

KEY STATISTICS and TRENDS

in International Trade 2022



The remarkable trade rebound of 2021 and 2022



United
Nations

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Geneva, 2023

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NOTE

Key Statistics and Trends in International Trade is a yearly publication. It is a product of the Trade Analysis Branch, Division on International Trade and Commodities (DITC), UNCTAD secretariat. This publication monitors the trends of international trade in goods and services in the medium term.

The series is part of a larger effort by UNCTAD to analyse trade-related issues of particular importance for developing countries, as requested by the mandate of UNCTAD XV. Alessandro Nicita and Julia Grüber contributed to this study, which also benefited from inputs and comments from various DITC staff members and the UNCTAD Statistics team. Desktop publishing was done by Jenifer Tacardon-Mercado.

OVERVIEW

Trade trends during the last three years have been greatly influenced by the COVID-19 pandemic. During 2020, the economic disruptions brought about by COVID-19 resulted in a decline of international trade in goods and services. However, as global demand resumed, international trade strongly rebounded in 2021 and further increased during 2022. Overall, the value of global trade is expected to be about 25 per cent higher in 2022 than it was in 2019. A substantial part of the increase in the value of trade during the last two years can be explained by rising commodity prices and more recently by general inflation. Trade volumes grew to a smaller extent. Even so, the steady increase in the volume of international trade since early 2021 indicates a robust global demand for traded goods.

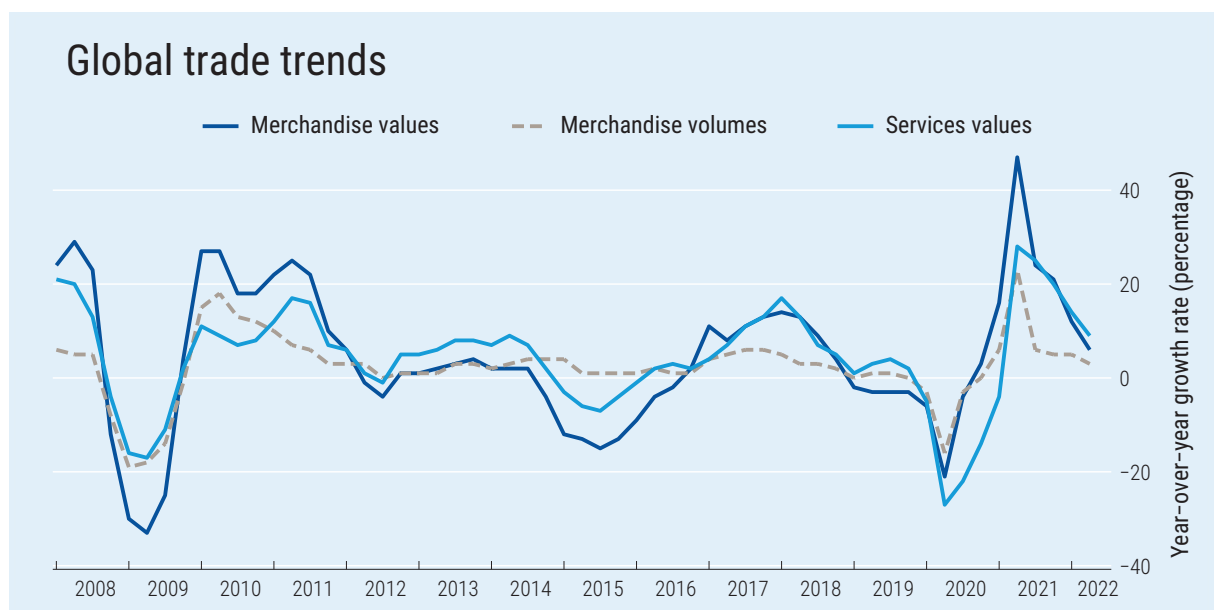
This report is structured into two parts. The first part presents a short-term overview of the status of international trade using preliminary statistics on merchandise trade until the first half of 2022. The second part provides illustrative statistics on international trade in goods and services covering the medium term. The second part is divided into two sections. Section 1 provides trade statistics at various levels of aggregation that illustrates the evolution of trade across economic sectors and geographic regions. Section 2 presents trade indicators to inform on some specifics of the trade patterns at the country level.

DATA SOURCES

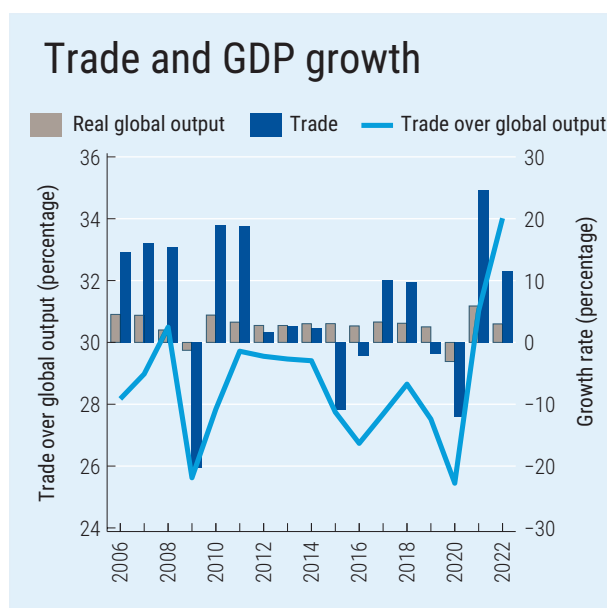
The statistics in this publication were produced by the UNCTAD secretariat using data from various sources. This report relies on the United Nations Commodity Trade Statistics Database (COMTRADE) (comtrade.un.org) data for merchandise trade statistics. UNCTADStat (unctadstat.unctad.org) is the source of service statistics. Quarterly data for merchandise trade comes from national authorities' statistics. The data has been standardized to facilitate cross-country comparisons. Data, although comprehensive and comparable across countries, does not perfectly reflect national statistics, and thus some discrepancies with specific national statistics may be present. Unless otherwise specified international trade is defined as trade in goods (merchandise) and services. Countries are categorized by geographic region as defined by the United Nations classification (UNSD M49). Developed countries are those identified in the UNSD M49 according to the distinction as of December 2021. Product sectors are categorized according to the Broad Economic Categories (BEC) classification and the International Standard Industrial Classification (ISIC) augmented by five broad agricultural sectors based on the Harmonized System (HS) classification. Figures are in current United States of America dollars, except where otherwise specified.

In focus: The remarkable trade rebound of 2021 and 2022

During the last three years, global trade has been greatly impacted by the COVID-19 pandemic. The effects of the economic disruptions on global trade have been noteworthy due to their rapidity and intensity, especially during the rebound.



Source: UNCTAD secretariat calculations based on data from UNCTADStat, UN Comtrade and National Statistics.



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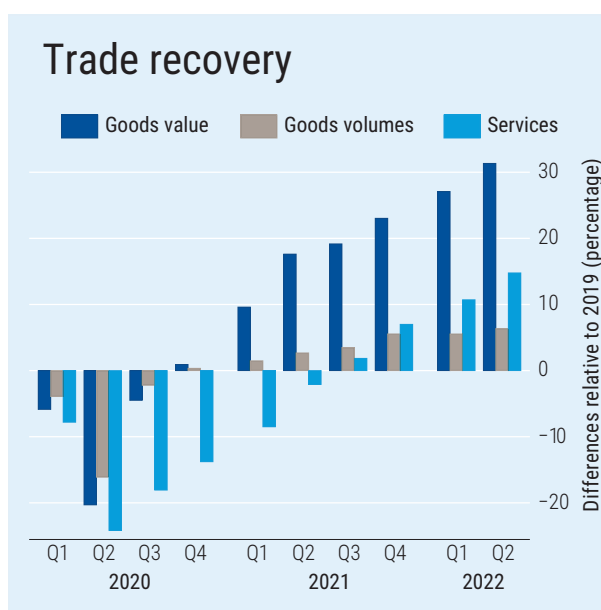
In comparison with other recent trade downturns, the decline of global trade in 2020 was comparable to the global financial crisis of 2008/09 and substantially worse than that resulting from the global recession in 2015. The severe downturn of 2020 was a consequence of widespread cross-border restrictions and other logistical disruptions, followed by a decline in global demand as health and economic crises unfolded globally. Even so, the initial expectations of a double-digit contraction in global trade proved to be overly pessimistic, as global trade already began to recover by the end of 2020. During 2021, the value of global trade rapidly rebounded due to strong recovery in global demand and rising commodity prices. Since late 2020, trade growth has remained positive throughout mid-2022.

In value terms, global trade stood at about \$25 trillion in 2019 to then decline by about \$2.5 trillion in 2020 as a consequence of the COVID-19 pandemic. As

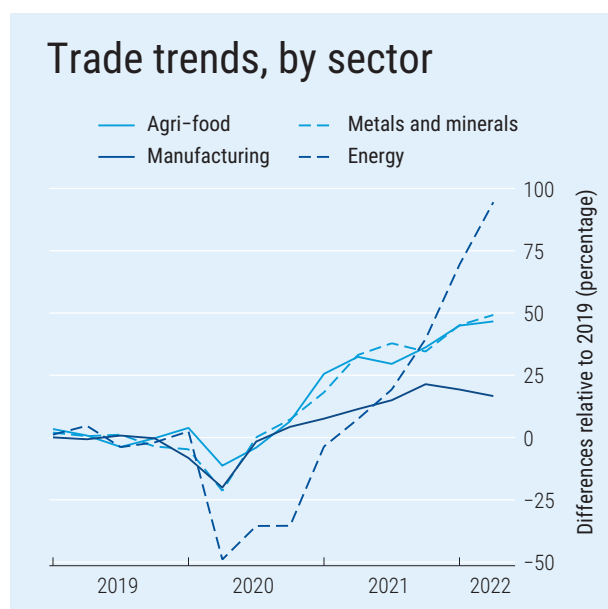
demand resumed, trade increased by \$5.5 trillion in 2021 to reach about \$28 trillion. The value of international trade is expected to reach around US\$ 32 trillion by the end of 2022, an increase of roughly 26 per cent relative to the pre-pandemic levels of 2019. Importantly, the growth of global trade during the last two years has strongly outpaced the growth of the global economy. Consequently, the ratio of global exports over global output jumped from 29 per cent in 2019 to about 32 per cent in 2021. Given the continuing growth in global trade during the first half of 2022, this ratio is expected to reach a record of about 34 per cent in 2022.

Many of the international trade trends of the last three years can be explained by changes in patterns of global demand. Lockdown measures caused a decline of demand in many sectors. Moreover, due to restrictions in the movement of people, demand declined much more sharply in the services sector. On the other hand, manufacturing trade proved to be more resilient as a result of the increased demand for pharmaceuticals and personal protective equipment, as well as for home appliances, remote working and fitness equipment.

As the pandemic abated and global demand resumed, trade recovered in many of the manufacturing sectors. In late 2020, trade in goods was already higher than its levels in 2019. Persistent disruptions to the movement of people continued to negatively affect trade in services, especially tourism, for a much longer period. Trade in services did not return to its pre-pandemic level until late 2021. Trade growth remained robust during 2022, both for goods and for services. As of mid-2022, the value of global trade in goods was about 33 per cent higher than its level of 2019. Trade in services was around 15 per cent higher than its level of 2019.



Source: UNCTAD secretariat calculations based on data from UNCTADStat, UN Comtrade and National Statistics.



Source: UNCTAD secretariat estimates based on data from National Statistics of China, the United States of America and the European Union.

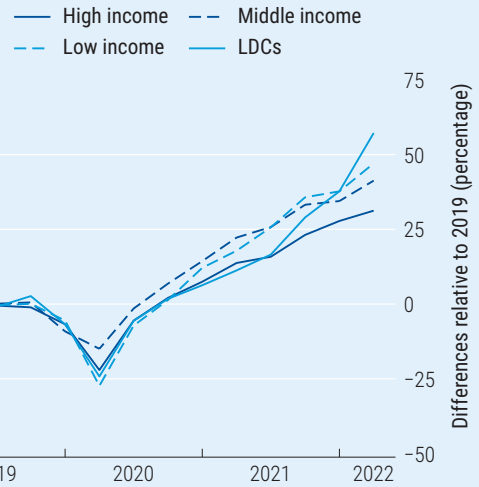
International trade patterns during the last three years reflect not only the changes in global demand due to the COVID-19 pandemic, but also the movements of international prices. Indeed, a substantial part of the growth in global trade has been nominal, as trade volumes have increased at a slower pace.

The difference in the growth rate between the values and the volumes of global trade can be in part explained by changes in the prices of commodities, energy in particular. This becomes evident when trade trends are illustrated across some broad economic sectors. For example, the price of energy products collapsed as demand subsided. The consequence was a drop in the value of energy products traded during Q2 of 2020 by about 50 per cent. Energy prices recovered only in early 2021, and with them the trade value of the energy sector recovered to pre-pandemic levels. The value of trade in energy products further increased during 2021 and 2022, largely because of a geopolitically driven rise of energy prices.

The fluctuations of international prices have also contributed to trade trends in other sectors, but to a relatively lesser extent. For example, the decline in the value of agri-food products traded during 2020 was muted as prices did not decline and demand remained relatively stable. However, the subsequent increase in the value of agri-food trade during 2021 and 2022 was largely due to the rise in food prices. Similar patterns for which both demand and prices contributed to trade trends are found for metals and minerals. In the case of the manufacturing sector, the decline in global trade in early 2020 and the recovery during 2021 are more the result of changes in their volumes than of large fluctuations in their prices.

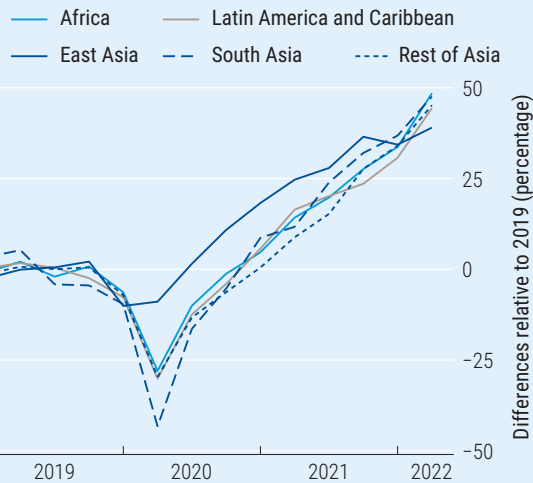
The pandemic's effect on trade has been truly global, and so has the rebound. At an aggregate level, trade trends have been similar across regions and income levels. One difference has been the trade of middle-income countries, which was most resilient during 2020 and early 2021. However, trade growth of middle-income countries slowed down thereafter. By contrast, trade was slower to rebound for low income and least developed countries, but more strongly increasing during late 2021 and early 2022. As the exports of lower income countries largely consist of commodities and raw materials, this pattern was largely due to rising commodity prices.

Trade trends, by income



Source: UNCTAD secretariat calculations based on data from UNCTADStat, UN Comtrade and National Statistics.

Trade trends, by region



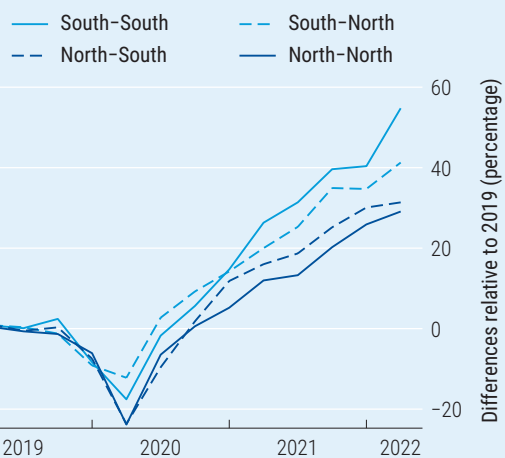
Source: UNCTAD secretariat calculations based on data from UNCTADStat, UN Comtrade and National Statistics.

Examining trade patterns of the different developing countries' regions, some notable differences are noteworthy. In particular, the economies in East Asia were the first to experience declines in trade but also the first to recover. In contrast, developing economies in South Asia experienced a much sharper trade drop during 2020, but their trade rebounded more strongly during late 2021 and 2022. Trade patterns for Africa, Latin America and the Caribbean and the rest of Asia indicate a more linear growth trend during the recovery period. As of Q2 2022, the value of trade of all developing countries' regions was between 40 and 50 per cent higher than its level of 2019.

Some differences in trade patterns are also found when trade between developed and developing countries is examined. For example, trade among developed countries (North-North) declined relatively more than trade among developing countries (South-South) during 2020 and grew to a lesser extent thereafter. As of mid-2022, South-South trade was about 50 per cent higher than its level of 2019, while trade among developed countries was only about 28 per cent higher. In a similar manner, exports from developing to developed countries (South-North trade) were relatively more resilient during 2020 and increased more rapidly than exports from developed to developing countries (North-South trade) during 2021 and early 2022.

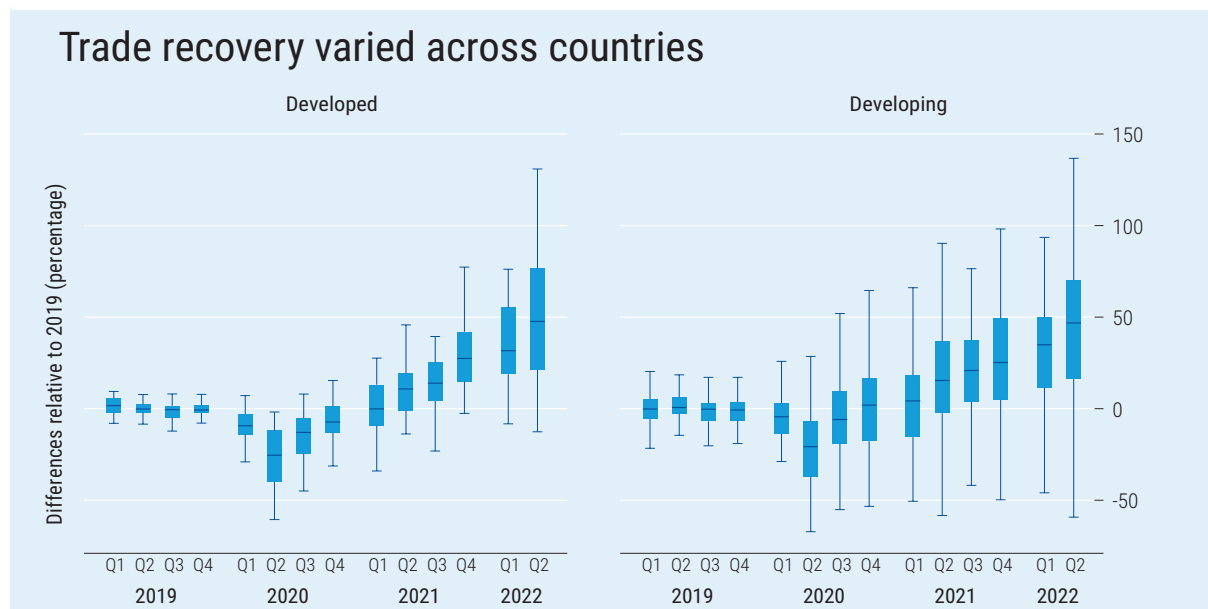
Although informative of general trends, aggregate trade statistics mask considerable differences in the patterns of trade specific to individual countries. While country-level indicators are provided in section two of this report, it is opportune to already highlight that both the recent trade downturn and recovery have varied greatly among countries. Some countries have experienced trade trends of a substantially stronger magnitude than others, in relation to both the downturn and the rebound. As of 2022, most developed and developing countries show trade flows significantly above their 2019 level, however, there are still countries whose trade remains substantially below 2019 levels. One interesting aspect of the varying degree in the strength of the trade rebound is a larger variance for developing countries relative to developed countries.

Trade trends across developing and developed countries



Source: UNCTAD secretariat calculations based on data from UNCTADStat, UN Comtrade and National Statistics.

Trade recovery varied across countries



Source: UNCTAD secretariat calculations based on data from UNCTADStat, UN Comtrade and National Statistics.

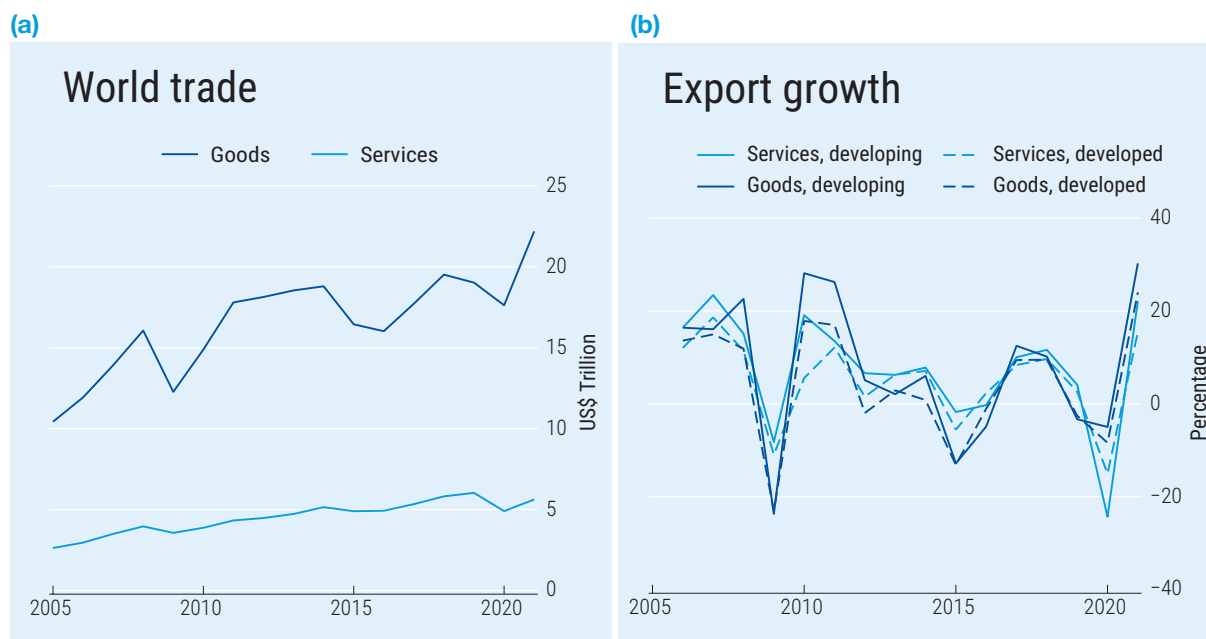


1. TRENDS IN INTERNATIONAL TRADE

The following section presents a series of figures illustrating the general trends in international trade during the last decade.

In 2021, world trade in goods was valued above US\$22 trillion, while trade in services accounted for about US\$5.6 trillion. Global trade has been severely affected by the COVID-19 pandemic in 2020 but bounced back strongly in 2021. While trade in services has been historically more resilient, it has declined considerably more than goods trade during 2020 and has also been recovering at a slower pace since.

Figure 1
Values and growth rates of world trade in goods and services

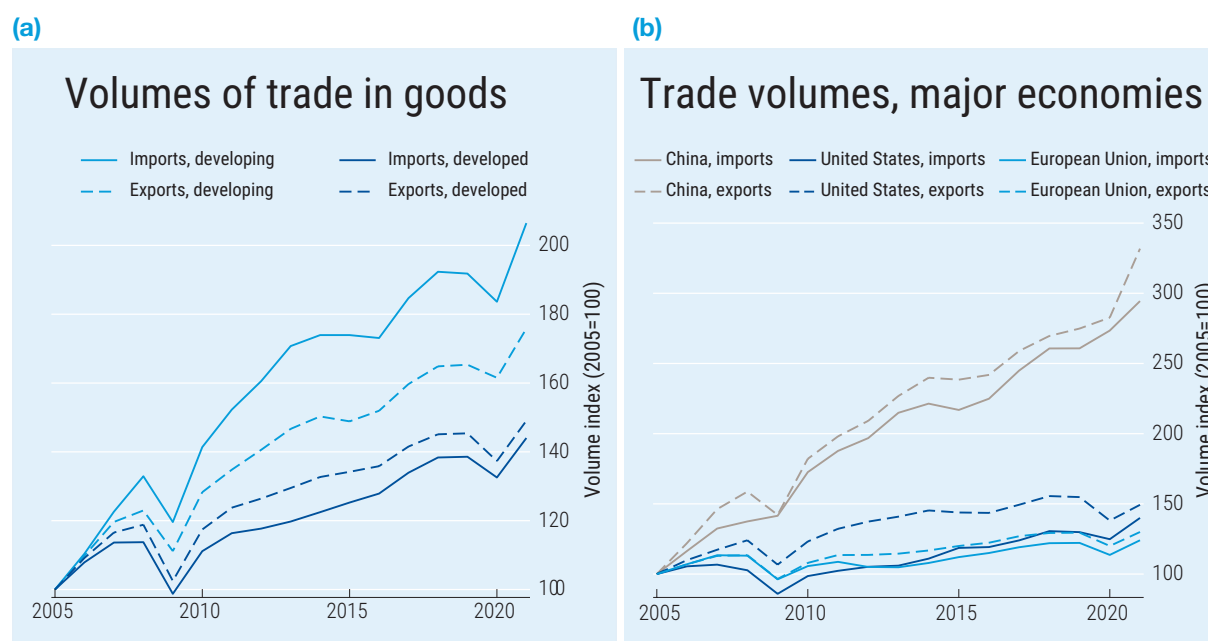


Source: UNCTAD secretariat calculations based on COMTRADE and UNCTADStat data.

International trade can be broadly distinguished between trade in goods (merchandise) and services. The bulk of international trade concerns physical goods, while services account for a much lower share. World trade in goods has increased dramatically over the last decade, rising from about US\$10 trillion in 2005 to more than US\$18.5 trillion in 2014. Following the trade slump of 2015 and 2016, goods trade again peaked in 2019 but then fell to about US\$17 trillion in 2020 as a consequence of the COVID-19 trade disruptions and economic downturn. Trade in services steadily increased between 2005 and 2019 (from about US\$2.5 trillion to close to US\$6 trillion). The COVID-19 pandemic had a particularly strong negative impact on trade in services, which had proven more resilient during past crises periods. While goods trade bounced back strongly and surpassed US\$22 trillion in 2021, trade in services has been recovering at a slower pace and has not yet returned to pre-crisis levels (Figure 1a). The decline in export growth rates for goods and services was rather similar for developed and developing countries during the global financial crisis 2008/09 and the trade slump in 2015/16, however, pronounced differences are observable for the COVID-19 pandemic. At the aggregate level, developing countries experienced a less severe drop in goods exports growth, but their services sector experienced a much stronger decline (Figure 1b).

During the last 15 years, the volume of international trade of goods has increased dramatically. Still, trade volumes have declined during the economic crises of 2008, 2015 and more recently of 2020. The growth in trade volumes (both imports and exports) has been generally stronger for developing countries. Among major trading economies, China's trade volumes have more than tripled during the last 15 years. For the rest of the major economies, trade volumes have increased at a much slower pace.

Figure 2
Volumes of international trade in goods

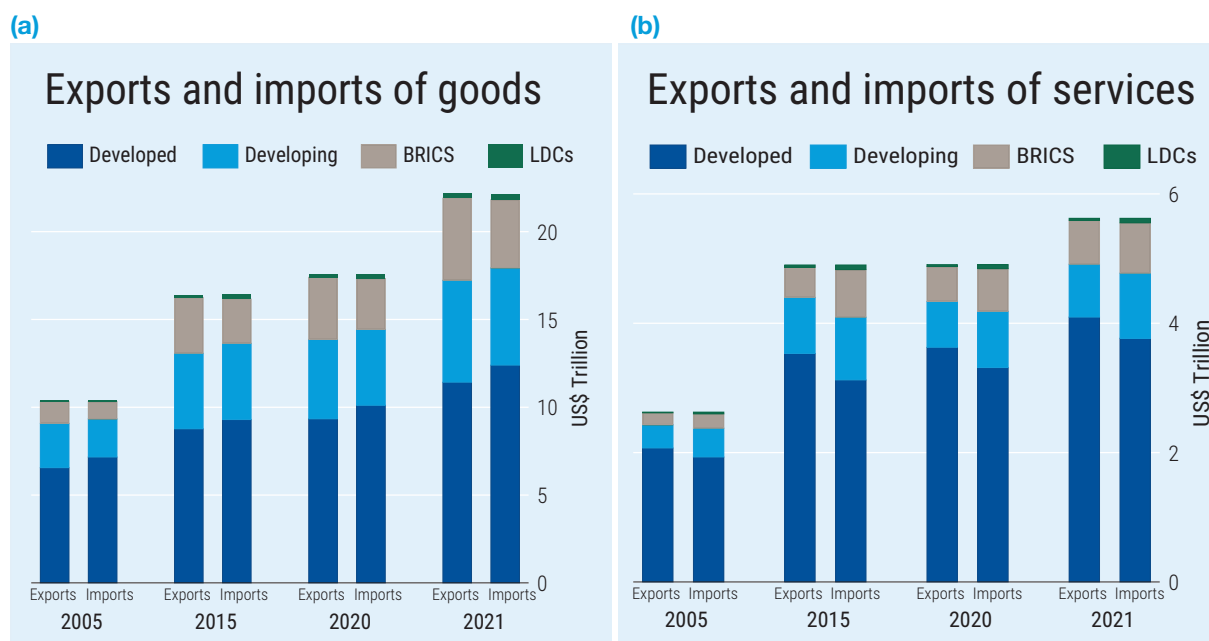


Source: UNCTAD secretariat calculations based on UNCTADStat data.

The volume of international trade in goods has increased dramatically in the last 15 years (Figure 2a). Developing countries as a group have almost doubled the volume of trade in goods since 2005. By contrast, the volumes of trade of developed countries increased by about 50 per cent since 2005. While import volumes have been growing relatively more than export volumes for developing countries, the opposite has happened for developed countries. The relatively larger increase in the volumes of imports can be explained by the increase in consumer demand in developing countries. Growth in trade volumes was negative during the financial crisis of 2009 and has slowed down substantially in 2015. Growth in trade volumes also turned negative during 2020 as a consequence of the COVID-19 pandemic. Trade volumes rebounded strongly in 2021, both for developing and developed countries. Among major trading economies, the trade volumes of China have more than tripled during the last 15 years, with exports volumes increasing relatively more than imports volume. For the rest of the major economies, trade volumes have increased at a much lower pace. Moreover, even during 2020, the growth of trade volumes remained positive for China.

The value of trade in goods is more equally shared between developing and developed countries. By contrast, more than two thirds of trade in services are associated with developed countries. BRICS account for an important share of trade in both goods and services. Least Developed Countries (LDCs) continue to account for a very small share in overall trade.

Figure 3
Values of trade in goods and services country groups



Source: UNCTAD secretariat calculations based on COMTRADE and UNCTADStat data.

The relative importance of developed countries as suppliers in international markets is declining. Still, they account for over half of the value of trade in goods and more than two thirds of trade in services. In 2021, developed countries' exports of goods was around US\$11 trillion (Figure 3a), while that of services added up to about US\$4 trillion (Figure 3b). In 2021, developing countries' exports summed to around US\$10.5 trillion in regard to goods and about US\$1.5 trillion for services. The BRICS – Brazil, the Russian Federation, India, China, and South Africa – accounted for one third of developing countries' goods and services exports. LDCs' contribution to world trade remains small, although some increases in exports and imports of these countries have been recorded over the past decade.

International trade in goods is largely concentrated in developed countries and the East Asian region. Trade among other developing regions is much smaller, with some exceptions for trade in primary products.

Table 1
Composition of trade flows in goods, by importing and exporting regions

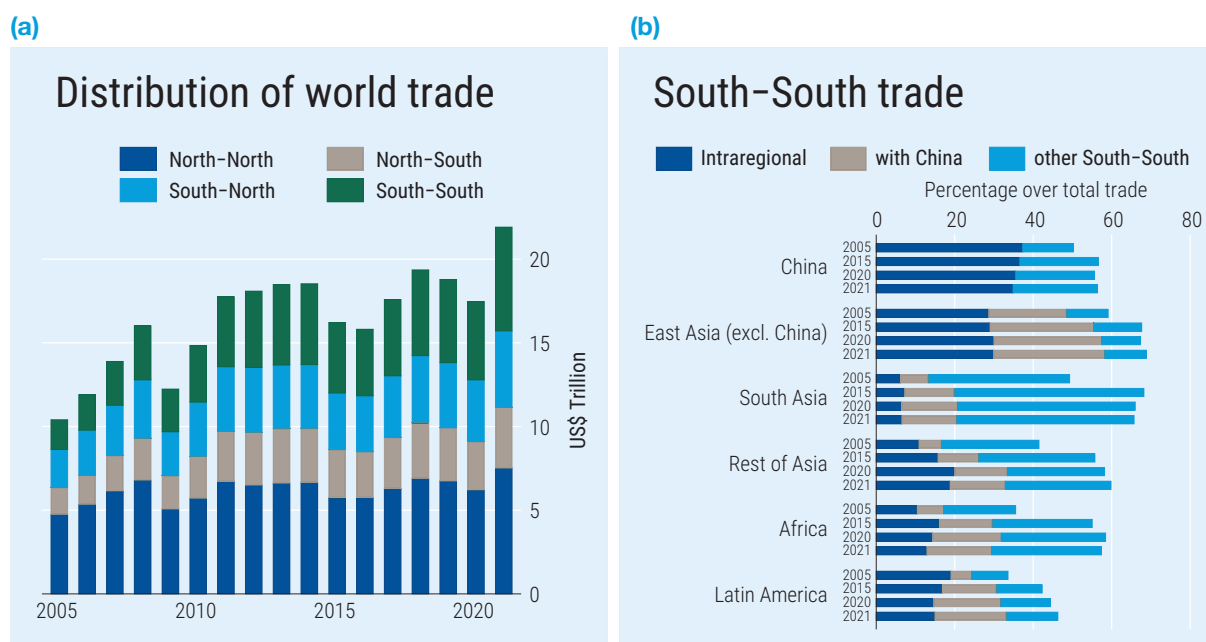
Trade in 2021 (billion US\$)		Exporters											
Importers	Developed		East Asia		South Asia		Rest of Asia		Africa		Latin America		
Developed	7 525	754	2 832	100	245	18	476	20	245	37	755	153	
	793	5 708	64	2 626	11	212	213	235	79	127	82	503	
East Asia	1 930	181	3 261	130	100	14	374	3	140	10	291	91	
	360	1 381	272	2 836	17	69	288	82	79	51	138	62	
South Asia	213	16	289	21	43	11	172	5	51	4	33	11	
	39	153	24	244	6	25	111	56	26	21	10	11	
Rest of Asia	483	58	275	10	64	11	189	26	65	8	34	14	
	30	375	3	259	7	46	33	127	5	52	6	13	
Africa	233	40	158	13	36	8	73	6	71	16	20	13	
	22	150	7	132	4	23	28	35	17	38	1	4	
Latin America	613	54	383	5	25	1	18	1	12	1	186	46	
	106	409	5	357	2	20	4	12	4	7	26	103	
Change 2020-2021 (per cent)		Exporters											
Importers	Developed		East Asia		South Asia		Rest of Asia		Africa		Latin America		
Developed	21	12	20	12	35	19	42	15	33	12	22	15	
	67	17	55	20	75	35	66	27	53	31	52	20	
East Asia	26	25	29	25	38	55	43	33	43	14	30	22	
	52	21	53	28	32	36	48	26	41	56	44	14	
South Asia	55	18	46	57	48	45	59	17	61	14	50	46	
	113	50	62	44	53	49	61	63	58	79	36	56	
Rest of Asia	15	16	25	11	11	-16	25	5	24	8	19	8	
	42	13	57	25	1	21	53	24	68	24	96	5	
Africa	14	8	16	8	27	34	38	19	18	23	20	12	
	5	8	52	14	43	21	39	28	26	12	25	19	
Latin America	32	20	39	17	46	7	77	13	66	15	36	25	
	76	22	82	38	75	41	182	63	87	76	58	32	
Trade in 2015 (billion US\$)		Exporters											
Importers	Developed		East Asia		South Asia		Rest of Asia		Africa		Latin America		
Developed	5 758	573	2 039	81	167	14	355	14	194	31	619	118	
	577	4 442	61	1 870	13	139	175	161	84	76	87	397	
East Asia	1 377	112	2 137	85	75	6	245	1	93	6	149	50	
	140	1 120	188	1 848	22	46	191	52	44	43	55	44	
South Asia	151	14	195	15	35	8	107	4	37	3	26	7	
	10	124	17	160	8	20	65	38	21	13	14	5	
Rest of Asia	469	49	211	8	61	12	124	22	33	8	23	11	
	24	378	1	201	5	39	21	81	2	23	3	9	
Africa	234	34	135	10	29	5	53	3	69	12	19	12	
	25	168	6	113	6	18	25	24	22	34	1	5	
Latin America	533	44	268	4	17	0	10	0	13	0	161	31	
	64	404	2	256	2	13	3	7	10	2	29	96	

Source: UNCTAD secretariat calculations based on COMTRADE data.

The number given in the top left of each cell shows the value of bilateral trade in billion US\$, the upper right figure in each cell depicts the traded value in agriculture, the bottom left is natural resources and bottom right, manufactures.

International trade in goods is increasingly linked to imports and exports of developing countries. Even throughout economic crises periods, the share of South-South trade steadily increased from around 17 per cent in 2005 to 28 per cent in 2021. The relative significance of intraregional and other South-South (interregional) trade flows increased in 2021 compared to 2020 for all developing country regions except Africa. A large and growing part of trade among developing countries takes place with China.

Figure 4
Trade in goods between/within developed and developing countries



Source: UNCTAD secretariat calculations based on COMTRADE data.

The increase in world trade during the last decade was largely driven by the rise of trade between developing countries (South-South) (Figure 4a). By 2014, the value of South-South trade had reached almost US\$ 5 trillion, corresponding to roughly 75 per cent of trade between developed countries (North-North). Despite the trade slumps in 2009, 2015 and during the COVID-19 pandemic of 2020, the share of South-South trade in global trade continuously increased from around 17 per cent in 2005 to 28 per cent in 2021. Figure 4b highlights the contribution of South-South trade to total trade of developing regions. South-South trade flows represented more than half of the trade of developing country regions (imports and exports), ranging from about 45 per cent in Latin America to over 65 per cent in South Asia and East Asia. A significant proportion thereof represents trade relations with China, amounting to at least a fifth of all South-South trade flows across all developing country regions. Compared to the year 2020, the share of South-South trade has increased for all regions, except Africa. While the share of interregional trade has increased across all developing country regions, the share of intraregional trade has been decreasing for Africa and the Rest of Asia.

The trade rebound of 2021 resulted in large rises in the value of trade for almost all the largest bilateral trade flows. One notable exception is the decline in agricultural exports from the European Union to the United Kingdom, a consequence of the Brexit transition period. By contrast, the strongest increases were recorded for imports of natural resources by the European Union, China and the United States.

Table 2
Changes in the value of the largest bilateral trade flows between 2020 and 2021, by product group

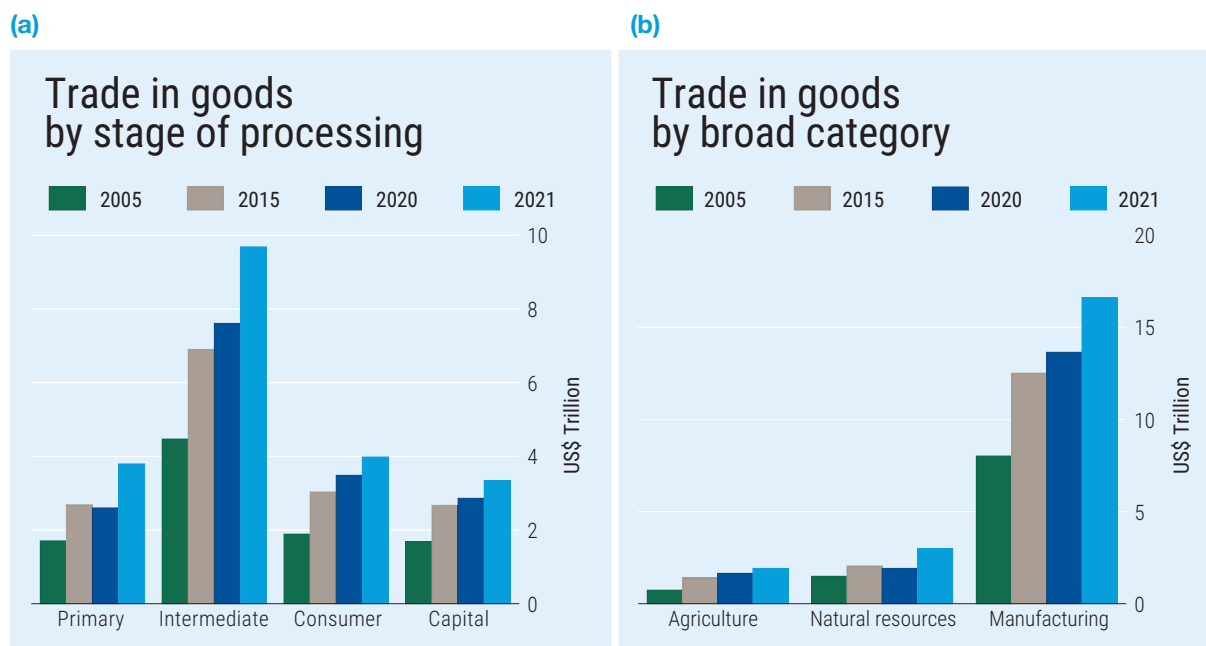
Agriculture			
Exporter	Importer	Change 2021 vs 2020 (%)	Value in 2021 (US\$ Billion)
European Union	European Union	14	410
European Union	United Kingdom	-5	45
Brazil	China	29	44
Mexico	United States of America	15	40
United States of America	China	71	37
Canada	United States of America	27	36
European Union	United States of America	19	31
United States of America	Canada	15	25
European Union	China	9	23
United States of America	Mexico	21	19
Natural Resources			
Exporter	Importer	Change 2021 vs 2020 (%)	Value in 2021 (US\$ Billion)
European Union	European Union	76	203
Australia	China	37	136
Russian Federation	European Union	82	122
Canada	United States of America	71	111
Russian Federation	China	53	58
Brazil	China	33	56
Saudi Arabia	China	56	46
Australia	Japan	51	45
United States of America	European Union	69	41
United States of America	Mexico	67	40
Manufacturing			
Exporter	Importer	Change 2021 vs 2020 (%)	Value in 2021 (US\$ Billion)
European Union	European Union	22	2 802
China	European Union	23	545
China	United States of America	19	525
European Union	United States of America	16	418
Mexico	United States of America	17	322
China	Hong Kong SAR	26	301
European Union	China	21	283
Taiwan, Province of China	China	25	248
European Union	United Kingdom	2	246
United States of America	European Union	6	220

Source: UNCTAD secretariat calculations based on COMTRADE data.

The table reports the percentage changes between 2020 and 2021, and the value in 2021, of the 10 largest bilateral flows in each of the three product groupings.

Intermediate products represent more than 40 per cent of world trade in goods (exceeding US\$ 9 trillion in 2021). While the amount of trade in each category has grown substantially since 2005, the relative importance of goods at different stages of processing remained relatively stable. In 2021, trade in all categories increased, with the strongest growth observed for primary products, followed by intermediate products. Differentiated by broad category, three quarters of world trade in goods is comprised of manufacturing products (about US\$ 16.5 trillion in 2021). Trade in natural resources saw a particularly strong increase by more than 50 per cent (to US\$ 3 trillion in 2021).

Figure 5
Values of world trade in goods by stage of processing and broad category

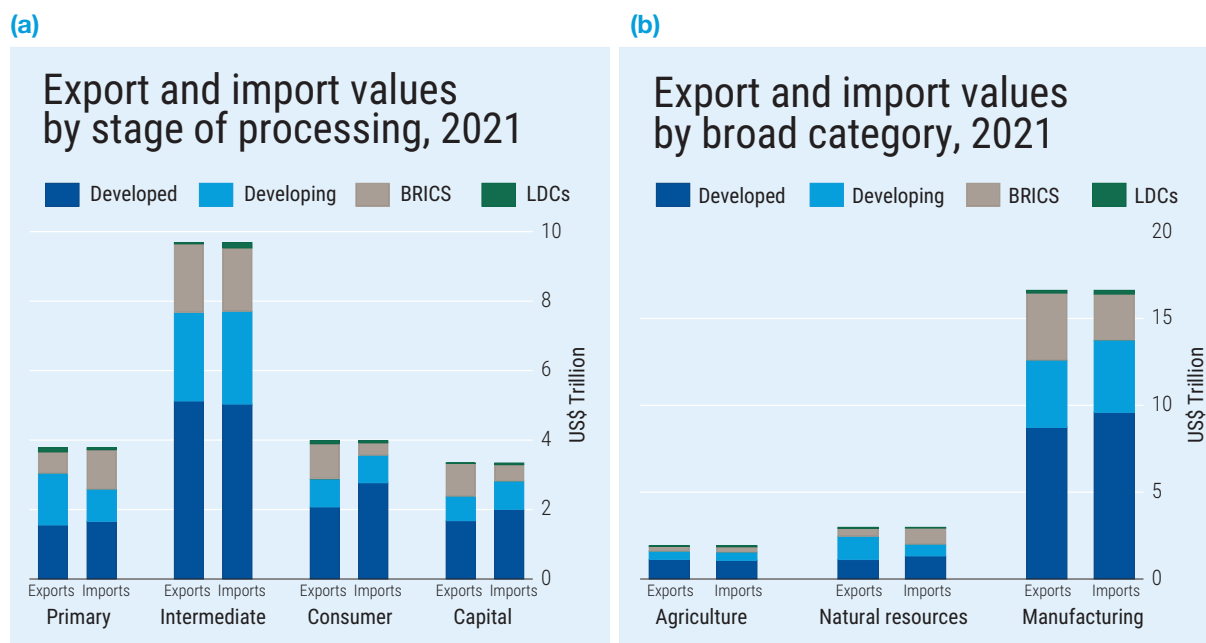


Source: UNCTAD secretariat calculations based on COMTRADE data.

International trade in goods can be differentiated by stage of processing, depending on the intended use along the production chain. Goods are therefore classified as primary, intermediate, consumer and capital goods (the latter comprising machinery used for the production of other goods). Goods can also be differentiated by broad category, including natural resources, agricultural products and manufactures. Regarding the stage of processing, intermediate products made up the bulk of world trade in 2021 with a share above 40 per cent (exceeding US\$ 9 trillion), followed by consumer products amounting to 18 per cent (US\$ 4 trillion) (Figure 5a). In 2021, the value of trade in all categories increased compared to the levels of 2020, with the composition across categories remaining relatively unchanged. Trade in primary products was greatly negatively affected in 2020 but saw an increase of more than 45 per cent in 2021. Similarly, trade in natural resources dropped markedly in 2020, but recorded a strong increase of more than 25 per cent in 2021 (Figure 5b).

Trade of developed countries remains an important part of international trade, especially in relation to imports of consumer and capital goods. Participation in international trade varies significantly among developing regions. BRICS countries represent more than half of developing countries' exports in capital and consumer goods as well as imports of primary goods or natural resources.

Figure 6
Values of world trade in goods by region, stage of processing and broad category

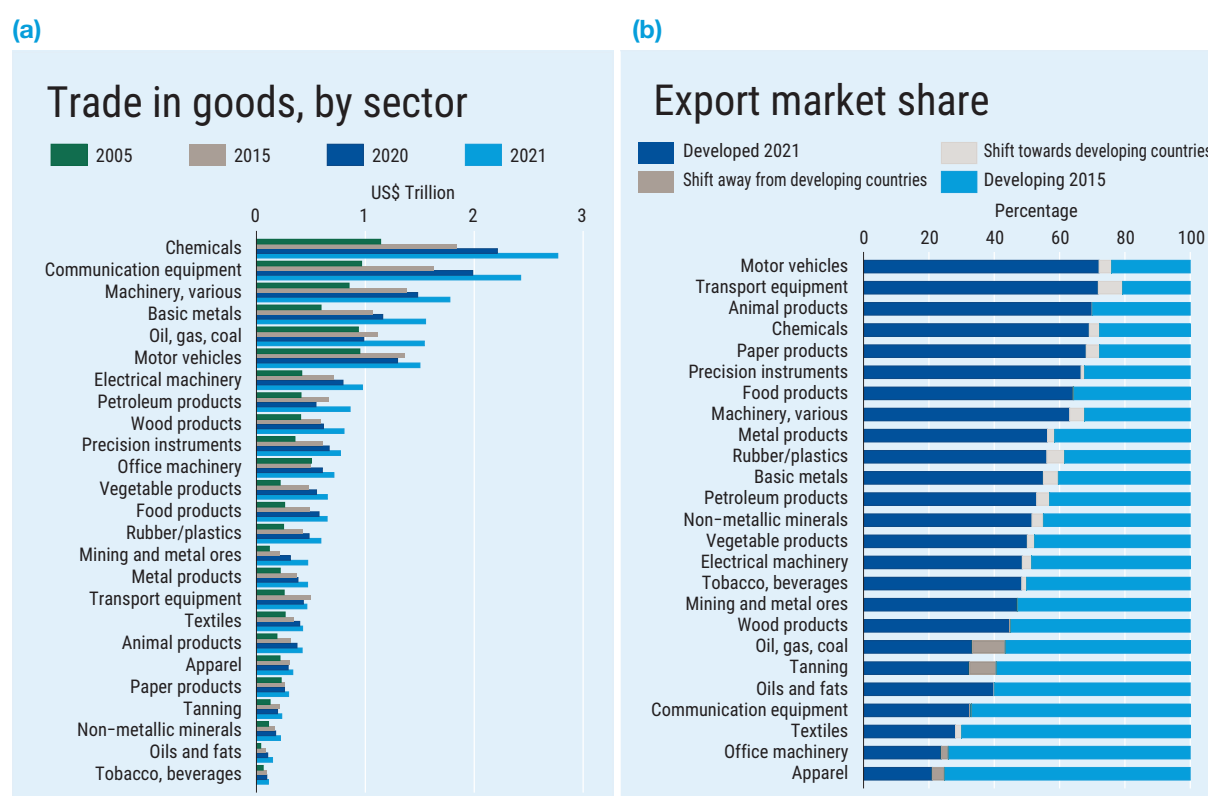


Source: UNCTAD secretariat calculations based on COMTRADE data.

Developed countries account for the bulk of world trade, both in terms of goods differentiated by stage of processing (Figure 6a) and broad category (Figure 6b). They represent more than 50 per cent of exports and more than 60 per cent of imports of capital and consumer goods. Among developing country regions, a significant amount of trade is linked to BRICS, especially for trade of intermediates and manufacturing. BRICS also tend to import few consumer goods (less than 10 per cent of the world total in 2021) while exporting a relatively large share (about 25 per cent). The opposite is true for primary products, in particular natural resources, where their import share of 31 per cent is about twice as large as their respective share in exports. LDCs only represent a small share in all types of goods, with a larger share in the exports of natural resources (about 2 per cent in 2021) and the imports of agricultural goods (above 3 per cent).

With trade flows of more than US\$2 trillion each, chemicals and communication equipment represent a substantial share of world trade in goods. Other significant sectors include machinery, metals and fuel commodities. In 2021, the value of international trade bounced back in all sectors. Trade values grew the most in the sector comprising energy products (oil, coal, natural gas and petroleum products) as well as mining and metal ores. Compared to 2015, export market shares have moved to the advantage of developing countries in almost all sectors and more so for transport equipment. However, for some sectors, such as oil, gas, coal and tanning, export market shares have shifted towards developed countries.

Figure 7
Values of world trade in goods by sectors

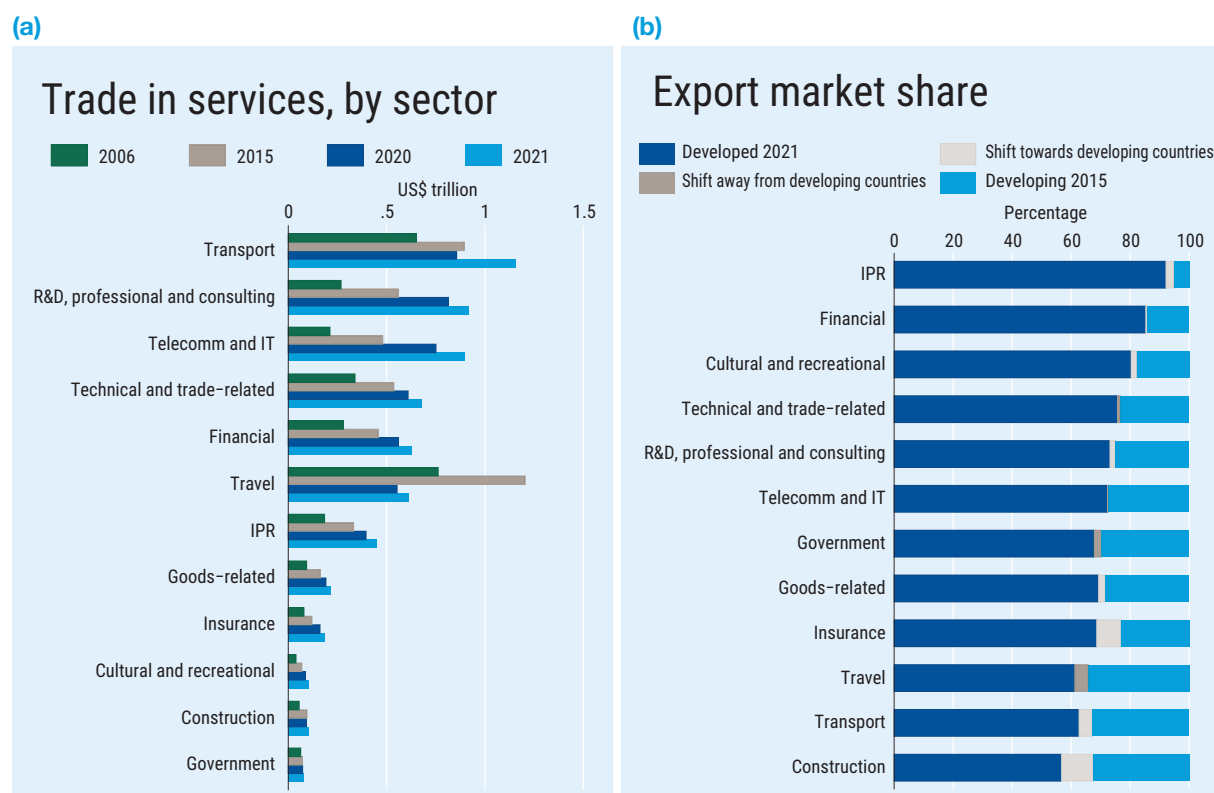


Source: UNCTAD secretariat calculations based on COMTRADE data.

Figure 7a displays the value of world trade in 25 categories of goods. In terms of value, a large amount of world trade relates to chemicals, communications equipment, machinery, motor vehicles, metals and energy products (oil, gas, coal and petroleum products). In contrast, light manufacturing sectors, including textiles, apparel and tanning, comprise a much smaller share of world trade. Agricultural sectors – which include food, vegetable and animal products, as well as oils and fats, and tobacco and beverages – accounted for a total of about US\$2 trillion of trade flows in 2021, or less than 10 per cent of international trade. The value of trade increased at double-digit growth rates for almost all sectors. During the last decade, developing countries’ presence in international markets has increased substantially compared to developed countries. Since 2015, export market shares have moved to the advantage of developing countries in almost all sectors. However, for some sectors, export market shares have shifted back towards developed countries, notably for the energy sector with the emergence of shale oil production in North America since the mid-2000s (Figure 7b).

World trade in services is largely driven by travel and transport services. However, the importance of these sectors has declined during the COVID-19 pandemic. While the transport sector recovered in 2021, travel services were well below their pre-crisis level. Since 2015, trade continued to increase in most of the other sectors, especially in telecommunication and IT services and in R&D and professional consulting. Developed countries remain the main exporters in all sectors. However, developing countries are increasingly becoming important suppliers of services in the construction and insurance sectors.

Figure 8
Market shares of trade in services of developing and developed countries by sector



Source: UNCTAD secretariat calculations based on UNCTADStat data.

With trade flows of almost US\$ 1.5 trillion, the travel sector was by far the largest services sector prior to the COVID-19 pandemic, followed by the transport sector with more than US\$ 1 trillion. In 2020, these sectors were hardest hit; in particular, the travel sector did shrink to almost a third of its 2019 value. While the transport sector experienced strong growth in 2021, the travel sector has been lagging behind. Since 2015, trade continued to increase in most of the other sectors, especially in telecommunication and IT services and in R&D and professional consulting. Compared to 2015, the value of trade has increased in all sectors, except for the travel sector (Figure 8a). Figure 8b depicts the share of global exports of different service categories pertaining to developed and developing countries, and their change between 2015 and 2021. Although developed countries still account for the largest part of the exports of services, the export market share has been increasing to the advantage of developing countries in almost all sectors (Figure 8b). Notable exceptions are travel and government services, for which market shares have shifted towards developed countries.



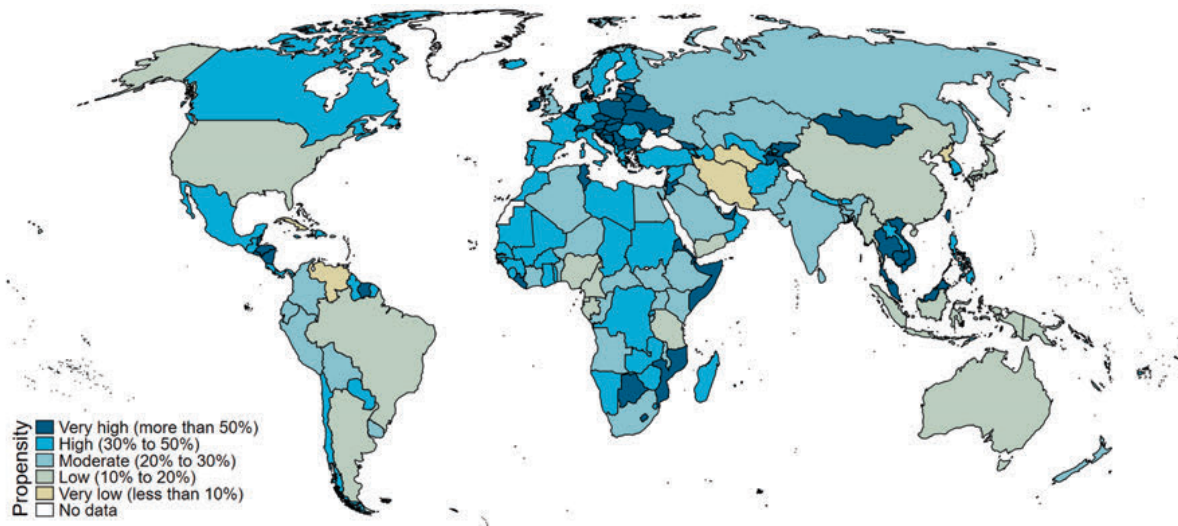
2. TRADE INDICATORS

The following section presents a series of trade indicators where the magnitude of the indicator is represented by the shading of a country on the world map.

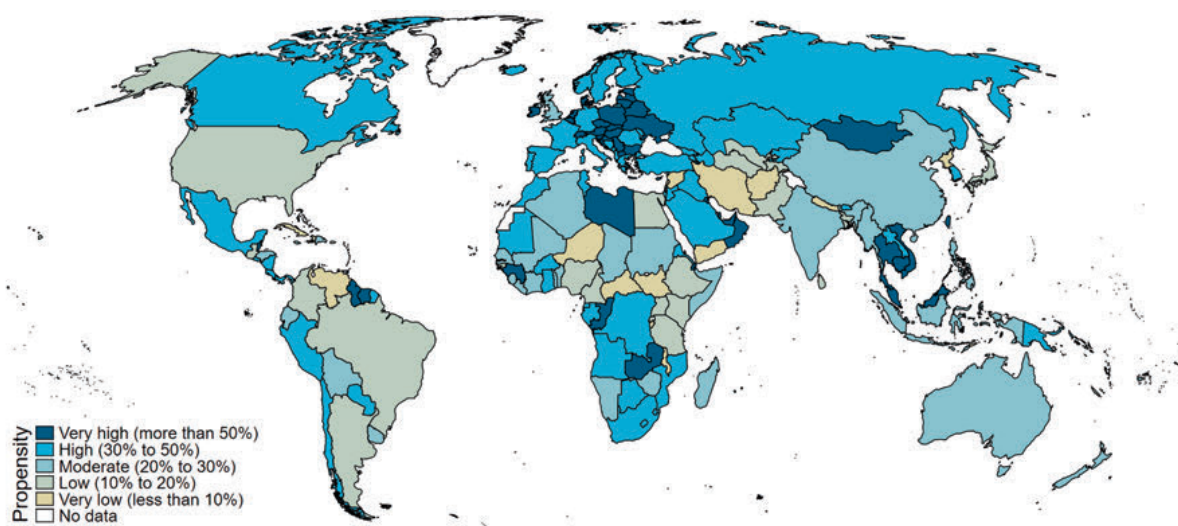
For a substantial number of developing countries, gross domestic product (GDP) is closely related to the exports of goods and services to foreign markets. This is particularly true for many Southeast Asian economies, Eastern European countries and a number of African countries.

Index 1
Import and export propensity

a) Imports of goods and services over gross domestic product, 2021



b) Exports of goods and services over gross domestic product, 2021

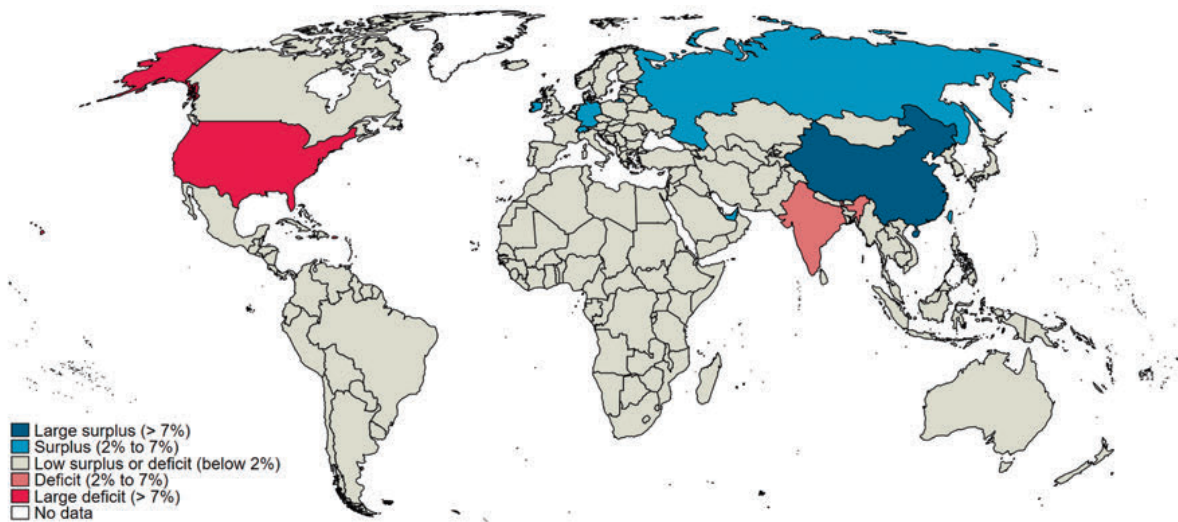


Import and export propensity are computed as the value of imports or exports divided by the current GDP. The import propensity expresses the total income spent on imports. The export propensity shows the overall degree of reliance of domestic producers on foreign markets. Higher values imply greater dependence on foreign markets.

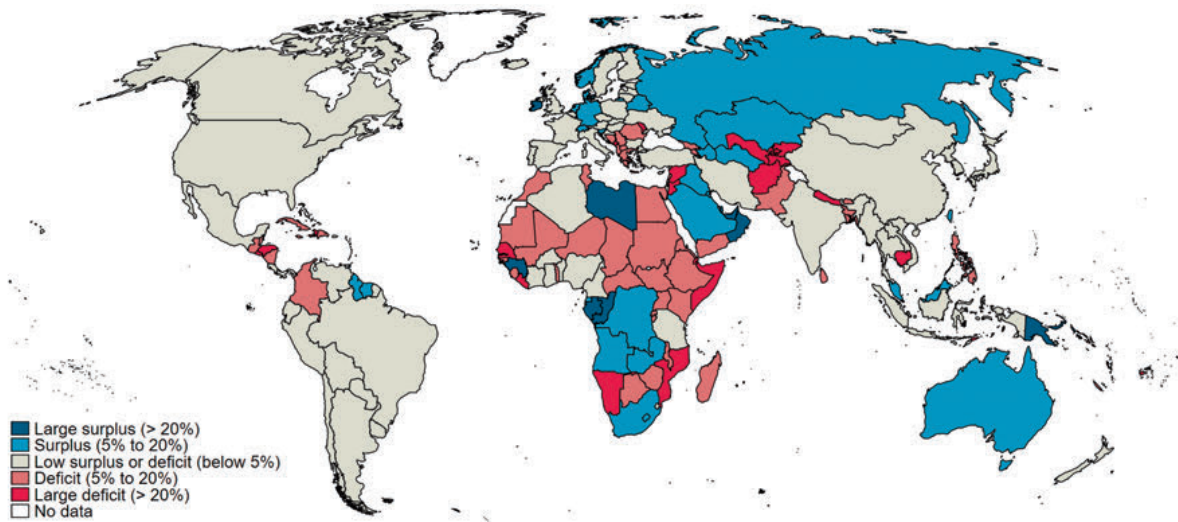
World trade is largely unbalanced. China maintained the largest surplus position in 2021, followed with a significant distance by Germany, Ireland, and the Russian Federation. Switzerland and United Arab Emirates also showed considerable surplus. By contrast, the United States maintained the largest deficit position, followed by India. Even though these imbalances are sometimes large in level, they often tend to be low relative to the country's GDP. However, the trade imbalances of many countries in Africa tend to be large relative to their GDP while being small for the world as a whole.

Index 2 Trade balances

a) Trade balances of goods and services as a percentage of overall world imbalances, 2021



b) Trade balances of goods and services as a percentage of gross domestic product, 2021

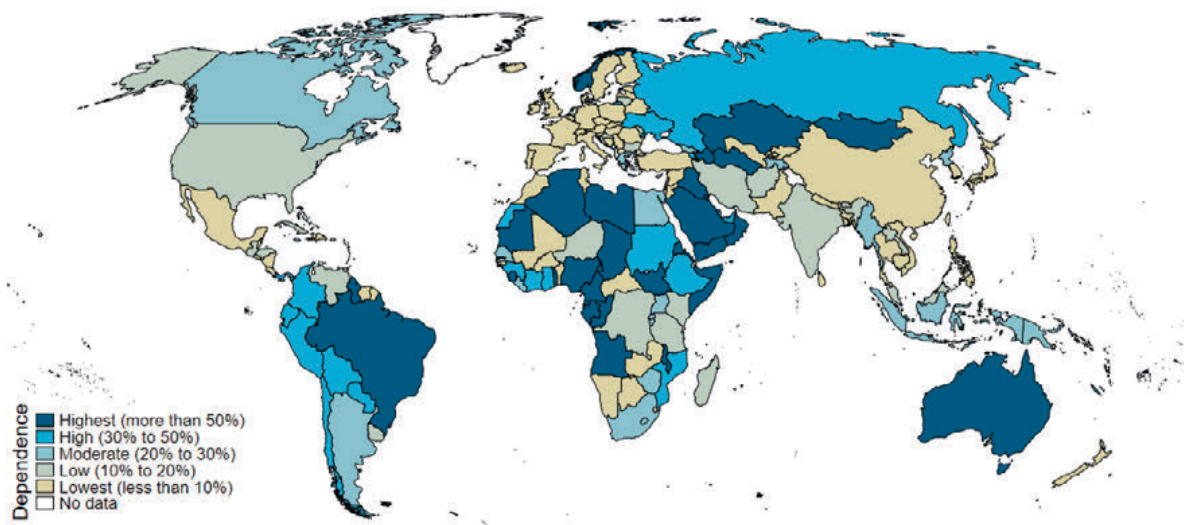


Foreign trade balances (exports minus imports of goods and services) as a percentage of total world imbalances are computed as each country's share of total imbalances in the world. Negative values denote countries in deficit, while positive values denote countries with a surplus. The foreign trade balance-to-GDP ratio is the ratio of the foreign trade balance to GDP. It indicates how large trade imbalances are relative to the size of the economy.

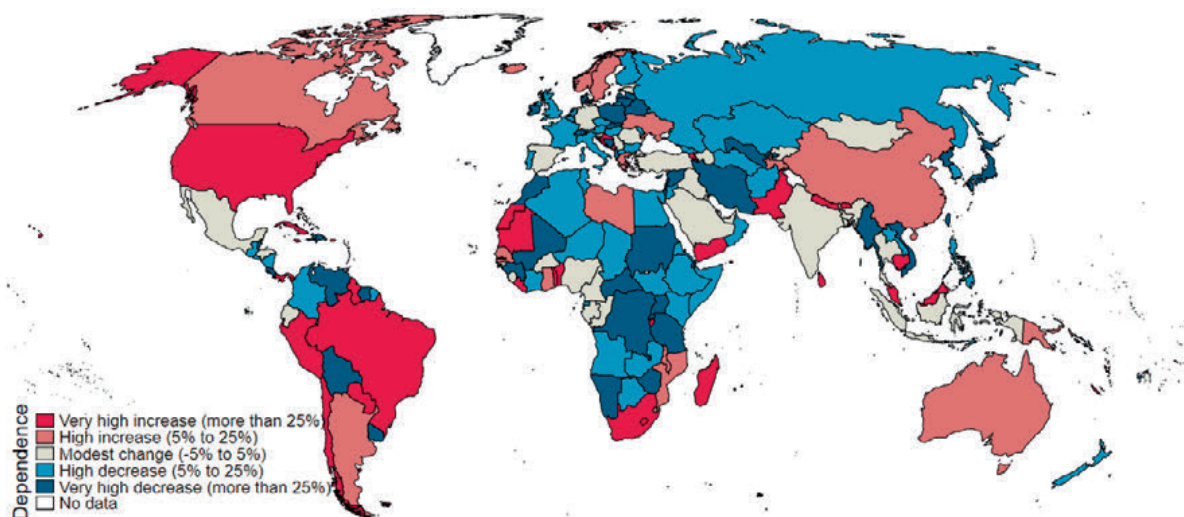
Although many countries are striving to diversify their exports, agriculture and natural resources still represent a large share of export baskets for many developing countries. Commodity dependence is more evident for energy-exporting countries in the Middle East, raw material suppliers in Africa as well as for Latin American countries, where agriculture represents a large share in total exports. Dependence indices have declined over the past years for many countries in Africa and Asia, but intensified for many countries in Latin America.

**Index 3
Commodity export dependence**

a) Agricultural and natural resources dependence index, 2021



b) Change in agricultural and natural resources dependence index, 2015–2021



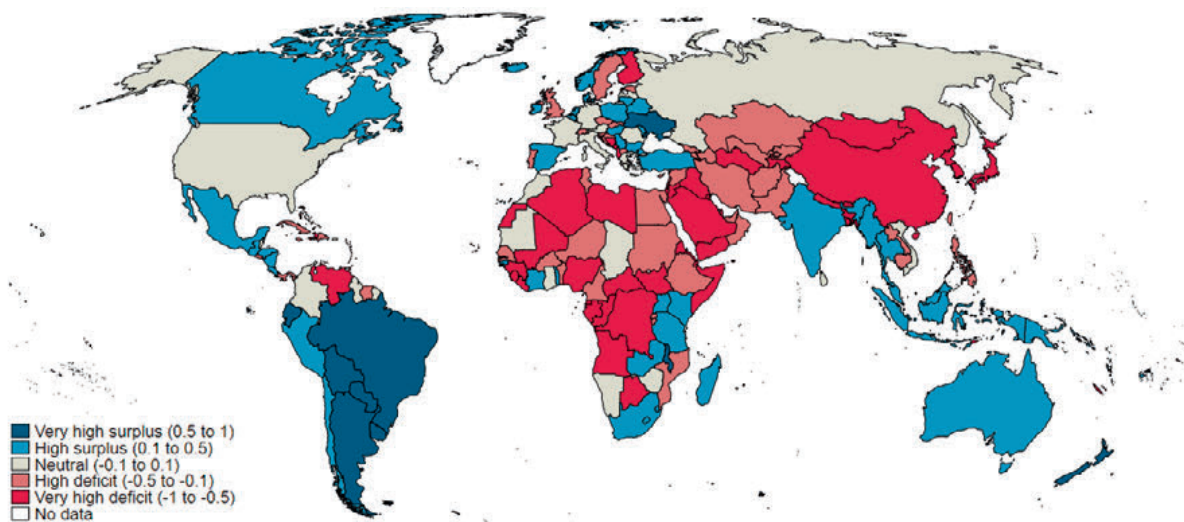
The commodity dependence index is computed as the share of the value of exports in primary products (i.e. agricultural goods and natural resources) over the total value of exports. It varies from 0 to 100. High dependence implies more exposure to shocks in the prices of natural resources and agricultural commodities.

Food and energy trade positions are very diverse across regions. In general, countries in Latin America, East Africa and South Asia are net food exporters, while most of the rest of Asia and Africa remain net food importers. With regards to energy, Europe and many of the countries in East and South Asia are dependent on imports. In contrast, West and Central Asia, as well as most of the countries in Africa and South America, are net energy exporters.

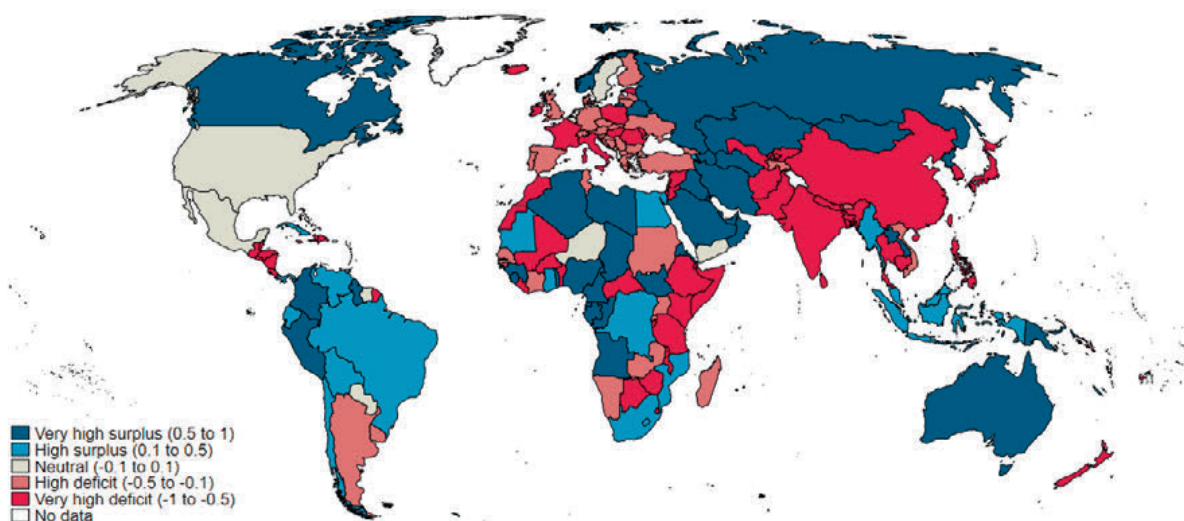
Index 4

Food and energy net position

a) Food net position, 2021



b) Energy net position, 2021

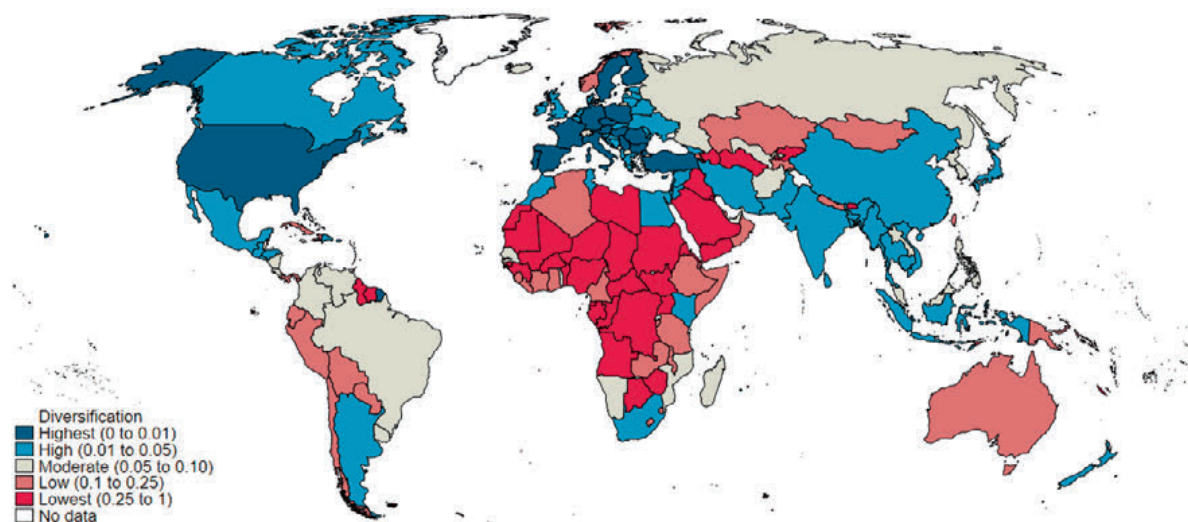


Food net position is computed as a country's exports minus its imports of agricultural products. It is then normalized by dividing it by agricultural trade (imports plus exports). The index varies between -1 and 1, with positive values meaning that the country exports more agricultural products than it imports. The energy net position is computed in the same manner.

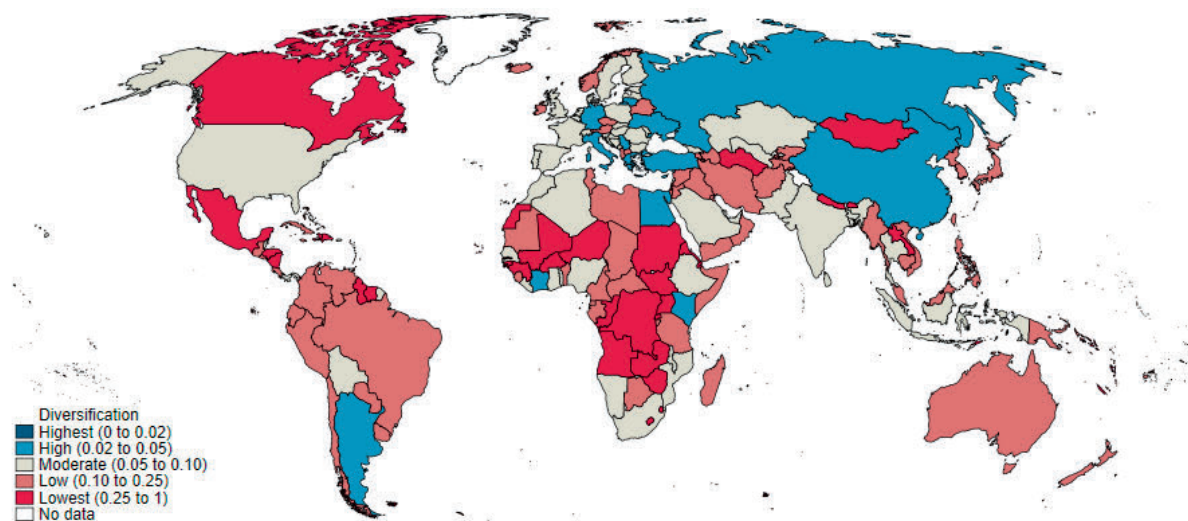
Although many developing countries seek to diversify their exports, many do not succeed. Among developing countries, only a few emerging economies have reached levels of diversification similar to those of developed countries. African countries remain poorly diversified, as their exports are concentrated in a few products exported to a few destinations.

Index 5
Export diversification

a) Export diversification index by product, 2021



b) Export diversification index by destination, 2021

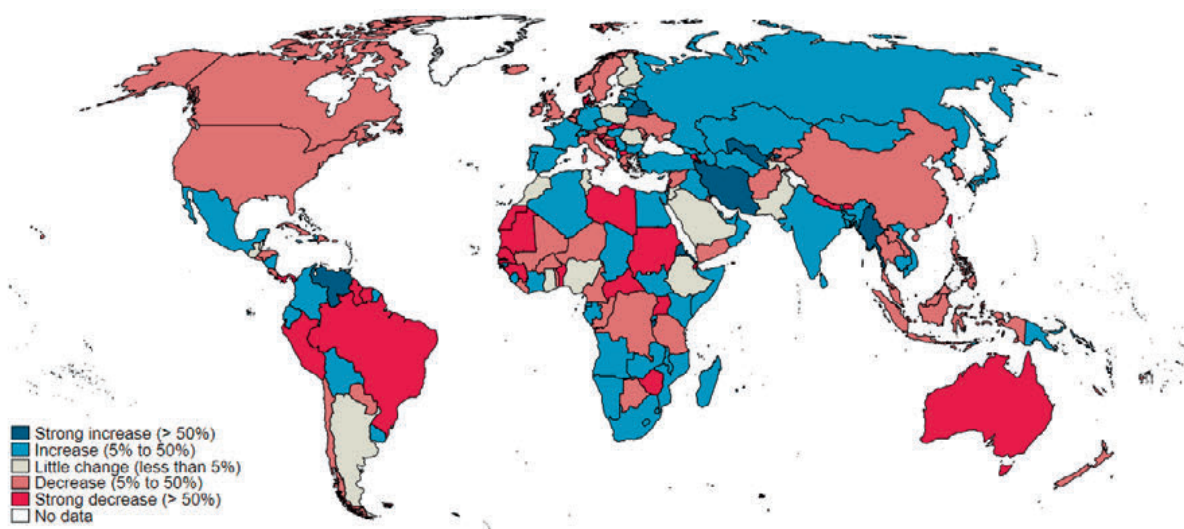


Diversification of exports is measured by the Hirschmann–Herfindahl index where lower values reflect higher diversification. It indicates the degree to which a country’s exports are dispersed across different destinations or different goods (at the HS 6-digit level). Low diversification is interpreted as an indication of vulnerability since an exporter being limited to a small number of export markets or goods is more exposed to economic shocks.

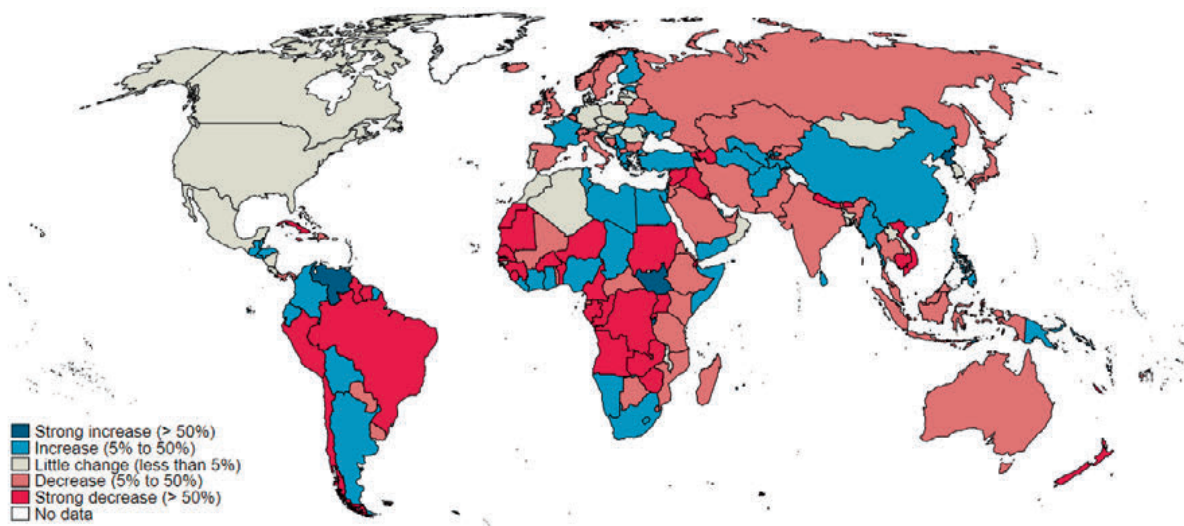
Although some have not yet achieved diversification of their export baskets, there is a tendency in many countries to diversify into new products and destinations. At the same time, some developed and developing countries have seen a decline in terms of product and destination diversification since 2015.

Index 6 Changes in export diversification

a) Changes between 2015 and 2021, by product



b) Changes between 2015 and 2021, by destination

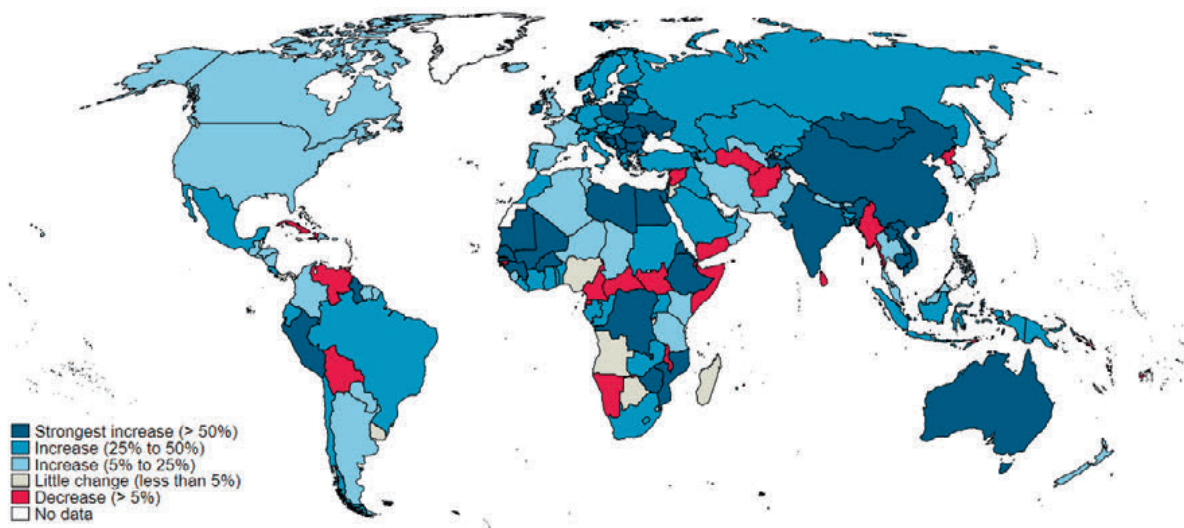


The export diversification change reflects whether countries are becoming more or less diversified. Many African countries became more diversified between 2021 and 2015, whether in terms of products or both products and destinations. However, for some countries in Africa, as well as in Latin America and Europe the trend went in the opposite direction.

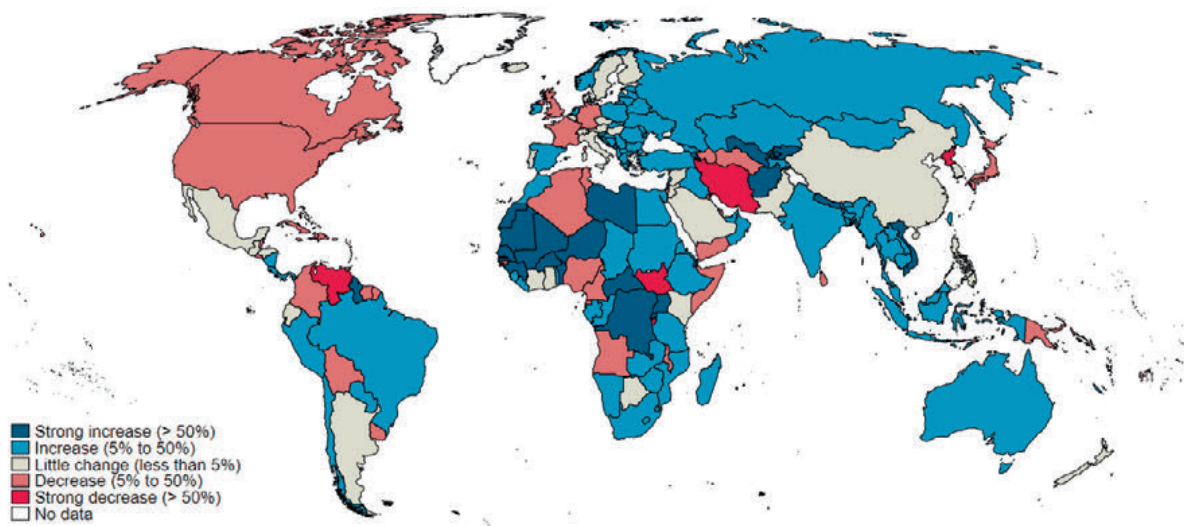
Since 2015, the export growth for goods and services slowed down. However, there are a few developing countries that experienced a decrease in exports between 2015 and 2021. During the same period, a number of countries, mainly in Western and Central Africa and Central Asia have increased their competitiveness in their main export markets.

Index 7
Export performance and export competitiveness

a) Export growth in goods and services, 2015–2021



b) Change of export competitiveness in top 20 markets, 2015–2021



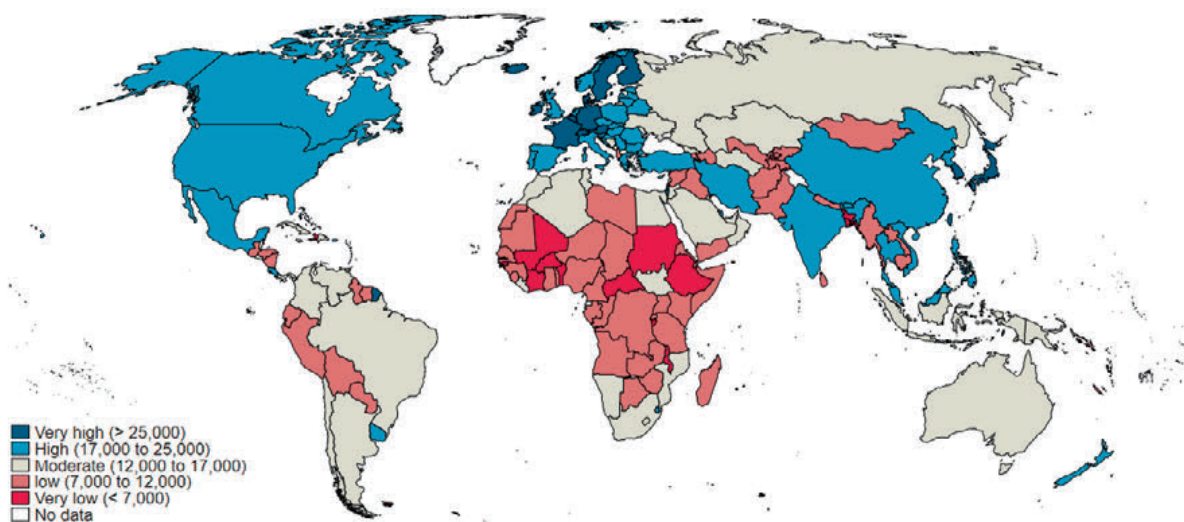
The growth rate of exports is calculated as the percentage change of the value of exports between two periods. Negative values indicate a contraction in the value of exports, while positive values indicate an increase in export earnings. Export competitiveness reflects the development of a country's exports relative to its top 20 trading partners in 2021 and is measured as the ratio of a country's market share in the reference group in 2021 over that in 2015. Positive values indicate that the country is becoming more competitive with respect to its peers.

In comparison to countries with similar levels of GDP per capita, Australia, Canada and South American countries tend to export relatively less sophisticated goods. East Europe and most of South and East Asia tend to export more sophisticated products. The situation is more heterogeneous across Africa. Most of Asian countries' exports have become more sophisticated since 2015.

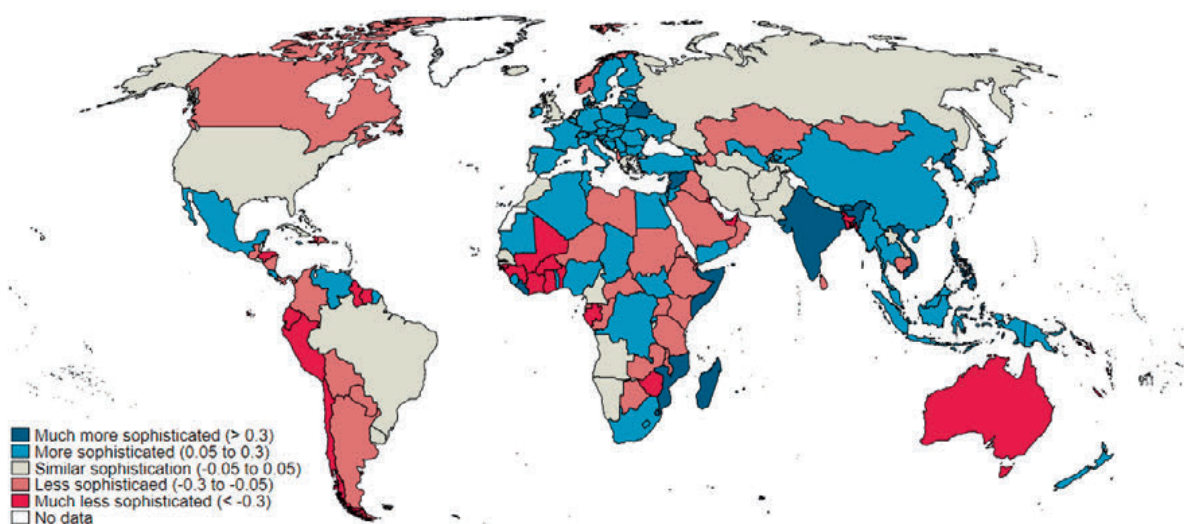
Index 8

Export sophistication and the export sophistication gap

a) Export sophistication, 2021



b) Export sophistication gap, 2015–2021



Export sophistication is measured by the EXPY index. Countries with a higher EXPY are those that export goods that are more sophisticated (as measured by the PRODY index). The export sophistication gap measures the gap between the EXPY and GDP per capita of a country. A positive gap implies an export structure that is more sophisticated than the country's GDP per capita would predict. Conversely, a negative gap implies an export structure that is more typical of countries at a lower level of development.

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