APEC Regional Trends Analysis
November 2023 • Policy Support Unit
APEC Regional Trends Analysis

- GDP Growth and Outlook
- Inflation and Monetary Policy
- Commodity Prices
- Trade Performance and Outlook
- Shifting Demographics
- Suggested Policy Options
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.
Rebound in tourism and domestic consumption drive economic activity, but growth is uneven across APEC.

Source: Economy sources; APEC Policy Support Unit (PSU) staff calculations.
GDP Growth Outlook: Global, APEC and ROW (% y-o-y)

<table>
<thead>
<tr>
<th>Year</th>
<th>Global economy</th>
<th>APEC</th>
<th>Rest of the world</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>3.5</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Actual</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>3.3</td>
<td>3.0</td>
<td>2.9</td>
</tr>
<tr>
<td>2024</td>
<td>3.1</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>2025</td>
<td>3.2</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>2026</td>
<td>3.6</td>
<td>3.2</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Source: International Monetary Fund (IMF) World Economic Outlook (WEO) October 2023; APEC PSU staff calculations
Most APEC economies raised interest rates to temper inflation, but rising commodity prices may lead to a resurgence in inflation.

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.

Source: Economy sources; APEC PSU staff calculations
Tighter supply due to oil production cuts and robust demand have pushed up prices again

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

Source: World Bank Commodity Markets; Food and Agriculture Organization of the United Nations (FAO); APEC PSU staff calculations
Weather conditions, disruptions in the fertilizer supply chain and export restrictions have worsened supply-side issues, leading to higher rice prices.

Source: World Bank Commodity Markets; APEC PSU staff calculations.
Tighter monetary policy, stubborn inflation, geoeconomic fragmentation and prevailing uncertainties contracted merchandise trade

Source: World Trade Organization (WTO) Time Series; APEC PSU staff calculations
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

Source: WTO Time Series; APEC PSU staff calculations
Trade is set to rebound next year with more stable economic growth, but geoeconomic fragmentation may slow it down.

Source: IMF WEO October 2023; APEC PSU staff calculations
Trade-facilitating and trade-restrictive measures in force in APEC economies (accumulated number)

- Facilitating
- Restrictive

Trade remedies in force in APEC economies (accumulated number)

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

Source: WTO Trade Monitoring Database; APEC PSU staff calculations
## Youth, Working, and Elderly Populations in APEC (%)

<table>
<thead>
<tr>
<th>Region</th>
<th>1991</th>
<th>2021</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>APEC</td>
<td>28%</td>
<td>19%</td>
<td>65%</td>
<td>68%</td>
<td>7%</td>
</tr>
<tr>
<td>Northeast Asia</td>
<td>27%</td>
<td>17%</td>
<td>66%</td>
<td>68%</td>
<td>7%</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>36%</td>
<td>25%</td>
<td>60%</td>
<td>68%</td>
<td>4%</td>
</tr>
<tr>
<td>Oceania</td>
<td>25%</td>
<td>22%</td>
<td>65%</td>
<td>64%</td>
<td>10%</td>
</tr>
<tr>
<td>Americas</td>
<td>26%</td>
<td>20%</td>
<td>64%</td>
<td>66%</td>
<td>14%</td>
</tr>
</tbody>
</table>

**Source:** World Bank, World Development Indicators; Economy sources; APEC PSU staff calculations

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

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

**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

**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/.