

WTO International Trade Statistics 2002

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The 2002 edition of the annual publication of WTO titled "International Trade Statistics" has been recently released. This report shows a dismal picture of international trade in 2001. On a year-to-year basis, the dollar value of world merchandise exports decreased by 4.5 per cent in 2001 and the value of commercial services contracted by 0.5 percent. According to this report, after 1982, this is only the first time when world trade has registered a negative growth rate.

The figures released by WTO reveal that all sectors of merchandise trade performed poorly during the year 2001. The only major product group which recorded an increase in its export value was chemicals. Manufactured exports slumped by 2.5 percent, while agricultural exports were down from the previous year by 0.9 percent. However, the biggest decline is recorded in the exports of office and telecommunications equipment, which registered a decline of more than 18 percent in 2001 (Table 1). The overall slump in the information technology sector, steep decline in economic activity in the major developed country markets and the upheaval following the terrorist attacks of September 11 contributed to this outcome.

Table 1. Growth Rate of World merchandise exports by product, 2001	
(Percentage change over preceding year)	
Chemicals	1.8
Agricultural products	-0.9
Ores & minerals	-0.6
Clothing	-0.9
Automotive products	-2.1
Other machinery	-2.2
Other consumer goods	-2.7
Other semi manufactures	-3.4
Textiles	-5.0
Iron and steel	-8.1
Fuels	-8.4
Non-ferrous metal	-9.1
Office & telecom.	-13.8
Average	-4.3

Source: WTO International Trade Statistics 2002

In 2001, merchandise trade of all seven major geographic regions recorded substantially lower growth than in the previous year. More significantly, in all regions except the transition economies, export and import values contracted (Table 2). Among the big trading countries, only China managed to maintain its growth rate in international trade and became the fourth largest trader after the United States, the European Union and Japan in 2001.

**Table 2. Regional Pattern of World Merchandise Trade
(Year-to-year growth rates, in percentage)**

	Export Growth rate			Import Growth rate		
	1999	2000	2001	1999	2000	2001
North America	3.88	13.58	-6.34	11.23	17.52	-6.43
Latin America	6.59	20.24	-3.36	-3.46	16.03	-2.25
Western Europe	0.30	-3.90	-0.73	1.62	6.49	-3.16
European Union (15)	0.13	3.40	-0.90	2.23	6.17	-2.77
C./E. Europe/Baltic States/CIS	-0.35	26.21	5.26	-12.09	13.65	10.66
Africa	10.63	27.38	-4.93	-3.28	3.84	2.19
Middle East	29.61	41.57	-9.43	2.85	12.58	4.42
Asia	7.38	18.47	-9.19	10.48	23.37	-7.37

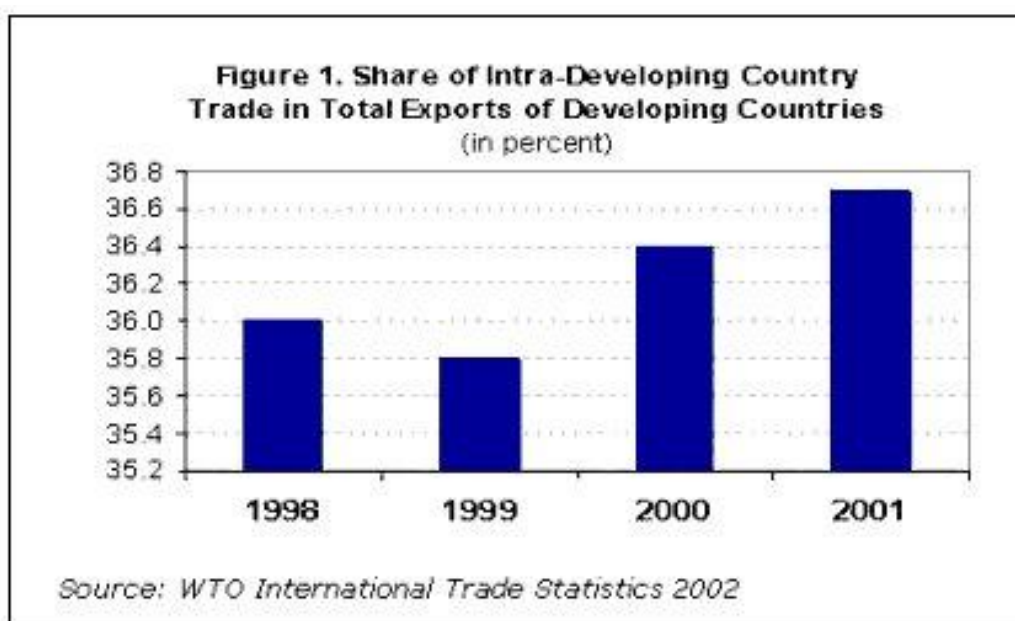
Source: WTO International Trade Statistics 2002

Along with merchandise trade, world commercial services trade also stagnated in 2001. After recording an expansion of 6 per cent in 2000, world trade in commercial services declined by 0.5 percent in 2001. The deceleration in world services trade touched every major region and was particularly strong in North America, Africa and Asia (table 3).

**Table 3. Regional Pattern of World Trade in Commercial Services
(Year-to-year growth rates, in percentage)**

	Export Growth Rate of Commercial Services			Import Growth Rate of Commercial Services		
	1999	2000	2001	1999	2000	2001
North America	5.06	8.73	-3.43	3.89	14.26	-6.08
Latin America	1.01	10.63	-2.65	-4.46	11.60	-0.25
Western Europe	2.27	1.81	0.57	3.15	1.51	1.38
European Union (15)	3.73	1.22	0.93	3.31	1.86	1.65
Central and Eastern Europe, the Baltic S	-13.70	11.27	10.72	-7.90	19.33	13.37
Africa	10.04	0.25	-0.01	-2.26	7.07	-3.31
Middle East	8.55	16.05	-6.78	0.72	8.42	-6.74
Asia	4.46	12.16	-0.53	4.66	8.22	-2.61

Source: WTO International Trade Statistics 2002



Source: WTO International Trade Statistics 2002

However, an interesting pattern of trade has emerged in 2001. The 'Overview' section of the WTO report points out that intra-developing country trade has performed relatively better in this year vis-à-vis trade with other regions. As a result, for the third consecutive year, the share of intra-trade in developing countries' exports has increased (Figure 1). For agricultural and mining products, South-South trade has reached an all time peak level (39 per cent and 41 per cent respectively) in 2001. The share in manufactures exports was (35 per cent), however, is lower in 2001 than in 1993.

To explain the poor trade performance of 2001, the International Trade Statistics Report has blamed the overall recessionary trend in the global economy and the disturbances that followed the terrorist attack on September 11 of that year. However, it is also possible that other factors have played their part in this stagnation. Research reports have repeatedly pointed out that considerable trade barrier still exists in developed countries for commodities in which developing countries have export interest. For example, textiles and agriculture remain the most protected sectors in the markets of developed countries. Developing countries account for some 50 percent of world textile exports and 70 percent of world clothing exports. It is likely that the backloading of quota removal by Canada, the EU, and the United States is hurting the trade prospects of these countries.

Secondly, in agriculture, the developed countries have managed to retain prohibitively high tariffs, high domestic and export subsidies in various forms. This has severely limited the prospects of trade growth of the developing countries. Moreover, the AoA does not require the developed countries to undertake any reduction till the new agreement is implemented. Therefore no new market access is expected in the intervening period.

Continued presence of high protection in the developed country markets in key areas is probably a reason why the growth of international trade has stagnated in the recent years. This also explains why intra-developing country trade is increasing at a faster pace. Addressing these issues is important for the recovery of global trade.

However, from the speech made by the Director-General of WTO after the release of the International Trade Statistics, it seems that instead of correcting these imbalances, WTO is

depending heavily on the progress of the Doha Development Agenda to pull the global economy out of the current slump in international trade. Director-General of WTO Supachai Panitchpakdi said:

“The disappointing trade figures for 2001 and the first half of 2002 underscore the importance of making progress in the Doha Development Agenda negotiations. While the depressed levels for imports and exports reflect macroeconomic factors, it is evident that policy measures must be taken to bolster confidence and provide the underlying assurances necessary to foster higher levels of growth. One such measure would be for political leaders to send a strong signal to consumers, producers and markets that they intend to move forward in the area of further trade liberalization through the DDA”.

But reports seem to indicate that the progress of Doha Development Agenda (DDA) has hit a roadblock. The Economist points out that the recent protectionist measures adopted by the US and EU has cast a shadow of doubt on the success of the DDA. As a result, more and more countries are using the Regional Trade Agreements (RTAs) to look for increased market access. This is not only making WTO less relevant in the global economic scenario but is also putting a serious question mark on WTO's attempt to solve this problem of stagnation only through the DDA. If the concerns of developing countries are not addressed, it is unlikely that with continued sluggish growth in most of the developed world, international trade will recover in near future.

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- [1] The complete report can be accessed at:
http://www.wto.org/english/res_e/statis_e/its2002_e/its02_toc_e.htm
 - [2] See Market Access: Unfinished Business - Post Uruguay Round Inventory (Special study No. 6) available at:
http://www.wto.org/english/res_e/booksp_e/maccess_e.pdf and Market Access for Developing Country Exports—Selected Issues-available at:
<http://www.imf.org/external/np/pdr/ma/2002/eng/092602.htm>
 - [3] "Coming Unstuck: The Doha Round of Trade Talks is in Trouble" – The Economist, November 2nd - 8th, 2002.