ANNEX 4: 2025 Evaluation of SCE's Progress Towards Achieving APEC Putrajaya Vision 2040

I. Introduction and Background

Five years ago, in 2020, APEC Economic Leaders endorsed the APEC Putrajaya Vision 2040,[1] which articulates their long-term aspirations for the region for the next two decades. The Putrajaya Vision 2040 is framed around three economic drivers; namely, (1) Trade and Investment; (2) Innovation and Digitalisation; and (3) Strong, Balanced, Secure, Sustainable and Inclusive Growth, and establishes the high-level priorities that will guide APEC's work agenda over the next two decades.

The following year, in 2021, Leaders endorsed the Aotearoa Plan of Action[2] to implement this vision. The Aotearoa Plan of Action breaks each of the three economic drivers into distinct objectives and provides details on high-level evaluations of progress, individual actions, and collective actions.

Under the "Review and Renewal" section of the Aotearoa Plan of Action, APEC committed to a regular evaluation process, supported by the Policy Support Unit (PSU):

> ***REVIEW AND RENEWAL***
>
> *Objective: "We will achieve the vision by 2040, with an appropriate implementation plan and review of its progress."*
>
> ***Highlighting Individual Actions***
>
> *By the end of 2023, each economy will have voluntarily showcased a number of their individual actions based on the options in this Aotearoa Plan of Action. Individual economies are encouraged to keep their progress on actions up-to-date and inform APEC, via the appropriate Committee, of progress every second year. APEC fora may hold discussions on these as necessary. At the time of their progress reports, economies may also add new actions and remove existing actions as appropriate.*
>
> ***Evaluating Progress***
>
> *With assistance from the PSU, APEC economies will evaluate progress towards achieving the APEC Putrajaya Vision 2040. Committees will work with the PSU to identify relevant indicators that will support this evaluation. Progress will be reported by Committees every two years through existing reporting processes. Senior Officials will also report progress on areas for continuous improvement to the APEC Ministers' Meeting every two years.*
>
> ...

[1] https://www.apec.org/meeting-papers/leaders-declarations/2020/2020_aelm/annex-a

[2] https://www.apec.org/meeting-papers/leaders-declarations/2021/2021-leaders-declaration/annex-aotearoa-plan-of-action

Under the "Evaluating Progress" subsection, APEC Committees are mandated to report every two years on their progress in achieving the Putrajaya Vision 2040 and the Aotearoa Plan of Action. These evaluations help track how much progress is being made toward the goals and joint actions outlined in these key strategic plans. They also help keep the work being done by the APEC Committees and their Sub-fora stays in line with those goals and allow for course corrections if the Committee sees a need for change.

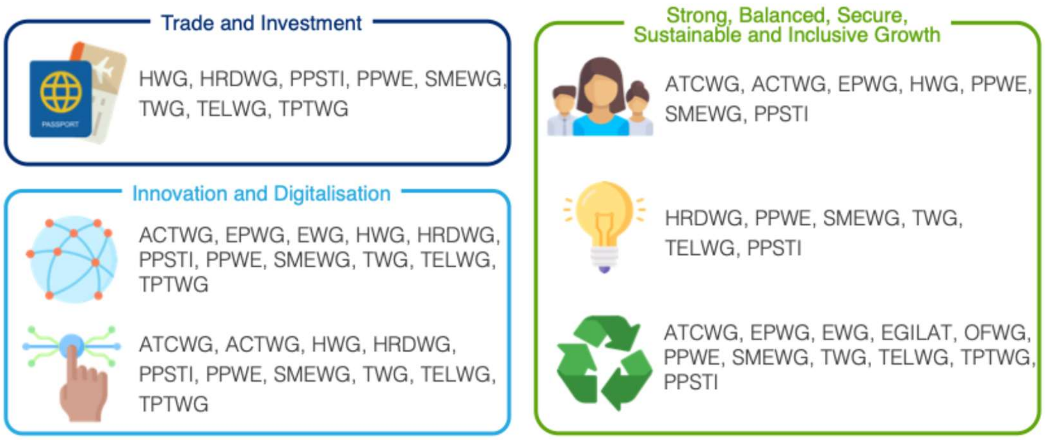
Figure A1.1. ECOTECH-related APA Objectives

Source: APEC Aotearoa Plan of Action and "Aligning the Economic and Technical Cooperation Medium-Term Priorities with the APEC Putrajaya Vision 2040."

In November 2022, the SOM Steering Committee on Economic and Technical Cooperation (SCE) endorsed "Aligning the Economic and Technical Cooperation Medium-Term Priorities with the APEC Putrajaya Vision 2040."[3] This document links the ECOTECH-related goals and collective actions from the Putrajaya Vision 2040 and the Aotearoa Plan of Action with APEC's ECOTECH Medium-Term Priorities. Figure A1.1 highlights the six specific objectives from the Aotearoa Plan of Action identified in the document, while Figure A1.2 maps these objectives with the key contributing SCE sub-fora tasked to implement them.

[3] https://mddb.apec.org/Documents/2022/SOM/CSOM/22_csom_007.pdf

Figure A1.2. ECOTECH-related APA Objectives and Key Contributing Sub-fora



Source: APEC Aotearoa Plan of Action and "Aligning the Economic and Technical Cooperation Medium-Term Priorities with the APEC Putrajaya Vision 2040."

In June 2023, the SCE endorsed a paper titled "SCE Evaluation of Progress in Implementation of the Putrajaya Vision 2040, including through the Aotearoa Plan of Action,"[4] which sets out how the evaluation process will be carried out.

In November 2023, the SCE endorsed the first progress evaluation prepared by the PSU titled "Evaluation of SCE's Progress Towards Achieving APEC Putrajaya Vision 2040."[5] This report provided a detailed look at how the SCE has contributed to achieving the goals of the Putrajaya Vision 2040, including through the Aotearoa Plan of Action.

The following year, in June 2024, the SCE endorsed the document "Integrating APEC's Inclusive Growth Agendas,"[6] which provided guidance on the assessment of the implementation of the "APEC Action Agenda on Advancing Economic, Financial, and Social Inclusion,"[7] which was endorsed by APEC Economic Leaders in 2017 (Figure A1.3). The paper recommended aligning the Action Agenda's progress review with the regular evaluation mechanisms of the Aotearoa Plan of Action to promote coherence, avoid duplication, and streamline evaluation efforts across APEC's growth priorities for all.

[4] https://mddb.apec.org//Documents/2023/SCE/SCE3/23_sce3_is01.pdf

[5] https://mddb.apec.org/Documents/2023/MM/AMM/23_amm_007.pdf

[6] https://mddb.apec.org/Documents/2024/SCE/SCE3/24_sce3_is01.pdf

[7] https://www.apec.org/meeting-papers/leaders-declarations/2017/2017_aelm/annex-a

Figure A1.3. Priority Areas of Work of the APEC Action Agenda on Advancing Economic, Financial, and Social Inclusion

Months later, in November 2024, APEC Economic Leaders endorsed the Lima Roadmap to Promote the Transition to the Formal and Global Economies (2025–2040),[8] which provides a strategic framework to encourage the transition of economic actors from the informal to formal economy and promote their participation in the global economy. The Roadmap complements existing APEC strategies by strengthening sustainable and resilient growth for all through actions aligned with key APEC priorities (Figure A1.4).

Figure A1.4. Key Areas of the Lima Roadmap to Promote the Transition to the Formal and Global Economies (2025–2040)

Under the "Implementation and Evaluation" section, the Lima Roadmap outlines the need for regular monitoring of progress through 2040 and highlights the role of APEC fora and sub-fora in integrating its objectives into their respective strategies and work plans. As such, beginning in 2025, the Lima Roadmap will be reviewed as part of the biennial Aotearoa Plan of Action

[8] https://www.apec.org/meeting-papers/leaders-declarations/2024/2024-apec-leaders'-machu-picchu-declaration/lima-roadmap-to-promote-the-transition-to-the-formal-and-global-economies-(2025-2040)

evaluation cycle, which allows for coordinated tracking of cross-cutting progress across APEC's broader economic agenda. This provision is also outlined in the Lima Roadmap Implementation Plan endorsed by Senior Officials in May 2025.

This 2025 evaluation builds on the foundations laid in the endorsed 2023 SCE Evaluation of Progress report. As in the previous cycle, the evaluation followed a bottom-up consultation process involving all 14 SCE Sub-fora as subject-matter experts. The process began with the indicators established in the 2023 report, which were revisited and refined through consultations. Sub-fora provided input on the relevance, measurability, and alignment of each indicator with ongoing initiatives and the long-term objectives of the Putrajaya Vision 2040 and the Aotearoa Plan of Action.

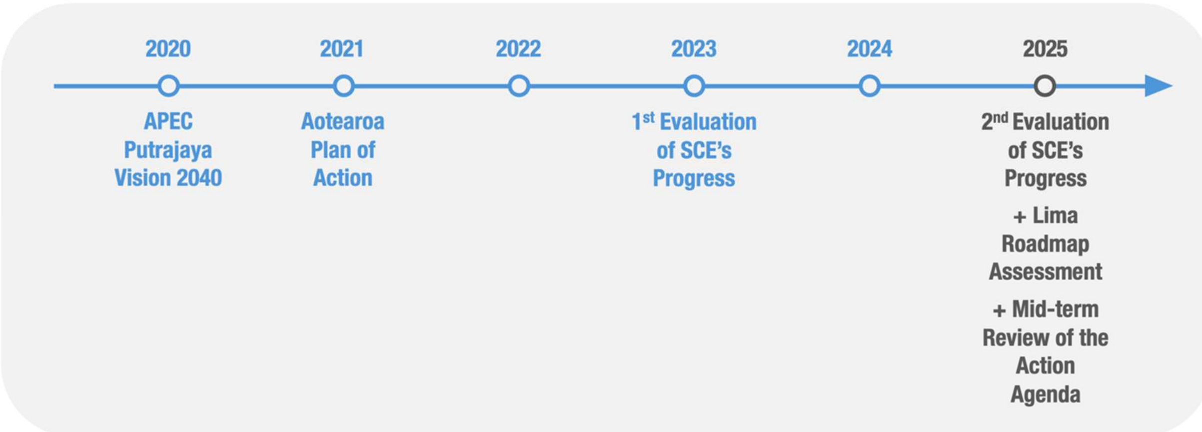
Consultations by PSU with the 14 SCE Sub-fora, which were facilitated and consolidated by respective Chairs and Programme Directors, were conducted in May 2025 and contributed to improving the 2025 evaluation. The input received from subject-matter experts strengthened both the overall structure of the report and the relevance of the indicators used. Sub-fora offered suggestions on the refining specific indicators to better match ongoing initiatives. Following these consultations, new indicators proposed by Sub-fora members were added to the analysis in the Detailed Statistical Analysis section of this report, including cost of a healthy diet (PPP dollars per person per day); wood and paper products trade (USD billion); industrial roundwood trade (USD billion); aquatic animals capture production (million metric tons); aquatic plants capture production (thousand metric tons);population covered by at least LTE / WiMax connection (percentage of population);and fixed broadband at speeds of at least 256 kbit/s (per 100 people),among others

In addition, some indicators from the previous cycle were removed in response to Sub-fora feedback as well as unavailability of data updates. These changes reflect both technical refinement and closer alignment with current work plans and strategic goals.

In line with the endorsement of the Lima Roadmap, the 2025 evaluation also incorporates progress monitoring related to its implementation. Additionally, this 2025 evaluation cycle includes the mid-term evaluation of the 2017 Action Agenda (Figure A1.5).

The full list of indicators used for the 2025 evaluation which incorporates the consultative feedback received from the 14 Sub-fora as well as a mapping of indicators across the APEC initiatives evaluated in this report is presented in Appendix 1, while the detailed analysis of all indicators for this cycle is provided in Appendix 2.

Figure A1.5. Evaluation of SCE's Progress Timeline



II. Summary Findings

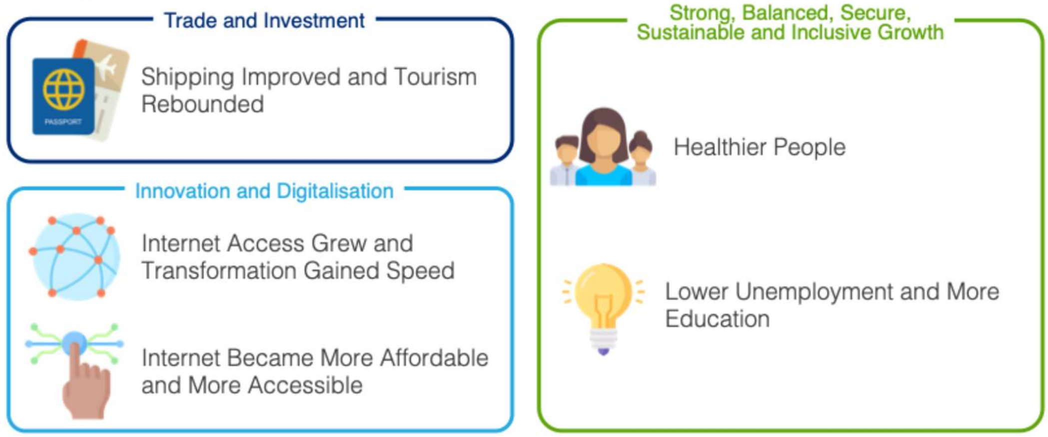
APEC has made steady progress in several areas related to the six ECOTECH-related APA objectives, the Lima Roadmap, and the APEC Action Agenda. At the same time, there are still challenges and gaps in meeting some of these objectives.

This section provides an overview of the main findings from the evaluation. It highlights both the successes and the key areas where progress has been difficult. The summary is based on the descriptive analysis for each ECOTECH-related pillar of the Putrajaya Vision 2040. A detailed analysis of the indicators is available in Appendix 2.

A. Evaluation of the Aotearoa Plan of Action

Progress under the Aotearoa Plan of Action reflects ongoing efforts by some APEC economies to advance regional economic integration, innovation, and sustainable growth for all. Data from 2021 to 2024 shows measurable gains across key areas, including trade facilitation, digital connectivity, and labour market recovery (Figure A1.6). These outcomes suggest that coordinated policy actions are beginning to yield tangible results. At the same time, uneven progress across economies and sectors points to the need for continued collaboration, targeted reforms, and regular monitoring to sustain momentum and address remaining gaps.

Figure A1.6. Notable Achievements under the Aotearoa Plan of Action



Shipping Improved and Tourism Rebounded. The Liner Shipping Connectivity Index rose from 307.4 in 2022 to 320.1 in 2024, which shows that port operations became more efficient and regional shipping links grew stronger. This boost in connectivity helps goods move faster and more reliably across borders. Tourism also made a strong comeback during the same period. International tourism receipts jumped from USD 335 billion in 2022 to USD 638 billion in 2024, while the number of arrivals nearly doubled from 169 million to 343 million during the same period, which reflects renewed confidence in cross-border travel. These gains highlight a broader recovery in APEC cross-border trade and mobility.

Internet Access Grew and Digital Transformation Gained Speed. Between 2021 and 2023, APEC economies advanced key digital infrastructure metrics essential for a thriving digital economy. Between 2021 and 2023, active mobile-broadband subscriptions surged from 110.6 to 133.0 per 100 inhabitants, which indicates increased consumer and business engagement with mobile internet and digital applications. Meanwhile, LTE and WiMax coverage expanded to reach 98.6 percent of the population, which makes high-speed mobile internet potentially universal. Altogether, these gains signal stronger digital infrastructure and growing capacity for innovation across APEC economies.

Internet Became More Affordable and More Accessible. Internet use across the region rose from 74.6 percent to 80.4 percent between 2021 and 2023, which shows steady progress in digital connectivity. At the same time, the average monthly cost of fixed broadband dropped from USD 27.73 to USD 24.85, making internet access more affordable for households. This drop in cost, along with better coverage, has improved access and affordability for a greater number of people. These improvements support APEC's push for greater access to technology for all.

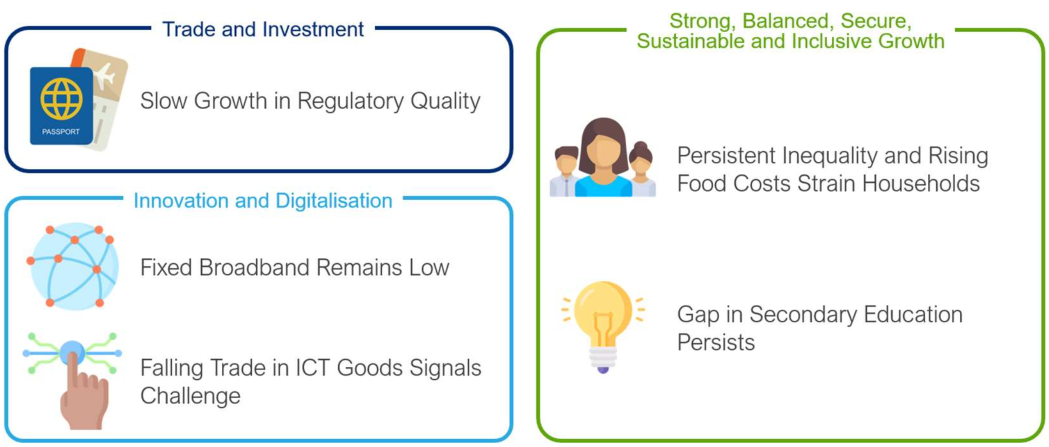
Healthier People. Average life expectancy rose for both men (from 73.13 to 74.14) and women (from 78.88 to 80.04) between 2021 and 2023, which is indicative of broader improvements in healthcare systems, access to services, and overall living conditions across the region.

Lower Unemployment and More Education. From 2021 to 2023, unemployment fell for both men (from 4.64% to 4.15%) and women (from 3.98% to 3.51%). In addition, education advanced on average in APEC, with the share of women who had at least some secondary education rising from

70.84% to 71.27%, and men from 76.59% to 76.95%. These shifts point to quiet but important gains in both jobs creation and education access in the Asia-Pacific region.

Indeed, APEC has made solid progress across many areas, but several challenges remain. These include regulatory quality, supply chain choke-points, unnecessary barriers to trade, trade-restrictive measures, non-tariff barriers, digital infrastructure, income inequality, and education gaps (Figure A1.7). Together, they highlight where more focused action is needed to support sustainable growth for all across the region. Addressing these challenges is critical to achieving the long-term goals set out in the Putrajaya Vision 2040.

Figure A1.7. Key Challenges under the Aotearoa Plan of Action



Slow Growth in Regulatory Quality. Between 2021 and 2023, the average Regulatory Quality Score across APEC economies rose only slightly from 0.724 to 0.745. This limited progress highlights the ongoing challenge of improving policy environments. Many economies continue to face hurdles in advancing regulatory transparency, reducing red tape, and promoting business conditions that support fair competition and attract private investment. Stronger efforts will be needed to create a more enabling environment for sustainable growth for all.

Fixed Broadband Remains Low. Mobile broadband coverage continued to grow steadily, but fixed broadband expansion remained limited, with just about 33.9 subscriptions per 100 people in 2023. This signals persistent infrastructure and affordability challenges for fixed broadband subscriptions, particularly for MSMEs and in areas where high-speed, stable internet is essential for digital access. Many rural and remote areas still lack access due to the high cost of deployment and limited commercial incentives. These gaps can hinder progress in sectors like education, remote work, and digital services that rely on robust and reliable connectivity.

Falling Trade in ICT Goods Signals Challenges. Between 2021 and 2023, trade in information and communications technology (ICT) goods has been on a downward trend, even as trade in ICT services is still growing. This reduction in ICT goods trade may reflect growing trade policy uncertainty on digital technology and components, which could present challenges to closing digital divides as well as digital innovation. Continued work among member economies to enhance trust, safety, fairness and confidence in the use of ICT and digital technologies such as AI will be critical to prevent market fragmentation and ensure that the benefits of digital transformation are accessible to all.

Persistent Inequality and Rising Food Costs Strain Households. Income distribution remained virtually unchanged between 2021 and 2023, with the poorest 50 percent holding just 14 percent of total income, the middle 40 percent holding just over 40 percent, and the richest 10 percent retaining about 45 percent. At the same time, undernourishment in the population edged up from 2.5 to 2.6 percent between 2020 and 2022. The cost of a healthy diet also rose by 14 percent during the period, placing additional pressure on lower-income households. These trends highlight the growing strain on poorer households and reinforce the need for more resilient food systems and economic policies that address both income gaps and food security.

Gap in Secondary Education Persists. Between 2018 and 2023, the share of the adult population (aged 25+) with at least some secondary education increased for both men and women in the APEC region. However, a consistent gap remained, with male attainment rates outpacing female rates by roughly 5–6 percentage points throughout the period. In 2023, 76.9 percent of men had completed at least lower secondary education, compared to only 71.3 percent of women in the region. This ongoing disparity points to structural barriers affecting women's educational access and completion.

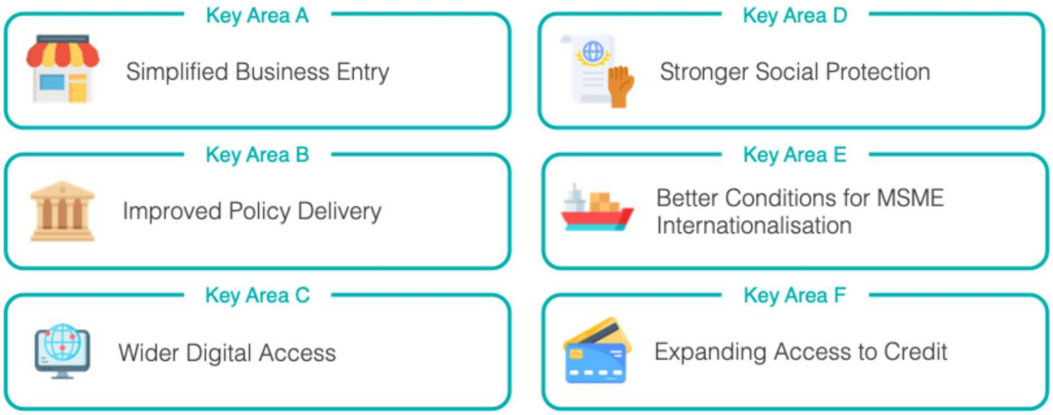
B. Evaluation of the Lima Roadmap to Promote the Transition to the Formal and Global Economies

The Lima Roadmap to Promote the Transition to the Formal and Global Economies provides APEC economies with a shared plan to help informal workers and businesses move into the formal sector. Aligned with the Putrajaya Vision 2040 and the Aotearoa Plan of Action, the Roadmap focuses on six Key Areas and Actions: reducing barriers, supporting innovation, strengthening institutions, developing skills, improving market access, and expanding access to credit.

As the current review of the Lima Roadmap is being conducted less than one year after its endorsement, results of this assessment represent the baseline values from which progress could be assessed. To avoid a duplication of efforts, this baseline evaluation of the Lima Roadmap leverages existing indicators for the Aotearoa Plan of Action evaluation whenever they are relevant to this initiative. For example, the indicator on fixed broadband subscriptions (per 100 people) monitored for the APA's Objective 2 on Innovation and Digitalisation is also used for the Lima Roadmap's Key Area C on leveraging innovative and digital tools. On the other hand, indicators that are not present in the 2023 evaluation but are directly relevant to the Lima Roadmap—such as the share of informal employment in total employment—are included in this assessment. Appendix 1 provides a mapping of indicators used for each of the Lima Roadmap's Key Areas and Actions.

APEC economies have established strong baselines in several Key Areas and Actions (Figure A1.8), which shows ongoing commitment to building a more resilient and competitive regional economy for all.

Figure A1.8. Notable Achievements Identified in the Evaluation of the Lima Roadmap



Simplified Business Entry. APEC's average business entry score of 71 out of 100 based on the World Bank's B-READY indicators indicates progress in streamlining business registration and licensing processes, which helps lower barriers for formalisation. Meanwhile, a score of 73 for accessing utilities highlights reliable basic service delivery that supports business operations. Together, these indicate ongoing progress in achieving the Lima Roadmap's goal of building a business environment that facilitates participation in the formal sector.

Improved Policy Delivery. Government effectiveness in APEC economies rose to 0.80 in 2023 from 0.76 in 2022 (highest possible score is 2.5) based on data from the World Governance Indicators. This shows recent improvements in governance, better policy delivery, and stronger coordination across government and sectors. These gains are key to managing formalisation strategies effectively.

Wider Digital Access. Mobile-cellular subscriptions increased from 126.5 to 131.9 per 100 inhabitants, and LTE/WiMax coverage reached 98.6 percent. Internet use exceeded 80 percent of the population. These findings indicate a fertile ground for developing more open digital systems for all, which can contribute to formalisation efforts through digital services. Expanded infrastructure and participation are helping informal workers and firms access digital tools and markets, which are essential to support their transition into the formal economy.

Stronger Social Protection. The share of APEC's population covered by at least one social protection benefit was recorded at 74 percent in 2023, while 27 percent of unemployed workers are covered by unemployment benefits. Coverage in social protection and unemployment benefits is both a benefit of and an incentive for labour market formalisation.

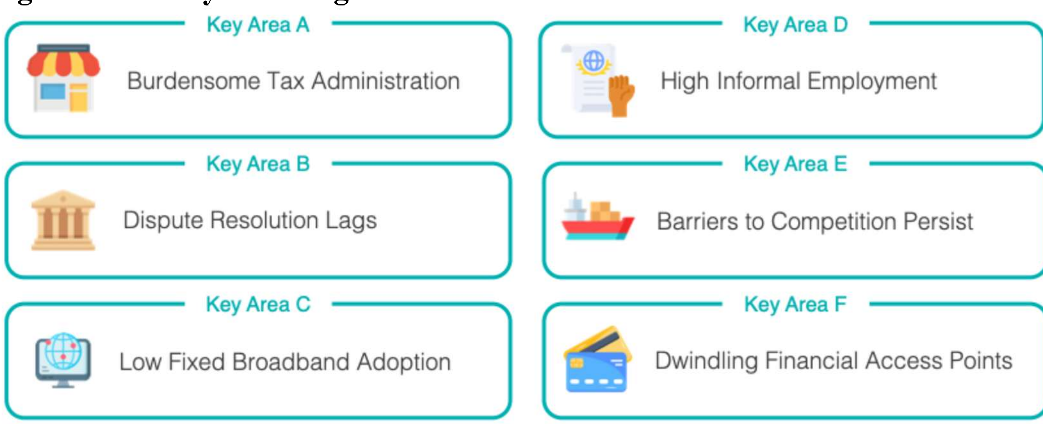
Better Conditions for MSME Internationalisation. MSMEs contribute between 35 and 61 percent of economic output in APEC economies, which highlights their key role in economic development. An international trade environment score of 70 in the B-READY survey suggests that conditions for MSME internationalisation have improved. Low restrictions on trade in digital services are also opening up new opportunities for MSMEs to engage in cross-border commerce and participation in global value chains.

Expanding Access to Credit. Formal financial account ownership among women reached 82.17 percent, and mobile financial service use for both men and women rose to 94 percent in 2021. These are important signs of growing access to financial tools.

Strong baselines in all six Key Areas and Actions of the Lima Roadmap shows that some APEC economies are already taking meaningful steps to support the transition from informal to formal markets. Stronger regulation, better coordination, expanded digital access, improved skills, broader market participation, and increased financial access can lay the foundation for more resilient growth for all.

While APEC economies have made progress in supporting the shift from informal to formal economic activity, important challenges remain (Figure A1.9). These include structural, institutional, and social gaps that could slow the transition. Continued reform, better coordination, and targeted investment can be essential to support informal workers and enterprises in some economies as they move toward full participation in formal and global markets.

Figure A1.9. Key Challenges Identified in the Evaluation of the Lima Roadmap



Burdensome Tax Administration. A score of 63 in the B-READY taxation indicator reflects persistent inefficiencies in tax administration that continue to raise the cost of doing business and disincentivise formalisation, particularly for small enterprises. Complex rules, unclear obligations, and burdensome compliance processes discourage formalisation and make it harder for these firms to operate within legal frameworks. To support the shift toward formality, it is essential to simplify tax regulations, improve clarity and consistency in tax administration, and strengthen enforcement in ways that are fair and accessible for smaller businesses.

Dispute Resolution Lags. With a score of 65, dispute resolution systems across APEC economies are functional but remain uneven in quality and efficiency. Delays, high costs, and limited access to fair legal recourse can discourage informal firms from formalising, particularly when contract enforcement or conflict resolution is uncertain. For small and growing businesses, the risk of unresolved disputes undermines trust in formal markets and weakens business confidence.

Low Fixed Broadband Adoption. Fixed broadband subscriptions in APEC economies rose modestly from 29.9 to 33.9 per 100 inhabitants between 2021 and 2023. While this gradual increase supports long-term goals for digital infrastructure, the slow uptake compared to mobile connectivity highlights a lingering gap in reliable, high-capacity internet access that is crucial for MSME growth. Limited fixed broadband access can hinder the ability of small and informal businesses to provide digitally deliverable services, scale up digital operation, and access digital services.

High Informal Employment. Informal employment remains a significant challenge in APEC, accounting for approximately 45.1 percent of total jobs in 2024 based on data from the International Labour Organization. The rate has held steady in recent years, with slightly higher informal employment among men (46.1%) compared to women (43.9%). This persistence suggests that structural barriers to formal job creation remain unaddressed, which limits access to secure employment and labour standards. The scale of informality also reflects ongoing gaps in education, infrastructure, and regulatory support that prevent many workers and enterprises from transitioning to the formal sector.

Barriers to Competition Persist. With a B-READY market competition score of 56, APEC economies continue to face challenges in fostering open and dynamic domestic markets. The presence of monopolies, restrictive regulations, and barriers to entry for new firms suppresses innovation, discourages entrepreneurship, and constrains the growth of small and informal businesses. These barriers can lead to uneven market power and reduce the incentives for informal enterprises to join the formal economy, where competitive advantages are harder to gain.

Dwindling financial access points. Physical access to financial services has declined in parts of the APEC region. The number of commercial bank branches per 100,000 adults fell from 18 in 2014 to 14 in 2021, while ATM availability dipped slightly from 94 to 92 per 100,000 adults over the same period. Although digital finance is expanding, these falling physical access points still pose a barrier, especially for populations who rely more heavily on in-person banking. Without sufficiently closing gaps in access to digital technology and services, the shift toward digital financial services risks leaving some seeking financial services in the informal sector.

The challenges across regulation, institutions, digital systems, labour markets, market dynamics, and finance show the complexity of transitioning to a formal and global economy. Addressing these issues can include making collective and individual efforts through initiatives that facilitate this transition, in accordance with domestic circumstances and priorities.

C. Mid-Term Review of the 2017 APEC Action Agenda on Advancing Economic, Financial, and Social Inclusion

The special section covering the APEC Action Agenda on Advancing Economic, Financial, and Social Inclusion, endorsed in 2017, highlights both meaningful progress and persistent challenges across the region.

As the current review of the Action Agenda is a mid-term review, this assessment will aim to cover the period 2017 to the most recent data available. To avoid a duplication of efforts, this mid-term review of progress under the Action Agenda leverages existing indicators for the Aotearoa Plan of Action and Lima Roadmap evaluations whenever they are relevant to this initiative. On the other hand, indicators that are not present in the 2023 evaluation but are directly relevant to the Action

Agenda—such as the share of population covered by social assistance—are included in this assessment. Appendix 1 provides a mapping of indicators used for the mid-term review of the APEC Action Agenda

Improvements in regulatory quality, financial access, and social protection have supported broader participation in economic activity (Figure A1.10). However, gaps remain.

Figure A1.10. Notable Achievements Identified in the Review of 2017 Action Agenda

Improved connectivity, rising labour productivity, and improved access to education. APEC economies have made notable progress in improving connectivity, raising productivity and creating jobs, and expanding access to education, which are key priorities to achieve full economic participation. The Liner Shipping Connectivity Index (2004 = 100) increased from 291 in 2017 to 320 in 2024, showing improvements in trade facilitation and access over the period. People-to-people connectivity likewise improved as seen in increased cross-border student mobility (from 2.5 million in 2017 to 3.0 million in 2023) and post-COVID-19 recovery of tourist arrivals (from 27 million in 2021 to 343 million in 2024).

Labour productivity in the APEC region also increased during the past decade. Labour productivity in PPP dollars, which adjusts for inflation and price differences, rose from USD 52,151 in 2018 to 61,036 in 2024, increasing by 17 percent in real terms during the period. This increase in productivity represents a significant opportunity for improving economic participation in APEC through commensurate growth in wage incomes. Meanwhile, unemployment in the region remains low, registering at 4.1 percent for men and 3.5 percent for women in 2023—this is consistent with 2018 levels and a significant reduction in unemployment from the pandemic-induced spike in 2020.

The APEC region has also expanded access to education, with the share of adults with at least some secondary education increasing from 74.5 percent for males and 68.5 percent for females in 2018 to 76.9 percent for males and 71.3 percent for females in 2023. Expected years of schooling (EYS)—an indicator of education access—also continues to increase, with females being expected to remain in school for 15.4 years compared to 14.6 years for males in 2023. EYS is also increasing relatively faster for females: between 2018 and 2023, female EYS increased by 0.19 year (2.3 months) compared to 0.04 year for males (0.5 month).

Growing Access to Financial Services. Growing access to financial services continues to support broader economic participation across APEC economies. Overall account ownership among people aged 15 and above rose from 75 percent in 2017 to 84 percent in 2024, while usage of a debit card increased from 61 percent to 73 percent, which reflects the expanding reach of financial services. Access to credit also increased during the past several years, with the proportion of adults borrowing money increasing from 51 percent in 2017 to 58 percent in 2021, while credit card ownership increased from 27 percent to 39 percent during the same period.

Steady Gains in Social Protection.

On social protection, coverage by at least one social protection benefit rose from 67 percent in 2019 to 74 percent in 2023, while the proportion of children, elderly above retirement age and adults not covered by contributory benefits who are covered by social assistance increased from 42 percent to 52 percent. The proportion of retirement-age populations receiving pensions has also increased to 93 percent in 2023 from 92 percent in 2019. These achievements show progress in the APEC Action Agenda's goals of strengthening social safety nets and raising social protection floors.

While APEC economies have made important strides in expanding access across economic, financial, and social dimensions, several gaps continue to limit full and equal participation (Figure A1.11).

Figure A1.11. Key Challenges Identified in the Review of the 2017 Action Agenda

Persistent Income Inequality, Food Insecurity and Barriers to MSME Participation. Between 2018 and 2023, income distribution in APEC economies slightly became more unequal. Income accruing to the richest 10 percent grew from 44.8 percent in 2018 to 45.2 percent in 2023, while that of the poorest 50 percent decreased from 14.2 percent to 14.0 percent during the same period. At the same time, the prevalence of undernourishment in the region remained stagnant between 2018-2022, hovering around 2.5 percent during the period, while the real cost of a healthy diet in PPP dollars rose from USD 3.30 per person per day in 2017 to USD 4.1 in 2022.

Institutional inefficiencies also impede MSME development in the region. Perceptions of institutional quality have been on a downward trend across the APEC region, with the average regulatory quality score decreasing from 0.759 to 0.745 between 2019 and 2023 (a higher score is better, with 2.5 as the best possible score). This indicates slightly worsened perceptions on the ability of governments in the region to formulate and implement policies and regulations that are conducive to private sector development compared to pre-pandemic levels. Meanwhile, the restrictions facing services trade—a key area of opportunity for MSME internationalisation—has not improved over recent years. While the level of restrictions is relatively low, there are slightly more services trade restrictions in 2024 (APEC STRI score of 0.2875) compared to 2017 (APEC STRI score of 0.2868).

Digital Divides could lead to Financial Access Gaps. While digital finance is expanding rapidly, gaps in physical access and account usage are growing. The number of commercial bank branches per 100,000 adults declined from 18 in 2014 to 14 in 2021, and ATM density dropped slightly from 94 to 92 over the same period. These shifts suggest that some populations may be losing access to essential in-person financial services. Pre-existing gaps in access to digital technologies and services could also translate to gaps in financial access.

Structural Gaps in Coverage Remain. Despite gains in social protection, key gaps continue across APEC economies. Informal employment remains high at 45.1 percent of total jobs, which reflects limited access to job security, benefits, and legal protections.

While pension coverage is strong at over 93 percent for the retirement-age population, unemployment benefits reach only 27 percent of the working-age population. These disparities point to barriers that prevent many individuals from fully accessing the protections and opportunities needed for meaningful participation in society.

III. Key Policy Priorities and Recommendations

The 2025 evaluation of APEC's progress toward the Putrajaya Vision 2040 shows clear advances in areas like trade facilitation and digital connectivity. These gains are the result of coordinated efforts under the Aotearoa Plan of Action, the Lima Roadmap, and the APEC Action Agenda as well as the La Serena Roadmap for Women and Inclusive Growth (progress reported separately). At the same time, longstanding gaps remain. Fixed broadband access is still limited in many economies. Informal employment is widespread. Regulatory and institutional systems are uneven. To keep the region on track, the evaluation highlights four broad policy areas that require sustained focus.

First, digital connectivity gaps persist, especially in fixed broadband infrastructure. Second, informal employment remains common. Third, institutional and regulatory weaknesses, including unclear tax systems and limited access to fair legal recourse, continue to discourage formalisation and economic participation. Finally, resilience is limited, with many households facing rising costs of living and inconsistent access to support.

Addressing these four challenges will require coordinated, forward-looking policy responses that cut across sectors and economies. While the issues differ in scope, they share common roots in access, opportunity, and institutional capacity. The following areas outline where policy attention should now concentrate (Figure A1.12).

Figure A1.12. Policy Recommendations

Close digital access gaps. Reliable internet access, especially fixed broadband, needs to be treated as foundational infrastructure. While mobile networks have reached near-universal coverage, fixed broadband is still out of reach for many. This limits access to online learning, digital markets, public services, and modern work arrangements. Expanding fixed broadband, improving affordability, and ensuring accessible digital design are critical steps toward wider economic participation and innovation.

Support formal work for all. Informality continues to dominate many labour markets, often leaving workers without protections or opportunities for advancement. APEC economies need to focus on reducing barriers to formal employment, while expanding access to skills and flexible entry points into the formal sector. This includes targeted approaches that recognise the realities of small-scale enterprises and workers who remain outside formal economic systems.

Strengthen institutional foundations. APEC's goals rely on a basic level of regulatory effectiveness and business confidence. However, in many economies, weak enforcement systems, unclear rules, and burdensome procedures still slow down investment, entrepreneurship, and formal market entry. Improving the transparency, efficiency, and consistency of institutions, particularly in areas like taxation, dispute resolution, and insolvency, will be key to enabling wider participation in formal economic activity.

Implement commitments to economic participation for all. Income inequality has persisted, undernutrition has risen, and a significant proportion of the population still lacks access to meaningful social safety nets even as the region's overall economy continues to grow. To close these gaps, economies must strengthen systems that protect against shocks and reduce barriers to economic participation. This includes targeted investments in skills development and access to basic healthcare services.

No.	Indicator	Aotearoa Plan on Action (Objective)	Lima Roadmap (Key Area and Action)	APEC Action Agenda (Priority Area)
1	Liner Shipping Connectivity Index (score)	1.1 - Connectivity		Economic Inclusion
2	Regulatory Quality (score)	1.1 - Connectivity	Key Area A - Enabling Business Environment	Economic Inclusion
3	Cross-border student mobility on the tertiary level (millions)	1.1 - Connectivity	Key Area D - Education and Employment	Social Inclusion
4	International tourism receipt (USD billions)	1.1 - Connectivity		Economic, Social Inclusion
5	Transport and travel exports (USD billions)	1.1 - Connectivity		Economic, Social Inclusion
6	International tourist arrivals (millions)	1.1 - Connectivity		Economic, Social Inclusion
7	Mobile-cellular subscriptions (per 100 inhabitants)	2.1 - Digital Ecosystem	Key Area C - Innovation and Digitalisation	Economic Inclusion, Financial Inclusion, Social Inclusion
8	Fixed broadband subscriptions (per 100 inhabitants)	2.1 - Digital Ecosystem	Key Area C - Innovation and Digitalisation	Economic Inclusion, Financial Inclusion, Social Inclusion
9	Active mobile-broadband subscriptions (per 100 inhabitants)	2.1 - Digital Ecosystem	Key Area C - Innovation and Digitalisation	Economic Inclusion, Financial Inclusion, Social Inclusion
10	Population covered by at least LTE / WiMax Connection (% of population)	2.1 - Digital Ecosystem	Key Area C - Innovation and Digitalisation	Economic Inclusion, Financial Inclusion, Social Inclusion
11	Patent applications (number)	2.1 - Digital Ecosystem	Key Area C - Innovation and Digitalisation	
12	Output per worker (in GDP constant 2021 international USD at PPP)	2.1 - Digital Ecosystem	Key Area C - Innovation and Digitalisation, Key Area D - Education and Employment	Economic Inclusion, Financial Inclusion, Social Inclusion
13	Output per hour worked (in GDP constant 2021 international USD at PPP)	2.1 - Digital Ecosystem	Key Area C - Innovation and Digitalisation, Key Area D - Education and Employment	Economic Inclusion, Financial Inclusion, Social Inclusion

No.	Indicator	Aotearoa Plan on Action (Objective)	Lima Roadmap (Key Area and Action)	APEC Action Agenda (Priority Area)
14	Fixed Broadband, ≥256 kbit/s (per 100 people)	2.1 - Digital Ecosystem	Key Area C - Innovation and Digitalisation	Economic Inclusion, Financial Inclusion, Social Inclusion
15	Internet users (billions)	2.2 - Digital Infrastructure	Key Area C - Innovation and Digitalisation	Economic Inclusion, Financial Inclusion, Social Inclusion
16	Broadband costs (USD)	2.2 - Digital Infrastructure	Key Area C - Innovation and Digitalisation	Economic Inclusion, Financial Inclusion, Social Inclusion
17	Imports and exports of ICT goods and services (billions USD)	2.2 - Digital Infrastructure	Key Area C - Innovation and Digitalisation	Economic Inclusion, Financial Inclusion, Social Inclusion
18	Imports and exports of digitally-deliverable services (billions USD)	2.2 - Digital Infrastructure	Key Area C - Innovation and Digitalisation	Economic Inclusion, Financial Inclusion, Social Inclusion
19	Life expectancy by sex (years)	3.1 - Inclusion		Social Inclusion
20	Labour force participation by sex (percentage)	3.1 - Inclusion	Key Area D - Education and Employment	Social Inclusion
21	Account at a bank or equivalent, female (percent)	3.1 - Inclusion	Key Area F - Credit and Financial Inclusion	Financial, Social Inclusion
22	SIGI access to credit (score)	3.1 - Inclusion	Key Area F - Credit and Financial Inclusion	Financial, Social Inclusion
23	Proportion of women in ministerial level positions (percent)	3.1 - Inclusion		Social Inclusion
24	Proportion of seats held by women in parliament (percent)	3.1 - Inclusion		Social Inclusion
25	How close women are to equality with men at the highest levels of political decision-making (scale 0–100)	3.1 - Inclusion		Social Inclusion
26	Size of MSME sector (percent of GDP)	3.1 - Inclusion	Key Area E - Market Access	Economic Inclusion
27	Income shares (percent of income)	3.1 - Inclusion		Economic Inclusion

No.	Indicator	Aotearoa Plan on Action (Objective)	Lima Roadmap (Key Area and Action)	APEC Action Agenda (Priority Area)
28	Prevalence of undernourishment (percent)	3.1 - Inclusion		Social Inclusion
29	Cost of a healthy diet (PPP dollars per person per day)	3.1 - Inclusion		Economic, Social Inclusion
30	Unemployment rate by sex (percent)	3.2 - Skills Development	Key Area D - Education and Employment	Economic, Social Inclusion
31	Employment-to-population ratio (percent)	3.2 - Skills Development	Key Area D - Education and Employment	Economic, Social Inclusion
32	Population with at least some secondary education by sex (percent)	3.2 - Skills Development	Key Area D - Education and Employment	Economic, Social Inclusion
33	Expected years of schooling	3.2 - Skills Development	Key Area D - Education and Employment	Economic, Social Inclusion
34	Mean years of schooling	3.2 - Skills Development	Key Area D - Education and Employment	Economic, Social Inclusion
35	Literacy rate	3.2 - Skills Development	Key Area D - Education and Employment	Economic, Social Inclusion
36	How close women are to achieving equality with men in literacy	3.2 - Skills Development	Key Area D - Education and Employment	Economic, Social Inclusion
37	Energy consumption per capita (in thousands of kWh per person)	3.3 - Sustainability		
38	GHG emissions per capita (ton of CO2e)	3.3 - Sustainability		
39	GHG emissions per US dollar of GDP (kg of CO2e	3.3 - Sustainability		
40	Share of renewables in electricity production (percent)	3.3 - Sustainability		
41	Sales of electric vehicles (in millions of units)	3.3 - Sustainability		
42	Proportion of population with	3.3 - Sustainability		

No.	Indicator	Aotearoa Plan on Action (Objective)	Lima Roadmap (Key Area and Action)	APEC Action Agenda (Priority Area)
	primary reliance on clean fuels and technologies for cooking (percent)			
43	Size of aquaculture and fisheries sector (in millions of metric tonnes)	3.3 - Sustainability		
44	Wood and paper products trade (USD billion)	3.3 - Sustainability		
45	Industrial roundwood trade (USD billion)	3.3 - Sustainability		
46	Aquatic animals capture production (million metric tons)	3.3 - Sustainability		
47	Aquatic plants capture production (thousand metric tons)	3.3 - Sustainability		
48	Informal sector output (% of GDP)		Lima Roadmap	Economic, Social Inclusion
49	Informal employment as a Share of Total Jobs (%)		Key Area D - Education and Employment	Economic, Social Inclusion
50	B-READY - Business Entry Score		Key Area A - Enabling Business Environment	Economic Inclusion
51	B-READY - Business Location Score		Key Area A - Enabling Business Environment	Economic Inclusion
52	B-READY - Business Insolvency Score		Key Area A - Enabling Business Environment	Economic Inclusion
53	B-READY - Utility Services Score		Key Area A - Enabling Business Environment	Economic Inclusion
54	B-READY - Taxation		Key Area A - Enabling Business Environment	Economic Inclusion
55	B-READY - Dispute Resolution		Key Area A - Enabling Business Environment	Economic Inclusion

No.	Indicator	Aotearoa Plan on Action (Objective)	Lima Roadmap (Key Area and Action)	APEC Action Agenda (Priority Area)
56	B-READY - Labor		Key Area A - Enabling Business Environment	Economic Inclusion
57	Government Effectiveness Index		Key Area B - Policy Coordination	Economic Inclusion
58	Population Covered by at Least One Social Protection Benefit (%)		Key Area D - Education and Employment	Social Inclusion
59	Population Covered by Unemployment Benefits (%)		Key Area D - Education and Employment	Social Inclusion
60	Vulnerable Population Covered by Social Assistance (%)		Key Area D - Education and Employment	Social Inclusion
61	Retirement-Age Population Receiving a Pension (%)		Key Area D - Education and Employment	Social Inclusion
62	B-READY - Market Competition		Key Area E - Market Access	Economic Inclusion
63	B-READY - International Trade Score		Key Area E - Market Access	Economic Inclusion
64	STRI Scores		Key Area E - Market Access	Economic Inclusion
65	Digital STRI Scores		Key Area E - Market Access	Economic Inclusion
66	Account ownership (% age 15+)		Key Area F - Credit and Financial Inclusion	Financial Inclusion
67	Having an account in a bank or similar financial institution (% age 15+)		Key Area F - Credit and Financial Inclusion	Financial Inclusion
68	Made or received a digital payment (% age 15+)		Key Area F - Credit and Financial Inclusion	Financial Inclusion
69	Borrowed any money (% age 15+)		Key Area F - Credit and Financial Inclusion	Financial Inclusion
70	Used a debit card (% age 15+)		Key Area F - Credit and Financial Inclusion	Financial Inclusion

No.	Indicator	Aotearoa Plan on Action (Objective)	Lima Roadmap (Key Area and Action)	APEC Action Agenda (Priority Area)
71	Owns a credit card (% age 15+)		Key Area F - Credit and Financial Inclusion	Financial Inclusion
72	Has an inactive account (% age 15+)		Key Area F - Credit and Financial Inclusion	Financial Inclusion
73	Number of commercial bank branches per 100,000 adults		Key Area F - Credit and Financial Inclusion	Financial Inclusion
74	Number of ATMs per 100,000 adults		Key Area F - Credit and Financial Inclusion	Financial Inclusion

Appendix 2: Detailed Statistical Analysis

This section provides a descriptive statistical analysis of all the indicators used for the biannual assessment of the APEC Putrajaya Vision 2040 and the Aotearoa Plan of Action (APA). Starting this year, this section also includes indicators for the Lima Roadmap to Promote the Transition to the Formal and Global Economies (2025-2040). In addition, this year's APA assessment exercise includes dedicated indicators for the mid-term review of the 2017 Action Agenda on Advancing Economic, Financial and Social Inclusion in the APEC Region.

All statistical analysis is done at the APEC aggregate level, except in specific cases where it is not possible to calculate aggregate or average figures due to data issues. Analysis is performed according to Objectives for the APA indicators and according to Key Areas and Actions (KAA) for the Lima Roadmap. For the 2017 Action Agenda, analysis is conducted according to the priorities around Economic, Financial, and Social Inclusion. A mapping of indicators used for the APA, Lima Roadmap, and Action Agenda is provided in Appendix 1.

This section is organised primarily along the APA assessment format; i.e., in accordance with Objectives identified by SCE as relevant to medium-term ECOTECH priorities and identifying Key Responsible SCE Sub-fora for each Objective.[1] APA indicators that are also relevant for the Lima Roadmap and/or the 2017 Action Agenda will be identified in the headings of the indicators. This is followed by an analysis of indicators not currently covered under APA but needed for the Lima Roadmap as well as the Action Agenda.

1. Trade and Investment

1.1 Objective: "We will promote seamless connectivity, resilient supply chains and responsible business conduct."

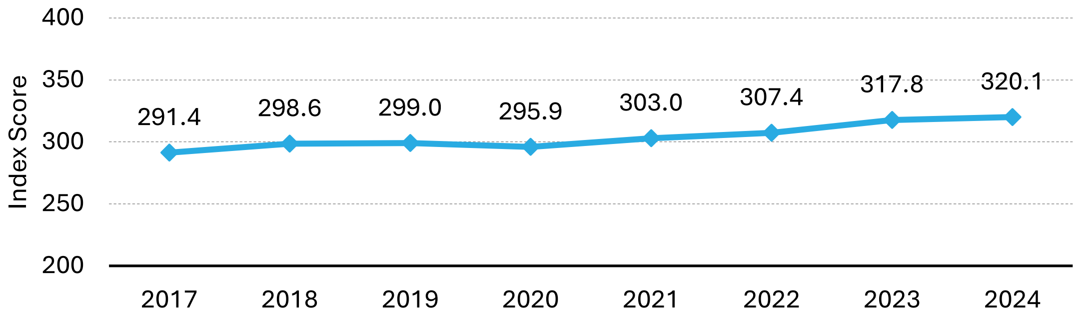
Evaluation of Progress: "To promote seamless connectivity, resilient supply chains and responsible business conduct, APEC economies will improve physical, institutional and people-to-people connectivity."

Key Responsible SCE Sub-fora: HWG, HRDWG, PPSTI, PPWE, SMEWG, TWG, TELWG, and TPTWG

The APEC region made strides in improving connectivity despite challenges to cross-border trade and mobility in the aftermath of the COVID-19 pandemic. Between 2022 and 2024, APEC's average LSCI score increased from 307.4 to 320.1, or an increase of about 4 percent (Figure 1.1). This indicates an overall improvement in the number of ships, container-carrying capacity, maximum vessel size, number of services, and number of companies that deploy container ships in the region. The recent increase is a continuation of the upward trend in improved liner connectivity, which has been sustained for almost one decade.

[1] Based on "Aligning the Economic and Technical Cooperation Medium-Term Priorities with the APEC Putrajaya Vision 2040" endorsed by Senior Officials in November 2022. The document can be found in https://mddb.apec.org/Documents/2022/SOM/CSOM/22_csom_007.pdf.

Figure 1.1 Liner Shipping Connectivity Index (LSCI)
Economic Inclusion



Note: The LSCI is a measure of connectivity to global shipping networks. It uses a base year of 2004, which is set to a value of 100, so a higher score means improved shipping connectivity relative to 2004. The APEC aggregate is a simple average of the LSCI. LSCI annual values are derived using the average of quarterly data.
Source: United Nations Conference on Trade and Development

Perceptions of institutional quality have also increased across the APEC region during the reference period. Based on the World Bank's World Governance Indicators, APEC's average regulatory quality score increased from 0.722 to 0.745 between 2022 and 2023, reversing the downward trend seen in the previous two years (Table 1.1). This indicates slightly improved perceptions on the ability of governments in the region to formulate and implement policies and regulations that are conducive to private sector development.

Table 1.1 Regulatory Quality Score
Lima Roadmap KAA-A; Economic Inclusion

Indicator	2019	2020	2021	2022	2023
Regulatory quality	0.759	0.762	0.724	0.722	0.745
Growth rate	−4.75%	0.39%	−5.38%	−0.15%	3.07%

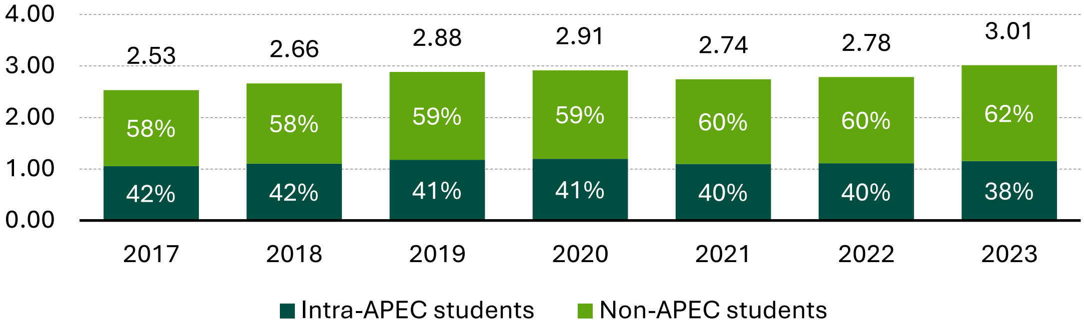
Note: The index measures performance on a scale of -2.5 (worst) to 2.5 (best). APEC aggregate is a simple average of the index scores on regulatory quality.
Source: World Governance Indicators (WGI) from the World Bank

An improved institutional and governance setting is crucial to incentivise formalisation, so the 2023 score of 0.745 can be considered a baseline for future improvements in the Lima Roadmap's Key Area A.

On the other hand, the reduction in the regulatory quality score from 0.759 in 2019 to 0.745 in 2023 indicates lack of progress in improving perceptions in providing businesses with a nurturing business environment in which to develop and thrive. An improved business environment is crucial in promoting economic inclusion through jobs creation and entrepreneurial opportunities.

Figure 1.2 Cross-border student mobility on the tertiary level (millions)

Lima Roadmap KAA-D; Social Inclusion



Note: APEC aggregate is a sum of available data on total tertiary level students in the region.
Source: United Nations Educational, Scientific and Cultural Organization

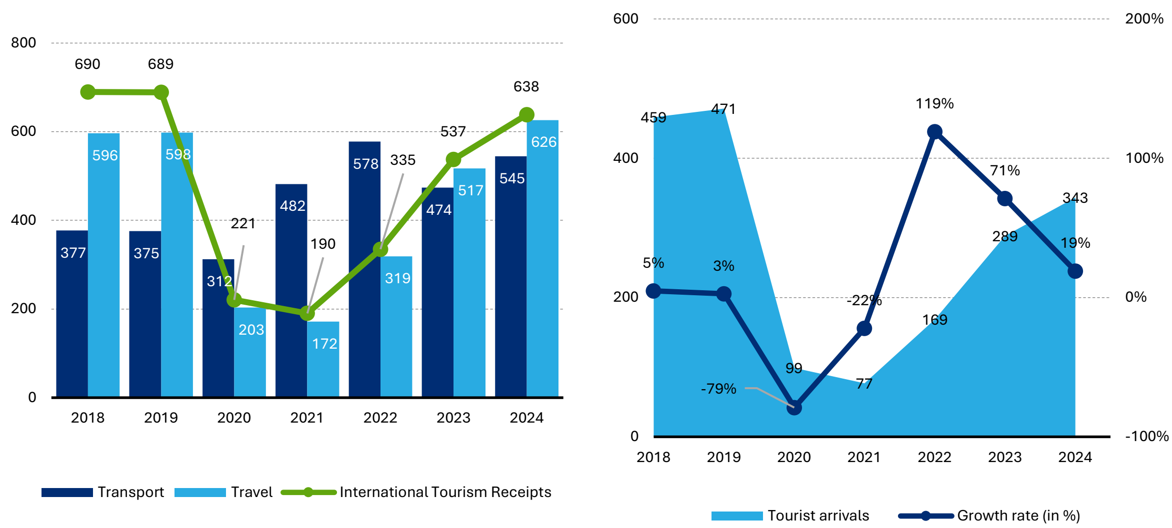
Cross-border educational exchange has recovered since the COVID-19 pandemic. In 2023, an estimated 3.01 million students crossed borders into APEC economies for tertiary level studies. This figure is higher than the levels recorded prior to 2020 before the pandemic. However, there is a continuing downward trend in the share of intra-APEC students, which is recorded at 38 percent in 2023 compared to 40 percent in 2020 and 42 percent in 2017 (Figure 1.2). While the number of intra-APEC international students continues to increase, it seems the region is attracting students from non-APEC economies at a higher rate.

Figure 1.3. Tourism indicators in APEC, 2018-2024

Economic, Social Inclusion

(A) International tourism receipts and transport and travel exports (USD billions)

(B) International tourist arrivals in APEC (millions)



Note: For all indicators, APEC aggregate is a sum of available data.
Source: World Trade Organization for data on exports of transport and travel services; World Tourism Organization for international tourism receipts.

Note: Where available, data for overnights visitors are used. APEC aggregate is a sum of available data on tourist arrivals.
Source: World Tourism Organization

Cross-border student mobility is a key ingredient for knowledge exchange, experience sharing, and cultural understanding. It opens up opportunities for skills development and develops networks that can facilitate entrepreneurial activity and trade. Ultimately, this can contribute to productivity gains that are needed for the creation of formal sector jobs as well as contribute to economic and social inclusion. Data on cross-border student mobility provide a high benchmark for future progress under the Lima Roadmap. It also points to improved cross-border educational opportunities between 2017-2023, contributing to social inclusion in the region.

Tourism in the APEC region is growing, but it has not recovered to its pre-pandemic levels. In 2024, 343 million tourists travelled to APEC economies: a remarkable 17% growth from 2023, but still well below 471 million tourist arrivals recorded in 2019 (Figure 1.3).

However, despite the lower number of arrivals, international tourism receipts as well as transport and tourism exports—i.e., the value of transport and travel-related services—has recovered more quickly, with travel exports surpassing 2019 levels (Figure 1.3). This observation of lower arrival volumes but higher value of receipts could be indicative of higher costs related to travel and transport, as well as changing tourism consumption patterns towards higher-value and longer-term travel expenditure (e.g., remote working holidays).

Tourism plays a key role in promoting economic and social inclusion, as many tourism service providers such as restaurants, bed-and-breakfasts, and souvenir shops are MSMEs. It also promotes social inclusion as it opens up economic opportunities for people from poorer households and rural and remote areas to contribute goods and services for tourist consumption.

2. Innovation and Digitalisation

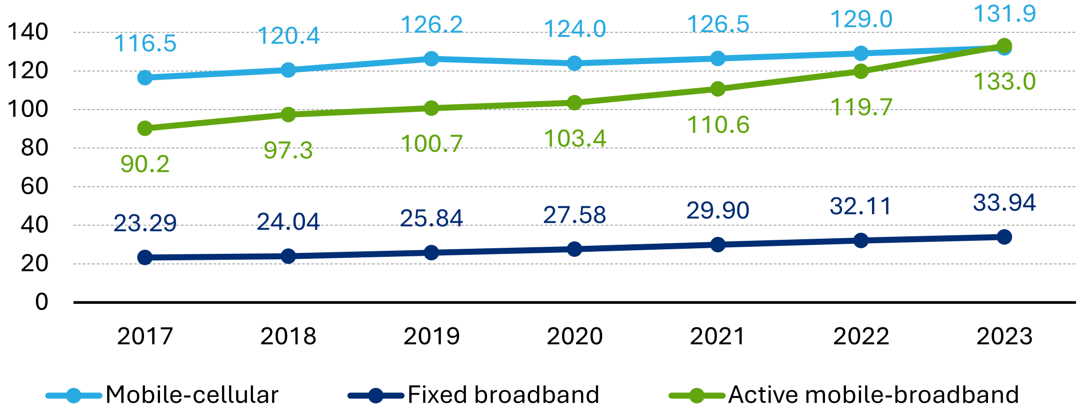
2.1 Objective: "To empower all our people and businesses to participate and grow in an interconnected global economy, we will foster an enabling environment that is, among others, market-driven and supported by digital economy and innovation."

Evaluation of Progress: "APEC's digital and innovation environment is market-driven and increasingly connected globally, including through the promotion of interoperability, allowing all APEC people and businesses to achieve increased participation in, and benefit from, innovation and the digital economy."

Key Responsible SCE Sub-fora: ACTWG, EPWG, EWG, HWG, HRDWG, PPSTI, PPWE, SMEWG, TWG, TELWG, and TPTWG

Telecommunications and digital access improved in the APEC region in recent years. Mobile cellular subscriptions improved from 126.5 per 100 people in 2021 to 131.9 in 2023 (Figure 2.1), indicating that, on average, there are more mobile cellular subscriptions than people in the region (i.e., some people have 2 or more mobile subscription). The increase is even more impressive for mobile broadband, registering 133.0 subscriptions per 100 people in 2023 compared to 110.6 in 2021, indicating that mobile data access is gaining more importance in communications than mobile voice or text.

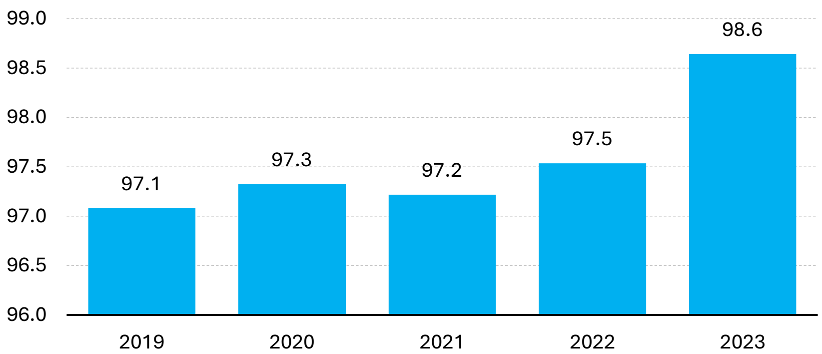
Figure 2.1 Telecommunication Services Subscriptions (per 100 inhabitants)
Lima Roadmap KAA-C; Economic, Financial, Social Inclusion



Note: APEC aggregate is a population-weighted average of available data. Fixed broadband speed is at least 256 kilobits per second.
Source: International Telecommunication Union

On the other hand, fixed broadband access remains relatively inaccessible. Fixed broad band subscriptions increased from 29.9 per 100 people in 2021 to 33.9 in 2023 (Figure 2.1). This is a significant growth improvement in access, but it also implies that two-thirds of people in the region have no access to fixed broadband. This is a crucial observation as fixed broadband is an indicator of digital connectivity for households and business, which have different digital connectivity needs beyond mobile data access. Digital access is also a key enabler for formalisation under Key Area C of the Lima Roadmap, so improvements from this baseline are necessary. The quality of digital connectivity has also improved significantly in the APEC region. In 2023, 98.6 percent of the region was potentially covered by high-speed mobile Internet through LTE or WiMax, up from 97.1 percent in 2019 (Figure 2.2).

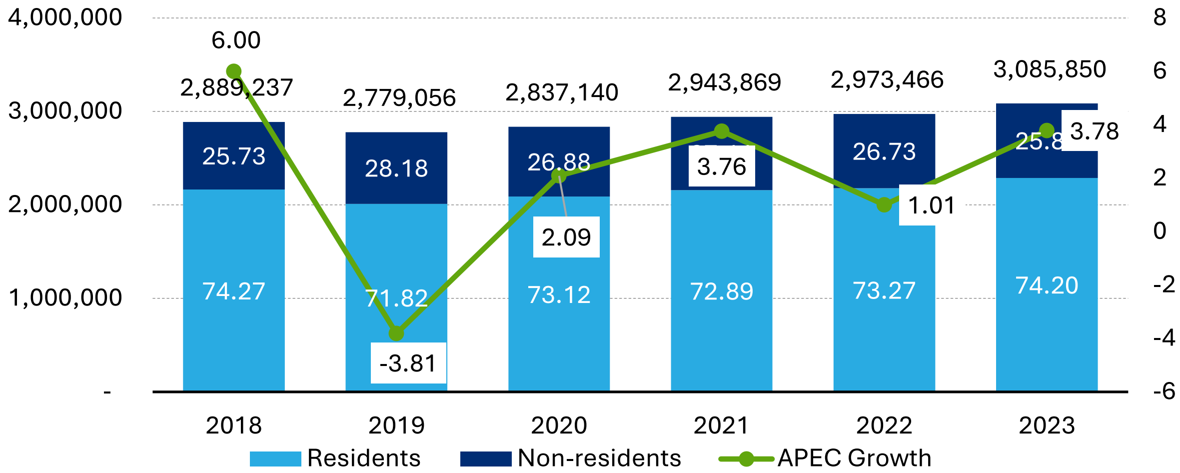
Figure 2.2 Population covered by at least LTE / WiMax Connection (% of population)
Lima Roadmap KAA-C; Economic, Financial, Social Inclusion



Note: APEC aggregate is a population-weighted average of available data.
Source: International Telecommunication Union

Improving digital access and quality is an important priority and enabler for economic, financial, and social inclusion, and data show massive improvements in digital access. Compared to 2017 levels, mobile cellular subscriptions increased by 13.2 percent, mobile broadband by 47.4 percent, and fixed broadband by 45.7 percent.

Figure 2.3 Patent applications in APEC
Lima Roadmap KAA-C

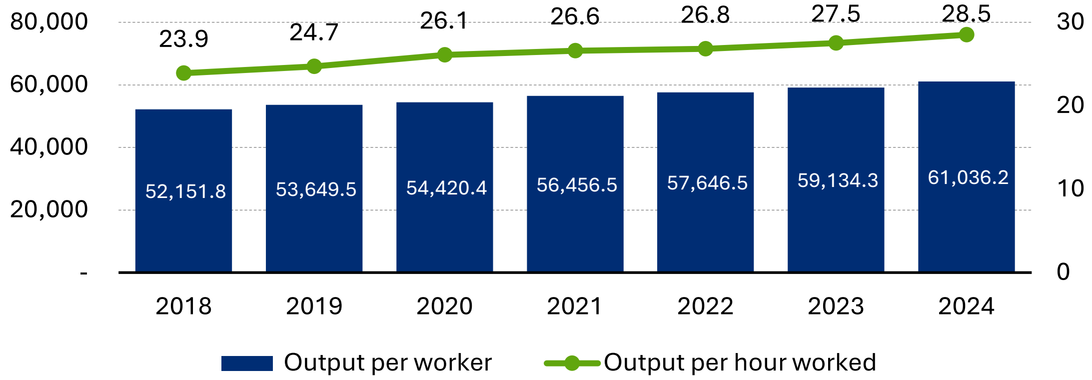


Note: APEC aggregate is a sum of available data on patent applications. The bars included in the chart represent growth in the corresponding period.
Source: World Bank, World Intellectual Property Organisation, Chinese Taipei Intellectual Property Office.

Innovative capacity in APEC continues to increase with patent applications reaching 3.1 million in 2023, an increase of 3.8 percent over the previous year (Figure 2.3). The share of applications coming from APEC residents remains at 74.2 percent, which is largely unchanged from previous years.

Improved digital access and technological innovation are important contributors to labour productivity, which has been on an upward trend over the past several years. Labour productivity in the region increased from USD 57,646 per workers per year in 2022 to USD 61,036 in 2024, or an increase of 5.9 percent over two years (Figure 2.4). The increase in productivity is even greater when measured in time inputs: labour productivity increased from USD 26.8 per hour worked in 2022 to USD 28.5 in 2024, or an increase of 6.3 percent.

Figure 2.4 Labour productivity indicators (in GDP constant 2021 USD at PPP)
Lima Roadmap KAA-C, KAA-D; Economic, Financial, Social Inclusion



Note: APEC aggregate is a weighted average based on the share of persons employed in the labour force.
Source: International Labour Organization

Improvement in labour productivity is a necessary condition for wage income growth. Rising labour productivity will raise output and revenues for firms and businesses, which can then translate to wage growth. Between 2018 and 2024, productivity per worker in APEC increased by 17.0 percent, while productivity per hour worked increased by 19.2 percent. This increase in productivity represents a significant opportunity for improving economic inclusion in APEC through commensurate growth in wage incomes.

2.2 Objective: "We will strengthen digital infrastructure, accelerate digital transformation, narrow the digital divide, as well as cooperate on facilitating the flow of data and strengthening consumer and business trust in digital transactions."

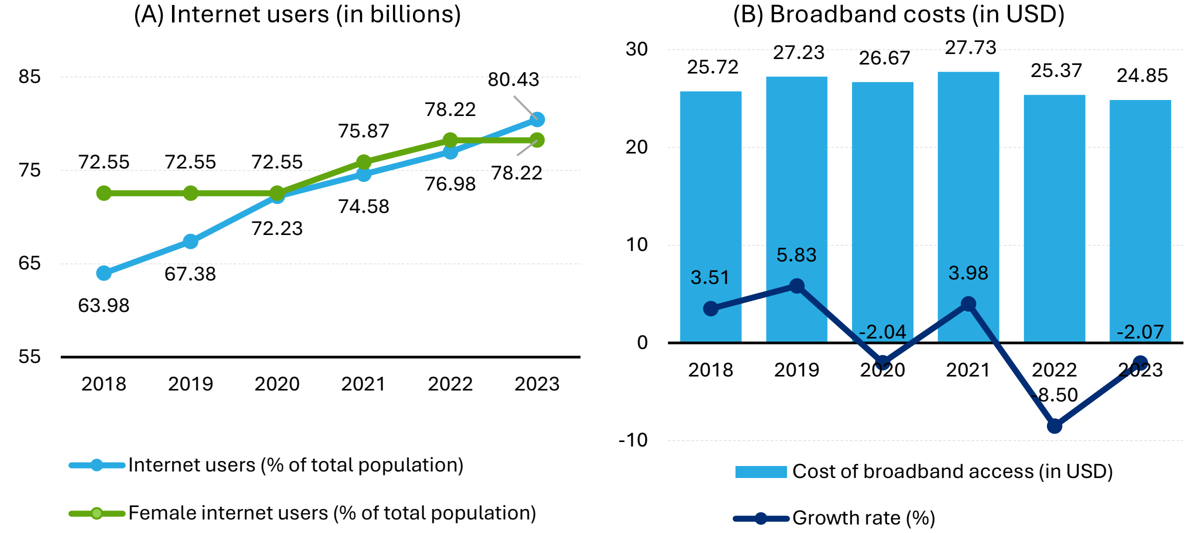
Evaluation of Progress: "The region improves digital connectivity among economies, businesses and people including by enhancing trust and security in the use of ICTs, accessibility and affordability of digital infrastructure in the region, broadening participation in the digital economy, and cooperating on facilitating the flow of data and strengthening consumer and business trust in digital transactions."

Key Responsible SCE Sub-fora: ATCWG, ACTWG, HWG, HRDWG, PPSTI, PPWE, SMEWG, TWG, TELWG, and TPTWG

The number of Internet users in the APEC region continues to increase, with 80.4 percent of the region's population being connected. This is a significant increase from 64.0 percent Internet usage recorded in 2018 (Figure 2.5). The proportion of women with access to the Internet reached 78.2 percent in 2023, up from 72.5 percent in 2018.

Figure 2.5 Digitalisation Indicators in APEC

Lima Roadmap KAA-C; Economic, Financial, Social Inclusion

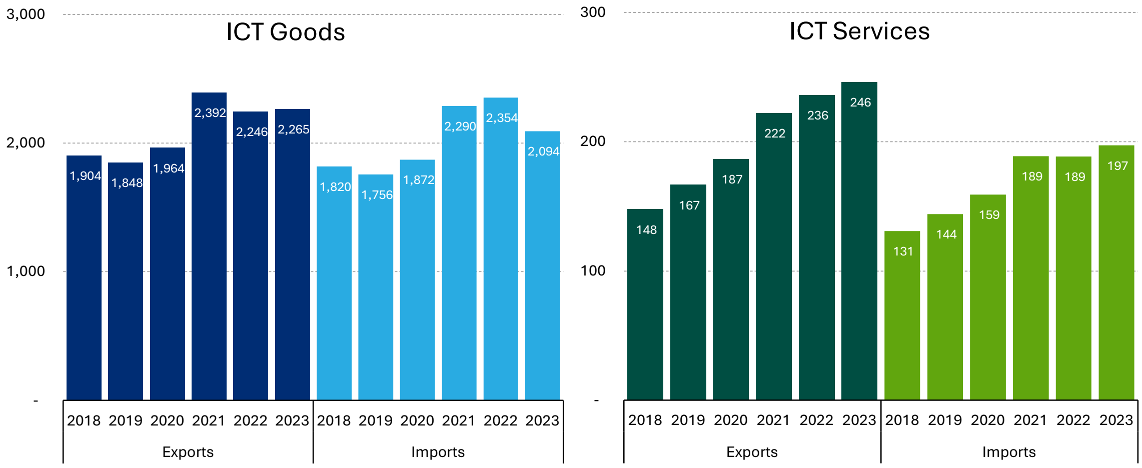


Note: APEC aggregate is a population-weighted average of available data.
Source: International Telecommunication Union; APEC Women and the Economy Dashboard 2023

Note: APEC aggregate of broadband costs is a simple average of available data. Broadband costs indicate of the cheapest plan providing at least 5 gigabytes of monthly high-speed data of at least 256 kilobits per second from the operator with the largest market share in each economy.
Source: International Telecommunication Union

The cost of fixed broadband has also been decreasing since 2022, reversing the upward trend seen in the aftermath of the COVID-19 pandemic. In 2023, a monthly fixed broadband subscription cost USD 24.85 on average (Figure 2.5), which is 10.4 percent lower than in 2021 and 3.4 percent cheaper than in 2018. Not only is Internet connection faster, it is also getting cheaper, presenting clear opportunities for digitally enhanced efforts towards formalisation, as well as achievements in pursuing economic, financial and social inclusion.

Figure 2.6 Imports/exports of ICT goods and services (in billions USD)
Lima Roadmap KAA-C, KAA-E; Economic Inclusion



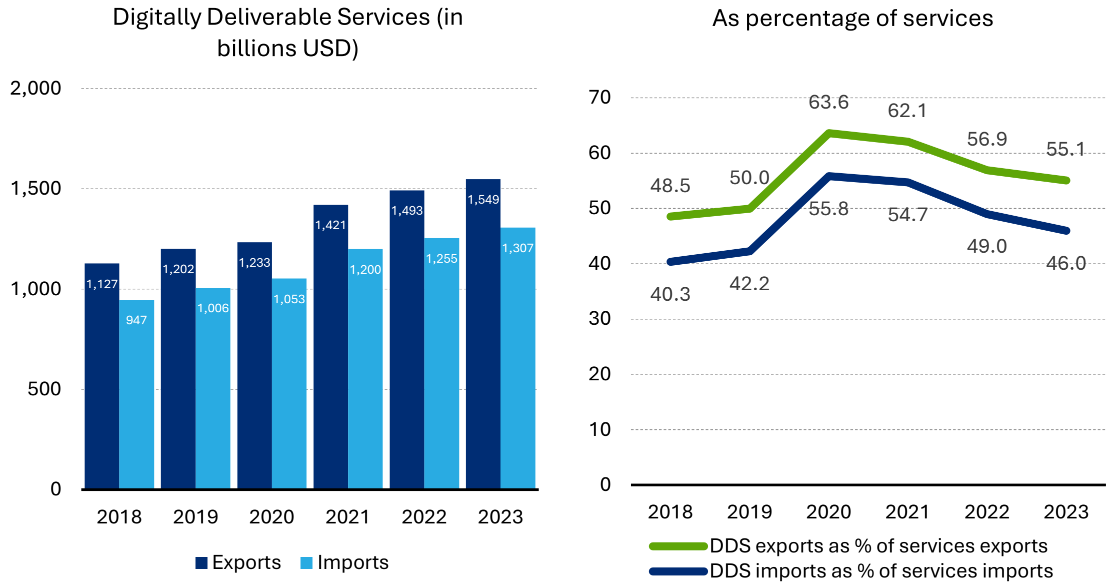
Note: ICT = information and communications technology. APEC aggregate is a sum of available data. Trade data ICT services for Brunei Darussalam is not available.
Source: United Nations Conference on Trade and Development

Trade in information and communications technology (ICT) goods has declined from its peak in 2021 and 2022, while trade in ICT services continues its upward trend (Figure 2.6). APEC exports of ICT goods reached USD 2.3 trillion in 2023, down from the peak of USD 2.4 trillion in 2021. Likewise, APEC ICT imports reached USD 2.1 trillion in 2023, which is an 11.0 percent contraction from the previous year's USD 2.3 trillion imports. On the other, ICT exports and imports are surging upwards, growing an average of 13.2 percent and 10.1 percent per year, respectively, over 2018-2023.

APEC trade in digitally deliverable services (DDS) also continues to grow, albeit their share in total services has declined since 2020 (Figure 2.7). APEC DDS exports in 2023 were valued at USD 1.5 trillion, while imports were valued at USD 1.3 trillion. Between 2018 and 2023, DDS exports grew at an average annual rate of 7.5 percent, while imports grew at an average annual rate of 7.6 percent.

Despite this continued growth, trade in DDS as a share of total services trade has fallen to 55.1 percent for exports and 46.0 percent for imports in 2023, continuing a downward trend from the peak in 2020. This points to the quick recovery of non-digitally delivered commercial services, which are experiencing a rebound after the loosening of physical proximity and travel restrictions implemented in 2020 to mitigate the COVID-19 pandemic.

Figure 2.7 Imports and exports of digitally deliverable services
Lima Roadmap KAA-C, KAA-E; Economic Inclusion



Note: APEC aggregate is a sum of available data on digitally deliverable services.
Source: United Nations Conference on Trade and Development

3. Strong, Balanced, Secure, Sustainable and Inclusive Growth

3.1 Objective: "To ensure that the Asia-Pacific region is resilient to shocks, crises, pandemics and other emergencies, we will foster quality growth that brings palpable benefits and greater health and wellbeing to all, including MSMEs, women and others with untapped economic potential."

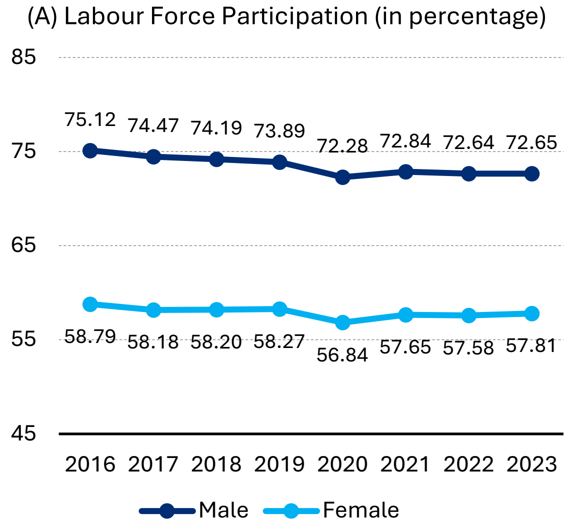
Evaluation of Progress: "APEC's growth is high quality and inclusive, bringing palpable benefits and greater health and wellbeing to MSMEs, women and others with untapped economic potential."

Key Responsible SCE Sub-fora: ATCWG, ACTWG, EPWG, HWG, PPWE, SMEWG, and PPSTI

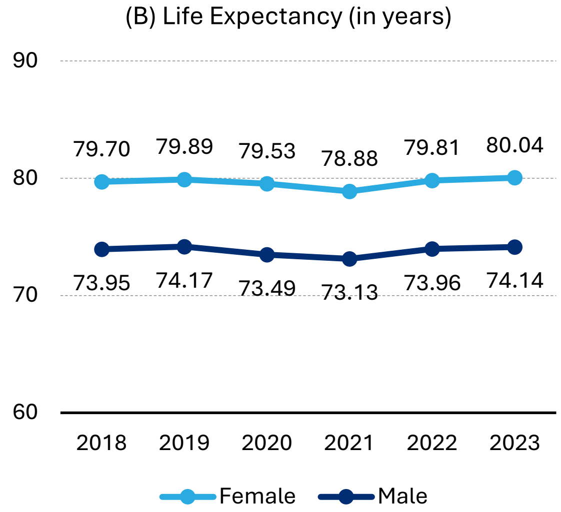
Labour force participation and life expectancy have recovered from their COVID-19 dips, but in varying degrees. The labour force participation rate (LFPR) in APEC was calculated at 72.6 percent for males and 57.8 percent for females in 2023 (Figure 3.1). This is an increase from the LFPRs registered in 2020, but well below their pre-pandemic levels. Participation and optimism in the labour market is essential not only for economic growth but also for increased formalisation as well as economic and social inclusion.

In 2023, average life expectancy at birth in APEC was registered at 80 years for females and 74 years for males (Figure 3.1). This is a significant increase from the life expectancy dip during the pandemic and is comparable to pre-pandemic levels. COVID-19 not only caused mortalities and morbidities directly, it also resulted in excess deaths and disease due to its adverse impacts on overall healthcare access, medical services, and nutrition. A recovery of life expectancy to pre-pandemic levels points to a similar recovery in delivering health-related services and access, which is a key component in achieving social inclusion.

Figure 3.1 Labour and Life Expectancy in APEC
Lima Roadmap KAA-D; Social Inclusion



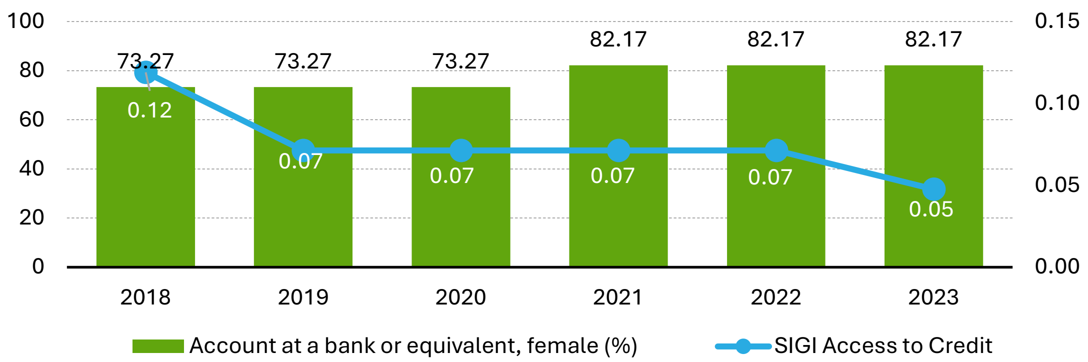
Note: APEC aggregate is a weighted average using population aged 15+.
Source: International Labour Organization



Note: APEC aggregate is a population-weighted average.
Source: United Nations Development Programme

APEC economies have made significant strides in improving women's access to financial services. In 2023, 82.2 percent of women in the region had an account at a formal financial institution (Figure 3.2). This figure has remained the same since 2021, but it is a 9-point increase from 73.3 percent in 2018. Likewise, women's access to credit has steadily approached that of men's. Based on the Social Institutions and Gender Index's access to credit score—a measure that goes from 0 (full equality between men and women) to 1 (very unequal access for women compared to men)—the average score for APEC economies is 0.05, which indicates a slightly improvement in equality compared to the previous year and a significant improvement over the 0.12 score recorded in 2018.

Figure 3.2 Women's Access to Financial Services
Lima Roadmap KAA-F; Financial, Social Inclusion



Note: Social Institutions and Gender Index access to credit score is a measurement of women's right and de facto access to bank loans. (0 = when women and men have the same rights to open a bank account and obtain credit at a formal financial institution, 1 = when women do not have the same rights as men to open a bank account at a formal financial institution). A weighted average using the size of

the female population in APEC economies ages 15 and older is used to calculate the APEC aggregate on female accounts at a bank.
Source: APEC Women and the Economy Dashboard 2025

Financial inclusion, including access to formal financial services and credit, is a key enabler for women's economic participation and inclusion. It not only opens opportunities for human capital development and entrepreneurial activity, but it also enables participation in the formal economy.

The APEC region has also made improvements in increasing social inclusion for women through representation in leadership roles. In 2023, 26.6 percent of ministerial positions in APEC economies was occupied by women, up from 20.1 percent in 2021 and 19.4 percent in 2019 (Table 3.1). The share of women in legislatures has also increased during the period, from 23.3 percent in 2019 to 26.7 percent in 2023.

Table 3.1 Female political leadership in APEC

Social Inclusion

Indicator	2019	2020	2021	2022	2023
Proportion of women in ministerial level positions (%)	19.4	20.1	20.1	26.6	26.6
Proportion of seats held by women in parliament (%)	23.3	24.4	26.2	26.7	26.7
How close women are to equality with men at the highest levels of political decision-making (scale of 0-100)	21.3	21.3	24.2	25.5	27.4

Note: APEC aggregate is a simple average of available data. To obtain annual data, end-of-year estimates are taken.
Source: APEC Women and the Economy Dashboard 2025

MSME contribution to APEC's economic output has increased over the past 5 to 10 years. In 13 economies for which there is data, MSMEs' contribution to economic output has increased between mid-2010s and the early 2020s. MSMEs are reported to contribute up to 60.0 percent of GDP in China, 56.0 percent of value added in Japan, and 55.8 percent of GDP in Australia (Table 3.2).

Table 3.2. Economic Contribution of MSMEs

Lima Roadmap KAA-E; Economic Inclusion

Economy	Measure	Value	MSME Share of Total (%)	Year	Value	MSME Share of Total (%)	Year
Australia	Value Added	AUD 999.8 billion	55.8%	2022-23	AUD 666.7 billion	55.3%	2017-18
Brunei Darussalam	Share of gross GDP		5.7%	2022	BND 8.2 billion	35.4%	2017
Canada	Share of gross GDP	CAD 890.0 billion	55.5%	2020	CAD1.1 billion	35.0%	2017
Chile					CLF 3.1 billion	13.8%	2017
China	Share of gross GDP		60.0%	2023			

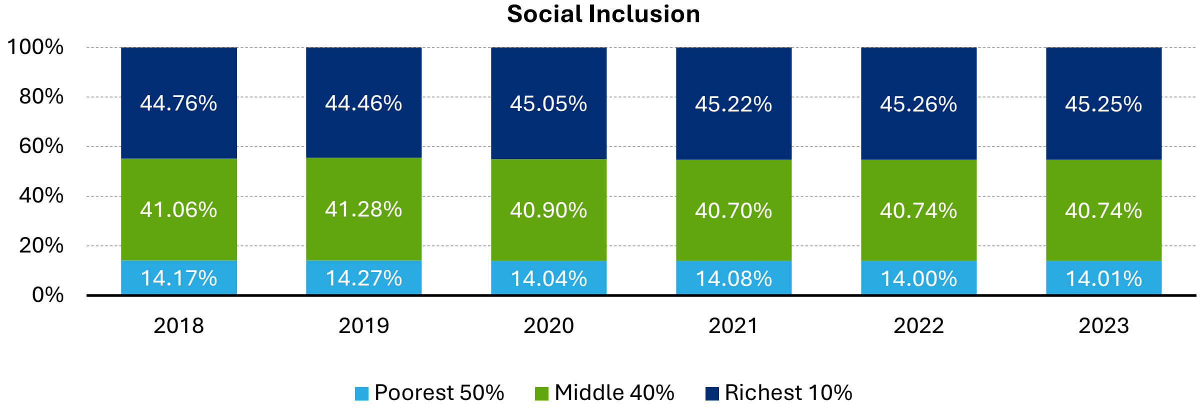
Hong Kong, China	Value Added	HKD 724.9 billion	36.5%	2022	HKD 685.6 billion	37.0%	2017
Indonesia	Share of gross GDP		61.1%	2022	INR 8,573.9 trillion	61.1%	2018
Japan	Value Added	JPY 140.1 trillion	56.0%	2020	JPY 135.1 trillion	52.9%	2015
Korea	Revenue by Business Size		48.7%	2020	KRW 255.1 trillion	50.8%	2016
Malaysia	Share of gross GDP	MYR 580.4 billion	38.4%	2022	MYR 435.1 billion	37.1%	2017
Mexico	Share of gross GDP		45.3%	2018			
New Zealand	Value Added		51.9%	2021	NZD 64.9 billion	27.9%	2014
Papua New Guinea					PGK 3.3 billion	17.3%	2016
Peru	Share of gross GDP	PEN 76.2 billion	31.4%	2022		30.7%	2016
The Philippines	Share of gross GDP		35.7%	2006			
Russia	Share of gross GDP	RUR 29,6 trillion	21.0%	2022	RUR 18,9 trillion	20.4%	2018
Singapore	Share of gross GDP	SGD 284.1 billion	48.0%	2022	SGD 212.0 billion	47.4%	2018
Chinese Taipei	Sales	TWD 28.6 trillion	51.6%	2022	TWD 12.6 trillion	29.6%	2018
Thailand	Share of gross GDP	THB 6.1 million	35.2%	2022	THB 6.6 trillion	42.4%	2017
United States	Share of gross GDP		43.5%	2019	USD 5.9 trillion	43.5%	2014
Viet Nam	Share of gross GDP	USD 196.0 billion	50.0%	2022	VND 8,055.9 trillion	45.1%	2016

Note: Figures are non-aggregable and non-averageable due to the incomparability of MSME data.
Source: APEC (2024). *Enhancing MSME Data Interoperability in the APEC Region*.
https://www.apec.org/publications/2024/09/enhancing-msme-data-interoperability-in-the-apec-region

MSME development contributes to economic inclusion by opening opportunities for entrepreneurial activity and jobs creation. Making it easier to open, maintain, and close a business contributes not only to economic dynamism and a sound business environment, but also incentivises firms to conduct their business in the formal economy. Formalisation of MSMEs will also enable the collection of more accurate, comparable, and timely data on MSME outputs, trading and employment activities that can be used towards evidence-based policymaking.

Income inequality remains a persistent problem in the APEC region, with almost half (45.2 percent) of total income going to the richest 10 percent of the population while the poorest half obtain 14.0 percent of total income (Figure 3.3). This skewed distribution has remained practically the same since 2021, when the economic effects of COVID-19 pandemic were felt more acutely by the poorer segments of the population.

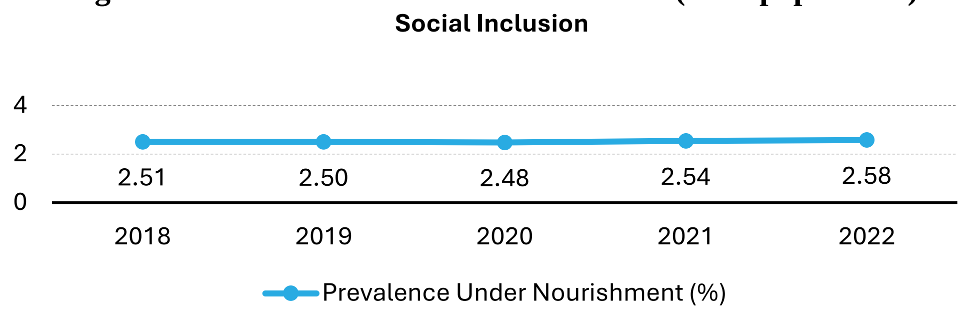
Figure 3.3 Income Share of the APEC Population



Note: APEC aggregate is a population-weighted average. APEC aggregate is the weighted average of available data on income shares based on population.
Source: World Inequality Database

Income distribution in the APEC region also worsened over recent years. Income accruing to the richest 10 percent grew from 44.8 percent in 2018 to 45.2 percent in 2023, while that of the poorest 50 percent decreased from 14.2 percent to 14.0 percent during the same period. Similarly, the prevalence of undernourishment in the region remained stagnant around 2018-2022, hovering around 2.5 percent during the period (Figure 3.4). This points to food security and affordability constraints faced by the region in recent years.

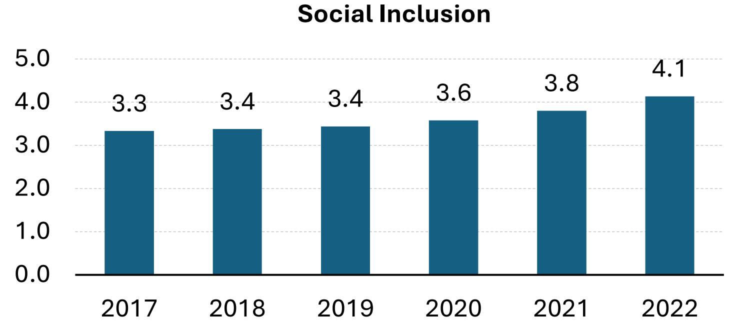
Figure 3.4 Prevalence of Undernourishment (% of population)



Note: APEC aggregate is a population-weighted average. Data for Singapore is not available.
Source: Food and Agriculture Organization

Indeed, the real cost of a healthy diet—defined by the Food and Agriculture Organization (FAO) as the cost of the cheapest locally available foods to meet energy and nutritional requirements for an average person with an energy balance of 2,330 kilocalories per day—rose from USD 3.30 per person per day in 2017 to USD 4.1 in 2022 (Figure 3.5). This translates to an annual average real price increase of 4.8 percent per year over the period. Food price increases disproportionately affect poorer households because of the large share of food in their consumption basket.

Figure 3.5 Cost of a healthy diet (PPP dollars per person per day)



Note: PPP = purchasing power parity. APEC aggregate is a simple average of available data.
Source: The State of Food Security and Nutrition in the World 2024

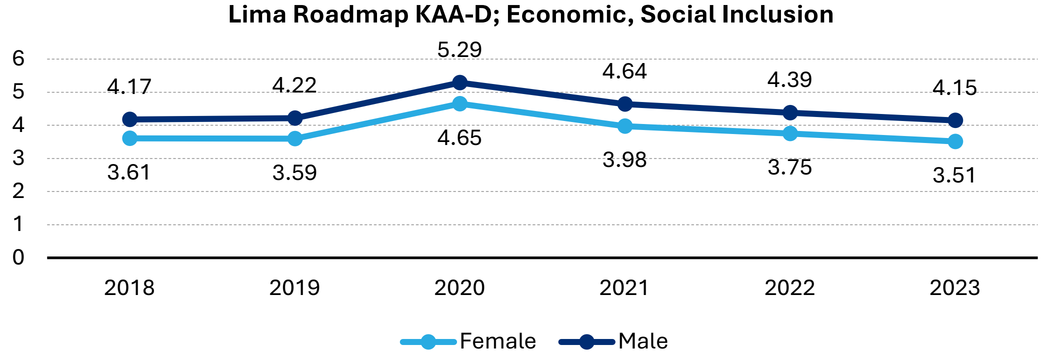
3.2. Objective: "We will intensify inclusive human resource development as well as economic and technical cooperation to better equip our people with the skills and knowledge for the future."

Evaluation of Progress: "All our people are well equipped with the skills and knowledge they need to adapt and thrive now and in the future."

Key Responsible SCE Sub-fora: HRDWG, PPWE, SMEWG, TWG, TELWG, and PPSTI

Unemployment in the APEC region continues its downward trend, reaching levels lower than those recorded in pre-pandemic levels. The male unemployment rate was 4.1 percent in 2023, while that for females was 3.5 percent (Figure 3.6). These are significant reductions from 5.3 percent unemployment for males and 4.6 percent for females in 2020, and are comparable to unemployment rates recorded in 2018 (4.2 percent for males and 3.6 percent for females).

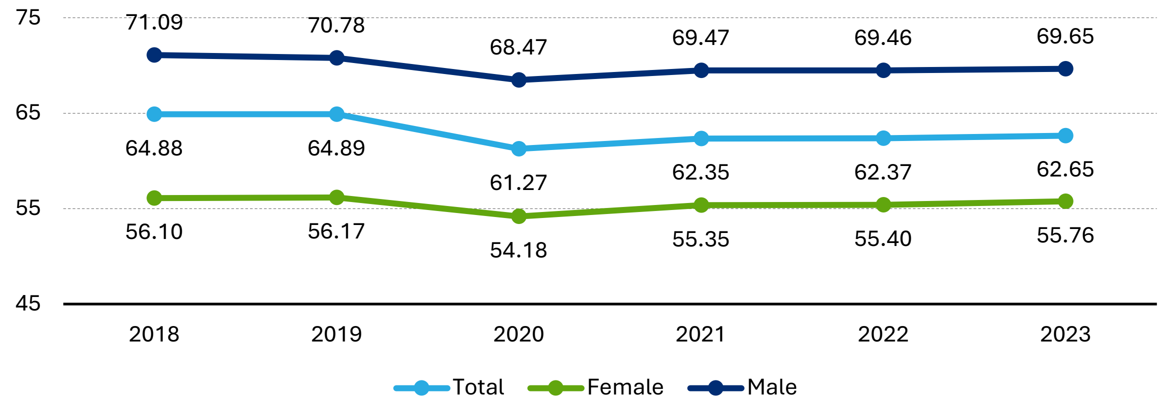
Figure 3.6 Unemployment rate by sex (in percentages)



Note: APEC aggregate is a weighted average based on the size of the labour force of each sex.
Source: International Labour Organization

On the other hand, employment-to-population ratios in APEC have remained below pre-pandemic levels. In 2023, 62.6 percent of APEC's population was employed (Figure 3.7), a figure that is slightly higher than the previous year (62.4 percent) but two percentage points lower than the rate recorded in 2019 (64.9 percent). This is reflective of the reduction in LFPR reported in and earlier section of this report, indicating that workforce proportions have shrunk relative to pre-pandemic levels.

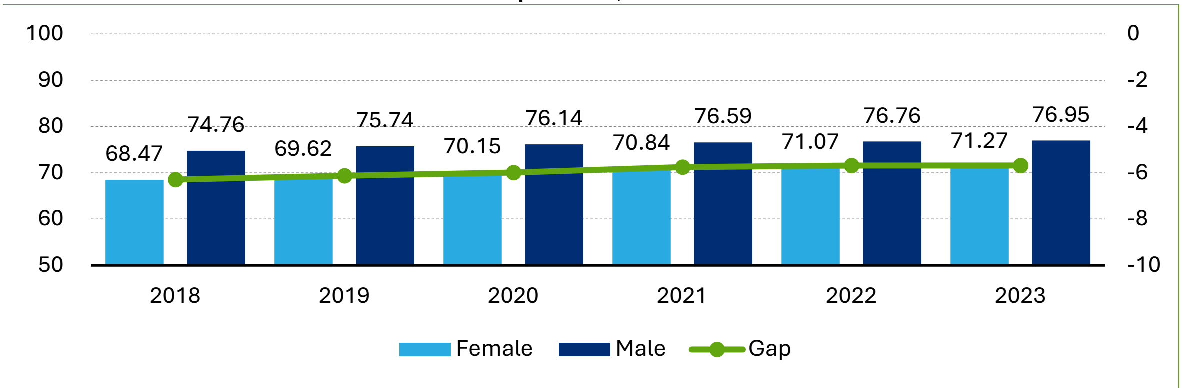
Figure 3.7 Employment-to-population ratio (in percentages)
Lima Roadmap KAA-D; Economic, Social Inclusion



Note: APEC aggregate is a weighted average using population aged 15 and over.
Source: International Labour Organization

Access to secondary education has continued its upward trend. The proportion of adult adults in the APEC region with at least secondary education was 76.9 percent in 2023, while it was 71.3 percent for females. This is a slight improvement of the rates recorded in 2021 (76.6 percent for males, 70.8 percent for females) and a significant improvement compared to 2018 (47.8 percent for males, 68.5 percent for females).

Figure 3.8 Population with at least some secondary education by sex (in percentages)
Lima Roadmap KAA-D; Social Inclusion

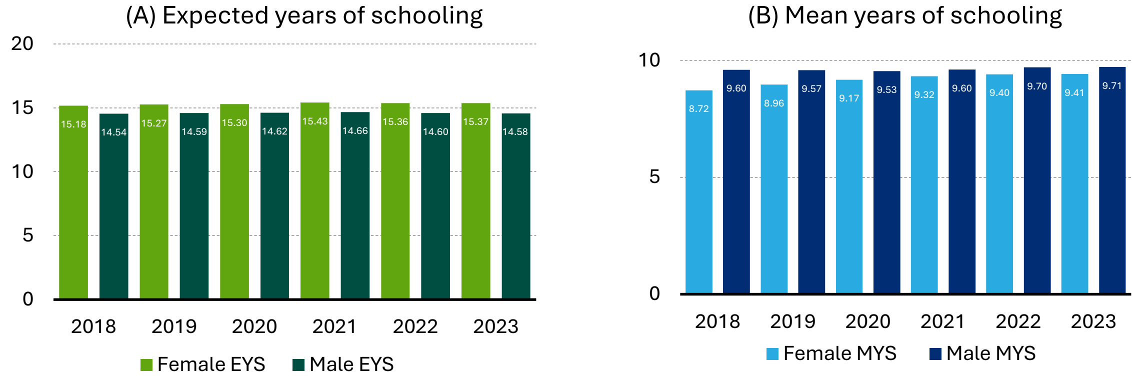


Note: Data on the total population comprise the percentage of the total adult population which completed at least lower secondary education. APEC aggregate of this indicator is a weighted average using population aged 25+.
Source: United Nations Development Programme and Chinese Taipei Ministry of Education

On the other hand, the gap in access to secondary education is still persistent, staying at around 6 percentage points during the 2018-2023 period (Figure 3.8). This is indicative of a higher likelihood of schooling exit or interruption for females compared to males. This can be similarly seen in the data on mean years of schooling (i.e., average number of years of schooling of the adult population). In 2023, adult males in the APEC region have completed 9.7 years of schooling on average, compared to 9.4 years for females (Figure 3.9). Compared to 2018 levels, mean years of schooling has improved significantly for females (0.69 year or 8.3 months) compared to males (0.11 year or 1.3 months). This shows that females are still more likely to discontinue their schooling compared to males, although there has been improvement over recent years.

Figure 3.9 Expected and Mean Years of Schooling in APEC

Lima Roadmap KAA-D; Social Inclusion

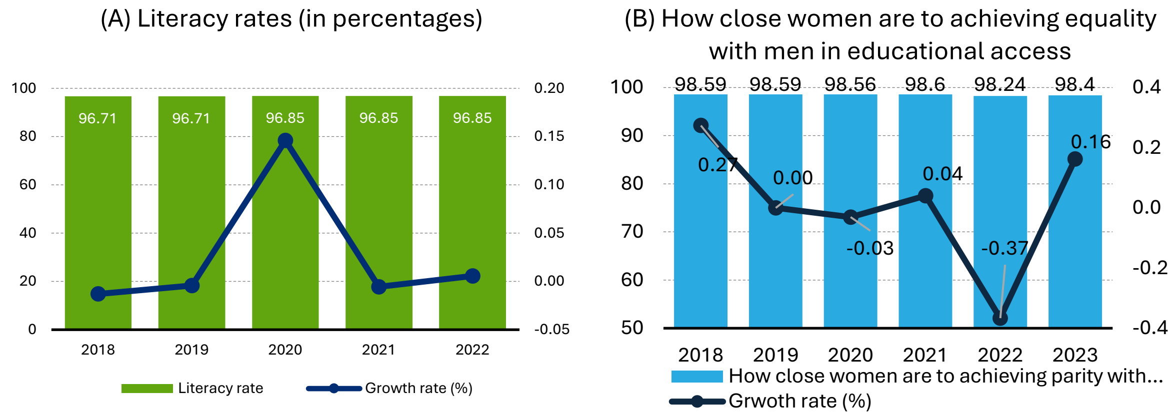


Note: Expected and mean years of schooling data cover the population at school entry age and aged 25+, respectively. For the respective indicators, APEC aggregates are weighted averages using the population aged 5-24 and 25+.
Source: United Nations Development Programme

Indeed, expected years of schooling (EYS)—a metric that is indicative of educational access (but not completion)—is improving for women. In 2023, females are expected to remain in school for 15.4 years compared to 14.6 years for males (Figure 3.9), if everyone who enrols stays in school. EYS is also increasing relatively faster for females: since 2018, female EYS increased by 0.19 year (2.3 months) compared to 0.04 year for males (0.5 month).

Figure 3.10 Literacy rates in APEC

Lima Roadmap KAA-D; Economic, Social Inclusion



Note: APEC aggregate is a weighted average of population aged 15+.
Source: World Bank; Organization for Economic Cooperation and Development; and Hong Kong, China Census and Statistics Department

Note: The measure is calculated using the literacy rate; net enrolment in primary and secondary schools; and gross enrolment in tertiary school (scale of 0-100). A simple average is used to calculate APEC aggregate values. Data for Hong Kong, China is not available.
Source: APEC Women and the Economy Dashboard 2023

Literacy rates in APEC are near-universal, with 96.8 percent of the population being able to read and write with basic comprehension skills (Figure 3.10). This rate is consistent over the period 2018-2022, indicating relative difficulty in providing literacy skills to the last 3 percent of the population. Likewise, educational parity between men and women in terms of literacy and enrolment rates have stayed stable over the period 2018-2023, staying above a score of 98 throughout the period.

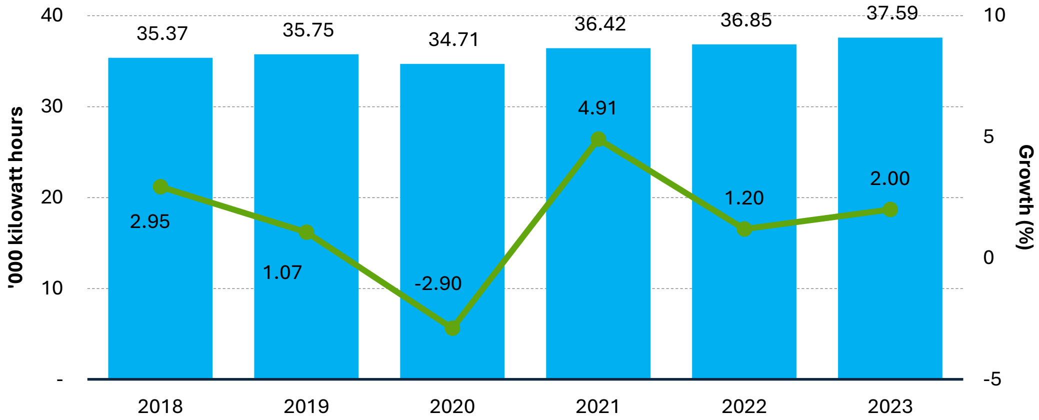
3.3. Objective: "We will promote economic policies, cooperation and growth, which will support global efforts to comprehensively address all environmental challenges, including climate change, extreme weather and natural disasters, for a sustainable planet."

Evaluation of Progress: "APEC's growth and prosperity is achieved on an increasingly environmentally sustainable basis."

Key Responsible SCE Sub-fora: ATCWG, EPWG, EWG, EGILAT, OFWG, PPWE, SMEWG, TWG, TELWG, TPTWG, and PPSTI

Per capita energy consumption in the APEC region continues to grow, reaching 37,590 kilowatt hours (kWh) per person per year in 2023 (Figure 3.11). This is significantly higher than the 35,370 kWh/person per year consumption recorded in 2018, indicating an average annual growth rate of 1.2 percent per year despite the drop in energy consumption recorded in 2020.

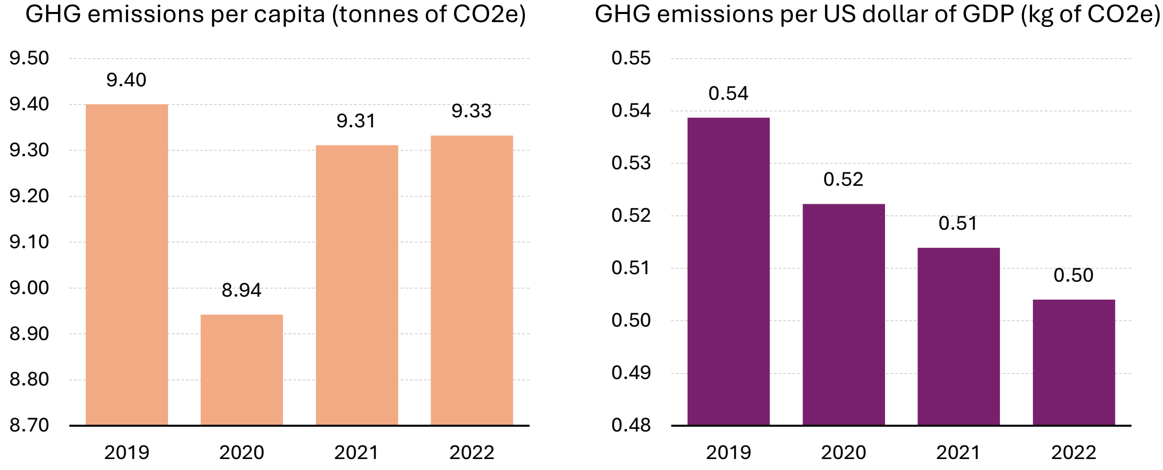
Figure 3.11 Energy consumption per person per year



Note: APEC aggregate is a population-weighted average. Data for Hong Kong, China and Chinese Taipei are unavailable. Energy use not only includes electricity, but also other areas of consumption including transport, heating and cooking.
Source: Our World in Data

Along with higher per capita energy consumption comes higher per capita greenhouse gas (GHG) emissions. In 2022, GHG emissions in the APEC region were recorded at 9.33 tonnes of CO2e per person, slightly higher than the 9.31 tonnes CO2e recorded in 2021 (Figure 3.12). On the other hand, this is still lower than the 9.40 tonnes emitted by each person in 2019, indicating greater use of energy sources and technologies with lower carbon intensity. In fact, the carbon intensity of the region's economic output has been decreasing, from 0.54 kilogramme of CO2e per dollar of GDP in 2019 to 0.50 kilogramme of CO2e in 2022.

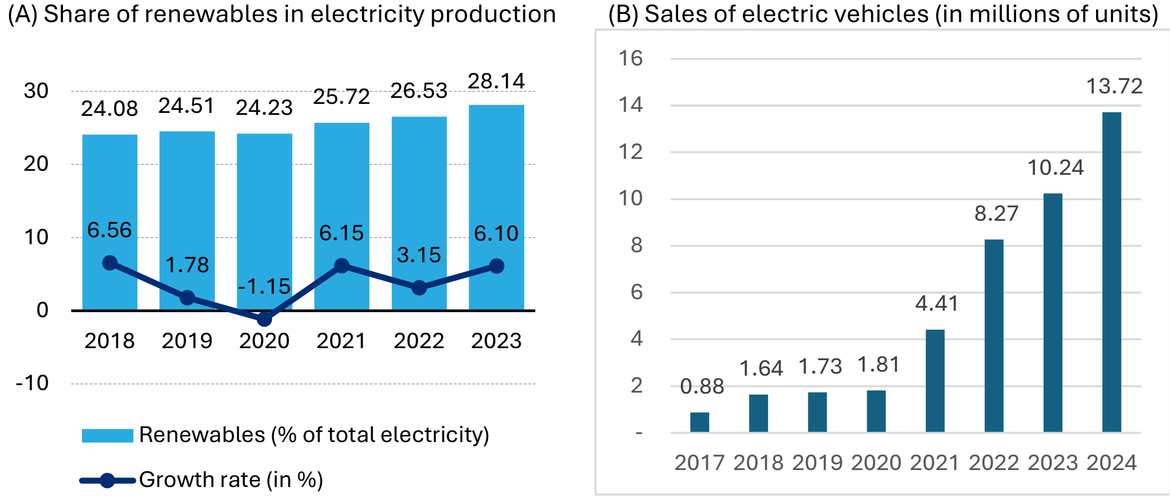
Figure 3.12 GHG Emissions Intensity Metrics



Note: CO2e = carbon dioxide equivalent. APEC aggregate is a sum of available data.
Source: CAIT Climate Data Explorer by the World Resources Institute; Hong Kong, China Environment and Ecology Bureau; and Chinese Taipei Environmental Protection Administration

This reduction in the carbon intensity of economic output coincides with the APEC region's increasing use of low- or zero-carbon technologies. The share of the region's electricity production from renewable energy sources—i.e., solar, wind, hydropower, bioenergy, geothermal, wave, and tidal sources—has steadily increased from 24.1 percent in 2018 to 28.1 percent in 2023 (Figure 2.12). Meanwhile, electric vehicle sales in the APEC region continues to grow, reaching 13.7 million units in 2024 and growing 34 percent over the previous year (Figure 3.13). The massive increase in electric vehicle sales points to the region's achievements in environmentally sustainable growth through pursuing low-carbon transportation options.

Figure 3.13 Renewable Energy and Electric Vehicle Sales



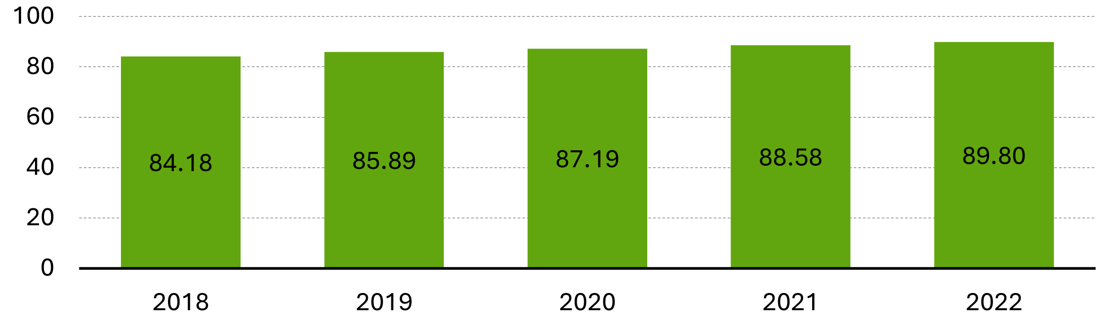
Note: APEC aggregate is a simple average of available data.
Source: Our World in Data

Note: APEC aggregate is a sum of available data. Data for Brunei Darussalam and Viet Nam are not available.
Source: International Energy Agency and economy sources

The share of population using on clean fuels and technologies—i.e., relying on electricity, biogas, natural gas, liquified petroleum gas (LPG), solar or alcohol fuels for cooking—has increased to 89.8 percent in 2022 compared to 88.6 percent in 2021 and 84.2 percent in 2018 (Figure 3.14). Using clean fuels and technologies for cooking not only helps reduce air pollution levels, it also contributes to the overall health, particularly among poorer households, through reduced exposure to soot and airborne particulate matter.

Figure 3.14 Share of population relying on clean fuels and technologies for cooking

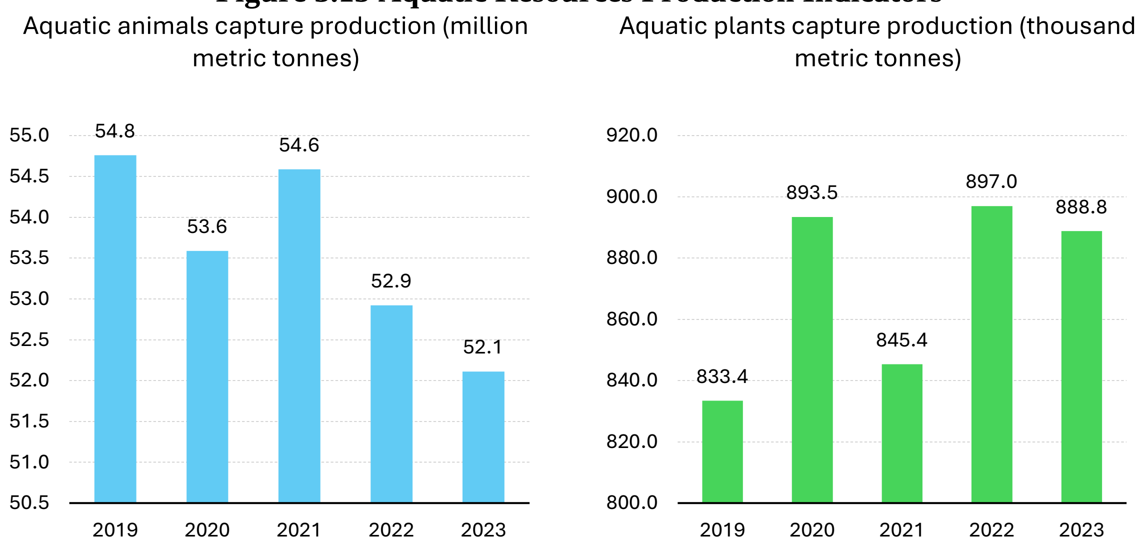
(in %)



Note: APEC aggregate is a population-weighted average. Data on Hong Kong, China and Chinese Taipei are not available. Clean fuels and technologies are those that attain the fine particulate matter (PM2.5) and carbon monoxide (CO) levels recommended in the WHO global air quality guidelines.
Source: World Health Organization

The APEC region has also taken steps to promote sustainability of aquatic resources. The capture of aquatic animals such as fish, molluscs and shellfish has been on a downward trend, going down from 54.8 tonnes in 2019 to 52.1 tonnes in 2023 or an average reduction of 1.2 percent per annum. On the other hand, capture of aquatic plants such as seaweed and algae reached 889 tonnes in 2023, a 1.0 percent reduction compared to 2022. However, capture of aquatic plants has increased substantially compared to 2019 levels (833 tonnes).

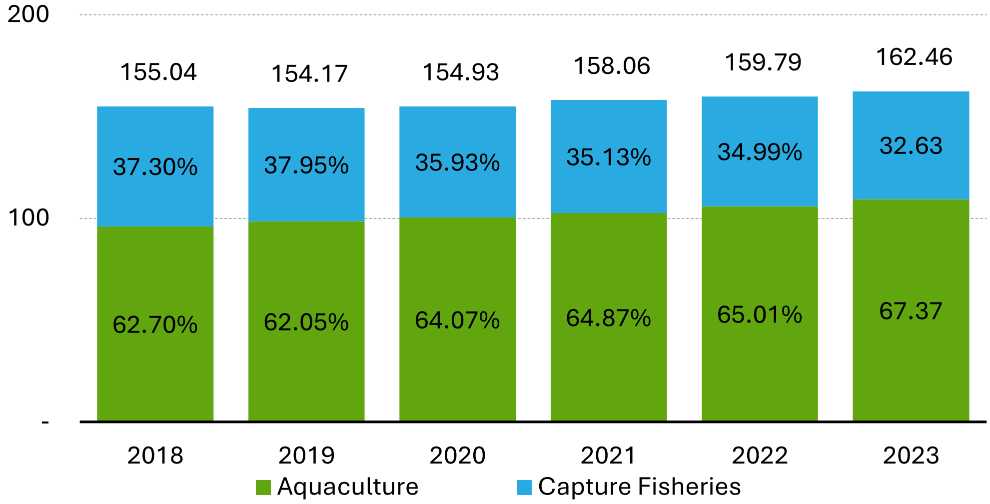
Figure 3.15 Aquatic Resources Production Indicators



Note: APEC aggregate is a sum of available data.
Source: Food and Agriculture Organization

Meanwhile, aquaculture as a share of total fisheries production has increased to 64.4 percent in 2023, which is a sustained increase from 62.7 percent recorded in 2018 (Figure 3.16). Aquaculture, or the farming of aquatic resources in fresh- or saltwater, presents a more sustainable option for fish and seafood consumption compared to capture fishing. Reduced reliance on capture fishing will not only help replenish stocks of wild water creatures, but it could also help preserve and revive marine and riverine ecosystems.

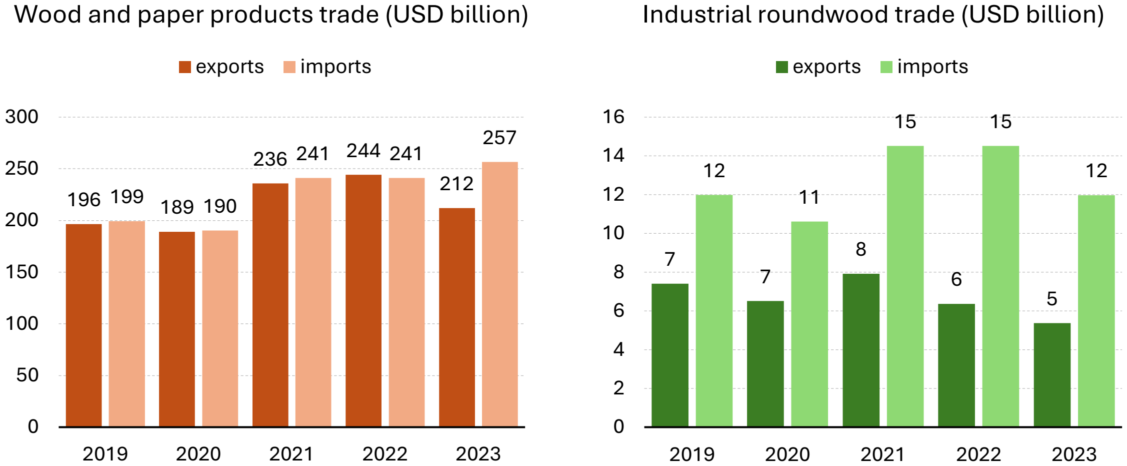
Figure 3.16 Size of aquaculture and fisheries sector
(in millions of metric tonnes)



Note: APEC aggregate is a sum of available data. Total fisheries production measures aquatic species caught by an economy for all commercial, industrial, recreational and subsistence purposes, including aquaculture. Aquaculture production is defined as the farming of aquatic populations in both fresh and saltwater.
Source: Food and Agriculture Organization

APEC economies have also taken steps to reduce reliance on fresh timber while maintaining trade and consumption of forestry products. The region's trade in wood and forestry products has grown from USD 395 billion in 2019 to USD 469 in 2023 (Figure 3.17)—an average annual growth rate of 4.7 percent. On the other hand, trade in industrial roundwood is on a downward trend in recent years, falling from USD 23 billion in 2021 to USD 17 billion in 2023.

Figure 3.17 Forestry Product Trade



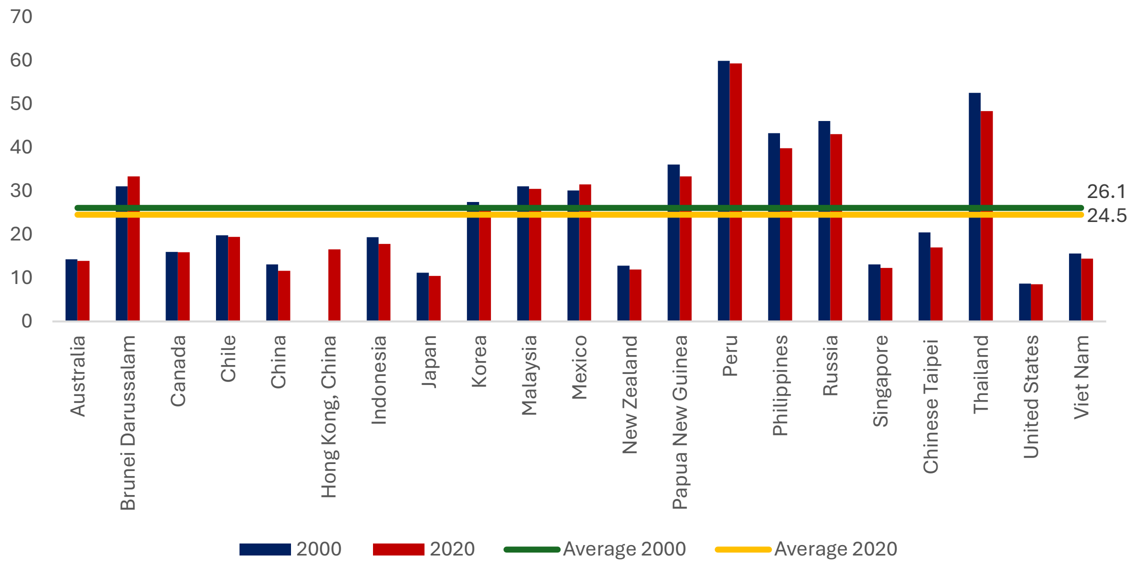
Note: APEC aggregate is a sum of available data.
Source: Food and Agriculture Organization

4. Supplementary Baseline Indicators for the Lima Roadmap

This section introduces supplementary indicators that are relevant for the evaluation of progress in implementing the Lima Roadmap to Promote the Transition to the Formal and Global Economies (2025-2040) that have not been covered in the indicators for the Aotearoa Plan of Action.

The informal economy, by definition, is not directly measured or monitored in regular economic statistics such as GDP or trade data. As such, most studies of the informal economy rely on model-based estimates that infer the size of the informal economy from observable economic indicators. For example the World Bank's Informal Economy Database estimates that the informal economy composes 24.5 percent of GDP in the APEC region as of 2020, which is a relative decline from 26.1 in 2000 (Figure 4.0). Across APEC economies, estimates of the size of the informal economy in 2020 ranges from 8.5 percent in the United Stats to 59.4 percent in Peru.

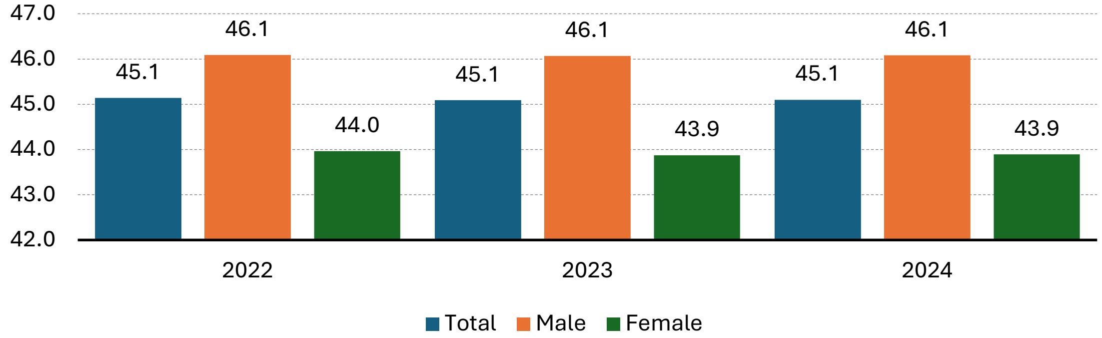
Figure 4.0 Estimates of informal output (as % of GDP), 2000 and 2020



Note: Estimates are based on the multiple indicators multiple causes (MIMIC) model. Data for Hong Kong, China; and Chinese Taipei are estimated by APEC Policy Support Unit (PSU) staff using the methodology in Elgin et al. Source: C. Elgin et al., "Understanding Informality," CERP Discussion Paper 16497, Centre for Economic Policy Research, London, 2021.
Source: World Bank Informal Economy Database (accessed on 21 April 2025) and APEC PSU 2024.

While the MIMIC model-based estimates of informality are very useful for analysis, they have not been updated since 2020. To establish baseline indicators for future review, we complement this analysis with data from the ILO on informal employment. In 2024, nearly half of all jobs (45.1 percent) were defined by the ILO as being in the informal sector (Figure 4.1). Males (46.1 percent) had a slightly higher participation in the informal sector than females (43.9 percent), and these proportions have not changed significantly since 2022.

Figure 4.1 Informal Employment as a Share of Total Jobs (%)
Lima Roadmap KAA-D; Economic, Social Inclusion



Note: Informal employment comprises persons who in their main or secondary jobs were (a) own-account workers, employers and members of producers' cooperatives employed in their own informal sector enterprises; (b) own-account workers engaged in the production of goods exclusively for own final use by their household (e.g. subsistence farming); (c) contributing family workers, regardless of whether they work in formal or informal sector enterprises; or (d) employees holding informal jobs, whether employed by formal sector enterprises, informal sector enterprises, or as paid domestic workers by households.
Source: International Labour Organization

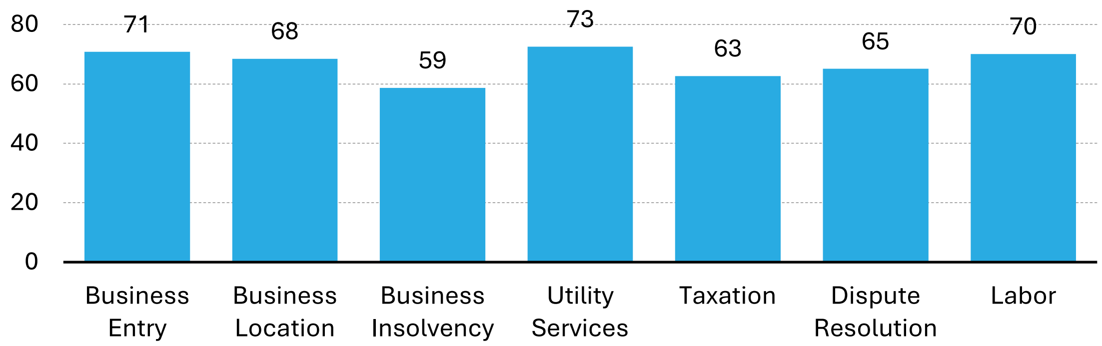
As this data is based on labour force surveys—the same source for regular employment and labour force data—this is a reliable, comparable and timely source to monitor the size of informal sector employment. Reductions in the share of informal employment could thus be viewed as progress towards greater formalisation.

Key Area and Action (KAA)-A of the Lima Roadmap focuses on enhancing regulatory coherence and fostering an enabling business environment. To measure progress in this area, supplementary indicators from the World Bank's Business Ready (B-READY) are utilised. B-READY conducts surveys and consultations with private sector firms to gauge perceptions on various aspects of an economy's business environment. Scores range from 0 (worst) to 100 (best) and cover various areas of from business entry procedures and securing necessary permits to taxation and insolvency processes. A full description of the methodology can be found on this website: https://www.worldbank.org/en/businessready/about-us/faq.

Figure 4.2 presents 2024 scores for various B-READY coverage areas. As B-READY implementation is staggered the figures only cover eight APEC economies, but this is an ongoing project and more economies will be covered until 2026 and the data collection is expected to continue well into 2040.

It should be noted that the B-READY does not explicitly cover the informal sector, and private sector respondents tend to come from the formal sector. However, improvements in the overall business environment, reductions in transactions costs and improved labour institutions could be strong incentives for firms and workers to formalise.

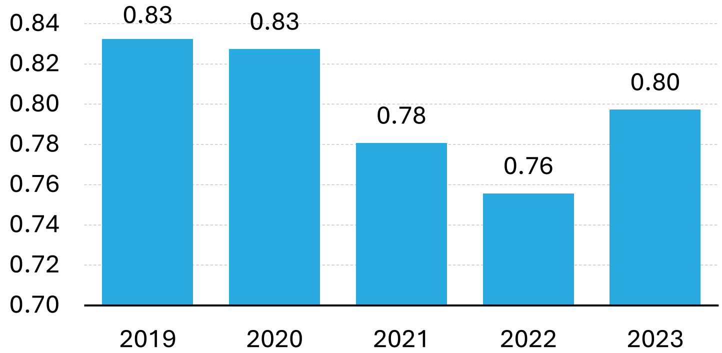
Figure 4.2 Enabling Business Environment Indicators, 2024
Lima Roadmap KAA-A; Economic Inclusion



Note: APEC aggregate is a simple average of available data. Data is currently available for eight economies in the 2024 cycle: Hong Kong, China; Indonesia; Mexico; New Zealand; Peru; the Philippines; Singapore; and Viet Nam. Additional data will be included in 2025 for seven more economies: Canada; China; the Republic of Korea; Malaysia; Papua New Guinea; Chinese Taipei; and the United States. In 2026, coverage will expand to six further economies: Australia; Brunei Darussalam; Chile; Japan; Russia; and Thailand. Scores range from 0 to 100 with higher scores indicating a more favourable business environment.
Source: World Bank Business Ready

Figure 4.3 on the government effectiveness index informs on KAA-B of the Lima Roadmap. This index measures perception on the quality of an economy's public services, civil service, policy formulation and implementation, and the credibility of government commitments to improve these areas. Baseline data on government effectiveness in APEC shows generally positive perceptions (0.80) that is on an upward trend, but there is room for overall improvement.

Figure 4.3 Government Effectiveness Index
Lima Roadmap KAA-B; Economic Inclusion



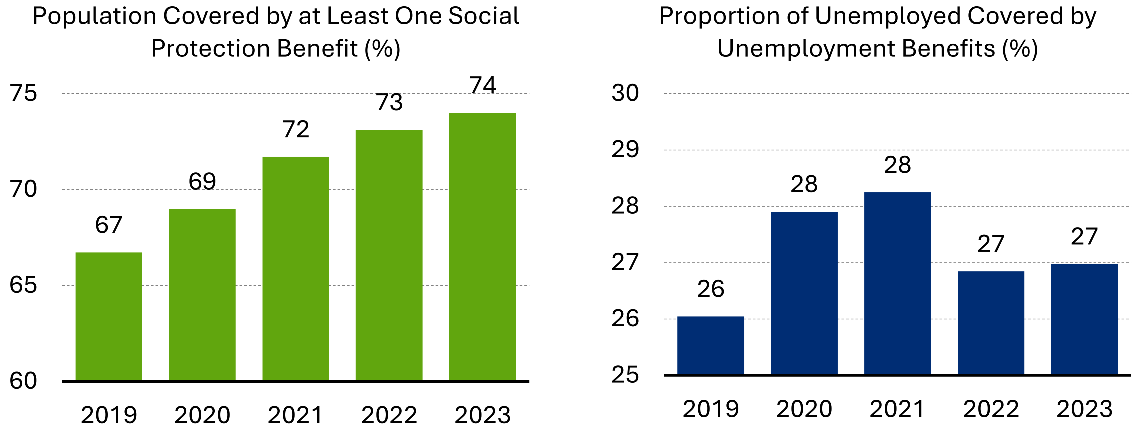
Note: APEC aggregate is a simple average of available data. Index scores range from -2.5 to 2.5, with higher scores indicating greater government effectiveness.
Source: World Bank World Governance Indicators

As with the business environment, perceptions on government effectiveness will affect the incentives and likelihood of firms and workers to join the formal sector. Formalisation entails greater interaction and monitoring with government agencies and regulatory bodies, so confidence in government effectiveness can strongly influence decisions towards formalisation.

Coverage in social protection and safety nets is one of the key advantages of employment formalisation and is highlighted under KAA-D of the Lima Roadmap. These programmes not only enable workers and their households to mitigate economic risk, they also provide the income space to pursue invest in their human capital (i.e., skills, education and health) that contribute to raising productivity levels. This, in turn, makes workers even more likely to find formal sector jobs or engage in formal entrepreneurial activity.

Figure 4.4 Labour Market Security and Protection Measures

Lima Roadmap KAA-D; Social Inclusion

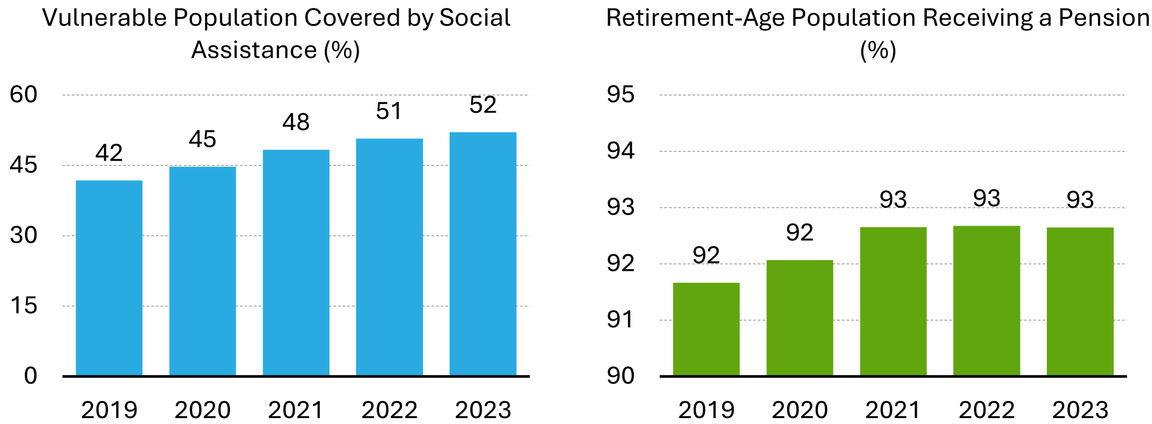


Source: International Labour Organization

Figure 4.4 provides baseline data on social protection coverage in the APEC region. As of 2023, 74 percent of the population was covered by at least one social protection benefit, while only 27 percent of unemployed workers receive unemployment benefits. On the other hand, as of 2023 more than half (52 percent) of vulnerable persons—defined by the ILO as children and adults who are not covered by contributory benefits—in the APEC region are covered by social assistance programmes (Figure 4.5). Meanwhile, about nine out of 10 retirement-age persons in the region are receiving a pension.

Figure 4.5 Income Support and Welfare Systems

Lima Roadmap KAA-D; Social Inclusion



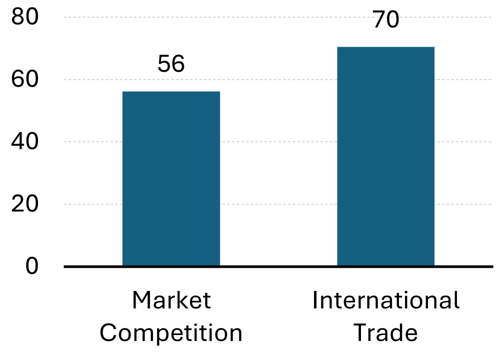
Note: ILO defines the vulnerable population as all children plus adults not covered by contributory benefits and persons above retirement age not receiving contributory benefits (e.g., pensions).
Source: International Labour Organization

Under KAA-E, a priority under the Lima Roadmap is advancing inclusive trade and investment environment to broaden access to markets and global trade participation. Market access and trade openness can open opportunities for MSMEs and encourage them to formalise and globalise. This is especially important in the area of services trade, where smaller firms could stay competitive in providing cross-border and digitally deliverable services. Figure 4.6

provides baseline market access indicators using the B-READY indicators; namely, market competition (i.e., having a fair and equal playing field for entry and competition and in the market) and international trade (i.e., having conducive, predictable, transparent and safe trading environments and having public services that facilitate trade). In 2024, covered APEC economies did better in terms of international trade openness compared to market competition, indicating room for improvement in promoting fair market competition.

Figure 4.6 Market Access Indicators, 2024

Lima Roadmap KAA-E; Economic Inclusion

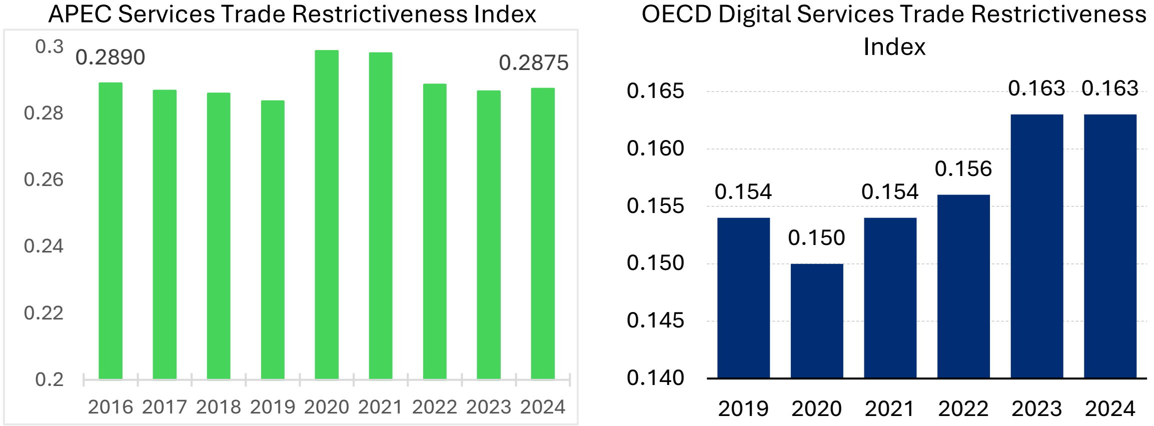


Note: APEC aggregate is a simple average of available data. Data is currently available for eight economies in the 2024 cycle: Hong Kong, China; Indonesia; Mexico; New Zealand; Peru; the Philippines; Singapore; and Viet Nam. Additional data will be included in 2025 for seven more economies: Canada; China; the Republic of Korea; Malaysia; Papua New Guinea; Chinese Taipei; and the United States. In 2026, coverage will expand to six further economies: Australia; Brunei Darussalam; Chile; Japan; Russia; and Thailand. Scores range from 0 to 100 with higher scores indicating a more favourable business environment.
Source: World Bank Business Ready

This finding is echoed in Figure 4.7, which presents data for the Services Trade Restrictiveness Index (STRI). Based on the APEC STRI for all services, the index has stayed static in recent years and was recorded at 0.287 in 2024. This score, which is closer to 0 than to 1, indicates a generally low level of services trade restrictions in the region on average. Likewise, the OECD's digital STRI is relatively low at 0.163 in 2024, but has been on an upward trend since 2020. This indicates that digital trade has become more restrictive in recent years.

Figure 4.7 Trade Restrictiveness Indicators

Lima Roadmap KAA-E; Economic Inclusion

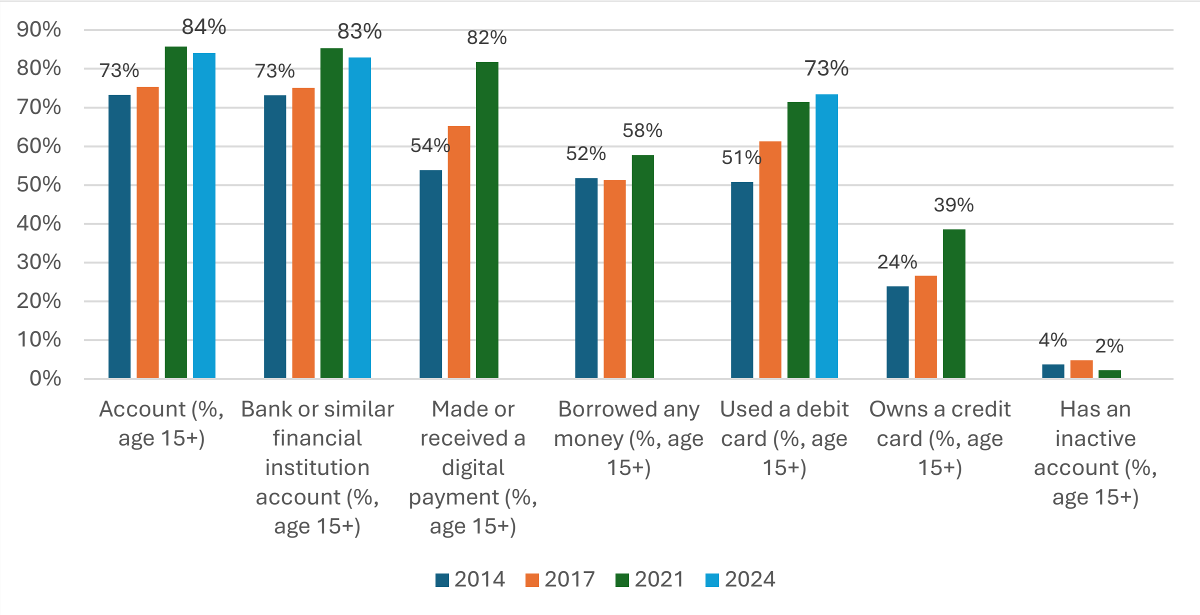


Note: APEC aggregate is a simple average of available data. APEC STRI data for Brunei Darussalam; China; and Hong Kong, China are unavailable. OECD digital STRI data for Brunei Darussalam; Hong Kong, China; Papua New Guinea; and Chinese Taipei are unavailable. Scores range from 0 (least restrictive) to 1 (most restrictive).
Source: APEC and OECD

Financial inclusion is a key enabler as well as an incentive for formalisation of firms and workers. It not only opens opportunities for entrepreneurial and human capital investment, but it also allows firms and households to manage economic risks and uncertainties. Digitalisation plays a key role in financial inclusion by reducing the cost of delivering financial services as well as making it easier for clients to access these services.

Figure 4.8 Demand-Side Financial Inclusion Indicators in APEC Economies

Lima Roadmap KAA-F; Financial Inclusion



Source: World Bank Global Findex 2025

Note: Data on financial inclusion indicators are unavailable for Mexico and Viet Nam in 2021.

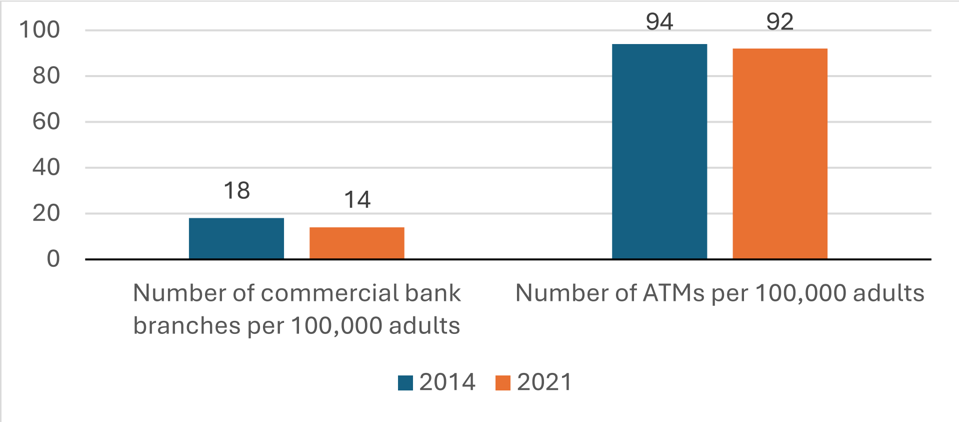
For 2024, data on digital payments, borrowing, credit card ownership and inactive accounts are not sufficient for an APEC average due to low coverage.

Figure 4.8 draws on data from regular financial inclusion surveys conducted by the World Bank. Data from the Global Findex Survey show that the APEC region has made significant progress in expanding access to financial services over the past 10 years. Account ownership, having a financial sector account, and access to credit (through borrowing or credit card ownership) have all been on an upward trend. Likewise, the prevalence of making digital payments and access to a debit or credit card have increased over the past 10 years, opening opportunities for e-commerce and making digital financial transactions. Account inactivity also remains low, staying below 5 percent throughout the period.

On the supply side, there seems to be less emphasis on providing physical financial access touchpoints. Between 2014 and 2021, the number of bank branches and ATMs per 100,000 adults and has decreased by 22.2 percent and 2.1 percent, respectively. While this can indicate a transition to digitally delivered financial services, this can also lead to a reduction in access to financial services for people who have no or limited access to digital technology, such as people in remote areas and the elderly.

Figure 4.9 Supply-Side Financial Inclusion Indicators in APEC Economies

Lima Roadmap KAA-F; Financial Inclusion



Note: Data are unavailable for the United States.
Source: IMF Financial Access Survey; Financial Supervisory Commission (Chinese Taipei).