KEY STATISTICS AND TRENDS

in International Trade 2019

INTERNATIONAL TRADE SLUMP

UNITED NATIONS

KEY STATISTICS AND TRENDS

in International Trade 2019

INTERNATIONAL TRADE SLUMP

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NOTE

OVERVIEW

After a recovery in international trade in 2017 and the first half of 2018, economic conditions started deteriorating in the second half of 2018 and further in 2019. The reasons were trade tensions between the United States of America and China, fears of a disorderly Brexit in Europe and a negative global output outlook more generally. Preliminary data for 2019 indicate a sharp decline in trade growth to negative 3 per cent. This most recent trend would make target 17.11 of the Sustainable Development Goals more difficult to achieve. Similar to the trade downturn of 2015 and 2016, negative trade growth coincides with positive growth in global output. But projections indicate that the current episode—triggered by prolonged trade tensions between major economies and more generally by the weakening of multilateralism—is unlikely to be followed by a swift recovery, as it was observed in 2017 and 2018 due to commodity prices rebound and a growth in volumes backed by solid output and investment growth.

In contrast with 2019, trade growth of 2018 has been widespread to include most goods and services sectors. Merchandise trade has shown a particularly strong increase while services trade increase was more gradual. Trade in agricultural goods and natural resources showed the strongest value growth in 2018 because of higher prices, while manufactured goods trade growth was more modest. The trade surge of 2018 also affected positively all geographic regions. South–South trade has recovered above its 2014 levels.

This report is structured into two parts. The first part presents an overview of the status of international trade using preliminary statistics up to the third quarter of 2019. The second part provides illustrative statistics on international trade in goods and services covering the last decade. The second part is divided into two sections. Section 1 provides trade statistics at various levels of aggregation illustrating the evolution of trade across economic sectors and geographic regions. Section 2 presents some of the most commonly used trade indicators at the country level, to illustrate trade performance across countries.

DATA SOURCES

The statistics in this publication were produced by the UNCTAD secretariat by using data from various sources. This report relies on the United Nations Commodity Trade Statistics Database (COMTRADE) (comtrade.un.org) hard data for merchandise trade statistics. UNCTADStat (unctadstat.unctad.org) is the sources of service statistics. Monthly data for merchandise trade comes from the *International Monetary Fund (IMF)* Directions of Trade Statistics and from national authorities' statistics. The data has been standardized to ensure cross country comparisons. Data, although comprehensive and comparable across countries, does not perfectly reflect national statistics, and thus some discrepancies with specific national statistics may be present. Unless otherwise specified international trade is defined as trade in goods (merchandise) and services. Countries are categorized by geographic region as defined by the United Nations classification (UNSD M49). Developed countries comprise those commonly categorized as such in United Nations statistics. For the purpose of this report, transition economies, when not treated as a single group, are included in the broad aggregate of developing countries. Product sectors are categorized according to the Broad Economic Categories (BEC) classification and the International Standard Industrial Classification (ISIC) augmented by five broad agricultural sectors based on the Harmonized System (HS) classification. Figures are in current United States of America dollars, except where otherwise specified.

The boundaries, colours, denominations, and other information shown on any map in this work do not imply any judgment on the part of UNCTAD concerning the legal status of any territory or the endorsement or acceptance of such boundaries.
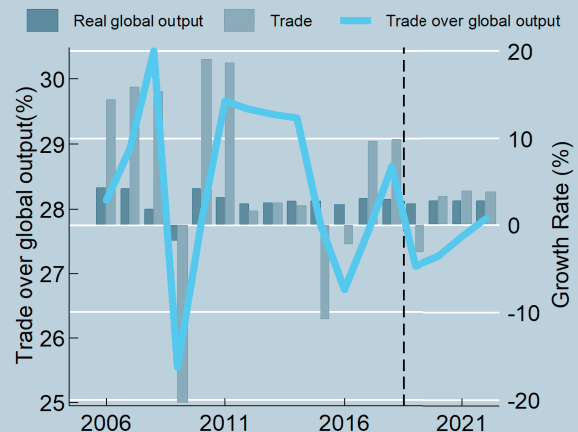
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During the last few years international trade patterns have been characterized first by a cyclical pattern: anaemic growth in 2012-2014, a downturn in 2015 and 2016 followed by a rebound in 2017 and 2018. Preliminary data indicate a sharp decline in growth for 2019. While the anaemic growth period was a continuing result from the great recession of 2009, particularly surprising was the fact that the downturn of 2015 and 2016 occurred against positive global real GDP growth. Such a pattern was largely unprecedented and was the result of several factors including declining commodity prices, weak demand in major economies and United States dollar appreciation. The rebound of 2017 was also largely unanticipated, and more so the strong increase in trade for 2018 as it was characterized by increasing global uncertainty. The trade war between the United States and China led to global trade repercussions, bringing trade value growth again into negative territory in 2019 despite GDP growth remaining positive.

Chart 1: Trade Trends

Trade has rebounded strongly in 2017-2018 but took a nosedive in 2019

Source: UNCTAD secretariat calculations based on UNCTADSTAT and IMF data.

Note: Trade over global output is defined in terms of nominal global output.

International trade's recent cyclical pattern is evident by examining a commonly used indicator to gauge the status of international trade: ratio of the value of world trade in goods and services to the total value of world output. This is a commonly used measure for globalization trends (Chart 1). This indicator has fallen from just below 30 per cent in 2014 down to 27 per cent in 2016. Global trade-to-output ratio has returned to about 29 per cent in 2018, before falling again in 2019. Forecasts for 2020 and 2021 indicate moderate growth in international trade, although still above the levels of global output growth. According to these projections, by 2022 the trade-to-GDP ratio will barely reach 28 per cent. On top of this, trade performance in the coming years will be subject to substantial uncertainty because of ongoing trade tensions among major world economies and the weakening of the multilateral trading system, which could hinder cross-border investment and increase the costs associated with international trade.

The upward trend in commodity prices played an important role in the trade rebound of 2017 and 2018, as well as the depreciation of the United States dollar. The main volumes growth factor was a robust global output growth–shared by most of the world economies—which helped stimulate broad-based investment growth. However, economic conditions have started deteriorating in the second half of 2018 and further in 2019, on
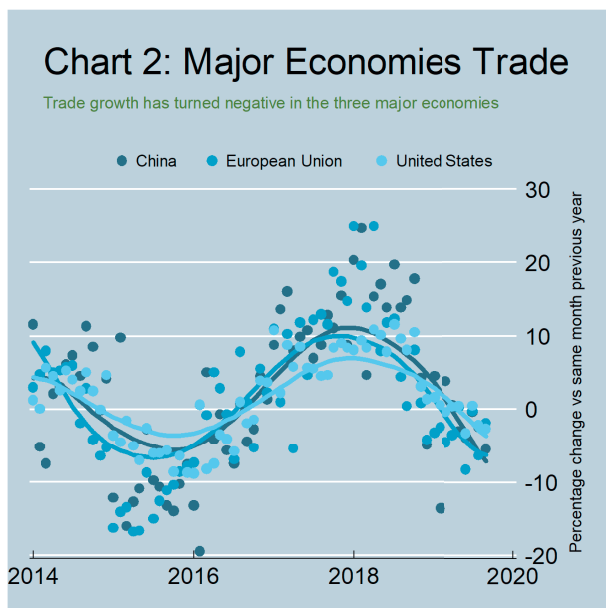
Chart 2: Major Economies Trade

Trade growth has turned negative in the three major economies

● China ● European Union ● United States

Percentage change vs same month previous year

Source: UNCTAD secretariat calculations based on IMF Directions of Trade Statistics, and United States/China and European Union national statistics.

the back of trade tensions between the United States and China and fears of a disorderly Brexit in Europe. Slowdown in industrial production, manufacturing new orders and low business confidence all point to increased risks of a global recession. Pessimism about future trade trends reflected in the forecasts is therefore not surprising.

The loss of momentum since the second half of 2018 and the trade downturn of 2019 is visible by examining monthly data from the major economies. During the last few years the trade growth of the three major economies (China, the European Union and the United States) has followed a similar pattern. This pattern is illustrated in Chart 2 which shows monthly percentage changes in the value of trade—measured as imports plus exports (on a year-to-year basis to correct for seasonal factors). Trade performance of the three largest economies strongly declined in 2015, started to pick up in 2016 followed a strong rebound in 2017 and 2018. Data for all three 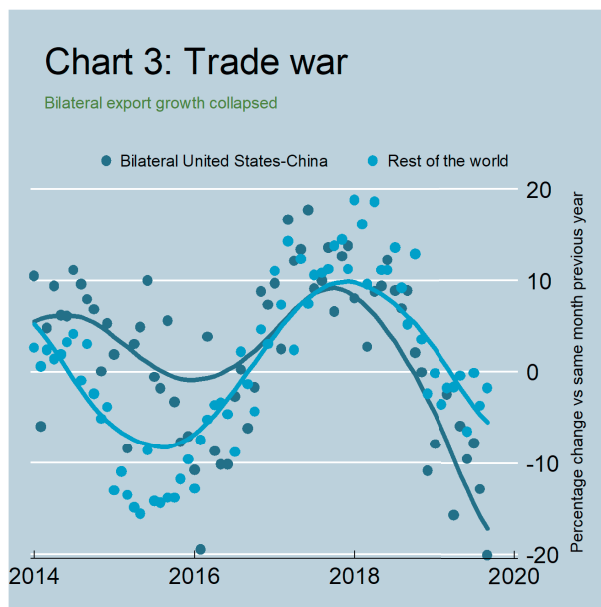economies show growth rates going predominantly into negative territory around the end 2018. The substantial slowdown in trade growth is most evident for the European Union and China. This is consistent with the dynamics during the previous cycles. In general, United States trade performance was characterized by lower volatility with smaller declines during 2015-2016, more gradual recovery after 2017, and more resilience in 2019. China and European Union trade values show relatively higher variance across all periods.

The trade war between the United States and China, which started in the first half of 2018, caused a sharp decline in their bilateral trade (Chart 3). Bilateral exports declined at the end of 2018 and on average contracted 12 per cent over the first nine months of 2019. Spillovers to the rest of the world have followed quickly. However, other economies' export growth rates—while negative—showed a much more moderate decline, being on average negative 2.5 per cent in 2019. This pattern contrasts with the one during the trade slowdown in 2015 and 2016, when bilateral trade between the United States and China on average fared better than trade in the rest of the world. This is consistent with the recent trade decline being primarily driven by the trade war between these two major economies, even though other factors such as an unfavourable outlook for the European Union are contributing as well.

Chart 3: Trade war

Bilateral export growth collapsed

● Bilateral United States-China ● Rest of the world

Percentage change vs same month previous year

Source: UNCTAD secretariat calculations based on IMF Directions of Trade Statistics, and United States/China and European Union national statistics.

Analysing regional trade patterns for the first seven months of 2019 confirms the broad-based nature of the recent decline in world trade. Chart 4 shows the cumulative growth of exports in January-July 2019 compared to the same period in 2018, distinguishing between total exports and intraregional. South Asia experienced the largest decline in exports, mainly driven by a significant deterioration of Iran's trade performance after the sanctions were introduced. Exports also shrank in East Asia and in developed countries, caused by the trade war and its regional repercussions, as well as economic weakness in some advanced economies. Interestingly, China fared better in terms of export performance compared to other East Asian economies. A strong
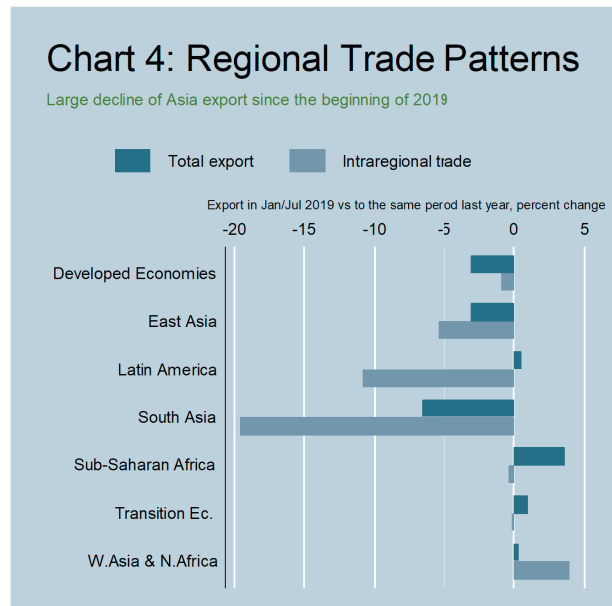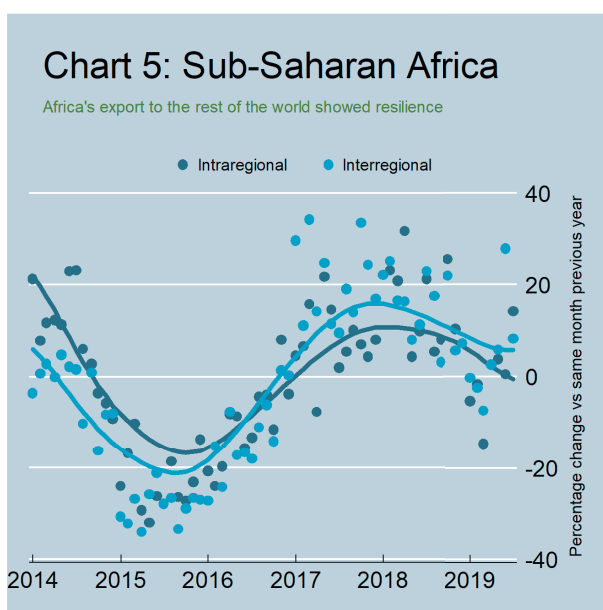
decline in their exports is consistent with a drop in China's imports, as they are part of the same global value chain. Other regions showed minor changes, except for sub-Saharan Africa where exports grew by about 3.5 per cent since the beginning of 2019. Intraregional trade also was hit in most regions, with the exception of West Asia and North Africa. While percentage declines in intraregional trade are large for some regions (about 10 per cent for Latin America and about 20 per cent for South Asia), the corresponding declines in value terms are much more modest (about 10 and 6 billion respectively). For comparison, East Asia intraregional trade declined by almost 80 billion during the same period. Overall, regional patterns of trade confirm that the recent poor trade performance is a broad-based phenomenon and concerns both intraregional and interregional trade.

Chart 4: Regional Trade Patterns

Large decline of Asia export since the beginning of 2019

Legend: ■ Total export ■ Intraregional trade

Export in Jan/Jul 2019 vs to the same period last year, percent change

Source: UNCTAD secretariat calculations based on IMF Directions of Trade Statistics, and United States/China and European Union national statistics.

Sub-Saharan Africa trade

The contrasting and positive performance of sub-Saharan Africa exports in the first half of 2019 merits further investigation. Sub-Saharan Africa exports are generally more volatile relative to the rest of the world, as they are more heavily reliant on commodities. Indeed, overall export growth for sub-Saharan Africa went from below negative 20 per cent in 2015 to around 15 per cent growth by 2018. Contracting at the beginning of 2019 (reaching almost negative 10 per cent in March 2019), export growth has since returned to a positive trajectory – contrary to the continued downward trend of world trade. Chart 5 illustrates sub-Saharan Africa countries' export performance by distinguishing growth rates between intraregional and interregional trade. Intraregional trade was more resilient in terms of growth rates during the downturn period of 2015 and 2016 but recovered less than interregional trade in the rebound period of 2017 and 2018. The higher volatility of interregional trade is due to interregional trade following commodity cycles. In contrast, intraregional trade remains less volatile because of integration strategies in the form of regional agreements and regional value chains.

Chart 5: Sub-Saharan Africa

Africa's export to the rest of the world showed resilience

Legend: ● Intraregional ● Interregional

Source: UNCTAD secretariat calculations based on IMF Directions of Trade Statistics.

To better understand the story behind the recent resilience of sub-Saharan Africa exports, Chart 6 focuses on the most recent trends for selected African economies. A variety of patterns emerges. First, commodity exporters with relatively low levels of export diversification (Nigeria, Ghana) have seen a sharper decline in their export growth rates in the second half of 2018 and 2019. An oil price recovery from the end-2018 lows and increases in the price of gold in the summer months amid global uncertainty have helped boost the value of commodity exports in these countries. Second, more diversified economies, such as Kenya and South Africa, have demonstrated generally lower export growth rate in 2018, but have also followed the general negative trend of 2019. Finally, driven by productivity growth, Ethiopia's export growth has gradually increased during 2019. Ethiopia's exports in the last few months grew with respect to both its main regional partners (Sudan, Somalia) and extraregional importers (China, the European Union). To sum up, sub-Saharan Africa's

exports showed relatively good performance in the middle of 2019 compared to the rest of the world, in part backed by stronger commodity prices, but also because of increased economic activity within the region. It remains to be seen whether this trend will remain robust in the coming months, and if the Africa Continental Free Trade Area will bring further benefits to intraregional trade on the continent.

Future trends

While international trade has been growing at a fast pace during 2017 and 2018 (about 10 per cent per year) the available data for 2019 suggest a downturn. Preliminary data for the first three quarters of 2019 indicate a negative 3 per cent growth rate. While the ongoing downturn may not continue in 2020, the performance of the 2017 and 2018 is not likely to be seen in the near future either. The

Chart 6: Selected Economies

Export trends in 2019 differed among large Africa's economies

Source: UNCTAD secretariat calculations based on IMF Directions of Trade Statistics.

trade growth of 2017 and 2018 was fuelled by a global upturn in output and investment, which has now been reversed. Another significant factor was the recovery of commodity prices, oil in particular. These factors are not expected to contribute to future trade growth, as the outlook for global output growth is pessimistic and commodity prices are projected to remain broadly at current levels in the next few years. On top of these conjunctural developments, some structural factors could further negatively impact international trade patterns during the coming years. Increased uncertainty about the world economy and the international trading system, ongoing trade disputes between China and the United States, difficulties within the European Union, the weakening of multilateralism and the rise of anti-globalization sentiments could all weigh on the patterns of international trade in the near future.

1. TRENDS IN INTERNATIONAL TRADE

International trade largely relates to physical goods. Although increasing, trade in services accounts for a much lower share. In 2018 world trade in goods was valued at above US$19 trillion, while trade in services accounted for about US$5.5 trillion. In the wake of the global financial crisis, trade in both goods and services promptly rebounded to reach pre-crisis levels by 2011. The value of international trade in goods declined substantially in 2015 and 2016 before it recovered in 2017. It has further increased in 2018, the first year when trade in goods surpassed its 2014 level. Trade in services has been more resilient over the same period.

Figure 1
Values and growth rates of world trade in goods and services

(a)   **(b)**

Source: UNCTAD secretariat calculations based on COMTRADE and UNCTADStat data.

International trade can be broadly distinguished between trade in goods (merchandise) and services. The bulk of international trade concerns physical goods, while services account for a much lower share. World trade in goods has increased dramatically over the last decade, rising from about US$10 trillion in 2005 to more than US$18.5 trillion in 2014 to then fall in 2016 and rebound up to US$19.4 trillion in 2018. Trade in services greatly increased between 2005 and 2018 (from about US$2.5 trillion to US$5.5 trillion). The value of international trade of both goods and services declined substantially in 2015 and 2016 but have recovered in 2017 and 2018 (Figure 1a). Following the strong rebound in 2010 and 2011, export growth rates (in current dollars) turned negative both in 2015 and 2016 (Figure 1b). They showed a strong bounce back to a positive territory – especially for developing countries goods' exports in 2017 – but remain below pre-crisis levels.

Since 2005 the volume of international trade of goods has increased dramatically. However, growth has slowed down significantly in the last few years and virtually stalled in 2015-2016. Volume growth resumed in 2017 and continued in 2018. In major economies, both imports and export recovered significantly compared to 2016.

Figure 2
Volumes of international trade in goods

(a)

Volumes of Trade in Goods

(b)

Trade Volumes, Major Economies

Source: UNCTAD secretariat calculations based on UNCTADStat data.

The volume of international trade in goods has increased dramatically in the last 10 years (Figure 2a). In spite of the financial crisis of 2009, developing countries as a group have almost doubled the volumes of trade in goods since 2009. While import volumes have been growing relatively more than export volumes for developing countries, the opposite has happened in regard to developed countries. The relatively larger increase in the volumes of imports can be explained by the increase in consumer demand in developing countries. Growth in trade volumes has slowed down substantially in the last few years, especially for developing countries, before picking up again in 2017 when imports and export volumes grew at the highest rate since 2011 for this group of countries. In 2015 and 2016, volume growth both in relation to imports and exports was exceptionally low or in some cases negative in the three largest economies (Figure 2b). In 2017, imports and exports volumes growth recovered significantly. In 2018 volume growth remained broadly at 2017 level in the United States, while it slowed down for European exports and for China for both exports and imports.

The value of trade in goods is virtually equal in developing and developed countries. On the other hand, about two thirds of trade in services originated from developed countries. BRICS[1] account for an important share of trade in both goods and services. Least Developed Countries (LDCs) continue to account for a very small share in overall trade. In 2018 the value of world trade showed a broad-based increase.

Figure 3
Values of trade in goods and services by region

(a)

Exports and Imports of Goods

(b)

Exports and Imports of Services

Source: UNCTAD secretariat calculations based on COMTRADE and UNCTADStat data.

Developed countries' relative importance as suppliers in international markets is declining. Still, they account for about half of the value of exports of goods and about two thirds of exports of services. In 2018 developed countries' exports of goods was almost US$10 trillion (Figure 3a), while that of services added up to about US$3.7 trillion (Figure 3b). In 2018, developing countries' exports summed up to almost US$9.5 trillion in regard to goods and about US$2 trillion in regard to services. Of these, BRICS exported about one-third, US$3.8 trillion in goods and about US$600 billion in services. LDCs' contribution to world trade remains small, although some increases in exports and imports of these countries have been recorded over the past decade the trend is well below what would be necessary to achieve target 17.11 of the Sustainable Development Goals.

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[1] Brazil, the Russian Federation, India, China and South Africa.

A very large part of world trade is clustered around three regions: North America, Europe and East Asia. In 2018 the value of international trade flows increased in all regions. Trade flows increased relatively more for Transition Economies and less so for the Middle East and North Africa region.

Source: UNCTAD secretariat calculations based on COMTRADE data.

The trade network map (Figure 4) illustrates the importance of trade between and within regions, as well as the trade increase between 2017 and 2018. The width of the corresponding lines reflects the magnitude of trade in 2018, whereas the size of the nodes reflects total trade for each of the regions. The colours of both the lines and the nodes reflect percentage increase in the value of trade between 2017 and 2018, darker colours indicating greater increases. As of 2018, world trade continues to be largely concentrated in three main regions: North America, East Asia and Europe, with a large share of trade being intraregional. In 2018, trade increased for most regions and bilateral trade flows. The value of trade grew uniformly across the regions, with the exception of Transition Economies which experienced a relatively higher increase and Middle East and North Africa which saw a smaller increase.

International trade in goods is largely composed of trade flows involving developed countries and the East Asian region. Trade among other developing country regions is much smaller, with some exceptions for trade in primary products. Most of trade is in manufactured goods, except for exports from Transition economies and West Asia and North Africa region, for which commodity exports is the largest category. In 2018, the value of trade increased for most regional flows, with particularly large increase in agriculture goods trade in several cases.

Table 1
Composition of trade flows in goods, by importing and exporting regions

a) Trade in 2018 (billion US$)

Imp \ Exp	Developed		East Asia		Transition Economies		Latin America		West Asia and North Africa		South Asia		Sub-Saharan Africa	
Developed	6405	833	2315	126	353	33	695	142	489	28	207	17	140	26
	557	5014	67	2122	208	112	94	459	246	215	23	168	54	59
East Asia	1550	177	2614	115	121	11	187	64	261	15	103	12	81	6
	155	1219	196	2291	84	26	77	46	184	61	36	56	54	20
Transition Economies	233	26	112	6	113	20	11	8	23	5	9	2	3	2
	12	195	1	106	34	59	0	3	2	17	1	7	1	1
Latin America	576	65	306	16	11	1	179	36	20	1	18	1	7	0
	101	410	5	285	2	8	32	111	7	12	0	16	4	3
West Asia and North Africa	487	63	241	13	63	26	39	20	184	32	73	16	28	4
	29	395	2	226	15	23	5	14	32	119	12	45	2	22
South Asia	175	11	258	16	19	8	32	8	152	5	53	9	40	3
	23	141	22	220	4	7	16	8	99	48	19	25	25	12
Sub-Saharan Africa	119	21	94	14	5	2	8	5	38	4	22	4	58	10
	22	76	5	75	1	2	1	3	18	16	4	15	18	29

b) Change 2017-2018 (per cent)

Imp \ Exp	Developed		East Asia		Transition Economies		Latin America		West Asia and North Africa		South Asia		Sub-Saharan Africa	
Developed	10	42	8	51	24	111	8	20	17	59	9	12	14	9
	23	9	20	7	26	13	14	8	23	10	1	11	26	12
East Asia	2	40	20	23	26	35	3	12	1	603	-3	2	-15	-6
	4	-2	12	21	37	0	3	-6	-7	6	-6	-1	1	-42
Transition Economies	12	37	13	19	21	26	3	0	18	30	19	18	14	-9
	14	12	44	13	33	16	-13	25	26	18	63	18	27	66
Latin America	10	39	11	259	27	242	12	11	27	77	11	76	44	4
	26	7	31	10	19	32	12	13	19	32	47	11	28	96
West Asia and North Africa	5	43	9	19	25	100	17	1	19	36	5	66	49	4
	8	5	-18	9	57	11	18	60	52	12	34	1	-22	75
South Asia	8	-3	10	0	1	33	3	-23	28	44	28	34	13	10
	36	7	27	10	7	-21	18	14	37	11	38	20	33	-12
Sub-Saharan Africa	7	45	15	47	21	33	-10	-12	33	29	13	10	18	9
	49	1	113	13	29	9	32	-8	30	40	7	16	38	12

c) Trade in 2005 (billion US$)

Imp \ Exp	Developed		East Asia		Transition Economies		Latin America		West Asia and North Africa		South Asia		Sub-Saharan Africa	
Developed	4423	357	1200	45	199	6	432	67	358	12	98	6	127	15
	380	3578	56	1083	129	63	110	243	232	112	25	67	69	42
East Asia	781	36	948	27	34	2	47	13	139	1	44	2	27	1
	32	706	83	834	11	22	13	21	120	18	23	19	17	8
Transition Economies	119	12	25	2	66	7	6	5	7	1	3	1	1	1
	3	102	0	22	23	31	0	1	0	6	0	2	0	0
Latin America	303	22	76	1	7	0	103	14	9	0	4	0	7	0
	20	259	1	72	4	3	22	65	6	3	1	3	6	1
West Asia and North Africa	265	20	67	3	29	3	13	7	57	8	26	4	5	1
	9	233	1	63	8	14	2	4	16	32	4	18	1	3
South Asia	83	3	50	4	7	0	4	3	30	1	11	2	5	1
	4	72	4	42	1	6	0	1	11	18	2	6	0	4
Sub-Saharan Africa	74	7	29	3	1	0	6	2	13	1	8	1	23	3
	3	59	1	24	0	1	1	2	8	4	3	4	9	11

Source: UNCTAD secretariat calculations based on COMTRADE data.

Table 1a reports traded value in dollars in 2018; percentage change between 2017 and 2018 is shown in Table 1b. For reference, Table 1c reports values for 2005. The number given in the top left of each cell shows the overall trade, the upper right figure in each cell depicts the overall traded value in agriculture, the bottom left is natural resources and bottom right, manufactures. Importing regions are on the left and exporting on top of the tables. Discrepancies are due to uncategorized trade.

International trade in goods is increasingly linked to imports and exports of developing countries. South–South trade has promptly rebounded to pre-crisis levels and reached almost US$ 5.5 trillion in 2014. After 2 years of decline, South-South trade recovered to about 4.9 trillion US$ in 2017 and exceed its 2014 levels in 2018, reaching 5.6 US$ trillion. Relative significance of intraregional and other South-South (interregional) trade flows remained quite stable in 2018 compared to 2017 for most developing country regions. However, for sub-Saharan Africa interregional South-South trade became relatively more important and trade with China relatively less. For West Asia and Northern Africa, the share of intraregional trade went up in 2018 compensated by a relative decline in interregional trade. The share of South Asia's trade with China declined somewhat, while intraregional and other South-South trade increased for this group of countries.

Figure 5
Trade in goods between/within developed and developing countries

(a)

(b)

Source: UNCTAD secretariat calculations based on COMTRADE data.

The increase in world trade during the last decade was largely driven by the rise of trade between developing countries (South–South) (Figure 5a). By 2014, the value of South–South trade had reached almost US$ 5.5 trillion, a magnitude close to that of trade between developed countries (North–North). The substantial decline in trade of 2015 and 2016 hit developing countries relatively more than developed countries, but in 2017 and 2018 South-South trade saw a stronger rebound than other types of trade. Figure 5b highlights the contribution of South–South trade to total trade and further decomposes it among intraregional flows, those related to China and other South–South trade. The significance of South–South trade flows for developing countries is evident when considering that in recent years, they represented more than half the trade of developing country regions (imports and exports). South–South trade share varies by region, from about 40 per cent in Latin America to almost 70 per cent in South Asia and East Asia. Although a certain proportion of South–South trade encompasses intraregional flows, an important part involves trade with China. Since 2005, China has become an increasingly important partner for all other developing country regions.

The rebound in trade between 2017 and 2018 is reflected in the largest bilateral flows to a varying degree. The largest percentage increases in 2018 are related to agriculture. Lower growth is recorded for natural resources and manufacturing trade flows. All of the largest bilateral trade flows increased in 2018.

Table 2
Changes in the value of the largest bilateral trade flows between 2017 and 2018, by product group

Agriculture			
Exporter	**Importer**	**Change 2017 vs 2018 (%)**	**Value in 2018 (US$ Billion)**
Brazil	China	29%	31
United States	China	31%	29
European Union	European Union	34%	529
United States	Canada	35%	28
Mexico	United States	39%	38
United States	Mexico	42%	26
United States	European Union	60%	22
Canada	United States	92%	51
European Union	United States	127%	61
Australia	China	234%	20

Natural Resources			
Exporter	**Importer**	**Change 2016 vs 2017 (%)**	**Value in 2017 (US$ Billion)**
Canada	United States	16%	91
Russian Federation	European Union	17%	128
Australia	Japan	18%	38
Norway	European Union	18%	55
European Union	European Union	21%	232
Saudi Arabia	Japan	22%	33
United States	Mexico	35%	42
Russian Federation	China	48%	43
Kazakhstan	European Union	97%	32
Russian Federation	China	44%	29

Manufacturing			
Exporter	**Importer**	**Change 2016 vs 2017 (%)**	**Value in 2017 (US$ Billion)**
European Union	China	1%	224
United States	Canada	3%	179
Canada	United States	4%	184
China	Hong Kong, China	6%	265
United States	European Union	7%	297
China	United States	7%	546
Mexico	United States	10%	295
European Union	European Union	10%	2920
China	European Union	11%	490
European Union	United States	11%	419

Source: UNCTAD secretariat calculations based on COMTRADE data.

The table reports the percentage changes between 2017 and 2018, and the value in 2018, of the 10 largest bilateral flows in each of the three product groupings.

Intermediate products represent almost half of world goods trade (about US$ 8.3 trillion in 2018), with consumer products amounting to about a quarter (US$ 4.8 trillion in 2018). While the amount of trade in each category has grown substantially since 2005, the relative importance of goods at different stages of processing remained relatively stable. In 2018, trade in all categories increased, with the strongest growth in intermediate and consumer products. Differentiated by broad category, world trade in goods is largely comprised of manufacturing products (about US$ 14.6 trillion in 2018).

Figure 6
Values of world trade in goods by stage of processing and broad category

(a)

Trade in Goods
by Stage of Processing

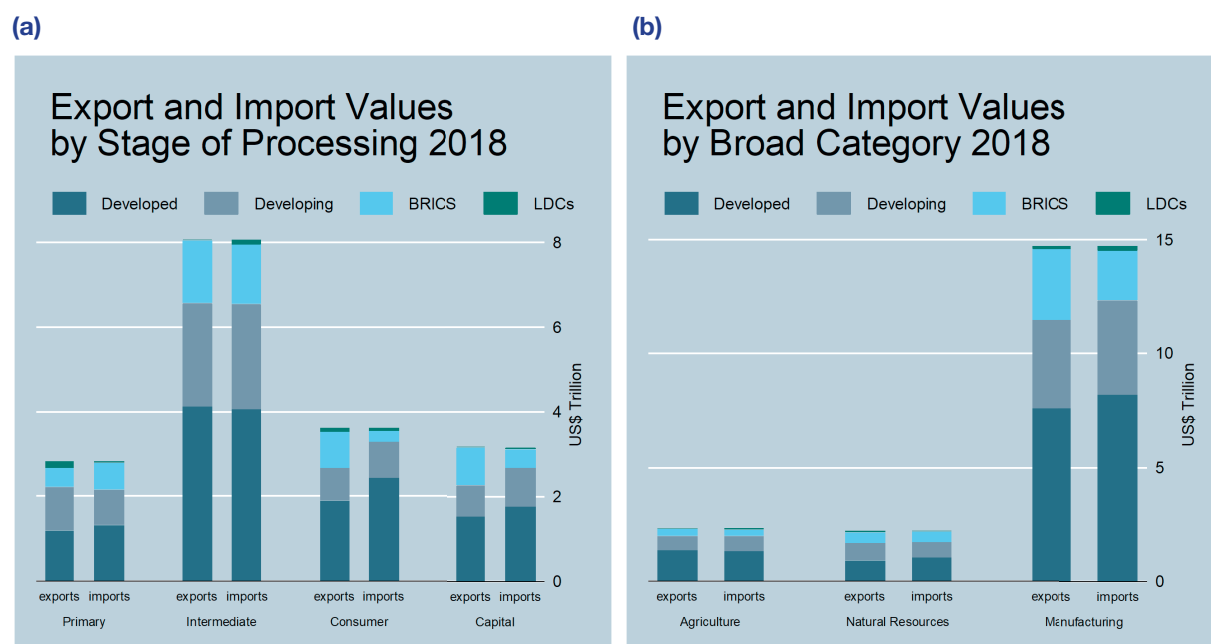**(b)**

Trade in Goods
by Broad Category

Source: UNCTAD secretariat calculations based on COMTRADE data.

International trade in goods can be differentiated by stage of processing, depending on their intended use along the production chain. Goods are therefore classified as primary, intermediates, consumer and capital (the latter comprising machinery used for the production of other goods). Goods can also be differentiated by broad category, including natural resources, agriculture and manufacturing. With regard to the stage of processing, intermediate products continued to make up the bulk of world trade in 2018 (Figure 6a). Trade in consumer and capital products represent another important share of world trade. In 2018, the value of trade in all categories grew, with relative shares of each category in total trade relatively unchanged. Trade in primary products was greatly affected by the 2015 trade downturn and has gained significantly in 2017 but grew moderately in 2018. Trade in agriculture and especially manufacturing increased more substantially in 2018 (Figure 6b).

Trade related to developed countries remains an important part of international trade, especially in relation to imports. Participation in international trade varies significantly among developing regions. BRICS countries account for an important part of developing countries' trade, especially with respect to trade in intermediates and exports of consumer products. The participation of other developing country regions in world trade, both as importers and exporters, is more limited.

Figure 7
Values of world trade in goods by region, stage of processing and broad category

(a)

Export and Import Values by Stage of Processing 2018

Legend: Developed | Developing | BRICS | LDCs

US$ Trillion (axis: 0, 2, 4, 6, 8)

Categories: Primary (exports, imports), Intermediate (exports, imports), Consumer (exports, imports), Capital (exports, imports)

(b)

Export and Import Values by Broad Category 2018

Legend: Developed | Developing | BRICS | LDCs

US$ Trillion (axis: 0, 5, 10, 15)

Categories: Agriculture (exports, imports), Natural Resources (exports, imports), Manufacturing (exports, imports)
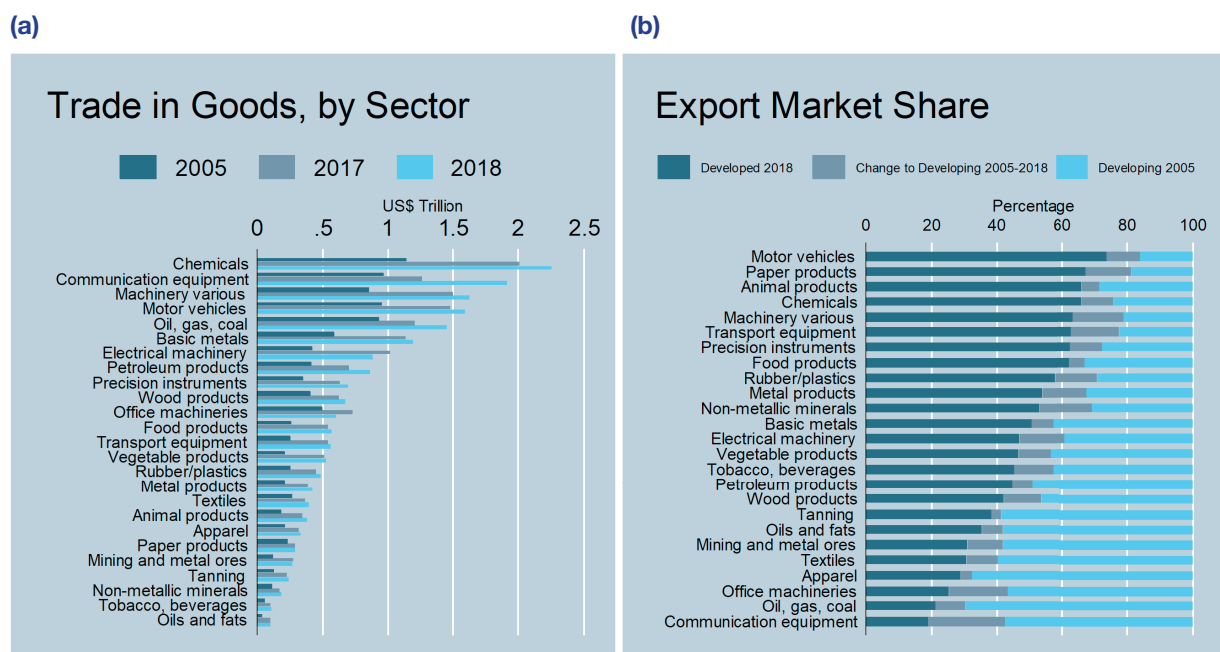
Source: UNCTAD secretariat calculations based on COMTRADE data.

Developed countries account for the bulk of world trade, both in terms of goods differentiated by stage of processing and broad category (Figure 7a, b). Besides other developing country regions, a significant amount of trade is linked to BRICS, especially in relation to the trade of intermediates and manufacturing. They also tend to import few consumer goods while exporting a relatively large share. Developing countries tend to export more natural resources than they import, unlike developed countries. LDCs only represent a small share in all types of goods, with a larger share in the exports of primary products and the imports of intermediate goods.

With more than US$2 trillion traded, chemicals represent a substantial share of world trade in goods. Other significant sectors include machinery and motor vehicles, communications equipment and fuel commodities. In 2018, the value of international trade grew in many sectors, but more so in these largest sectors and especially in communication products. During the last decade, export market shares have moved to the advantage of developing countries in all sectors and more so for communications equipment, machinery and non-metallic minerals.

Figure 8
Values of world trade in goods by sectors
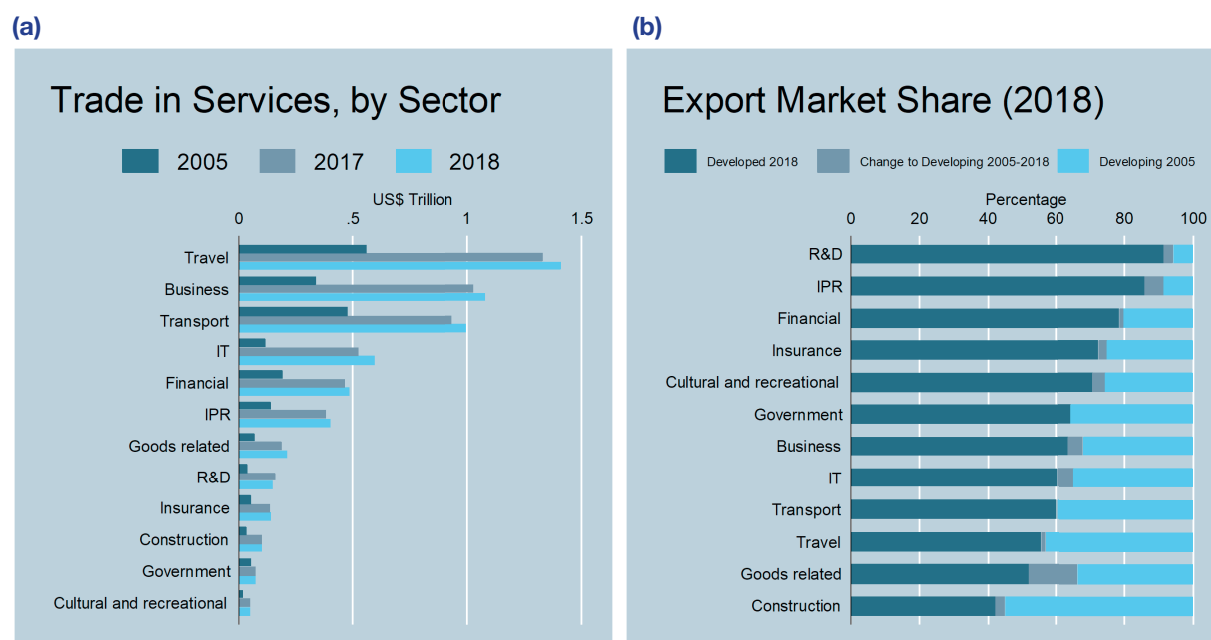
(a)

(b)

Source: UNCTAD secretariat calculations based on COMTRADE data.

Figure 8a displays the value of world trade in 25 categories of goods. In terms of value, a large amount of world trade relates to energy products (oil, gas, coal and petroleum products), chemicals, machinery, motor vehicles and communications equipment. In contrast, light manufacturing sectors, including textiles, apparel and tanning, comprised a much smaller share of world trade. Agricultural sectors – which include food, vegetable and animal products, as well as oils and fats, and tobacco and beverages – accounted for a total of about US$1.7 trillion of trade flows, or less than 10 per cent of international trade. The value of trade grew in 2018 in all sectors, except for oils and fats. During the last decade developing countries' presence in international markets has increased substantially compared with developed countries. Their export market share has increased across all sectors (Figure 8b), and in particular in machinery, non-metallic minerals and communications equipment.

World exports of services is mainly dominated by travel, transportation, and business-related services. Trade in services greatly increased during the last decade across all categories of services. Trade in most categories of services expanded during 2018 (except for trade in R&D), with largest increases in travel, IT and transport categories. Although developing countries increased their share of trade in services during the last decade, developed countries remain the main exporters in all sectors except construction. Developing countries are also becoming important suppliers to international markets with regard to goods related services as well as intellectual property rights, business and IT.

Figure 9
Market shares of trade in services of developing and developed countries by sector

(a)

Trade in Services, by Sector

2005   2017   2018

(b)

Export Market Share (2018)

Developed 2018   Change to Developing 2005-2018   Developing 2005

Source: UNCTAD secretariat calculations based on UNCTADStat data.

With regard to services, trade in travel services at almost US$ 1.5 trillion represents the largest sector, followed by transport and business services, amounting to about US$1 trillion each in 2018 (Figure 9a). Other important sectors include IT, financial services and intellectual property rights related services. Since 2005, the value of trade has increased in all sectors. Trade has grown in 2018 in most categories, notably in travel, IT and transportation. However, declines have occurred in the trade of cultural and recreational and R&D services. Figure 9b depicts the share of global exports of different service categories pertaining to developed and developing countries, and their change between 2005 and 2018. Although developed countries still account for the largest part of exports of services, the export market share has been shifting to the advantage of developing countries in many sectors (Figure 9b). The exceptions have been government and transport services for which market share virtually did not change.
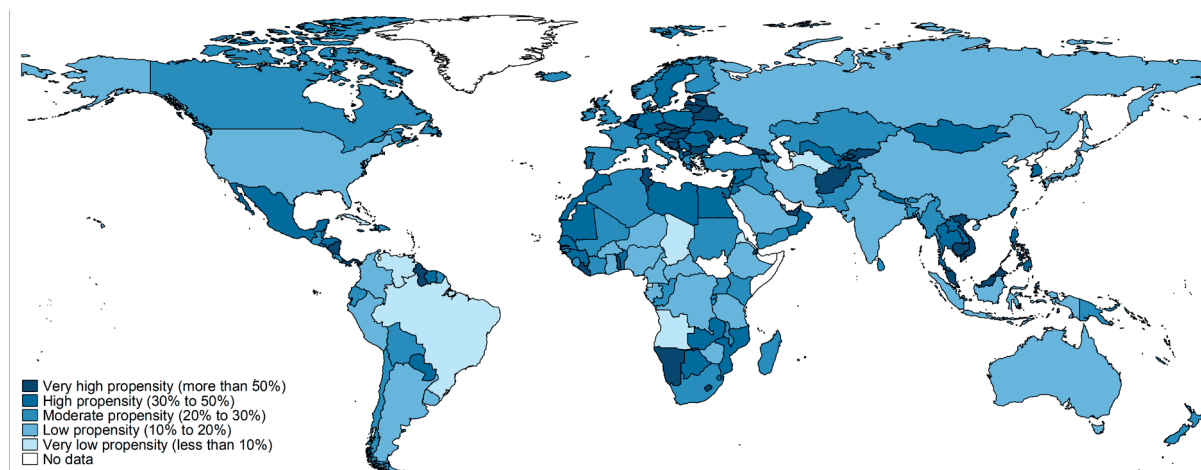
2. TRADE INDICATORS

The following section presents a series of trade indicators where the magnitude of the indicator is represented by the shading of the country on the world map. Data for goods come from COMTRADE, whereas data on services come from UNCTADStat.
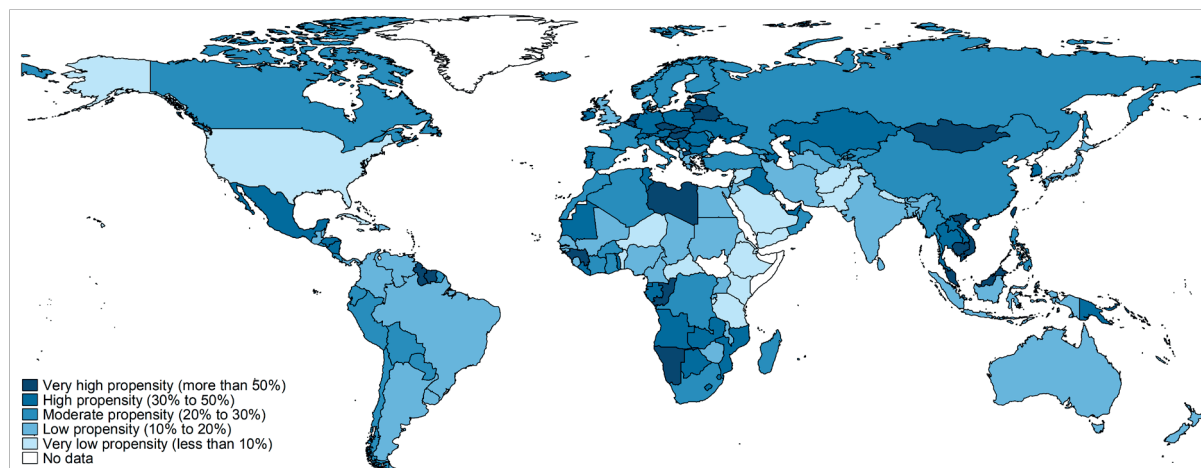
For a substantial number of developing countries, gross domestic product (GDP) is closely dependent on the exports of goods and services to foreign markets. This is particulary true of many East Asian economies, Eastern European countries and of a number of African countries, as well as Canada and Mexico.

Index 1
Import and export propensity

a) Imports of goods and services over gross domestic product, 2018

Very high propensity (more than 50%)
High propensity (30% to 50%)
Moderate propensity (20% to 30%)
Low propensity (10% to 20%)
Very low propensity (less than 10%)
No data

b) Exports of goods and services over gross domestic product, 2018

Very high propensity (more than 50%)
High propensity (30% to 50%)
Moderate propensity (20% to 30%)
Low propensity (10% to 20%)
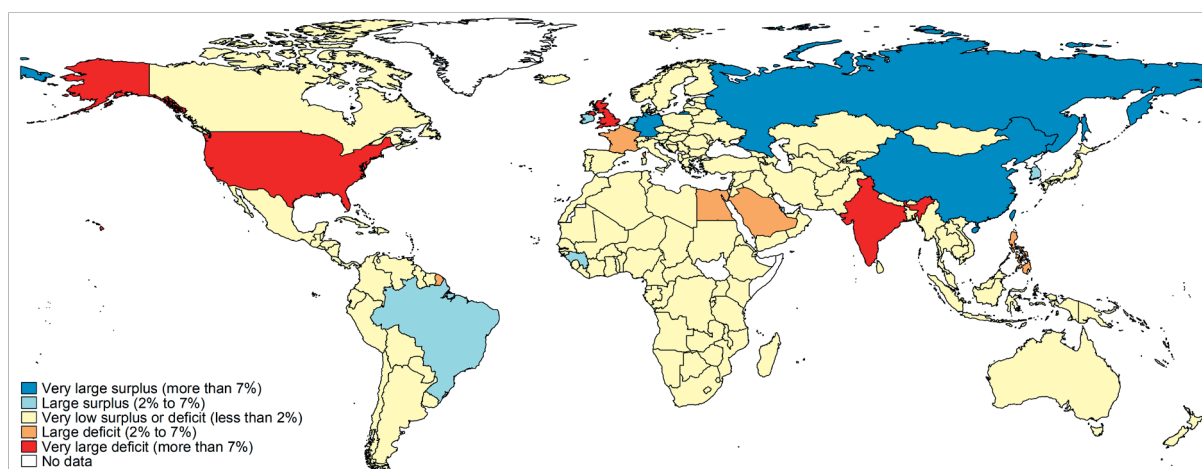Very low propensity (less than 10%)
No data

Import and export propensity are computed as the value of imports or exports divided by the current GDP. The import propensity expresses the total income spent on imports. The export propensity shows the overall degree of reliance of domestic producers on foreign markets. Higher values imply greater dependence on foreign markets.
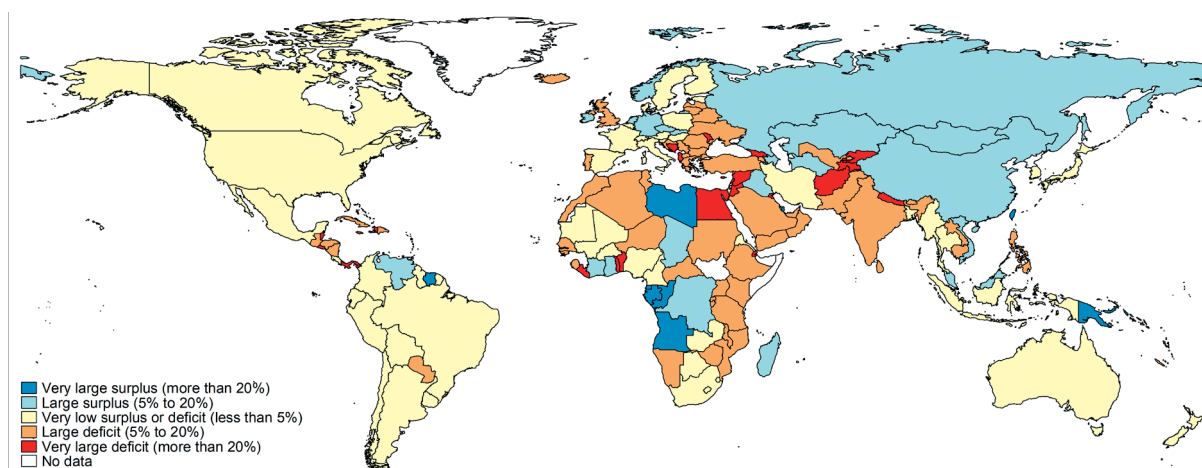
World trade is largely unbalanced. China, Germany and the Russian Federation maintained the largest trade surplus positions in 2018. Primarily the United States and the United Kingdom of Great Britain and Northern Ireland, but also France, India, Saudi Arabia and a few other countries, maintained large trade deficit positions. Some of the imbalances that are large in level—i.e. they contribute significantly to the overall world imbalances—also tend to be large relative to the country's GDP. This is the case for China, India, the Russian Federation and Germany. In contrast, the trade imbalances of many countries in Africa and South Asia tend to be large relative to their GDP while being relatively small for the world as a whole.

Index 2
Trade balances

a) Trade balances of goods and services as a percentage of overall world imbalances, 2018

Very large surplus (more than 7%)
Large surplus (2% to 7%)
Very low surplus or deficit (less than 2%)
Large deficit (2% to 7%)
Very large deficit (more than 7%)
No data

b) Trade balances of goods and services as a percentage of gross domestic product, 2018

Very large surplus (more than 20%)
Large surplus (5% to 20%)
Very low surplus or deficit (less than 5%)
Large deficit (5% to 20%)
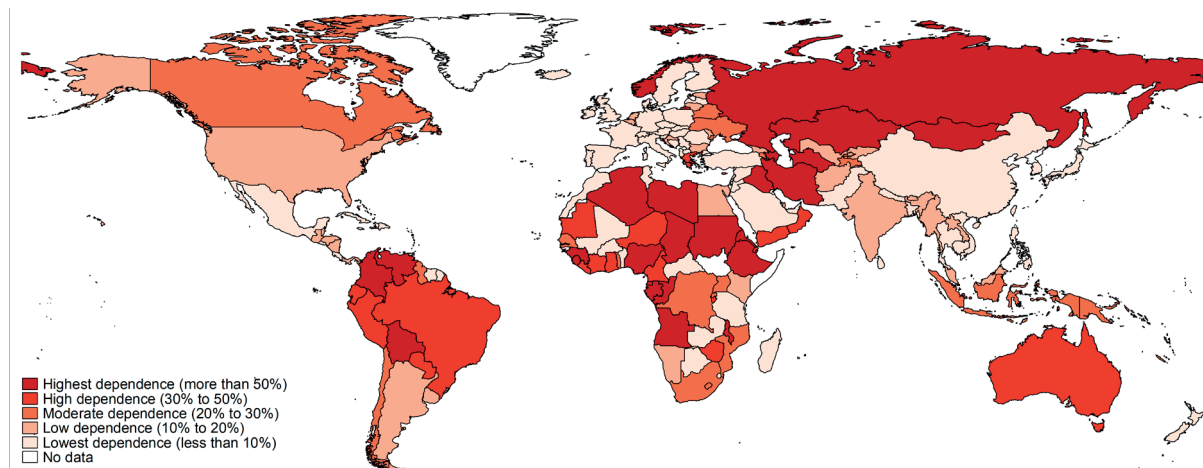Very large deficit (more than 20%)
No data

Foreign trade balances (exports minus imports of goods and services) as a percentage of total world imbalances are computed as each country's share of total imbalances in the world. Negative values denote countries in deficit, while positive values denote countries with a surplus. It indicates how world imbalances are distributed across countries. The foreign trade balance-to-GDP ratio is the ratio of the foreign trade balance to GDP. It indicates how large trade imbalances are relative to the size of the economy. It is negative if a country imports more than it exports, and more so if GDP is relatively small. It is around 0 if the exported value is about the same as the imported value. It is positive if exports are larger than imports.

Although many countries are striving to diversify their exports, agriculture and natural resources still represent a large share of export baskets of many developing countries. Commodity dependence is more evident for energy-exporting countries in the Middle East, raw material suppliers in Africa as well as for Latin American countries, where agriculture still represents a large share of total exports. Dependence indices have declined over the past years for the majority of countries.
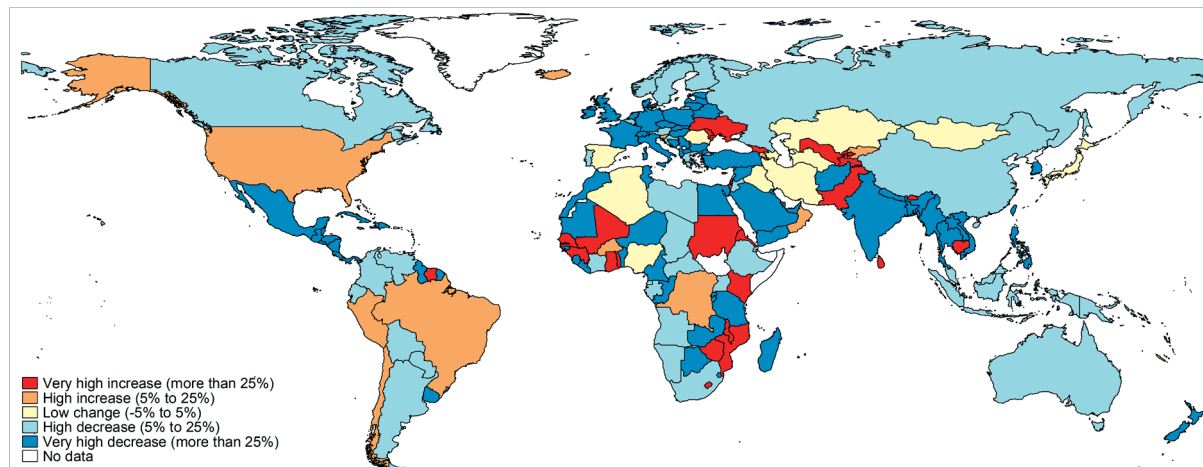
Index 3
Commodity export dependence

a) Agricultural and natural resources dependence index, 2018

Highest dependence (more than 50%)
High dependence (30% to 50%)
Moderate dependence (20% to 30%)
Low dependence (10% to 20%)
Lowest dependence (less than 10%)
No data

b) Change in agricultural and natural resources dependence index, 2012–2018

Very high increase (more than 25%)
High increase (5% to 25%)
Low change (-5% to 5%)
High decrease (5% to 25%)
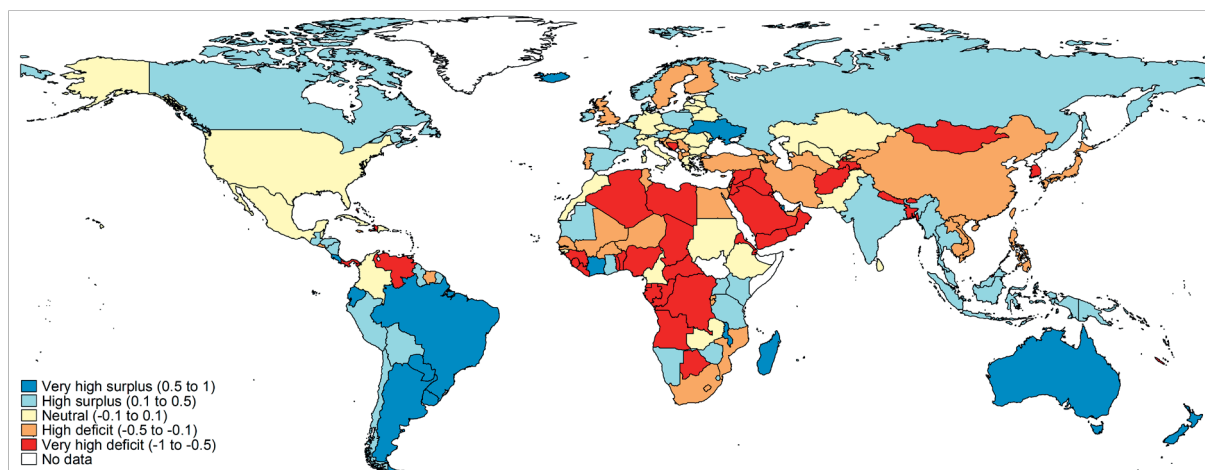Very high decrease (more than 25%)
No data

The commodity dependence index is computed as the share of the value of exports in primary products consisting of agricultural goods and natural resources over the total value of exports. It varies from 0 to 100. High dependence implies more exposure to shocks in the prices of natural resources and agricultural commodities.

Geography, demographics and policy choices result in deficit or surplus positions in terms of agricultural trade. In general, countries in Latin America, East Africa and South Asia are net food exporters, while most of the rest of Asia and Africa remain net food importers. Most developed countries, as well as many developing countries (East and South Asia, and East Africa) are dependent on imported energy. In contrast, West and Central Asia, as well as most of Africa and Latin America, are net energy exporters.
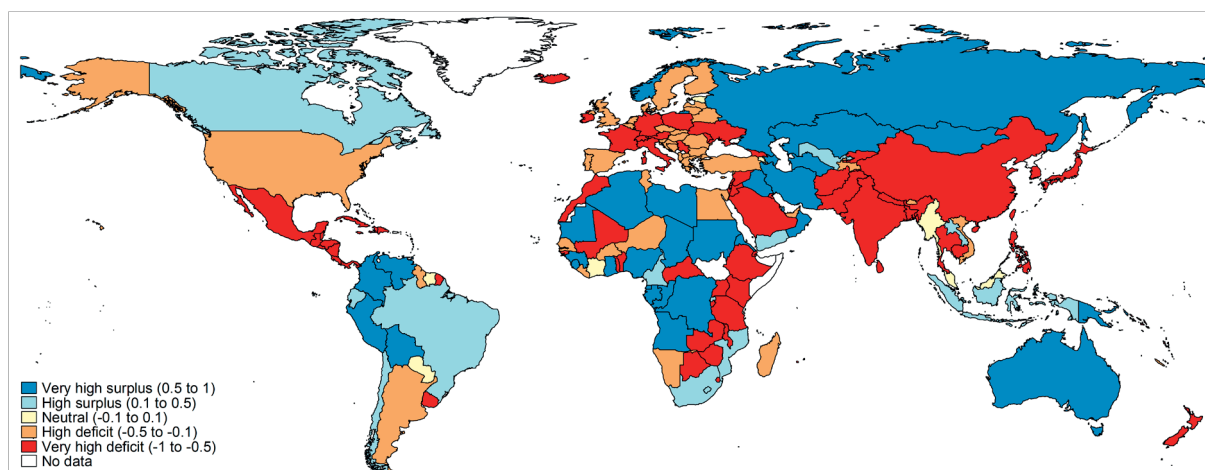
Index 4
Food and energy net position

a) Food net position, 2018

Very high surplus (0.5 to 1)
High surplus (0.1 to 0.5)
Neutral (-0.1 to 0.1)
High deficit (-0.5 to -0.1)
Very high deficit (-1 to -0.5)
No data

b) Energy net position, 2018

Very high surplus (0.5 to 1)
High surplus (0.1 to 0.5)
Neutral (-0.1 to 0.1)
High deficit (-0.5 to -0.1)
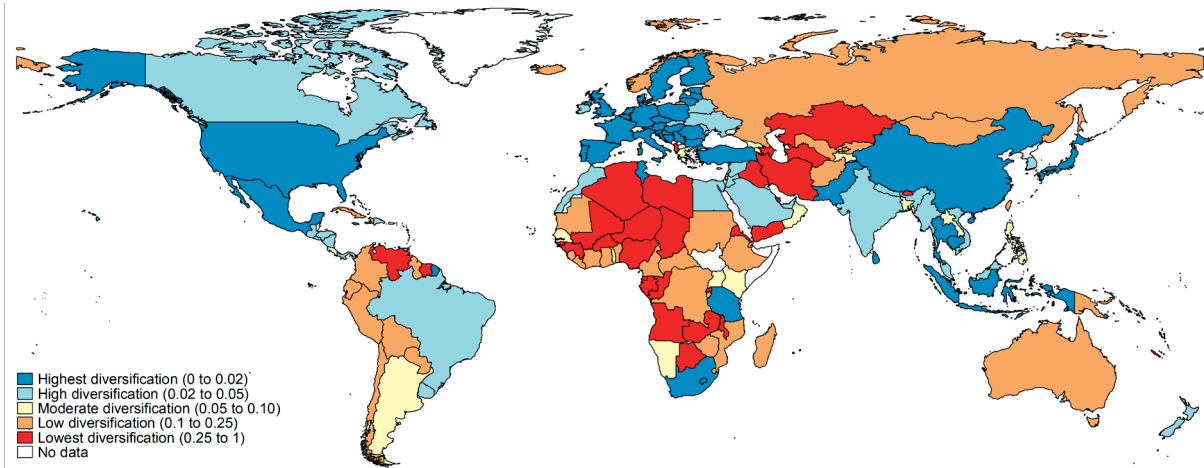Very high deficit (-1 to -0.5)
No data

Food next position is computed as a country's exports of agricultural products minus its imports of agricultural products. This is then normalized by dividing it by its agricultural trade (imports plus exports). The index varies between -1 and 1, with positive values meaning that the country exports more agricultural products than it imports. Energy net position is computed as a country's exports of energy products minus its imports. This is then normalized by dividing it by its trade in energy products (imports plus exports). The index varies between -1 and 1, with positive values meaning that the country exports more energy products than it imports.
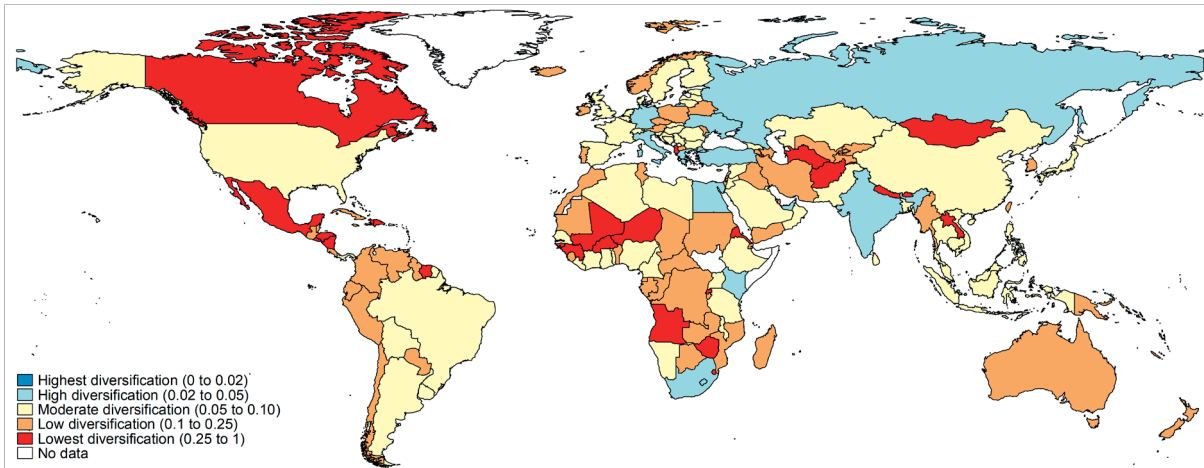
Generally, majority of countries' exports is more diversified with respect to product than with respect to destination. Among developing countries, only a few emerging economies have reached levels of diversification similar to those of developed countries. African countries remain vulnerable to external shocks, as their exports are generally concentrated in a few products exported to a few destinations.

Index 5
Export diversification

a) Export diversification index by product, 2018

Highest diversification (0 to 0.02)
High diversification (0.02 to 0.05)
Moderate diversification (0.05 to 0.10)
Low diversification (0.1 to 0.25)
Lowest diversification (0.25 to 1)
No data

b) Export diversification index by destination, 2018

Highest diversification (0 to 0.02)
High diversification (0.02 to 0.05)
Moderate diversification (0.05 to 0.10)
Low diversification (0.1 to 0.25)
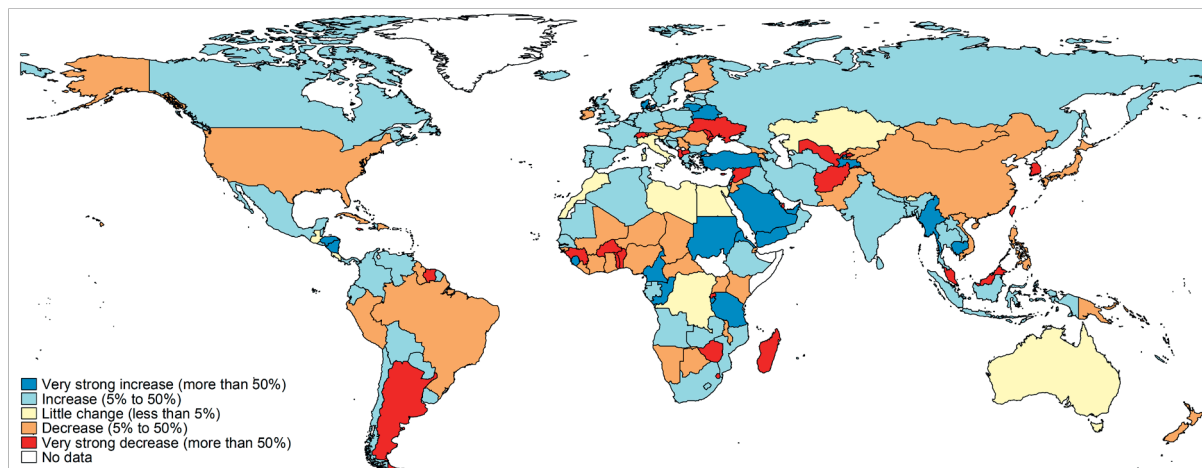Lowest diversification (0.25 to 1)
No data

The Hirschmann–Herfindahl index is a measure of the diversification of exports with lower values reflecting higher diversification. It indicates the degree to which a country's exports are dispersed across different destinations or different goods (at the HS 6-digit level). Low diversification is interpreted as an indication of vulnerability since the exporter is more exposed to economic shocks as they are limited to a small number of export markets or goods.

Many developing countries have been seeking to diversify their exports over the past years, with mixed success. Although some are still not very diversified, there is a tendency in many countries to diversify into new products and destinations. At the same time, some developed and developing countries have seen a decline in terms of product and destination diversification.
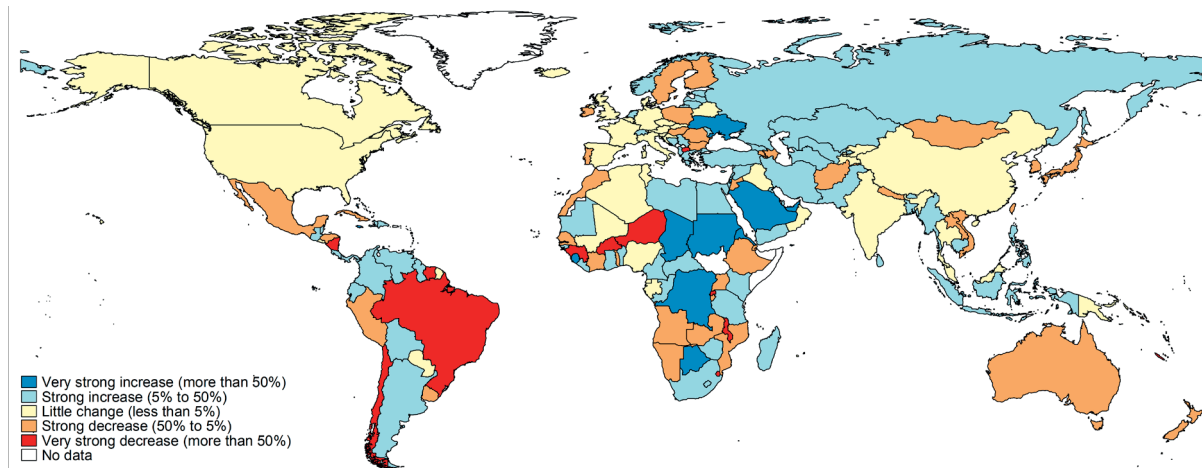
Index 6
Changes in export diversification

a) Changes between 2012 and 2018, by product

Very strong increase (more than 50%)
Increase (5% to 50%)
Little change (less than 5%)
Decrease (5% to 50%)
Very strong decrease (more than 50%)
No data

b) Changes between 2012 and 2018, by destination

Very strong increase (more than 50%)
Strong increase (5% to 50%)
Little change (less than 5%)
Strong decrease (50% to 5%)
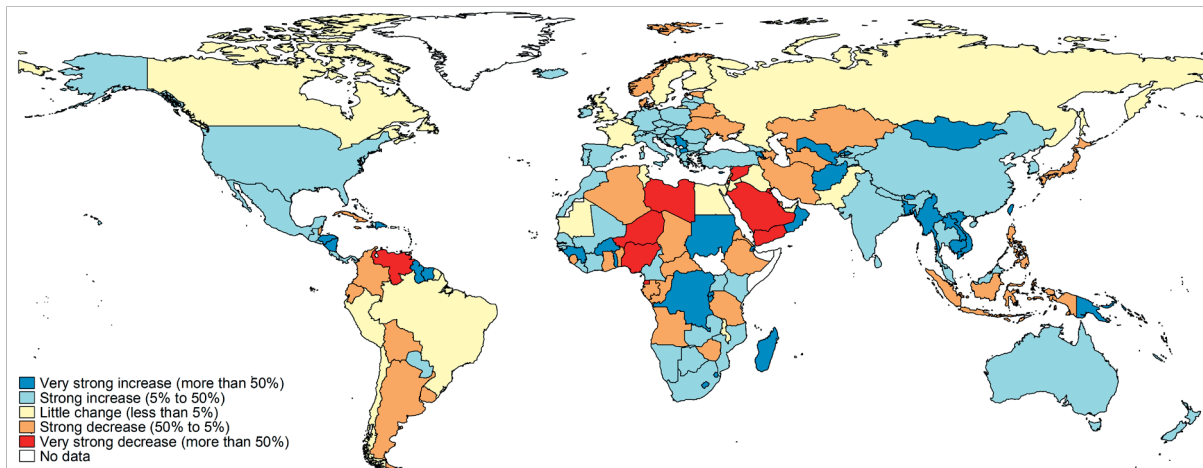Very strong decrease (more than 50%)
No data

The export diversification change reflects whether countries are becoming more or less diversified. Many African countries became more diversified in 2018 than in 2012, whether in terms of products or both products and destinations. However, for some countries in Africa, as well as in Latin America and Europe the trend went in the opposite way.

Since 2012, with the relevant exception of countries whose exports are largely concentrated in energy products, the exports of goods and services have increased for a large number of countries, especially in East Africa, Central America and East Asia. Between 2012 and 2018, many East African, Central American and Asian countries also increased their competitiveness with their key trading partners.
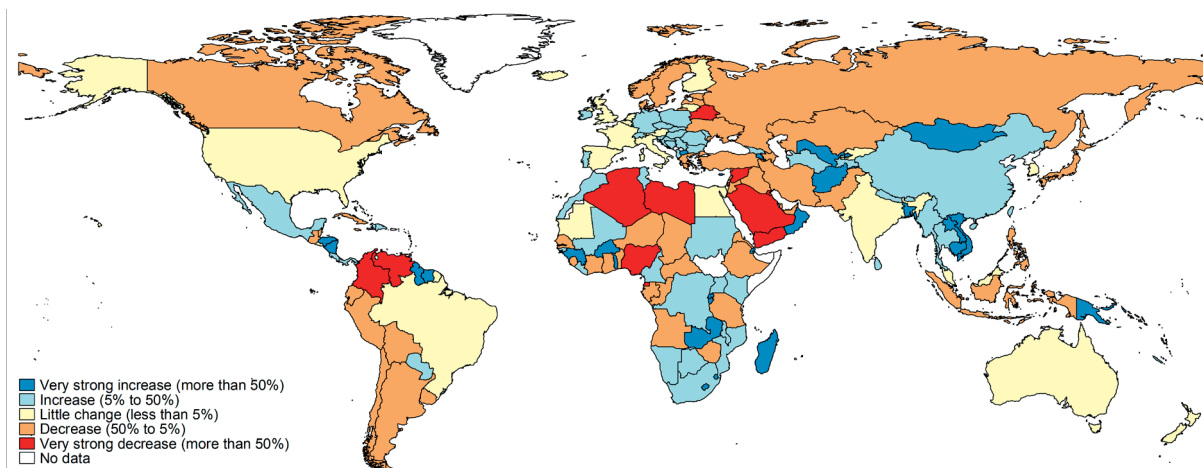
Index 7
Export performance and export competitiveness

a) Export growth in goods and services, 2012–2018

Very strong increase (more than 50%)
Strong increase (5% to 50%)
Little change (less than 5%)
Strong decrease (50% to 5%)
Very strong decrease (more than 50%)
No data

b) Change of export competitiveness in top 20 markets, 2012–2018

Very strong increase (more than 50%)
Increase (5% to 50%)
Little change (less than 5%)
Decrease (50% to 5%)
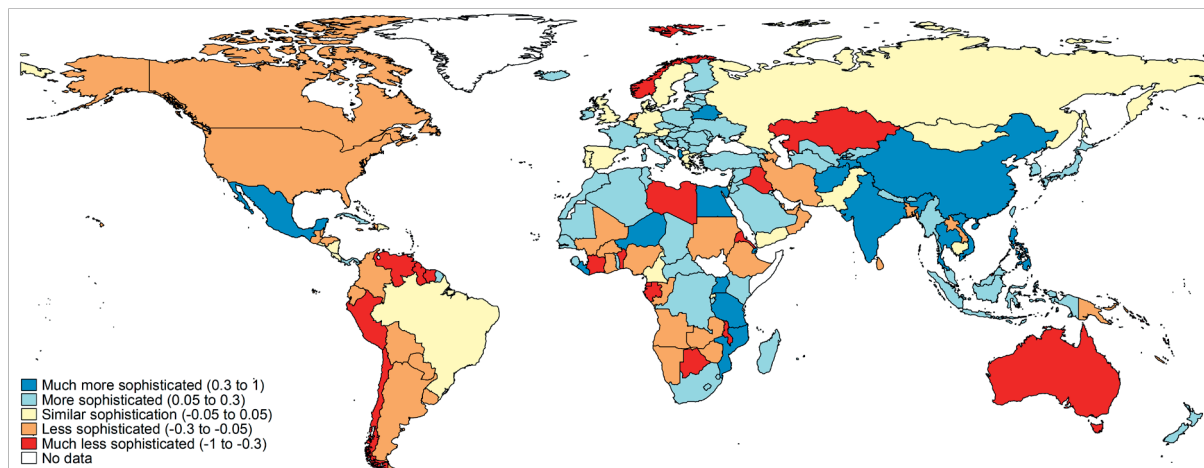Very strong decrease (more than 50%)
No data

The growth rate of exports is calculated as the percentage change of the value of exports between two periods. It indicates the progress of an economy in expanding economic activity into international markets. Negative values indicate a contraction in the value of exports, while positive values indicate an increase in export earnings. Export competitiveness reflects the development of a country's exports relative to its top 20 trading partners and is measured as the ratio of a country's market share in the reference group in 2018 over that in 2012. Positive values indicate that the country is becoming more competitive with respect to its partners.

In comparison to countries with similar levels of GDP per capita, Australia, and North and South American countries tend to export goods that are relatively less sophisticated. Europe and Asia tend to export more sophisticated products, whereas the situation is more heterogeneous for Africa. In terms of change, some developing countries' exports have become less sophisticated over the past years, while others have seen an improvement.
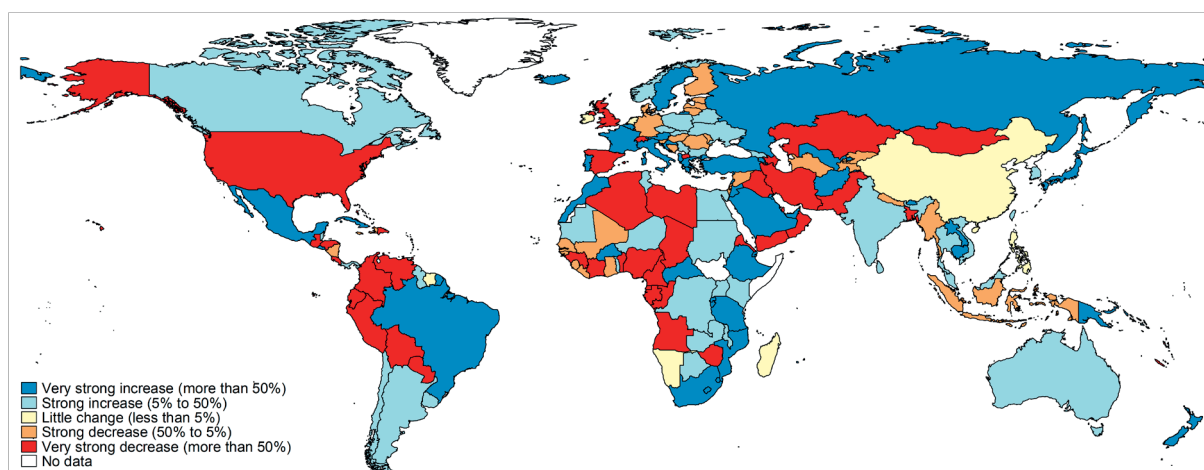
Index 8
Export sophistication and the export sophistication gap

a) Export sophistication gap, 2018

Much more sophisticated (0.3 to 1)
More sophisticated (0.05 to 0.3)
Similar sophistication (-0.05 to 0.05)
Less sophisticated (-0.3 to -0.05)
Much less sophisticated (-1 to -0.3)
No data

b) Change in the export sophistication gap, 2012–2018

Very strong increase (more than 50%)
Strong increase (5% to 50%)
Little change (less than 5%)
Strong decrease (50% to 5%)
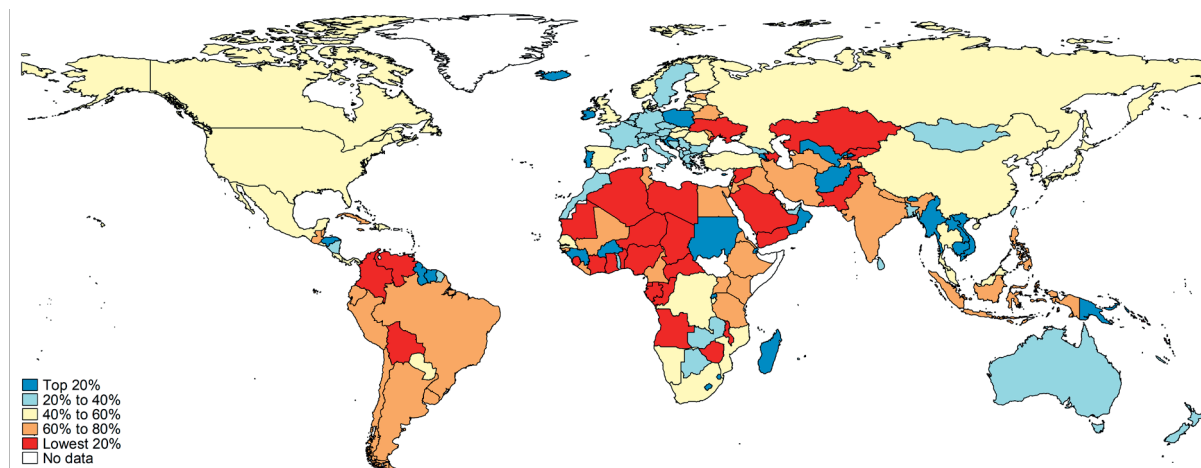Very strong decrease (more than 50%)
No data

Export sophistication is measured by the EXPY index. The EXPY can be summarized as the per capita GDP as predicted by the composition of the export basket. Countries with a higher EXPY are those that export goods that are more sophisticated (i.e. generally exported by countries with high GDP per capita). Since the EXPY and GDP per capita are positively correlated by construction, it is also interesting to see how a country's EXPY compares with that of countries at similar levels of GPD per capita. This is summarized in the export sophistication gap, which is computed econometrically as a residual of a weighted regression. A positive gap implies an export structure that is more sophisticated than the country's GDP per capita would predict. Conversely, a negative gap implies an export structure that is more typical of that of countries at a lower level of development. This index only takes goods into account.

Overall, the export performance of developed and developing countries in East Asia has been above average since 2005. Some African countries have also performed relatively well, especially in East and Southern Africa, showing high export growth rates and improvements in export competitiveness and diversification in the past years. On the other hand, negative export growth and decline in export competitiveness and export sophistication gap resulted in a relatively lower export performance in Latin America, especially since 2012.
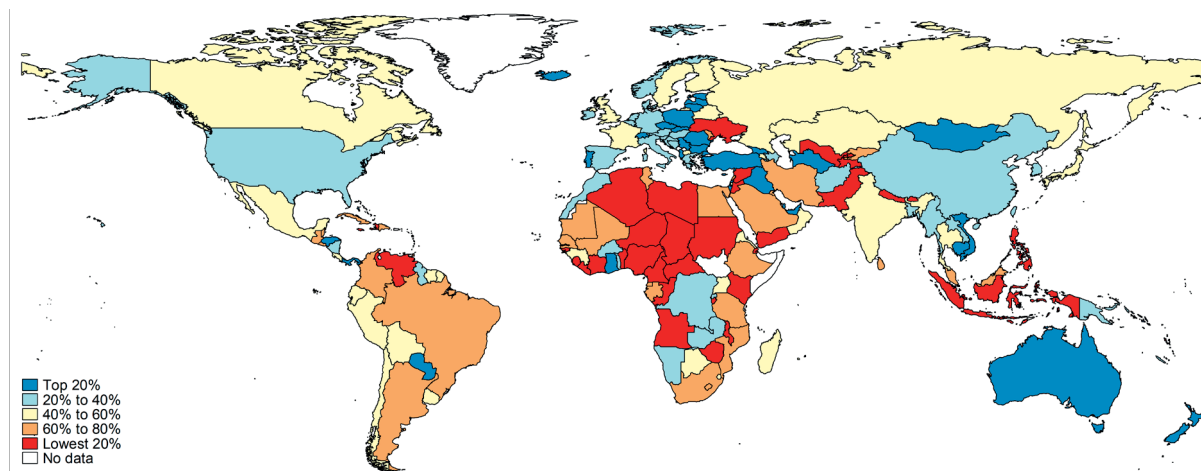
Index 9
Overall export performance

a) Change in the export performance index, 2012–2018

b) Change in the export performance index, 2005–2018

The export performance index is computed simply by assembling four indicators, namely export growth of goods and services, and the various changes of export diversification, export competitiveness and the export sophistication gap. For each indicator, a regression is run to predict the expected level of performance of a country considering its level of GDP per capita. Then the difference between this level and the country's actual level is computed. Countries are then ranked for each indicator, and a weighted average of the ranks of each indicator is taken in order to produce an overall rank, with a weight of 0.5 for the export growth of goods and services, 0.25 for export competitiveness, 0.125 for export diversification and 0.125 for the export sophistication gap.

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