

# UNCTAD Trade Policy Dialogue:

World Economic Situation and Prospects 2021 on Trade:  
From short-term disruptions to longer-term resilience

Wednesday, 3 March 2021, ONLINE, 2.30–3:30 p.m. Geneva time

## *Presentation*

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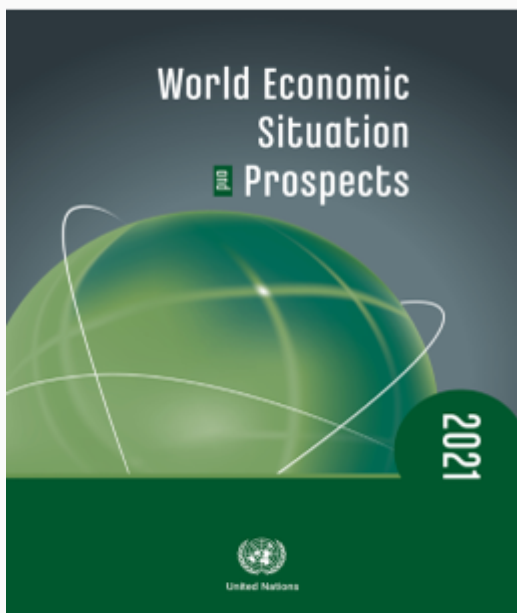


DEPARTMENT OF  
**ECONOMIC AND  
SOCIAL AFFAIRS**



**UNECE**

# UNCTAD TRADE POLICY DIALOGUE



## World Economic Situation and Prospects 2021 on Trade

From Short-Term Disruptions  
to Longer-Term Resilience

**Ingo Pitterle**

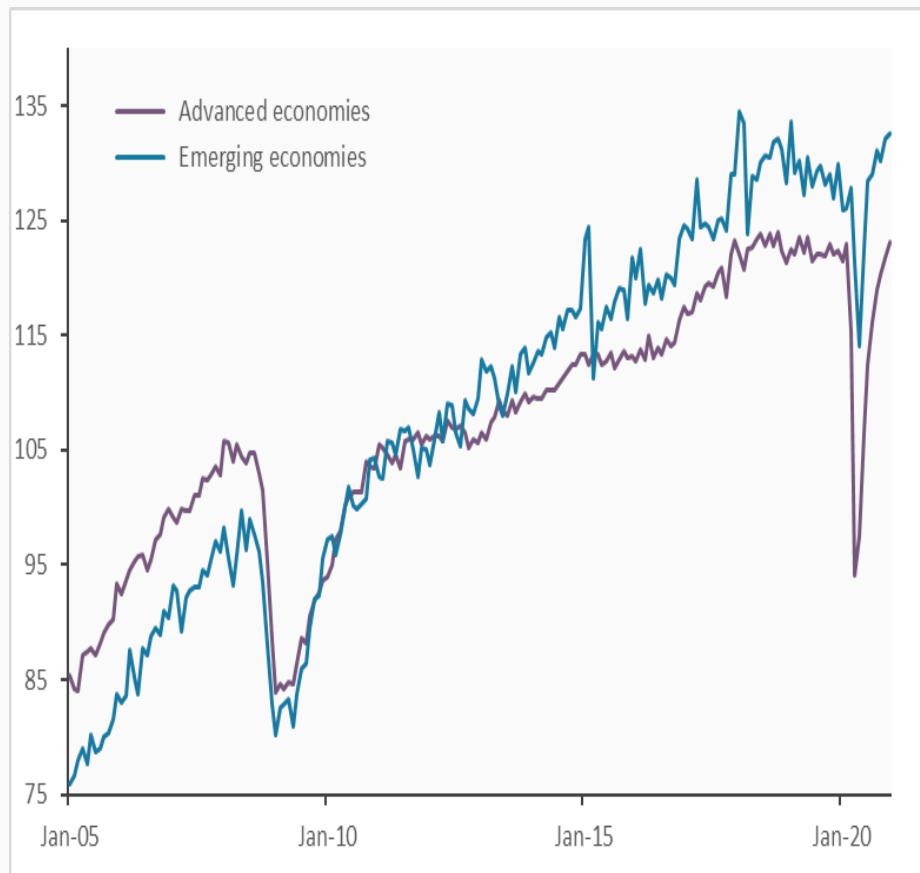
**UN DESA**

# Global trade shock: uneven recovery from a historic collapse



## Volume of merchandise exports

Index 2010 = 100



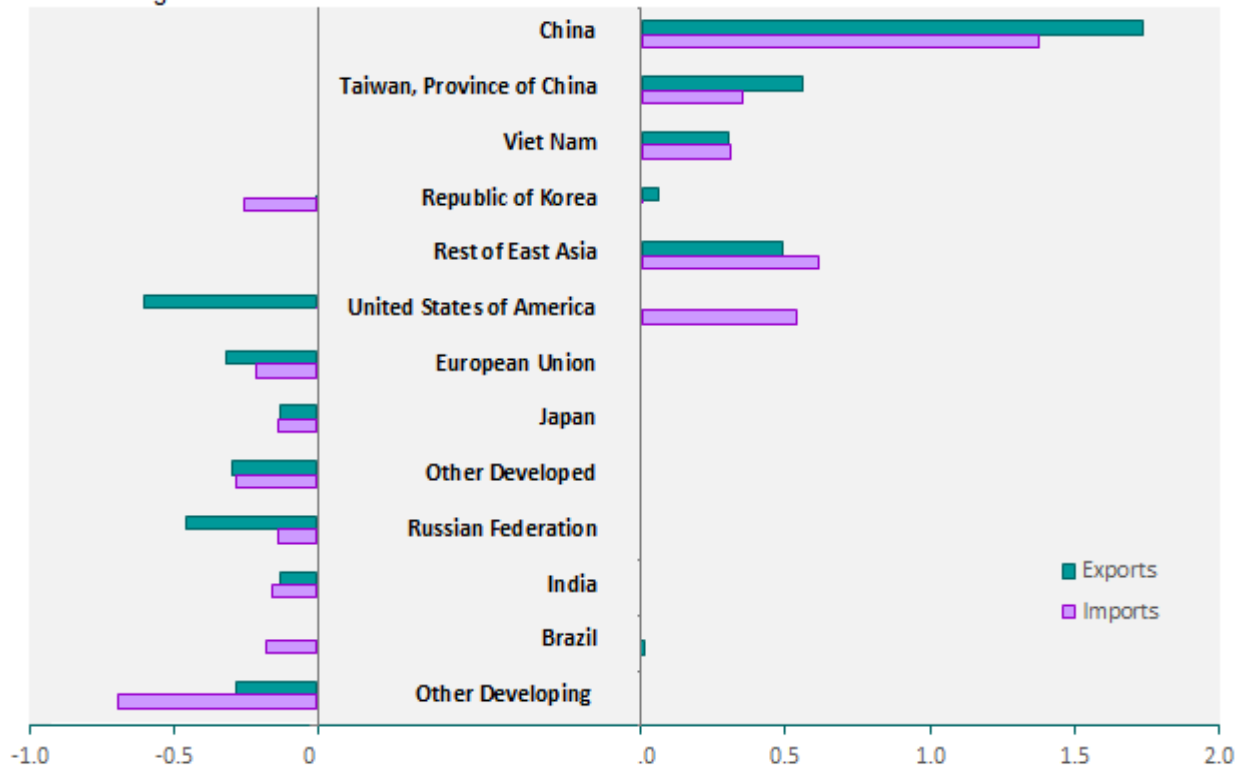
- ❑ Much faster rebound in goods trade than after GFC
- ❑ Total trade declined by 9% in 2020
  - Merchandise trade -6%
  - Services trade -16.5%
- ❑ Trade outlook clouded by downside risks:
  - Uncertainty over spread of virus / vaccine rollout
  - Lingering trade policy tensions
  - Lasting economic damage from crisis

Source: UN DESA, based on CPB Netherlands Bureau for Economic Policy Analysis.

# COVID-19 trade recovery: accelerating pre-crisis shifts

Change in world market share during COVID-19

Percentage



Source: UNCTAD, Global Trade Update February 2021

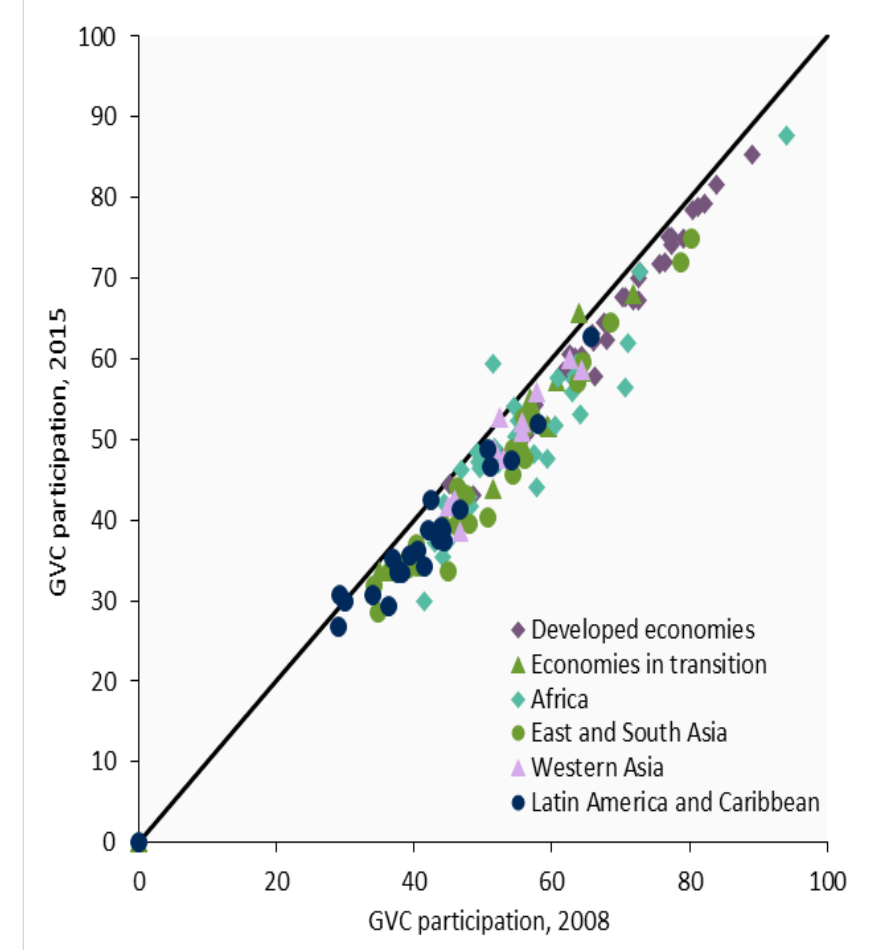
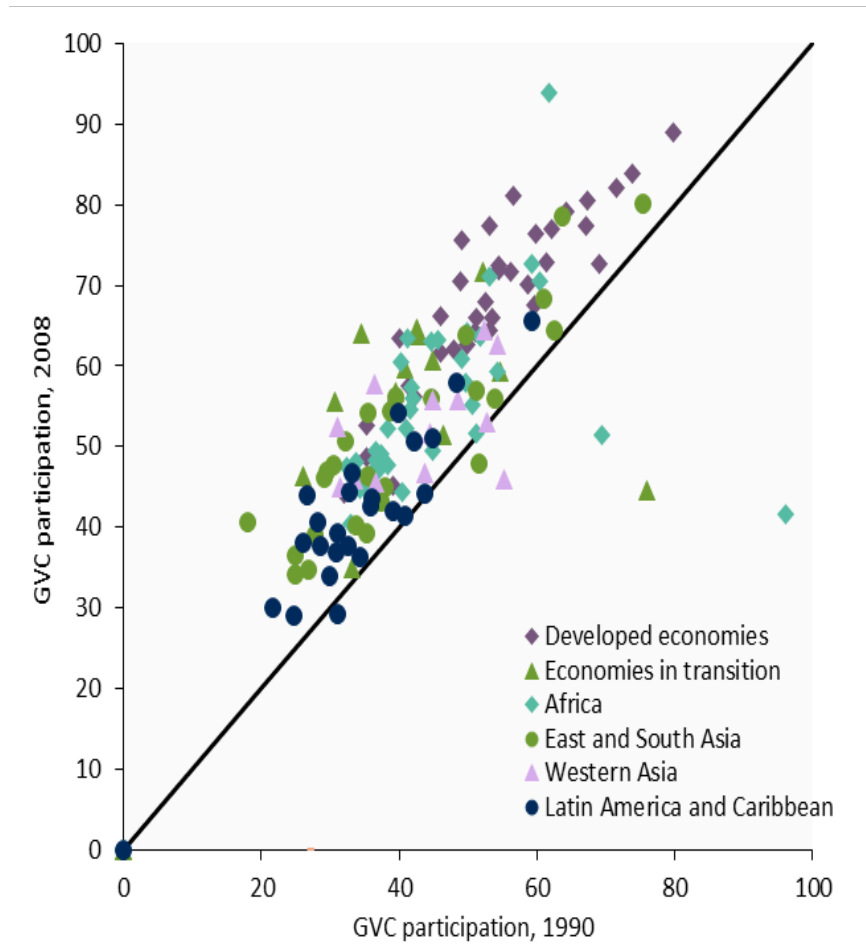
□ Key role of global value chains: fragmentation of production and knowledge transfer

□ Shift in global trade towards East Asia

□ East Asia:

- Move towards higher value-added manufactures
- Exports supported domestic productivity gains

# Reorganization of global value chains: shorter, less complex and more domestic



# Future of global value chains



- ❑ COVID-19 ignited debate over re-configuration of GVCs
  - How can value chains become more resilient?
  - Firms may place more emphasis on risk management
  - Domestic supply not necessarily more resilient than foreign supply
  - Large-scale reshoring is unlikely
  - But: adjustments in GVCs due to changing global trade environment
    - Digital transformation
    - Emerging technologies
    - Servicification
    - Environmental policies
- ❑ Main risk for GVCs is policy risk:
  - Higher trade costs due to protectionism would reduce fragmentation



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