PRESS RELEASE
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Asia-Pacific optimism holds despite trade headwinds, but AI gains hinge on capacity

PECC's State of the Region 2026–2027 finds leaders more confident in the Asia-Pacific than the global economy, wary of protectionism, and calling on APEC to turn AI adoption into shared prosperity.

Shenzhen, China, 13 November 2026 – Asia-Pacific leaders remain markedly more optimistic about the region's economic prospects than the world's, according to *State of the Region 2026–2027*, released today by the Pacific Economic Cooperation Council (PECC) ahead of the APEC Economic Leaders' Meeting.

Against the backdrop of an increasingly uncertain global trade environment, 51% of respondents are optimistic about Asia-Pacific economic growth over the next two to three years, compared with just 21% for the global economy. The findings draw on a survey of more than 500 thought leaders from government, academia, industry, media, and civil society.

Optimism is tempered by mounting headwinds. Respondents identify increased protectionism and trade wars as the most significant threat to growth, along with global supply chain disruptions, inflation, failure to adapt to rapid technological change (including AI), and climate change. For APEC leaders, protecting the foundations of growth while adapting to new drivers will be crucial to keeping the Asia-Pacific competitive. Respondents' top priorities for APEC include mitigating the risks of protectionism, strengthening supply chain resilience, reducing geopolitical tensions, facilitating the adoption of AI and other emerging technologies while managing their risks, and enhancing energy resilience.

"AI Adoption in the Asia-Pacific: Pathways to Economic Opportunities" is the key theme of the flagship report, highlighting both a major opportunity and a test of the region's adaptability. Findings show that the Asia-Pacific has outperformed the global average in AI adoption. Some 78% of employees in the Asia-Pacific use AI tools at least once a week, and most respondents report that AI has increased efficiency (82%) and productivity (75%). The region's task now is to ensure people, businesses, and institutions are prepared to make the most of AI.

AI is already changing the nature of work itself, but preparations are failing to keep pace. While 79% of respondents identify digital skills as a key accelerator of AI adoption, only 6% believe their economy is very prepared for workforce reskilling, even as 29% report that AI has altered existing job profiles towards more skill-intensive roles. A review of the education sector illustrates the cost of that gap: *"where professional training has not accompanied deployment, systems go unused or get used without the judgment required for output."*

Reaping AI's full benefits requires complementary economy-wide investment in human and organizational capital. Capacity building should therefore be a central pillar of regional cooperation, with APEC playing an important role in helping economies ensure AI's benefits reach everyone. Rather than adding more AI frameworks in a region where they are already abundant, practical support – help with drafting implementing rules, strengthening evaluation capability, and training supervisors – can address capability gaps directly. As the report notes, "*different groups can bring complementary perspectives to AI adoption*," and APEC can remain a valuable channel for sharing business experience, policy insight, and research evidence. This builds on the APEC AI Initiative

(2026–2030) which aims to harness AI for inclusive economic growth, and on existing multi-year frameworks such as the APEC Internet and Digital Economy Roadmap (AIDER).

MSMEs, which account for around 97% of enterprises in the region, deserve particular focus. Through its existing work on MSME development, digitalization, and capacity building, APEC can support region-wide knowledge-sharing, professional training, and best-practice exchanges that help smaller businesses reap AI's benefits.

Education will be critical to closing the region's AI capability gap. As the report notes, "*education is where the skills identified as a leading driver of adoption are built*." Because the sector already relies heavily on shared frameworks, it is well suited to regional collaboration: shared frameworks, teaching resources, and best practices developed at the regional level can give economies a common vocabulary without requiring them to adopt another's system. Priority areas include curriculum development, teacher training, and embedded AI literacy, which together prepare the future workforce for an increasingly digital economy. Lifelong learning is equally essential, as much of the workforce that will use AI over the next decade has already left formal schooling. Training and upskilling programs should come with clear metrics and a dedicated organization to run them.

Fears of AI-driven job losses have yet to materialize. Although displacement remains a major policy concern, only 10% of respondents reported AI-related layoffs, while a larger share reported increased recruitment. This suggests a window of opportunity for economies to prepare their workforces and institutions for AI-driven change before more significant disruption arrives – and for APEC to help them act before capacity gaps become barriers to growth.

"AI is already raising productivity across our region, but the gains will not spread on their own. The priority now is to invest in people, build trusted and interoperable rules, and help every economy, especially smaller ones and MSMEs, put them into practice. APEC is the right platform to do that," said PECC Co-Chairs Richard Cantor and Zhan Yongxin.

The full report is available from 13 November at:

https://pecc.org/research/state-of-the-region

Media inquiries: Ms Betty Ip, betty.ip@pecc.org

About *State of the Region*

The *State of the Region* report (www.pecc.org/research/state-of-the-region) is an annual statement of PECC's views on the major developments affecting Asia-Pacific regional cooperation. The report contains a macroeconomic overview of the current state of the region and related issues. It contains results from its annual survey of opinion-leaders of perceptions on key developments in the region and priorities for APEC. It is useful for gauging converging as much as diverging perceptions of stakeholders from business, government, and the research/ media/ civil society. This year, the survey was conducted from June to August and responses were received from over 500 opinion leaders.

Respondents to the PECC survey are high-profile senior individuals from the academia; business; government; civil society and the media. They are selected by PECC member committees on the basis of their level of knowledge of the Asia-Pacific region. The criteria given for the selection of panelists were as follows:

Government

Panelists should be either decision-makers or senior advisors to decision-makers. The past government respondents included a number of former and current ministers, deputy and vice-ministers, central bank governors and their advisors for Asia-Pacific issues, current APEC senior officials, and a number of former APEC senior officials.

Business

Panelists should be from companies who have operations in a number of Asia-Pacific economies or conduct business with a number of partners from the region; this might include each economy's current ABAC members as well as past ABAC members. They may be CEOs, vice presidents for Asia-Pacific operations, and directors of chambers of commerce.

Research Community/Civil Society/Media

Panelists should be well versed in Asia-Pacific affairs, being the type of people governments, businesses, and the media would tap into for input on issues related to Asia-Pacific cooperation. These include heads of institutes concerned with Asia-Pacific issues, heads of departments, senior professors, and correspondents covering international affairs.

About the Pacific Economic Cooperation Council

The Pacific Economic Cooperation Council (PECC) is a non-profit international organization committed to the promotion of cooperation and dialogue in the Asia Pacific. Founded in 1980, PECC is a tripartite network of 24 member committees comprising individuals and institutions dedicated to this shared mission. Of the 24 member committees, 21 represent the economies of Australia, Brunei Darussalam, Canada, Chile, China, Colombia, Hong Kong (China), Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Peru, the Philippines, Singapore, Chinese Taipei, Thailand, the United States of America, Vietnam as well as the Pacific Islands Forum. The PECC also has one associate member, France (Pacific Territories), and two institutional members, the Pacific Trade and Development Conference and the Pacific Basin Economic Council. As the only non-governmental official observer of APEC (Asia-Pacific Economic Cooperation), PECC provides independent business and research input for the regional policy-making process. www.pecc.org