



**Asia-Pacific
Economic Cooperation**

APEC Regional Trends Analysis

February 2023 Update • Policy Support Unit



GDP Growth
Outlook



Inflation and
Monetary Policy

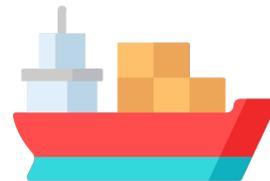


Merchandise
Trade

APEC Regional Trends Analysis



Trade
Measures



Commercial Services
Trade



FDI and Greenfield
Investments

KEY POINTS



APEC economic growth is expected to pick up in the short-term, but downside risks continue to weigh on recovery.



Food and energy prices remain elevated, but inflation is starting to moderate as synchronised monetary policy hikes take effect.



APEC merchandise trade growth slowed in 2022, but travel and tourism are back on track.



Regional cooperation is crucial to achieve growth that benefits all people and takes care of the environment.

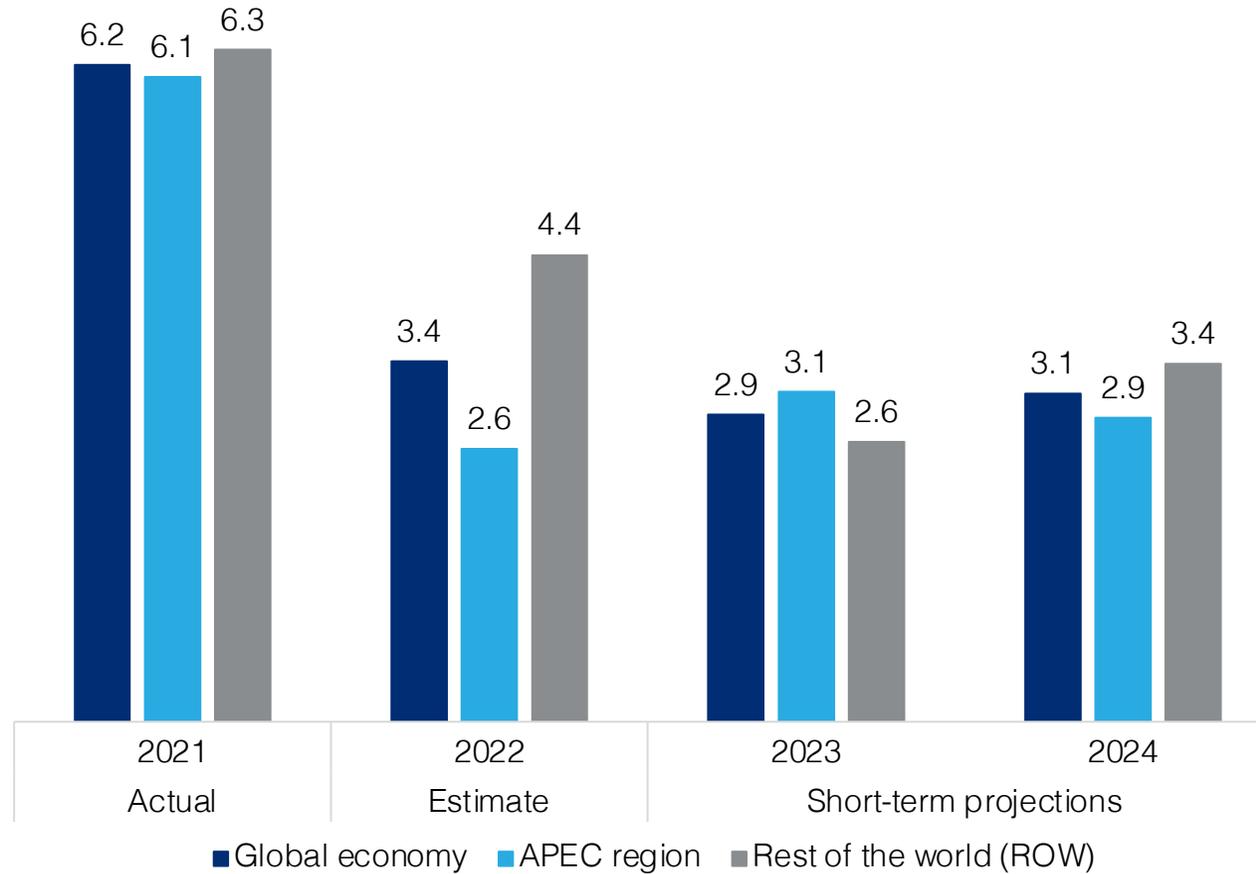


DOWNSIDE RISKS

remain, but have moderated:

- Inflation
- Higher interest rates
- Higher debt
- Reduced investments
- Geopolitical issues
- New waves of COVID-19 infections

GDP Growth: Global, APEC and ROW (%)

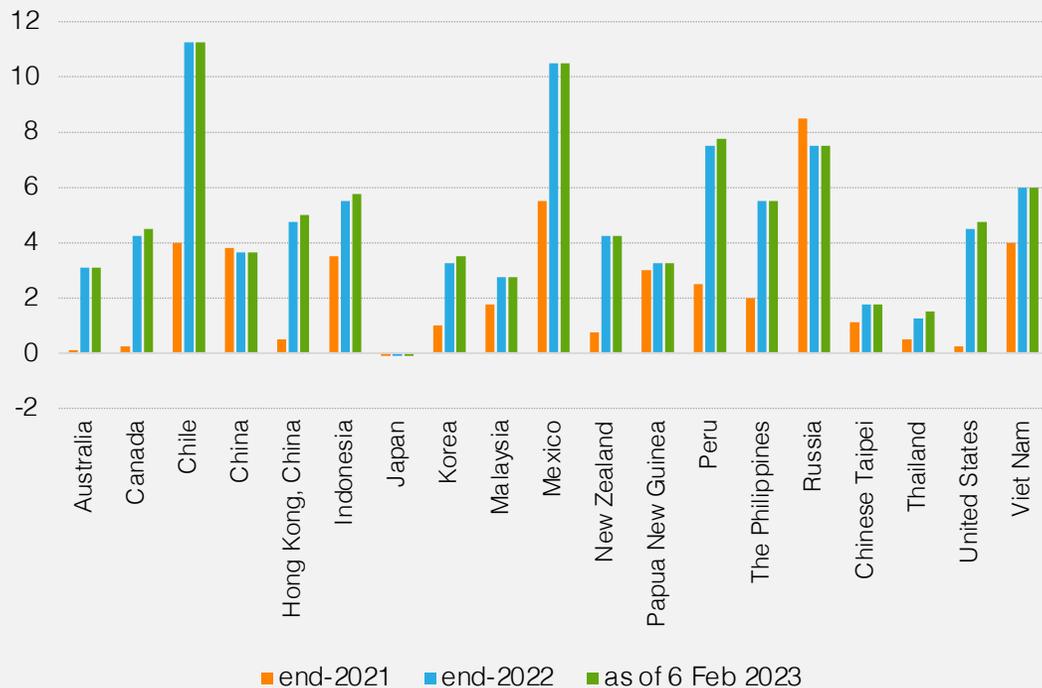


UPSIDE OPPORTUNITIES

- Reopening of borders and businesses
- Increased private consumption
- Targeted fiscal support



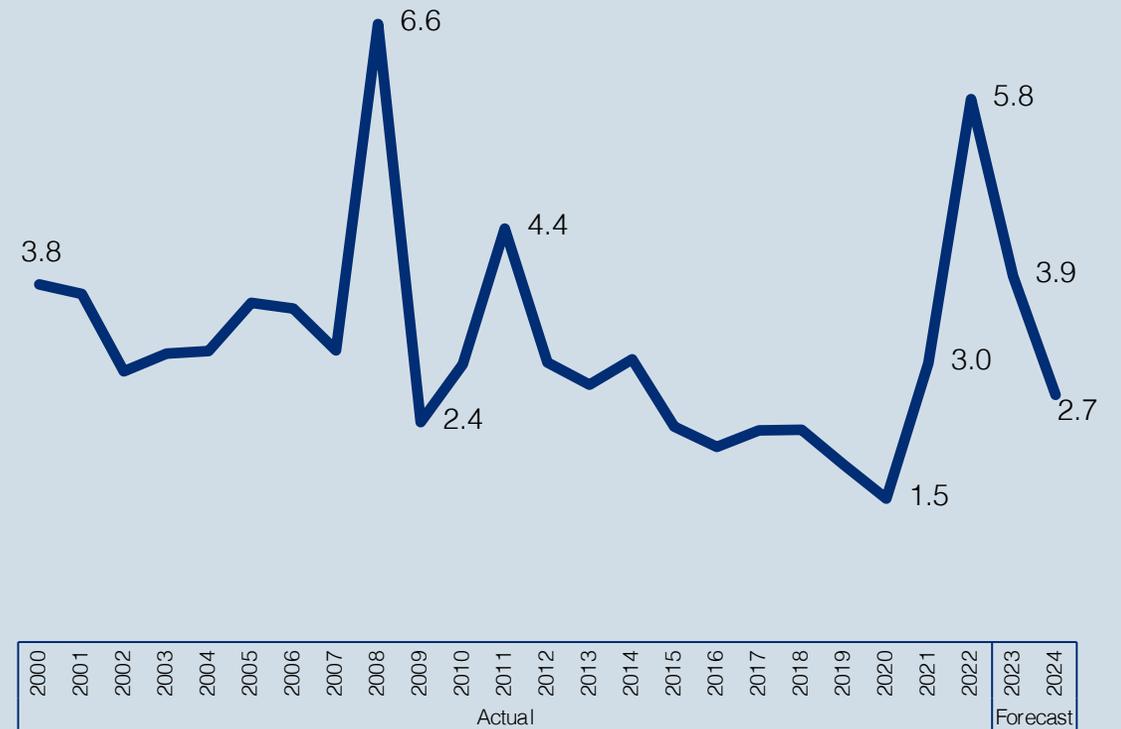
Monetary Policy Rate (%)



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.

Monetary policy tightening is starting to take effect

APEC Average Inflation (% , y-o-y)

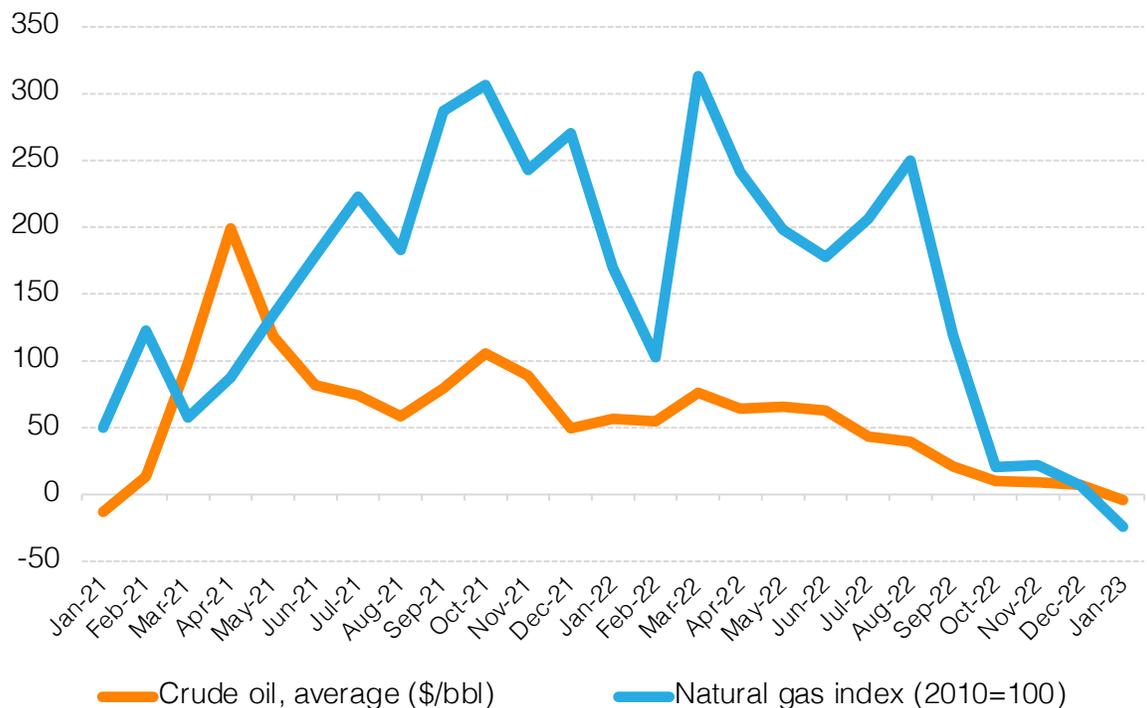


Barring any supply-demand shocks, inflation is expected to moderate in 2023-2024

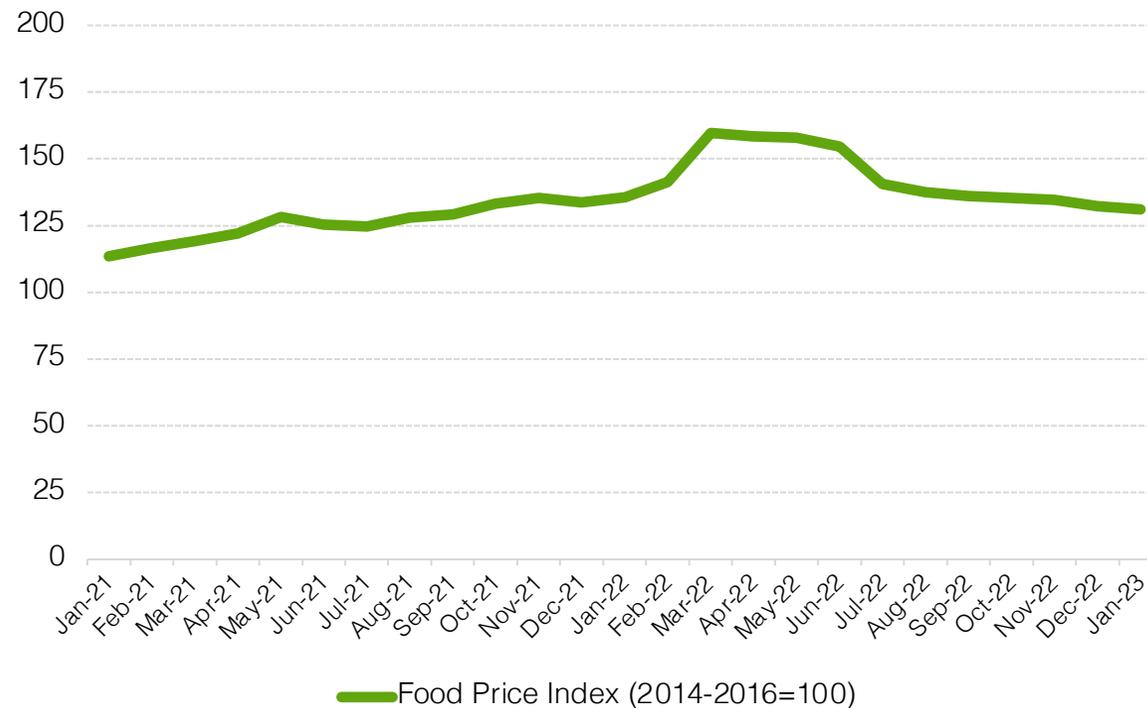


Escalating energy and food prices in 2022 largely due to supply shocks

Energy Prices (% , y-o-y)



FAO Food Price Index (index points)



Downward trend in 2023, but prices are expected to remain elevated



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

Exports

Imports

14.4

16.1

0.7

0.0

-0.1

4.3

-4.4

-7.0

■ Q1-Q3 2019 ■ Q1-Q3 2020 ■ Q1-Q3 2021 ■ Q1-Q3 2022

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

Exports

Imports

28.2

27.2

14.5

14.5

-2.0

-8.2

-2.7

-8.7

■ Q1-Q3 2019 ■ Q1-Q3 2020 ■ Q1-Q3 2021 ■ Q1-Q3 2022

RISING UNCERTAINTY in the second half of 2022 resulted in the slowdown of merchandise trade

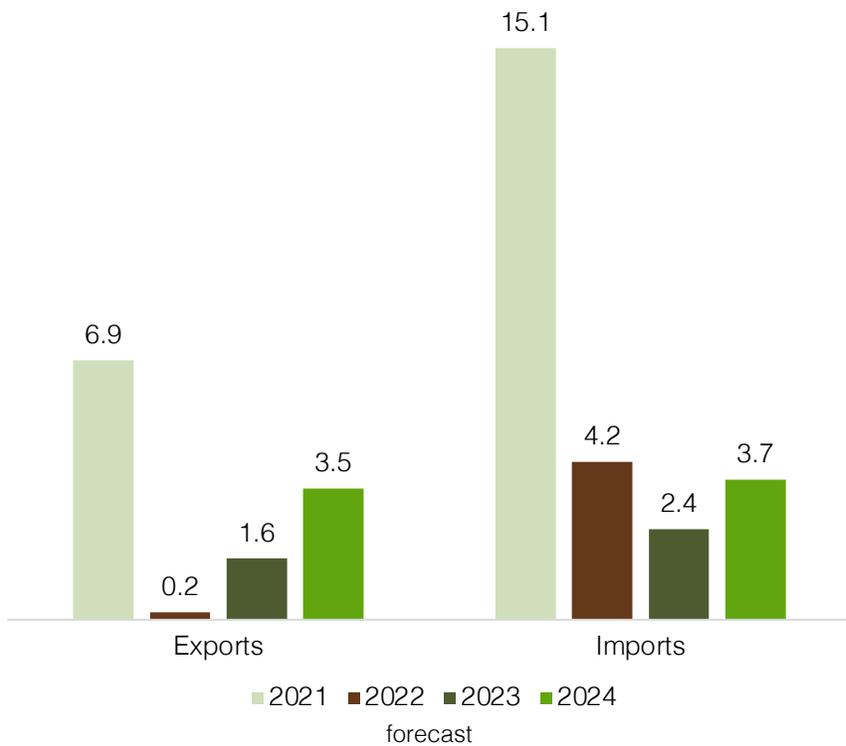
Trade volume adversely affected by economic moderation in 2022

Trade values remained strong due to relatively high energy prices in 2022



APEC trade growth is projected to weaken in 2023 due to multiple headwinds, in tandem with the world

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

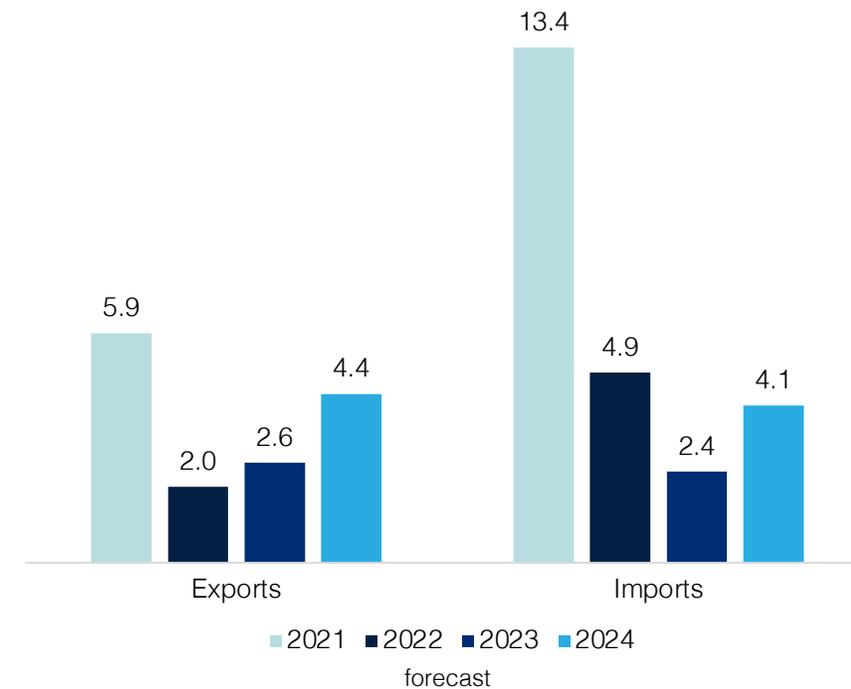


World Trade Volume Growth (% , y-o-y)

Period	IMF			WTO	
	Apr 2022	Oct 2022	Jan 2023	Apr 2022	Oct 2022
2022 (estimate)	4.1	4.3	5.4	3.0	3.5
2023 (forecast)	3.2	2.5	2.4	3.4	1.0
2024 (forecast)			3.4		

Note: IMF forecasts cover trade in goods and services, while WTO forecasts only cover trade in goods.

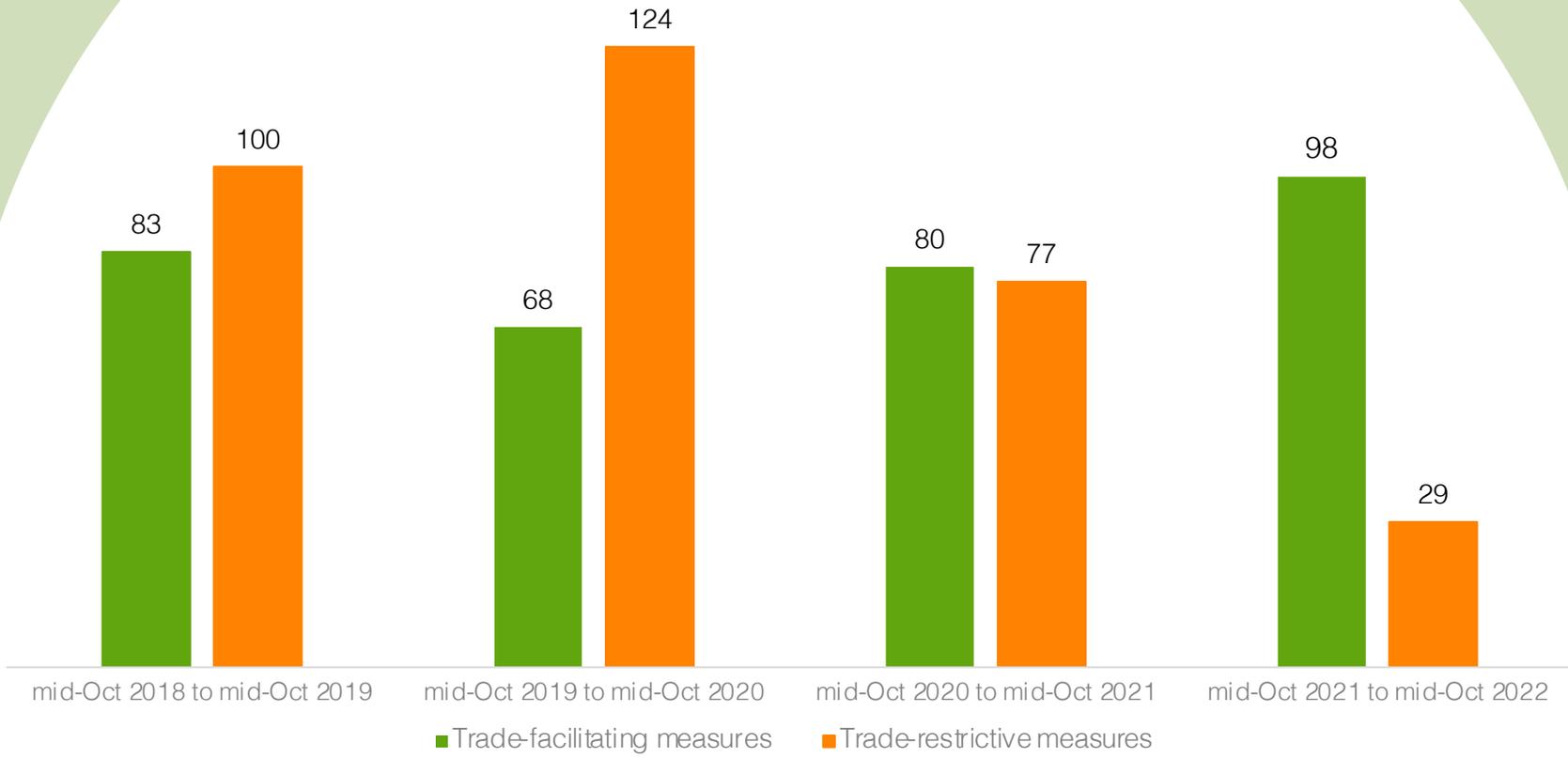
APEC Trade in Goods and Services
Volume Growth (% , y-o-y)



Brighter prospects for trade are expected in 2024



Trade and Trade-related Measures in APEC (number of measures)



Between mid-Oct 21 and mid-Oct 22, trade-facilitating measures outnumbered trade-restrictive measures

41

measures on reduction or elimination of import tariffs and export duties

39

measures on termination of anti-dumping investigations

21

measures on initiation of anti-dumping investigations



STRONG expansion in commercial services trade in the first half of 2022

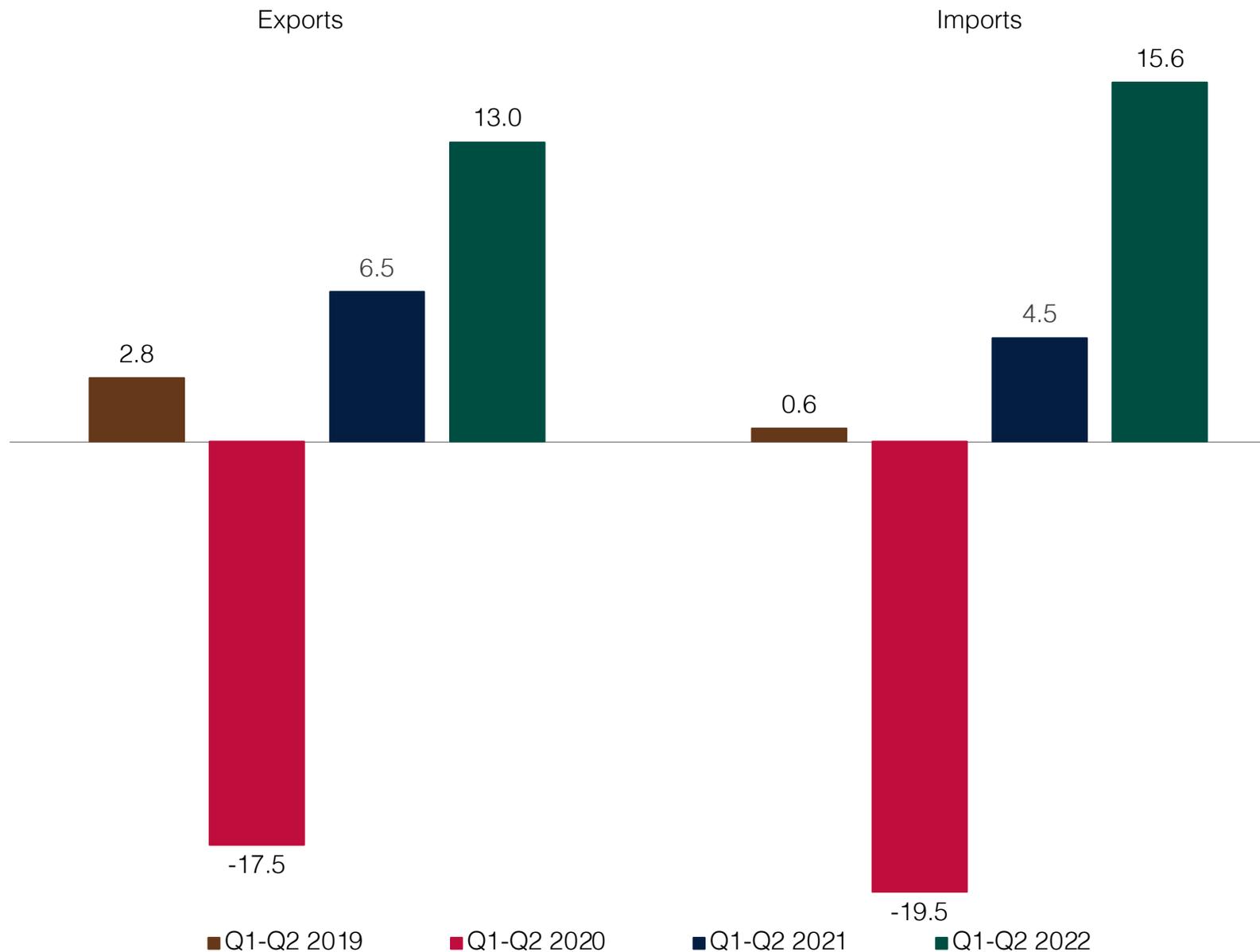


60% increase in travel services, due to reopening of borders and relaxing of COVID-19 measures



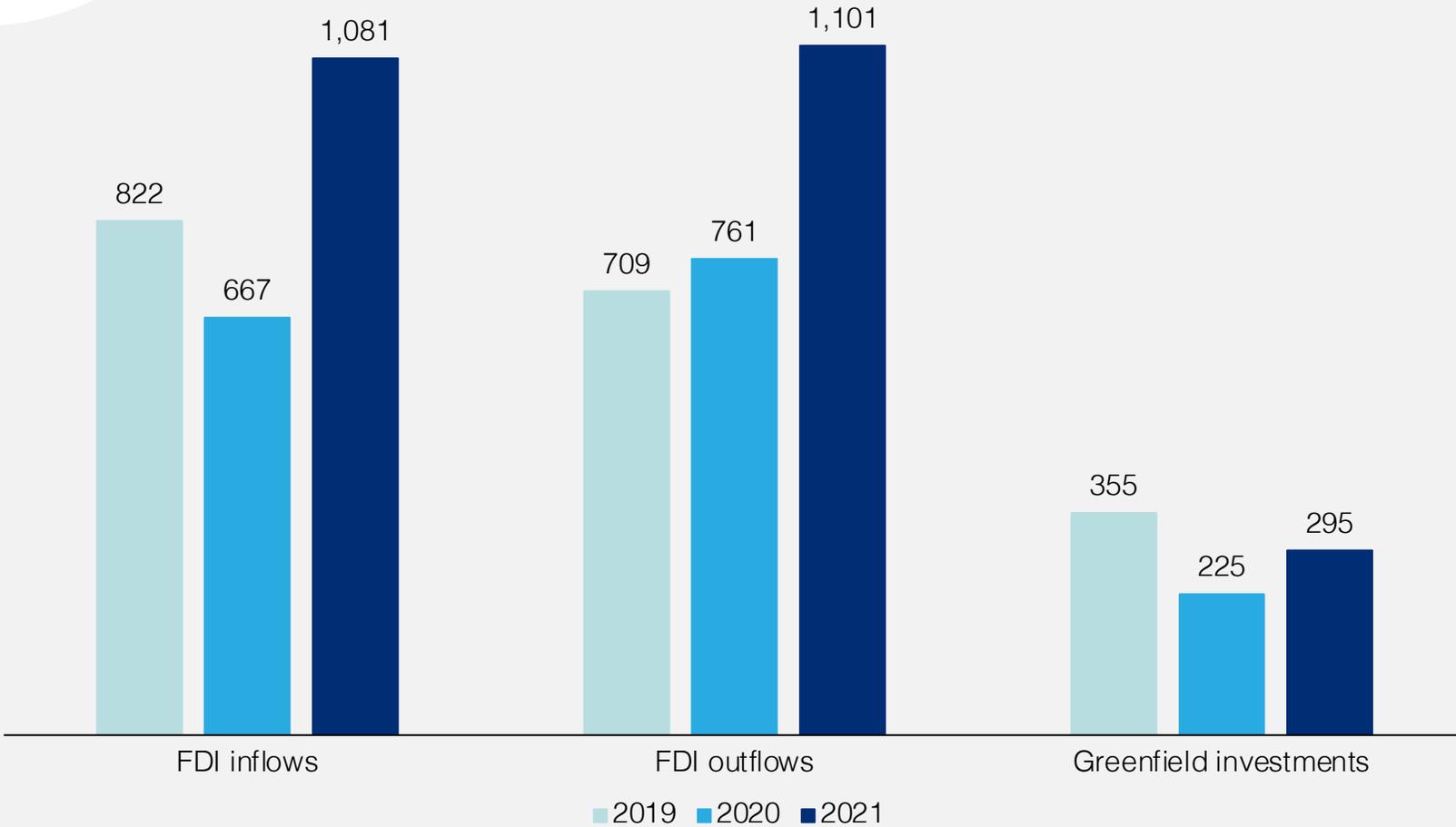
30% increase in transport services, due to high shipping rates

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





APEC FDI and Greenfield Investments (USD billion)



62% surge in FDI to APEC in 2021 from 2020, and higher by 32% compared to pre-pandemic level in 2019

17% decline in announced greenfield investments heading to APEC in 2021 relative to 2019 levels



bring down
inflation

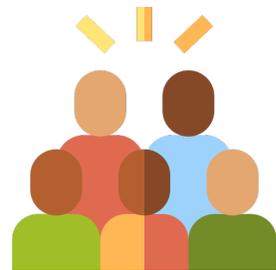


keep trade
open



boost
digitalisation

Highly uncertain environment requires clear, consistent and coordinated policies



achieve prosperity
for all



address climate
change

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.

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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, Senior Researcher and Consultant, 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
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