



KEY STATISTICS AND TRENDS in International Trade **2021**



*The Effects of the **COVID-19** Pandemic on International Trade*





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in International Trade **2021**



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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 Enxhi Tresa 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

Trade trends for 2020 have been greatly influenced by the COVID-19 pandemic. The economic disruptions brought by COVID-19 resulted in a decline in international trade in goods and services of about 10 per cent. Trade in services declined considerably more than trade in goods. Available data for 2021 indicates that trade strongly rebounded during 2021, with the value of merchandise trade considerably surpassing its 2019 values. Trade in services remained below its 2019 levels even in 2021. Overall, COVID-19 reinforced the volatile pattern of global trade observed during the last fifteen years. Still, the effects of the COVID-19 economic downturn on global trade have been remarkable because of their rapidity and intensity, both in relation to the decline and to the rebound.

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 2021. 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

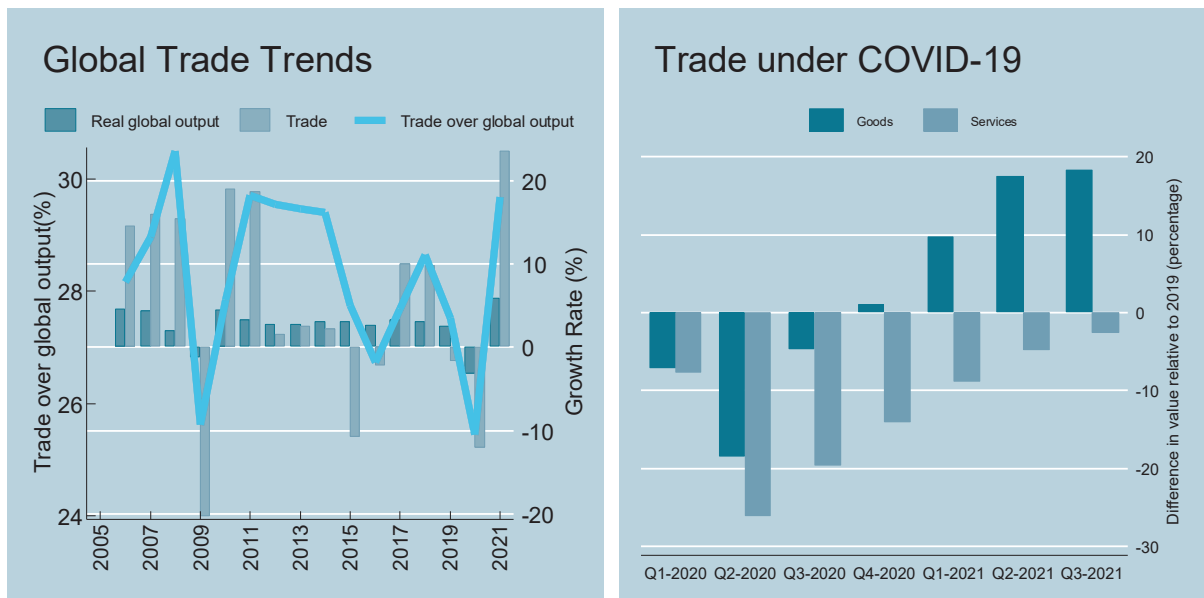
The statistics in this publication were produced by the UNCTAD secretariat using data from various sources. This report relies on the United Nations Commodity Trade Statistics Database (COMTRADE) (comtrade.un.org) data for merchandise trade statistics. UNCTADStat (unctadstat.unctad.org) is the source of service statistics. Quarterly data for merchandise trade comes 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. 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:

THE EFFECTS OF THE COVID-19 PANDEMIC ON INTERNATIONAL TRADE

The economic disruptions brought about by COVID-19 resulted in a sharp decline in international trade during 2020. However, global trade rebounded strongly in 2021. Overall, COVID-19 reinforced the volatile pattern of global trade observed during the last fifteen years. Still, the effects of the COVID-19 economic downturn on global trade have been remarkable because of the rapidity and intensity, both in relation to the decline and to the rebound. The volatility in the value of global trade is generally larger than the fluctuations in global output, a pattern that was also observed during the last two years. Overall, the ratio of world trade over global output (a commonly used indicator to determine globalization trends) dropped from the 28 per cent of 2019 to about 25 per cent in 2020, to then reach about 30 per cent in 2021.



Source: UNCTAD secretariat calculations based on national statistics. Quarterly statistics are seasonally adjusted and relative to pre-pandemic levels (2019). Statistics for the year 2021 and for Q4 2021 are preliminary.

In 2019, global trade in goods and services stood at about US\$ 25 trillion. In 2020, the value of global trade in goods and services contracted by about US\$ 2.5 trillion in 2020 (or about 10 per cent). In 2021, global trade rebounded, and increased by more than US\$ 6 trillion in 2021, reaching a record high of about US\$ 28 trillion. Looking beyond those averages, quarterly data indicate even more volatility, as most of the trade downturn occurred during the first half of 2020. The COVID-19 pandemic immediately reflected in global trade disruptions, reducing trade by about 7 per cent in Q1 2020. A more severe drop occurred in Q2 2020, as the pandemic spread around the world. During Q2 2020, world merchandise trade dropped by about 18 per cent,

while trade in services dropped by about 25 per cent relative to pre-pandemic averages. Starting in Q3 2020 the effect of the pandemic on international trade changed course, but only for manufacturing trade. Buoyed by the trade of COVID-19 related products (personal protective equipment, medical tests, home office equipment etc.), merchandise trade started to rebound and in Q4 2020 the value of global trade in goods was similar to the pre-pandemic levels of 2019. On the other hand, the trade in services continued to be significantly below pre-pandemic averages, largely due to the fall in demand for tourism, travel and accommodation services. The trade rebound for merchandise trade continued into 2021 as global trade already surpassed pre-pandemic levels in Q1 2021 to then stabilize in the following quarters at levels about 18 per cent higher than the pre-pandemic averages for 2019. The recovery was more gradual for trade in services, which remained below pre-pandemic averages as of Q3 2020.

The effect of COVID-19 on international trade has been truly global with no regions being spared. Still some differences appear in the timing and magnitude of the effects. One difference is a sharper drop during Q1 2020 in the trade of developing countries (largely because the initial disruptions were confined to East Asia). As the pandemic became more global during Q2 2020, economic activities in all countries began to be severely affected. Trade of developed countries was hit especially hard with merchandise exports falling by almost a quarter relative to pre-pandemic levels. Trade among developing countries (South-South) was also affected, with declines similar to global averages. Merchandise trade started to recover in Q3 2020 for developed and developing countries, and by the end of 2020, the value of their merchandise trade was already above pre-pandemic averages. One notable difference is that the merchandise trade in developing countries had been rebounding substantially faster than in developed countries, especially relative to exports. This is evident in Q3 2021 where the value of the merchandise exports of developing countries was about 26 per cent higher than pre-pandemic levels, while that of developed countries was only 10 per cent higher. Imports show a similar pattern but the difference between developed and developing countries is of a lower magnitude.

Import and exports trends, developing and developed countries

		2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Developed	Exports	-5%	-24%	-8%	3%	6%	13%	10%
	Imports	-7%	-21%	-4%	5%	6%	15%	14%
Developing	Exports	-14%	-18%	-1%	8%	8%	20%	26%
	Imports	-11%	-21%	-7%	6%	7%	18%	21%
	South-South	-14%	-20%	-5%	7%	8%	21%	26%

Source: UNCTAD secretariat calculations based on national statistics. Changes are seasonally adjusted and relative to pre-pandemic levels (2019). Q3 2021 statistics are preliminary. Statistics are for merchandise trade and do not include data on services.

The effect of COVID-19 on the trade of developing countries has also been relatively consistent across developing regions, but with the significant difference of East Asian economies' stronger trade resilience, especially during Q2 2020. While East Asian exports were hit hardest at the onset of the pandemic, their exports were relatively more resilient during the following quarters. Overall, the decline in merchandise exports experienced by the other developing regions has been considerably larger than that of the East Asian economies in all quarters, except for the very initial stage of the pandemic. In the case of Africa, the decline in exports reached 32 per cent in Q2 2020. During the same period the decline reached almost 40 per cent for the regions of South Asia and Rest of Asia. Another difference is that trade recovered significantly earlier (by about 2 quarters) for the East Asian economies. It was only in Q1 2021 that the other developing regions saw their trade exceed pre-pandemic averages, a landmark that the East Asian economies had already reached in Q3 2020. East Asian economies continued to outperform other developing regions. As of Q3 2021, trade rebounded the most in the East Asia region, both in relation to exports (about 32 per cent above pre-pandemic levels) and imports (about 24 per cent above). The strong trade resilience of East Asian economies is also observed in relation to intra-regional trade which in Q3 2021 was 30 per cent above pre-pandemic levels.

Import and exports trends by region, relative to 2019

		2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Africa	Exports	-3%	-32%	-14%	-8%	4%	24%	20%
	Imports	-10%	-26%	-10%	4%	3%	15%	19%
	Intra-Regional	-1%	-25%	-8%	-1%	4%	30%	19%
Latin America	Exports	-11%	-27%	-8%	-2%	-2%	16%	17%
	Imports	-11%	-34%	-15%	-3%	2%	14%	22%
	Intra-Regional	-15%	-37%	-18%	-8%	-1%	11%	23%
East Asia	Exports	-16%	-9%	6%	17%	13%	24%	32%
	Imports	-13%	-14%	-3%	10%	10%	22%	24%
	Intra-Regional	-15%	-11%	2%	16%	13%	25%	30%
South Asia	Exports	-9%	-39%	-11%	-7%	7%	13%	20%
	Imports	-10%	-48%	-20%	-2%	8%	9%	18%
	Intra-Regional	-15%	-57%	-21%	-12%	3%	2%	10%
Rest of Asia	Exports	-9%	-39%	-23%	-12%	-6%	6%	13%
	Imports	-7%	-24%	-9%	4%	1%	7%	13%
	Intra-Regional	-5%	-22%	-1%	7%	7%	5%	30%

Source: UNCTAD secretariat calculations based on national statistics. Changes are seasonally adjusted and relative to pre-pandemic levels (2019). Q3 2021 statistics are preliminary. Statistics are for merchandise trade and do not include data on services.

COVID-19 has severely impacted the trade of all major economies. With the exception of China, whose exports bottomed in Q1 2020, all other major economies recorded their sharpest drop in trade flows in Q2 2020. Trade started to recover slowly for most of the major economies during Q3 2020, while a more general and stronger recovery took hold in Q4 2020. The merchandise imports and exports of all major economies were significantly above pre-pandemic level by mid-2021, while trade in services was still lagging behind pre-pandemic levels in most cases. One notable difference among the trade trends of the major economies is China's export resilience during the pandemic. After falling in Q1 2020, Chinese exports were already stabilizing in Q2 2020, to then strongly rebound starting from Q3 2020. China's over performance in relation to most of the other major economies continued during 2021. China's export resilience is also observed in relation to the trade of services which fully recovered by Q4 2020 and greatly surpasses pre pandemic levels in all quarters of 2021. Another difference is the degree of volatility in the trade patterns among the major economies during the pandemic. Overall, the trade of the major developed economies of Japan, the United States and the European Union has been relatively more stable, with smaller declines, but also smaller rebounds. In contrast, trade for the major developing economies, especially South Africa, has been very volatile since the onset of the pandemic. Another important difference concerns exports of services, which in some economies rebounded considerably more than others. In the example of China, India and the Republic of Korea, exports of services already surpassed pre-pandemic levels during Q1 2021 and continued growing thereafter.

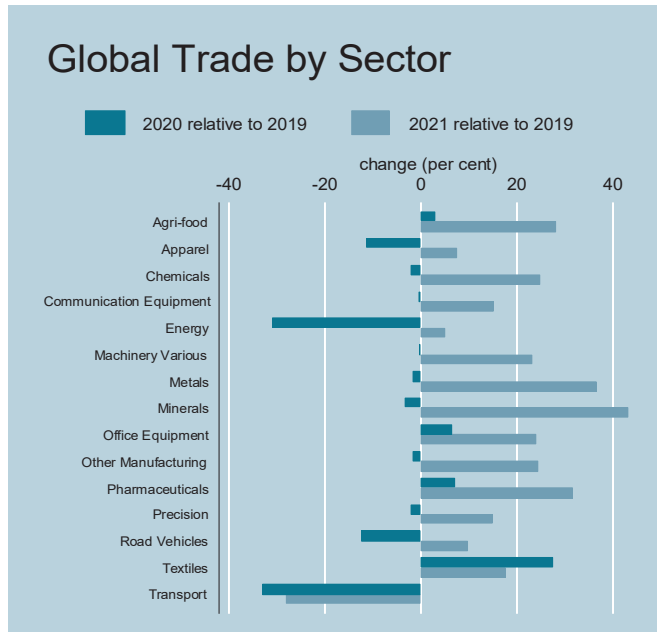
Import and exports trends of major economies

Exports		2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Brazil	Goods	-5%	-9%	-5%	-2%	9%	39%	33%
	Services	-7%	-21%	-24%	-16%	-13%	-1%	2%
China	Goods	-15%	0%	8%	16%	32%	30%	34%
	Services	-9%	-7%	-4%	4%	21%	28%	46%
India	Goods	-10%	-35%	-8%	-8%	8%	22%	27%
	Services	-4%	-9%	-6%	-4%	2%	10%	29%
Japan	Goods	-5%	-22%	-11%	0%	3%	11%	8%
	Services	-15%	-25%	-29%	-25%	-22%	-19%	-19%
Republic of Korea	Goods	-2%	-18%	-4%	1%	10%	17%	22%
	Services	-9%	-21%	-17%	-6%	0%	10%	24%
Russian Federation	Goods	-12%	-30%	-23%	-19%	-8%	16%	30%
	Services	-4%	-35%	-33%	-22%	-21%	-18%	-15%
South Africa	Goods	3%	-32%	2%	14%	35%	60%	39%
	Services	-13%	-59%	-58%	-56%	-53%	-40%	-35%
United States	Goods	-3%	-29%	-13%	-8%	-1%	8%	8%
	Services	-7%	-25%	-25%	-20%	-16%	-13%	-11%
European Union	Goods	-5%	-24%	-5%	3%	2%	11%	8%
	Services	-6%	-24%	-13%	-9%	-4%	2%	6%

Imports		2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Brazil	Goods	-5%	-25%	-24%	-4%	0%	17%	20%
	Services	-10%	-40%	-32%	-34%	-32%	-28%	-25%
China	Goods	-3%	-9%	3%	6%	24%	32%	29%
	Services	-17%	-31%	-26%	-25%	-22%	-15%	-10%
India	Goods	-9%	-47%	-24%	-12%	7%	10%	26%
	Services	-8%	-16%	-10%	-10%	-4%	-2%	15%
Japan	Goods	-8%	-13%	-17%	-10%	-3%	6%	11%
	Services	-4%	-10%	-15%	-13%	-10%	-2%	-6%
Republic of Korea	Goods	-4%	-13%	-8%	-3%	8%	20%	27%
	Services	-11%	-25%	-22%	-18%	-19%	-6%	-5%
Russian Federation	Goods	-2%	-14%	-7%	1%	11%	22%	21%
	Services	-7%	-51%	-46%	-32%	-35%	-31%	-30%
South Africa	Goods	-13%	-36%	-28%	-12%	-5%	12%	8%
	Services	-14%	-41%	-37%	-33%	-24%	-16%	-9%
United States	Goods	-5%	-18%	-4%	1%	6%	14%	14%
	Services	-7%	-33%	-28%	-19%	-18%	-13%	-5%
European Union	Goods	-8%	-21%	-9%	-2%	0%	15%	16%
	Services	4%	-27%	-14%	-12%	-9%	-5%	3%

Source: UNCTAD secretariat calculations based on national statistics. Changes are seasonally adjusted and relative to pre-pandemic levels (2019). The Q3 2021 statistics for services are preliminary.

Economic disruptions brought about COVID-19 have affected international trade in some sectors more significantly than others. In particular, lower economic activity in 2020 resulted in lower demand for energy products and therefore brought about a strong decline of trade in the energy sectors. Steep declines were also observed in the road vehicle and transport sectors. During 2020, trade also significantly declined in the apparel sector. Conversely, the value of trade increased during 2020 in other pandemic sensitive sectors that included the production of home office equipment, medical tests, pharmaceuticals and personal protective equipment. The heterogeneous trade patterns of 2020 gave way to a more generalized rebound in 2021. The preliminary statistics for 2021 indicate that, with the exception of the transport sector, trade has recovered in all sectors during 2021, most of the time substantially surpassing pre-pandemic levels. In the example of metals and minerals, the value of their trade was up about 40 per cent in 2021 relative to 2019. Above average increases are also found for agri-food, chemicals, machineries, office equipment and pharmaceuticals. Trade in the transport sectors remains substantial below pre-pandemic averages even in 2021, largely because of a strong decline in the trade of wide body aircrafts.



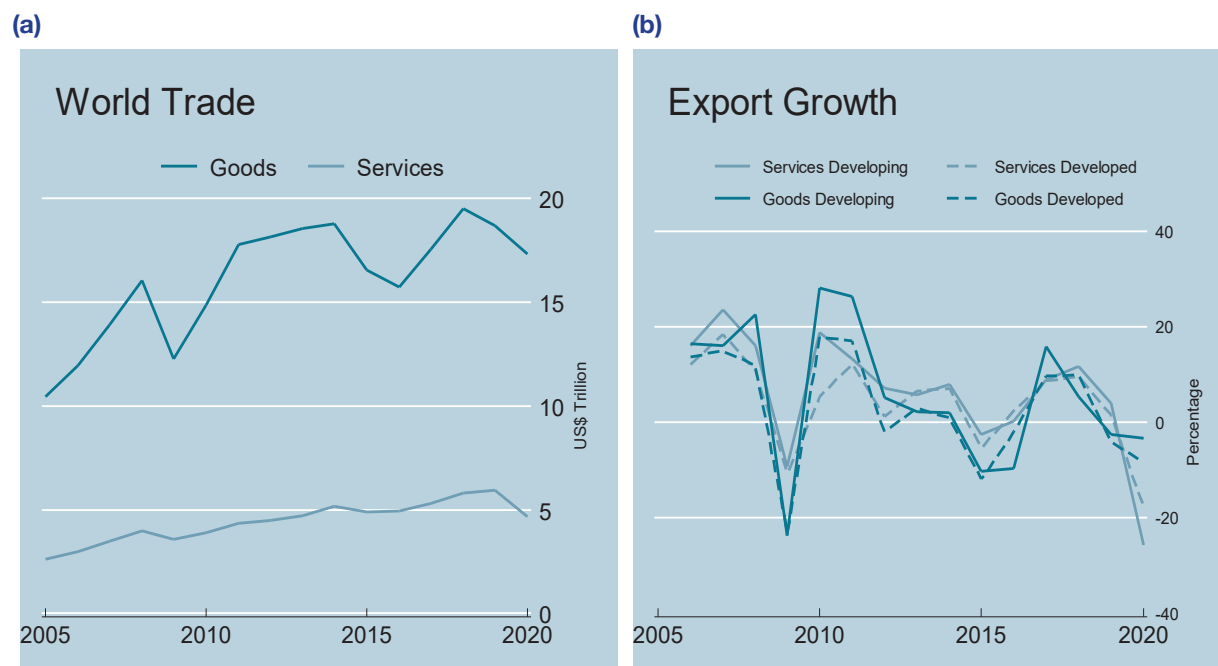
Source: UNCTAD secretariat calculations based on national statistics of China, United States and European Union.

1. TRENDS IN INTERNATIONAL TRADE

The following section presents a series of figures illustrating the general trends in international trade during the last decade.

International trade largely relates to physical goods. Although increasing, trade in services accounts for a much lower share. In 2020 world trade in goods was valued at close to US\$17 trillion, while trade in services accounted for about US\$5 trillion. Global trade in goods has been volatile during the last 15 years, largely because of the economic crises. Global trade has been severely affected by the COVID-19 pandemic. While trade in services has been historically more resilient it has declined considerably more during 2020 than in any previous episode of economic crisis.

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

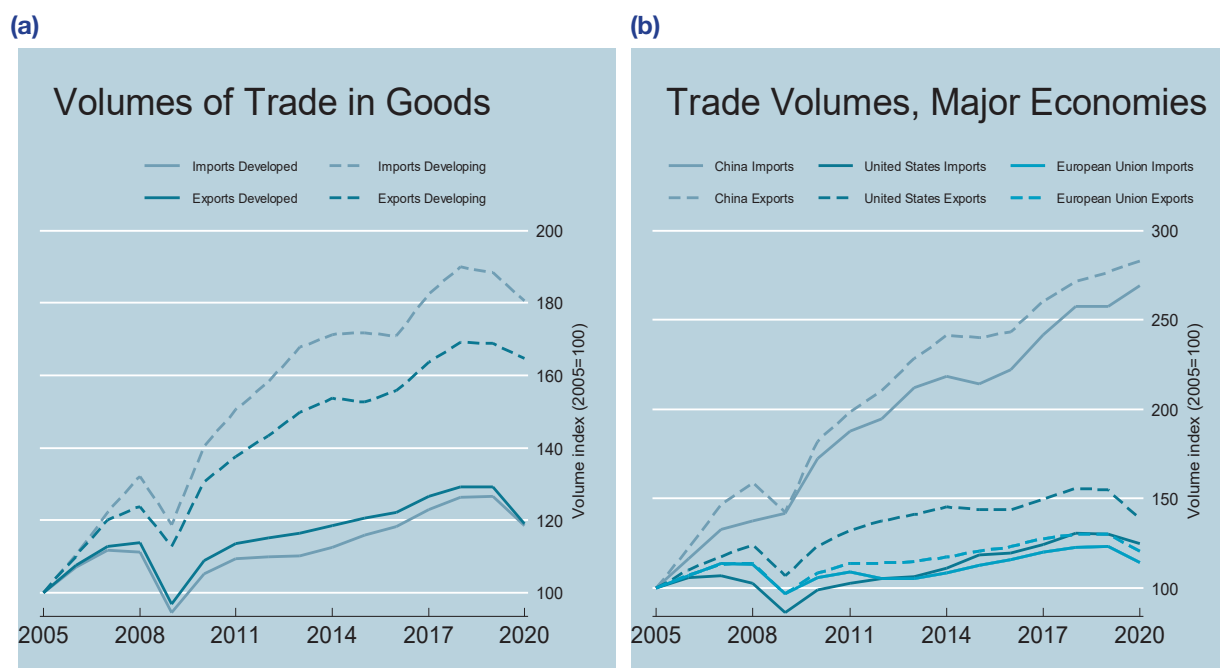


Source: UNCTAD secretariat calculations based on COMTRADE and UNCTADStat data.

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. Goods trade peaked in 2019 but then fell to about US\$17 trillion in 2020 as a consequence of the COVID-19 economic downturn. Trade in services steadily increased between 2005 and 2019 (from about US\$2.5 trillion to close to US\$6 trillion). The COVID-19 pandemic has a strong negative impact on the trade of services which substantially fell during 2020 (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 2020 export growth rates for both developing and developed countries declined, with rates for services considerably more negative than for goods.

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 after 2018, and declining in 2020 as a consequence of the COVID-19 pandemic. In major economies, both imports and exports volumes continued to grow during the last 15 years. In 2020, imports and export volumes have been increasing for China but have declined for the United States and the European Union.

Figure 2
Volumes of international trade in goods

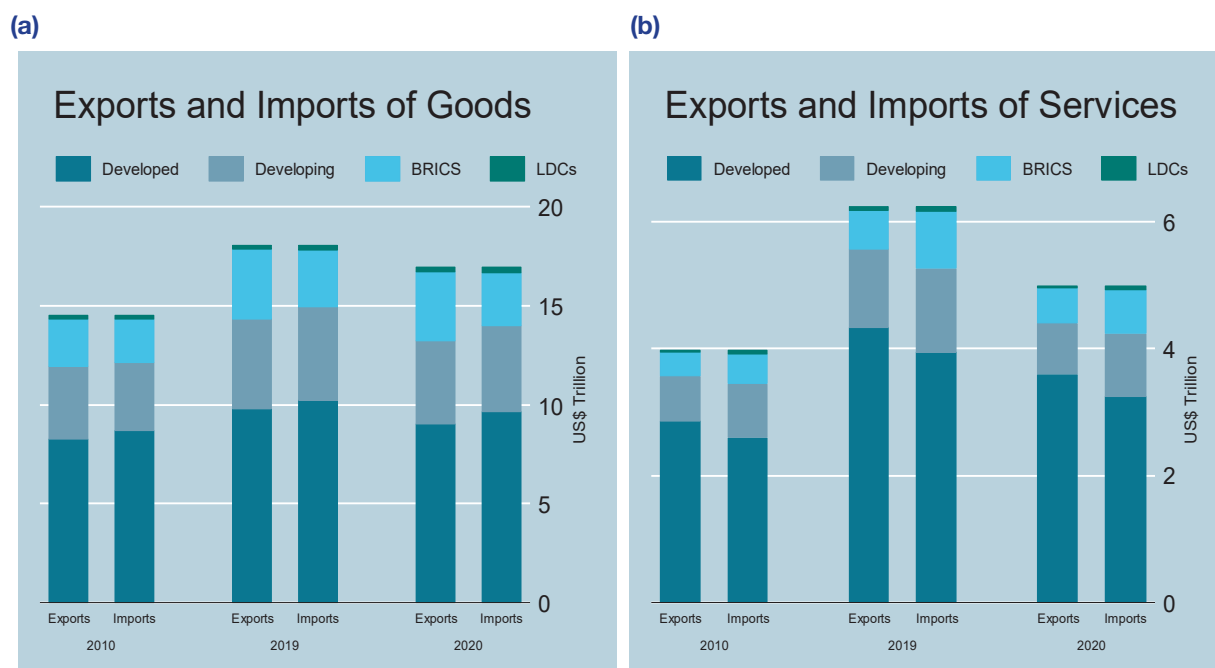


Source: UNCTAD secretariat calculations based on UNCTADStat data.

The volume of international trade in goods has increased dramatically in the last 15 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 2020, 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. In contrast, trade volumes from China kept increasing both in relation to imports and exports.

The value of trade in goods is almost equally shared between developing and developed countries. By contrast, trade in services is still largely about developed countries. BRICS 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 country groups



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 2020 developed countries' exports of goods was around US\$9 trillion (Figure 3a), while that of services added up to about US\$3.5 trillion (Figure 3b). In 2020, developing countries' exports summed up to almost US\$7.9 trillion in regard to goods and about US\$1.4 trillion in regard to services. Of these, BRICS exported about one-third, US\$3.5 trillion in goods and about US\$560 billion in services. Finally, although some increases in exports and imports of least developed countries have been recorded over the past decade, their contribution to world trade remains small and unlikely to fulfill target 17.11 of the sustainable development goals.

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

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

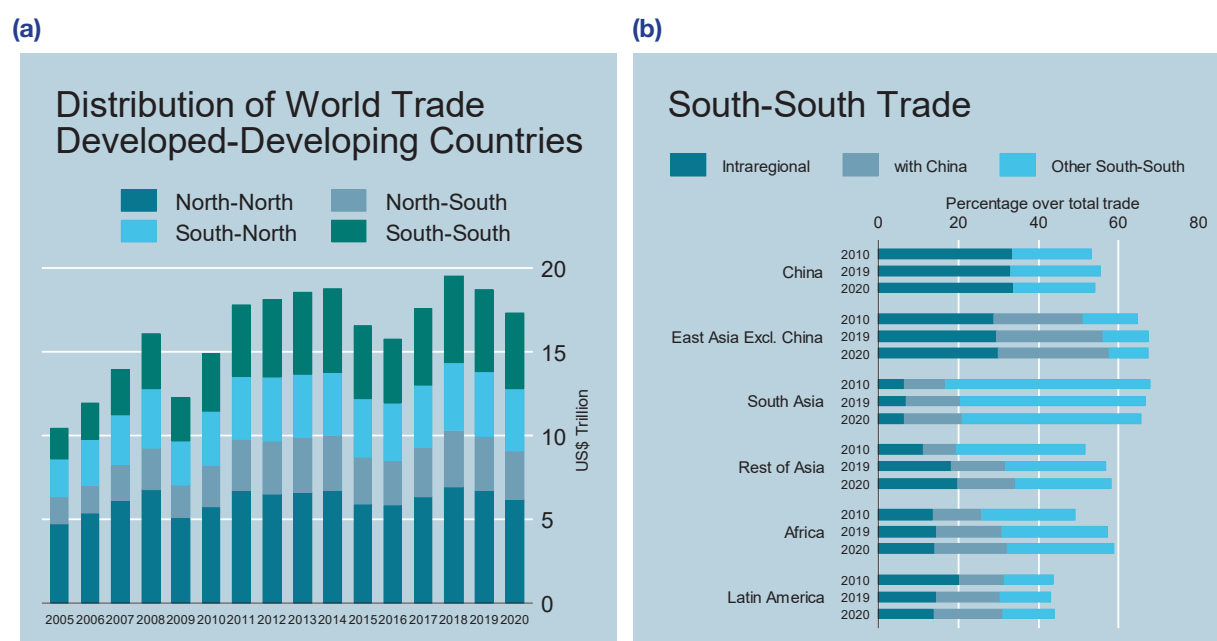
Trade in 2020 (billion US\$)		Exporters											
Importers	Developed		Africa		East Asia		Latin America		Rest of Asia		South Asia		
Developed	6219	876	184	36	2365	128	621	148	336	24	181	18	
	476	4867	52	97	42	2195	54	419	129	184	6	157	
Africa	194	44	61	12	136	16	16	12	50	5	27	6	
	19	131	15	33	4	117	1	3	18	27	4	18	
East Asia	1650	161	99	9	2226	108	226	76	274	3	75	9	
	245	1244	57	33	146	1972	94	56	203	68	13	52	
Latin America	477	69	8	1	284	17	134	41	12	2	17	1	
	64	343	2	4	4	263	18	75	2	8	1	14	
Rest of Asia	419	64	52	7	224	11	28	13	145	25	48	10	
	21	334	3	42	2	211	3	12	20	100	5	33	
South of Asia	138	17	31	3	198	14	22	7	109	6	29	8	
	18	102	17	12	15	169	8	7	69	34	4	17	
Change 2019-2020 (per cent)		Exporters											
Importers	Developed		Africa		East Asia		Latin America		Rest of Asia		South Asia		
Developed	-8	1	-14	2	2	0	-10	0	-25	3	-12	-1	
	-31	-6	-35	-3	-28	3	-26	-11	-43	-7	-51	-10	
Africa	-18	-1	-12	-4	-1	0	-15	-7	-17	12	-16	11	
	-27	-20	-21	-10	-38	1	-28	-32	-32	-8	-20	-21	
East Asia	-5	7	-17	1	2	0	1	9	-24	5	-15	6	
	-7	-6	-22	-12	-24	4	-6	3	-29	-2	-41	-8	
Latin America	-18	-6	-29	3	-8	0	-17	1	-12	-7	-9	9	
	-33	-17	-55	-8	-21	-9	-39	-18	-33	-4	38	-13	
Rest of Asia	-10	-9	17	-1	-5	2	-9	-5	-9	-3	-28	-14	
	-32	-8	-16	24	3	-5	-26	-7	-41	1	-45	-28	
South of Asia	-22	-1	-27	17	-17	-4	-20	-4	-24	5	-25	-4	
	-28	-23	-39	-14	-30	-16	-37	-10	-28	-20	-51	-24	
Trade in 2010 (billion US\$)		Exporters											
Importers	Developed		Africa		East Asia		Latin America		Rest of Asia		South Asia		
Developed	5720	520	258	28	1789	72	581	104	449	13	157	10	
	754	4239	156	72	74	1616	148	316	300	129	40	106	
Africa	215	28	61	9	97	8	20	10	38	2	22	2	
	17	165	22	30	4	82	2	8	17	19	7	13	
East Asia	1349	79	87	3	1556	53	138	32	270	1	97	5	
	139	1113	60	21	167	1325	56	49	225	43	53	38	
Latin America	453	36	17	1	201	3	172	28	10	0	11	0	
	51	362	14	3	4	192	35	108	5	5	2	8	
Rest of Asia	331	30	16	4	108	5	17	9	78	13	33	7	
	29	263	3	8	1	102	3	4	19	45	7	18	
South of Asia	151	9	33	1	139	12	16	4	121	4	30	4	
	10	125	23	9	14	108	10	2	67	48	14	12	

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.

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 and 2020, approaching the levels of 2017. The relative significance of intraregional and other South–South (interregional) trade flows remained quite stable in 2020 compared to 2019 for most developing country regions. A large and growing part of trade among developing countries is with China.

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 proportions between trade from and to developed and developing countries remained relatively constant during the last 10 years. 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 2020 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, some manufacturing flows decreased significantly, in particular exports from China to the United States of America. Exports of natural resources to China and particularly to the European Union also experienced significant decreases.

Table 2
Changes in the value of the largest bilateral trade flows between 2019 and 2020, by product group

Agriculture			
Exporter	Importer	Change 2020 vs 2019 (%)	Value in 2020 (US\$ Billion)
European Union	European Union	4%	508
European Union	United States of America	-10%	62
Canada	United States of America	-3%	47
Mexico	United States of America	5%	43
Brazil	China	20%	34
United States of America	Canada	4%	29
United States of America	Mexico	-6%	26
European Union	China	31%	22
United States of America	China	72%	22
United States of America	European Union	-7%	18

Natural Resources			
Exporter	Importer	Change 2020 vs 2019 (%)	Value in 2020 (US\$ Billion)
European Union	European Union	-30%	137
Australia	China	3%	97
Russian Federation	European Union	-36%	72
Canada	United States of America	-30%	65
Brazil	China	-3%	41
Russian Federation	China	-16%	37
Australia	Japan	-22%	30
United States of America	European Union	-14%	30
Saudi Arabia	China	-30%	29
Norway	European Union	-34%	28

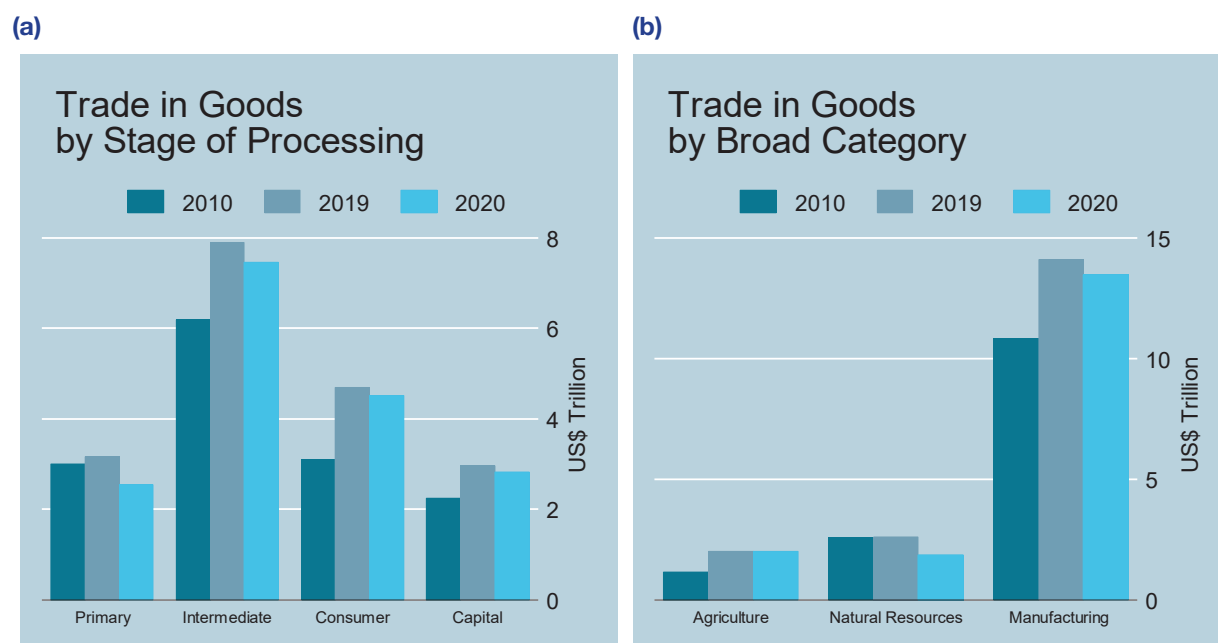
Manufacturing			
Exporter	Importer	Change 2020 vs 2019 (%)	Value in 2020 (US\$ Billion)
European Union	European Union	-5%	2548
China	European Union	5%	512
China	United States of America	-3%	442
European Union	United States of America	-8%	402
Mexico	United States of America	-10%	275
United States of America	European Union	-12%	257
European Union	China	0%	248
China	Hong Kong SAR	-4%	238
Taiwan, Province of China	China	16%	199
Japan	China	2%	172

Source: UNCTAD secretariat calculations based on COMTRADE data.

The table reports the percentage changes between 2019 and 2020, and the value in 2020, 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\$ 7.5 trillion in 2020), with consumer products amounting to about a quarter (US\$ 4.5 trillion in 2020). 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 2020, trade in all categories decreased, with the strongest fall in primary products. Trade in consumer products fell relatively less. Differentiated by broad category, world trade in goods is largely comprised of manufacturing products (about US\$ 13.5 trillion in 2020). Trade of agricultural product remained constant in 2020 relative to 2019.

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

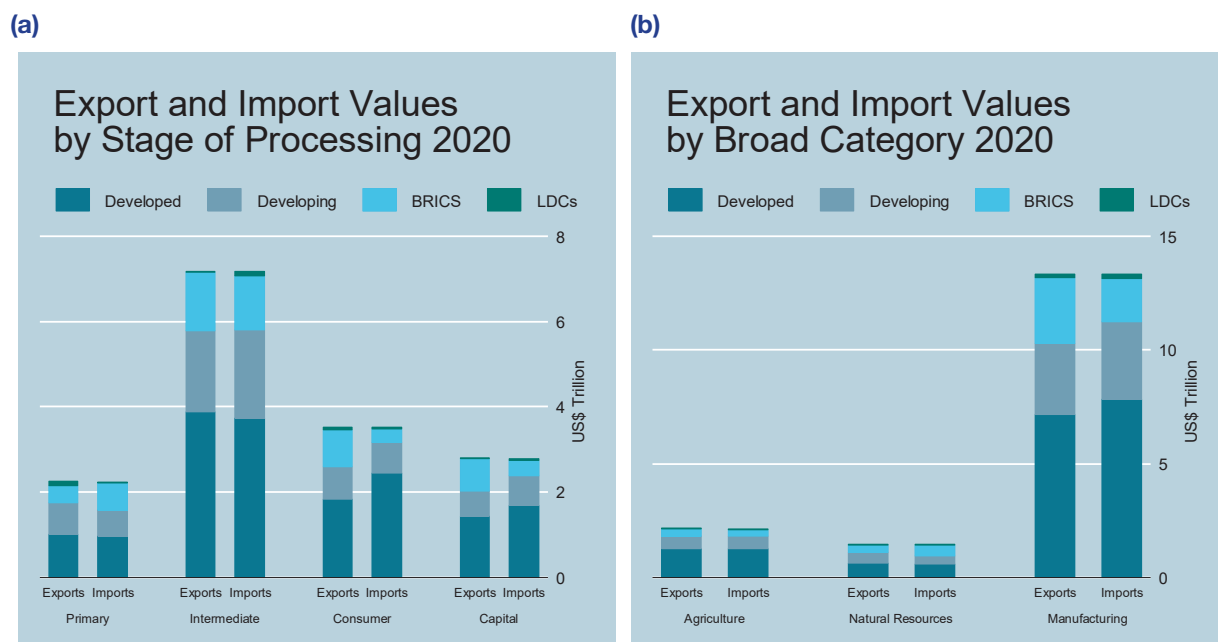


Source: UNCTAD secretariat calculations based on COMTRADE data.

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 make up the bulk of world trade in 2020 (Figure 5a). Trade in consumer goods represents another important share of world trade. In 2020, the value of trade in all categories declined compared to the levels of 2019, with relative shares of each category in total trade relatively unchanged. Trade in primary products was greatly affected in 2020. That was also the case of the trade of natural resources, and to some extent manufacturing, while agricultural trade was stable in 2020 (Figure 5b).

Trade of developed countries remains an important part of international trade, especially in relation to imports of consumers and capital goods. 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

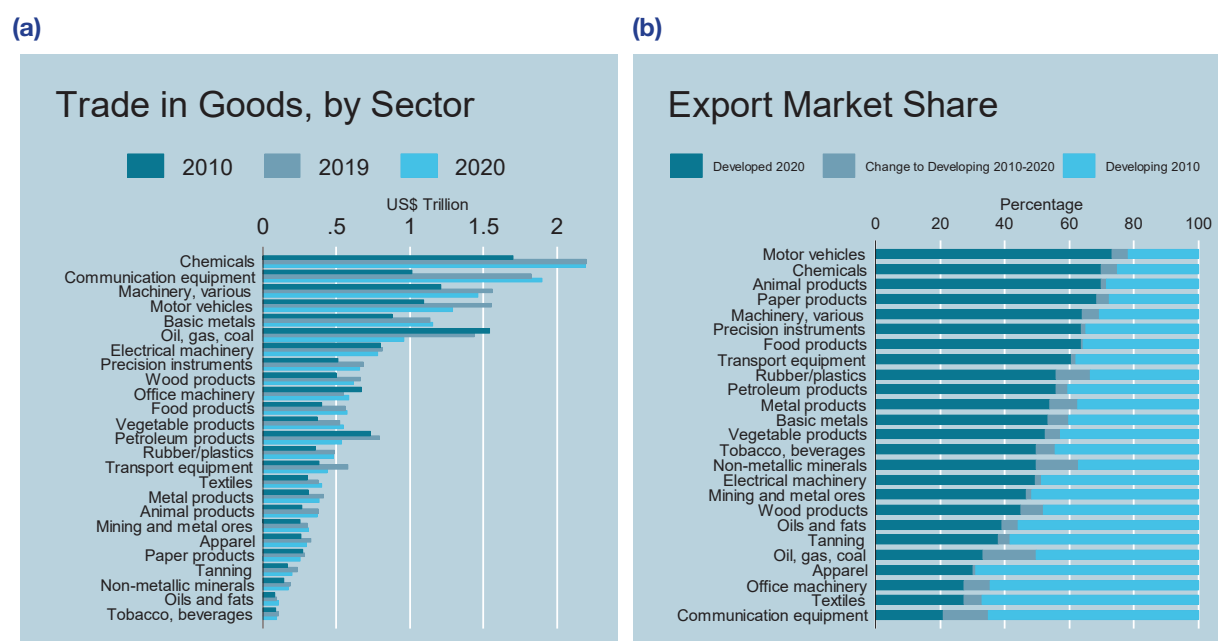


Source: UNCTAD secretariat calculations based on COMTRADE data.

Developed countries account for the bulk of world trade, both in terms of goods differentiated by stage of processing (Figure 6a) and broad category (Figure 6b). Besides other developing country regions, a significant amount of trade is linked to BRICS, especially in relation to the trade of intermediates and manufacturing. BRICS also tend to import few consumer goods while exporting a relatively large share. 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 communication products, machinery and motor vehicles and fuel commodities. In 2020, the value of international trade shrunk in most sectors, particularly in energy products (oil, coal, 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, oil, gas, coal and others.

Figure 7
Values of world trade in goods by sectors

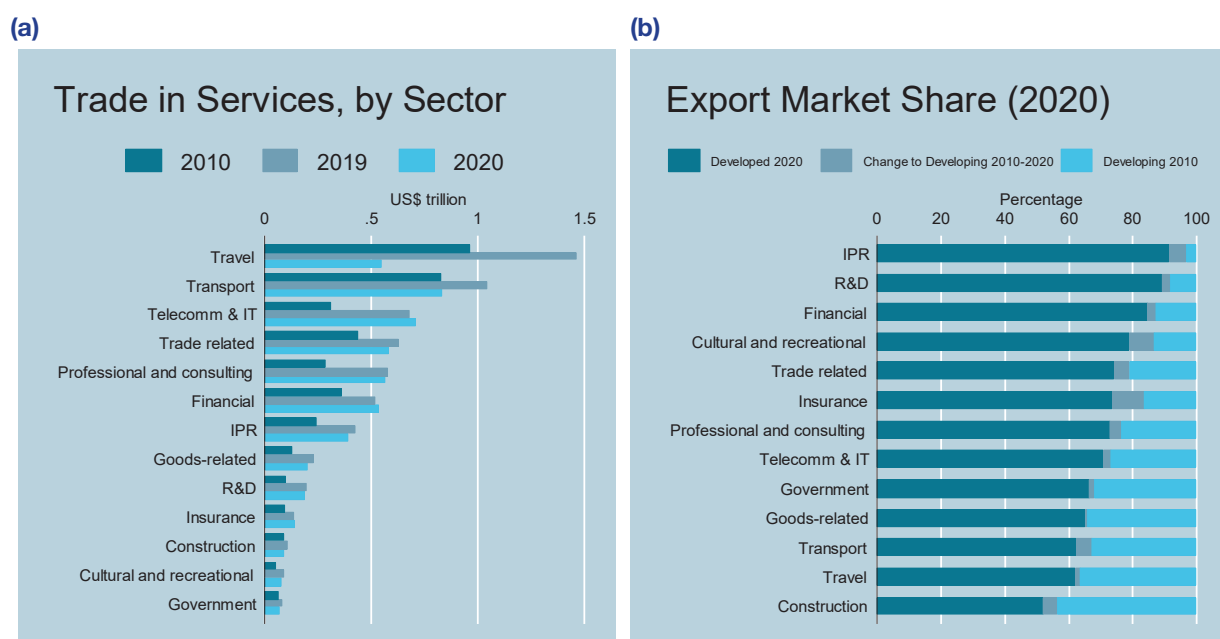


Source: UNCTAD secretariat calculations based on COMTRADE data.

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 chemicals, machinery, motor vehicles, communications equipment and energy products (oil, gas, coal and petroleum products). 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\$1.7 trillion of trade flows in 2020, or less than 10 per cent of international trade. The value of trade stalled or shrank in 2020 in most sectors. During the last decade, developing countries' presence in international markets has increased substantially compared to developed countries. Their export market share has increased across all sectors (Figure 7b), in particular in non-metallic minerals, oil, gas, coal and communication equipment.

World exports of services are largely about travel and transportation. Trade in services increased during the last decade across all categories of services. However, the trade performance across some categories of services dropped significantly during 2020, in particular for travel and transportation and small decreases in many other sectors. Moderate growth was observed in telecommunications and IT and financial services. Although during the last decade developing countries increased their share of trade in services, developed countries remain the main exporters in all sectors. However, developing countries are increasingly becoming important suppliers of construction, insurance, professional and consulting 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\$0.5 trillion in 2020 (Figure 8a). Other important sectors include telecommunications and IT, trade related, professional services and financial services. Since 2010, the value of trade has increased in all sectors. Trade declined to some extent in 2020 in most categories, but especially so in the travel and transport sectors. In contrast, services trade kept increasing for telecommunications and IT, financial and insurance. Figure 8b depicts the share of global exports of different service categories pertaining to developed and developing countries, and their change between 2010 and 2020. Although developed countries still account for the largest part of the exports of services, the export market share has been increasing to the advantage of developing countries in all sectors. The exceptions have been travel, government and goods-related services for which market shares have not changed significantly.

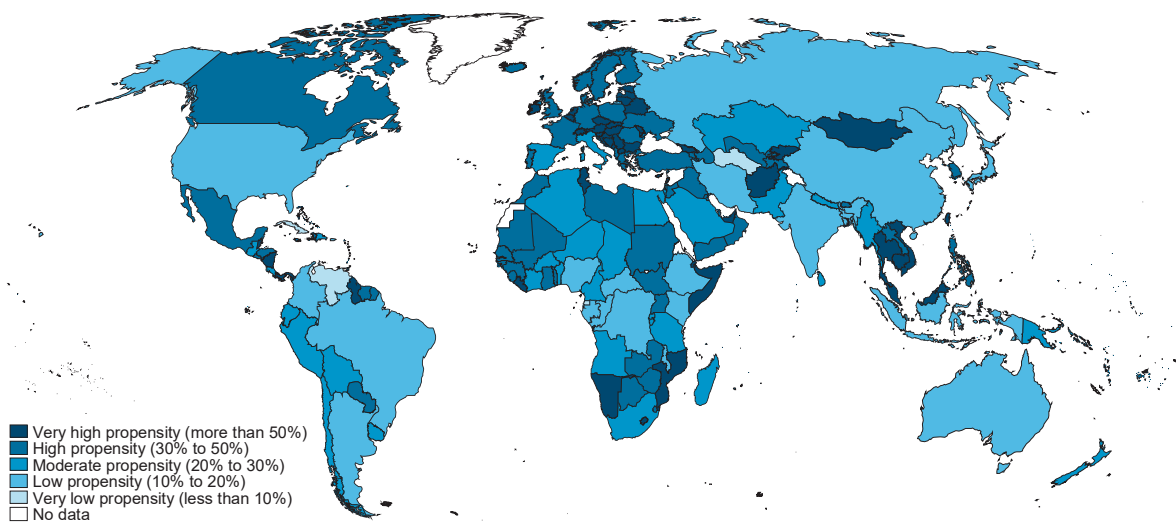
2. TRADE INDICATORS

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

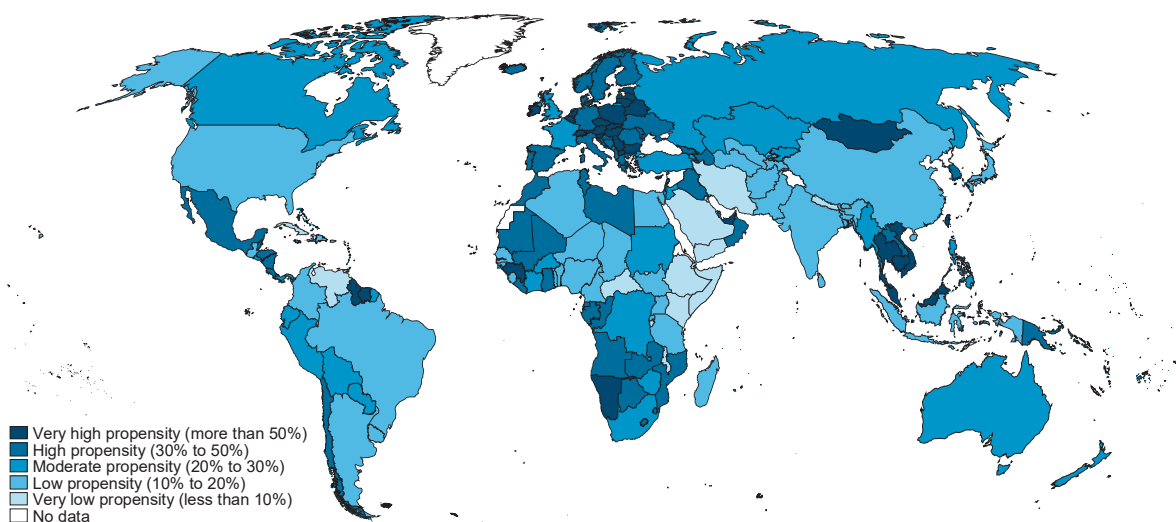
For a substantial number of developing countries, gross domestic product (GDP) is closely dependent on the exports of goods and services to foreign markets. This is particularly true for many Southeast Asian economies, Eastern European countries and for a number of African countries, as well as Canada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

Index 1
Import and export propensity

a) Imports of goods and services over gross domestic product, 2020



b) Exports of goods and services over gross domestic product, 2020

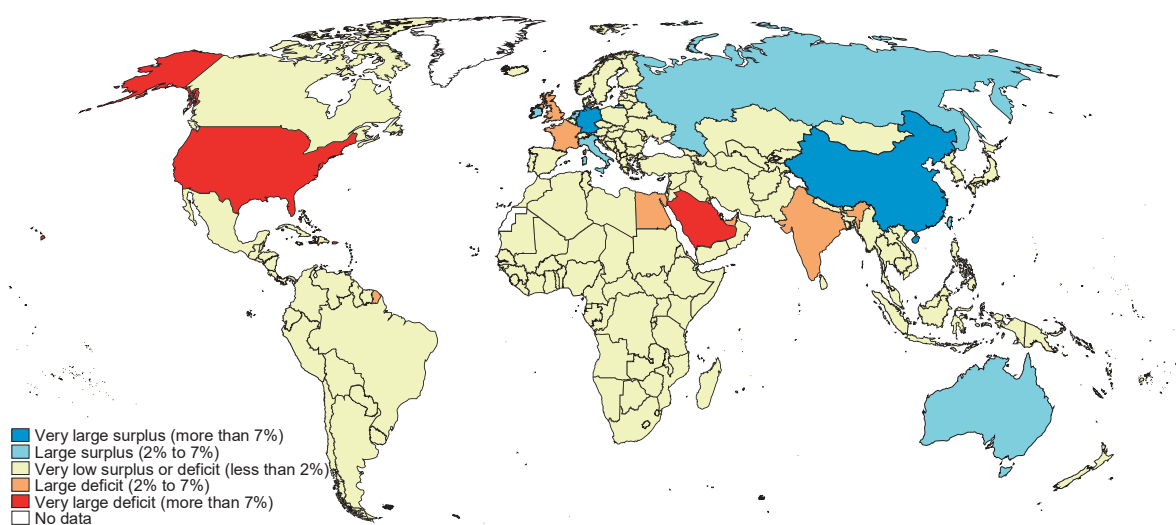


Import and export propensity are computed as the value of imports or exports divided by the current GDP. The import propensity expresses the total income spent on imports. The export propensity shows the overall degree of reliance of domestic producers on foreign markets. Higher values imply greater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

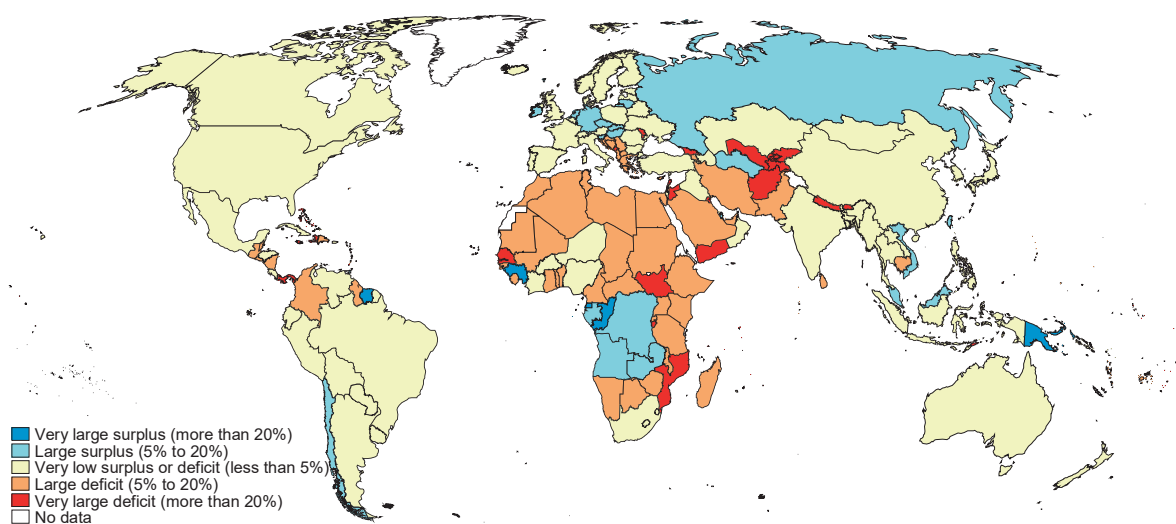
World trade is largely unbalanced. China and Germany maintained the largest surplus positions in 2020. By contrast, the United States, Saudi Arabia and India maintained large deficit positions. Even though these imbalances are sometimes large in level, they often tend to be low relative to the country's 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 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, 2020



b) Trade balances of goods and services as a percentage of gross domestic product, 2020

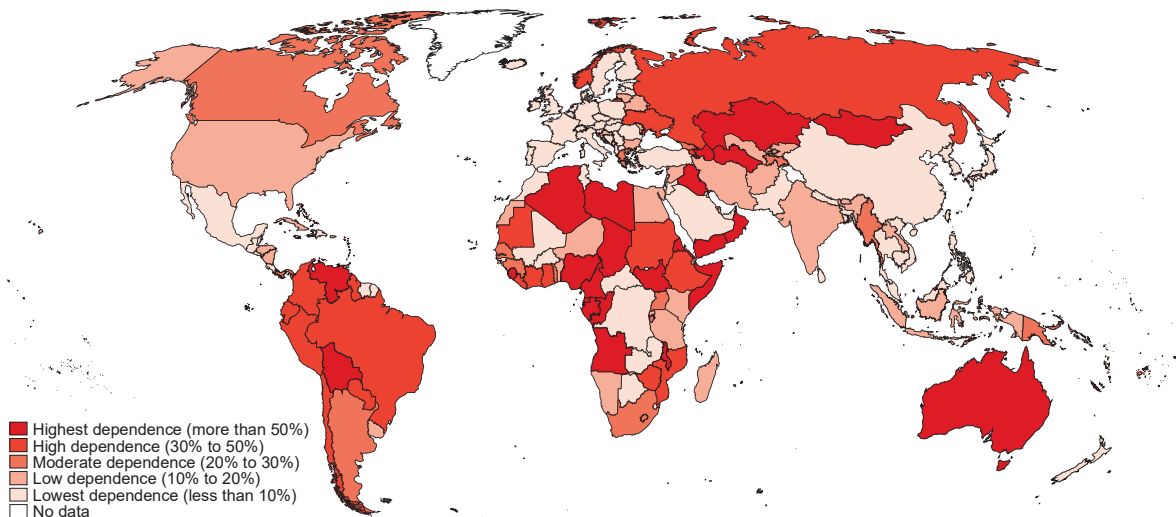


Foreign trade balances (exports minus imports of goods and services) as a percentage of total world imbalances are computed as each country's share of total imbalances in the world. Negative values denote countries in deficit, while positive values denote countries with a surplus. It indicates how world 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.

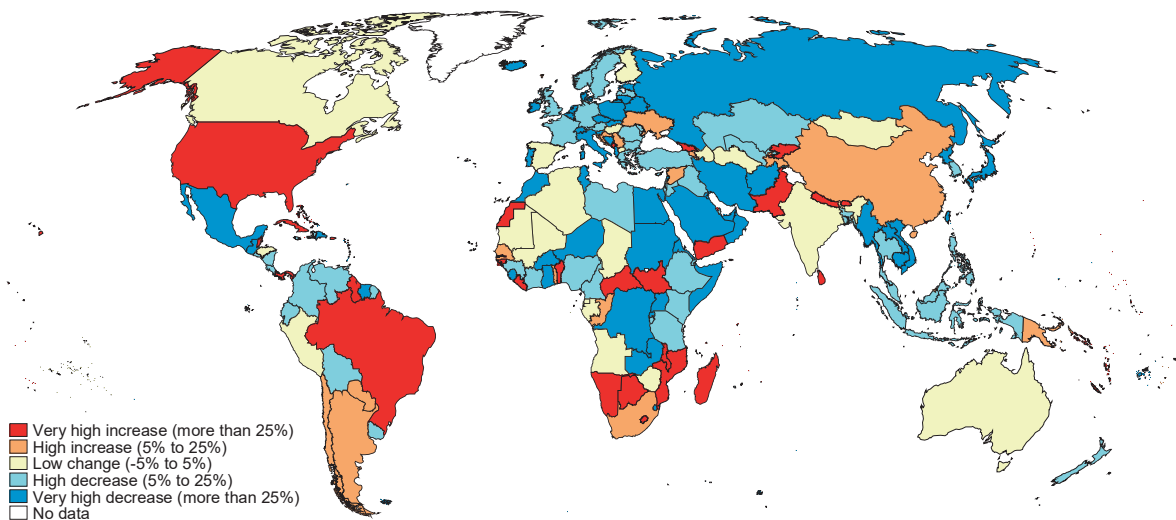
Although many countries are striving to diversify their exports, agriculture and natural resources still represent a large share of export baskets for many developing countries. Commodity dependence is more evident for energy-exporting countries in the Middle East, raw material suppliers in Africa as well as for Latin American countries, where agriculture still represents a large share in 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, 2020



b) Change in agricultural and natural resources dependence index, 2015–2020



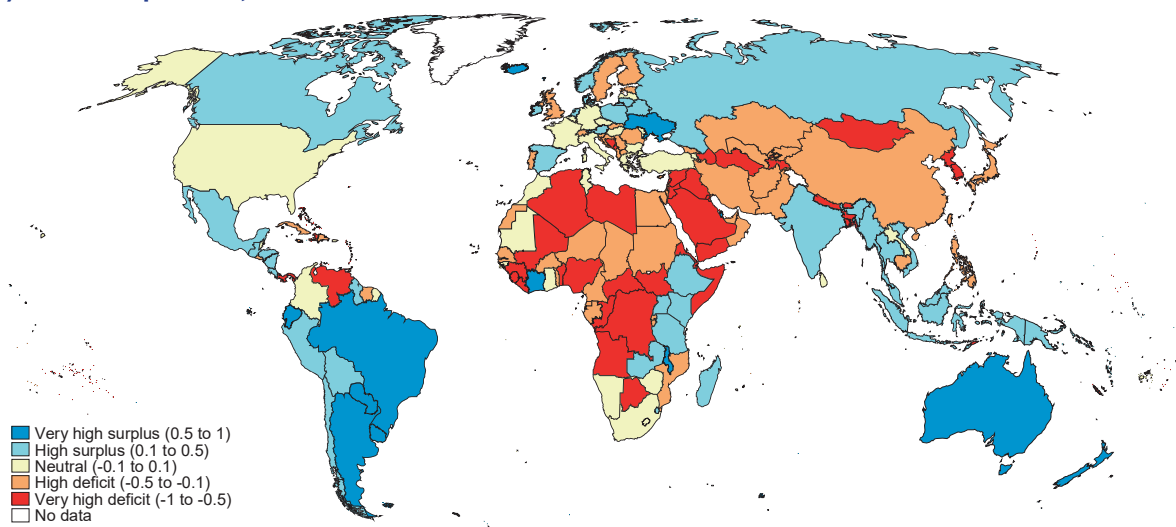
The commodity dependence index is computed as the share of the value of exports in primary products (i.e. agricultural goods and natural resources) over the total value of exports. It varies from 0 to 100. High dependence implies more exposure to shocks in the prices of natural resources and agricultural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

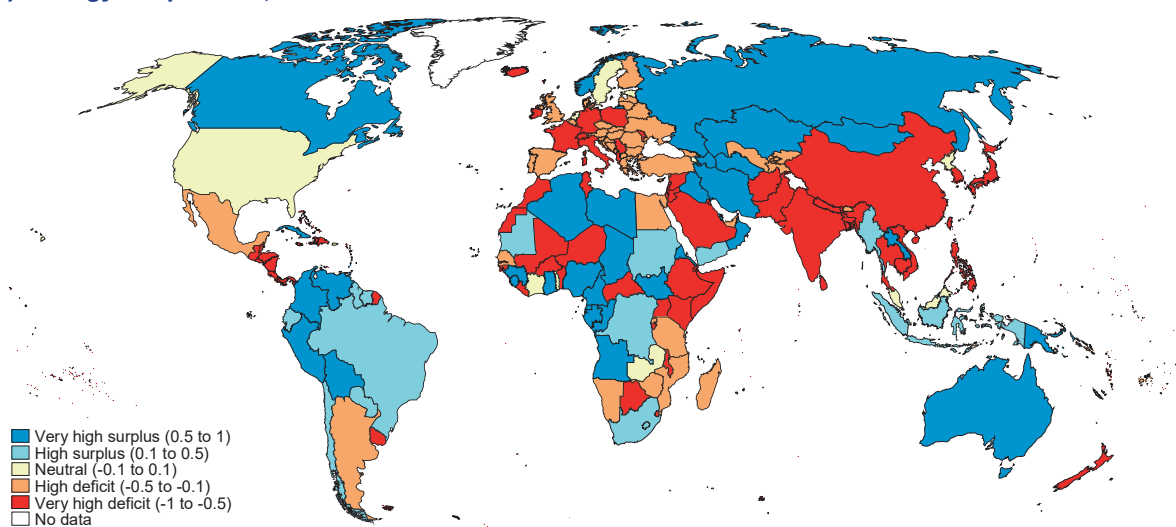
Index 4

Food and energy net position

a) Food net position, 2020



b) Energy net position, 2020

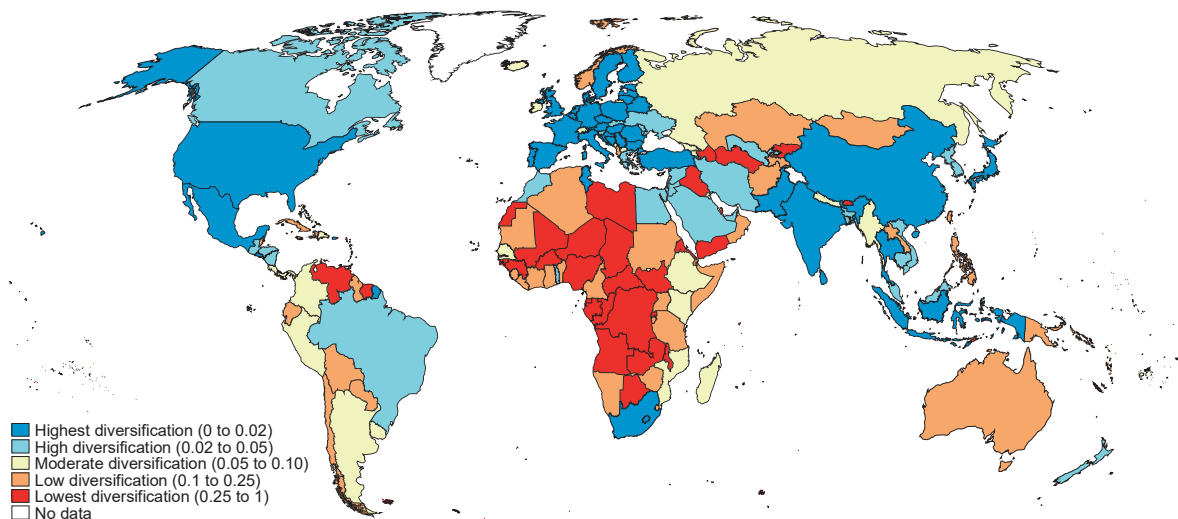


Food net position is computed as a country's exports of agricultural products minus its imports of agricultural products. This is then normalized by dividing it by agricultural trade (imports plus exports). The index varies between -1 and 1, with positive values meaning that the country exports more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

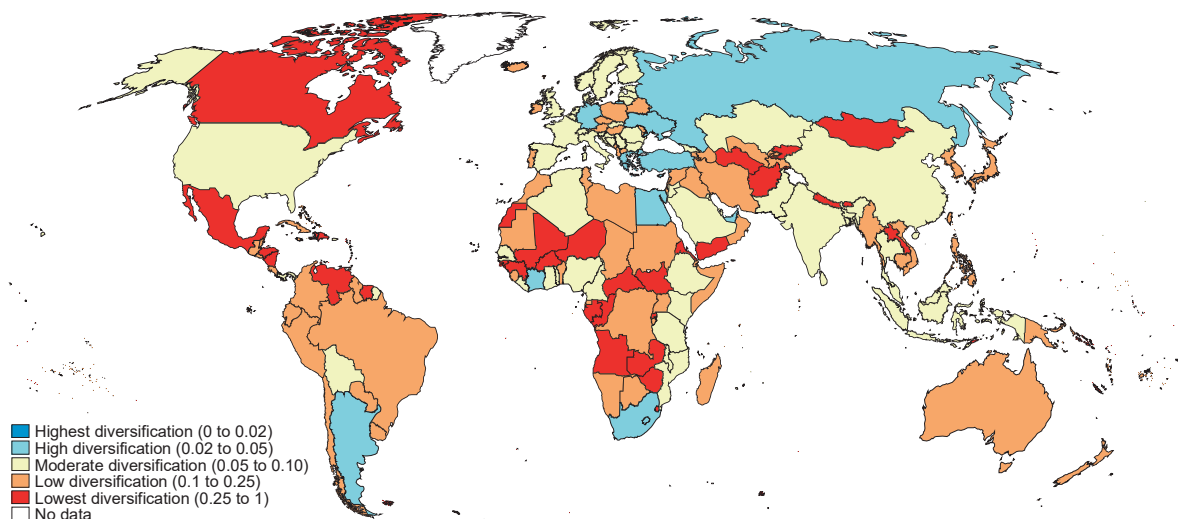
Although many developing countries seek to diversify their exports, many do not succeed. Among developing countries, only a few emerging economies have reached levels of diversification similar to those of developed countries. African countries remain vulnerable to external shocks, as their exports are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

Index 5
Export diversification

a) Export diversification index by product, 2020



b) Export diversification index by destination, 2020



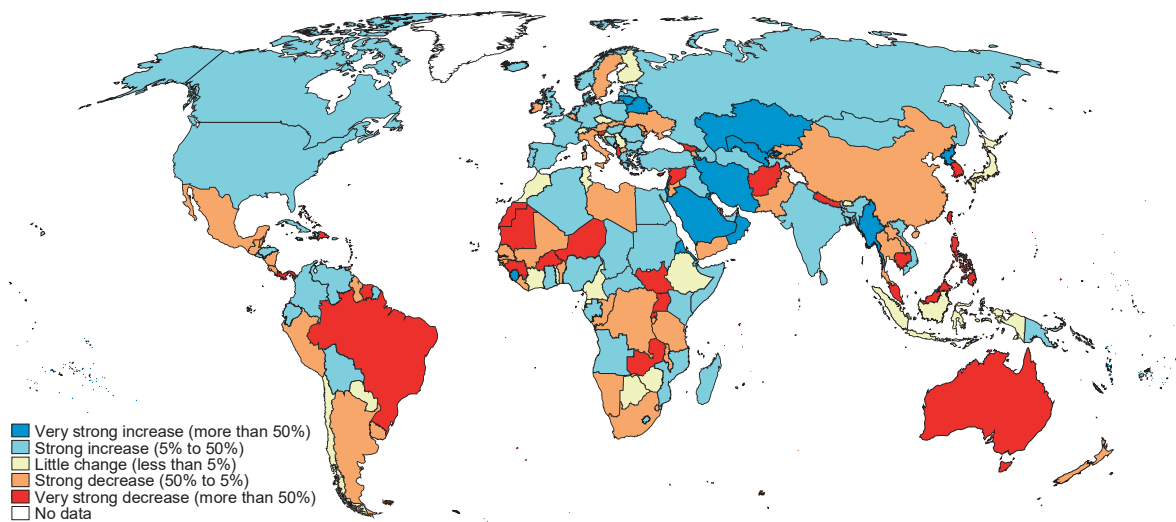
Diversification of exports is measured by the Hirschmann–Herfindahl index where lower values reflect higher diversification. It indicates the degree to which a country’s exports are dispersed across different destinations or different goods (at the HS 6-digit level). Low diversification is interpreted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

Although some developing countries have not reached the goal of diversifying their exports, 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 during the last five years.

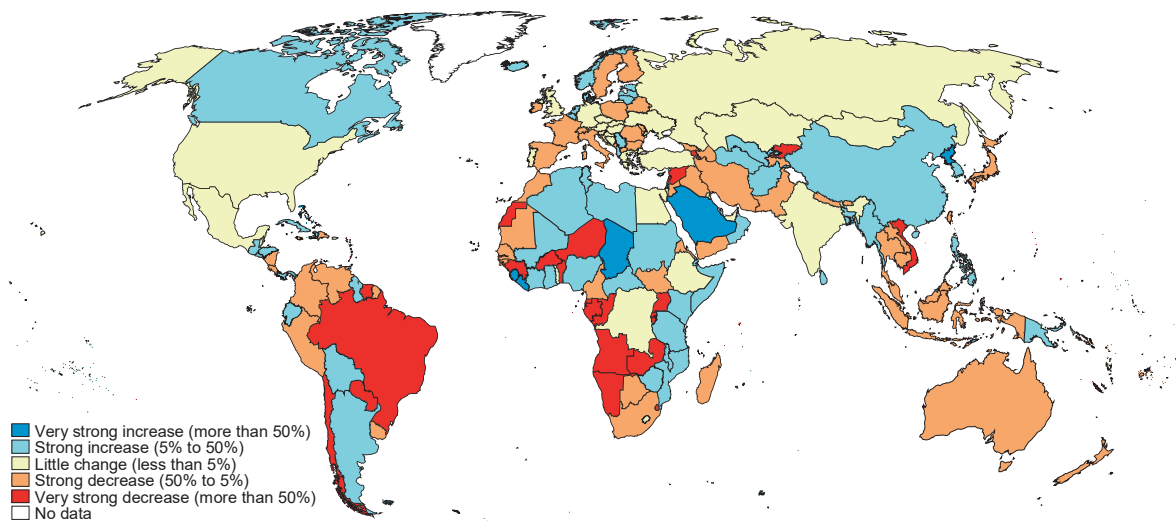
Index 6

Changes in export diversification

a) Changes between 2015 and 2020, by product



b) Changes between 2015 and 2020, by destination

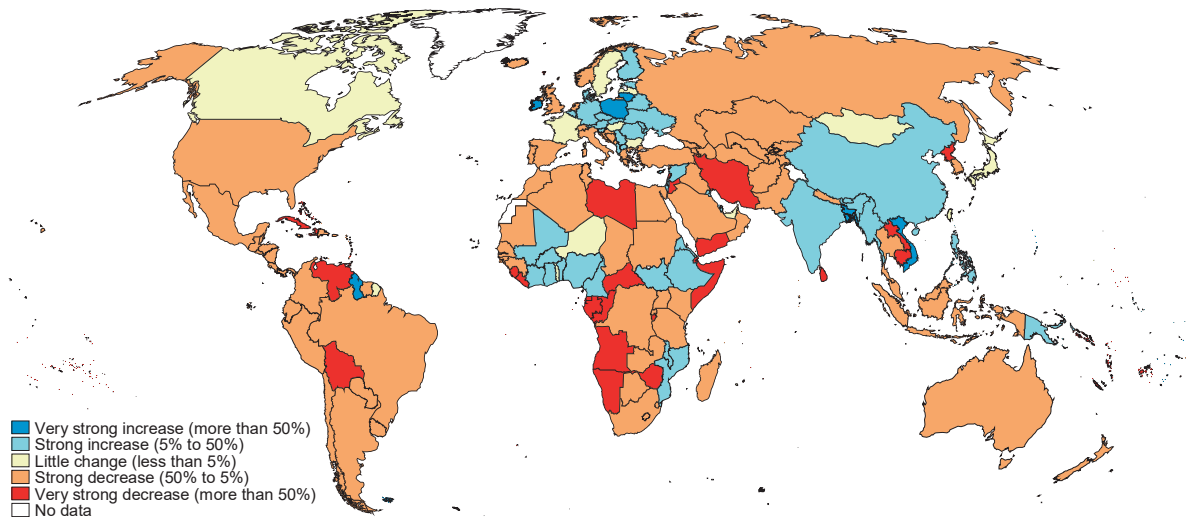


The export diversification change reflects whether countries are becoming more or less diversified. Many African countries became more diversified between 2020 and 2015, whether in terms of products or both products and destinations. However, for some countries in Africa, as well as in Latin America and Europe the trend went in the opposite direction.

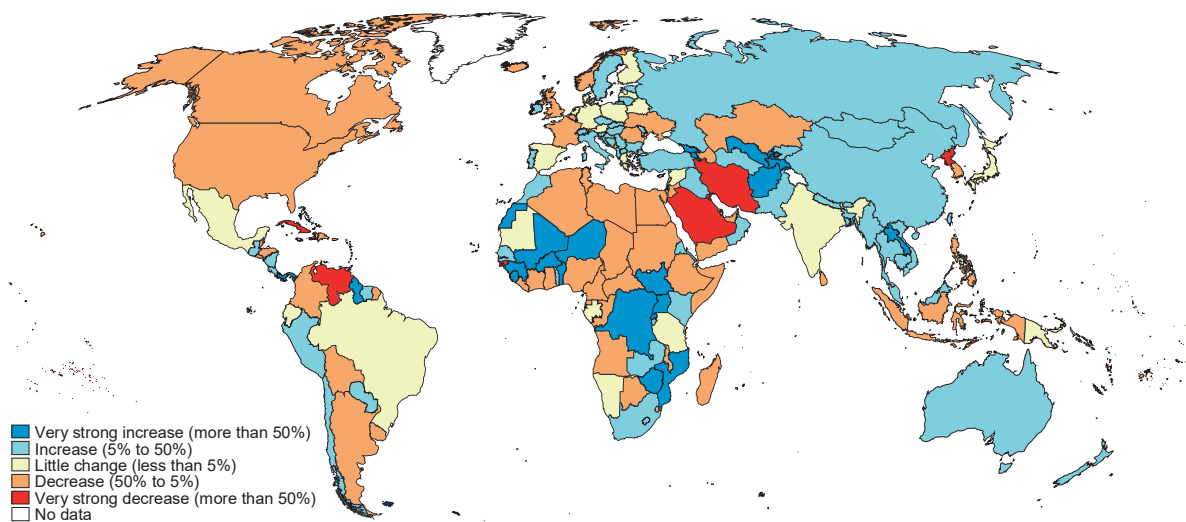
Since 2015 the exports of goods and services have generally declined, but for many countries of Europe, East and West Africa, East, South and Southeast Asia. In contrast, between 2015 and 2020 some Sub-Saharan and South-West African countries, along with some South American ones experienced strong decreases 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, 2015–2020



b) Change of export competitiveness in top 20 markets, 2015–2020



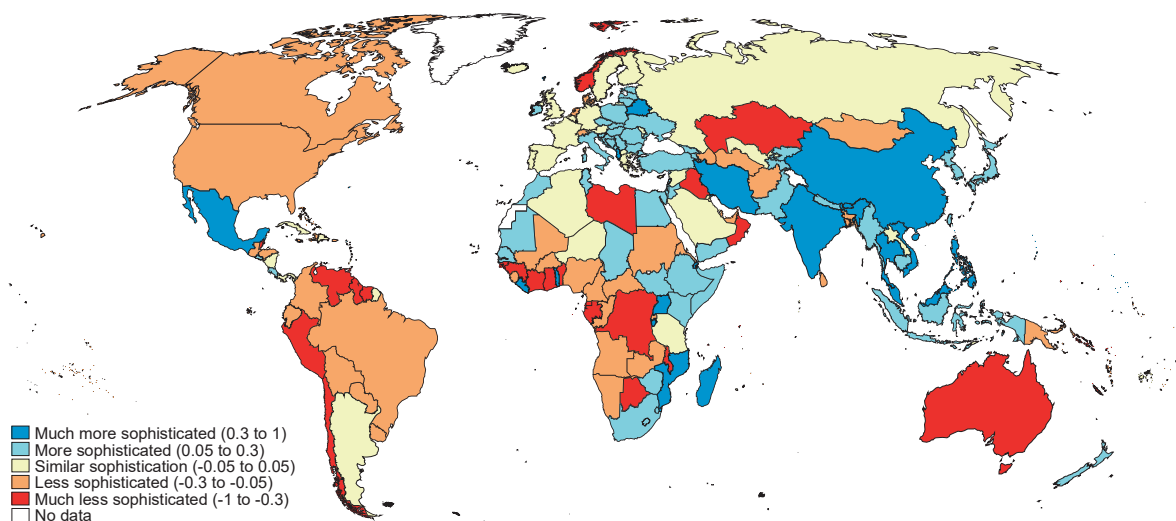
The growth rate of exports is calculated as the percentage change of the value of exports between two periods. Negative values indicate a contraction in the value of exports, while positive values indicate an increase in export earnings. Export competitiveness reflects the development of a country's 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 2020 over that in 2015. Positive values indicate that the country is becoming more competitive with respect to its peers.

In comparison to countries with similar levels of GDP per capita, Australia, North and South American countries tend to export goods that are relatively less sophisticated. East Europe and most of South and East Asia tend to export more sophisticated products, whereas the situation is more heterogeneous for Africa. Most of Asian countries' exports have become more sophisticated since 2015. Conversely, most of Africa and Latin America exports have become less sophisticated.

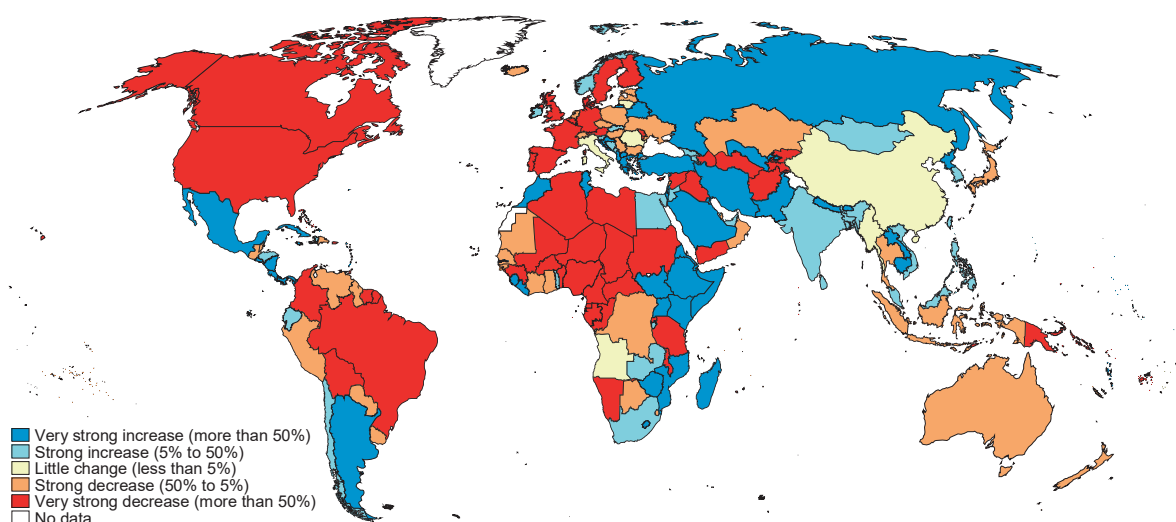
Index 8

Export sophistication and the export sophistication gap

a) Export sophistication gap, 2020



b) Change in the export sophistication gap, 2015–2020



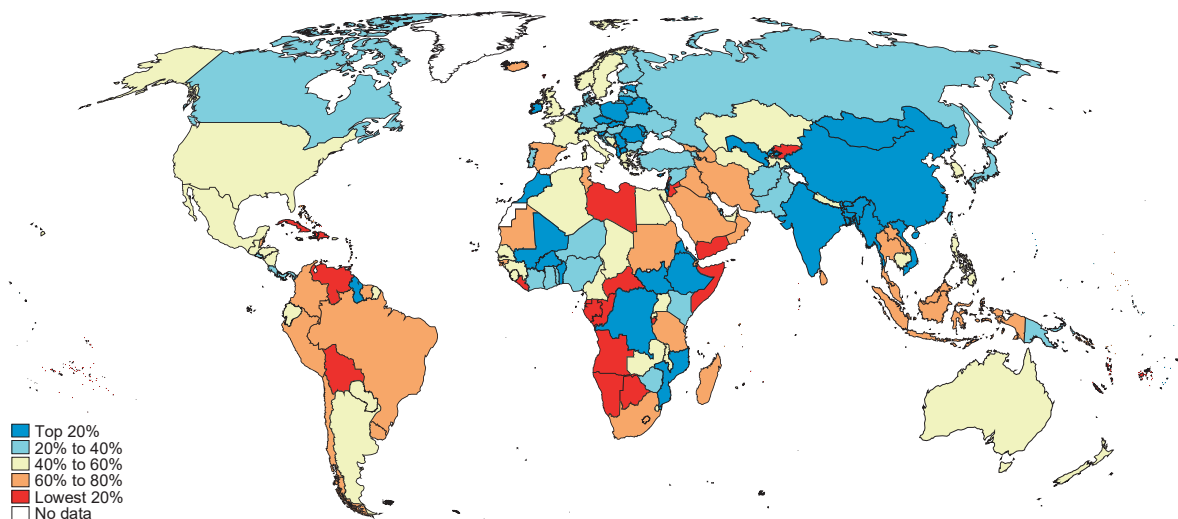
Export sophistication is measured by the EXPY index. Countries with a higher EXPY are those that export goods that are more sophisticated (as measured by the PRODY index). The export sophistication gap measures the gap between the EXPY and GDP per capita of a country. A positive gap implies an export structure that is more sophisticated compared to what 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.

Overall, the export performance of developed and developing countries in South, East and Southeast Asia has been above average since 2015. 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.

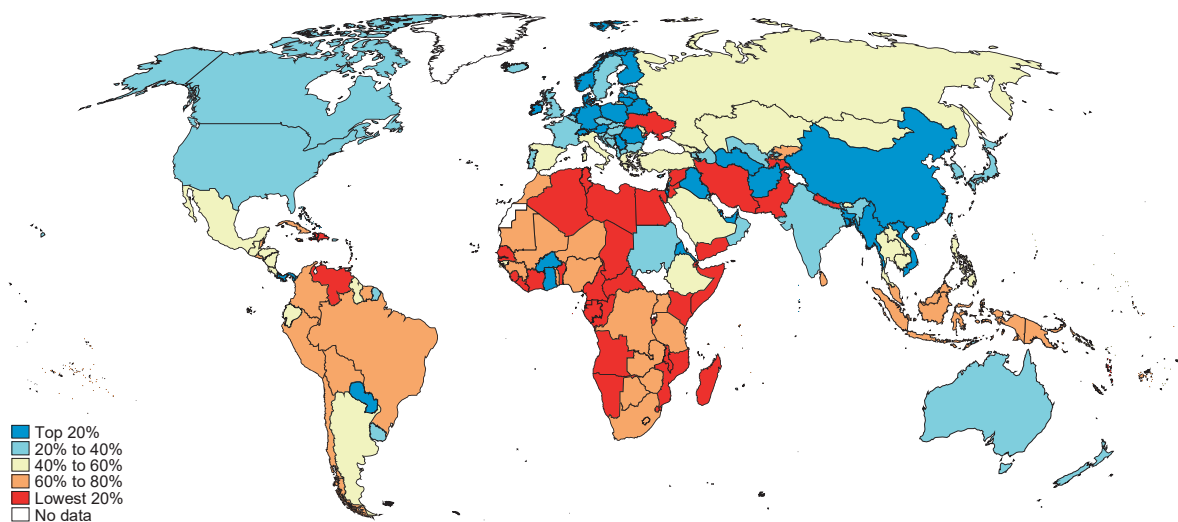
Index 9

Overall export performance

a) Change in the export performance index, 2015–2020



b) Change in the export performance index, 2010–2020



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 using a weighted average.

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