

I. The world economy and trade in 2013 and early 2014

Growth in world merchandise trade remained subdued in 2013 at 2.2 per cent, nearly identical to the previous year's increase of 2.3 per cent. The increases in both 2012 and 2013 were less than the 20-year average of 5.3 per cent in 1993–2013, and were also well below the 6.0 per cent average for the 20 years preceding the 2008–09 crisis. The volume of world merchandise trade continued to climb slowly in the opening months of 2014, with an increase of 2.1 per cent in the first quarter compared with the same period in 2013. The increase for the year as a whole is expected to be greater than in 2013 as the global economy picks up momentum.

1. Introduction

The sluggish pace of trade growth in 2013 was due to a combination of factors, including low import demand in developed economies (-0.3 per cent) and moderate import growth in developing economies (4.7 per cent). On the export side, both developed and developing economies recorded only small increases (1.5 per cent and 3.6 per cent, respectively).

Several factors contributed to the weakness of trade and output in 2013, including the lingering impact of the recession in the European Union, high unemployment in euro area economies (Germany being a notable exception) and uncertainty about the timing of the Federal Reserve's winding down of its monetary stimulus in the United States. The latter contributed to financial volatility in developing economies in the second half of 2013, particularly in certain emerging economies with large current account imbalances.

The estimate of 2.2 per cent for world trade growth in 2013 refers to the average of merchandise exports and imports in volume terms, adjusted to account for differences in inflation and exchange rates across countries. This figure is slightly lower than the WTO's forecast of 2.5 per cent growth for 2013. The main reason for this lower rate of growth was a stronger than anticipated decline in developing economies' trade flows in the second half of last year. For the second consecutive year, world trade has grown at roughly the same rate as world gross domestic product (GDP) at market exchange rates, rather than twice as fast, as is normally the case (see Figure 1).

Economic data showed a continuing sluggishness in the economic activity and trade in developed countries in early 2014, despite positive forward-looking indicators. Preliminary GDP figures for the United States showed output stagnating at close to zero in the first quarter of 2014 but this was later revised to a decline of 2.1 per cent, which many analysts attributed to the harsh winter weather. Despite this drop in output, US unemployment fell to 6.3 per cent in April, allowing the Federal Reserve to proceed with its planned "tapering" of its third round of quantitative easing. Output in the European Union increased by 1.3 per cent, with activity stronger in Germany and the United Kingdom, and weaker in France, Italy and other euro area economies. The outlook for the European Union and the euro area improved: in April, purchasing managers' indices from Markit Economics, an independent, global provider of business surveys, indicated the fastest pace of expansion in three years. Japan's GDP growth was surprisingly strong in the first quarter of 2014, with an annualized increase of 5.9 per cent. Slower growth had been expected due to the introduction of higher sales taxes. Finally, a general slowing of economic activity and trade was observed in developing economies in the first quarter. The economic slowdown in China in the first quarter showed signs of turning around in the second quarter according to China's official manufacturing Purchasing Managers Index (PMI), issued by the China Federation of Logistics and Purchasing and the National Bureau of Statistics, which rose to 50.8 in May, compared with 50.4 in April.¹

In 2013, the value of world merchandise exports rose 2.0 per cent to US\$ 18.8 trillion. This growth rate was slightly less than the WTO's export volume growth

Figure 1: Growth in volume of world merchandise exports and GDP, 2005–13 (annual percentage change)

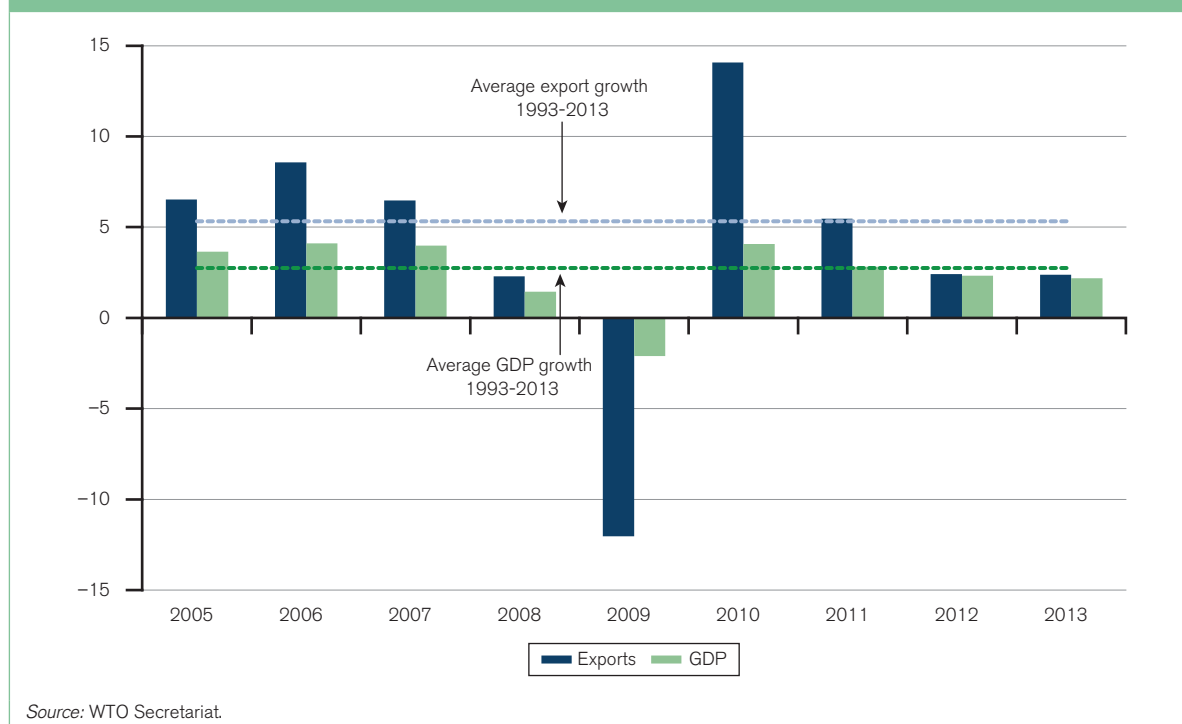
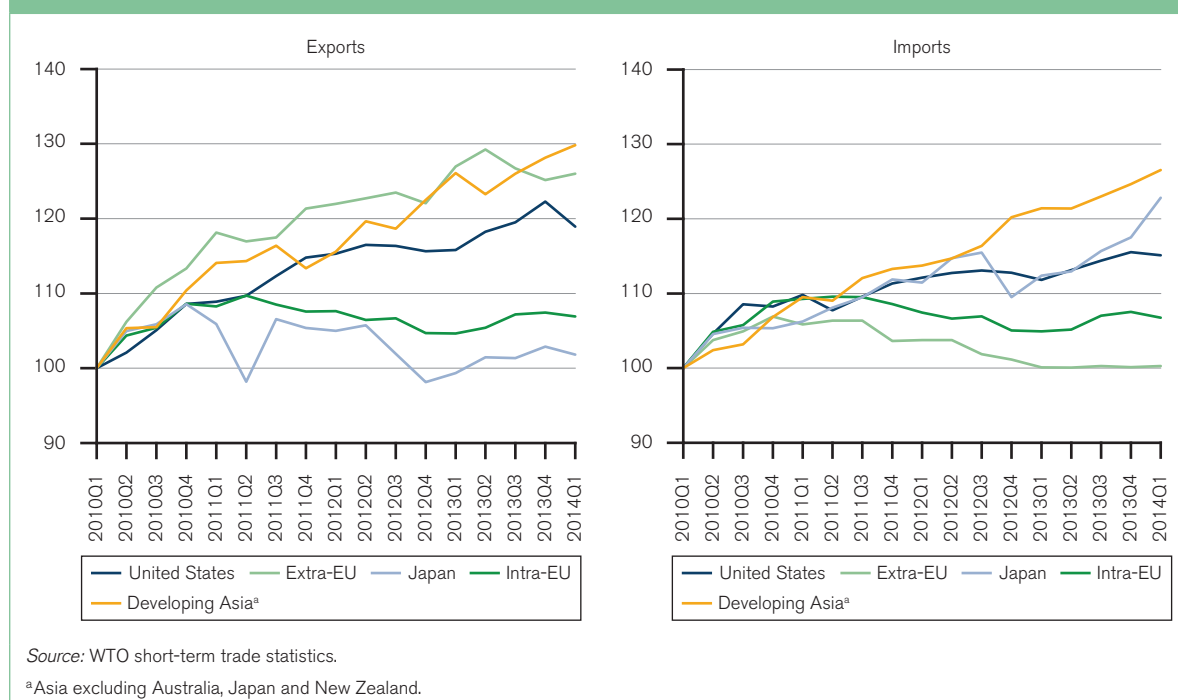


Figure 2: Quarterly merchandise trade of selected economies, 2010Q1–2014Q1
(seasonally adjusted volume indices, 2010Q1=100)



estimate for the year (+2.4 per cent), which implies that export prices declined slightly from one year to the next. Meanwhile, the value of world commercial services exports rose 5.6 per cent to US\$ 4.6 trillion.

Some risk factors for developed economies receded considerably in the early months of 2014, including the sovereign debt crisis in Europe and fiscal brinksmanship between the executive and legislative branches of government in the United States. Meanwhile, developing economies became the focus of several risks, including large current account deficits, currency crises, over-investment in productive capacity, and rebalancing economies to rely more on domestic consumption and less on external demand.

Geopolitical tensions introduced significant risks in 2013 and early 2014. Civil conflicts and territorial disputes in the Middle East, Asia and Eastern Europe could provoke higher energy prices and disrupt trade flows if they escalate.

2. Trade developments

(a) Additional perspectives on trade

After a flat first quarter, US exports grew steadily in 2013 before faltering in the first quarter of 2014, according to seasonally adjusted merchandise trade volume indices jointly produced by the WTO and the United Nations Conference on Trade and Development (UNCTAD) (see also Figure 2). In contrast, exports from the European Union to the rest of the world (i.e. extra-EU exports) were strongest in the first quarter of 2013, weakened over the

course of the year, then rose slightly in the first quarter of 2014. Trade between EU countries (i.e. intra-EU exports) rallied in the third quarter but stalled thereafter. Starting from a low base, Japan's exports increased steadily in 2013 before easing in the first quarter of 2014. Seasonally adjusted exports from developing Asia alternated between negative and positive growth in 2013 before entering 2014 on a mildly positive trajectory, although unadjusted figures were more negative.

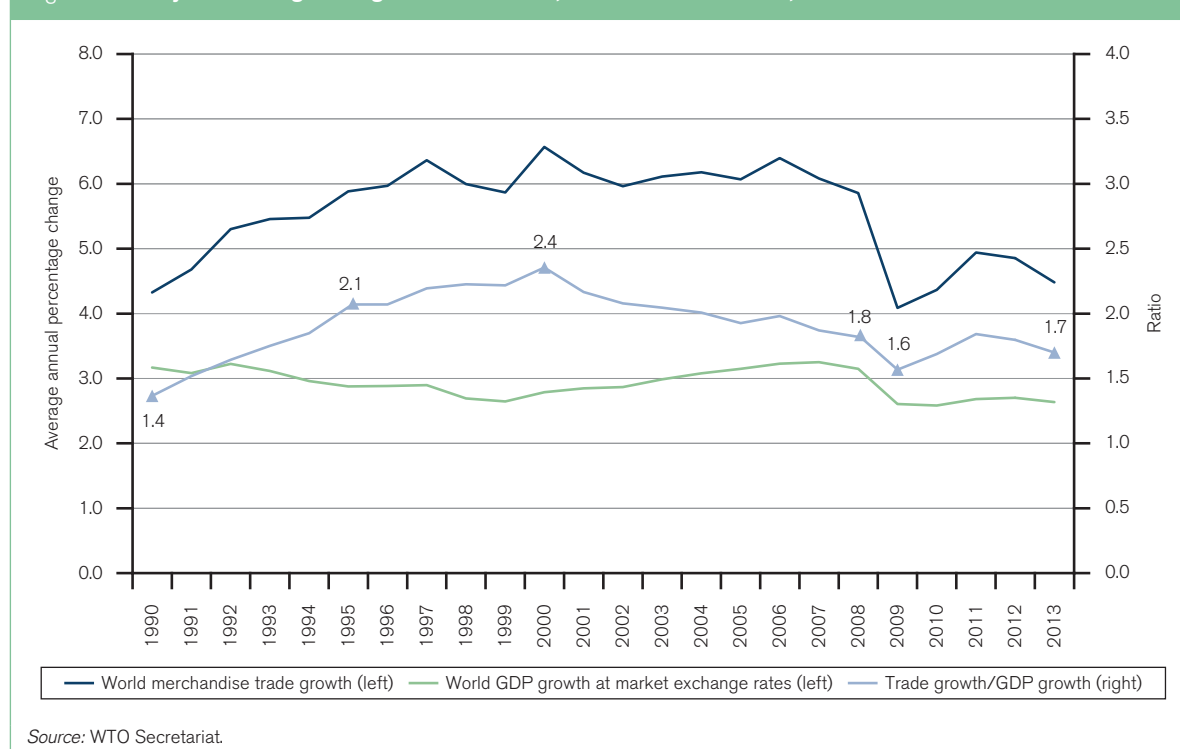
Overall, export volumes in the second half of 2013 increased for the United States (3.3 per cent), intra-EU (2.0 per cent), Japan (1.2 per cent) and developing Asia (1.9 per cent), while extra-EU was slightly negative (-1.5 per cent).

On the import side, extra-EU trade remained depressed throughout the year, sapping global demand. The trend for intra-EU imports was the same as for intra-EU exports. Meanwhile, imports from the United States, Japan and developing Asia generally rose (see Appendix Figure 1).

In the second half of 2013, import demand increased in major markets (+2.2 per cent for the United States, +1.8 per cent for intra-EU, +0.2 per cent for extra-EU, +3.3 per cent for Japan and +2.0 per cent in developing Asia).

Quarterly exports and imports of developing economies only managed small increases in the second half of last year, as exports and imports respectively grew around 0.5 per cent and 1 per cent between the second and fourth quarters. South and Central America's trade flows actually contracted (the region's exports declined by 3 per cent and its imports fell by 5 per cent during this period), and

Figure 3: Ten-year moving average of world trade, GDP and trade/GDP, 1990–2013



other natural-resource-exporting regions were hit hard as well. The weakness in developing regions was matched by equally slow trade growth in developed economies.

Extra-EU import demand was consistently weak throughout 2013. Signs of a turnaround in intra-EU trade began to appear in the middle of the year but trailed off towards the end. Seasonally adjusted extra-EU merchandise imports were flat in the first quarter, both year-on-year and quarter-on-quarter. Meanwhile, intra-EU imports were up 1.7 per cent year-on-year, but down 0.7 per cent quarter-on-quarter. EU merchandise imports represent 32 per cent of world imports including intra-EU trade, and 15 per cent of world imports excluding it. Overall, world trade rose at a rate of 1 per cent in the first quarter, equivalent to a 2 per cent annual rate. Export growth was -0.5 per cent for developed economies and 1.6 per cent for developing economies plus the Commonwealth of Independent States (CIS). On the import side, developed economies were slightly negative (-0.1 per cent) while developing economies increased by 1.3 per cent.

For the second time in two years in 2013, merchandise trade grew more slowly than might have been expected, given the growth of the world economy as measured by GDP. Although trade can grow faster or more slowly than output in any given year, since the 1990s it has tended to grow about twice as fast as GDP when measured at market exchange rates. In 2012, trade growth fell to the same rate as GDP, and they remained at equal rates in 2013, prompting analysts to question whether the previous relationship would continue to hold.

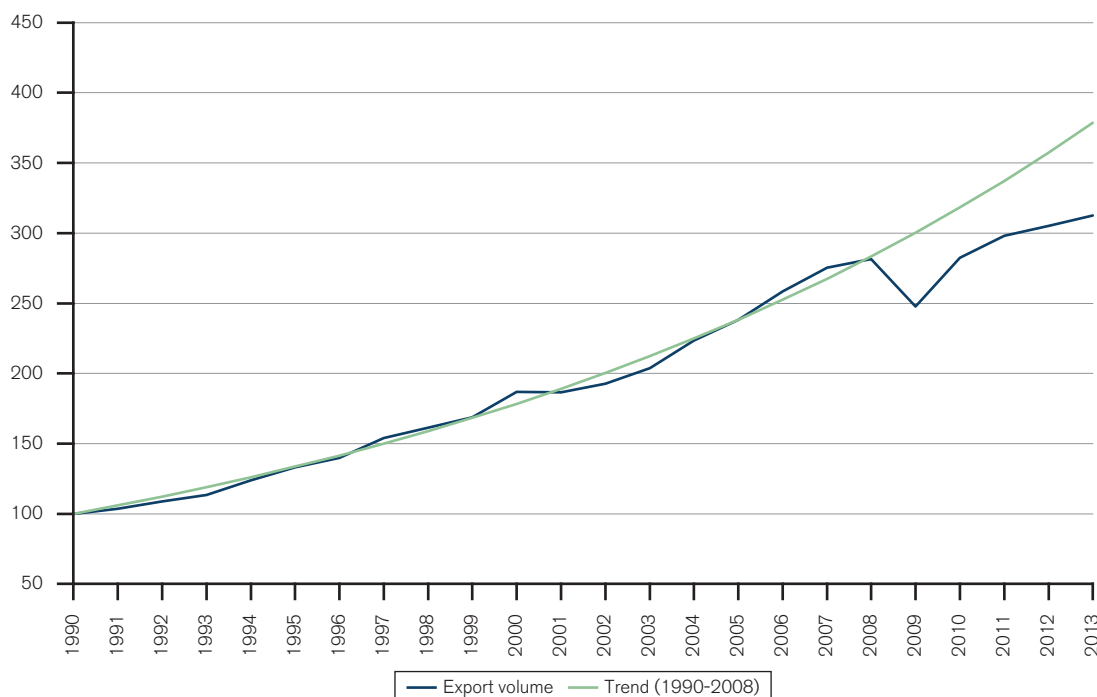
The ratio of ten-year moving averages of world trade growth and world GDP growth peaked at 2.4 in 2000 (see Figure 3) but fell to 1.7 in 2013. Historically, trade has tended to contract when world output has slowed, and to rebound sharply afterwards. Structural factors (e.g. the spread of supply chains, the product composition of world trade, subtle protectionism, etc.) may have played a role in the declining ratio. However, given the number and severity of global slowdowns in recent years, it may simply be a cyclical phenomenon. It is too soon to say whether a 2:1 relationship between trade growth and GDP growth will return once the global recovery gains traction.

World merchandise trade growth of 2.2 per cent in 2013 is below the average rate of 5.3 per cent for the last 20 years (1993–2013) and the pre-crisis average rate of 6.0 per cent for 1990–2008 (see Figure 4). In addition to creating a permanent shift downward in the level of trade, the global recession of 2008–09 may have reduced its average growth rate as well. The average rate of trade expansion in the three years since 2010 has been 3.3 per cent.

The divergence between the pre-crisis trend for world trade and current levels has continued to widen. World trade was 17.2 per cent below the trend level in 2013, making it almost as far below the pre-crisis trend as it was in 2009, the period known as the “great trade collapse” (see Figure 5).

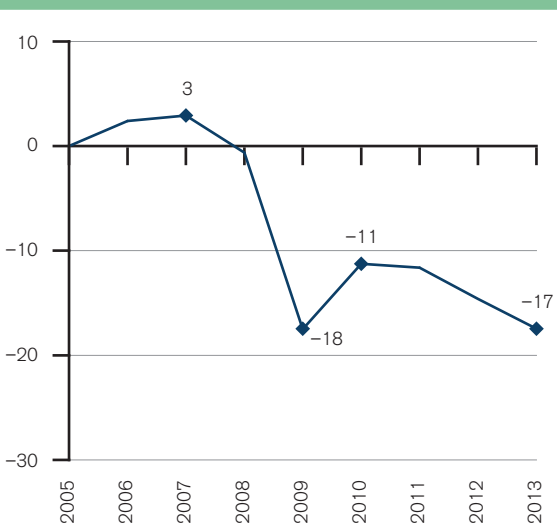
In 2012, the EU recession had a significant dampening effect on trade volumes due to the large share of the

Figure 4: Volume of world merchandise exports, 1990–2013 (indices, 1990=100)



Source: WTO Secretariat.

Figure 5: Deviation of world merchandise export volumes from pre-crisis trends, 2005–13 (per cent)



Source: WTO Secretariat.

entity and intra-EU trade was ignored. A similar calculation for 2013 does not result in a substantially higher growth rate (2.2 per cent for world trade excluding intra-EU trade, compared with 2.1 per cent including it) because, although trade within the European Union remained depressed in 2013, it did not decline as sharply as in 2012. However, if EU economies recover faster than expected and trade between them is revitalized, this could cause world trade to rise more than is currently expected.

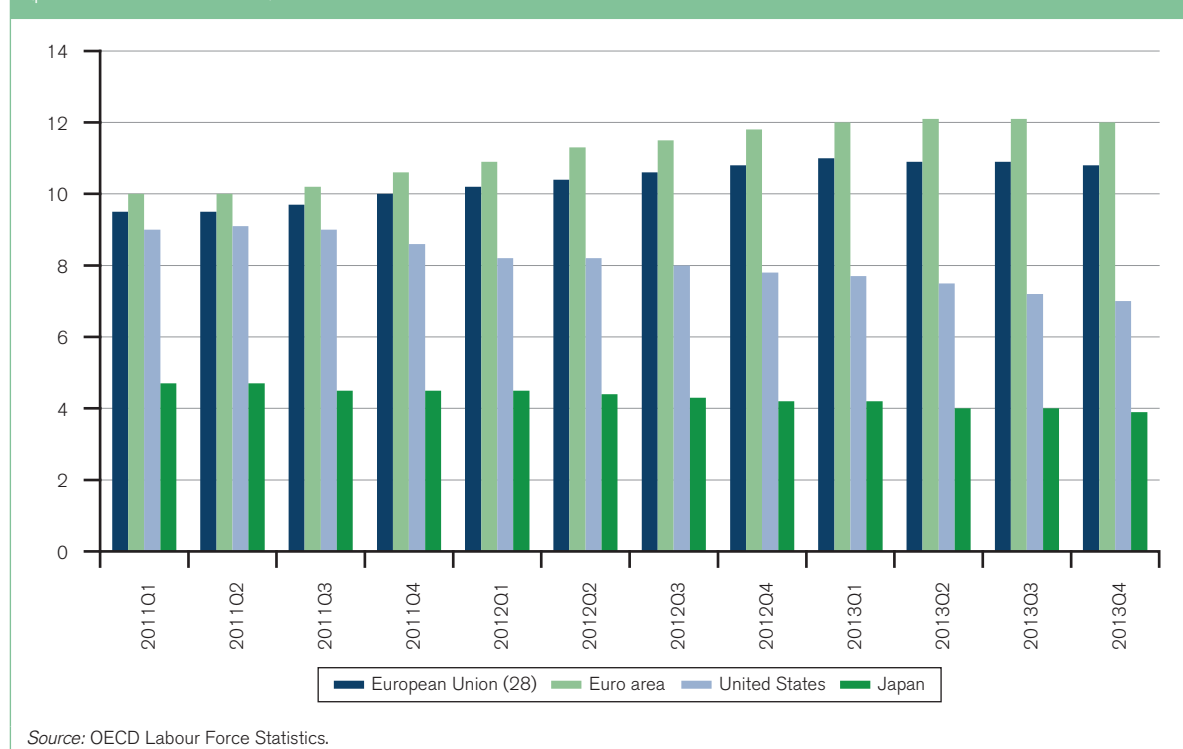
The high level of joblessness in the euro area could act as a brake on demand for global imports for some time since unemployment rates tend to decline only gradually. The recent experience of the United States provides an indication of how much time might be required. From its peak at just under 10 per cent of the workforce in March 2010, it took 44 months – more than three and a half years – for the US unemployment rate to fall to 7 per cent (see Figure 6). Until the EU rate comes down, European demand will probably only provide marginal support for stronger growth in global trade.

(b) Economic growth

European Union in world trade (around one-third for both exports and imports) and to the fact that trade between EU countries is counted in world trade totals. In the 2013 *World Trade Report*, we estimated that growth in world trade would have been more than a percentage point higher if the European Union was treated as a single

Output trends in developed economies were mixed in 2013. The 2012 recession in the European Union, which was particularly acute in the euro area, extended into 2013 with a 0.2 per cent contraction in EU GDP in the first quarter (annualized rate) according to data from OECD (Organisation for Economic Co-operation

Figure 6: Unemployment rates in the European Union (28), the euro area, the United States and Japan, 2011Q1–2013Q4
(per cent of labour force)



and Development) quarterly national accounts. Growth remained positive but low for the rest of the year, ranging between 1.2 per cent and 1.7 per cent annualized.

In contrast to this performance, the United States saw annualized quarterly growth reach 4.1 per cent in the third quarter, and roughly 2.5 per cent in both the second and fourth quarters. After some delay, the US Federal Reserve announced in December of last year that it would begin to wind down its third quantitative easing programme of bond purchases, beginning in January. Initial market reaction was muted but after-shocks were felt in developing economies soon afterwards in the form of strong exchange rate fluctuations and equity market volatility.

Japan's experiment with expanded fiscal and monetary stimulus known as "Abenomics" (referring to the economic policies advocated by Japanese Prime Minister Shinzo Abe since the December 2012 general election) produced stronger growth in the first two quarters of 2013, but activity slowed in the second half of the year, falling to less than 1 per cent per quarter, annualized.

For developed economies as a whole, GDP growth for 2013 was 1.1 per cent, lower than the 1.3 per cent rate recorded in 2012 and the 1.5 per cent expansion of 2011 (see Table 1).

Developing economies' output slowed in 2013 as financial volatility hit some countries harder than others. Developing

economies, including the CIS, saw their collective GDP growth drop to 4.4 per cent from 4.5 per cent in 2012 and 5.7 per cent in 2011 (see Table 1).

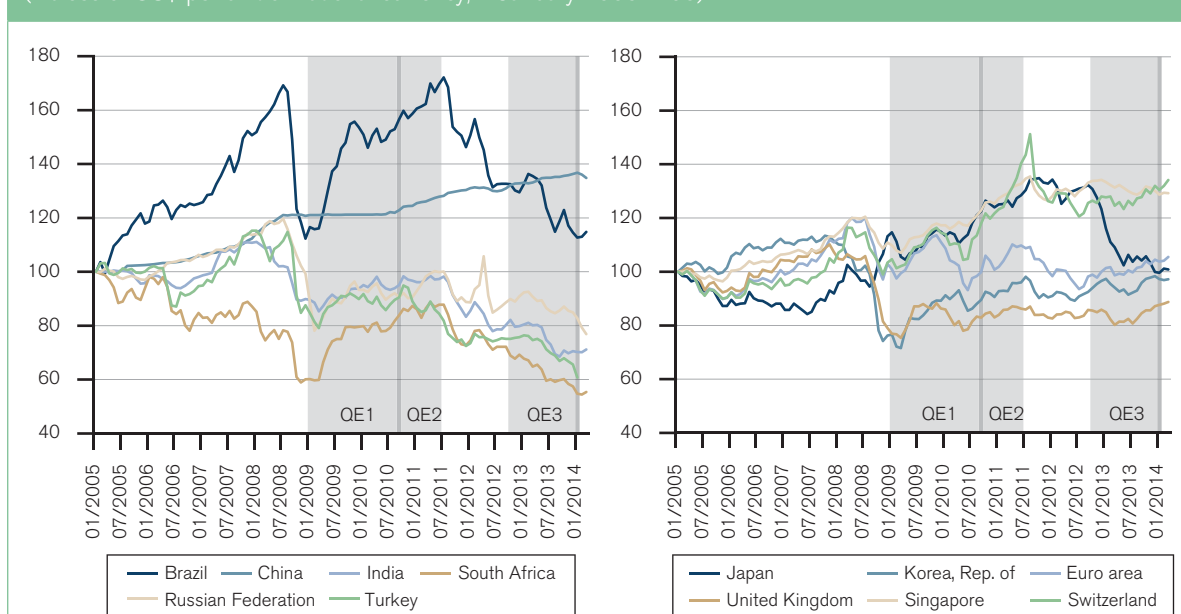
The rise in financial market volatility was most keenly felt in emerging markets with large current account deficits. This is especially true of India, where output growth see-sawed from 2.6 per cent in the second quarter of 2013 to 7.2 per cent in the third, then back to 3.9 per cent in the fourth (all rates annualized, sourced from the OECD). With financial markets anticipating, in mid-2013, a tapering in the third quarter, capital flows put pressure on emerging market currencies, such as India's rupee, which suffered a depreciation of 14.5 per cent between April and September (see Figure 7). Other emerging market currencies also depreciated significantly against the dollar, including the Argentinean peso, the Turkish lira, the Indonesian rupiah and the South African rand. Political upheaval contributed further to market turbulence in Turkey and Thailand.

In a potentially significant development, China has given its currency greater leeway to fluctuate against other currencies, and monetary authorities allowed the renminbi to depreciate by 1.5 per cent against the dollar between January and March. What this portends for the future conduct of Chinese monetary policy remains to be seen, but Chinese authorities have indicated a desire to gradually move their currency towards greater convertibility.

Table 1: GDP and merchandise trade by region, 2011–13
(annual percentage change)

	GDP			Exports			Imports		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
World	2.8	2.3	2.2	5.5	2.4	2.5	5.3	2.1	1.9
North America	2.0	2.8	1.8	6.6	4.4	2.8	4.4	3.1	1.2
United States	1.8	2.8	1.9	7.3	3.8	2.6	3.8	2.8	0.8
South and Central America^a	4.5	2.7	3.0	6.8	0.7	1.4	13.0	2.3	3.1
Europe	1.9	-0.1	0.3	5.6	0.8	1.5	3.2	-1.8	-0.5
European Union (28)	1.7	-0.3	0.1	5.8	0.4	1.7	2.8	-1.9	-0.9
Commonwealth of Independent States (CIS)	4.9	3.5	2.0	1.6	0.9	0.8	17.3	6.8	-1.3
Africa	1.1	5.7	3.8	-8.2	6.5	-2.4	5.1	12.9	4.1
Middle East	5.7	3.4	3.0	7.8	5.2	1.9	4.5	10.5	6.2
Asia	4.1	4.0	4.2	6.4	2.8	4.7	6.6	3.7	4.5
China	7.7	7.7	7.5	8.8	6.2	7.7	8.8	3.6	9.9
Japan	1.4	1.6	1.5	-0.6	-1.0	-1.9	4.3	3.8	0.5
India	3.2	4.4	5.4	15.0	0.2	7.4	9.7	6.8	-3.0
Newly industrialized economies (4) ^b	4.1	1.8	2.7	7.7	1.4	3.5	2.7	1.4	3.4
Memo: Developed economies	1.5	1.3	1.1	5.2	1.1	1.5	3.4	0.0	-0.3
Memo: Developing and CIS	5.7	4.5	4.4	5.8	3.8	3.6	8.0	5.1	4.7

Source: WTO Secretariat.

^aIncludes the Caribbean.^bHong Kong, China; Republic of Korea; Singapore; and Chinese Taipei.Figure 7: US dollar exchange rates against currencies of selected countries, January 2005 – March 2014
(indices of US\$ per unit of national currency, 1 January 2005=100)

Source: Federal Reserve Bank of St. Louis except for Russian Federation and Turkey, which are sourced from IMF International Financial Statistics.

Note: "QE" stands for "quantitative easing".

Table 2: World prices of selected primary commodities, 2000–13
(annual percentage change and US\$ per barrel)

	2011	2012	2013	2000-13	2005-13
All commodities	26	-3	-2	9	8
Metals	14	-17	-4	9	8
Food	20	-2	1	6	7
Beverages ^a	17	-19	-12	5	5
Agricultural raw materials	23	-13	2	3	4
Energy	32	1	-2	10	8
Memo: Crude oil price in US\$/barrel ^b	104	105	104	63	82

Source: IMF International Financial Statistics.

^aComprises coffee, cocoa beans and tea.

^bAverage of Brent, Dubai, and West Texas Intermediate.

Asia recorded the fastest regional GDP growth in 2013, at 4.2 per cent (almost equal to its growth in the previous two years). The next-fastest growth was recorded by Africa (3.8 per cent), the Middle East (3.0 per cent), South and Central America (3.0 per cent), the CIS (2.0 per cent), North America (1.8 per cent) and Europe (0.3 per cent).

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

World merchandise trade, as measured by the average of exports and imports, rose 2.2 per cent in volume terms in 2013, but the difference between exports and imports was relatively large (2.5 per cent growth for exports, 1.9 per cent for imports). Some degree of divergence between these figures is normal due to imperfect data recording and may be narrowed by future revisions.

Exports of developed economies grew more slowly than the world average, at 1.5 per cent, while shipments from developing countries grew faster than average, at 3.6 per cent. On the import side, developed economies recorded a small decline of -0.3 per cent, while developing economies and the CIS increased by 4.7 per cent (see Table 1).

Asia's exports grew faster than any other region's last year, with a 4.7 per cent rise. It was followed by North America (2.8 per cent), the Middle East (1.9 per cent), Europe (1.5 per cent), South and Central America (1.4 per cent), the CIS (0.8 per cent) and Africa (-2.4 per cent). Asia's export growth was held back by Japan, which saw its shipments to the rest of the world decline by 1.9 per cent. Meanwhile, exports from China and India increased by 7.7 per cent and 7.4 per cent, respectively. These performances were better than in 2012 but still relatively weak by recent historical standards. The negative figure for Africa was due to sharp reductions in shipments from petroleum-exporting countries, including Libya (-28 per cent), Nigeria (-8.4 per cent) and Algeria (-5.8 per cent).

The fastest growing region for imports was the Middle East (6.2 per cent), followed by Asia (4.5 per cent), Africa (4.1 per cent), South and Central America (3.1 per cent), North America (1.2 per cent), Europe (-0.5 per cent), and the CIS (-1.3 per cent). India suffered a sharp drop of 3.0 per cent in its imports as a result of its economic slowdown, but China's purchases from abroad jumped nearly 10 per cent.

Africa was able to increase its imports even as its exports fell in 2013 due to continued high prices for primary commodities. Although prices for metals, raw materials and beverages (including coffee, tea and cocoa) have fallen in the last two years, oil prices have been remarkably steady, rising 1 per cent in 2012 and falling 2 per cent in 2013. Prices for primary commodities in general only fell 2 per cent last year (see Table 2).

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

The dollar value of world merchandise exports in 2013 was US\$ 18.8 trillion, 2 per cent higher than in 2012. This growth rate was nearly equal to the growth of exports in volume terms since prices of traded goods, as measured by unit values, were nearly unchanged from one year to the next. The average growth rate of export values in the post-2005 period remained stable at 8 per cent (see Table 3). China became the largest trader in 2013, as measured by the sum of exports and imports (11.0 per cent of the world total), overtaking the United States (10.4 per cent). However, if the European Union is treated as a single entity its share in world exports plus imports, excluding intra-EU trade, remains the largest, at 15.1 per cent compared with China's 13.8 per cent.

World exports of commercial services in 2013 reached US\$ 4.6 trillion, with a growth rate of 6 per cent. The growth rate for transport services in 2013 was below this, at 2 per cent, while travel services grew at 7 per cent and other commercial services grew at 6 per cent (see Table 3).

Table 3: World exports of merchandise and commercial services, 2005–13
(US\$ billion and annual percentage change)

	Value	Annual % change			
	2013	2011	2012	2013	2005-13
Merchandise	18,816	20	0	2	8
Commercial services	4,645	12	2	6	8
Transport	905	9	1	2	6
Travel	1,185	12	4	7	7
Other commercial services, of which:	2,550	14	2	6	9
Communications services	120	9	5	9	9
Construction	105	7	0	-2	8
Insurance services	105	9	-1	-2	10
Financial services	335	12	-3	9	8
Computer and information services	285	17	5	10	14
Royalties and licence fees	310	14	1	6	9
Other business services	1,245	15	4	6	9
Personal, cultural and recreational services	40	17	2	8	8
Memo: Goods and commercial services (BOP)	23,255	18	1	3	8

Source: WTO and UNCTAD Secretariats.

Commercial services accounted for 20 per cent of total world trade in goods and commercial services in 2013, up 1 per cent from the 2012 share. However, traditional trade statistics, which measure gross trade flows rather than value added at various stages of production, may strongly underestimate the contribution of services to international trade.

In dollar terms, China's exports of financial services (i.e. services provided by banks and other financial intermediaries) rose 52 per cent to US\$ 3 billion in 2013, but the United States remained the top supplier with exports valued at US\$ 82 billion. Other notable changes include China displacing France to become the fourth-largest exporter of other business services (including engineering services, legal/accounting services, management consulting, advertising and trade-related services).

Some sub-categories of other commercial services grew faster than others. Computer and information services recorded the strongest growth, at 10 per cent, while construction posted the strongest decline at -2 per cent. Financial services posted the strongest recovery, from a decline of 3 per cent in 2012 to growth of 9 per cent in 2013. Communications services (including postal, courier and telecommunications services) grew at a rate of 9 per cent, and other business services (including engineering services, legal/accounting services, management consulting, advertising and trade-related services) grew by 6 per cent. Royalties and licence fees increased by 6 per cent after stagnating

in 2012. However, all sub-categories of commercial services other than financial services recorded growth rates lower than the average trend.

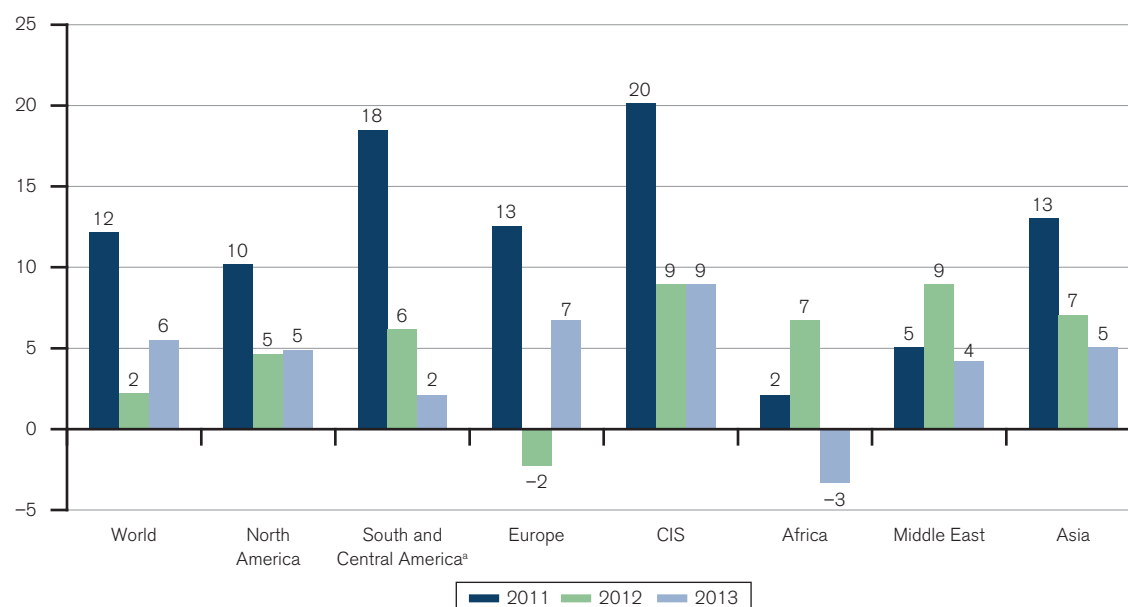
Appendix Tables 1 to 6 provide more detailed information on trade flows of merchandise and commercial services by region and for selected economies. They also indicate leading exporters and importers with and without trade between EU countries. There were few significant changes in world rankings last year.

China overtook Germany as the second-largest importer of commercial services, while France moved into fourth position, pushing the United Kingdom into fifth place.

Exports of commercial services (see Figure 8 and Appendix Table 2) declined sharply between 2011 and 2012 for most regions, with smaller changes (some positive, some negative) between 2012 and 2013. Imports during this period displayed a similar pattern. On both the export and import sides, growth in European services trade turned sharply negative in 2012 before rebounding into positive territory in 2013.

The strongest decelerations for commercial services were recorded by South and Central America, for both exports and imports, with Brazil responsible for much of the decline. On the export side, growth fell from 18 per cent in 2011 to 6 per cent in 2012 and 2 per cent in 2013. On the import side it dropped from 24 per cent in 2011 to 6 per cent in 2012 and 7 per cent in 2013.

Figure 8: Growth in the value of commercial services exports by region, 2011–13
(annual percentage change)



Source: WTO Secretariat.

^aIncludes the Caribbean.

(i) Merchandise trade

North America's merchandise exports rose 2.0 per cent in 2013, to US\$ 2.42 trillion (13.2 per cent of world exports) while imports remained essentially unchanged at US\$ 3.2 trillion (17.4 per cent of world imports). South and Central America's exports fell by 1.8 per cent to US\$ 736 billion (4.0 per cent) but the region's imports grew by 2.5 per cent to US\$ 773 billion (4.2 per cent). European exports rose 4.1 per cent to US\$ 6.65 trillion (36.3 per cent), the strongest growth of any region. Meanwhile, Europe's imports recorded a small increase of 1.0 per cent to US\$ 6.60 trillion (35.8 per cent).

CIS exports declined 2.6 per cent to US\$ 779 billion while imports grew by 0.5 per cent to US\$ 574 billion. The region's exports and imports respectively represented 4.3 and 3.0 per cent of world trade.

Africa's merchandise exports suffered a large decline of 5.8 per cent to US\$ 602 billion (3.3 per cent of world exports). Meanwhile, imports grew a modest 2.2 per cent to US\$ 628 billion (3.4 per cent of world imports). Middle East exports declined by 0.1 per cent to US\$ 1.35 trillion (or 7.4 per cent) and the region's imports rose by 6.1 per cent to US\$ 779 billion (4.2 per cent).

Asia's exports grew by 2.9 per cent to US\$ 6.29 trillion (34.4 per cent of the global total) in 2013. Meanwhile, imports grew by 2.1 per cent to US\$ 6.34 trillion (34.4 per cent).

The top five merchandise exporters in 2013 were China (US\$ 2.21 trillion, 11.7 per cent of world exports), the United States (US\$ 1.58 trillion, 8.4 per cent), Germany (US\$ 1.45 trillion, 7.7 per cent), Japan (US\$ 715 billion, 3.8 per cent) and the Netherlands (US\$ 672 billion, 3.6 per cent). There were no changes in the ranking among the top exporters but Japan suffered a sharp decline of 10.0 per cent in its exports.

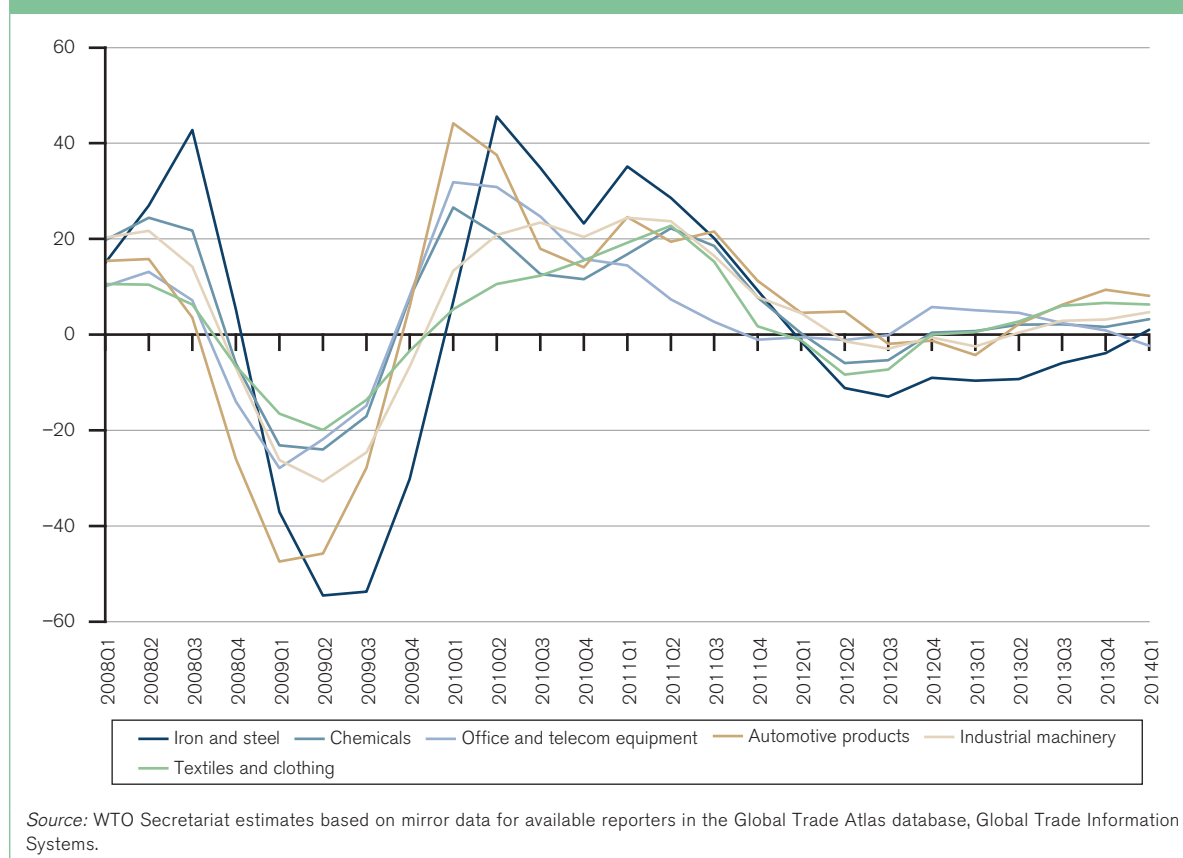
The leading importers in 2013 were the United States (US\$ 2.33 trillion, 12.3 per cent of world imports), China (US\$ 1.95 trillion, 10.3 per cent), Germany (US\$ 1.19 trillion, 6.3 per cent), Japan (US\$ 833 billion, 4.4 per cent) and France (US\$ 681 billion, 3.6 per cent). France replaced the United Kingdom at number five on the list of leading importers.

If all 28 EU members are counted as a single entity, and intra-EU trade is excluded, the leading exporters in 2013 were the European Union (US\$ 2.3 trillion, 15.3 per cent of world exports), China (14.7 per cent), the United States (10.5 per cent), Japan (4.8 per cent) and the Republic of Korea (US\$ 560 billion, 3.7 per cent). The leading importers when intra-EU trade is excluded were the United States (15.4 per cent of world imports), the European Union (US\$ 2.23 trillion, 14.8 per cent), China (12.9 per cent), Japan (5.5 per cent) and Hong Kong, China (US\$ 622 billion, 4.1 per cent).

(ii) Commercial services trade

The dollar value of world commercial services exports in 2013 was US\$ 4.6 trillion, indicating growth of

Figure 9: Quarterly world exports of manufactured goods by product, 2008Q1–2014Q1
(year-on-year percentage change in US\$ values)



5 per cent over 2012. The region with the fastest growth in exports services was the CIS with a 9 per cent increase to US\$ 115 billion. This was followed by Europe, with a 7 per cent increase (US\$ 2.17 trillion), Asia, showing a 6 per cent increase (US\$ 1.21 trillion), North America, with a 5 per cent increase (US\$ 761 billion), the Middle East, with a 4.5 per cent increase (US\$ 128 billion), South and Central America, with a 2 per cent increase (US\$ 144 billion), and Africa, which fell -3.4 per cent to US\$ 90 billion.

The top five exporters of commercial services in 2013 were the United States (US\$ 662 billion, 14.3 per cent of the world total), the United Kingdom (US\$ 293 billion, 6.3 per cent), Germany (US\$ 286 billion, 6.2 per cent), France (US\$ 236 billion, 5.1 per cent) and China (US\$ 205 billion, 4.5 per cent). There were no changes in the ranking among the top exporters, but within this group the United Kingdom posted the smallest annual growth in exports (2 per cent) while France posted the largest annual growth (10 per cent).

The five leading importers of commercial services were the United States (US\$ 432 billion, 9.8 per cent of the world total), China (US\$ 329 billion, 7.5 per cent), Germany (US\$ 317 billion, 7.2 per cent), France (US\$ 189 billion, 4.3 per cent) and the United Kingdom

(US\$ 174 billion, 4.0 per cent). China replaced Germany as the second-largest importer of commercial services, while France moved from number six to number four. As a result, Japan exited the list of top five importers of commercial services and the United Kingdom dropped from fourth to fifth place.

If trade between EU member states is excluded and the European Union is treated as a single entity, the European Union was the top exporter of commercial services in 2013, with exports valued at US\$ 891 billion (25.0 per cent of the world total). It was followed by the United States (18.7 per cent), China (5.8 per cent), India (US\$ 151 billion, 4.3 per cent) and Japan (US\$ 145 billion, 4.1 per cent). The European Union was also the leading importer of services at US\$ 668 billion (19.7 per cent), followed by the United States (12.7 per cent), China (9.7 per cent), Japan (US\$ 162 billion, 4.8 per cent) and India (US\$ 125 billion, 3.7 per cent).

(iii) Merchandise trade by manufacturing sector

Figure 9 shows the estimated year-on-year growth in the dollar value of world trade for selected categories of manufactured goods. Growth turned negative for most manufactured products, except for office and telecom

equipment, at the beginning of 2012 and remained negative until mid-2013. By the second quarter of 2013, most categories had returned to positive (albeit slow) year-on-year growth but even as late as the fourth quarter, iron and steel remained below the growth level of one year earlier. Iron and steel finally recorded a positive year-on-year increase in the first quarter of 2014, but growth in other categories moderated or turned slightly negative in the case of office and telecom equipment.

Iron and steel trade is very pro-cyclical and tends to lag behind other indicators of economic activity. At the beginning of 2013, world trade in iron and steel was down

10 per cent compared with a year earlier, but by the end of the year it was still down 4 per cent.

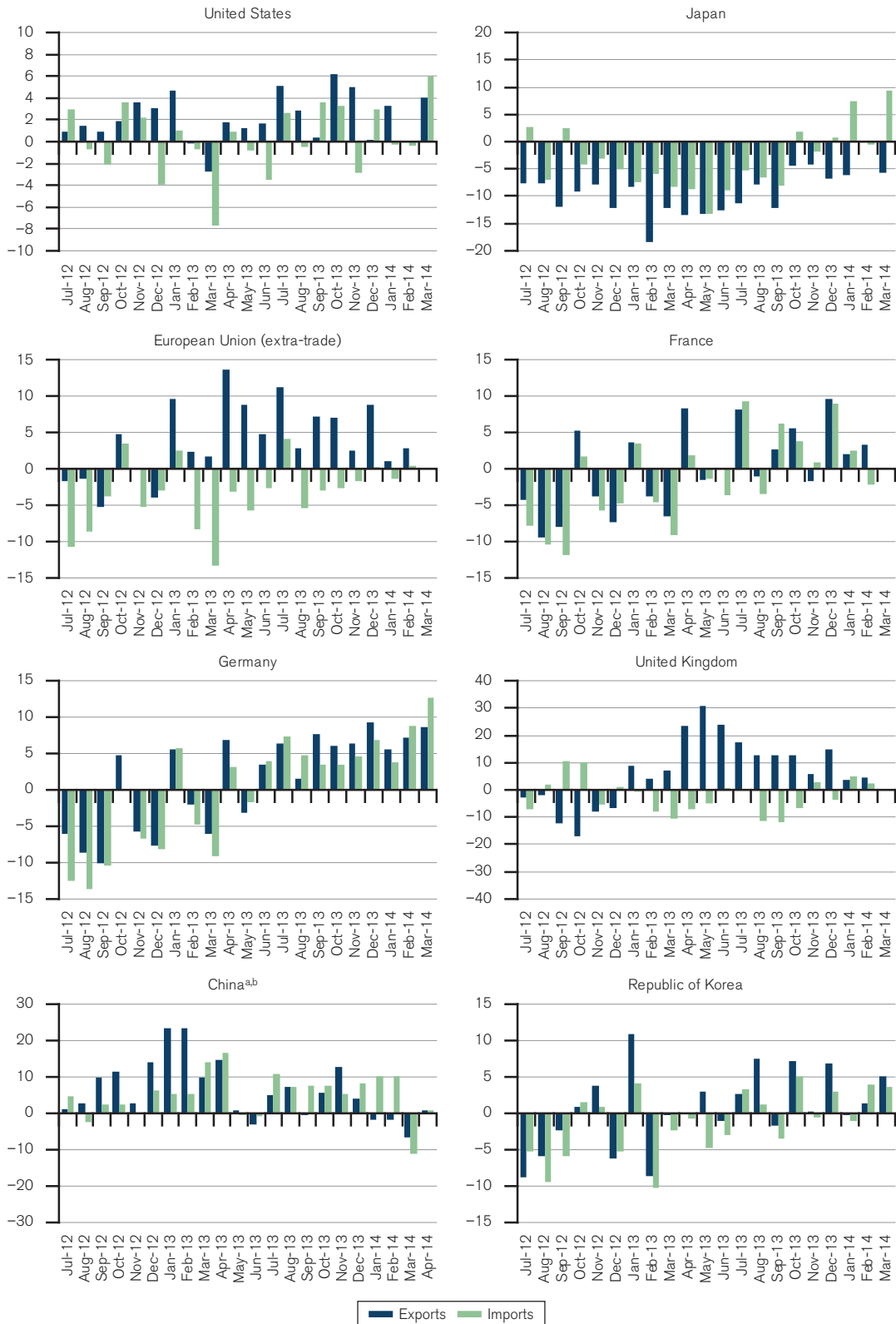
Trade in automotive products is equally cyclical but leading, in the sense that its upturns and downturns precede those in other sectors. In the first quarter of 2013, trade in vehicles and parts dropped 4 per cent from its level a year earlier but by the fourth quarter trade in automotive products was 9 per cent higher than a year earlier. This rebound bodes well for the economic recovery and for trade in inputs to automobile production, including iron and steel, electronics and various raw materials.

Endnote

1 Figures greater than 50 indicate expansion.

Appendix figure

Appendix Figure 1: Merchandise exports and imports of selected G-20 economies, July 2012 – March 2014^a
(year-on-year percentage change in current dollar values)

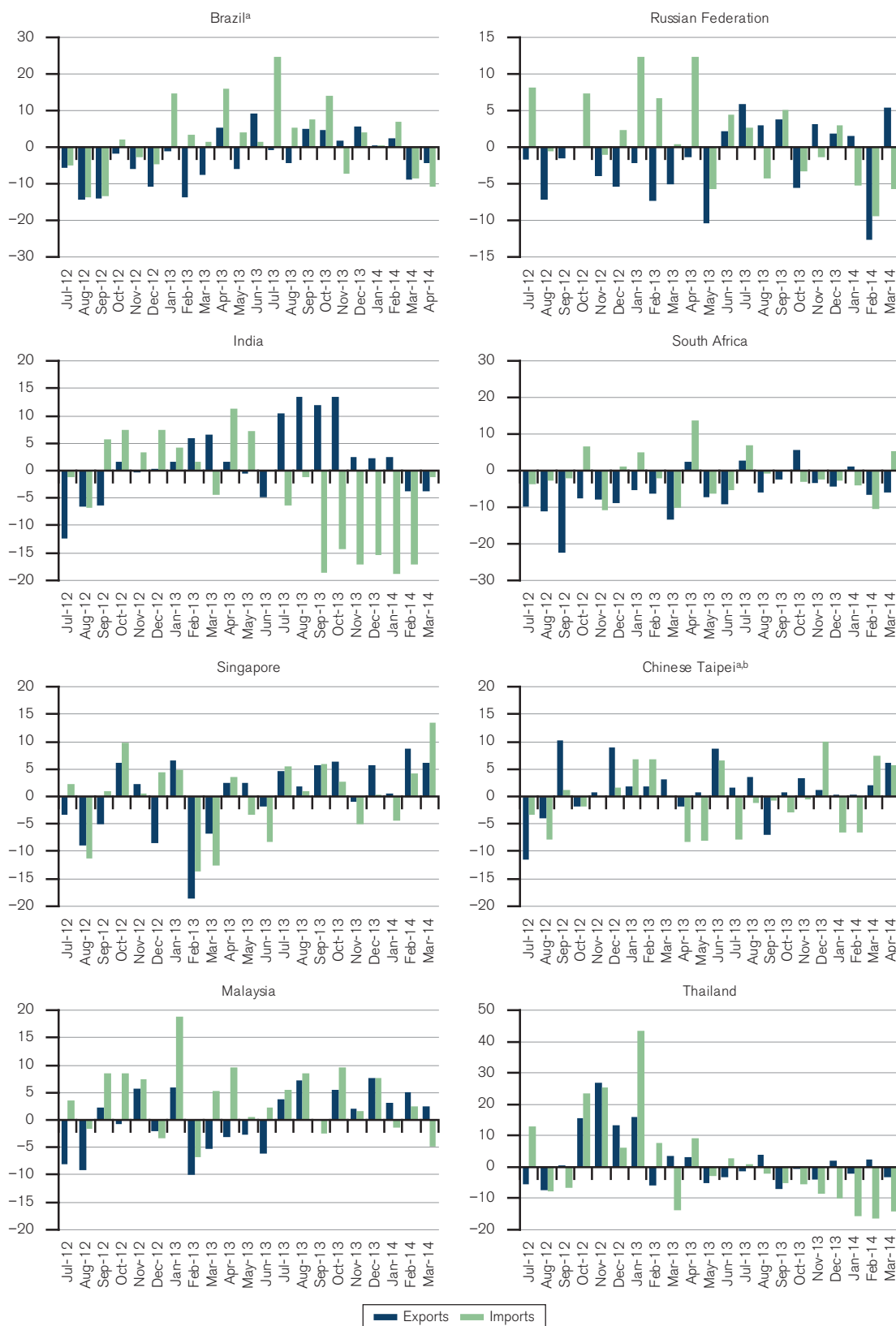


Sources: IMF International Financial Statistics, Global Trade Information Services GTA database, national statistics.

^aData for April 2014 are available for China, Brazil and Chinese Taipei.

^bJanuary and February averaged to minimize distortions due to lunar new year.

Appendix Figure 1: Merchandise exports and imports of selected G-20 economies, July 2012 – March 2014 (continued)
(year-on-year percentage change in current dollar values)

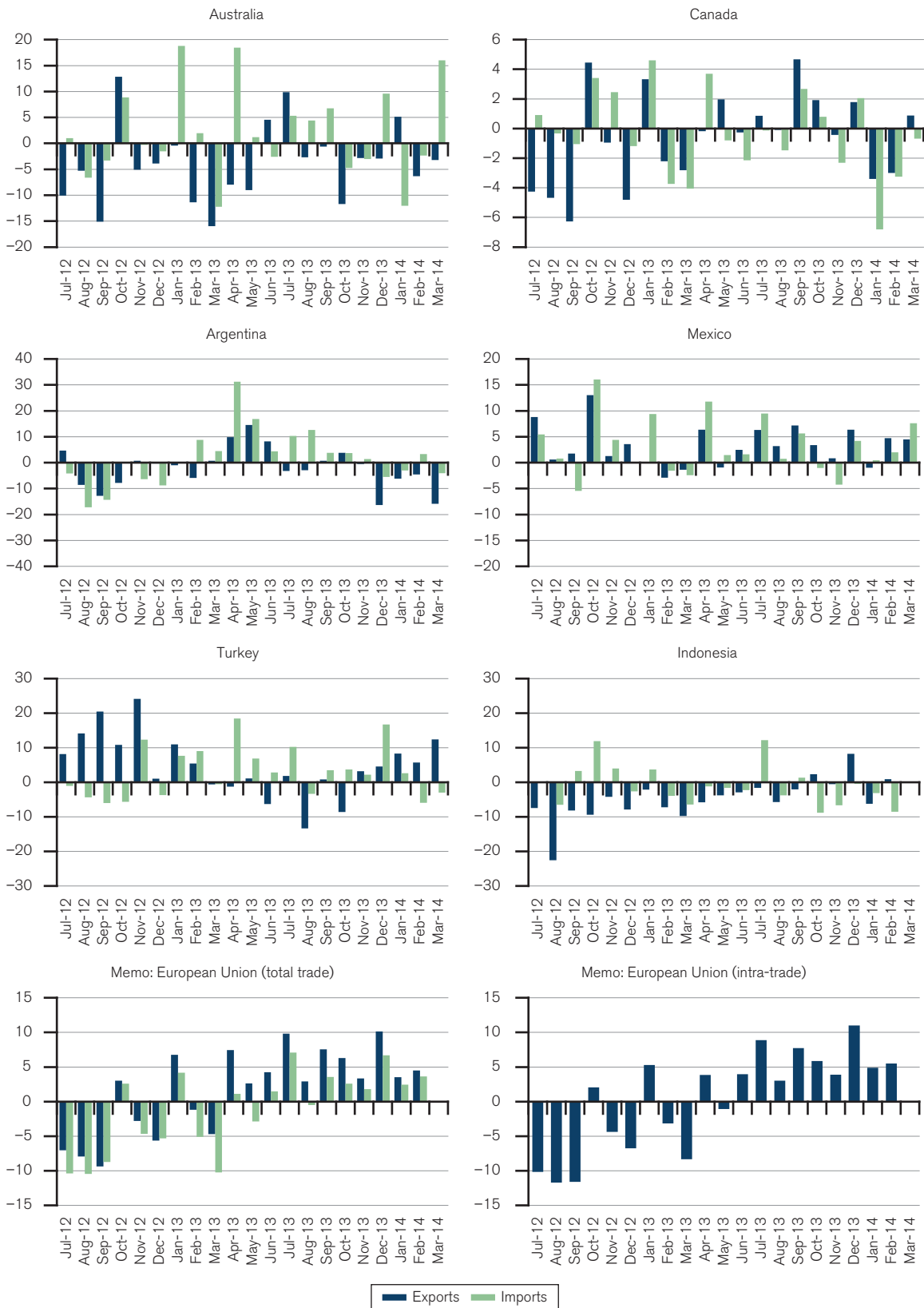


Sources: IMF International Financial Statistics, Global Trade Information Services GTA database, national statistics.

^aData for April 2014 are available for China, Brazil and Chinese Taipei.

^bJanuary and February averaged to minimize distortions due to lunar new year.

Appendix Figure 1: **Merchandise exports and imports of selected G-20 economies, July 2012–March 2014** (continued)
(year-on-year percentage change in current dollar values)



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

Appendix tables

Appendix Table 1: World merchandise trade by region and selected economies, 2005–13
(US\$ billion and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2013	2005-13	2011	2012	2013	2013	2005-13	2011	2012	2013
World	18,300	8	20	0	2	18,410	7	19	0	1
North America	2,418	6	16	4	2	3,195	4	15	3	0
United States	1,580	7	16	4	2	2,329	4	15	3	0
Canada ^a	458	3	16	1	1	474	5	15	2	0
Mexico	380	7	17	6	3	391	7	16	5	3
South and Central America^b	736	9	28	-1	-2	773	12	26	3	3
Brazil	242	9	27	-5	0	250	16	24	-2	7
Other South and Central America ^b	494	9	29	1	-3	523	11	27	5	0
Europe	6,646	5	18	-4	4	6,598	5	17	-6	1
European Union (28)	6,076	5	18	-5	5	6,004	4	17	-6	1
Germany	1,453	5	17	-5	3	1,189	5	19	-7	2
France	580	3	14	-5	2	681	4	18	-6	1
Netherlands	672	6	16	-2	3	590	6	16	-1	0
United Kingdom	542	4	22	-7	15	655	3	15	2	-5
Italy	518	4	17	-4	3	477	3	15	-13	-2
Commonwealth of Independent States (CIS)	779	11	33	2	-3	574	13	30	6	0
Russian Federation ^a	523	10	30	1	-1	343	13	30	4	2
Africa	602	9	16	5	-6	628	12	18	9	2
South Africa	96	8	19	-8	-4	126	9	28	2	-1
Africa less South Africa	507	9	16	8	-6	502	13	16	10	3
Oil exporters ^c	330	8	14	12	-10	199	14	11	10	9
Non oil exporters	177	10	20	1	3	303	12	18	10	0
Middle East	1,347	12	40	6	0	779	11	17	8	6
Asia	6,288	9	18	2	3	6,341	10	23	4	2
China	2,209	14	20	8	8	1,950	15	25	4	7
Japan	715	2	7	-3	-10	833	6	23	4	-6
India	313	15	34	-2	6	466	16	33	5	-5
Newly industrialized economies (4) ^d	1,295	7	16	-1	1	1,300	8	19	0	0
Memorandum										
MERCOSUR ^e	342	10	26	-5	1	348	15	25	-3	7
ASEAN ^f	1,273	9	18	1	1	1,246	10	21	6	2
EU (28) extra-trade	2,307	7	21	0	7	2,235	5	18	-4	-3
Least-developed countries (LDCs)	215	13	24	1	5	244	14	23	9	7

Source: WTO Secretariat.

Note: Data for the member states of the European Union are sourced from Eurostat, compiled in accordance with the community concept and may differ from national statistics.

^aImports are valued f.o.b.

^bIncludes the Caribbean. For composition of groups see the Technical Notes of WTO, *International Trade Statistics*, 2013.

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

^dHong Kong, China; Republic of Korea; Singapore; Chinese Taipei.

^eCommon Market of the Southern Cone: Argentina, Brazil, Paraguay, Uruguay.

^fAssociation of Southeast Asian Nations: Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam.

Appendix Table 2: World commercial services trade by region and selected economies, 2005–13
(US\$ billion and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2013	2005-13	2011	2012	2013	2013	2005-13	2011	2012	2013
World	4,645	8	12	2	6	4,380	8	12	3	5
North America	761	7	10	5	5	566	6	8	3	3
United States	662	8	11	5	5	432	6	7	4	4
South and Central America^a	144	9	18	6	2	196	14	24	6	6
Brazil	37	12	21	5	-2	83	18	23	7	7
Europe	2,194	7	13	-2	7	1,800	6	11	-2	5
European Union (28)	1,999	7	13	-2	7	1,663	6	11	-2	5
Germany	286	8	11	-1	8	317	5	11	-1	8
United Kingdom	293	5	11	-1	2	174	1	6	0	-1
France	236	...	20	-8	10	189	...	14	-9	8
Netherlands	147	6	17	-3	12	127	5	15	-1	7
Spain	145	6	15	-4	6	92	4	9	-5	3
Commonwealth of Independent States (CIS)	114	14	20	9	9	174	14	18	18	15
Russian Federation	65	13	22	7	11	123	16	22	19	18
Ukraine	19	10	14	3	4	16	11	5	10	11
Africa	90	6	2	7	-3	160	11	13	2	-1
Egypt	18	3	-19	12	-16	15	6	1	18	-5
South Africa	14	3	6	2	-6	16	4	7	-11	-7
Nigeria	2	4	-12	-10	-7	21	16	13	0	-9
Middle East	125	9	5	9	4	251	12	16	5	7
United Arab Emirates ^b	16	...	9	18	15	70	...	35	12	12
Saudi Arabia, Kingdom of	11	...	7	-5	5	52	...	8	-9	4
Asia	1,217	11	13	7	5	1,235	10	14	8	4
China	205	14	9	8	7	329	19	23	18	18
Japan	145	...	3	0	2	162	...	6	6	-7
India	151	14	19	5	4	125	13	9	3	-3
Singapore	122	...	16	7	4	128	...	13	9	4
Korea, Republic of	112	11	9	17	1	106	8	5	5	1
Hong Kong, China	133	10	13	6	6	60	7	10	4	3
Australia	52	7	11	3	0	62	10	20	4	-2
Memorandum item										
Extra-EU(28) trade	891	...	13	0	6	668	...	10	-2	4

Sources: WTO and UNCTAD Secretariats.

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.

^aIncludes the Caribbean. For composition of groups see Chapter IV Metadata of WTO, *International Trade Statistics*, 2013.

^bSecretariat estimates.

... indicates unavailable or non-comparable figures.

Appendix Table 3: **Merchandise trade: leading exporters and importers, 2013**
(US\$ billion and percentage)

Rank	Exporters	Value	Share	Annual % change	Rank	Importers	Value	Share	Annual % change
1	China	2,209	11.7	8	1	United States	2,329	12.3	0
2	United States	1,580	8.4	2	2	China	1,950	10.3	7
3	Germany	1,453	7.7	3	3	Germany	1,189	6.3	2
4	Japan	715	3.8	-10	4	Japan	833	4.4	-6
5	Netherlands	672	3.6	3	5	France	681	3.6	1
6	France	580	3.1	2	6	United Kingdom	655	3.5	-5
7	Korea, Republic of	560	3.0	2	7	Hong Kong, China	622	3.3	12
8	United Kingdom	542	2.9	15		- retained imports	141	0.7	4
9	Hong Kong, China	536	2.8	9	8	Netherlands	590	3.1	0
	- domestic exports	20	0.1	-11	9	Korea, Republic of	516	2.7	-1
	- re-exports	516	2.7	10	10	Italy	477	2.5	-2
10	Russian Federation	523	2.8	-1	11	Canada ^a	474	2.5	0
11	Italy	518	2.8	3	12	India	466	2.5	-5
12	Belgium	469	2.5	5	13	Belgium	451	2.4	3
13	Canada	458	2.4	1	14	Mexico	391	2.1	3
14	Singapore	410	2.2	0	15	Singapore	373	2.0	-2
	- domestic exports	219	1.2	-4		- retained imports ^b	182	1.0	-9
	- re-exports	191	1.0	6	16	Russian Federation ^a	343	1.8	2
15	Mexico	380	2.0	3	17	Spain	339	1.8	0
16	United Arab Emirates ^c	379	2.0	9	18	Chinese Taipei	270	1.4	0
17	Saudi Arabia, Kingdom of ^c	376	2.0	-3	19	Turkey	252	1.3	6
18	Spain	317	1.7	7	20	United Arab Emirates ^c	251	1.3	11
19	India	313	1.7	6	21	Thailand	251	1.3	0
20	Chinese Taipei	305	1.6	1	22	Brazil	250	1.3	7
21	Australia	253	1.3	-1	23	Australia	242	1.3	-7
22	Brazil	242	1.3	0	24	Malaysia	206	1.1	5
23	Switzerland	229	1.2	1	25	Poland	205	1.1	3
24	Thailand	229	1.2	0	26	Switzerland	201	1.1	2
25	Malaysia	228	1.2	0	27	Indonesia	187	1.0	-2
26	Poland	202	1.1	9	28	Austria	182	1.0	2
27	Indonesia	183	1.0	-3	29	Saudi Arabia, Kingdom of	168	0.9	8
28	Austria	175	0.9	5	30	Sweden	160	0.8	-3
29	Sweden	168	0.9	-3					
30	Czech Republic	162	0.9	3					
	Total of above ^d	15,364	81.7	-		Total of above ^d	15,505	82.1	-
	World ^d	18,816	100.0	2		World ^d	18,890	100.0	2

Source: WTO Secretariat.

Note: Data for the member states of the European Union are sourced from Eurostat, compiled in accordance with the community concept and may differ from national statistics.

^aImports are valued f.o.b.

^bSingapore's retained imports are defined as imports less re-exports.

^cSecretariat estimates.

^dIncludes significant re-exports or imports for re-export.

Appendix Table 4: **Merchandise trade: leading exporters and importers excluding intra-EU (28) trade, 2013**
(US\$ billion and percentage)

Rank	Exporters	Value	Share	Annual % change	Rank	Importers	Value	Share	Annual % change
1	Extra-EU(28) exports	2,307	15.3	7	1	United States	2,329	15.4	0
2	China	2,209	14.7	8	2	Extra-EU(28) imports	2,235	14.8	-3
3	United States	1,580	10.5	2	3	China	1,950	12.9	7
4	Japan	715	4.8	-10	4	Japan	833	5.5	-6
5	Korea, Republic of	560	3.7	2	5	Hong Kong, China	622	4.1	12
6	Hong Kong, China	536	3.6	9		– retained imports	141	0.9	4
	– domestic exports	20	0.1	-11	6	Korea, Republic of	516	3.4	-1
	– re-exports	516	3.4	10	7	Canada ^a	474	3.1	0
7	Russian Federation	523	3.5	-1	8	India	466	3.1	-5
8	Canada	458	3.0	1	9	Mexico	391	2.6	3
9	Singapore	410	2.7	0	10	Singapore	373	2.5	-2
	– domestic exports	219	1.5	-4		– retained imports ^b	182	1.2	-9
	– re-exports	191	1.3	6	11	Russian Federation ^a	343	2.3	2
10	Mexico	380	2.5	3	12	Chinese Taipei	270	1.8	0
11	United Arab Emirates ^c	379	2.5	9	13	Turkey	252	1.7	6
12	Saudi Arabia, Kingdom of ^c	376	2.5	-3	14	United Arab Emirates ^c	251	1.7	11
13	India	313	2.1	6	15	Thailand	251	1.7	0
14	Chinese Taipei	305	2.0	1	16	Brazil	250	1.7	7
15	Australia	253	1.7	-1	17	Australia	242	1.6	-7
16	Brazil	242	1.6	0	18	Malaysia	206	1.4	5
17	Switzerland	229	1.5	1	19	Switzerland	201	1.3	2
18	Thailand	229	1.5	0	20	Indonesia	187	1.2	-2
19	Malaysia	228	1.5	0	21	Saudi Arabia, Kingdom of	168	1.1	8
20	Indonesia	183	1.2	-3	22	Viet Nam	132	0.9	16
21	Norway	154	1.0	-4	23	South Africa ^c	126	0.8	-1
22	Turkey	152	1.0	0	24	Norway	90	0.6	3
23	Qatar	137	0.9	3	25	Chile	79	0.5	-1
24	Viet Nam	132	0.9	15	26	Ukraine	77	0.5	-9
25	Kuwait ^c	115	0.8	-3	27	Israel ^c	75	0.5	-1
26	Nigeria ^c	103	0.7	-10	28	Argentina	74	0.5	8
27	South Africa	96	0.6	-4	29	Philippines	65	0.4	0
28	Iraq ^c	90	0.6	-5	30	Iraq ^c	61	0.4	8
29	Venezuela, Bolivarian Rep. of ^c	89	0.6	-9					
30	Kazakhstan	83	0.5	-5					
	Total of above ^d	13,566	90.2	-		Total of above ^d	13,912	92.0	-
	World ^d (excl. Intra-EU(28))	15,047	100.0	1		World ^d (excl. Intra-EU(28))	15,121	100.0	1

Source: WTO Secretariat.

^aImports are valued f.o.b.^bSingapore's retained imports are defined as imports less re-exports.^cSecretariat estimates.^dIncludes significant re-exports or imports for re-export.

Appendix Table 5: **Commercial services trade: leading exporters and importers, 2013**
(US\$ billion and percentage)

Rank	Exporter	Value	Share	Annual % change	Rank	Importer	Value	Share	Annual % change
1	United States	662	14.3	5	1	United States	432	9.8	4
2	United Kingdom	293	6.3	2	2	China	329	7.5	18
3	Germany	286	6.2	8	3	Germany	317	7.2	8
4	France	236	5.1	10	4	France	189	4.3	8
5	China	205	4.4	7	5	United Kingdom	174	4.0	-1
6	India	151	3.2	4	6	Japan	162	3.7	-7
7	Netherlands	147	3.2	12	7	Singapore	128	2.9	4
8	Japan	145	3.1	2	8	Netherlands	127	2.9	7
9	Spain	145	3.1	6	9	India	125	2.8	-3
10	Hong Kong, China	133	2.9	6	10	Russian Federation	123	2.8	18
11	Ireland	125	2.7	8	11	Ireland	118	2.7	5
12	Singapore	122	2.6	4	12	Italy	107	2.4	3
13	Korea, Republic of	112	2.4	1	13	Korea, Republic of	106	2.4	1
14	Italy	110	2.4	6	14	Canada	105	2.4	-1
15	Belgium	106	2.3	7	15	Belgium	98	2.2	7
16	Switzerland	93	2.0	5	16	Spain	92	2.1	3
17	Canada	78	1.7	0	17	Brazil	83	1.9	7
18	Luxembourg	77	1.7	8	18	United Arab Emirates	70	1.6	12
19	Sweden	75	1.6	6	19	Australia	62	1.4	-2
20	Denmark	70	1.5	6	20	Denmark	60	1.4	3
21	Russian Federation	65	1.4	11	21	Hong Kong, China	60	1.4	3
22	Austria	65	1.4	8	22	Sweden	57	1.3	6
23	Thailand	59	1.3	19	23	Thailand	55	1.3	4
24	Macao, China	54	1.2	18	24	Switzerland	53	1.2	13
25	Australia	52	1.1	0	25	Saudi Arabia, Kingdom of	52	1.2	4
26	Chinese Taipei	51	1.1	5	26	Norway	49	1.1	2
27	Turkey	46	1.0	8	27	Luxembourg	46	1.0	9
28	Norway	41	0.9	-5	28	Malaysia	45	1.0	6
29	Poland	40	0.9	6	29	Austria	45	1.0	6
30	Malaysia	40	0.9	6	30	Chinese Taipei	42	1.0	-1
	Total of above	3,885	83.6	-		Total of above	3,510	80.1	-
	World	4,644	100.0	6		World	4,381	100.0	5

Sources: WTO and UNCTAD Secretariats.

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

^aSecretariat estimate.

... indicates unavailable or non-comparable figures.

- indicates non-applicable.

Appendix Table 6: Commercial services trade: leading exporters and importers excluding intra-EU(28) trade, 2013

(US\$ billion and percentage)

Rank	Exporters	Value	Share	Annual % change	Rank	Importers	Value	Share	Annual % change
1	Extra-EU(28) exports	891	25.2	6	1	Extra-EU(28) imports	668	19.7	4
2	United States	662	18.7	5	2	United States	432	12.7	4
3	China	205	5.8	7	3	China	329	9.7	18
4	India	151	4.3	4	4	Japan	162	4.8	-7
5	Japan	145	4.1	2	5	Singapore	128	3.8	4
6	Hong Kong, China	133	3.8	6	6	India	125	3.7	-3
7	Singapore	122	3.5	4	7	Russian Federation	123	3.6	18
8	Korea, Republic of	112	3.2	1	8	Korea, Republic of	106	3.1	1
9	Switzerland	93	2.6	5	9	Canada	105	3.1	-1
10	Canada	78	2.2	0	10	Brazil	83	2.5	7
11	Russian Federation	65	1.8	11	11	United Arab Emirates ^a	70	2.1	12
12	Thailand	59	1.7	19	12	Australia	62	1.8	-2
13	Macao, China	54	1.5	18	13	Hong Kong, China	60	1.8	3
14	Australia	52	1.5	0	14	Thailand	55	1.6	4
15	Chinese Taipei	51	1.5	5	15	Switzerland	53	1.6	13
16	Turkey	46	1.3	8	16	Saudi Arabia, Kingdom of	52	1.5	4
17	Norway	41	1.1	-5	17	Norway	49	1.5	2
18	Malaysia	40	1.1	6	18	Malaysia	45	1.3	6
19	Brazil	37	1.1	-2	19	Chinese Taipei	42	1.2	-1
20	Israel	32	0.9	5	20	Indonesia	34	1.0	3
21	Lebanese Republic ^a	23	0.7	5	21	Mexico	29	0.9	9
22	Indonesia	22	0.6	-4	22	Qatar	25	0.7	12
23	Philippines	22	0.6	7	23	Angola ^a	22	0.7	6
24	Mexico	20	0.6	21	24	Turkey	22	0.7	16
25	Ukraine	19	0.5	4	25	Nigeria	21	0.6	-9
26	Egypt	18	0.5	-16	26	Kuwait ^a	20	0.6	3
27	United Arab Emirates ^a	16	0.5	15	27	Israel	20	0.6	-4
28	Argentina	14	0.4	-5	28	Argentina	19	0.6	6
29	South Africa	14	0.4	-6	29	Venezuela, Bolivarian Rep. of	17	0.5	0
30	New Zealand	13	0.4	1	30	South Africa	16	0.5	-7
	Total of above	3,251	91.9	-		Total of above	2,995	88.4	-
	World (excl. intra-EU(28))	3,537	100.0	5		World (excl. intra-EU(28))	3,387	100.0	5

Source: WTO and UNCTAD Secretariats.

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

^aSecretariat estimates.

... indicates unavailable or non-comparable figures.

- indicates non-applicable.