



KEY STATISTICS AND TRENDS in International Trade **2020**



TRADE TRENDS UNDER THE COVID-19 PANDEMIC





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NOTE

Key Statistics and Trends in International Trade is a yearly publication. It is a product of the Trade Analysis Branch, Division on International Trade and Commodities (DITC), UNCTAD secretariat. This publication monitors the trends of international trade in goods and services in the medium term.

The series is part of a larger effort by UNCTAD to analyse trade-related issues of particular importance for developing countries, as requested by the mandate of UNCTAD XIV. Alessandro Nicita and Cecilia Heuser contributed to this study. This study benefited from inputs and comments from various DITC staff members and the UNCTAD Statistics team. Desktop publishing was done by Jenifer Tacardon-Mercado.

OVERVIEW

After a recovery in international trade in 2017, economic conditions started deteriorating in the second half of 2018 and further in 2019, due to trade tensions between the United States of America and China, fears of a disorderly Brexit in Europe and a negative global output outlook more generally.

The trade downturn of 2019 has been widespread across all geographic regions. Merchandise trade has shown largest drops while services trade kept increasing in 2019, although at a slower pace. Trade in natural resources showed the strongest drops in 2019 because of lower prices, while manufactured goods trade decline was modest. Agricultural trade kept increasing in 2019.

In addition, available data for 2020 indicate a sharp decline in trade growth (about 8 per cent), largely due to the COVID-19 pandemic. The sharpest drop in international trade occurred in the second quarter of 2020, with global merchandise trade falling by more than 20 per cent relative to the same quarter of 2019. Trade trends for the second half, although still negative on a year-over-year basis, are better than during the first half. Notably, the relative recovery in the second half of 2020 was largely driven by China.

This report is structured into two parts. The first part presents a short-term overview of the status of international trade using preliminary statistics on merchandise trade up to the third quarter of 2020. The second part provides illustrative statistics on international trade in goods and services covering the medium term. The second part is divided into two sections. Section 1 provides trade statistics at various levels of aggregation illustrating the evolution of trade across economic sectors and geographic regions. Section 2 presents some of the most used trade indicators at the country level, to illustrate trade performance across countries.

DATA SOURCES

The statistics in this publication were produced by the UNCTAD secretariat using data from various sources. This report relies on the United Nations Commodity Trade Statistics Database (COMTRADE) (comtrade.un.org) data for merchandise trade statistics. UNCTADStat (unctadstat.unctad.org) is the source of service statistics. Monthly data for merchandise trade comes from the *International Monetary Fund (IMF)* Directions of Trade Statistics and from national authorities' statistics. The data has been standardized to ensure cross-country comparisons. Data, although comprehensive and comparable across countries, does not perfectly reflect national statistics, and thus some discrepancies with specific national statistics may be present. Unless otherwise specified international trade is defined as trade in goods (merchandise) and services. Countries are categorized by geographic region as defined by the United Nations classification (UNSD M49). Developed countries comprise those commonly categorized as such in United Nations statistics. For the purpose of this report, transition economies, when not treated as a single group, are included in the broad aggregate of developing countries. Product sectors are categorized according to the Broad Economic Categories (BEC) classification and the International Standard Industrial Classification (ISIC) augmented by five broad agricultural sectors based on the Harmonized System (HS) classification. Figures are in current United States of America dollars, except where otherwise specified.

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IN FOCUS:

TRADE TRENDS UNDER THE COVID-19 PANDEMIC

The COVID-19 pandemic of 2020 has severely disrupted the world economy. World GDP is expected to contract by an unprecedented amount in 2020: about 5 per cent. The value of international trade is expected to fall by about 8 per cent. Assuming that the pandemic is brought under control, the expectation for the next year is for the global economy and international trade to rebound to 2019 levels.

The effect of COVID-19 on international trade reinforces the volatile pattern observed during the last decade. The last 10 years have seen the global economy becoming less dependent on trade as measured by the value of world trade in goods and services over world output (a commonly used indicator to determine globalization trends). This ratio reached its peak at more than 30 per cent in 2008. Despite ups and downs, the ratio of international trade to global output has been on a declining trend since then and is expected to settle at about 25 per cent in 2020. For 2021 and beyond, it is possible for international trade growth to outpace the growth in global output, therefore bringing this ratio upward. However, the magnitude of a rebound is uncertain given the combination of disruption of global value chains brought by COVID-19 and the unresolved trade issues among some of the major economies.



Source: UNCTAD secretariat calculations based on UNCTADSTAT and IMF data.

International Trade in 2020

COVID-19 has had an immediate and strong impact on international trade. The first signs of the trade downturn were already evident in January, with most of the major economies recording negative trends. Still, the sharpest drop in international trade occurred in the second quarter of 2020, with global merchandise trade falling by more than 20 per cent relative to the same quarter of 2019. Trade trends for the third quarter, although still negative on a year-over-year basis, are significantly better than during the second quarter.

The sharp decline in international trade during 2020 has been widespread but more pronounced in developed countries, especially in relation to exports. Trade among developing countries (South-South) has been slightly more resilient than overall trade, with a decline of about 17 per cent in Q2 followed by a decline by 5 per cent in Q3.

Import and Exports trends, developing and developed countries

	Q1 2020		Q2 2020		Q3 2020	
	Exports	Imports	Exports	Imports	Exports	Imports
World	-6		-21		-5	
Developed countries	-5	-6	-24	-22	-9	-8
Developing countries	-7	-2	-17	-20	-5	-11
South-South	-4		-17		-5	

Source: UNCTAD calculations based on national statistics. Changes are year-over-year. Data excludes intra-European Union trade. Q3 statistics are preliminary.

The relatively lower drop of developing countries' trade is largely due to the trade resilience of East Asian countries. While no developing country region has been spared from the decline in international trade during 2020, trade trends for the East Asian region are generally better. This trend is even more evident for Q3 2020, as East Asian exports turned positive on a year-over-year basis. While improving relative to Q2, trade trends in Q3 remain negative for the other developing-country regions. As an example, the value of trade originating from transition economies and the West Asia and North Africa region was about 25 per cent lower in Q3 2020 than in Q3 2019.

Import and Exports trends, by region

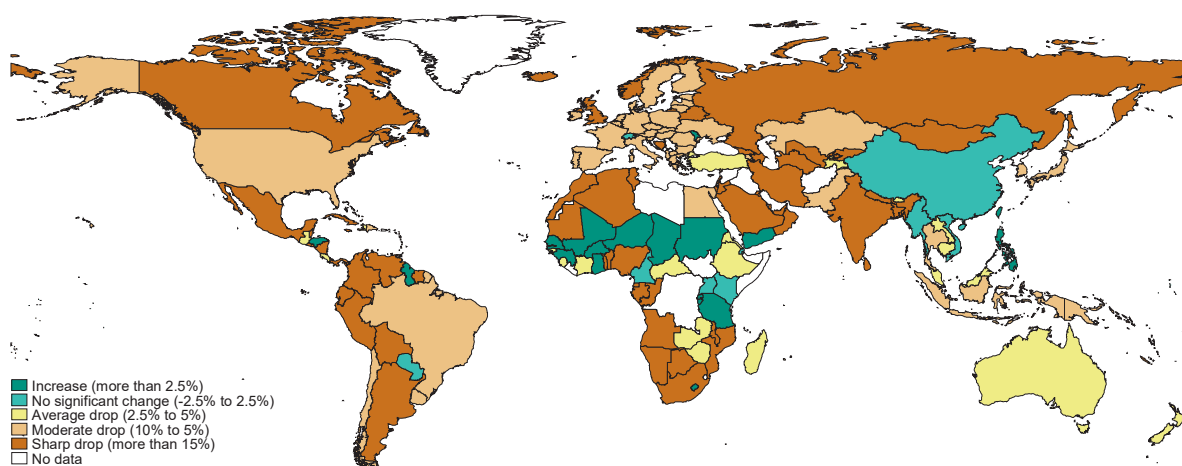
	Q1 2020		Q2 2020		Q3 2020	
	Exports	Imports	Exports	Imports	Exports	Imports
East Asia	-8	-1	-6	-12	4	-4
Transition Economies	-13	-3	-29	-20	-27	-16
Latin America	-4	-6	-27	-31	-9	-25
West Asia & North Africa	-9	-2	-42	-25	-25	-15
South Asia	-16	-10	-40	-48	-12	-24
Sub-Saharan Africa	8	1	-28	-24	-5	-13

Source: UNCTAD calculations based on national statistics. Changes are year-over-year. Data excludes intra-European Union trade. Q3 statistics are preliminary.

Looking beyond averages, the patterns of international trade for 2020 show some heterogeneity across countries. International trade declined for all but a handful of countries, however the magnitude of the drops has varied. For example, many East Asian countries have been performing relatively better. More markedly, trade patterns for 2020 have been very heterogeneous within Africa. While the value of international trade dropped for most of Southern Africa, trade has increased for a few countries, especially in the West African region. Differences are also present in the East Asian and Pacific regions and not all countries in Latin American have seen double digit drops in their trade during the first nine months of 2020.

The trade trends of some of the world's major trading economies further illustrate the extent of the downturn in international trade resulting from the COVID-19 pandemic. For most of the major economies, the months that recorded the sharpest drop were April and May of 2020. A slow recovery took hold in July and August, with a further improvement in September, when trade in some of the economies returned to growth on a year-over-year basis. Importantly, China's trade patterns have been notably different relative to other economies. China's economy was the first to be affected by COVID-19 and after falling in the early months of the pandemic, Chinese exports were already stabilizing in Q2 2020 and then rebounding strongly during Q3 2020, with year-over-year growth rates of almost 10 per cent. Overall, the level of Chinese exports for the first nine months of 2020 was comparable to that of 2019 over the same period. On the import side, the Chinese demand for imported products also recovered, but less than exports.

Trade trends across the world



Source: UNCTAD calculations based on national statistics. Changes are year-over-year of imports plus exports. The European Union is averaged across all European Union countries and excludes intra-European Union trade.

The recovery process has lagged in many of the other major economies, some of which still recorded double digit drops in September 2020. For example, imports and exports have remained substantially below 2019 levels for Brazil, India, Japan, and the Russian Federation. On the other hand, signs of a tepid recovery are found in the statistics of the European Union, Republic of Korea, and South Africa.

Import and Exports trends of major economies

Imports	January	February	March	April	May	June	July	August	September
Brazil	-1	5	11	-15	-11	-20	-35	-29	-25
China	-7	-10	-1	-14	-17	3	-1	-2	13
European Union	-3	-7	-12	-26	-28	-12	-15	-10	-2
India	0	4	-28	-60	-51	-48	-30	-26	-20
Japan	-5	-13	-1	-3	-25	-14	-21	-21	-14
Republic of Korea	-5	1	0	-16	-21	-11	-12	-16	1
Russian Federation	4	2	-2	-20	-13	-4	-13	-11	-3
South Africa	-3	-4	-17	-38	-40	-43	-39	-31	-15
United States	-4	-4	-7	-21	-25	-13	-8	-5	0

Exports	January	February	March	April	May	June	July	August	September
Brazil	-19	-1	5	-9	-15	-5	-3	-11	-10
China	-22	-10	-7	3	-3	1	7	9	10
European Union	-2	-3	-8	-31	-32	-9	-10	-9	3
India	-1	4	-34	-61	-35	-12	-10	-13	4
Japan	-4	0	-8	-19	-27	-25	-18	-15	-3
Republic of Korea	-7	4	-2	-26	-24	-11	-7	-10	7
Russian Federation	-2	-18	-20	-33	-36	-26	-28	-32	-14
South Africa	10	6	-1	-61	-28	-6	-14	-3	10
United States	0	2	-9	-29	-36	-24	-15	-15	-9

Source: UNCTAD calculations based on national statistics. Year-over-year growth rates. Excludes intra-European Union trade.

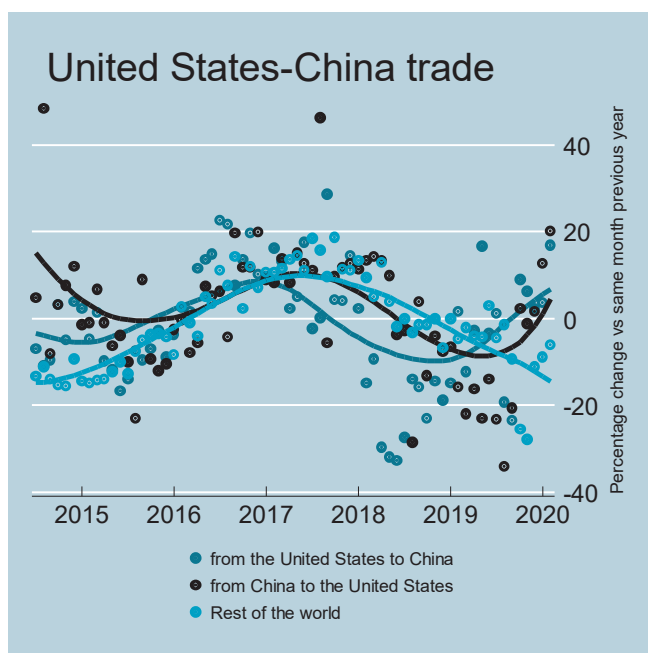
Economic disruptions brought about by COVID-19 have affected international trade in some sectors significantly more than others. For example, the value of global trade in the energy sectors has been the one declining the most, with a drop of more than 35 per cent in value. Steeper declines were also observed in the automotive sectors (motor vehicles and transport equipment). Trade also declined significantly in machineries and the sector comprising metals and ores. Conversely, most of the agri-food sectors (with the exception of tobacco and beverages) have been stable or recorded a small increment. Trade significantly increased in the textile sectors (10 per cent relative to the same period of 2019). Such increases are linked to the COVID-19 pandemic as these sectors include protective equipment such as surgical masks. To a lesser degree COVID-19 also affected the trade of office machinery which benefited from increased demand for home office equipment.



Source: UNCTAD estimates based on national statistics. Changes are estimated from HS6 digits data of China, European Union, and United States. Data excludes intra-European Union trade.

United States-China bilateral trade patterns during COVID-19

While COVID-19 has been the major determinant of trade patterns in 2020, unresolved tensions between the United States and China have also continued to influence international trade. Trade tensions between the two major economies started in 2018 and materialized in several rounds of retaliatory tariffs resulting in a contraction of the trade between the United States and China by about 15 per cent in 2019. The United States and China attempted to improve trade relationships with the Phase One trade deal which was signed in January 2020, just weeks before the COVID-19 outbreak.



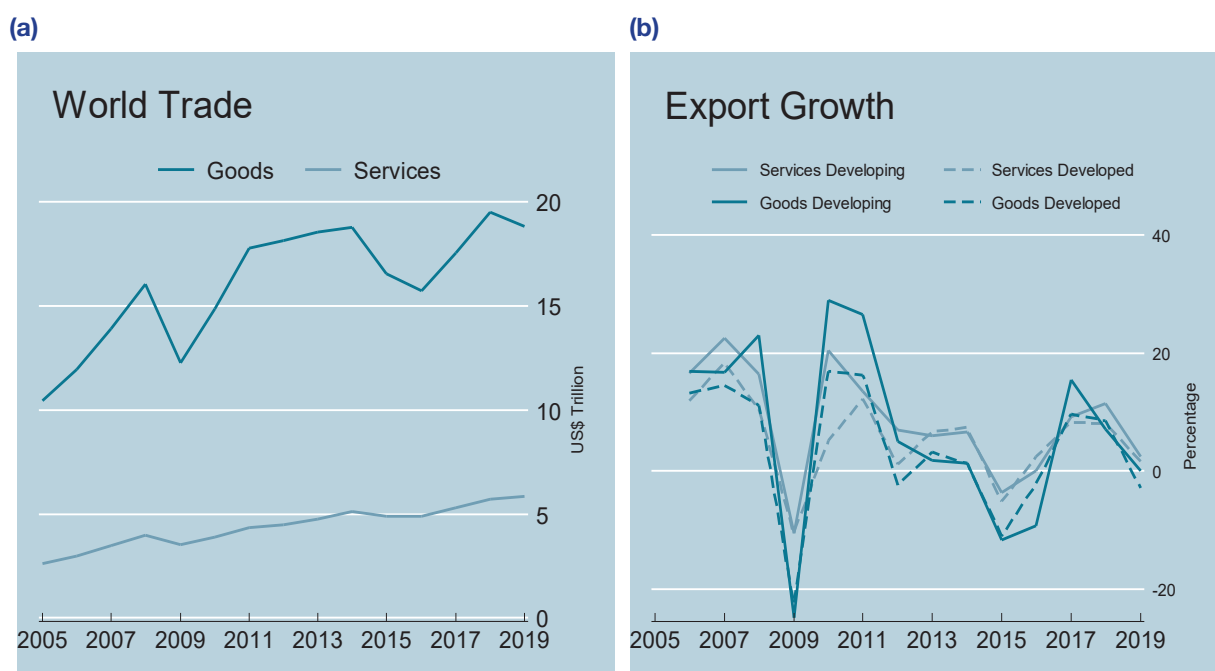
Source: UNCTAD secretariat calculations based on IMF Directions of Trade Statistics, and United States and China national statistics.

Interestingly, while United States-China bilateral trade was still on a downward path during Q1 2020, bilateral trade between the two major economies recovered soon thereafter, and largely outperformed global trade growth in Q2 and Q3 2020. One reason for this trend is purely statistical, the above average year-over-year growth rates of April-September 2020 are based on the already low 2019 values (e.g. while the value of Chinese exports to the United States in Q3 2020 was similar to Q3 2019, it was still about 15 per cent below 2018 levels). Still, another reason for the recovery in Q2 and Q3 is related to COVID-19. Chinese exports of personal protective equipment and home office equipment to the United States greatly increased during Q2 and Q3 2020. On the other hand, the positive trends of United States exports to China are because of the Chinese commitment in the Phase One trade deal. Indeed, in Q3 2020 the United States' exports to China increased in comparison to both 2019 (by about 16 per cent) and 2018 (by about 7 per cent).

1. TRENDS IN INTERNATIONAL TRADE

International trade largely relates to physical goods. Although increasing, trade in services accounts for a much lower share. In 2019 world trade in goods was valued at close to US\$19 trillion, while trade in services accounted for about US\$6 trillion. In the wake of the global financial crisis, trade in both goods and services promptly rebounded to reach pre-crisis levels by 2011. The value of international trade in goods declined substantially in 2015 and 2016. While growth experienced in 2017 and 2018 more than compensated for that loss, trade in goods declined once again in 2019 to reach a level similar to that of 2014. Trade in services has been more resilient over the same period.

Figure 1
Values and growth rates of world trade in goods and services

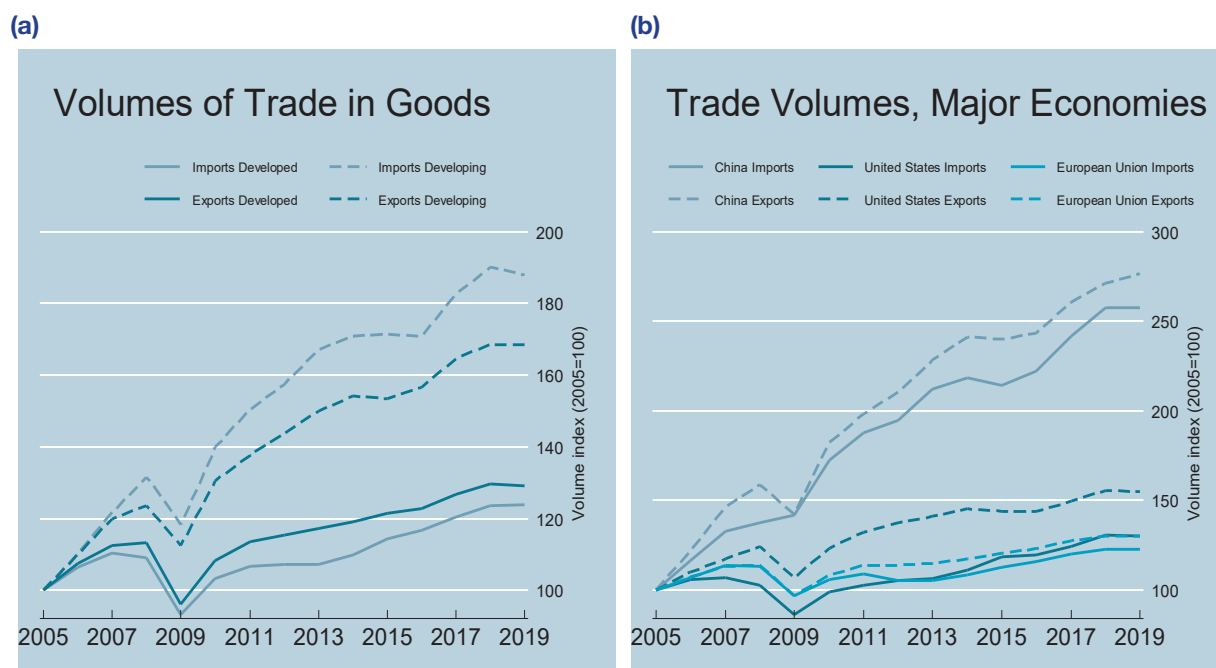


Source: UNCTAD secretariat calculations based on COMTRADE and UNCTADStat data.

International trade can be broadly distinguished between trade in goods (merchandise) and services. The bulk of international trade concerns physical goods, while services account for a much lower share. World trade in goods has increased dramatically over the last decade, rising from about US\$10 trillion in 2005 to more than US\$18.5 trillion in 2014 to then fall in 2016 and reach US\$18.8 trillion in 2019. Trade in services greatly increased between 2005 and 2019 (from about US\$2.5 trillion to close to US\$6 trillion). The value of international trade of both goods and services declined substantially in 2015 and 2016, later recovered during 2017 and 2018, only to level off (services) or fall (goods) during 2019 (Figure 1a). Following the strong rebound in 2010 and 2011, export growth rates (in current dollars) turned negative both in 2015 and 2016 (Figure 1b). They showed a strong bounce back to a positive territory in 2017 – especially for goods’ exports from developing countries – but remained below pre-crisis levels. During 2019 export growth rates for both goods and services greatly declined, with rates for goods from developed countries turning negative.

Since 2005 the volume of international trade of goods has increased dramatically. However, growth has slowed down significantly in the last few years, virtually stopping in 2015-2016. Volume growth resumed in 2017 and 2018 but stalled again in 2019. In major economies, both imports and exports recovered significantly compared to 2016, but they maintained their level in 2019.

Figure 2
Volumes of international trade in goods



Source: UNCTAD secretariat calculations based on UNCTADStat data.

The volume of international trade in goods has increased dramatically in the last 10 years (Figure 2a). In spite of the financial crisis of 2009, developing countries as a group have almost doubled the volume of trade in goods since 2009. While import volumes have been growing relatively more than export volumes for developing countries, the opposite has happened for developed countries. The relatively larger increase in the volumes of imports can be explained by the increase in consumer demand in developing countries. Growth in trade volumes has slowed down substantially in the last few years, especially for developing countries, before picking up again in 2017 when import and export volumes grew at the highest rate since 2011 for this group of countries. In 2015 and 2016, volume growth both in relation to imports and exports was exceptionally low or in some cases negative in the three largest economies (Figure 2b). In 2017, the growth of import and export volumes recovered significantly, with still positive but lower rates in 2018. During 2019, most growth rates for volumes of imports and exports for the largest economies were close to zero, or even negative in the case of the United States of America. The exception were export volumes from China, which grew close to 2 per cent in 2019.

The value of trade in goods is almost equally shared between developing and developed countries. On the other hand, in 2019 about two thirds of trade in services originated from developed countries. BRICS¹ account for an important share of trade in both goods and services. Least Developed Countries (LDCs) continue to account for a very small share in overall trade.

Figure 3
Values of trade in goods and services by region



Source: UNCTAD secretariat calculations based on COMTRADE and UNCTADStat data.

The relative importance of developed countries as suppliers in international markets is declining. Still, they account for over half of the value of exports of goods and about two thirds of exports of services. In 2019 developed countries' exports of goods was almost US\$10.5 trillion (Figure 3a), while that of services added up to about US\$4.1 trillion (Figure 3b). In 2019, developing countries' exports summed up to almost US\$8.5 trillion in regard to goods and about US\$2 trillion in regard to services. Of these, BRICS exported about one-third, US\$3.5 trillion in goods and about US\$600 billion in services. LDCs' contribution to world trade remains small, although some increases in exports and imports of these countries have been recorded over the past decade.

¹ Brazil, the Russian Federation, India, China and South Africa.

International trade in goods is largely composed of trade flows involving developed countries and the East Asian region. Trade among other developing regions is much smaller, with some exceptions for trade in primary products.

Table 1
Composition of trade flows in goods, by importing and exporting regions

a) Trade in 2019 (billion US\$)

Imp / Exp	Developed		East Asia		Transition Economies		Latin America		West Asia and North Africa		South Asia		Sub-Saharan Africa	
Developed	6350	825	2264	124	327	29	687	144	426	22	203	17	137	26
	522	5003	58	2082	184	114	74	469	220	183	13	173	49	62
East Asia	1605	166	2318	115	126	15	221	70	326	5	88	10	100	8
	180	1258	191	2012	86	25	98	53	270	52	22	56	66	27
Transition Economies	240	26	122	6	116	22	11	8	23	4	10	2	3	1
	10	204	1	115	31	64	1	3	2	17	1	8	1	1
Latin America	560	86	304	22	11	2	162	43	15	2	18	2	6	1
	92	382	3	278	2	8	25	95	5	8	1	15	3	2
West Asia and North Africa	404	55	217	12	56	27	34	20	176	28	73	12	22	4
	28	322	3	202	9	20	5	10	41	107	15	46	1	17
South Asia	164	11	241	14	17	6	27	8	145	4	39	8	36	3
	22	131	21	206	6	5	12	8	95	46	8	22	23	11
Sub-Saharan Africa	114	22	90	12	5	2	8	4	37	4	25	3	57	12
	15	78	4	73	1	2	1	2	19	14	5	16	17	29

b) Change 2018-2019 (per cent)

Imp / Exp	Developed		East Asia		Transition Economies		Latin America		West Asia and North Africa		South Asia		Sub-Saharan Africa	
Developed	-2	-1	-3	-2	-7	-1	-2	1	-9	-1	-4	137	-4	-5
	-6	-2	-14	-3	-12	-1	-21	2	-16	-1	-44	49	-10	3
East Asia	-6	11	-4	3	-3	48	3	9	-8	112	-18	100	-16	-18
	-2	-9	-7	-4	-4	-16	7	-10	-8	-12	-40	66	-5	-35
Transition Economies	2	-2	8	7	2	9	-3	-3	8	-9	8	3	-10	-17
	-18	4	26	8	-12	7	21	-7	-1	14	-18	1	-3	-4
Latin America	-5	17	-1	25	-11	-17	-11	5	-9	19	2	6	-22	-21
	-10	-7	-29	-2	-44	2	-23	-13	-17	-7	242	3	-20	-27
West Asia and North Africa	-9	3	-2	-3	-6	2	-8	2	3	5	6	22	-21	6
	-16	-11	47	-3	-23	-8	-8	-22	4	2	34	1	-41	-25
South Asia	-7	3	-5	-7	1	-6	-13	-1	-1	4	-23	36	-9	-16
	-5	-8	-5	-5	46	-20	-23	-7	-4	7	-55	23	-7	-11
Sub-Saharan Africa	-5	5	-10	-17	-18	-30	-15	-8	-4	-1	10	57	-5	3
	-21	-3	-12	-8	-37	7	-3	-26	-5	-3	49	17	-13	-4

c) Trade in 2005 (billion US\$)

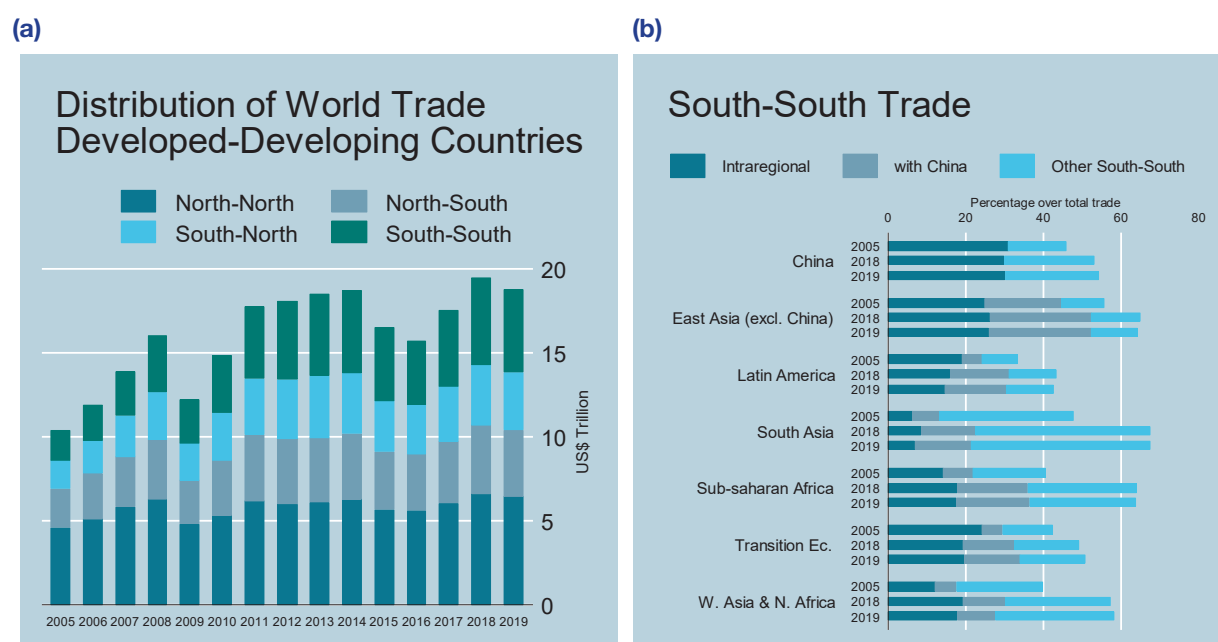
Imp / Exp	Developed		East Asia		Transition Economies		Latin America		West Asia and North Africa		South Asia		Sub-Saharan Africa	
Developed	4490	361	1206	45	201	6	436	67	327	10	100	6	127	15
	382	3637	56	1089	129	65	114	244	232	83	25	68	69	42
East Asia	786	36	948	27	34	2	47	13	134	0	44	2	27	1
	32	711	83	834	11	22	13	21	120	13	23	19	17	9
Transition Economies	119	12	25	2	66	7	6	5	7	1	3	1	1	1
	3	103	0	22	23	31	0	1	0	5	0	2	0	0
Latin America	305	22	76	1	7	0	103	14	7	0	4	0	7	0
	20	261	1	72	4	3	23	65	6	1	1	3	6	1
West Asia and North Africa	233	18	61	3	27	2	12	7	53	7	25	3	5	1
	8	205	1	57	8	13	1	4	15	30	4	16	1	3
South Asia	85	3	50	4	7	0	4	3	28	1	11	2	5	1
	4	73	4	42	1	6	0	1	11	17	2	6	4	4
Sub-Saharan Africa	75	7	29	3	1	0	6	2	12	1	8	1	24	3
	3	59	1	24	0	1	1	2	8	4	3	4	9	11

Source: UNCTAD secretariat calculations based on COMTRADE data.

The number given in the top left of each cell shows the overall trade, the upper right figure in each cell depicts the overall traded value in agriculture, the bottom left is natural resources and bottom right, manufactures. Importing regions are on the left and exporting on top of the tables. Discrepancies are due to uncategorized trade.

International trade in goods is increasingly linked to imports and exports of developing countries. After the 2008 crisis, South–South trade rebounded promptly to pre-crisis levels, and continued to grow to reach close to US\$ 5 trillion in 2014. After 2 years of decline in 2015 and 2016, South–South trade recovered to surpass that level in 2018 but it declined again in 2019. The relative significance of intraregional and other South–South (interregional) trade flows remained quite stable in 2019 compared to 2018 for most developing country regions. However, for West Asia and Northern Africa, the share of interregional trade increased in 2019 compensated by a relative decline in intraregional trade.

Figure 4
Trade in goods between/within developed and developing countries



Source: UNCTAD secretariat calculations based on COMTRADE data.

The increase in world trade during the last decade was largely driven by the rise of trade between developing countries (South–South) (Figure 4a). By 2014, the value of South–South trade had reached almost US\$ 5 trillion, a magnitude close to that of trade between developed countries (North–North). The substantial decline in trade of 2015 and 2016 hit developing countries relatively more than developed countries. In 2017 and 2018 South–South trade saw a stronger rebound than other types of trade. Figure 4b highlights the contribution of South–South trade to total trade and further decomposes it among intraregional flows, those related to China and other South–South trade. The significance of South–South trade flows for developing countries is evident when considering that in recent years, they represented more than half the trade of developing country regions (imports and exports). South–South trade share varies by region, from about 40 per cent in Latin America to over 60 per cent in South Asia and East Asia. Although a certain proportion of South–South trade encompasses intraregional flows, an important part involves trade with China. Since 2005, China has become an increasingly important partner for all other developing country regions.

The uneven performance of the largest bilateral flows in 2019 reflects the tumultuous nature of trade during this year. While agricultural trade flows experienced some large percentage increases, in particular exports from the European Union to China and the United States of America to China and Mexico, some manufacturing flows decreased significantly, in particular exports from China to the United States of America. Exports of natural resources to China also experienced significant increases, while flows to other destinations, particularly the European Union, decreased.

Table 2
Changes in the value of the largest bilateral trade flows between 2018 and 2019, by product group

Agriculture			
Exporter	Importer	Change 2018 vs 2019 (%)	Value in 2019 (US\$ Billion)
European Union	European Union	-3%	500
European Union	United States of America	12%	68
Canada	United States of America	-4%	49
Mexico	United States of America	7%	41
United States of America	Mexico	19%	33
Brazil	China	-12%	29
United States of America	Canada	%	28
European Union	China	92%	28
United States of America	European Union	-1%	20
United States of America	China	21%	19

Natural Resources			
Exporter	Importer	Change 2018 vs 2019 (%)	Value in 2019 (US\$ Billion)
European Union	European Union	-12%	203
Russian Federation	European Union	-13%	114
Canada	United States of America	1%	92
Australia	China	5%	80
Norway	European Union	-22%	43
Russian Federation	China	-1%	43
Brazil	China	18%	42
Saudi Arabia	China	30%	42
Australia	Japan	1%	38
United States of America	Mexico	-15%	36

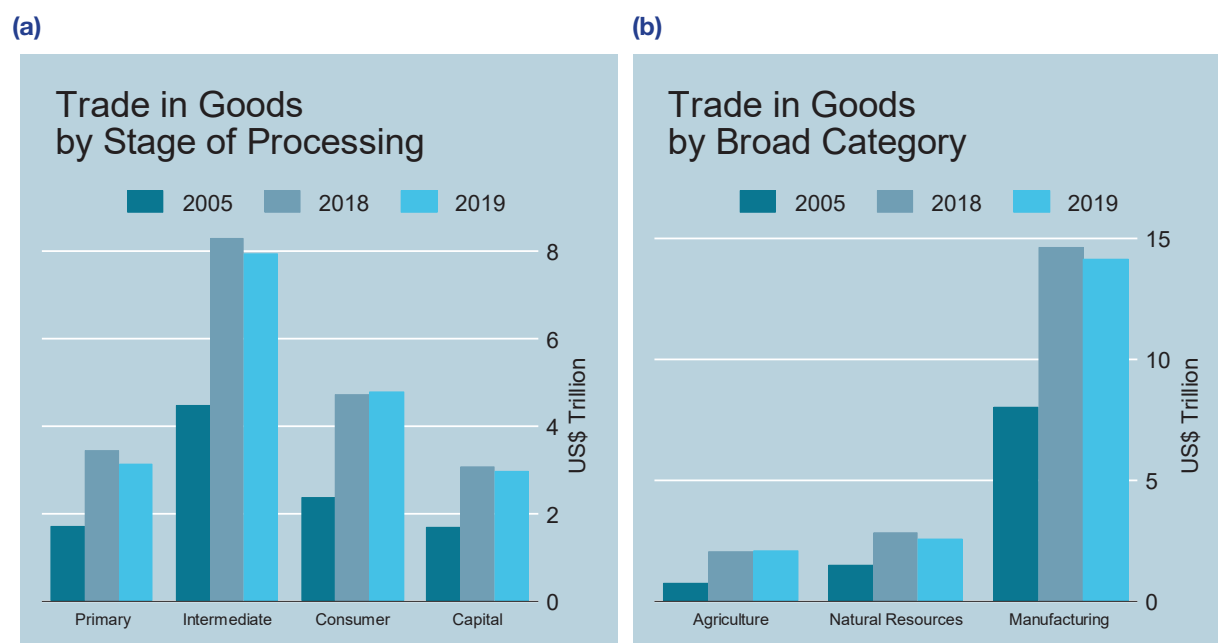
Manufacturing			
Exporter	Importer	Change 2018 vs 2019 (%)	Value in 2019 (US\$ Billion)
European Union	European Union	-4%	2712
China	European Union	1%	496
China	United States of America	-16%	457
European Union	United States of America	5%	437
Mexico	United States of America	4%	306
United States of America	European Union	3%	305
China	Hong Kong (Chinas)	-6%	249
European Union	China	-7%	230
Canada	United States of America	1%	186
United States of America	Canada	-2%	174

Source: UNCTAD secretariat calculations based on COMTRADE data.

The table reports the percentage changes between 2018 and 2019, and the value in 2019, of the 10 largest bilateral flows in each of the three product groupings.

Intermediate products represent almost half of world trade in goods (close to US\$ 8 trillion in 2019), with consumer products amounting to about a quarter (US\$ 4.8 trillion in 2019). While the amount of trade in each category has grown substantially since 2005, the relative importance of goods at different stages of processing remained relatively stable. In 2019, trade in all categories except consumer products decreased, with the strongest fall in primary products. Differentiated by broad category, world trade in goods is largely comprised of manufacturing products (about US\$ 14.1 trillion in 2019).

Figure 5
Values of world trade in goods by stage of processing and broad category

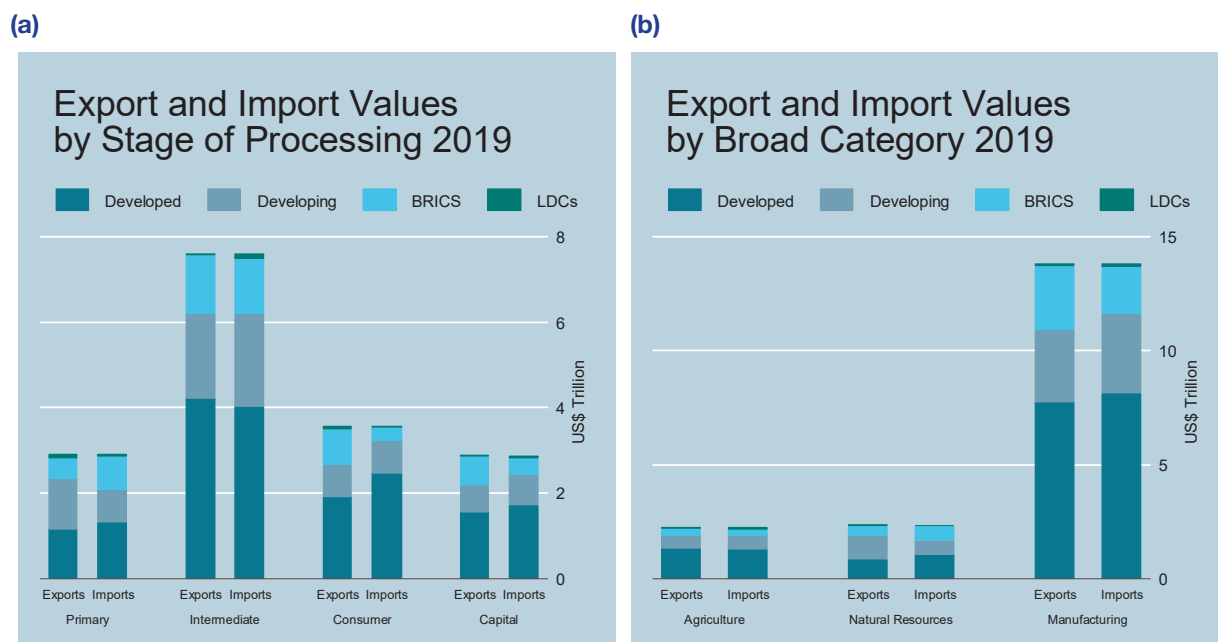


Source: UNCTAD secretariat calculations based on COMTRADE data.

International trade in goods can be differentiated by stage of processing, depending on the intended use along the production chain. Goods are therefore classified as primary, intermediates, consumer and capital (the latter comprising machinery used for the production of other goods). Goods can also be differentiated by broad category, including natural resources, agriculture and manufacturing. With regard to the stage of processing, intermediate products continued to make up the bulk of world trade in 2019 (Figure 5a). Trade in consumer goods represents another important share of world trade. In 2019, the value of trade in all categories grew, with relative shares of each category in total trade relatively unchanged. Trade in primary products was greatly affected by the 2015 trade downturn, and while it sizably gained in 2018, it declined significantly again in 2019. That was also the case of the trade of natural resources, and to some extent manufacturing, while agricultural trade experienced very moderate growth in 2019 (Figure 5b).

Trade related to developed countries remains an important part of international trade, especially in relation to imports. Participation in international trade varies significantly among developing regions. BRICS countries account for an important part of developing countries' trade, especially with respect to trade in intermediates and exports of consumer products. The participation of other developing regions in world trade, both as importers and exporters, is more limited.

Figure 6
Values of world trade in goods by region, stage of processing and broad category

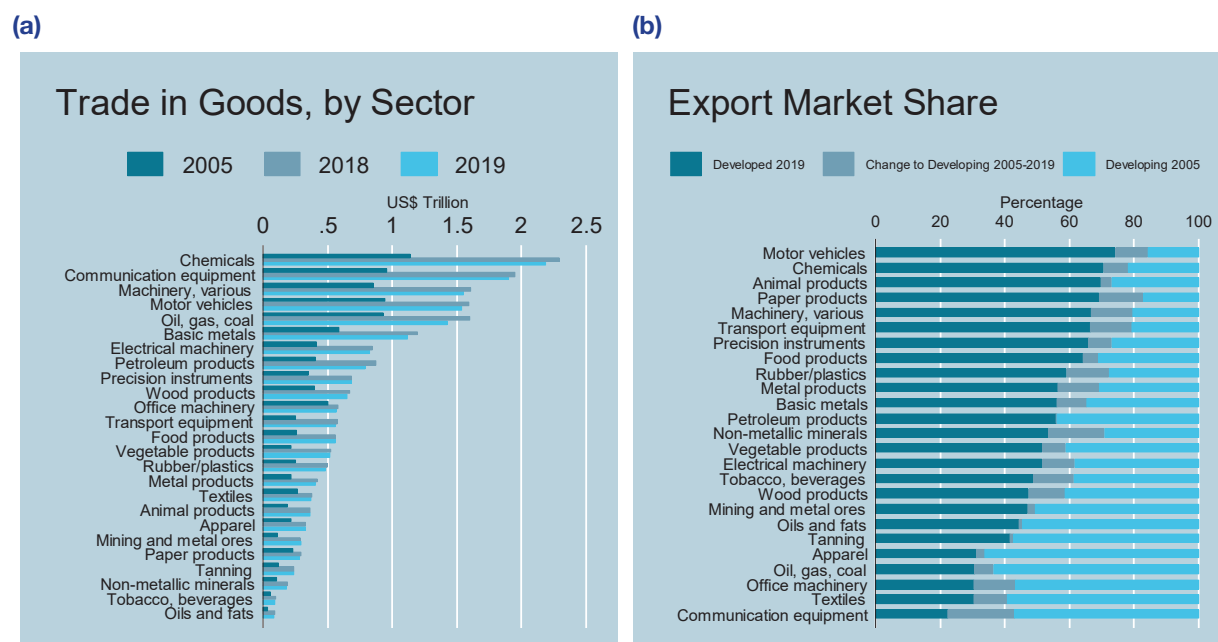


Source: UNCTAD secretariat calculations based on COMTRADE data.

Developed countries account for the bulk of world trade, both in terms of goods differentiated by stage of processing and broad category (Figure 6a, b). Besides other developing country regions, a significant amount of trade is linked to BRICS, especially in relation to the trade of intermediates and manufacturing. They also tend to import few consumer goods while exporting a relatively large share. Developing countries tend to export more natural resources than they import, unlike developed countries. LDCs only represent a small share in all types of goods, with a larger share in the exports of primary products and the imports of intermediate goods.

With more than US\$2 trillion traded, chemicals represent a substantial share of world trade in goods. Other significant sectors include machinery and motor vehicles, communications products and fuel commodities. In 2019, the value of international trade shrunk in most sectors, particularly in oil, coal and gas and petroleum products. During the last decade, export market shares have moved to the advantage of developing countries in all sectors and more so for communications equipment, non-metallic minerals, machinery and others.

Figure 7
Values of world trade in goods by sectors

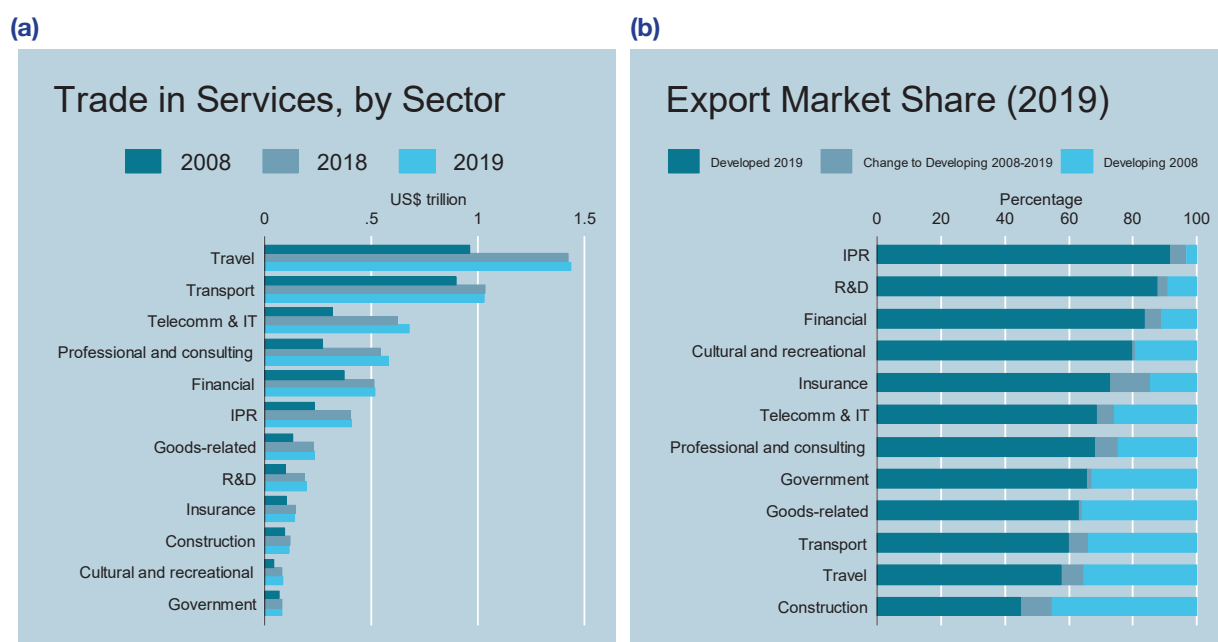


Source: UNCTAD secretariat calculations based on COMTRADE data.

Figure 7a displays the value of world trade in 25 categories of goods. In terms of value, a large amount of world trade relates to energy products (oil, gas, coal and petroleum products), chemicals, machinery, motor vehicles and communications equipment. In contrast, light manufacturing sectors, including textiles, apparel and tanning, comprise a much smaller share of world trade. Agricultural sectors – which include food, vegetable and animal products, as well as oils and fats, and tobacco and beverages – accounted for a total of about US\$1.6 trillion of trade flows in 2019, or less than 10 per cent of international trade. The value of trade stalled or shrunk in 2019 in most sectors, except for mining and metal ores. During the last decade developing countries' presence in international markets has increased substantially compared with developed countries. Their export market share has increased across all sectors (Figure 7b), in particular in non-metallic minerals and communications equipment.

World exports of services is mainly dominated by travel and transportation. Trade in services greatly increased during the last decade across all categories of services. The trade performance across categories of services was uneven during 2019, with sizable growth in telecommunication and IT and professional services, moderate growth in a number of sectors, and decreases in transport, construction and insurance. Although developing countries increased their share of trade in services during the last decade, developed countries remain the main exporters in all sectors except for construction. Developing countries are also increasingly becoming important suppliers of insurance and professional services.

Figure 8
Market shares of trade in services of developing and developed countries by sector



Source: UNCTAD secretariat calculations based on UNCTADStat data.

With regard to services, trade in travel services at almost US\$ 1.5 trillion represents the largest sector, followed by transport, amounting to about US\$1 trillion in 2019 (Figure 8a). Other important sectors include telecommunications and IT, professional services and financial services. Since 2008, the value of trade has increased in all sectors. Trade grew to some extent in 2019 in most categories, except for transportation, construction and insurance. Figure 8b depicts the share of global exports of different service categories pertaining to developed and developing countries, and their change between 2008 and 2019. Although developed countries still account for the largest part of exports of services, the export market share has been shifting to the advantage of developing countries in all sectors (Figure 8b). The exceptions have been government and goods-related services for which market shares have not changed significantly.

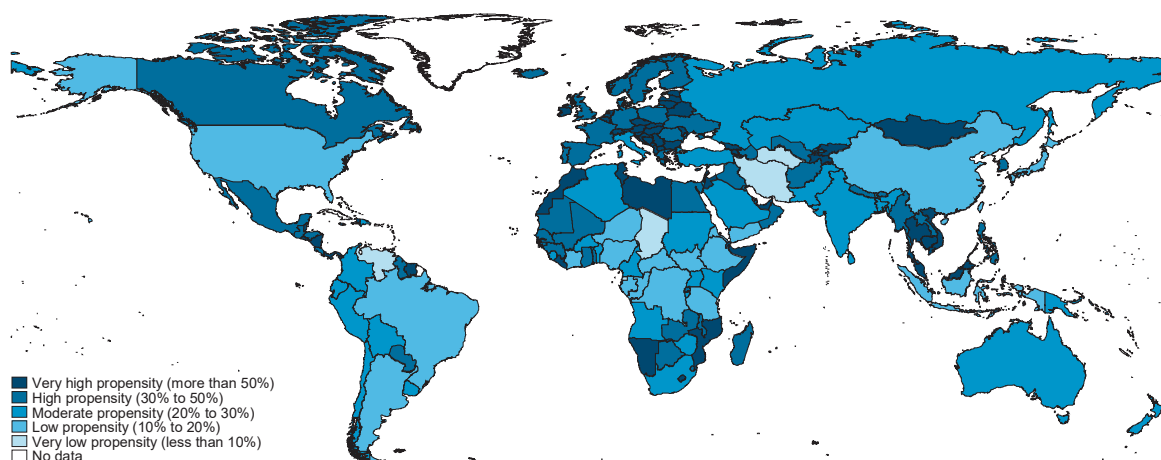
2. TRADE INDICATORS

The following section presents a series of trade indicators where the magnitude of the indicator is represented by the shading of the country on the world map.

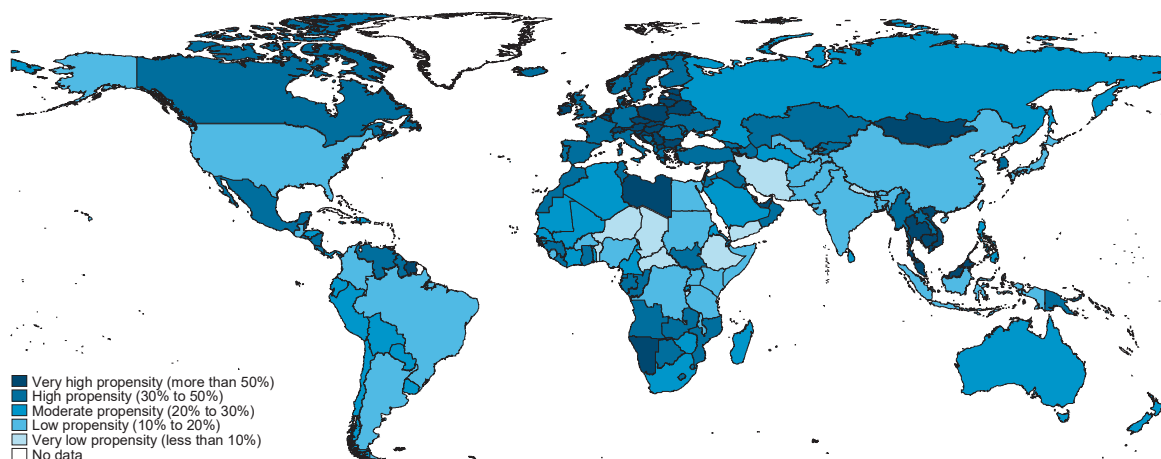
For a substantial number of developing countries, gross domestic product (GDP) is closely dependent on the exports of goods and services to foreign markets. This is particularly true of many Southeast Asian economies, Eastern European countries and of a number of African countries, as well as Canada and Mexico.

Index 1 Import and export propensity

a) Imports of goods and services over gross domestic product, 2019



b) Exports of goods and services over gross domestic product, 2019

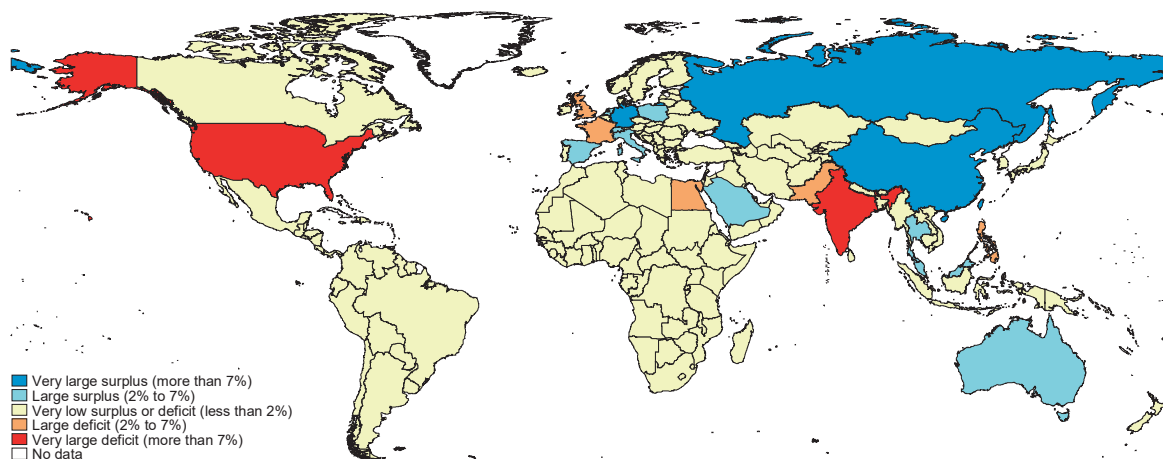


Import and export propensity are computed as the value of imports or exports divided by the current GDP. The import propensity expresses the total income spent on imports. The export propensity shows the overall degree of reliance of domestic producers on foreign markets. Higher values imply greater dependence on foreign markets.

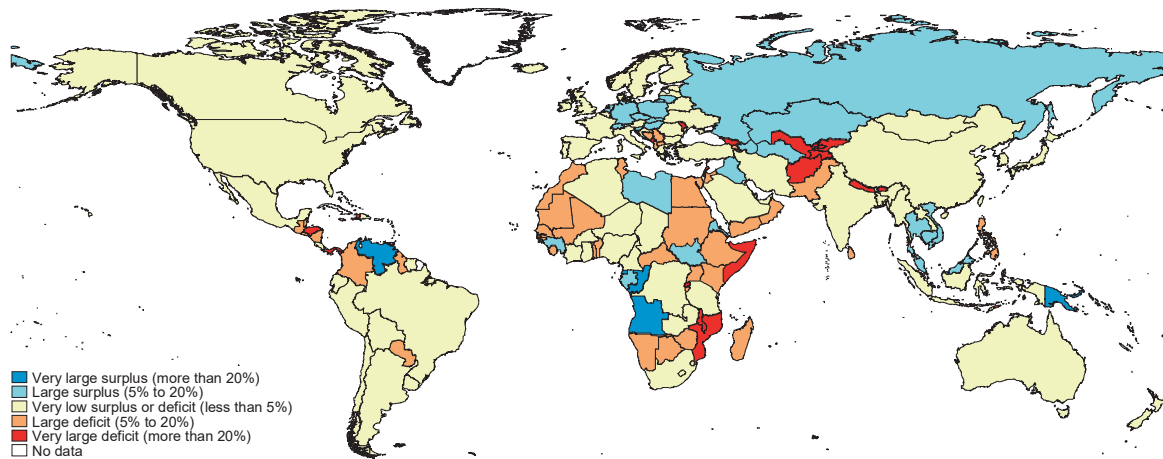
World trade is largely unbalanced. China, Germany and the Russian Federation maintained the largest surplus positions in 2019. Primarily the United States and India maintain large deficit positions, but so do a number of other developing and developed countries. Even though these imbalances are sometimes large in level, they often tend to be low relative to the country's GDP. Some exceptions are the Russian Federation and Germany whose trade balances are large relative to both the overall world imbalances and their GDP. In contrast, the trade imbalances of many countries in Africa tend to be large relative to their GDP while being relatively small for the world as a whole.

Index 2
Trade balances

a) Trade balances of goods and services as a percentage of overall world imbalances, 2019



b) Trade balances of goods and services as a percentage of gross domestic product, 2019



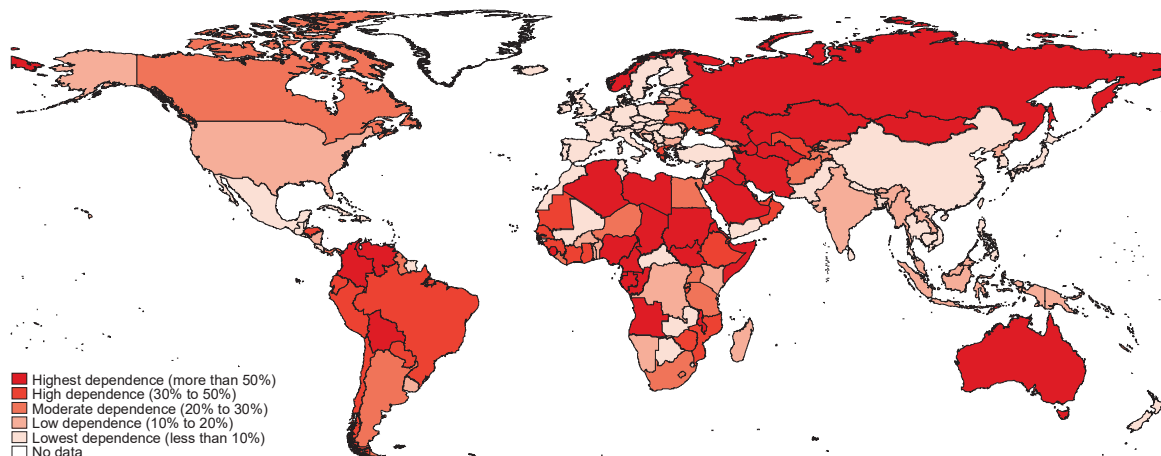
Foreign trade balances (exports minus imports of goods and services) as a percentage of total world imbalances are computed as each country's share of total imbalances in the world. Negative values denote countries in deficit, while positive values denote countries with a surplus. It indicates how world imbalances are distributed across countries. The foreign trade balance-to-GDP ratio is the ratio of the foreign trade balance to GDP. It indicates how large trade imbalances are relative to the size of the economy. It is negative if a country imports more than it exports, and more so if GDP is relatively small. It is around 0 if the exported value is about the same as the imported value. It is positive if exports are larger than imports.

Although many countries are striving to diversify their exports, agriculture and natural resources still represent a large share of export baskets of many developing countries. Commodity dependence is more evident for energy-exporting countries in the Middle East, raw material suppliers in Africa as well as for Latin American countries, where agriculture still represents a large share of total exports. Dependence indices have declined over the past years for the majority of countries.

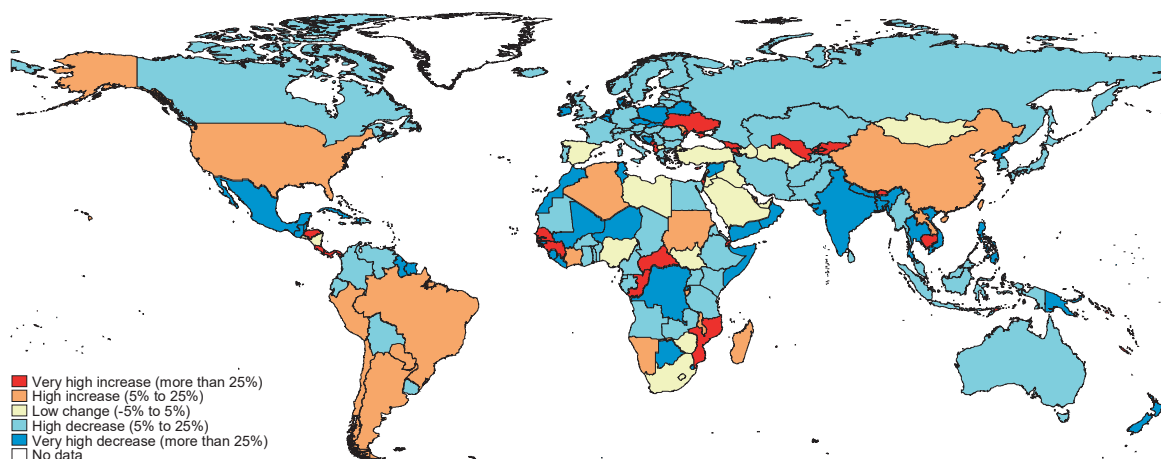
Index 3

Commodity export dependence

a) Agricultural and natural resources dependence index, 2019



b) Change in agricultural and natural resources dependence index, 2014–2019

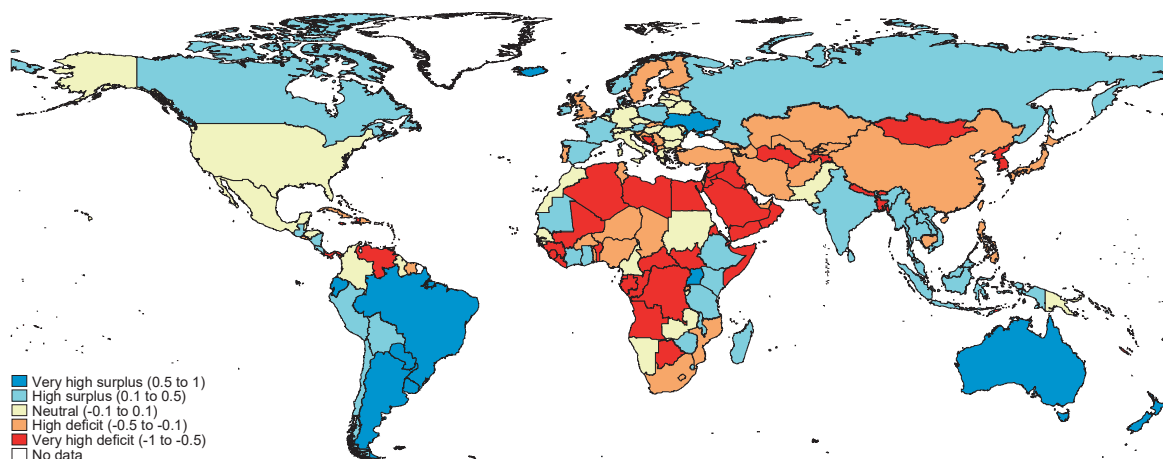


The commodity dependence index is computed as the share of the value of exports in primary products (i.e. agricultural goods and natural resources) over the total value of exports. It varies from 0 to 100. High dependence implies more exposure to shocks in the prices of natural resources and agricultural commodities.

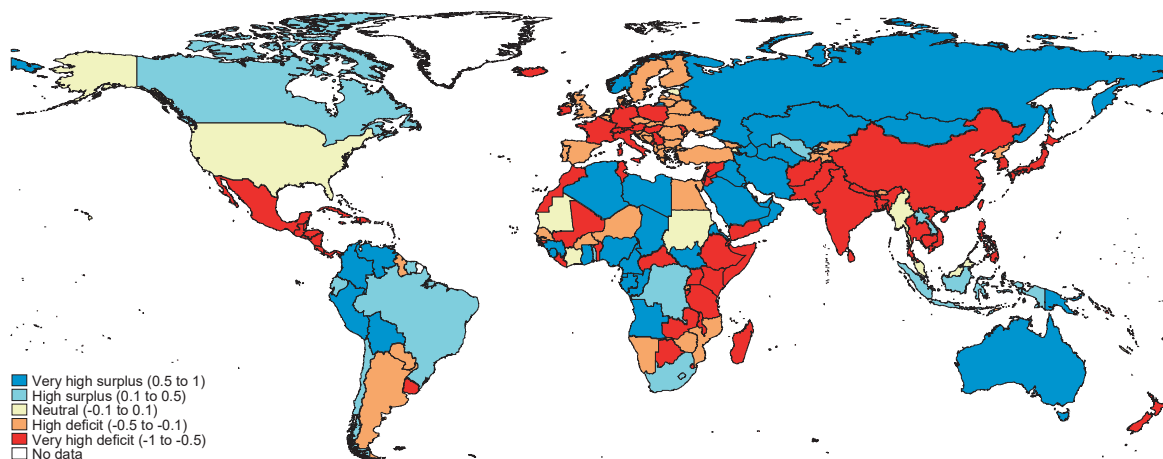
Geography, demographics and policy choices result in deficit or surplus positions in terms of agricultural trade. In general, countries in Latin America, East Africa and South Asia are net food exporters, while most of the rest of Asia and Africa remain net food importers. Most developed countries, as well as many developing countries (East and South Asia, and East Africa) are dependent on imported energy. In contrast, West and Central Asia, as well as most of Africa and South America, are net energy exporters.

Index 4
Food and energy net position

a) Food net position, 2019



b) Energy net position, 2019

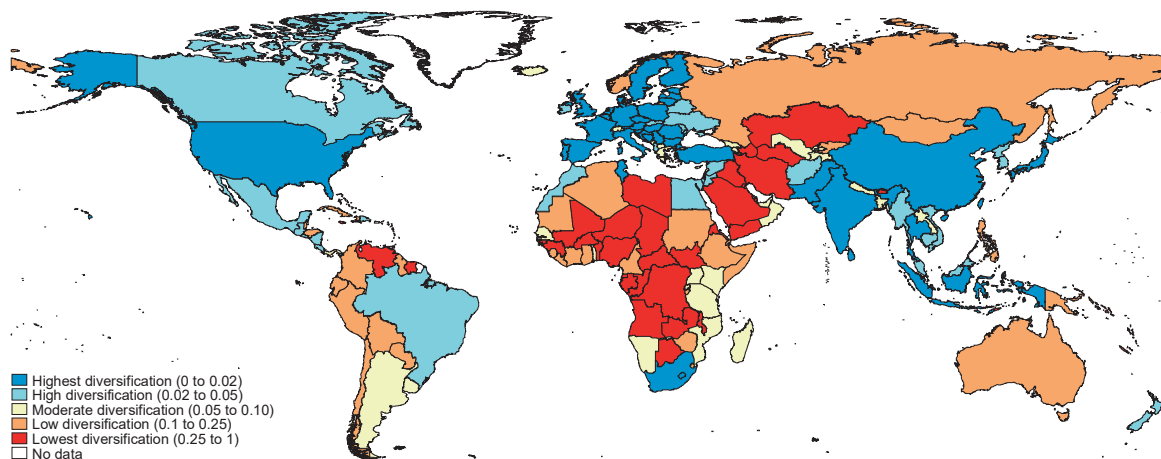


Food net position is computed as a country's exports of agricultural products minus its imports of agricultural products. This is then normalized by dividing it by agricultural trade (imports plus exports). The index varies between -1 and 1, with positive values meaning that the country exports more agricultural products than it imports. Energy net position is computed as a country's exports of energy products minus its imports. This is then normalized by dividing it by trade in energy products (imports plus exports). The index varies between -1 and 1, with positive values meaning that the country exports more energy products than it imports.

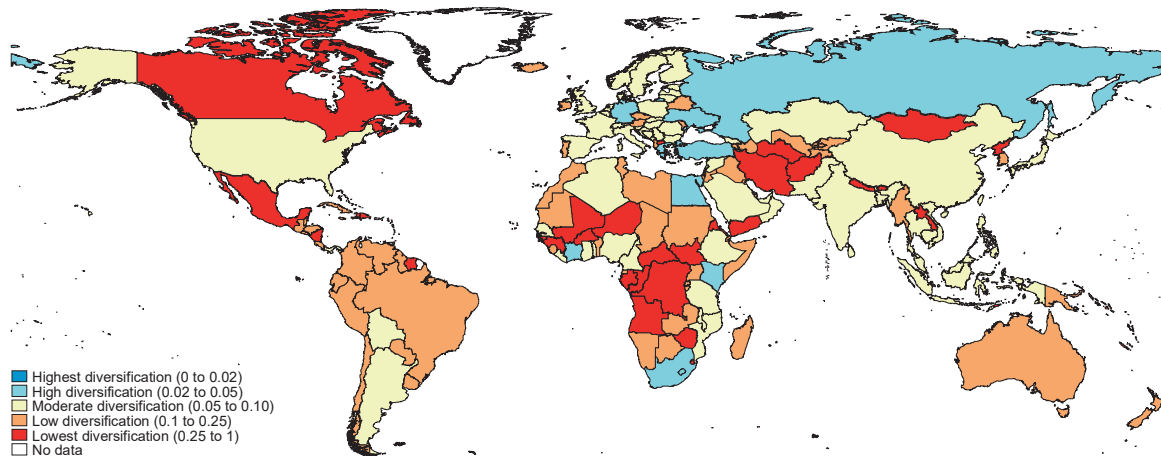
Although many developing countries seek to diversify their exports, many do not succeed. Among developing countries, only a few emerging economies have reached levels of diversification similar to those of developed countries. African countries remain vulnerable to external shocks, as their exports are generally concentrated in a few products exported to a few destinations.

Index 5 Export diversification

a) Export diversification index by product, 2019



b) Export diversification index by destination, 2019



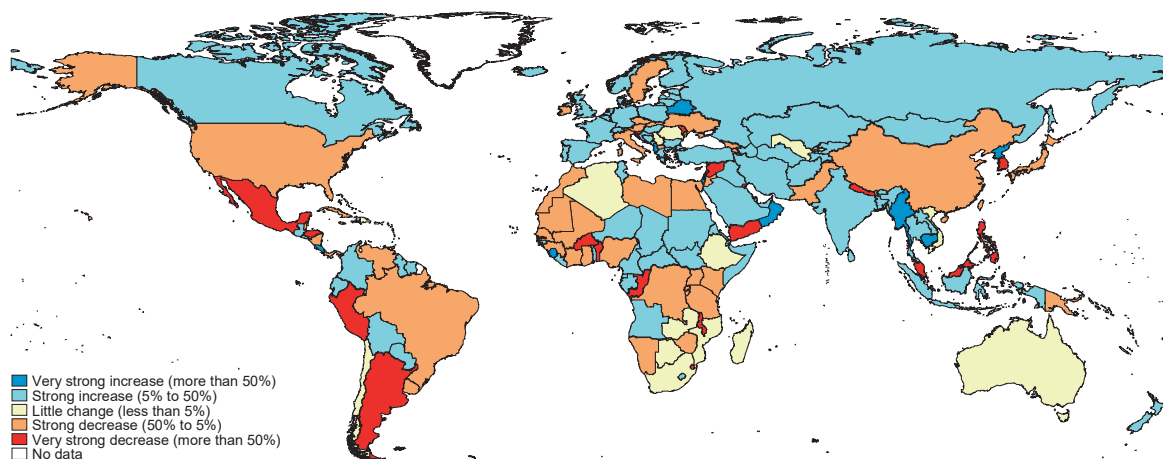
The Hirschmann–Herfindahl index is a measure of the diversification of exports with lower values reflecting higher diversification. It indicates the degree to which a country's exports are dispersed across different destinations or different goods (at the HS 6-digit level). Low diversification is interpreted as an indication of vulnerability since the exporter is more exposed to economic shocks as they are limited to a small number of export markets or goods.

Many developing countries have been seeking to diversify their exports over the past years. Although some are still not very diversified, there is a tendency in many countries to diversify into new products and destinations. At the same time, some developed and developing countries have seen a decline in terms of product and destination diversification.

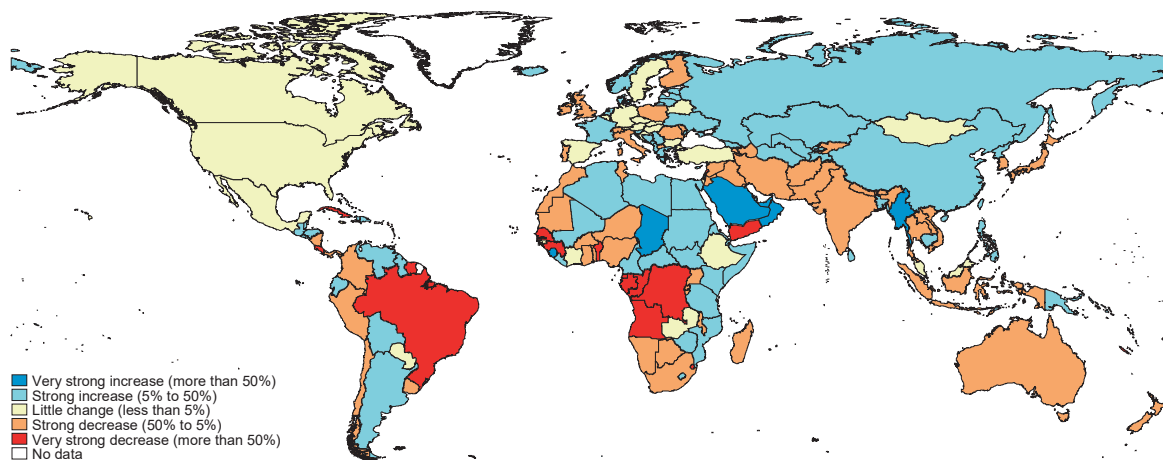
Index 6

Changes in export diversification

a) Changes between 2014 and 2019, by product



b) Changes between 2014 and 2019, by destination



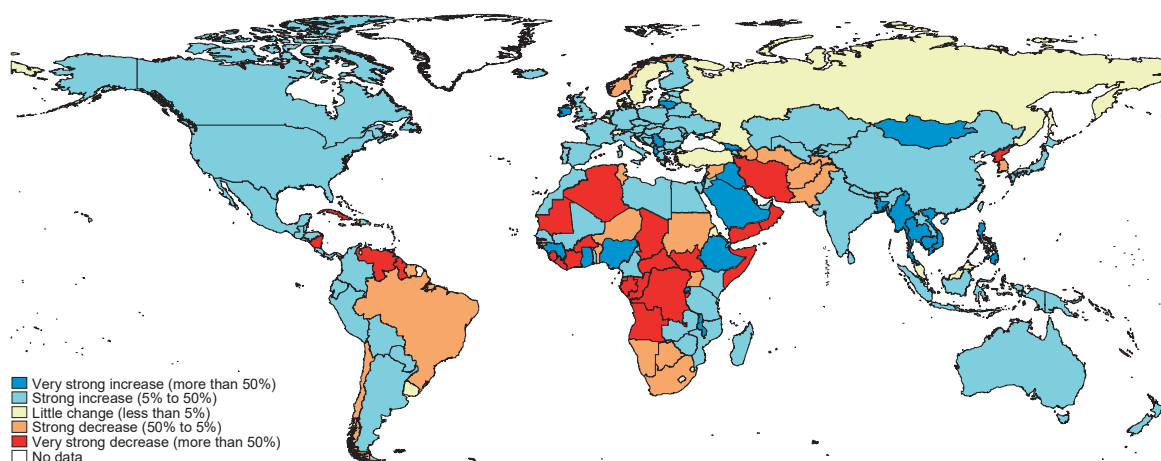
The export diversification change reflects whether countries are becoming more or less diversified. Many African countries became more diversified between 2019 and 2014, whether in terms of products or both products and destinations. However, for some countries in Africa, as well as in Latin America and Europe the trend went in the opposite way.

Since 2014, with the relevant exception of countries whose exports are largely concentrated in energy products, the exports of goods and services have increased for a large number of countries across the world, in Europe, East Africa, North America, East, South and Southeast Asia. However, between 2014 and 2019 some Sub-Saharan and West African countries, along with some South American ones experienced strong decreases in exports. During the same period, only few countries, mainly in Africa and Central Asia, increased their competitiveness as compared to their key trading partners.

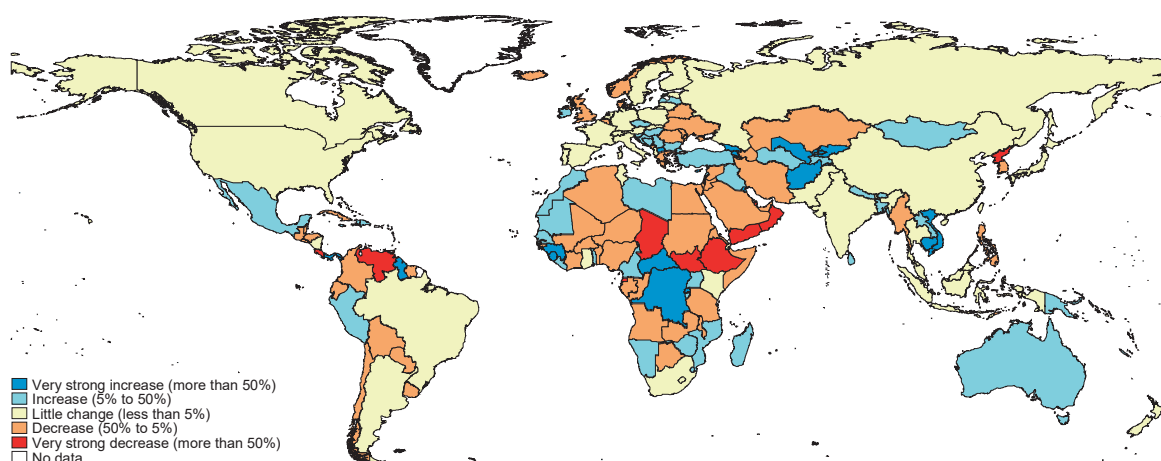
Index 7

Export performance and export competitiveness

a) Export growth in goods and services, 2014–2019



b) Change of export competitiveness in top 20 markets, 2014–2019



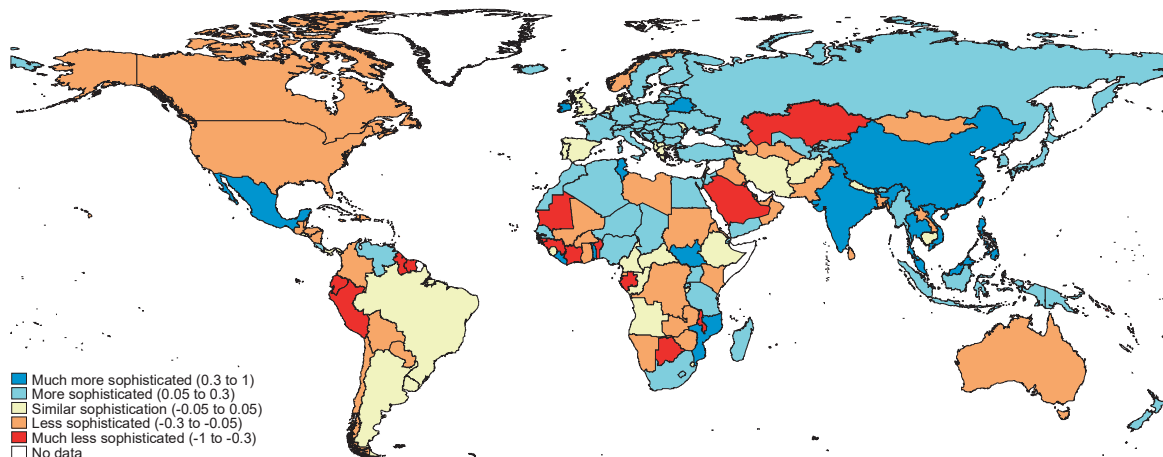
The growth rate of exports is calculated as the percentage change of the value of exports between two periods. It indicates the progress of an economy in expanding economic activity into international markets. Negative values indicate a contraction in the value of exports, while positive values indicate an increase in export earnings. Export competitiveness reflects the development of a country's exports relative to its top 20 trading partners and is measured as the ratio of a country's market share in the reference group in 2019 over that in 2014. Positive values indicate that the country is becoming more competitive with respect to its partners.

In comparison to countries with similar levels of GDP per capita, Australia, and North and South American countries tend to export goods that are relatively less sophisticated. Europe and Asia tend to export more sophisticated products, whereas the situation is more heterogeneous for Africa. In terms of change, some developing countries' exports have become less sophisticated over the past years, while others have seen an improvement.

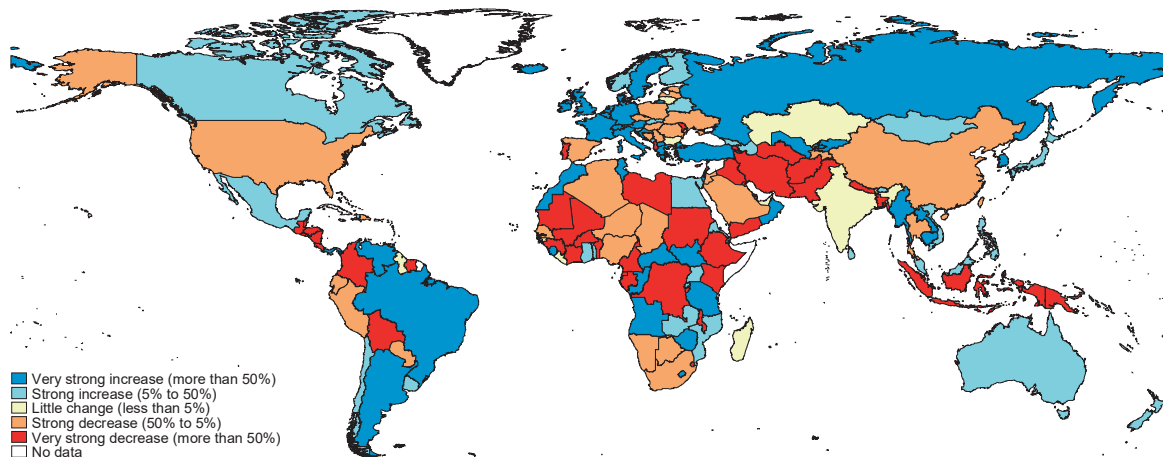
Index 8

Export sophistication and the export sophistication gap

a) Export sophistication gap, 2019



b) Change in the export sophistication gap, 2014–2019



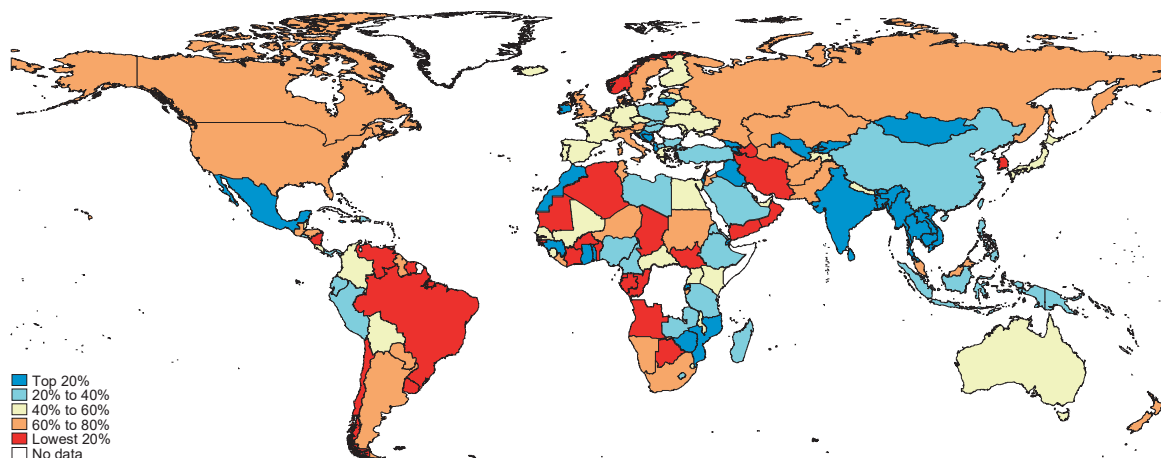
Export sophistication is measured by the EXPY index. The EXPY can be summarized as the per capita GDP as predicted by the composition of the export basket. Countries with a higher EXPY are those that export goods that are more sophisticated (i.e. generally exported by countries with high GDP per capita). Since the EXPY and GDP per capita are positively correlated by construction, it is also interesting to see how a country's EXPY compares with that of countries at similar levels of GDP per capita. This is summarized in the export sophistication gap, which is computed econometrically as a residual of a weighted regression. A positive gap implies an export structure that is more sophisticated than the country's GDP per capita would predict. Conversely, a negative gap implies an export structure that is more typical of countries at a lower level of development. This index only takes goods into account.

Overall, the export performance of developed and developing countries in South, East and Southeast Asia has been above average since 2014. Some African countries have also performed relatively well, especially in East Africa, showing high export growth rates and improvements in diversification in the past years. On the other hand, stagnant or declining export competitiveness and concentrated exports resulted in a relatively lower export performance in Latin America.

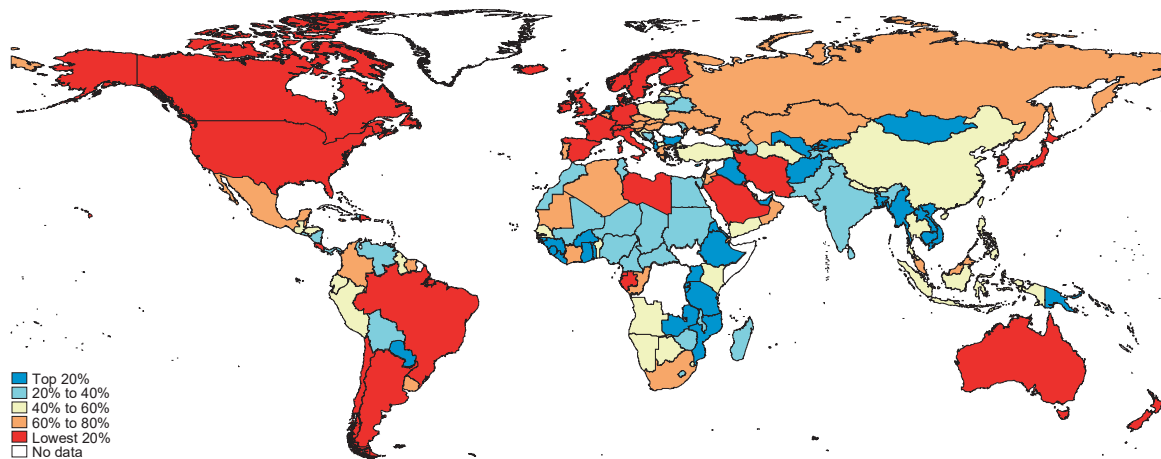
Index 9

Overall export performance

a) Change in the export performance index, 2014–2019



b) Change in the export performance index, 2005–2019



The export performance index is computed simply by assembling four indicators, namely export growth of goods and services, and the various changes of export diversification, export competitiveness and the export sophistication gap. For each indicator, a regression is run to predict the expected level of performance of a country considering its level of GDP per capita. Then the difference between this level and the country's actual level is computed. Countries are then ranked for each indicator, and a weighted average of the ranks of each indicator is taken in order to produce an overall rank, with a weight of 0.5 for the export growth of goods and services, 0.25 for export competitiveness, 0.125 for export diversification and 0.125 for the export sophistication gap.

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