Current Economic Situation

The abundant and diverse selection of natural resources available, along with its strong services sectors, account for a significant portion of the Australian economy. Its economic history speaks to the success of these sectors, with continued growth for 17 years prior to the global financial crisis.

In response to a stimulus package introduced after the onset of the economic downturn in 2008, Australia’s economy recovered in 2009 after just one quarter of negative growth. Unemployment peaked at 5.7 percent in 2009. The majority of Australia’s workers are employed in services sectors, which makes up 75 percent of labor. The industrial sectors come in second at 21 percent.

Since 2010, major economic developments have been underway, such as creating and enforcing emissions trading legislation, a key issue in APEC, and developing closer economic relations with China and the rest of Asia. Other pressing challenges include bushfires, drought, and other climatic issues.

Moreover, Australia is ranked #9 out of 183 economies in the World Bank’s Ease of Doing Business rankings.

APEC Relations

As APEC’s fifth largest economy, Australia holds an influential position during negotiations. Australia was one of the founding APEC members and host to the first APEC meeting in 1989 as well as the 2007 summit. Australia has been instrumental in advancing APEC’s core objectives of regional economic integration, business facilitation, and structural reform through its active involvement in more than 30 APEC forums.

Trade with APEC has increased from $89 billion in 1989 to $347 billion in 2009, which accounted for 72 percent of Australia’s trade. China has dominated both the economy’s import and export statistics. Free trade agreements negotiations are continuously underway for China, Japan, Korea and the Trans Pacific Partnership.

Energy and Environmental Policy

Australia remains at the forefront of improving energy policy and leading the push for environmental issues. Through $500 million in competitive grants and over $1 billion in private funding, Australia has set an initiative to cut greenhouse gas pollution by 60 percent by 2050, and it is likely to achieve this reduction by 2020. In addition, major investments are being made in the energy sector, such as the $40 billion Gorgon Liquid Natural Gas Project in northern Australia and $5 billion in clean energy technology, such as wind, solar and geothermal power.

Free Trade Agreements:

- Australia-Association of Southeast Asian Nations (ASEAN)
- Australia-New Zealand
- Australia-Singapore
- Australia-U.S.
- Australia-Chile

Under Negotiation:

- Australia-China
- Australia-Korea
- Australia-Japan
- Australia-Malaysia
- Trans-Pacific Partnership

Photo courtesy of State Department

For a complete list of sources for all member economies, please visit uhero.hawaii.edu/74/apec-project
Current Economic Situation

Brunei’s economy encompasses a mixture of foreign and domestic entrepreneurship, state-owned enterprises, and traditional village activities. Crude oil and natural gas production account for over half of GDP and more than 90 percent of Brunei’s exports. Per capita GDP is among the highest in Asia, and substantial income from overseas investment supplements income from domestic production.

The economy has generally enjoyed moderate and consistent growth due to high world oil and gas prices. After the onset of the global financial crisis, however, Brunei’s economy suffered a sharp decline. In 2008, GDP fell by 1.9 percent. Brunei continues to have one of the lowest GDP growth rates of any ASEAN nation while being ranked as having one of the highest rates of macroeconomic stability in the world and the highest in Asia. Brunei’s conservative economic policies insulated it from much of the global financial crisis in 2008-2009.

The Brunei government provides for all medical services, free education through the university level, as well as rice and housing subsidies. Brunei’s leaders are concerned that steadily increased integration into the world economy will undermine internal social cohesion. Plans for the future include upgrading the labor force, reducing unemployment, strengthening the banking and tourist sectors, increasing agricultural production, and, in general, widening the economic base beyond oil and gas.

APEC Relations

Brunei will play an important part in highlighting “Women in Business” issues when the Asia-Pacific Economic Cooperation forum reconvenes this year in the United States, according to the Sultanate’s representatives at this year’s APEC Business Advisory Council (ABAC). ABAC members said that they have already been called upon by the APEC 2011 organizers to facilitate regional talks on the upcoming topic, particularly as women in business have garnered increased attention in Brunei.

Expanding on recurrent APEC key issues such as small and medium enterprises and financing, the 2011 forum hopes to shed more light on women’s plight in the world of business as part of APEC’s “inclusivity” agenda.

Energy and Environmental Policy

The Brunei government is actively promoting energy efficiency and conservation in various sectors of the economy. These activities include public education awareness campaigns, publications on energy efficiency and conservation issues, as well as a voluntary energy labeling scheme for air-conditioners. In addition, the economy is also enhancing its human capacity building through seminars and workshops on energy management, energy auditing and energy education in schools.

KEY FACTS

Population: 406,200
GDP: $12.0 billion
GDP per capita: $37,048
Balance of Payments: $6.9 billion
Government: Sultanate

Free Trade Agreements

Brunei-Association of Southeast Asian Nations (ASEAN)
Brunei-Japan
ASEAN-Australia, New Zealand
ASEAN-European Union
Current Economic Situation

Canada has a diverse economy and is one of the world's largest suppliers of agricultural products. The Atlantic regions of Canada hold large deposits of natural gas and oil. Globally, Canada is the leading producer of zinc, uranium, as well as a major exporter of minerals such as gold, nickel, lead, and aluminum. Liberal trade policies and a transparent regulatory environment has made Canada one of the top business destinations, consistently placing 8th out of 183 on the World Bank's Ease of Doing Business index.

The economic crisis deeply affected Canada, and the Canadian government decided to invest heavily in infrastructure to stimulate the economy. While Canada was able to avoid large problems in the securities sector, its economy is still undergoing proposals for significant reform. Through the Economic Action Plan, the Canadian government contributed close to $11 billion in projects. The initiative is part of a larger plan, Building Canada, which will invest $33 billion into the domestic economy.

KEY FACTS
Population: 34 million (est. July 2010)
GDP: $1.574 trillion (est. 2010)
GDP per capita: $39,400 (est. 2010)
Balance of Payments: -$38.4 billion
Commercial Services BOP: -$21.8 billion
Government: Parliamentary democracy, federation and constitutional monarchy

APEC Relations

Canada's Office of Foreign Affairs and International Trade (OFAIT) recognizes that APEC members will play an important role in the future prosperity of Canada. The economy has been a member since APEC's inception; and as the fourth largest economy in the group, Canada has an influential part in the process. According to OFAIT, in recent years Canada has chaired the APEC Health Working Group, the Fisheries Working Group, and the Agriculture Technical Cooperation Group. Currently, Canada is the Lead Shepherd for the Transportation Working Group, which aims at expanding transportation development within the region while balancing security and the needs of the environment. Canada continues to engage key Asia-Pacific partners in countering terrorism, enhancing health, security and infectious disease strategies, and forming global approaches to international energy issues.

In terms of trade, Canada unsurprisingly has close relations with its neighbor, the United States. Nearly 80 percent of Canada’s exports go to the U.S., and 65 percent of its imports come from that same trading partner. Canada is the largest supplier of energy into the U.S., and the national electricity grids of both countries are linked together. Overall, APEC members account for 86 percent of exports and 78 percent of imports of Canada’s total global trade.

Energy and Environmental Policy

The Canadian government has contributed $779 million to Canada’s Green Infrastructure Fund, which reaches close to $2 billion when combined with private investment. Projects include a transmission line to tap the renewable energy in British Columbia, wastewater improvements in Winnipeg and Ontario, reduction of waste going into landfills, and a hydro generation and transmission project in the Yukon. Canada has been a continuous supporter of G20 and APEC initiatives aimed at facilitating trade of green technology.

Free Trade Agreements

North American Free Trade Agreement
Canada-Chile
Canada-Peru
Canada-Panama

Under Negotiation:
Canada-The Andean Community
Canada-Korea
Canada-India
Canada-Singapore

Photo courtesy of State Department
Current Economic Situation

As one of the most developed Latin American countries, Chile operates trade agreements with a large number of APEC members. Such diversity makes Chile independent of any one trade partner and gives it access to over half of the world’s GDP. In fact, Chile has a growing, strong economy due to high volumes of foreign trade and a rational economic policy. Chile experiences balanced trade between the Americas, Asia, Europe, and Latin America.

Chile was deeply impacted by the 2008 global financial crisis, but due to a strong, independent central bank and strict financial regulation, the economy avoided the shock that was experienced in other parts of the world. Thus, Chile took advantage of its position to become a net creditor and passed a law that isolates revenue during fiscal surpluses. In addition, the Chilean government implemented a $4 billion stimulus plan.

In May 2010, Chile became the first South American country to join the OECD. Chile’s greatest export is copper which is increasing in demand as price of copper increases globally. CODELCO, a state-owned company, is the world’s largest copper producing company. Chile currently ranks as the 49th easiest place to do business, according to the World Bank.

Free Trade Agreements

| North American Free Trade Agreement |
| Chile-Australia                     |
| Chile-Mexico                       |
| Chile-Canada                       |
| Chile-U.S.                         |
| Chile-China                        |
| Chile-Japan                        |

Trans-Pacific Partnership

Under Negotiation:

Chile-India

while the next leading destinations, the U.S. and Japan, fell by 28 percent and 38 percent respectively as of 2009.

Santiago, Chile served as a host to the 2004 APEC leaders summit.

Energy and Environmental Policy

Chile offers many opportunities for utilizing wind, solar, and coastal energy due to its location and geographic diversity. However, production prices are high, and Chile is still in the process of developing the legal and economic structures to be able to attract the investment needed to enact these programs.

Considering that Chile imports 72 percent of its fuel as oil, gas, and coal, the government has taken steps to become more sustainable, including recent legislation that requires all production processes to come from at least five percent renewable energy sources. The goal of these initiatives is to fund energy projects that will break the economy’s cycle of importing fossil fuels. The government is also determined to develop a biofuels industry. The Ministry of Agriculture recently devoted $1 million to study the optimal feedstock for a biofuels industry.

KEY FACTS

Population: 17.0 million
GDP: $163.7 billion
GDP per capita: $9,645
Balance of Payments: $4.2 billion
Services BOP: Commercial services deficit of $498 million
Government: Republic
Current Economic Situation

China has emerged as a leader in its own right, developing from a closed and centrally planned economy to a dynamic market driven economy. Through reforms and the restructuring of its economy, China experienced sky rocketing increases in the economy’s GDP since 1978. It currently stands as the second largest economy in the world. The Chinese government continues to restructure the economy in order to increase domestic consumption and decrease the dependency on exports.

In 2010, China became the world’s largest exporter. The global economic downturn of 2008 reduced foreign demand for Chinese exports for the first time; however, the economy was quick to bounce back in 2010 with a growth rate of 10 percent. Its improving economic conditions are reflected in China’s steadily rising World Bank’s Ease of Doing Business rankings.

China continues to tackle emerging economic challenges including high domestic savings rates, creating jobs for the millions of migrant workers, and controlling environmental degradation.

APEC Relations

Since joining APEC in 1991, China has supported the Bogor goals of trade and investment liberalization and economic cooperation.

Currently, 62 percent of all Chinese merchandise exports are sent to APEC economies, with the U.S. as the main destination. Sixty-six (66%) percent of total merchandise imports into China come from APEC, with Japan and Korea as the main sources of imports.

Within APEC, China acts as a leader in the Agriculture and Technical Cooperation Working Group, which is responsible for food security and safety.

Energy and Environmental Policy

As one of the world’s largest oil consumers, second only to the U.S., China has been investing heavily in renewable energy field in recent years. In 2006, Chinese government announced that by 2010 it would decrease energy consumption by 20 percent according to its 2005 output. Moreover, in 2009, China announced it would reduce carbon intensity by 40 percent from their 2005 output by 2020. Other energy and environmental initiatives by the Chinese government include adding alternative energy sources to its energy production as well as developing nuclear energy.

Response to crisis

The global economic downturn led to a drastic decrease in demand for Chinese exports, leading to a stall in domestic industrial production. China’s GDP growth slowed from 14.2 percent in 2007 to 9.1 percent in 2009, the lowest in five years. To counteract these economic setbacks, in 2008 China implemented a $586 billion stimulus package aimed at encouraging growth and domestic consumption. Funds were funneled into such areas as infrastructure investment, environmental protection and disaster rebuilding.

Notably, despite the global economic downturn, foreign direct investment flows into China increased by 22.8 percent from $83.5 billion in 2007 to $108.3 billion 2008.

Free Trade Agreements

China-Japan
China-Korea
China-U.S.
China-Chinese Taipei
China-Germany
China-ASEAN
China-Chile
China-Pakistan
China-Peru
China-New Zealand
China-Thailand
China-Singapore

KEY FACTS

Population: 1.34 billion
GDP: $5.0 trillion
GDP per capita: $3,743.8
Balance of Payments: $297.1 billion
Services BOP: -$30.4 billion
Government: Communist state
Current Economic Situation

Chinese Taipei is a capitalist economy. While initially state-planned, an effort was made to privatize many large state owned banks and industrial firms. Because of its outward oriented economy, where exports make up 70 percent of GDP, the heavy dependence on exports has left Chinese Taipei vulnerable to global economic shocks. In addition, Chinese Taipei operates the largest trade surplus in APEC and has the fourth largest foreign reserves holding. In terms of doing business, the World Bank ranks Chinese Taipei as the 46th most attractive business destination out of 183.

APEC Relations

Chinese Taipei has been a member of APEC since 1991. The economy has aggressively taken steps to reduce tariffs and open its services sectors, in line with APEC’s goal of trade and investment liberalization. Within APEC, Chinese Taipei has been a leader in technology and trade, launching the APEC Digital Opportunity Center in 2004 in order to enhance and harmonize information and communication technologies across member economies. Chinese Taipei is also a member of APEC’s Electronic Commerce Steering Group and chairs the Paperless Trading Subgroup. Besides this, Chinese Taipei chairs the Small and Medium Enterprises (SME) working group, which aids SMEs in becoming more internationally competitive.

Given its history, it is only fitting that Chinese Taipei holds the closest economic relationship with China: $54 billion of its exports go to China. However, most of Chinese Taipei’s imports come from Japan, totaling $36 billion, China imports come in second with $24 billion. Other significant trading partners include the U.S. and Hong Kong. In addition, most of the economy’s total trade comes from APEC members, with 70 percent of imports and 81 percent of its exports attributed to APEC members.

Free Trade Agreements

Chinese Taipei-China
Chinese Taipei-Panama
Chinese Taipei-Guatemala
Chinese Taipei-El Salvador
Chinese Taipei-Honduras
Chinese Taipei-Nicaragua

Energy and Environmental Policy

Chinese Taipei passed a renewable energy act to promote the use of renewable energy, boost energy diversification, and reduce greenhouse gases. The goal is to increase Taipei’s renewable energy generation capacity by 6.5 million kilowatts to 10 million kilowatts within 20 years. In order to accomplish such an ambitious goal, the new law offers incentives for the development of renewable energy and works toward reducing regulatory restrictions. Types of renewable energy covered include solar, biomass, geothermal, ocean, wind, non-pumped-storage hydro, and waste conversion. In addition, the law aims to protect the environment and stimulate the development of related industries.
**Current Economic Situation**

Hong Kong, China has an innovative and prosperous economy: a competitive tax regime, respect for property rights, and a flexible labor market, coupled with an educated and highly motivated workforce. Hong Kong places 3rd in the World Bank’s Ease of Doing Business rankings. As a result, Hong Kong is one of the world’s leading financial and business centers.

Despite the global economic slowdown, Hong Kong maintained its status as Asia’s second-largest destination for foreign direct investment, attracting over $60 billion in 2008. Hong Kong’s continued economic success is thanks to the government’s basic policy of minimum intervention and maximum support for businesses. These practices include low taxation, a free and fair market competition, an orthodox legal and financial framework, a fully convertible and secure currency, a highly efficient network of transport and communication, a skilled workforce, the enterprising spirit of locals, a high degree of internationalization, and a cultural openness that has allowed for investment.

**Free Trade Agreements**

Hong Kong-New Zealand
Hong Kong-Singapore
Hong Kong-Chinese Taipei
Hong Kong-Japan
Hong Kong-China
Hong Kong-EFTA

**APEC Relations**

Because of its well-developed and free market economy, Hong Kong is active in APEC activities.

Within APEC, Hong Kong participates in the travel card program, which allows business people pre-cleared entry to participating member economies. Hong Kong’s major trading partner is China: Hong Kong sends $163 billion worth of goods in manufacturing and non-manufacturing exports to China and imports $161 billion worth of goods from China. In terms of global trade, Hong Kong overwhelmingly trades with APEC members, as exports and imports to and from members make up 78 percent of total trade.

Because of its service oriented economy, Hong Kong has an unusual relationship with the U.S., in that it operates a $1.7 billion services trade deficit. Thus, Hong Kong is one of the few economies in which the U.S. runs a services trade deficit but a goods trade surplus.

**Energy and Environmental Policy**

Because Hong Kong is dense and urbanized, the government works toward keeping its residents healthy and safe. With programs in pollution prevention, infrastructure for waste treatment and sustainable development, Hong Kong is committed to improving air and water quality, even as it faces a growing population. Conservation is also a major priority. In fact, 43 percent of Hong Kong’s land is under protection. An integral part of the conservation has come from Hong Kong’s transportation infrastructure.

In terms of energy, Hong Kong’s two primary power companies and a major gas company, are monitored by the government. Other programs include educational and recycling campaigns and funding of energy conservation projects by non-governmental organizations.

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**KEY FACTS**

Population: 7.0 million
GDP: $210.6 billion
GDP per capita: $30,065
Balance of Payments: $17.4 billion
Services BOP: Commercial services surplus of $42.0 billion
Government: Special Administrative Region of the People’s Republic of China
Current Economic Situation

Indonesia’s economy is as diverse as the multitude of languages spoken amongst its peoples. Indonesia has come out relatively unharmed in the recent global financial crisis that began in 2008. The resilience of this economy is largely due to its heavy reliance on domestic consumption as a driver of economic growth, as indicated by its 6 percent GDP growth rate in 2010. The ongoing challenge faced by Indonesia’s economy involves insufficient infrastructure, as reflected in its relatively low rank in the Ease of Doing Business index of 45.

Manufacturing constitutes the main sector of Indonesia’s economy, contributing 47 percent to the country’s GDP in 2009. While only 14.1 percent of GDP, agriculture employs almost half of Indonesian workers.

Despite rapid economic growth, poverty still stands to be a major issue within the economy. More than 32 million people live below the poverty line and approximately half of all households remain clustered around the national poverty line.

APEC Relations

In their 1994 Bogor Declaration, APEC Leaders agreed to the common goals of free and open trade and investment by 2010 for industrialized economies and 2020 for developing economies. They agreed to pursue these targets, known as the Bogor Goals, by reducing barriers to trade and investment to promote the free flow of goods, services and capital among APEC economies. Despite the circumstances faced by many developing members, Indonesia stands out in its efforts to implement reform to achieve these goals.

The Indonesian government is taking a cautious approach toward the Asia-Pacific free trade zone (FTAAP), according to Indonesian Vice President Boediono. Indonesia must first promote the competitiveness of its industries in the short term. The government hopes that APEC will optimize the existing cooperation for the East and Southeast Asia and will allow the Doha Round to be completed. Thus, FTAAP is more of a long term target.

Free Trade Agreements

Indonesia-Japan
Indonesia-U.S.
Indonesia-Singapore
Indonesia-China
Indonesia-Australia

Energy and Environmental Policy

In September 2010, General Electric (GE) and Indonesia’s Agency for the Assessment and Application of Technology signed a memorandum of understanding for the joint development of renewable energy use, cleaner coal and energy efficiency projects to help meet Indonesia’s growing power and environmental needs. GE and government agencies will work together on implementing renewable energy projects such as wind, solar, geothermal, as well as cleaner coal. Indonesia is the world’s third fastest growing economy and its energy demand annually increases by 7 percent. With such a high energy demand the government is offering tax incentives to those agencies that initiate renewable energy projects.

In addition, climate change is an important issue and Indonesia continues to take steps to mitigate the problem.

KEY FACTS

Population: 245.6 million (est. July 2011)
GDP: $706.7 billion (est. 2010)
GDP Per Capita: $5,200 (est. 2010)
Balance of Payments: $10.8 million
Service Balance of Payments: -$13.3 billion
Government: Republic
Current Economic Situation

Economically isolated for over 200 years, Japan opened its doors in 1854 with the Treaty of Kanagawa. In the 1950’s, Japan became a democratic state, with the next 50 years marked by rapid economic growth.

Despite a lack of natural resources, Japan is the third largest economy in the world and has a highly developed service industry, which makes up 68 percent of GDP. It also operates a current account surplus, credited to its major exports of transportation equipment, motor vehicles and semiconductors.

The 2008 global economic downturn had an adverse effect on Japanese economy. Stimulus packages implemented by the government mitigated the effects of the recession. However, the economy is still experiencing deflation and negative GDP growth rate.

On March 11, 2011, Japan was hit by a devastating 8.9-magnitude earthquake and ensuing tsunami. As of April 4, 12,157 people have been confirmed dead and another 15,496 are still missing following the disasters. Moreover, the earthquake severely damaged Fukushima Daiichi nuclear-power plant resulting in several hydrogen explosions and significant amounts of radiation. Prime Minister Naoto Kan remains optimistic that Japan will overcome this catastrophe.

Nearly 1 million people live in or around Sendai, the city hit hard by the earthquake and tsunami. But it’s relatively isolated from metropolitan Tokyo, which is Japan’s economic center.

APEC Relations

As the third largest economy within APEC and the world, Japan is a heavy-weight; its exports and imports with APEC members total $573.9 billion and $473.7 billion, respectively. In other words, 73 percent of Japan’s exports went to APEC countries, while 61 percent of its imports came from APEC countries. Japan’s biggest trading partners are also within APEC, with China, U.S., and Korea claiming the top three spots. Japan is also a member of the ASEAN Plus Three group, which includes the Association of Southeast Asian Nations, Japan, Korea, and China.

Japan holds much influence within APEC, with its leaders serving in key positions, including the Chair of the Economic Committee and the Health Working Group, and vice chair for the Telecommunications and Information Working Group. Within the Committee on Trade and Investment, Japan is Chair of the Automotive Dialogue Group and Convener of the Investment Experts’ Group and the Market Access Group. In addition, Japan serves as Chair for several task forces, the Anti-Corruption and Transparency Experts’ Task Force, the Gender Focal Point Network, and the Counter Terrorism task force. Japan also organizes the APEC Finance Ministers’ Process forum and coordinates the APEC Study Centers Consortium, which is a network among members’ universities and research institutions.

Energy and Environmental Policy

Japan aims to create 1.4 million jobs in green innovation, through the creation of a feed-in-tariff system to increase renewable energy and to create “future cities,” as well as through a forest revitalization plan.
Current Economic Situation

The Republic of Korea has developed rapidly in the past four decades to become one of the most affluent economies in Asia. GDP per capita has grown from $5,438 in 1989 to $17,078 in 2009. This development is due in part to the leadership of Park Jung Hee, whose administration implemented policies that, although harsh, created some of the world's leading companies in manufacturing, electronics, shipbuilding, and heavy chemicals.

Korea also had a strong recovery following the 2008 global financial crisis. In recovering from the recession, the Korean government pursued policies to reduce taxes and increase liquidity and fiscal expenditures. In addition, according to the Ministry of Strategy and Finance, the Bank of Korea intervened to stabilize exchange rates, lower interest rates and make credit more readily available for small and medium-sized enterprises.

Korea operated a trade surplus of approximately $41.7 billion in 2010. Moreover, Korea is ranked #16 out of 183 economies in the World Bank’s Ease of Doing Business rankings.

APEC Relations

Korea is an open economy, with a record of working with other APEC members to promote trade in the region.

Korea’s trade with APEC members makes up 67 and 61 percent of total trade in exports and imports, respectively. Within APEC, Korea exports $280.4 billion worth of merchandise and imports $266.3 billion worth of merchandise. Korea’s main trading partners include China, Japan and the U.S.

Within APEC, Korea serves as Chair of the Group on Services within the Committee on Trade and Investment. Besides being a member of APEC, Korea is a member of the World Trade Organization, with 98 General Agreements on Trade and Services (GATS) commitments.

One of the major issues in trade with Korea is agricultural and cattle imports, which has been a point of contention in the passage of the Korea-U.S. Free Trade Agreement (KORUS). However, the U.S. and Korea have made significant strides in passing the KORUS, which was revised in late 2010. Leaders are hoping that the KORUS will serve as a model for other Asia-Pacific agreements.

Energy and Environmental policy

Korea’s government has taken major steps to increase sustainability and self-sufficiency in crude oil, natural gas and minerals. Korea has a four step approach to energy policy: 1) managing the national energy supply; 2) promoting overseas energy development projects; 3) implementing environmentally responsible growth policies; and 4) combating climate change. This vision includes policies to establish carbon markets and provide incentives for companies to invest in measures to reduce energy use.
Current Economic Situation

Although Malaysia maintains its status as a middle-income country, Malaysia aims to achieve high-income status by the year 2020. In addition, the current administration is continuing efforts to invigorate its domestic markets and lighten the economy’s dependence on the export industry. As an oil and gas exporter, Malaysia has flourished in recent years due to increased world prices and healthy foreign exchange reserves.

Industrial and services sectors constitute the major sectors in Malaysia’s economy contributing 55.4 and 35.9 percent to GDP respectively and employing a total of 85.2 percent of Malaysia’s workers.

APEC Relations

Malaysia hosted the 1998 annual APEC Economic Leaders’ Meeting and 10th APEC Ministerial Meeting in Kuala Lumpur. At the time, the focus of the meeting lied in economic recovery and response to the Asian Financial Crisis. Since then, Malaysia has engaged in many APEC activities, including but not limited to joining the APEC Digital Opportunity Center, participating in the APEC Business Travel Card, and taking part in the APEC Training and Certification Program for Small Business Counsellors.

At the Trade Ministers meeting held in Singapore in July 2009, Malaysia’s Dato Sri Mustapa Mohamed, Minister of International Trade and Industry told APEC delegates that they must intensify efforts to develop and promote Small and Medium Enterprises (SMEs) in the region as SMEs formed the backbone of APEC economies. SMEs account for more than 90 per cent of total business establishments in APEC economies and approximately 30 per cent of business turnover.

Energy and Environmental Policy

The Ministry of Energy, Green Technology and Water has identified three principal energy objectives that would be instrumental in guiding the development of its energy sector. 1.) Supply - To ensure the provision of adequate, secure and cost-effective energy supplies through developing indigenous energy resources both non-renewable and renewable energy resources using the latest cost options and diversification of supply sources both from within and outside the country. 2.) Utilization - To promote the efficient utilization of energy and discourage wasteful and non-productive patterns of energy consumption. 3.) Environment - To minimize the negative impacts of energy production, transportation, conversion, utilization and consumption on the environment.

Response to crisis

The Malaysian financial system exhibited noteworthy resilience to the 2008 global financial crisis. Malaysian banks are well capitalized and have no measurable exposure to the U.S. sub-prime market. The central bank maintains a conservative regulatory environment, having prohibited some of the riskier assets in vogue elsewhere.
Current Economic Situation

Mexico's economy is the 13th largest in the world and boasts improving macroeconomic fundamentals over the last decade. Mexico has Free Trade Agreements (FTAs) with over 40 countries, meaning that 90 percent of its trade is void of trade barriers. The economy faces many challenges, however, including implementing a solid public education system, improving labor laws, and promoting private investment in the private sectors. President Felipe Calderon has stated that his main goals from 2010 and onwards are the continued creation of jobs and the reduction of poverty. Mexico's per capita GDP of only $8,144 remains low compared to its major trading partners, US and Canada.

The global economic downturn has had a destabilizing effect on Mexico's economy reducing its GDP significantly as export demand plummeted. In response to the crisis, the government passed fiscal reform and energy reform measures. Government stimulus was provided with the creation of a national infrastructure fund and temporary worker programs. The Program to Boost Growth and Employment (PICE), worth $ 6.39 billion was implemented in 2008 as an additional response to the crisis.

APEC Relations

Mexico's exports have increased substantially since the signing of NAFTA in 1994. Almost the entire predicted annual growth of the Mexican economy comes from its export sector. The main goal of Mexico's integration into the APEC community has been the diversification of its export market. Already, the origin of goods imported by Mexico has diversified considerably, with the leading source, the US, dropping from 67.7 percent in 2001, to 51.1 percent in 2006. Although the share of other economies on the American continent increased from 2001 to 2006, the share accounted for by Asian economies expanded at a faster rate. 2010 saw a 31% increase in imports and 32% increase in exports from 2009.

Within APEC, Mexico serves as a head of the International Property Rights (IPR) Experts Group.

Energy and Environmental Policy

Despite large reserves of crude oil, Mexico has not taken a stance on reform or the development of its renewable resource sector. Mexico's energy industry is plagued by high costs and government inefficiencies. Even afloat a sea of reserves, the leading oil company, Pemex, is still taxed for an overwhelming stake of its profits, resulting in 40 percent of government revenue. The government's heavy dependence on tax revenue from the oil industry makes it impossible to attract meaningful private investment into the country's energy sector. As in other aspects of the Mexican economy, government reform is needed before progressive policy can be pursued.
Current Economic Situation

In the past two decades New Zealand has developed from a primarily agrarian economy to an industrialized, market-oriented economy. New Zealand has a strong tourism industry, which, in recent years, has attracted an increasing number of Asian visitors. In addition, as host to the Rugby World Cup 2011, New Zealand is aiming to raise its global profile as a vacation and event destination. The event is projected to attract an estimated 85,000 international visitors.

Moving into the 21st century, New Zealand has set goals to expand and diversify its services sector. Although the economy suffered a setback with the recent earthquake in Christchurch, the government has taken significant steps to maintain economic activity and stability. The Reserve Bank of New Zealand has been proactive in maintaining monetary liquidity in impacted areas.

APEC Relations

APEC members account for 71 percent of New Zealand’s trade. The main export markets within APEC are Australia, the U.S., and China, which account for 33, 14 and 13 percent of total merchandise exports, respectively. On the same note, these three members are the main sources of New Zealand’s imported merchandise. In addition, New Zealand is an active investor in the APEC region.

According to the New Zealand Ministry of Foreign Affairs and Trade, “Close coordination with APEC economies is vital to New Zealand’s future prosperity.”

Within APEC, New Zealand acts as convener of the Market Access Group, which works to eliminate tariffs and non-tariff barriers through APEC workshops and coordination with other multilateral organizations.

Free Trade Agreements:
New Zealand-Hong Kong CEP
New Zealand-Malaysia
ASEAN-New Zealand-Australia
New Zealand-China
New Zealand-Thailand
New Zealand-Singapore
New Zealand-Australia
Trans Pacific Partnership

Under negotiation:
New Zealand-Korea
New Zealand-India

Top NZ APEC Priorities:
1. Support for multi-lateral trade liberalization
2. Promoting high quality free trade agreements
3. Lower transaction costs at the border through improved customs and standards procedures
4. Free movement of people and qualifications
5. Higher quality regulation and governance throughout the region
6. Secure movement of people and goods
7. Develop APEC dialogue on structural reform issues

Energy and Environmental Policy

New Zealand is currently addressing its dependence on fossil fuels. In September 2010, the government released the Petroleum Action Plan works to promote domestic exploration, production, and investment in oil. New Zealand is also committed to reducing its greenhouse gas emissions in accordance with the Kyoto Protocol.

KEY FACTS
Population: 4.3 million
GDP: $125,159 billion
GDP per capita: $29,000
Balance of payments: -$3,693 billion
Commercial Services BOP: -$556 million
Government: Federal
Current Economic Situation

With a rich abundance in natural resources, Papua New Guinea boasts diversity at all levels. It’s 6 million plus populations speak 600 different languages. Its economy is built largely on a mineral rich industry. Over 70 percent of the country’s exports are valuable natural resources, including mineral deposits such as oil, gold, and copper. Rising infrastructure costs and rugged terrain create obstacles for Papua New Guinea to take full advantage of the potential of natural resources within its economy.

Machinery, transport equipment, food, fuels, manufactured goods, and chemicals are imported in large quantities. Australia accounted for over 50% of Papua New Guinea’s imports, followed by Singapore, China and Japan - all APEC member economies.

APEC Relations

Trade makes up 66% of the economy’s GDP. Exports consist mostly of gold, copper ore, oil, timber and coffee. Its 3 biggest markets are Australia, Japan and the Philippines. Of its top ten trading partners, 8 are APEC member economies.

Free trade agreements and trade liberalization would greatly help diversify Papua New Guinea’s dependence on Australia and open it up to development from a multitude of other sources. Lacking the bilateral agreements that many other members in APEC possess, the international forum is an important place for Papua New Guinea to establish itself. Working to secure fair and balanced free trade agreements within APEC will provide the opportunity for Papua New Guinea to lower its trade costs, and divert significant capital to the other sectors of its developing economy. Though it is one of the smaller member economies in the trade bloc, Papua New Guinea has much to gain from its participation in a forum like APEC.

Energy and Environmental Policy

In December of 2009, a consortium led by Exxon/Mobil signed an investment decision to the tune of 15 billion US dollars to begin the commercialization of the country’s estimated 22.5 trillion cubic feet of natural gas reserves through the construction of a Liquefied Natural Gas (LNG) production facility. The Liquefied Natural Gas venture that has just been initiated in the South highlands of this economy is expected to be a stepping stone to expanding and further developing this resource rich economy.
Current Economic Situation

Peru is an emerging, middle-income market oriented economy. Due to its diverse geography, Peru is an important economy in several different industries, including agriculture, fishing and mineral extraction. The fisheries in Peru are estimated to account for ten percent of the world’s fish catch. The mountains located in Peru hold abundant natural resources such as copper, gold, and silver.

Major agricultural products that comprise a large share of the economy’s exports are rice, wheat, cotton, fish, dairy and potatoes. Some of Peru’s leading industries are steel, cement, petroleum, textiles, and clothing. The services sector, however, is by far the most important sector of Peru’s economy contributing almost 60 percent to GDP in 2009.

In 2009, Peru experienced a drastic slowdown in growth due to the global financial crisis with GDP growth rate dropping to 0.9 percent. However, Peru is still one of the fastest growing economies in the Americas, and is cited as attracting foreign direct investment of over $50 billion by the end of 2010 growing by 8.8%. This growth has led to overall decrease in the country’s poverty rate and stimulated rapid economic development.

APEC Relations

The strong growth that the Peruvian economy has experienced over the past decade makes it one of the more vibrant members of APEC. Peru has recognized its interest staked to regional trade forums like APEC and was one of the developing countries to volunteer to meet the Bogor Goals, ten years prior to the official deadline.

Looking ahead, senior Peruvian APEC official, Luis Quesada, offered the following analysis of the trade forum: “In the last eight years, Peru’s average growth has been more than six percent, despite the global economic crisis. Liberalizing trade and investment has been a factor, and this approach has also been key to achieving important social progress that has greatly benefitted Peruvian citizens.”

Within APEC, Peru also serves as the head of Marine Resource Conservation working group and would like to focus on improving its market access and negotiating more FTAs and RTAs with economies throughout the Asia Pacific.

Energy and Environmental Policy

Peru is planning to achieve energy self sufficiency by 2040 with an emphasis on renewable resources and energy efficiency as stated in the “State Energy Policy.” The Ministry of Energy and Mines is the primary arm of the government in Peru for managing the energy sector. Wide-scale initiatives have been undertaken to promote sustainable mining and extraction of natural resources, while improving competitiveness throughout the sector. Being rich in natural resources, Peru hopes to attract an influx of private investment to meet these ambitious goals.

Free Trade Agreements

Peru-U.S.
Peru-Singapore
Peru-Canada
Peru-Chile

Under Negotiation:
Peru-Mexico
Trans Pacific Partnership

KEY FACTS
Population: 29.2 million
GDP: $126.7 billion
GDP per capita: $4,345
Balance of payments: $46.6 million
Services BOP: -$1.9 billion
Government: Presidential Republic

Photo courtesy of State Department
The Philippines

Current Economic Situation

An archipelago surrounded by the Philippine Sea, South China Sea, Sulu Sea and Celebes Sea, the Philippines is one of the most populous economies with more than 102 million residents. The Filipino economy is driven by its large service industry, as well as its main exports of semiconductors, electronics, and transport equipment. In 2010, Philippine GDP increased 7.3%, due to increases in consumer demand, exports and investments, and election-related spending. The Philippine economy endured the recent economic crisis better than surrounding economies in the region. The economy’s resilience to the economic downturn is due to its lower dependence on exports, consistent domestic consumption, and a growing outsourcing industry. However, the economy’s Ease of Doing Business rank relatively low with an index of 144 out of 183. The issue of poverty is still a major issue in the Philippine economy. Approximately 32.9% of the population lives in poverty.

APEC Relations

APEC relations are of paramount concern for the Republic of the Philippines, with exports and imports to and from member countries making up 80 and 78 percent, respectively, of its total trade. In 2010, exports totaled $50.72 billion. In addition to being a member of APEC, the Philippines is also a member of Association of Southeast Asian Nations (ASEAN) and the World Trade Organization (WTO). The Philippines also has 51 commitments within the WTO’s General Agreement in Trade and Services. Other APEC members have raised concerns about the Philippines’ trade policies, which can be prohibitive, as indicated by its poor ranking in terms of the ease of doing business. The U.S. Trade Representative has been working with the Philippines, through the U.S. and Philippines’ Trade and Investment Framework Agreement, to address issues involving intellectual property rights and particularly stringent policies in the banking and financial service sectors. In addition, the Philippines’ Foreign Investment Act restricts investment and ownership, prohibiting foreigners from owning land. The Philippines contends that it is still a developing country and therefore cannot be expected to make the same kind of commitments as more developed countries within the region.

Energy and Environmental policy

Proposed in 2009, the Philippines Energy Plan (PEP) aims for the development of energy as a means of improving quality of life. With a span of 20 years, the plan has three basic principles: 1) to ensure energy security, 2) pursue energy sector reforms and 3) implement social mobilization and cross-sector monitoring mechanisms. In terms of energy security, the Department of Energy hopes to develop energy infrastructure and explore and develop domestic natural resources. To pursue reforms, the department is monitoring the implementation of laws. A part of this plan is social mobilization, which the government hopes to use to gain cooperation from the public and other sectors.
Current Economic Situation

Over the last two decades Russia has transitioned from a centrally planned communist state to a market driven economy. Russia is the largest country in the world in terms of area but only 7 percent of its land is arable due to poor soil and improper climate. This has not prevented Russia from becoming the world’s largest exporter of natural gas, second largest exporter of steel, and third largest exporter of aluminum. The strong export industry has kept Russia competitive and allowed for economic growth and the emergence of a middle class.

Russia has experienced consistent growth averaging 7.2 percent GDP growth from 2000 to 2008. However, Russia’s growth was severely affected by the global economic crisis, which caused GDP to contract by 7.9 percent in 2009.

As the second largest oil producer in the world, Russia was severely affected by the collapse of oil prices. Unlike other economies, Russia did not focus on stimulus packages but lobbied for an international regulatory framework. Also, the government has stressed technological innovation and modernization as a means of job creation and economic development.

In terms of the Ease of Doing Business World Bank rankings, Russia currently stands at #123 out of 183.

APEC Relations

Exports to APEC members account for 13 percent of Russia’s total exports, or $62 billion. Russia’s imports from APEC members represent 33 percent, or $88 billion, of total merchandise imports. Major APEC trading partners include China, Japan and the U.S., although the majority of its global trade is with Europe.

While Russia is not yet a member of the World Trade Organization (WTO), its membership in APEC has allowed the economy to liberalize trade and engage in negotiations. Such changes will help Russia conform to WTO standards for admission. Prime Minister Putin said, “Our key task is to make use of APEC’s possibilities so that Russia could join the Asia-Pacific integration mechanisms in a most effective and efficient way. This naturally complements Russia’s national plans for social and economic development.”

Within APEC, Russia currently serves as Deputy Chair for the Mining Task Force.

Energy and Environmental Policy

Russia’s Energy Strategy document sets the direction for energy policy up to 2020, with the government acting as a regulator. With a focus on the environment and sustainable development, the policy recognizes that Russia is more or less dependent on its natural gas and oil exports and must cooperate with other countries to ensure foreign investment in developing gas fields and pipeline projects.
Current Economic Situation

An island geographically smaller than O‘ahu but with a population quintuple that of Hawai‘i’s, the city-state of Singapore is one of the most densely populated places on earth. Culturally, Singapore is a melting pot of Southeast Asia, with significant populations of Chinese, Malay and Indian people, all of whom hold a Singaporean identity. This diversity, along with a large English-speaking population, is an asset of Singapore and is used to further strengthen its economy with neighboring nations.

With 76 percent of the labor force employed in the services sector, Singapore is considered a major trade hub of Asia, and the Port of Singapore is the busiest in the world. Indeed, its ultra-modern rail transportation system reflects the Singaporean ethic of efficiency and speed.

For the past three years, Singapore has consecutively placed first on the World Bank’s Ease of Doing Business ranking. In 2008, Singapore received a 8.7 out of 10 for economic freedom, ahead of the APEC members’ average. Although the economy suffered as a result of the global financial crisis, with its GDP growth rate declining from 8.5 percent to -1.3 percent in 2009, Singapore remained a bastion of financial stability, retaining Fitch’s ‘AAA’ rating.

APEC Relations

Singapore has established a trade regime that has embraced trade and investment liberalization. Thus, it is only natural that APEC is headquartered in Singapore, where business, financial and legal services dominate the economy. APEC economies are Singapore’s major trading partners: 75 percent of all Singapore’s merchandise exports are sent to APEC, while 68 percent of all imports to Singapore come from APEC. APEC’s trade facilitation objectives gain a major contribution from Singapore’s customs regime, which is transparent. In the areas of standards and conformity, the Singapore practice is to adopt international standards where possible and use them as a basis for the development of Singapore standards.

Free Trade Agreements

Singapore- Association of Southeast Asian Nations (ASEAN)
Singapore-U.S.
Singapore-China
Singapore-Japan
Singapore-Hong Kong
Singapore-Korea
Singapore-Chinese Taipei
Trans Pacific Partnership

Energy and Environmental Policy

Singapore has made the environment a priority, seeing the establishment of “green collar” jobs and new technologies as a major economic opportunity. In 2008, the government began to execute its vision and commissioned a special committee for sustainable development. The committee has created several plans, including a $692 million USD green plan and $470 million USD clean technology plan, the latter of which would provide funding for research and development and manpower training. Other aspects of the plan include private sector awards for more energy efficient building projects, which would use solar energy.

In addition, Singapore is exploring options in biofuels and wind technology, as well as a project to establish Singapore as a carbon hub for Asia, as the economy already has many leading carbon services companies.

KEY FACTS

Population: 5.0 million
GDP: $182.2 billion
GDP per capita: $36,537
Balance of Payments: $32.6 billion
Commercial Services BOP: $4.1 billion
Government: Parliamentary Government
Current Economic Situation

In the decade following the Asian Financial Crisis of 1997-1998 and the collapse of its currency, Thailand recovered through its light manufacturing and agricultural industry, posting growth above 4 percent every year from 2000 to 2008. Currently, agriculture contributes 11.6 percent of GDP, while industry and services sectors each account for 44.2 percent.

Today, Thailand is the world’s 33rd largest economy, operating a trade surplus of $18 billion. Exports account for 60 percent of GDP, and main exports include food, textiles and clothing, and rubber. The economy enjoys a low unemployment rate of 1.4 percent. Thailand places 12th out of 183 in the World Bank’s Ease of Doing Business rankings, owing its favorable business climate to its consistent protection of investors and the ability of business owners to secure property.

With the onset of the 2009 global crisis, Thailand’s government worked to revive the economy through infrastructure and stimulus projects. The government has pursued reforms in various areas, including agriculture and industrial sectors. Key priorities include making farming more efficient through research and development, strengthened property rights, and technological innovation. Within the industrial sector, Thailand is looking to improve its labor force and business efficiency to make its goods more competitive in the global market.

APEC Relations

A member of APEC since 1989, Thailand has hosted the APEC Ministerial Meeting in 1992 and the APEC Economic Leaders’ Meeting in 2003. Thailand’s major trading partners among APEC members are Japan, China and the U.S. Exports to APEC members, totaling around $119.9 billion in 2008, account for 68 percent of total exports, while imports from APEC members, worth $117.0 billion, account for around 66 percent.

Thailand is also a member of the Association of Southeast Asian Nations and the World Trade Organization. The economy is a major recipient of foreign direct investment (FDI), with inward FDI flows reaching $6.0 billion in 2009. In 2007, FDI from APEC members totaled approximately 87 percent of total FDI inflows.

Free Trade Agreements

Thailand - Association of Southeast Asian Nations (ASEAN)
ASEAN-China
Thailand-Australia
Thailand-Japan
Thailand-India

Under negotiation:
Thailand-U.S.

Energy and Environmental Policy

According to Thailand’s Ministry of Energy, the government aims to promote alternative energy sources and the efficient use of energy. Thailand is committed to energy conservation at the microeconomic level, through campaigns targeted at households and the industrial, service and transportation sectors.

In addition, Thailand’s government has taken steps to reduce deforestation, a serious problem within the region, by protecting more forests and clearly marking public and private lands, as well as promoting reforestation. One of its most innovative proposals involves the establishment of an environmental assembly, made up of national and local leaders to increase public involvement in developing a long term sustainable policy.
The United States

Current Economic Situation
As the world’s largest economy, the United States holds key influence in any economic policy establishment. Independent dominance has been rivaled by establishments like the European Union and challengers, such as China, which is expected to surpass the U.S. economy in size over the next 30 years or perhaps even earlier by some measures. The driving force of the U.S. economy is the services sector, which contributed 76.7 percent to GDP in 2010. About two thirds of the economy is driven by consumers, and though often described as a free market economy, government regulation is prevalent in certain sectors like energy and agriculture.

The U.S. economy has been troubled by massive debt, and credit markets are still recovering from the global financial crisis, which was triggered by the subprime loan crisis in the U.S. The crisis caused a severe recession in the U.S., with GDP growth rate decreasing from 2.1 percent in 2007 to -2.4 percent in 2009. However, GDP growth rate increased by 2.8 percent in 2010 recovering from the global financial crisis. The government has taken measures to enforce financial regulation and to stimulate domestic demand, targeting the high unemployment rate of 9.3 percent.

APEC Relations
The main diplomatic arm of the United States in APEC relations is the U.S. Trade Representative (USTR). He has worked to reduce trade barriers, promote intellectual property rights, and encourage sustainable development. The USTR has taken the lead in constructing the framework of the Trans Pacific Partnership (TPP), a multilateral trade agreement to include the economies of the Asia-Pacific.

USTR Ron Kirk said of U.S. involvement in APEC, “The United States needs to consume less, and produce and export more, while APEC members with surpluses should seriously consider the need to increase their consumption and imports. On that basis, we can put our economies on a more sustained and balanced growth path, and help avoid the boom and bust cycle.”

The U.S. already trades extensively with APEC, exporting 58.5 percent and importing 63.4 percent of total merchandise from its member economies.

Free Trade Agreements:
- North American Free Trade Agreement
- U.S.-Australia
- U.S.-Columbia
- U.S.-Peru
- U.S.-Singapore

Under negotiation:
- U.S.-Korea
- Trans Pacific Partnership

KEY FACTS
Population: 307.0 million
GDP: $14.3 trillion
GDP per capita: $43,436
Balance of payments: -$378.4 billion
Commercial Services BOP: $153.4 billion
Government: Federal
Constitutional Republic

Photo courtesy of State Department

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**Current Economic Situation**

With a population of 87 million, Viet Nam is densely populated and has a growing labor force. The government, the Socialist Republic of Viet Nam, has had to contend with these demographic shifts. By implementing a renovation policy, *doi moi*, in 1986, Viet Nam liberalized and restructured its economy, ultimately pushing for export-driven growth. While this new policy caused the economy to grow consistently at the beginning of the century, in 2009, as a result of the financial crisis, Viet Nam’s exports dropped significantly. In addition, foreign direct investment fell by 70 percent and its currency, the dong, devalued.

Currently, Viet Nam ranks 93rd out of 183 in the World Bank’s Ease of Doing Business rankings, largely due to its tax process and restrictions over opening and closing a business.

**APEC Relations**

Within APEC, Viet Nam sends most of its exports to Japan and the U.S., with merchandise totaling $44.0 billion. The majority of its imports come from China, Singapore and Japan, with merchandise totaling $66.8 billion.

**Free Trade Agreements:**

Association of Southeast Asian Nations

Under negotiation:

Vietnam-U.S.
Trans-Pacific Strategic Economic Partnership Agreement

**Energy and Environmental Policy**

Viet Nam is a resource abundant economy. While it has developed much within the last decade, the economy is working to improve in energy production and consumption per capita. Thus, national policy has been directed toward using energy more efficiently and making it more accessible to the public, as well as diversifying and developing renewable energy.

One of the major goals is to develop an ASEAN power distribution grid, to take advantage of neighboring countries’ resources and strengthen energy security. The primary document, “Orientation of sustainable development strategy in Viet Nam,” was the first official policy of Viet Nam and was adopted in 2004. The policy promulgates eight principles of sustainable development and focuses on protecting the environment and human capital. To meet these goals, Viet Nam has taken steps to strengthen its legal system, support research and development, and increase regional cooperation.

**KEY FACTS**

Population: 87.3 million  
GDP: $91.9 billion  
GDP per capita: $1,052  
Balance of payments: -$7.4 billion  
Commercial Services BOP: -$835.0 million  
Government: Communist state