

II. Merchandise trade by product

This chapter provides an analysis of merchandise trading trends as a whole and by product category.

The Highlights

The steepest decline in trade volume was for manufactured goods

Agricultural products were the least affected

Food imports to India, China and Russia are on the increase

Fuels and mining products are hit the hardest by the recession

Imports of fuels and mining products see dramatic fall in value

China boosts its import volumes for fuels and mining products

Manufactured goods: Gap between extra EU(27) and China narrowing

Marked decline in all sectors of manufactured goods

Iron and steel is hardest hit by the crisis

Automotive products is the second most affected sector

Decline in office and telecom equipment mirrors aftermath of dot-com bubble burst

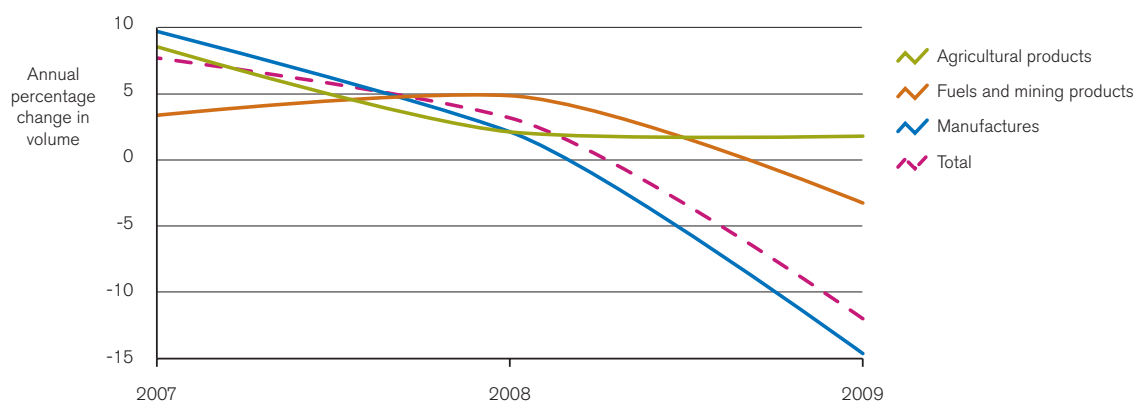
A fall in trade in chemicals is offset by the strength of trade in pharmaceuticals

Clothing sees moderate decline in trade

The steepest decline in trade volume was for manufactured goods

- Global trade in manufactured goods contracted by 15.5 per cent in volume terms in 2009, exceeding by more than three times the decline for fuels and mining products.
- Trade in agricultural products proved relatively resilient to the economic crisis, recording a decline of 3 per cent.
- A significant increase in the volume of China's imports helped to mitigate the global decline in exports of fuels and mining products, which fell by 4.5 per cent in real terms.

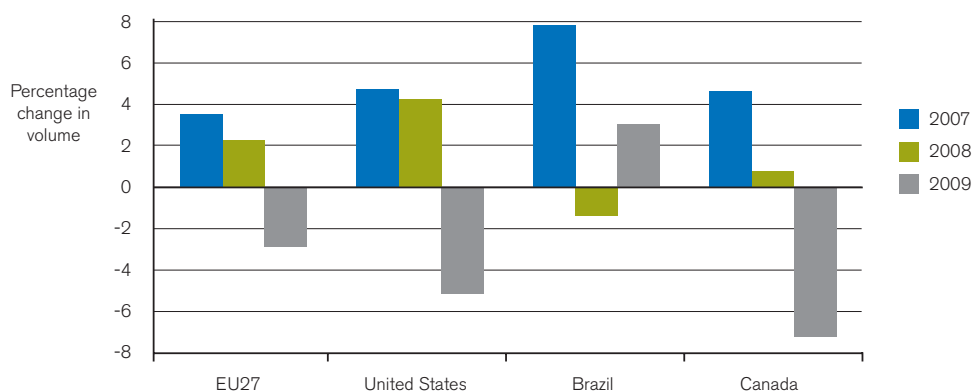
World merchandise trade development, 2007–2009



Agricultural products were the least affected

- Agricultural exports of the European Union and the United States shrank by 3 per cent and 5 per cent respectively in real terms in 2009.
- Canada's exports dropped by 7 per cent.
- Brazil increased its exports to Asia, the Middle East and Africa, posting 3 per cent growth in volume.

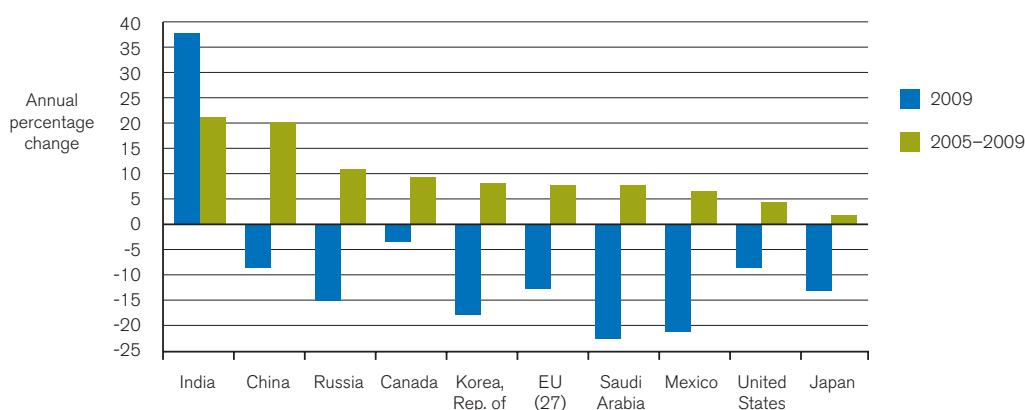
Exports of agricultural products



Food imports to India, China and Russia are on the increase

- A 14.6 per cent drop in food prices contributed to an 11 per cent decline in the value of world exports of food in 2009.
- India, however, increased its food imports by an astounding 43 per cent. From 2005 to 2009, India's exports of food increased by an annual average of 12.2 per cent, while its imports surged by 21.3 per cent.
- China's food exports rose by 9.4 per cent and its imports by 20.4 per cent over the same period.
- Russia's food exports expanded by an annual average of 16.4 per cent from 2005 to 2009, compared with an 11 per cent rise in imports over the same period.

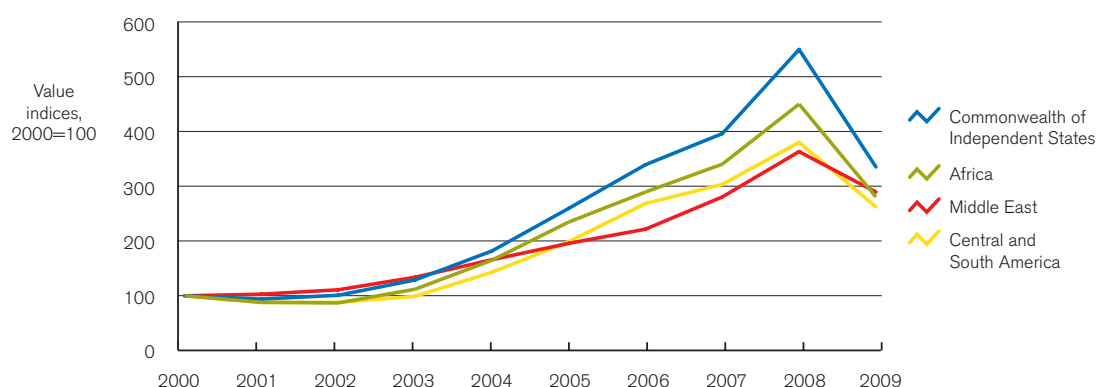
Major importers of food, 2005–2009



Fuels and mining products are hit the hardest by the recession

- World exports of fuels and mining products plunged by 36 per cent in value terms in 2009. As a result, the share of fuels and mining products in world trade dropped by nearly 4 percentage points.
- The squeeze in imports and the sharp drop in dollar prices severely affected the earnings of fuel and mining exporting regions. Yet none of them saw earnings fall below the level attained in 2006.
- Exports of fuels and mining products from the Middle East are still higher than the 2007 level.

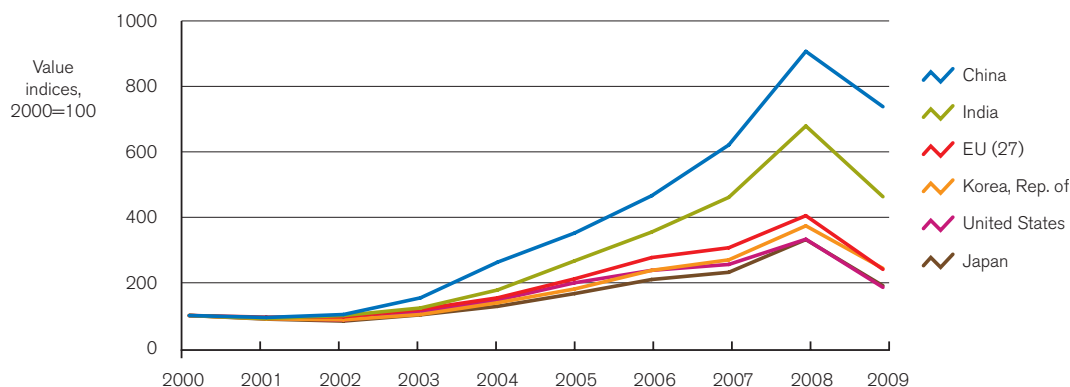
Exports of fuels and mining products



Imports of fuels and mining products see dramatic fall in value

- The European Union, the United States and Japan slashed their imports of fuels and other minerals by 40 to 44 per cent in value terms in 2009.
- Of the emerging economies, the three major importers of fuels and other minerals – China, the Republic of Korea and India – reduced their imports by 19 per cent, 35 per cent and 32 per cent respectively.

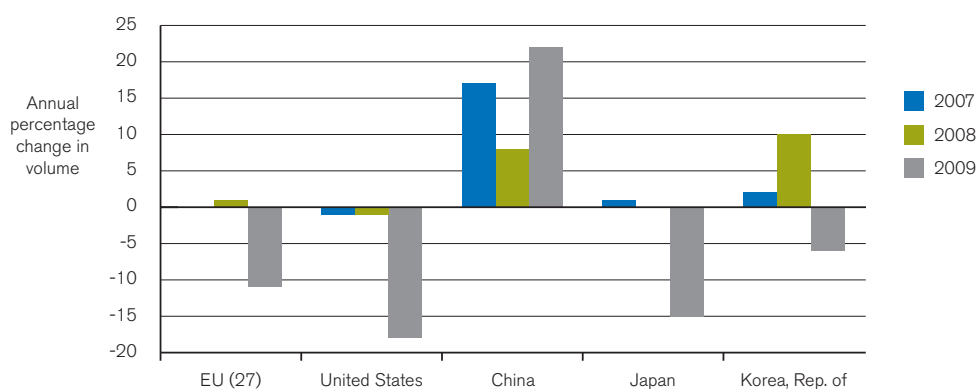
Imports of fuels and mining products



China boosts its import volumes for fuels and mining products

- Following the government stimulus package, China increased its imports of fuels and mining products by 22 per cent in volume terms in 2009. Its imports of coal more than tripled and crude oil imports rose by 14 per cent.
- The European Union and the United States, however, cut their import volumes of fuels and mining products by 11 per cent and 18 per cent respectively.
- While imports of Japan are squeezed by 15 per cent, those of the Republic of Korea were reduced moderately by 6 per cent.

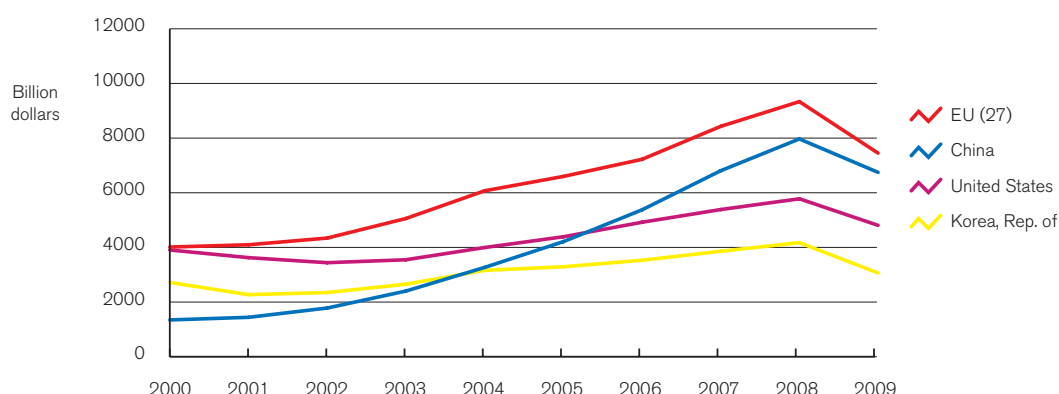
Imports of fuels and mining products, 2007–2009



Manufactured goods: Gap between extra-EU (27) and China narrowing

- Global trade in manufactured goods contracted by 20 per cent in value terms in 2009, reflecting lower demand for both consumption and investment goods. However, prices were more resilient than in other sectors. In value, its share in total world merchandise trade increased by 2 percentage points.
- The biggest drops were recorded by Japan (-26.8 per cent) and the European Union (-20 per cent). China's exports shrank by 15.5 per cent.
- Between 2000 and 2009, China's exports of manufactured goods increased by an annual average of 20 per cent while extra-EU exports (external trade between the EU and the rest of the world) grew by 7.2 per cent. The gap between China's and extra-EU exports of manufactured goods is narrowing fast.

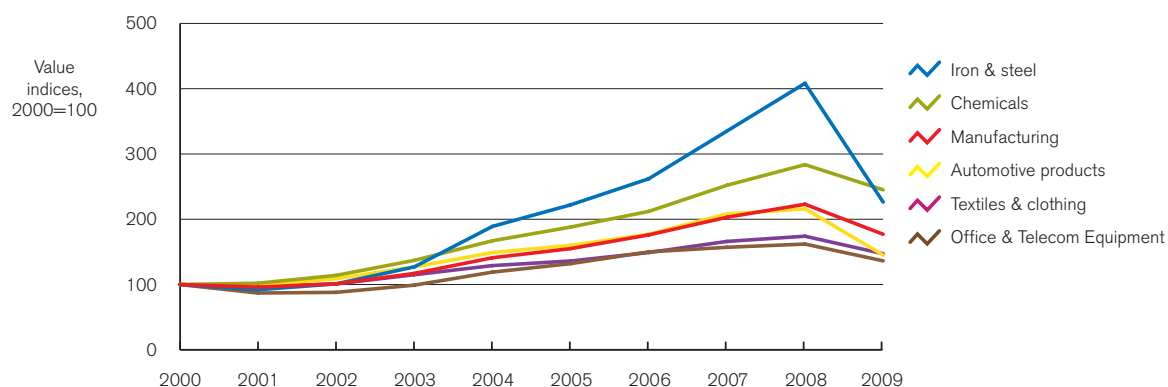
Major exporters of manufactured goods, 2000–2009



Marked decline in all sectors of manufactured goods

- World trade in automotive products was slashed by a third as a result of a fall in demand and the credit crunch.
- Depressed demand in the construction and automobile sectors squeezed world trade in iron and steel by 45 per cent in value terms in 2009.
- Global trade in office and telecom equipment slipped by 16 per cent, only 3 percentage points higher than the level of 2001.
- The decline in world trade in chemicals (14 per cent) was mitigated by a 3 per cent increase in trade in pharmaceutical products.
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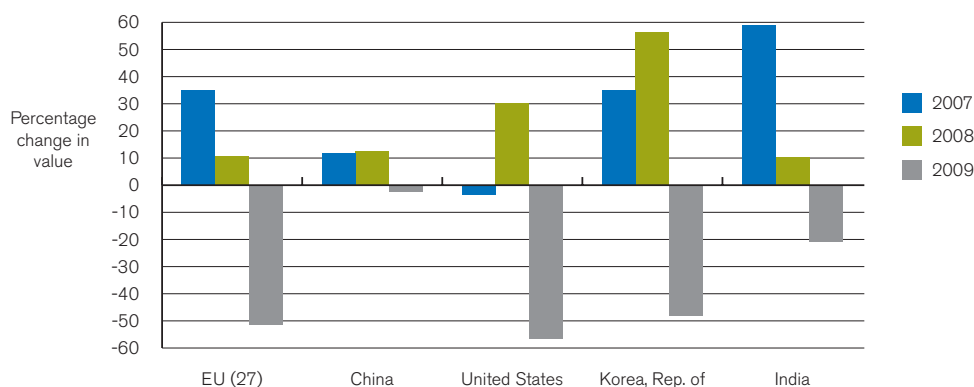
World trade developments in manufactured goods, 2000–2009



Iron and steel is hardest hit by the crisis

- With the exception of China, all major markets slashed their imports of iron and steel by more than 40 per cent in value terms in 2009. The European Union and the United States cut their imports by 52 per cent and 56 per cent respectively.
- The modest decline in China's imports of iron and steel (-2 per cent) was due to an increase in domestic demand resulting from the country's stimulus package.
- China ceded its second position in world exports of iron and steel to Japan but moved to second place in imports (up from fourth in 2008) behind the European Union.

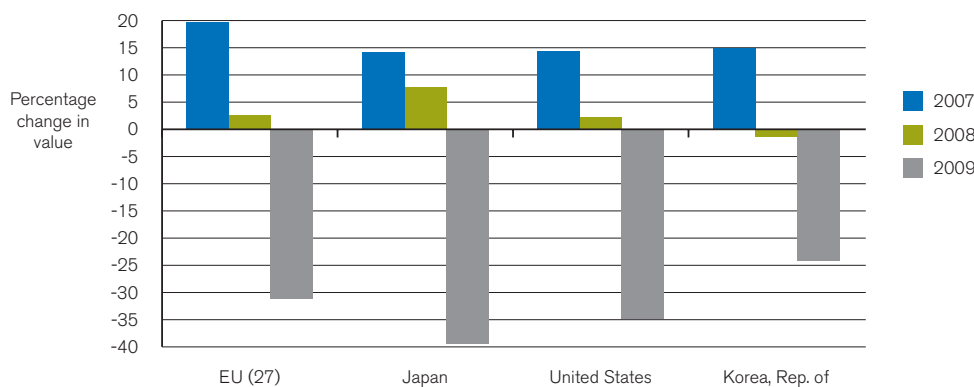
Imports of iron and steel



Automotive products is the second most affected sector

- Exports of automotive products from Germany, Japan and the United States dwindled by 32 per cent, 39 per cent and 35 per cent respectively in value terms in 2009.
- Thanks to an 8 per cent increase in exports to Asian markets, the Republic of Korea registered a lower rate of decline than its competitors (-24 per cent).
- Imports of automotive products to the European Union and the United States shrank by 30 per cent and 33 per cent respectively.

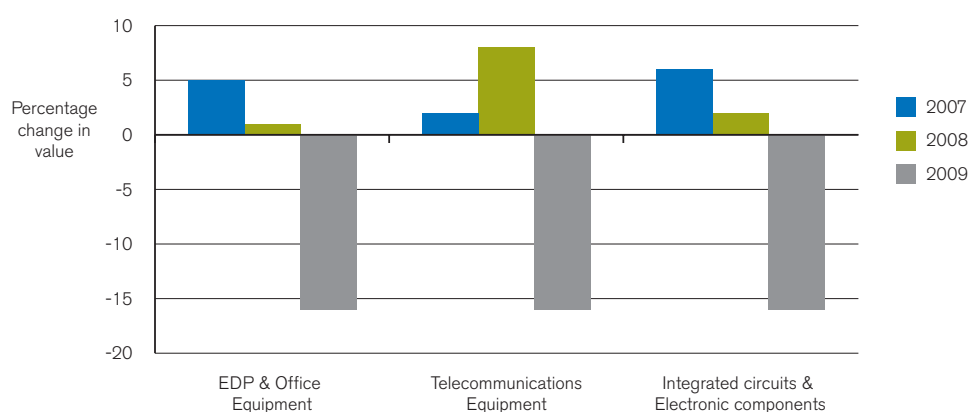
Exports of automotive products



Decline in office and telecom equipment mirrors aftermath of dot-com bubble burst

- Exports of all major components (electronic data processing, office and telecom equipment and integrated circuits) declined by practically the same magnitude (-16 per cent) in value terms in 2009.
- Asia, which accounts for 59 per cent of the global trade of office and telecom equipment, registered a 13.6 per cent decline.
- The contraction in trade in integrated circuits and electronic components (-16 per cent) was, however, less than the 22 per cent decline following the dot-com bubble burst of 2001.
- Trade in integrated circuits and electronic components is highly concentrated in Asia. Trade within Asia accounts for 58 per cent of world trade.
- China, the major market for integrated circuits (accounting for 33 per cent of world imports), reduced its imports by 7.4 per cent.

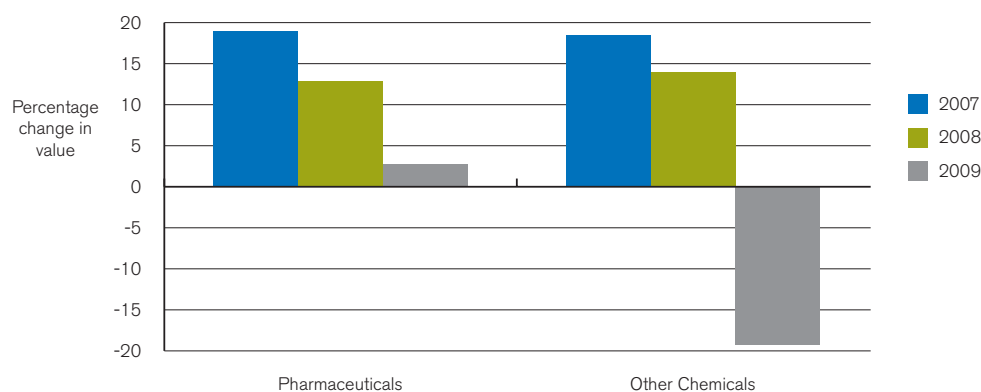
World exports of office and telecom equipment



A fall in trade in chemicals is offset by the strength of trade in pharmaceuticals

- Pharmaceuticals is the only major category to have weathered the economic crisis, indicating that demand has not been affected by the crisis. Exports of the United States increased by 15.4 per cent in value terms in 2009, comparable to the level of 2008.
- Trade in other chemicals, which is mainly dependent on the automotive and construction sectors, declined by 19 per cent.
- The European Union, representing 57 per cent of world trade in other chemicals, saw its exports decline by 18.5 per cent and its imports by 21.7 per cent.

Exports of chemicals



Clothing sees moderate decline in trade

- World trade in clothing decreased by 13.5 per cent in value terms in 2009.
- China's exports fell by 11 per cent, but gained 1 percentage point in its share of world clothing trade (rising to 34 per cent).
- Turkey's exports declined by 15 per cent, while Bangladesh's exports dropped only marginally (-1.8 per cent).
- Viet Nam's clothing exports declined marginally by 1 per cent, but its share in world exports increased to 2.7 per cent in 2009.

Leading exporters of clothing

