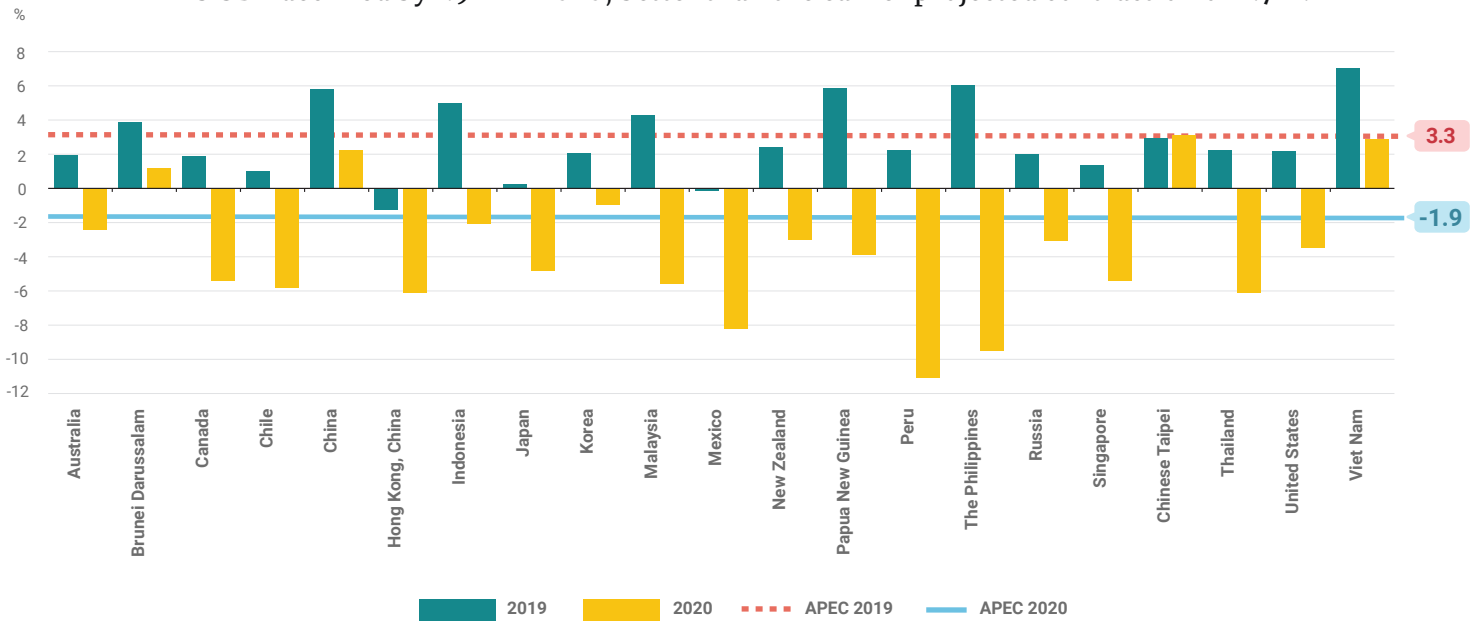
Asia-Pacific Economic Cooperation

Based on the May 2021
APEC Regional Trends Analysis
by the APEC Policy Support Unit

THE ECONOMY IN 2020 AND THE RECOVERY AHEAD

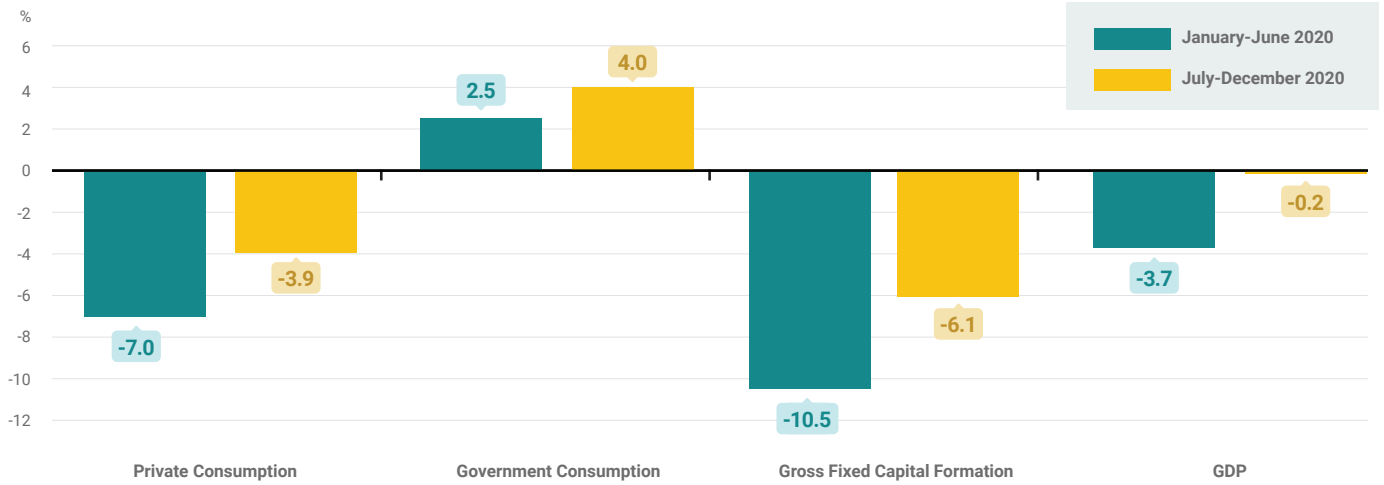
2020 Economic Trends

APEC GDP declined by 1.9% in 2020, better than the earlier projected contraction of 2.7%.



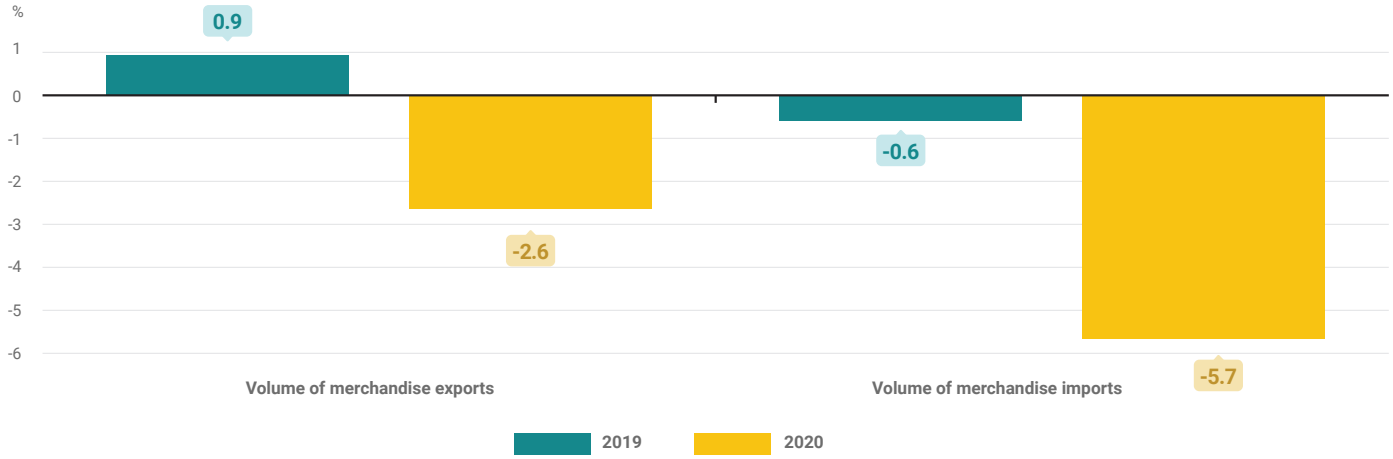
GDP growth across APEC is uneven, with a few economies returning to positive territory by the end of 2020, others contracting less than expected, but some plunging deeper into recession.

Household consumption posted a smaller semestral decline while government spending sustained its increase.

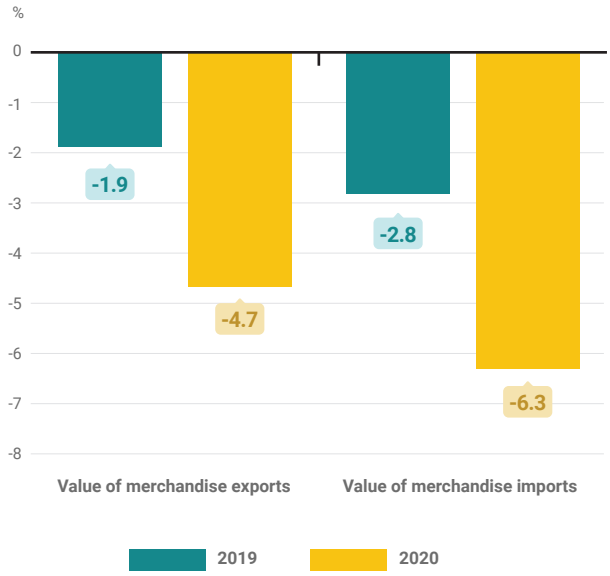


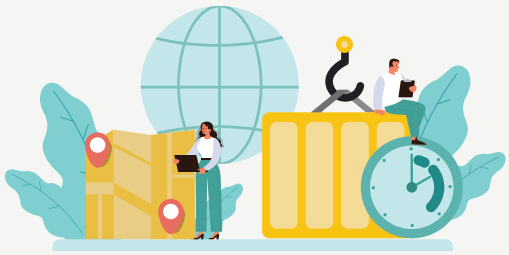
The decrease in consumption contributed largely to lower inflation rate in the region at 1.5% in 2020 from 1.9% in 2019.

The volume of merchandise exports and imports contracted in 2020.



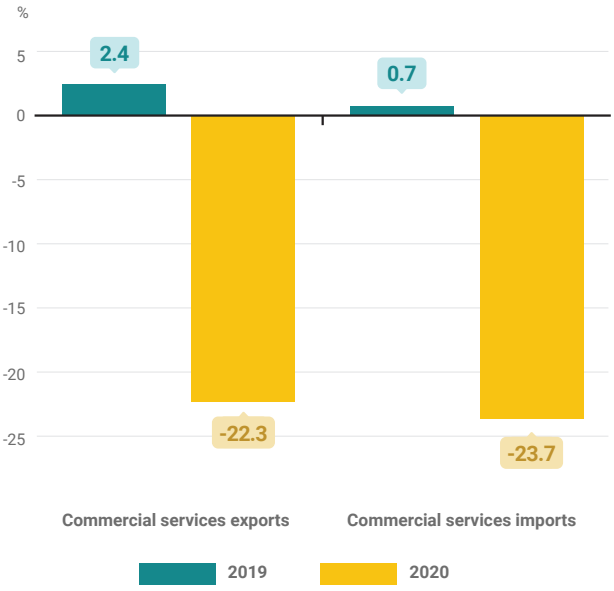
The value of merchandise trade stayed in negative territory in 2020 relative to 2019.





- Trade performance has been sluggish since the escalation of trade and technology tensions in 2018.
- Trade-restrictive measures also continued to proliferate, outnumbering trade-facilitating measures.
- COVID-19 exacerbated these weaknesses.

Commercial services sustained substantial losses in 2020.



Transport and travel services plummeted by almost 50% in 2020 compared to the level in 2019.

Better output seen in the second half has lifted GDP for the whole of 2020.

The near-term outlook points to higher APEC GDP growth in 2021 in tandem with improved prospects for the global economy.

What is behind projected recovery in 2021 and beyond?

DEMAND UNLEASHED!

A strong increase in domestic and global activity is expected, as pent-up demand is unleashed following a year of subdued spending due largely to COVID-19 related movement restrictions.

SCIENCE!

The optimism generated by the science community, with the remarkable development and production of multiple vaccines, has boosted expectations of a more durable economic recovery.

Uncertainty ahead

ON GUARD AGAINST THE VIRUS

Virus resurgence and mutations could delay the reopening of businesses and borders. The race between variants and vaccines should be closely monitored. Contact tracing, testing, isolating and treating patients have to be sustained alongside efforts towards immunization.

APEC economies are expected to recover at different speeds and strengths due largely to differences in vaccine access.

Equitable access to vaccines, treatments and medical supplies will help reduce infection rates and slow down virus mutations.

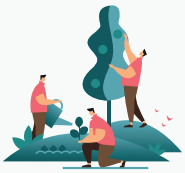
CAUTION: CAUTIOUS SPENDING

Job losses and temporary business closures during the pandemic could fuel cautious spending, which could hold back economic activity and result in lower-than-projected economic growth.

Recovery for all: A checklist

CONTAIN COVID-19

- ☑ Curb the spread of the virus and its variants
- ☑ Continue targeted fiscal and monetary support
- ☑ Increase public spending on health



PROTECT THE ENVIRONMENT

- ☑ Cut unsustainable practices such as deforestation
- ☑ Rein in coal and other costly fuels
- ☑ Promote green investments and technology

TURN CRISIS INTO OPPORTUNITY

- ☑ allocate resources to improve social outcomes
- ☑ Invest in human capital development
- ☑ Adapt to the digital economy

LEVERAGE REGIONAL COOPERATION

- ☑ Ensure the swift and equitable supply of vaccines
- ☑ Share COVID-19 related expertise
- ☑ Commit to economic recovery that is durable, sustainable and inclusive

Download the full report by searching for "APEC Regional Trends Analysis" at www.apec.org/publications