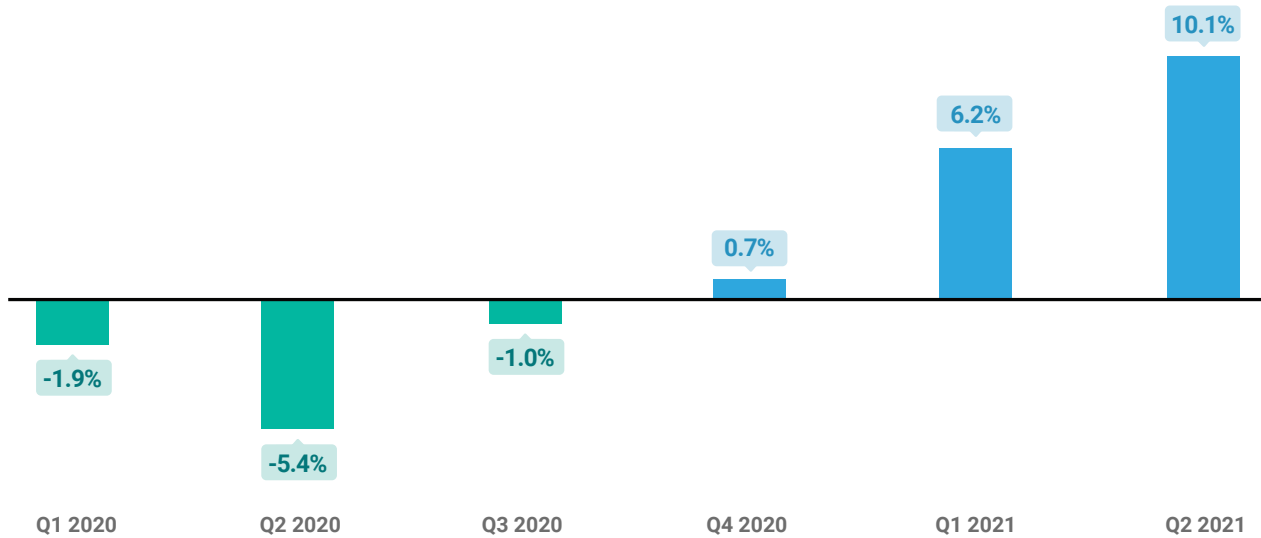


# POLICIES MATTER AS THE ECONOMY RECOVERS AMID COVID-19

## 2021 Economic Trends

APEC GDP started to rebound in Q4 2020 following three consecutive quarters of contraction. It continues to strengthen so far in 2021.



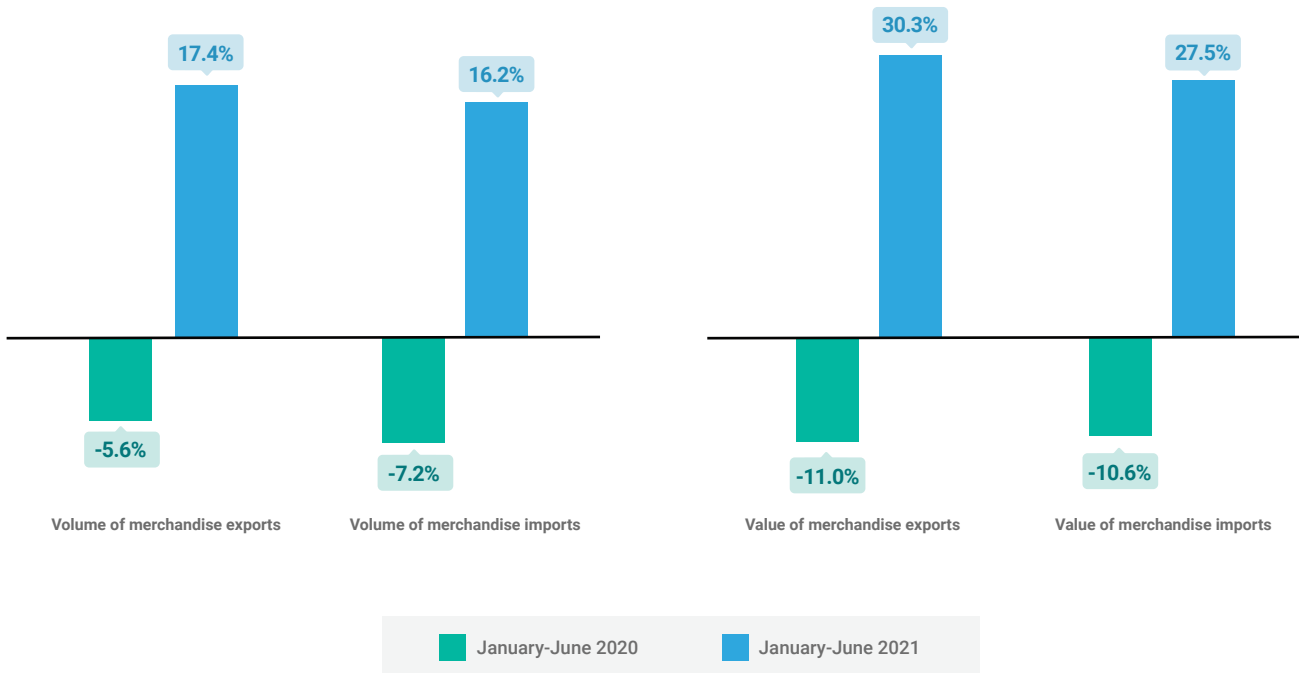
Rapid vaccination rollout in many economies combined with strong consumption and investment boosted economic activity.

But, economic growth diverged among member economies: some were able to rebound faster while recovery for others remains fragile.

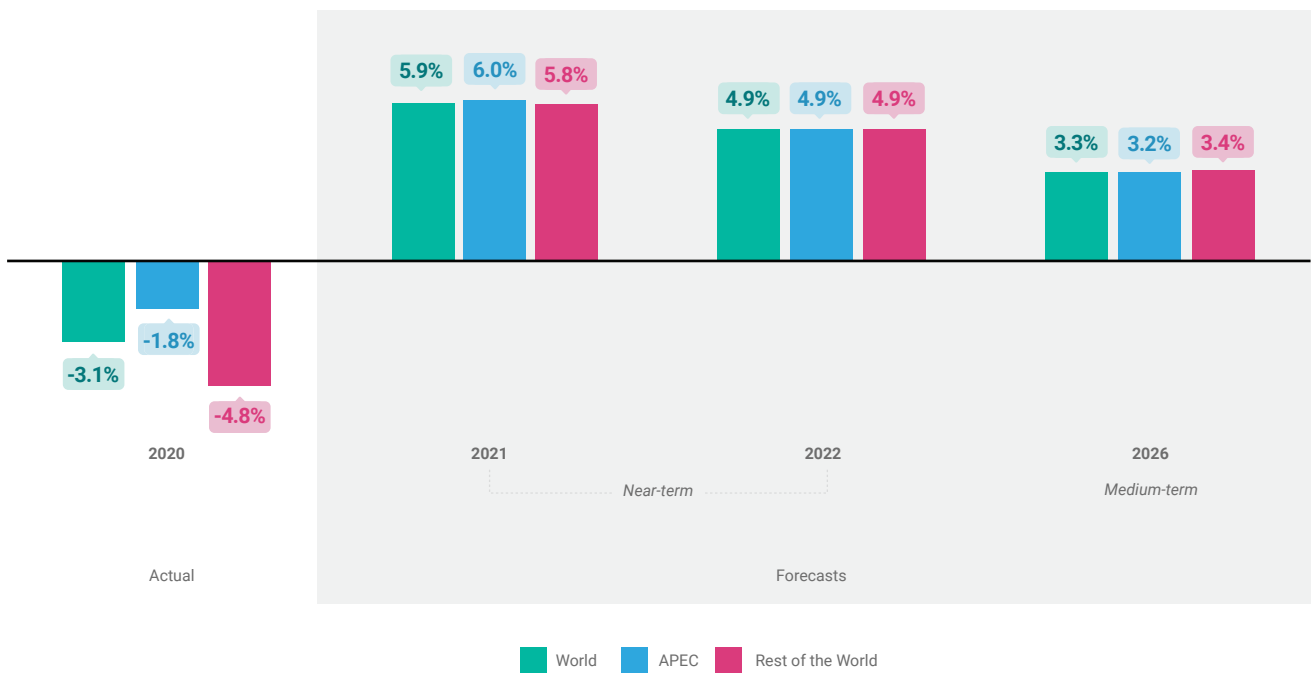


Half-yearly GDP data not available for Papua New Guinea.

Trade in APEC surged, with the volume and value of merchandise trade recording double-digit growth rates.



In the near-term, APEC GDP is expected to expand by 6.0% in 2021, after declining by 1.8% in 2020.

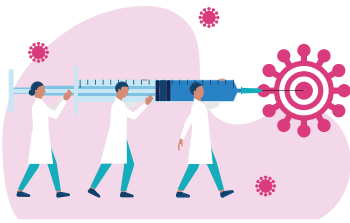


Growth is projected to settle at 4.9% in 2022, with the anticipated winding down of fiscal and monetary support measures, moderating to 3.2% in the medium-term.

# Recommendations for Future Growth

## ON GUARD: VARIANTS ABOUND

Substantial uncertainty surrounds growth projections, with the Delta variant already slowing down economic momentum.



**Vaccinate** as many people as soon as possible.



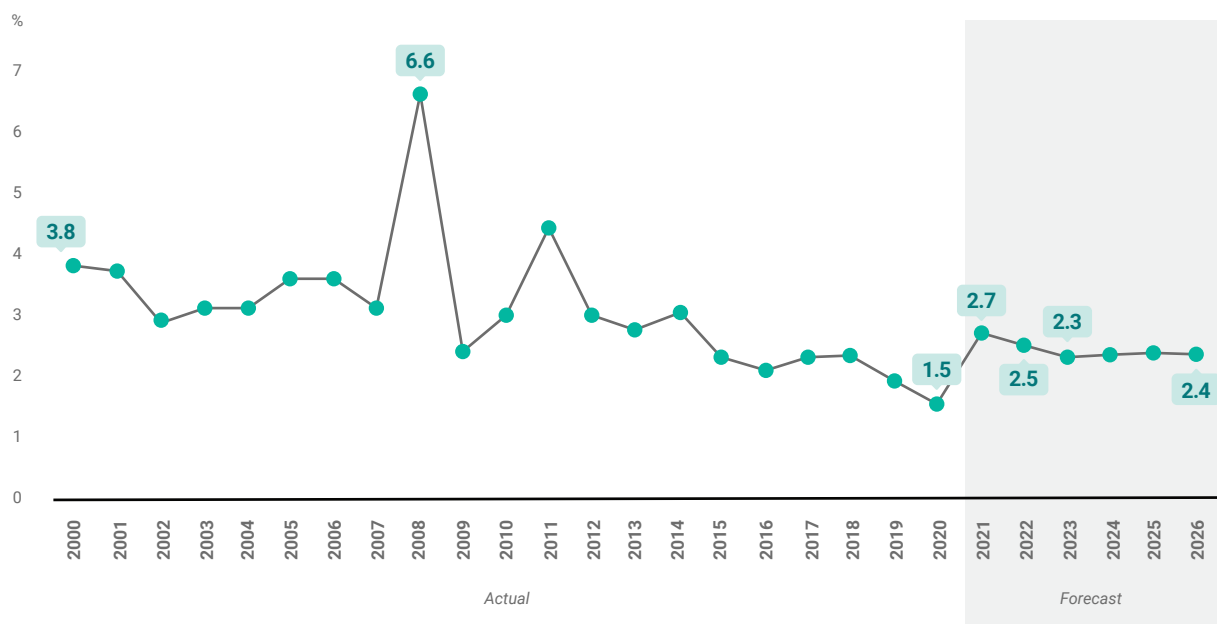
**Facilitate** the production and flow of vaccines and other medical products to speed up vaccination program.



**Mitigate** economic, social and vaccine disparities. Address unequal access to vaccines to recover stronger together.

## HANDLE WITH CARE: RECOVERY IS FRAGILE

Inflation is forecast to rise to 2.7% in 2021 after dropping to 1.5% in 2020, due to a combination of higher demand and supply-side shocks. A steady climb in inflation and global commodity prices could trigger an increase in interest rates.



- Scaling back or withdrawing fiscal support is inevitable, considering rising government debt.
- The tightening of monetary, financial, and fiscal conditions could dampen consumption and investment activity.

## POLICIES AND JOINT COMMITMENTS WILL BE VITAL

An important, hard-earned lesson from the pandemic is that economic, trade and health policies are intertwined.

**APEC's membership is committed to a broad range of initiatives that reinforce each other:**



Facilitating trade in the movement of essential goods and services, COVID-19 vaccines, food products and people across borders



Sharing knowledge and expertise on measures tackling COVID-19



Building resilience and inclusion among APEC communities



Utilizing digital technology to support COVID-19 response and recovery efforts

**We are all in uncharted territory, where recovery is underway even amid an ongoing pandemic. There are opportunities to build back better and more inclusive societies.**

**At the center of these efforts are policies – good policies matter!**