



Asia-Pacific
Economic Cooperation

APEC Regional Trends Analysis

November 2023 • Policy Support Unit



GDP Growth
and Outlook

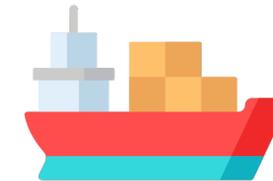


Inflation and
Monetary Policy

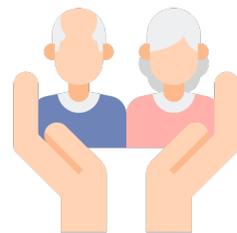


Commodity
Prices

APEC Regional Trends Analysis



Trade Performance
and Outlook



Shifting
Demographics

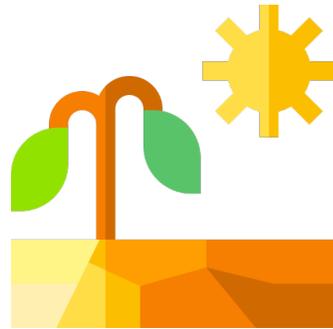


Suggested Policy
Options

KEY POINTS



Collectively, APEC economic growth has improved but downside risks and uncertainties prevail



Inflation in APEC has remained elevated due mainly to supply-side factors, exacerbated by weather conditions

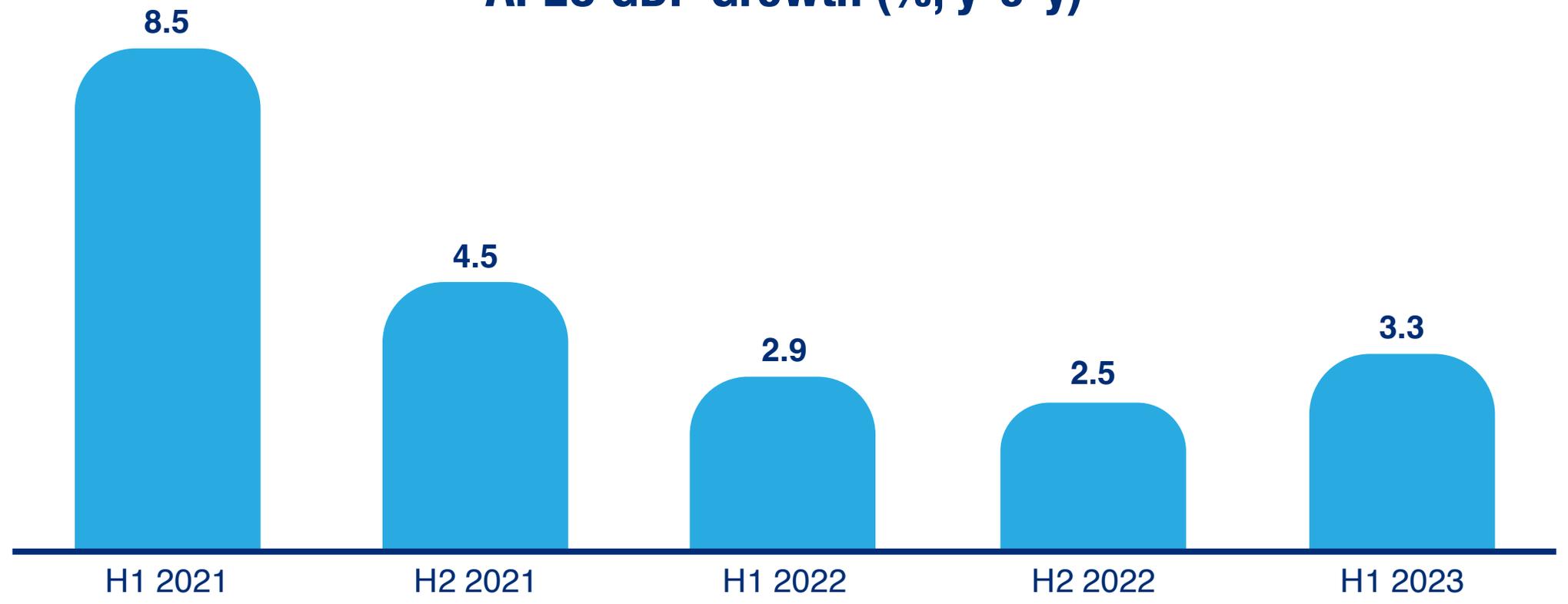


Geoeconomic fragmentation and trade protectionism threaten the future of trade



Over the long term, a growing elderly population presents challenges for healthcare systems, labour markets, and social support networks

APEC GDP Growth (% , y-o-y)



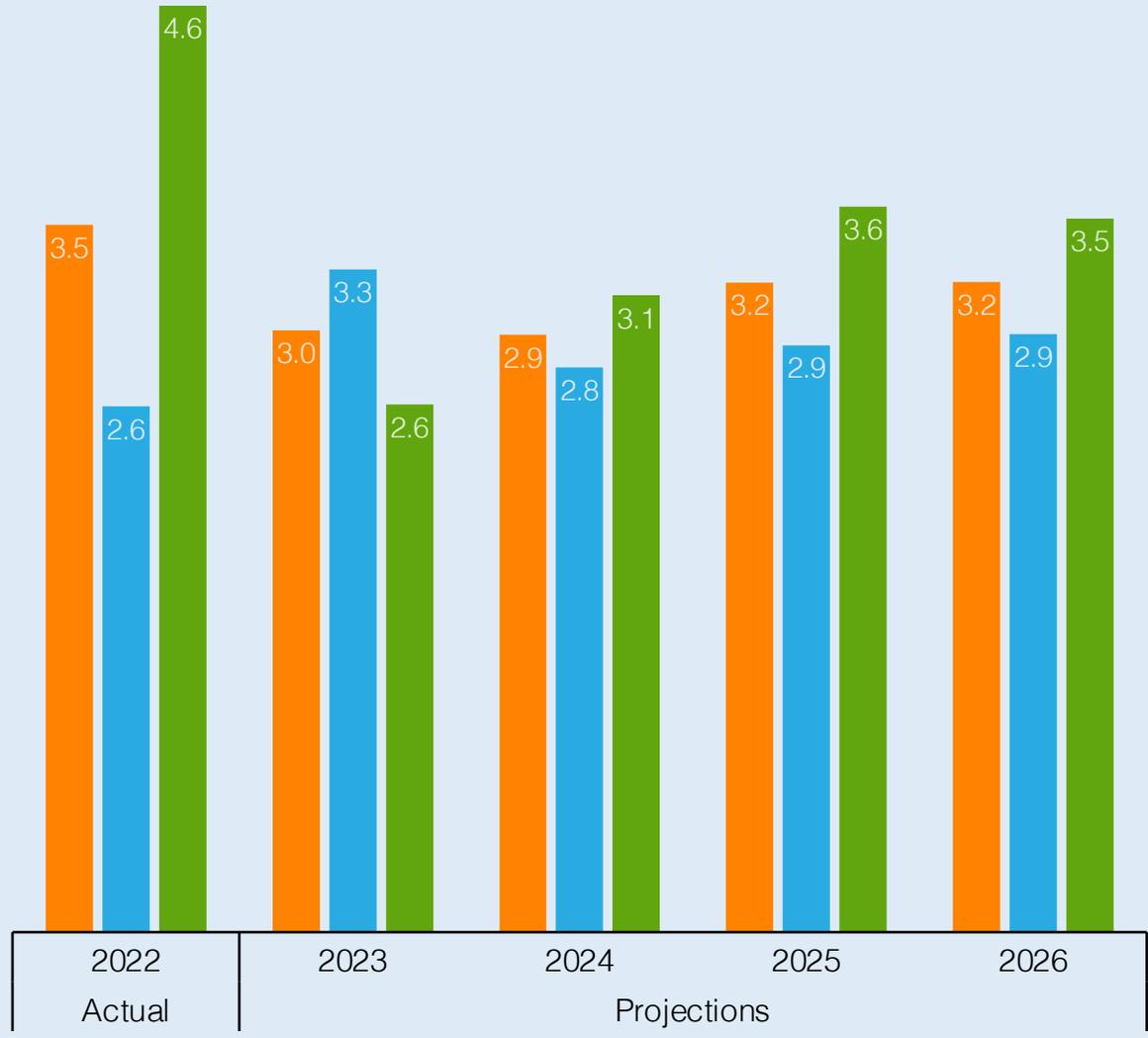
Rebound in tourism and domestic consumption drive economic activity, but growth is uneven across APEC



GDP Growth Outlook: Global, APEC and ROW (% , y-o-y)

DOWNSIDE RISKS

- Geopolitical Issues**
- Inflation and Debt**
- Climate Change**
- Geo-economic Fragmentation**
- Trade Protectionism**



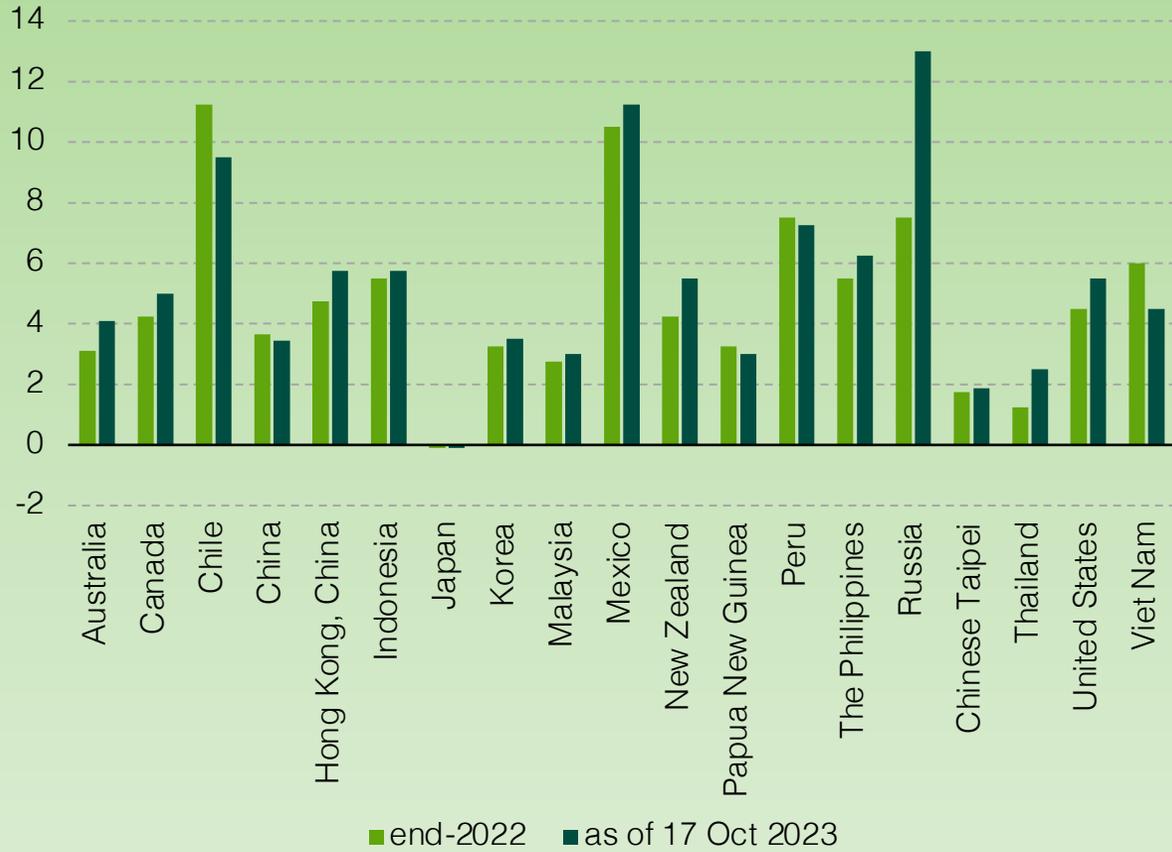
UPSIDE OPPORTUNITIES

- Tourism Rebound**
- Increased Consumption**
- Targeted Fiscal Support**

Global economy APEC Rest of the world

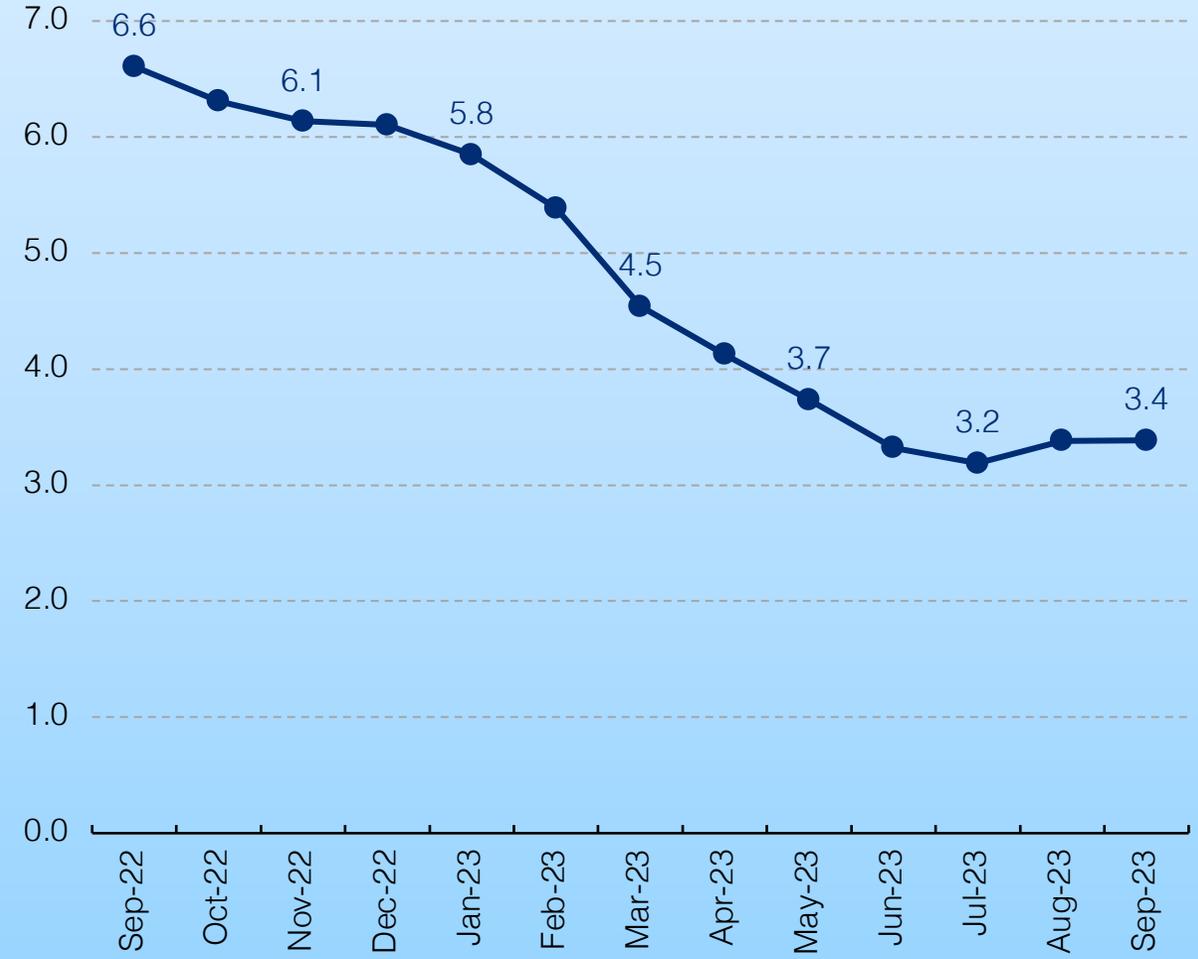


Monetary Policy Rate (%)



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

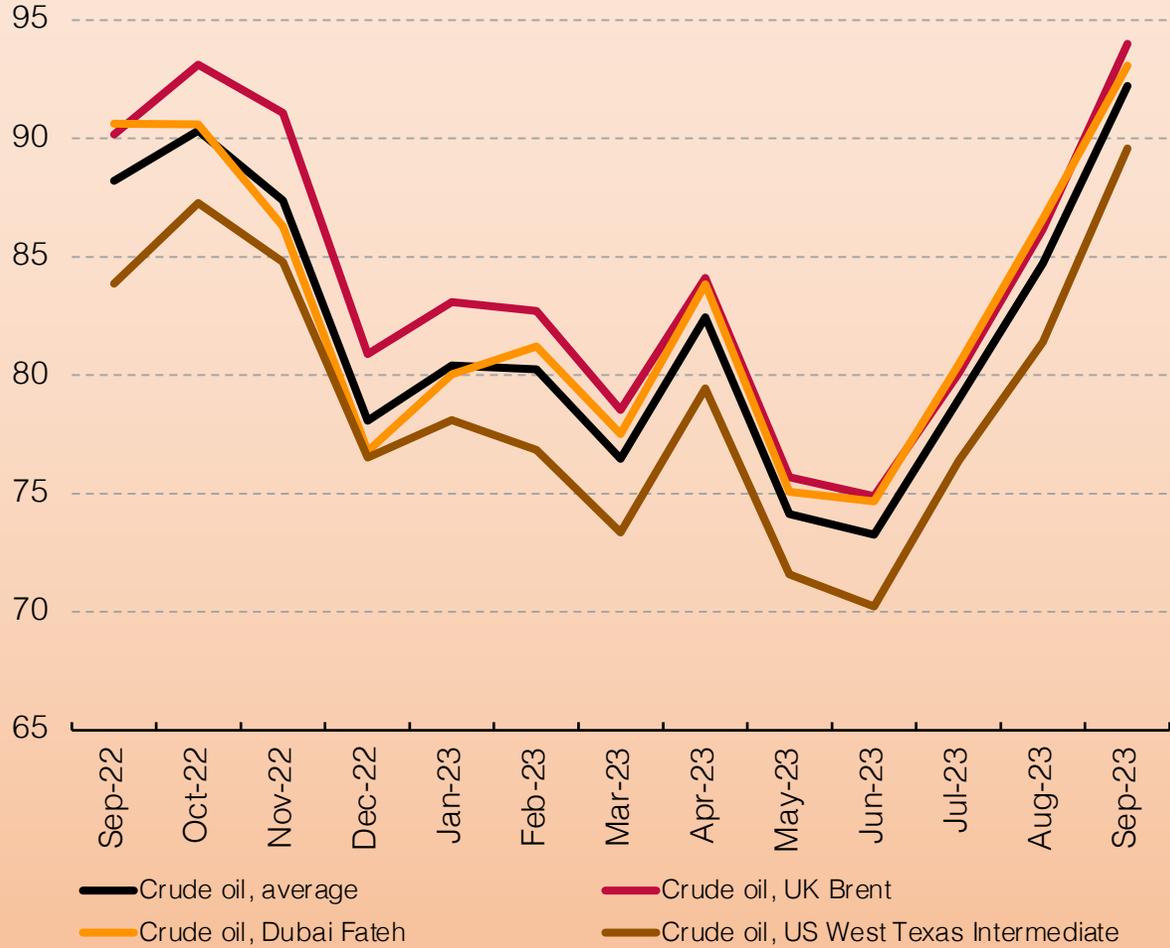
APEC Average Inflation (% y-o-y)



Most APEC economies raised interest rates to temper inflation, but rising commodity prices may lead to a resurgence in inflation

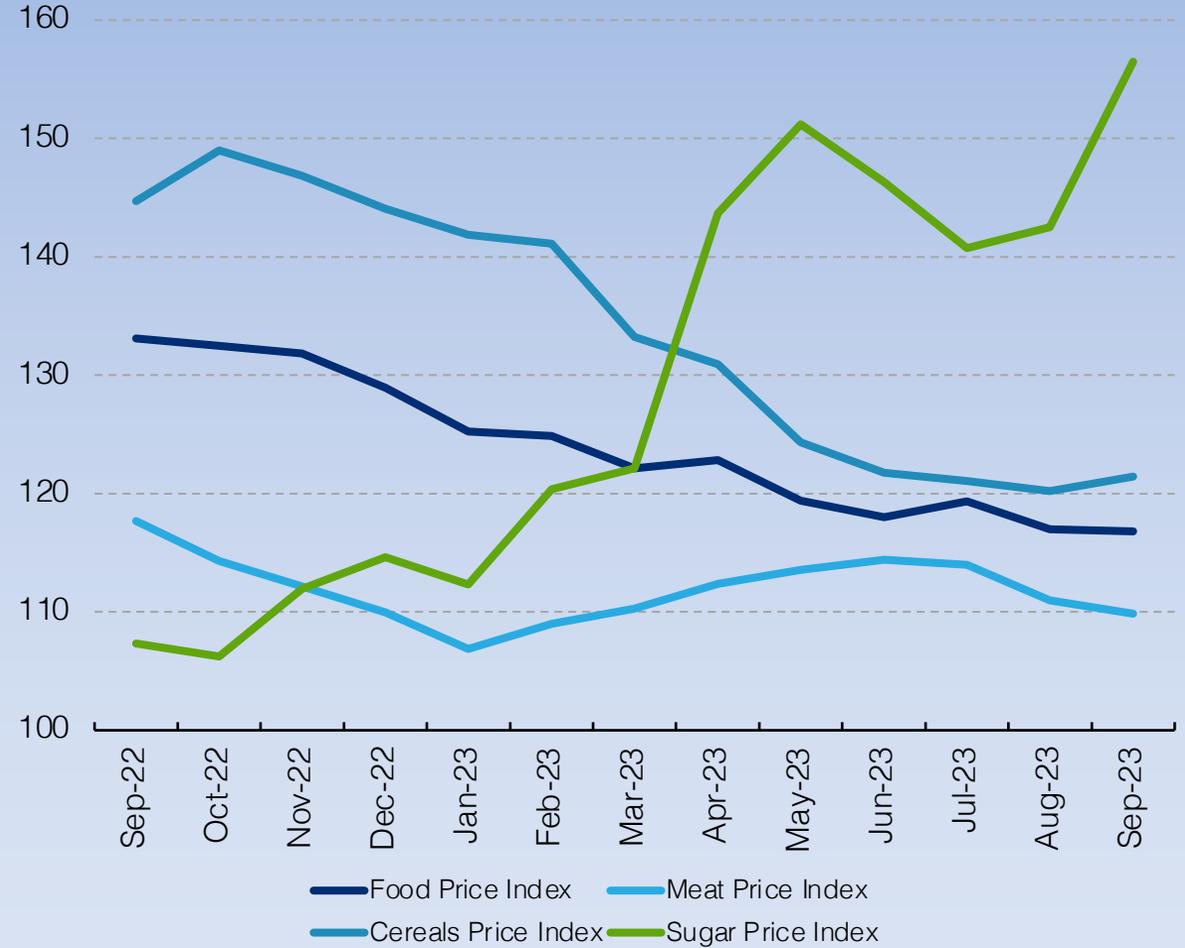


Energy Prices (\$/barrel)



Tighter supply due to oil production cuts and robust demand have pushed up prices again

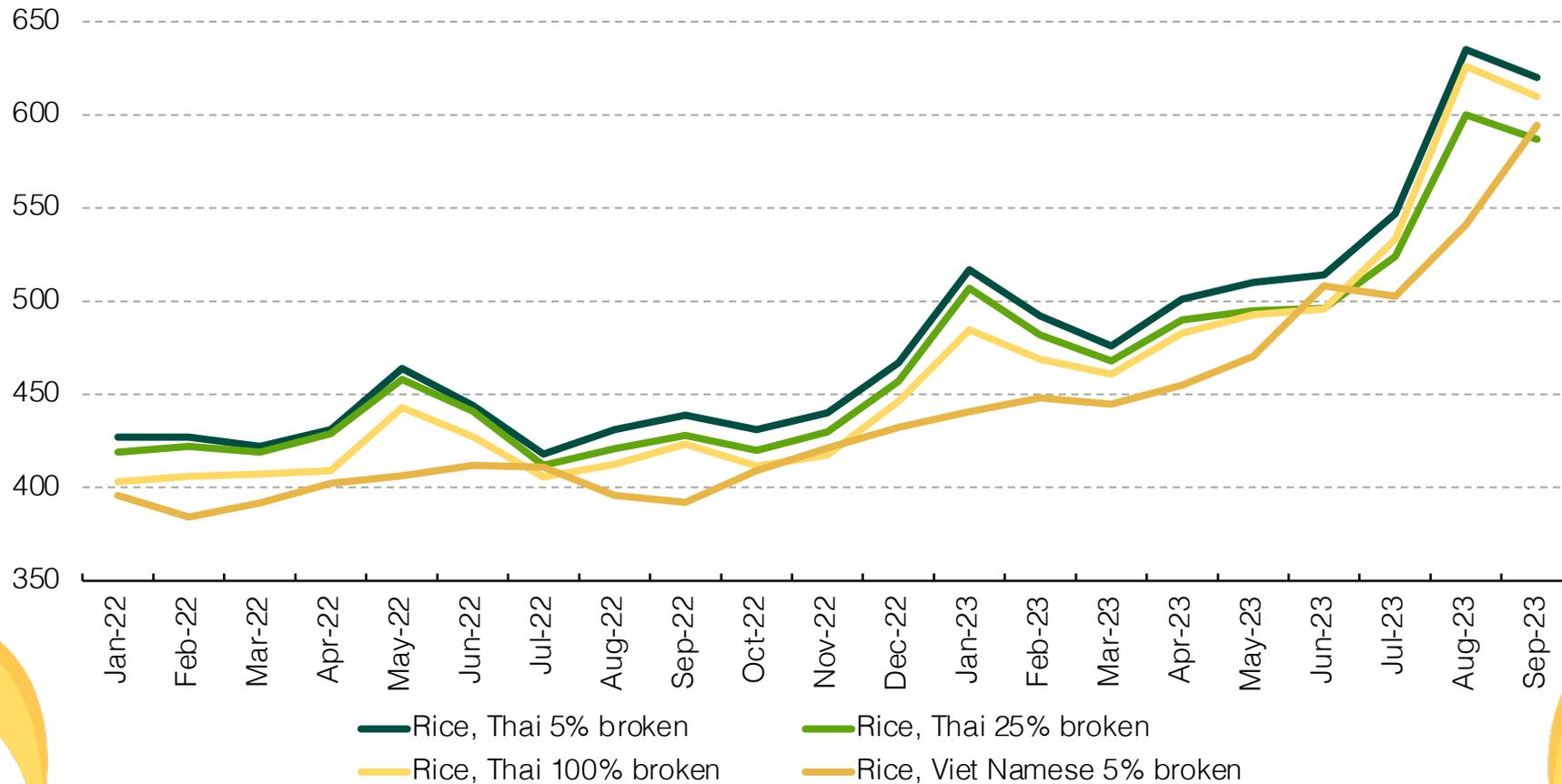
FAO Price Indices (2014-2016=100)



Soaring sugar prices due to the El Niño phenomenon and a lower production outlook



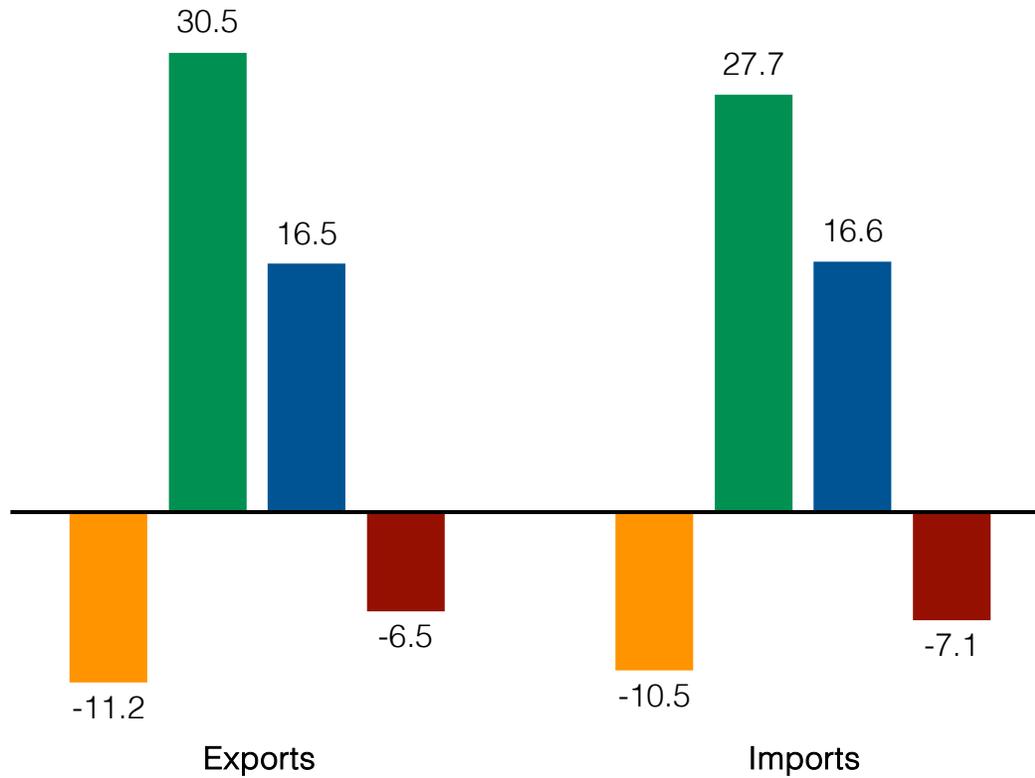
Rice Prices (\$/metric ton)



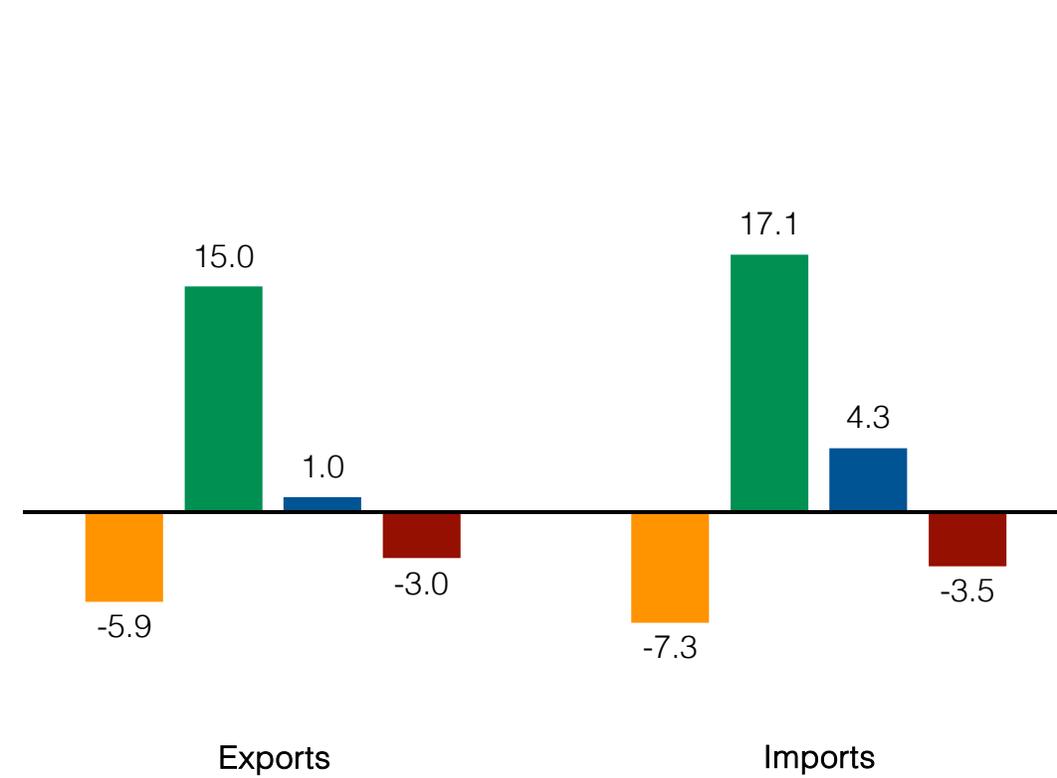
Weather conditions, disruptions in the fertilizer supply chain and export restrictions have worsened supply-side issues, leading to higher rice prices



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



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



■ H1 2020 ■ H1 2021 ■ H1 2022 ■ H1 2023

Tighter monetary policy, stubborn inflation, geoeconomic fragmentation and prevailing uncertainties contracted merchandise trade



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

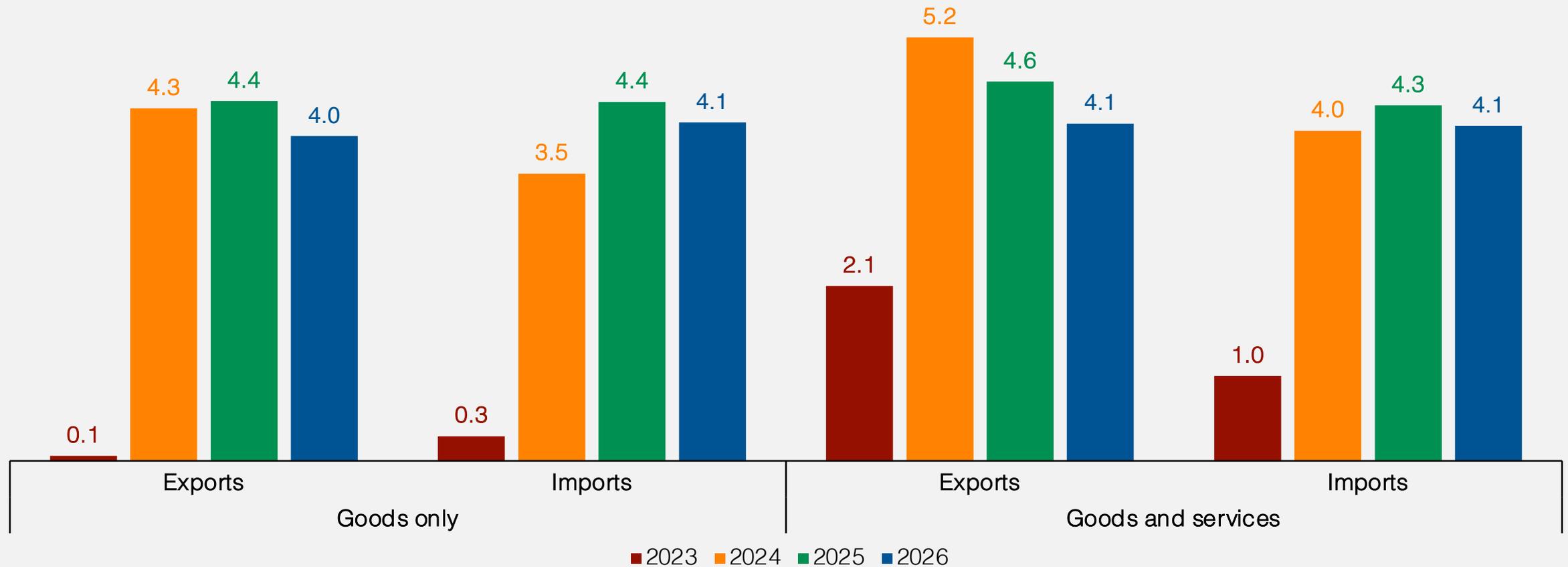


Rebound in tourism with further relaxation of cross-border travel restrictions continues to propel commercial services trade



APEC Trade Volume Growth Outlook (% , y-o-y)

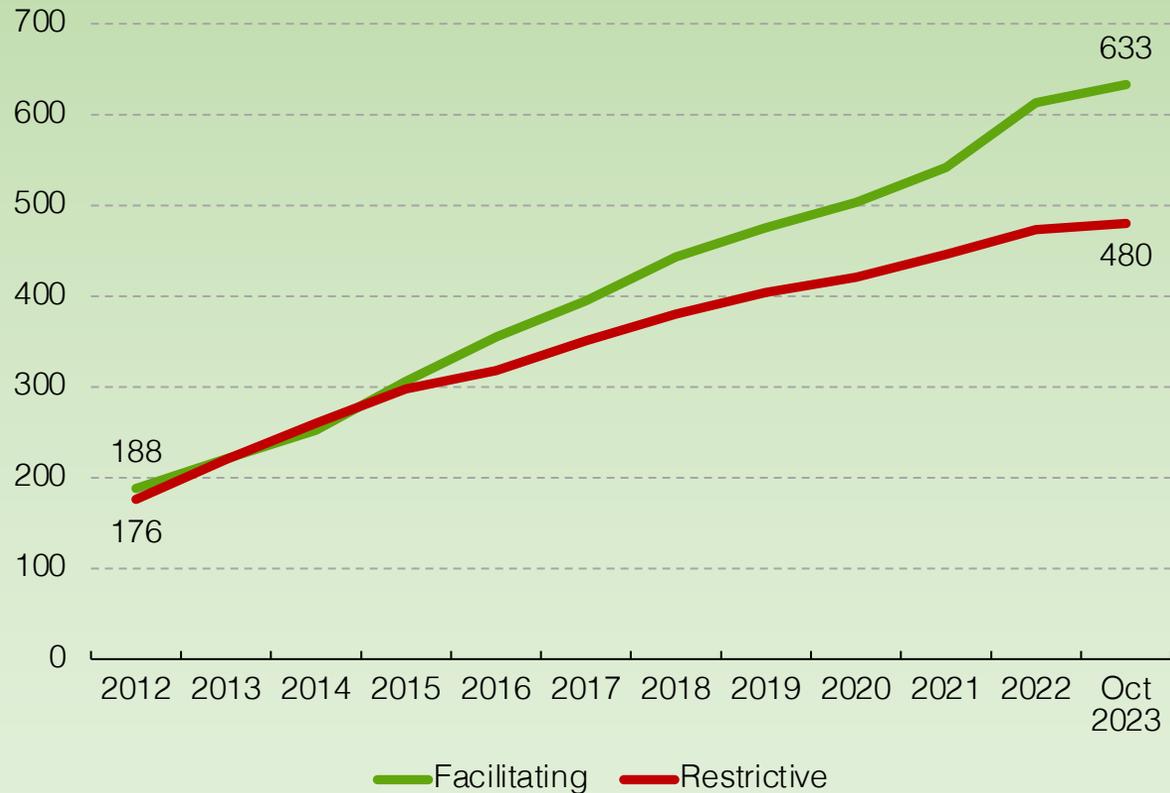
Forecast (2023–2026)



Trade is set to rebound next year with more stable economic growth, but geoeconomic fragmentation may slow it down



Trade-facilitating and trade-restrictive measures in force in APEC economies (accumulated number)



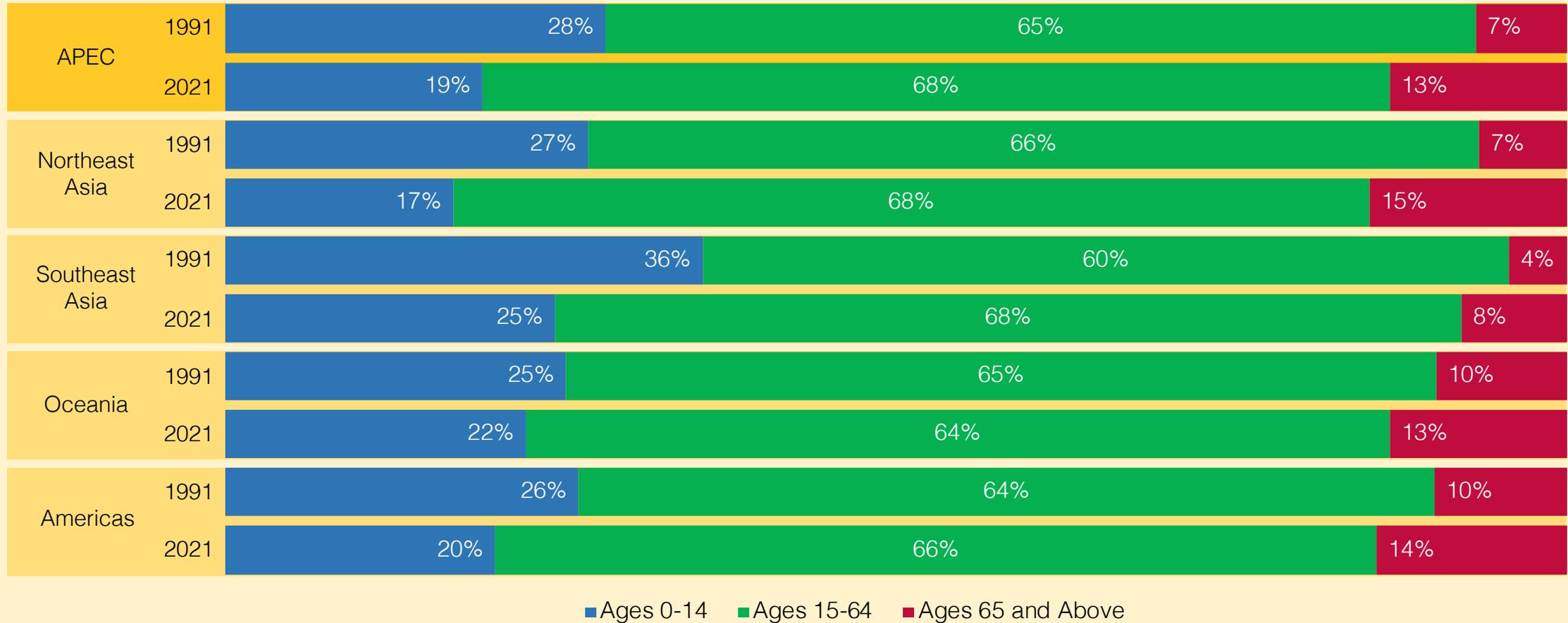
Trade remedies in force in APEC economies (accumulated number)



The accumulation of measures impeding trade is worrying against the backdrop of goeconomic fragmentation



Youth, Working, and Elderly Populations in APEC (%)



Northeast Asia: China; Hong Kong, China; Japan; Korea; Russia; and Chinese Taipei.

Southeast Asia: Brunei Darussalam; Indonesia; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.

Oceania: Australia; New Zealand; and Papua New Guinea.

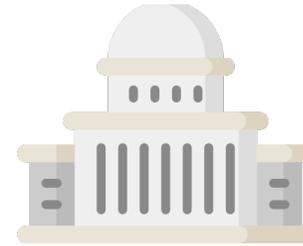
Americas: Canada; Chile; Mexico; Peru; and the United States.

**Shifting demographics is a critical concern with potential costs to the APEC region.
Will the region prosper before it gets too old?**



TRANSPARENT MONETARY POLICY

Clear and timely communication to manage expectations and minimise economic costs of interest rate hikes



TARGETED FISCAL POLICY

A prudent fiscal management that focuses on rebuilding buffers and protecting the vulnerable is imperative

Balanced mix of government policies along with multilateral cooperation is vital to economic recovery



PROACTIVE APPROACH TO AGEING

Countering the economic impact of an ageing population through social security upgrades, lifelong learning, and technology adoption



ENHANCED REGIONAL COOPERATION

Multilateral coordination is key for tackling rising debt, climate change, green economy transition, protectionist trade policies, and supply chain disruptions

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

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

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

This report was prepared by Rhea C. Hernando and Glacer Niño A. Vasquez, Analyst and Researcher, respectively, at the PSU. The views expressed in the APEC Regional Trends Analysis are those of the authors and do not necessarily represent those of the APEC member economies. This work is licensed under the Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Singapore License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc-sa/3.0/sg/>.



**Asia-Pacific
Economic Cooperation**

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