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## TRADE STATISTICS

### **Supachai: Disappointing trade figures underscore importance of accelerating trade talks**

Following release of the WTO's International Trade Statistics, Director-General Supachai Panitchpakdi issued the following statement.

"The disappointing trade figures for 2001 and the first half of 2002 underscore the importance of making progress in the Doha Development Agenda negotiations. While the depressed levels for imports and exports reflect macroeconomic factors, it is evident that policy measures must be taken to bolster confidence and provide the underlying assurances necessary to foster higher levels of growth. One such measure would be for political leaders to send a strong signal to consumers, producers and markets that they intend to move forward in the area of further trade liberalization through the DDA. These negotiations have begun reasonably well, but the time has arrived for concrete proposals which will advance the talks to the next stage. The deadline for these talks is 1 January 2005 and there are many intermediate negotiating deadlines between now and then. It is essential that these deadlines be met and that these talks stay on course. In an uncertain and divided world, development of a common set of trade rules and principles for 21<sup>st</sup> century is vital."

### **Highlights from the WTO International Trade Statistics Report**

- Global economic activity strengthened in the first half of 2002 and world trade started to recover from the first quarter onwards. Despite this turnaround at the beginning of the year, the dollar value of world merchandise exports remained at 4 percent below the preceding year's level. In the first six months of 2002 imports of the EU and the United States decreased by 6 percent while those of Japan and Latin America decreased at double digit rates. China and the Russian Federation, however, sharply increased their imports by 10 and 7 percent respectively.
- Provided that the momentum of the recovery in OECD countries and in developing Asia is maintained in the last two quarters of this year, the volume of world merchandise trade is projected to expand by 1 percent in 2002. The increase in the dollar prices (on a year to year basis) in the second half of 2002 is expected to be broadly based, affecting all the major product groups, manufactured goods, crude oil and non-fuel products.
- The year 2001 witnessed the first decline in the volume of world merchandise trade since 1982 and the first decrease in world merchandise output since 1991. Global GDP growth edged up only by about 1 percent due to a more resilient services sector. Developments in 2001

represented a dramatic change in comparison to the previous year, when trade and output recorded their best performance in more than a decade.

- The simultaneous decline in economic activity in the major developed markets, the bursting of the investment bubble in the information and communication technology sector, the sharp corrections experienced in all major stock market indices and the tragic events of September 11 all contributed to this outcome.
- All sectors of trade were affected by the global downturn. Manufactured exports slumped by 2.5 percent, while trade growth in agricultural and mining products was limited to 1.5 percent, markedly less than in the preceding year.
- North America recorded the strongest decrease among all regions in merchandise export and import volume (by 5 per cent and 3.5 per cent respectively) in 2001. Asia's export decline was second only to that of North America, and imports decreased by as much as the global average. Imports of Western Europe shrank by 3 per cent, which was faster than the decline in exports of 1 percent.
- The transition economies recorded an outstanding trade growth performance in an adverse global environment. A further strengthening of trade and investment links between the EU and Central and Eastern Europe contributed largely to this outcome. Africa and the Middle East expanded their imports, despite a fall in fuel prices in 2001.
- The dollar value of world merchandise trade decreased by 4.5 per cent, the steepest decline in more than a decade. For commercial services, the marginal decline observed in 2001 was the first since 1983.
- The burst of the IT bubble was the principal factor causing a steep fall in world exports of office and telecom equipment (nearly 14 percent). Non-ferrous metals, fuels and iron and steel recorded also above average declines.
- In 2001, the year in which China joined the WTO, that country's trade performance remained outstandingly strong for both merchandise and services trade. In the ranking of merchandise exporters and importers, China became number four ahead of Canada (counting the EU as one trader). China's commercial services exports and imports rose by 9 percent, while global services trade stagnated.
- The share of developing countries in world exports of merchandise decreased to 29 percent in 2001, but remained well above the level in 1995 which was close to 26 percent. The share of developing countries in world merchandise imports stagnated at 26 percent, and has yet to recover to its previous peak in 1997.
- A small number of developing countries weigh heavily in determining developing countries' merchandise trade performance. Five out of 150 developing countries account for more than 60 percent of developing countries' manufactured goods exports. The country concentration of developing country exports — as measured by the top five exporters — has increased in the 1990s, largely due to strong trade growth in China and Mexico.
- Despite an adverse environment in which world trade has contracted, falling commodity prices, and the slowdown of demand in major developed regions, the least developed country group managed to expand both its exports and imports. A strong export expansion in the volume of both primary and manufactured goods more than offset the impact of weaker prices for many primary commodities. The group of 8 LDCs which exports principally manufactured goods expanded their exports in dollar terms by nearly 10 percent.
- The share of the combined intra-trade of the four largest regional trade agreements in world merchandise trade increased to 36 percent in 2001. This is due to the slight increase in the share of intra-EU trade in EU total trade, while the share of intra-trade decreased for NAFTA, ASEAN and MERCOSUR.

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