

Chapter I

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Acknowledgements

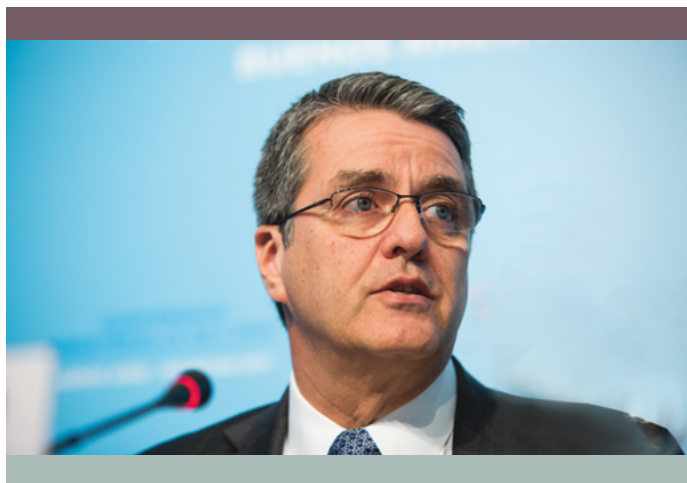
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A message from Director-General Roberto Azevêdo



The COVID-19 pandemic has given rise to the deepest economic downturn of our lifetimes. Output has plummeted, while job losses pile up. Trade has been severely disrupted by supply and demand shocks. A key challenge for policymakers will be to lay the foundations for a strong, sustainable and inclusive economic recovery as the health crisis recedes. To make the right decisions about how to guide the global economy to recovery, they will need reliable data.

The WTO plays a critical role in compiling and analysing trade data. While the ongoing pandemic represents a dramatic break with nearly all recent economic trends, the fact remains that patterns in global trade offer useful insights for what the future may hold.

In 2019, even before the pandemic, world merchandise trade declined in volume terms by 0.1 per cent, weighed down by political tensions and protectionist measures. In value terms, which reflect commodity price fluctuations, merchandise trade fell by 3 per cent. For comparison, merchandise trade volumes grew by 2.9 per cent in 2018.

World trade in commercial services increased by 2.1 per cent in 2019, slowing from its 8.4 per cent rise in 2018. All services sectors were affected, with exports of transport services declining by 0.8 per cent as merchandise trade faltered, and travel exports growing by only 1 per cent. The only sector to record more positive growth – of 3.3 per cent – was “other commercial services”, reflecting growth in telecommunications, computer and information services.

World trade continues to be concentrated among major traders: the top ten traders in both merchandise trade and commercial services accounting for slightly more than half of world trade.

Among the least developed countries, merchandise trade fell by 2 per cent but trade in commercial services increased by 10 per cent, boosted in particular by diversification from merchandise to the travel sector – which has now been badly hit by the pandemic.

The COVID-19 pandemic has underlined the growing importance of the services sector, in particular the distribution sector, in keeping trade flowing. The crisis has also underlined the importance of digital trade.

Improvements in bandwidth and technological innovation have been the main factors for the increase in e-commerce and digital trade. These advances make vital services such as telemedicine possible. In addition, the services sector represents more than one-third of the value-added in pharmaceutical supply chains. Disruptions to supply chains due to the COVID-19 crisis have had a major impact on the supply of medical products and other vital goods.

The data in this report also reflect how changing consumer preferences in recent years have influenced global trade patterns, with consumers increasingly keen to reduce use and waste of products that have a damaging impact on the environment, such as plastics. Demand for renewable energy goods, such as wind turbines, solar panels and electric cars, has also increased significantly in the last few years.

Finally, the COVID-19 pandemic has highlighted the limitations of existing tools for measuring trade. Some countries have struggled to report trade data on a regular basis, and the system used to classify traded goods has proved to be insufficient to measure the full range of goods traded to tackle COVID-19. International organizations will need to increase co-operation to prepare themselves for future challenges of this scale.

I would like to thank everyone who has worked on this report. We hope it provides useful insights for WTO members and all those involved in trade analysis.

Roberto Azevêdo
Director-General