

Chapter II

Highlights of world trade in 2020 and the impact of COVID-19

World trade overview	10
Merchandise trade	12
Commercial services	15
Leading traders	18
Least-developed countries (LDCs)	19

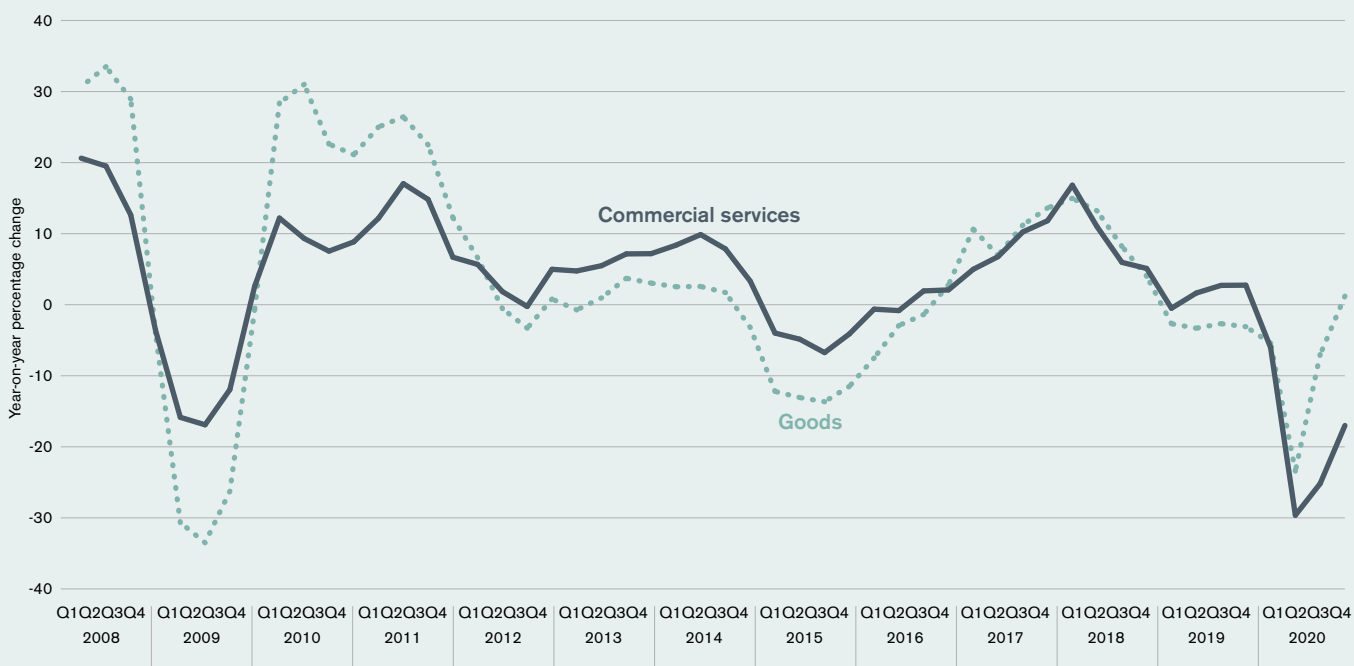
World trade overview

Trade in goods and services experienced a deep slump in 2020 due to the COVID-19 pandemic

Chart 2.1

World trade in goods and commercial services, 2010-2020, quarterly

(Year-on-year percentage change)



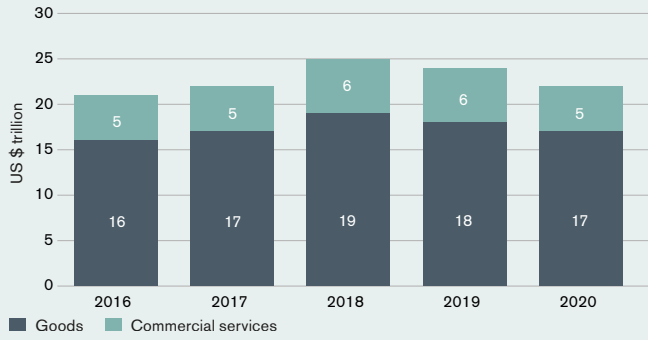
Source: WTO-UNCTAD-ITC.

Note: Trade as average of exports and imports.

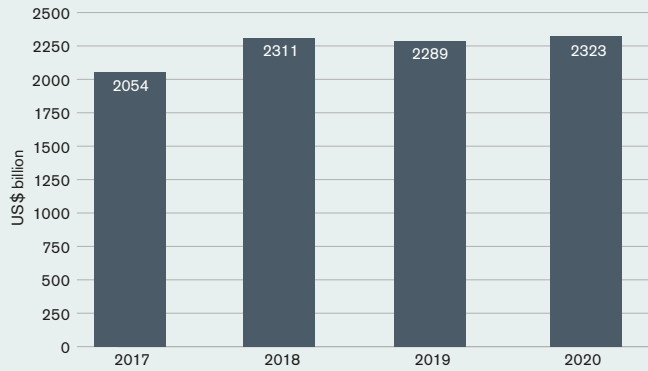
- The COVID-19 pandemic led to merchandise trade declining by **8 per cent** and trade in commercial services contracting by **21 per cent** year-on-year in 2020.
- The effect of COVID-19 on goods and services differed, with services more severely affected. Services declined by **30 per cent** in the second quarter of 2020 compared with a fall of **23 per cent** for goods in the same period. While lockdowns led to the cancellation of flights, holidays abroad, restaurant meals, and cultural/recreational activities, the

demand for essential goods held up in all major economies. Unlike goods, services cannot be stockpiled, which means that most of the revenue losses are likely to be permanent.

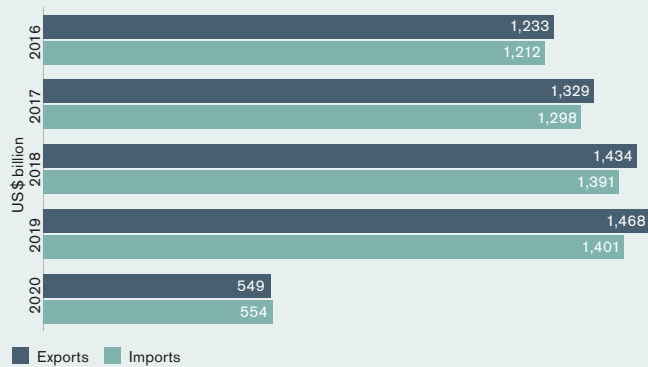
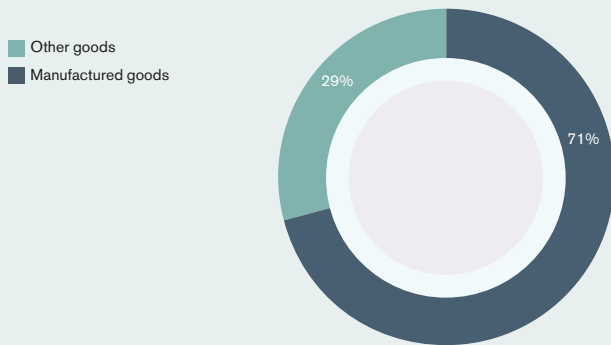
- As businesses adjusted to new working conditions and vaccines began to be rolled out in the last quarter of 2020, trade in goods saw a recovery of **1 per cent** compared with its pre-pandemic level in Q4 of 2019.



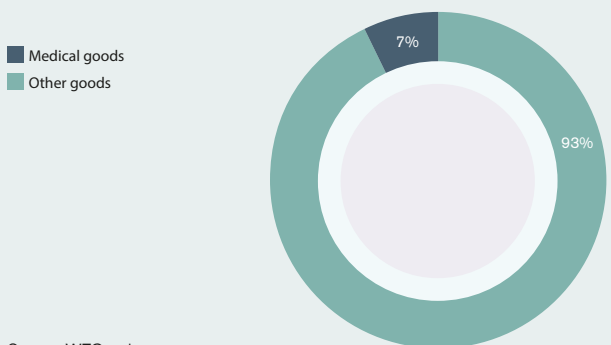
Source: WTO-UNCTAD in cooperation with ITC and UNSD.
Note: Average of exports and imports.



Source: WTO-UNCTAD estimates.



Source: WTO-UNCTAD estimates.



Source: WTO estimates.

Trade in goods and services

World trade in goods and services amounted to **US\$ 22 trillion** in 2020, a 12 per cent decline compared with 2019.

China

China, the top exporter of merchandise trade in 2020, accounted for 13 per cent of the world's total (up from 12 per cent in 2019), totalling **US\$ 2,323 billion**.

Manufactured goods

Trade in manufactured goods represented **71 per cent** of world merchandise exports in 2020, with a value of **US\$ 12.1 trillion**.

Travel

Travel - including tourism and related services - plunged in 2020 as travel restrictions were imposed due to the pandemic. World travel exports dropped to **US\$ 549 billion** compared with **US\$ 1,468 billion** in 2019.

Medical goods

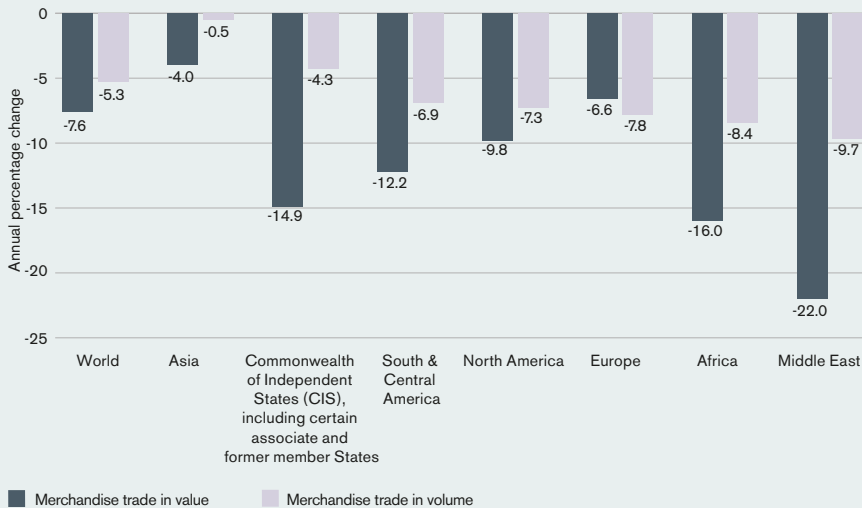
The share of medical goods in world merchandise trade grew from 5.3 per cent in 2019 to **6.6 per cent** in 2020.

Merchandise trade

World merchandise trade

All regions recorded declines in merchandise trade in 2020. Trade in nominal US dollar terms fell more sharply than trade in volume terms. The impact of the pandemic on merchandise trade differed across regions.

Chart 2.2
World merchandise trade by region, 2020
(Annual percentage change)



-0.5%
A decline of only 0.5 per cent in Asia in 2020 was due to COVID-19 having an earlier impact than in other regions, Asia's rigorous management of the crisis and its role as a global supplier of consumer goods and medical products.

Source: WTO estimates.

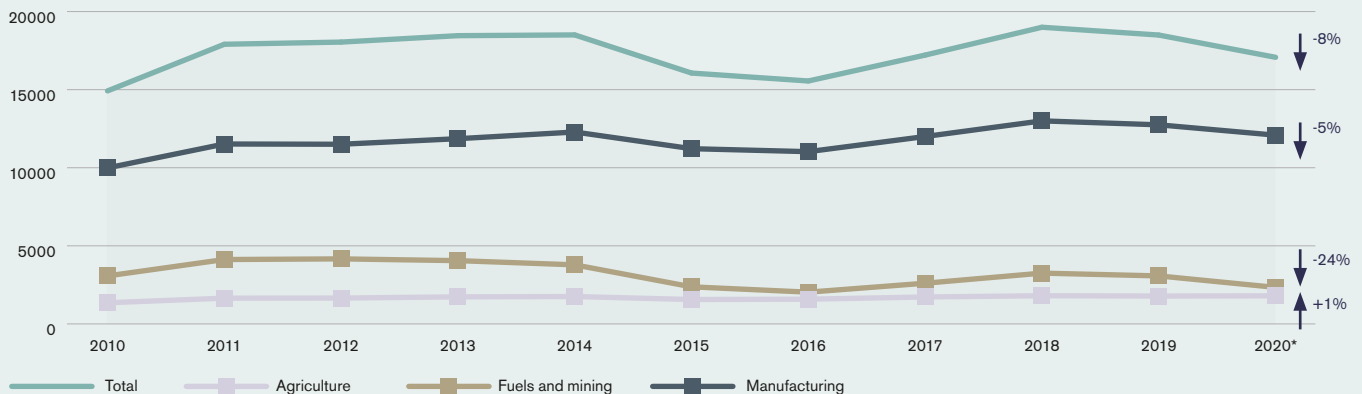
Merchandise exports

World exports of manufactured goods decreased by 5.2 per cent in 2020 while total merchandise exports declined by 7.7 per cent overall.

Chart 2.3
Merchandise exports by major product group, 2010-2020
(US\$ billion, annual percentage change)

-23.9%
Fuels and mining products declined by 23.9 per cent in 2020, due to a big drop in energy prices and a fall in demand.

+0.9%
Exports of agricultural products increased by 0.9 per cent in 2020 as many countries depended on food exports during the COVID-19 crisis.



* Estimate of product break-down.

Source: WTO estimates.

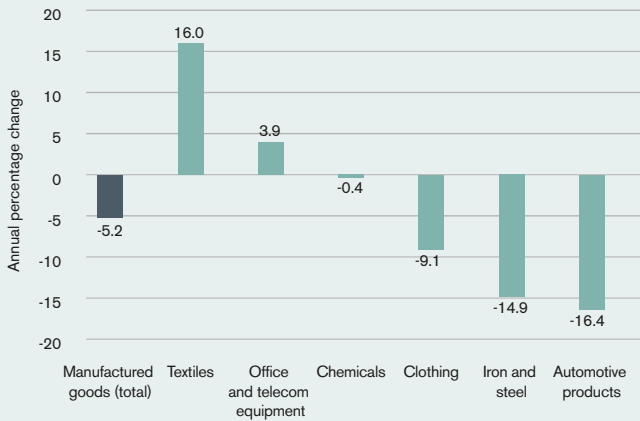
Note: Data including intra-trade of the European Union, excluding re-exports of Hong Kong, China

World exports of manufactured goods

World exports of automotive products were the most affected, among manufactured goods, by the pandemic while textiles saw a strong increase.

Chart 2.4

World merchandise exports of manufactured goods, 2020
(Annual percentage change)



Source: WTO estimates.

Note: Data including intra-trade of the European Union, excluding re-exports of Hong Kong, China.

+16.0%

Due to demand for protective personal equipment, world exports of textiles increased the most among manufactured goods in 2020, growing by 16.0 per cent.

-16.4%

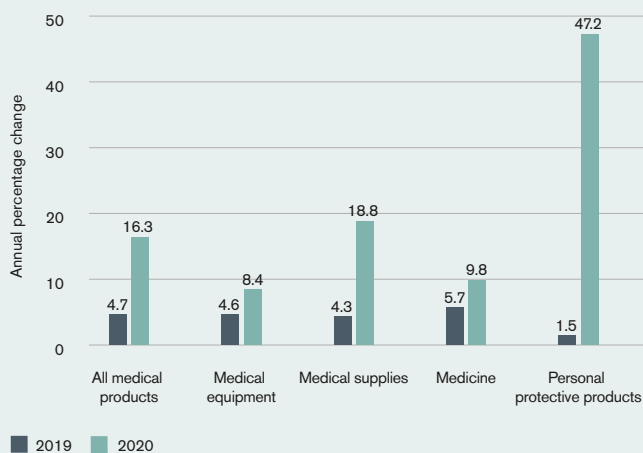
Exports of automotive products suffered from disruptions to production lines and weak demand in 2020, declining by 16.4 per cent.

Trade in medical goods

Trade in medical goods registered growth of 16.3 per cent in 2020 - compared with 4.7 per cent growth in 2019 when the pandemic was just starting.

Chart 2.5

World merchandise trade in medical goods, by product group, 2019 and 2020
(Annual percentage change)

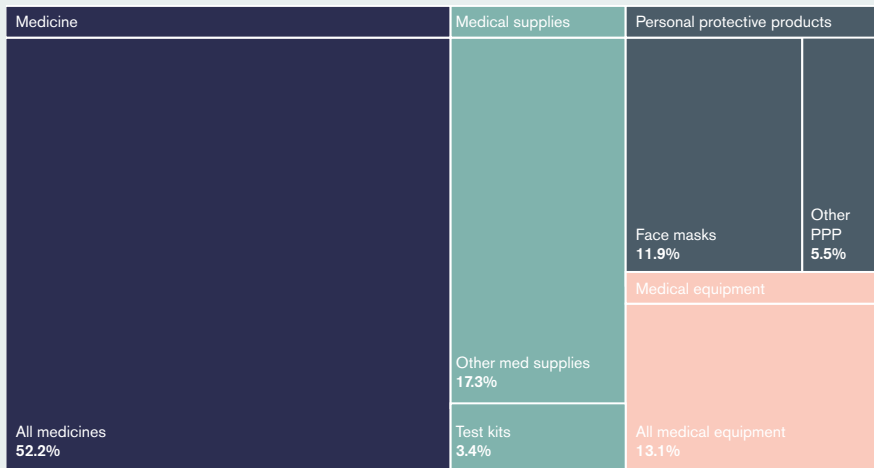


Source: WTO estimates.

+47.2%

Trade in medical goods increased significantly in 2020, with trade in personal protective products growing the most (+47.2 per cent).

Chart 2.6
World merchandise trade in medical goods, by product group, 2020
 (Percentage share)



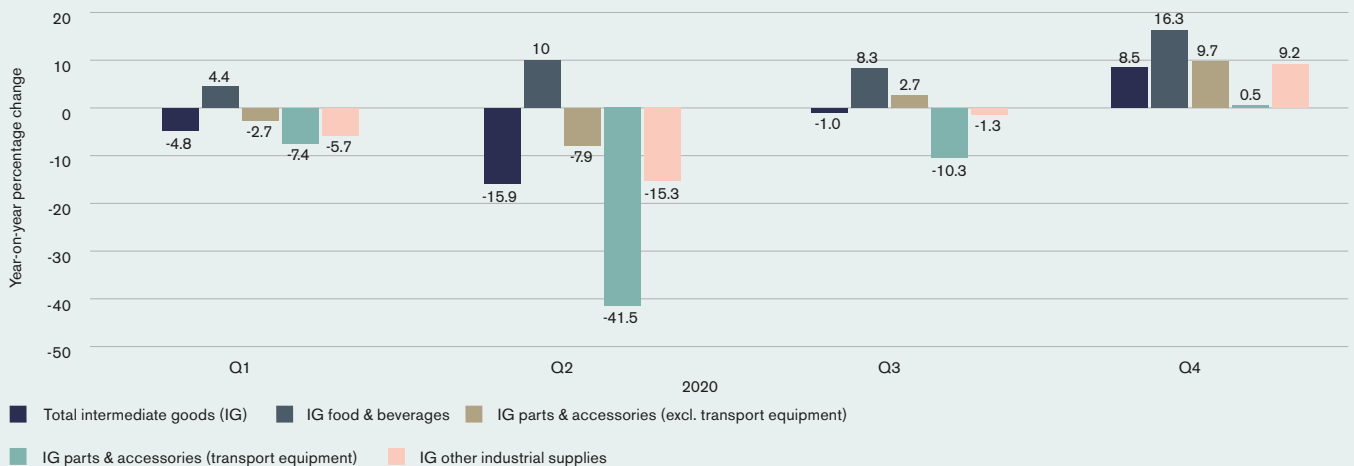
52%
 Medicine represented 52 per cent of world trade in medical goods in 2020.

Source: WTO estimates.

World exports of intermediate goods

After three successive negative quarters, world exports of intermediate goods rose by 8.5 per cent year-on-year in Q4 of 2020, a sign of strong recovery in supply chains.

Chart 2.7
World exports of intermediate goods, total and by main category
 (Year-on-year percentage change)



Source: WTO estimates.

+16.3%
 Exports of food and beverage intermediate goods increased by 16.3 per cent in Q4 of 2020 as food supply chains remained resilient and continued to meet demand.

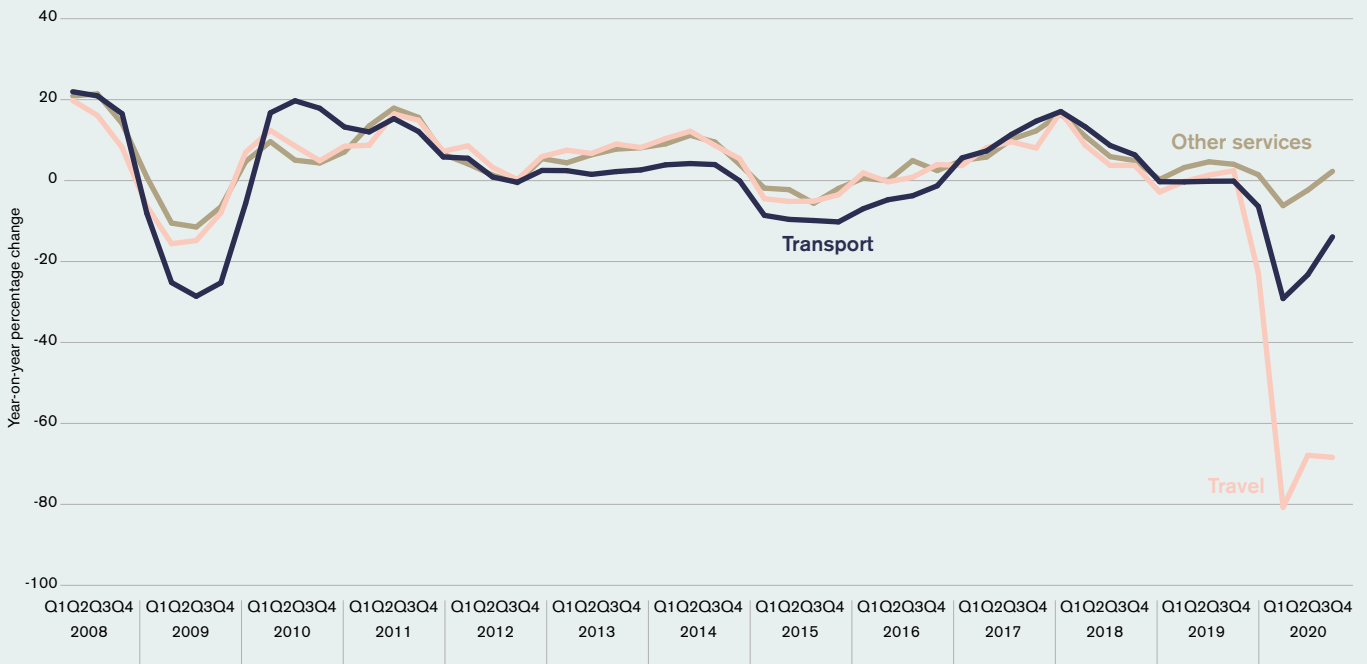
+0.5%
 Exports of transport equipment saw a slight recovery in Q4 of 2020, increasing by 0.5 per cent year-on-year. The automotive sector was severely affected by COVID-19, with a decline in sales and supply chain disruption.

Commercial services

Trade in commercial services by sector

Travel and transport were the hardest hit by COVID-19 and associated travel restrictions.

Chart 2.8
World trade in commercial services by sector quarterly, 2008-2020
 (Year-on-year percentage change)



Source: WTO-UNCTAD-ITC.
 Note: Trade as average of exports and imports.

-81%

International travellers' expenditure was down by 81 per cent and transport by 29 per cent in Q2 of 2020. The decline in transport was similar to the drop in the financial crisis of 2009. However, unlike in 2009, the decrease in transport services trade was driven predominantly by restrictions to passenger transport and a fall in demand for international travel rather than by sharp declines in freight shipping.

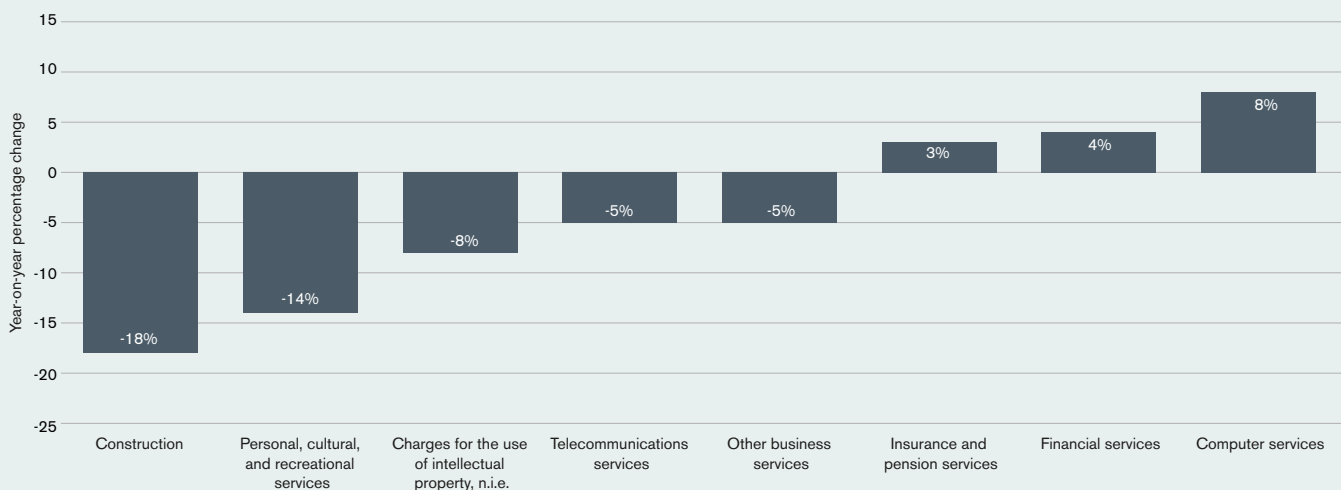
Other commercial services

Other commercial services were affected unevenly by the pandemic. Sectors requiring physical proximity, such as construction, and personal, cultural and recreational services, fell steeply. Financial services, in contrast, continued to grow.

Chart 2.9

Other commercial services by subsector, 2020

(Year-on-year percentage change)



Source: WTO-UNCTAD estimates.

8%

Computer services, the fastest growing services sector over the past 10 years, grew by 8 per cent in 2020, boosted by a shift towards remote working and increased digitalization.

-18%

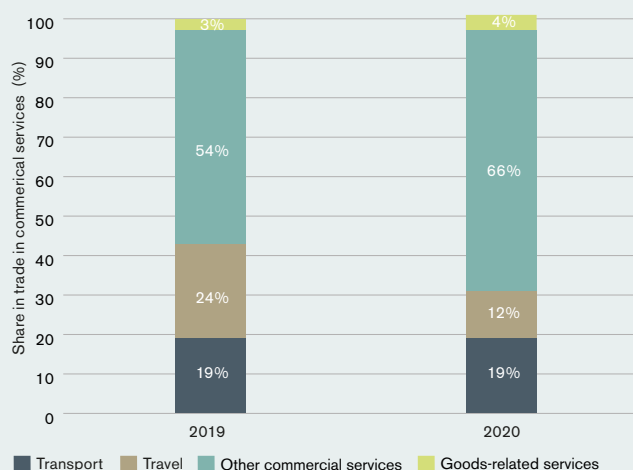
With building projects delayed or postponed in many countries due to the pandemic, global construction exports were down 18% in 2020.

Composition of commercial services

Chart 2.10

Change in composition of commercial services between 2019-2020

(Percentage share)



- The share of transport and travel in total services trade declined from 43 per cent to 31 per cent in 2020.
- Other commercial services - including financial services, legal services, computer services and professional services - increased their share from 54 per cent to 66 per cent.

Source: WTO-UNCTAD estimates.

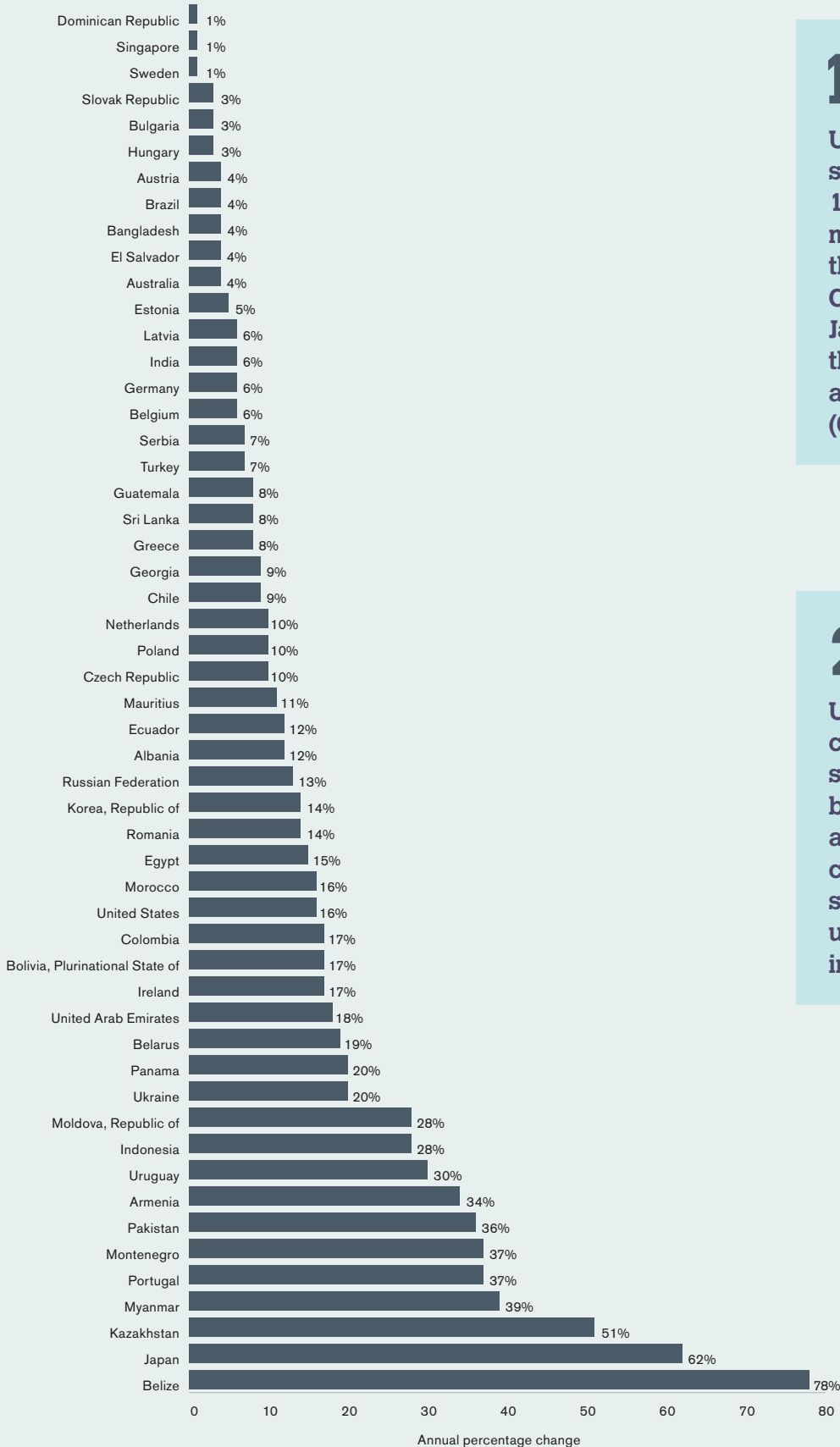
Note: Trade as average of exports and imports

Exports of computer services

Exports of computer services saw double-digit growth in many economies across various regions in 2020. Rapid growth was recorded in most economies, in marked contrast with declines in other services sectors.

Chart 2.11

Exports of computer services, selected economies, 2020
(Year-on-year percentage change)



13%

US exports of computer software increased by 13 per cent in 2020, mostly destined for the EU (22 per cent), Canada (12.6 per cent), Japan (10.9 per cent), the UK (9.1 per cent) and Switzerland (6 per cent).

25%

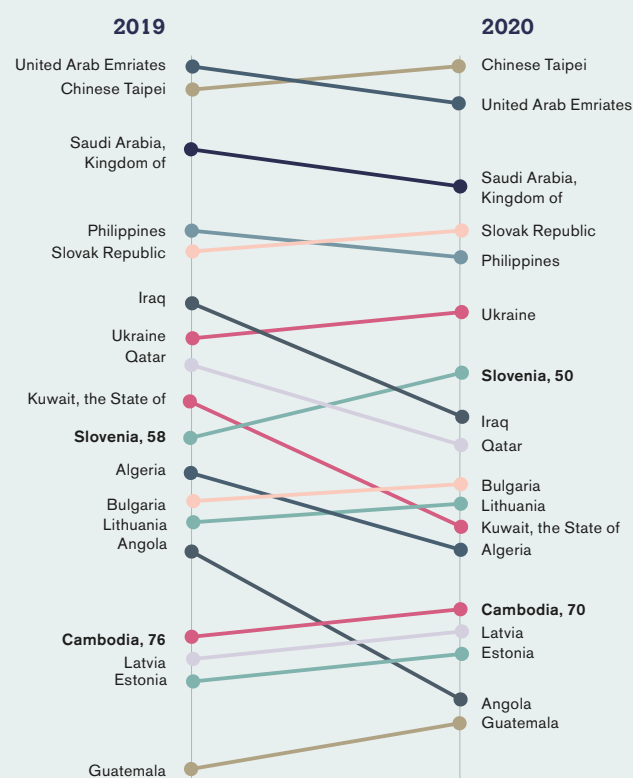
US exports of cloud computing and data storage services rose by 25 per cent in 2020, accounting for 16.8 per cent of US computer services exports, up from 7.8 per cent in 2015.

Leading traders

Among the world's top 100 traders, Slovenia and Cambodia rose many places in the world rankings for merchandise trade in 2020, mostly due to their manufacturing sectors, which are well integrated into regional supply chains.

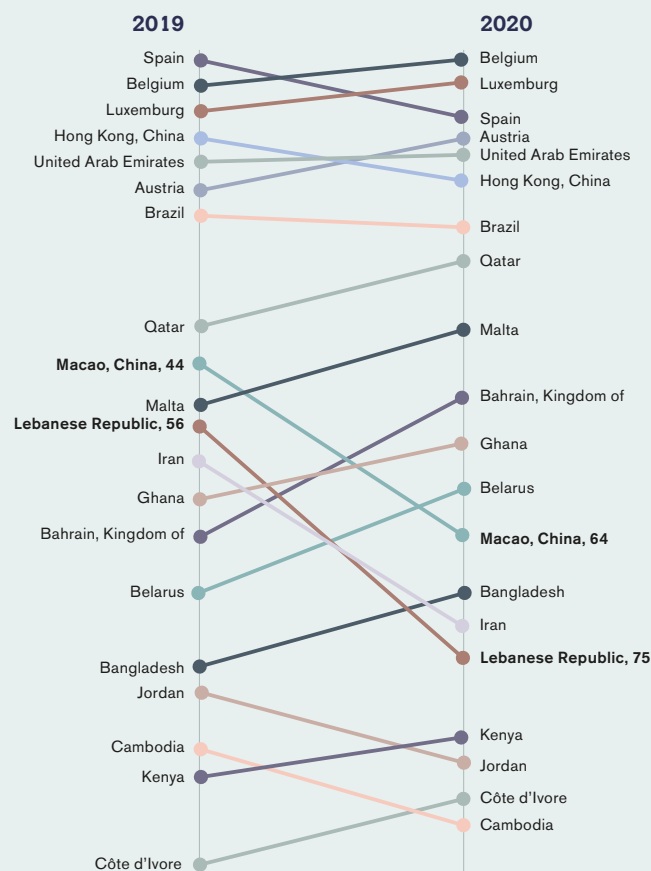
Economies where commercial services trade mostly consists of tourism and travel services witnessed a big decline in their ranking in 2020. Examples include Macao, China and the Lebanese Republic.

Chart 2.12
Merchandise traders changing their rankings among the world's top 100, 2019-2020
 (Rank)



Source: WTO-UNCTAD.

Chart 2.13
Commercial services traders changing their rankings among the world's top 100, 2019-2020
 (Rank)



Source: WTO-UNCTAD estimates.

50

Slovenia recorded one of the largest increases in world ranking for merchandise trade, improving from 58th place in 2019 to 50th in 2020.

64

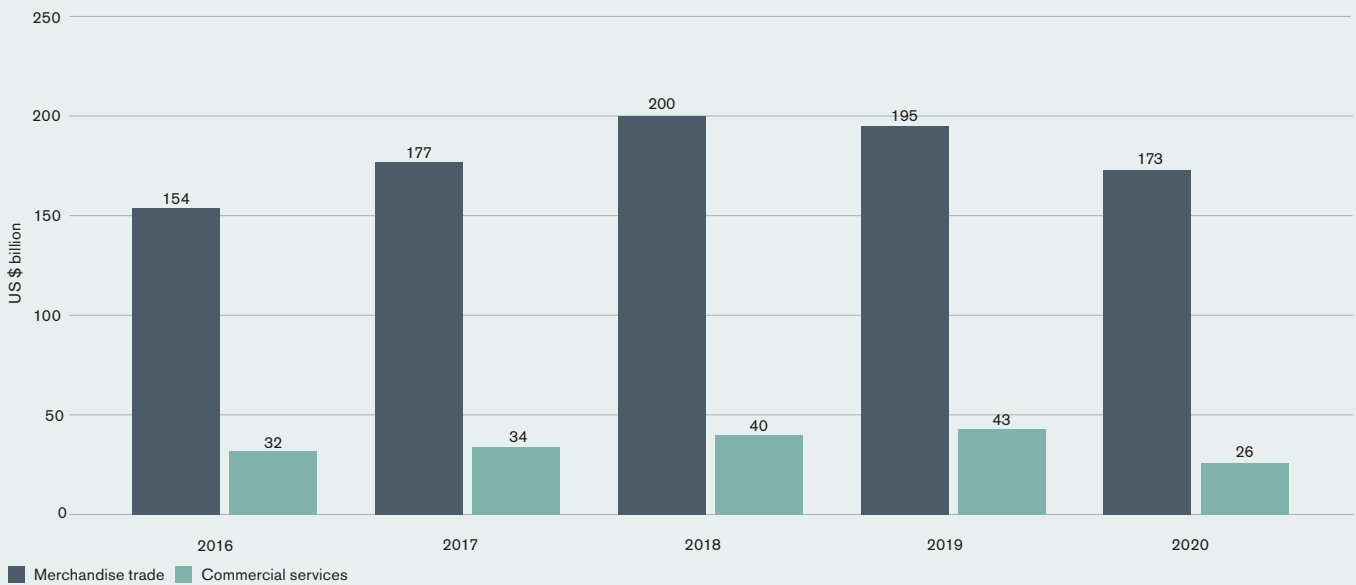
Macao, China experienced the sharpest fall in the ranking for services trade, dropping from 44th position in 2019 to 64th in 2020.

Least-developed countries (LDCs)

LDCs' exports of goods amounted to US\$ 173 billion in 2020, a 12 per cent decrease from 2019, while LDC commercial services exports totalled US\$ 28 billion, collapsing by 35 per cent. Goods exports suffered particularly from a 30 per cent drop in fuel prices, with fuels and mining products

representing around half of LDCs' merchandise exports. In services, LDCs were hit by travel restrictions, with travel receipts representing the largest source of services export earnings for LDCs.

Chart 2.14
Exports of Least Developed Countries, 2016-2020
(US\$ billion)



Source: WTO-UNCTAD estimates.

-12%
LDCs' goods exports declined by 12 per cent in 2020, compared with 9 per cent for the rest of the world.

-35%
The value of LDCs' commercial services exports declined by 35 per cent in 2020, a sharper decline than in the rest of the world (-20 per cent).