APEC Regional Trends Analysis
May 2017, APEC Policy Support Unit

GLOBALIZATION: THE GOOD, THE BAD, AND THE ROLE OF POLICY

The Good:
In the last 50 years, globalization and international trade have contributed to unprecedented growth in prosperity and welfare of billions of people.

The Bad:
Globalization has not been equally beneficial for everyone. The process of trade liberalization entails difficult adjustments for businesses and workers, and brings with it structural unemployment.

The Role of Policy:
Globalization alone will not lead to a fairer or more equal society. It needs to go hand-in-hand with complementary policies to ensure inclusiveness and sustainability.

Maximizing the benefits of globalization requires complementary social policies that can help displaced workers.

IN 2016:
APEC trade improves
Exports Imports Total Trade
-8.2 -6.1 -11.4 -3.7 -10.1 -3.9

The APEC region is expected to continue outpacing world GDP in the near-term.

APEC’s decisions, both in the short-term and the medium-term, could help cement the path towards higher, more sustainable, more equitable, and more inclusive growth.

Upside Potential:
- Global economic momentum.
- Optimistic projections for growth of world trade and investment.
- Gradual recovery in oil and non-oil commodity prices.
- Fiscal stimulus measures by US and China.

Downside Risks:
- Uncertainty in short-term policy direction for trade, monetary, and fiscal policies.
- Current trend towards protectionism and anti-globalization.

Suggestions for Future Policy Direction:
- Sustain the global economic upswing: implement macroeconomic measures that continue to support demand.
- Promote innovation.
- Lead to more competitive markets.
- Enhance economic resilience.
- Be mindful of the impact to vulnerable groups.

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