



GLOBAL TRADE

UPDATE

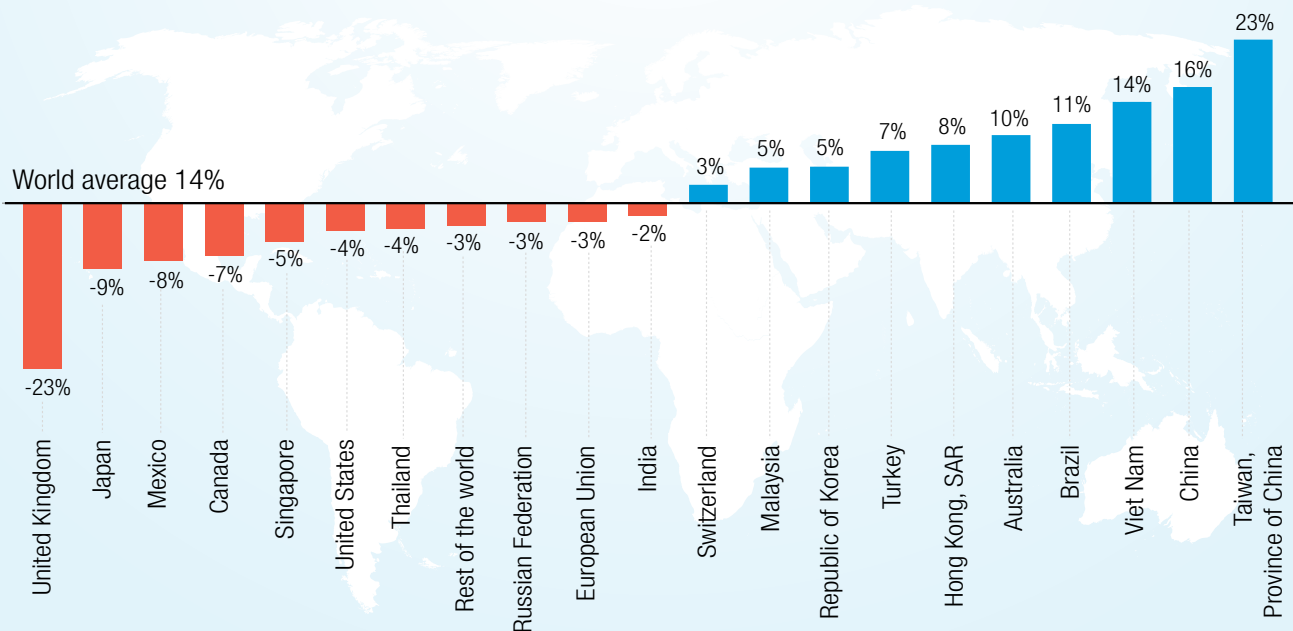
November 2021

World trade reaches record high

- Global trade is expected to reach about US\$ 28 trillion in 2021, indicating an increase of 23 per cent with respect to 2020.
- Global trade growth stabilized during the second half of 2021, increasing by 1 per cent quarter-over-quarter. The outlook for 2022 remains very uncertain.
- Trade in goods reached record levels in Q3 2021. Trade in services shows increasing momentum but remains below pre-pandemic levels.
- Trade growth remains uneven across countries and sectors, but it has been broader in Q3 2021 than in previous quarters.

Strong but uneven trade growth

Percentage change in import plus exports in 2021 relative to 2019



Source: UNCTAD estimates based on national statistics.

Note: Data excludes intra-EU trade. Data does not include trade in services. Figures denote differences from world average.



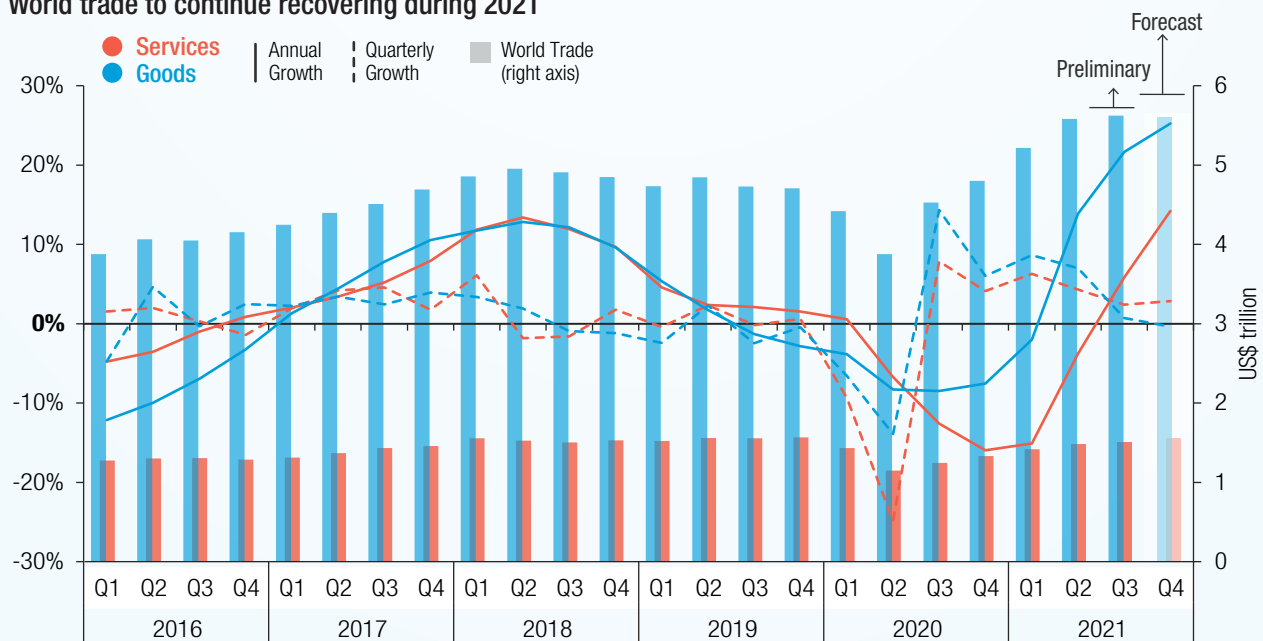
Global trade trends and nowcast

Global trade growth remained strong during 2021. The value of global trade in goods continued to increase during each quarter of 2021. The recovery has been more muted for trade in services, which remains below its levels of 2019.

Although global trade is stabilizing, quarter-over-quarter trade growth was still positive in Q3 2021. The value of global trade in goods and services added about 1 per cent to the already high level of the previous quarter. Global trade growth was about 24 per cent in Q3 2021, on a year-over-year basis, significantly higher than pre-pandemic levels, with an increase of about 13 per cent relative to Q3 2019.

Valued at about US\$ 5.6 trillion, the global trade in goods set a new all-time record in Q3 2021. Trade in services stood at about US\$ 1.5 trillion. The quarter-over-quarter growth of trade in goods was about 0.7 per cent, while that of services was about 2.5 per cent. On a year-over-year basis, the trade growth rate for goods remains substantially higher than for services (22 per cent vs 6 per cent). Both the trend of a slower growth for the trade in goods, as well as a more positive trend for services, will probably continue in Q4 2021. Trade in goods is expected to remain constant at about US\$ 5.6 trillion in Q4 2021, while the trade in services will likely continue to slowly recover.

World trade to continue recovering during 2021



Source: UNCTAD calculations based on national statistics.

Note: Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. Annual growth refers to the last four quarters.

Figures for Q3 2021 are preliminary. Q4 is a [nowcast](#).

Overall, 2021 is set to be a strong year for international trade. In 2021, the value of global trade in goods and services is expected to increase by about US\$ 5.2 trillion relative to 2020, and by about US\$ 2.8 trillion relative to 2019, the equivalent of an increase of about 23 per cent and 11 per cent, respectively. Trade in goods is projected to reach a record level of US\$ 22 trillion in 2021. Trade in services should be valued about US\$ 6 trillion in 2021, still slightly below its pre-pandemic level.

Global trade outlook

The positive trend for international trade in 2021 is largely the result of the strong recovery in demand due to subsiding pandemic restrictions, economic stimulus packages, and increases in commodity prices. However, the forecast for 2022 remains very uncertain due to several factors including:

- ***Slowing economic recovery.***

The strong economic recovery of the first half of 2021 has slowed during the second half of 2021. In particular, economic growth of China in Q3 2021 was below expectations and lower than in previous quarters. Lower than expected economic growth rates are generally reflected in more downcast global trade trends. Rising commodity prices and inflationary pressures may also negatively affect economic prospects and international trade flows. In addition, many economies, including those in the European Union, continue to face COVID-19 related disruptions. These disruptions may negatively affect consumers' demand and ultimately be reflected in trade statistics for the upcoming quarters.

- ***Disruptions of logistic networks and increases in shipping costs.***

The recovery of 2021 has been marked by large and unpredictable swings in demand, which have resulted in an increased stress on supply chains. Logistic disruptions and high fuel prices have further contributed to supply shortages and spiraling shipping costs. In particular, the backlogs across major supply chain hubs that have characterized most of 2021 could continue into 2022 and therefore negatively affect trade and reshape trade flows across the world.

- ***Global semiconductor shortage.***

Trade in some important sectors showed signs of weakness in 2021 because of semiconductor shortages. Since the onset of the COVID-19 pandemic, the semiconductor industry has been facing headwind due to unanticipated surges in demand and persisting supply constraints. The shortage of semiconductors has already disrupted many industries, notably the automotive sector. If persistent, this shortage could continue to negatively affect production and trade in many manufacturing sectors.

- ***Geopolitical factors and the regionalization of trade flows.***

The ongoing geopolitical tensions among some of the major economies may result in renewed trade confrontations with important repercussions for international trade flows. Moreover, the implementation of regional trade agreements, such as the African Continental Free Trade Area and the Regional Comprehensive Economic Partnership, is expected to influence global trade patterns. Regional trade within Africa and within the Asia-Pacific area is expected to increase, but also by diverting trade away from other routes.

- ***Governmental policies affecting international trade.***

Governments are becoming increasingly supportive of domestic socio-economic and strategic goals. Efforts towards a more socially and environmentally sustainable economy can affect international trade. For example, government policies can aim to disincentivize the trade of product varieties with high carbon content, or of goods that are linked to the exploitation of labor or the environment. Many governments may become keener on supporting strategic goals such as those related to food security or the indigenous growth of particular industries (e.g., transport and semiconductors). Such policies would affect international trade patterns.

- ***Debt burdens.***

The additional borrowing of governments to sustain their economies during the COVID-19 crisis could pose continuous risks of financial instability, especially in the case of global inflationary pressures. Rising interest rates and obligations on debt servicing could bring instability to many countries and negatively affect investments and international trade flows, especially for developing countries whose fiscal policy space is limited.

Trade trends for the major economies in Q3 2021

Import and export trends for some of the world's major trading economies further illustrate the recovery patterns of Q3 2021. Overall, the trend of a stronger recovery for goods relative to services is common to all major economies. In Q3 2021, trade in goods in all major economies was above 2019 levels, both in relation to imports and exports. With the notable exceptions of the exports of China and the Republic of Korea, trade in services remains below or around 2019 levels for most major economies.

Most of the major economies have seen growth rates stabilizing for goods trade in Q3 2021. On the other hand, the pace of services trade continued to increase relative to Q2 2021. Notably, India trade growth accelerated in Q3 2021 both in goods and services, while China remained relatively constant, albeit at already high levels.

Imports and exports of major trading economies in Q3 2021

		Q3 2021 RELATIVE TO 2019 AVERAGE		Q3 2021 RELATIVE TO Q2 2021	
		IMPORTS	EXPORTS	IMPORTS	EXPORTS
Brazil	GOODS	↑ 20%	↑ 33%	↑ 2%	↓ 5%
	SERVICES	↓ 25%	↑ 2%	↑ 4%	↑ 3%
China	GOODS	↑ 29%	↑ 34%	↓ 2%	↑ 3%
	SERVICES	↓ 10%	↑ 46%	↑ 6%	↑ 14%
India	GOODS	↑ 26%	↑ 27%	↑ 15%	↑ 5%
	SERVICES	↑ 3%*	↑ 7%*	↑ 18%*	↑ 17%*
Japan	GOODS	↑ 10%	↑ 8%	↑ 4%	↓ 3%
	SERVICES	↓ 5%	↓ 18%	↓ 3%	0%
Republic of Korea	GOODS	↑ 27%	↑ 21%	↑ 6%	↑ 4%
	SERVICES	↓ 5%	↑ 24%	0%	↑ 12%
Russian Federation	GOODS	↑ 21%	↑ 32%	↓ 1%	↑ 14%
	SERVICES	↓ 30%	↓ 15%	↑ 1%	↑ 4%
South Africa	GOODS	↑ 9%	↑ 40%	↓ 3%	↓ 13%
	SERVICES	↓ 12%*	↓ 29%*	↑ 9%*	↑ 8%*
United States	GOODS	↑ 14%	↑ 7%	↑ 1%	↓ 1%
	SERVICES	↓ 8%*	↓ 11%*	↑ 8%*	↑ 6%*
European Union	GOODS	↑ 16%	↑ 9%	↑ 1%	↓ 2%
	SERVICES	↓ 4%*	↓ 1%*	↑ 7%*	↑ 11%*

Source: UNCTAD calculations based on national statistics.

Note: Growth rates of Q3 2021 relative to year averages for 2019 and Q2 2021. Seasonally adjusted. * denotes estimates.

Regional trade trends in Q1 2021

Overall, in Q3 2021, trade flows continued to increase more strongly for developing countries in comparison to developed countries. A similar pattern is found when comparing Q3 2021 with Q3 2019. While this trend was driven by strong trade growth in East Asian developing economies in previous quarters, it has become broader across developing countries in Q3 2021. Furthermore, in Q3 2021 trade growth has been relatively lower for East Asian economies than for other developing countries.

Developing countries' trade rebound continues to be strong

Q3 2021 relative to Q3 2020 and Q3 2019

	vs 2020		vs 2019	
	IMPORT	EXPORT	IMPORT	EXPORT
Developed countries	↑ 19%	↑ 18%	↑ 15%	↑ 11%
Developing countries	↑ 30%	↑ 30%	↑ 21%	↑ 24%
South-South Trade	↑ 33%		↑ 25%	
Developing countries (excluding East Asia)	↑ 34%	↑ 40%	↑ 18%	↑ 20%
South-South trade (excluding East Asia)	↑ 43%		↑ 22%	

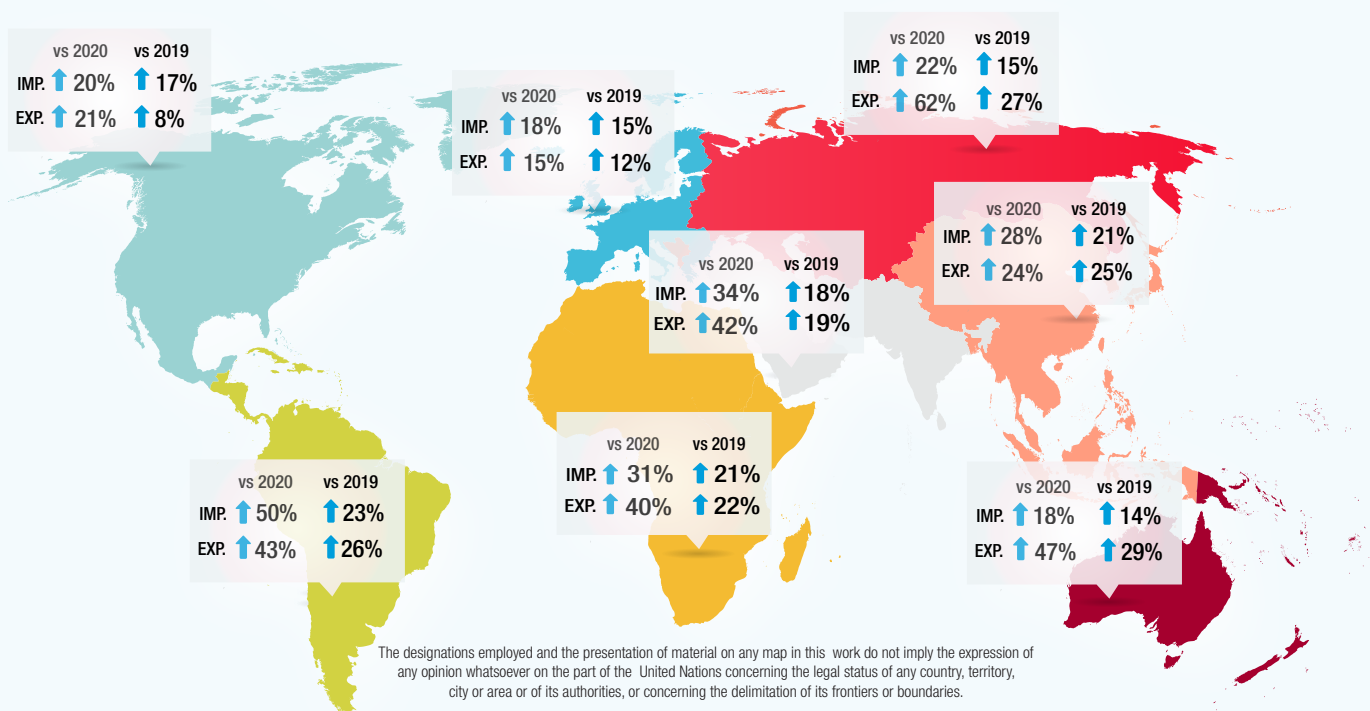
Source: UNCTAD estimates based on national statistics.

Note: Changes are year-over year. Data excludes intra-EU trade. Data does not include trade in services.

Trade growth rates in Q3 2021 were very strong across all geographic regions, although relatively muted in North America, Europe and East Asia, especially when compared to Q3 2020. Export growth has been stronger in commodity-exporting regions as commodity prices have increased. Trade performance and volatility indices at the country level are provided in the Annex.

The trade rebound is strong in all regions

Q3 2021 relative to Q3 2020 and Q3 2019



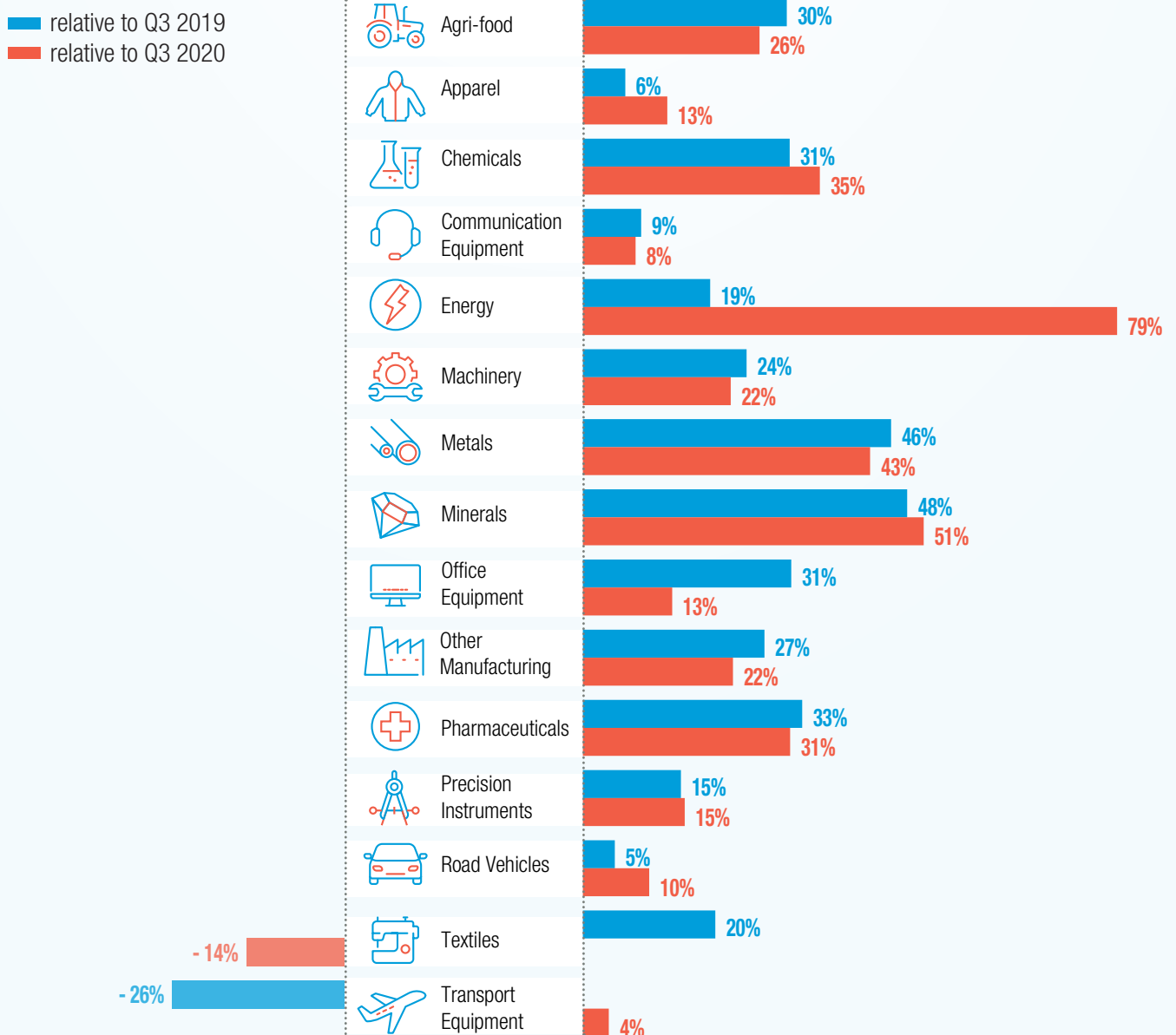
Source: UNCTAD estimates based on national statistics.

Note: Changes are year-over year. Data excludes intra-EU trade. Data does not include trade in services.

Global trade trends at the sectoral level in Q1 2021

Q3 2021 saw a strong increase in trade in most economic sectors. The value of trade in energy-related products grew the most, buoyed by high demand and increase in the price of fossil fuels. Trade growth was also above average in many of the commodity sectors including minerals and metals. On the other hand, trade in some of the sectors related to COVID-19 was more muted. In particular, growth in the trade of communication and office equipment was relatively low, as was the growth in the trade of textiles and apparel due to lower demand for personal protective equipment. Trade related to the automotive sectors was also below average in Q3 2021, while trade in the transport sector remained negative compared to 2019.

A broad based recovery but for the transport sector



Source: UNCTAD calculations based on national statistics. Note: Percentage changes in world trade are year-over-year. Changes are estimated from HS6 digits data of China, European Union, and United States. Data excludes intra-EU trade.

Annex 1: Export performance and volatility in Q3 2021

COUNTRIES	EXPORT PERFORMANCE	EXPORT VOLATILITY	COUNTRIES	EXPORT PERFORMANCE	EXPORT VOLATILITY
Albania	0.51	0.08	Lesotho	0.24	0.89
Algeria	0.82	0.40	Madagascar	0.77	0.37
Angola	0.54	1.79	Malawi	0.50	0.94
Argentina	0.81	0.02	Malaysia	0.35	0.10
Armenia	0.66	0.34	Mali	0.16	1.02
Australia	0.60	0.02	Mauritius	0.43	0.65
Azerbaijan	0.47	1.67	Mexico	0.36	0.02
Bahrain	0.67	1.01	Morocco	0.34	1.29
Bangladesh	0.40	0.40	Mozambique	0.64	0.26
Belarus	0.46	0.06	Myanmar	0.00	0.22
Benin	1.00	0.39	Namibia	0.36	1.01
Bolivia (Plurinational State of)	0.28	0.64	Nepal	0.74	0.59
Bosnia and Herzegovina	0.58	0.03	New Zealand	0.40	0.10
Brazil	0.60	0.13	Nicaragua	0.57	0.46
Cambodia	0.36	0.29	Nigeria	0.74	0.22
Cameroon	0.44	1.20	Norway	0.71	0.03
Canada	0.40	0.02	Oman	0.70	0.19
Chile	0.52	0.04	Pakistan	0.44	0.42
China	0.49	0.03	Panama	0.68	2.34
Colombia	0.35	0.76	Papua New Guinea	0.37	0.27
Costa Rica	0.46	0.19	Paraguay	0.58	0.08
Côte d'Ivoire	0.33	0.05	Peru	0.55	0.17
Dominican Republic	0.46	0.15	Philippines	0.38	0.07
EU-27	0.35	0.03	Qatar	0.49	0.34
Ecuador	0.35	0.11	Republic of Korea	0.54	0.02
Egypt	0.49	0.28	Republic of Moldova	0.36	0.18
El Salvador	0.50	0.06	Russian Federation	0.74	0.12
Ethiopia	0.43	0.28	Saudi Arabia	0.68	0.06
Gabon	0.66	1.49	Senegal	0.38	1.17
Georgia	0.83	0.17	Serbia	0.44	0.02
Ghana	0.78	1.78	Singapore	0.38	0.47
Guatemala	0.51	0.12	South Africa	0.41	0.36
Guyana	0.67	3.34	Sri Lanka	0.45	0.15
Haiti	0.55	0.04	Switzerland	0.37	0.04
Honduras	0.62	0.07	Taiwan, Province of China	0.53	0.01
Hong Kong (China)	0.45	0.00	Thailand	0.40	0.02
Iceland	0.68	0.02	Togo	0.66	1.50
India	0.59	0.06	Tunisia	0.34	0.07
Indonesia	0.67	0.05	Turkey	0.43	0.10
Iran (Islamic Republic of)	0.29	0.52	Uganda	0.32	0.28
Israel	0.47	0.14	Ukraine	0.63	0.15
Jamaica	0.43	1.97	United Arab Emirates	0.56	0.05
Japan	0.38	0.02	United Kingdom	0.32	0.06
Jordan	0.42	0.83	United Republic of Tanzania	0.07	0.35
Kazakhstan	0.55	0.19	United States of America	0.44	0.02
Kenya	0.29	0.23	Uruguay	0.65	0.30
Kuwait	0.86	0.65	Venezuela (Bolivarian Rep. of)	0.60	1.27
Lao People's Dem. Rep.	0.58	0.38	Viet Nam	0.26	0.04
Lebanon	0.34	0.26	Zambia	0.86	1.26

Source: UNCTAD estimates based on national statistics.

Note: Export performance is a composite indicator which includes growth rates, performance vs peers, and competitiveness in major and dynamic markets. A greater score implies higher export performance. Export volatility tracks export performance across the last 6 months to identify volatility patterns. A greater score implies higher export vulnerability. Data excludes intra-EU trade.



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UPDATE

This document has not been formally edited - UNCTAD/DITC/INF/2021/4