

I RECENT TRADE DEVELOPMENTS AND SELECTED TRENDS IN TRADE

A RECENT TRENDS IN INTERNATIONAL TRADE

1. INTRODUCTION: THE STATE OF THE WORLD ECONOMY AND TRADE IN 2006

The year 2006 witnessed robust growth in the world economy and vigorous trade expansion. According to data available in April 2007, which has been used in this section, global gross domestic production (GDP) growth accelerated to 3.7 per cent, the second best performance since 2000. All major regions recorded GDP growth in excess of population growth.

Economic growth in the least-developed countries continued to exceed 6 per cent for the third year in a row. A large part of the stronger global economy is attributable to the recovery in Europe, which turned out to be stronger than expected in early 2006. The United States economy maintained its overall expansion as weaker domestic demand was balanced by a reduction in the external deficit, mainly due to a faster export growth. In Japan somewhat faster economic growth was achieved despite weaker domestic demand reflected in a widening of its external surplus. China and India continued to report outstandingly high economic and trade growth.

Strong economic fundamentals in many key economies contributed to stronger investor confidence worldwide. General government deficits decreased in the United States, the European Union and in Japan and inflationary pressures were contained. A high level of global monetary liquidity combined with a low level of real interest rates contributed to a rally on global stock markets. Stock markets in emerging economies again recorded much faster growth than those in developed economies. Increased investor confidence in emerging markets is also reflected in the sharply reduced spread in interest margins between emerging market bonds and those of US government bonds.

The more favourable investment climate is also reflected in a sharp rise in global foreign direct investment (FDI) flows in 2006, which approached the record levels of the past. UNCTAD¹ reports that global FDI inflows surged by one-third to \$1.23 trillion, the second highest level ever. The high growth of global FDI flows can be attributed partly to increased mergers and acquisitions activity and higher share prices. A high level of total net private capital flows to emerging markets was reported by the Institute of International Finance.²

A further sign of high global liquidity is the rise in global foreign exchange reserves and the advanced re-payment of external public debt by a number of developing countries. Debt levels, measured by the outstanding debt to GDP ratios, decreased in all developing regions partly due to debt forgiveness. For the heavily indebted poor countries the debt levels in 2006 are estimated to have come down to half the level reported five years ago.³

The real effective exchange rate of the US dollar continued to depreciate moderately, contributing to the readjustment of the US current account deficit (the trade deficit in goods and services).⁴ The exchange rates of the Asian economies with large current account surpluses fared differently in 2006. On an annual average basis, real effective exchange rates appreciated significantly in the case of the Republic of Korea and Singapore and moderately in the case of China. The Japanese yen, however, continued to depreciate in 2006.⁵

¹ UNCTAD, UNCTAD Investment Brief, No.1, 2007.

² Institute for International Finance, Capital Flows to Emerging Market Economies, January 18, 2007.

³ IMF, World Economic Outlook, April 2007, Table 40.

⁴ The ratio of the US current account deficit to US GDP is estimated to have remained unchanged in 2006 and the deficit started to decline in current dollar terms in the fourth quarter of 2006.

⁵ JPMorgan, Real broad effective exchange rate indices. Direct communication to the WTO Secretariat, March 2007.

High global liquidity and a further steep rise in the price of fuels and nominal interest rates have not so far translated into higher domestic inflation rates. In developed markets consumer price increases averaged between 2 and 3 per cent, and in the developing economies the rate was about 5 per cent. In both developed and developing regions no acceleration in consumer price inflation was observed between 2005 and 2006.⁶ However, inflationary pressures can be detected in sectors for which supply is less elastic, such as real estate markets and auction prices for works of art.

The strong global macroeconomic situation in 2006 provided a favourable framework for the expansion of international trade. In 2006, world merchandise exports grew in real terms (i.e. at constant prices) by 8.0 per cent, compared to 6.5 per cent in the preceding year. A large part of this trade acceleration can be attributed to the marked recovery in Europe's export and import growth. Higher prices of fuels and metals led to a moderate increase in the quantity of mining products traded internationally but the higher export earnings of oil exporters resulted in import growth in excess of the world average. High energy prices also invigorated demand for mining equipment and investment in machinery with high energy efficiency.

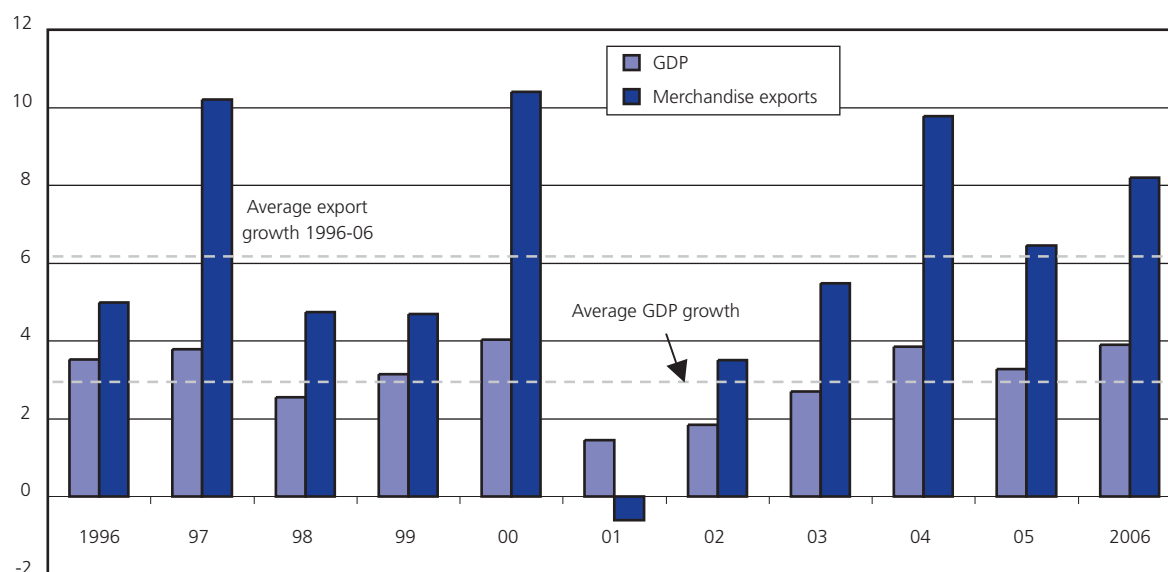
China's merchandise trade expansion remained outstandingly strong in 2006. Office and telecom equipment continued to be the mainstay of Chinese export growth but significant gains in world market shares in 2006 could be observed in "traditional" exports such as clothing and "new" products such as iron and steel. Chinese imports again rose faster than global trade but continued to lag behind export growth.

2. REAL MERCHANDISE TRADE DEVELOPMENTS AND OUTPUT IN 2006

The pick up in global economic activity was the major factor in the vigorous expansion of global trade in 2006. Real merchandise export growth is provisionally estimated to have grown by 8.0 per cent in 2006, almost two percentage points faster than in 2005, and well above the average expansion of the last decade (1996-2006). The expansion of real trade exceeded global output growth by more than 4 percentage points (see Chart 1).

Chart 1
Growth in the volume of world merchandise trade and GDP, 1996-2006

(Annual percentage change)



Source: WTO.

⁶ IMF, World Economic Outlook, April 2007.

In 2006, the variation in regional real trade growth increased even though economic growth by region differed less than in the preceding year. These divergent developments can be attributed largely to the terms of trade changes in favour of fuel-exporting countries and regions. The North American region comprises two net exporters of fuels and the United States, which is a major net importer of fuels. The real merchandise exports of the United States rose by 10.5 per cent in 2006, which was the highest growth rate since 1997 and almost two times faster than its import growth. Energy related petroleum products decreased by 2.5 per cent in volume terms. Weaker domestic demand in the United States, a lower real effective (i.e. trade weighted) dollar exchange rate, and stronger global demand growth contributed to this favourable development. Canada's merchandise exports slowed down markedly due to the combination of lower US demand and a marked appreciation of the Canadian dollar since 2002. Mexican merchandise trade expanded vigorously with both imports and exports up by double digit rates as its economy recorded its best growth since 2000.

At 13.5 per cent, Asia's real merchandise exports remained the most buoyant of all regions. Asia's imports rose faster than in the preceding year and faster than world trade but continued to lag behind its export growth. Most of the excess of Asia's export over import growth can be attributed to the region's major traders, China and Japan. The expansion of China's exports was somewhat less dynamic in 2006 than in 2005, while Japan, the Republic of Korea and Chinese Taipei recorded a faster growth (between 10 and 15 per cent). Imports into Japan and Chinese Taipei, however, advanced by only 2 to 3 per cent in 2006.

Table 1
GDP and merchandise trade by region, 2004-06
(Annual percentage change, at constant prices)

	GDP			Exports			Imports		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
North America	3.9	3.2	3.4	8.0	6.0	8.5	10.5	6.5	6.5
United States	3.9	3.2	3.4	8.5	8.0	10.5	11.0	6.0	5.5
South and Central America ^a	6.9	5.2	5.2	13.0	8.0	2.0	18.5	14.0	10.5
Europe	2.4	1.8	2.8	7.0	4.0	7.5	7.0	4.0	7.0
European Union (25)	2.3	1.6	2.8	7.0	4.0	7.5	6.5	3.5	6.5
Commonwealth of Independent States (CIS)	8.0	6.7	7.5	12.0	3.5	3.0	16.0	18.0	20.0
Africa and Middle East	6.0	5.5	5.4	8.0	5.0	1.0	14.0	13.0	8.5
Asia	4.8	4.1	4.4	15.5	11.5	13.5	14.5	8.0	8.5
China	10.1	9.9	10.7	24.0	25.0	22.0	21.5	11.5	16.5
Japan ^b	2.7	1.9	2.2	13.5	5.0	10.0	6.5	2.0	2.0
India	8.0	8.5	8.3	15.5	20.5	11.5	16.0	20.5	12.0
World	3.9	3.2	3.7	10.0	6.5	8.0	...	...	...

^a Includes the Caribbean.

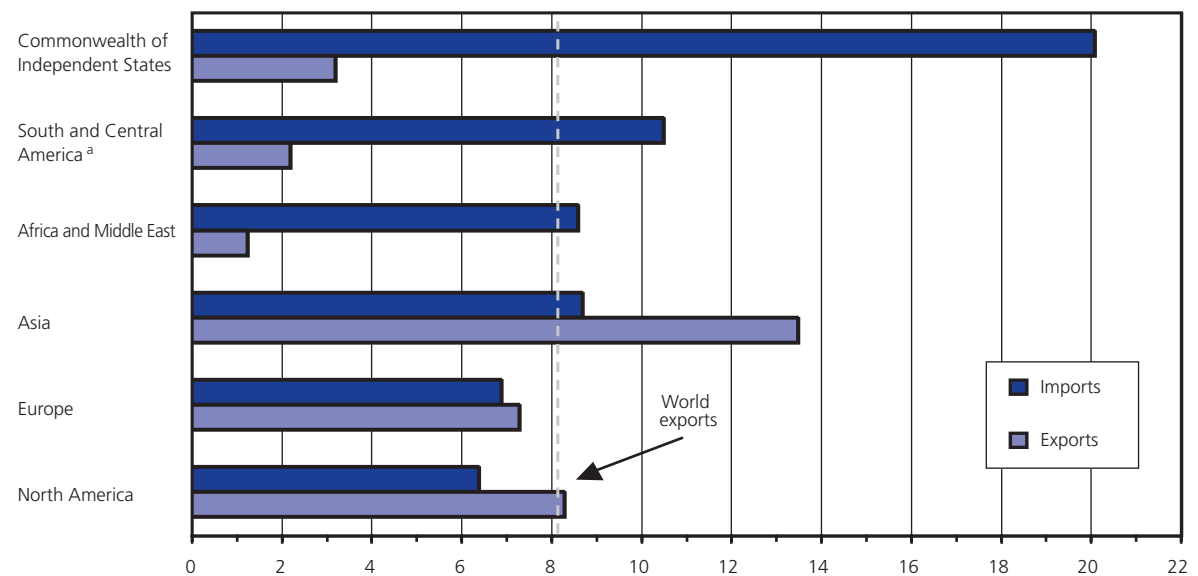
^b Trade volume data are derived from customs values deflated by standard unit values and an adjusted price index for electronic goods.

Source: WTO.

Europe's real merchandise exports recorded their strongest annual growth since 2000, exceeding import growth (estimated at 7 per cent) but continued to lag behind the global rate of trade expansion. European countries recorded considerable variation in their trade performance. Double-digit export growth can be observed for the countries at its eastern border, ranging from Finland and the Baltic states in the North to Turkey in the South. All these countries benefited from further integration with the EU and the strength of import demand from the Commonwealth of Independent States (CIS) region. Both Germany and the United Kingdom recorded export and import growth well above the European average, while real trade growth was sluggish in Italy and Spain and stagnated in France and Ireland.

The four net fuel exporting regions (CIS, Middle East, Africa and South/Central America and the Caribbean) only recorded a small increase in their export volume (of about 2 percentage points), while their imports rose faster than global trade in 2006 (Chart 2). The most buoyant imports of all regions were observed for the Commonwealth of Independent States, which are estimated to have expanded by 20 per cent, while the region's real exports remained sluggish in 2006. In contrast to these global trade developments, South and Central America's expansion rate of both exports and imports decelerated in 2006. Venezuela recorded a marked contraction of her exports and those of Brazil rose by less than 4 per cent. The combined exports of Africa and the Middle East are estimated to have almost stagnated, while imports, despite their deceleration, continued to expand somewhat faster than the global average. While the slowdown in the exports of these regions can be linked to reduced demand for the more expensive categories of fuels and metals, the increase in imports might be considered modest given the outstanding income growth of these regions over the last three years.⁷

Chart 2
Real merchandise trade growth by region, 2006
(Annual percentage change)



^a Includes the Caribbean.

Source: WTO.

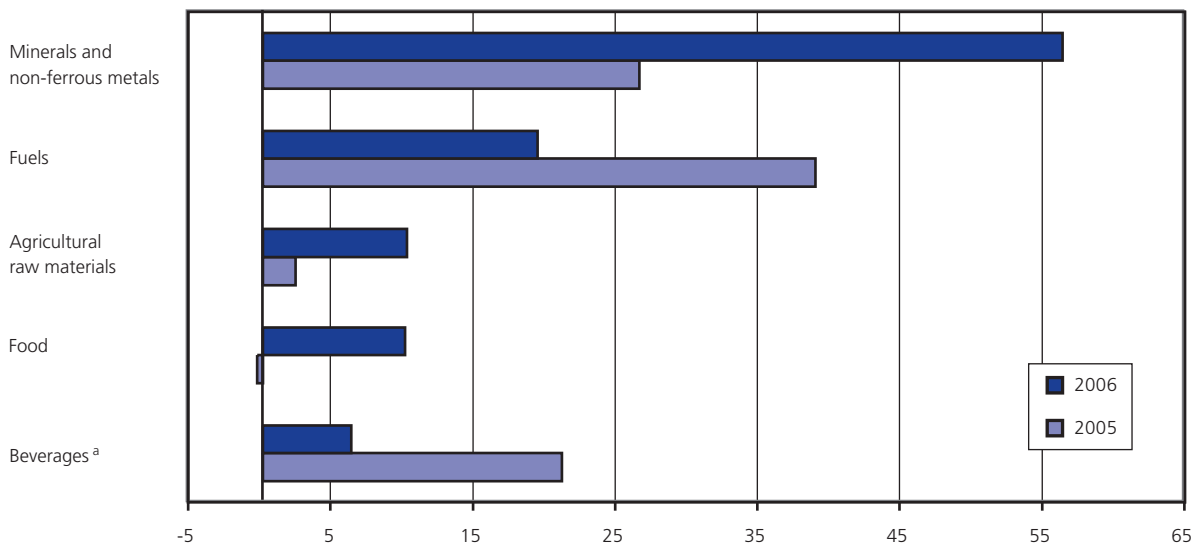
⁷ There are indications that some imports are not fully covered in the regular trade returns which could lead not only to an underreporting of the level of imports but also to an underestimation of their import growth.

3. NOMINAL MERCHANDISE AND COMMERCIAL SERVICES TRADE DEVELOPMENTS IN 2006⁸

World merchandise exports in dollar value terms were strongly affected by price developments in 2006. Price developments differed widely by sector in the course of the year. According to the IMF commodity price indices, the world export prices of minerals and non-ferrous metals increased by 56 per cent, those of fuels by 20 per cent and those of food and agricultural raw materials by 10 per cent (see Chart 3). Export prices of manufactured goods are estimated to have increased by not more than 3 per cent.⁹

Chart 3
Export prices of selected primary products, 2005 and 2006

(Annual percentage change)



^a Comprising coffee, cocoa beans and tea.

Source: IMF, International Financial Statistics.

Price changes for manufactured goods remained less strong than those for primary products for the third consecutive year. An important element in the moderate price trends for manufactured goods was the continued decline in prices for electronic goods, which accounted for more than one in six dollars of world exports of manufactured goods in 2005. These shifts in relative prices explain largely the different regional export unit values (prices) which ranged from 4 per cent to 5 per cent for Asia and Europe to about 18 per cent to 20 per cent for exports of South and Central America, Africa, the Middle East and the CIS. Information on price trends for world commercial services trade are not available. However, the price deflators for US services exports and imports increased between 3 and 4 per cent in 2006, somewhat less rapidly than in the preceding year.

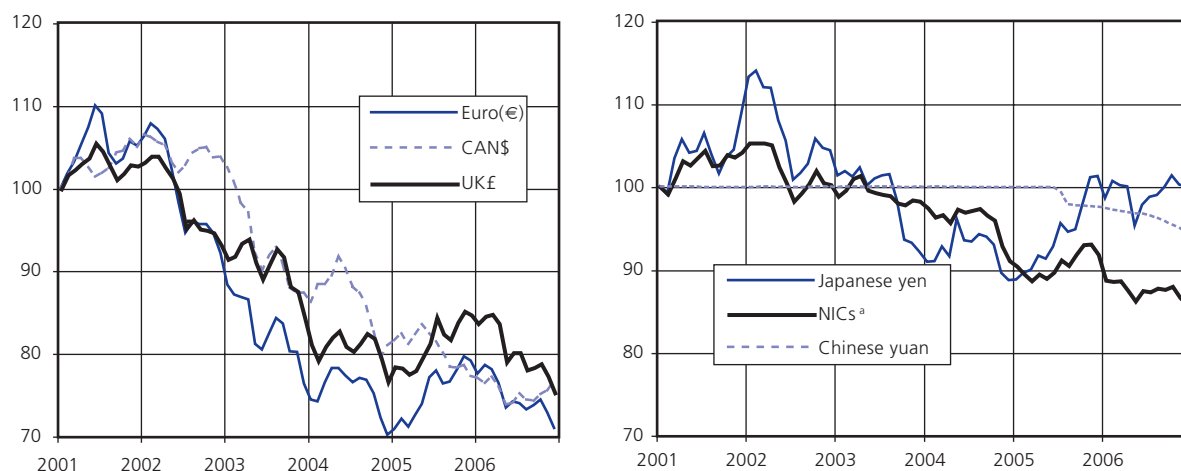
Overall exchange rate developments in 2006 only had a moderate impact on the dollar price level of internationally traded goods. Contrary to developments between 2002 and 2004, the average annual exchange rate change between the US dollar and the euro and the British pound had been rather moderate as divergent developments in the course of 2005 and 2006 balanced each other. While a weaker yen might have contributed to weaker dollar export prices of Japan, the appreciation of the Canadian dollar and the currencies of several Asian traders had the opposite effect (see Chart 4).

⁸ Merchandise trade values for 2006 were estimated on the basis of monthly customs data while commercial services data are derived from Balance of Payments statistics. The latter are typically available later than merchandise trade data, contributing to a greater uncertainty in the estimates for services than for merchandise trade in 2006.

⁹ Dollar export prices of manufactured goods increased in the United States and Germany by 2.5 per cent and 1.7 per cent respectively while those of Japan decreased by 2.5 per cent in 2006. China's export unit value index for manufactured goods rose by 3.6 per cent in 2006.

Chart 4
Dollar changes vis-à-vis selected major currencies, 2001-06

(Indices, January 2001=100)



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

Source: IMF, International Financial Statistics.

World merchandise exports in dollar terms rose by 15.4 per cent to \$11.76 trillion. About 40 per cent of this value change can be attributed to inflation. Commercial services exports rose by 11 per cent to \$2.71 trillion. The increase in commercial services exports in 2006 was about the same as in the preceding year and for the fourth consecutive year less pronounced than that of merchandise trade. It is uncertain to what extent divergent relative price developments have contributed to the differences in the growth of merchandise and commercial services trade values.

Table 2
World exports of merchandise and commercial services, 2006
(Billion dollars and percentage)

	Value	Annual percentage change			
	2006	2000-06	2004	2005	2006
Merchandise	11762	11	22	14	15
Commercial services	2710	10	10	11	11

Source: WTO.

Merchandise exports by region in dollar terms have been strongly affected again by price developments. The four regions with the highest share of fuels and other mining products in their merchandise exports – the Middle East (70 per cent in 2005), Africa (65 per cent), the Commonwealth of Independent States (60 per cent) and South/Central America (37 per cent) again recorded the strongest annual export increases in 2006. However, as prices of fuels increased in 2006 less rapidly than in 2005, the sharp rise in the export values of these regions were in effect smaller than in the preceding year. The opposite development can be observed for the net importers of fuels – North America, Europe and Asia reported a faster export growth in 2006 than in 2005, although the growth in their shipments remained less strong than that of the fuel exporting regions.

Although Europe's merchandise exports recorded the weakest regional growth rate (13 per cent), its share in world merchandise exports, at 42 per cent, remained the largest of all regions. Europe's imports rose by 14 per cent to \$5.22 trillion. Intra-EU (25) trade rose by 13 per cent, which was somewhat stronger than export growth to third countries (11 per cent) but slower than imports from third countries (15 per cent). The Baltics and the Balkan states continued to record export and import growth in excess of 20 per cent. The combined exports/imports of the Balkan states exceed those of Turkey, whose exports and imports also expanded faster than those of total Europe.

In North America, Mexico reported stronger export and import growth than its NAFTA partners. The United States reported its best annual export growth performance (14 per cent) in more than a decade, and although US export growth exceeded its import growth (11 per cent), the merchandise trade deficit had grown already so large that it continued to grow in 2006. Only in the fourth quarter, supported by the decline in import volumes and falling import prices for crude oil, did the US merchandise trade deficit started to decrease.

Asia's merchandise exports and imports continued to expand faster than world trade in 2006. Among the six major Asian traders China continued to record the highest export and import growth, and as its export growth continued to exceed its import growth, the merchandise trade surplus rose sharply. In the course of 2006, China's trade surplus widened further as the momentum in the export expansion was maintained while nominal import growth slackened, partly due to weaker oil prices. The dollar value of Japan's merchandise exports grew by nearly 9 per cent but continued to lag behind the expansion of world trade and its own import growth. The fast growing economies of India and Viet Nam reported a vigorous expansion of exports and imports, in the range of 20 per cent to 35 per cent in 2006. Since 1995, the exports and imports of these two countries have expanded faster than Asia's trade and their share in world merchandise exports increased markedly. Among the smaller Asian traders, Bangladesh, Cambodia and Mongolia continued their double-digit export expansion, a feature since 2003, with exports up between 20 per cent and 44 per cent in 2006. The merchandise trade of New Zealand virtually stagnated while that of Chinese Taipei and the Philippines was less dynamic than world trade in 2006.

Africa's merchandise exports rose by 21 per cent, again faster than imports, which are estimated to have increased by nearly 16 per cent. The share of Africa in world merchandise exports reached its highest level since 1990. Although most of Africa's export growth can be attributed to the rise in oil exports, it is a noticeable development that non-oil exporting African countries increased their exports by about 16 per cent. It is estimated that about one in 10 African countries experienced a decline in their exports, while half of them recorded an export expansion which exceeded the global average. South Africa, the region's largest merchandise trader, reported a rise in its imports of 24 per cent while exports advanced by 13 per cent.

Middle Eastern trade has been strongly affected by political and oil market developments. The region's merchandise exports are estimated to have grown by 19 per cent, roughly in line with crude oil prices. Merchandise imports increased by 14 per cent which must be considered a rather moderate increase given the surge in the region's export earnings and foreign exchange reserves in the past years.

Among the seven geographic regions distinguished in this report, the Commonwealth of Independent States (CIS) recorded the most dynamic export and import growth in 2006. Benefiting from strong fuel and metal prices on world markets, the region's exports increased by one-quarter last year to \$422 billion, more than twice the level recorded only three years ago. Imports rose by nearly one-third to \$278 billion, but the region's merchandise trade surplus continued to expand by about \$20 billion in 2006.

South/Central America's merchandise exports and imports continued to expand faster than world trade in 2006 even though their growth was less pronounced than in the preceding year. The deceleration in the region's export growth is attributable largely to the performance of the region's oil exporters and Brazil. Sharply higher prices for metals benefited exports from Chile, Jamaica, Peru and Suriname. The exports of Chile and Peru surged by more than 40 per cent, the highest export growth rates reported in the region in 2006.

Box 1: Textiles and clothing trade developments in 2006

In the second year after the phasing out of the Agreement on Textiles and Clothing, the structural changes in world trade of textiles and clothing continued unabatedly. Exporters from developed countries and those from advanced developing economies in East Asia are losing market share, together with major developing suppliers in Central America and the Mediterranean region, which process textiles originating from developed countries. China's exports continued to gain market share in all major developed import markets despite restrictions introduced in 2005. Some smaller suppliers expanded their textiles and clothing exports even faster than China and the share of least-developed countries in imports of the United States and the European Union increased sharply in 2006.

The annual expansion rate of textiles and clothing imports from China into Canada, the United States and the EU was roughly halved between 2005 and 2006 in each of these three markets. The combined textiles imports of the three economies from China rose by 41 per cent in 2005 and is estimated to have increased by 15 per cent in 2006. Despite the sharp deceleration this rate is still about twice the rate of imports from all sources (with EU intra-trade excluded). These import developments suggest that the introduction of quotas in the United States and the EU in the course of 2005 had a restrictive effect on textiles imports from China. On the other hand, the deceleration in textiles exports from China to Canada was about the same as to the United States in the absence of any new quotas. The new restrictions also had no apparent effect on China's overall exports of textiles and clothing to the world, which increased in 2006 by one-quarter – somewhat faster than in 2005 (21 per cent).

Imports of textiles and clothing of the four major developed markets (incl. Japan) are estimated to have increased by 5.5 per cent, to about \$350 billion in 2006. This increase was slightly faster than in the preceding year despite the deceleration in US import growth, to less than 4 per cent. In contrast to the moderate overall import growth, intra-NAFTA textiles (and clothing) trade was declining and that of intra-EU(25) stagnated in 2006. US imports from CAFTA members and the Dominican Republic, and Sub-Saharan Africa, declined by 7 per cent and 10 per cent respectively. The strongest decline in US imports (–14 per cent) was observed for the more advanced economies in Asia (i.e. Hong Kong, China; Chinese Taipei and the Republic of Korea). US imports from the EU (25), which still exceeded those from India in 2005, decreased by 2.5 per cent in 2006.

The import decline from these suppliers was balanced by a double digit increase of imports from six Asian countries. While imports from China increased by 15 per cent and accounted for nearly 30 per cent of total US imports of textiles and clothing, the rise in imports from Indonesia, Viet Nam, Bangladesh and Cambodia exceeded that from China. Imports from India, a major supplier to the United States, rose 12 per cent in 2006, which was less than the rate recorded by China.

The re-shuffling of EU import shares had similarities with those of the US market. Some of the major traditional suppliers (e.g. Turkey, Romania, Morocco, Tunisia) lost market shares while Asian developing countries increased their share. As in the US market, China expanded its role as leading supplier, but imports from smaller Asian suppliers tended to rise faster than those from China. Rather untypical is the sharp rise of EU clothing imports from Hong Kong, China in 2006.

Among the developed markets Japan's textiles and clothing imports are the most concentrated on China due both to geographic proximity and the absence of import quotas in the recent past. More than three-quarters of Japan's textiles and clothing imports originated from China in 2006. The share exceeds 80 per cent for clothing imports.

At nearly 9 per cent, Canada recorded with the strongest rise in textiles and clothing imports of the four major developed markets in 2006. Imports from China rose by more than 20 per cent. The structural shifts among suppliers observed in 2006 were similar to those observed in the US market.

Imports of textiles and clothing into major markets by origin, 2006

(Billion dollars and percentage change)

	United States	EU(25)	Japan	Canada
<i>World (value)</i>	106.4	197.5	30.0	11.2
Annual Growth				
World	4	6	6	9
China	15	13	8	22
India	8	13	12	6
Pakistan	12	12	-7	9
Bangladesh	22	31	4	19
Cambodia	25	17	...	21
Indonesia	25	17	4	18
Philippines	9	20	...	5
Viet Nam	18	48	6	33
Thailand	1	9	-2	0
Sri Lanka	2	21	12	...
East Asia(4)	-14	22	-5	-12
Sub-Saharan Africa	-10	9	...	...
Egypt	32	13	...	...
Morocco	69	4	...	...
Tunisia	...	1	29	...
CAFTA	-7	64	...	...
Mexico	-10	13	6	7
Canada	-7	6	-7	...
United States	...	11	-3	-1
EU(25)	-3	1	-2	2
Romania	15	1	...	...
Bulgaria	-18	13	...	...
Turkey	-17	4	20	-1
Memorandum items:				
Least-developed countries	14	27	27	17
Hong Kong, China	...	44	...	...

Note: East Asia(4) comprises Chinese Taipei; Hong Kong, China; Macao, China and the Republic of Korea. EU(25) imports include intra-trade.

Source: Global Trade Atlas and Eurostat, COMEXT data base.

It is clear from the discussion above that trade expansion in 2006 was very favourable for the developing countries as a group. Their combined merchandise exports rose by 20 per cent, to \$4.27 trillion, and imports rose by 17 per cent. The share of developing countries in world merchandise exports reached, with 36 per cent, an all-time record level. The share of developing countries in world merchandise imports was 31 per cent, the largest share in more than a quarter of a century. For the least-developed countries, the expansion of merchandise exports has been even stronger than for the developing countries over the last six years, including 2006. Least-developed countries' exports are estimated to have increased by about 30 per cent, to \$108 billion in 2006. Their share in world merchandise exports reached 0.9 per cent, the highest level since 1980 (the first year for which records are kept). Merchandise imports rose by 17 per cent, which was far less rapid than merchandise exports, leading the least-developed countries as

a group to record a trade surplus for the first time. Because of differences in commodity composition, individual country performance, and relative country size, aggregations such as developing countries and least-developed countries are increasingly less meaningful for trade analysis (see Appendix Table 1).

World commercial services exports rose by 11 per cent to \$2.7 trillion in 2006¹⁰. The expansion rate of global services trade was basically unchanged from the preceding year and that of the last six years. Since 2003, commercial services exports expanded less rapidly each year than merchandise trade.

Among the three broad commercial services categories, transportation, travel and “other commercial services”, the latter is by far the largest and also the fastest growing category. In 2006, other commercial services categories expanded by 13 per cent while transportation and travel services were up by

9 per cent and 7 per cent respectively. In the 1990s, transportation services expanded less rapidly than travel, but since 2000 the situation has been reversed. The relatively sluggish growth of travel services can be observed in all major exporting regions but is most pronounced in North America’s services trade.

Commercial services trade by region is presented in Appendix Table 2. Europe and North America, recorded – as in the preceding year – export and import growth below the world average. Within

Table 3
World exports of commercial services trade
by major category, 2006

(Billion dollars and percentage change)

	Value	Annual percentage change			
	2006	2000-06	2004	2005	2006
Commercial services	2710	10	20	11	11
Transport	626	10	25	12	9
Travel	737	7	18	8	7
Other commercial services	1347	12	19	12	13

Source: WTO.

the European Union services trade developments by member differed widely: services exports of France and Finland are reported to have declined, while those of Luxembourg and Poland expanded by one-quarter or more.¹¹ The CIS region reports export and import growth rates of commercial services of about 20 per cent, the fastest growth of all regions.

Asia’s commercial services exports continued for the third consecutive year to expand faster than the global average and faster than the region’s services imports, thereby reducing the region’s deficit in services trade. Japan, the region’s largest commercial services trader, increased its commercial services exports by 12 per cent and its imports by 8 per cent. Among the major Asian traders India continues to excel in terms of its services trade expansion. While the dynamic growth of India’s commercial – and in particular software services¹² – exports are widely reported, the dynamic expansion of its services imports attracts less attention even though the growth rate in 2006 exceeded that of exports. According to the most recent numbers, India’s commercial services imports are only about 5 per cent short of its commercial services exports.

The commercial services trade of Africa and the Middle East are provisionally estimated to have expanded close to the world average in 2006, but limitations in data availability could make these estimates subject to larger revisions than for the estimates provided for other regions.

¹⁰ Commercial services data are derived from Balance of Payments statistics which do not include the sales of majority-owned foreign affiliates abroad (commercial presence).

¹¹ The decline in services exports of France and Finland are concentrated in the group “other commercial services”. Economic explanations for this decrease have yet to be identified. In the case of Luxembourg the marked rise in services exports can be attributed to the strength in financial services.

¹² Comprising computer services, IT enabled services and business process outsourcing.

Appendix Table 1
World merchandise trade by region and selected country, 2006
(Billion dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2006	2000-06	2004	2005	2006	2006	2000-06	2004	2005	2006
World	11762	11	22	14	15	12080	11	22	13	14
North America	1675	5	14	12	13	2546	7	17	14	11
United States	1037	5	13	11	15	1920	7	17	14	11
Canada	388	6	16	14	8	357	7	14	15	11
Mexico	250	7	14	13	17	268	7	16	13	15
South and Central America ^a	426	14	30	25	20	351	9	28	23	18
Brazil	137	16	32	23	16	88	7	31	17	14
Other South and Central America ^a	289	13	29	25	22	262	10	27	25	19
Europe	4957	11	20	9	13	5218	11	20	10	14
European Union (25)	4527	11	19	8	12	4743	11	20	9	14
Germany	1112	12	21	7	15	910	11	18	9	17
United Kingdom	443	8	14	11	15	601	10	20	9	17
France	490	7	15	3	6	533	8	18	7	6
Italy	410	9	18	6	10	436	11	19	8	13
Commonwealth of Independent States (CIS)	422	19	36	28	24	278	23	31	25	29
Russian Federation	305	19	35	33	25	164	24	28	29	31
Africa	361	16	31	30	21	290	14	28	20	16
South Africa	58	12	27	12	13	77	17	35	17	24
Africa less South Africa	303	17	32	34	23	213	14	26	22	13
Oil exporters ^b	212	19	40	46	25	81	18	33	25	18
Non oil exporters	90	13	20	14	17	131	11	23	20	10
Middle East	644	16	33	35	19	373	14	31	19	14
Asia	3276	12	25	16	18	3023	12	27	17	16
China	969	25	35	28	27	792	23	36	18	20
Japan	647	5	20	5	9	578	7	19	13	12
India	120	19	30	30	21	174	23	37	41	25
Four East Asian traders ^c	844	9	25	12	15	787	9	27	13	17
Memorandum items:										
MERCOSUR	190	14	28	21	16	134	7	38	20	17
ASEAN	771	10	20	15	18	683	10	25	17	14
EU (25) extra-trade	1480	11	21	11	11	1697	11	21	15	15
Developing economies	4274	14	27	22	20	3749	13	29	18	17
Least Developed Countries (LDCs)	108	20	32	36	30	101	15	18	21	17

^a Includes the Caribbean. For composition of groups see the Technical Notes of WTO, International Trade Statistics, 2006.

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

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

Source: WTO.

Appendix Table 2
World commercial services trade by region and selected country, 2006
(Billion dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2006	2000-06	2004	2005	2006	2006	2000-06	2004	2005	2006
World	2710	10	20	11	11	2620	10	19	11	10
North America	460	6	13	10	9	401	7	15	9	9
United States	387	6	14	10	9	307	7	16	9	9
South and Central America ^a	77	9	16	18	14	80	7	14	21	14
Brazil	18	12	21	28	21	27	9	12	38	20
Europe	1382	11	20	9	9	1223	10	17	8	8
European Union (25)	1247	12	19	9	9	1132	10	16	8	8
United Kingdom	223	11	25	5	9	169	10	18	10	6
Germany	164	13	17	10	11	214	8	13	4	7
France	112	6	11	6	-2	108	10	19	8	3
Italy	100	10	18	7	13	101	11	12	9	14
Spain	100	12	16	9	8	77	15	24	11	18
Commonwealth of Independent States (CIS)	51	20	29	20	21	74	21	28	19	19
Russian Federation	30	21	26	21	22	45	18	23	18	17
Africa	64	13	21	12	12	80	13	23	21	12
Egypt	16	9	30	3	10	10	6	24	27	9
South Africa	12	16	16	15	8	14	16	28	18	17
Middle East	63	11	16	14	9	96	12	23	19	10
Israel	19	4	21	10	9	15	4	15	7	8
Asia	614	12	27	14	15	666	10	24	12	14
Japan	121	9	25	14	12	143	4	21	2	8
China	87	...	34	19	...	100	...	31	16	...
India	73	...	...	...	34	70	...	...	...	40
Four East Asian traders ^b	208	10	22	9	14	197	10	23	10	12

^a Includes the Caribbean. For composition of groups see the Technical Notes of WTO, International Trade Statistics, 2006.

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

Note: While provisional full year data were available in early March for 33 countries accounting for more than 60 per cent of world commercial services trade, estimates for most other countries are based on data for the first three quarters (the first six months in the case of China).

Source: WTO.