

Information note on trade in intermediate goods: second quarter 2021



- In the first half of 2021, trade in intermediate goods (IGs) from most top exporters had largely exceeded 2019 pre-pandemic levels.
- World exports of IGs rose by 47 per cent year-on-year (YoY) in the second quarter of 2021, with exports from Africa increasing the most (88 per cent).
- Growth was strongest for transport equipment (69 per cent). A base recovery further to the huge decline of activity in the automotive industry during the peak of the crisis in the second quarter of 2020.
- China maintained a high growth of supply and demand of international inputs (more than 40 per cent), while the largest increases were recorded for Australia's IG exports (74 per cent) and India's imports (119 per cent).
- Africa greatly increased IG exports to Asia, such as gold, rhodium, diamonds and iron ores/copper, by 98 per cent. Asian IG exports to South and Central America rose by 91 per cent.

IG exports by region, Q2 2021

World IG exports rose by 47 per cent in Q2 2021, continuing their upward trend since the peak of the COVID-19 crisis in Q2 2020.

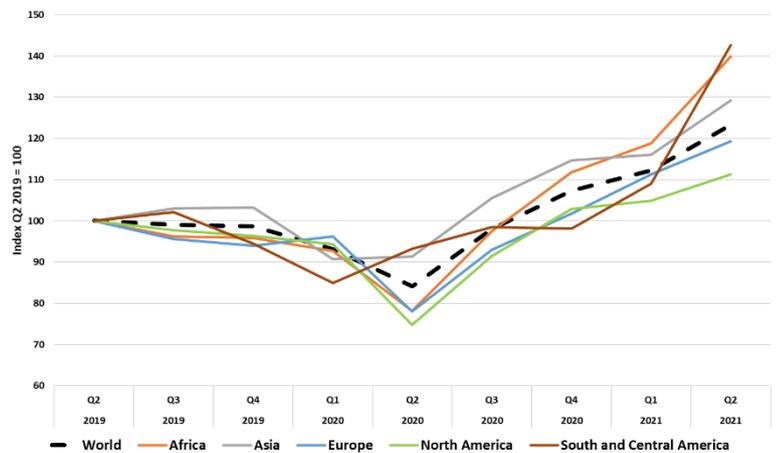
IG exports from Africa increased the most at 88 per cent, which was mainly due to strong jumps in exports of precious metals/stones (rhodium, 438 per cent; diamonds, 156 per cent), copper/copper cathodes (116 per cent) and iron ore concentrates (97 per cent). Some increases were mainly price driven, but the volume of exports also jumped for rhodium (nearly doubled in quantity) and non-industrial raw diamonds (quadrupled in carat terms).

The 53 per cent increase for South and Central America was also related to a strong rise in exports of primary commodities such as iron and copper ores.

World IG exports by category, Q2 2021

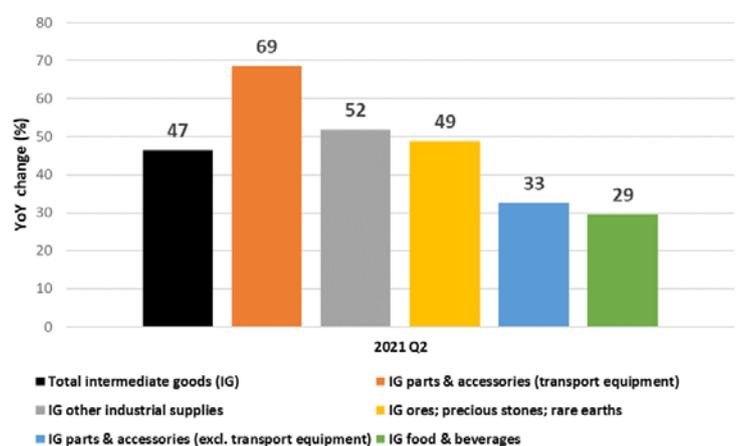
Exports of transport equipment rose the most in Q2 2021, by 69 per cent. This is a recovery from a low base after the strong decline observed for the sector in Q2 2020 – the automotive industry suffered the most in terms of demand and supply chains during the peak of the pandemic.

Exports of food and beverages increased the least in Q2 2021, by 29 per cent. Unlike other industries, the food sector did not show a marked slowdown in Q2 2020, thus requiring a lower recovery effort.



Source: Trade Data Monitor (99 reporting economies, including estimates for Africa).

+47% vs -16%
IG trade within supply chains
(growth in Q2 2021 vs Q2 2020)



Source: Trade Data Monitor.

IG are inputs used to produce a final product. They range from crops used in food production to textiles and metals needed to manufacture goods. Trade in intermediate goods is an indicator of the activity in supply chains, which was severely impacted in the early stages of the COVID-19 crisis. The share of IGs in total trade (excl. fuels) in Q2 2021 was 52 per cent, a ratio that remained constant over the last decade.

Top IG exporters, Q2 2021

Like most IG traders, China largely exceeded pre-pandemic levels in 2021. As the main IG global supplier, China maintained a high growth of exports of 42 per cent YoY.

Australia's IG exports increased the most during the first half of the year (74 per cent in Q2 further to 61 per cent in Q1). This was mainly due to exports of iron ore concentrates (101 per cent in Q2) used by the steel industry, and exports of wheat and meslin (183 per cent).

Brazil, a newcomer in top 15 exporters in Q2, increased its IG exports by 48 per cent, with a big rise in exports of soybeans to China amounting to US\$ 12 billion and accounting for more than 20 per cent of Brazil's total exports of intermediates.

Top IG exporters			
Rank	Exporter	US\$ bn	YoY change (%)
1	China	354	42
2	United States	200	46
3	Germany	185	52
4	Hong Kong, China	114	23
5	Korea, Rep. of	100	44
6	Japan	97	39
7	Chinese Taipei	81	39
8	Netherlands	79	44
9	Belgium	70	64
10	Italy	68	65
11	Singapore	65	26
12	France	63	54
13	Australia	59	74
14	Brazil	56	48
15	United Kingdom	54	20

Source: Trade Data Monitor.

Top IG importers, Q2 2021

China was the main purchaser of industrial inputs. Its imports grew by 45 per cent YoY, keeping on recovering from the COVID-19 crisis.

The United States intensified their imports of IT components from South-East Asia, and more especially from Malaysia (processors and integrated circuits) and Chinese Taipei (parts and accessories for data processing machines).

India kept on with the biggest growth in IG imports since the beginning of the year. With a 119 per cent increase in Q2, essentially linked to non-monetary gold (1034 per cent), non-industrial raw diamonds (896 per cent) and integrated circuits (333 per cent).

Top IG importers			
Rank	Importer	US\$ bn	YoY change (%)
1	China	425	45
2	United States	253	33
3	Germany	158	49
4	Hong Kong, China	115	30
5	United Kingdom	79	41
6	Japan	78	30
7	France	74	60
8	Netherlands	73	37
9	Korea, Rep. of	72	36
10	India	69	119
11	Mexico	69	56
12	Italy	66	67
13	Belgium	61	55
14	Singapore	57	23
15	Chinese Taipei	56	35

Inter- and intra-regional IG trade, Q2 2021

The exchanges of industrial inputs among Asian economies totaled US\$ 706 billion, growing by 43 per cent YoY in Q2 2021.

The highest inter-regional growth was for Africa towards Asia, by 98 per cent. African companies shipped notably precious metals, iron ore concentrates, copper cathodes to their partners in Asian supply chains. The highest intra-regional growth was for South and Central America (72 per cent), mainly shipments of copper cathodes and agricultural products (wheat, soybeans, maize).

Asian exports to South and Central America grew by 91 per cent, mostly vaccines, photovoltaic cells, phosphate, integrated circuits and gear boxes.

The substantial increases in intra-European (61 per cent) and intra-North American (65 per cent) exports were mainly due to shipments of vaccines (intra-Europe) and recovering trade in automotive inputs (intra-Europe and intra-North America). European exports to South and Central America (76 per cent) benefited from increased demand for automotive parts and iron/steel.

		YoY change (%)				
		Africa	Asia	Europe	North America	South & Central America
Importer →	Exporter ↓					
Africa		48	98	66	47	66
Asia		51	43	35	31	91
Europe		45	53	61	8	76
North America		21	35	36	65	51
South & Central America		17	53	40	41	72

Note: Diagonal represents intra-regional trade while off-diagonal percentages stand for inter-regional trade.

Source: Trade Data Monitor (including estimates for Africa).