

## Chapter I

# Introduction

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# Acknowledgements

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# A message from Director-General Ngozi Okonjo-Iweala



As a succession of crises buffet the global economy, with the COVID-19 pandemic giving way to the war in Ukraine, inflation, monetary tightening, and widespread debt distress, world trade has lost momentum, with trade growth slowing in 2022 and remaining weak into early 2023. That said, global trade growth has remained positive, underscoring how trade has been a force for economic recovery and resilience. Nevertheless, numerous downside risks, from geopolitical tensions to potential financial instability, are clouding the medium-term outlook for both trade and overall output.

This report reviews world trade patterns in 2022, with insights into the outlook for trade in 2023, in light of the wider international context.

In volume terms, world merchandise trade rose by 2.7% in 2022. The volume figure was well below the 12.4% growth in value terms, reflecting the effect of high global commodity prices.

In the manufacturing sector, one notable development was that China increased the value of its exports of automotive products in Q1 2022 by 30% year on year, using its strong position in the production of lithium-ion batteries to become the world's second-biggest exporter of electric motor vehicles after the European Union.

Services trade fared better than merchandise trade, growing 15% in 2022. International travel continued to rebound strongly, rising 70% year-on-year after many regions lifted pandemic-related mobility restrictions. Looking back through the entire pandemic period, computer services were the most dynamic sector in services trade, with global exports in 2022 worth 44% more than their value in 2019. Digitally delivered services – that is, services provided via computer networks, from streaming games to remote consulting services – are an emerging source of growth, accounting for 54% of global services exports in 2022, and 12% of total global trade in goods and services. Within Europe and Asia, intra-regional flows accounted for a large share of trade in digitally delivered services, respectively accounting for 62% and 43% in 2021. In contrast, the intra-regional shares in South & Central America and the Caribbean as well as in Africa were only 8% and 3% respectively, suggesting potential for growth.

Exports of goods and services from least-developed countries (LDCs) increased by 31% between 2019 and 2022, with goods exports up 41% in value terms over that period, once again reflecting higher commodity prices. LDCs' exports of commercial services remained depressed, at 14% below their pre-pandemic levels. A major factor in the decline is the weak recovery of tourism,

particularly tourism within Asia to Asian LDCs, due in part to continuing pandemic-related measures within the region. Asian LDC travel exports in 2022 remained 74% below their value in 2019. In contrast, travel exports of African LDCs performed relatively well, coming in at only 9% below pre-COVID-19 levels in 2022.

In turbulent times marked by geopolitical frictions, rapid technological change, and ever-more-frequent climate and other shocks, multilateral trade cooperation and the WTO are more necessary than ever. By working together, governments can update the regulatory and policy frameworks needed to harness the full potential – and minimize the risks – of new digital technologies. Open and predictable global trade, anchored in the multilateral trading system, offers businesses and households the outside options needed to cope with unexpected supply shortages. The need to deepen, deconcentrate, and diversify international supply networks so as to increase this “flexicurity” offers significant commercial opportunities for developing economies.

Policymakers need reliable statistics to monitor how trade is evolving, assess the impact of macro-economic and geopolitical shocks, and formulate responses to benefit the people they serve. I would like to thank everyone who contributed to this report. We hope it provides useful insights for WTO members and all those involved in trade analysis.

**Ngozi Okonjo-Iweala**  
Director-General