



**Asia-Pacific
Economic Cooperation**

APEC Regional Trends Analysis
August 2023 • Policy Support Unit



GDP Growth
and Outlook



Inflation and
Monetary Policy



Trade
Performance

APEC Regional Trends Analysis



FDI and Greenfield
Investments

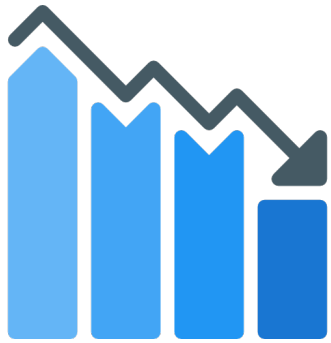


Climate
Change



Suggested Policy
Options

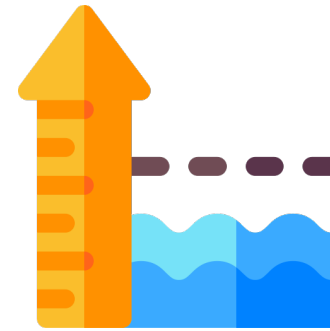
KEY POINTS



APEC economic growth has moderated amid prevailing uncertainties



Merchandise trade contracted amid lower external demand and changes in supply chain strategies



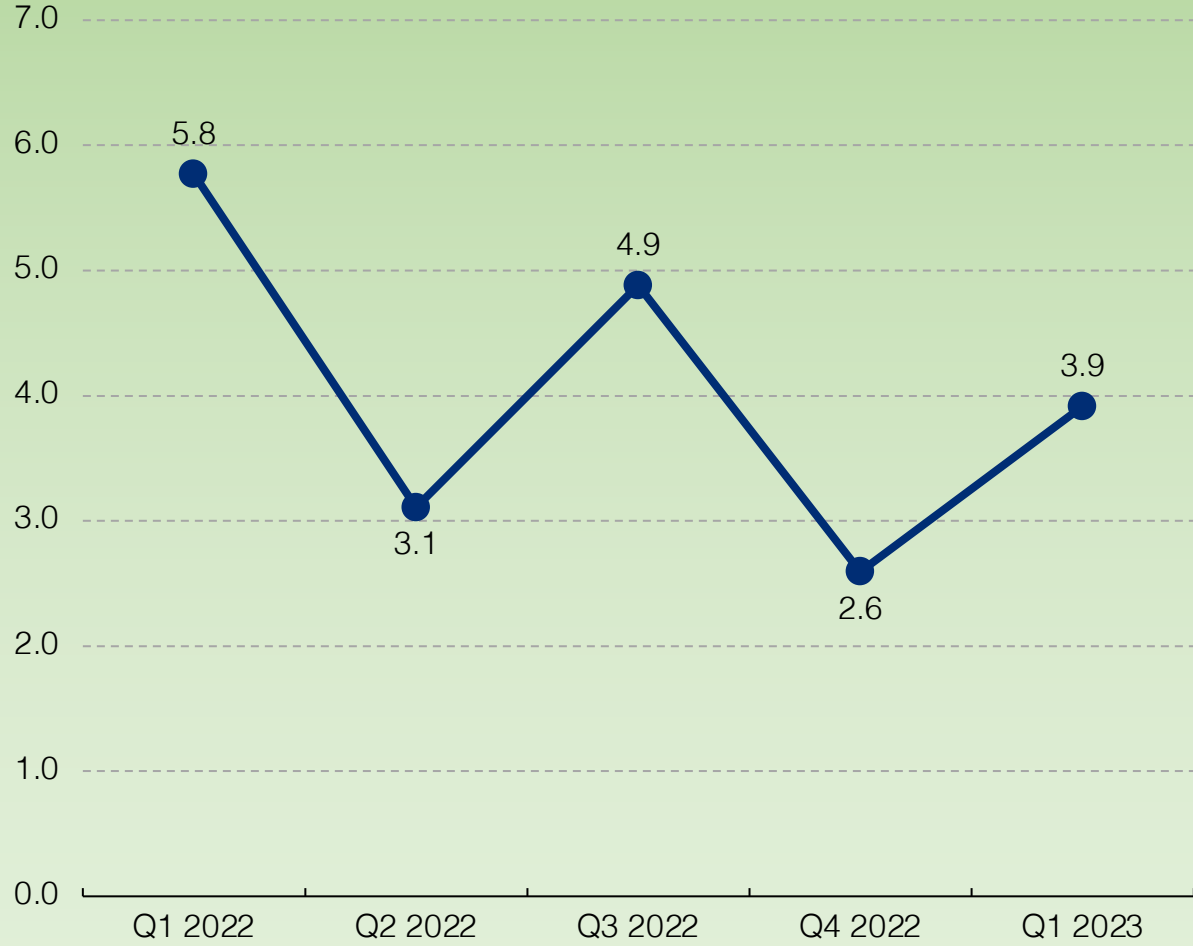
Record-breaking hot temperatures and rising sea levels are threatening agricultural and fishing production



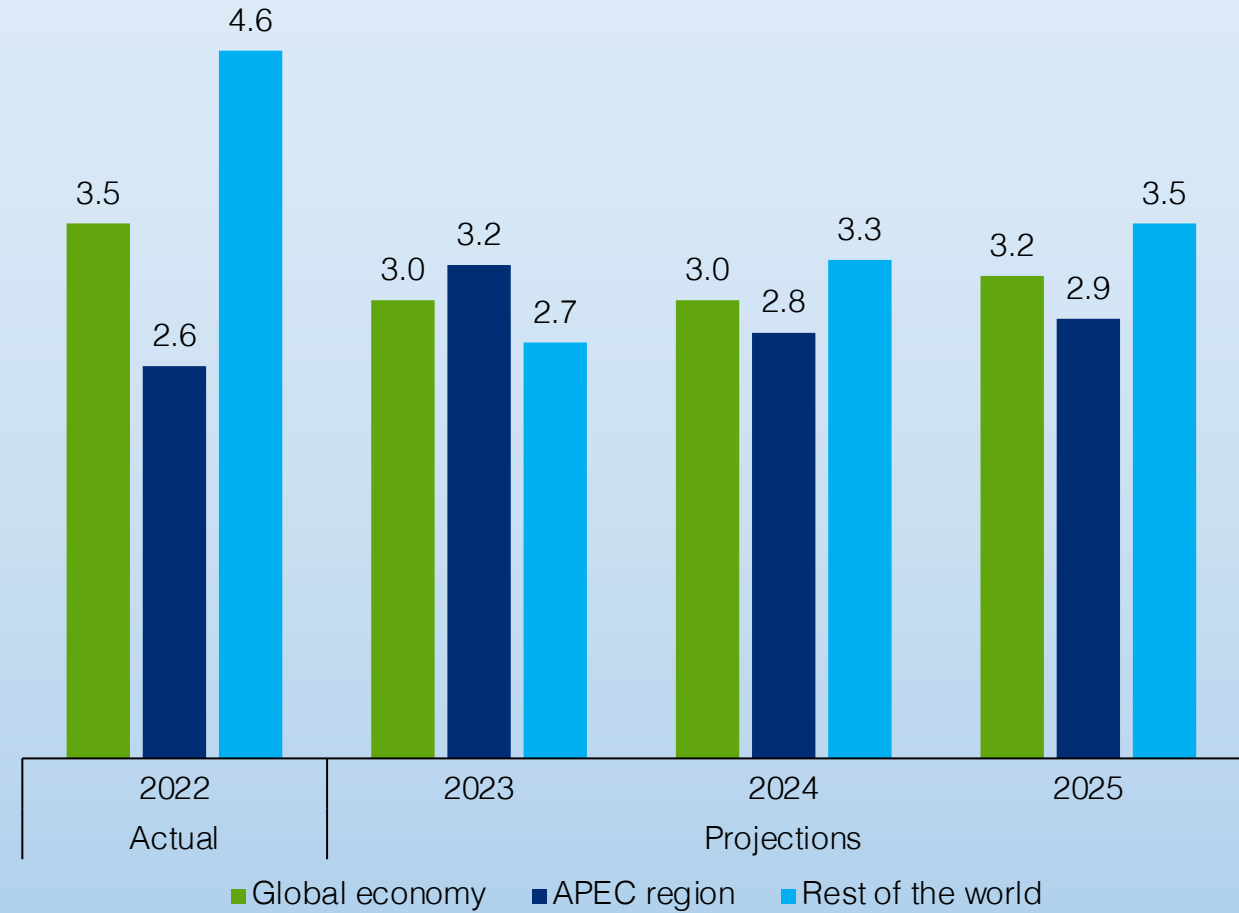
Guard against shocks caused by a strong El Niño



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



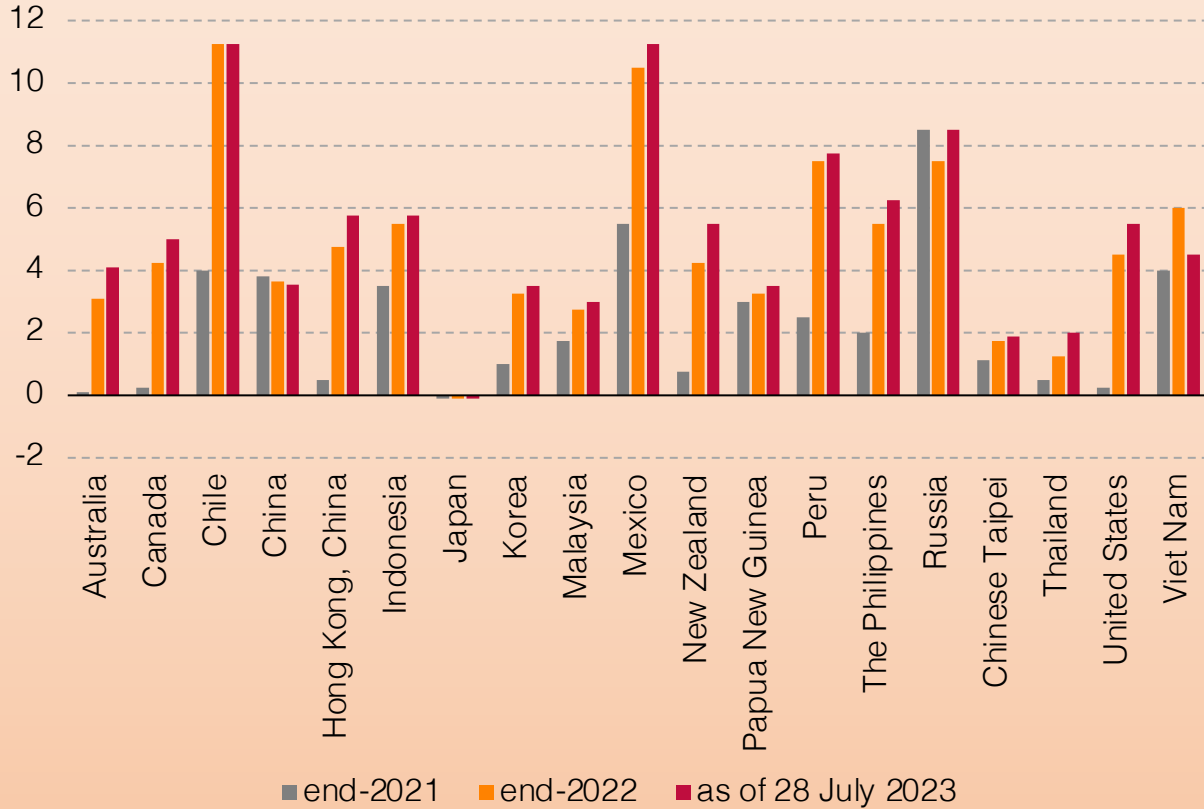
GDP Growth Outlook: Global, APEC and ROW (%)



Economic growth moderated amid higher interest rates and prevailing uncertainties

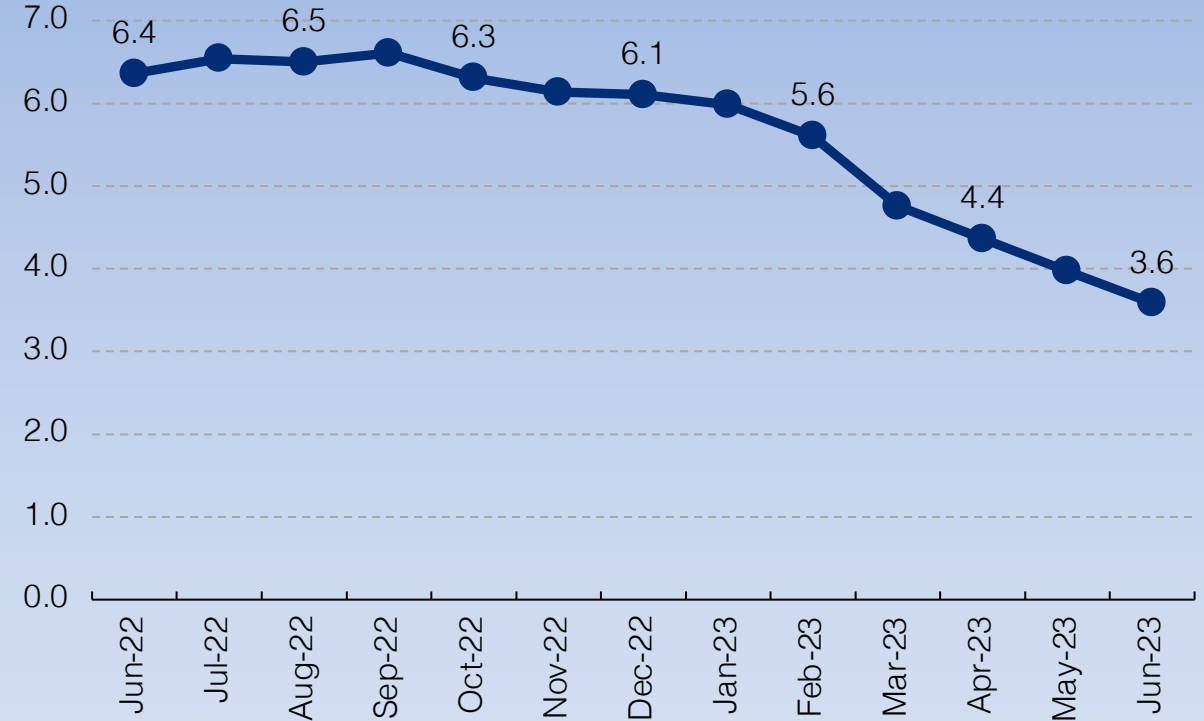


Monetary Policy Rate (%)



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)

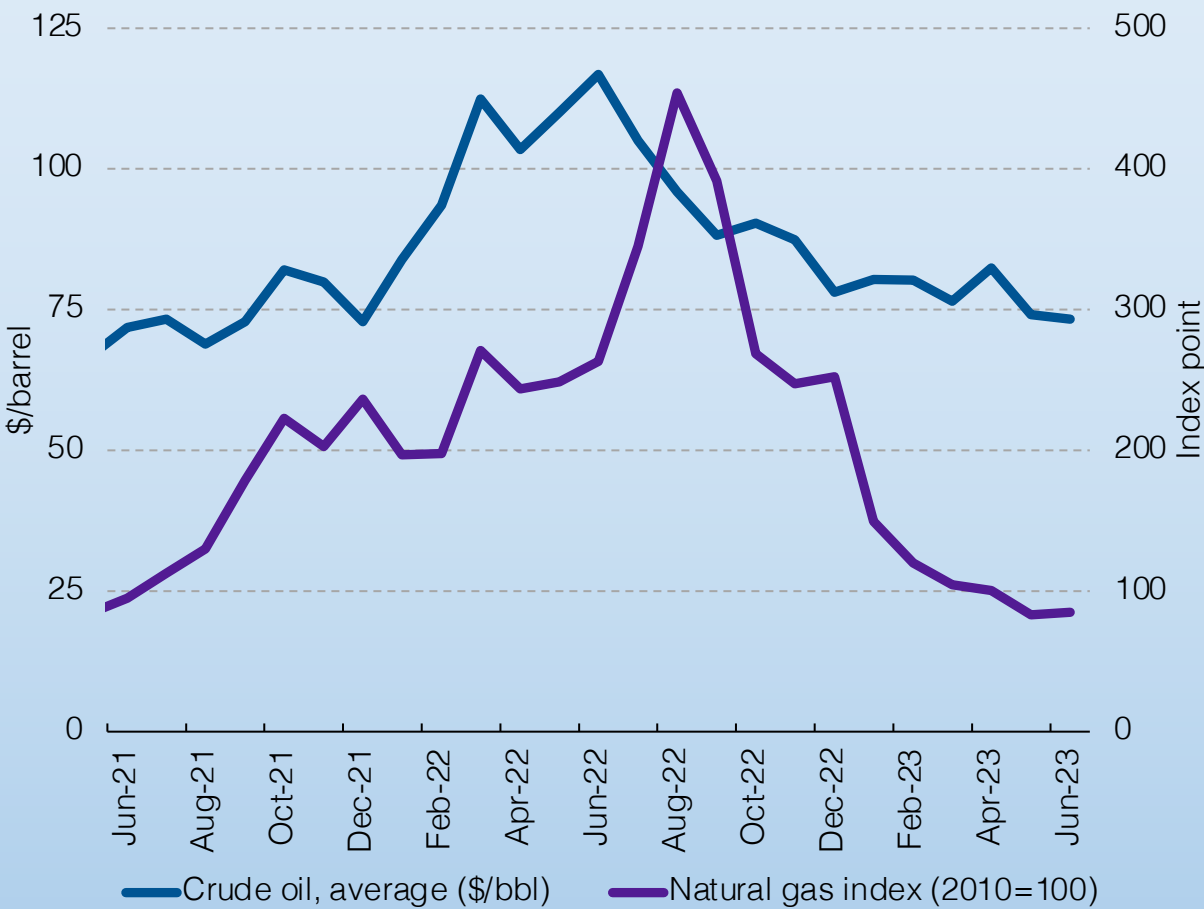


Between Jun-22 to Jun-23, the decrease in global shipping container costs was 21.1% (USD 5,571 per container) and the average delay for late vessel arrivals fell by 31.5% (2 days)

Declining inflation in APEC from interest rate hikes and reduced supply chain costs attributed to decreases in shipping container costs and the average delay for late vessel arrivals

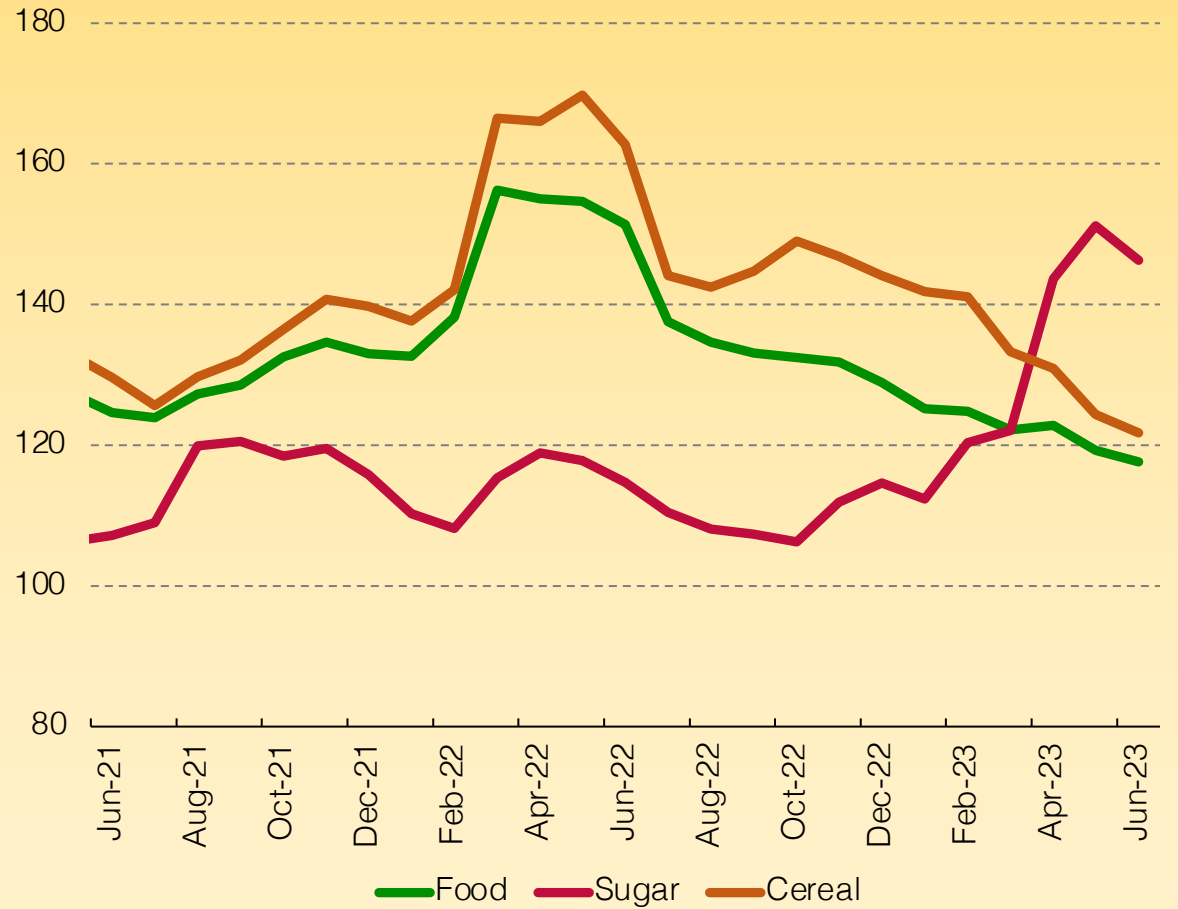


Energy Prices (\$/barrel, index point)



Energy prices eased as uncertainties weigh on demand

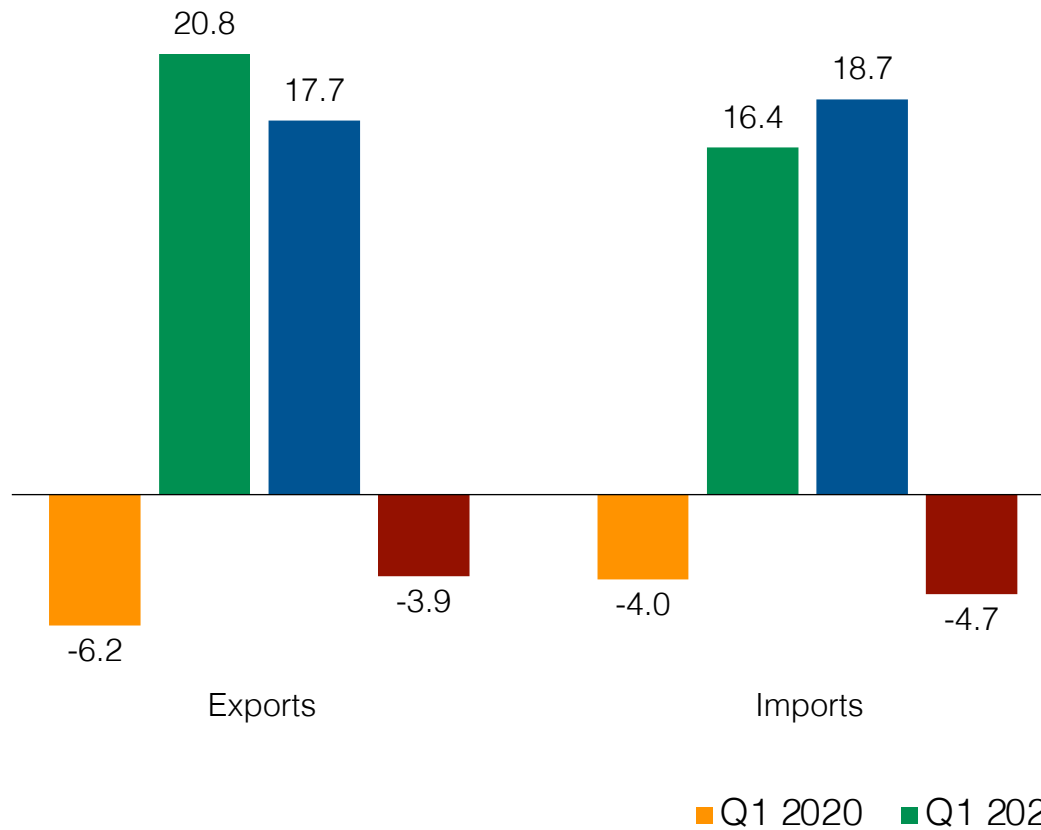
FAO Food Price Indices (index point, 2014-2016=100)



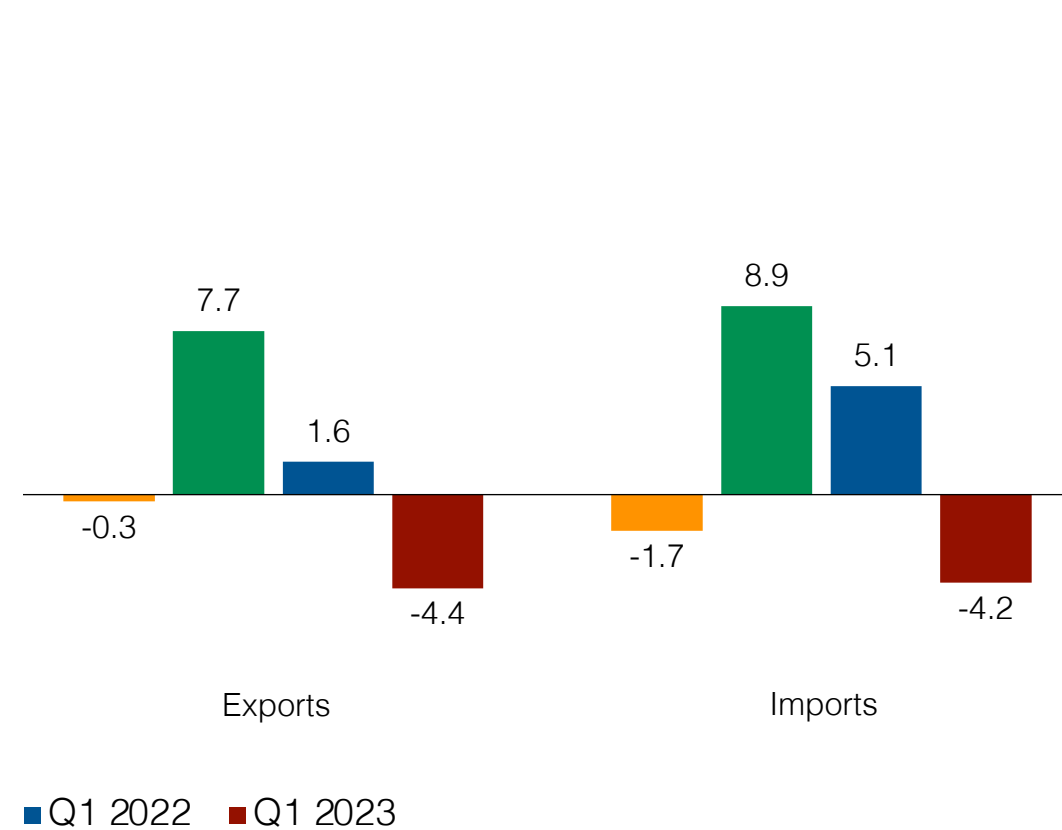
Increased seasonal supplies pulled down food prices but threatening El Niño could push up prices anew



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



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

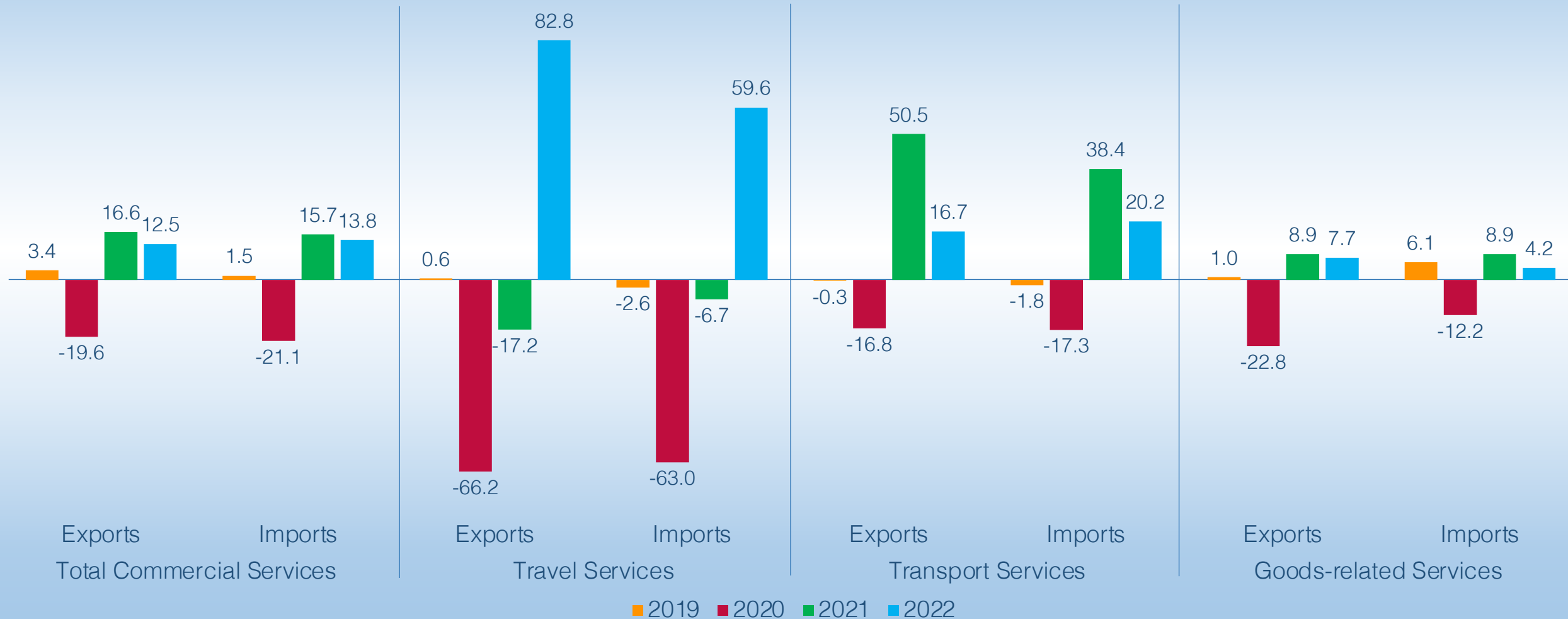


Merchandise trade contracted amid weakened global demand and looming geoeconomic fragmentation



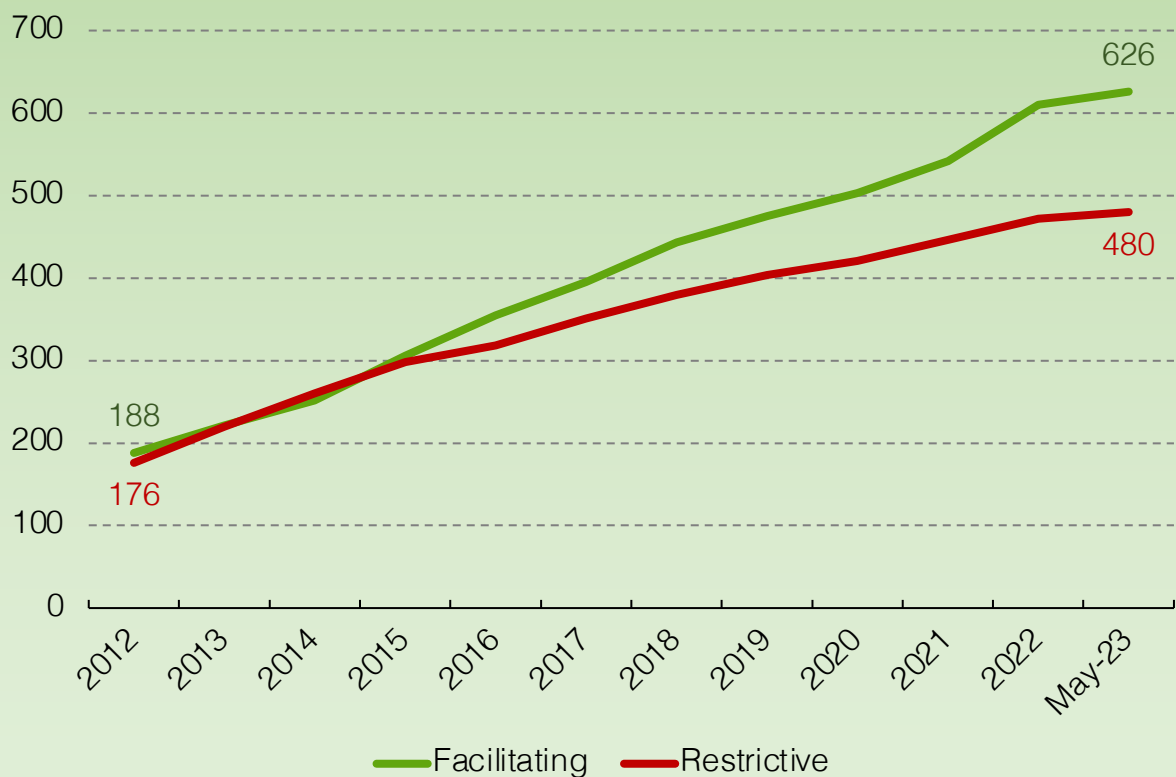
Further relaxation of cross-border travel buoyed commercial services

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





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



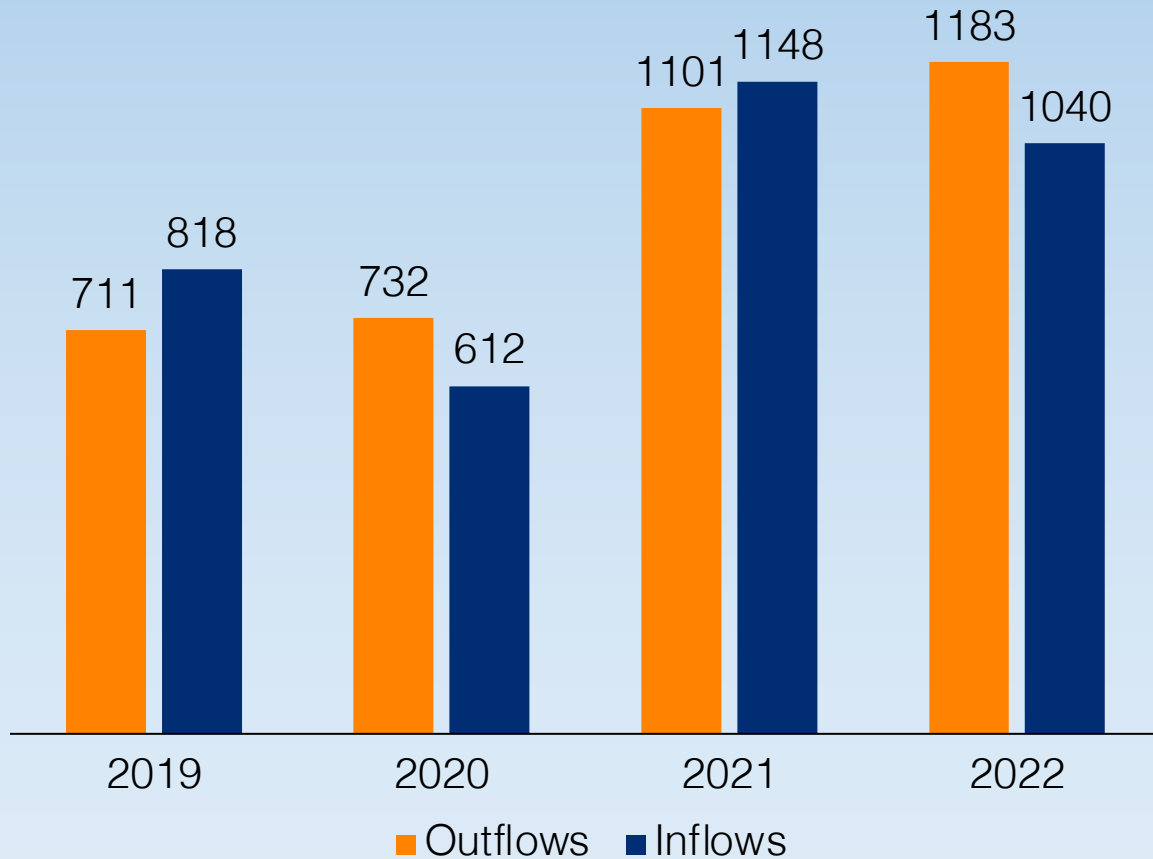
Trade remedies in force in APEC economies (accumulated number)



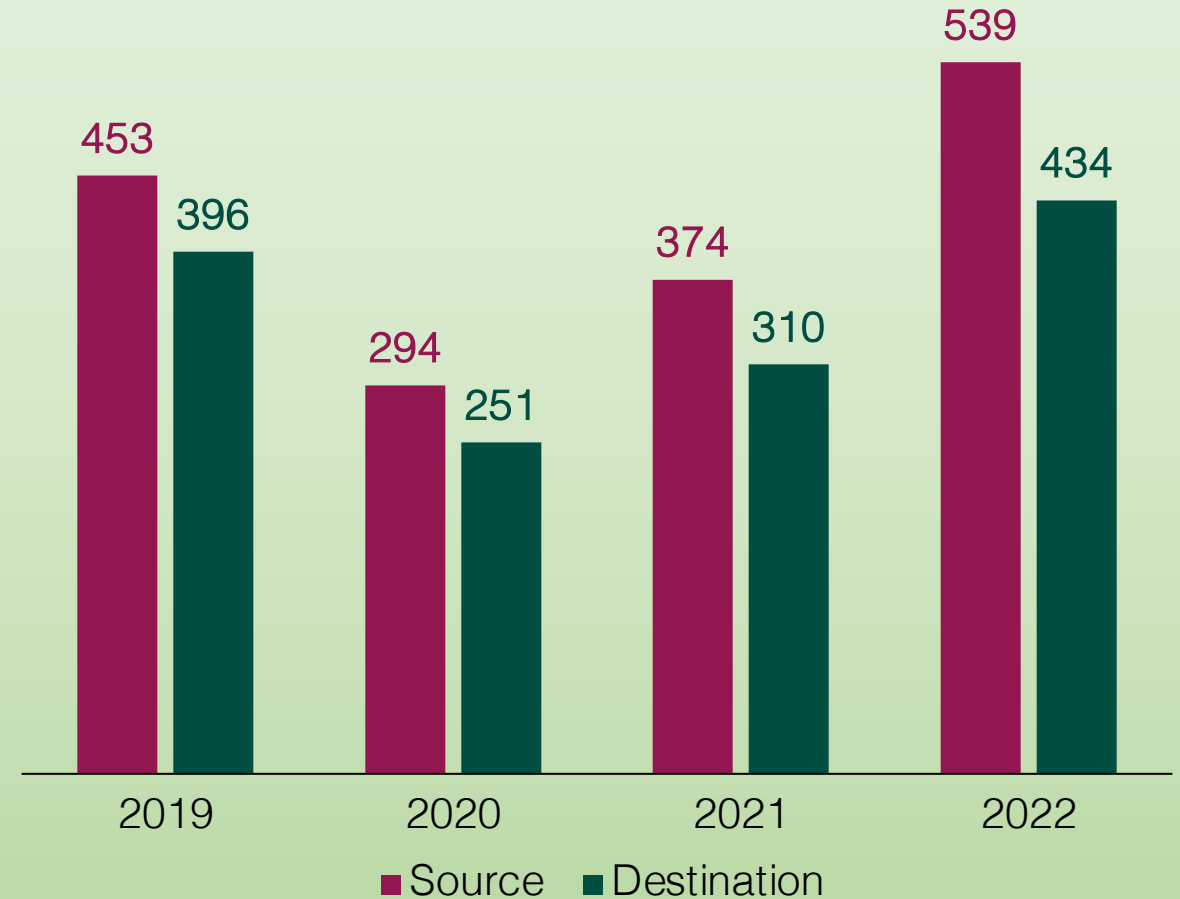
Slowing pace of new trade-restrictive measures and trade remedies, but the accumulation of measures affecting trade negatively is worrying



APEC Foreign Direct Investments (USD billion)



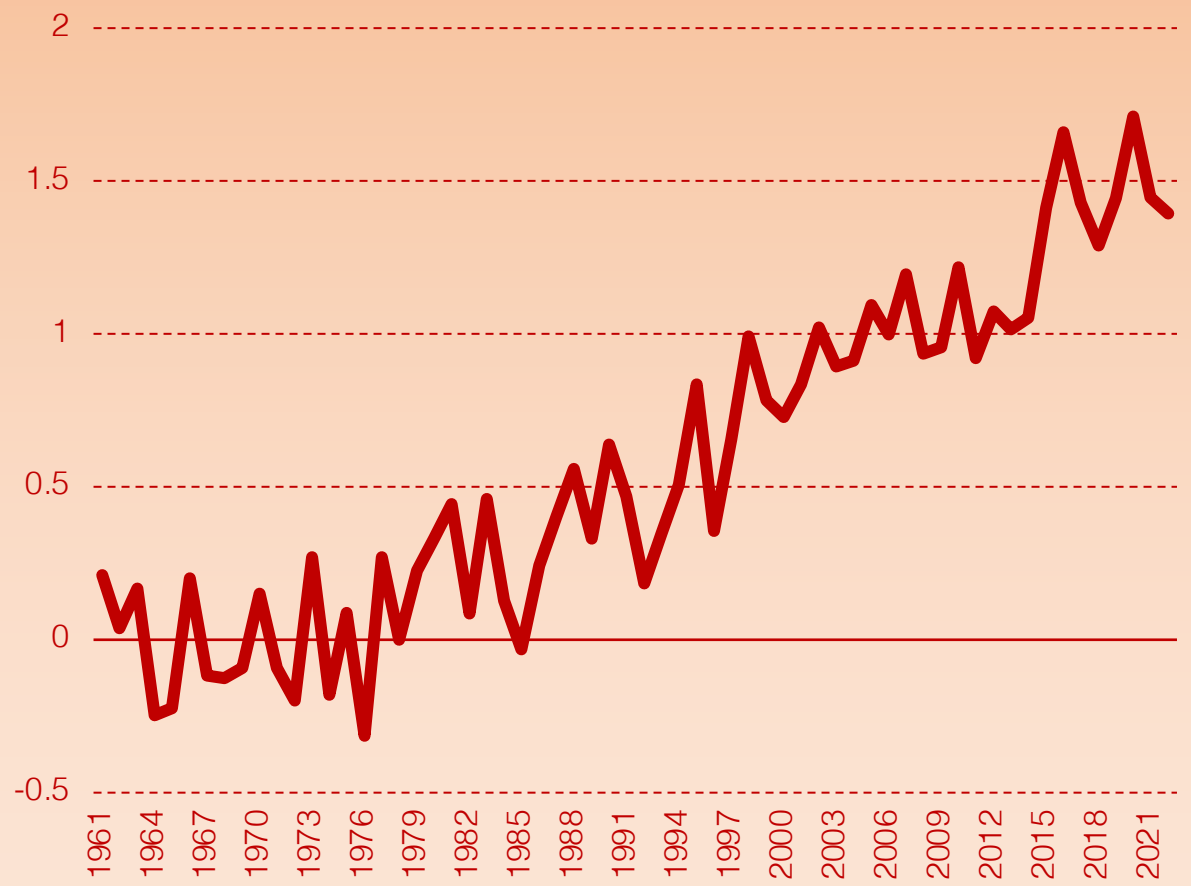
APEC Greenfield Investments (USD billion)



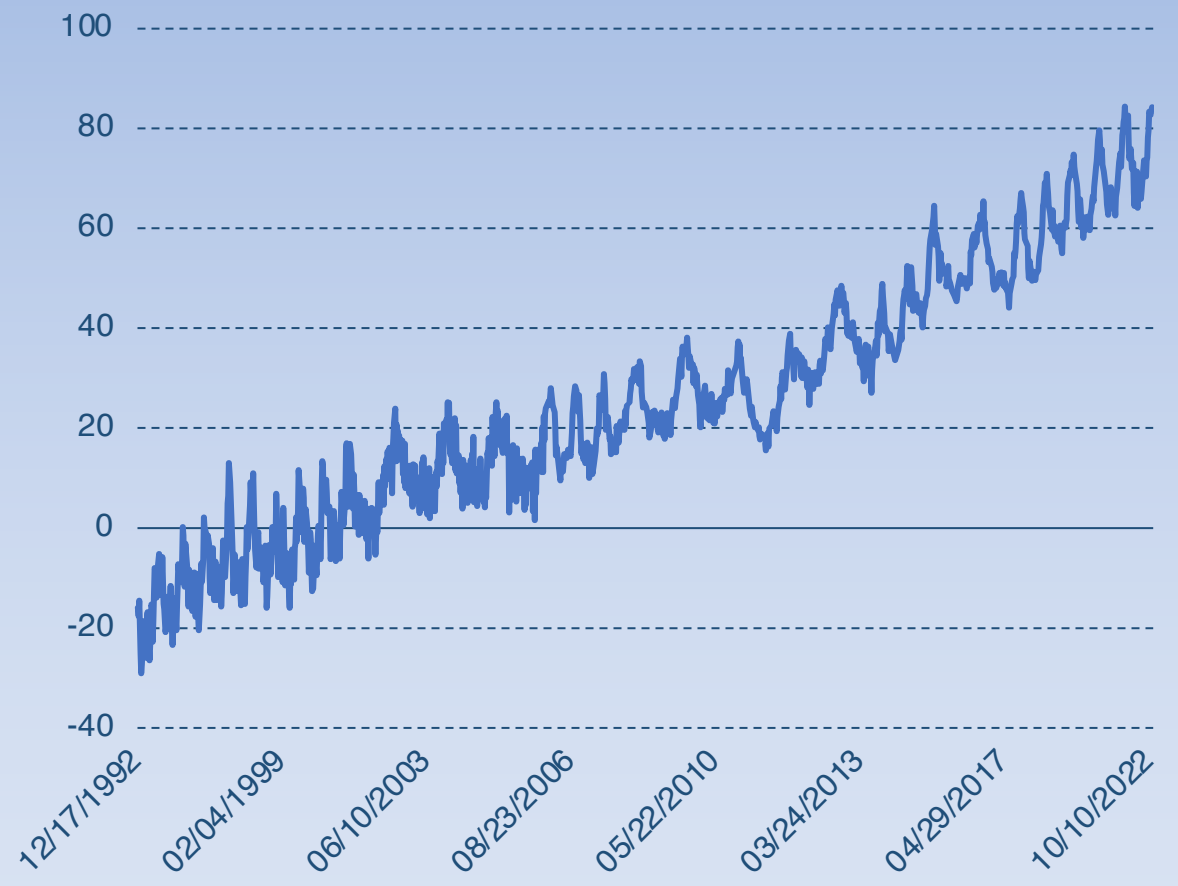
Resilient FDI flows with substantial increase in greenfield investments



Mean Surface Temperature Change (degree Celsius)



Mean Sea Level Change (millimeters)

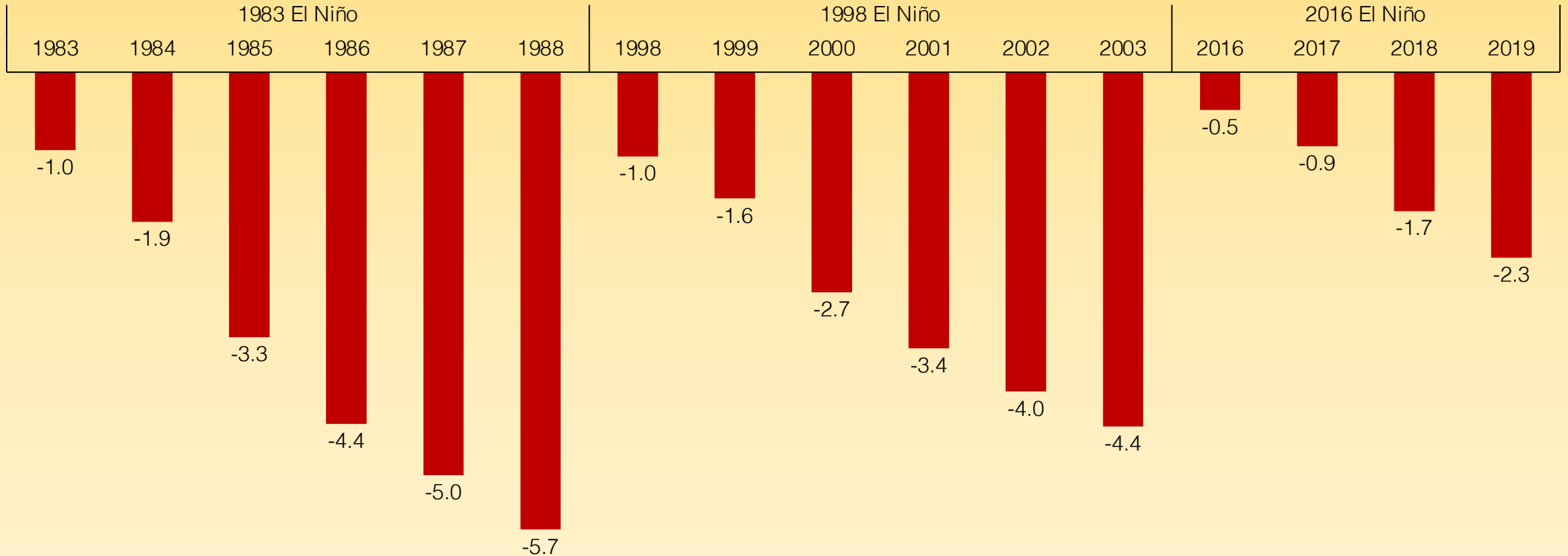


Record-breaking hot temperatures and rising sea levels are threatening overall agriculture and fishing production



APEC GDP per capita loss from El Niño (average % change)

Comparing actual GDP per capita with the counterfactual (absence of El Niño) GDP per capita



Echoes of history warn of persistent impact of El Niño that could severely impede APEC's growth

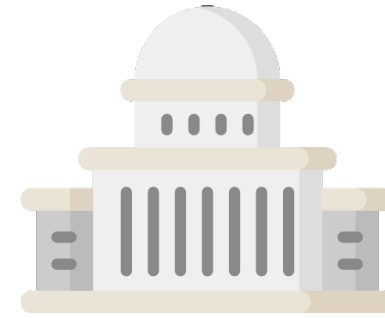
Source: Callahan and Mankin (2023), Science; APEC PSU staff calculations

Note: These figures represent the losses or damages caused by El Niño in terms of GDP per capita, and these were calculated by comparing the actual GDP per capita with the counterfactual (absence of El Niño) GDP per capita using regression bootstrap methods.



Keeping inflation down

Central banks must closely monitor inflationary pressures, particularly amid potential supply shocks (e.g. extreme weather)



Restoring fiscal space

Fiscal authorities must prioritise productive spending and reduce public debt through restructuring and refinancing



Mitigating and adapting to climate change

Governments need to invest in resilient infrastructure, and encourage the adoption of innovative technologies and sustainable practices to reduce greenhouse gas emissions as well as mitigate climate change and its consequences

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/>.



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