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1987 A GOOD YEAR FOR WORLD TRADE AND POSITIVE ELEMENTS  
CONTINUE TO DOMINATE PROSPECTS

The volume of world merchandise trade expanded by an estimated five per cent in 1987. Statistics available for the first half of 1988 suggest that world merchandise trade will increase at about the same rate this year.

The 1987 performance was well above the rate of expansion for the two preceding years and means that five consecutive years of growth have brought the volume of world merchandise trade to a record level, one-quarter above that at the time of the 1982 recession.

These results are included in the first section of the GATT Secretariat's report International Trade 1987/88, published today. Some of the highlights from the analysis of world trade last year are as follows:

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\* From this year the GATT Secretariat is revising the content and schedule of its annual report on world trade. International Trade 1987/88 will appear in two volumes. The document published today reproduces the first two sections of Volume I, the printed version of which will be available later in the year. Volume II will be devoted primarily to statistical tables and charts. The two-volume set will be available in English, French and Spanish language editions, and may be ordered from the GATT Secretariat or through booksellers at a price of 50 Swiss francs.

- The value of world merchandise exports increased in 1987 by an estimated 16 and a half per cent to a record \$2,475 billion - the increase reflecting the rise in trade volume, increased dollar prices for petroleum and some other primary commodities, a valuation effect due to the appreciation of some major currencies against the dollar and the impact on dollar prices of underlying national inflation rates (pages 1 and 20).
- An estimated five and a half per cent rise in the volume of exports of manufactures returned this sector to its traditional role as the most dynamic category of merchandise trade (page 3).
- While agricultural output declined for the first time since 1950, the volume of trade in agricultural products increased by four and a half per cent, its best performance since 1981. In contrast, trade in mining products was up 1 per cent last year (pages 3 and 4).
- The fast growing sectors of world trade during 1987 include electronic products which accounted for 12 per cent of the total and chemicals which accounted for about thirteen and a half per cent of world manufactures (pages 9, 20 and 21).
- Manufactured imports into developed countries continued to expand rapidly with those countries purchasing 70 per cent of world imports of manufactures. But several developing economies were also strong importers. For instance Hong Kong, the Republic of Korea, Singapore and Taiwan as a group accounted for 6 per cent of world imports in 1987 as well as 9 per cent of world exports of manufactures (pages 8 and 9).
- The report points out that, in general, dynamic exporters tend to be dynamic importers. For the period 1982-1987, 28 out of 32 economies showing rapid export growth also showed rapid import growth (pages 33-36).

MORE

- Merchandise exports from 15 heavily indebted developing countries, which had dropped to just below \$100 billion in 1986 rose an estimated 10 per cent in 1987. Their combined imports, roughly stable in the period 1984-1986, increased by an estimated 7 per cent. As a result, their merchandise trade surplus widened modestly to about \$20 billion. This represented a sizeable improvement compared with the 1986 performance, when merchandise imports and exports declined by one and 15 per cent respectively (pages 30-32).

As well as indicating the leading exporters and importers in world trade, the report notes that the top performers include small economies and large economies, industrial countries and developing countries and economies located on each of the continents. The report comments that "despite the problems that have plagued the world economy since the 1970s, access to the world market has helped many countries move up the development ladder" (pages 33-36).

GATT economists note that since the early 1970s, the world has witnessed an economic environment characterized by a mixture of positive developments and unresolved problems. Despite some worrisome features in the current situation, they believe that positive developments in the world economy currently outweigh the negative elements. In particular, they note that the trade depressing effects of large changes in key relative prices between 1985 and 1987 appear now to be giving way to the trade stimulating effects, as adjustments progress in countries and firms that benefitted from lower energy prices and more competitive exchange rates. Other positive elements include six months of relatively stable exchange rates and developments with respect to the merchandise trade imbalances of the United States and Japan and to the third world debt problem (pages 39-41).