

Trends in trade and emerging data needs

Coleman Nee and Victor Stolzenburg
Economic Research and Statistics Division
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Trends in trade



Recent trade developments and short-term outlook

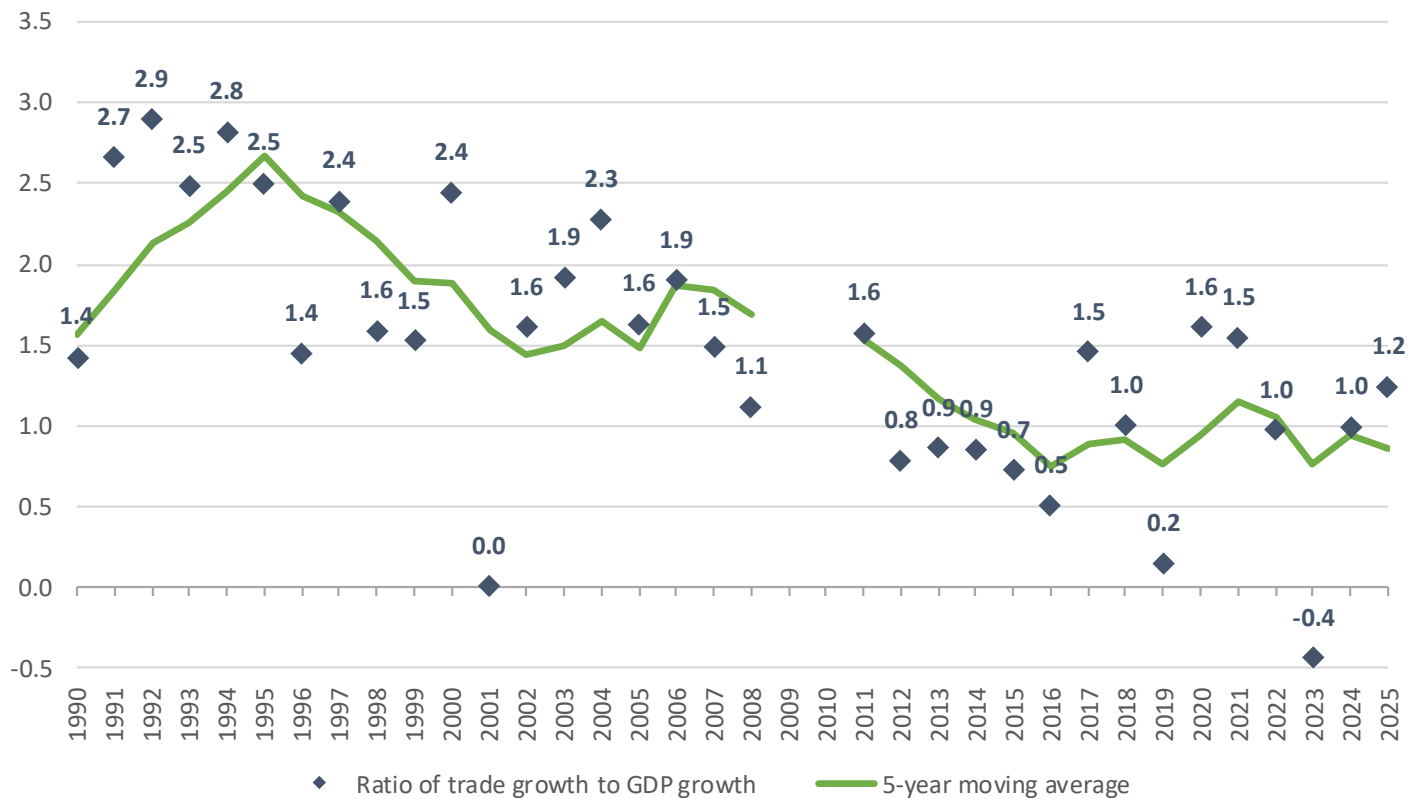


- The WTO's data products are in a state of flux, with traditional statistical publications being replaced by shorter analytical reports and user-friendly digital dissemination.
- In 2023 the WTO launched the Global Trade Outlook and Statistics (GTOS) publication, which is released two times per year including merchandise trade volume projections for the current year and the coming year. We hope to be in a position to forecast services trade soon as well.
- The next trade forecast will be released in mid-October, but recent developments are mostly consistent with our April estimates. World merchandise trade is expected to recover gradually over the next two years after contracting in 2023 due to the lingering effects of high energy prices and inflation.
- The volume of world merchandise trade should increase by 2.6% in 2024 and 3.3% in 2025 after falling 1.2% in 2023. In value terms, merchandise trade fell 5% in 2023 to US\$ 24.01 trillion, but the decline was offset by a 9% increase in services trade, which reached US\$ 7.54 trillion. Total goods and services trade was only down around 2%.

Merchandise trade growth has been slowing relative to GDP for years and has become more volatile

Relationship between world merchandise trade volume growth and GDP growth

Ratio in real terms



- The ratio of merchandise trade volume growth to real GDP growth at market exchange rates peaked in the early 1990s, with trade growing 2.7 times as fast as output between 1991 and 1995.
- By 2005, the five-year moving average of this ratio fell to 1.5. Trade growth picked up slightly before the global financial crisis but slowed further afterwards.
- If our forecast for 2024 is realized, the five-year average ratio will be slightly less than 1-to-1 (0.94 to be precise). Trade has always been more volatile than output, volatility has increased since 2016.

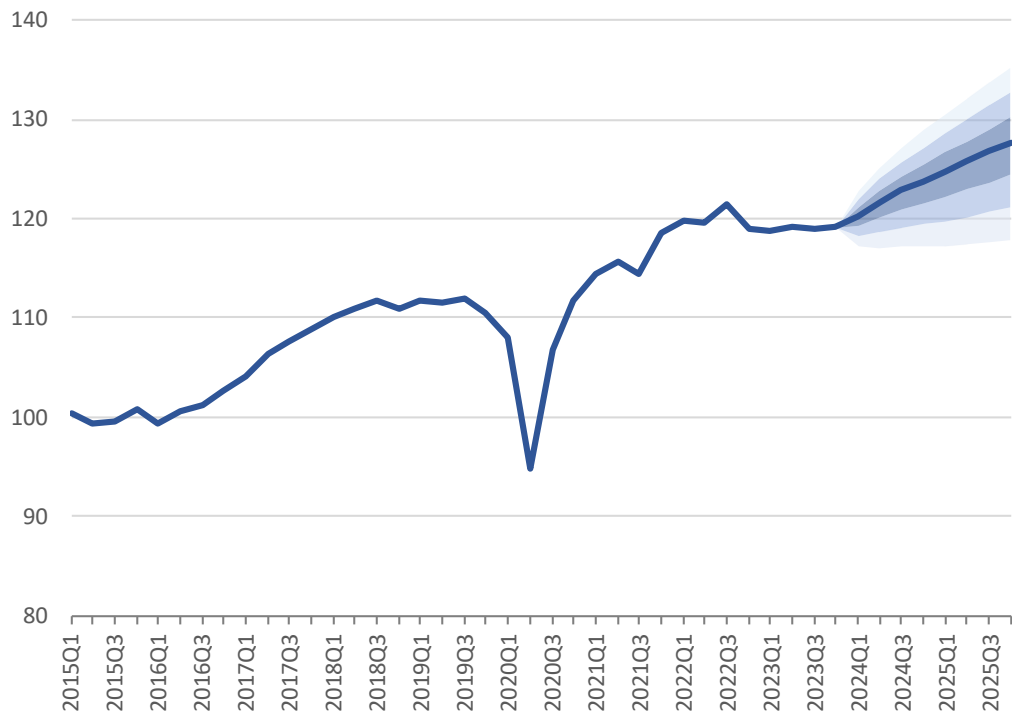
Note: GDP is weighted at market exchange rates.

Source: WTO for trade, consensus estimates for GDP.

The small downturn in 2023 obscures strong regional variations, with Europe weighing on imports and Asia driving recovery

Chart 1: Volume of world merchandise trade, 2015Q1-2024Q4

Seasonally-adjusted volume index, 2015=100

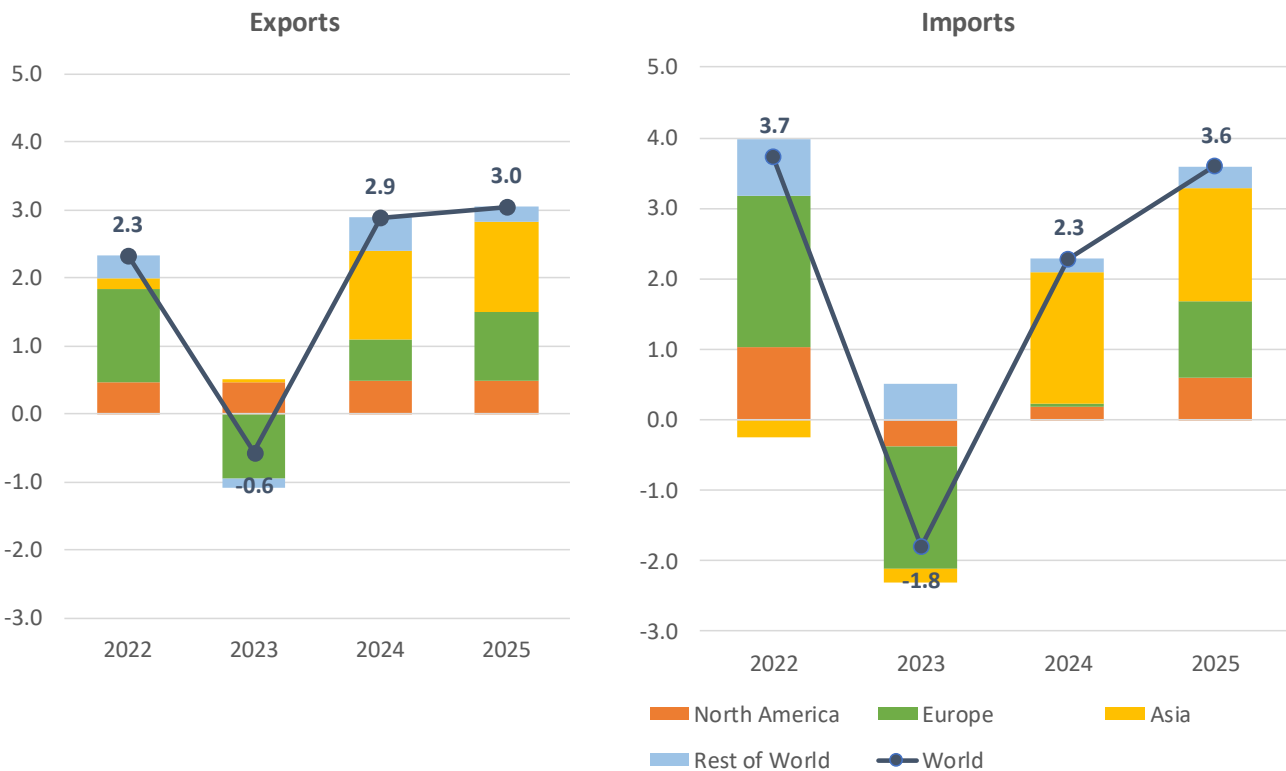


Source: WTO and UNCTAD for historical data, WTO Secretariat estimates for forecasts.

Note: The shaded region represents both random variation and subjective assessment of risk.

Chart 7: Contributions to world trade volume growth by region, 2022-2024

Annual % change



Source: WTO-UNCTAD.

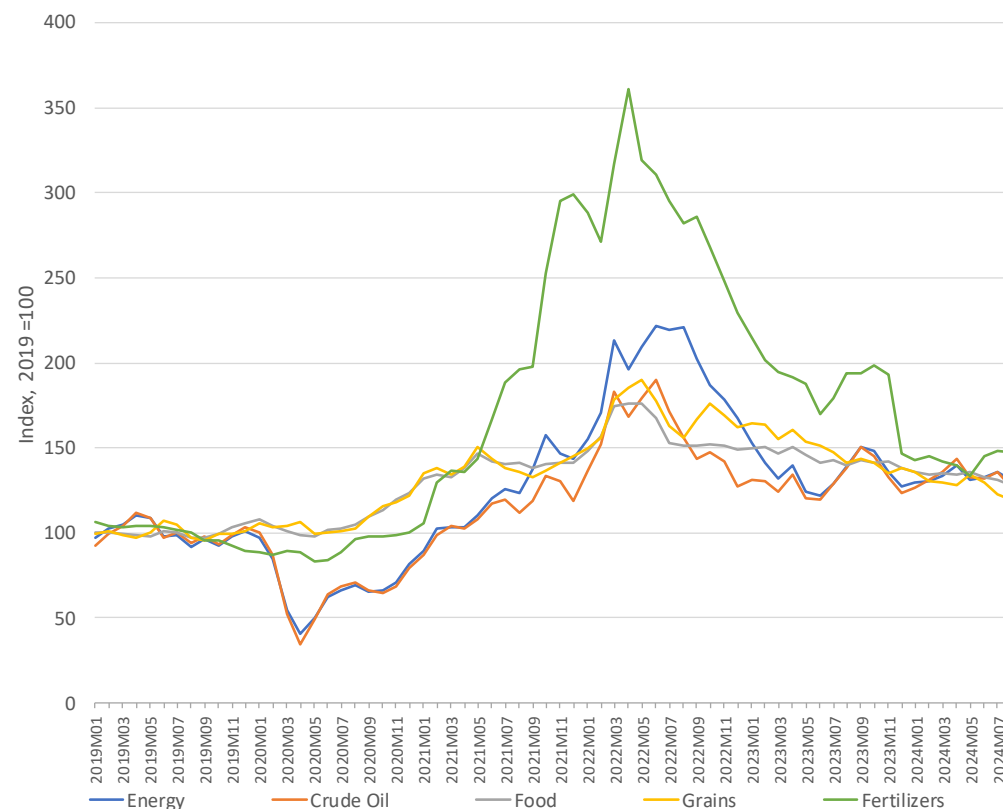
Energy prices and inflation have receded, allowing central banks in advance economies to cut policy rates



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Chart 5: Global primary commodity prices, January 2019-August 2024

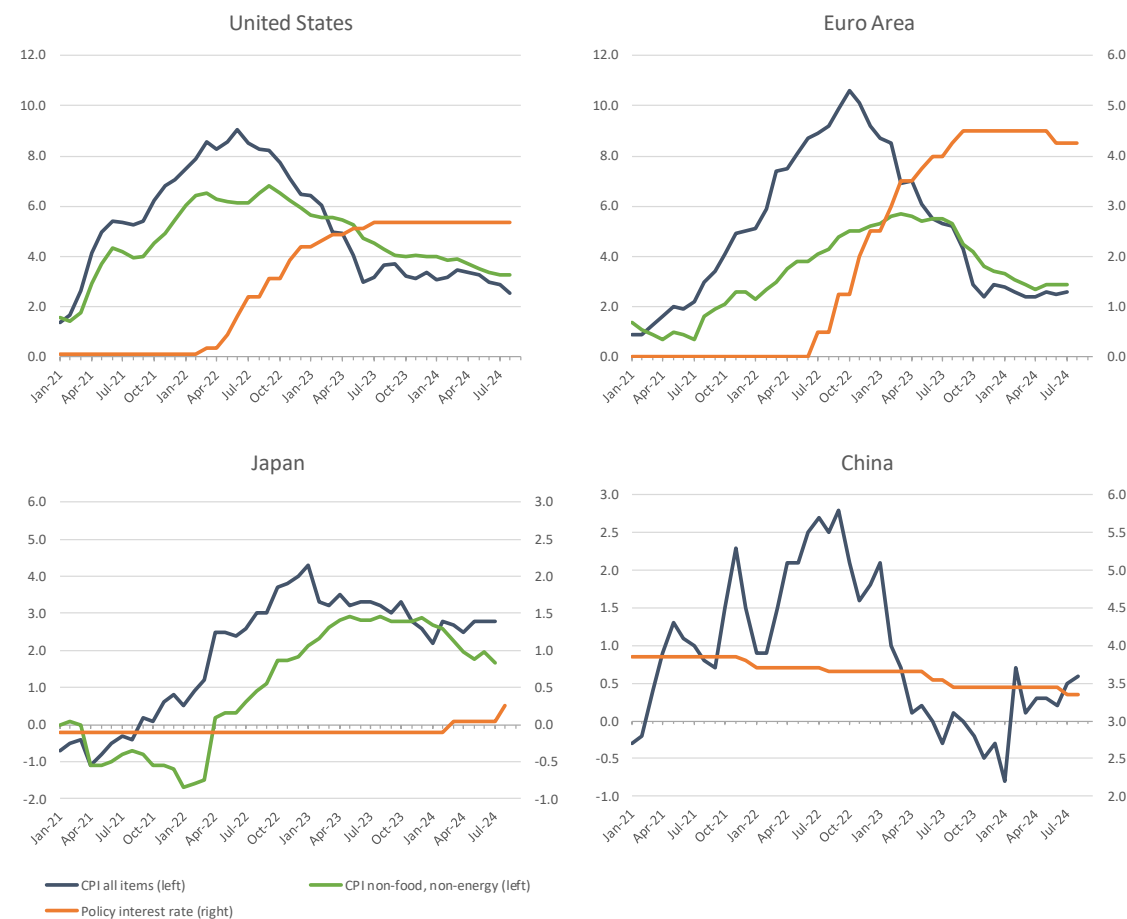
Index 2019=100 and US\$ per million Btu



Source: World Bank.

Chart 6: Consumer price inflation in selected economies, January 2021 - September 2024

Year-on-year % change and % per annum

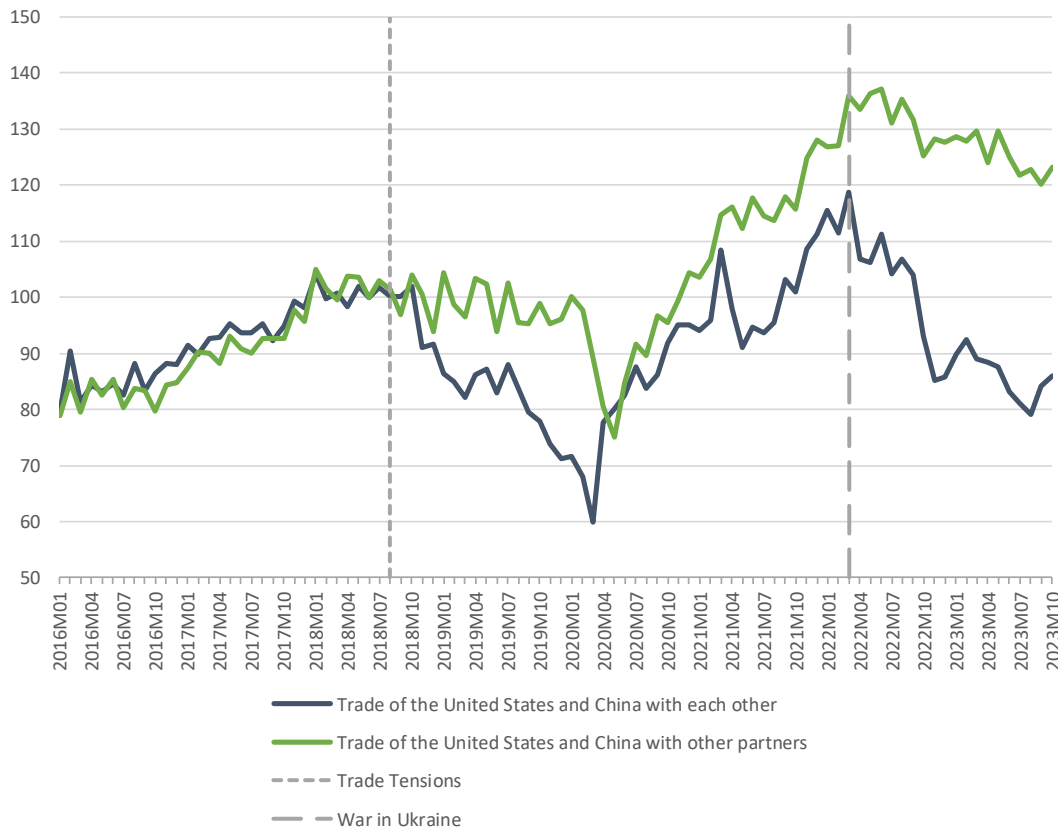


Source: OECD, Bank for International Settlements.

Evidence of trade patterns shifting in response to geopolitical tensions is discernible in the data

Chart 27: Trade between the United States and China and with other partners, 2016-2023

Index, June 2018=100

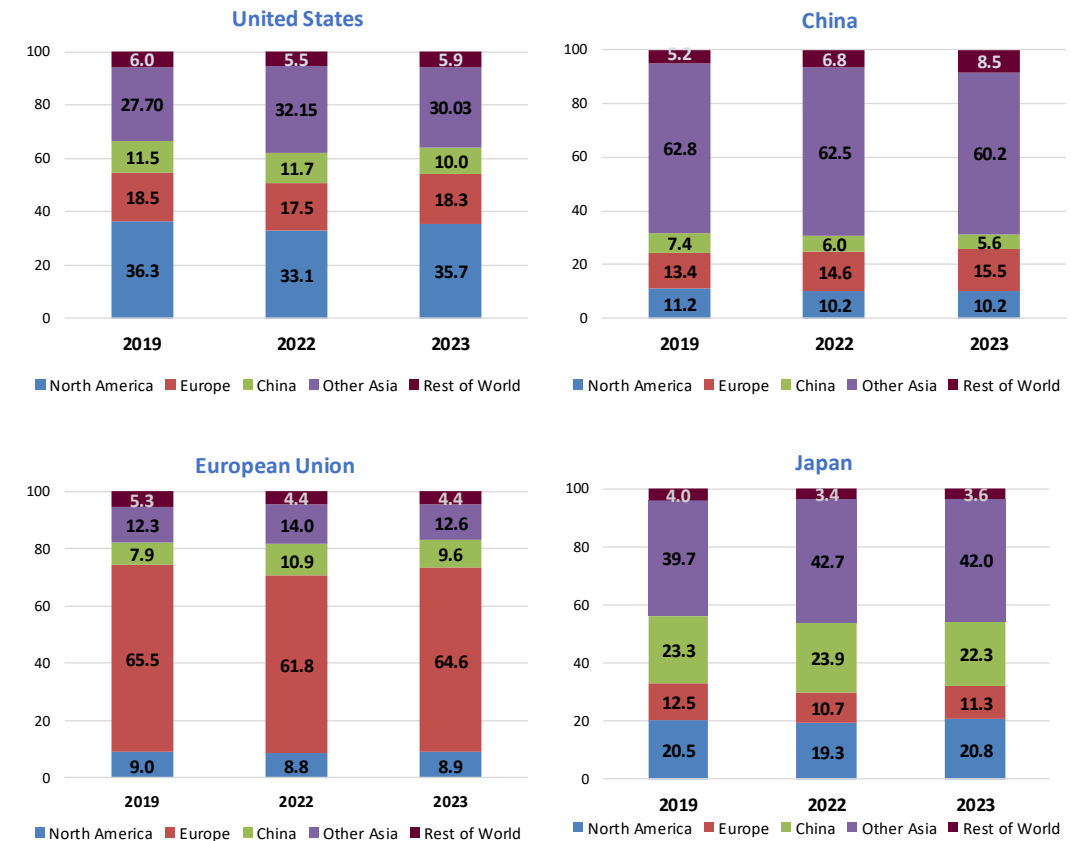


Source: Blanga-Gubbay and Rubínová (2023)

Note: Data are seasonally adjusted. Russian Federation, Belarus, and Ukraine are excluded. The red line shows the evolution of trade flows between China and the United States. The blue line shows the evolution of trade flows between the United States and partners other than China, and between China and partners other than the United States.

Chart 26: Total bilateral trade in BEC Parts and Accessories, 2019 - 2023

% share



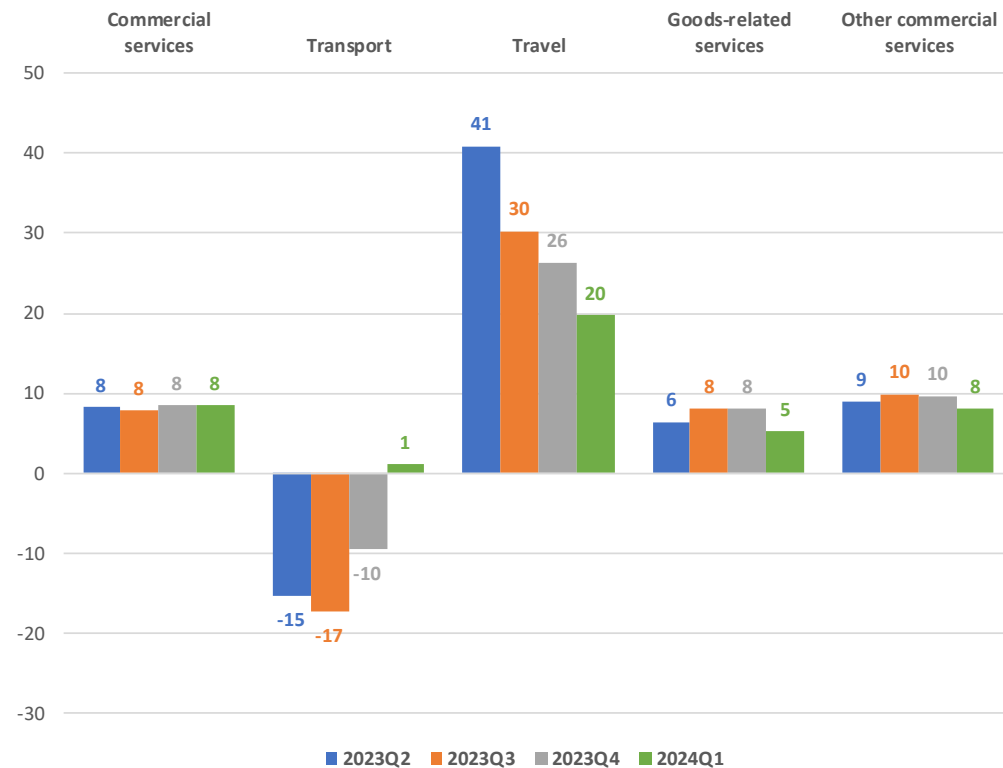
Note: Parts and accessories are defined in terms of the Broad Economic Categories (BEC) trade classification as the sum of codes 42 and 53. China also reports trade with itself, which represents re-imports.

Source: National customs statistics accessed through Trade Data Monitor.

Commercial services trade has continued to record strong, steady growth, cushioning the slowdown in goods trade

Year-on-year growth in world commercial services trade, 2023Q2-2024Q1

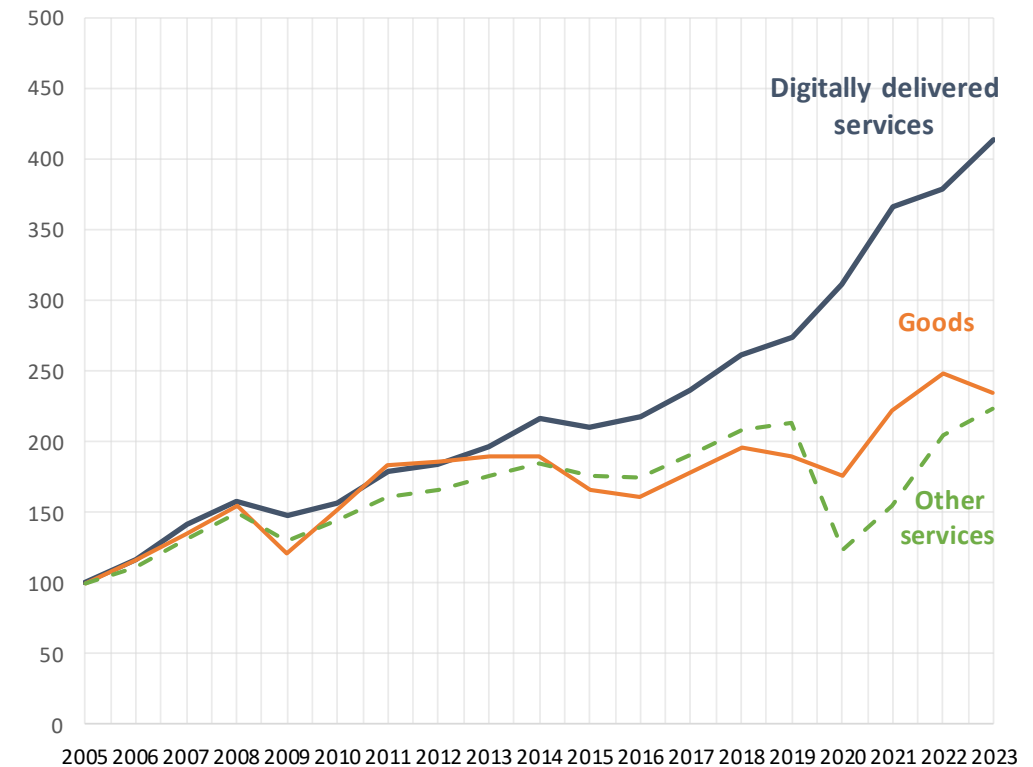
% change in US\$ values



Source: WTO-UNCTAD.

Chart 19: Global exports of digitally delivered services, 2005-2023

Index 2005=100

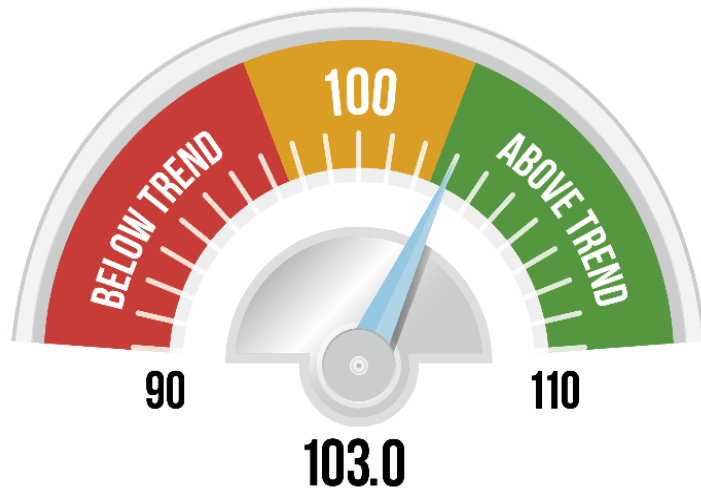


Source: WTO estimates.

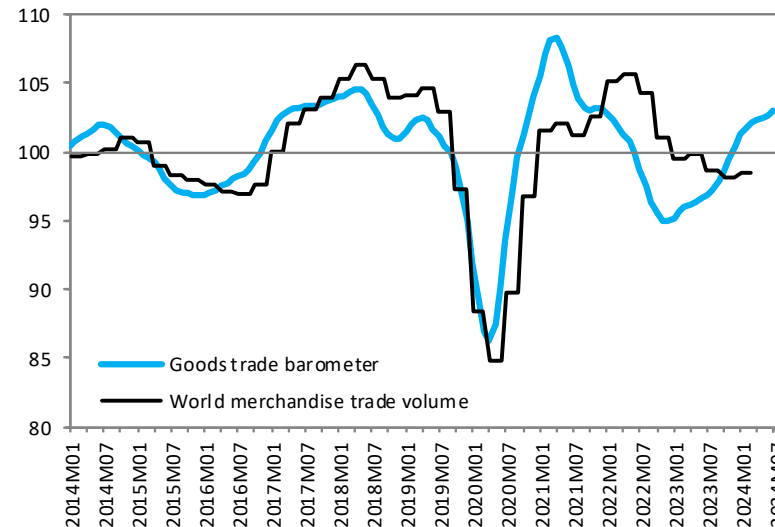
The WTO goods trade barometer is a composite leading indicator providing an early indication of the trajectory of merchandise trade volume relative to recent trends

Goods trade barometer

Index value, July 2024 = 103.0

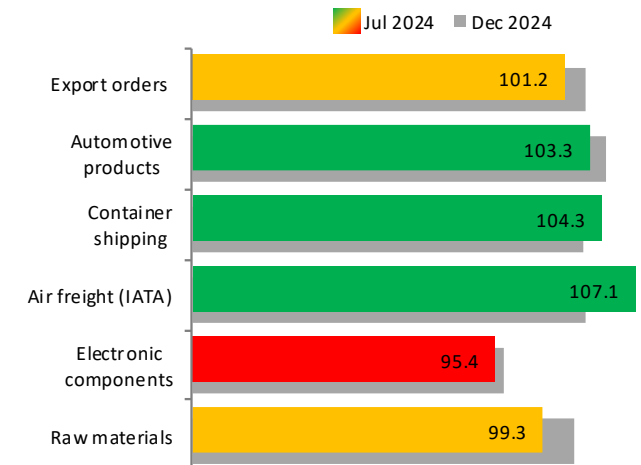


Index history, trend = 100



Drivers of goods trade

Component index values, trend = 100



Emerging data needs in international trade



Background

- The focus of trade policy has broadened considerably since the creation of the World Trade Organization in 1995, reflecting rising inequality, technological progress, and new challenges:
 - A number of initiatives at the WTO aim at increasing the inclusiveness of the trading system (e.g. informal working groups on gender and MSMEs).
 - A number of initiatives at the WTO deal with the changing nature of trade (e.g. Joint Statement Initiatives on E-Commerce and Services Domestic Regulation).
 - A number of initiatives at the WTO aim to address major challenges including climate change or pandemics (e.g. Trade and Environmental Sustainability Structured Discussions, WTO-IMF COVID-19 Vaccine Trade Tracker).

Trade and inclusiveness

How to make trade work for all

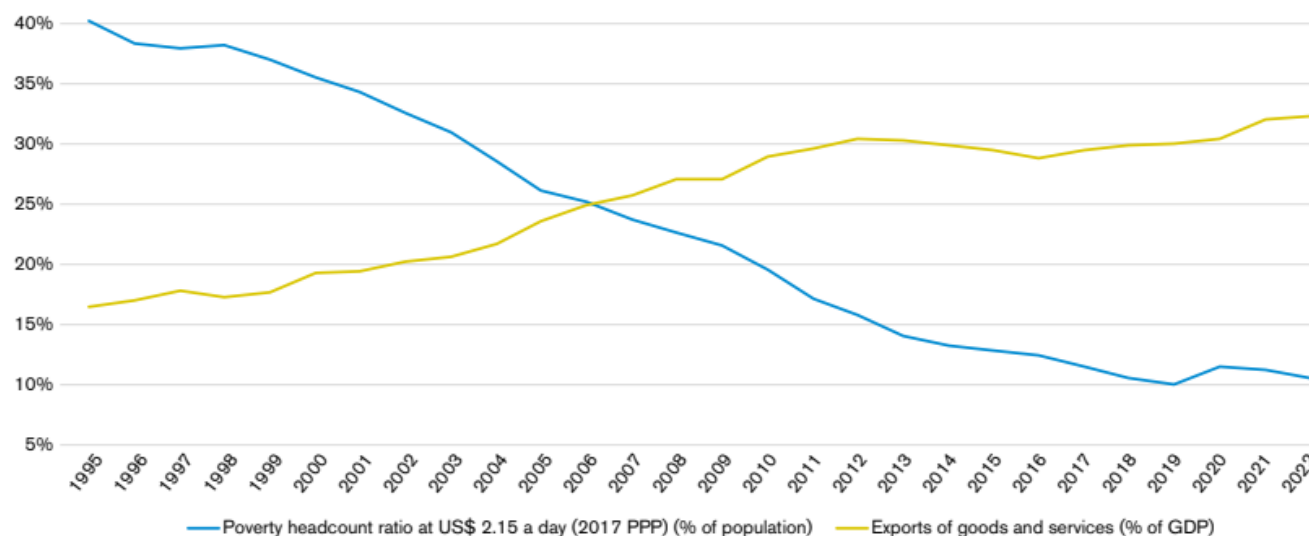


Data needs on trade and inclusiveness

- Policy makers are increasingly interested in the distributional impacts of trade at different levels:
 1. Individual effects on groups such as low-income households, women, ethnic minorities, indigenous peoples, people with disabilities, etc.
 2. Regional effects for place-based policies.
 3. Firm-level effects to support Micro, Small, and Medium-sized enterprises (MSMEs).

Data needs on trade and inclusiveness - Examples

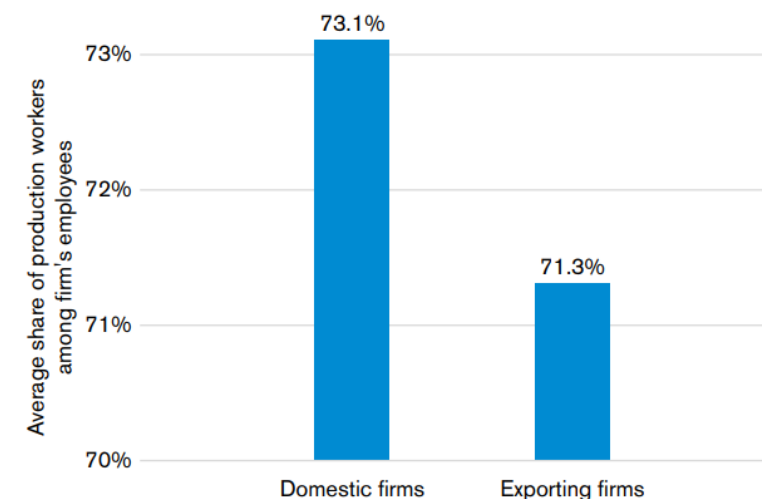
Figure C.1: Substantial poverty reduction alongside increased trade openness in low- and middle-income economies, 1995-2022



Source: Authors' calculations, based on World Bank data on poverty, exports and GDP.

Note: The figure displays the evolution of the average share of poverty headcount at US\$ 2.15 a day (2017 PPP) in population and the average share of exports of goods and services in GDP for low- and middle-income economies over the period 1995-2022. The income groups are based on the 2022 World Bank's classification.

Figure C.11: Lower share of low-skilled workers in exporting firms



Source: Authors' calculations, based on World Bank Enterprise Surveys.

Note: The figure displays the average share of production workers in firms engaged in domestic and international trade. Exporters are defined as firms with an export share of at least 10 per cent of total sales. The analysis covers all available economies, based on the latest year available for each economy.

Data needs on trade and inclusiveness - Examples

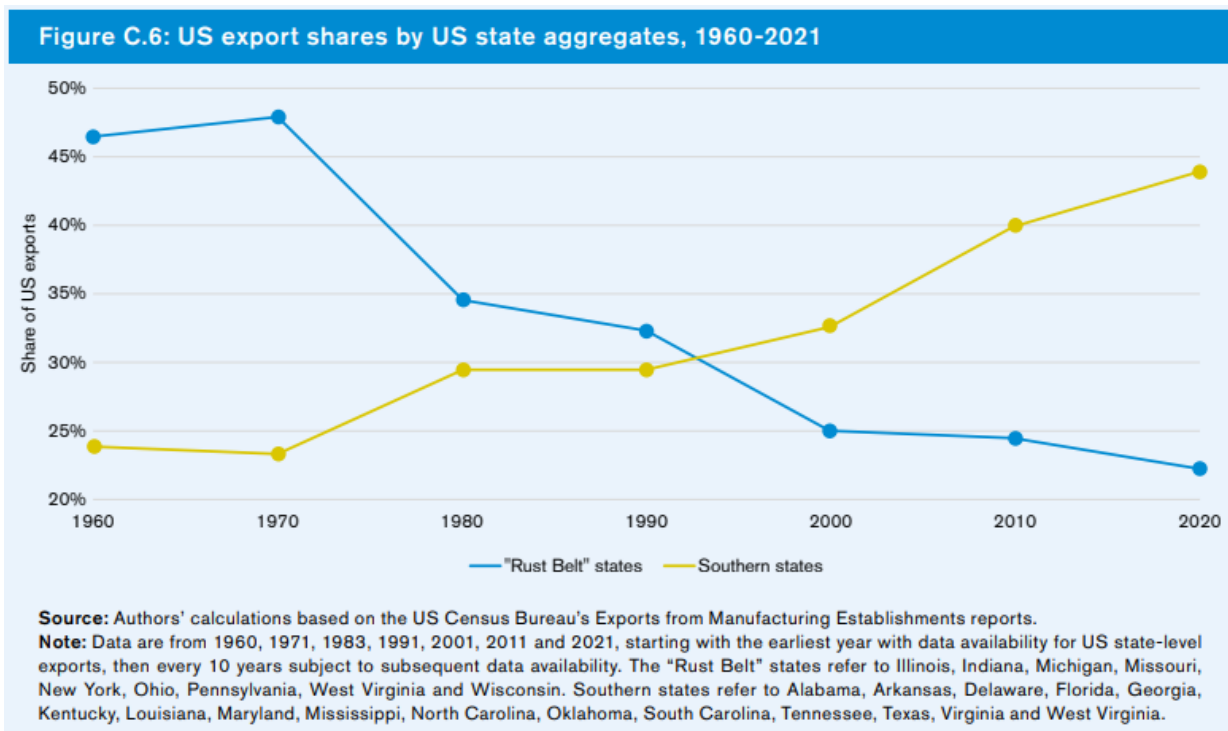
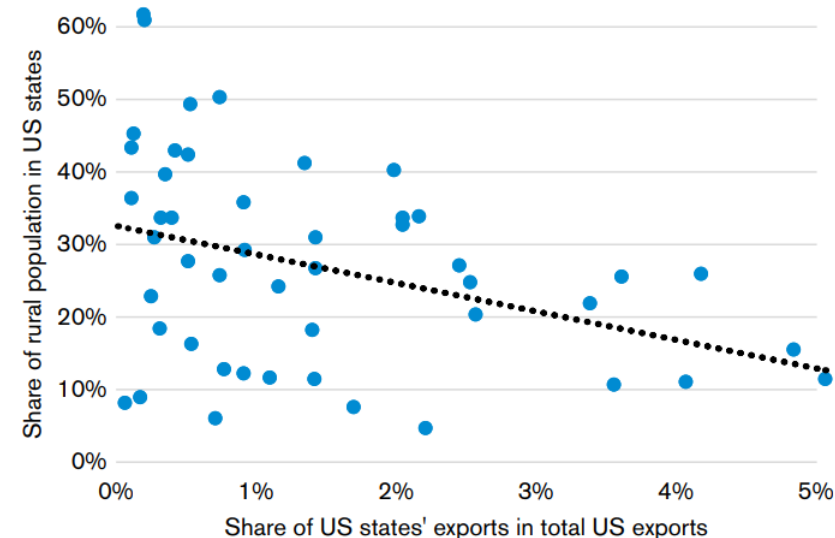


Figure C.10: Lower participation of the US rural population in international trade

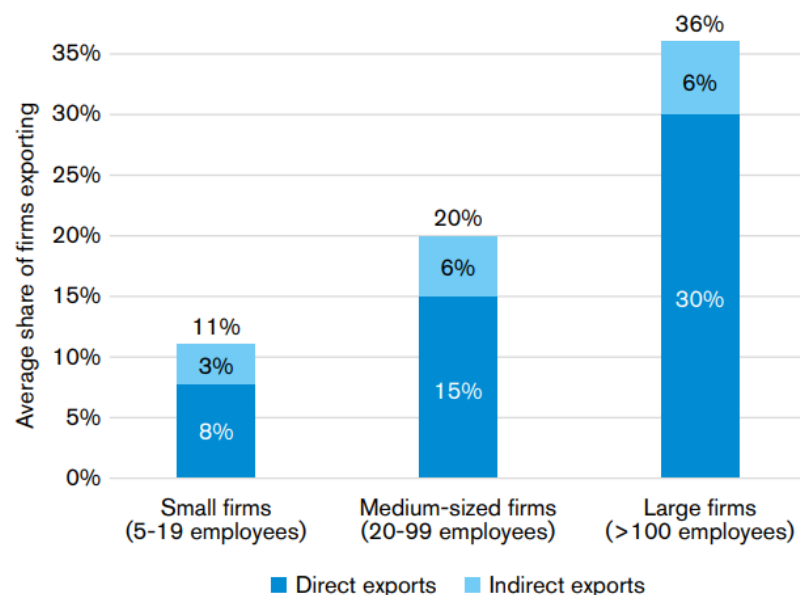


Source: Authors' calculations, based on US Census Bureau as reported by the National Bureau of Economic Research (NBER).

Note: The figure displays the correlation between the share of rural population in US states and the share of those US states' exports in the total US exports. Texas and California were omitted from the chart for readability with minor impact on the trendline.

Data needs on trade and inclusiveness - Examples

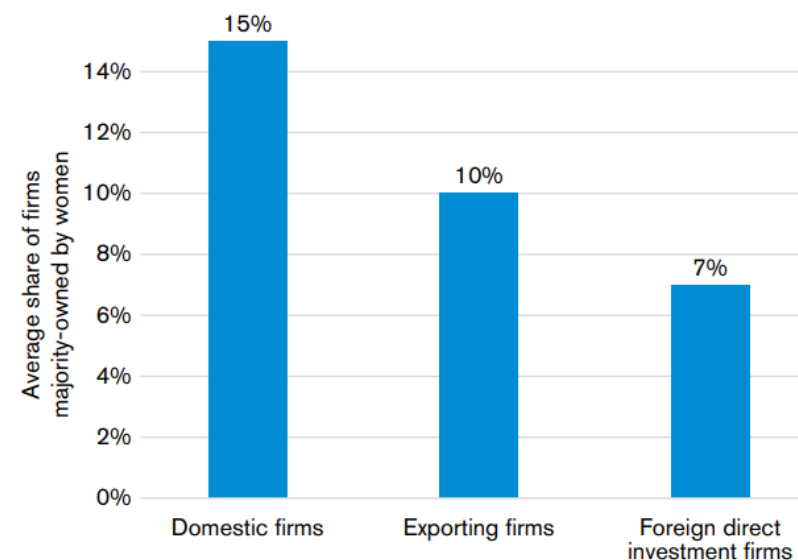
Figure C.8: Lower participation of MSMEs in international trade



Source: Authors' calculations, based on World Bank Enterprise Surveys.

Note: The figure displays the average share of firms exporting by firm size. Exporters are defined as firms with an export share of at least 10 per cent of total sales. Indirect exports correspond to products sold domestically to third party that exports products. The analysis covers all available economies, based on the latest year available for each economy. Figures have been rounded up to the nearest whole number.

Figure C.9: Lower participation of firms owned by women in international trade



Source: Authors' calculations, based on World Bank Enterprise Surveys.

Note: The figure displays the average share of women-owned firms engaged in domestic and international trade and those with foreign direct investment participation. Exporters are defined as firms with an export share of at least 10 per cent of total sales. Foreign direct investment firms are those with at least 10 per cent foreign ownership. The analysis covers all available economies, based on the latest year available for each economy.

Data needs on trade and inclusiveness - Issues

- Much of the research linking trade and aspects of inclusiveness is based on non-representative surveys or individual economies (e.g. many individual characteristics, regional statistics).
- On some aspects, data is missing altogether (e.g. data on certain groups such as indigenous peoples, ethnic minorities, or people with disabilities)
- On other aspects, strict confidentiality requirements complicate data access (e.g. firm-level data).

Data needs on trade and inclusiveness – Concluding remarks

- Current data availability and access is lagging behind the needs of policy makers.
- Systemic administrative collection of individual characteristics linkable to regional and firm-level datasets is required (e.g. employer-employee datasets). These in turn should be linkable to customs datasets.
- Confidentiality needs should be better balanced against public interest in informed policy making.
- New technologies should greatly facilitate data collection and accessibility in the future.