

# APEC-wide Analysis by Economy

As a part of this report, we aim to assess how APEC economies can be measured by several themes:

1. Are APEC economies backing away from globalization, trade, and technological progress in the wake of increased debate about their benefits and costs in today's economic climate?
2. How effective economies, including government and business within those economies, are at driving inclusive growth to overcome the aforementioned costs?
3. What is each economy's confidence level in future economic performance alongside the current reality of globalization, trade, and technological progress?

Figure A represents an aggregate assessment of all 21 APEC economies across four assessment pillars:

1. The economy's sentiment toward trade liberalization
2. Government policy effectiveness in promoting inclusive growth
3. Extent of business engagement aiding inclusive growth
4. The future economy outlook towards globalization, trade, and technological progress based on the current situation and future challenges in APEC

Through our assessment, we identified the following key findings:

- Almost all APEC economies struggle with ineffective adjustment programs, and almost all are ill-prepared for future challenges.
- Trust in government is a major issue in most APEC economies and trust in business, while higher, remains a real concern.
- Domestically, inclusive growth is a continuing serious challenge for all APEC economies, although Australia, New Zealand, and Chinese Taipei have fewer concerns in this area.
- Some APEC economies found to have a high likelihood of a “trigger event”—a populist uprising aimed at globalization, trade, and technological progress—struggle with inclusive growth challenges, a low level of understanding the narrative of globalization, ineffective social protection programs, and low levels of trust in government.
- Economies within APEC found to have low anti-globalization sentiment and low likelihood of a trigger event are those strongly dependent on trade, or had prior negative experiences with isolationist or interventionist policies.
- A more detailed breakdown of how each economy has been ranked can be found in the Economy Specific appendix at the end of this report. The breakdown includes a two-page summary for each economy, explaining how the economy was given a rank in addition to secondary data outlining an economy's relative ranking amongst these pillars in APEC.



The following explains the context of each ranking category and its purpose.

### Sentiment

**Extent of anti-globalization:** This is based on the assessment from interviewees and survey respondents on their economy's general sentiment regarding globalization. The red denotes strong anti-globalization rhetoric, and the green indicates a strong pro-globalization sentiment.

**Inclusive growth:** The objective of economic performance across most economies is broad-based and measures sustained progress in living standards, across wage and non-wage income (e.g., pension benefits), as well as economic opportunity, security and quality of life. The red denotes no effective change policies to bring about inclusion and green denotes a strong inclusivity oriented agenda across both the public and private sectors.

**Understanding of the narrative:** This metric used assessments from interviewees and respondents on how well they understood, and how well they believed the general population in their economies understood, how globalization, international trade, and technological progress impacts their daily lives. This also assessed how well they and others understand the benefits, risks that need to be mitigated, and action steps individuals need to take to ensure global competitiveness. The red denotes a severe lack of understanding of how basic economic forces impact their economy and green denotes a perfect understanding of how economic forces impact their lives, and what individuals need to do to prepare for economic shocks.

### Government Policies

**Effectiveness of adjustment programs:** Ensuring a smooth transfer of labor resources across occupations, firms, sectors, and regions impacted by globalization, trade, and technological progress is a par-

ticularly challenging part of the structural adjustment process. Interviewees and respondents provided assessments on the effectiveness of both active and passive adjustment policies in managing displaced, underemployed, or unemployed workers. Red denotes a lack of adjustment policies, with growth being the major contributor towards adjustment, and green denotes pro-active policies to address future challenges.

**Trust in government:** Interviewees discussed the level of trust in government policy-making and thinking towards the future to develop this assessment of the population's level of confidence in the government. Red denotes a high level of frustration and green denotes strong confidence in the government.

### Business engagement

**Trust in business:** Interviewees discussed the level of trust in business and its actions to build the community to develop an assessment of the population's level of confidence in business. Red denotes a high level of frustration due to predatory business practices and poor adherence to labor rights laws, and green denotes strong confidence in business' approach towards the community.

**Willingness of business to engage:** The role of business needs to be complementary to the efforts by the government to improve the distribution of the benefits from globalization, trade, and technological progress. Survey respondents assessed the role of government and business across the various initiatives towards inclusive growth within their economy to inform on this metric. Red denotes poor ownership of the inclusive growth agenda, and green denotes a strong sense of responsibility towards inclusiveness.

### Future outlook

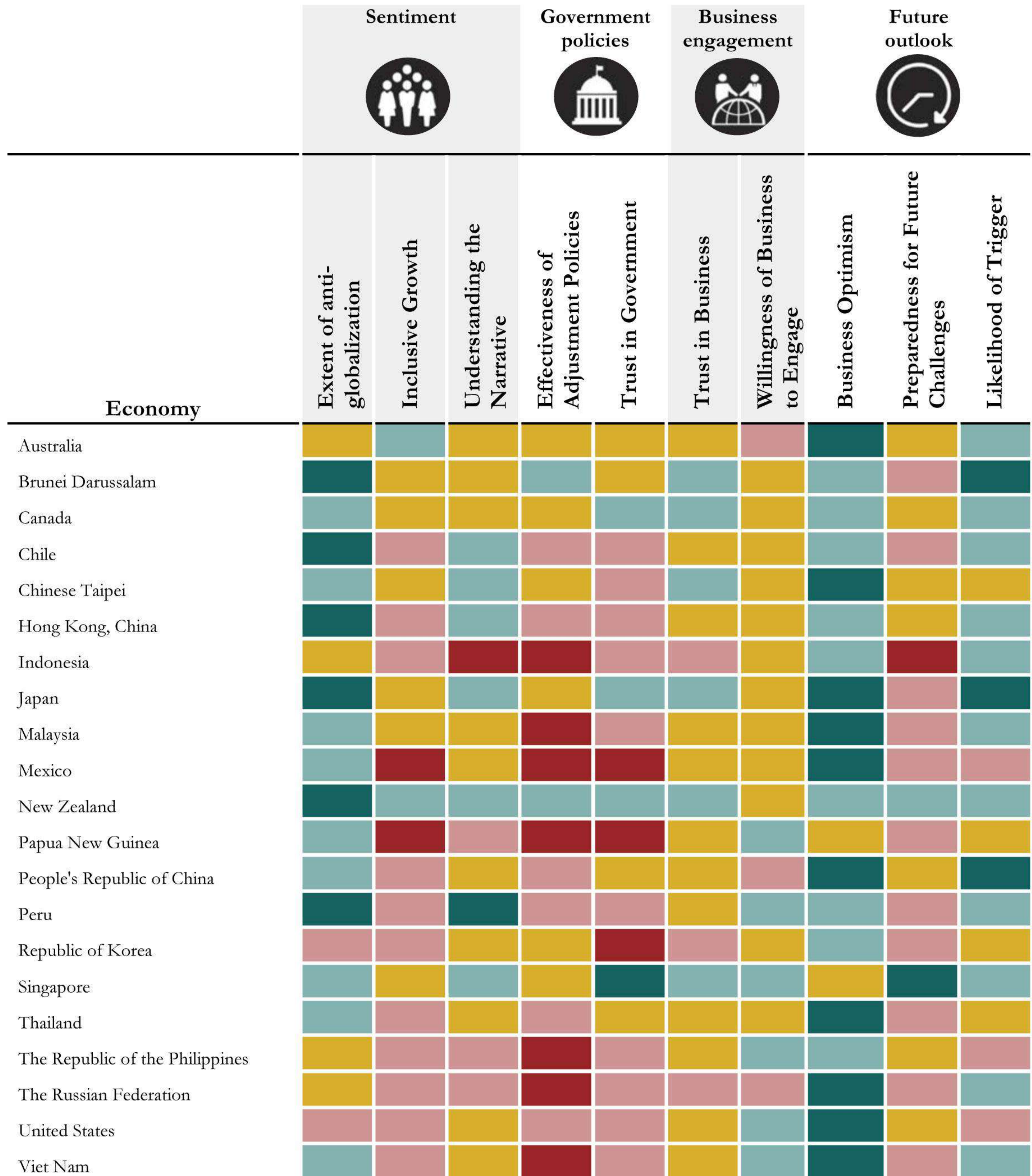
**Business optimism:** The short term outlook of business leaders with regards to revenue growth, investment and hiring is an indicator of the short term economic situation. Business leaders were surveyed on their outlook towards their own firm's, as well as their economy's growth, situation to provide this assessment. Red denotes a reduction in hiring and a decline in investments and revenue growth while green denotes an increase across hiring, investment and revenue growth in the next three to five years.

**Preparedness for future challenges:** This assesses an economy's ability to overcome economic shocks posed by Industrial Revolution 4.0, changing demographics, constantly evolving global value chains and its ability to adjust, and the ability to resist growing economic nationalism. Red denotes a severe lack of technological infrastructure, institutional resources, and understanding of what preparations are required against future challenges, and green represents a complete understanding of the challenges ahead, active development plans in place to meet future needs, and the resources necessary to accomplish established goals.

**Likelihood of a trigger:** This measures the likelihood of a populist uprising aimed at globalization, trade, and technological progress. Red denotes high social discontent which might lead to a trigger, and green denotes overall social stability and a low chance of a reversion in the economy's pro-globalization glidepath.

Figure A

# Aggregate economy assessment:



## Risk Assessment

The APEC economies vary widely in terms of preparedness for future challenges, based on the parameters assessed, the potential future risk level of challenges due to anti-globalization sentiments and technological progress can be classified as 1) no risk, 2) low risk, 3) medium risk, and 4) high risk. There exists commonalities across these risk groups:

**No risk economies** are characterized by strong adjustment programs, understanding of the narrative, and high trust in business.

**Low risk economies** face minimal sentiments of anti-globalization in their public and social media, however, they need more developed adjustment programs to address future challenges.

**Medium risk economies** face implementation challenges of existing adjustment programs. These economies are also characterized by gaps in social mobility, leading to income inequality.

**High risk economies** have a strong anti-globalization sentiment compounded by inadequate implementation of adjustment policies.



Figure B

# Aggregate economy assessment:

