

# Goods and services – what is being traded?

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# 11%

World merchandise exports increased by 11% in 2017.

# 28%

Fuel and mining exports recorded the highest growth, increasing by 28% in 2017.

US\$

# 4.67 trillion

The European Union was the largest exporter of manufactured goods in 2017, with a value of US\$ 4.67 trillion, followed by China with US\$ 2.13 trillion and the United States with US\$ 1.13 trillion.

# 8%

Increase in world exports of commercial services in 2017.

# 9%

Increase in transport exports in 2017. Travel and other commercial services grew by 8%.

# 10%

Increase in world exports of charges for the use of intellectual property n.i.e in 2017.

# 9%

Agriculture exports increased by 9% in 2017.

US\$

# 837 billion

Sales of majority-owned foreign affiliates trading in services in China in 2016 (inward FATS).

# 25%

Growth of Africa's travel exports in 2017.

# 7 percentage points

Non-EU economies' value-added share in EU automotive exports increased by 7 percentage points, from 14.8% in 2000 to 21.8% in 2014.

# 17%

The prices of primary commodities, such as food and beverages, agricultural raw products, energy, minerals and nonferrous metals, increased by an average of 17% in 2017. However, world prices of all commodity products remained lower than in 2010.

# Merchandise trade

## Fuels and mining products record the highest growth

Following declines in 2015 and 2016, the value of world merchandise exports increased by 11 per cent in 2017. This was mainly driven by a 28 per cent increase in exports of fuels and mining products.

Exports of agricultural products increased by 9 per cent while exports of manufactured goods rose by 8 per cent. The share of fuels and mining products in world exports increased to 15 per cent, from 13 per cent in 2016 (see Chart 4.1).

Despite the increases for all major product groups, merchandise export values remained below the levels of 2014.

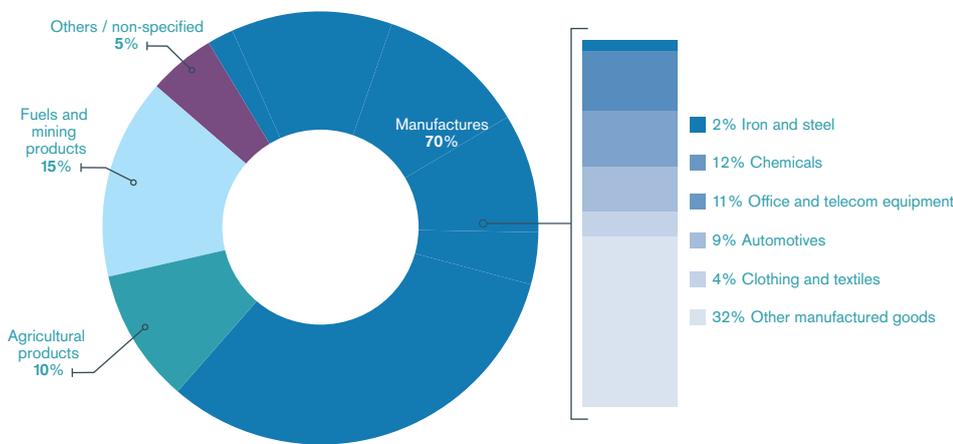
## Indonesia records largest increase in exports of agricultural products

The top six exporters of agricultural products in 2017 remained the same in 2016: the European Union, the United States, Brazil, China, Canada and Indonesia. Thailand moved from eighth to seventh position. Argentina fell from seventh to tenth position while Australia moved from tenth to eighth place. India remained in ninth position.

With the exception of Argentina (-4 per cent), the top ten exporters of agricultural products in 2017 recorded positive growth rates (see Chart 4.2) – ranging from 5 per cent (China and the United States) to 24 per cent (Indonesia). Indonesia's increase was mainly due to growth in exports of animal or vegetable fats and oils and rubber products.

The top ten exporters accounted for more than 73 per cent of world exports of agricultural products in 2017.

Chart 4.1  
**World merchandise exports by major product groups, 2017**  
 (Percentage share)



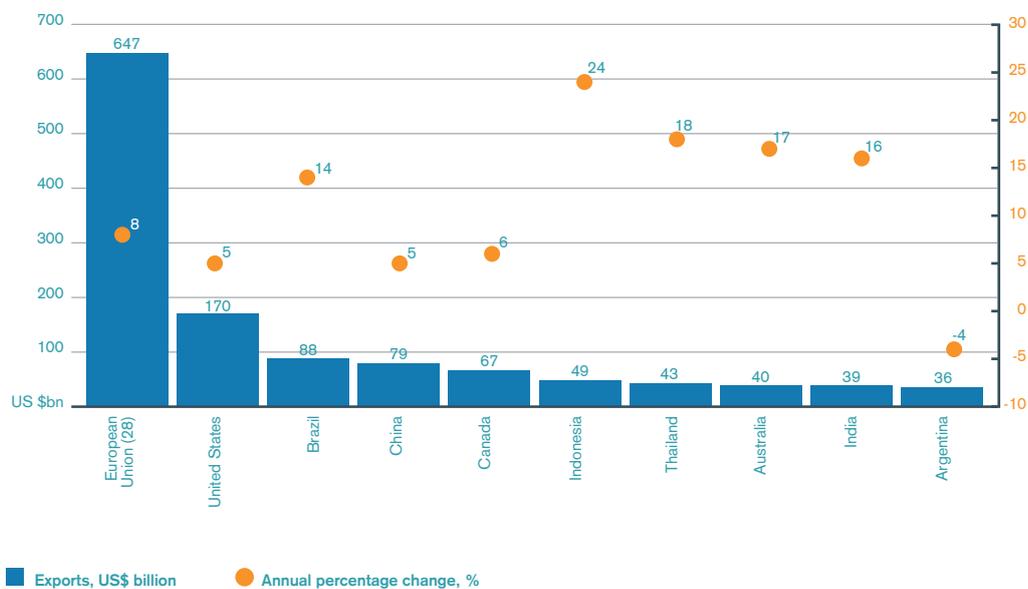
Source: WTO estimates.

**15%**  
 Share of fuels and mining products in world merchandise exports.

Chart 4.2

**Top ten exporters of agricultural products, 2017**

(US\$ billion and annual percentage change)



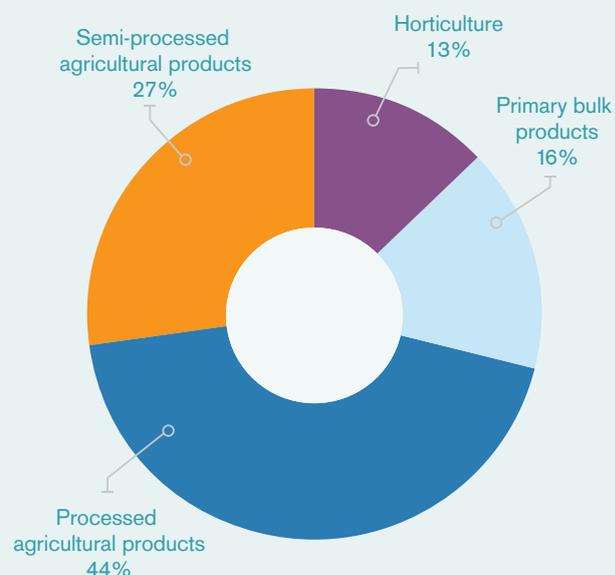
Source: WTO estimates.

**73%**  
Share of top ten exporters in world exports of agricultural products in 2017.

Box 4.1

**World exports of agricultural products<sup>1</sup>, 2016**

(Percentage share)

**Processed products represent largest share of agricultural trade**

- Processed agricultural products, such as chocolate and processed coffee, traditionally represent the largest share in world exports of agricultural products (**44 per cent in 2016**).
- Semi-processed products, such as oilseed cake or vegetable oils, represented **27 per cent of exports**.
- Primary bulk products (e.g. wheat and coffee beans) constituted **16 per cent of exports in 2016**.
- Horticultural products (e.g. tomatoes, bananas, cut flowers) had the lowest share, representing **13 per cent of exports**.

Trade in processed products is highly concentrated, with relatively few exporting countries (such as the European Union and the United States) having the biggest shares of world exports. In 2016, high-income countries represented almost 80 per cent of all exports of processed agricultural products.

<sup>1</sup> Excluding fishery.

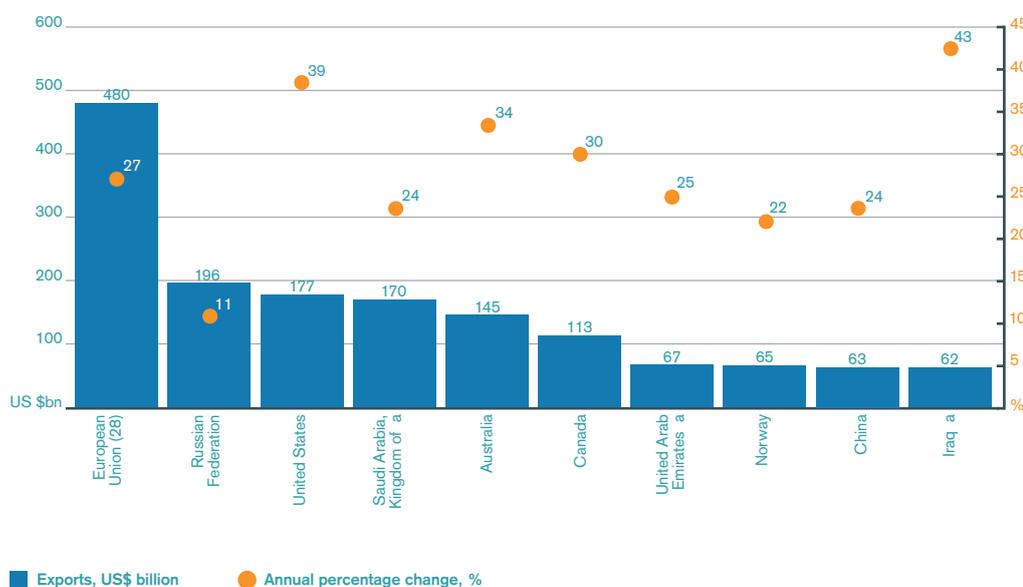
Source: WTO estimates based on UN Comtrade.

### Exports of fuels and mining products increase for all major exporters

The top ten exporters of fuels and mining products all recorded increases in exports in 2017, ranging from 11 per cent (Russian Federation) to 43 per cent (Iraq) – see Chart 4.3 and Table A16. This was mostly due to higher prices (energy prices rose by 26 per cent in 2017). However, exports of these major traders remained below the levels recorded in 2014.

The top six exporters (the European Union, the Russian Federation, the United States, Saudi Arabia, Australia and Canada) remained in the same order but the United Arab Emirates moved past Norway into seventh position. China remained in ninth position, followed by Iraq in tenth place. Qatar dropped out of the top ten.

Chart 4.3  
**Top ten exporters of fuels and mining products, 2017**  
 (US\$ billion and annual percentage change)



**39%**  
 Increase of the United States in world exports of fuels and mining products in 2017.

<sup>a</sup> Includes Secretariat estimates.  
 Source: WTO estimates.

### Over 80 per cent of exports of manufactured goods are from the top ten exporters

The European Union continued to be the largest exporter of manufactured goods, with an export value of US\$ 4.67 trillion in 2017 (a 9 per cent increase) – see Chart 4.4 and Table A17. Its share of world exports of manufactured goods was almost 39 per cent.

China's exports reached US\$ 2.13 trillion (+8 per cent), representing a share of 18 per cent of world exports. The United States followed

this, with a share of 9 per cent (US\$ 1.13 trillion, +4 per cent). Japan was in fourth position. The Republic of Korea (fifth) and Hong Kong (China) (sixth) changed places. The other four top exporters (namely Mexico, Singapore, Chinese Taipei and Canada) remained in the same positions.

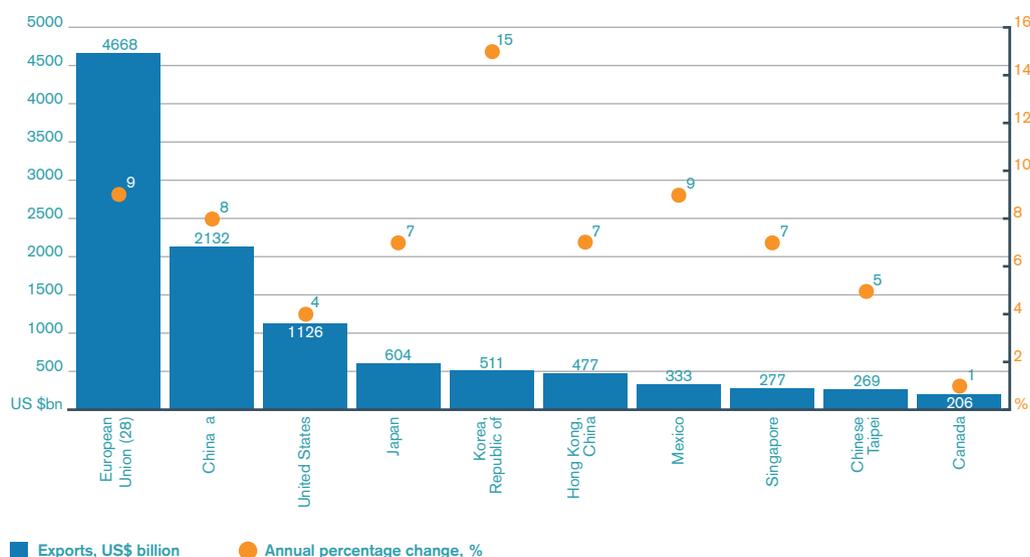
The highest increase in exports of manufactured goods was recorded by the Republic of Korea (15 per cent), the lowest by Canada (1 per cent).

The top ten exporters of manufactured goods represented 84 per cent of the world total in 2017.

Chart 4.4

**Top ten exporters of manufactured goods, 2017**

(US\$ billion and annual percentage change, %)



<sup>a</sup> Includes significant shipments through processing zones.  
Source: WTO estimates.

**The Republic of Korea records highest increase in exports of chemicals**

With the exception of Canada (-4 per cent), the top ten exporters all recorded increases in the value of chemicals exports in 2017, ranging from 4 per cent (Switzerland) to 17 per cent (Republic of Korea) – see Chart 4.5 and Table A19.

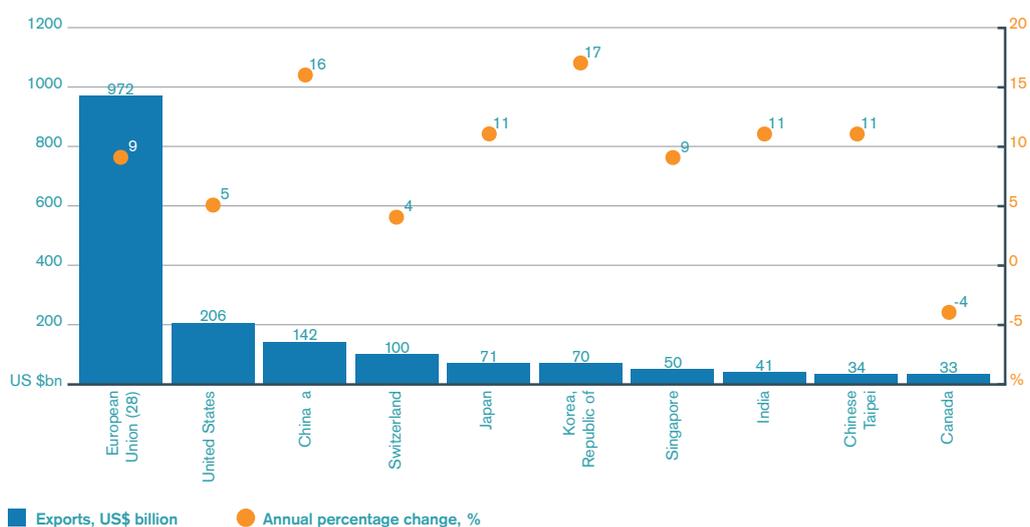
The order of the top ten remained unchanged, apart from Chinese Taipei moving up to ninth position and Canada down to tenth place.

The European Union recorded almost half (49 per cent) of world exports of chemicals in 2017, followed by the United States (10 per cent) and China (7 per cent).

Chart 4.5

**Top ten exporters of chemicals, 2017**

(US\$ billion and annual percentage change)



<sup>a</sup> Includes significant shipments through processing zones.  
Source: WTO estimates.

**15%**  
Increase in exports of manufactured goods by the Republic of Korea in 2017.

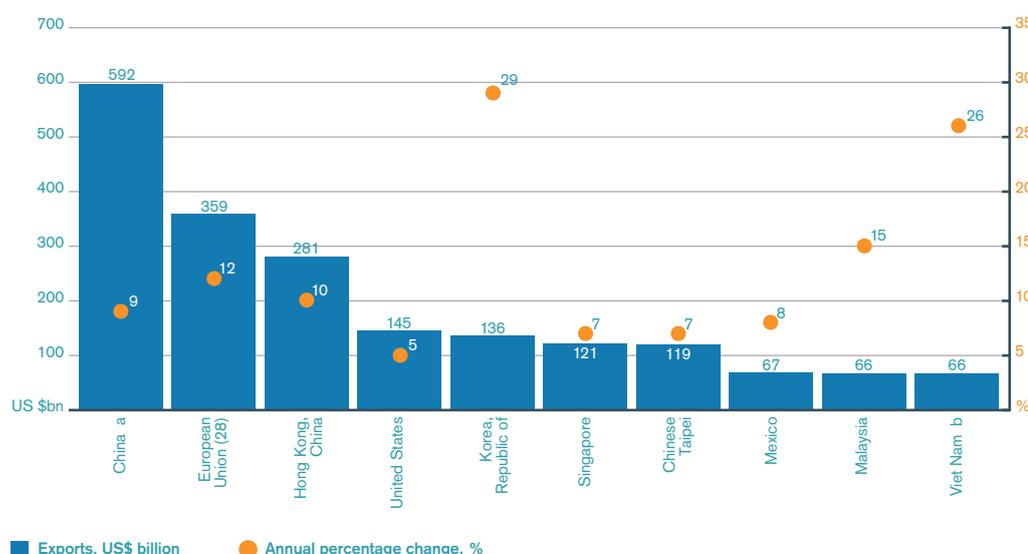
**49%**  
Share of the European Union in world exports of chemicals in 2017.

### Viet Nam enters top ten exporters of office and telecom products

The Republic of Korea recorded the highest increase (29 per cent) in exports of office and telecom equipment among the top ten exporters in 2017 (see Chart 4.6 and Table A20). The second highest growth was achieved by Viet Nam (26 per cent), which entered the top ten exporters in 2017, mostly thanks to distinctly increased exports to China.

The top exporter continued to be China, recording a 32 per cent share of world exports in 2017, followed by the European Union (almost 20 per cent). Chinese exports increased by 9 per cent while EU exports grew by 12 per cent. The top ten exporters represented almost 91 per cent of world exports of office and telecom products in 2017 (up from 86.7 per cent in 2010).

Chart 4.6  
**Top ten exporters of office and telecom equipment, 2017**  
 (US\$ billion and annual percentage change)



**29%**  
 Increase in exports of office and telecom equipment of the Republic of Korea in 2017.

<sup>a</sup> Includes significant shipments through processing zones.  
<sup>b</sup> Includes Secretariat estimates.  
 Source: WTO estimates.

### EU remains top exporter of automotive products

The European Union increased its share in world exports of automotive products by 0.5 percentage points in 2017, reaching a market share of 50.6 per cent. The next biggest exporters remained Japan, the United States and Mexico.

Among the top ten exporters, Brazil recorded the largest increase (32 per cent) followed by Turkey (22 per cent) and Mexico (14 per cent) - see Chart 4.7 and Table A21.

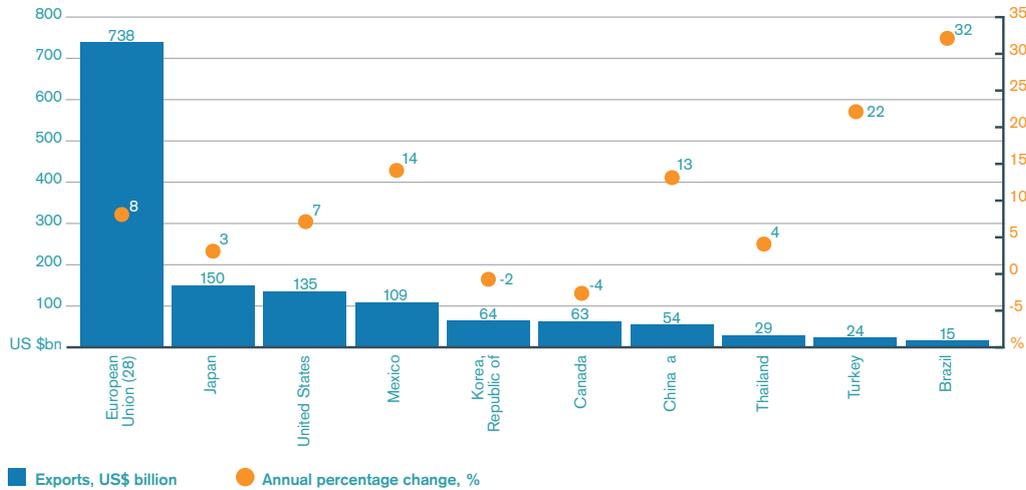
Despite improving its market share from 1.4 per cent of global exports to 1.6 per cent in 2017, Turkey remained in ninth position. The Republic of Korea moved up from sixth to fifth place while Canada moved down to sixth, from fifth.

Brazil moved into the top ten from 12th position in 2016 while India dropped out of the top ten (to 11th place). Canada (-4 per cent) and the Republic of Korea (-2 per cent) were the only two economies within the top ten with declines in 2017. Collectively, the top ten covered almost 95 per cent of world exports of automotive products in 2017.

Chart 4.7

**Top ten exporters of automotive products, 2017**

(US\$ billion and annual percentage change)



<sup>a</sup> Includes significant shipments through processing zones.  
Source: WTO estimates.

**India records highest growth in exports of iron and steel**

After three years of stagnating prices and sluggish demand, the top ten exporters of iron and steel all saw an increase in the value of their exports of iron and steel (see Chart 4.8 and Table A18). The highest growth was achieved by India (69 per cent), followed by the Russian Federation (39 per cent) and Brazil (37 per cent). Chinese exports recorded the lowest

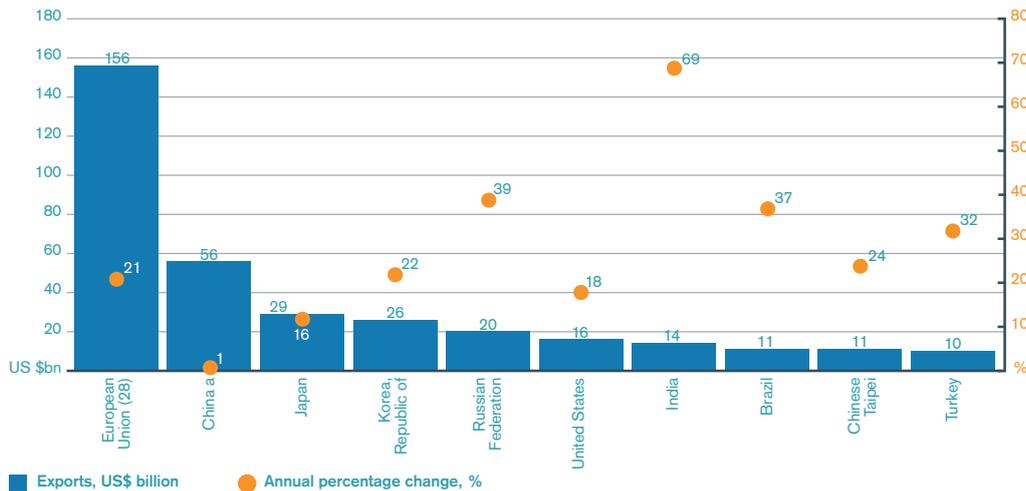
growth rate (1 per cent). The European Union remained the largest exporter (38 per cent market share) followed by China and Japan.

India and Brazil exceeded the value of exports achieved in 2014 while the other top ten exporters remained below 2014 totals. Collectively, the top ten exporters represented almost 85 per cent of world exports of iron and steel products in 2017 (compared with 83 per cent in 2010).

Chart 4.8

**Top ten exporters of iron and steel, 2017**

(US\$ billion and annual percentage change)



<sup>a</sup> Includes significant shipments through processing zones.  
Source: WTO estimates.

**95%**  
Share of the top ten exporters in world exports of automotive products in 2017.

**1%**  
Increase in Chinese exports of iron and steel, the lowest growth rate among the top ten exporters in 2017.

## Trade in commercial services

### Transport services make full recovery

World exports of transport services bounced back in 2017, boosted by an increase in merchandise trade flows (see Chart 4.9).

World exports reached US\$ 931.5 billion, up 9 per cent, reflecting a recovery in all regions, with a peak in the Commonwealth of Independent States (+12 per cent). The Middle East continued to thrive with growth of around 12 per cent in 2017, thanks to its dynamic air

transport sector. In Europe, which accounted for almost half of global transport exports in 2017, transport revenues were up 11 per cent.

Growth remained well below the world average in North America as well as in South and Central America and the Caribbean, as the air transport industry faced heavy losses due to the significant disruption caused by powerful hurricanes hitting the United States and the Caribbean.

Chart 4.9  
**World transport exports by region, 2017**  
 (Annual percentage change)



Source: WTO-UNCTAD-ITC estimates.

Nevertheless, 2017 was a record year for the airline industry. International air freight volumes expanded globally by 9.9 per cent. Africa recorded the best performance (+25 per cent), more than double the world average, boosted by an increase in direct routes between Asia and Africa in response to higher demand.<sup>1</sup>

International air passenger traffic surged, growing by 7.9 per cent, with a peak in Asia (+9 per cent).<sup>2</sup> As international airfreight and the passenger load factor (the percentage of seats filled per flight) increased, passenger and cargo yields recovered. As a result, world air transport exports rose by 10 per cent, matching the growth in 2014 (see Chart 4.10).

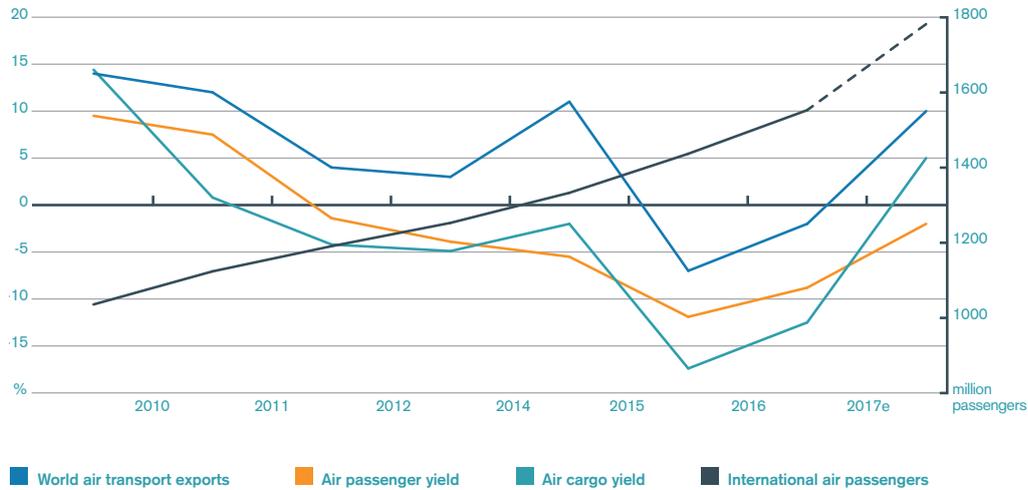
**9%**  
 Increase in world transport exports in 2017.

<sup>1</sup> IATA "Air freight market analysis".  
<sup>2</sup> IATA "Air passenger market analysis".

Chart 4.10

**World air transport exports, air cargo and air passenger yields, 2010-2017**

(Annual percentage change and million passengers)



**10%**  
Increase in world air transport exports in 2017.

Source: WTO estimates, International Air Transport Association (IATA) and International Civil Aviation Organization (ICAO). The number of international air passengers in 2017 is estimated by the WTO Secretariat.

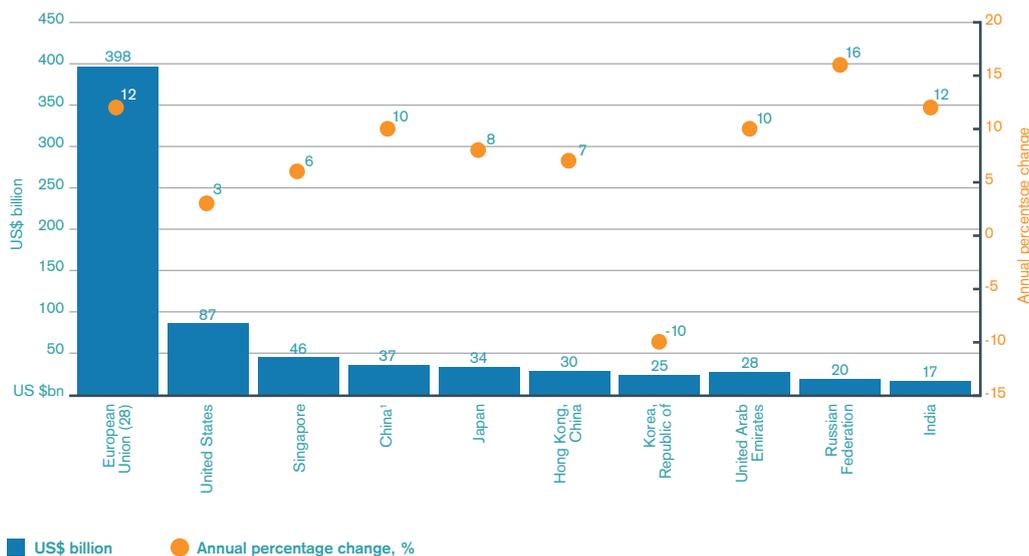
As global demand improved and merchandise flows expanded, freight shipping rates continued to rise. World maritime transport exports consequently recovered, rising by around 5 per cent in 2017, following a decline of 11 per cent in 2016, while transport services via all other transport modes, such as rail and road, grew by 12 per cent.

Virtually all the leading exporters of transport services had a robust trade performance in 2017 (see Chart 4.11). The European Union, China, the United Arab Emirates, the Russian Federation and India posted double-digit export growth. In contrast, the Republic of Korea continued to decline, with maritime freight exports down 18 per cent due to the bankruptcy of the country's largest container shipping company.

Chart 4.11

**Leading transport exporters, 2017**

(US\$ billion and annual percentage change)



**12%**  
Increase in EU transport exports in 2017.

Source: WTO-UNCTAD-ITC estimates

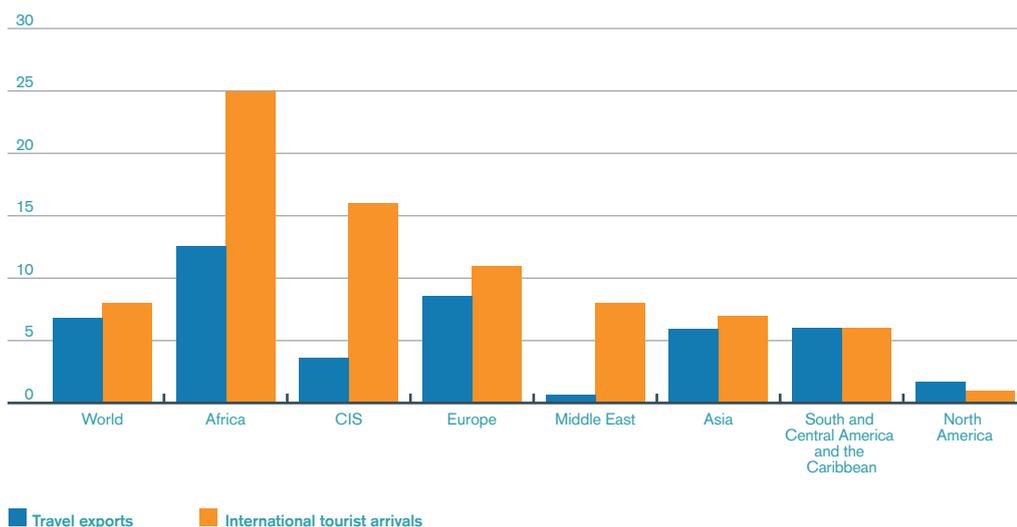
<sup>1</sup> Includes significant re-exports or imports for re-exports

### Africa posts record growth in international tourism revenue

World travel exports, covering travellers' expenditure on goods and services during their stay abroad, rose by 8 per cent in 2017 (see

Chart 4.12), the strongest annual growth since 2013, reaching US\$ 1,309.5 billion. This was partly due to a 6.8 per cent rise in global tourist arrivals. Increasing tourist numbers, coupled with higher travel expenditure, benefited all regions, in particular Africa.

Chart 4.12  
**World travel exports and international tourist arrivals by region, 2017**  
 (Annual percentage change)



**25%**  
 Increase in Africa's travel exports in 2017.

Source: WTO-UNCTAD-ITC estimates.

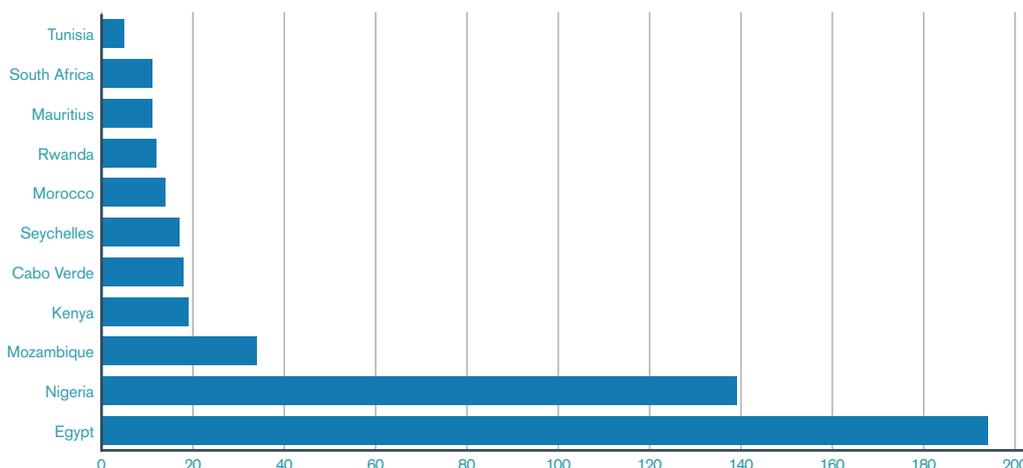
Note: Regional aggregates for international tourist arrivals were calculated by the WTO Secretariat on the basis of United Nations World Tourism Organization (UNWTO) data.

Africa's travel receipts expanded by 25 per cent in 2017, following a decline in 2015 and 2016, as tourists returned to leading destinations in northern Africa. Egypt, whose tourism sector suffered in the aftermath of terrorist attacks, with travel earnings plunging to mid-1990s levels, saw its exports increase by 194 per cent (see Chart 4.13). Similarly, Tunisia recovered, mostly due to returning tourists from Europe, while in Morocco, the third-largest exporter in the region after South Africa and Egypt, travel receipts were up 14 per cent.

Record growth was not confined to countries in northern Africa. Sub-Saharan Africa's travel exports rose by 11 per cent, well above the world average, thanks to South Africa, Nigeria, Mozambique, Kenya and many other countries. Some island economies, such as the Seychelles and Cabo Verde, benefited from an increase in air routes, facilitating tourist arrivals. As tourists multiplied, their travel receipts expanded.

With a share of 43.5 per cent in its total commercial services exports in 2017, tourism remained Africa's leading services export sector. Africa's contribution to global travel exports reached 3.4 per cent in 2017, its highest level among services sectors.

Chart 4.13  
**Travel exports of selected African economies, 2017**  
 (Annual percentage change)



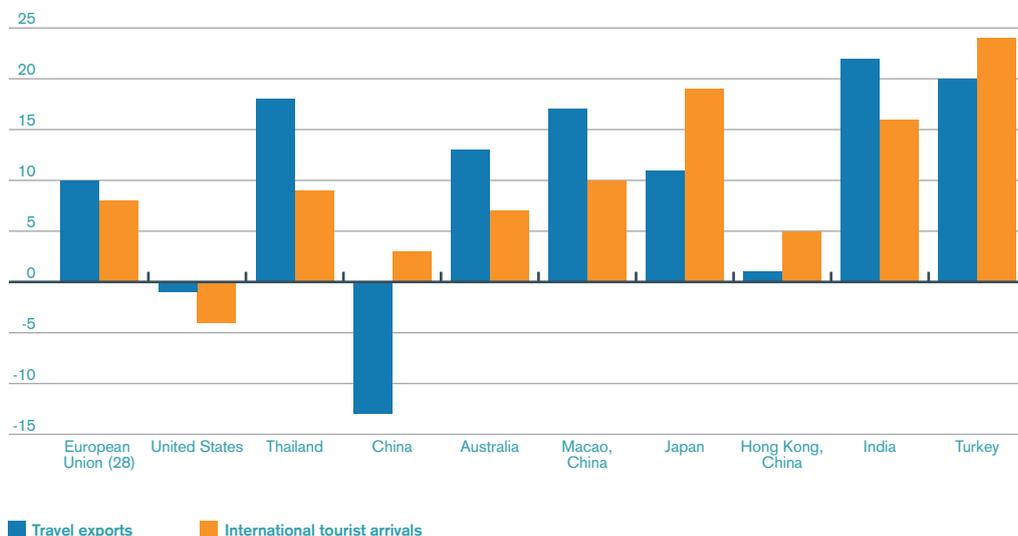
Source: WTO-UNCTAD-ITC estimates.

**43.5%**  
 Share of travel in Africa's commercial services exports in 2017.

Several countries in Europe benefited from higher inflows of foreign travellers. In the European Union, travel receipts increased by 10 per cent in 2017, while Turkey's were up by 20 per cent, marking the return of international tourists following two difficult years. Emerging tourism destinations in southern Europe, such as Montenegro, Albania and the former

Yugoslav Republic of Macedonia, continued to post robust growth, with annual exports increasing between 12 and 17 per cent. In northern Europe, tourism continued to thrive in Iceland, which recorded its fifth consecutive year of double-digit growth. All the leading travel exporters in Asia, except China, enjoyed strong export growth in 2017 (see Chart 4.14)

Chart 4.14  
**Leading exporters' travel exports and international tourist arrivals, 2017**  
 (Annual percentage change)



Note: For the United States, international tourist arrivals growth in the period January-September.  
 Source: WTO-UNCTAD-ITC estimates, UNWTO and national data.

**1%**  
 Decline in US travel receipts in 2017.

thanks to an increase in tourist flows within the region, fostered by cheaper airfares. Despite a strong hurricane season hitting many tourism-led island economies, South and Central America and the Caribbean's travel exports rose by 6 per cent.

Among the top travel exporters, only the United States recorded a decline in both international tourist arrivals and travel earnings (see Chart 4.14). However, an increase in outbound travel and higher expenditure abroad by US travellers benefited economies in the region, in particular Mexico, and elsewhere in the world. In 2017, the United States ranked as the second-highest global travel spender after China, with a share of 10.5 per cent in the world total.

According to the United Nations World Tourism Organization (UNWTO), international tourist arrivals are expected to grow by 4 to 5 per cent globally in 2018.

### Intellectual property (IP) services lead growth in other commercial services

World exports of "other commercial services" fully recovered in 2017, increasing by 8 per cent to US\$ 2,854.6 billion. Other commercial services cover different types of services

such as financial services, business services, and insurance and pension services. Charges for the use of intellectual property (IP) not included elsewhere (n.i.e.) ranked first among other commercial services, outpacing growth in information and communication technology (ICT) services, which has been the most dynamic sector over the last two decades (see Chart 4.15).

This category of services includes charges for the use of proprietary rights, such as patents, trademarks, copyrights, industrial processes and designs, trade secrets and franchises, and rights arising from research and development, as well as from marketing. It also covers charges for licences to reproduce and/or distribute intellectual property embodied in produced originals or prototypes, such as copyrights on books and manuscripts, computer software, cinematographic works and sound recordings, and related rights, such as for the recording of live performances and for television, cable or satellite broadcast.

Driven by higher exports by Europe, North America and Asia, world receipts of IP-related services reached US\$ 380.6 billion, accounting for 13.3 per cent of global exports of other commercial services.

Chart 4.15

### World exports of other commercial services by main category, 2017

(Annual percentage change)



Note: No growth rate available for construction due to a break in the data series for Asia. For the definition of other commercial services, see Chapter VII. Source: WTO-UNCTAD-ITC estimates.

**10%**  
Increase in exports of charges for the use of intellectual property not included elsewhere in 2017.

### Trade in IP-related services remains mostly between developed countries

With exports of US\$ 151.3 billion in 2017, the European Union was the largest trader in charges for the use of IP n.i.e (see Chart 4.16). The Netherlands was the main recipient, accounting for more than one-third of the EU's total receipts, followed by Germany and the United Kingdom. The European Union's largest payments of charges and licences were made by Ireland and the Netherlands, which together constituted two-thirds of the EU's payments. The European Union is a net importer of IP-related charges, with a negative balance of US\$ 60.5 billion.

In 2017, the United States exported US\$ 127.9 billion in IP-related charges, while its payments of these charges were much lower, at US\$ 48.4 billion. In 2016, US receipts consisted of industrial processes, including patents (38.3 per cent), computer software (29.4 per

cent), audio-visual products (14.4 per cent), trademarks (11.7 per cent), franchises (4.2 per cent) and other products (2.0 per cent). Since 2005, the United States has been running a rising surplus, which reached US\$ 79.6 billion in 2017.

The European Union and the United States represented 73.4 per cent of global receipts of IP-related charges.

A closer look at bilateral export flows of the two top traders suggests that trade in IP is very concentrated. In 2016, almost half of the European Union's receipts of charges and licensing fees originated from trade within the EU, and exports to the United States accounted for an additional 19.7 per cent (see Chart 4.17). Similarly, in the case of the United States, around 40 per cent of receipts arose from exports to EU member countries, in particular Ireland and the United Kingdom, as well as from exports to Switzerland and Canada.

Chart 4.16

#### Leading traders in charges for the use of intellectual property n.i.e, 2017

(US\$ billion)



Note: The order of economies in the chart reflects their ranking in total trade in charges for the use of intellectual property n.i.e (exports plus imports) in 2017.

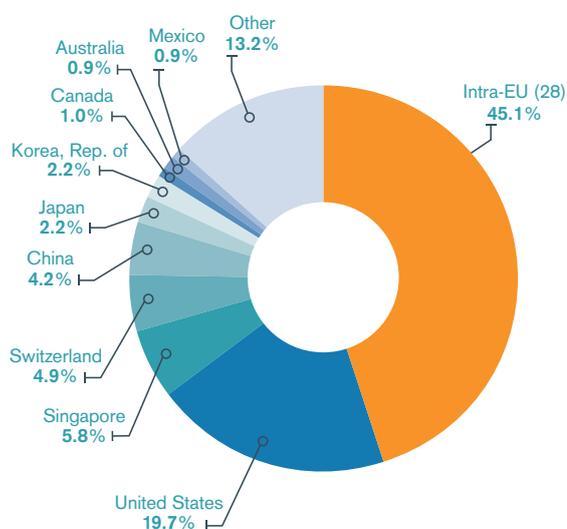
Source: WTO-UNCTAD-ITC estimates.

**73.4%**  
Share in world receipts of the European Union and the United States in 2017.

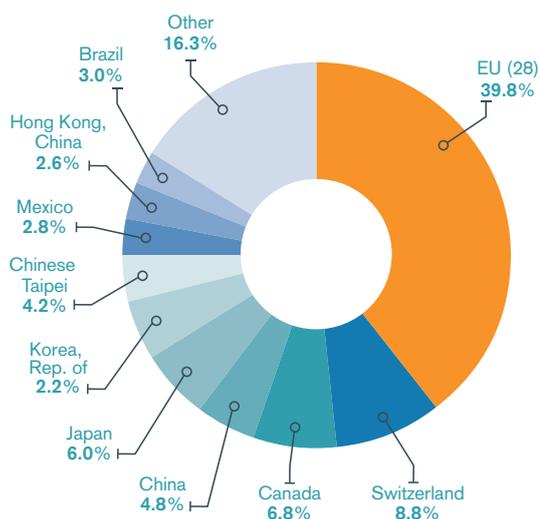
Chart 4.17

**EU receipts of charges for the use of IP, n.i.e., by main partner, 2016**

(Percentage share)



**US receipts of charges for the use of IP, n.i.e., by main partner, 2016**



Source: Eurostat and OECD.

Trade within companies is a prominent feature of US trade in charges for the use of IP. In 2016, over 62 per cent of exports took place between US parent companies and their affiliates abroad, largely in Europe and Asia, and over 53 per cent between affiliates of foreign companies and their parent companies located in other countries.

Trade in charges associated with IP is predominantly between developed countries and between affiliated enterprises. In contrast, the share of the European Union's and the United States' exports to Africa did not exceed 1 per cent. This suggests that African firms are not yet benefiting from knowledge and technology transfer from advanced countries, which would help them innovate and facilitate their participation in global value chains.

## Foreign affiliates statistics

The compilation of foreign affiliates statistics (FATS) remains challenging for developing economies due to their complexity. At present, only nine report on the activities of majority-owned foreign affiliates in their own economies (inward FATS) and only three on the activities of their own affiliates abroad (outward FATS) (see Appendix tables A62 and A63). The three developing economies which report on both inward and outward FATS are Costa Rica, Israel and China.

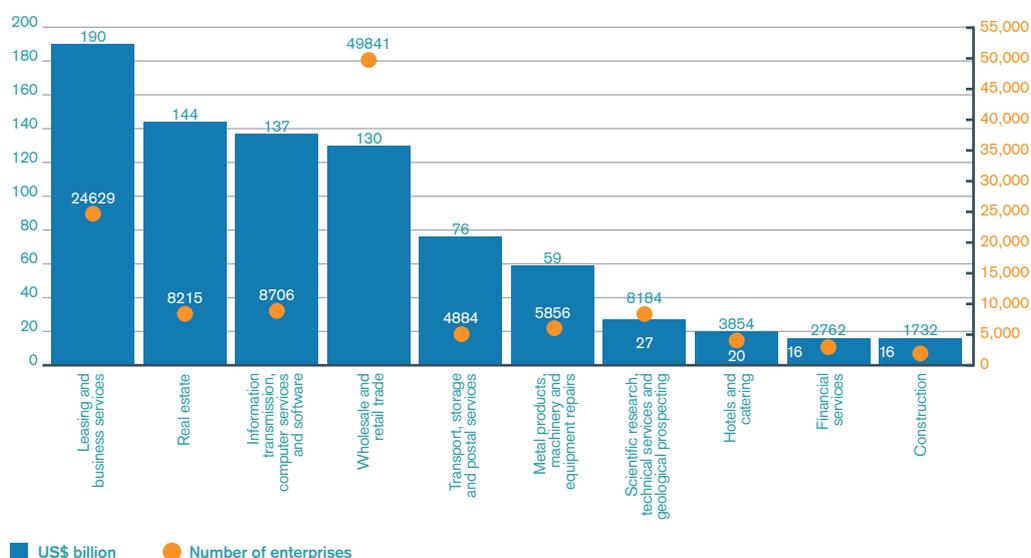
## Foreign-owned affiliates in China are mostly from Asia

According to newly available data, in China, there were 123,520 majority-owned foreign affiliates (MOFAs) engaged in services activities or construction in 2016, with sales totalling US\$ 853.0 billion, up 3 per cent. Sales by MOFAs in services activities, totalling US\$ 837 billion, is the most accurate indicator of China's imports of services through the commercial presence of a foreign firm (Mode 3, as defined by the General Agreement on Trade in Services).

Chart 4.18

### China: Inward FATS sales and number of enterprises in the top ten services activities and construction, 2016

(US\$ billion and number of enterprises)



Source: China's Ministry of Commerce.

Leasing and business services, real estate, information transmission, software and information technology, as well as wholesale and retail trade were the largest sectors for MOFAs in services activities in 2016 (see Chart 4.18). Sales in construction and in finance were at least ten times lower. The highest annual growth was recorded in real estate activities (27 per cent), construction (18 per cent) and financial services (17 per cent).

In terms of numbers of enterprises, the highest concentration of foreign affiliates was in wholesale and retail trade (some 50,000) employing over 1.5 million people. Leasing and business services, with around 24,700

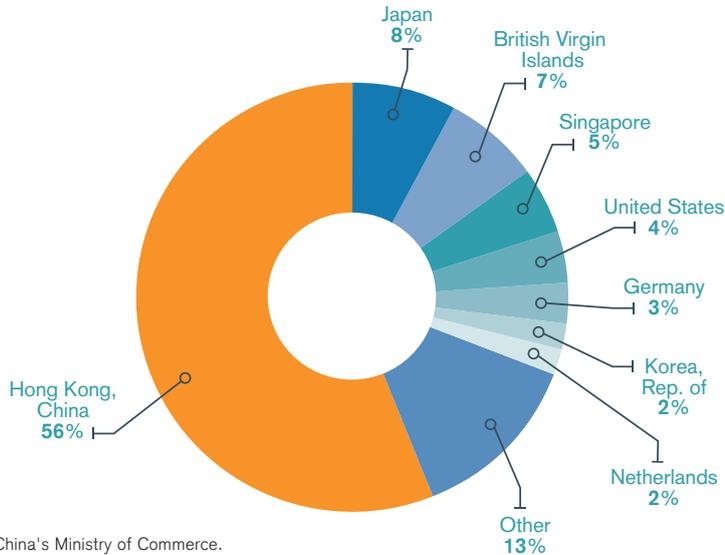
affiliates, ranked second. Foreign affiliates established in China employed workers predominantly from the domestic market as only less than 3 per cent of total employees were foreigners.

In 2016, MOFAs from Hong Kong, China, made more than half of total sales by foreign affiliates in China (see Chart 4.19), or US\$ 478.3 billion, a 7 per cent rise. MOFAs from Hong Kong, China, were also the most numerous, with around 59,000 enterprises. Japan was second both in terms of sales and number of enterprises. MOFAs from the United States, some 6,800 firms, accounted for 4 per cent of total sales.

Chart 4.19

**China: Inward FATS sales in services activities and construction by partner economy, 2016**

(Percentage share)



Source: China's Ministry of Commerce.

**Chinese foreign affiliates go global**

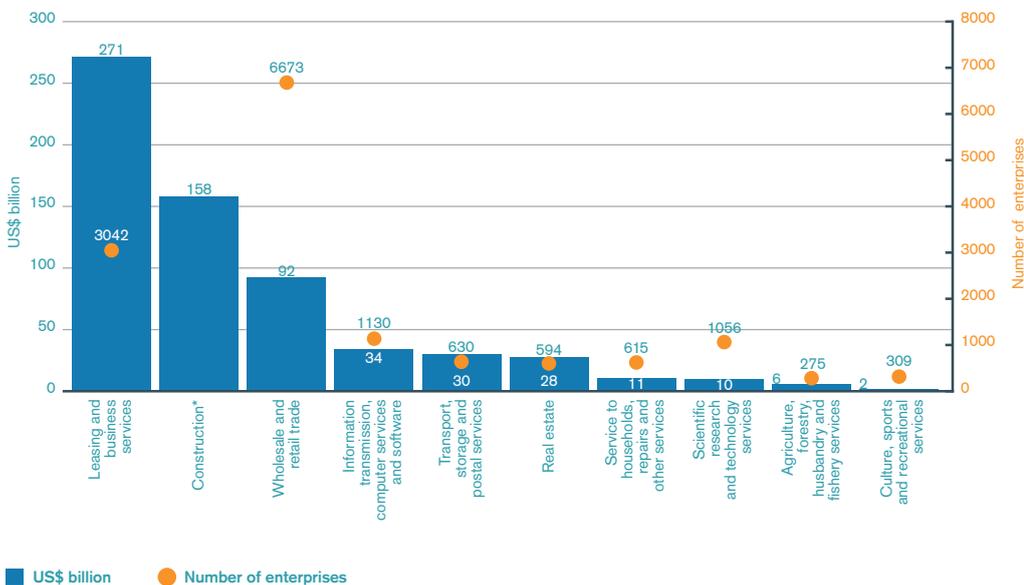
Some 14,950 MOFAs of Chinese firms were recorded abroad in 2016, engaged in services or construction, with sales worth US\$ 691.9 billion, a 21 per cent rise. These affiliates were

concentrated mostly in leasing and business services, followed by wholesale and retail trade, and ICT services (see Chart 4.20). Construction, a key export sector for China, totalled sales of US\$ 157.6 billion.

Chart 4.20

**China: Outward FATS sales and number of enterprises in the top ten services activities or construction, 2016**

(US\$ billion and number of enterprises)



Source: China's Ministry of Commerce.

Around half of the sales were made by Chinese MOFAs in Hong Kong, China (\$329.0 billion) but China's "Belt and Road" initiative, a development strategy launched in 2013 by the Chinese government, has encouraged China's services firms to "go global" and has helped Chinese services suppliers develop rapidly in local markets.

As a result, sales by Chinese MOFAs in countries along the proposed "Belt and Road" routes increased considerably in 2016, reaching US\$ 134.5 billion, or 19.4 per cent

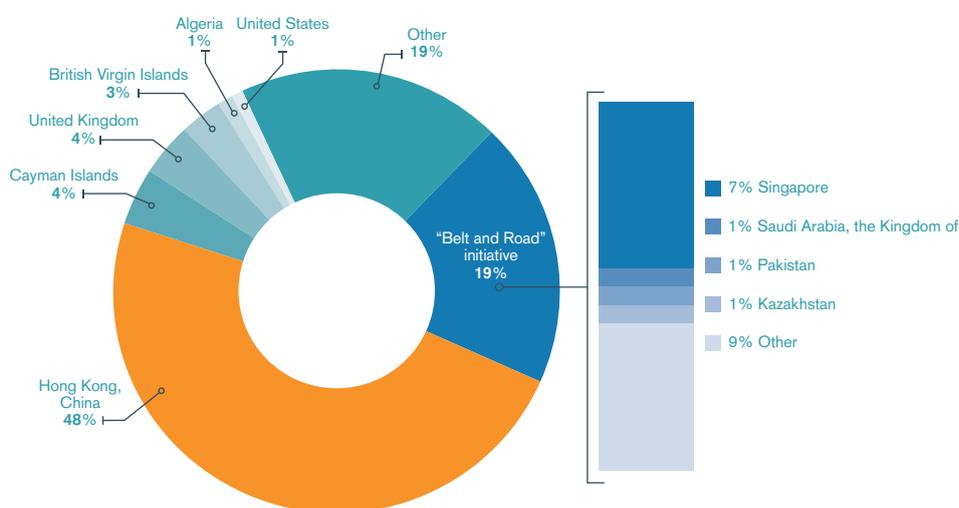
of total sales (see Chart 4.21). Out of China's top ten partner economies, four were countries along the "Belt and Road" route (Singapore, the Kingdom of Saudi Arabia, Pakistan and Kazakhstan).

Sales by Chinese affiliates in services industries or construction in countries along the "Belt and Road" routes recorded double-digit growth in 2016. Sales in Pakistan grew by over 60 per cent, in Kazakhstan by 46 per cent, and in the Kingdom of Saudi Arabia and Singapore by over 30 per cent.

Chart 4.21

### China: Outward FATS sales in services activities or construction by partner economy, 2016

(Percentage share)



Source: China's Ministry of Commerce.

### Zimbabwe attracts foreign affiliates from developing and developed economies

Zimbabwe, one of only two countries in Africa to compile inward FATS, together with Zambia, has attracted MOFAs from both developed and developing economies.

MOFAs engaged in services activities in Zimbabwe recorded sales of US\$ 1.7 billion in 2015, the latest year for which data are available. The overall turnover of these foreign affiliates totalled US\$ 3.5 billion.

MOFAs in Zimbabwe were concentrated in manufacturing, accounting for 43 per cent of

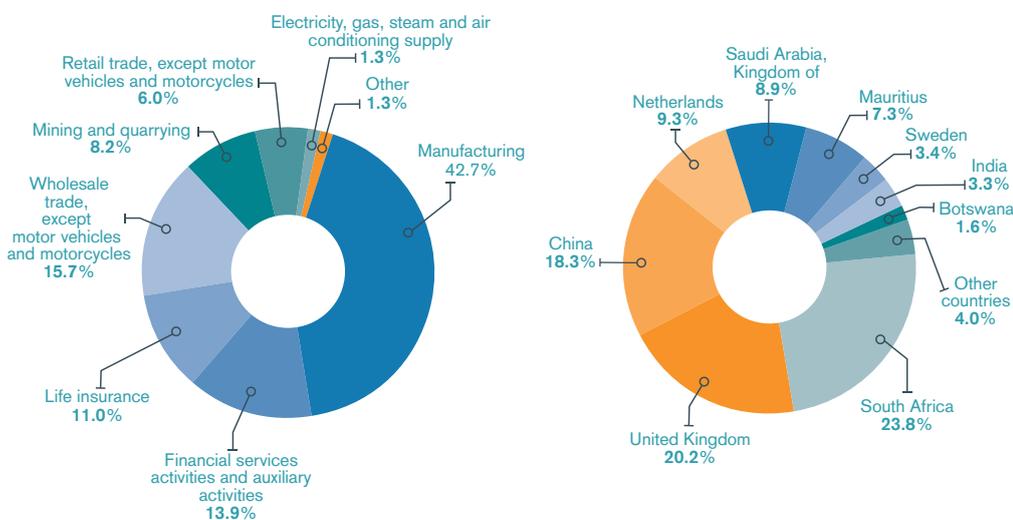
total sales by these affiliates (see Chart 4.22) and the highest contribution to employment (39.3 per cent). Financial and insurance activities ranked second, with one quarter of total sales, and 21.6 per cent of employees. Wholesale trade was the third largest sector.

South Africa made the highest contribution to total sales and number of foreign affiliates (26.2 per cent), followed by the United Kingdom, China and the Netherlands. In Zimbabwe, the bulk of sales (more than 63 per cent) were made by MOFAs from developing economies. Foreign affiliates from other African countries represented one-third of the total, suggesting that as in the case of Zambia, the activities of African MOFAs within Africa is on the rise.

Chart 4.22

**Zimbabwe: Inward FATS sales by activity and partner economy, 2015**

(Percentage share)



Source: Zimbabwe National Statistics Agency (ZIMSTAT)

MOFAs established in Zimbabwe exported and imported goods totalling US\$ 645.5 million and US\$ 881.5 million respectively in 2015. Foreign affiliates in manufacturing were the most active, importing and exporting goods totalling US\$ 125.6 million and US\$ 368.1 million respectively. This ratio demonstrates MOFAs' integration into global value chains.

MOFAs' payments for services from abroad totalled US\$ 45.6 million, 3 per cent of total commercial services imported by Zimbabwe in 2015. Services were predominantly imported by foreign affiliates in financial activities (US\$ 32.6 million), followed by life insurance (US\$ 7.3 million) and retail trade, excluding motor vehicles and motorcycles (US\$ 4.5 million).

Services exports by MOFAs were negligible, at US\$ 0.3 million. Exports were made only by foreign affiliates in manufacturing, indicating that Zimbabwe's commercial services exports, some US\$ 341 million in 2015, were predominantly made by domestic firms, not by foreign affiliates established in the country.

**Trade in services by partner - a new experimental data set developed by OECD and WTO (BATIs)**

Trade in services by partner - an experimental data set jointly produced with the OECD (WTO | Trade Statistics - Bulk download of bilateral trade in services data) aims at providing a balanced bilateral trade in services dataset for economic analysis. Balancing refers to reconciling exports and imports through a mechanical process to provide a consistent dataset.

In response to the needs of the OECD/WTO trade in value added initiative, this dataset has been set up in modular form. It is freely available via the OECD's and the WTO's website. It is hoped that analysts, statisticians and the general public contribute to this dataset, making it a truly international benchmark over time.

**What does it cover?**

The dataset provides complete and consistent bilateral trade in services data between 1995 and 2012 for 191 countries and their trading partners and 11 main Extended Balance of Payment Services (EBOPS) 2002 categories. It is an analytical dataset, produced by a modular approach, meaning its starting

point is reported data, which are supplemented by imputation and estimation. The “final” dataset is balanced through an algorithm to remove asymmetries.

The dataset is available online and will be continuously improved as additional reported country data become available. The data are released in three different datasets: “reported data only”, “final” data (after imputation and estimations) (see Chart 4.23) and “balanced” data (see Chart 4.24). For Europe, the largest provider of data, the difference between the “final” and “balanced” value represents about 4 per cent.

### Results

At a global level, Europe and Asia are the two regions with the highest levels of services trade within their regions. A total of 64 per cent of Europe's services exports and 52 per cent of Asia's exports are destined for their respective regions.

Most estimation, due to lack of reported data, was needed for Africa, Central and South America, and the Middle East. For Africa, services trade within the region accounts for less than 10 per cent of total services exports.

Chart 4.23

### Services exports by geographical region (“final”), 2012

(US\$ million)

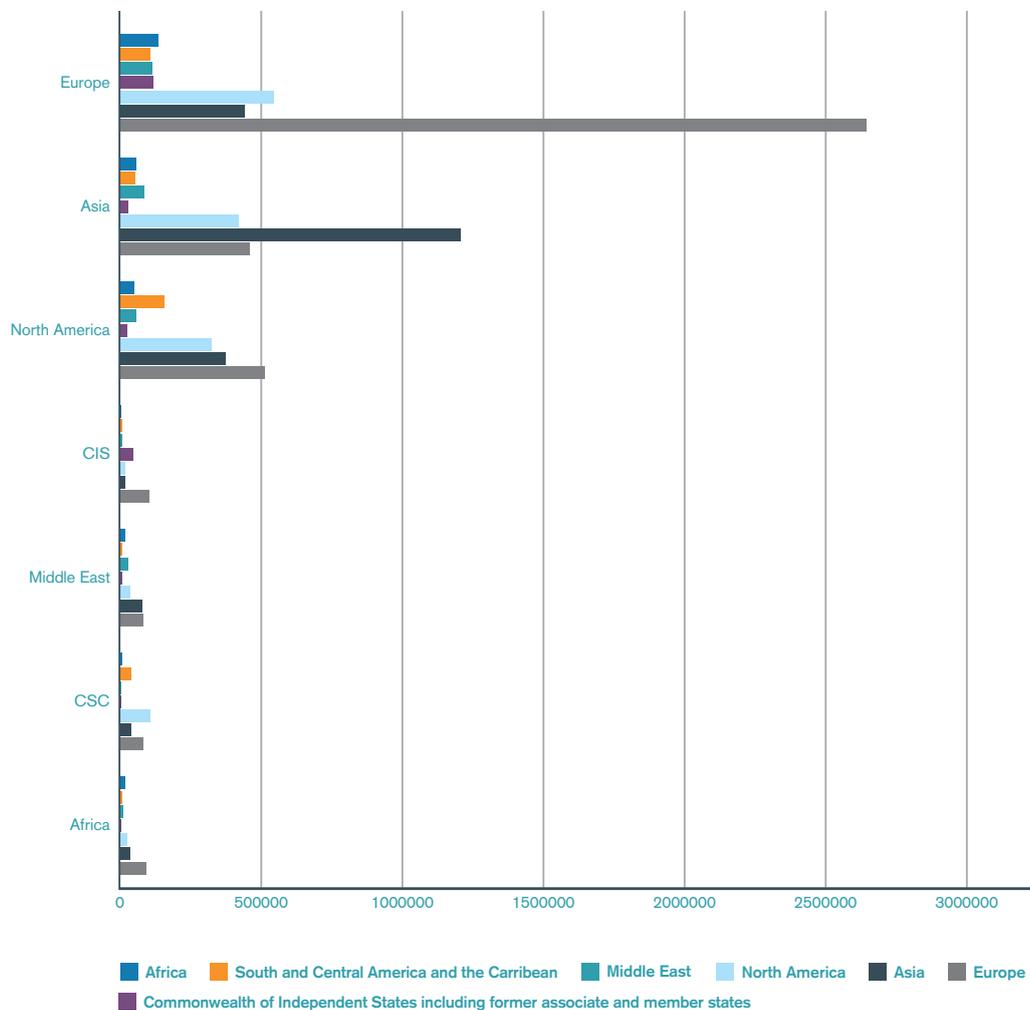
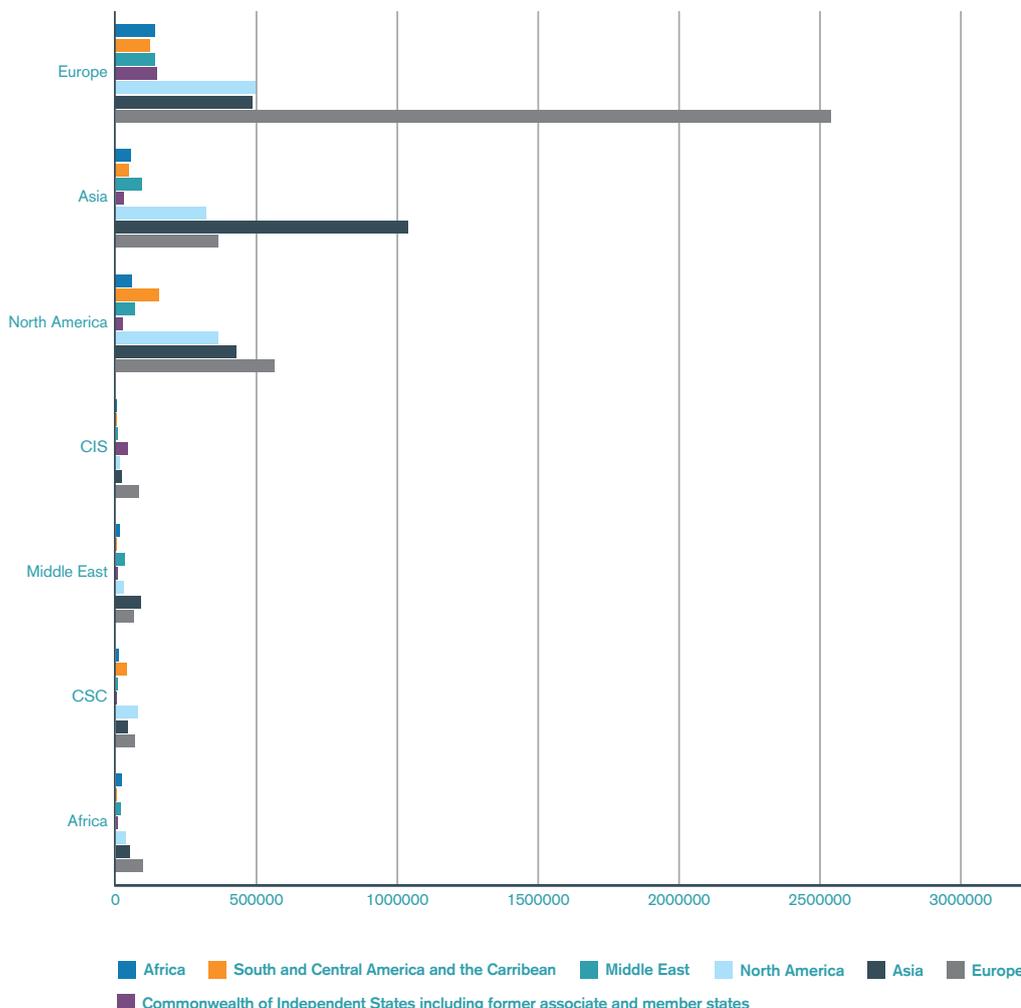


Chart 4.24  
**Services exports by geographical region (“balanced”), 2012**  
 (US\$ million)



Source: OECD-WTO BaTiS database

**A new initiative to estimate trade in services by mode of supply (TisMoS)**

The lack of trade in services data by mode of supply hampers analysis, monitoring and formulation of trade policy. Since information provided by national statistical offices is scarce, the WTO Secretariat is working on developing an experimental data set.

**Methodology – the simplified approach**

The new dataset, constructed in line with the Manual on Statistics of International Trade in Services 2010, allocates services exports to one dominant mode of supply or, where there is no single dominant mode, to the most significant modes of

supply according to a distribution table. This requires assumptions on how specific services are most likely to be supplied.

**National initiatives**

A number of countries have carried out sector-specific or one-time studies to test the feasibility of regular data collection or to source information on the functioning of priority sectors of their economy. The idea of presenting trade in services by mode of supply is supported by the Task Force on Modes of Supply, launched by Eurostat, which encourages countries to allocate resources for collecting more information on the distribution of trade in services by mode of supply.

### Development of a benchmark

The simplified approach outlined above has been taken as the starting point but the methodology has been updated following experts' feedback. The results of new pilot studies will help to improve estimates at country and global level. The aim is for the dataset to progress into an international benchmark, incorporating any new information that becomes available over time.

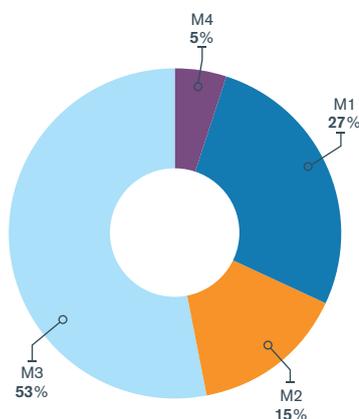
### Results

The first results have revealed the relative importance of modes of supply, as defined by the General Agreement on Trade in Services (GATS). As expected, mode 3 (commercial presence - a foreign company setting up subsidiaries or branches to provide services in another country) is the dominant mode, representing more than half of services transactions. Mode 1 (cross-border supply - services supplied from one country to another) is estimated to account for 27 per cent of total services trade. Mode 2 (consumption abroad - consumers or firms making use of a service in another country, e.g. tourism) accounts for 15 per cent and mode 4 (presence of natural persons - individuals travelling from their own country to supply services in another) account for less than 5%. These first results at a global level do not reveal the significant variability across countries and sectors. In addition, this first distribution at a global level may change with the advent of digital trade.

Chart 4.25

### Importance of trade in services exports by mode of supply, 2014

(Percentage share)



# Global value chains

## EU car makers and suppliers are leading drivers of trade in value-added terms

Trade in Value Added (TiVA) statistics provide insights into the interactions and value-added exchanges between economies and industries and the rise of new players in automotive supply chains. The automotive industry covers the manufacture of motor vehicles, trailers and semi-trailers as well as the production of parts and components.

Chart 4.26 shows how the geographical origin of value-added content in EU exports of motor vehicles changed between 2000 and 2014. Germany, a major exporter of automotive products, is the only economy that increased its value-added contribution to EU exports of vehicles, from 31.2 per cent in 2000 to 34.5 per cent in 2014. The value-added share from French companies declined sharply during the same period, from 12.4 per cent to 6.7 per cent.

EU car makers, especially German companies, have relocated some steps in the automotive production process to Eastern European countries that are increasingly providing labour force and skills in this sector. Hence, the value added from Eastern European economies in EU exports of motor vehicles increased substantially from 3 per cent in 2000 to 7.5 per cent in 2014.

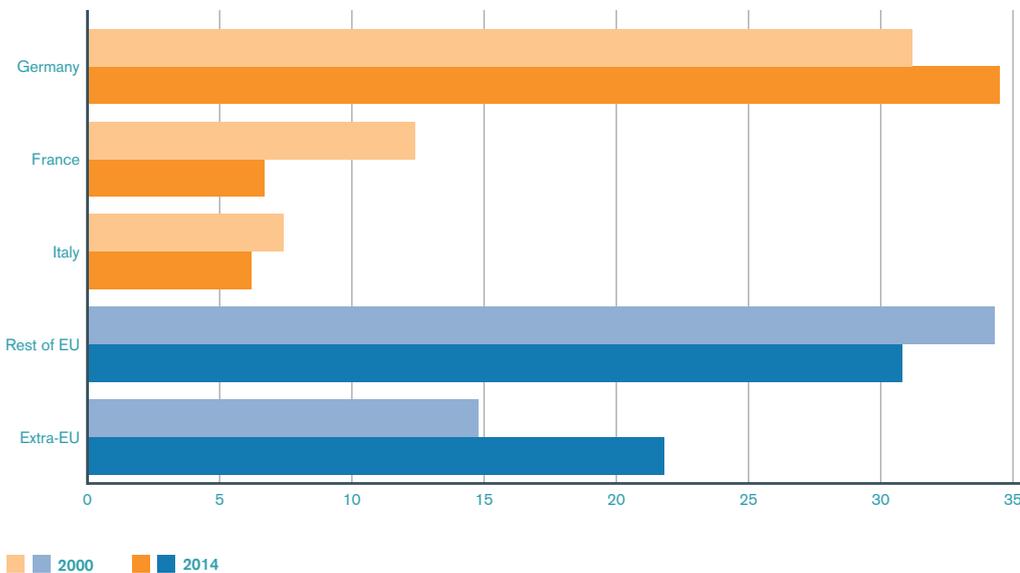
Overall, non-EU economies are contributing more and more to the production and exports of EU motor vehicles. Their value-added share in EU total automotive exports increased from 14.8 per cent in 2000 to 21.8 per cent in 2014.

Chart 4.27 highlights the increasing level of Chinese value added in EU exports of motor vehicles, its share growing from 0.5 per cent in 2000 to 2 per cent in 2014. The contribution of Russia to EU automotive exports increased over this period but it remains quite marginal (0.9 per cent in 2014). The US value added embedded in EU exports decreased in the early 2000s and has remained stable since then, at around 1.6 per cent.

Chart 4.26

### Value-added origin in EU exports of automotive products, 2000-2014

(Percentage share)



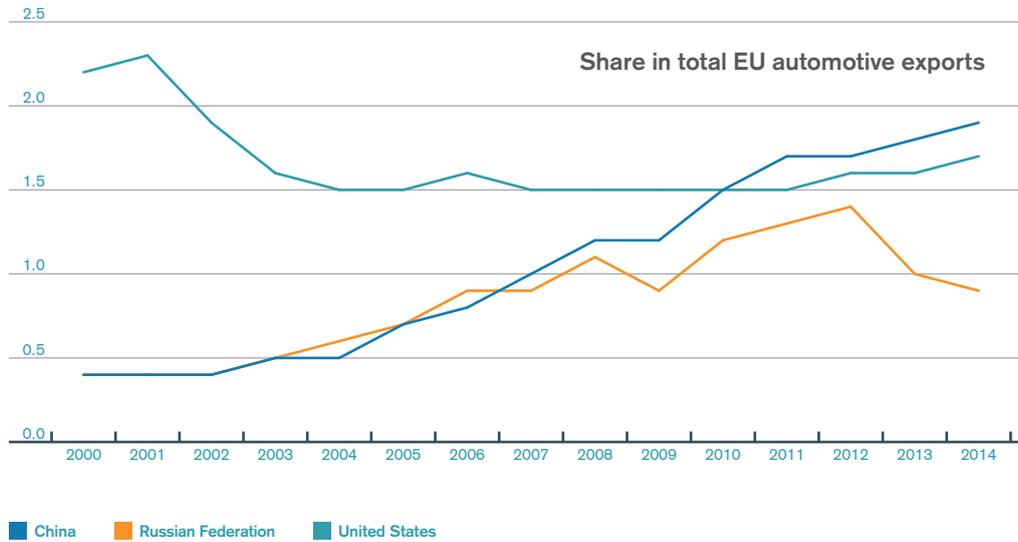
Source: UIBE GVC Index database.

**1/3**  
Germany provides about 1/3 of the value added content of EU automotive exports.

Chart 4.27

**Extra-EU value added in EU exports of automotive products, major suppliers 2000-2014**

(Percentage share)



Source: UIBE GVC Index database.

Almost **2%**  
The share in value added provided by China to EU automotive exporters in 2014.

Chart 4.28 shows that the value added contained in EU exports of motor vehicles mostly comes from outside the automotive industry. In 2014, only 38 per cent of the value added stemmed from EU automotive companies while 49 per cent came from other industries providing inputs to EU car makers.

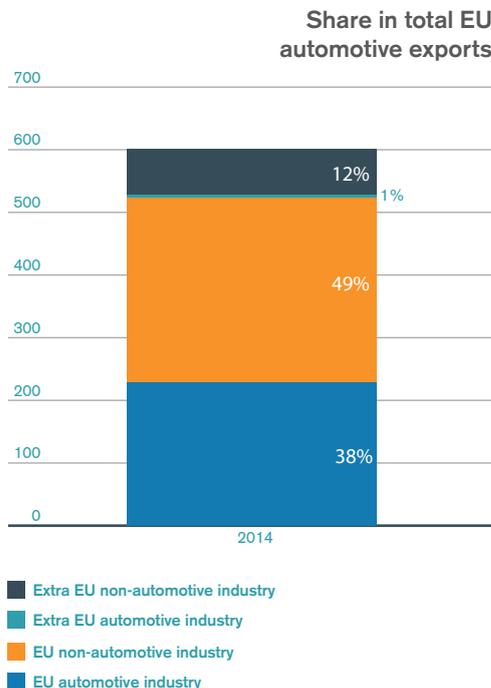
The value-added contribution of automotive industries from outside the European Union is negligible, estimated to be 1 per cent in 2014. This indicates that regional supply chains in the sector are almost self-sufficient regarding car components. However, EU car makers call on foreign companies from other sectors for their input; the value-added content of foreign non-automotive companies in EU automotive exports accounted for 12 per cent of the value added in 2014.

In 2014, 59 per cent of the value added supplied by EU non-automotive industries to EU automotive exporters stemmed from the services sector, amounting to around 30 per cent of the total value added contained in EU automotive exports (see Chart 4.29).

Chart 4.28

**Geographical and sectoral origins of value added in EU exports of automotive products, 2014**

(US\$ billion and percentage share)



Source: UIBE GVC Index database.

**50%**  
The approximate share of the value added contained in EU automotive exports stemming from other EU industries.

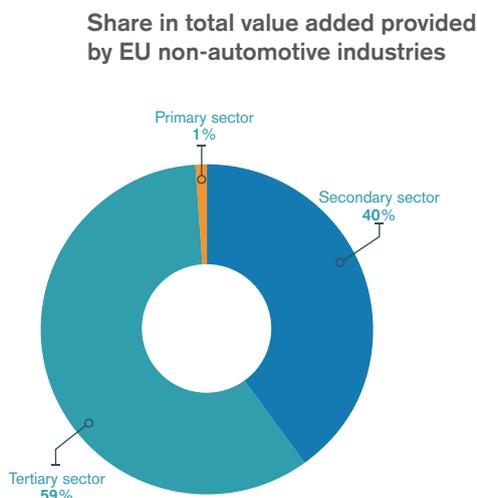
This shows the role of so-called “manu-services”, or services embedded in the production of manufacturing goods, is especially important in the EU car industry. The main types of services provided within EU automotive supply chains are wholesale and retail trade services, support activities and management consultancy services.

Other EU manufacturing industries, mainly related to fabricated metals but also plastic and machinery equipment, accounted for 40 per cent of the total value added supplied by regional non-automotive industries to EU automotive exporters.

China has become a rising foreign supplier to EU automotive exporters since the early 2000s (see Chart 4.30), mainly by supplying different types of intermediate goods and services, such as mining inputs, information and communication technology (ICT) components and wholesale distribution services.

In 2014, China accounted for almost 4.5 per cent of non-EU value added from non-automotive industries in EU automotive exports. The overall contribution of US services to EU automotive companies gradually decreased during the same period.

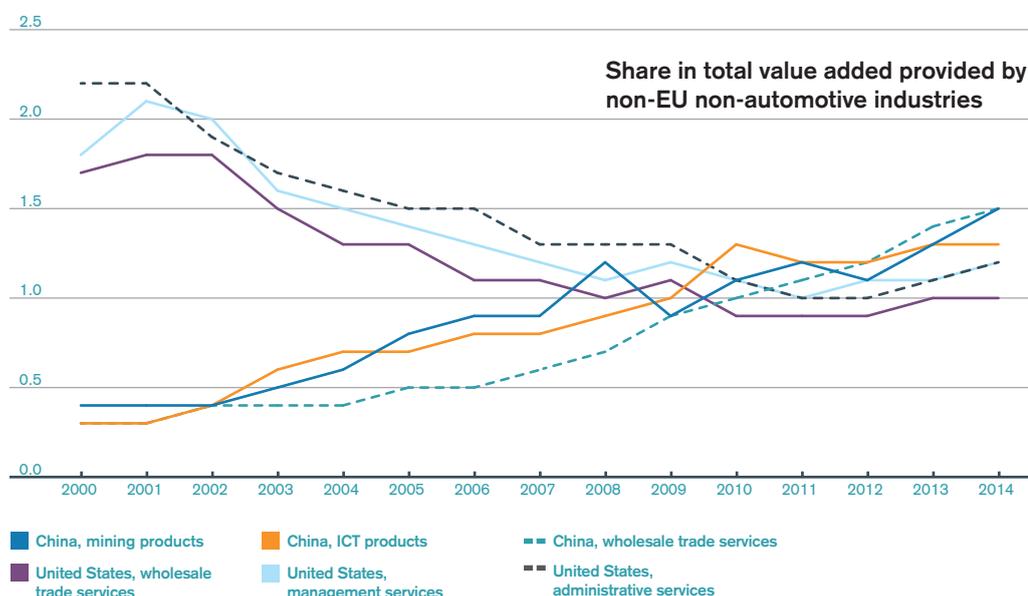
Chart 4.29  
**Contribution of EU non-automotive industries to EU exports of automotive products by main sector, 2014**  
 (Percentage share)



Source: UIBE GVC Index database.

**59%**  
 The share of value added from the services sector provided by EU non-automotive industries to EU automotive exporters in 2014.

Chart 4.30  
**Contribution of non-EU non-automotive industries to EU exports of automotive products, by main supplier-industry, 2000-2014**  
 (Percentage share)



Source: UIBE GVC Index database.

**4.5%**  
 China's share of value added from non-automotive industries in EU automotive exports, 2014.

## Digital trade

### Measuring digital trade requires coordination with all stakeholders

New technologies enabling electronic transactions in goods and services have had a significant impact on domestic and international trade. The international statistical community categorizes the nature of these transactions into three groups as follows: “digitally ordered” trade, “platform-enabled” trade and “digital delivery” trade.

“Digitally ordered” trade refers to “the cross-border sale or purchase of goods and services, conducted over computer networks by methods specifically designed for purpose of receiving or placing orders...”, as defined by the OECD. Delivery can be digital or physical and can be organized directly between a purchaser and seller or through platform-enabled trade. E-commerce can be seen as commercial transactions that are digitally-ordered and either digitally or physically delivered.

“Platform-enabled” trade refers to trade facilitated by online platforms such as Amazon or Uber. Buyers and sellers trading through a matchmaker or intermediary could be either inside or outside the territory of the purchaser and/or seller. The location of the intermediary is not always identifiable, nor is the classification of the intermediary by industrial activity. For example, such a platform could be classified as a wholesaler/retailer or it could be classified in terms of the activity it is engaged in (hotel, food products, transportation, etc.).

“Digital delivery” trade involves the provision of services through cross-border transmission. The United Nations Conference on Trade and Development (UNCTAD) refers to these services as ICT-enabled. In the terminology of

the GATS, these are cross-border transactions recognised as mode 1 supply of services.

To improve statistics on digital trade, a number of initiatives are under way. These are mostly concerned with conceptualizing the different aspects of digital trade.

The Inter-Agency Task Force on International Trade Statistics, chaired by the OECD and the WTO and reporting to the UN Statistical Commission, is the key coordinator for addressing the challenges of measuring digital trade, as highlighted by the German Presidency of the G20 and its resolution of 7 April 2017. This task force will help to channel efforts to produce a consistent measurement framework. Notable activities include collaboration between the OECD and the International Monetary Fund (IMF) to measure digitalisation more effectively within national accounts and productivity, and the work of the WTO, UNCTAD, the Universal Postal Union and the OECD to measure cross-border e-commerce transactions. Other ongoing activities that the task force will build upon include the work on ICT-enabled services developed by the Partnership on Measuring ICT for Development chaired by UNCTAD.<sup>3</sup>

The task force plans to develop a Handbook on Measuring Digital Trade, covering policy questions regarding digitally ordered, facilitated and delivered transactions and tackling the compilation of statistics on digital trade.

<sup>3</sup> In March 2016, the UN Statistical Commission endorsed a definition of ICT-enabled services developed by UNCTAD in collaboration with other international organizations that will help derive data on the value of services delivered electronically across borders.