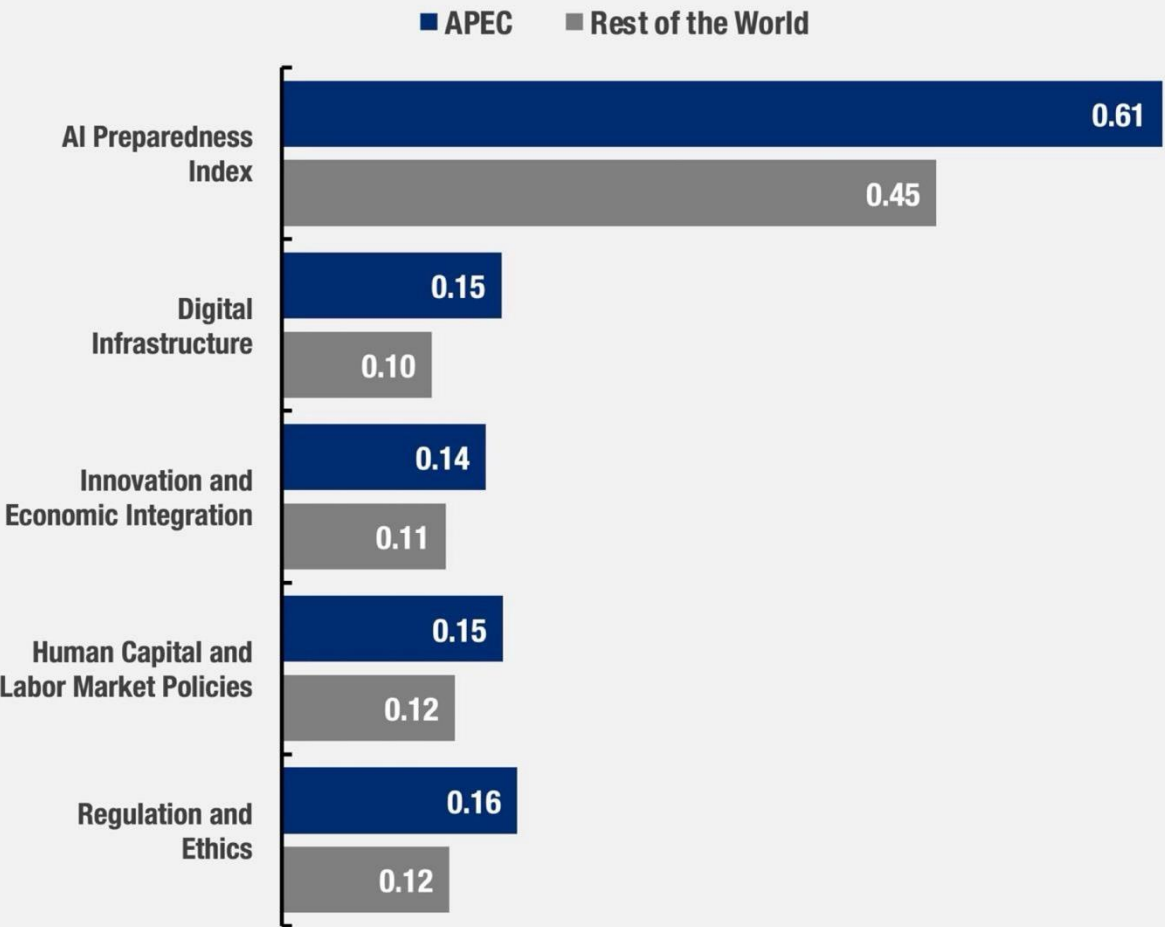


Trade policy uncertainty, easing from recent peaks, remains a key risk, sustaining demand for safe-haven assets such as gold.



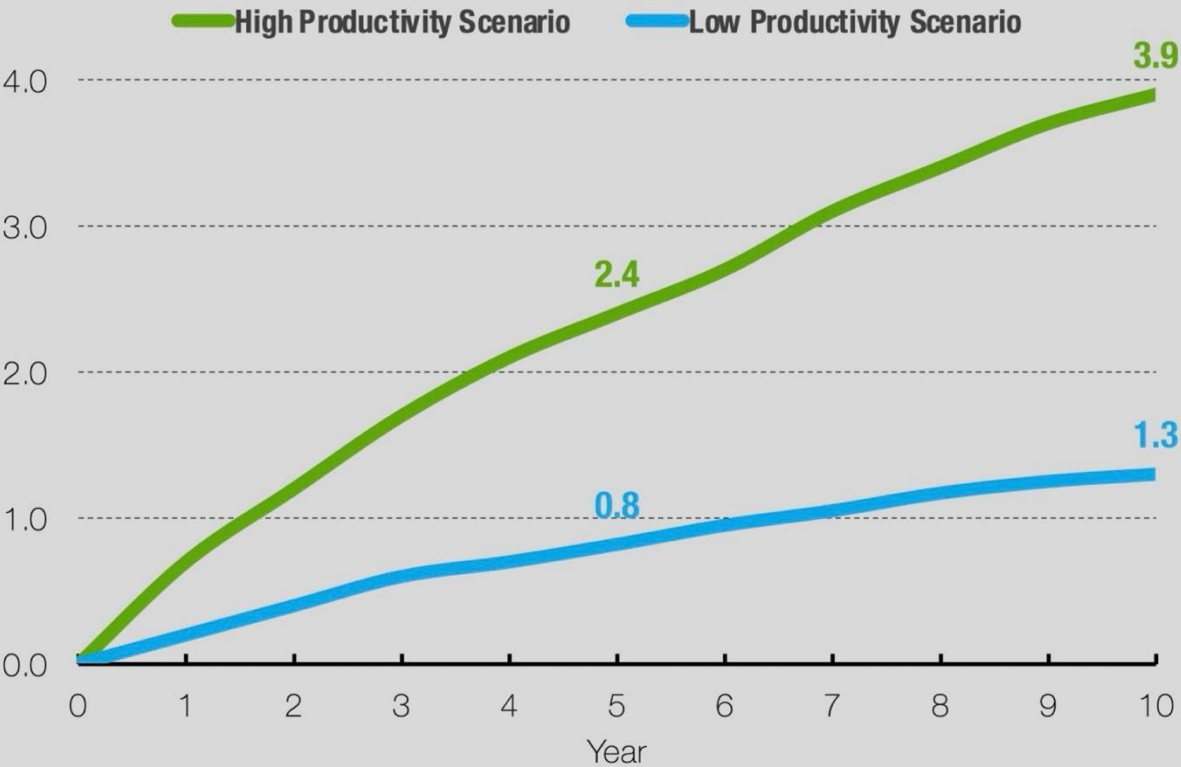
AI Preparedness Index and Components

(higher score = stronger AI preparedness)



AI Impact on Global GDP

(% deviation from the baseline)



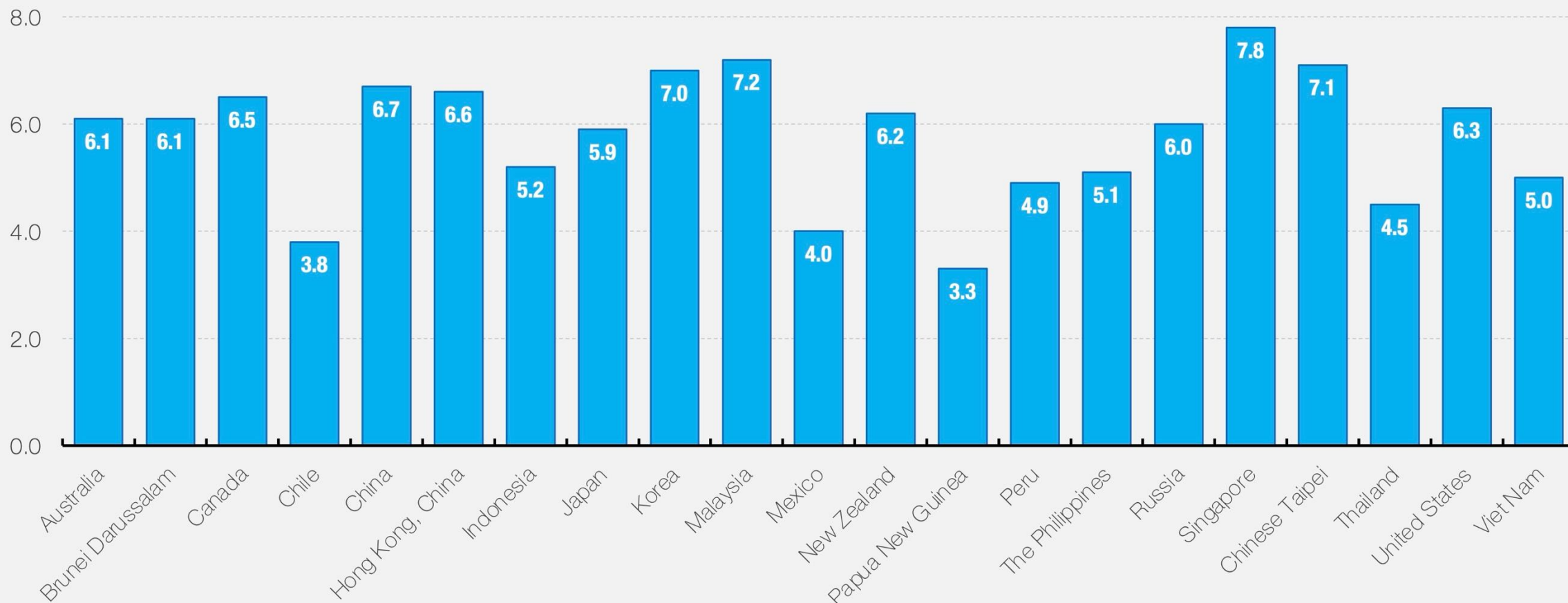
Note: Projections are based on Cerutti et al. (2025), IMF Working Paper. Estimates illustrate deviations in global GDP from the post-AI steady state following a shock to AI-driven productivity. High and low scenarios reflect alternative total factor productivity (TFP) growth paths, simulated using the IMF's Global Integrated Monetary and Fiscal Model (GIMF).

APEC's advancing AI readiness positions the region to leverage digital innovation for productivity gains, contingent on supportive policy frameworks.



APEC Digital Skills Gap Index

(higher score = smaller gap)

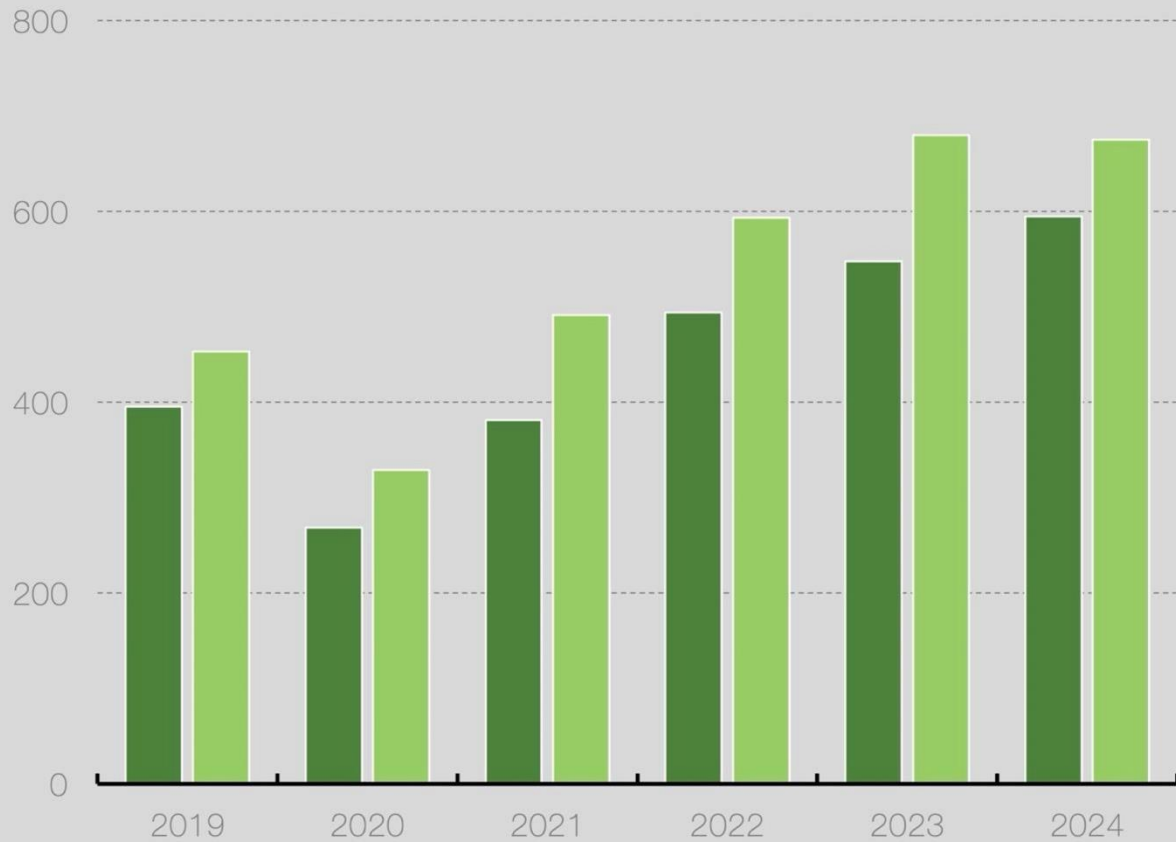


Closing digital skills gaps is critical to fully unlock AI's economic potential and ensure inclusive, productivity-led growth.



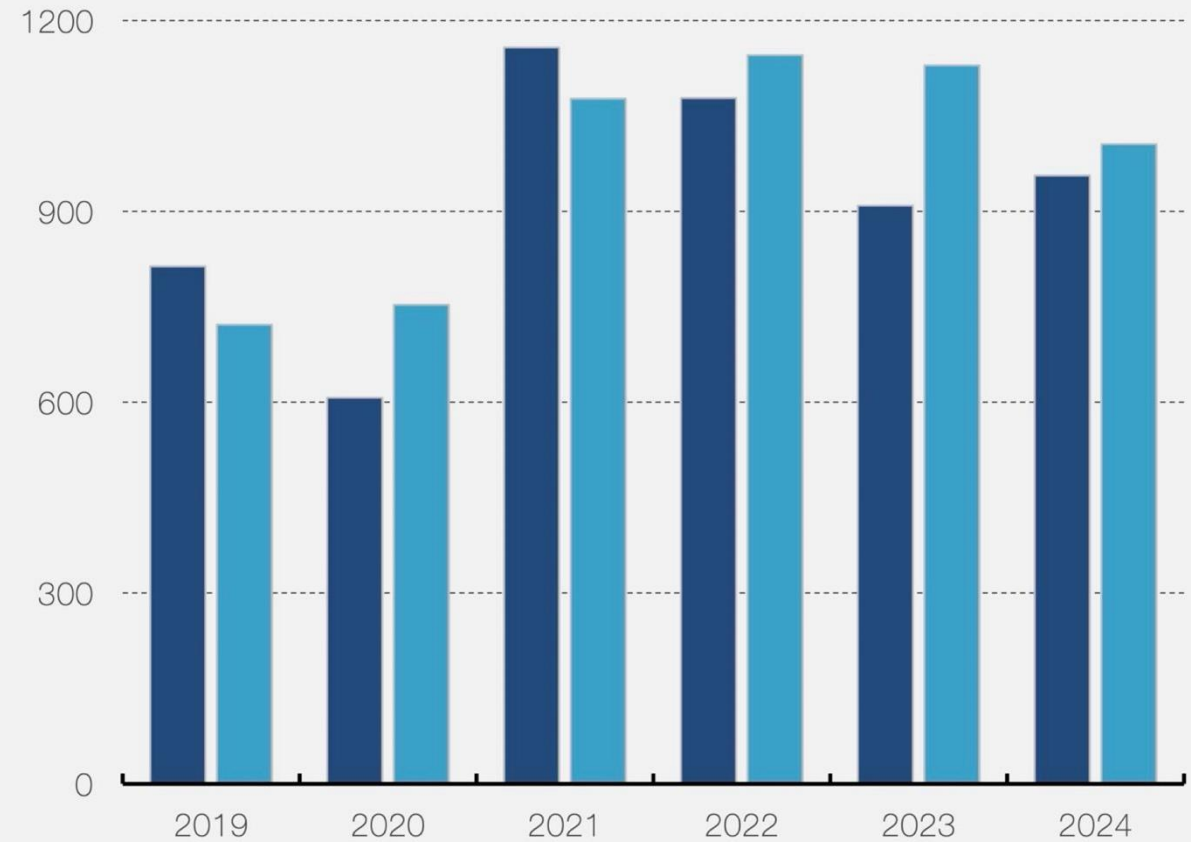
APEC Greenfield Investments (USD billion)

■ Inflows ■ Outflows



APEC Foreign Direct Investments (USD billion)

■ Inflows ■ Outflows

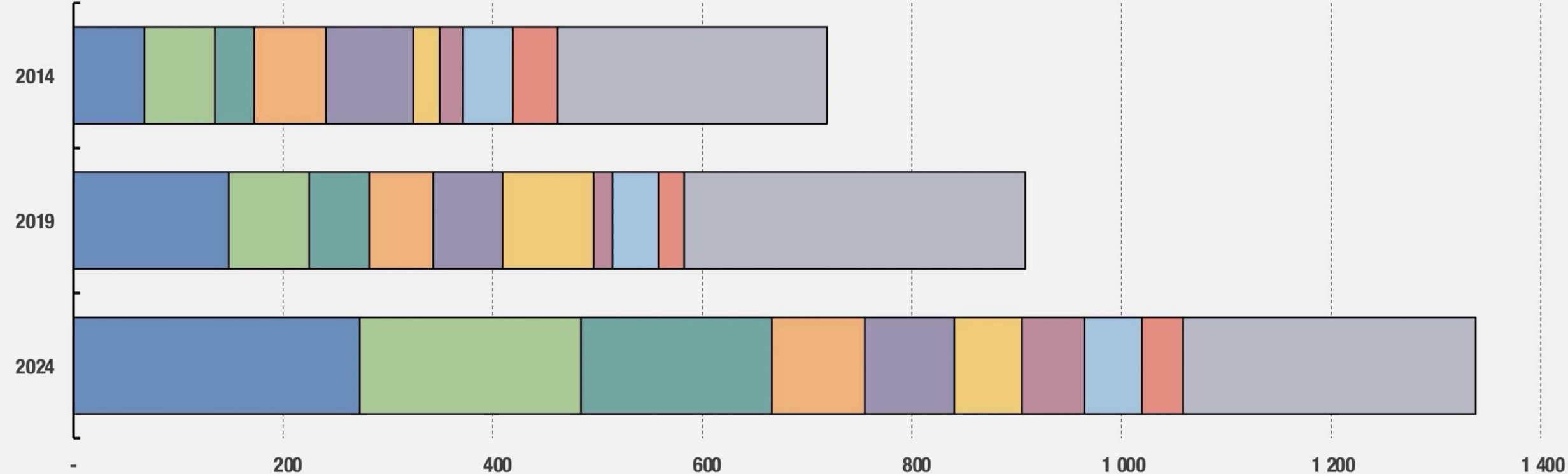


Greenfield investments in APEC steadily rise even as overall investment flows decline amid shifting policies.



Global Greenfield Investments by Sectors (USD billion)

- Energy and gas supply
- Information and communication
- Electronics and electrical equipment
- Construction
- Automotive
- Coke and refined petroleum
- Basic metal and metal products
- Transportation and storage
- Extractive industries
- Other



Sustained investments into digital and electronics highlight a firm shift toward productivity-enhancing sectors.

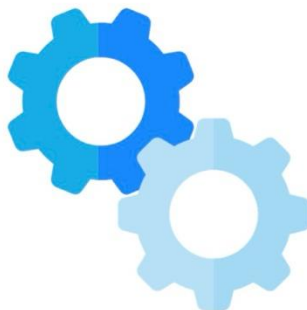


Policy Priorities: Strengthening Confidence, Harnessing Digital Gains



ADAPTIVE ECONOMIC POLICIES

Maintain flexible macroeconomic frameworks that adapt to changing conditions, rebuild fiscal buffers to better respond to shocks, and support productivity-enhancing sectors.



INCLUSIVE STRUCTURAL REFORM

Accelerate labor market reforms and digital upskilling to strengthen human capital and ensure broad access to AI-driven productivity gains.



COORDINATED REGIONAL COOPERATION

Leverage APEC's platform as a regional forum for dialogue and cooperation on trade and investment, coordinate policy responses to global shifts, and strengthen economic stability.

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

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

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

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



**Asia-Pacific
Economic Cooperation**

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

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