



GLOBAL TRADE

UPDATE

July 2022

Inflation and rising commodity prices drive global trade

- Global trade growth decelerated in Q1 2022, still increasing by about US\$ 1 trillion relative to the same period of 2021.
- The value of global trade is fueled by rising commodity prices; trade volumes have increased to a much lower extent.
- The conflict in Ukraine is starting to influence international trade, largely through increases in prices.
- Tightening policies and geopolitical frictions are expected to negatively affect global trade during 2022.

Rising prices inflate international trade

Merchandise trade in values and volumes (Index 2019=100)



Source: UNCTADStat.



Global trade trends and nowcast

The value of global trade increased during Q1 2022, although its growth continued to decelerate. Overall, the value of global trade reached a record level of about US\$ 7.7 trillion in Q1 2022, an increase of about US\$ 1 trillion relative to Q1 2021, and of about US\$ 250 million relative to Q4 2021.

Trade in goods (merchandise) and trade in services both grew during Q1 2022. Trade in goods reached about US\$ 6.1 trillion (an increase of about 25 per cent relative to Q1 2021, and an increase of about 3.6 per cent relative to Q4 2021). Trade in services totaled about US\$ 1.6 trillion (an increase of about 22 per cent relative to Q1 2021, and an increase of about 1.7 per cent relative to Q4 2021). Trade growth is expected to remain positive but continues to slow during Q2 2022.



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 Q4 2021 are preliminary. Q1 2022 is a [nowcast](#).

Most of the merchandise trade growth during the last year was nominal. In Q1 2022 the value of trade was about 30 per cent higher than the pre-pandemic levels of 2019. By contrast, trade volumes increased to a much lower extent (about 6 per cent). The divergence between values and volumes is due to rising commodity prices, especially for energy products, and general inflation.

Global trade outlook

The positive trend for international trade may soon come to an end. Rising interest rates and the winding down of economic stimulus packages will likely have a negative impact on trade volumes for the rest of 2022. Volatility in commodity prices and geopolitical factors will also continue to make trade developments uncertain. Overall, the evolution of world trade for the remainder of 2022 is likely to be affected by the following factors:

- ***Slower than expected economic growth***

Economic growth forecasts for 2022 are being revised downwards due to rising interest rates, inflationary pressures in many economies, and negative global economic spillovers from the conflict in Ukraine. It is likely that global trade will reflect these macroeconomic trends, with a decrease in trade growth.

- ***Effect of the conflict in Ukraine***

The conflict in Ukraine is putting further upward pressure on the international prices of energy and primary commodities. In the short term, because of the inelastic global demand for food and energy products, rising food and energy prices would likely result in higher trade values, and marginally lower trade volumes.

- ***Continuing challenges for global supply chains***

Risks and uncertainties remain high for global supply chain operations. COVID-19 mitigation measures may continue to create supply disruptions and global economic uncertainties are likely to make investments riskier during 2022. Moreover, long-term trends to shorten supply chains and to diversify suppliers may start to influence international trade in 2022.

- ***Trade agreements and regionalization trends***

Trade agreements that have recently entered into force (e.g. the Regional Comprehensive Economic Partnership and the African Continental Free Trade Area) should provide additional momentum for intra-regional trade. On the other hand, inter-regional trade will likely continue to be negatively affected by rising transport costs, logistic disruptions, and geopolitical frictions.

- ***Transition towards a greener global economy***

Trade patterns are expected to reflect the increasing global demand for products that are environmentally sustainable. While the consequences are expected to influence trade in the medium and long terms, some may already materialize during 2022. This would largely depend on the implementation of government policies regulating the trade of carbon intensive products. Persistently high energy prices may also result in a general increase in the demand and trade of products required to support greener energy alternatives.

- ***Rising concerns for debt sustainability***

Given the record levels of global debt, concerns of debt sustainability are likely to intensify in the coming quarters due to mounting inflationary pressures and associated interest rate hikes. The ongoing tightening of financial conditions is expected to heighten pressure on the most highly indebted governments, amplifying vulnerabilities and negatively affecting investments and international trade flows.

Trade trends in the major economies

The import and export trends of some of the world's major trading economies further illustrate the patterns of trade growth during Q1 2022. Overall, trade in goods in all major economies was well above the pre-pandemic levels of 2019, for both imports and exports. Negative quarter-over-quarter rates reveal that import trends reversed for Brazil and the Russian Federation during Q1 2022. Export growth in this period remained strong for Brazil and South Africa.

Data on services is reported with a lag of one quarter. In Q4 2021, trade in services of most major economies was still substantially lower than the pre-pandemic averages of 2019. However, as shown by quarter-over-quarter rates, trade in services of most major economies continued to recover during Q4 2021, with the exception of Brazil, Japan and the imports to the European Union.

Imports and exports of major trading economies

GOODS	Q1 2022 RELATIVE TO 2019 AVERAGE		Q1 2022 RELATIVE TO Q4 2021	
	IMPORTS	EXPORTS	IMPORTS	EXPORTS
Brazil	↑ 30%	↑ 43%	↓ 3%	↑ 15%
China	↑ 35%	↑ 49%	↑ 2%	↑ 4%
India	↑ 37%	↑ 34%	↑ 4%	↑ 7%
Japan	↑ 20%	↑ 8%	↑ 6%	↑ 2%
Republic of Korea	↑ 39%	↑ 29%	↑ 4%	↑ 3%
Russian Federation	↑ 15% *	↑ 38% *	↓ 6% *	↑ 5% *
South Africa	↑ 19%	↑ 46%	↑ 8%	↑ 10%
United States	↑ 30%	↑ 17%	↑ 8%	↑ 4%
European Union	↑ 37%	↑ 12%	↑ 7%	↑ 2%

SERVICES	Q4 2021 RELATIVE TO 2019 AVERAGE		Q4 2021 RELATIVE TO Q3 2021	
	IMPORTS	EXPORTS	IMPORTS	EXPORTS
Brazil	↓ 27%	0%	↓ 2%	↓ 1%
China	↓ 8%	↑ 58%	↑ 3%	↑ 9%
India	↑ 16%	↑ 21%	↑ 4%	↑ 4%
Japan	↓ 5%	↓ 19%	0%	↓ 2%
Republic of Korea	0%	↑ 26%	↑ 3%	↑ 1%
Russian Federation	↓ 15%	0%	↑ 7%	↑ 9%
South Africa	↓ 15%	0%	↑ 1%	0%
United States	↓ 1%	↓ 8%	↑ 2%	↑ 3%
European Union	↑ 3%	↑ 10%	↓ 2%	↑ 2%

Source: UNCTAD calculations based on national statistics.

Note: Growth rates are relative to year averages for 2019 and of previous quarter. Data is seasonally adjusted. Statistics for the EU exclude intra-EU trade.

* denotes estimates.

Regional trade trends in Q1 2022

In Q1 2022, trade in goods was significantly above the levels of 2021 both in developing and developed countries. Merchandise exports from developing countries were about 25 per cent higher in Q1 2022 than in Q1 2021. In comparison, this figure is about 14 per cent for developed countries. Trade between developing countries (South-South) was about 23 per cent higher in Q1 2022 than in the same quarter of 2021, and about 42 higher than pre-pandemic levels. South-South trade outside East Asia grew stronger during the last year and has now recovered to similar levels of the trade of East Asian economies.

Trade growth remains strong for both developed and developing countries

Q1 2022 relative to Q1 2021 and Q1 2019

	Q1 2022 vs Q1 2021		Q1 2022 vs Q1 2019	
	IMPORT	EXPORT	IMPORT	EXPORT
Developed countries	↑ 20%	↑ 14%	↑ 27%	↑ 20%
Developing countries	↑ 17%	↑ 25%	↑ 33%	↑ 41%
South-South Trade	↑ 23%		↑ 42%	
Developing countries (excluding East Asia)	↑ 23%	↑ 40%	↑ 32%	↑ 39%
South-South trade (excluding East Asia)	↑ 44%		↑ 44%	

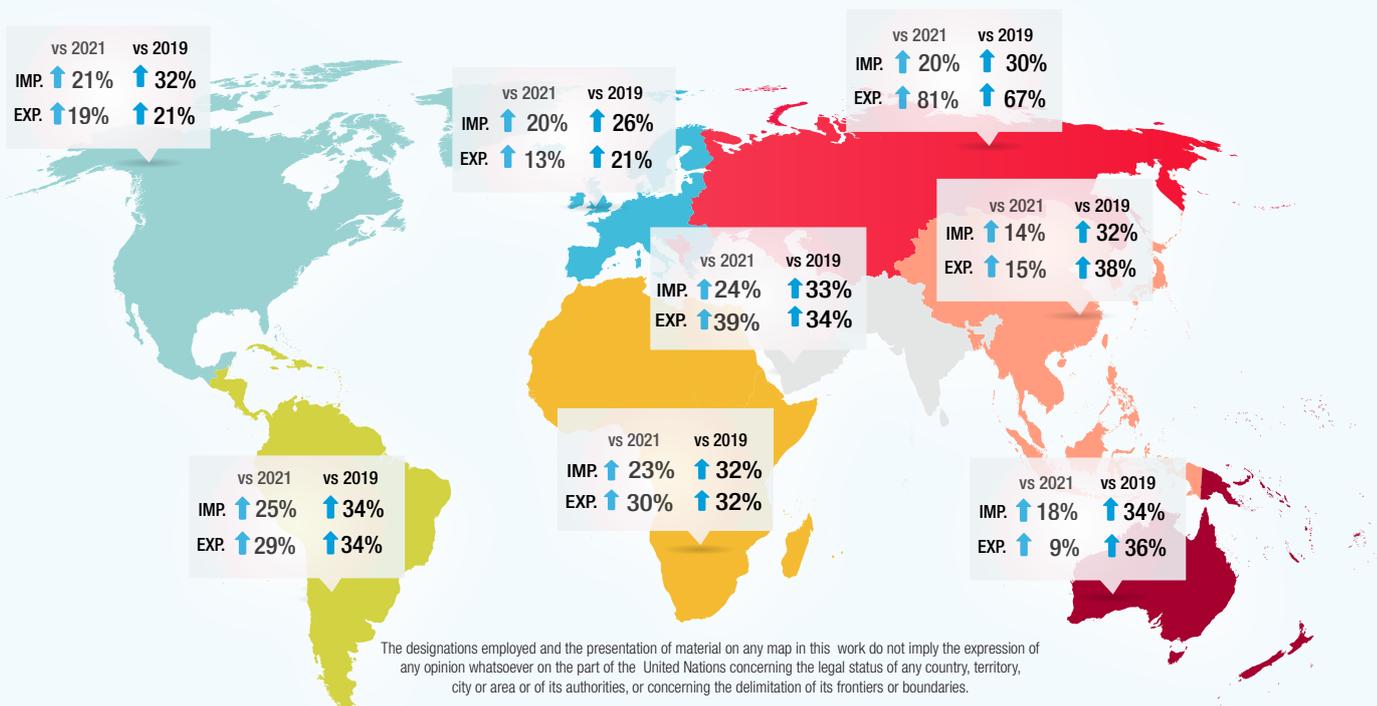
Source: UNCTAD estimates based on national statistics.

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

Trade growth rates in Q1 2022 remained strong across all geographic regions, although somewhat lower in the East Asia and Pacific regions. Export growth has been generally stronger in commodity-exporting regions, as commodity prices have increased. Trade performance and volatility indices at the country level for Q1 2022 are provided in Annex 1.

Trade continues to increase in all regions, but less so in the East Asia and Pacific regions

Q1 2022 relative to Q1 2021 and Q1 2019



Source: UNCTAD estimates based on national statistics.

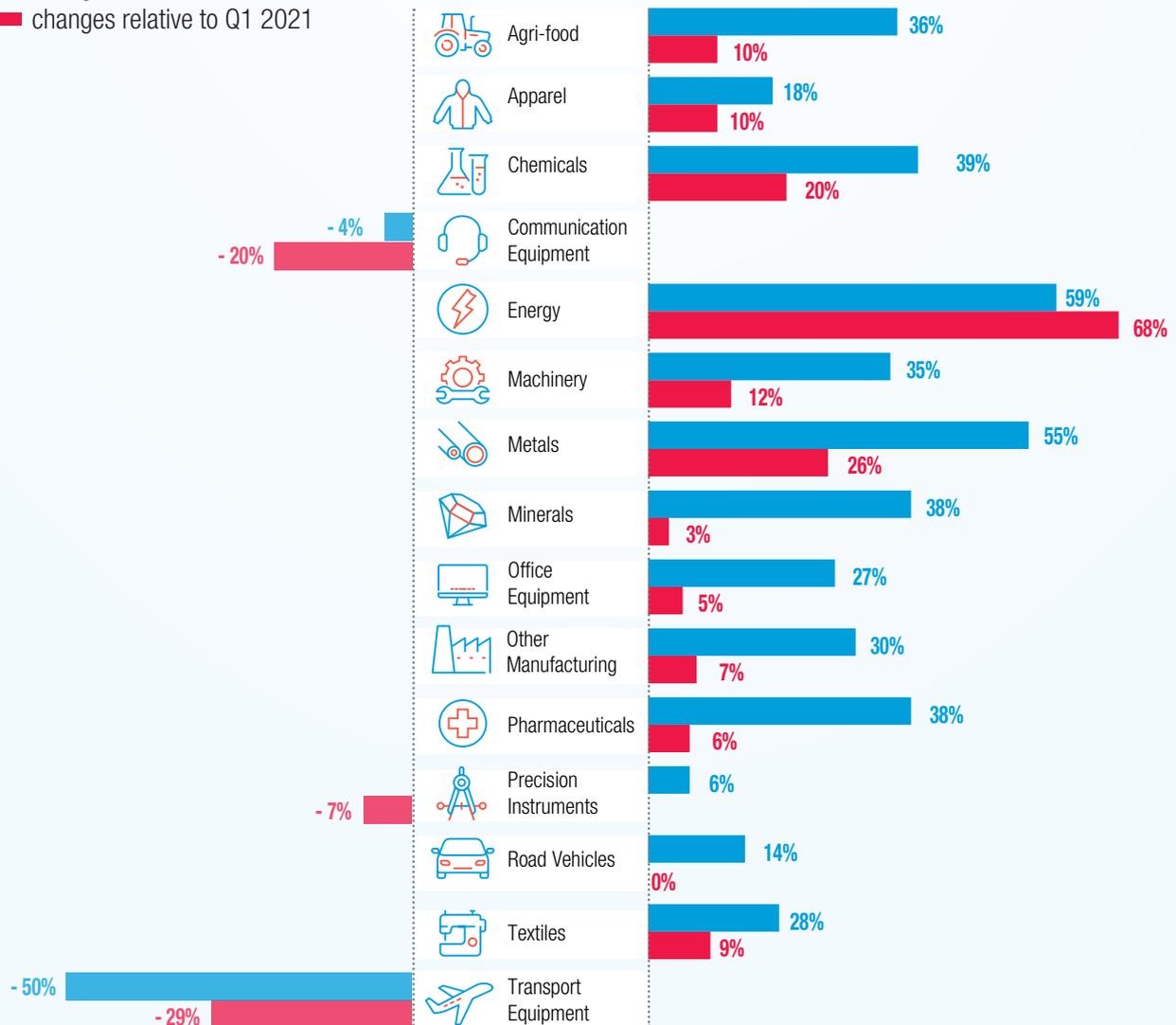
Note: Changes are year-over year. Data excludes intra-EU trade. Data does not include trade in services.

Global trade trends at the sectoral level in Q1 2022

Most economic sectors recorded a substantial year-over-year increase in the value of their trade in Q1 2022. High fuel prices are behind the strong increase in the value of trade in the energy sector. Trade growth was also above average for metals and chemicals. By contrast, trade in the transportation sector continues to be weighed down by muted airplanes orders. Trade of communication equipment has also remained below its levels of 2021 and 2019. Finally, the global shortage of semiconductors and logistic disruptions continue to negatively impact on the trade of road vehicles and precision instruments.

Energy, metals and chemicals sectors drove trade growth in Q1 2022

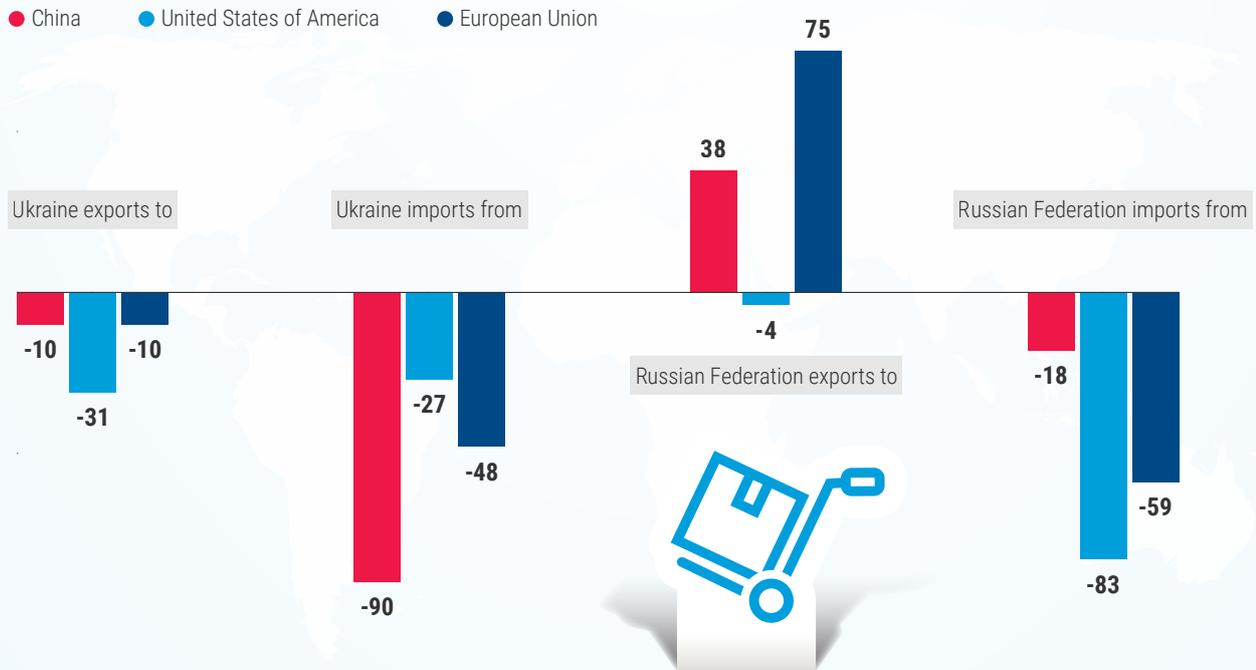
■ changes relative to Q1 2019
■ changes relative to Q1 2021



Source: UNCTAD estimates 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.

Trade of the Russian Federation and Ukraine with the three major global economies

Year-over-Year percentage change in the value of merchandise trade during March and April 2022



Source: UNCTAD calculations based on the national statistics of China, the United States, and the European Union.

Annex 1: Export performance and volatility in Q1 2022

COUNTRIES	EXPORT PERFORMANCE	EXPORT VOLATILITY	COUNTRIES	EXPORT PERFORMANCE	EXPORT VOLATILITY
Albania	0.75	0.04	Lesotho	0.53	1.30
Algeria	0.68	1.06	Madagascar	0.86	0.36
Angola	0.89	0.19	Malawi	0.84	1.29
Argentina	0.51	0.24	Malaysia	0.65	0.02
Armenia	0.54	0.30	Mali	0.35	0.37
Australia	0.53	0.05	Mauritius	0.40	0.09
Azerbaijan	0.93	0.12	Mexico	0.63	0.23
Bahrain	0.83	0.96	Morocco	0.71	0.48
Bangladesh	0.75	0.08	Mozambique	0.82	1.03
Belarus	0.59	0.28	Myanmar	0.58	0.11
Benin	0.46	0.40	Namibia	0.44	1.06
Bolivia (Plurinational State of)	0.65	0.28	Nepal	0.35	0.94
Bosnia and Herzegovina	0.58	0.09	New Zealand	0.52	0.05
Brazil	0.56	0.34	Nicaragua	0.63	0.44
Cambodia	0.74	0.09	Nigeria	0.49	0.31
Cameroon	0.57	0.77	Norway	0.84	0.14
Canada	0.60	0.02	Oman	1.00	0.31
Chile	0.53	0.11	Pakistan	0.75	0.08
China	0.54	0.17	Panama	0.41	1.60
Colombia	0.83	0.05	Papua New Guinea	0.74	0.33
Costa Rica	0.71	0.16	Paraguay	0.56	1.28
Côte d'Ivoire	0.45	0.13	Peru	0.64	0.28
Dominican Republic	0.56	0.32	Philippines	0.51	0.06
EU-27	0.56	0.01	Qatar	0.80	0.13
Ecuador	0.69	0.25	Republic of Korea	0.64	0.01
Egypt	0.70	0.53	Republic of Moldova	0.79	0.01
El Salvador	0.55	0.03	Russian Federation	0.84	0.16
Ethiopia	0.68	0.26	Saudi Arabia	0.77	0.05
Gabon	0.60	0.87	Senegal	0.72	0.41
Georgia	0.57	0.30	Serbia	0.65	0.01
Ghana	0.66	1.33	Singapore	0.64	0.02
Guatemala	0.60	0.04	South Africa	0.47	0.21
Guyana	0.43	0.91	Sri Lanka	0.57	0.08
Haiti	0.42	0.23	Switzerland	0.60	0.12
Honduras	0.48	0.29	Taiwan, Province of China	0.65	0.03
Hong Kong (China)	0.47	0.16	Thailand	0.59	0.02
Iceland	0.59	0.14	Togo	0.85	1.79
India	0.61	0.13	Tunisia	0.67	0.16
Indonesia	0.69	0.19	Türkiye	0.57	0.05
Iran (Islamic Republic of)	0.68	0.29	Uganda	0.38	0.76
Israel	0.57	0.08	Ukraine	0.73	1.04
Jamaica	0.00	0.13	United Arab Emirates	0.62	0.24
Japan	0.50	0.01	United Kingdom	0.54	0.20
Jordan	0.72	0.49	United Republic of Tanzania	0.98	0.37
Kazakhstan	0.93	0.41	United States of America	0.61	0.01
Kenya	0.48	0.07	Uruguay	0.40	0.49
Kuwait	0.86	0.12	Venezuela (Bolivarian Rep. of)	0.80	0.41
Lao People's Dem. Rep.	0.72	0.50	Viet Nam	0.63	0.10
Lebanon	0.89	0.44	Zambia	0.65	1.82

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.

Annex 2a: Russian Federation exports to the three major global economies, March-April 2021 vs March-April 2022

China imports from the Russian Federation

Year-over-year changes in values and quantities March-April 2021 vs March and April 2022, selected HS 4-digits products

Product	Value of imports in 2021 US\$ Billion	Change in value percentage	Change in quantity percentage
Crude oil	41	45%	-6%
Coal	7	51%	-22%
Petroleum gases	4	94%	-58%
Copper refined	4	-45%	-52%

United States imports from the Russian Federation

Year-over-year changes in values and quantities March-April 2021 vs March and April 2022, selected HS 4-digits products

Product	Value of imports in 2021 US\$ Billion	Change in value percentage	Change in quantity percentage
Oil refined	13.0	13%	-25%
Oil crude	4.7	-26%	-55%
Platinum	2.4	-49%	-44%
Fertilizers nitrogenous	0.9	-26%	-72%

European Union imports from the Russian Federation

Year-over-year changes in values and quantities March-April 2021 vs March and April 2022, selected HS 4-digits products

Product	Value of imports in 2021 US\$ Billion	Change in value percentage	Change in quantity percentage
Oil crude	54	49%	4%
Oil refined	24	77%	-5%
Natural gas	22	259%	-29%
Coal	6	130%	-23%

Annex 2b: Ukraine exports to the three major global economies, March-April 2021 vs March-April 2022

China imports from Ukraine

Year-over-year changes in values and quantities March-April 2021 vs March and April 2022, selected HS 4-digits products

Product	Value of imports in 2021 US\$ Billion	Change in value percentage	Change in quantity percentage
Soybean oil	3.6	14%	-11%
Barley	0.9	-99%	-99%
Sunflower oil	0.9	-79%	-86%
Corn	0.8	75%	50%

United States imports from Ukraine

Year-over-year changes in values and quantities March-April 2021 vs March and April 2022, selected HS 4-digits products

Product	Value of imports in 2021 US\$ Billion	Change in value percentage	Change in quantity percentage
Crude iron	0.94	-79%	-78%
Soybeans	0.10	141%	77%
Sunflower oil	0.08	146%	109%
Iron ores	0.07	-100%	-100%

European Union imports from Ukraine

Year-over-year changes in values and quantities March-April 2021 vs March and April 2022, selected HS 4-digits products

Product	Value of imports in 2021 US\$ Billion	Change in value percentage	Change in quantity percentage
Iron/steel semifinished	1.9	-60%	-64%
Sunflower oil	1.9	5%	-14%
Corn	1.8	-23%	-35%
Colza seeds	1.1	175%	112%



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UPDATE

This document has not been formally edited - UNCTAD/DITC/INF/2022/2