Chapter I

# Introduction

# Acknowledgements

This publication has been prepared under the direction of Robert Koopman, Director, Economic Research and Statistics Division and Andreas Maurer, Chief, International Trade Statistics Section. The coordination and supervision of the preparation of tables and charts and the production of the report was undertaken by Ninez Piezas-Jerbi, with the assistance of Sebastian Wardyn. Statistical research, data compilation, the preparation of estimates and trade analysis were conducted by Barbara d'Andrea-Adrian, Alejandra Barajas Barbosa, Lori Chang, Christophe Degain, Florian Eberth, Antonella Liberatore, Coleman Nee, Ninez Piezas-Jerbi, Ying Yan and Maria Mercedes Ycaza Nowak. Special contributions to this publication were made by the WTO's Market Access Division, Market Access Intelligence Section, the Aid for Trade Unit and the Trade Monitoring Section of the Trade Policies Review Division.

Acknowledgements are owed to the multilateral, national and private institutions for providing their statistics. The detailed statistical sources used in this report are presented in Chapter VIII.

The International Trade Statistics Section also wishes to thank colleagues from the Information and External Relations Division (IERD) and the Languages Documentation and Information Management Division (LDIMD) whose collaboration is vital in the production of this report. In particular, recognition is owed to Anthony Martin and Serge Marin-Pache for the editing and production of the publication and to Steve Cooper and Joao Dos Santos De Almeida for preparing the publication for the website. Recognition is also owed to the French and Spanish translators for rendering the report in the WTO's other official languages.

Finally, we wish to thank the community of "WTO Statistics" users for their loyalty and their suggestions and comments for improvements to WTO statistics. Their regular feedback allows us to better provide relevant statistical data.

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**For more information on the contents of this report, comments or suggestions for improvement may be sent by email to the International Trade Statistics Section (statistics@wto.org).**

# A message from Director-General Roberto Azevêdo

*"Robust data and statistics provide an essential basis for all of our work at the WTO, helping us to pursue our mission of making the opportunities that trade offers available to all."*

In this second edition of "World Trade Statistical Review", we look back over the past ten years to examine the latest trends in trade and to analyse how and why global trade is changing.

Our statistical data confirm that trade has continued to support economic growth and development, helping to reduce poverty around the world. World merchandise exports have increased in value by about 32 per cent since 2006, reaching USD 16 trillion in 2016. At the same time, world exports of commercial services have accelerated by about 64 per cent, reaching a total of USD 4.77 trillion.

The highest growth in merchandise trade has been achieved by manufactured goods and agricultural products, which have increased by 37 per cent and 67 per cent in value respectively. In fact, the only significant exception has been in exports of fuels and mining products, which are 10 per cent lower than the level achieved in 2006, mostly due to a fall in crude oil prices.

These statistics are good news for the global economy overall. However, they hide the more recent trend. In 2016, world merchandise trade recorded its lowest growth in volume terms since the financial crisis of 2008, increasing by just 1.3 per cent. This is half the level achieved in 2015 and well below the 4.7 per cent average annual growth rate since 1980.

The low level of trade growth in 2016 is driven in part by weak GDP growth of just 2.3 per cent, down from 2.7 per cent in 2015 and also below the 2.8 per cent average annual rate since 1980.

There has also been a decline in recent years in the ratio of trade growth to GDP growth, which has fallen to around 1:1 in the wake of the financial crisis. This contrasts with trade growing 1.5 times faster than world GDP on average since the end of the Second World War. And last year marked the first time since 2001 that the ratio has dropped below 1, to 0.6.

However, the leading indicators of trade in the first few months of 2017 are generally more positive, with trade growth of 2.4 per cent estimated for this year. Trade is also expected to be given a boost by the implementation of the WTO's Trade Facilitation Agreement (TFA), which entered into force earlier this year. The aim of the TFA is to streamline customs procedures and to speed up the flow of goods across borders. It has been estimated that full implementation of the TFA could lead to an increase of as much as 2.7 percentage points per year to world trade growth by 2030.

Looking back over the past year, it is evident that trade remains highly concentrated. For both merchandise and commercial services, the top ten traders represent more than half of world trade.

Nevertheless, developing economies are increasing their participation. Their share of world merchandise trade has increased to 41 per cent while for commercial services it has risen to 36 per cent. However the share of least-developed countries (LDCs) in world merchandise and commercial services exports remains far too low, below 1 per cent.

Trade between developing economies has continued to rise. In 2015, it represented more than half of their total exports, with manufactured goods reaching as high as 67 per cent.

In the services sector, travel and other commercial services (a category that includes financial and business services) grew the fastest. Travel was driven in particular by strong intra-regional tourism. World exports of travel, which includes travellers' spending on goods and services during their visits abroad, rose by 2 per cent in 2016. This reflects an increase in tourist numbers worldwide and expanded tourism within Asia, with China becoming an increasingly important source of expenditure on overseas travel. Among other commercial services, information and communication technology (ICT) was the fastest-growing category. Computer services represented over 72 per cent of ICT exports, or US$ 353 billion, partly boosted by the recent expansion of the WTO's Information Technology Agreement.

The rise of new technologies is likely to have a positive impact on digital trade in years to come, offering many new opportunities to entrepreneurs and small businesses around the world. Good policymaking in this area requires an improvement in statistics on digital trade. To tackle this challenge, an inter-agency task force convened by WTO and OECD is advancing the issue.

Indeed, robust data and statistics provide an essential basis for all of our work at the WTO, helping us to pursue our mission of making the opportunities that trade offers available to all, with all sections of society able to participate and benefit. Therefore I would like to thank everyone that has worked on this report. I am sure that it will prove a valuable resource in pursuing this mission.

**Roberto Azevêdo**
Director-General

# Abbreviations and symbols

**ACP** African, Caribbean and Pacific Group of States
**ASEAN** Association of South-East Asian Nations
**AFTA** ASEAN Free Trade Area
**BOP** Balance of Payments
**BPM6** Balance of Payments Manual, sixth edition
**CACM** Central American Common Market
**CARICOM** Caribbean Common Market
**CEMAC** Economic and Monetary Community of Central Africa
**CIS** Commonwealth of Independent States, including associate and former member States
**COMESA** Common Market for Eastern and Southern Africa
**ECCAS** Economic Community of Central African States
**ECOWAS** Economic Community of West African States
**EFTA** European Free Trade Association
**EU** European Union
**EUROSTAT** Statistical Office of the European Communities
**FAO** Food and Agriculture Organization of the United Nations
**FATS** Foreign Affiliates Statistics
**FDI** Foreign Direct Investment
**GCC** Gulf Co-operation Council
**GDP** Gross Domestic Product
**GNP** Gross National Product
**HS** Harmonized Commodity Description and Coding System
**IEA** International Energy Agency
**IMF** International Monetary Fund
**ITC** International Trade Center
**GTA** Global Trade Atlas (IHS Markit)
**ISIC** International Standard Industrial Classification
**LDCs** Least-developed countries
**MERCOSUR** Southern Common Market
**NAFTA** North American Free Trade Agreement
**OECD** Organisation for Economic Co-operation and Development
**PA** Pacific Alliance
**SAARC** South Asian Association for Regional Co-operation
**SADC** South African Development Community
**SAFTA** South Asian Free Trade Arrangement
**SITC** Standard International Trade Classification
**UNECE** United Nations Economic Commission for Europe
**UNECLAC** United Nations Economic Commission for Latin America and the Caribbean
**UNCTAD** United Nations Conference on Trade and Development
**UNIDO** United Nations Industrial Development Organization
**UNSD** United Nations Statistics Division
**WAEMU** West African Economic and Monetary Union

| | |
|---|---|
| c.i.f. | cost, insurance and freight |
| f.o.b. | free on board |
| n.e.s. | not elsewhere specified |
| n.i.e. | not included elsewhere |

**The following symbols are used in this publication:**

| | |
|---|---|
| ... | not available or growth rates exceeding 500% |
| 0 | figure is zero or became zero due to rounding |
| - | not applicable |
| $ | United States dollars |
| Q1, Q2 | 1st quarter, 2nd quarter |
| I | break in comparability of data series. Data after the symbol do not form a consistent series with those from earlier years. |

Billion means one thousand million.

Minor discrepancies between constituent figures and totals are due to rounding.

Unless otherwise indicated, (i) all value figures are expressed in U.S. dollars; (ii) trade figures include the intra-trade of free trade areas, customs unions, geographical and other groups; (iii) merchandise trade figures are on a customs basis and (iv) merchandise exports are f.o.b. and merchandise imports are c.i.f. Data for the latest year are provisional.

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**Closing date for provision of data: 15 May 2017.**