Trends in Export Diversification in Developing Countries

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Background

- A statistical review of diversity of WTO members’ merchandise exports in 1996-2014

- A special topic for the *World Tariff Profile 2017*

- Indicator of diversification based on the numbers of export product categories and numbers of export markets
Numbers of export products are different across countries

Source: Calculations based on WTO IDB/UN COMTRADE
Numbers of export markets are also different

Source: Calculations based on WTO IDB/UN COMTRADE
Differences among countries and product groups

- High income countries tend to have more diversified exports in general, ...
- But very different within country groups
- Developing countries (middle & low income) have strong exports in Ag, clothing and leather/footwear products
Product diversification indicator

• An indicator reflecting diversification in terms of:
  • Numbers of export products (HS 6-digit)
  • Numbers of export markets

• Merchandise exports of 154 countries in 1998-2014 to 18 selected markets*

• To show the change across years and the comparison across countries

• Complementary to other indicators measuring diversification: Hirschman-Herfindahl (HH) index, Finger-Kreinin index, Economic Complexity Index, ...

* Argentina, Australia, Brazil, Canada, China, Egypt, the European Union, India, Indonesia, Japan, Republic of Korea, Mexico, Nigeria, the Russian Federation, Kingdom of Saudi Arabia, South Africa, Turkey and the United States
General trend

Source: Calculations based on WTO IDB/UN COMTRADE.
Product diversification, size of economy and trade

Source: Calculations based on WTO IDB/UN COMTRADE and World Bank WDI Databases.

Interactive data visualization at https://goo.gl/p4GSwQ
Findings & Conclusion

• Export products of most countries have been more diversified
• Degree of diversification declined together with trade volume during the economic downturn
• Some countries (Eastern European and Asia) have been performing better than the rest
• LDCs and SVEs’ exports in general are still less diversified than other countries, except Cambodia, Bangladesh, and Myanmar
• LDC and developing countries have more diversified exports in agriculture, leather, clothing and footwear products
• Further work to cover South-South trade and more recent years