I THE TRADE SITUATION IN 2008-09

A INTRODUCTION

Signs of a sharp deterioration in the global economy were evident in the second half of 2008 and the first few months of 2009 as world trade flows sagged and production slumped, first in developed economies and then in developing countries. Although world trade grew by 2 per cent in volume terms over the course of 2008, it tapered off in the last six months of the year and was well down on the 6 per cent volume increase posted in 2007. World output measured by real gross domestic product (GDP) also slowed appreciably, falling to 1.7 per cent in 2008 from 3.5 per cent a year earlier.

Output and trade growth of developed economies were already slowing during the first three quarters of 2008, but the worsening of the global financial crisis in the fourth quarter of 2008 and the first quarter of 2009 appears to have accelerated this trend (see Chart 1).

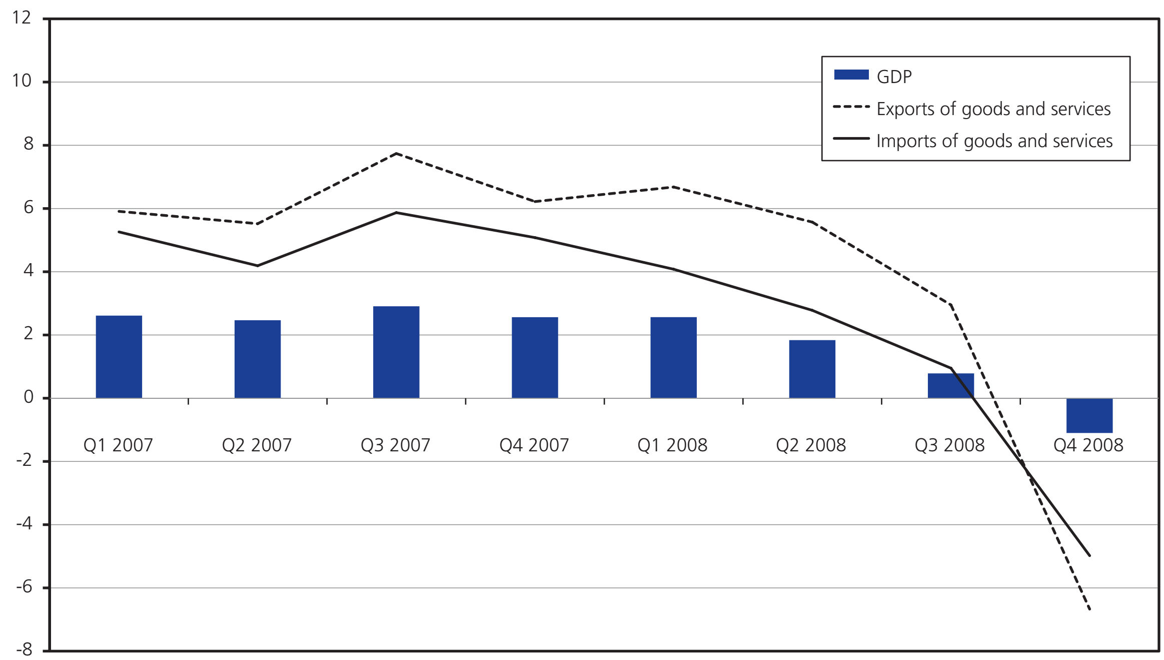
A notable aspect of the current slowdown in world trade is the synchronized nature of the decline in exports and imports of major developed and developing economies since September 2008 (see Appendix Chart 1). With the growing share of developing countries' trade in the global total, and increased geographical diversification of trade flows, it was assumed by some commentators that a "decoupling" effect would have made developing countries less vulnerable to economic turmoil in developed countries. This has not turned out to be the case.

1. FINANCIAL CRISIS SPARKS DOWNTURN

The financial crisis that has so weakened the world economy began in mid-2007 with declines in the values of mortgage-backed securities. This had a severe impact on the balance sheets of major financial institutions. The crisis intensified dramatically following the collapse of the Wall Street investment bank Lehman Brothers in September 2008 and the government-led rescue of a number of financial institutions in the United States and elsewhere.

Turmoil in the financial sector and acute credit shortages spread inexorably to other parts of the

Chart 1
Real GDP and trade growth of OECD countries, 2007-08
(Percentage change on a year to year basis)



Source: OECD National Accounts.

economy. Declining asset prices, faltering demand and falling production translated into dramatically reduced and, in some cases, negative growth in production and trade in many countries. Trade has also been affected adversely by a sharp decline in credit to finance imports and exports.

Although the crisis began in the United States, it soon spread and financial institutions and economies throughout the developed and developing world have been severely affected. The deteriorating economic situation has taken a toll on both consumer and business confidence, with a loss of confidence in the financial sector having an impact on the rest of the economy.

The financial crisis has disrupted the normal functioning of the banking system and deprived firms and individuals of much-needed credit. Falling stock markets and housing prices have reduced wealth in the United States and elsewhere, making households unwilling to purchase long-lasting goods such as cars while they attempt to rebuild their savings. Falling prices for oil and gas, while a boon to consumers in importing countries, have deprived oil-producing countries of export revenues.

The closing months of 2008 and the start of 2009 saw precipitous drops in global production and trade, first in the developed economies and subsequently in developing countries. Governments have tried a variety of policy measures to address the economic crisis, including financial bail-outs for banks as well as monetary and fiscal policies aimed at limiting the impact of the crisis. Conventional monetary policy may be reaching the limits of its effectiveness, with central banks in the United States and elsewhere having already reduced interest rates close to zero per cent. The timing of the recovery may now depend on the effectiveness of proposed fiscal stimulus plans, which currently amount to more than 3 per cent of total world production.

2. REASONS FOR TRADE CONTRACTION

The declines in trade flows in the closing months of 2008 and at the start of 2009 were larger than in past slow-downs. A number of factors may explain this.

One reason is that the fall-off in demand is more widespread than in the past, as all regions of the world economy are slowing at once.

A second reason for the magnitude of recent declines relates to the increasing presence of global supply chains in total trade. Trade contraction or expansion is no longer simply a question of changes in trade flows between a producing country and a consuming country – goods cross many frontiers during the production process and components in the final product are counted every time they cross a frontier. The only way of avoiding this effect, whose magnitude can only be guessed at in the absence of systematic information, would be to measure trade transactions on the basis of the value added at each stage of the production process. Since value-added, or the return to factors of production, is the real measure of income in the economy, and trade is a gross flow rather than a measure of income, it follows that strong increases or decreases in trade flow numbers should not be interpreted as an accurate guide to what is actually happening to incomes and employment.

A third element that is likely to contribute to the contraction of trade is a shortage of trade finance. This has clearly been a problem and it is receiving particular attention from international institutions and governments. The WTO has played its part by bringing together the key players to work on ensuring the availability and affordability of trade finance.

A fourth factor that could contribute to trade contraction is an increase in protection measures. Any rises in these measures will threaten the prospects for recovery and prolong the downturn. The risk of growing protectionism is a source of concern.[1]

B Overview of trade and production developments in 2008-09

1. ECONOMIC GROWTH

World economic growth – measured by total production, or gross domestic product (GDP) – slowed abruptly in 2008 and the early part of 2009[2] against the backdrop of the worst financial crisis since the 1930s. Weaker demand in developed economies brought about by falling asset prices and increased economic uncertainty contributed to the decline in world output growth from 3.5 per cent in 2007 to 1.7 per cent in 2008. Growth in 2008 was the slowest since 2001 and well below the 10-year average rate of 2.9 per cent.

Developed economies managed a meagre 0.8 per cent growth in 2008, compared with 2.5 per cent in 2007, and an average rate of 2.2 per cent between 2000 and 2008. Developing economies, on the other hand, expanded their output in 2008 by 5.6 per cent, down from 7.5 per cent in 2007, but still equal to their average rate for the 2000–08 period.

Oil-exporting countries experienced rapid growth of 5.5 per cent on average in 2008, with exports from the Middle East growing at an even faster rate of 6.3 per cent. Least-developed countries (LDCs) grew faster than any other group of countries, at 6.6 per cent in 2008, and above their 2000–08 average rate of 6.3 per cent.

Europe and North America each grew only about 1 per cent in 2008, while the oil-exporting regions of South and Central America, the Commonwealth of Independent States, Africa and the Middle East all experienced GDP growth in excess of 5 per cent.

Asia's economic growth (GDP) in 2008 was only 2 per cent, owing in large measure to the negative growth (–0.7 per cent) recorded by Japan. By contrast, developing Asia (excluding Japan, Australia and New Zealand) grew 5.7 per cent, led by China, which registered the strongest growth of any major economy, at 9.0 per cent.

The overall picture was one of continuing growth in the first half of 2008, with oil-exporting countries in particular benefiting from record prices for oil and gas. This was followed by faltering growth and the beginnings of a severe downturn in the second half of the year and into 2009, starting in the United States and other developed countries, and spreading subsequently to developing countries.

2. EXCHANGE RATES AND COMMODITY PRICES

The value of the US dollar against a broad group of currencies, i.e. its real effective exchange rate, rose during 2008 and the first part of 2009 as the United States currency strengthened against those of its trading partners. The rise of the dollar followed a weakening against other currencies since 2002. The 2008 appreciation was most pronounced in the second half of the year as the financial crisis intensified. A strengthened dollar appears in large measure to be the result of a flight to cash (i.e. a sudden widespread selling of investments in other currencies) in exchange for a perceived "safe haven" currency. This may also explain the strengthened yen (see below).

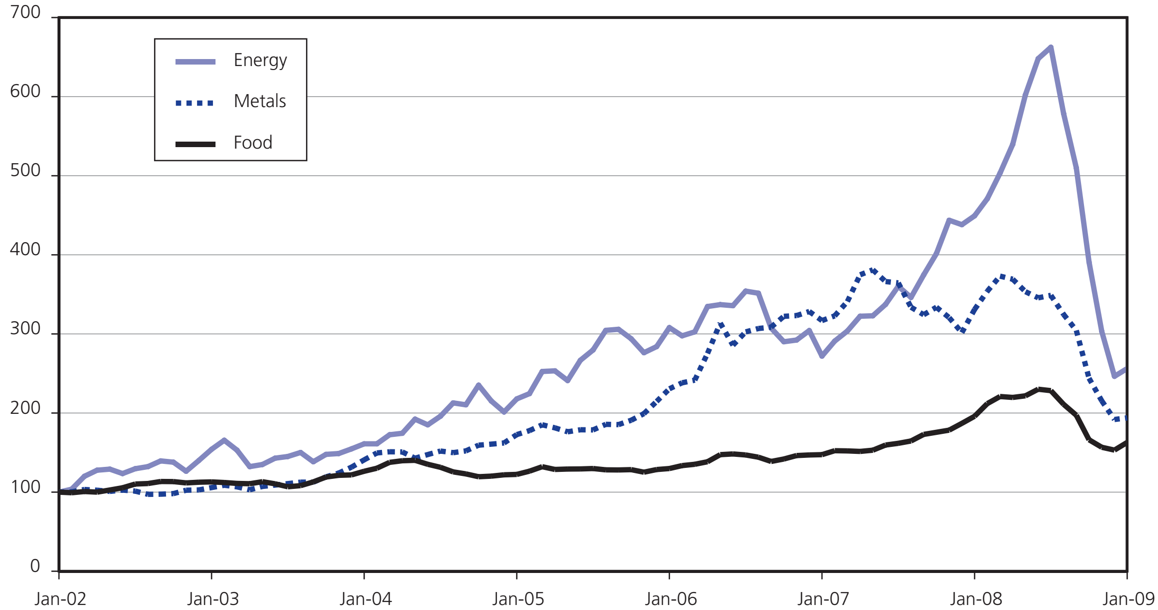
In the first half of 2008 the euro rose 7 per cent against the dollar and then fell 14 per cent from July to December. The euro had previously gained 30 per cent against the dollar between January 2006 and its peak in July 2008. The British pound, the Canadian dollar and the Korean won all displayed similar trends, falling sharply against the dollar in the second half of 2008, after a long period of appreciation.

The Japanese yen and Chinese yuan behaved differently in response to the financial crisis. Both had appreciated against the dollar in recent years. As the financial crisis took hold, the yen rose sharply against the dollar while the yuan has remained more or less constant.

Prices for primary commodities, such as oil and gas, were highly volatile in 2008. This is one of the main reasons why trade performance in the second half of the year was so different from the first half. After steadily rising throughout 2007, energy prices reached record highs at over US$ 140 a barrel by mid-2008, only to crash subsequently to the lowest level since early 2005 amid weakening demand in oil-importing countries. Between January 2007 and July 2008 fuel prices rose 144 per cent, more than doubling. But from July until the end of 2008 they fell 63 per cent (see Chart 2).

Prices for other primary products, including metals and food, have also fallen from their peaks at the start of 2008. Rises in inflation have not occurred in most countries due to weaker demand for goods worldwide, and deflation may be a greater risk in some countries in the short term.

Chart 2
Prices of selected primary products, January 2002-January 2009
(Index, January 2002=100)



Source: IMF International Financial Statistics.

3. TRADE

Growth in real terms (i.e. adjusted to discount changes in prices) in merchandise trade slowed significantly in 2008 to 2 per cent, compared with 6 per cent in 2007. However, trade still managed to grow more than global output, as is usually the case when production growth is positive. Conversely, when output growth is declining, trade growth tends to fall even more, as is evident in 2009.

In dollar terms (which includes price changes and exchange rate fluctuations), world merchandise exports increased by 15 per cent in 2008, to US$ 15.8 trillion, while exports of commercial services rose 11 per cent to US$ 3.7 trillion.

The share of developing economies in world merchandise trade set new records in 2008, with exports rising to 38 per cent of the world total and imports increasing to 34 per cent. Germany's merchandise exports in 2008, which totalled US$ 1.47 trillion, were slightly larger than China's US$ 1.43 trillion. This meant that Germany retained its position as the world's leading merchandise exporter.

Despite its strong overall trade performance, China's exports in some product categories faltered towards the end of 2008. Exports of office and telecom equipment, which was worth US$ 381.5 billion in 2008, fell 7 per cent in the fourth quarter compared with the same period of the previous year, after growing at an average rate of 17 per cent during the first three quarters. Exports of office and telecom equipment to the United States fell even more sharply, registering a 13 per cent decline in the fourth quarter after growth of 10 per cent in the third quarter. Overall, exports of Chinese manufactured goods to the United States increased just 1 per cent over the previous year, after growth of 14 per cent in the third quarter.

One of the sectors hardest hit by the global recession has been the car industry. Japan's exports of automotive products fell by 18 per cent in 2008, while exports to the United States dropped by 30 per cent in the fourth quarter of 2008. Automotive products represented 12 per cent of total merchandise exports of developed economies in 2007.

As with merchandise exports, exports of commercial services fell in the fourth quarter of 2008 compared with the previous year – albeit less so (7–8 per cent) than merchandise (12 per cent). For 2008 as a whole, exports of commercial services grew more slowly than exports of goods (on a balance of payments basis), rising by 11 per cent compared with 15 per cent for goods. Exports of transport services rose

15 per cent in 2008 while travel services and other commercial services both increased 10 per cent. The United States remained the largest exporter and importer of commercial services, with exports of US$ 522 billion and imports of US$ 364 billion.

One indicator of the severity of the global downturn in trade has been the fall-off in international shipping. According to the International Air Transport Association (IATA), air cargo traffic was down 23 per cent in December 2008 compared with a year earlier, led by a strong decline of 26 per cent in the Asia-Pacific region. In contrast, the decline recorded in September 2001, when most of the world's aircraft were temporarily grounded following the terrorist attacks on the United States, was only 14 per cent.

Another measure that has received a lot of attention recently is the Baltic Dry Index, a measure of the cost of shipping bulk cargo by sea, published by the Baltic Exchange in London, the leading world marketplace for brokering shipping contracts. Movements in the index reflect global demand for manufactured goods. Between June and November 2008 the Baltic Dry Index fell by 94 per cent.

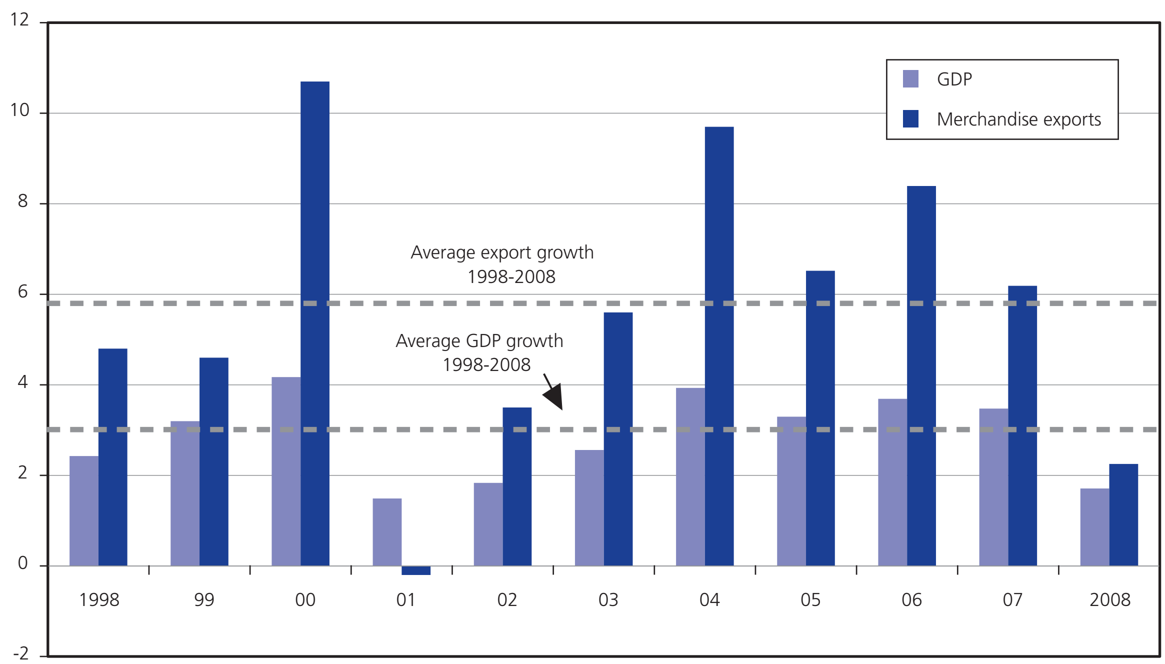
Annual trade figures in dollar terms were strongly influenced by changes in oil and gas prices and exchange rates in 2008. Despite the fact that fuel prices ended 2008 at a lower level than at any point in 2007, average prices for 2008 were about 40 per cent higher than 2007. This tended to raise total merchandise imports for most countries. For example, United States merchandise imports grew 7 per cent in 2008, but non-fuel imports only increased by 1 per cent. Prices for food and beverages have also receded from their peaks in 2008.

C Merchandise trade, volume (real) terms, 2008

Merchandise trade in volume terms (excluding the price and exchange rate fluctuations) expanded by 2 per cent in 2008, down from 6 per cent in 2007. Growth for 2008 was below the average 5.7 per cent registered during the 1998-2008 period. Growth in merchandise trade was very close to GDP growth in 2008, compared with earlier years when trade growth exceeded GDP. It is likely to be below GDP growth in 2009 (see Chart 3).

South and Central America saw exports expand by 1.5 per cent and imports grow by 15.5 per cent in

Chart 3
Growth in the volume of world merchandise trade and GDP, 1998-2008
(Annual percentage change)



Source: WTO Secretariat.

Table 1
GDP and merchandise trade by region, 2006-08
(Annual percentage change at constant prices)

	GDP			Exports			Imports		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
World	3.7	3.5	1.7	8.5	6.0	2.0	8.0	6.0	2.0
North America	2.9	2.1	1.1	8.5	5.0	1.5	6.0	2.0	-2.5
United States	2.8	2.0	1.1	10.5	7.0	5.5	5.5	1.0	-4.0
South and Central America [a]	6.1	6.6	5.3	4.0	3.0	1.5	15.5	17.5	15.5
Europe	3.1	2.8	1.0	7.5	4.0	0.5	7.5	4.0	-1.0
European Union (27)	3.0	2.8	1.0	7.5	3.5	0.0	7.0	3.5	-1.0
Commonwealth of Independent States (CIS)	7.5	8.4	5.5	6.0	7.5	6.0	20.5	20.0	15.0
Africa	5.7	5.8	5.0	1.5	4.5	3.0	10.0	14.0	13.0
Middle East	5.2	5.5	5.7	3.0	4.0	3.0	5.5	14.0	10.0
Asia	4.6	4.9	2.0	13.5	11.5	4.5	8.5	8.0	4.0
China	11.6	11.9	9.0	22.0	19.5	8.5	16.5	13.5	4.0
Japan	2.0	2.4	-0.7	10.0	9.5	2.5	2.0	1.5	-1.0
India	9.8	9.3	7.9	11.0	13.0	7.0	8.0	16.0	12.5
Newly industrialized economies (4) [b]	5.6	5.6	1.7	13.0	9.0	3.5	8.0	6.0	3.5

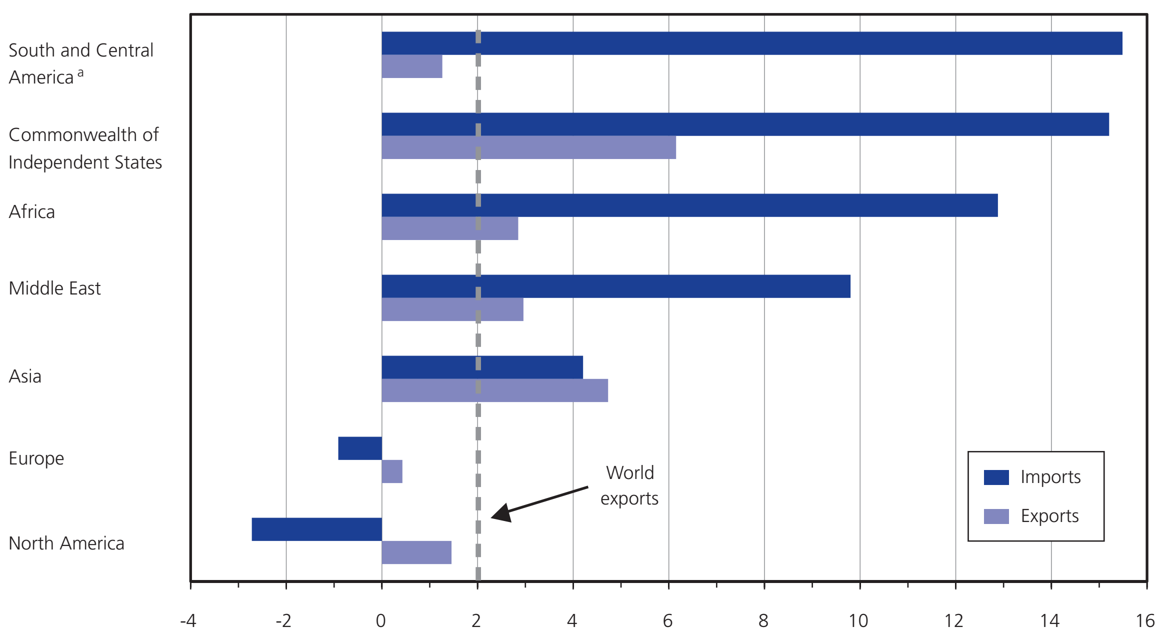
a Includes the Caribbean.
b Hong Kong, China; Republic of Korea; Singapore and Chinese Taipei.
Source: WTO Secretariat.

2008. Import growth was the strongest recorded by any region (see Table 1). Imports grew more than GDP while export volume lagged behind output.

The region with the fastest export volume growth in 2008 was the Commonwealth of Independent States, which recorded a 6 per cent increase compared with 2007. The CIS also had the second-highest import growth globally, with a 15 per cent expansion over the previous year.

Both export and import volumes for the Middle East were down sharply in 2008, falling to 3 per cent from 4 per cent in 2007 for exports, and to 10

Chart 4
Real merchandise trade growth by region, 2008
(Annual percentage change)



[a] Includes the Caribbean.
Source: WTO Secretariat.

per cent from 14 per cent for imports. The growth of Africa's exports and imports also slowed in 2008, falling from 4.5 per cent in 2007 to 3 per cent in 2008 on the export side, and from 14 per cent in 2007 to 13 per cent on the import side.

Asia's exports and imports dropped sharply in volume terms. Export growth was 4.5 per cent in 2008, down from 11.5 per cent in 2007, and 13.5 per cent in 2006. Import growth in 2008 was even weaker, at 4 per cent, down from 8 per cent in the previous year.

Europe registered the slowest export growth of any region last year, with an expansion of just 0.5 per cent, down from 4 per cent in 2007. Import growth turned negative in 2008, falling by 1 per cent. North America's exports grew by 1.5 per cent in 2008, while imports dropped 2.5 per cent. Both exports and imports were down sharply from 2007 (see Chart 4).

D Merchandise and services trade, value (nominal) terms, 2008

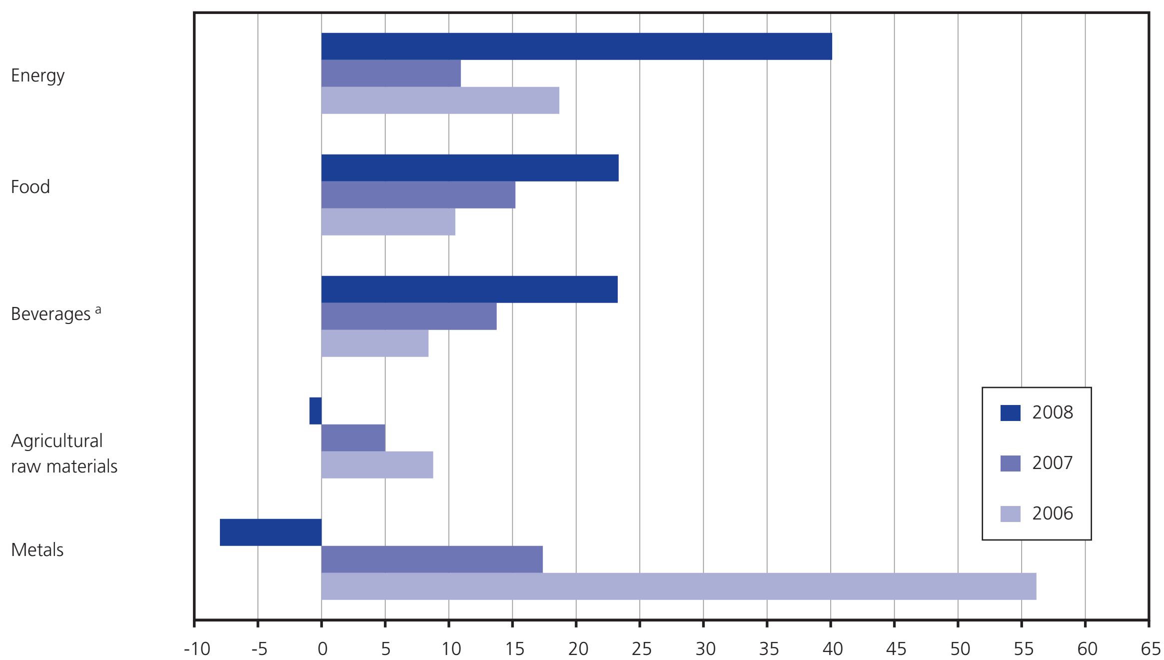
1. PRICES AND EXCHANGE RATES

Net oil-exporting regions benefited from record fuel prices in 2008, as the cost of a barrel of oil rose to over US$ 140 by mid-year. Prices declined after July, however, and ended the year below US$ 50 per barrel, as world demand for oil moderated and the global economy slowed.

Significantly higher energy prices in 2008 had a strong effect on nominal (i.e. where prices and exchange rate changes are included) merchandise trade values and growth rates compared with 2007. Energy prices rose 40 per cent on average last year, while prices for food and beverages both increased 23 per cent. Agricultural raw material prices fell by less than 1 per cent, while metals dropped 8.0 per cent (see Chart 5).

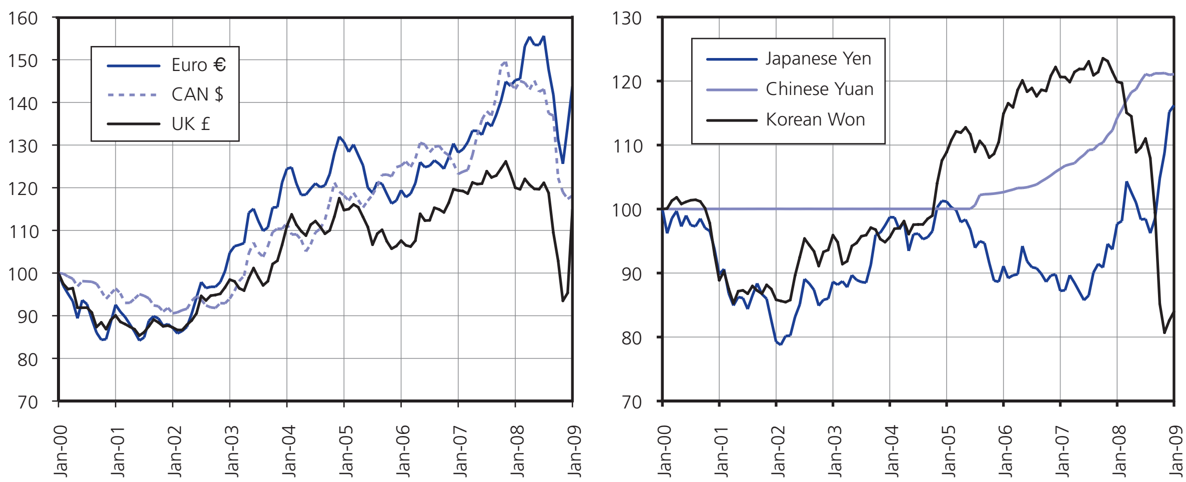
The appreciation of the US dollar against other currencies in late 2008, especially against the euro, also influenced trade developments estimated in nominal terms. The growth of trade in eurozone countries is probably understated as a result of being expressed in US dollars.

Chart 5
Export prices of selected primary products, 2006-08
(Annual percentage change)



[a] Comprising coffee, cocoa beans and tea.
Source: IMF, International Financial Statistics.

Chart 6
Dollar exchange rates of selected major currencies, January 2000-January 2009
(Indices, January 2000=100)



Source: IMF, International Financial Statistics.

The Canadian dollar, British pound and Korean won have followed similar trajectories as that of the euro, first appreciating against the dollar in recent years but reversing this trend sharply as the financial crisis worsened. The Chinese yuan has risen gradually against the dollar since 2005, but remained fairly stable during the latter half of 2008 amid increasing turmoil in financial markets. The Japanese yen also appreciated sharply (see Chart 6).

World merchandise exports in nominal dollar terms rose 15 per cent in 2008, to US$ 15.8 trillion, while exports of commercial services increased 11 per cent to US$ 3.7 trillion. The stronger growth of merchandise trade may be explained by rising commodity prices during the first part of 2008, especially the 40 per cent increase in energy costs (see Table 2).

2. MERCHANDISE TRADE

North America exhibited the weakest growth of merchandise trade on both the export and import sides. Exports increased 10 per cent to US$ 2.0 trillion in 2008, while imports rose 7 per cent, to US$ 2.9 trillion. According to the National Bureau of Economic Research, which traditionally is the body that dates recessions in the United States, the US economy has been in recession since December 2007. This explains its relatively weak trade performance (see Appendix Table 1).

South and Central America saw more robust growth, of 21 per cent in exports (US$ 602 billion) and 30 per cent in imports (US$ 595 billion). Like North America, Europe recorded weaker growth in 2008 compared with 2007 but this was partly influenced by the depreciation of the euro over the course of the year. Exports increased by 12 per cent, to US$ 6.5 trillion, while imports rose 12 per cent, to US$ 6.8 trillion.

Table 2
World exports of merchandise and commercial services, 2008
(Billion dollars and percentage)

	Value	Annual percentage change			
	2008	2000-08	2006	2007	2008
Merchandise	15775	12	16	16	15
Commercial services	3730	12	13	19	11

Source: WTO Secretariat.

The CIS saw robust growth of both exports and imports, resting on the strength of the region's extractive industries. Exports rose 35 per cent, to US$ 703 billion, while imports increased by 31 per cent to US$ 493 billion.

Africa, like other regions rich in natural resources, also saw a strong expansion in exports and imports in 2008. Exports increased 29 per cent to US$ 561 billion, and imports rose to US$ 466 billion, 27 per cent higher than in 2007. The Middle East enjoyed the strongest export growth of all regions in 2008, at 36 per cent (US$ 1.0 trillion) while imports grew by 23 per cent (US$ 575 billion). Finally, Asia's exports increased 15 per cent in nominal terms to US$ 4.4 trillion, and imports rose by 20 per cent, to US$ 4.2 trillion.

Germany remained the leading merchandise exporter in 2008, with shipments worth US$ 1.47 trillion, despite the fact that its share in world exports fell to 9.1 per cent from 9.5 per cent in 2007 (see Appendix Table 3). China was the second-largest, with exports of US$ 1.43 trillion and an 8.9 per cent share in world exports. The next largest exporters were the United States (US$ 1.3 trillion or 8.1 per cent of world exports), Japan (US$ 782 billion or 4.9 per cent) and the Netherlands (US$ 634 billion or 3.9 per cent).

The United States continued to lead all merchandise importers with shipments from the rest of the world worth US$ 2.17 trillion (13.2 per cent of world imports). Germany was the second-largest importer of merchandise, with a 7.3 per cent share valued at US$ 1.21 trillion. The remaining top five importers were China (US$ 1.13 trillion or 6.9 per cent of world imports), Japan (US$ 762 billion or 4.6 per cent), and France (US$ 708 billion or 4.3 per cent).

If the 27 members of the European Union are considered collectively (excluding internal EU trade), the five leading exporters were the European Union (15.9 per cent of world exports), China (11.8 per cent), the United States (10.7 per cent), Japan (6.4 per cent) and Russia (3.9 per cent). Exports from the EU were worth US$ 1.93 trillion in 2008 (see Appendix Table 4).

3. COMMERCIAL SERVICES TRADE

World exports of commercial services rose 11 per cent in 2008, to US$ 3.7 trillion. The fastest growing of the major services categories in the past year was transport (15 per cent growth), followed by travel (10 per cent) and other commercial services (10 per cent). Other commercial services, which includes financial services, was just over half of the total value of exports (51 per cent), while travel and transport each represented about a quarter (25 per cent and 23 per cent, respectively) (see Table 3).

In 2008, North America's exports of commercial services increased by 9 per cent, to US$ 603 billion, while imports grew 6 per cent, to US$ 473 billion (see Appendix Table 2).

The financial crisis shows up clearly in quarterly data on trade in commercial services for North America. The region's trade, which grew rapidly in the first nine months of 2008 (13 per cent for exports and 10 per cent for imports), slowed suddenly in the last quarter (-2 per cent for exports and -3 per cent for imports). The most affected sector was travel, which includes tourism (-2 per cent for exports and -6 per cent for imports).

In 2008, Europe's exports of commercial services increased by 11 per cent, to US$ 1.9 trillion while imports grew 10 per cent, to US$ 1.6 trillion.

Table 3
World exports of commercial services by major category, 2008
(Billion dollars and percentage change)

	Value	Annual percentage change			
	2008	2000-08	2006	2007	2008
Commercial services	3730	12	13	19	11
Transportation services	875	12	10	20	15
Travel	945	9	10	15	10
Other commercial services	1910	14	16	22	10

Source: WTO Secretariat.

The impact of the financial crisis is also evident in the case of Europe. The region's exports of commercial services grew by 19 per cent in the first nine months of 2008 but recorded an 11 per cent decline in the last quarter of the year. Exchange rate effects in the last quarter of 2008 are likely to have magnified the impact of the crisis but they do not, on their own, explain such a large drop.

Exports of commercial services from South and Central America increased 16 per cent (US$ 109 billion) in 2008 while imports rose 20 per cent (US$ 117 billion). The Commonwealth of Independent States advanced 26 per cent on the export side in 2008, to US$ 83 billion while imports rose 25 per cent, to US$ 114 billion.

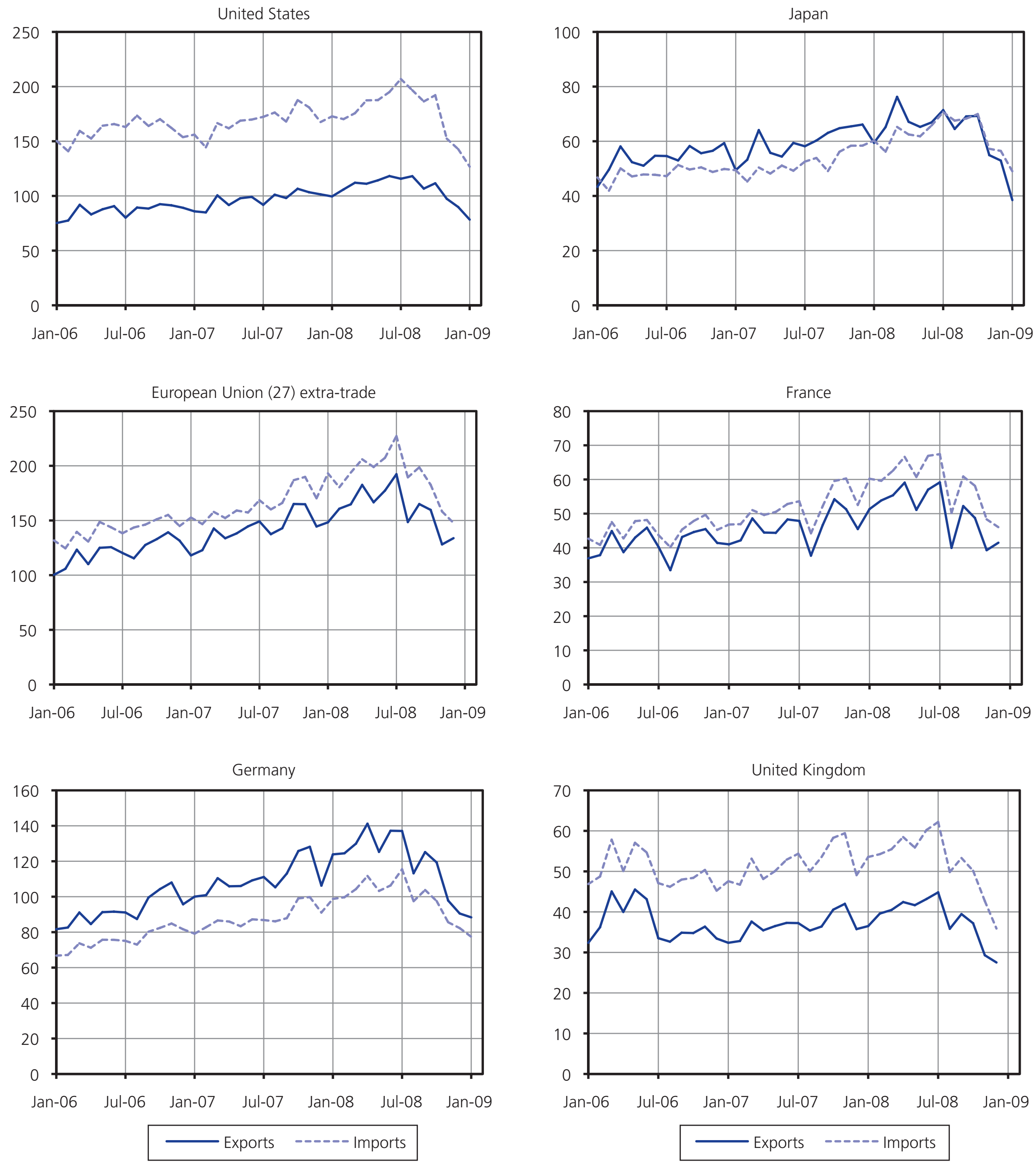
Africa's commercial services exports grew 13 per cent in 2008, to US$ 88 billion. Imports also grew 15 per cent, rising to US$ 121 billion. Commercial services exports from the Middle East reached US$ 94 billion in 2008, 17 per cent higher than the previous year. Imports were also up 13 per cent, to US$ 158 billion. Asia's exports, valued at US$ 837 billion, were 12 per cent above their 2007 level. Imports also increased by 12 per cent, to US$ 858 billion.

The United States saw its exports of commercial services rise 10 per cent in 2008, to US$ 522 billion, making it the top exporter. The country's share in world services exports was 14 per cent in 2008 (see Appendix Table 5). The United Kingdom remained the second-largest exporter with a 7.6 per cent world share worth US$ 283 billion. The next largest exporters were Germany (6.3 per cent of the world total or US$ 235 billion), France (4.1 per cent or US$ 153 billion) and Japan (3.9 per cent or US$ 144 billion), with Japan rising one place in the rankings and replacing Spain.

The WTO Secretariat estimates that China remained in seventh place with exports of US$ 137 billion (3.7 per cent of the world total). India ranks ninth with a 2.8 per cent share in the world total, worth US$ 106 billion, and the Netherlands replaced Ireland as the tenth-largest exporter.

On the import side, the United States stayed in first place, with imports rising 7 per cent to US$ 364 billion (10.5 per cent of world imports of commercial services). Germany was the second-largest importer at US$ 285 billion (8.2 per cent of world imports). The next three largest services importers were the United Kingdom (US$ 199 billion or 5.7 per cent of world trade), Japan (US$ 166 billion or 4.8 per cent) and China (US$ 152 billion or 4.4 per cent). The only change in the ranking of the top ten importers was the addition of the Republic of Korea in tenth place, displacing the Netherlands which dropped to eleventh place.

Appendix Chart 1
Monthly merchandise exports and imports of selected economies, January 2006-February 2009
(Billion dollars)

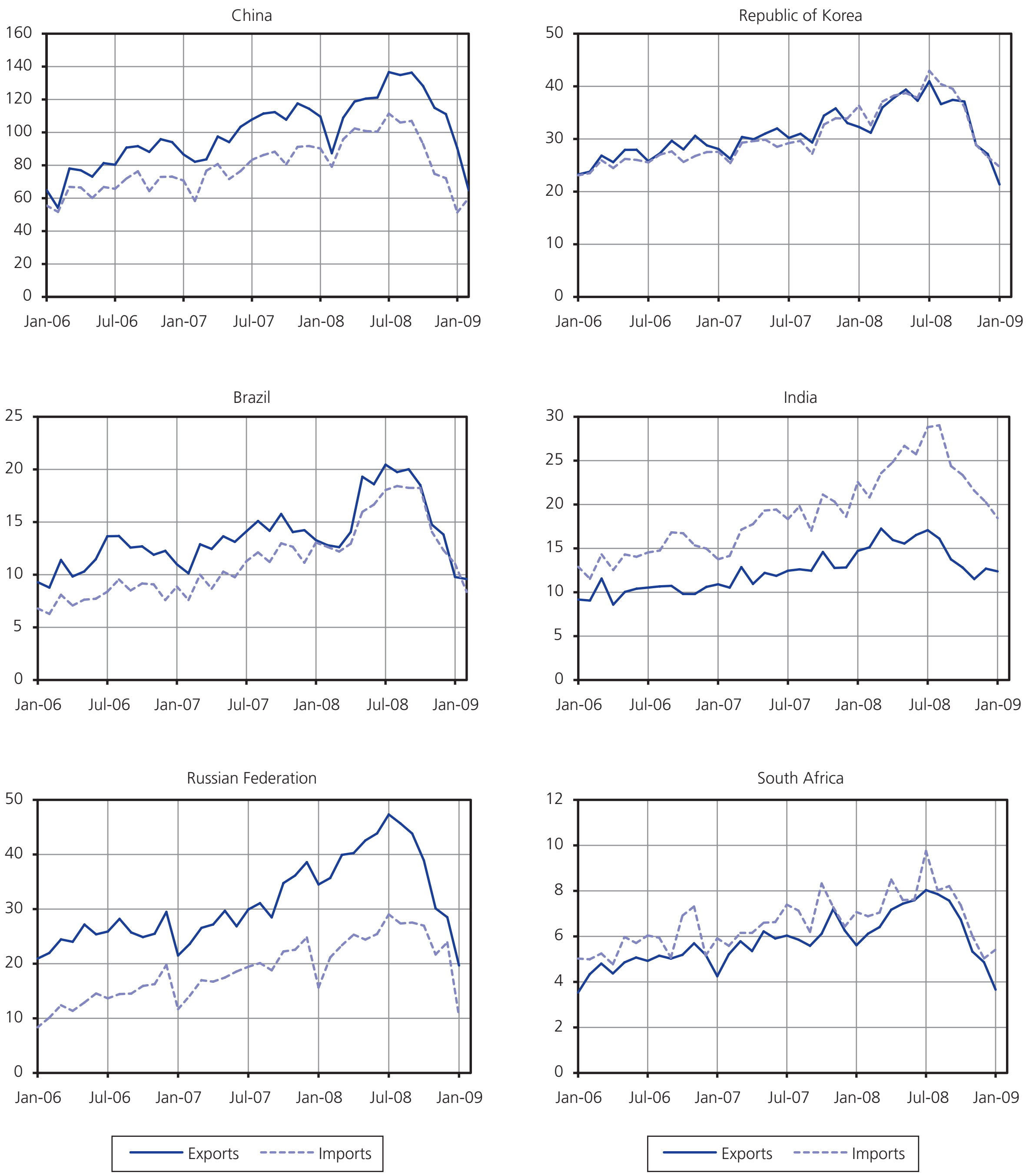


Source: IMF International Financial Statisitics, Global Trade Information Services GTA database, national statistics.

Appendix Chart 1 (continued)

Monthly merchandise exports and imports of selected economies, January 2006-February 2009

(Billion dollars)



Source: IMF International Financial Statisitics, Global Trade Information Services GTA database, national statistics.

Appendix Table 1
World merchandise trade by region and selected country, 2008

(Billion dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2008	2000-08	2006	2007	2008	2008	2000-08	2006	2007	2008
World	15775	12	16	16	15	16120	12	15	15	15
North America	2049	7	13	11	10	2909	7	11	6	7
United States	1301	7	15	12	12	2166	7	11	5	7
Canada	456	6	8	8	8	418	7	11	9	7
Mexico	292	7	17	9	7	323	7	15	10	9
South and Central America [a]	602	15	21	14	21	595	14	22	25	30
Brazil	198	17	16	17	23	183	15	23	32	44
Other South and Central America [a]	404	14	23	13	20	413	14	21	23	24
Europe	6456	12	13	16	12	6833	12	15	16	12
European Union (27)	5913	12	13	16	11	6268	12	14	16	12
Germany	1465	13	14	19	11	1206	12	17	16	14
France	609	8	7	11	10	708	10	7	14	14
Netherlands	634	13	14	19	15	574	13	15	18	16
Italy	540	11	12	18	10	556	11	15	14	10
United Kingdom [b]	458	6	16	-2	4	632	8	17	4	1
Commonwealth of Independent States (CIS)	703	22	25	20	35	493	25	30	35	31
Russian Federation [c]	472	21	25	17	33	292	26	31	36	31
Africa	561	18	19	18	29	466	17	16	24	27
South Africa	81	13	13	20	16	99	16	26	12	12
Africa less South Africa	481	19	20	17	32	367	18	13	28	31
Oil exporters [d]	347	21	21	18	36	137	21	9	31	37
Non oil exporters	133	15	18	15	22	229	16	15	27	28
Middle East	1047	19	22	16	36	575	17	12	25	23
Asia	4355	13	17	16	15	4247	14	16	15	20
China	1428	24	27	26	17	1133	22	20	21	19
Japan	782	6	9	10	10	762	9	12	7	22
India	179	20	21	22	22	292	24	21	25	35
Newly industrialized economies (4) [e]	1033	10	15	11	10	1093	10	16	11	17
Memorandum items:										
Developing economies	6025	15	20	17	20	5494	15	17	18	21
MERCOSUR [f]	279	16	16	18	25	259	14	24	31	41
ASEAN [g]	990	11	17	12	15	936	12	14	13	21
EU (27) extra-trade	1928	12	11	17	13	2283	12	16	16	16
Least Developed Countries (LDCs)	176	22	25	24	36	157	17	15	24	27

a Includes the Caribbean. For composition of groups see the Technical Notes of WTO, International Trade Statistics, 2008.

b The 2007 annual change is affected by a reduction in trade associated with fraudulent VAT declaration. For further information, refer to the special notes of the monthly UK Trade First Release (www.statistics.gov.uk/StatBase/Product.asp?vlnk=1119).

c Imports are valued f.o.b.

d Algeria, Angola, Cameroon, Chad, Congo, Equatorial Guinea, Gabon, Libya, Nigeria and Sudan.

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

f Common Market of the Southern Cone: Argentina, Brazil, Paraguay and Uruguay.

g Association of Southeast Asian Nations: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

Source: WTO Secretariat.

Appendix Table 2
World exports of commercial services by region and selected country, 2008
(Billion dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2008	2000-08	2006	2007	2008	2008	2000-08	2006	2007	2008
World	3730	12	13	19	11	3470	12	12	18	11
North America	603	8	12	14	9	473	7	12	9	6
United States	522	8	13	16	10	364	7	12	9	7
South and Central America [a]	109	11	14	18	16	117	10	14	21	20
Brazil	29	16	21	26	27	44	14	21	28	28
Europe	1919	13	12	21	11	1628	12	10	19	10
European Union (27)	1738	13	12	21	10	1516	12	10	19	10
Germany	235	15	16	16	11	285	10	8	15	11
United Kingdom	283	12	13	20	2	199	9	8	16	1
France	153	9	3	15	6	137	11	8	15	6
Italy	123	10	11	13	12	132	12	11	21	12
Spain	143	13	13	21	11	108	16	17	26	10
Commonwealth of Independent States (CIS)	83	22	23	27	26	114	22	17	30	25
Russian Federation	50	23	25	27	29	75	21	16	32	29
Africa	88	14	13	22	13	121	16	16	31	15
Egypt	25	12	10	24	26	16	11	8	27	25
South Africa [b]	13	13	7	13	...	17	15	18	16	...
Middle East	94	14	18	13	17	158	16	21	29	13
Israel	24	6	10	10	13	20	7	8	20	11
Asia	837	13	16	20	12	858	11	14	18	12
Japan	144	10	13	10	13	166	6	9	11	11
China [b]	137	...	24	33	...	152	...	21	29	...
India [b]	106	...	35	22	...	91	...	33	23	...
Four East Asian traders [c]	271	11	14	17	10	247	10	12	15	7

a Includes the Caribbean. For composition of groups see Chapter IV Metadata of WTO International Trade Statistics, 2008.
b Secretariat estimates.
c Chinese Taipei; Hong Kong, China; Republic of Korea and Singapore.

Note: While provisional full year data were available in early March for 50 countries accounting for more than two thirds 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 Secretariat.

Appendix Table 3
Merchandise trade: leading exporters and importers, 2008
(Billion dollars and percentage)

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	Germany	1465	9.1	11	1	United States	2166	13.2	7
2	China	1428	8.9	17	2	Germany	1206	7.3	14
3	United States	1301	8.1	12	3	China	1133	6.9	19
4	Japan	782	4.9	10	4	Japan	762	4.6	22
5	Netherlands	634	3.9	15	5	France	708	4.3	14
6	France	609	3.8	10	6	United Kingdom	632	3.8	1
7	Italy	540	3.3	10	7	Netherlands	574	3.5	16
8	Belgium	477	3.0	10	8	Italy	556	3.4	10
9	Russian Federation	472	2.9	33	9	Belgium	470	2.9	14
10	United Kingdom	458	2.8	4	10	Korea, Republic of	435	2.7	22
11	Canada	456	2.8	8	11	Canada	418	2.5	7
12	Korea, Republic of	422	2.6	14	12	Spain	402	2.5	3
13	Hong Kong, China	370	2.3	6	13	Hong Kong, China	393	2.4	6
	- domestic exports	17	0.1	...		- retained imports	98	0.6	...
	- re-exports	353	2.2	...					
14	Singapore	338	2.1	13	14	Mexico	323	2.0	9
	- domestic exports	176	1.1	13					
	- re-exports	162	1.0	13					
15	Saudi Arabia [a]	329	2.0	40	15	Singapore	320	1.9	22
						- retained imports [b]	157	1.0	31
16	Mexico	292	1.8	7	16	Russian Federation [c]	292	1.8	31
17	Spain	268	1.7	6	17	India	292	1.8	35
18	Taipei, Chinese	256	1.6	4	18	Taipei, Chinese	240	1.5	10
19	United Arab Emirates [a]	232	1.4	28	19	Poland	204	1.2	23
20	Switzerland	200	1.2	16	20	Turkey	202	1.2	19
21	Malaysia	200	1.2	13	21	Australia	200	1.2	21
22	Brazil	198	1.2	23	22	Austria	184	1.1	13
23	Australia	187	1.2	33	23	Switzerland	183	1.1	14
24	Sweden	184	1.1	9	24	Brazil	183	1.1	44
25	Austria	182	1.1	11	25	Thailand	179	1.1	28
26	India	179	1.1	22	26	Sweden	167	1.0	10
27	Thailand	178	1.1	17	27	United Arab Emirates [a]	159	1.0	20
28	Poland	168	1.0	20	28	Malaysia	157	1.0	7
29	Norway	168	1.0	23	29	Czech Republic	142	0.9	20
30	Czech Republic	147	0.9	20	30	Indonesia	126	0.8	36
	Total of above [d]	13120	81.4	-		**Total of above** [d]	13409	81.7	-
	World [d]	16127	100.0	15		**World** [d]	16415	100.0	15

a Secretariat estimates.
b Singapore's retained imports are defined as imports less re-exports.
c Imports are valued f.o.b.
d Includes significant re-exports or imports for re-export.

Source: WTO Secretariat.

Appendix Table 4
Merchandise trade: leading exporters and importers, 2008
Excluding intra-EU (27) trade
(Billion dollars and percentage)

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	Extra-EU (27) exports	1928	15.9	13	1	Extra-EU (27) imports	2283	18.4	16
2	China	1428	11.8	17	2	United States	2166	17.4	7
3	United States	1301	10.7	12	3	China	1133	9.1	19
4	Japan	782	6.4	10	4	Japan	762	6.1	22
5	Russian Federation	472	3.9	33	5	Korea, Republic of	435	3.5	22
6	Canada	456	3.8	8	6	Canada	418	3.4	7
7	Korea, Republic of	422	3.5	14	7	Hong Kong, China	393	3.2	6
						- retained imports	98	0.8	...
8	Hong Kong, China	370	3.0	6	8	Mexico	323	2.6	9
	- domestic exports	17	0.1	...					
	- re-exports	353	2.9	...					
9	Singapore	338	2.8	13	9	Singapore	320	2.6	22
	- domestic exports	176	1.4	13		- retained imports [a]	157	1.3	31
	- re-exports	162	1.3	13					
10	Saudi Arabia [b]	329	2.7	40	10	Russian Federation [c]	292	2.3	31
11	Mexico	292	2.4	7	11	India	292	2.3	35
12	Taipei, Chinese	256	2.1	4	12	Taipei, Chinese	240	1.9	10
13	United Arab Emirates [b]	232	1.9	28	13	Turkey	202	1.6	19
14	Switzerland	200	1.7	16	14	Australia	200	1.6	21
15	Malaysia	200	1.6	13	15	Switzerland	183	1.5	14
16	Brazil	198	1.6	23	16	Brazil	183	1.5	44
17	Australia	187	1.5	33	17	Thailand	179	1.4	28
18	India	179	1.5	22	18	United Arab Emirates [b]	159	1.3	20
19	Thailand	178	1.5	17	19	Malaysia	157	1.3	7
20	Norway	168	1.4	23	20	Indonesia	126	1.0	36
21	Indonesia	139	1.1	18	21	Saudi Arabia [b]	112	0.9	24
22	Turkey	132	1.1	23	22	South Africa [b]	99	0.8	12
23	Iran, Islamic Rep. of [b]	116	1.0	31	23	Norway	89	0.7	11
24	Bolivarian Rep. of Venezuela	94	0.8	35	24	Ukraine	84	0.7	39
25	Kuwait [b]	93	0.8	49	25	Viet Nam	80	0.6	28
26	Nigeria [b]	82	0.7	24	26	Israel [b]	67	0.5	14
27	South Africa	81	0.7	16	27	Chile	62	0.5	31
28	Algeria	78	0.6	30	28	Philippines [b]	59	0.5	2
29	Kazakhstan	71	0.6	49	29	Argentina	57	0.5	28
30	Argentina	71	0.6	27	30	Iran, Islamic Rep. of [b]	57	0.5	27
	Total of above [d]	10873	89.5	-		**Total of above** [d]	11215	90.2	-
	World [d] (excl. intra-EU (27))	12142	100.0	17		**World** [d] (excl. intra-EU (27))	12430	100.0	17

a Singapore's 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 Secretariat.

Appendix Table 5

Leading exporters and importers in world trade in commercial services, 2008

(Billion dollars and percentage)

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	United States	522	14.0	10	1	United States	364	10.5	7
2	United Kingdom	283	7.6	2	2	Germany	285	8.2	11
3	Germany	235	6.3	11	3	United Kingdom	199	5.7	1
4	France	153	4.1	6	4	Japan	166	4.8	11
5	Japan	144	3.9	13	5	China [a]	152	4.4	...
6	Spain	143	3.8	11	6	France	137	3.9	6
7	China [a]	137	3.7	...	7	Italy	132	3.8	12
8	Italy	123	3.3	12	8	Spain	108	3.1	10
9	India [a]	106	2.8	...	9	Ireland [a]	103	3.0	9
10	Netherlands [a]	102	2.7	8	10	Korea, Republic of	93	2.7	12
11	Ireland [a]	96	2.6	8	11	Netherlands [a]	92	2.6	10
12	Hong Kong, China	91	2.4	9	12	India [a]	91	2.6	...
13	Belgium [a]	89	2.4	16	13	Canada	84	2.4	5
14	Switzerland	74	2.0	15	14	Belgium [a]	84	2.4	16
15	Korea, Republic of	74	2.0	20	15	Singapore	76	2.2	6
16	Denmark	72	1.9	17	16	Russian Federation	75	2.2	29
17	Singapore	72	1.9	3	17	Denmark	62	1.8	16
18	Sweden	71	1.9	13	18	Sweden	54	1.6	13
19	Luxembourg [a]	68	1.8	5	19	Thailand	46	1.3	22
20	Canada	62	1.7	2	20	Australia	45	1.3	18
21	Austria	62	1.7	12	21	Brazil	44	1.3	28
22	Russian Federation	50	1.3	29	22	Hong Kong, China	44	1.3	7
23	Greece	50	1.3	16	23	Norway	44	1.3	12
24	Norway	46	1.2	13	24	Austria	42	1.2	8
25	Australia	46	1.2	15	25	Luxembourg [a]	40	1.2	8
26	Poland	35	0.9	20	26	Switzerland	37	1.1	10
27	Turkey	34	0.9	22	27	United Arab Emirates [a]	35	1.0	...
28	Taipei, Chinese	34	0.9	8	28	Saudi Arabia [a]	34	1.0	...
29	Thailand	33	0.9	11	29	Taipei, Chinese	34	1.0	-2
30	Malaysia	30	0.8	5	30	Poland	30	0.9	25
	Total of above	3135	84.1	-		Total of above	2835	81.7	-
	World	3730	100.0	11		World	3470	100.0	11

a Secretariat estimates.

Note: While provisional full year data were available in early March for 50 countries accounting for more than two thirds 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 Secretariat.

Endnotes

1 Two factors that might accentuate the extent of year-on-year declines in monthly data in value terms are the higher commodity prices that prevailed a year ago and increases in the value of the US dollar compared with most other currencies.

2 The figures reported here are for 2008, since a complete data set for the first quarter of 2009 was not available at the time of going to press.