

United Nations Conference on Trade and Development

**TRADE AND DEVELOPMENT COMMISSION**  
**(Seventh session)**

**Geneva, 18-22 May 2015**

*Item 2: Adoption of the agenda and organization of work*

**Speaker: Mr. Guillermo Valles,**  
Director, Division on International Trade  
in Goods and Services, and Commodities, UNCTAD

# Key trade and trade policy trends

relevant for development

Trade and Development Commission

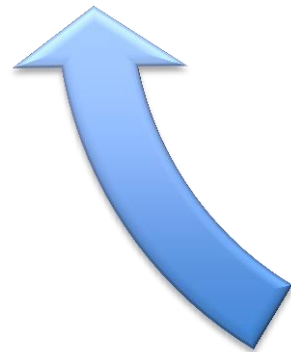
**Geneva, 18 May 2015**

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SUSTAINABLE &  
INCLUSIVE  
DEVELOPMENT



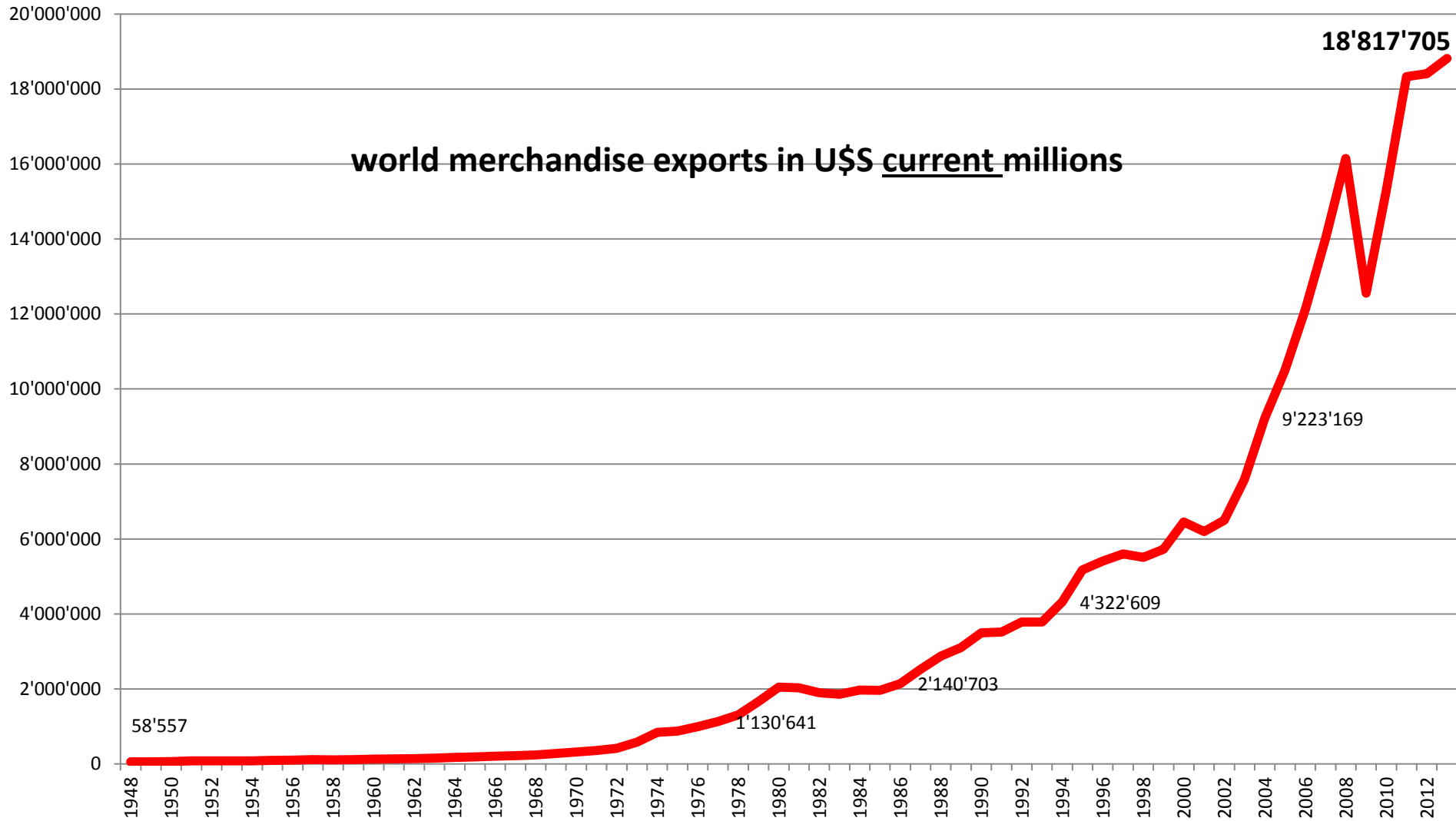
TRADE



ECONOMIC  
GROWTH



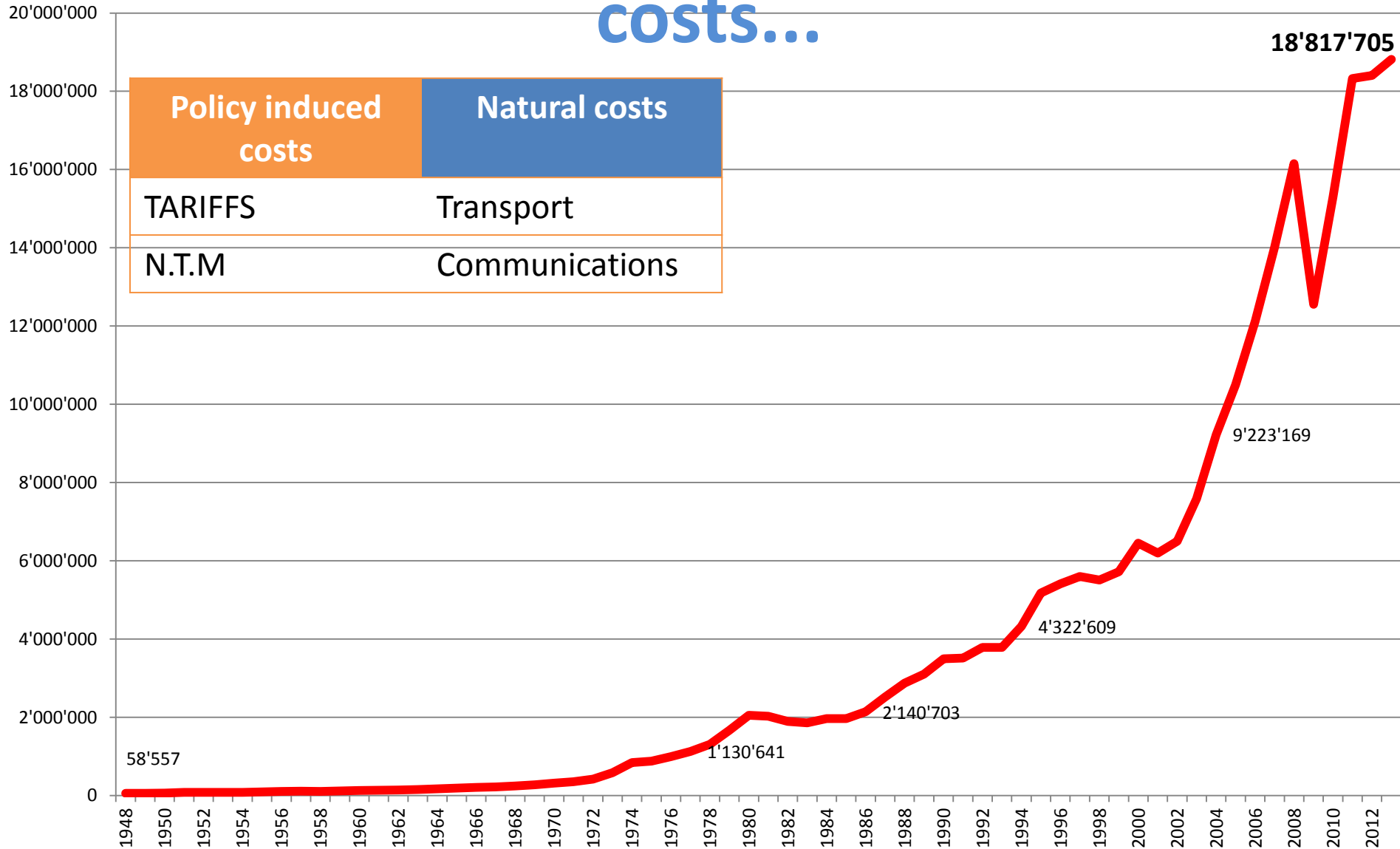
# ...world trade has been doubling every decade, for the last four decades ...



Source UNCTAD stats

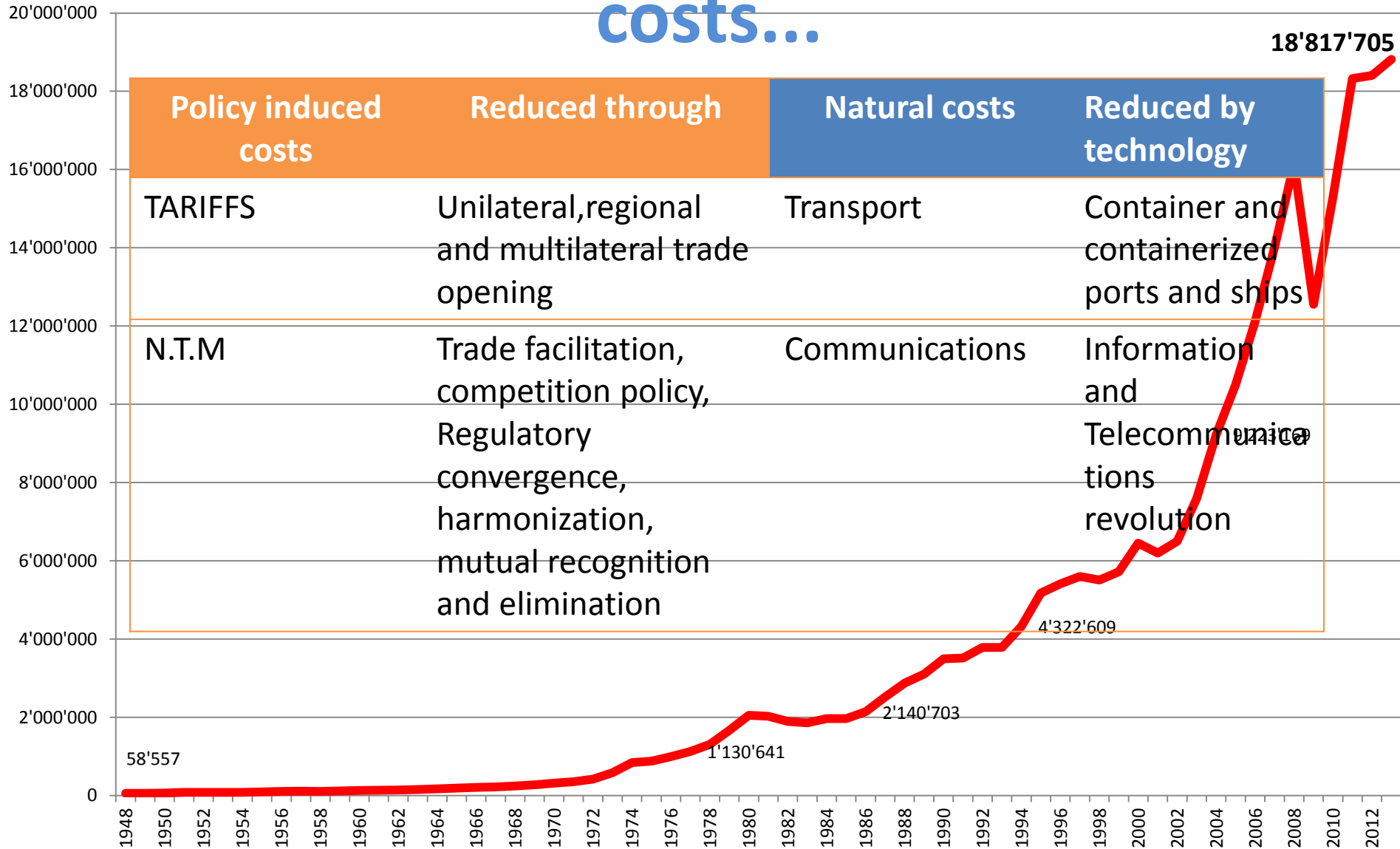
# ...favoured by the reduction of trade costs...

## costs...



# ...favoured by the reduction of trade

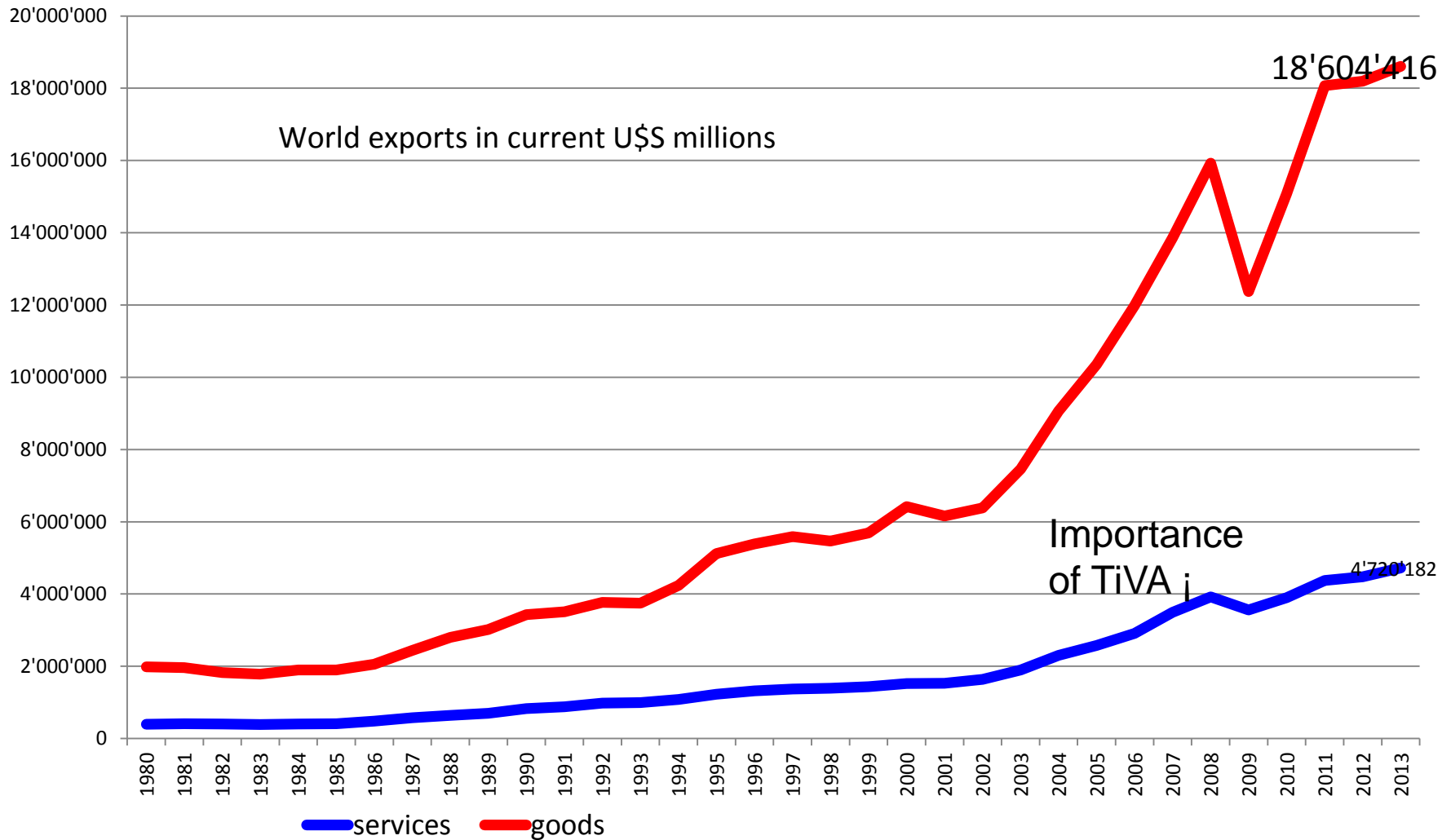
## costs...



# ...and international trade increasingly contributes to GNP ...

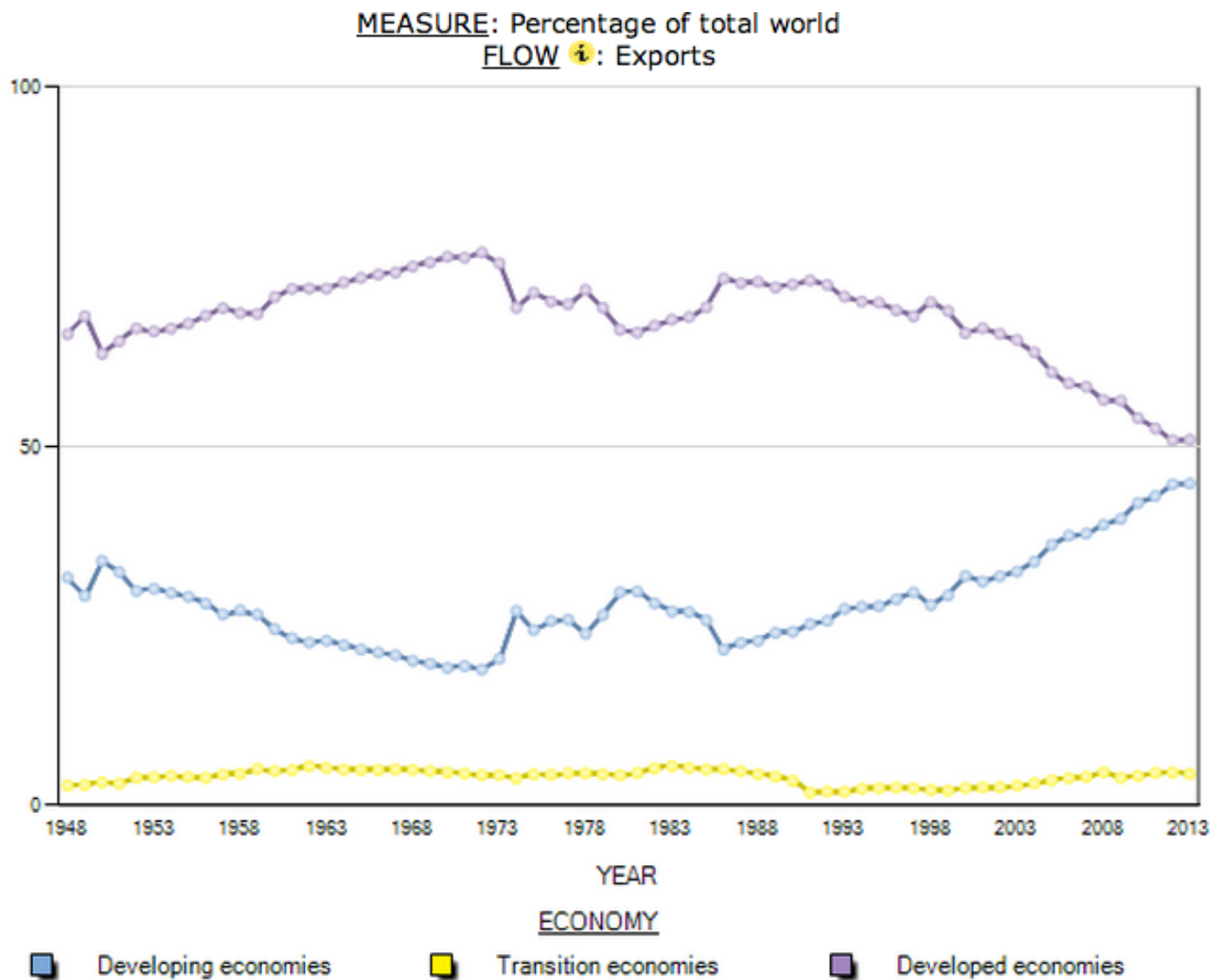


And although International trade is largely about physical goods, trade in services is also increasing...



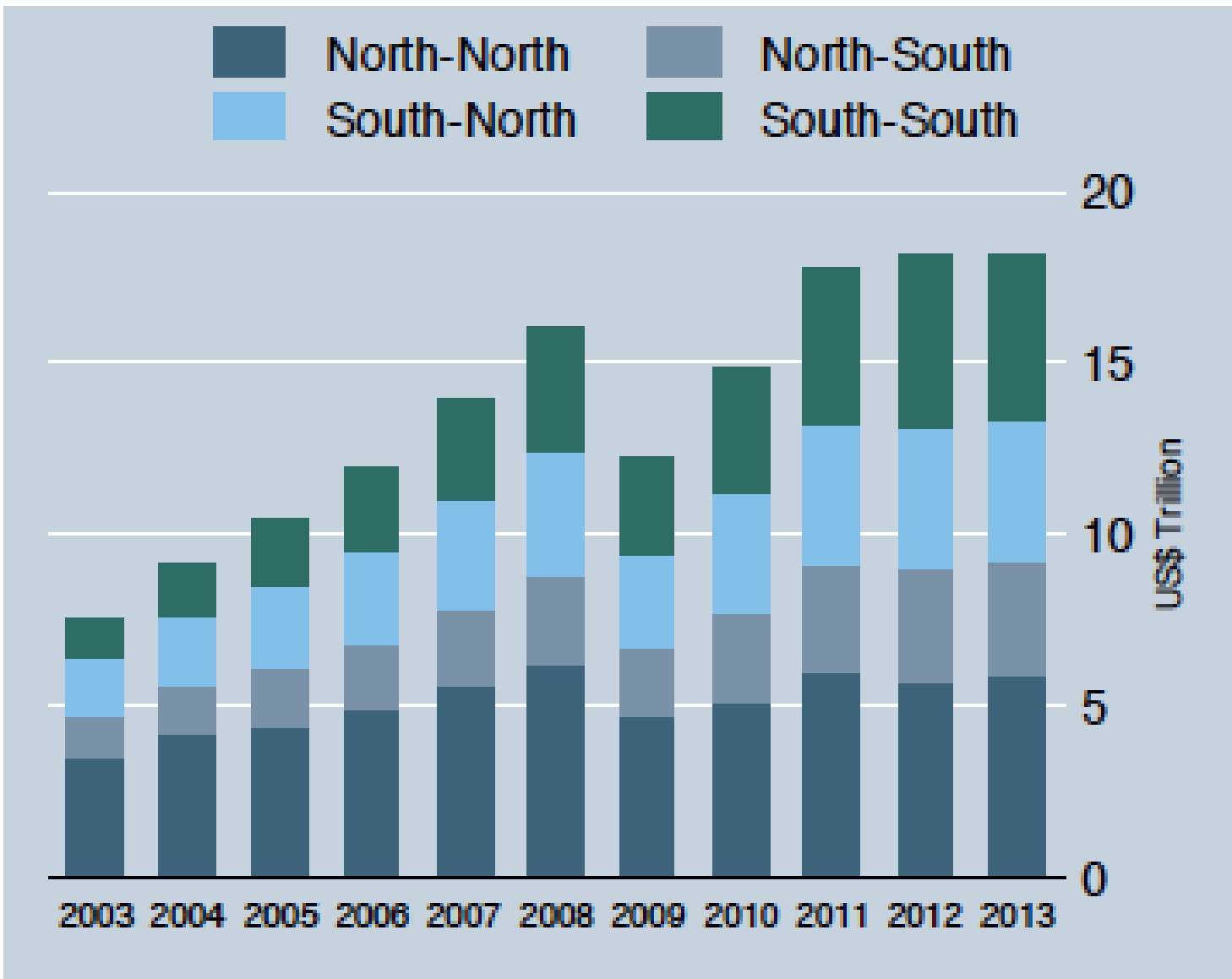


...developing countries' trade has increased dramatically  
accounting now to roughly 45 % of world trade...

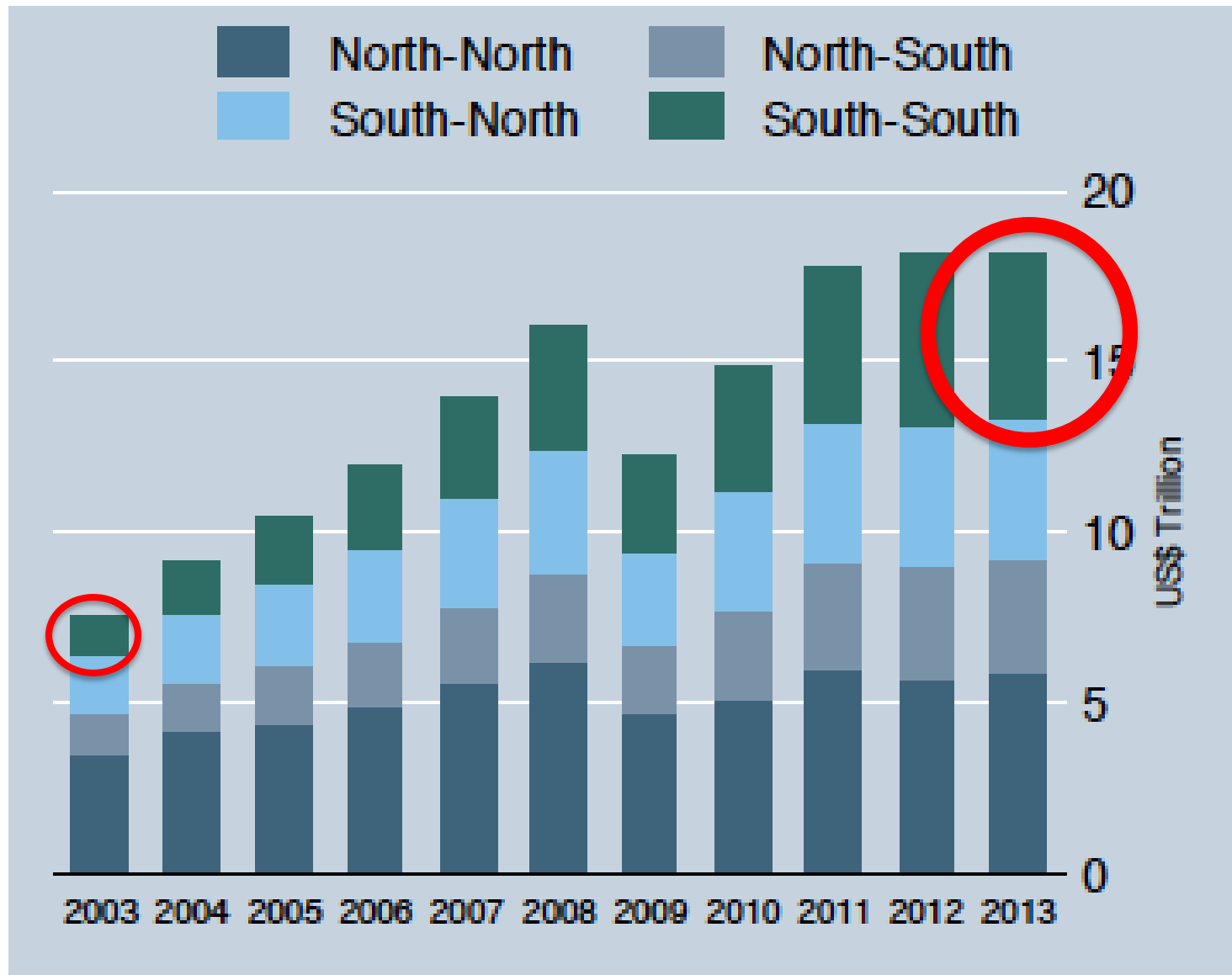


Source: UNCTAD stats

... great part of the growth in world trade can be explained by the rise in South trade...

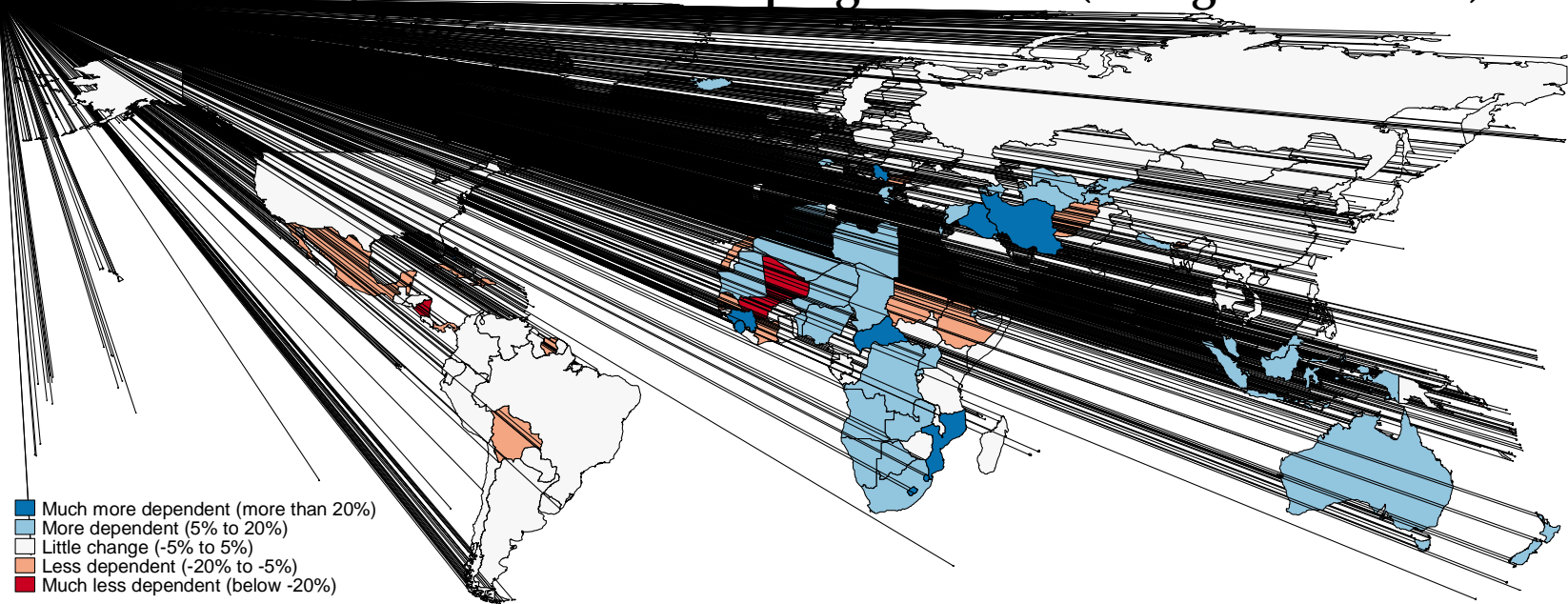


...and particularly by South - South trade...



# Developing countries (especially in East Asia) are becoming increasingly important as trading partners

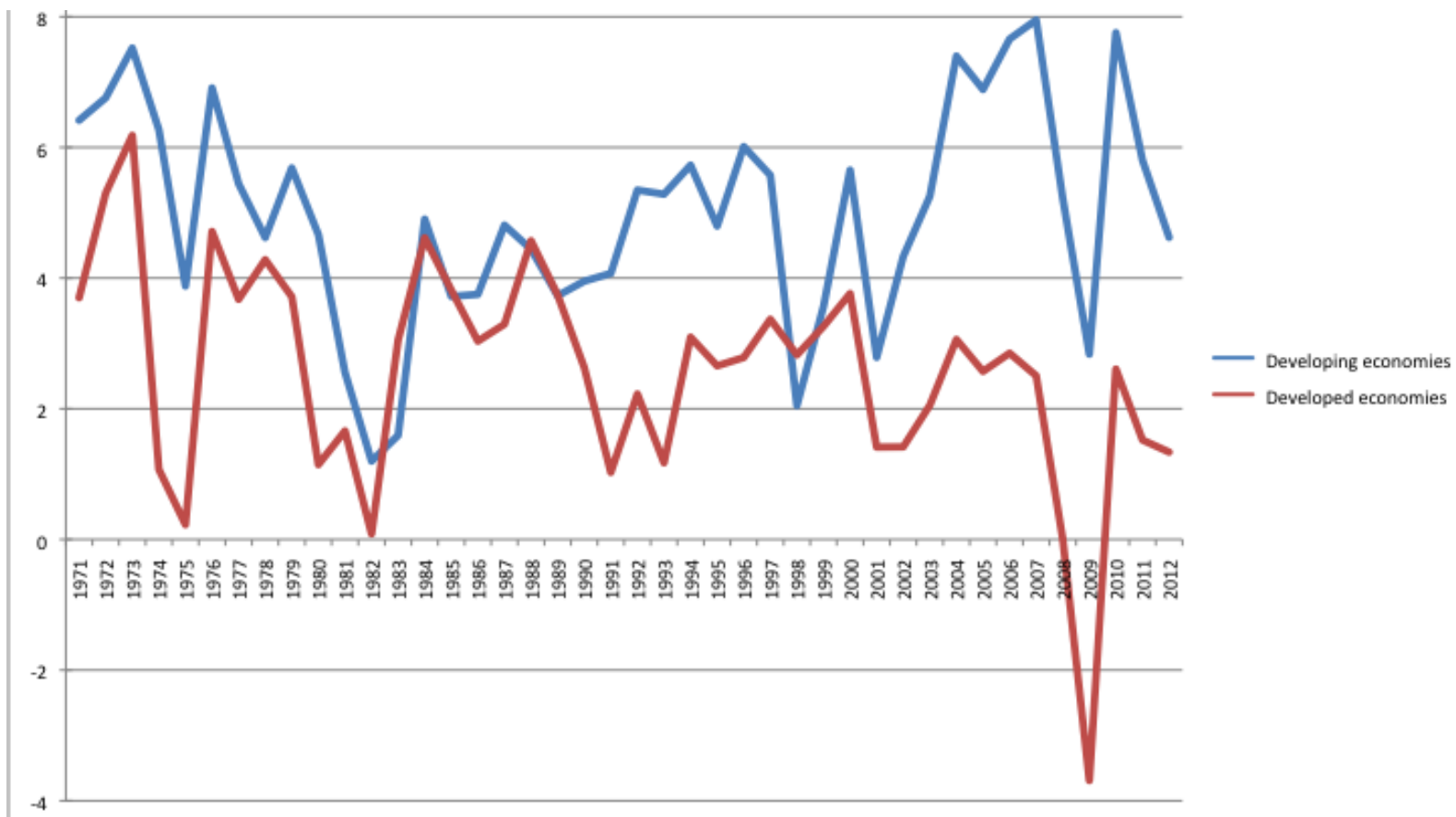
## Trade dependence on developing countries (changes 2008-2013)



... and more so for many African countries  
However, for some countries (e.g. in Latin America) the developed countries are increasingly important.

# Developing countries had higher GDP growth rates ...

Average annual GDP growth rates



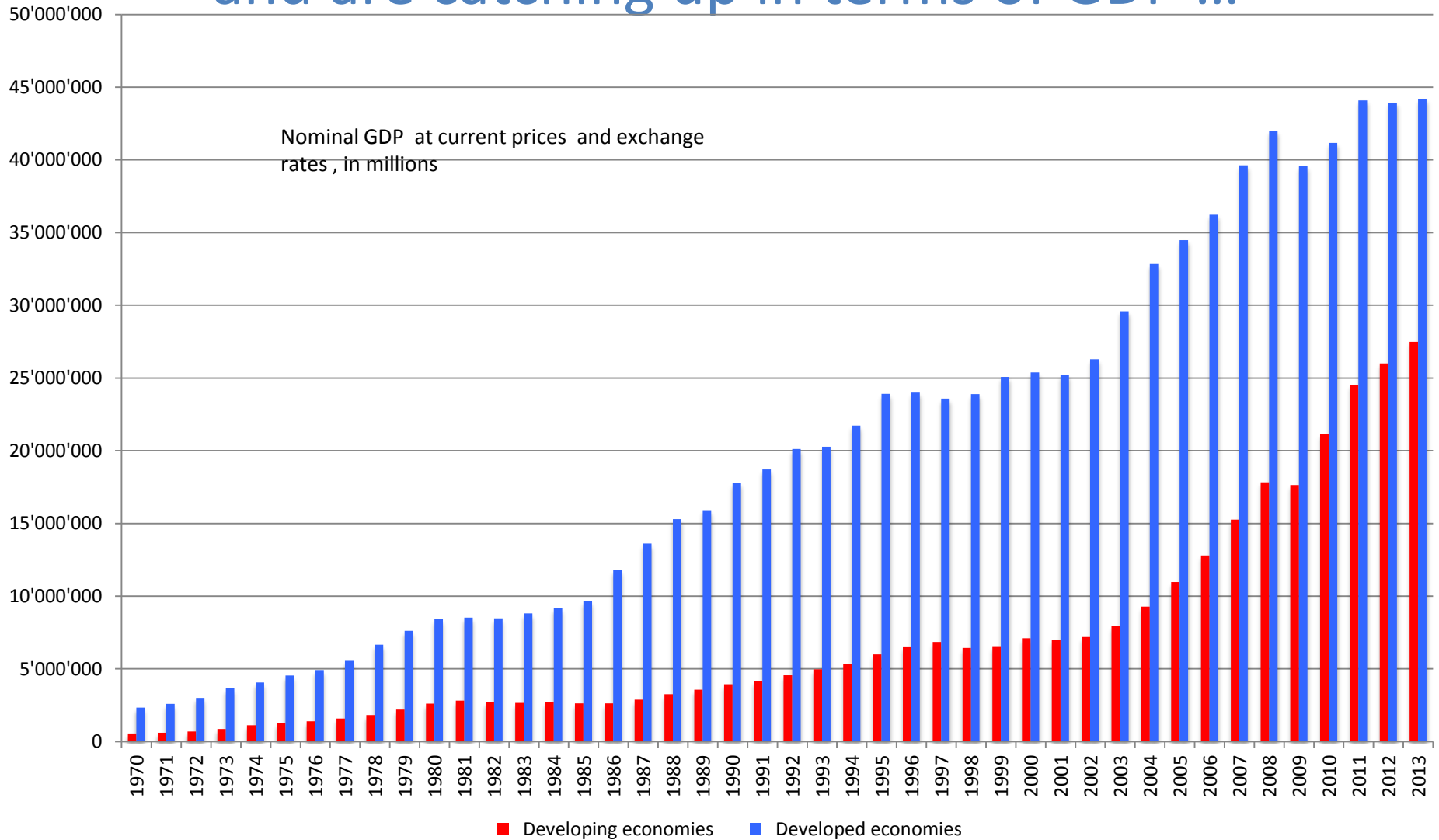
Source UNCTAD STATS

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD



# and are catching up in terms of GDP ...



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...taking less years to double output per capita



150 years



50 years



20 years

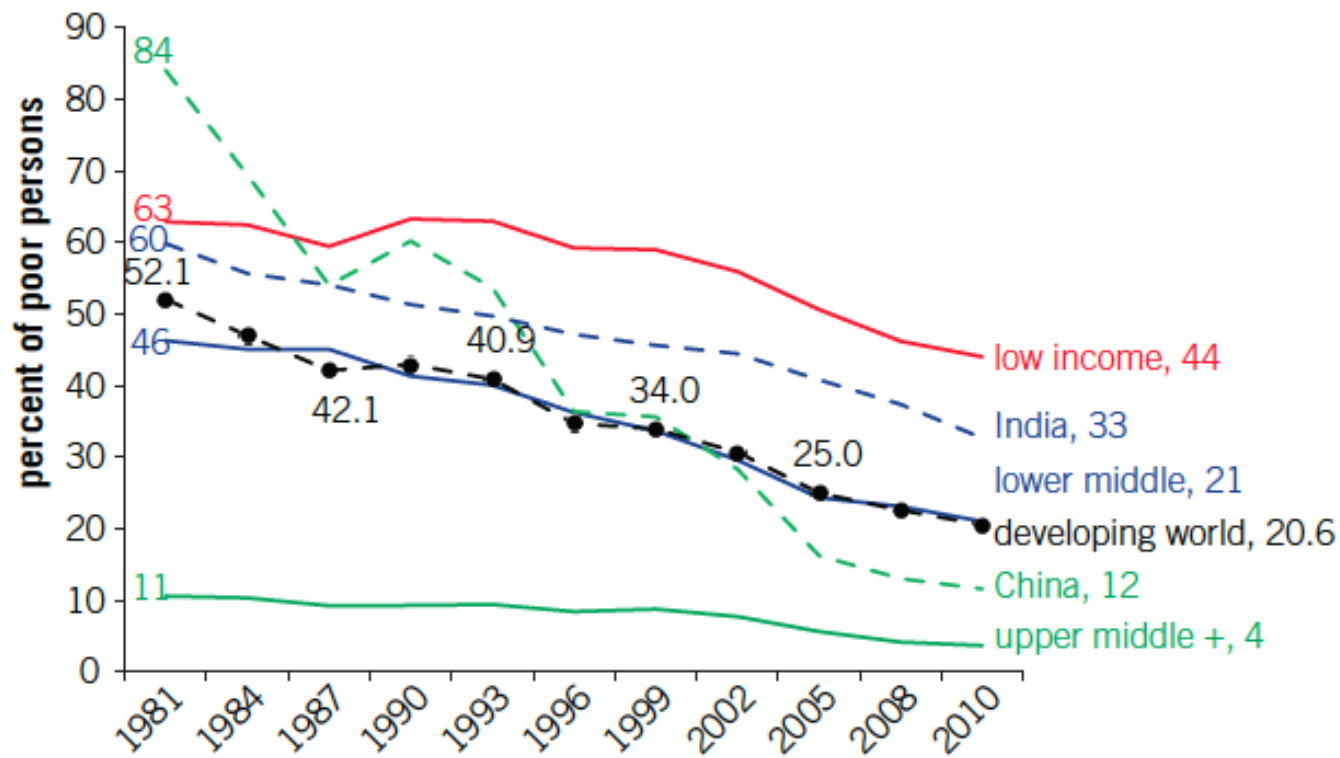


20 years



..and this growth has contributed to poverty decline..

Figure 1. The Developing World Has Experienced a Large Decline in Extreme Poverty Rates



Source: World Bank staff estimates based on PovcalNet.





## ...and to get closer to important goals...

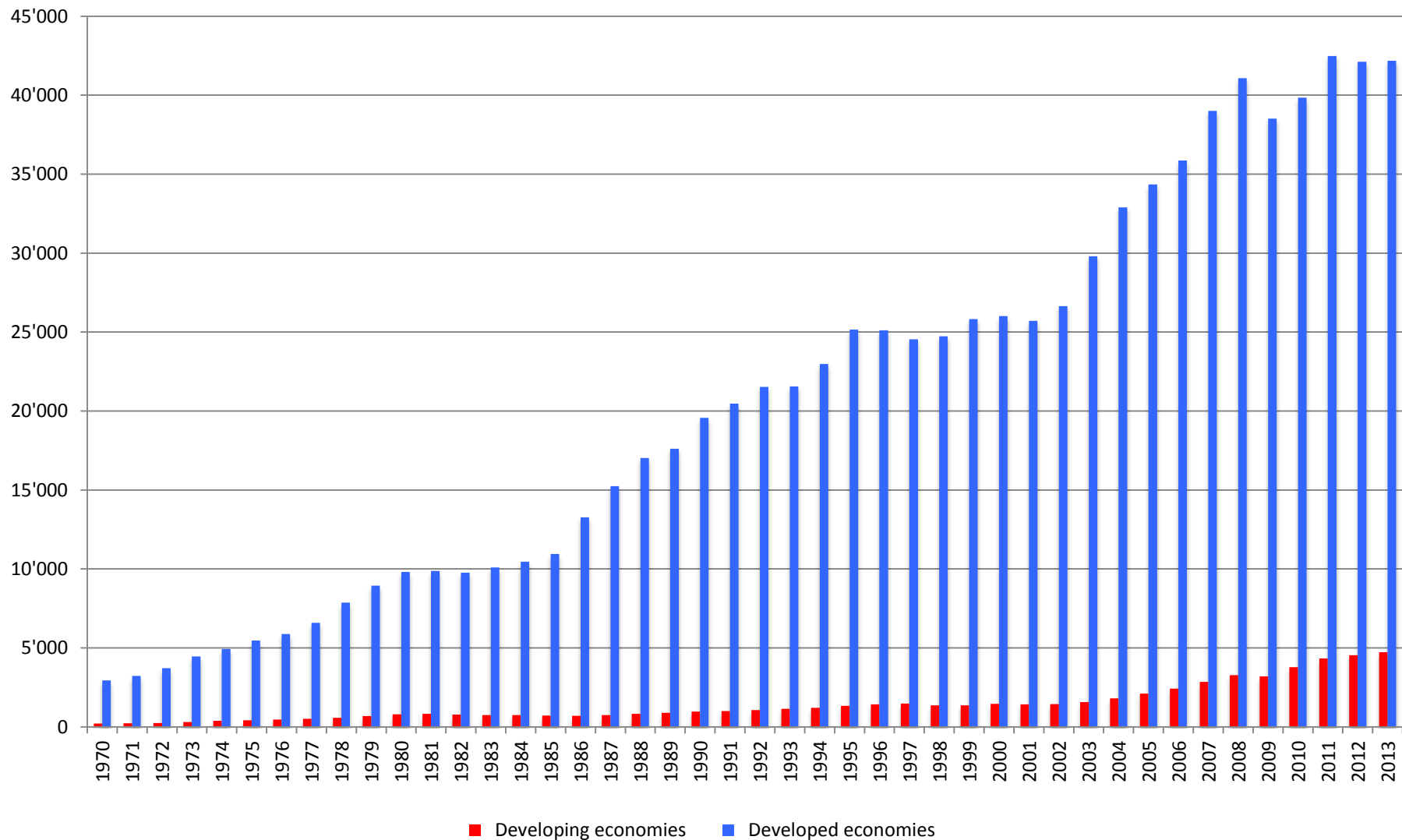
- **Undernourished people in developing regions decreased from 23.2 per cent in 1990–1992 to 14.9 per cent in 2010–2012.**
- **Over 2 billion people gained access to improved sources of drinking water**
- **Remarkable gains have been made in the fight against malaria and tuberculosis**

Source: UN MDG reports 2012, 2013



Good news...BUT...

# ...per capita GDP gap still remains big ...



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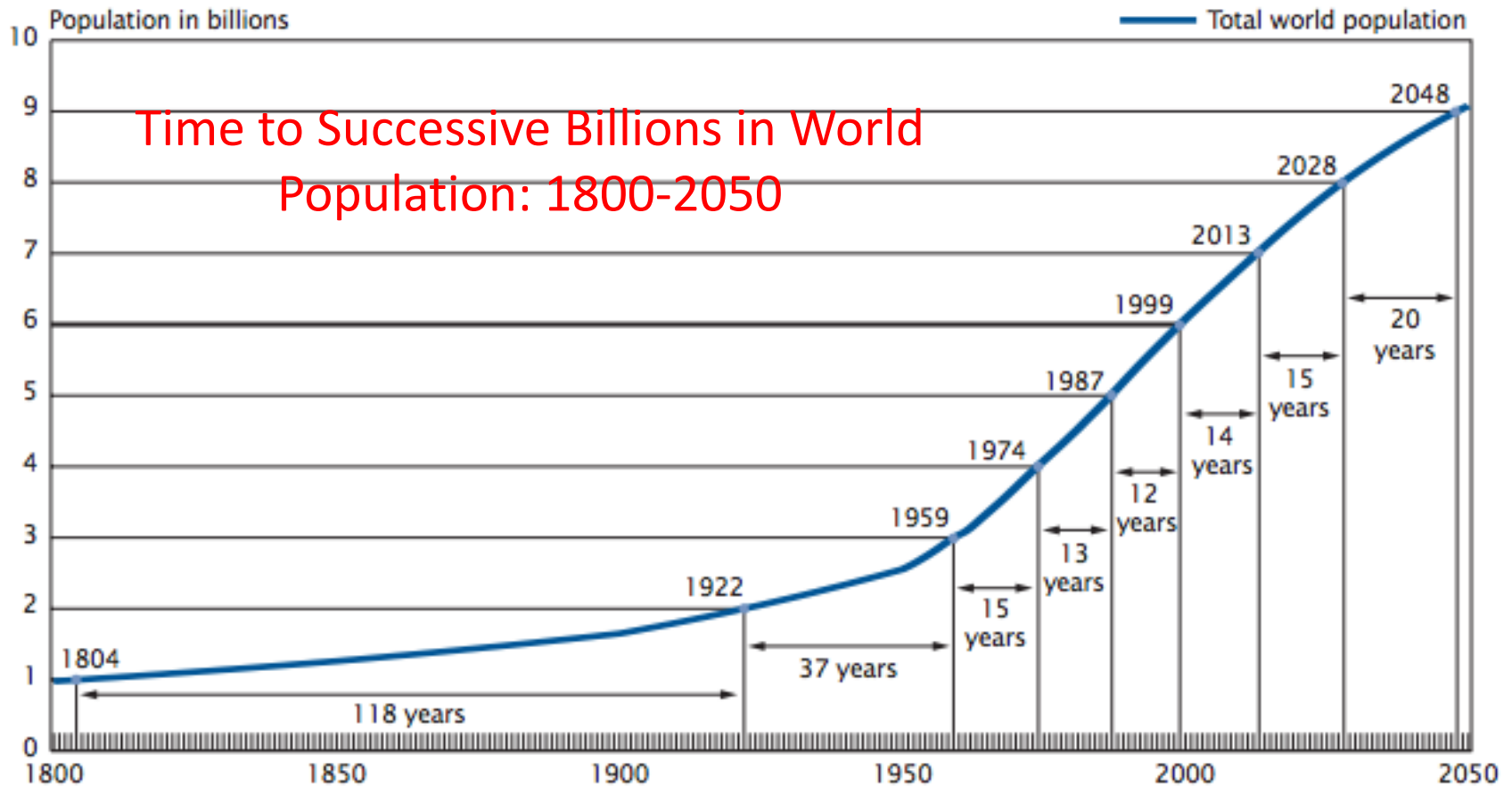
## ...accelerated progress is required...

- One in eight people in the world today remain chronically undernourished
- Almost 202 million people are unemployed
- 57 million children are still denied their right to primary education

Source: UN MDG reports 2012, 2013

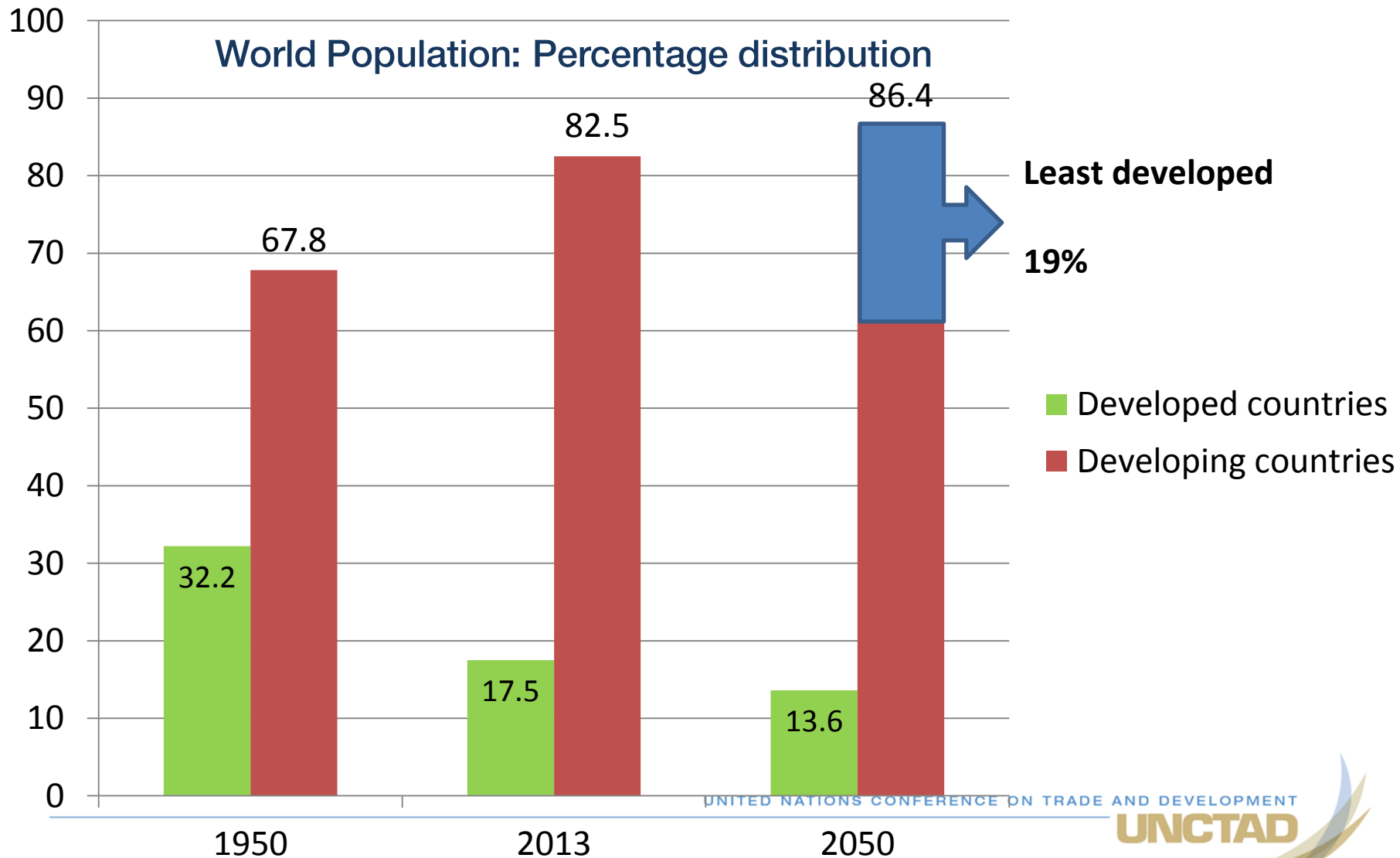


... and although the speed of population growth is declining...



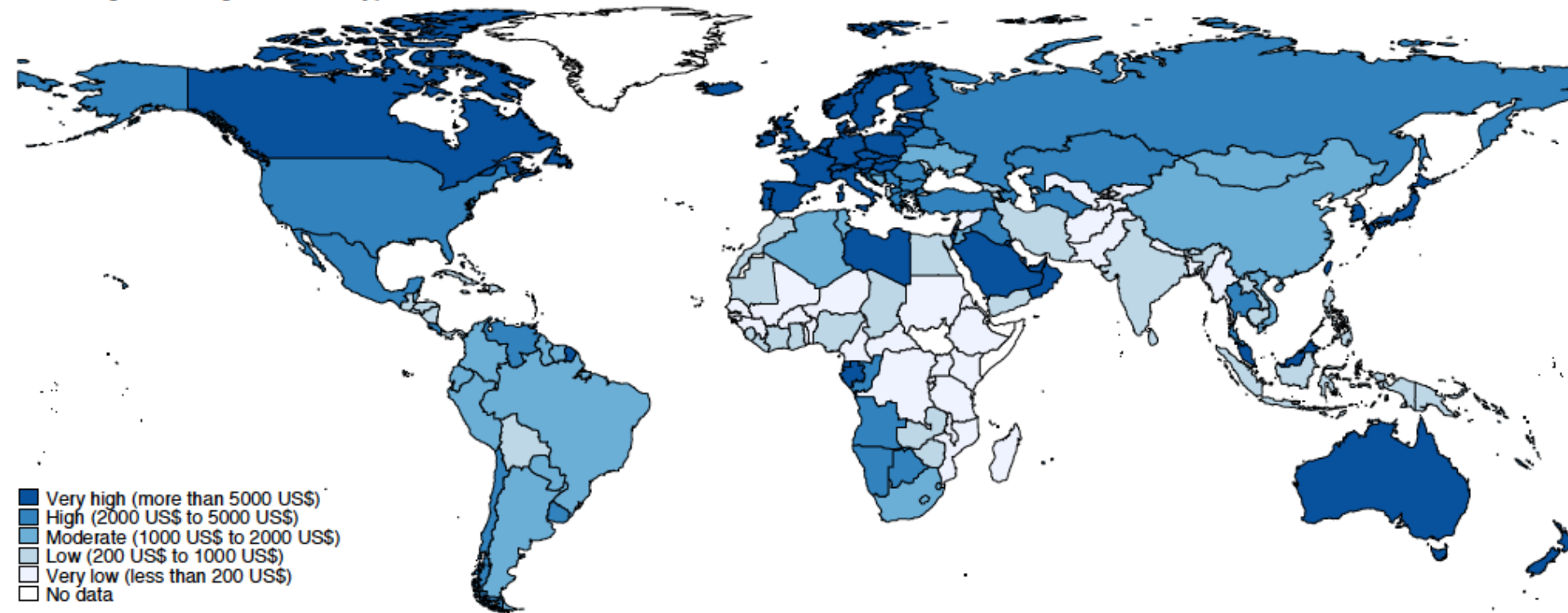
Source: United Nations (1995b); U.S. Census Bureau, International Programs Center, International Data Base and unpublished tables.

# ...most of the increase will be in developing countries in particular LDC...



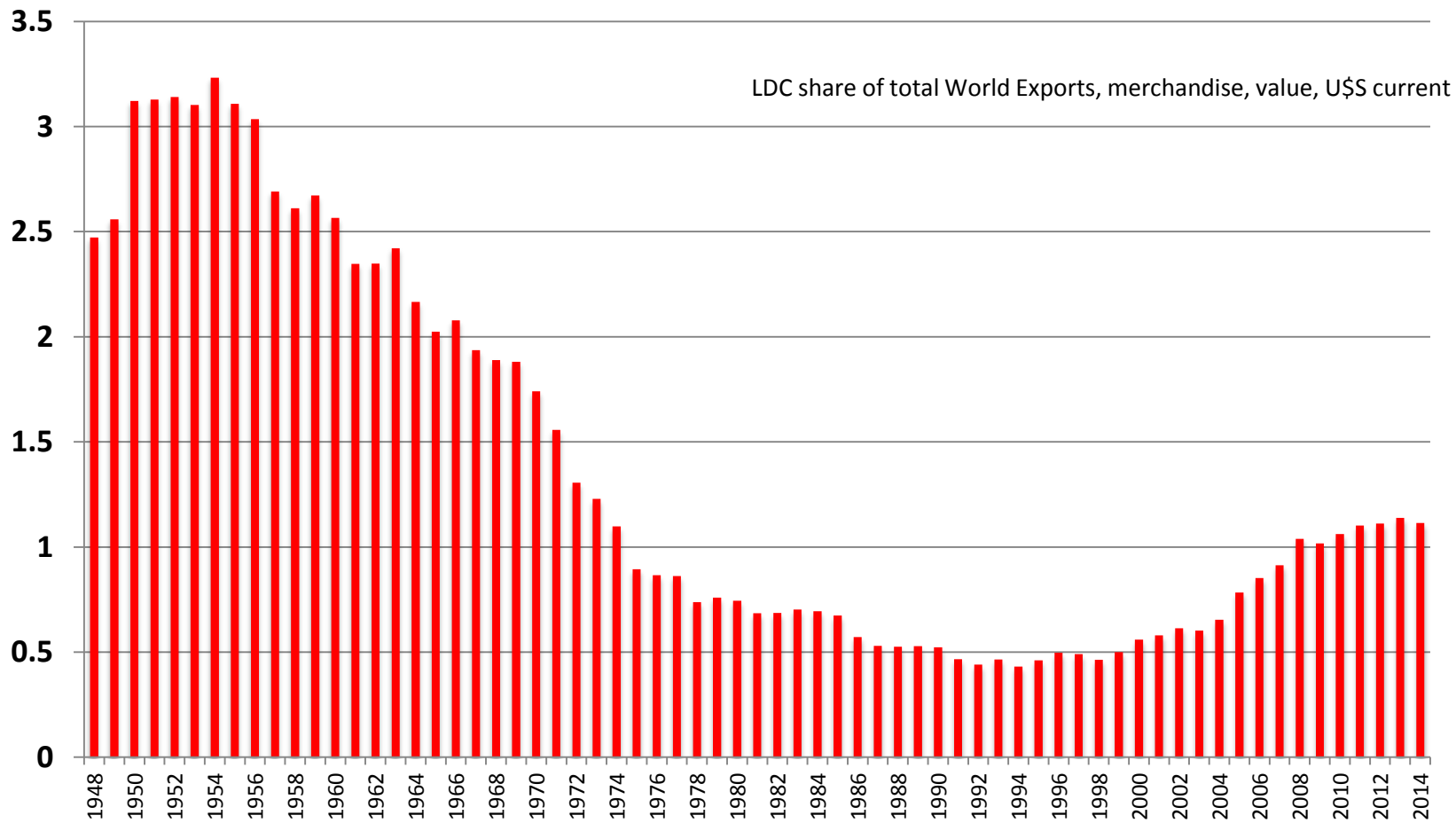
... and LDC countries are less integrated into the global economy ...

### Per capita exports of goods



- Exports on a per capita basis are very low in Africa (but for some oil/commodities exporting countries)
- Even China per capita export is much lower than developed countries.

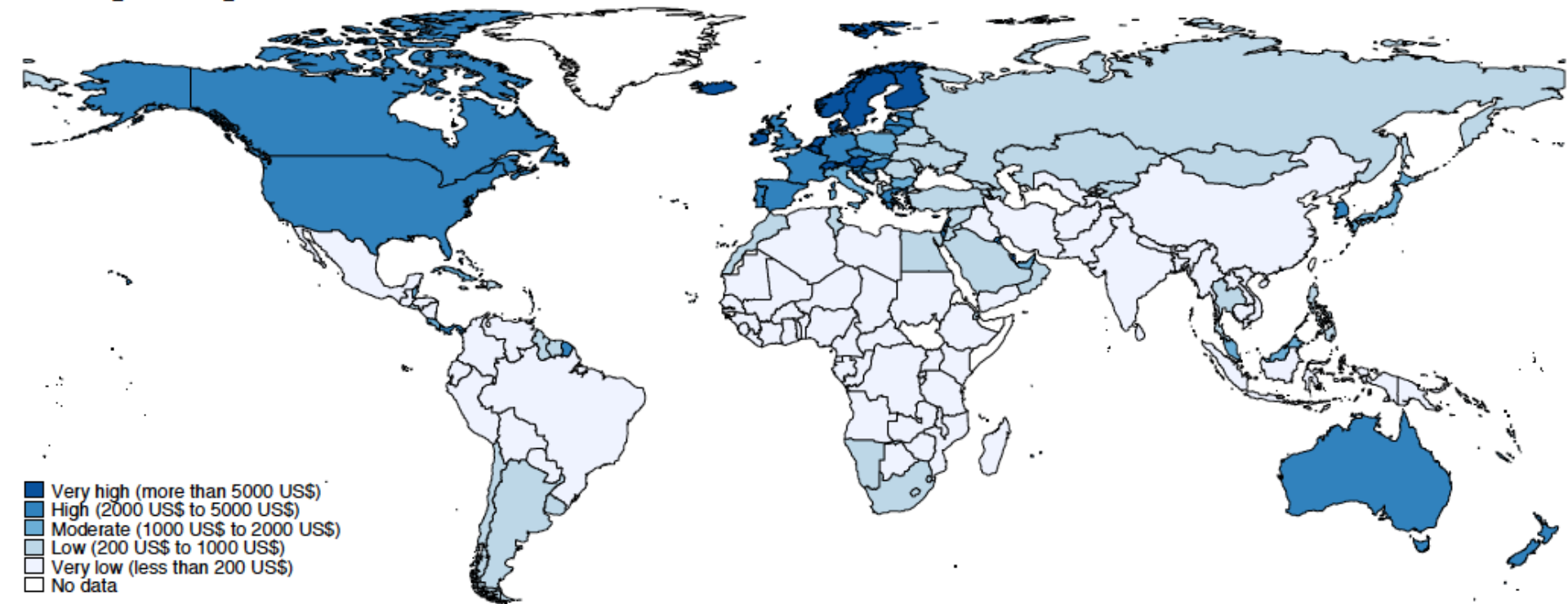
# ... and LDC countries exports share is still low...





...and the gap is even larger in terms of services exports...

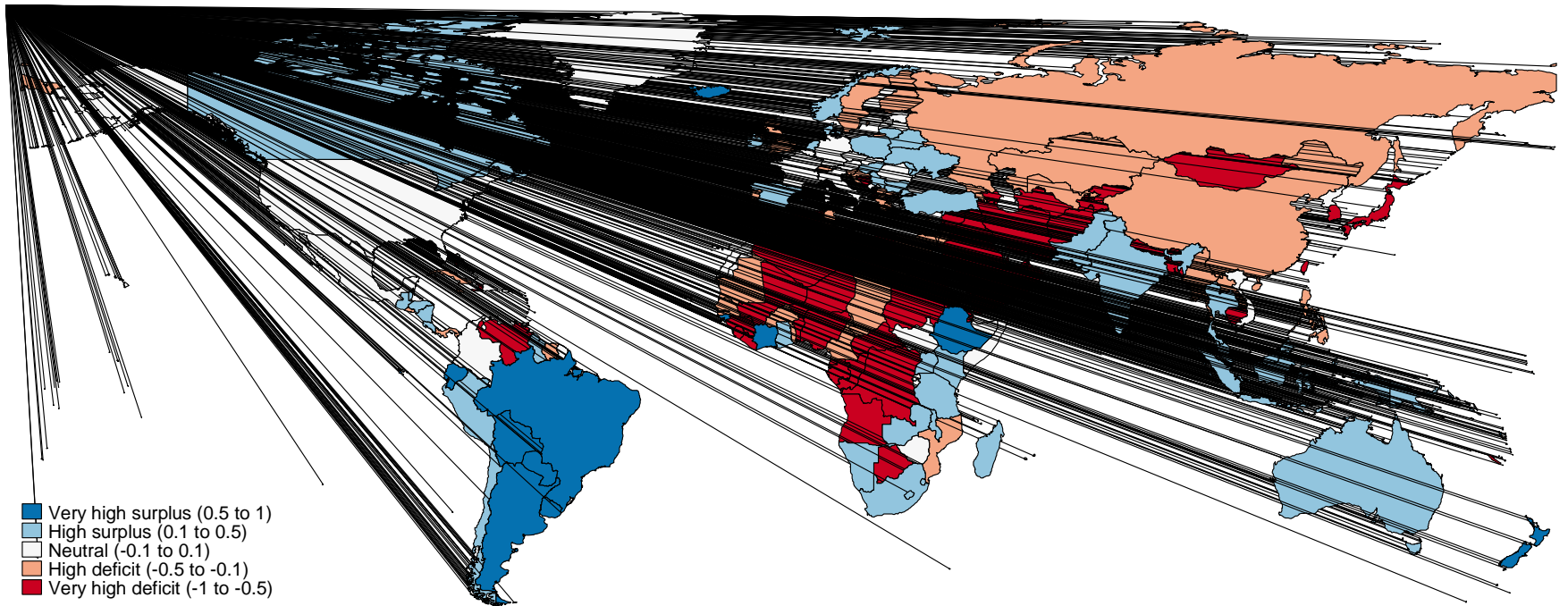
### Per capita exports of services



- Export of services is largely from developed countries.
- Even East Asian countries are poorly integrated to international services markets.

# ...and most of Africa and Asia countries rely on international markets for food security purposes...

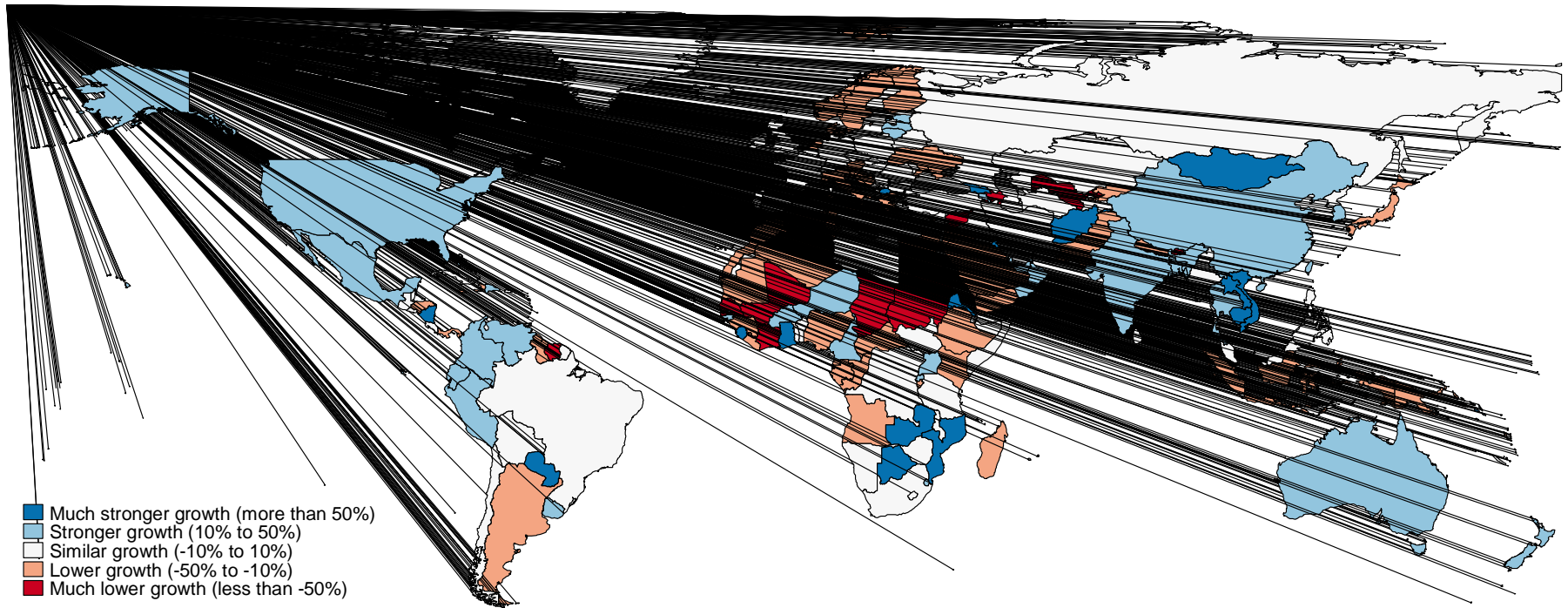
Agricultural dependency index based on net trade of agricultural products



- Most of Africa and Asia countries rely on international markets for food security purposes.
- Latin America is the "granary" of the world
- Given the population trends, international markets are likely to become even more important for food security.

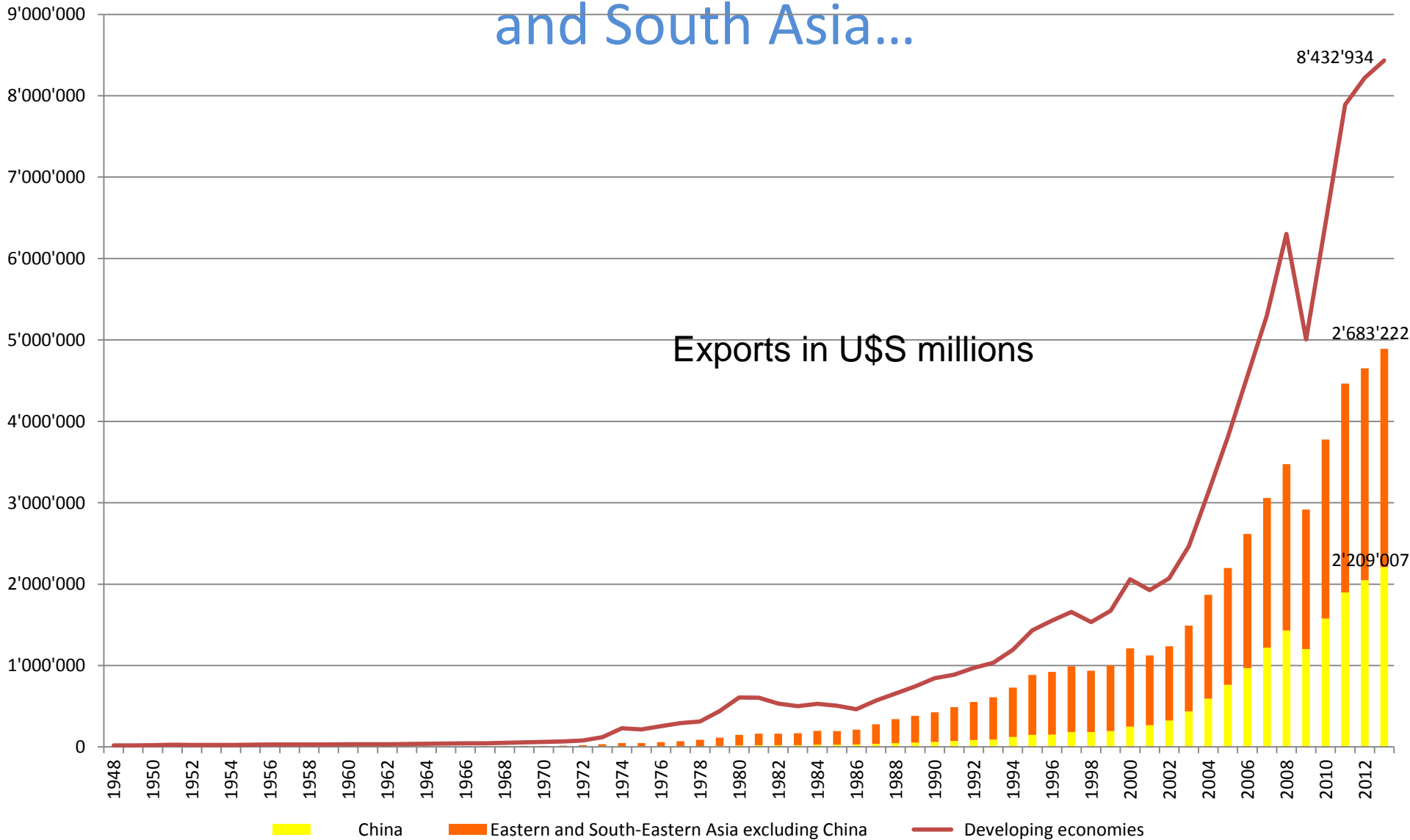
# ...moreover export Growth has been uneven

Export growth gap vs countries with similar levels of GDP per capita (2008-2013)



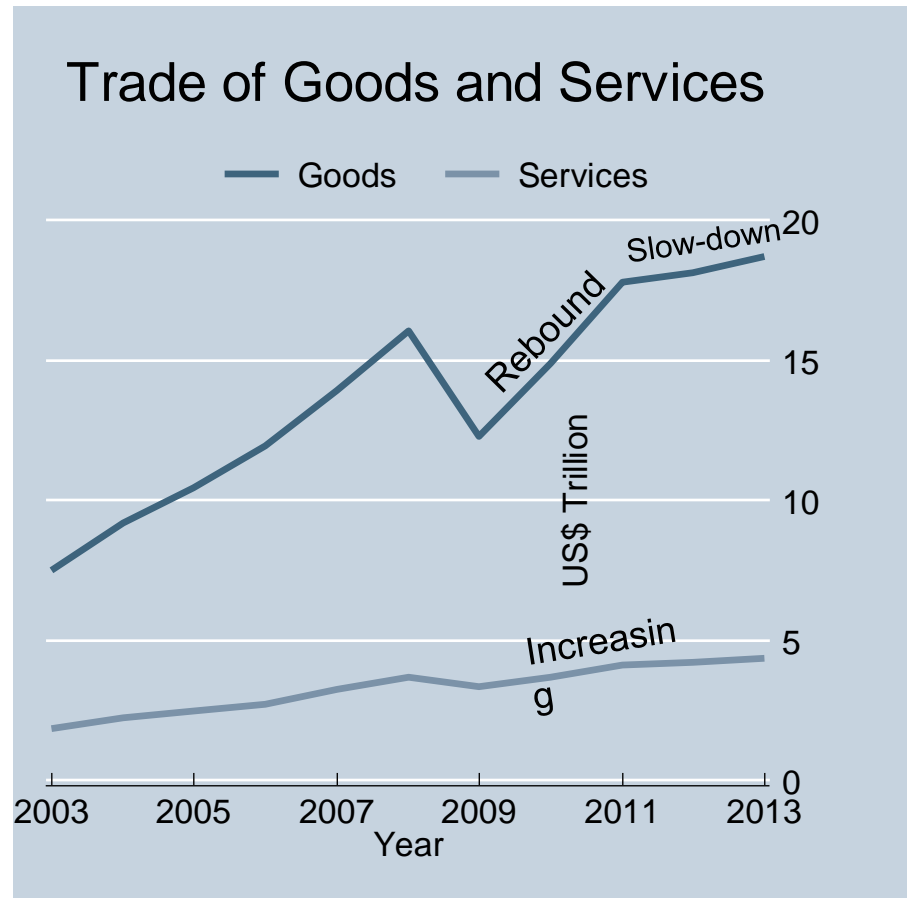
- East Asia countries have grown faster than their peers.
- Export growth has been lower for a large number of African countries (relative to their peers)

# Trade growth has been mainly in China and East and South Asia...



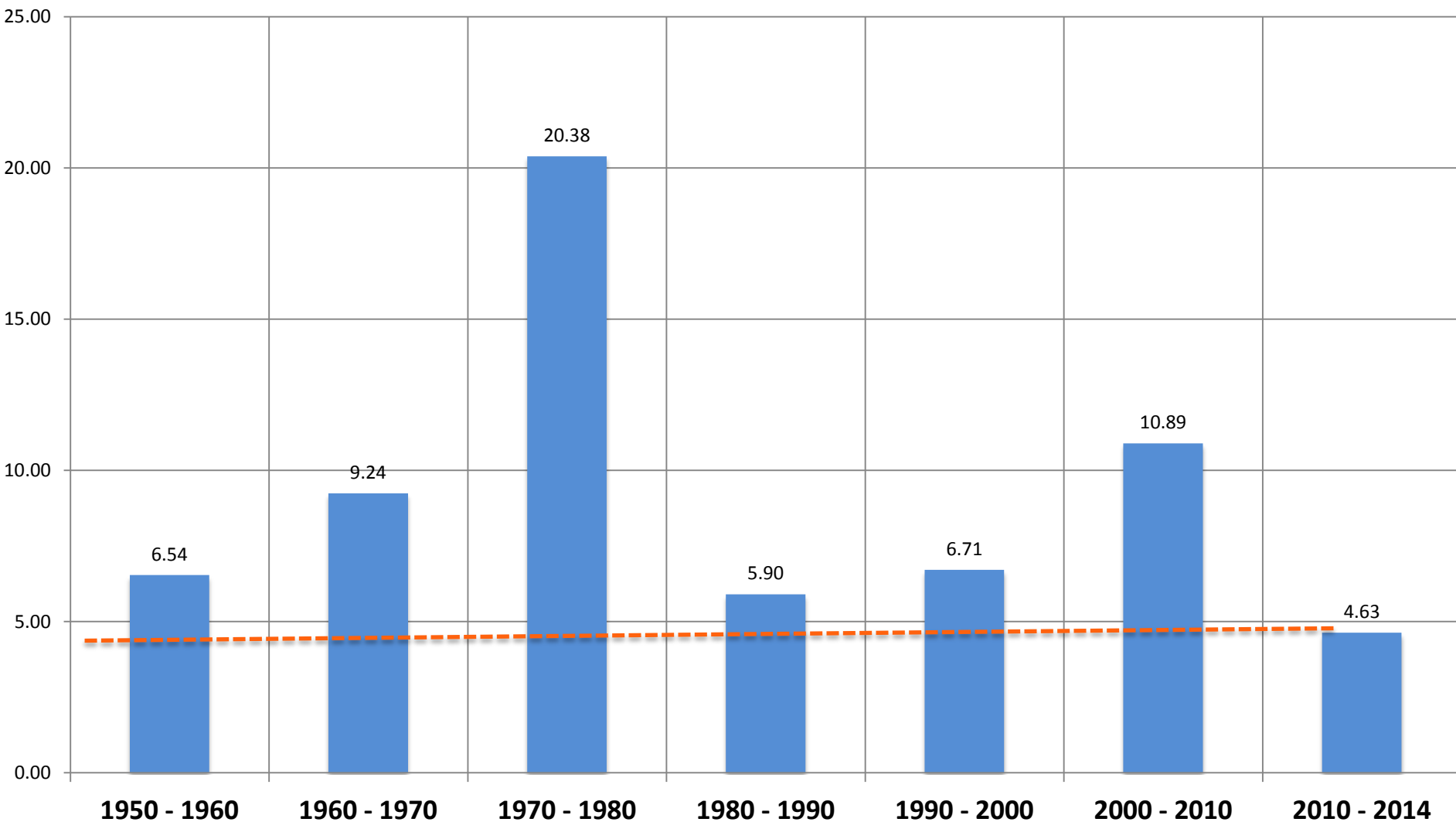
# And trade growth is now weak...

- **Goods:** rebound and slow-down after 2011
- **Services:** still relatively much lower than goods, but not steep slow-down after 2011



# ...particularly in trade in goods...

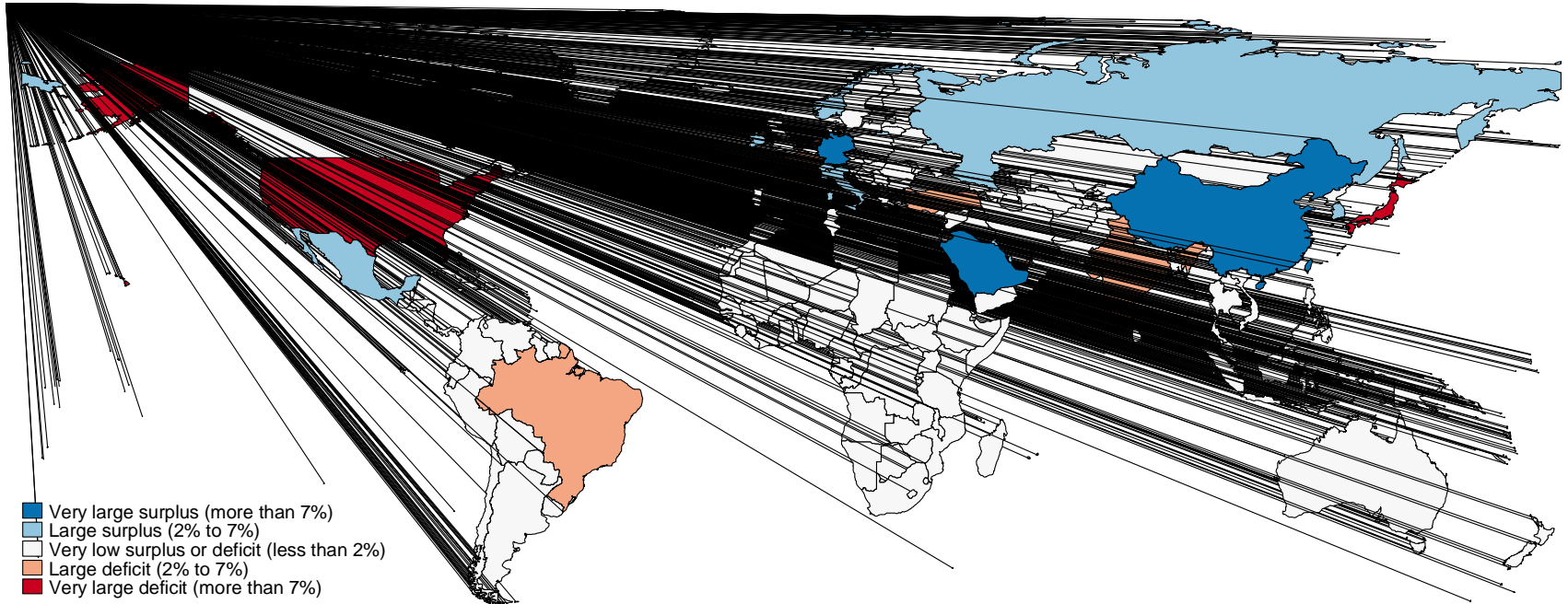
**Value growth rates of merchandise exports and imports, annual, 1950-2014**





# ...and imbalances are a matter of concern...

(as a percentage of overall world imbalances - 2013)

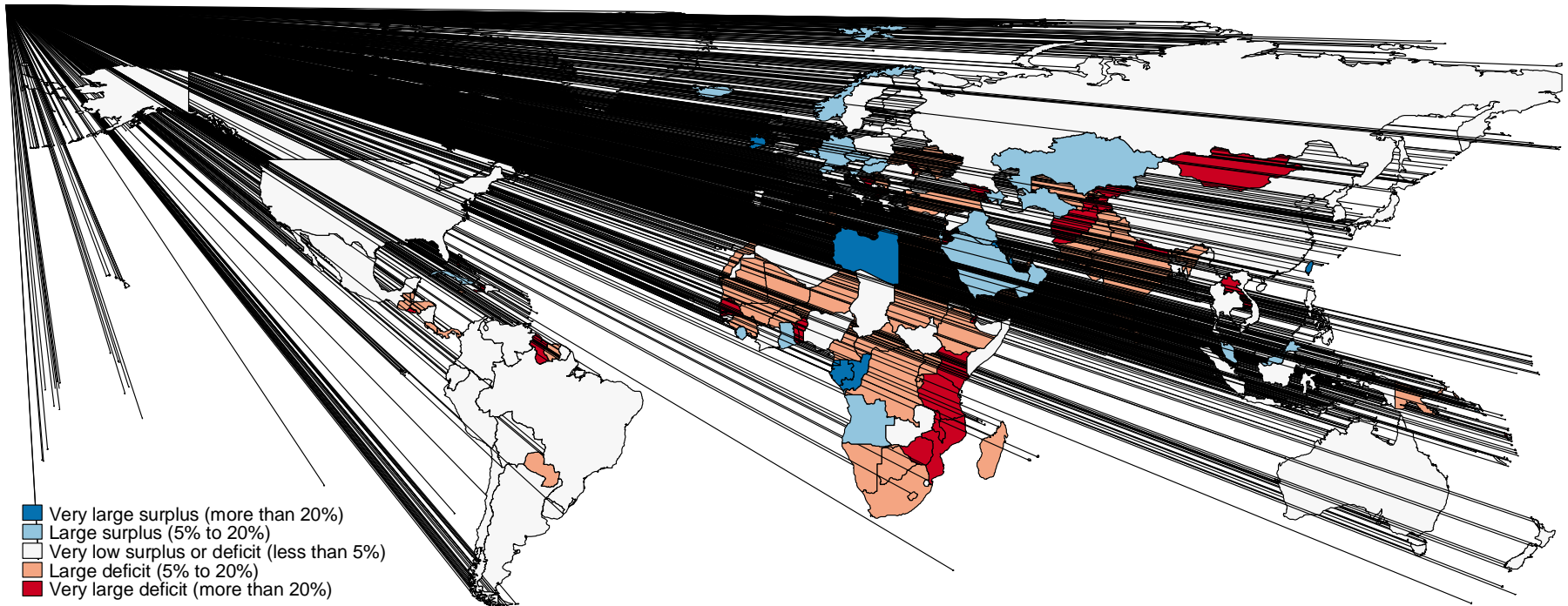


USA and Japan are large deficit countries; China, Germany and Saudi Arabia are surplus countries.

However, this may not be the main problem...

.. but imbalances could actually be more problematic for some DC and LDC...

### Balance of Trade as a percentage of GDP

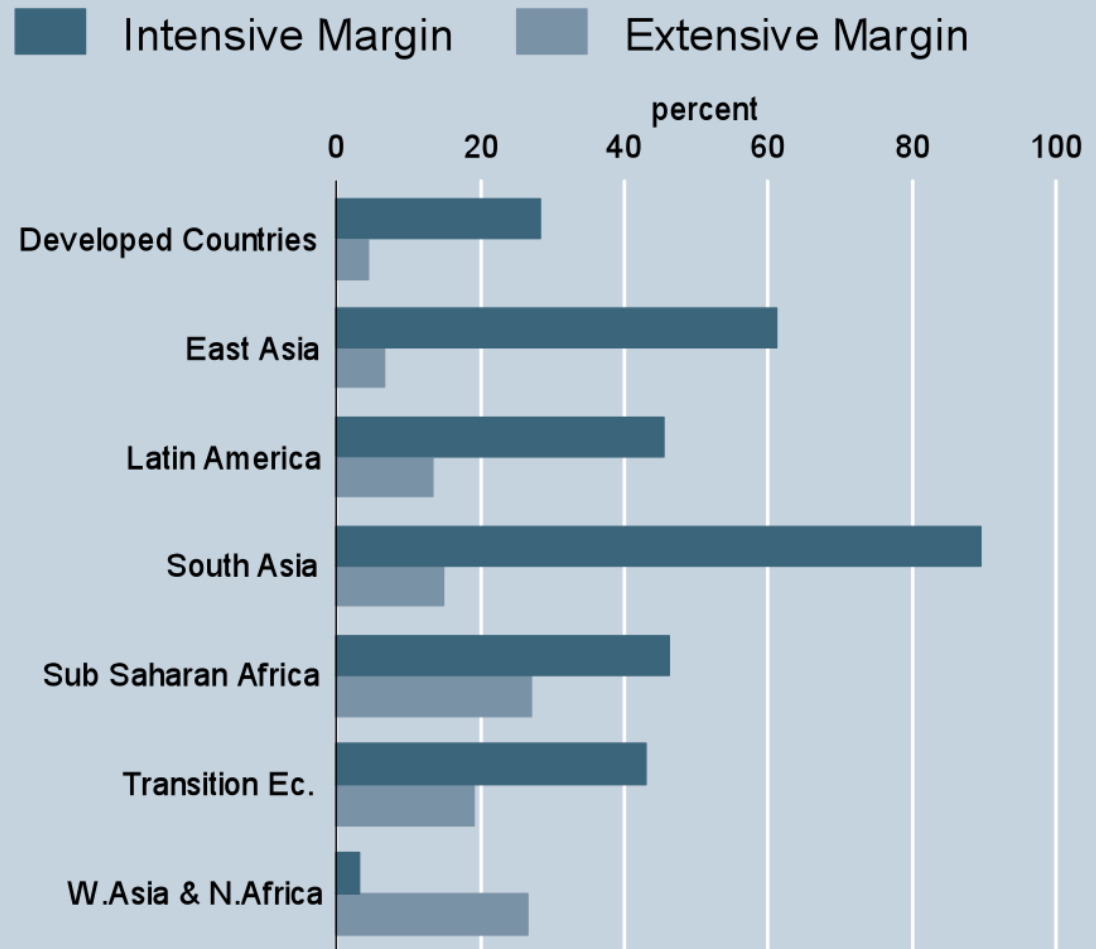


- Balance of Trade as a percentage of GDP is not about USA or China but is a problem for most African and South Asian countries.
- This trend may turn problematic if persists or commodities prices remain low



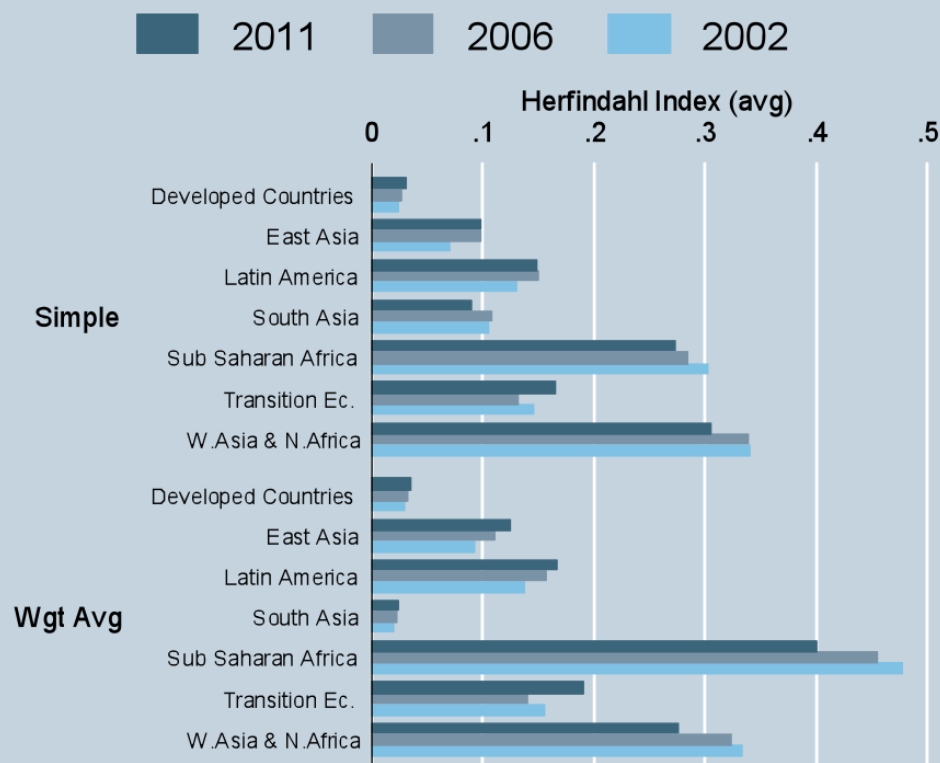
...and export growth has mainly been driven by the increase in the value of existing trade patterns...

## Export Growth (2006-2011)



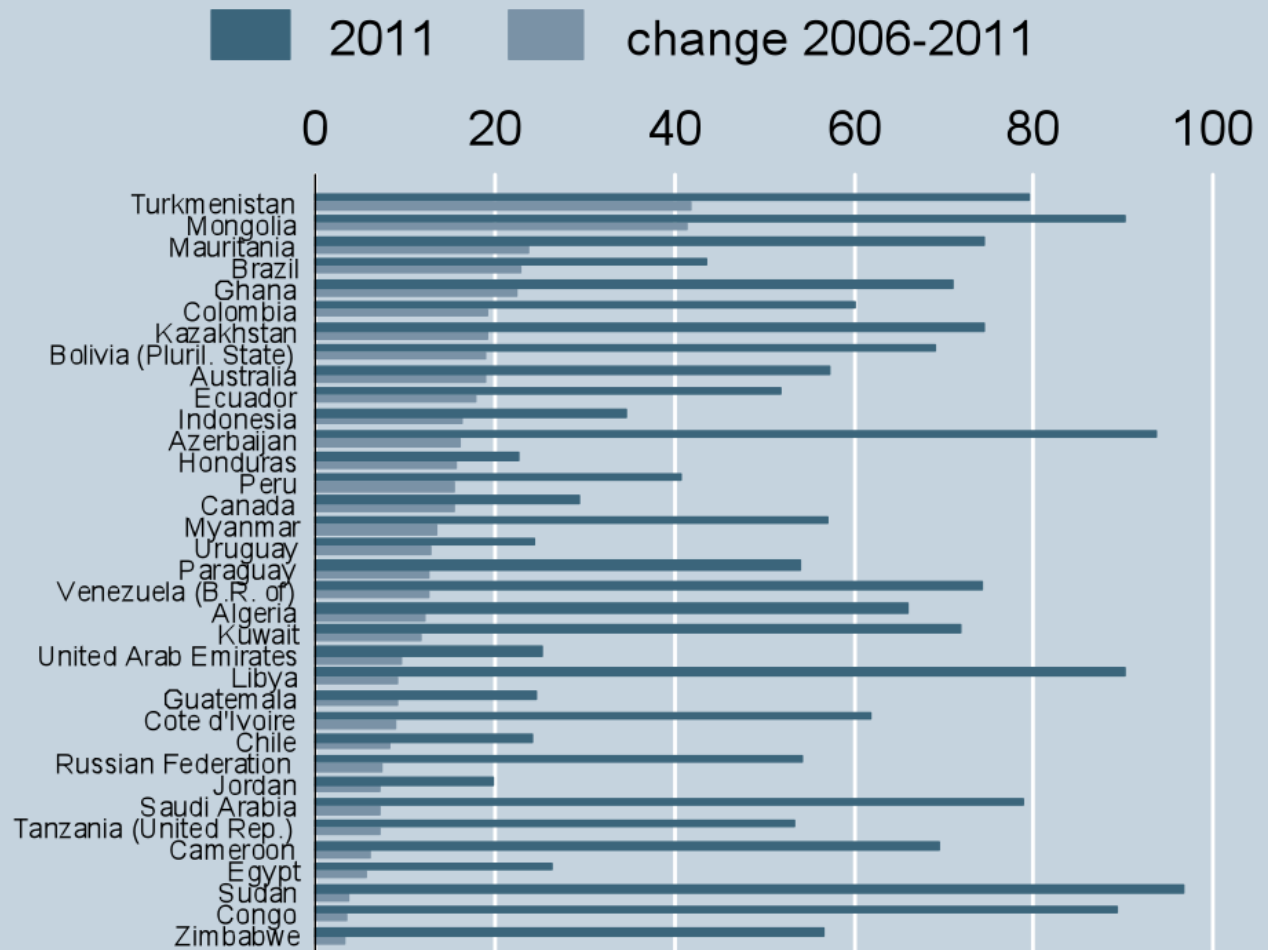
Moreover...export diversification remains relatively limited for many developing countries

## Export Concentration at the Product Level

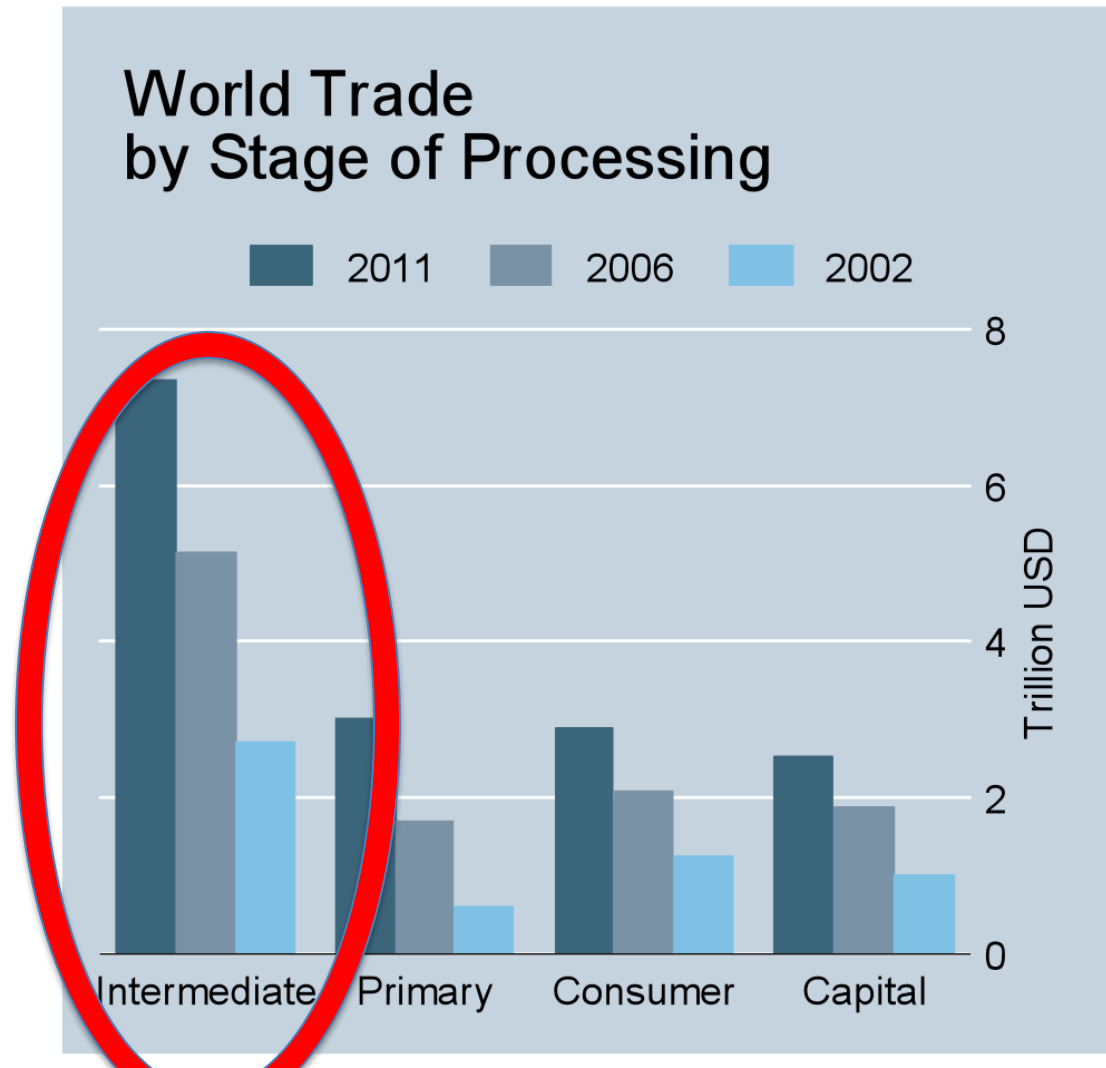


...and there has been a re-commoditization trend...

## Re-Commoditization Exports in Primary Products (%)

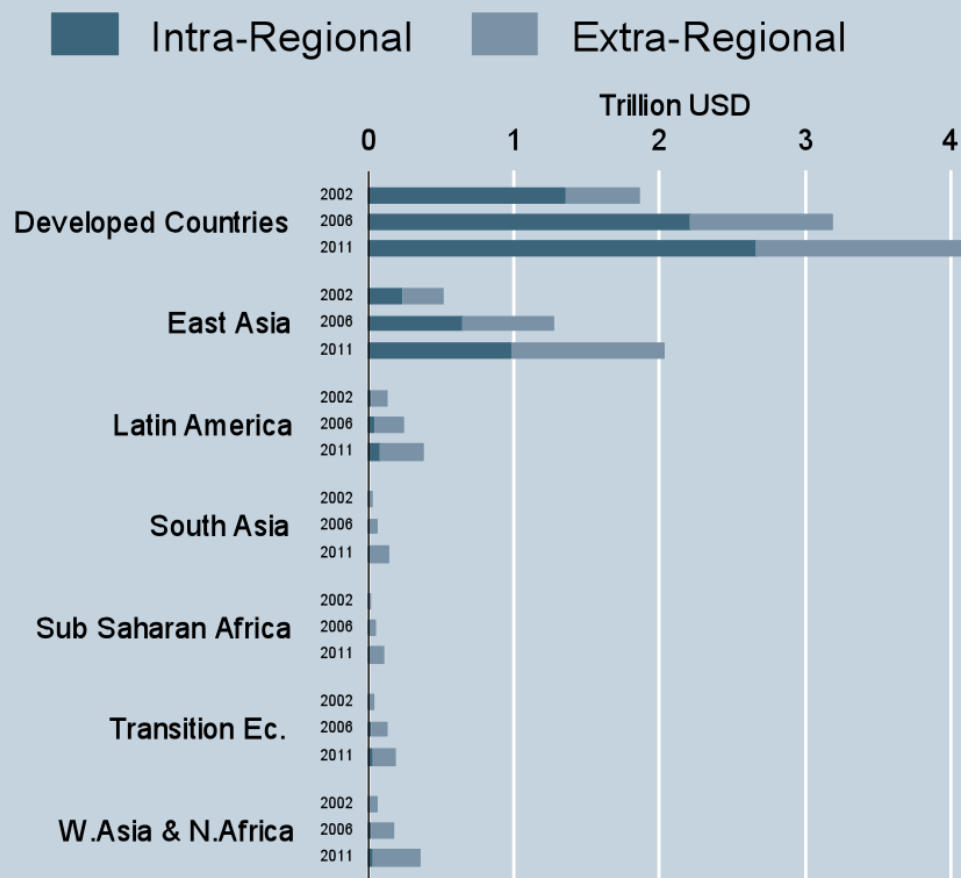


Another major trend since 2002 has been the fragmentation and delocalization of production...



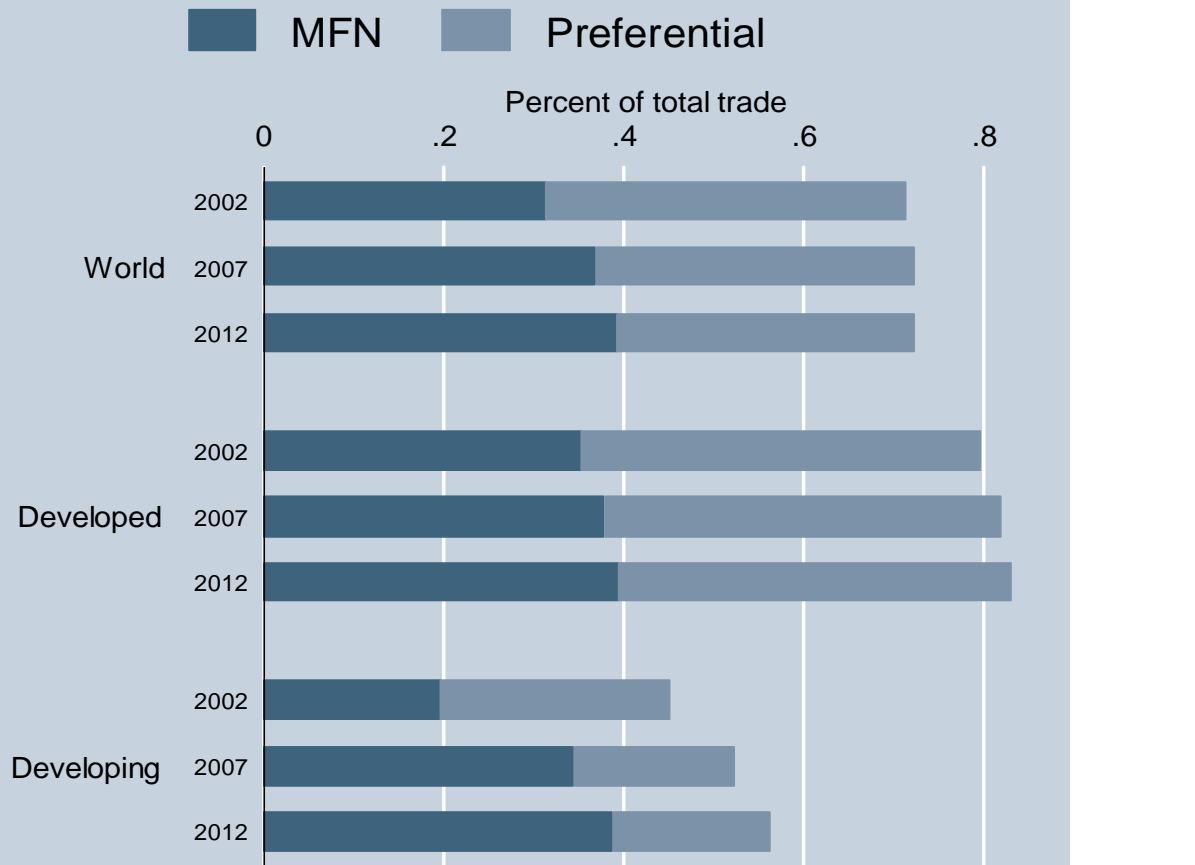
..but rather than globally, fragmentation has mainly taken place in Developed countries and in East Asia..

## Exports of Intermediates

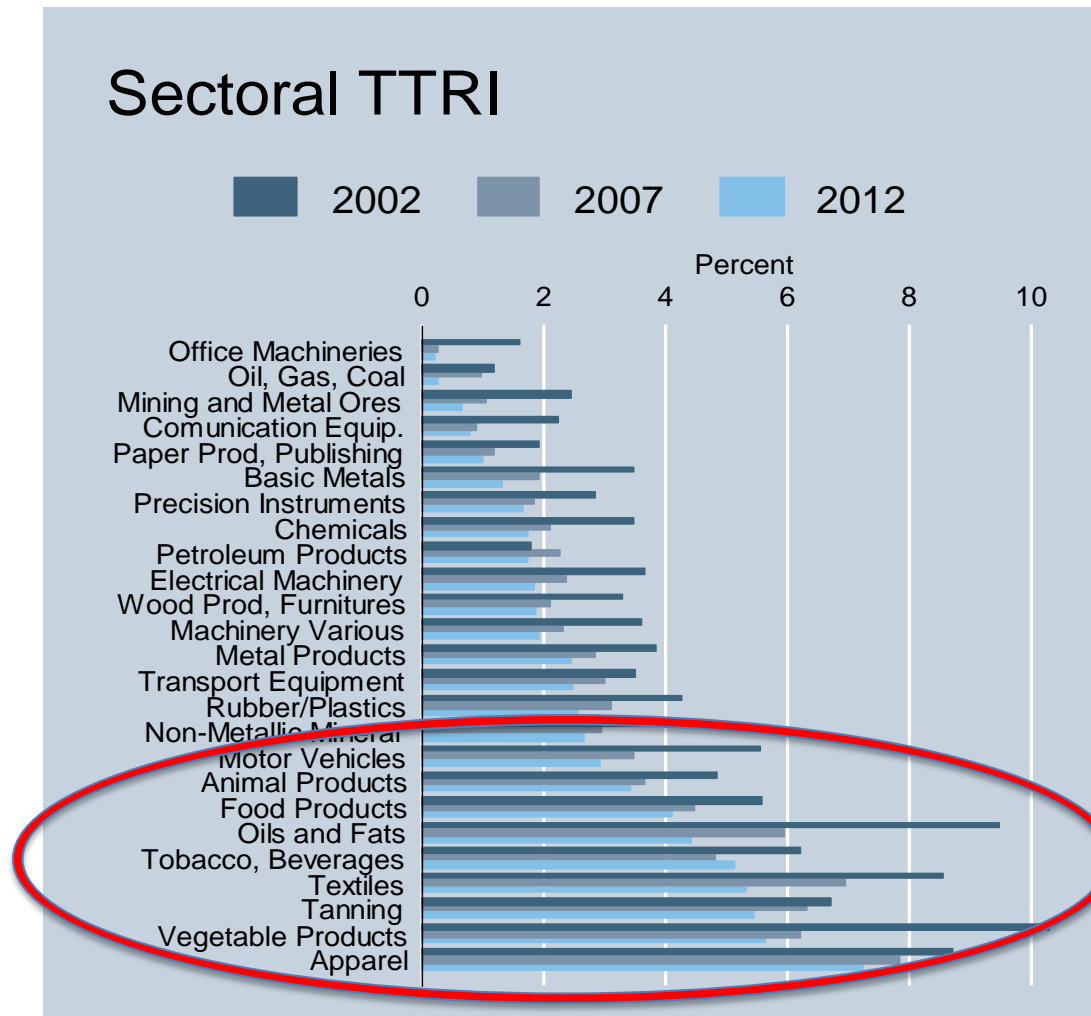


In the last decade global tariff liberalization continued at multilateral, regional, bilateral and unilateral level...

## Free Trade



...but tariffs are still relevant in sectors of key interest for low income countries...



## ...and some South-South Tariffs are high...

(weighed average import tariffs - percentage)

Importing Region	Exporting Region						
	Developed Countries	East Asia	Latin America	South Asia	Sub-Saharan Africa	Transition Economies	W.Asia & N.Africa
Developed Countries	1.3	2.3	1.0	3.5	0.3	0.6	0.4
East Asia	5.6	3.1	5.9	3.1	0.8	1.9	1.6
Latin America	3.4	7.7	1.3	8.4	0.8	2.1	2.5
South Asia	9.5	12.2	2.2	4.5	3.6	6.8	3.4
Sub-Saharan Africa	5.1	9.9	7.2	7.4	1.4	4.4	4.0
Transition Economies	6.9	6.8	12.1	6.7	2.9	0.5	6.6
W.Asia & N.Africa	3.8	5.6	6.6	4.2	4.0	6.7	2.5



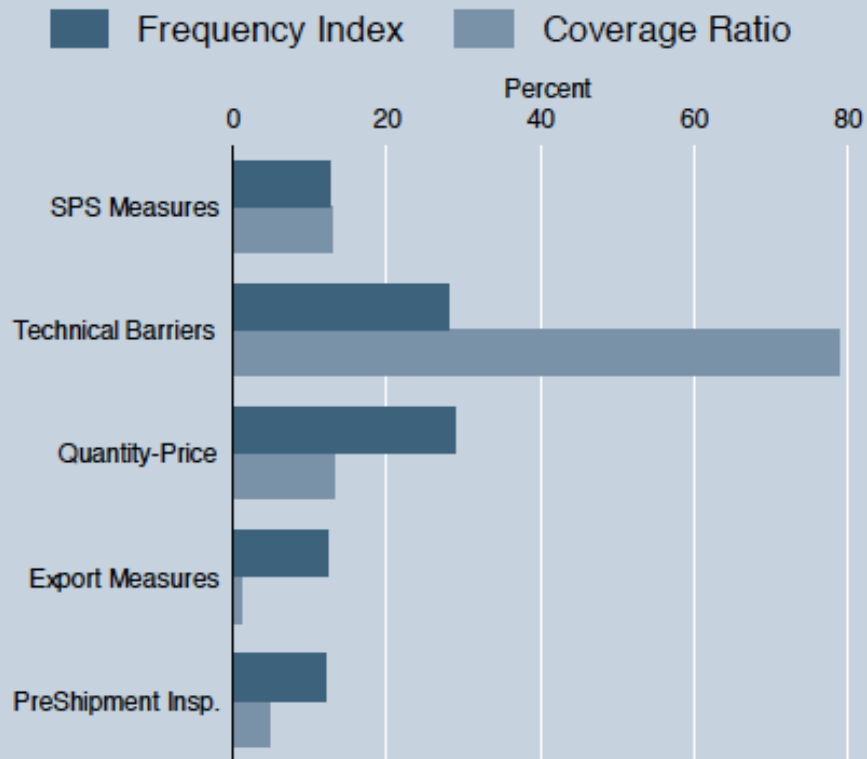
# And Preferential Trade Agreements are on the rise...

449 regional trade agreements notified to WTO and 262 are in force

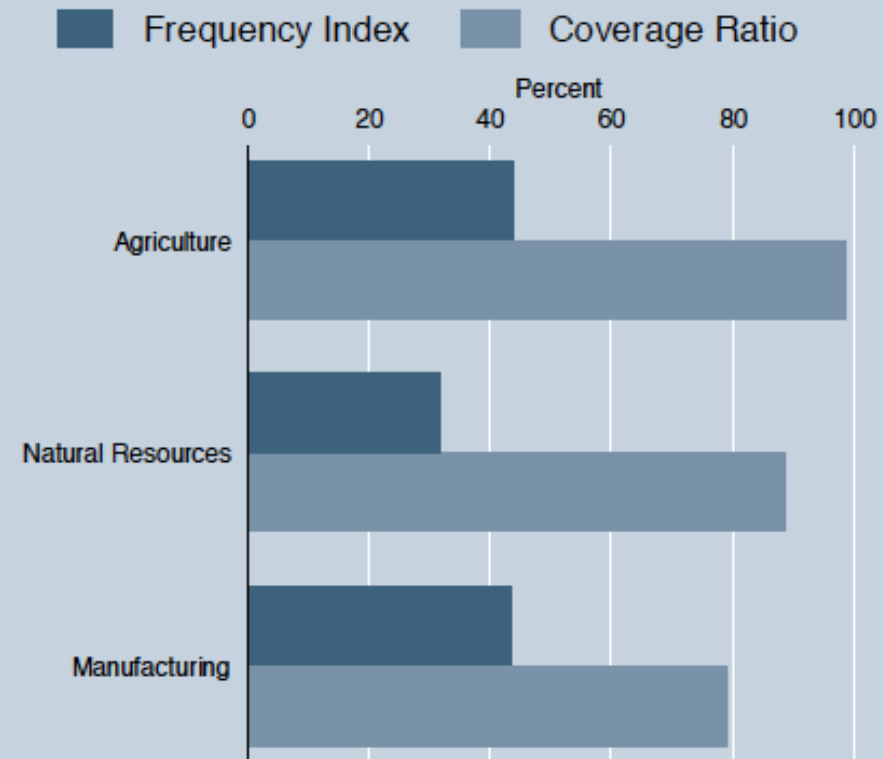
A substantial and increasing share of many developing countries' trade occurs under deeper PTA

...but although tariffs have declined, international trade is increasingly regulated and impacted by a wide array of policies and instruments...

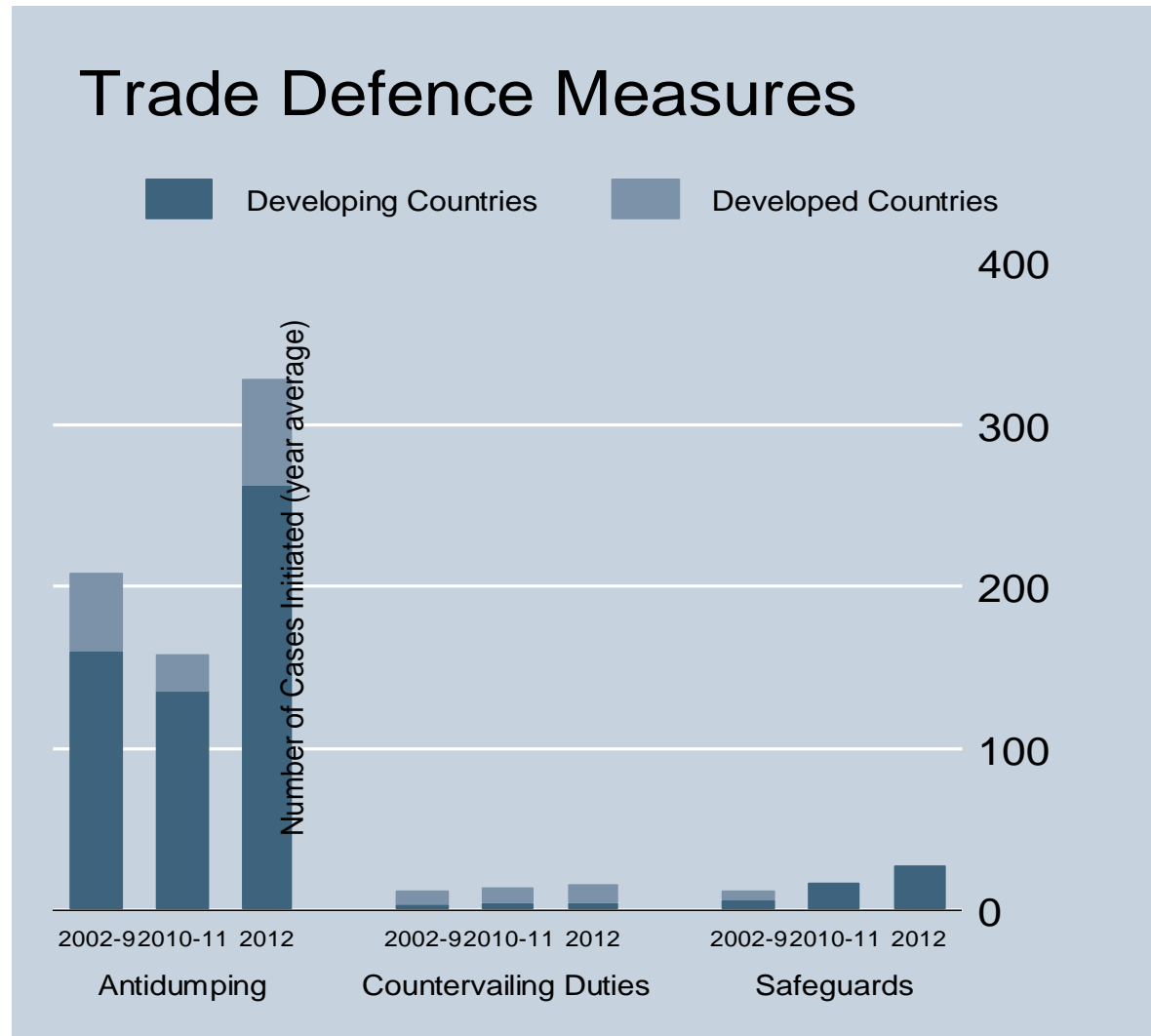
## NTMs in World Trade



## NTMs in World Trade



...and trade remedies are back again in the scene...



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# In a nutshell



Developing countries have been growing consistently in the last decades ...

- Trade contributed to overall growth and to poverty alleviation
- There is a trade and power shift to East and South

...fragilities, disparities and inequalities are still relevant...

- Trade growth has slowed down
- LDC Integration to world economy is weak
- Re-commoditization exposes vulnerabilities
- GVCs are still not global
- NTMs are difficult to tackle by DC
- Regionalism poses opportunities but also risks without Multilaterism

...and trade, trade policy and the international trading system can contribute to implementation of SDGs

# More Facts, Statistics and Trends



Thanks to Bonapas Onguglo, Ralf Peters, Alessandro Nicita for inputs and comments

# More 2015 TRENDS coming next



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