

Chapter V

Leading traders and the role of developing economies in world trade

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The ten leading merchandise and commercial services traders represented

53%

of world trade in 2018.



Asia's share of global merchandise exports increased by

6
percentage
points

over the past ten years, rising from 28 per cent in 2008 to 34 per cent in 2018.



In services, developing economies' share of world exports gained over

5
percentage
points

over the past ten years and their share of world imports grew almost 7 percentage points.



In 2018, Asian economies recorded the most rapid export growth in "other commercial services" since 2011, with China's exports increasing by

17%

due to strong growth in exports of computer services, construction, other business services and intellectual property-related services.

Leading players

More than half of merchandise trade is concentrated among ten economies

The ten leading merchandise traders remained unchanged in 2018, with China, the United States and Germany leading the way (see Chart 5.1). Collectively, the top ten economies represented 53.3 per cent of world trade. The top five leading economies accounted for 38.1 per cent of total trade, economies from fifth to tenth place accounting for 15 per cent.

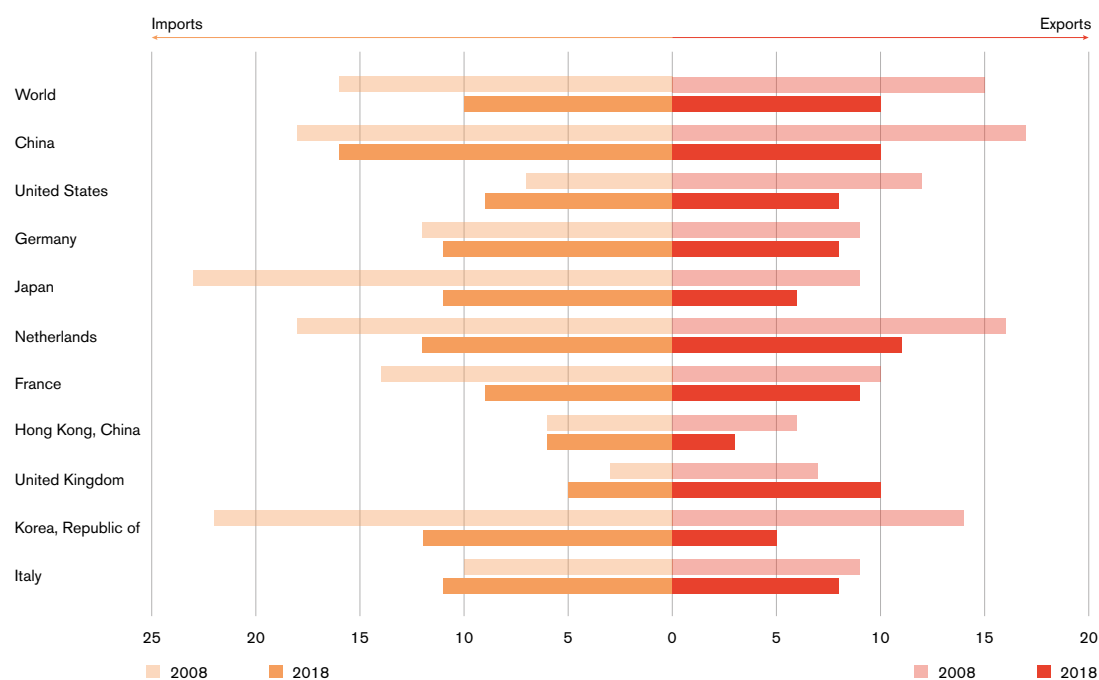
For the second year in a row, China remained the leading merchandise trader despite growing global trade tensions. With a share of 13 per cent of total exports and 11 per cent of total imports, China's exports stood at US\$ 2.49 trillion and its imports at US\$ 2.14 trillion in 2018, growing at the fastest pace since 2012.

An increase in the import/export of electronic integrated circuits, computer parts and crude oil contributed to China's overall export growth. China's trade surplus contracted for a third consecutive year, ending the year 16 per cent lower than its 2017 level. Over the past ten years, China has shifted its exports to products with higher added value. Exports of mobile phones and parts rose from 6 per cent to 10 per cent of total exports. With exports growing at an average annual rate of 6.1 per cent, China has moved up from the second-largest exporter in 2008 (behind the United States) to the largest exporter in 2018.

Chart 5.1

Leading merchandise traders, 2008 and 2018

(Annual percentage change in trade growth)



9/10
Trade growth for nine out of the top ten traders is below their 2008 pre-crisis levels.

Source: WTO-UNCTAD estimates.

Note: The traders are shown in the order of their world ranking in 2018. Ranking is based on total trade, calculated as the sum of exports and imports.

The United States maintained its position as the top importer of merchandise trade. US imports totalled US\$ 2.61 trillion in 2018, increasing by 8.5 per cent. This reflected continued momentum in private consumption and fixed investment. Exports totalled US\$ 1.66 trillion, up 8 per cent. The increase in shale oil production coupled with higher oil prices and increases in orders of civil aircraft and corn (+35 per cent) contributed to the rise.

Germany maintained its position as the third-largest trader, with merchandise exports totalling US\$ 1.56 trillion, 8 per cent higher than the previous year. This was marked by steady growth for auto-parts and pharmaceutical products. The Netherlands was the most dynamic exporter, increasing its exports by 11 per cent in 2018. This was mostly due to increases in the value of fuel exports and medication (+30%). Over the past ten years, exports of medicines have grown from 1 per cent to 3 per cent of total exports.

Japan remained the fourth-largest trader, with exports growing by 6 per cent in 2018, totalling US\$ 94.5 billion. The slowdown in exports of non-electrical machinery and parts of electronic circuits contributed to a 2 per cent decline in year-on-year terms. As a net importer of petroleum, the increase in oil prices contributed to a rise in imports of 10 per cent in 2018. After two consecutive years of trade surplus, Japan recorded a trade deficit of US\$ 10.3 billion.

Overtaking Hong Kong (China), France became the sixth-largest trader. Exports of transport equipment, specifically automobiles and civil aviation parts, contributed to 8 per cent growth in 2018. Due to a decline in exports of precious metals and gold to China, the exports of Hong Kong (China) grew by 3 per cent, the lowest increase among the Asian economies.

The United Kingdom was the second most dynamic trader among the top ten in 2018, recording growth of 10 per cent. Exports totalled US\$ 519.3 billion, with “other machinery” being the most buoyant product group, according to

preliminary estimates. The UK’s trade deficit narrowed in 2018, with imports growing by 5 per cent, mostly due to an increase in office and telecom equipment. The United Kingdom remained the tenth-largest exporter and the eighth-largest importer.

Exports of the Republic of Korea grew by only 5 per cent in 2018, down from 15 per cent in 2017, due to a decline in exports of integrated circuits and parts. Despite this result, the Republic of Korea remained the ninth-largest trader, with exports totalling US\$ 604.9 billion. Imports totalled US\$ 535.2 billion, increasing by 8 per cent, down from 16 per cent the previous year. This was mostly due to a decline in the value of imports of other machinery.

Italy, in tenth position, saw export growth of 8 per cent, lower than in 2017, mostly due to a contraction in exports of motor cars and air and vacuum pumps. Growth in imports remained at 11 per cent. India overtook Italy as the tenth-largest importer.

Box 5.1

Leading traders: The new “movers and shakers”

In the past ten years, developing economies have been the most dynamic, with significant increases in their rankings among the world’s leading exporters and importers (see Chart 5.2). As a whole, developing economies grew faster than the 1.8 per cent world average for 2008-2018.

The Republic of Korea moved into the top ten traders while India and Poland moved up eight and seven positions

respectively in the ranking of exporters. India’s exports have doubled since 2008. Increases in exports of transport equipment, chemicals and food products to North America and Asia contributed to its move up to 19th position in the world rankings. Poland has risen to 22nd position, with Germany remaining its main trading partner. Its supply of inputs into European value chains include “other machinery” (e.g. insulated cables) and automotive products.

Chart 5.2

Economies with the most significant changes in export and import rankings 2008 vs 2018
(Average annual percentage change)

		Rank increase	2018 rank
Exports:	India	▲ 8	19
	Poland	▲ 7	22
	Korea, Republic of	▲ 6	6
Imports:	Viet Nam	▲ 18	23
	United Arab Emirates	▲ 7	20
	India	▲ 6	10

Source: WTO-UNCTAD estimates.

Viet Nam saw the largest change in the ranking of leading importers since 2008, moving up 18 positions. Recording growth of 12 per cent on average during this period, Viet Nam has firmly integrated into Asian value chains, supplying parts for the production of office and telecom equipment in the Republic of Korea and China. Its share of world imports of office and telecom equipment increased to 22 per cent, up from 6 per cent in 2008.

The United Arab Emirates rose seven places in the world ranking, partly due to increases in its imports of gold and

precious stones and office and telecom equipment. With the largest port in the Middle East, re-exports of the United Arab Emirates to Africa, the Commonwealth of Independent States and neighbouring countries have had an impact on its ranking. India rose six places in the world import ranking, moving up to tenth position. Strong domestic demand and high oil prices contributed mostly to this, with increases in imports of fuels and mining products, precious stones and electrical machinery being the main factors.

Top ten traders of commercial services represented 53.2 per cent of world trade in 2018

In global services trade, the ten leading traders remained unchanged in 2018, with the same countries retaining their ranking as the top exporters and importers. In the last ten years, however, the composition of leading services traders has changed profoundly (see Chart 5.3).

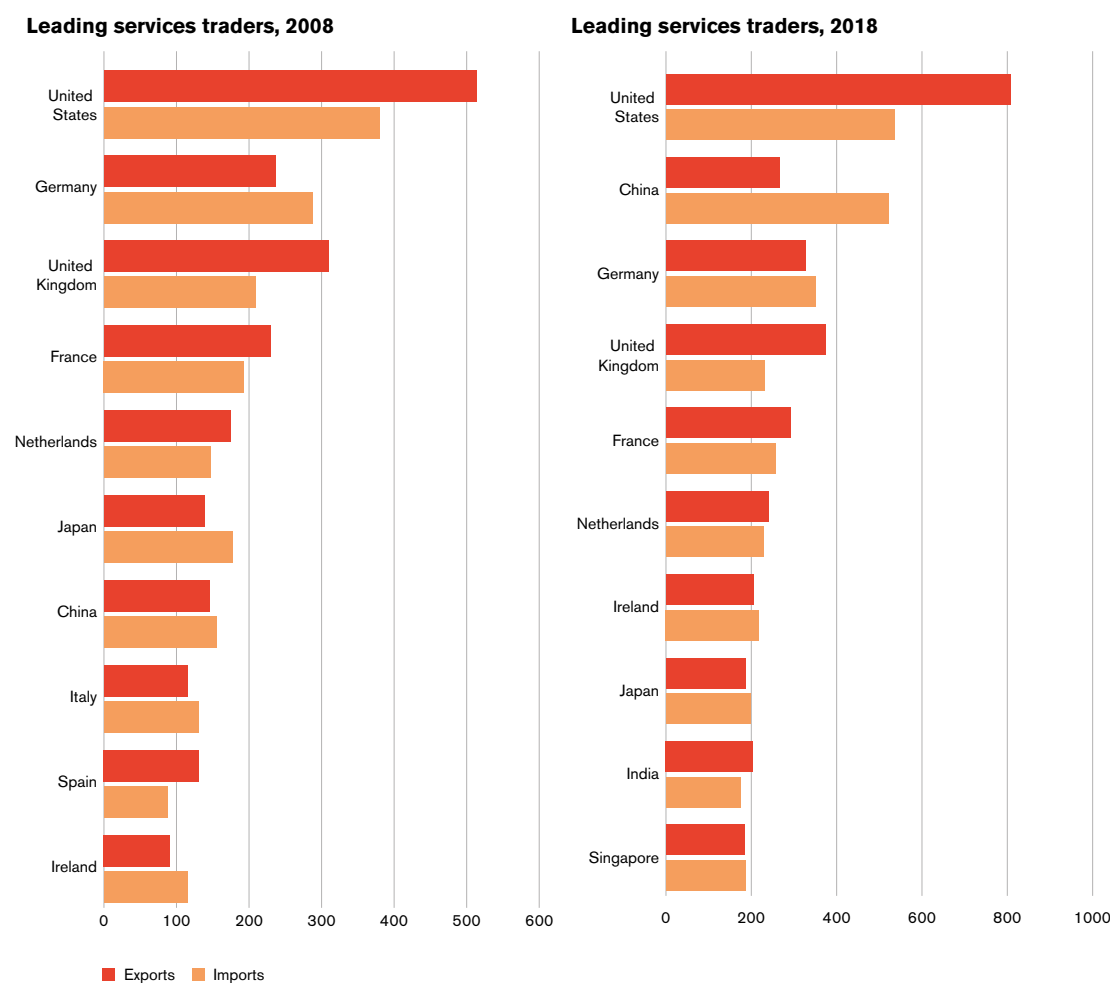
Since 2008, China has jumped from the seventh-largest to the second-largest services trader. India and Singapore

have moved into ninth and tenth positions, overtaking Italy and Spain.

Among developed economies, Ireland has risen from tenth to seventh place, thanks to the rapid growth in exports of computer services. Overall, the top ten economies represented 53.2 per cent of world trade in 2018.

Chart 5.3

Leading traders of commercial services, 2008 and 2018 (US\$ billion)



The United States has been the leading services trader of the past decade.

Source: WTO-UNCTAD-ITC estimates.

Note: The order in the chart reflects the economies' ranking in total trade in commercial services (exports plus imports) in the respective year.

The United States remained the world's leading trader of commercial services in 2018, with a share of 14 per cent in world services exports and 9.8 per cent in imports, totalling US\$ 808.2 billion in exports and US\$ 536.2 billion in imports. Over the past ten years, US exports grew by 5 per cent annually, faster than imports (3 per cent). Its trade surplus doubled from US\$ 13.4 billion in 2008 to US\$ 27.2 billion in 2018. Travel and other business services increased their shares in both exports and imports while the contribution of

transport declined. Services related to intellectual property (charges for the use of IP n.i.e.) remains a key sector for the United States, with a 16.1 per cent share of total US exports and 10.0 per cent of imports.

The United Kingdom's services exports increased by 6 per cent in 2018 (see Chart 5.4). Services growth over the past ten years was boosted by "other business services", the United Kingdom's leading sector, accounting for 29 per cent

of the country's services exports in 2018. In contrast, financial services, the second-largest traded sector, has lost 6 per cent in its total share since 2008. In 2018, the UK was the second-largest services exporter and the fifth-largest importer.

Germany remained the third-largest exporter and importer of commercial services globally in 2018. All services categories recorded robust growth, except for exports of personal, cultural, and recreational services. This includes audio-visuals and related activities, which contracted by 34 per cent.

France maintained its position as the fifth-largest trader in both services exports and imports. As the number one global destination in terms of international tourist arrivals, France's travel earnings continued to rise after the 2016 decline due to terrorist attacks. As in other EU member states, "other business services" became a key sector, representing almost one-third of France's exports.

China's exports recorded the strongest export growth (17 per cent) among the top ten economies in 2018 and remained the world's fifth-largest services exporter. Information and communication technology services, largely computer services, expanded by 69 per cent in 2018, exceeding the export value of transport and travel. China confirmed its ranking as the second-largest importer of commercial services, with an increased share of world imports (9.5 per cent). This was mostly thanks to its high travel expenditure abroad, which accounts for more than half of its services payments.

In 2018, the Netherlands recorded the third-strongest growth among leading traders in exports and imports of services. In both cases, it was due to other business services and charges for the use of intellectual property n.i.e., which accounts for about one-third and one-quarter respectively of the Netherlands' trade in commercial services. Other business services became one of the fastest growing import sectors between 2008 and 2018 and is the most important category in both exports and imports. The Netherlands remained the sixth-largest services exporter and slipped one position behind the United Kingdom on the import side.

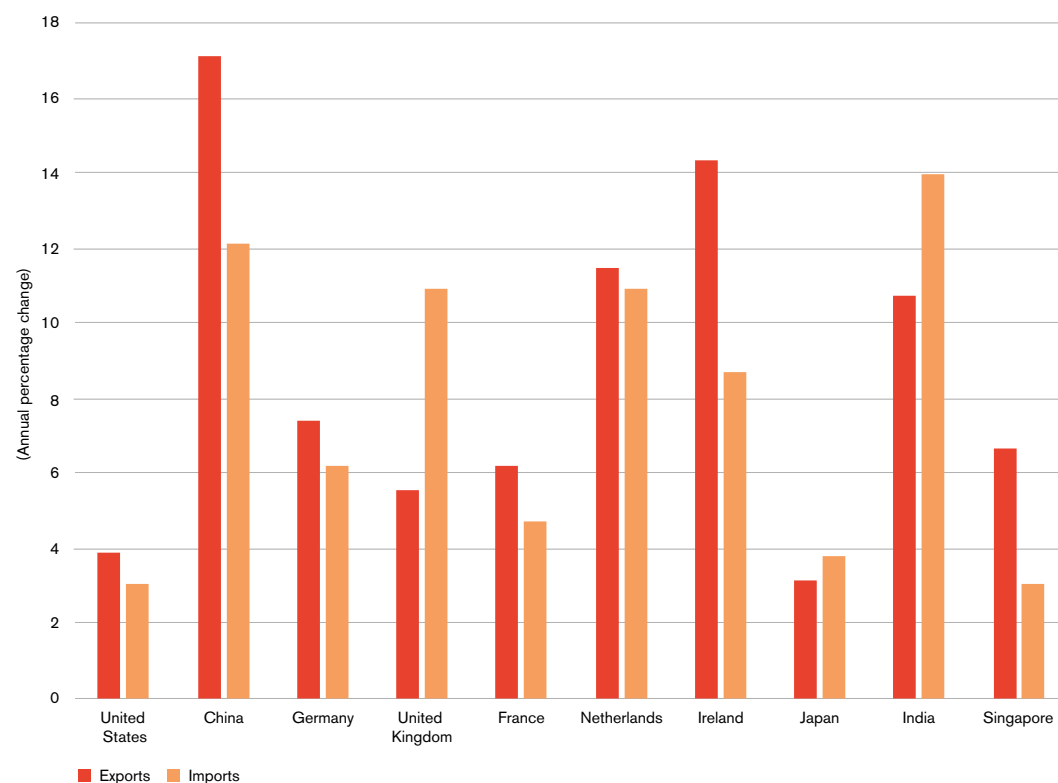
Ireland recorded the second-best exports performance among leading traders in 2018 (a 14 per cent increase) mostly due to rising exports of computer services. The country maintained its seventh position as services trader. Computer services form half of Ireland's services exports. Imports of IP-related services and other business services both accounted for some 40 per cent of Ireland's services payments.

In 2018, India was the eighth-largest services exporter and the tenth-largest services importer. Rapid export growth in other business services for three consecutive years (around 9 per cent) and in telecommunications, computer and information services (7 per cent in 2018) boosted the country's performance.

Chart 5.4

Leading traders of commercial services, 2018

(Annual percentage change)



+17%
Increase in China's commercial services exports in 2018.

Source: WTO-UNCTAD-ITC estimates

Note: The order in the chart reflects the economies' ranking in total trade in commercial services (exports plus imports) in 2018.

Regional performance

Asia has recorded the highest regional trade growth since 2008

In 2018, merchandise trade growth remained strong across all regions. World trade grew at 11 per cent on average in 2018, 1 per cent less than in 2017. The sustained rise in prices of fuels and mining products (+26 per cent) contributed to this growth. Except for South and Central America, all net commodity exporting regions grew above the world average.

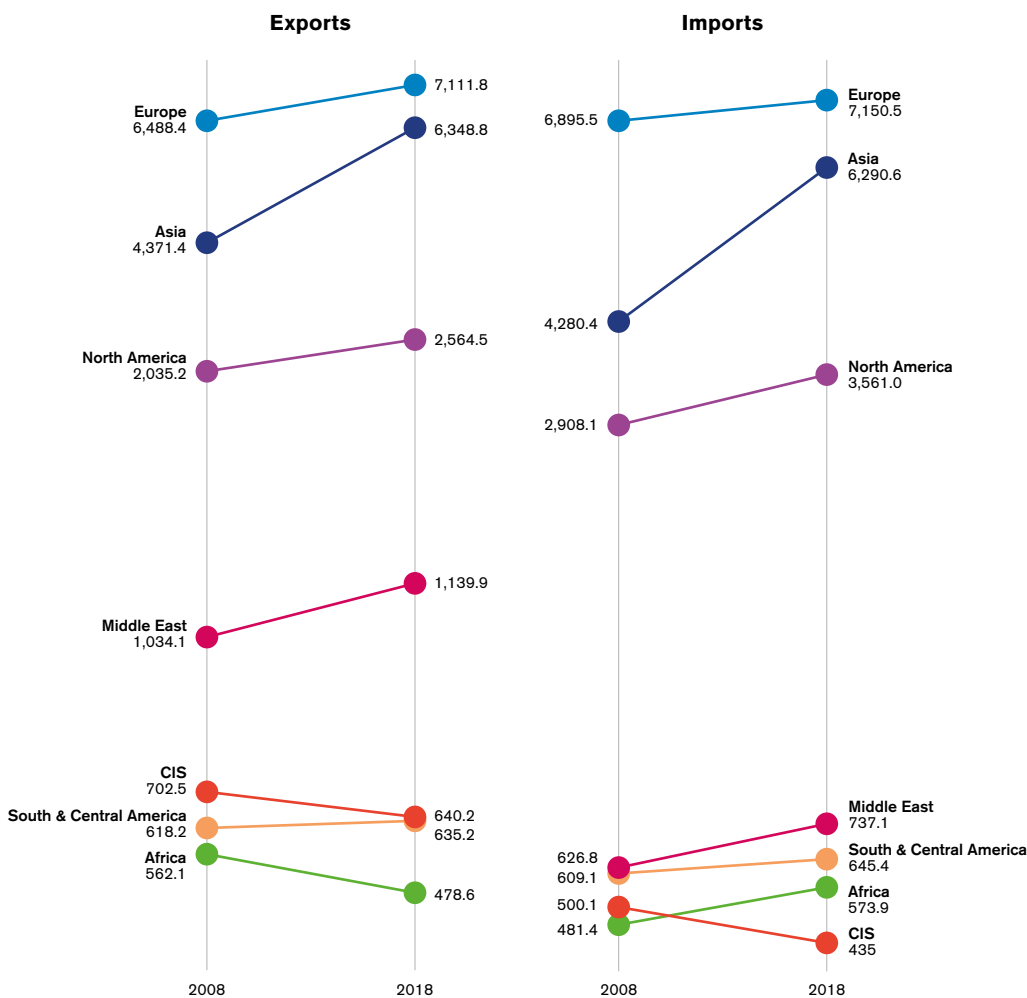
Over the past ten years, all regions – except the Commonwealth of Independent States and Africa – have attained their pre-crisis trade levels of 2008 (see Chart 5.5). Asia recorded the highest regional trade growth from 2008

to 2018. In 2018, its trade flows were 1.5 times higher than its 2008 levels.

China, Viet Nam and India were the most dynamic traders among all Asian economies. The development of regional value chains in office and telecom equipment highly contributed to the pace of growth of economies such as Viet Nam. Vietnamese exports of office and telecom equipment have grown considerably, accounting for 23 per cent of Vietnamese exports in 2018, up from 1 per cent in 2008.

Chart 5.5

Exports and imports of total merchandise trade by region, 2008-2018
(US\$ billion)



x1.5
In 2018, Asia's trade flows were 1.5 times higher than its 2008 levels.

Source: WTO calculations based on WTO-UNCTAD estimates.

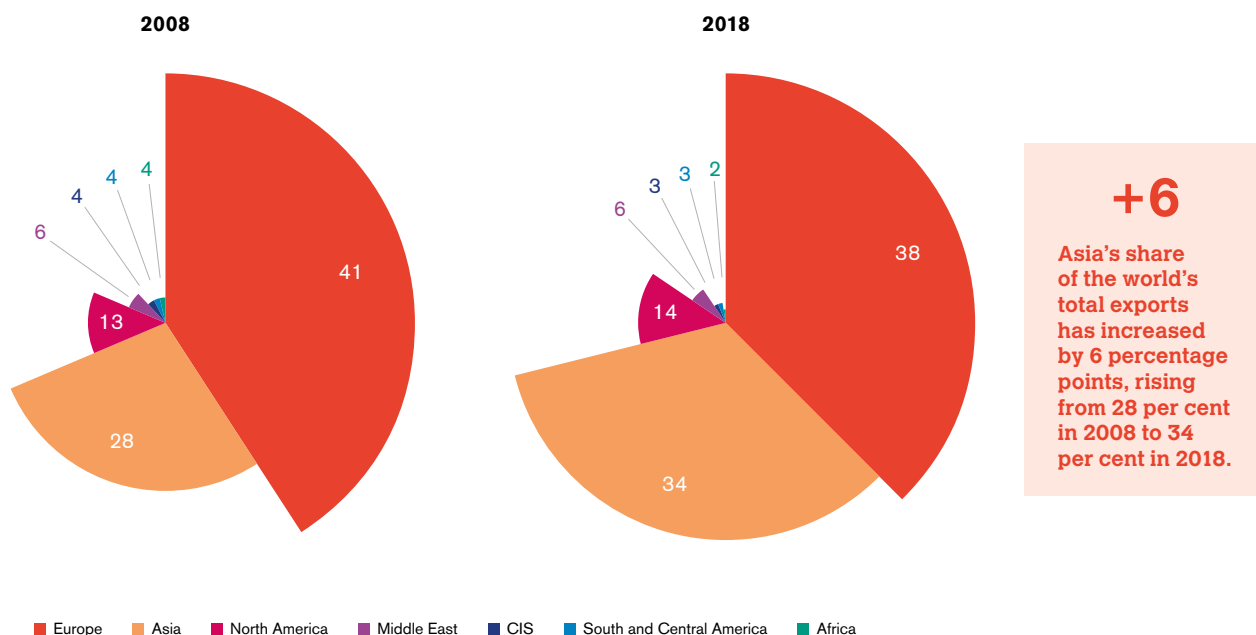
Over the past ten years, Asia's share of world exports increased by 6 percentage points, rising from 28 per cent in 2008 to 34 per cent in 2018 (see Chart 5.6). In contrast, Africa's share in world exports declined from 3.5 per cent to 2.5 per cent – the lowest regional share. Nonetheless, Africa maintained its double-digit growth in 2018. Exports grew by 14 per cent – 4 per cent lower than in 2017. South African exports grew moderately, mainly due to a price decline for copper following its 33 per cent growth in 2017. Africa's oil exporters continued to perform well in 2018, accounting for 38 per cent of total exports. North African exports continued to grow thanks to an increase in demand from Europe. Morocco saw its exports grow by 10 per cent, mostly due to an increase in exports of electrical conductors to the European Union.

The countries of the Commonwealth of Independent States (CIS) saw their share of exports decline, from 4.4 per cent of the world total in 2008 to 3.4 per cent in 2018. Conversely, for the second year in a row, the CIS was the best performing region in 2018, with total trade growth of 17 per cent. Exports soared by 24 per cent, totalling US\$ 640.2 billion. The overall increase was mostly driven by the Russian Federation, which accounts for more than half (58 per cent) of CIS exports, and by the rise in oil prices. Imports for the CIS declined by 8.4 per cent (+20 per cent in 2017), with Russian imports only growing by 5 per cent due to lower imports of office and telecom equipment.

Exports of the Middle East grew by 21 per cent in 2018, totalling US\$ 1.13 trillion, with fuels and mining products accounting for 55 per cent of total exports.

Chart 5.6

Exports of total merchandise trade by region, 2008 and 2018
(Percentage share)



Source: WTO calculations based on WTO-UNCTAD estimates.

South and Central American exports grew by 8 per cent in 2018, totalling US\$ 635.2 billion. The top four economies¹ of the region (Brazil, Chile, Colombia and Peru) exhibited lower export growth than in 2017. Brazil, which accounts for 38 per cent of total exports, saw its export growth decline to 10 per cent (down from 18 per cent in 2017) due to lower exports of automotive products and sugar.

Imports of South and Central America totalled US\$ 645.4 billion in 2018, up 10 per cent, reflecting an increase in domestic demand in the four leading economies. Argentina, in contrast, saw a decline of 2 per cent in its imports due

to a contraction in domestic demand in 2018.² Caribbean economies bounced backed after a series of devastating hurricanes that had a damaging impact on the islands in 2017.

Europe and North America enjoyed similar growth patterns in merchandise trade. In Europe, trade grew by 9.3 per cent in 2018, with exports reaching US\$ 7.11 trillion and imports totalling US\$ 7.15 trillion. Trade growth in North America continued after a setback in 2015-2016 but it recorded the weakest growth of all regions (+8 per cent). In 2018, exports totalled US\$ 2.56 trillion and imports reached US\$ 3.56 trillion.

¹ Brazil, Chile, Peru and Colombia account for 63 per cent of total exports of the region.

² INDEC. "Agregados Macroeconómicos". https://www.indec.gov.ar/nivel4_default.asp?id_tema_1=3&id_tema_2=9&id_tema_3=47

Services growth lags in the Americas

In 2018, world trade in services continued its steady upward trend, growing on average by 8 per cent. The CIS countries recorded the highest growth in exports (12 per cent), with widespread growth across regions in all services sectors (see Chart 5.7).

Services imports expanded fastest in Africa. Services demand surged in Nigeria, which in 2017 became the region's largest services importer but also in Ethiopia, Mozambique and Kenya. Africa's services trade performance was also remarkable for exports, thanks in particular to fast growth in Ethiopia and Egypt, notably in transport and travel.

In 2018, Asian economies recorded the most rapid export growth since 2011, led by "other commercial services". China's exports increased by 17 per cent, with particularly strong growth in exports of computer services, construction, other business services and intellectual property-related services. India's exports grew by 11 per cent and those of the Republic of Korea by 10 per cent.

IT services exports were the main drivers of Europe's export growth but other business services, transport, tourism, financial and insurance services, and IP-related services were also strong. The only sector with sluggish growth was construction following a decline in 2017.

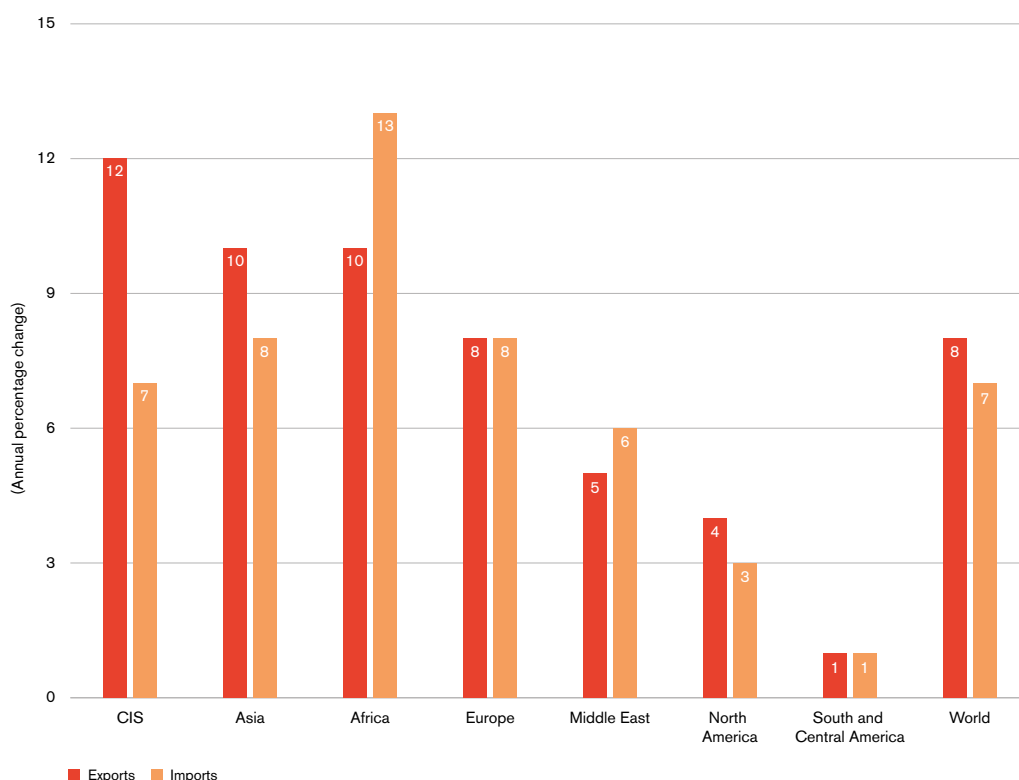
Other regions were less dynamic. The Middle East's trade performance was below average as growth slowed in the United Arab Emirates, the main services trader, and in other economies such as the Kingdom of Saudi Arabia and Qatar. Declines were recorded in transport and in travel. Thanks to swift growth in other business services, Israel was the only country in the region with growth above the world average.

Services growth lagged in the Americas. In South and Central America and the Caribbean, services trade expanded by only 1 per cent. Growth was sluggish across the region, with the Caribbean seeing declining tourist arrivals while trade declined in Brazil and Argentina. For the second consecutive year, growth was slow in North America as US services exports and imports rose respectively by 4 per cent and 3 per cent.

Chart 5.7

Trade in commercial services by region, 2018

(Annual percentage change)



+13%
Africa's commercial services imports growth in 2018.

Source: WTO calculations based on WTO-UNCTAD-ITC estimates.

Regional trade agreements (RTAs)

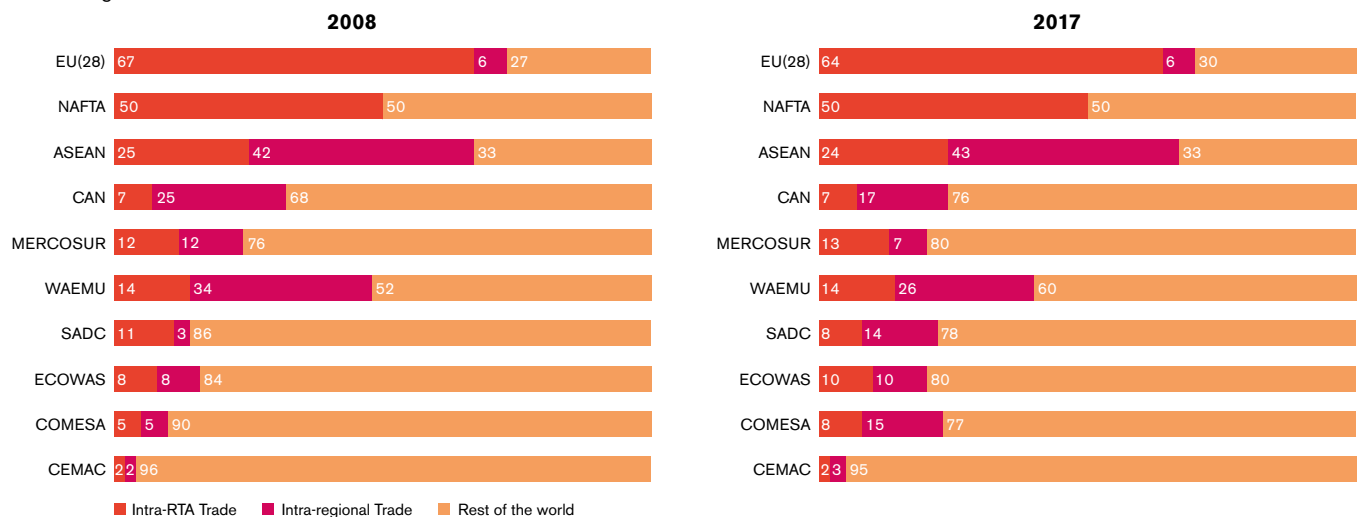
African RTAs have increased their regional participation over the past ten years

Out of the ten RTAs shown in Chart 5.8, the European Union is by far the largest in terms of trade, accounting for 34 per cent of world merchandise trade in 2018. Notably, the EU has maintained the largest share of trade within an RTA, with 64 per cent of its total exports according to the latest trade data available.

Little has changed in the ranking of RTAs since 2008. However, the destination of exports of these RTAs has changed somewhat (see Chart 5.8).

Chart 5.8

Exports of regional trade agreements (RTAs), 2008 and 2017
(Percentage share)



Source: WTO-UNCTAD estimates.

The European Union, the North American Free Trade Agreement (NAFTA) and the Association of Southeast Asian Nations (ASEAN) have remained unchanged or barely changed in terms of export destination over the past ten years.

Despite being the most intensive RTA regarding internal trade, the European Union has seen its exports to destinations within the EU decline by 4 percentage points in the past ten years. However, EU exports of manufacturing products to North America and Asia have increased.

ASEAN has seen little change in its export destinations, emphasizing the importance of the regional dimension of this economic bloc.

NAFTA remains unchanged, maintaining 50 per cent of its exports among its members. In October 2018, NAFTA members renegotiated their agreement under a new United States-Mexico-Canada Comprehensive Agreement (USMCA). Some of its revised provisions could bring changes to the export destinations of its members. First, the requirement of local content for automobiles to be imported duty-free has increased from 62.5 per cent to 75 per cent.

Second, 40 per cent of the local content of automobiles must be manufactured by workers earning on average US\$ 16 per hour after 2023. Thirdly, Canada would increase the tariff quotas on the dairy market, allowing the United States to access 3.6 per cent of it.³

A few African RTAs have seen an increase in exports within the RTA. The Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) saw their intra-regional shares increase by around 10 percentage points in the past ten years. For both RTAs – particularly for COMESA – Africa became the second-largest destination for exports in 2018, with increases in food and manufacturing products. The Economic Community of West African States (ECOWAS) increased by 2 percentage points both its share of intra-RTA and intra-regional trade. Despite the slight increase, intra-regional exchanges are third in order of importance for the regional bloc. On the other hand, the members of the Economic and Monetary Community of Central Africa (CEMAC) trade more with the rest of the world: only 5 per cent of exports stay in the African continent.

³ "USMCA Factsheets". <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/fact-sheets>

Among the African RTAs, the West African Economic and Monetary Union (WAEMU) holds the highest share of intra-regional trade, with 26 per cent of total exports in 2018. However, it has seen a decline in its intra-regional exports, together with the Southern Common Market (MERCOSUR) and the Andean Community (CAN). Intra-regional exports have fallen by 5 percentage points on average since 2008.

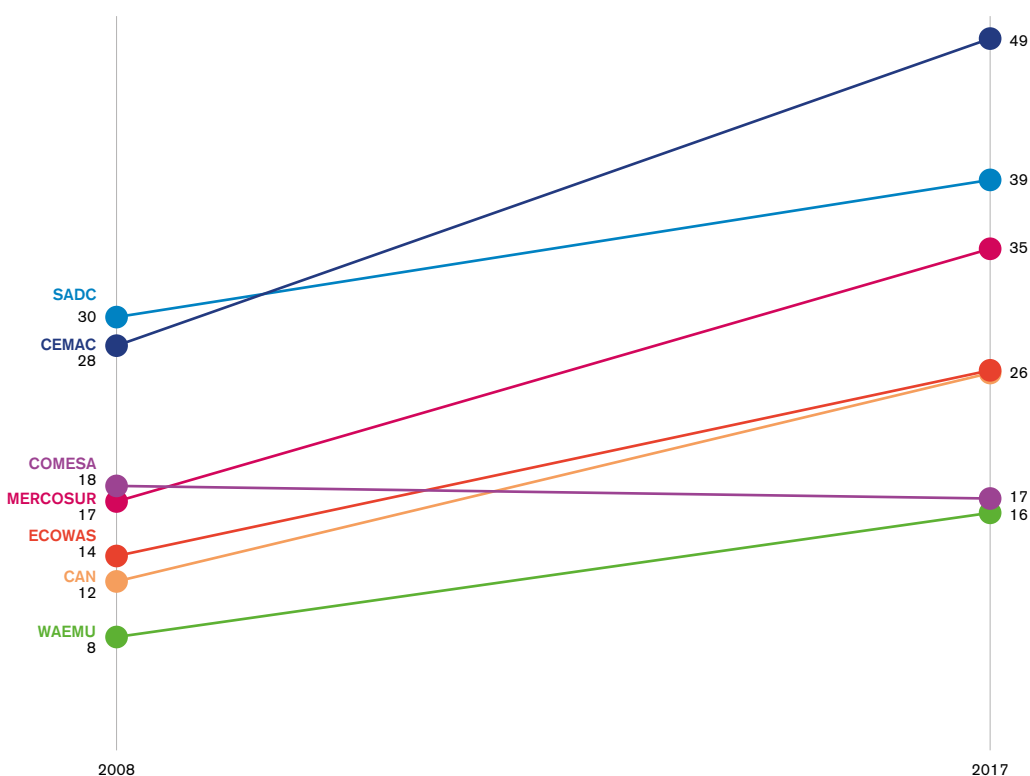
Asia, and in particular China, has increased its relevance as a destination of exports from these countries, and in some cases, it has become the leading export partner.

Apart from COMESA, RTAs that have seen an increase in intra-regional exports, export mostly to Asia (see Chart 5.9).

Chart 5.9

Share of selected RTAs' exports to Asia, 2008 and 2017

(Percentage share)



Asia became a leading destination of exports of Latin American and African regional groups in 2018.

Source: WTO estimates.

In South and Central American RTAs, there have been some changes in membership among the regional blocs. First, Venezuela withdrew from the Andean Community in 2006 and its preferential treatment under the agreement continued until 2011.⁴ Nevertheless, partial scope agreements were signed by Venezuela and the members of the Andean Community under the umbrella of the Latin American Integration Association (LAIA) to grant continuity of preferential access of Venezuelan/Andean products into their markets.

Second, Venezuela became a full member of MERCOSUR in 2012 but due to political turmoil, it was suspended from the trading bloc in early 2017.⁵ Because of the persistent economic crisis in Venezuela, both CAN and MERCOSUR members have shifted their exports to other regions. For instance, in 2008, Venezuela was Colombia's second-largest export destination, with 16 per cent of total exports. Today, exports of Colombia to Venezuela represent merely 0.8 per cent of the total.

4 Comunidad Andina de Naciones. Decisión 641. Período 128 de sesiones extraordinarias. <http://www.comunidadandina.org/DocOficialesFiles/decisiones/DEC641.doc>
 5 MERCOSUR. "Suspensión de Venezuela en el MERCOSUR". <https://www.mercosur.int/suspension-de-venezuela-en-el-mercosur/>

Developing economies

Developing economies' merchandise trade continued to rise in 2018

Merchandise exports of developing economies grew by 11 per cent in 2018 while imports increased by 12 per cent, continuing the positive growth of 2017 after a decline in 2015-16. Merchandise exports totalled US\$ 8.22 trillion and imports US\$ 7.97 trillion in 2018. Exports and imports grew across all regions in 2018, apart from imports of developing countries in Europe, which showed a slight decrease of 1 per cent (see Table 5.1).

Overall, developing economies' exports and imports grew at a faster rate than those of developed economies and the world. Developing economies in Africa and the Middle East showed the strongest export growth in 2018. On the import side, Latin America, Africa and Developing Asia had double-digit growth in 2018.

Table 5.1

Developing economies' merchandise trade by region, 2017-2018
(US\$ billion and percentage)

	Exports					Imports				
	Value	Share in world		Annual % change		Value	Share in world		Annual % change	
	2018	2017	2018	2017	2018	2018	2017	2018	2017	2018
Developing economies ^a	8,223	43.2	43.5	12	11	7,974	40.7	41.1	13	12
Latin America	1,086	5.8	5.7	12	9	1,122	5.8	5.8	8	11
Developing Europe	205	1.1	1.1	11	9	279	1.6	1.4	17	-1
Africa	479	2.4	2.5	18	14	574	2.9	3.0	6	11
Middle East	1,140	5.5	6.0	15	21	737	4.2	3.8	3	1
Developing Asia ^a	5,314	28.4	28.1	11	9	5,262	26.2	27.1	16	14
Memorandum items:										
World ^a	18,919	100.0	100.0	11	10	19,394	100.0	100.0	11	10
Developed economies	10,056	53.8	53.2	9	9	10,984	57.1	56.6	9	9
Commonwealth of Independent States, including associate and former member states	640	3.0	3.4	25	24	435	2.3	2.2	22	8

^a Excluding Hong Kong (China) re-exports or imports for re-exports.

Source: WTO calculations based on WTO-UNCTAD estimates.

Note: Latin America comprises South and Central America and the Caribbean, plus Mexico. Developing Europe comprises Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia and Turkey.

Fuel prices impact Africa and Middle East exports

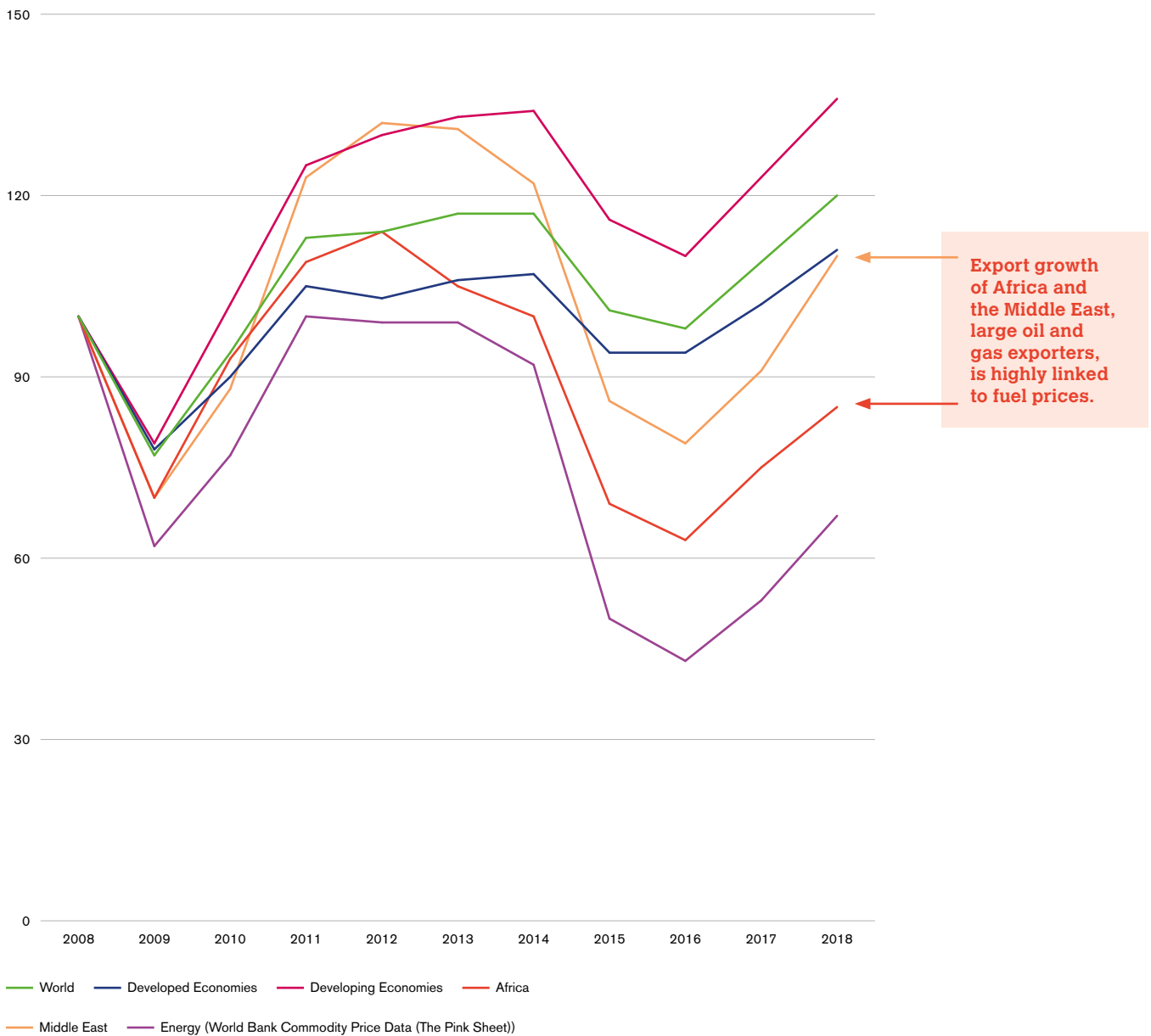
The export growth of Africa and the Middle East over the past ten years has been clearly linked to fuel price developments (see Chart 5.10). A notable decline in exports occurred between 2014 and 2016 when there was an excess global stock of fuel products and a related decline in fuel prices.

Several factors contributed to the global oil surplus, including the growth of US shale production and the decision of the Organization of the Petroleum Exporting Countries (OPEC) to maintain oil output as a means of retaining market share. On the demand side, China's

previously strong demand for fuel and other mineral products slowed considerably. Given the supply-side and demand-side factors, the pressure on fuel prices to rise was weak during this period. However, both African and Middle Eastern fuel exporters have since had a return to growth in 2017 and 2018 following the rise in energy prices.

Developing economies' exports had a similar pattern of growth and decline due to the fluctuations in fuel prices but with a less severe decline between 2014 and 2016 as other sectors partly made up for the decline in fuel exports.

Chart 5.10
Selected regional exports of developing economies, 2008-2018
 (Value Index, 2008=100)



Sources: WTO estimates, World Bank.

Several developing economies see dynamic increase in merchandise trade

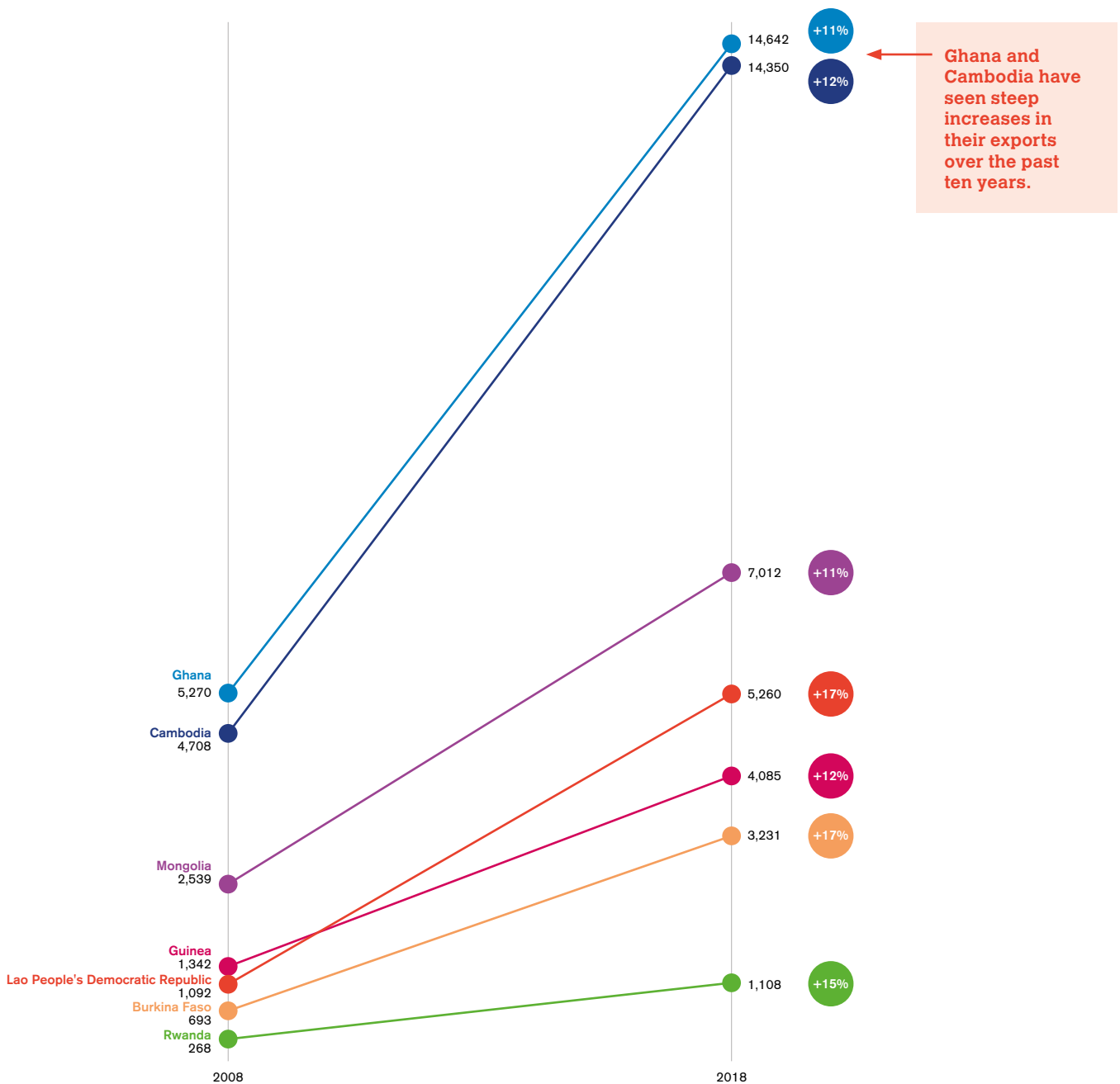
Several developing economies have seen a dynamic increase in merchandise trade exports over the past ten years. These include Burkina Faso, Cambodia, Ghana, Guinea, Lao People's Democratic Republic, Mongolia and Rwanda (see Chart 5.11), five of which are least-developed countries.

Cambodia is primarily an exporter of manufactured goods; apparel and clothing continues to be its top export. The other six economies are primarily commodity exporters. Burkina Faso and Ghana are large exporters of gold

and Guinea's primary exports are aluminium ores and concentrates (bauxite). Guinea has the world's largest reserves of bauxite, the primary ore of aluminium. Its growth in bauxite exports has been driven by demand from China, the world's largest producer and consumer of aluminium.

Lao People's Democratic Republic and Mongolia are largely exporters of mineral products. Rwanda has quadrupled its exports to its key trading partner, the Democratic Republic of the Congo.

Chart 5.11
Exports of selected developing economies, 2008 to 2018
(US\$ million and average annual percentage change)



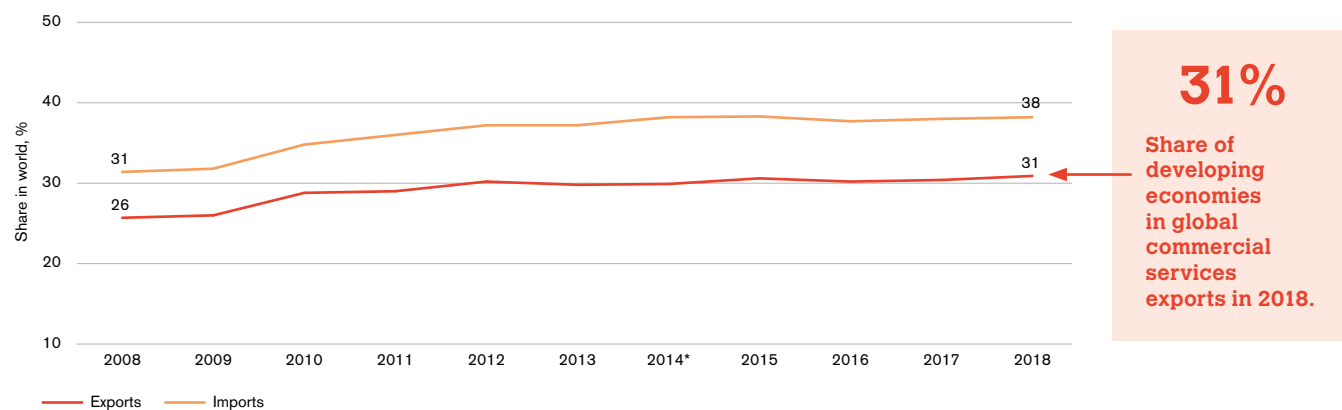
Source: WTO-UNCTAD estimates.

Developing economies represented over 30 per cent of global services exports in 2018

In 2018, developing economies' exports of global services exports reached 30.9 per cent of the world total, the highest level they have ever recorded. Their imports totalled 38.2 per cent. Over the past ten years, developing economies

have gained over 5 percentage points in the share of world services exports and almost 7 percentage points in world imports (see Chart 5.12).

Chart 5.12
World trade in commercial services of developing economies, 2008-2018
(Percentage share)

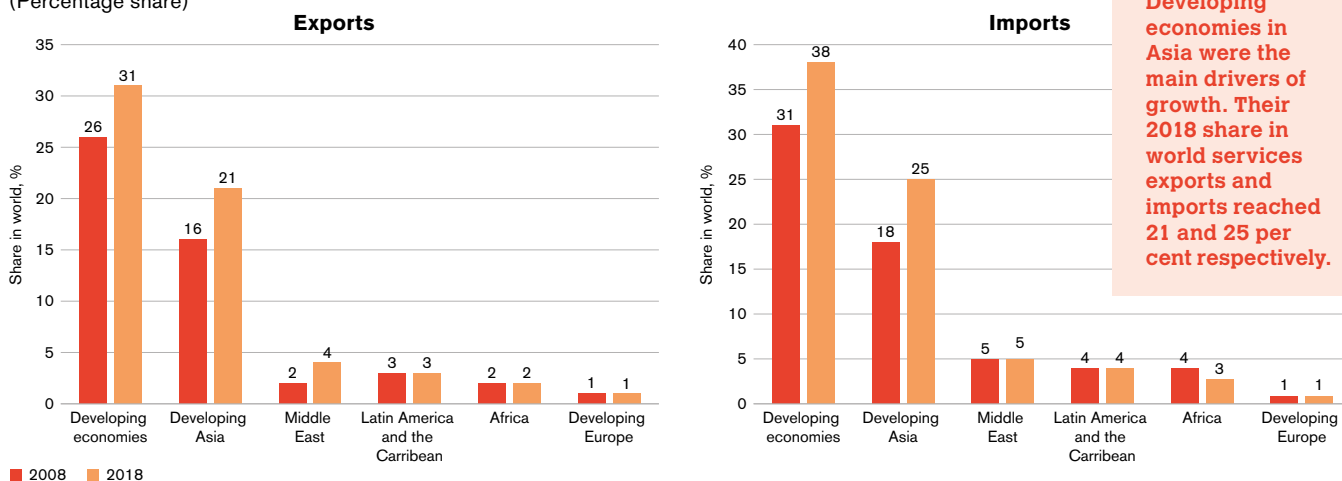


*Break in series in 2014.
Source: WTO calculations based on WTO-UNCTAD-ITC estimates.

Participation in commercial services is uneven across developing regions and services sectors (see Chart 5.13). Developing economies in Asia are the main traders and drivers of growth, with their contribution reaching 20.8

per cent of global services exports and 25.1 per cent of imports in 2018. The Middle East has increased its share in world exports to 3.8 per cent while the participation of other regions, such as Africa, has remained static or declined.

Chart 5.13
World trade in commercial services by developing region, 2008 and 2018
(Percentage share)



Source: WTO calculations based on WTO-UNCTAD-ITC estimates.

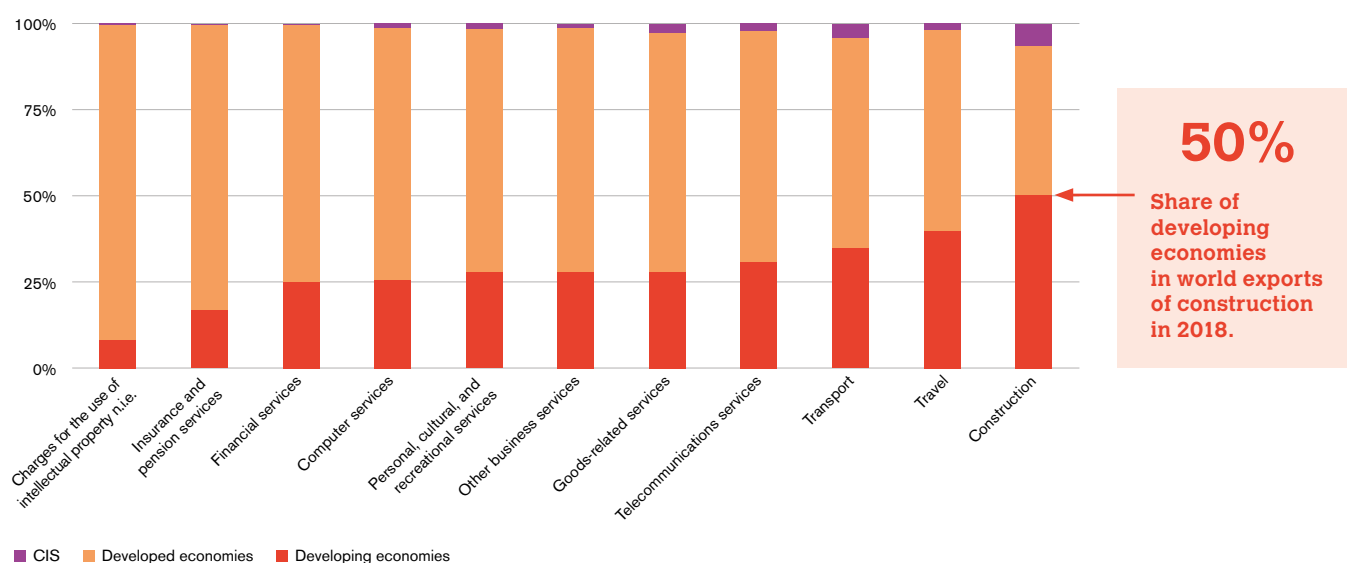
In 2018, more than half of world construction exports originated from developing economies, with China accounting for almost one-quarter of world exports and the Republic of Korea for 10.4 per cent (see Chart 5.14). For both countries, construction exports are mostly destined to other developing economies.

International tourist arrivals to developing economies soared over the past ten years. In 2018, developing economies represented almost 40 per cent of global travel receipts, with the share of travel in services exports at its highest in Latin America and the Caribbean (48.9 per cent) and Africa (44.7 per cent). The largest travel exporter is Thailand, which doubled its share in global travel exports to 4.4 per cent between 2008 and 2018.

Chart 5.14

Developing economies' commercial services by main sectors, 2018

(Average annual percentage change)



Source: WTO calculations based on WTO-UNCTAD-ITC estimates.

Transport is a key export sector for many developing economies (representing a 34.8 per cent share of total exports of commercial services in 2018), with developing economies in Asia at the forefront (see Table 5.2). With a 5.1 per cent share, Singapore was the top transport exporter in 2018 followed by China (4.2 per cent).

Developing economies play an important role in information and communication technology (ICT) services, representing 30.9 per cent of world exports of telecommunications in 2018 and 25.6 per cent of computer services. India is the leading exporter of IT services among these economies and the second-largest global exporter, with a share in world

exports of 11.7 per cent. In telecommunications, Kuwait is the world's third-largest exporter, with a 3.1 per cent share of global exports.

Other services, such as insurance and pension services, financial services, and intellectual property-related services (charges for the use of intellectual property n.i.e.), continues to be dominated by developed economies. The most rapid export growth for developing economies (17 per cent) was recorded by IP-related services in 2018. However, developing economies' participation is at its lowest in this sector (8.3 per cent share of total commercial services).

Table 5.2

Developing economies' trade in commercial services, 2018

(US\$ billion and percentage change)

	Exports					Imports				
	Value	Share in world		Annual % change		Value	Share in world		Annual % change	
	2018	2017	2018	2017	2018	2018	2017	2018	2017	2018
Developing economies	1,781	30.4	30.9	9	9	2,097	38.0	38.2	7	8
Latin America	187	3.4	3.2	6	2	218	4.2	4.0	7	1
Developing Europe	66	1.1	1.1	17	12	33	0.6	0.6	11	3
Africa	112	1.9	1.9	15	10	170	2.9	3.1	11	13
Middle East	219	3.9	3.8	8	5	300	5.5	5.5	5	6
Developing Asia	1,197	20.1	20.8	8	11	1,376	24.7	25.1	7	9
Memorandum items:										
World	5,770	100.0	100.0	8	8	5,485	100.0	100.0	6	7
Developed economies	3,871	67.7	67.1	8	7	3,244	59.3	59.1	5	7
Commonwealth of Independent States (CIS), including associate and former member States	117	2.0	2.0	13	12	144	2.6	2.6	15	7

Source: WTO calculations based on WTO-UNCTAD-ITC estimates.

Least-developed countries

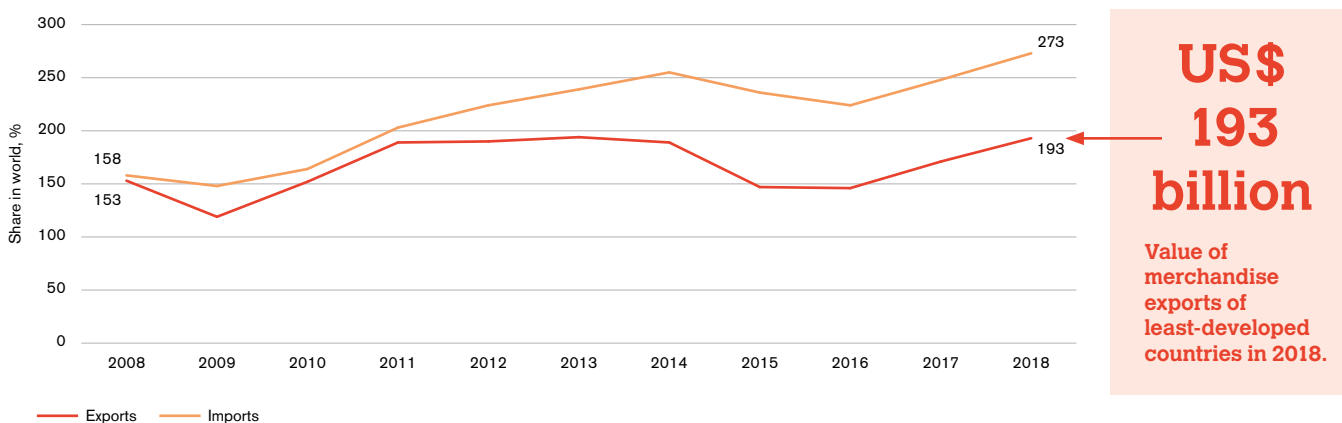
Share of least-developed countries in world exports exceeds 1 per cent

Merchandise exports of least-developed countries (LDCs) rose from US\$ 153 billion in 2008 to US\$ 193 billion in 2018 (see Chart 5.15). On average, exports increased 2.4 per cent per year, a faster rate than world exports (1.8 per cent per year). In 2018, exports grew by 13 per cent compared with world growth of 10 per cent.

LDC exports were influenced by an increase in world energy prices as their exports tend to be concentrated in fuels and mining products. Merchandise imports of LDCs increased at a lower rate (+10 per cent).

Chart 5.15

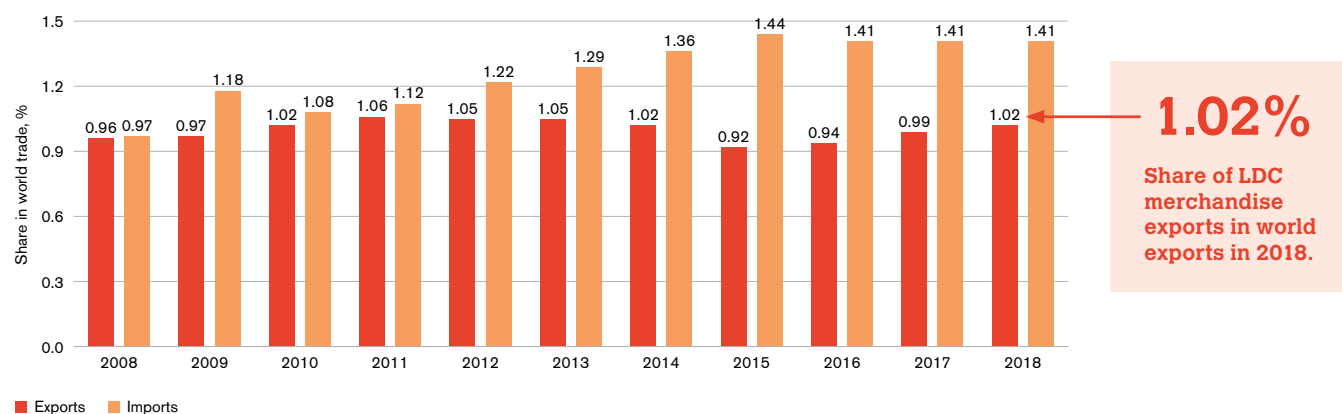
Merchandise trade of LDCs, 2008-2018
(US\$ billion)



Source: WTO-UNCTAD estimates.

Chart 5.16

Merchandise trade of LDCs, 2008-2018
(Percentage share)

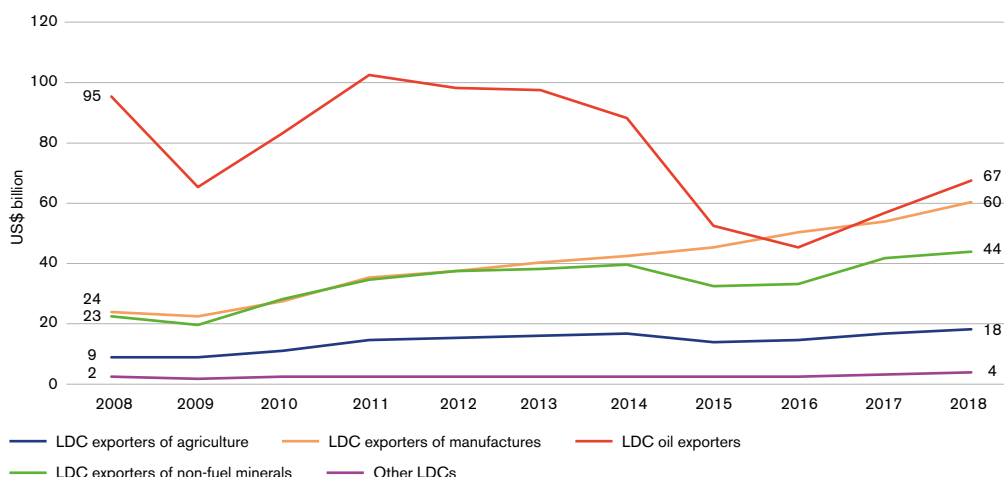


Source: WTO-UNCTAD estimates.

For the first time since 2014, LDCs' share of world merchandise exports exceeded 1 per cent in 2018, reaching 1.02 per cent (see Chart 5.16). Imports remained at the same level as in both 2016 and 2017, namely at 1.41 per cent.

Among developing economies, LDCs' share of exports slightly increased (from 2.30 per cent in 2017 to 2.34 per cent in 2018) while it decreased for imports (from 3.46 per cent in 2017 to 3.43 per cent in 2018).

Chart 5.17
LDC exports by sub-grouping, 2008-2018
 (US\$ billion)



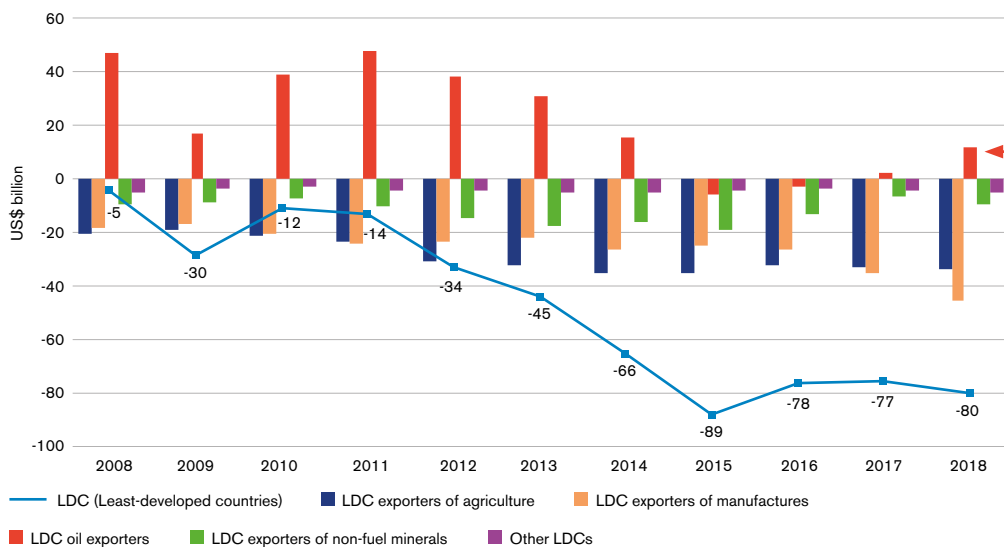
US\$ 67 billion
 Exports of LDC oil exporters in 2018, down from US\$ 95 billion in 2008.

Source: WTO calculations based on WTO-UNCTAD estimates.

All LDC exporter categories (see Chart 5.17) recorded positive growth rates, with LDC oil exporters showing the largest increase in 2018 (20 per cent). The lowest growth rate was recorded by LDC exporters of non-fuel minerals (6 per cent). The exports of “other LDCs” (Djibouti, Senegal and Tuvalu) increased by 18 per cent. LDC exporters of manufactured goods saw a 12 per cent increase and LDC exporters of agriculture grew by 8 per cent.

Among the top 15 LDC exporters (in terms of export value), the highest growth in exports in 2018 was recorded by Angola (22 per cent) and Myanmar (21 per cent), which are both oil exporters, and Cambodia (19 per cent), an exporter of manufactured goods. Declines were recorded by Sudan (-15 per cent), an oil exporter, and by Tanzania (-12 per cent) and Guinea (-11 per cent), exporters of non-fuel minerals.

Chart 5.18
LDCs’ trade balance, 2008-2018
 (US\$ billion)



US\$ 12 billion
 Trade surplus of LDC oil exporters in 2018.

Source: WTO calculations based on WTO-UNCTAD estimates.

LDCs’ merchandise trade deficit increased slightly in 2018 (to US\$ 80 billion) but remained less than the previous record deficit of 2015 (US\$ 89 billion – see Chart 5.18). The deficit in 2018 was mainly due to a significant increase in the deficit of LDC exporters of manufactured goods (US\$ 45 billion in 2018 versus US\$ 35 billion in 2017). With the exception of Lesotho, all countries in this category saw their imports increase more than their exports. The largest increase in the trade deficit was recorded by Cambodia

(39 per cent), followed by Bangladesh (31 per cent), Nepal (31 per cent), Haiti (30 per cent), and Madagascar (19 per cent).

The trade deficits of LDC exporters of non-fuel minerals increased from US\$ 6 billion in 2017 to US\$ 9 billion in 2018 and other LDCs saw an increase from US\$ 4 billion to US\$ 5 billion. The trade deficit of LDC exporters of agriculture remained static at US\$ 33 billion. Only LDC oil exporters recorded a trade surplus (US\$ 12 billion) in 2018.

LDCs' services exports up by 16 per cent in 2018

In 2018, LDCs' exports of commercial services expanded by 16 per cent, twice faster than the rest of the world. LDCs' exports reached US\$ 39.8 billion, the highest level ever recorded by these countries. As a result, in 2018, LDCs' contribution to world services exports rose to 0.69 per cent.

Transport exports rose by 22 per cent, reflecting swift growth not only in Ethiopia, the LDCs' largest transport exporter, but also in several other countries. For the first time, LDCs' contribution to global transport exports reached 1 per cent, up from 0.4 per cent in 2008. Air transport, mainly passengers, accounts for more than half of LDCs' transport exports.

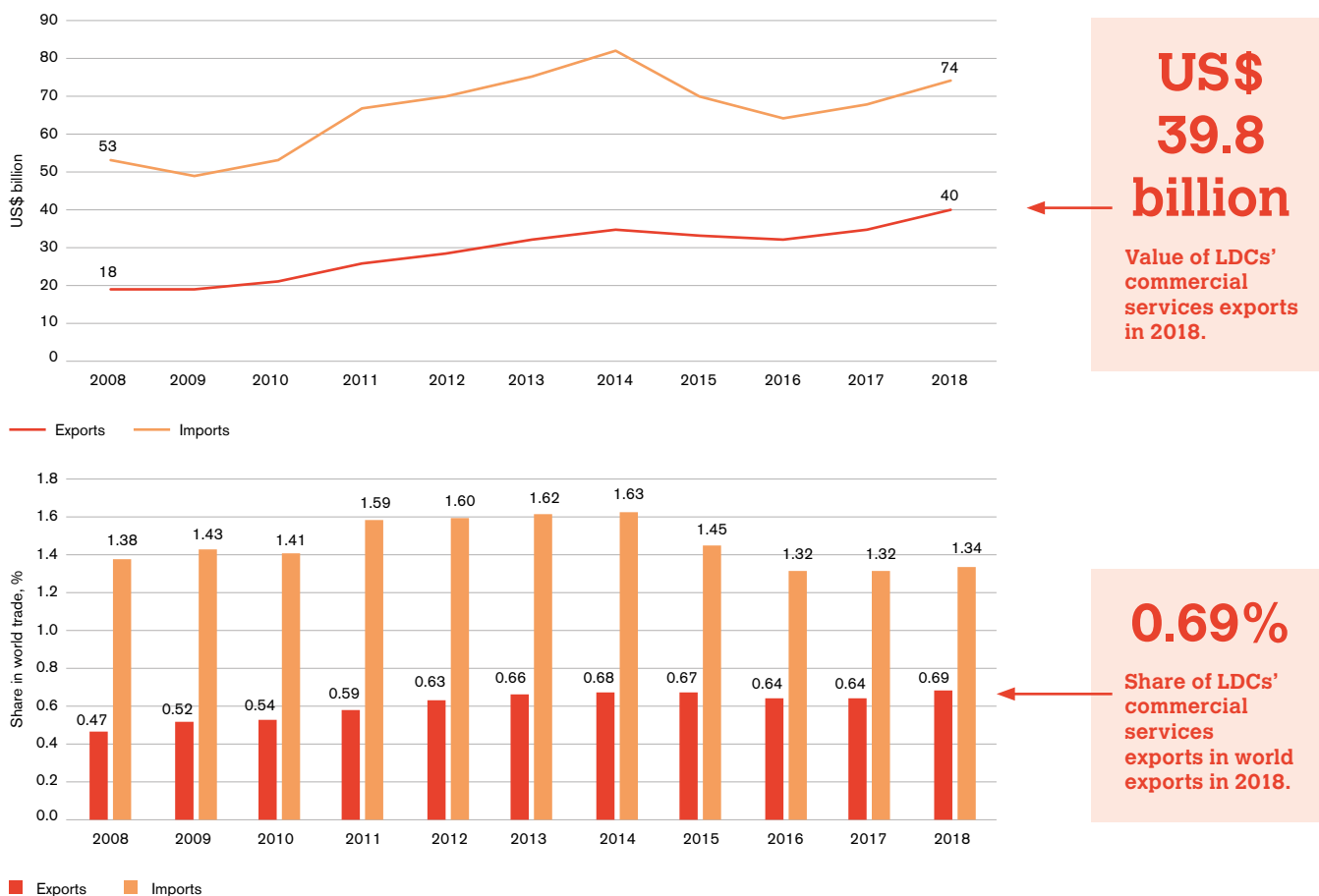
Travel expanded very rapidly in 2018, growing by 11 per cent and reaching US\$ 19.8 billion. Tourism is the leading services export sector for LDCs (49.8 per cent of total commercial services), with a 1.4 per cent share of world exports, the highest rate recorded by LDCs among all service sectors. Tourism in LDCs is predominantly intra-regional. In 2018, dynamic growth was recorded by Cambodia (+20 per cent), the LDCs' main exporter, and by Zambia, Nepal, Mozambique and others.

Despite a 12 per cent rise in 2018, LDCs' contribution to global exports of other commercial services remained static at 0.27 per cent, the same level as in 2008, confirming LDCs' struggle in penetrating higher-value services markets.

Chart 5.19

Trade in commercial services of LDCs, 2008-2018

(US\$ billion and percentage share)



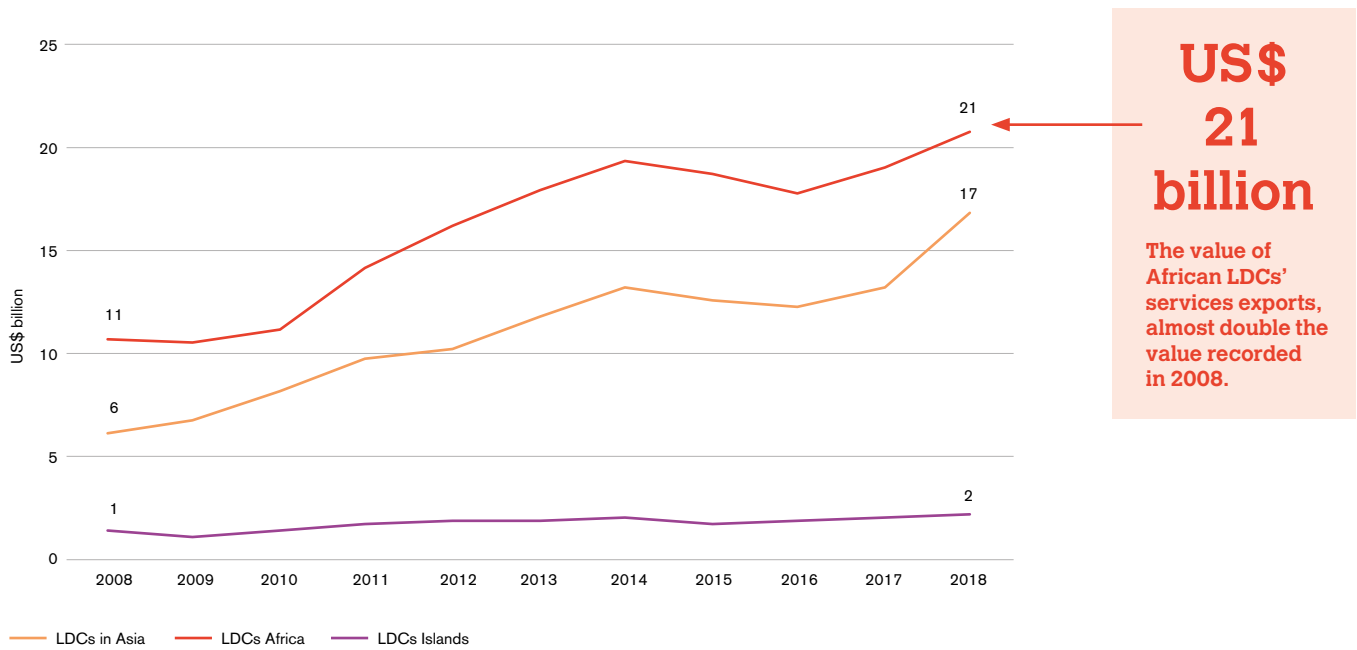
Source: WTO-UNCTAD-ITC estimates.

In 2018, LDCs' services imports reached US\$ 73.6 billion, up by 9 per cent, showing signs of recovery following the declines of 2015 and 2016, with transport alone accounting for half of LDCs' services imports (see Chart 5.19). With a share of 14.2 per cent in LDCs' imports, Bangladesh became the leading services importer among LDCs, overtaking Angola, the previous leading importer over ten years.

LDCs are net importers of services. LDCs' services trade deficit has declined only marginally since 2008, from US\$ 34.4 billion to US\$ 33.8 billion in 2018. Both transport and other commercial services have experienced persistent trade deficits but travel has recorded an expanding surplus since 2005, attaining US\$ 10.6 billion in 2018.

LDCs in Asia play increasing role as services exporters

Chart 5.20
LDCs' exports of commercial services by LDC region, 2008-2018
 (US\$ billion)



Source: WTO calculations based on WTO-UNCTAD-ITC estimates.

The last decade has seen the rise of LDCs in Asia as services exporters (see Chart 5.20). From 2008 to 2018, Asian LDCs recorded the most rapid export growth among LDC regions, at 11 per cent on average annually, thanks to the very strong performances of Cambodia and Myanmar as leading tourism destinations, and Bangladesh and Nepal as ICT exporters. In 2018, these eight Asian economies accounted for 42.3 per cent of LDCs' exports, up from 33.4 per cent in 2008.

Despite the rapid growth of transport, fuelled by Ethiopia as an exporter of air transport, and of tourism, especially in Tanzania and Uganda, services growth in African LDCs was relatively slower (7 per cent on average per year). As a result, LDCs in Africa saw their share in LDCs' services trade drop by 7 percentage points to 52.0 per cent in 2018.