

# I. Trade developments in 2012 and early 2013

World trade growth fell to 2.0 per cent in 2012 from 5.2 per cent in 2011, and remained sluggish in the opening months of 2013 as the economic slowdown in Europe suppressed global import demand. The abrupt deceleration of trade in 2012 was mainly attributable to slow growth in developed economies and recurring bouts of uncertainty over the future of the euro. Flagging output and high unemployment in developed countries reduced imports and fed through to a lower pace of export growth in both developed and developing economies. More positive economic developments in the United States in the early months of 2013 were offset by lingering weakness in the European Union, as peripheral euro area economies continued to struggle and even core euro area economies increasingly felt the impact of the downturn in the region.



China's growth outpaced that of other leading economies in 2012, partly cushioning the shortfall in demand from developed economies. However, the country's economic performance in the first quarter was weaker than expected as exports were still constrained by weak demand in Europe. Other developing economies saw their trade and output slow more sharply than China's in the middle of 2012 before staging a partial recovery.

Overall, world trade and output grew more slowly than their long-term average rates in 2012 and this weakness appears to have extended into the first quarter of 2013 based on available monthly data (see Figure 1.1 and Appendix Figure 1.1).

The preliminary estimate of 2.0 per cent growth for world trade in 2012 is 0.5 points below the WTO's forecast of 2.5 per cent from September 2012. The deviation is mostly explained by a worse than expected second-half performance of developed economies, which only managed a 1 per cent increase in exports and a 0.1 per cent decline in imports for the year. The growth of exports from developing economies (which for the purposes of this analysis includes the Commonwealth of Independent States) was in line with expectations, but the rate for imports was lower than expected.

These figures refer to merchandise trade in volume terms, i.e. they are adjusted to account for inflation and exchange rate movements. However, nominal trade flows (i.e. trade values in current US\$ terms) for both merchandise and commercial services displayed similar trends.

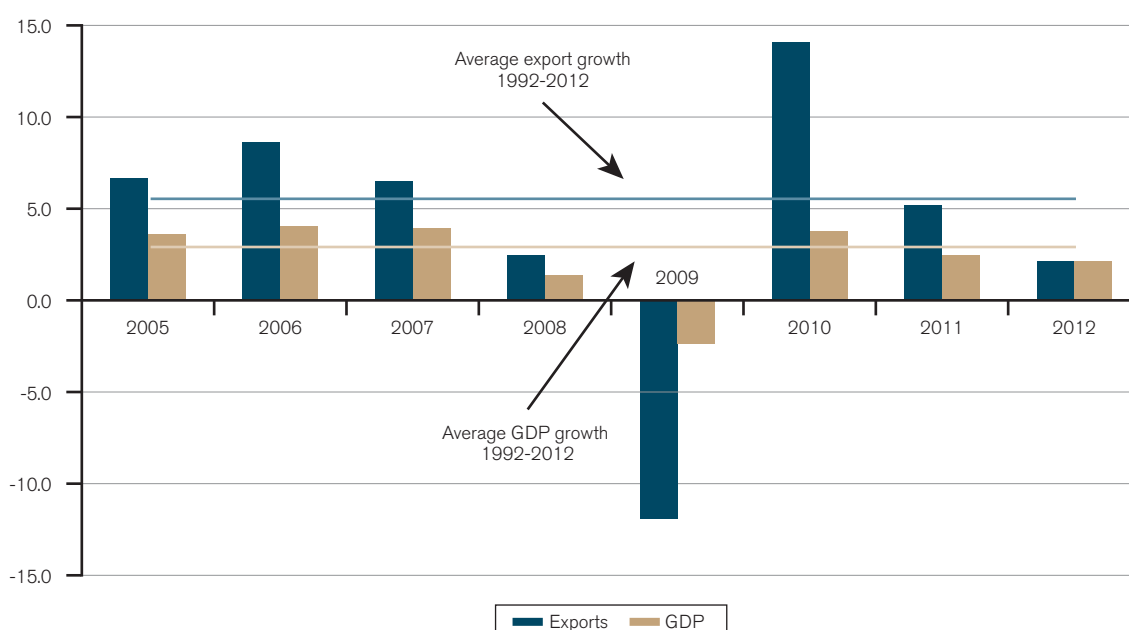
In 2012, the dollar value of world merchandise exports only increased two-tenths of 1 per cent (i.e. 0.2 per cent) to US\$ 18.3 trillion, leaving it essentially unchanged. The slower growth in the dollar value of world trade compared with trade in volume terms is explained by falling prices for traded goods. Some of the biggest price declines were recorded for commodities such as coffee (-22 per cent), cotton (-42 per cent), iron ore (-23 per cent) and coal (-21 per cent), according to IMF commodity price statistics.

The value of world commercial services exports rose just 2 per cent in 2012 to US\$ 4.3 trillion, with strong differences in growth rates across countries and regions. For example, the United States saw its exports of commercial services climb 4 per cent, while those of Germany dropped 2 per cent and France's tumbled 7 per cent. On the import side, several European countries recorded sharp declines, including Italy (-8 per cent), France (-10 per cent), Portugal (-16 per cent) and Greece (-18 per cent).

Trade growth in 2012 was accompanied by slow global output growth of 2.1 per cent at market exchange rates, down from 2.4 per cent in 2011 and 3.8 per cent in 2010.

Fiscal consolidation was a hallmark of 2012 as European governments tried to reduce their large debts and deficits, while budget negotiations in the United States threatened to undermine confidence. After seeing its economy stall in 2012, Japan opted for a more expansionary fiscal policy stance in the early months of 2013 despite the country's elevated debt/GDP ratio.

Figure 1.1: Growth in volume of world merchandise trade and GDP, 2005-12 (annual percentage change)



Source: WTO Secretariat.

Finding an appropriate mix of policies has been challenging for developed countries, since they have had to balance long-term fiscal objectives against the need to sustain fragile economic recoveries in the short term.

Indicators of production, business sentiment and employment painted a mixed picture of economic conditions in the first quarter of 2013. Purchasing managers' indices suggested that the euro area downturn had accelerated despite continued resilience in Germany. At the same time, the leading indicators for the United States, Japan, China and the Republic of Korea pointed to a firming of growth in these countries.

Unemployment in the United States fell to its lowest level since before the economic crisis at 7.6 per cent in April 2013, whereas the rate for the euro area stood at close to 12 per cent in February. Together, these figures point to ongoing weakness in European import demand even as conditions gradually improve elsewhere. The fall in EU import demand in 2012 had a particularly strong impact on global trade flows due to the large weight of the European Union in world imports (32 per cent in 2012 including trade within the EU, 15 per cent excluding it).

## 1. The world economy and trade in 2012

### (a) Additional perspectives on trade developments

WTO statistics on short-term trade developments illustrate the divergent trade performances of major economies over the course of 2012. Figure 1.2 shows seasonally adjusted quarterly merchandise trade volume indices for the United States, the European Union, Japan and developing Asia (including China). Exports from the United States and from the European Union to the rest of the world (i.e. EU-extra exports) remained relatively strong for most of the year before dipping slightly in the fourth quarter (Q4). Asian exports also held up relatively well, finishing the year on a positive note after pausing in the third quarter (Q3).

Meanwhile, Japan's shipments of goods dropped 11 per cent in the last two quarters of the year. A significant part of this downturn appears to have been caused by a deterioration of Japan's trade with China following a territorial dispute that soured relations between the two countries. Annual figures on merchandise trade in dollar terms show that the value of Japan's exports declined by 3 per cent in 2012. However, shipments to China, which represent around 20 per cent of the country's exports, were down 11 per cent year-on-year, while exports to other destinations only declined by 1 per cent.

On the import side, the European Union maintained its recent downward trajectory, with Q4 imports in volume terms from the rest of the world falling to 5 per cent

below their level in the middle of 2011, and imports from other EU member states (i.e. intra-EU trade) slipping by the same amount.

Japanese imports recorded strong growth for most of the year before dropping 6 per cent in Q4. The rise in imports in the earlier quarters was partly due to increased purchases of fuels from abroad for use in conventional thermal electricity generation following the loss of output from nuclear power stations after the Fukushima disaster. The dollar value of Japanese imports rose 3.5 per cent in 2012, but imports from the Kingdom of Saudi Arabia were up 8 per cent and purchases from Qatar (mostly natural gas) rose 19 per cent. Japan's merchandise trade deficit of US\$ 87 billion for 2012 was the largest ever recorded for the country in a dataset stretching back to 1948.

Quarterly developments for trade in commercial services show a similar pattern to trade in goods, with year-on-year growth in dollar values flat or declining in Europe and growing in other regions.<sup>1</sup>

The growth of world merchandise trade in 2012 was much lower than one would expect given the rate of world gross domestic product (GDP) growth for the year. Under normal conditions, the growth rate for trade is usually around twice that of GDP, but in 2012 the ratio of trade growth to GDP growth fell to around 1:1. Possible reasons for the decline in this ratio include reduced access to credit in distressed euro area economies and the perception in 2011 and the first half of 2012 that one or more countries might be forced to leave the euro. The threat of the latter has receded following the European Central Bank's promise to support the euro with bond purchases, and as a result the WTO expects the usual ratio of trade growth to GDP growth to re-establish itself going forward.

Despite the unusually slow rate of trade volume growth in 2012, the ratio of world exports of merchandise and commercial services to world GDP in current dollar terms only dipped slightly, from around 32 per cent, and remained close to its peak value of 33 per cent in 2008 (see Figure 1.3).

It should be noted that slowing economic growth in Europe has a disproportionate impact on world trade due to the fact that by convention we include trade between EU member states in world trade totals. However, if we were to treat the European Union as a single entity, which it is for purposes of trade policy, the slowdown in world trade in 2012 would not appear as extreme. In this case, world trade growth would be 3.2 per cent in 2012 rather than 2.0 per cent.

The 2.0 per cent growth in world merchandise trade in 2012 was below the average rate of 5.3 per cent for the last 20 years (1992-2012) and well below the pre-crisis average rate of 6.0 per cent (1990-2008) (see Figure 1.4). The difference between the earlier

Figure 1.2: Quarterly merchandise trade flows of selected economies, 2010Q1-2012Q4 (seasonally adjusted volume indices, 2010Q1=100)



Source: WTO short-term trade statistics.

trend and actual trade outcomes in recent years appears to be widening, albeit slowly. This gap in percentage terms was equal to 11 per cent in 2010, 12 per cent in 2011 and 15 per cent in 2012.

At some point in the future, trade growth will again surpass its 20 year average, if only because this average keeps falling with every passing year of sub-par growth. When or if it will manage to bridge the gap with its pre-crisis trend remains to be seen. In addition to a durable level shift in the series, it appears that the fundamental growth rate of world trade may have also been reduced. To return to the previous trend would require a period of very rapid trade expansion at some point in the future.

(b) Economic growth

Economies in the euro area stalled in 2012 and the sovereign debt crisis flared again in the summer, pushing long-term borrowing costs for Italy and Spain above 6 per cent and stoking uncertainty about the future of the common currency (see Figure 1.5). Growth also slowed worryingly in the United States in Q4, and Japan slipped in and out of recession during the year. As a result, world GDP growth at market exchange rates dropped to 2.1 per cent in 2012 from 2.4 per cent in 2011. This pace of expansion was below the average of 3.2 per cent for the two decades preceding the financial crisis and also below the

I. TRADE DEVELOPMENTS IN 2012 AND EARLY 2013

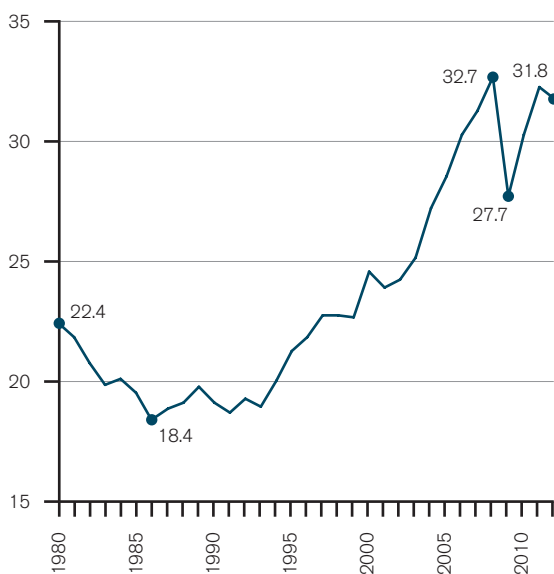
2.8 per cent average of the last 20 years including the crisis period (see Table 1.1).

Policy responses from the European Central Bank and the Federal Reserve in the middle of 2012 appeared to have succeeded in easing the sovereign debt crisis and putting US growth on a firmer footing. Borrowing costs in the euro area returned to more manageable

levels in the second half of the year and employment picked up in the United States, but this progress remained fragile.

The 2.3 per cent growth in the United States was nearly double the 1.2 per cent rate for developed economies as a whole in 2012. Japan's increase for the year was also above average at 1.9 per cent, but the European Union's growth was close to zero at -0.3 per cent.

Figure 1.3: Ratio of world exports of merchandise and commercial services to world GDP, 1980-2012 (ratio of current US\$ values)

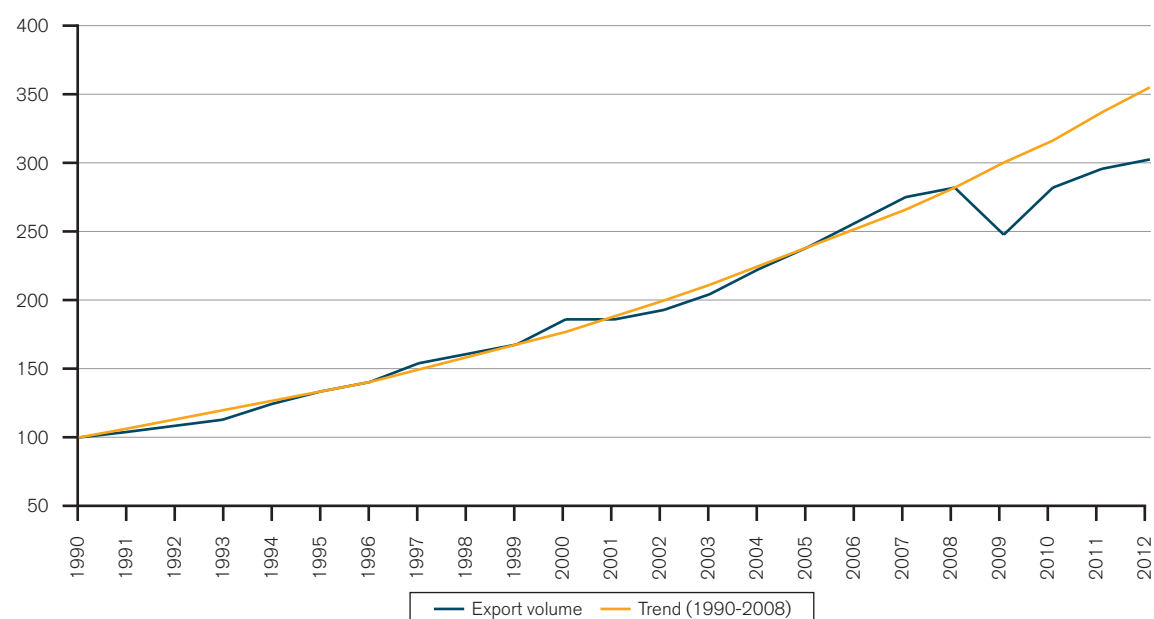


Sources: IMF for world GDP, WTO Secretariat for merchandise trade, WTO Secretariat and UNCTAD for commercial services.

Developing countries and the Commonwealth of Independent States (CIS) collectively raised their output by 4.7 per cent in 2012, with Africa recording the fastest growth of any country or region at 9.3 per cent. The outsized growth rate for the African continent was mostly due to the resurgence of Libyan output after oil supplies were disrupted by civil conflict in 2011, but growth in Sub-Saharan Africa was still above the world average at 4.0 per cent. China's GDP advanced 7.8 per cent, while India recorded a 5.2 per cent increase. However, the newly industrialized Asian economies of Hong Kong (China), the Republic of Korea, Singapore and Chinese Taipei registered a disappointing 1.8 per cent increase as slumping European demand penalized their exports.

The next fastest growing region after Africa was Asia (3.8 per cent) followed by the CIS (3.7), the Middle East (3.3 per cent), South and Central America (2.6 per cent), North America (2.3 per cent) and Europe (-0.1 per cent). Aggregate quarterly figures for world GDP growth are not readily available, but such growth likely slowed towards the end of the year as output in the European Union contracted in Q4 and US and Japanese growth slowed.

Figure 1.4: Volume of world merchandise exports, 1990-2012 (index, 1990=100)



Source: WTO Secretariat.

Table 1.1: Real GDP and merchandise trade volume growth by region, 2010-12  
(annual percentage change)

	GDP			Exports			Imports		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
World	3.8	2.4	2.1	14.1	5.2	2.1	13.6	5.1	1.9
<b>North America</b>	2.6	2.0	2.3	15.0	6.6	4.5	15.7	4.4	3.1
United States	2.4	1.8	2.2	15.4	7.1	4.1	14.8	3.8	2.8
<b>South and Central America<sup>a</sup></b>	6.2	4.3	2.6	5.2	6.1	1.4	22.7	12.0	1.8
<b>Europe</b>	2.3	1.7	-0.1	11.0	5.5	0.6	9.4	2.8	-1.9
European Union (27)	2.1	1.5	-0.3	11.7	5.7	0.3	9.1	2.4	-2.0
<b>Commonwealth of Independent States (CIS)</b>	4.7	4.8	3.7	6.1	1.8	1.6	18.8	17.1	6.8
<b>Africa<sup>b</sup></b>	4.5	0.7	9.3	5.4	-8.5	6.1	8.1	4.5	11.3
<b>Middle East</b>	4.9	5.2	3.3	7.5	5.5	1.2	8.2	5.1	7.9
<b>Asia</b>	6.7	3.3	3.8	22.7	6.4	2.8	18.2	6.7	3.7
China	10.4	9.2	7.8	28.1	8.8	6.2	22.0	8.8	3.6
Japan	4.5	-0.6	1.9	27.5	-0.6	-1.0	10.1	4.3	3.7
India	10.1	7.9	5.2	25.7	15.0	-0.5	22.7	9.7	7.2
Newly industrialized economies (4) <sup>c</sup>	8.2	4.0	1.8	20.9	7.8	1.6	17.9	2.7	1.5
<b>Memo: Developed economies</b>	2.7	1.5	1.2	13.1	5.1	1.0	10.7	3.1	-0.1
<b>Memo: Developing and CIS</b>	7.3	5.3	4.7	15.3	5.4	3.3	18.2	8.0	4.6

<sup>a</sup> Includes the Caribbean.

<sup>b</sup> Includes Northern Africa. GDP growth was lower for Sub-Saharan Africa than for Africa as a whole in 2012 at 4.0 per cent and higher in 2011 at 4.4 per cent. This discrepancy is mostly due to strong fluctuations in Libyan output.

<sup>c</sup> Hong Kong, China; Republic of Korea; Singapore; and Chinese Taipei.

Source: WTO Secretariat.

### (c) Merchandise trade in volume (i.e. real) terms

The volume of world merchandise trade (as measured by the average of exports and imports) registered an increase of just 2 per cent in 2012. If we exclude years in which trade volume declined, this was the smallest annual increase in a dataset extending back to 1981. Shipments from developed countries grew more slowly than the world average at 1.0 per cent, while exports of developing economies grew faster at 3.3 per cent. On the import side, developed economies dropped 0.1 per cent, while developing economies grew at a 4.6 per cent pace (see Table 1.1).

After seeing its exports shrink by 8.5 per cent in 2011 following the Libyan civil war, Africa rebounded in 2012 to record the fastest export growth of any region at 6.1 per cent. This was followed by North America, where exports rose 4.5 per cent on the strength of a 4.1 per cent increase in the United States. Asia only managed to increase its exports by 2.8 per cent in 2012 despite 6.2 per cent growth in China's exports. Contributing to the slow growth in Asia were India and Japan, where exports declined by 0.5 per cent and 1.0 per cent, respectively. Other regions that export large quantities of natural resources saw small increases in export volumes, including the Commonwealth of Independent

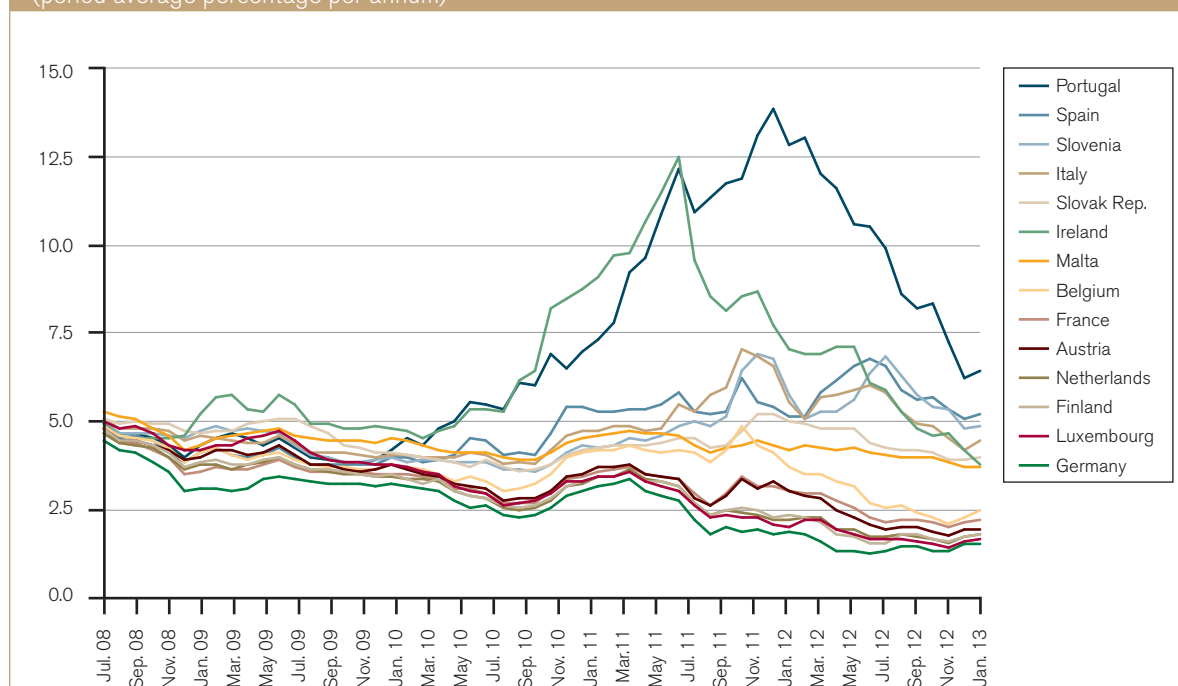
States (1.6 per cent), South and Central America (1.4 per cent), and the Middle East (1.2 per cent). This is to be expected since quantities of primary products tend not to change very much from year to year. The region with the slowest export growth was again Europe at 0.6 per cent, but the European Union grew even more slowly at 0.3 per cent.

Africa's imports also grew faster than those of any other region at 11.3 per cent, making it the only region with double digit growth in either exports or imports. This was followed by the Middle East (7.9 per cent) and the Commonwealth of Independent States (6.8 per cent), which took advantage of the high average oil prices in 2012 to boost their export earnings to purchase more imports (see Table 1.2). Asia's import growth of 3.7 per cent was driven by a 3.6 per cent increase in China. North America's 3.1 per cent rise was slightly stronger than that of the United States (2.8 per cent). South and Central America, with import growth of 1.8 per cent, lagged behind all regions other than Europe, which recorded a 1.9 per cent decline in imports.

### (d) Merchandise and commercial services trade in value (i.e. dollar) terms

The dollar value of world merchandise exports in 2012 was US\$ 18.3 trillion, nearly unchanged from 2011. The stagnation in values reduced the average growth

Figure 1.5: Long-term interest rates on euro area sovereign debt, July 2008 – February 2013<sup>a</sup>  
(period average percentage per annum)



<sup>a</sup> Secondary market yields on ten-year government bonds issued by all euro area governments except Estonia, Greece and Cyprus, sorted in descending order by rates in February 2013.

Source: European Central Bank.

Table 1.2: World prices of selected primary products, 2000-12  
(annual percentage change and US\$ per barrel)

	2010	2011	2012	2000-12	2005-12
<b>All commodities</b>	26	29	-3	10	10
Metals	48	14	-17	10	10
Food	11	20	-2	7	8
Beverages <sup>a</sup>	14	17	-19	7	8
Agricultural raw materials	32	23	-13	3	4
Energy	26	36	1	12	11
<b>Memo: Crude oil price in US\$/barrel<sup>b</sup></b>	79	104	105	60	79

<sup>a</sup> Comprising coffee, cocoa beans and tea.

<sup>b</sup> Average of Brent, Dubai, and West Texas Intermediate.

Source: IMF International Financial Statistics.

rate for the post-2005 period to 8 per cent from 10 per cent last year. This contrasts with the stronger growth rates of 22 per cent in 2010 and 20 per cent in 2011. Meanwhile, world commercial services exports in 2012 were only 2 per cent higher than in 2011 at US\$ 4.3 trillion. The 2012 growth rate for transport services was in line with total world commercial services exports at 2 per cent, while travel services grew faster (4 per cent) and other commercial services grew more slowly (1 per cent) (see Table 1.3).

Commercial services accounted for roughly 19 per cent of total world trade in world goods and commercial services in 2012. However, it should be noted that traditional trade statistics, which measure gross trade

flows rather than value-added at various stages of production, strongly under-estimate the contribution of services to international trade. A joint initiative between the WTO and the Organisation for Economic Co-operation and Development (OECD) has developed new indicators of trade in value-added that provide additional perspectives on the role of services in world trade.<sup>2</sup>

Some sub-categories of other commercial services grew faster than others. Communications (including postal, courier and telecommunications services) declined by 3 per cent, while construction rose 3 per cent and insurance services increased by 2 per cent in 2012. The biggest decline was observed in financial services (i.e. services provided by banks and other financial



Table 1.3: World exports of merchandise and commercial services, 2005-12  
(US\$ billion and annual percentage change)

	Value	Annual percentage change			
	2010	2010	2011	2012	2005-12
<b>Merchandise</b>	18,323	22	20	0	8
<b>Commercial services</b>	4,345	10	11	2	8
Transport	885	16	9	2	7
Travel	1,105	9	12	4	7
Other commercial services	2,350	8	12	1	10
of which:					
Communications services	100	3	10	-3	8
Construction	110	-4	8	3	10
Insurance services	100	1	0	2	11
Financial services	300	7	12	-4	8
Computer and information services	265	12	14	6	14
Royalties and licence fees	285	8	14	-2	9
Other business services	1,145	9	13	2	9
Personal, cultural and recreational services	35	14	13	3	7
<b>Memo: Goods and commercial services (BOP)</b>	22,520	19	18	1	8

Sources: WTO Secretariat estimates for merchandise and WTO and UNCTAD Secretariat estimates for commercial services.

intermediaries), which fell 4 per cent. The fastest growing sub-sector of other commercial services was computer and information services, which jumped 6 per cent in 2012. Royalties and licence fees fell 2 per cent, and other business services (including engineering services, legal/accounting services, management consulting, advertising and trade related services, among others) increased by 2 per cent.

In dollar terms, US exports of financial services declined by 4 per cent in 2012, the United Kingdom dropped 13 per cent, Germany slipped 2 per cent and France plunged 20 per cent. Several other EU member states also recorded double digit declines in financial services, including Austria (-11 per cent), Cyprus (-21 per cent), Greece (-29 per cent) and Spain (-11 per cent). Total exports of financial services from Switzerland declined by 8 per cent. Meanwhile, Japan's exports of financial services gained 13 per cent and China's advanced 58 per cent. Finally, the Asian financial centres of Singapore and Hong Kong, China treaded water in 2012 with 0 per cent and 4 per cent growth, respectively.

Overall, developed economies' exports of financial services fell 6 per cent while those of developing economies and the Commonwealth of Independent States together rose 3 per cent.

The US dollar appreciated against most major currencies between 2011 and 2012, rising 3.7 per cent on average according to data from the Federal Reserve Bank of St. Louis (see Figure 1.6). Exceptions include the Chinese yuan, which rose 2.4 per cent against the dollar, and the Japanese yen, which was more or less unchanged against the dollar (-0.2 per cent). The

appreciation of the dollar against other currencies would tend to understate the value of some trade flows in 2012 and overstate the magnitude of any declines from 2011, particularly for trade not denominated in dollars (e.g. trade within the EU). The euro dropped 7.7 per cent in value against the dollar in 2012.

### (i) Merchandise trade

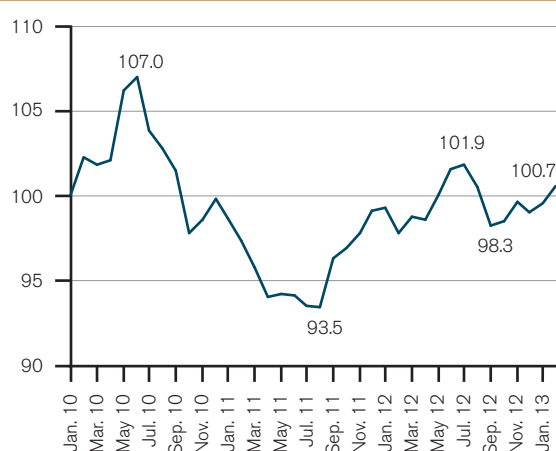
North America's merchandise exports rose 4 per cent in 2012 to US\$ 2.37 trillion (13.3 per cent of the world total) while imports increased by 3 per cent to US\$ 3.19 trillion (17.6 per cent) (see Appendix Table 1.1). South and Central America's exports were essentially unchanged at US\$ 749 billion (4.2 per cent), but the region's imports recorded a small 3 per cent increase to reach US\$ 753 billion (4.1 per cent). European exports fell 4 per cent to US\$ 6.37 trillion (34.7 per cent of total world trade). Meanwhile, Europe's imports dropped 6 per cent to US\$ 6.52 trillion (35.9 per cent of the total).

Exports of the Commonwealth of Independent States rose 2 per cent in 2012 to US\$ 904 billion as oil prices remained high. CIS imports also increased 5 per cent to US\$ 568 billion. Respectively, the region's exports and imports represented 4.5 per cent and 3.1 per cent of world trade in 2012.

Africa's exports were up 5 per cent to US\$ 626 billion (3.5 per cent of the world total) while its imports advanced 8 per cent to US\$ 604 billion (3.3 per cent).

Middle East exports grew 3 per cent to US\$ 1.29 trillion (or 7.2 per cent of the world total) and the region's imports rose 6 per cent to US\$ 7.21 billion (4 per cent).

**Figure 1.6: Trade-weighted US dollar exchange rate against major currencies, Jan. 2010 – Feb. 2013**  
(index, Jan. 2010=100)



Source: Federal Reserve Bank of St. Louis.

Finally, Asia's exports only managed to grow 2 per cent to US\$ 5.64 trillion (31.6 per cent of the global total) in 2012. Meanwhile, imports of the region increased by 4 per cent to US\$ 5.79 trillion (31.9 per cent).

The top five merchandise exporters in 2012 were China (US\$ 2.05 trillion, 11.2 per cent of world trade), the United States (US\$ 1.55 trillion, 8.4 per cent), Germany (US\$ 1.41 trillion, 7.7 per cent), Japan (US\$ 799 billion, 4.4 per cent) and the Netherlands (US\$ 656 billion, 3.6 per cent). The leading importers were the United States (US\$ 2.34 trillion, 12.6 per cent of world imports), China (US\$ 1.82 trillion, 9.8 per cent), Germany (US\$ 1.17 trillion, 6.3 per cent), Japan (US\$ 886 billion, 4.8 per cent) and the United Kingdom (displacing France at US\$ 680 billion, 3.7 per cent) (see Appendix Table 1.2).

If we count all 27 European Union members as a single entity and exclude intra-EU trade, the leading exporters were the European Union (US\$ 2.16 trillion, or 14.7 per cent of the world total), China (13.9 per cent), the United States (10.5 per cent), Japan (5.4 per cent) and the Republic of Korea (US\$ 548 billion, or 3.7 per cent). The leading importers when intra-EU trade is excluded were the United States (displacing the EU at 15.6 per cent), the European Union (US\$ 2.30 trillion or 15.4 per cent), China (12.2 per cent), Japan (5.9 per cent) and Hong Kong, China (US\$ 554 billion, or 3.7 per cent) (see Appendix Table 1.3).

### (ii) Commercial services trade

The region that recorded the fastest growth in commercial services exports in 2012 was the CIS with a 10 per cent increase to US\$ 105 billion. This was followed by the Middle East at 9 per cent (US\$ 125 billion), Asia at 6 per cent (US\$ 1.16 trillion), South and Central America also at 6 per cent

(US\$ 136 billion), Africa at 5 per cent (US\$ 90 billion), North America at 4 per cent (US\$ 709 billion), and Europe, which fell 3 per cent to US\$ 2.02 trillion. On the import side, the fastest growing region was the CIS at 17 per cent (US\$ 151 billion), followed by South and Central America at 9 per cent (US\$ 178 billion), Asia at 8 per cent (US\$ 1.18 trillion), Africa at 3 per cent (US\$ 162 billion), North America at 2 per cent (US\$ 537 billion), Middle East also at 2 per cent (US\$ 222 billion), and finally Europe with a decline of 3 per cent (US\$ 1.68 trillion) (see Appendix Table 1.4).

The top five exporters of commercial services in 2012 were the United States (US\$ 614 billion, or 14.1 per cent of the world total), the United Kingdom (US\$ 278 billion, 6.4 per cent), Germany (US\$ 255 billion, 5.9 per cent), France (US\$ 208 billion, 4.8 per cent) and China (US\$ 190 billion, 4.4 per cent). Although France appears above China as an exporter of commercial services compared to last year's tables, this is due to changes in data coverage rather than an improved trade performance on the part of France, whose exports actually dropped 7 per cent in 2012 (see Appendix Table 1.5).

The five leading importers of commercial services were the United States (US\$ 406 billion, or 9.9 per cent of the world total), Germany (US\$ 285 billion, 6.9 per cent), China (US\$ 281 billion, 6.8 per cent), the United Kingdom (US\$ 176 billion, 4.3 per cent) and Japan (US\$ 174 billion, 4.2 per cent). There were no changes in rank among the top importers.

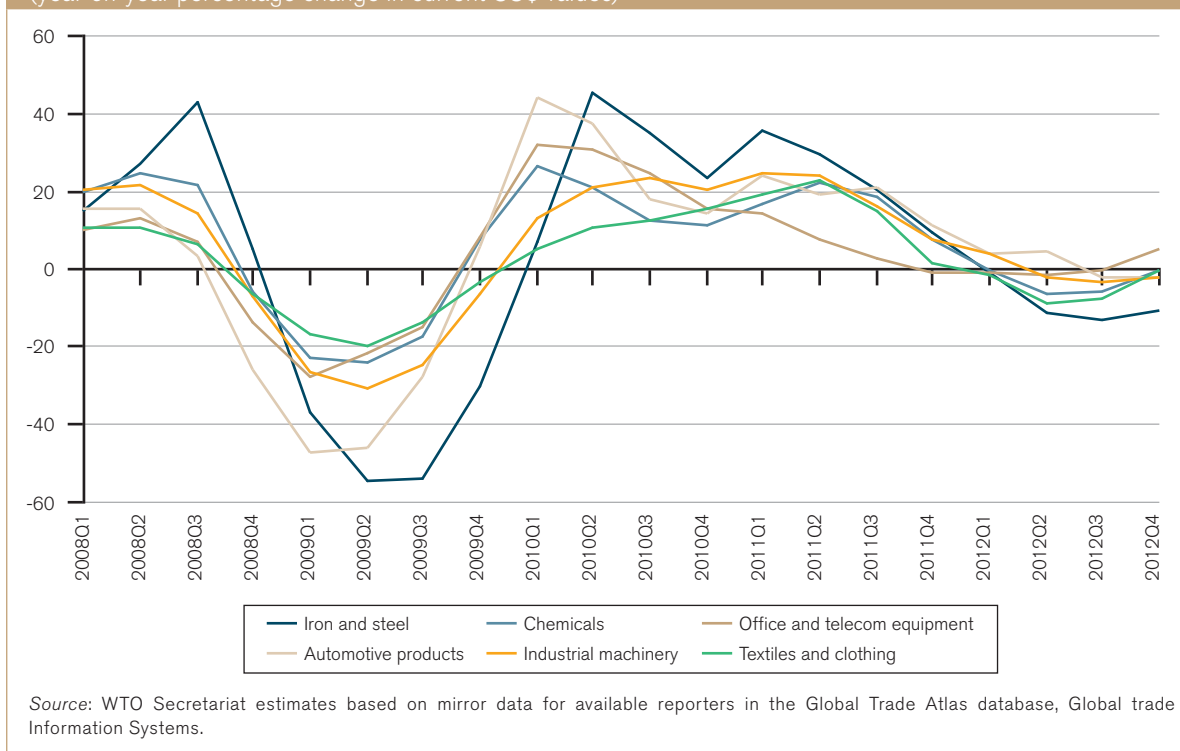
If we exclude trade between EU member states and treat the European Union as a single entity, the EU was the top exporter of commercial services in 2012 with exports valued at US\$ 823 billion (24.6 per cent of the world total). It was followed by the United States (18.3 per cent), China (5.7 per cent), India (US\$ 148 billion, 4.4 per cent) and Japan (US\$ 140 billion, 4.2 per cent). The European Union was also the leading importer of services at US\$ 639 billion (20.0 per cent of the world total), followed by the United States (12.7 per cent), China (8.8 per cent), Japan (5.4 per cent) and India (US\$ 125 billion, 3.9 per cent) (see Appendix Table 1.6).

### (iii) Sectoral merchandise trade developments

Figure 1.7 shows estimated year-on-year growth in the dollar value of world trade for major categories of manufactured goods. It illustrates the fact that some products declined earlier and recovered sooner than others during the trade collapse of 2009. In the case of the current trade slowdown, it may provide an indication of whether trade is still slowing or has already bottomed out and started to recover.

Iron and steel trade appears to be a highly pro-cyclical and somewhat lagging indicator of global trade growth. It registered the biggest decline of any sector during

Figure 1.7: World exports of manufactured goods by product, 2008Q1-2012Q4 (year-on-year percentage change in current US\$ values)



both the 2009 trade collapse and the recent slump. Although it was down 11 per cent year-on-year in the fourth quarter of 2012, this was less negative than the previous quarter, when it was down 13 per cent.

Year-on-year growth in office and telecom equipment was -1 per cent in the second quarter and 0 per cent in the third, but in the fourth it returned to positive territory with an increase of 6 per cent. This sector led the recovery following the 2009 trade collapse, so its return to growth is a positive sign for a revival of trade in the coming months.

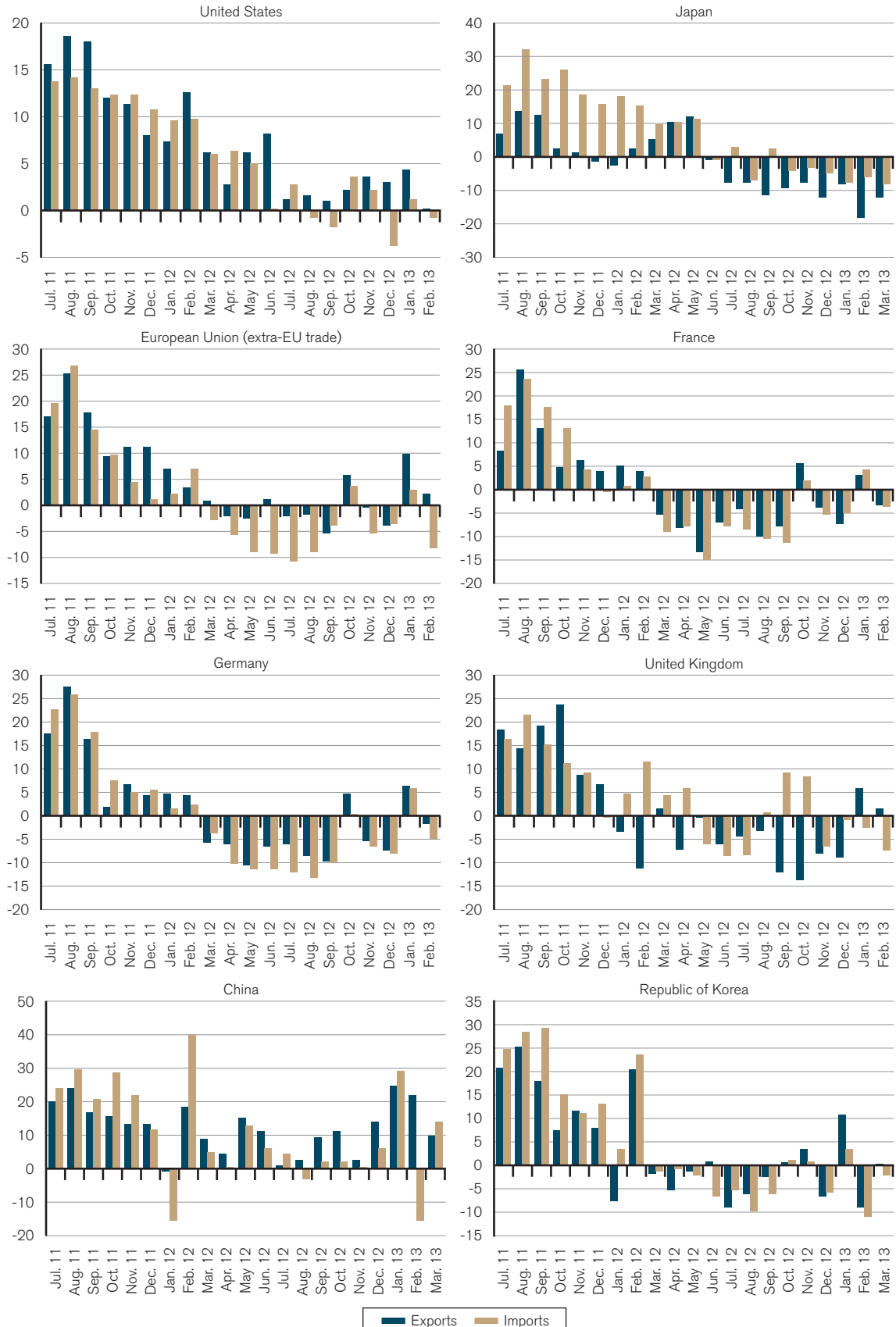
Most other sectors saw improvements in year-on-year growth between the third and fourth quarters, which suggest that a recovery in trade may be under way. Chemicals increased from -6 per cent to 0 per cent, industrial machinery rose from -3 per cent to -2 per cent and clothing and textiles went from -8 per cent to -1 per cent. An important exception is automotive products, which tend to be a coincident indicator of trade cycles. This category was down 2 per cent in both the third and fourth quarters, showing no improvement.

## Endnotes

- 1 WTO short-term trade statistics can be downloaded at [www.wto.org/statistics](http://www.wto.org/statistics).
- 2 More information can be found on the WTO's website at [www.wto.org/miwi](http://www.wto.org/miwi).

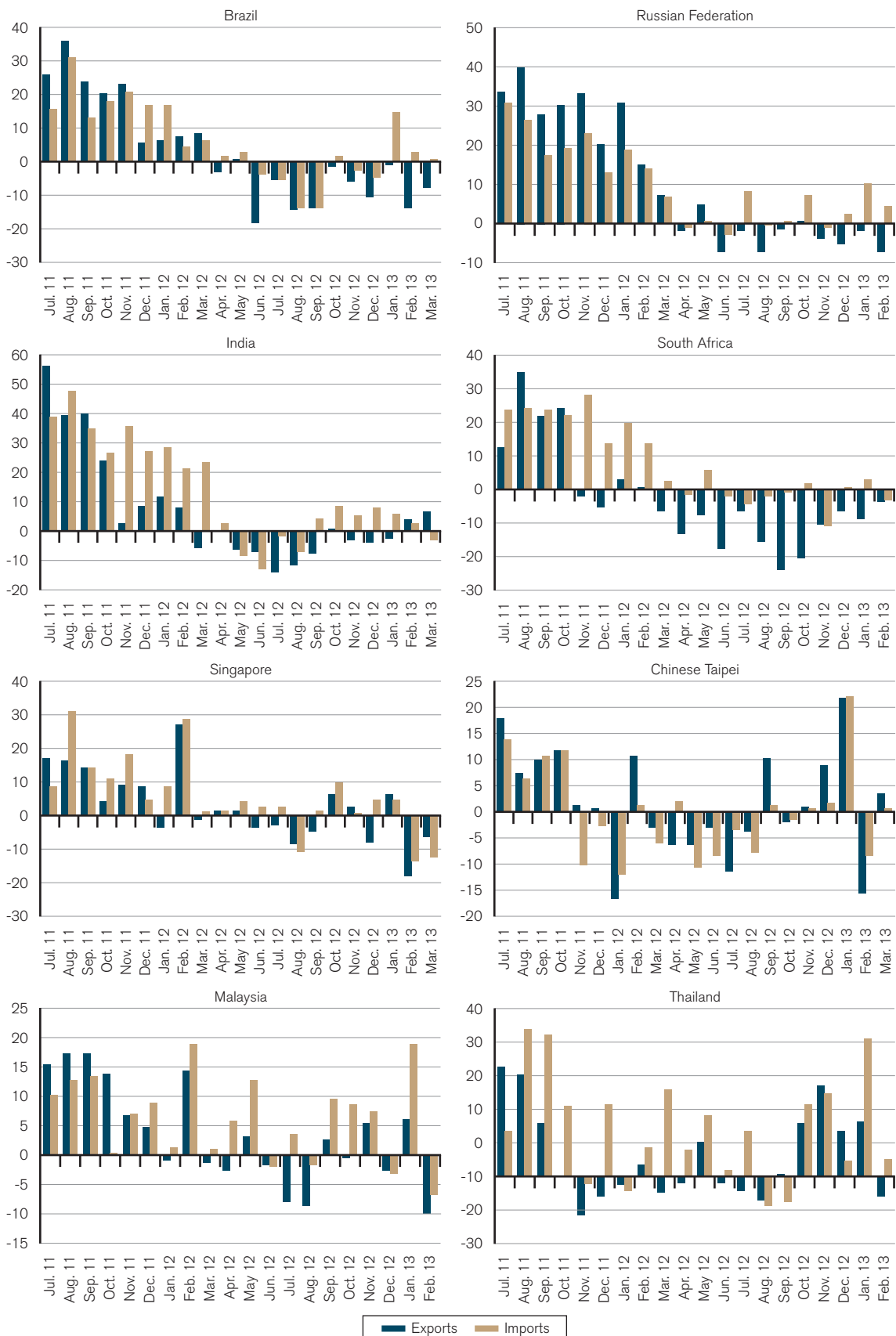
# Appendix figure

Appendix Figure 1.1: Merchandise exports and imports of selected economies, July 2011 – February/March 2013  
(year-on-year percentage change in current US\$ values)



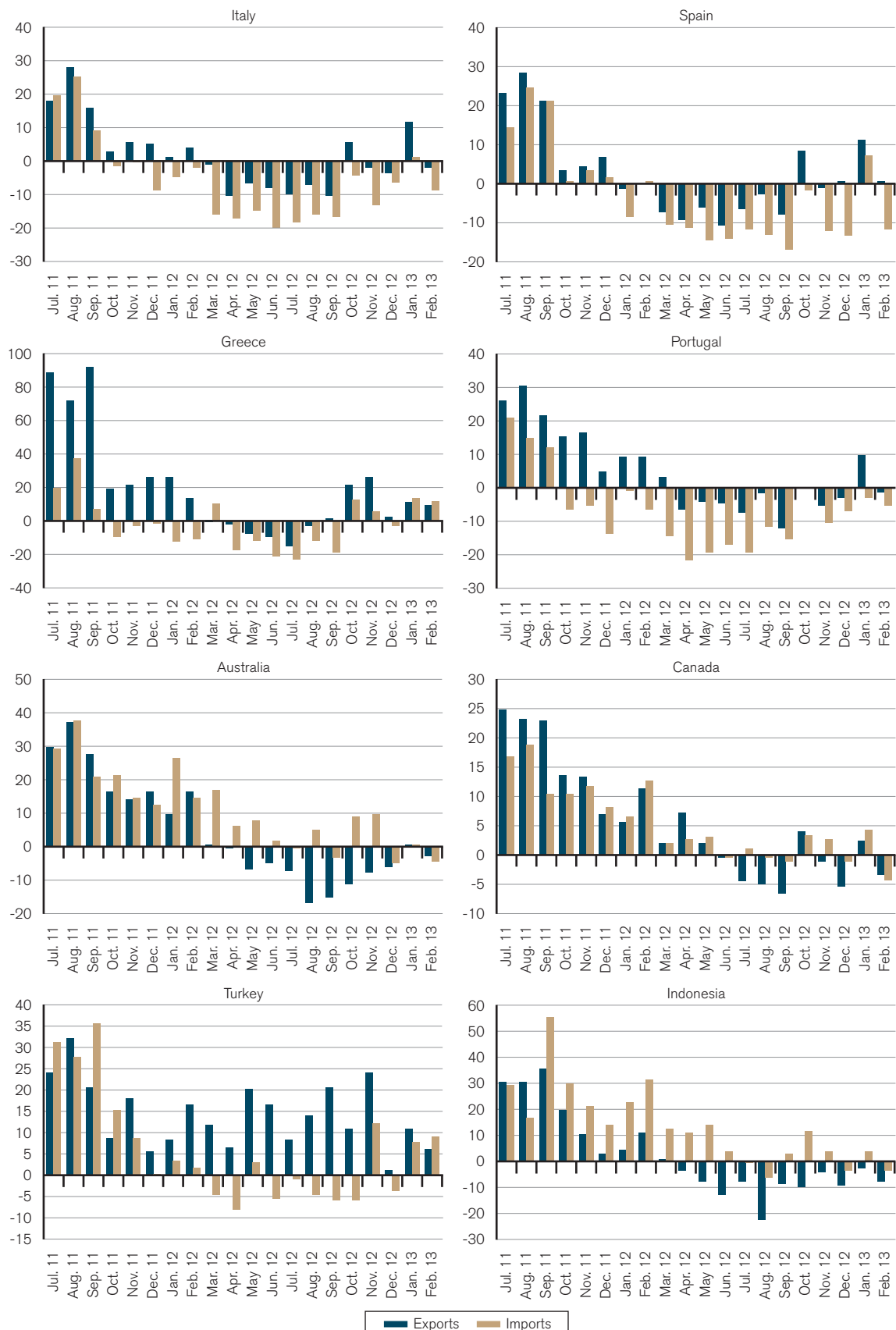
Sources: IMF International Financial Statistics, Global Trade Information Services GTA database, national statistics.

Appendix Figure 1.1: Merchandise exports and imports of selected economies, July 2011 – February/March 2013 (continued)  
(year-on-year percentage change in current US\$ values)



Sources: IMF International Financial Statistics, Global Trade Information Services GTA database, national statistics.

Appendix Figure 1.1: **Merchandise exports and imports of selected economies, July 2011 – February/March 2013** (continued)  
(year-on-year percentage change in current US\$ values)



Sources: IMF International Financial Statistics, Global Trade Information Services GTA database, national statistics.

# Appendix tables

Appendix Table 1.1: **World merchandise trade by region and selected economies, 2005-12**  
(US\$ billion and annual percentage change)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2012	2005-12	2010	2011	2012	2012	2005-12	2010	2011	2012
<b>World</b>	17,850	8	22	20	0	18,155	8	21	19	0
<b>North America</b>	2,373	7	23	16	4	3,192	5	23	15	3
United States	1,547	8	21	16	5	2,335	4	23	15	3
Canada <sup>a</sup>	455	3	23	17	1	475	6	22	15	2
Mexico	371	8	30	17	6	380	8	28	16	5
<b>South and Central America<sup>b</sup></b>	749	11	25	27	0	753	14	30	25	3
Brazil	243	11	32	27	-5	233	17	43	24	-2
Other South and Central America <sup>b</sup>	506	11	22	28	2	520	13	24	25	5
<b>Europe</b>	6,373	5	12	18	-4	6,519	5	13	17	-6
<b>European Union (27)</b>	5,792	5	12	18	-5	5,927	5	13	17	-6
Germany	1,407	5	12	17	-5	1,167	6	14	19	-7
Netherlands	656	7	15	16	-2	591	7	17	16	-1
France	569	3	8	14	-5	674	4	9	18	-6
United Kingdom	468	3	17	21	-7	680	4	14	14	1
Italy	500	4	10	17	-4	486	3	17	15	-13
<b>Commonwealth of Independent States (CIS)</b>	804	13	31	34	2	568	15	25	30	5
Russian Federation <sup>a</sup>	529	12	32	30	1	335	15	30	30	4
<b>Africa</b>	626	11	30	17	5	604	13	16	18	8
<b>South Africa</b>	87	8	31	21	-11	123	10	27	29	1
<b>Africa less South Africa</b>	539	11	30	16	8	481	14	13	15	9
Oil exporters <sup>c</sup>	370	11	34	15	12	179	14	10	10	8
Non oil exporters	169	11	22	20	-1	303	14	15	18	10
<b>Middle East</b>	1,287	13	28	37	3	721	12	13	17	6
<b>Asia</b>	5,640	11	31	18	2	5,795	12	33	23	4
China	2,049	15	31	20	8	1,818	16	39	25	4
Japan	799	4	33	7	-3	886	8	26	23	4
India	293	17	37	34	-3	489	19	36	33	5
Newly industrialized economies (4) <sup>d</sup>	1,280	8	30	16	-1	1,310	9	32	19	0
<b>Memorandum</b>										
MERCOSUR <sup>e</sup>	340	11	29	26	-4	325	16	43	25	-3
ASEAN <sup>f</sup>	1,254	10	29	18	1	1,221	11	31	21	6
EU (27) extra-trade	2,166	7	17	21	0	2,301	7	18	18	-4
Least-developed countries (LDCs)	204	14	27	25	1	223	14	11	22	8

<sup>a</sup> Imports are valued f.o.b.

<sup>b</sup> Includes the Caribbean. For composition of groups see the Technical Notes of WTO *International Trade Statistics 2012*.

<sup>c</sup> Algeria, Angola, Cameroon, Chad, Congo, Equatorial Guinea, Gabon, Libya, Nigeria, Sudan.

<sup>d</sup> Hong Kong, China; Republic of Korea; Singapore; and Chinese Taipei.

<sup>e</sup> Common Market of the Southern Cone: Argentina, Brazil, Paraguay, Uruguay.

<sup>f</sup> Association of Southeast Asian Nations: Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam.

Source: WTO Secretariat.

## I. TRADE DEVELOPMENTS IN 2012 AND EARLY 2013

Appendix Table 1.2: Merchandise trade: leading exporters and importers, 2012  
(US\$ billion and percentage)

Rank	Exporter	Value	Share	Annual percentage change	Rank	Importer	Value	Share	Annual percentage change
1	China	2,049	11.2	8	1	United States	2,335	12.6	3
2	United States	1,547	8.4	5	2	China	1,818	9.8	4
3	Germany	1,407	7.7	-5	3	Germany	1,167	6.3	-7
4	Japan	799	4.4	-3	4	Japan	886	4.8	4
5	Netherlands	656	3.6	-2	5	United Kingdom	680	3.7	1
6	France	569	3.1	-5	6	France	674	3.6	-6
7	Korea, Republic of	548	3.0	-1	7	Netherlands	591	3.2	-1
8	Russian Federation	529	2.9	1	8	Hong Kong, China	554	3.0	8
9	Italy	500	2.7	-4		– retained imports	140	0.8	6
10	Hong Kong, China	493	2.7	8	9	Korea, Republic of	520	2.8	-1
	– domestic exports	22	0.1	33	10	India	489	2.6	5
	– re-exports	471	2.6	7	11	Italy	486	2.6	-13
11	United Kingdom	468	2.6	-7	12	Canada <sup>a</sup>	475	2.6	2
12	Canada	455	2.5	1	13	Belgium	435	2.3	-7
13	Belgium	446	2.4	-6	14	Mexico	380	2.0	5
14	Singapore	408	2.2	0	15	Singapore	380	2.0	4
	– domestic exports	228	1.2	2		– retained imports <sup>b</sup>	199	1.1	11
	– re-exports	180	1.0	-3	16	Russian Federation <sup>a</sup>	335	1.8	4
15	Saudi Arabia, Kingdom of <sup>c</sup>	386	2.1	6	17	Spain	332	1.8	-12
16	Mexico	371	2.0	6	18	Taipei, Chinese	270	1.5	-4
17	Taipei, Chinese	301	1.6	-2	19	Australia	261	1.4	7
18	United Arab Emirates <sup>c</sup>	300	1.6	5	20	Thailand	248	1.3	8
19	India	293	1.6	-3	21	Turkey	237	1.3	-2
20	Spain	292	1.6	-5	22	Brazil	233	1.3	-2
21	Australia	257	1.4	-5	23	United Arab Emirates <sup>c</sup>	220	1.2	7
22	Brazil	243	1.3	-5	24	Switzerland	198	1.1	-5
23	Thailand	230	1.3	3	25	Malaysia	197	1.1	5
24	Malaysia	227	1.2	0	26	Poland	196	1.1	-7
25	Switzerland	226	1.2	-4	27	Indonesia	190	1.0	8
26	Indonesia	188	1.0	-6	28	Austria	178	1.0	-7
27	Poland	183	1.0	-3	29	Sweden	162	0.9	-8
28	Sweden	172	0.9	-8	30	Saudi Arabia, Kingdom of	144	0.8	9
29	Austria	166	0.9	-6					
30	Norway	160	0.9	0					
	Total of above <sup>d</sup>	14,870	81.2	-		Total of above <sup>d</sup>	15,270	82.3	-
	World <sup>d</sup>	18,325	100.0	0		World <sup>d</sup>	18,565	100.0	0

<sup>a</sup> Imports are valued f.o.b.

<sup>b</sup> Singapore's retained imports are defined as imports less re-exports.

<sup>c</sup> WTO Secretariat estimates.

<sup>d</sup> Includes significant re-exports or imports for re-export.

Source: WTO Secretariat.



Appendix Table 1.3: Merchandise trade: leading exporters and importers  
(excluding intra-EU(27) trade), 2012  
(US\$ billion and percentage)

Rank	Exporter	Value	Share	Annual percentage change	Rank	Importer	Value	Share	Annual percentage change
1	Extra-EU(27) exports	2,166	14.7	0	1	United States	2,335	15.6	3
2	China	2,049	13.9	8	2	Extra-EU(27) imports	2,301	15.4	-4
3	United States	1,547	10.5	5	3	China	1,818	12.2	4
4	Japan	799	5.4	-3	4	Japan	886	5.9	4
5	Korea, Republic of	548	3.7	-1	5	Hong Kong, China	554	3.7	8
6	Russian Federation	529	3.6	1		– retained imports	140	0.9	6
7	Hong Kong, China	493	3.4	8					
	– domestic exports	22	0.2	33	6	Korea, Republic of	520	3.5	-1
	– re-exports	471	3.2	7	7	India	489	3.3	5
8	Canada	455	3.1	1	8	Canada <sup>a</sup>	475	3.2	2
9	Singapore	408	2.8	0	9	Mexico	380	2.5	5
	– domestic exports	228	1.6	2	10	Singapore	380	2.5	4
	– re-exports	180	1.2	-3		– retained imports <sup>b</sup>	199	1.3	11
10	Saudi Arabia, Kingdom of <sup>c</sup>	386	2.6	6	11	Russian Federation <sup>a</sup>	335	2.2	4
11	Mexico	371	2.5	6	12	Taipei, Chinese	270	1.8	-4
12	Taipei, Chinese	301	2.0	-2	13	Australia	261	1.7	7
13	United Arab Emirates <sup>c</sup>	300	2.0	5	14	Thailand	248	1.7	8
14	India	293	2.0	-3	15	Turkey	237	1.6	-2
15	Australia	257	1.7	-5	16	Brazil	233	1.6	-2
16	Brazil	243	1.7	-5	17	United Arab Emirates <sup>c</sup>	220	1.5	7
17	Thailand	230	1.6	3	18	Switzerland	198	1.3	-5
18	Malaysia	227	1.5	0	19	Malaysia	197	1.3	5
19	Switzerland	226	1.5	-4	20	Indonesia	190	1.3	8
20	Indonesia	188	1.3	-6	21	Saudi Arabia, Kingdom of	144	1.0	9
21	Norway	160	1.1	0	22	South Africa <sup>c</sup>	123	0.8	1
22	Turkey	153	1.0	13	23	Viet Nam	114	0.8	7
23	Qatar <sup>c</sup>	129	0.9	12	24	Norway	87	0.6	-4
24	Kuwait, the State of <sup>c</sup>	121	0.8	17	25	Ukraine	85	0.6	2
25	Viet Nam	115	0.8	18	26	Chile	79	0.5	6
26	Nigeria <sup>c</sup>	114	0.8	0	27	Israel <sup>c</sup>	76	0.5	0
27	Venezuela, Bolivarian Rep. of	97	0.7	5	28	Egypt	70	0.5	19
28	Iran <sup>c</sup>	96	0.6	-27	29	Argentina	69	0.5	-7
29	Iraq <sup>c</sup>	94	0.6	13	30	Philippines	65	0.4	3
30	Kazakhstan	92	0.6	5					
	Total of above <sup>d</sup>	13,185	89.7	-		Total of above <sup>d</sup>	13,440	89.9	-
	World (excl. intra-EU(27)) <sup>d</sup>	14,700	100.0	2		World (excl. intra-EU(27)) <sup>d</sup>	14,940	100.0	2

<sup>a</sup> Imports are valued f.o.b.

<sup>b</sup> Singapore's retained imports are defined as imports less re-exports.

<sup>c</sup> WTO Secretariat estimates.

<sup>d</sup> Includes significant re-exports or imports for re-export.

Source: WTO Secretariat.

Appendix Table 1.4: World trade of commercial services by region and selected country, 2005-12  
(US\$ billion and annual percentage change)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2012	2005-12	2010	2011	2012	2012	2005-12	2010	2011	2012
<b>World</b>	4,345	8	10	11	2	4,105	8	10	11	2
<b>North America</b>	709	7	9	9	4	537	6	8	8	2
United States	614	8	9	9	4	406	6	5	7	3
<b>South and Central America<sup>a</sup></b>	136	10	13	13	6	178	14	23	18	9
Brazil	38	14	15	20	5	78	19	36	22	7
<b>Europe</b>	2,024	7	4	12	-3	1,680	6	3	10	-3
<b>European Union (27)</b>	1,819	6	4	12	-3	1,553	5	2	10	-4
Germany	255	7	3	9	-2	285	4	3	11	-3
United Kingdom	278	5	4	10	-4	176	1	1	6	1
France	208	8	1	17	-7	171	7	4	12	-10
Netherlands	126	5	4	17	-7	115	5	-2	15	-5
Spain	140	6	1	14	-1	90	4	-1	8	-5
<b>Commonwealth of Independent States (CIS)</b>	105	14	13	19	10	151	14	19	18	17
Russian Federation <sup>a</sup>	58	13	8	20	10	102	15	21	23	16
Ukraine	19	11	24	14	1	13	9	10	5	2
<b>Africa</b>	90	7	12	0	5	162	12	11	12	3
Egypt	21	6	11	-19	11	16	7	2	1	19
South Africa	15	4	17	6	3	17	5	25	7	-11
Nigeria	2	6	49	-12	-4	27	23	21	13	18
<b>Middle East</b>	125	...	11	10	9	222	...	12	11	2
United Arab Emirates <sup>b</sup>	12	...	16	9	...	50	...	12	18	...
Saudi Arabia, Kingdom of	10	...	10	7	-9	49	...	8	8	-10
<b>Asia</b>	1,159	11	22	12	6	1,175	11	21	14	8
China <sup>c</sup>	190	14	25	13	4	281	19	22	23	19
Japan	140	4	10	3	-2	174	4	6	6	5
India	148	16	34	11	8	125	15	46	6	1
Singapore	133	13	20	15	3	117	11	22	18	3
Korea, Republic of	109	12	19	9	16	105	9	19	3	7
Hong Kong, China	126	10	23	14	7	57	8	17	10	2
Australia	53	8	15	10	4	65	12	22	18	10
<b>Memorandum</b>										
EU (27) extra-trade	823	8	6	12	-1	639	6	3	10	-4

<sup>a</sup> Includes the Caribbean. For composition of groups see Chapter IV Metadata of WTO *International Trade Statistics 2012*.

<sup>b</sup> WTO Secretariat estimates.

<sup>c</sup> Preliminary estimates.

... indicates unavailable or non-comparable figures.

*Note:* While provisional full year data were available in mid-March for some 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.

*Sources:* WTO and UNCTAD Secretariats.

Appendix Table 1.5: **Leading exporters and importers in world trade in commercial services, 2012**  
(US\$ billion and percentage)

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	United States	614	14.1	4	1	United States	406	9.9	3
2	United Kingdom	278	6.4	-4	2	Germany	285	6.9	-3
3	Germany	255	5.9	-2	3	China <sup>a</sup>	281	6.8	19
4	France	208	4.8	-7	4	United Kingdom	176	4.3	1
5	China <sup>a</sup>	190	4.4	4	5	Japan	174	4.2	5
6	India	148	3.4	8	6	France	171	4.2	-10
7	Japan	140	3.2	-2	7	India	125	3.0	1
8	Spain	140	3.2	-1	8	Singapore	117	2.8	3
9	Singapore	133	3.1	3	9	Netherlands	115	2.8	-5
10	Netherlands	126	2.9	-7	10	Ireland	110	2.7	-5
11	Hong Kong, China	126	2.9	7	11	Canada	105	2.6	1
12	Ireland	115	2.6	2	12	Korea, Republic of	105	2.6	7
13	Korea, Republic of	109	2.5	16	13	Italy	105	2.6	-8
14	Italy	104	2.4	-1	14	Russian Federation	102	2.5	16
15	Belgium	94	2.2	0	15	Belgium	90	2.2	-1
16	Switzerland	88	2.0	-7	16	Spain	90	2.2	-5
17	Canada	78	1.8	-1	17	Brazil	78	1.9	7
18	Sweden	76	1.7	2	18	Australia	65	1.6	10
19	Luxembourg	70	1.6	0	19	Denmark	57	1.4	-2
20	Denmark	65	1.5	-2	20	Hong Kong, China	57	1.4	2
21	Austria	61	1.4	1	21	Sweden	55	1.3	0
22	Russian Federation	58	1.3	10	22	Thailand	53	1.3	1
23	Australia	53	1.2	4	23	United Arab Emirates <sup>b</sup>	50	1.2	...
24	Norway	50	1.2	3	24	Saudi Arabia, Kingdom of	49	1.2	-10
25	Thailand	49	1.1	18	25	Norway	49	1.2	6
26	Taipei, Chinese	49	1.1	7	26	Switzerland	44	1.1	-2
27	Macao, China	45	1.0	14	27	Austria	43	1.1	3
28	Turkey	42	1.0	9	28	Taipei, Chinese	42	1.0	2
29	Brazil	38	0.9	5	29	Malaysia	42	1.0	10
30	Poland	38	0.9	1	30	Luxembourg	41	1.0	0
	Total of above	3,640	83.7	-		Total of above	3,285	80.0	-
	World	4,345	100.0	2		World	4,105	100.0	2

<sup>a</sup> Preliminary estimates.

<sup>b</sup> WTO Secretariat estimate.

... indicates unavailable or non-comparable figures.

- indicates non-applicable.

*Note:* Figures for a number of countries and territories have been estimated by the WTO 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.

*Sources:* WTO and UNCTAD Secretariats.

## I. TRADE DEVELOPMENTS IN 2012 AND EARLY 2013

Appendix Table 1.6: **Leading exporters and importers in world trade in commercial services excluding intra-EU(27) trade, 2012**  
(US\$ billion and annual percentage change)

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	Extra-EU(27) exports	823	24.6	-1	1	Extra-EU(27) imports	639	20.0	-4
2	United States	614	18.3	4	2	United States	406	12.7	3
3	China <sup>a</sup>	190	5.7	4	3	China <sup>a</sup>	281	8.8	19
4	India	148	4.4	8	4	Japan	174	5.4	5
5	Japan	140	4.2	-2	5	India	125	3.9	1
6	Singapore	133	4.0	3	6	Singapore	117	3.7	3
7	Hong Kong, China	126	3.8	7	7	Canada	105	3.3	1
8	Korea, Republic of	109	3.3	16	8	Korea, Republic of	105	3.3	7
9	Switzerland	88	2.6	-7	9	Russian Federation	102	3.2	16
10	Canada	78	2.3	-1	10	Brazil	78	2.4	7
11	Russian Federation	58	1.7	10	11	Australia	65	2.0	10
12	Australia	53	1.6	4	12	Hong Kong, China	57	1.8	2
13	Norway	50	1.5	3	13	Thailand	53	1.7	1
14	Thailand	49	1.5	18	14	United Arab Emirates <sup>b</sup>	50	1.6	...
15	Taipei, Chinese	49	1.5	7	15	Saudi Arabia, Kingdom of	49	1.5	-10
16	Macao, China	45	1.3	14	16	Norway	49	1.5	6
17	Turkey	42	1.3	9	17	Switzerland	44	1.4	-2
18	Brazil	38	1.1	5	18	Taipei, Chinese	42	1.3	2
19	Malaysia	38	1.1	5	19	Malaysia	42	1.3	10
20	Israel	30	0.9	11	20	Indonesia	34	1.1	8
21	Lebanese Republic <sup>b</sup>	23	0.7	...	21	Nigeria	27	0.8	18
22	Indonesia	22	0.7	12	22	Mexico	25	0.8	0
23	Egypt	21	0.6	11	23	Angola <sup>b</sup>	23	0.7	...
24	Ukraine	19	0.6	1	24	Qatar	22	0.7	41
25	Philippines	18	0.5	15	25	Israel	21	0.7	6
26	Mexico	16	0.5	5	26	Iran <sup>b</sup>	19	0.6	...
27	South Africa	15	0.4	3	27	Turkey	19	0.6	-3
28	Argentina	14	0.4	2	28	Argentina	18	0.6	9
29	Morocco	13	0.4	-4	29	Venezuela, Bolivarian Rep. of	17	0.5	42
30	Chile	13	0.4	2	30	South Africa	17	0.5	-11
	Total of above	3,075	91.7	-		Total of above	2,825	88.4	-
	World (excl. intra-EU(27))	3,350	100.0	4		World (excl. intra-EU(27))	3,190	100.0	4

<sup>a</sup> Preliminary estimates.

<sup>b</sup> WTO Secretariat estimate.

... indicates unavailable or non-comparable figures.

- indicates non-applicable.

*Note:* Figures for a number of countries and territories have been estimated by the WTO 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.

*Sources:* WTO and UNCTAD Secretariats.