

PRESS RELEASE

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WORLD TRADE 2005, PROSPECTS FOR 2006

Trade picks up in mid-2005, but 2006 picture is uncertain

World trade began 2005 with sluggish growth and then regained momentum to end the year registering 6% growth in the volume of goods traded, WTO economists say.

There are a number of uncertainties on the horizon for 2006, with signs of a stronger investment climate mixed with fragile prospects for consumption and employment, particularly in Europe, they say. WTO economists predict 7% growth in the volume of goods trade (i.e. in real terms, discounting price changes) and 3.5% growth in the world economy in 2006. A similar pattern can be seen for trade in goods and services measured in dollars even though the numbers are different because of higher energy prices, they say.

"The global trading system is undergoing a period of transition," said WTO Director-General Pascal Lamy. "Shifting economic circumstances, major advances in technology and the emergence of new players on the global scene all underscore that we are on the cusp of big changes. Persistent imbalances, driven largely by macro-economic factors continue to be a cause for concern in some major economies. In such a climate of uncertainty, one thing is certain, Member governments must strengthen the global trading system by making it more equitable and relevant for those who trade in the 21st century. There can be no doubt that the best way to do this would be to conclude this year an ambitious agreement in the Doha round of global trade negotiations."

Overview of major trade developments in 2005

In 2005, world trade, as measured by merchandise exports, grew by 6% in real terms (at constant prices, i.e. volumes adjusted to take account of price changes), after an exceptional 9% expansion recorded in 2004. The slowdown reflected a weaker world economy, and was observable from mid-2004. However, this downward trend in trade growth was arrested and reversed by the second quarter. (Data on trade in commercial services are not available in real terms.)

Trade growth in dollar value terms, which is affected by price changes, decelerated more strongly than real trade growth in 2005, as average dollar prices increased less rapidly (6.5% in 2005 compared to 11% in 2004). The value of world merchandise exports rose by 13% in 2005, compared to 21% in 2004 and exceeded the \$10 trillion mark for the first time. Commercial services exports are estimated to have increased by 11% at current prices (i.e. in nominal or dollar terms) to \$2.4 trillion in 2005 (19% in 2004).

Fuelled by the rise in oil prices, Africa, the Middle East, Central and South America and the Commonwealth of Independent States (CIS, the former Soviet Union countries excluding the Baltic

states) recorded strong merchandise export growth in 2005. All these regions are large net exporters of fuels. Africa and the Middle East recorded their highest shares in world merchandise exports in two decades, due to developments in the oil market over the last two years.

Europe's trade performance was sluggish in 2005, in line with its overall economic performance. Export and import growth were weaker than in all other regions in terms of both goods and services. The rise in North America's merchandise and services exports remained slightly below the global expansion rate.

Merchandise trade by sector

Trade developments by sector showed a large variation, mostly due to relative price developments. Weak and stagnating prices for food, agricultural raw materials and manufactured goods contrasted with a further sharp rise in metals and fuels prices. Consequently, the share of fuels and other mining products in world merchandise trade rose to 16%, the highest level since 1985. On the other hand, the share of agricultural products in world merchandise exports decreased to a historic record low of less than 9%.

Within the manufacturing sector, the largest export value increases were observed for iron and steel products and for chemicals. Although global demand recovered somewhat for computers and other electronic products, the trade value of these categories expanded no faster than that of manufactured goods in general. In other words, electronic products have not regained the dynamic role they played in the expansion of trade in manufactures throughout the 1990s. In the 1990s, the export value of electronic goods rose on average by 12% or twice as fast as all other manufactured goods. Available information in early 2006 points to a below average expansion of global trade in textiles and clothing in 2005.

Services

Among the broad commercial services categories (transportation, travel and other commercial services) expansion rates were rather similar in 2005, ranging from nearly 10% for travel to 12% for transportation services.

The economic climate

Exchange rate fluctuations were significant in 2005. In the course of the year, the euro, the British pound and the Japanese yen depreciated *vis-à-vis* the dollar, reversing the appreciation which had occurred throughout 2004. However, the annual 2005 averages of these exchange rates to the US dollar remained largely unchanged from the preceding year. On the other hand, the currencies of a number of major natural resource exporting countries such as Australia, Brazil, Canada, Chile and Mexico, appreciated between 3.5% and 17%.

The marked rise in prices for fuels and other mining products has boosted the trade surplus of the oil exporting countries (regions) and deepened the trade deficit in many oil importing countries. The United States, which was already running large deficits in its trade balance (goods) and current account (goods and services) in 2004, experienced a further widening of these deficits in 2005. The US deficit in goods and services trade corresponded to slightly less than 6% of US gross domestic product (GDP). It was also about 6% of world merchandise and commercial services exports.

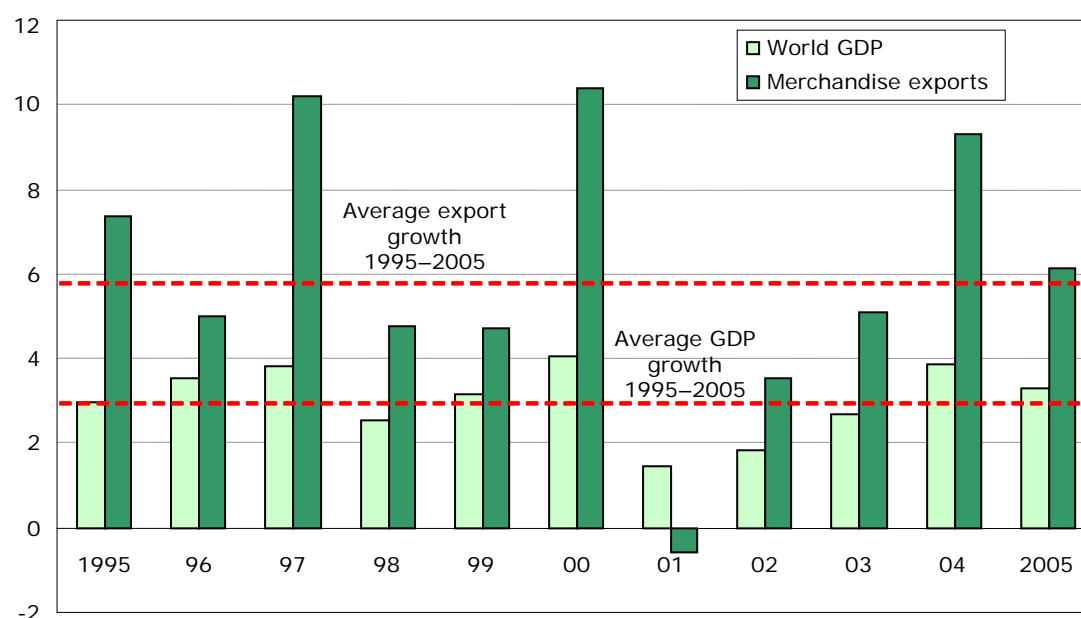
Low interest rates in developed country markets contributed to an easing of the debt situation in many developing countries. The resurgence of foreign direct investment (FDI) flows and the sharp rise in the stock markets worldwide are additional indicators that capital market developments

were supporting the recovery of the global economy and trade in the course of 2005.

Growth: lower gear in 2005

Following its strong expansion in 2004, the world economy slowed to 3.3% in 2005. This deceleration was very much in line with the projections made in early 2005. Only economic developments in Japan turned out to be much more favourable than predicted. Japanese GDP growth was 2.8% — the strongest performance since the 1997 Asian financial crisis. At 6%, reported global trade growth for 2005 was slightly lower than what was predicted in April 2005.¹ Growth in world merchandise trade was nearly twice as high as world output growth, and this corresponds to the prevailing trend over at least the last decade. It is also noteworthy that despite lower trade and output growth last year compared to 2004, the expansion in both was still faster than the average rates over the 1995-2005 period (see Chart 1).

Chart 1: Growth in the volume of world merchandise trade and GDP, 1995-05
Annual percentage change



Source: WTO.

Regions

Europe's four major economies (France, Germany, Italy and the United Kingdom) all recorded sluggish economic growth in 2005, ranging from near stagnation in Italy to a meagre 1.8% for the United Kingdom. Economic growth in the 10 new European Union members, however, was close to 4%, again much stronger than the average rate for the European Union.

North America's GDP and real trade growth — 3.4% and a little more than 6% respectively — corresponded closely to the global averages. Lower economic growth in the United States contributed to a deceleration in merchandise imports, which for the first time since 1997 rose less than merchandise exports.

¹ This proximity of actual and predicted trade growth in 2005 occurred despite higher than projected increases in oil prices. Apparently, the model simulations on the impact of higher oil prices on global economic activity were — at least in the short run — too pessimistic.

Economic growth in the developing regions remained strong, although somewhat less dynamic than in the preceding year. In South and Central America (including the Caribbean), Africa and the Middle East, regional GDP growth rates averaged between 4% and 5%. Developing Asia did not escape the global trend towards more moderate growth, but at 6.5% in 2005, again recorded the strongest performance among all developing regions. China and India, the two most populous countries in the world, again reported outstanding GDP growth in 2005 (9.9% and 7.1% respectively).

The strongest economic growth of all regions in 2005 was reported by the Commonwealth of Independent States. Substantial gains from sharply higher export earnings stimulated public and private expenditure and resulted in GDP growth of 6.6%, or twice the global average. Not surprisingly, the region also showed by far the strongest real increase in merchandise imports of all regions.

In Canada and the United States, economic growth was strong enough to reduce further the unemployment rate, while sluggish growth in Europe kept unemployment in the European Union (25) well above 8%. For developing countries, the unemployment data are much more scattered but with a labour force growth in most developing regions ranging between 2% and 3%, it is clear that only very high economic growth can provide employment growth sufficiently strong to reduce unemployment and underemployment in these regions.²

Policies and climate

Monetary and fiscal policies in the major industrial countries aimed at stimulating sluggish economic activity, with low real interest rates and rising public sector deficits. However, higher energy costs had an adverse effect, limiting the rise in real incomes in the oil-importing countries and holding back the recovery.

Oil market developments contributed to the widening of the current account deficit of the United States and reduced the current account surplus of Europe, Japan and developing East Asia. Oil exporting regions/countries reported a further increase in their current account surplus in 2005 and increased substantially their foreign exchange reserves.

In 2005, international capital flows to emerging markets recorded an increase in net private flows and a decrease in net official flows, in particular to Latin America.³ Global foreign direct investment (FDI) flows grew by nearly 30% in 2005, to about \$900 billion, propelled by an increase in merger activities. Although the overall rise was largely attributable to developments in Europe, strong increases have also been observed in flows to Africa and the Middle East. China remained the major destination of FDI to the developing world, which at \$60 billion represented the same level as in the preceding year.⁴

² According to ILO estimates world employment increased by 1.5% in 2005, while the global unemployment rate remained unchanged from the preceding year. As labour force growth increased faster than employment, the number of unemployed is estimated to have increased by slightly more than 1% in 2005 (ILO, Global Employment Trends Brief, January 2006).

³ Institute of International Finance, Capital Flows to Emerging Market Economies, January 19, 2006.

⁴ UNCTAD, Press Release, January 23, 2006.

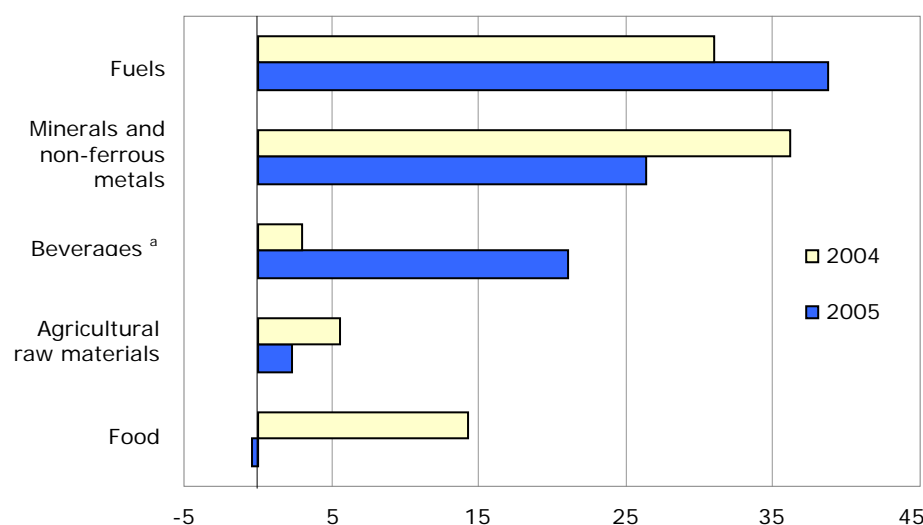
Prices

Domestic inflation rates, in particular core inflation, remained moderate in North America and Europe, while the deflation ended in Japan. In South America, the Middle East and developing Asia, consumer price inflation increased by less than one percentage point and remained in a range from 4% to 7%.

In contrast to the worldwide trend towards moderately higher domestic prices, the dollar prices of international traded goods increased by 6.5% in 2005, less than in the preceding year when the world export unit value index rose by 11%. The smaller increase in world trade prices last year was the net result of mixed developments within the major product groups. While prices of fuels surged by more than 35% in 2005, which was faster than in the preceding year, the prices of agricultural and manufactured goods rose by between 2% to 3%, a markedly lower increase than in the preceding year (Chart 2).

Prices of minerals and non-ferrous metals were up by one-quarter in 2005, on the back of an increase of more than one-third in 2004. Over the course of two years, the cumulative nominal price increase for the two product groups — fuels and minerals and non-ferrous metals — exceeded two-thirds. These price gains are substantial both in nominal terms and relative terms. Prices for manufactured goods rose by only slightly more than 10% over this two-year period. These marked shifts in relative prices have strongly shaped nominal trade flows over the last two years.

Chart 2: Export prices of selected primary products, 2004 and 2005
Annual percentage change



^a Comprising coffee, cocoa beans and tea.

Source: IMF, International Financial Statistics.

Exchange rates

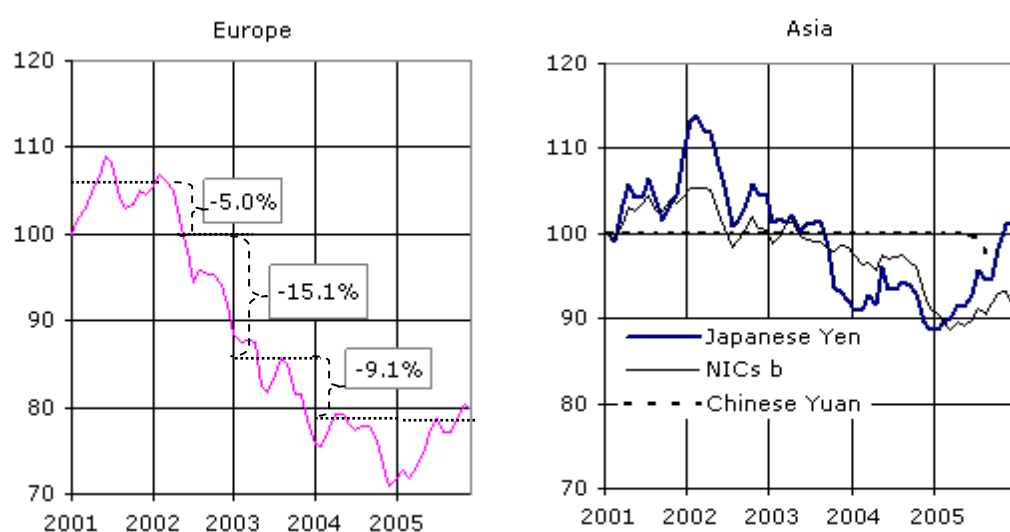
Relative price developments in 2005 differed markedly from those observed in 2004 as the depreciation of the US dollar *vis-à-vis* Japanese yen, the euro and the British pound was partly reversed. On an annual average basis, the yen and the pound depreciated slightly and the euro stagnated *vis-à-vis* the dollar in 2005 in marked contrast to 2004 when the dollar depreciated against these three major currencies (Chart 3).

The lifting of the long-standing peg of the Chinese Yuan to the US dollar resulted in a slight appreciation of the Yuan, which apparently did not have any impact on limiting the rise of China's

trade surplus in the second half of 2005. However, the exchange rates of two groups of economies continued to strengthen *vis-à-vis* the US dollar: first, countries which benefited from the strength in fuels and other commodity prices and second, a group of major high-income exporters of manufactures in East Asia (such as Chinese Taipei, the Republic of Korea and Singapore).

On balance, exchange rate developments in 2005 tended to accentuate the impact of relative price developments on nominal trade flows and made little contribution to reducing the major current account imbalances.

Chart 3: Dollar changes vis-à-vis European and Asian currencies^a, 2001-05
Indices, January 2001 = 100



^a Currency baskets weighted by trade values. European currencies are those of Euro Area, the UK, Switzerland, Sweden, Norway, Bulgaria, Czech Rep, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovak Rep.

^b Trade weighted currency basket of the Korean won, the Singapore dollar and Chinese Taipei dollar.

Real merchandise trade developments by region

In 2005, all regions except CIS contributed to the deceleration of world trade, as real merchandise imports of each region expanded less rapidly than in the preceding year. However, imports of the oil-importing developed countries — Japan, the European Union and the United States — were particularly sluggish. These economies reported the lowest expansion of imports among the major regions in 2005. Most regions also recorded a slower expansion of their exports, with the exception of Africa and the Middle East, whose exports are estimated to have risen slightly faster than 7% in 2004.

Europe

As three-quarters of European trade is within Europe, total European exports and imports expanded at only about 3%, which was far less than the global average (Table 1). This is in line with Europe's relatively low GDP growth in 2005.

Table 1: **GDP and merchandise trade by region, 2004-05**
Annual percentage at constant prices

	GDP		Exports		Imports	
	2004	2005	2004	2005	2004	2005
North America	4.1	3.4	8.0	6.0	10.5	6.5
United States	4.2	3.5	8.5	7.0	11.0	5.5
South and Central America ^a	6.8	4.9	12.5	10.0	18.5	14.0
Europe	2.3	1.7	7.0	3.5	7.0	3.0
European Union (25)	2.2	1.6	7.0	3.5	6.0	2.5
Commonwealth of Independent States	8.0	6.6	13.0	4.5	16.0	16.5
Africa and Middle East	5.7	4.5	7.0	7.5	13.5	12.0
Asia	4.2	4.2	14.0	9.5	14.0	7.5
China	10.1	9.9	24.0	25.0	21.5	11.5
Japan ^b	2.3	2.8	10.5	1.0	7.0	2.5
World	3.9	3.3	9.5	6.0	...	...

^a Including the Caribbean.

^b Trade volume data are based on Japan's customs statistics. National account data report a markedly stronger export and import growth in 2005.

Source: WTO.

US

US imports rose by 5.5% in real terms, which was not only less than world trade but also less than its own exports, which increased by 7%. For the first time in eight years, US merchandise exports rose faster than world merchandise exports. The relative strength in US merchandise exports can be attributed to the recovery of agricultural product shipments and the strength in capital goods exports. On the import side, industrial supplies (including crude oil and oil products) and automotive products recorded below average growth rates in 2005.

China

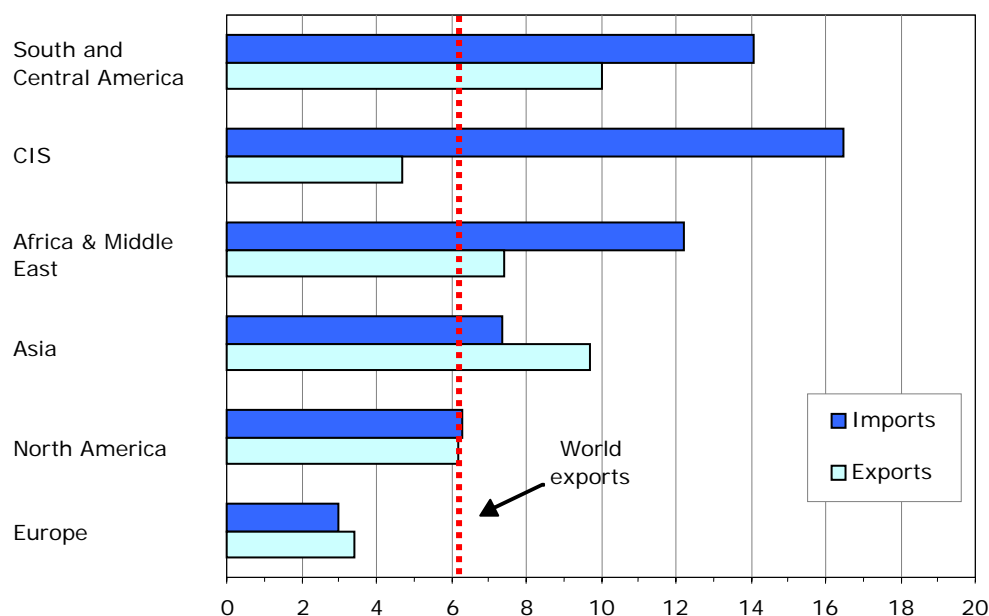
While Europe and the United States experienced markedly slower GDP growth in 2005 than in 2004, China's economy continued to grow very strongly, at nearly 10%. Despite this GDP growth rate, China's import growth was nearly halved, to 11.5%, while real merchandise exports continued to expand by 25%, about as fast as in the preceding year. In 2004, real export and import growth rates were far more similar. According to Chinese customs, imports decreased in real terms for many semi-manufactured goods (e.g. textiles, non-ferrous metals) and special machinery, and stagnated for fuels and road motor vehicles. However, imports of computers, telecom equipment and electrical machinery continued to rise sharply.

Others

The Commonwealth of Independent States (CIS) and South and Central America recorded the highest GDP growth of all major regions and at the same time a double-digit import growth. Real merchandise import growth of 12% is estimated for Africa and the Middle East combined.

The trade volume data presented in Chart 4 (and Table 1) indicate that variations in real trade flows bear a correlation to relative price developments. The net exporters of fuels and other mining products such as CIS, Africa, the Middle East and South and Central America report an excess of import over export growth, while the net fuel importing regions, including Europe, Asia and the United States expanded their real merchandise exports faster than their merchandise imports in 2005.

Chart 4: Real merchandise trade growth by region, 2005
Annual percentage change



Source: WTO.

Nominal trade in 2005

Longer term trends are best assessed in real terms (i.e. excluding price changes), as in the sections above. But the impact of prices can also be important for the revenue derived from trade, a country's trade balance or a trader's share in world trade. For these, nominal trade values (i.e. including price changes and exchange rates) matter. Moreover, in some areas such as commercial services trade, information in real terms is unavailable because there are no data at a global level. The following looks at the nominal situation.

In 2005, the value of world merchandise exports rose by 13%, to \$10.1 trillion and the value of world commercial services exports by 11%, to \$2.4 trillion. For both merchandise and commercial services, this represented a marked deceleration in growth when compared to 2004. For the third year in a row, cross border commercial services exports expanded less rapidly than world merchandise exports (Table 2).

Table 2: World exports of merchandise and commercial services, 2005
Billion dollars and percentage

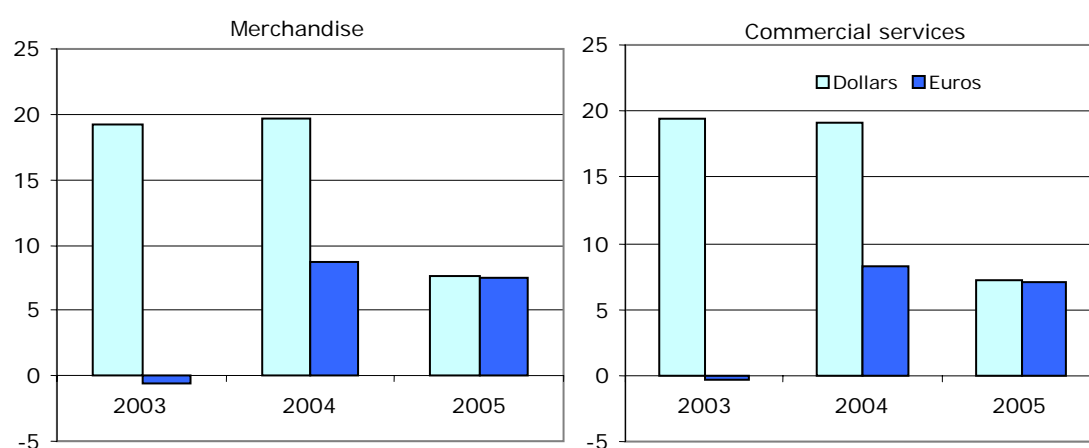
	Value 2005	Annual percentage change			
		2000-05	2003	2004	2005
Merchandise	10120	10	17	21	13
Commercial services	2415	10	15	19	11

Source: WTO.

Europe

Europe, the largest trader among the major geographic regions, recorded the lowest export and import growth for both merchandise and commercial services of all regions in 2005. It was also Europe that experienced the steepest deceleration among all regions in trade growth measured in dollar terms in 2005 (Appendix Table 1 and Appendix Table 2). Most of this deceleration can be attributed to exchange rate developments. Measured in euro terms, Europe's merchandise and commercial services both expanded by 7.5% in 2005, only moderately less than in 2004 (see Chart 5).

Chart 5: Europe's nominal merchandise and commercial services exports, 2003-05
Annual percentage change, euro and dollar values



North America

North America's merchandise and commercial services exports rose by 12% and 10% respectively, which was somewhat less than the corresponding global averages. Over the last five years, the growth of North America's merchandise and commercial services exports was only about half the 10% average annual growth rate observed globally. North America's merchandise imports expanded by 6%.

Others

The Middle East, Africa and the CIS, the world's largest net exporters of fuels, benefited from the further rise in fuel prices and increased their merchandise exports values between 29% and 36% in 2005. Sharply rising export revenues in 2004 and 2005 enabled these regions to expand their merchandise and services imports faster than the global average.

South and Central America (and the Caribbean) not only recorded very high merchandise trade growth, of nearly one-quarter in 2005, but also the strongest expansion in commercial services trade of all regions. Strong economic growth, favourable commodity price developments and exchange rate appreciations contributed to these outstanding developments in the region's nominal trade values in 2005.

Countries: goods

Large differences are apparent in the trade performance of individual countries. Among the top 30 merchandise exporters, there is a marked contrast between the moderate export increases reported by several European countries (e.g. France and Spain) and the sharp rises reported for the oil-exporting countries.

Despite these large variations, the changes in the ranking of exporters was not much affected. The United Arab Emirates moved up three places in the rankings, and Russia two places, to become respectively the 24th and 13th largest merchandise exporters in 2005. Saudi Arabia and Brazil moved up by one place to become the, 18th and 23rd largest exporters.

On the import side, annual growth rates of the thirty leading importers varied between a low 4% recorded by Austria to a peak of 35% for India. Japan became the fourth largest importer, as its imports exceeded those of the United Kingdom and France. India, the Russian Federation, the United Arab Emirates and Brazil recorded higher rankings in world merchandise imports, along with larger shares (Appendix Table 3).

Appendix Table 4 provides the ranking of leading traders in world merchandise trade when trade among the EU(25) is excluded. Considering the EU(25) as a single trader adds about 10 new entrants to the list of the top 30 exporters and places Hong Kong China, the Republic of Korea, the Russian Federation, Singapore and Mexico among the ten major merchandise exporters. Compared to 2004, two oil exporters, Kuwait and Nigeria, are newcomers among the top 30 in this listing.

Countries: services

For commercial services trade, the performance of the 20 leading exporters ranged from a minor decline in the exports of the United Kingdom to very high increases in the services exports (and imports) of China and India. Unfortunately, the available official data for China cover only the first six months of 2005, while for India the outstanding increases seem also to be affected by an improved coverage of transactions. Nevertheless, it is certain that India considerably improved its position in the ranking of services traders.

While there is no change in the ranking of the top five commercial services exporters and importers, China is estimated to have improved its ranking slightly on both exports and imports, becoming the world's eighth largest exporter and seventh largest importer.

The slack in commercial services exports of the United Kingdom is mainly due to the increase in insurance claims a component of the "other commercial services" category. Among the leading services importers, Japan and the Netherlands only recorded a marginal increase in their commercial services imports in 2005. In both countries, the decline in travel expenditure abroad was the main cause (Appendix Table 5).

Trade prospects for 2006

The global economic situation at the beginning of 2006 remains full of uncertainties. In the developed countries, the broadly improved financial situation of the corporate sector and the rise in stock markets are indicators suggesting that the long awaited recovery of investment in Europe will eventually materialize and trigger broader economic growth. However, the recovery of private consumption remains fragile if the employment situation does not improve and energy costs continue to rise. It is the strengthening of the European economy that most forecasters use as a base for their predictions of higher overall growth in developed countries. While the US economy is

expected to grow slightly less than in 2005, its expansion rate of 3% to 3.5% continues to exceed that of the European Union and Japan.

Confidence in projections of steadily improving economic growth in developed countries has been put in question as GDP growth slackened in the fourth quarter of 2005 in both the United States and the European Union (Chart 6).

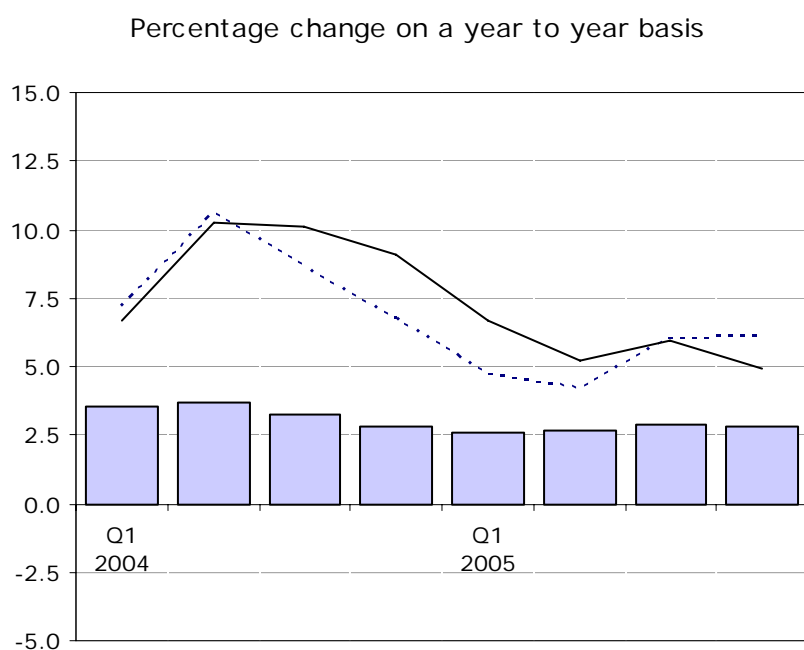
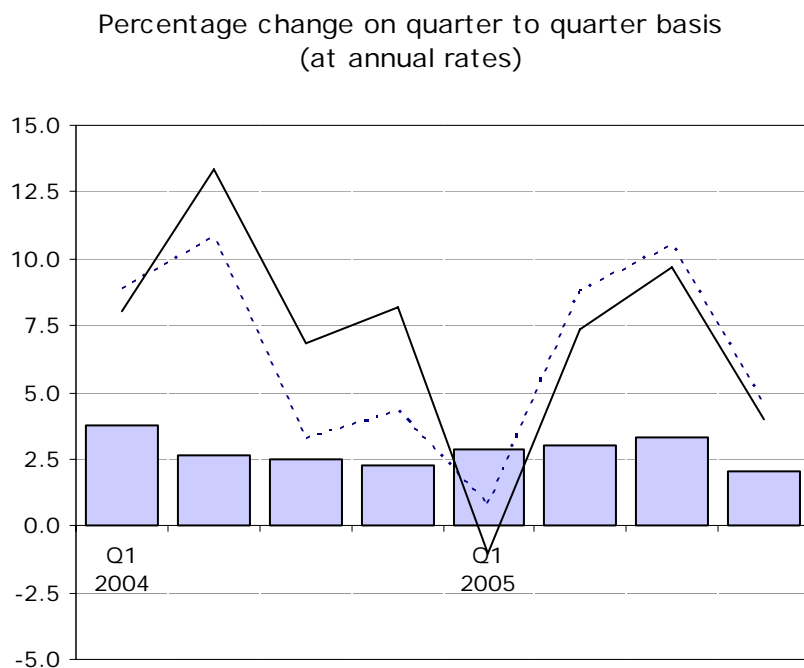
Assuming that economic growth in the OECD countries gains momentum in the first half of 2006, and that the developing regions will sustain their high growth observed in 2005, the world economy is expected to grow by about 3.5% in 2006 — only a little faster than in 2005.

World trade is expected to benefit from this slightly stronger economic growth — in particular in the European Union, and could advance by 7% in 2006. This estimate is supported by evidence from the Secretariat's time series forecasting model which predicts trade growth of between 5.5% and 6% in the OECD area during 2006⁵.

Among the downside risks in this trade projection are that US demand could slow more strongly than expected under the impact of increased real interest rates and higher energy costs, and that the fledgling EU recovery does not materialize. A further rise in energy costs in 2006 cannot be excluded, as crude oil prices reached a new peak in the first quarter of 2006, already exceeding the annual average of 2005 by 10%.

⁵ Keck, A and Raubold, A, 2006, "Forecasting Trade: A Time Series Approach", WTO Staff Working Paper (forthcoming)

Chart 6: **Real GDP and trade growth of OECD countries, 2004-05**



GDP
 Exports of goods and services
 Imports of goods and services

Source: OECD, Olisnet.

Appendix Table 1
World merchandise trade by region and selected country, 2005
(Billion dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2005	2000-05	2003	2004	2005	2005	2000-05	2003	2004	2005
World	10121	10	17	21	13	10481	10	17	22	13
North America	1478	4	5	14	12	2285	6	8	16	14
United States	904	3	5	13	10	1733	7	9	17	14
Canada	360	5	8	16	14	320	6	8	14	14
Mexico	214	5	3	14	14	232	5	1	15	12
South and Central America ^a	351	13	15	29	25	294	7	6	28	22
Brazil	118	17	21	32	23	78	6	3	31	17
Other South and Central America ^a	232	11	12	28	26	216	8	7	27	24
Europe	4353	11	19	20	8	4521	10	20	20	9
European Union (25)	3988	10	19	19	7	4120	10	20	20	8
Germany	971	12	22	21	7	774	9	23	18	8
France	459	7	18	15	2	496	8	21	18	5
United Kingdom	378	6	9	14	9	501	8	13	20	6
Italy	367	9	18	18	4	380	10	20	19	7
Other Western Europe ^b	233	10	14	18	14	182	8	15	16	10
Switzerland	126	9	15	18	6	121	8	15	16	9
South-East Europe ^b	132	21	29	34	17	219	19	33	36	18
CIS	342	19	27	36	29	216	21	27	31	25
Russian Federation	245	18	27	35	34	125	23	25	28	28
Africa	296	15	26	30	29	248	14	21	29	16
South Africa	52	12	23	26	13	67	17	40	39	16
Africa less South Africa	244	16	26	31	33	181	13	16	26	16
Oil exporters ^c	166	18	33	41	45	63	17	17	34	17
Non oil exporters	78	11	18	18	12	118	11	15	22	16
Middle East	529	15	20	30	36	318	15	15	26	19
Asia	2773	11	19	25	15	2599	12	20	27	16
Japan	596	4	13	20	5	516	6	14	19	14
China	762	25	35	35	28	660	24	40	36	18
Four East Asian traders ^d	731	9	19	25	12	676	8	15	27	14
India	90	16	16	33	19	132	21	26	37	35
Memorandum items:										
MERCOSUR (4)	163	14	19	28	20	113	5	11	38	18
ASEAN (10)	653	9	16	20	14	593	9	13	25	16
EU (25) extra-trade	1328	11	17	21	10	1460	10	19	21	14
EU (15)	3679	10	19	18	6	...	...	...	...	...
EU (new members, 10)	309	20	29	34	16	...	...	...	...	...
Developing economies	3443	13	19	27	22	3024	12	17	28	17
Developing Asia	2050	13	21	27	18	1932	13	22	30	17

^a Includes the Caribbean.

^b For composition of the group see the Technical Notes of WTO, International Trade Statistics, 2005.

^c Algeria, Angola, Chad, Congo, Equatorial Guinea, Gabon, Libya, Nigeria, Sudan.

^d Chinese Taipei, Hong Kong, China, Republic of Korea, and Singapore.

Source: WTO.

Appendix Table 2

World trade of commercial services by region and selected country, 2005

(Billion dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2005	2000-05	2003	2004	2005	2005	2000-05	2003	2004	2005
World	2415	10	15	19	11	2361	10	14	18	11
North America	420	5	5	11	10	373	7	8	15	10
United States	353	5	5	11	10	289	7	8	15	10
Canada	51	5	7	11	9	62	7	14	13	10
Mexico	16	3	0	12	12	22	5	3	10	12
South and Central America ^a	68	8	10	16	20	70	5	4	14	22
Brazil	15	11	9	21	28	22	7	6	12	38
Other South and Central America ^a	53	7	10	14	17	48	4	3	15	15
Europe	1233	11	19	19	7	1119	11	19	16	8
European Union (25)	1104	11	19	19	7	1034	10	19	16	7
Germany	143	12	20	15	7	199	8	19	13	4
United Kingdom	183	9	15	23	-1	150	9	13	20	4
France	114	7	15	12	4	103	11	20	18	7
Italy	93	11	19	17	13	92	11	20	10	15
Other Western Europe ^b	77	11	16	23	12	57	13	15	23	14
Switzerland	45	10	15	24	9	25	10	11	25	7
South-East Europe ^b	52	12	35	23	15	29	13	27	30	19
CIS	40	18	16	23	20	58	20	17	24	18
Russian Federation	24	20	20	25	20	38	18	16	23	15
Africa	57	13	26	20	12	66	12	16	19	15
South Africa	10	16	69	14	17	12	16	52	26	19
Middle East	54	11	27	14	12	80	11	19	20	11
Asia	543	12	10	26	19	595	10	10	25	15
Japan	107	8	8	25	12	136	3	3	22	1
China	81	22	18	34	31	85	19	19	31	19
Four East Asian traders ^c	175	8	9	18	9	165	8	8	21	10
India	68	33	21	66	76	67	29	23	53	73
Memorandum items:										
MERCOSUR (4)	23	8	13	21	25	31	4	8	15	32
ASEAN (10)	104	8	2	22	10	132	9	9	21	14

^a Includes the Caribbean.

^b For composition of country groups see the Technical Notes of WTO, International Trade Statistics, 2005.

^c Chinese Taipei, Hong Kong China, Republic of Korea and Singapore.

Source: WTO.

Appendix Table 3

Leading exporters and importers in world merchandise trade, 2005

(Billion dollars and percentage)

Rank 2005	Rank 2004	Exporters	Value	Share	Annual % change	Rank 2005	Rank 2004	Importers	Value	Share	Annual % change
1	(1)	Germany	970.7	9.3	7	1	(1)	United States	1732.7	16.1	14
2	(2)	United States	904.3	8.7	10	2	(2)	Germany	774.1	7.2	8
3	(3)	China	762.0	7.3	28	3	(3)	China	660.1	6.1	18
4	(4)	Japan	595.8	5.7	5	4	(6)	Japan	516.1	4.8	14
5	(5)	France	459.2	4.4	2	5	(5)	United Kingdom	501.2	4.7	6
6	(6)	Netherlands	401.3	3.9	12	6	(4)	France	495.8	4.6	5
7	(8)	United Kingdom	377.9	3.6	9	7	(7)	Italy	379.7	3.5	7
8	(7)	Italy	366.8	3.5	4	8	(8)	Netherlands	357.9	3.3	12
9	(9)	Canada	359.6	3.5	14	9	(9)	Belgium	320.4	3.0	12
10	(10)	Belgium	329.6	3.2	7	10	(10)	Canada	320.1	3.0	14
11	(11)	Hong Kong, China domestic exports	292.3	2.8	10	11	(11)	Hong Kong, China retained imports ^a	300.6	2.8	10
		re-exports	20.3	0.2	2				28.6	0.3	5
			272.0	2.6	11						
12	(12)	Korea, Republic of	284.7	2.7	12	12	(12)	Spain	277.6	2.6	7
13	(15)	Russian Federation	245.3	2.4	34	13	(13)	Korea, Republic of	261.0	2.4	16
14	(13)	Singapore	229.6	2.2	16	14	(14)	Mexico	231.7	2.2	12
		domestic exports	124.5	1.2	17						
		re-exports	105.1	1.0	14						
15	(14)	Mexico	213.7	2.1	14	15	(15)	Singapore	200.0	1.9	15
								retained imports ^a	94.9	0.9	16
16	(17)	Taipei, Chinese	196.6	1.9	8	16	(16)	Taipei, Chinese	185.9	1.7	10
17	(16)	Spain	186.1	1.8	2	17	(24)	India	131.6	1.2	35
18	(19)	Saudi Arabia ^b	178.8	1.7	42	18	(19)	Australia	125.3	1.2	15
19	(18)	Malaysia	140.9	1.4	11	19	(23)	Russian Federation ^c	125.1	1.2	28
20	(20)	Sweden	129.9	1.3	5	20	(17)	Austria	124.7	1.2	4
21	(21)	Switzerland	125.9	1.2	6	21	(18)	Switzerland	121.2	1.1	9
22	(22)	Austria	123.3	1.2	4	22	(25)	Thailand	118.2	1.1	25
23	(24)	Brazil	118.3	1.1	23	23	(22)	Turkey	116.4	1.1	19
24	(27)	United Arab Emirates ^b	112.5	1.1	36	24	(20)	Malaysia	114.6	1.1	9
25	(25)	Thailand	110.1	1.1	14	25	(21)	Sweden	110.6	1.0	10
26	(23)	Ireland	109.5	1.1	5	26	(26)	Poland	100.5	0.9	12
27	(26)	Australia	105.8	1.0	22	27	(29)	Brazil	77.6	0.7	17
28	(28)	Norway	103.3	1.0	25	28	(30)	United Arab Emirates ^b	77.0	0.7	25
29	(30)	India	89.8	0.9	19	29	(27)	Czech Republic ^c	76.9	0.7	10
30	(31)	Poland	88.9	0.9	19	30	(28)	Denmark	76.5	0.7	12
		Total of above ^d	8712.7	83.8	-			Total of above ^d	9011.1	83.8	-
		World ^d	10393.1	100.0	13			World ^d	10753.1	100.0	13

^a Retained imports are defined as imports less re-exports.

^b Secretariat estimates.

^c Imports are valued f.o.b.

Source: WTO.

Appendix Table 4

Leading exporters and importers in world merchandise trade (excluding intra-EU (25) trade), 2005

(Billion dollars and percentage)

Rank 2005	Rank 2004	Exporters	Value	Share	Annual % change	Rank 2005	Rank 2004	Importers	Value	Share	Annual % change
1	(1)	Extra-EU (25) exports	1327.8	17.2	10	1	(1)	United States	1732.7	21.4	14
2	(2)	United States	904.3	11.7	10	2	(2)	Extra-EU (25) imports	1460.2	18.0	14
3	(3)	China	762.0	9.9	28	3	(3)	China	660.1	8.2	18
4	(4)	Japan	595.8	7.7	5	4	(4)	Japan	516.1	6.4	14
5	(5)	Canada	359.6	4.6	14	5	(5)	Canada	320.1	4.0	14
6	(6)	Hong Kong, China	292.3	3.8	10	6	(6)	Hong Kong, China	300.6	3.7	10
		domestic exports	20.3	0.3	2			retained imports ^a	28.6	0.4	5
		re-exports	272.0	3.5	11						
7	(7)	Korea, Republic of	284.7	3.7	12	7	(7)	Korea, Republic of	261.0	3.2	16
8	(10)	Russian Federation	245.3	3.2	34	8	(8)	Mexico	231.7	2.9	12
9	(8)	Singapore	229.6	3.0	16	9	(9)	Singapore	200.0	2.5	15
		domestic exports	124.5	1.6	17			retained imports ^a	94.9	1.2	16
		re-exports	105.1	1.4	14						
10	(9)	Mexico	213.7	2.8	14	10	(10)	Taipei, Chinese	185.9	2.3	10
11	(11)	Taipei, Chinese	196.6	2.5	8	11	(16)	India	131.6	1.6	35
12	(13)	Saudi Arabia ^b	178.8	2.3	42	12	(12)	Australia	125.3	1.5	15
13	(12)	Malaysia	140.9	1.8	11	13	(15)	Russian Federation ^c	125.1	1.5	28
14	(14)	Switzerland	125.9	1.6	6	14	(11)	Switzerland	121.2	1.5	9
15	(15)	Brazil	118.3	1.5	23	15	(17)	Thailand	118.2	1.5	25
16	(18)	United Arab Emirates ^b	112.5	1.5	36	16	(14)	Turkey	116.4	1.4	19
17	(16)	Thailand	110.1	1.4	14	17	(13)	Malaysia	114.6	1.4	9
18	(17)	Australia	105.8	1.4	22	18	(18)	Brazil	77.6	1.0	17
19	(19)	Norway	103.3	1.3	25	19	(19)	United Arab Emirates ^b	77.0	1.0	25
20	(20)	India	89.8	1.2	19	20	(21)	Indonesia	68.7	0.8	25
21	(21)	Indonesia	86.3	1.1	20	21	(20)	South Africa	66.5	0.8	16
22	(22)	Turkey	73.3	0.9	16	22	(23)	Saudi Arabia ^b	56.1	0.7	26
23	(24)	Iran, Islamic Rep. of ^b	58.4	0.8	32	23	(22)	Norway	54.9	0.7	13
24	(26)	Bolivarian Rep. of Venezuela	56.2	0.7	45	24	(24)	Israel	46.9	0.6	9
25	(23)	South Africa	51.9	0.7	13	25	(25)	Philippines	46.3	0.6	9
26	(31)	Algeria	44.4	0.6	42	26	(26)	Iran, Islamic Rep. of ^b	41.6	0.5	18
27	(33)	Kuwait	44.0	0.6	54	27	(27)	Romania	40.5	0.5	24
28	(32)	Nigeria ^b	43.5	0.6	40	28	(28)	Viet Nam	36.9	0.5	15
29	(27)	Israel	42.6	0.6	10	29	(29)	Ukraine	36.1	0.4	25
30	(25)	Philippines	41.2	0.5	4	30	(30)	Chile	32.5	0.4	31
		Total of above ^d	7038.9	91.0	-			Total of above ^d	7402.4	91.5	-
		World (excl. intra-EU (25)) ^d	7733.3	100.0	16			World (excl. intra-EU (25)) ^d	8093.3	100.0	15

^a Retained imports are defined as imports less re-exports.

^b Secretariat estimates.

^c Imports are valued f.o.b.

^d Includes significant re-exports or imports for re-export.

Source: WTO.

Appendix Table 5

Leading exporters and importers in world trade in commercial services, 2005

(Billion dollars and percentage)

Rank 2005	Rank 2004	Exporters	Value	Share	Annual % change	Rank 2005	Rank 2004	Importers	Value	Share	Annual % change
1	(1)	United States	353.3	14.6	10	1	(1)	United States	288.7	12.2	10
2	(2)	United Kingdom	183.4	7.6	-1	2	(2)	Germany	198.6	8.4	4
3	(3)	Germany	142.9	5.9	7	3	(3)	United Kingdom	150.1	6.4	4
4	(4)	France	113.7	4.7	4	4	(4)	Japan	135.9	5.8	1
5	(5)	Japan	106.6	4.4	12	5	(5)	France	102.9	4.4	7
6	(7)	Italy	93.4	3.9	13	6	(6)	Italy	92.3	3.9	15
7	(6)	Spain	91.2	3.8	8	7	(8)	China	85.3	3.6	...
8	(9)	China	81.2	3.4	...	8	(7)	Netherlands	69.2	2.9	1
9	(8)	Netherlands	75.0	3.1	4	9	(9)	Ireland	67.5	2.9	5
10	(16)	India	67.6	2.8	...	10	(15)	India	67.4	2.9	...
11	(10)	Hong Kong, China	60.3	2.5	11	11	(11)	Spain	65.3	2.8	15
12	(13)	Ireland	54.7	2.3	5	12	(10)	Canada	62.3	2.6	10
13	(12)	Austria	53.8	2.2	11	13	(12)	Korea, Republic of	58.0	2.5	17
14	(11)	Belgium	53.4	2.2	6	14	(14)	Austria	51.7	2.2	12
15	(14)	Canada	50.6	2.1	9	15	(13)	Belgium	51.2	2.2	6
16	(18)	Switzerland	45.2	1.9	9	16	(16)	Singapore	44.0	1.9	9
17	(19)	Singapore	45.1	1.9	10	17	(19)	Russian Federation	37.6	1.6	15
18	(15)	Korea, Republic of	43.5	1.8	9	18	(17)	Denmark ^a	36.0	1.5	...
19	(17)	Sweden	42.8	1.8	12	19	(18)	Sweden	35.2	1.5	7
20	(22)	Luxembourg	39.6	1.6	20	20	(21)	Hong Kong, China	31.6	1.3	5
		Total of above	1795.0	74.4	-			Total of above	1730.0	73.3	-
		World	2415.0	100.0	11			World	2360.0	100.0	11

^a Secretariat estimate.

Note: Figures for a number of countries and territories have been estimated by the Secretariat. Annual percentage changes and rankings are affected by continuity breaks in the series for a large number of economies, and by limitations in cross-country comparability.

Source: WTO.