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ANNUAL REPORT 2002 – Chapter II – World Trade Developments

1. Main features

The widely expected slowdown in the expansion of world output and trade turned out to be much stronger than most observers had projected at the beginning of the year 2001. Global output increased only marginally and world trade decreased somewhat, both developments in sharp contrast to the preceding year when both trade and output expanded at record rates.

Quarterly year-to-year changes illustrate the severity of the downturn in the course of the year far better than the average annual changes in global trade and output. Output of the OECD countries stagnated at its preceding year's level in the fourth quarter and for trade in goods and services a contraction of 7% could be observed in the final quarter.

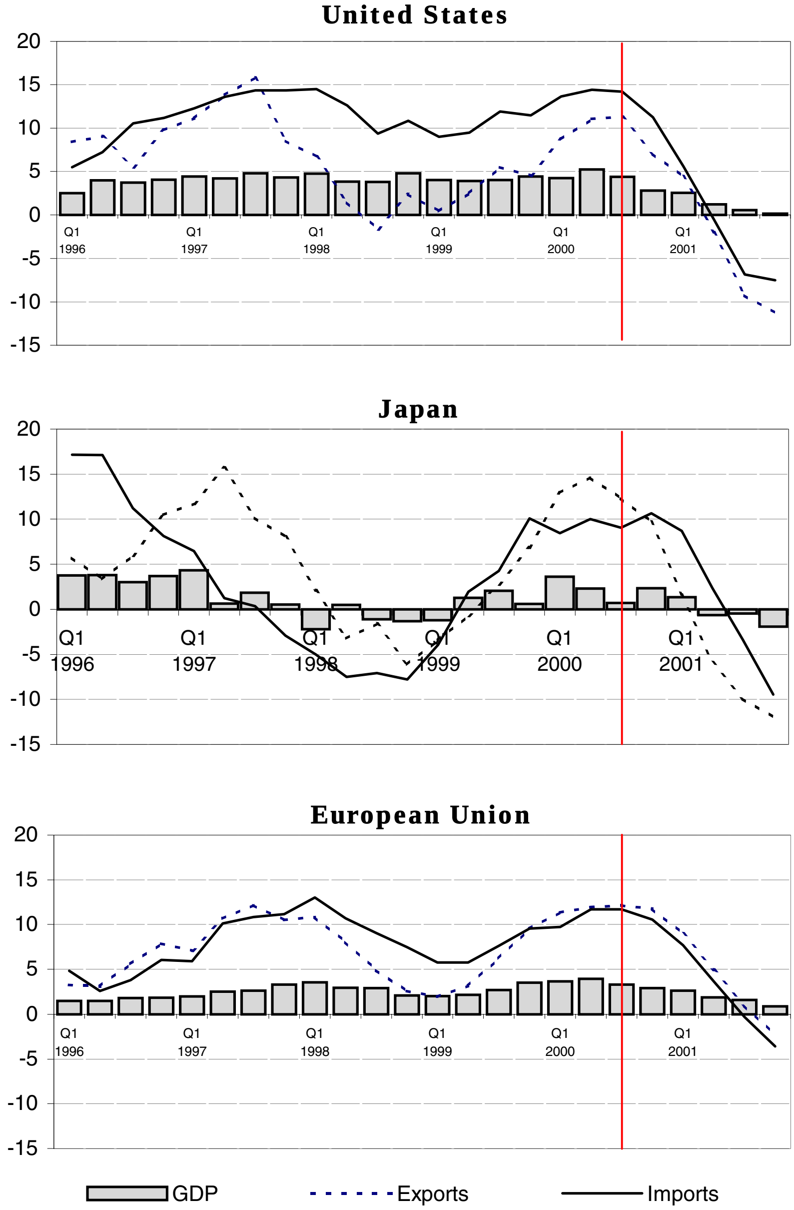
A salient feature of the recent weakening in global economic activity was the almost simultaneous slowdown in the three major economies from the third quarter 2000 onwards. Contrary to the trade developments between the first quarters of 1998 and 2000 when United States and European Union imports continued to expand rapidly despite a marked slowdown in their exports, fostering thereby the Asian recovery, their export and import growth have decelerated almost in parallel since the autumn of 2000. Imports of Japan started to slow somewhat later than in the other two markets but decreased as steeply as in the United States in the second half of 2001.

Three factors played a role in the steeper than expected slowdown: the bursting of the global IT bubble; the sluggishness of Western Europe's activity; and, to a much lesser extent, the events of 11 September.

Chart II.1

Trade and output decline synchronously in major markets, 1996-2001

(Percentage change on a year-to-year basis)



The bursting of the IT bubble led to a contraction of IT related investment and contributed to the stagnation of total investment expenditure in the developed world last year, contrasting starkly with the high investment growth rates in the preceding years. The fall in IT investment together with the less dynamic private consumption of IT products led to a contraction of international trade in office and telecom equipment which had a dramatic impact on those economies in Asia which had specialized in the production and trade of these product categories. These countries which often had the fastest growing economies and the most dynamic trade performance in the 1990s, were severely affected. Some of them recorded their weakest output performance for the last 30 years.

The sluggishness of growth in Western Europe - the only region which accounts for more than one third of world trade - was due largely to domestic factors and should not be attributed to the weaker United States or global demand. The euro area's domestic demand growth was even weaker than that of the United States in 2001 and United States exports to Western Europe decreased more strongly than its imports from Western Europe. Indeed the EU overall surplus in goods and services increased last year and the two economies in the EU with the closest economic links with the United States, Ireland and the United Kingdom, recorded a GDP growth in 2001 well above the EU average.

The tragic events of 11 September led to further erosion of the already weak consumer and business confidence, a temporary reduction in stock market prices, a short term disruption of United States merchandise imports and a fall in air transportation in the fourth quarter. The major trade repercussion of the 11 September events in 2001 has been the negative impact on air transportation and tourism depending on air transportation. The Caribbean countries which often depend for more than one third of their total foreign exchange earnings on tourism are likely to be among the most severely affected economies by the terrorist attacks.

Despite the weakening of the global economy in 2001 some regions and countries reported a strong trade and output expansion. Economic growth close to 5% in the transition economies contributed to a double-digit increase in regional imports. Increases in FDI inflows and substantially higher earnings from fuel exports in recent years are major elements making the transition economies the most dynamic traders in 2001. The substantial increase in export earnings of fuel exporting countries in 2000 and 2001 also sustained output and imports in Africa and the Middle East. In both the latter regions, output expanded by at least 3%. As the three regions' exports and output had been less affected by the bursting of the IT bubble, their imports moderated somewhat the slowdown of world trade last year.

Although China's trade expansion was curtailed by the weakness of its principal export markets, it still recorded an outstandingly high growth for both imports and exports. The above-average expansion of China in both boom and bust years of international trade has led to a steady rise in China's share in world trade. In 2001, the dollar value of China's merchandise imports (and exports) exceeded those of the Middle East, Africa or Latin America if Mexico is excluded.

International capital flows, and in particular FDI flows which had been supporting the strong trade expansion in the second half of the 1990s, decreased in 2001. A large part of this decrease can be attributed to falling stock prices and thus to the end of the boom in mergers and acquisitions which inflated the transaction value of FDI flows in recent years, in particular among the industrial countries.

Long term net capital flows to the developing countries have decreased for the fourth consecutive year in 2001 according to World Bank estimates. The decline in 2001 occurred despite a moderate increase of public lending and FDI flows and was due to the repayment of bank credits and a reduction in new obligations and portfolio investment.

The net capital flows to the developing countries as a group mask the highly divergent situation among the developing regions. The East Asian developing countries (mainly the newly industrialized economies and China) have recorded since 1998 a large current account surplus which exceeds the current account deficits of Latin America, Africa and that of South Asia. Indeed, the net savings of Japan and those of developing East Asia are the principal source of financing for the two major deficit regions which are the United States and Latin America.

The attraction of the United States for investors was again strong enough to finance the United States current account deficit which remained in excess of US dollar 400 billion and to push up the US dollar which appreciated further on an inflation adjusted, trade weighted basis in 2001. Since 1995, the real effective exchange rate of the United States currency has appreciated by more than one third.

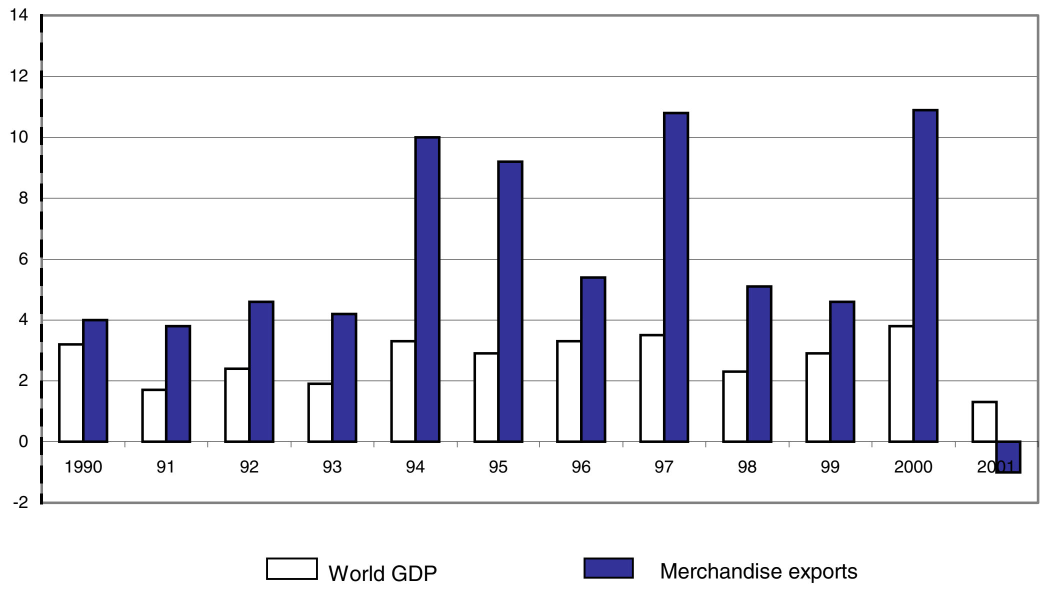
It is this general appreciation of the US dollar which, together with moderate domestic inflation rates, has lead to falling dollar prices in international trade. Since 1996, the prices of manufactured goods exchanged internationally decreased each year and remained in 2001 more than a quarter below their level in 1995. For non-fuel commodity prices the cumulative decline is similar to that of manufactured goods and almost as steady over the last six years. Prices for oil, however, recorded large year-to-year variations over the last six years and despite their decline in 2001 averaged more than 40% above their 1995 level. The strength of oil prices in the last three years is a major element in the strong GDP growth and import expansion of oil exporting regions and countries in 2001. Another feature was that global import demand for oil and other fuels did not decrease significantly. In particular, United States imports of oil continued to increase in real terms in 2001.

The successful launching of the Doha agenda after the events of 11 September and the acceptance of the Ministerial Conference of four new members sent out a clear signal that the multilateral trading system is fully operational, that the removal of trade barriers will continue, that member countries want to make their economies more open and international trade be governed by multilaterally agreed rules. While Doha helped to re-establish the battered consumer and business confidence, it could have little immediate impact on current trade flows as economic agents need time to adjust to the new opportunities. On the other hand, the more limited undertakings by the industrial countries to provide duty-free, quota-free access to all or most LDCs through the "Everything but Arms" initiative of the EU or the United States-African Growth and Opportunity Act (AGOA) would have supported exports of individual countries already in 2001, although at present it is still too early to make an objective analysis of the full impact of these trade policy initiatives. However, it is encouraging to observe that some of the African countries, beneficiaries of the AGOA, recorded substantially higher exports to the United States than in the preceding year, despite faltering United States demand and a contraction of overall United States imports.

2. Merchandise trade and output developments

The contrast in the developments of world output and trade between the years 2001 and 2000 could hardly be more striking. In 2001, the lowest growth in output in more than two decades and a decrease in trade flows represented a major reversal from the year 2000, which recorded the highest trade and output growth of the last ten years. In 2000, output growth was strong not only globally but also in all major geographic regions, while in 2001 large regional differences in trade and output growth prevailed.

Chart II.2
Growth in the volume of world merchandise exports and GDP, 1990-2001
(Annual percentage change)



Global merchandise export volume is estimated to have contracted by one per cent in 2001 following a 11% increase in 2000. Global GDP expanded by slightly more than 1% in 2001 following a near 4% rise in the preceding year. Quarterly estimates reveal that there was an uninterrupted decline of trade (on a seasonally-adjusted basis) from the third quarter 2000 until the last quarter of 2001 when trade levels of the fourth quarter 1999 were again reached. Fourth quarter data in 2001 for the OECD countries did not show any arrest of the trade contraction. This is hardly a surprise given the continued weakness in overall GDP growth and in particular the steep fall in inventory level in OECD countries which further depressed import levels.

The stagnation of investment expenditure in the OECD countries had been one of the salient features of the slowdown in world economic activity in 2001. In contrast to the second half of the 1990s, when the strength of the investment expansion exceeded consumption growth, the fall in capital expenditure in the IT sector in 2001 made investment the principal factor in the global economic slowdown. Though private consumption and public expenditure growth weakened too, these components of demand nevertheless rose by 2 to 2.5% in the developed world. Although investment represents a much smaller part than consumption of GDP, it accounted for more than one-half in the reduction of the GDP growth in the developed countries. It is the decline in fixed investment and the steep fall in inventories[1] which had dramatic repercussions on global trade flows in 2001.

The bursting of the bubble in information technology (IT) was a major factor in the fall of investment. Owing to the lack of detailed investment expenditure data at present, one has to recur to industry statistics to illustrate the depth of the cut in IT related production and investment. Global sales of semiconductors, which are the most widespread component in IT products, in 2001 recorded a decrease of 29% to $146 billion and capital spending of the world semiconductor industry decreased

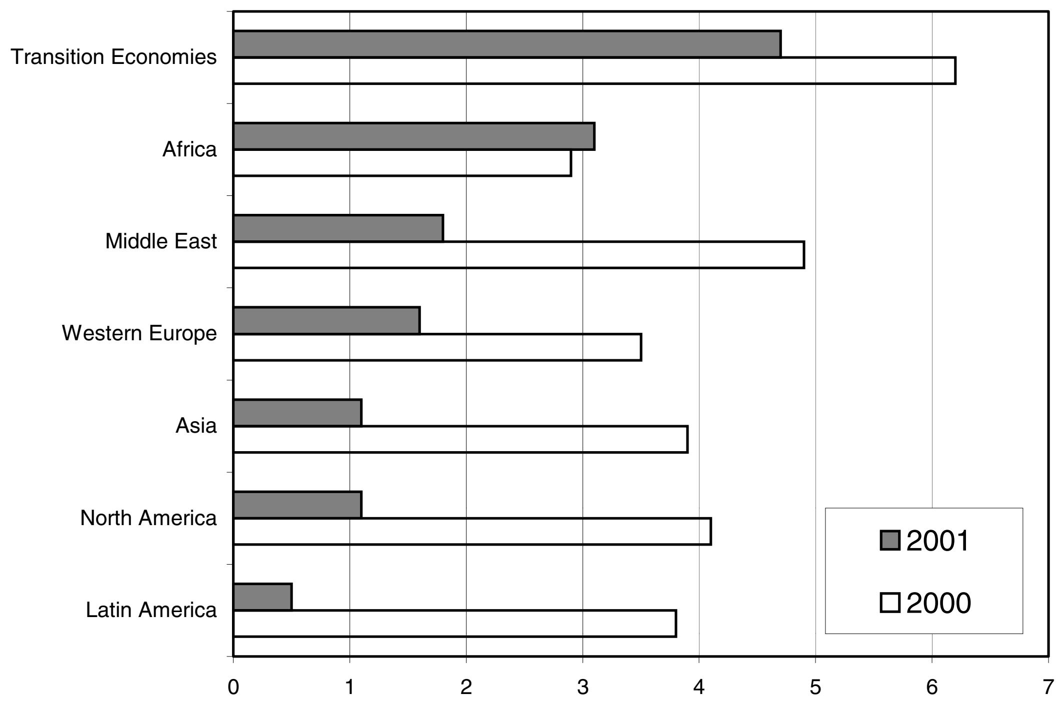
[1] The decline of inventories knocked 1.2 % off GDP growth in the United States and Canada according to IMF estimates.

at a similar rate. World wide shipments of personal computers totaled 128 million units, a 4.6% decline from the previous year, the first year since 1985 in which PC sales decreased. Mobile phone sales dropped by 3% in 2001 to nearly 400 million units after more than doubling in the two preceding years.[2]

As the importance of IT investment and trade differs significantly among major regions the impact of the downturn in the information and telecom sector was felt more strongly in the output and trade growth of North America, Asia and Western Europe than in other regions. These developments are a factor which contributed prominently to the sluggish overall trade and output growth of North America and Asia, the regions which benefited most in the recent past from the boom in IT industries.

North America's merchandise export volume recorded the strongest regional decline in 2001 at 5%. Somewhat surprisingly, the export decrease was larger than that of imports. Several factors have contributed to this outcome: first economic growth among North America's major trading partners in Latin America, Asia and Western Europe was also weak and the strength of the US dollar has cost United States goods market shares at home and abroad. Automotive products recorded a decline in import volumes of 3% but exports in this category decreased by 7.5%. Imports of consumer goods still rose by 1.5% and that of petroleum by 4% while the corresponding exports decreased.

Chart II.3 Real GDP growth by region in 2000 and 2001
(Annual percentage change)



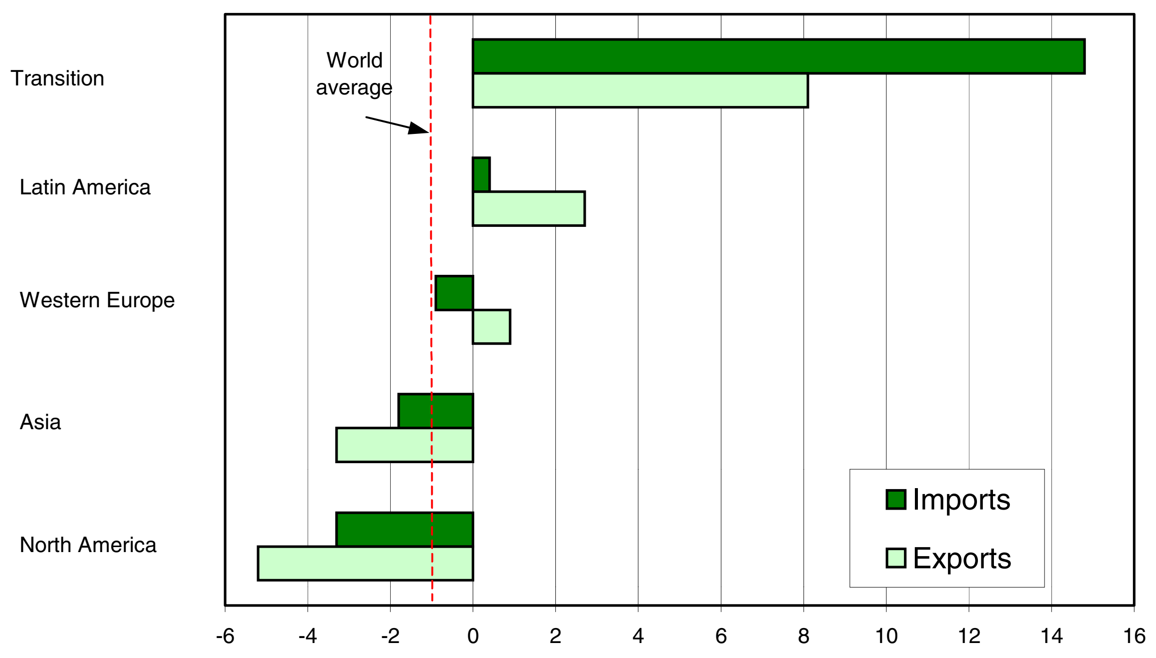
[2] World Semiconductor Trade Statistics, Direct Communication; Gartner, Press Releases dated 7 January, 29 January 2002 and 7 March 2002.

Latin America's moderate overall economic growth kept the volume of merchandise imports nearly unchanged while the export volume was up by nearly 3%. There was a large contrast in the trade performance of the two largest economies within the region. Brazil's exports rose by about 9% while those of Mexico stagnated, largely owing to the contraction of United States imports. The very large concentration of Mexican exports on the United States markets and the real effective appreciation of the Peso led for the first time in more than ten years to a Mexican export performance that was inferior to that of all other Latin American countries combined.

The sluggishness of economic growth within **Asia** and in its major export markets, North America and Western Europe, together with the shrinkage of global demand for Asia's major export category - office and telecom equipment - caused the first decline of Asia's exports in more than 25 years. The decline in merchandise exports was very steep in Japan and the Asian developing countries exporting principally IT products. In contrast, China and India reported a strong export growth although at a much lower rate than in the preceding year. The decrease in Asia's import volume, nearly 2%, was less pronounced than during the Asian financial crisis year 1998 and also less than its export decrease. The smaller decline in imports than exports for Asia reduced the region's net exports, and was largely due to developments in the region's two largest traders, Japan and China.

Western Europe's export and import volume slowed markedly in 2001. Preliminary estimates indicate that the region's export volume stagnated while imports decreased. For the European Union, one can observe that intra-trade growth was weaker than exports to non-EU member countries. The economic crisis in Turkey caused a contraction of its imports by about one quarter while exports rose by more than 10%. Trade of the economies of the former Yugoslavia recovered, with the rise in imports exceeding that of exports.

Chart II.4 Growth in the volume of merchandise trade by region in 2001
(Annual percentage change)



Volume data for the trade of **Africa** and the **Middle East** are rather fragile as only a few countries in these regions provide the necessary information, and reported prices for their major export commodities or international export markets might not always reflect adequately the actual export price developments. According to rough estimates prepared by the Secretariat, it appears that their trade expansion in 2001 was less dynamic than in 2000 but decelerated far less than world trade and remained positive, with import growth exceeding that of exports.

The **transition economies'** rapid trade expansion was strikingly different from the sluggishness of world trade in 2001. Merchandise export volume growth is estimated to have expanded by about 8% and import growth of about 15% was almost unchanged from the preceding year. Import growth was close to 20% for the fuel exporting Russian Federation, Kazakhstan and Azerbaijan. Imports into Poland, which reported the largest merchandise import value among the transition economies in 2000, registered only a moderate increase. Foreign direct investment inflows have most likely also contributed to the strength of imports of the transition economies.

3. Trade developments in value terms

The value of world merchandise exports shrank by 4% to US dollar 6.0 trillion in 2001. This was the largest annual decrease recorded since 1982. All three major merchandise product groups - agricultural products, mining products and manufactures - experienced a fall in their export value. Commercial services trade slipped slightly by 1% to US dollar 1.4 trillion last year. This was the first year-to-year decline for world trade in commercial services since 1983. The decrease in the value of transportation and travel services was not fully compensated by the rise in the value of other commercial services, comprising *inter alia*. communication, insurance and financial services as well as royalties and license fees. The stronger resilience of commercial services trade in last year's sluggish world economy may also be due to a smaller price decrease for services than for goods, and to the fact that services trade is not subject to the large cyclical inventory variations which contributed to the depressed merchandise trade in 2001.[3]

Table II.1
World exports of merchandise and commercial services, 1990-2001
(Billion dollars and percentage)

	Value	Annual percentage change			
	2001	1990-2000	1999	2000	2001
Merchandise	5990	6.5	5.0	12.5	-4.0
Commercial services	1440	6.5	2.5	6.0	-1.5

The overview of world merchandise trade by region provided in Table II.2 below shows that all seven geographic regions recorded a weaker export and import performance in 2001 than in the preceding year. With the exception of the transition economies all regions reported even a fall in their merchandise export earnings. The steepest decrease in both export and import values can be observed for **Asia** - a region which in the 1990s expanded its trade substantially faster than the world as a whole. The double-digit fall in the merchandise exports of Japan and the six East Asian IT exporters was provoked mainly by the fall in the global demand for IT products and accentuated by the valuation effect of the depreciation of their currencies vis-à-vis the US dollar.[4] Japan's merchandise

[3] Deflators calculated for US services trade indicate a small price increase for services exports and a moderate price decline for services imports.
[4] Malaysia is the only country among these seven economies which kept its exchange rate vis-à-vis the dollar unchanged in 2001.

Table II.2
Growth in the value of merchandise trade by region, 1990-2001

(Billion dollars and percentage)

	Exports				Imports (c.i.f.)			
	Value	Annual percentage change			Value	Annual percentage change		
	2001	1990-2000	2000	2001	2001	1990-2000	2000	2001
World	**6162**	**6**	**13**	**-4**	**6439**	**7**	**13**	**-4**
North America	994	7	13	-6	1410	9	18	-6
Latin America	349	9	20	-3	381	12	16	-2
Mexico	159	15	22	-5	176	15	23	-4
Other Latin America	190	6	18	-1	205	9	10	0
Western Europe	2484	4	4	-1	2527	4	6	-3
European Union (15)	2290	4	3	-1	2335	4	6	-2
Excl. intra-EU trade	873	5	7	0	914	5	15	-4
Transition economies	285	7	26	5	268	5	14	11
Central/Eastern Europe	129	8	14	11	159	10	12	9
Russian Federation	103	-	39	-2	54	-	13	19
Africa	141	4	28	-5	134	3	5	1
Middle East	239	7	42	-9	174	5	10	4
Asia	1671	8	18	-9	1544	8	23	-7
Japan	405	5	14	-16	350	5	22	-8
China	266	15	28	7	244	16	36	8
IT traders (6) a	582	10	19	-13	530	9	25	-13

a The Rep. of Korea, Malaysia, Philippines, Taipei, Chinese, Thailand and Singapore.

imports decreased by nearly 8%, half the decline in its exports, leading to a reduction of its trade surplus. The East Asian IT traders, however, maintained their trade surplus which equals that of Japan, as their imports decreased somewhat faster than their exports. China's strong trade performance in 2001 was again outstanding in the region although it also weakened sharply in the course of 2001.

North America recorded a contraction of its merchandise exports and imports by slightly more than 6%. United States merchandise exports decreased, at 7%, slightly faster than its imports. United States exports to and imports from Asia both decreased by 10%, much faster than its trade with Western Europe (4% and 1% respectively). Exports to NAFTA partners decreased by 9%, faster than imports from NAFTA (5%). Despite its sluggish domestic growth, only in its trade with oil-exporting countries did the United States record a growth of exports and a decline of imports.

Africa and the Middle East are the only two regions which recorded a fall in their merchandise export earnings and at the same time an increase of their merchandise imports. These developments are largely explained by the recovery in oil prices in 1999 and 2000 which boosted these regions' export earnings and foreign exchange reserves and allowed them to further increase imports despite falling exports in 2001. Both regions nevertheless continued to report a merchandise trade surplus.

The regional trade data for Africa comprises divergent trends for fuels exporters and other African countries. Preliminary estimates for 2001 indicate a sharp drop in the export shipments of

Table II.3
Merchandise trade of Africa, 1990-2001

(Billion dollars and percentage)

	Exports				Imports			
	Value	Annual percentage change			Value	Annual percentage change		
	2001	1990-2000	2000	2001	2001	1990-2000	2000	2001
Africa	141	4	28	-5	134	3	5	1
South Africa	29	2	12	-2	29	5	11	-3
Major fuels exporters a	66	4	62	-9	36	3	14	10
Other Africa	46	3	2	1	70	3	-2	-1

a Angola, Algeria, Republic of Congo, Equatorial Guinea, Gabon, Libyan Arab Yamahiriya, Nigeria and Sudan.

African fuels exporters and a strong rise in their imports. For the other African countries combined (excluding South Africa) both exports and imports stagnated, according to the information at present available. There is also a large discrepancy in the merchandise trade balances as the fuels exporters recorded a substantial merchandise trade surplus while the other African countries are saddled with a large trade deficit. Among the non-fuel exporting countries, one notices also very large variations in trade performance in 2001 with exporters of manufactured goods (such as Tunisia, Mauritius and Madagascar) having a stronger trade expansion than non-fuel commodity exporters.

Latin America's merchandise exports and imports decreased by 3% and 2% respectively or somewhat less than world trade in 2001. Within the region the trade variations differed significantly among the major traders. Exports and imports of Mexico, the largest trader in Latin America, decreased somewhat faster than those of the region as a whole, while over the past 10 years Mexico's trade expansion was far more dynamic than that of the other countries in the region. Brazil's exports rose by nearly 6% while its imports stagnated. Argentina's economic crisis led to a steep contraction of its imports (-20%) while exports could be maintained at the preceding year level. Oil exporting Venezuela and Ecuador, however, reported a sharp rise in imports and contraction of exports in the order of 10%.

Western Europe's trade did not provide a counterweight to the weaker United States trade in 2001 as some observers had been expecting early in the year. Western Europe's merchandise imports decreased almost as much as world trade and shrank even more so than the region's exports. In the case of the EU exports to third countries stagnated while imports from non-EU members decreased by 4%, or as much as world imports in general. The three major European traders outside the EU (Switzerland, Norway and Turkey) report strikingly different trade performances. While Swiss exports and imports stagnated and those of Norway decreased, imports of Turkey - affected by its economic crisis - decreased in 2001 by one-quarter after a surge of one third in the preceding years. Its exports, however, increased at double-digit rates helping to reduce Turkey's large current account deficit.

The **transition economies** form the only region which showed a positive export and import growth in dollar terms last year. Falling oil prices and the weakness of Western Europe's imports on which exports of Central/Eastern Europe depend increasingly had been adverse factors for the regions' export growth. However, these factors were more than offset by the strength of intra-regional trade which was supported not only by the higher level of imports from the oil exporters in the region but also by a sustained high level of FDI inflows. Exports were particular buoyant in Central and Eastern Europe with exports up at double-digit rates. Import growth in the fuel exporting countries, Russian Federation, Kazakhstan, Azerbaijan and Turkmenistan, was in a range of 15-25%.

Merchandise trade developments of **developing countries** are summarized below in table II.4. Merchandise exports of developing countries decreased by 6%, somewhat faster than the world

Table II.4
Merchandise trade of developing countries, 1990-2001

(Billion dollars and percentage)

	Exports				Imports (c.i.f.)			
	Value	Annual percentage change			Value	Annual percentage change		
	2001	1990-2000	2000	2001	2001	1990-2000	2000	2001
Developing countries	1991	9	23	-6	1850	9	20	-5
Oil exporters	350	7	46	-9	198	4	15	7
Non-oil exporters	1590	10	19	-5	1653	10	21	-6
IT traders (6) a	568	9	19	-13	530	9	25	-14
Other dev. economies	1022	11	19	0	1123	10	18	-2
China	266	15	28	7	244	16	36	8
Hong Kong, China	191	9	16	-6	202	10	18	-6
Mexico	159	15	22	-5	176	15	23	-4
Brazil	58	6	15	6	58	10	13	0
India	44	9	19	4	51	8	10	-2

a The Rep. of Korea, Malaysia, Philippines, Taipei, Chinese, Thailand and Singapore.

average in 2001, largely due to the marked contraction of shipments from the East Asian traders of IT products and that of oil exporting developing countries. Among the other developing countries China, Brazil and India recorded an increase in their exports while those of Hong Kong, China and Mexico decreased. The share of the developing countries in world merchandise exports decreased slightly from their peak level of nearly 30% in 2001.

Merchandise imports of the developing countries as a group declined by about the same rate as world trade. A further rise of the imports of the oil exporting developing countries and of China contrasted with the steep decline in imports of the East Asian traders of information technology products. Among the other major developing economies, import decreases are reported for Hong Kong, China; Mexico and India while those of Brazil stagnated.

For the **least developed countries** tentative estimates based on incomplete information point to a stagnation of their exports and imports in 2001. Given the importance of fuels in exports of the LDCs, this outcome, if confirmed by the actual numbers, implies an increase in real terms and for the third year in a row a faster export growth than for the world.

Although developing countries exports decreased faster than imports, they still recorded an overall merchandise trade surplus in 2001. The aggregate surplus of developing countries is the combination of the surpluses of the IT traders, the oil-exporters and China and a deficit for the remaining developing countries.

Commercial services trade

World trade in commercial services is estimated to have decreased by 1% to US dollar 1.44 trillion in 2001. This first decline of world commercial services exports since 1983 affected all services categories and all the major regions. According to the preliminary data available, it is estimated that the receipts from travel and transportation services decreased by three and 2% respectively. Exports of the largest services category (including communication, insurance, financial services and royalties and license fees) stagnated in 2001.

The impact of the slowdown in commercial services trade differed largely among the major regions. Most of them reported a decline in exports and imports. The sharpest deceleration in growth

Table II.5
Growth in the value of commercial services trade by region, 1990-2001

(Billion dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2001	1990-2000	1999	2000	2001	2001	1990-2000	1999	2000	2001
World	**1440**	**6**	**3**	**6**	**-1**	**1430**	**6**	**2**	**6**	**-1**
North America	298	7	5	9	-4	227	7	3	14	-6
United States	263	7	5	9	-3	188	7	3	16	-7
Latin America	58	7	0	11	-4	72	7	-5	12	2
Mexico	13	7	-3	17	-7	17	5	11	19	1
Other Latin America	45	7	1	9	-3	55	8	-9	10	2
Western Europe	670	5	2	1	0	631	5	3	1	0
EU (15)	604	5	3	1	1	589	5	3	1	0
Transition economies	55	...	-14	10	10	57	...	-8	18	11
Africa	30	5	10	0	...	38	4	-2	7	...
Middle East	31	8	9	15	...	56	4	2	10	...
Asia	298	9	4	12	-2	351	7	5	8	-3
Japan	63	5	-2	13	-7	107	3	3	1	-8
China	31	18	10	15	3	36	24	17	16	2
Hong Kong, China	43	9	3	13	2	23	8	-4	2	0
India	20	14	27	26	14	24	13	20	15	21

rates between 2000 and 2001 could be observed in commercial services exports of Latin America, the Middle East and Asia and for North America's imports.

United States imports of commercial services decreased by 7% in 2001 following a surge of 16% in the preceding year. All categories of United States services imports recorded a steep fall which was accentuated by the impact of the 11 September events. The United States import contraction had major repercussions on the services exports of its NAFTA partners, Canada and Mexico, which recorded a fall in their commercial services exports of 5% and 7% respectively. United States travel expenditure dropped dramatically after 11 September and averaged 9% lower than in the preceding year. The widespread fear associated with air transportation severely impacted many economies which highly depend for their foreign exchange earnings on tourists coming by air. The most dependent economies are usually small island economies, many of them in the Caribbean.

United States commercial services exports decreased by 3%, less than did its services imports although travel and transport receipts contracted as steeply as United States expenditure in these categories. The difference in the development of United States services exports and imports can be attributed to the third major services category: Other commercial services recorded an increase in exports but a decrease in imports.[5]

Latin America's commercial services exports are estimated to have been 4% lower in 2001 than in the preceding year, mainly due to the contraction of exports from Mexico and Argentina. Mexico's exports dwindled, owing to the downturn of the United States economy while in the case of Argentina its economic crisis and the highly priced peso contributed to the steep fall of its travel and transportation receipts. Latin America's commercial services imports were still up by 2%, despite a sharp slowdown in the second half of the year.

[5] The import contraction of other commercial services is largely due to the insurance payments made in the aftermath of the tragic events of 11 September which are registered as a reduction in premium paid to foreign insurers.

Asia's exports and imports of commercial services decreased again only three years after the severe contraction during the Asian financial crisis. Indeed, Asia's commercial services trade averaged in 2001 below its 1997 level. Sluggish overall economic and merchandise trade growth in Asia and in particular in Japan, together with exchange rate changes, contributed to the region's commercial services trade decline. The downturn was particularly pronounced for Japan and Australia. China, Hong Kong, China and India, however, recorded higher commercial services exports receipts than in the preceding year. In the case of India, a very sharp growth for services (exports and imports) is reported in the category of other commercial services.

The scant information available for services trade of **Africa** and the **Middle East** point to a contraction of both exports and imports in 2001. Egypt and South Africa, which combined accounted for more than 45% of African commercial services exports in 2000, both report a decrease in their exports and imports in 2001. Israel, by far the largest exporter in the Middle East, recorded a steep fall in its services exports - due to sharply lower earnings from tourism.

Western Europe's services trade stagnated in 2001 following a small increase in the preceding year. Measured in euro terms the deceleration in 2001 is considerably more pronounced as the dollar appreciation vis-à-vis the euro was far less in 2001 than in 2000. Within Western Europe marked differences in the trade performance could be observed between the three largest traders (United Kingdom, Germany and France) which reported a fall in their exports and imports, and Italy and Spain which experienced a marked increase in both exports and imports. Ireland continued to report by far the most dynamic services trade in Western Europe, concentrated on its other commercial services trade.

The **transition economies'** commercial services trade continued to expand strongly benefiting from the region's high economic growth. Both exports and imports expanded by almost 10% in 2001. The expansion of services trade was strong across all sectors. On a country level, above average export growth has been observed for Poland, Hungary and the Slovak Republic while imports were buoyant in the Russian Federation, Ukraine and Hungary.[6]

4. Trade outlook

Information available at the time of writing (end March 2002) indicates that the deceleration of United States demand was arrested and might have started to pick up in recent months. In Western Europe data on business confidence and order income point to an improvement in the business climate which should lead to a gradual recovery of investment and a more vigorous consumption growth in the course of the year. In Asia, the growth prospects for Japan are still considered to be bleak for 2002 while a number of other Asian countries, including the Republic of Korea, report a strengthening of consumer and investment expenditure. Global economic activity is expected to pick up in the first half also due to the rebuilding of depleted inventories and is expected to gain more momentum in the second half of the year. Despite an acceleration of output growth in the course of the year, the projected annual GDP growth is unlikely to be larger than in 2001. According to the IMF, *World Economic Outlook Projections* (March 2002) world GDP growth is expected to be 2.5% in 2002, unchanged from 2001.[7]

World merchandise trade is expected to expand only marginally on a year-to-year basis despite a projected increase of 6% between the fourth quarter of 2001 and that of 2002. Given the low trade level in the fourth quarter of 2001 it would take a steady increase of 5% at annual rates from the first quarter onwards for trade to recover to the average level of 2001.[8] A strong rebound in trade is not the most likely outcome given the moderate output gains in major markets and today's more

[6] Commercial services trade data by country are reported in Appendix Table II.3.

[7] Estimate based by using PPP weights. Using GDP measured at 1995 market exchange rates would result in a world GDP growth of 1.4 % respectively in both years.

[8] The volume of world trade in the fourth quarter of 2001 is estimated to have been six % lower than in the preceding year.

sober prospects for the IT industries.[9] It is the projected lower growth of the IT industries which might lead in the coming years to a smaller excess of trade over output growth than was observed in the second half of the 1990s.

5. Commodity Prices and Export Earnings of Developing Countries

Commodity price fluctuations have been again quite considerable in 2001, with the number of primary products recording a price decrease exceeding by far those which recorded a price increase. However, a number of primary products recorded double-digit increases for highly diverging reasons with the result that the yearly average of non-fuel commodity prices decrease of 5% masks wide variations. The sluggishness of global manufacturing output[10] contributed to the weakness of prices for industrial inputs, in particular non-ferrous metals. Prices for copper, the most important non-ferrous metal exported by developing countries, recorded a double-digit decrease in 2001 to a seven year low. Prices for some tropical beverages suffered from a market situation in which a strong extension of the area planted and good harvests increased the supply well above global demand growth. Coffee prices slumped by nearly 30% reaching their lowest level in 30 years. Cotton prices dropped by nearly 20% affecting strongly the overall export earnings of Benin, Chad, Mali and Burkina Faso. By contrast, banana prices recorded an increase of nearly 40% (largely due to unfavourable weather conditions and plant diseases in Ecuador and Central America which lead to a fall in output) and those of cocoa beans of 20%. The widespread animal diseases in Western Europe which led to a fall in West European output and consumption, was a major factor in the year to year increase in prices of lamb and beef on international markets, reflecting a (health) security premium. Spot crude oil prices dropped by 14%. Prices for manufactured goods are estimated to have decreased by two percent. Overall, in 2001, non-fuel commodity prices were on average 14% below their level in 1990, about the same decrease observed for manufactured goods over the same period. Crude oil prices remained on average 6% above their level in 1990.[11]

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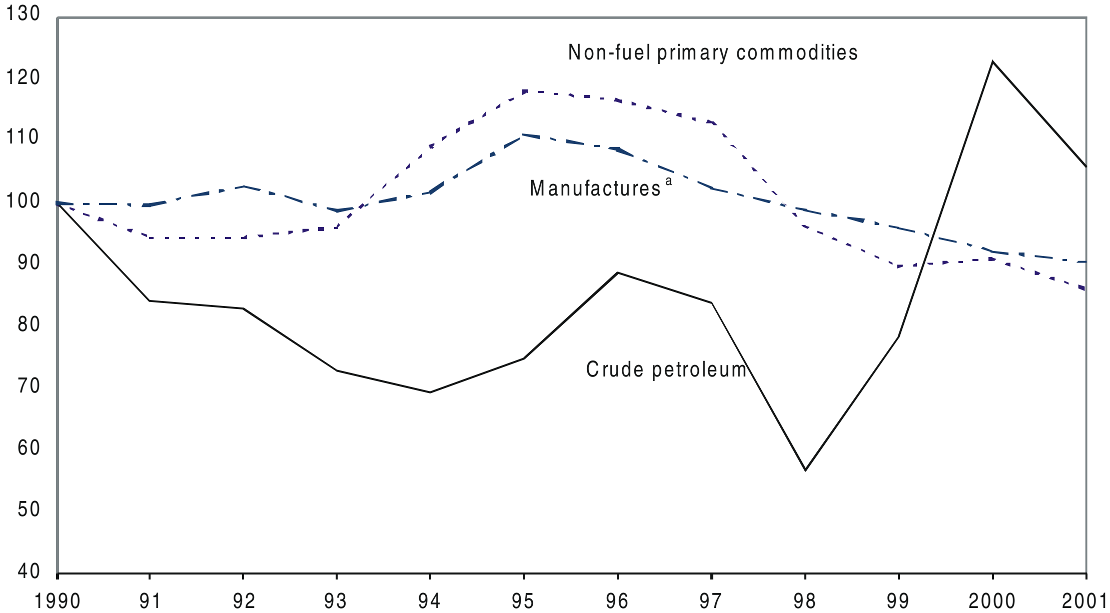
[9] Projections made by industry sources for the year 2002 include a stagnation of a global sales of mobile phones and a moderate increase of PC sales.

[10] The industrial production in OECD countries decreased by 2.5 % in 2001.

[11] Prices for primary commodities are taken from IMF, *International Financial Statistics*, February 2002.

Chart II.5 Price developments in international trade, 1990-2001
(Indices, 1990=100)



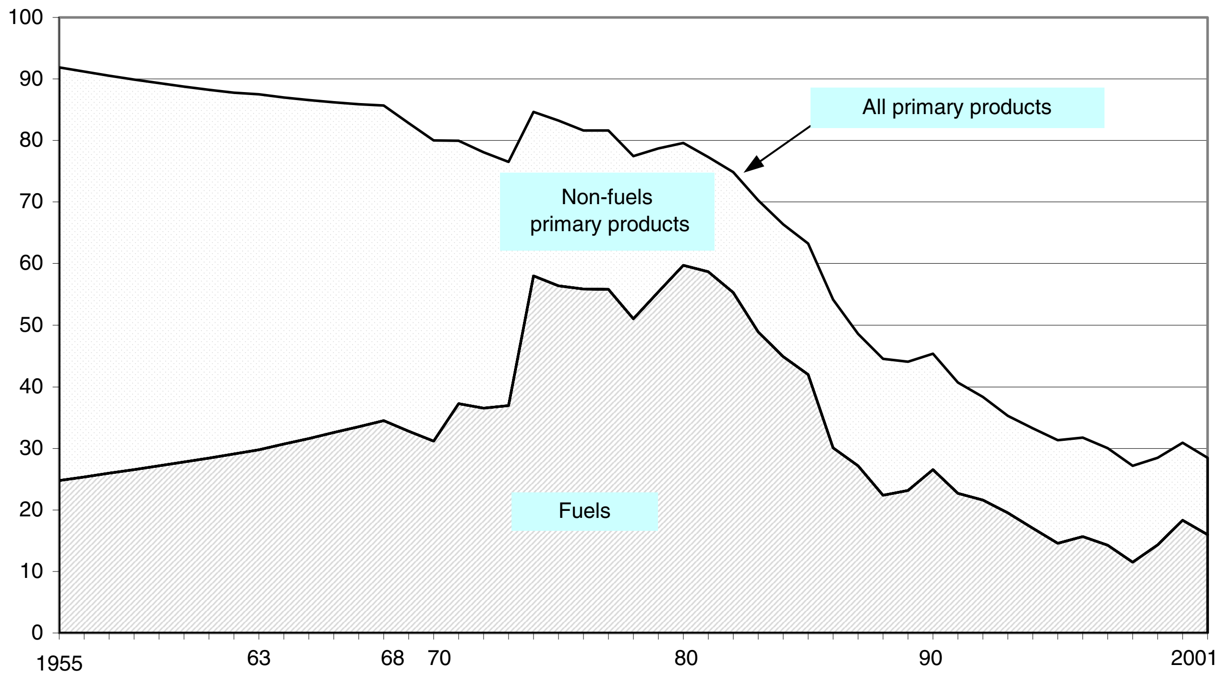
[a] Unit value index.
Sources: IMF, International Financial Statistics and WTO Secretariat estimates.

Commodity price developments have in the past determined the bulk of foreign exchange earnings of the developing countries. Consequently, the high price volatility of commodities, their dependence on the industrial countries business cycles (for both volume and prices), the vagaries of the weather and the long-term trend of falling relative prices over many decades of many primary products have provoked questions about the benefits for developing countries' participation in international trade. Although the four elements shaping the commodity price trends have not changed much over the last decades, the importance of commodity prices to the export earnings of developing countries as a group has changed dramatically.[12] This profound change in the role of commodities in developing countries' exports is not always fully perceived in the public debate, which is often limited to the observation of short-term developments. If one takes a longer term perspective of several decades, the progress made by the developing countries as a group in diversifying their export structure by expanding the list of their export items and by adding manufactured goods is remarkable.

Chart II.6 shows the dramatic long-term decline of the share of primary products in the merchandise exports of the group of developing countries over the last 45 years. In 1955, primary products accounted for more than 90% of export earnings in developing countries, a share which fell below 30% at the end of the 1990s. There was a rather steady trend decline between 1955 and the early 1980s but since the mid-1980s the decline accelerated sharply. A part of this change can be attributed to the changing fortunes of the fuels markets. The share of fuels in developing countries total merchandise exports rose quite steadily in the 50s and 60s and accounted between 1974 and 1982 for more than one half of developing countries exports. With sharply lower oil prices since 1986, the weight of fuels in developing countries exports eroded sharply. However, the dynamism of world trade in manufactures - in particular that of office and telecom equipment - is an even more important factor in this outcome. Evidence for this can be found in the steadily shrinking share of non-fuel primary products (agricultural products and non-ferrous metals) in developing countries exports which was reduced by nearly one half to 12% between the mid-1980s and the late 1990s and

[12]It is questionable that the relative strength of non-fuel commodity prices compared to those of manufactures in the 1990s, and the somewhat lesser price variation in the 1990s compared to the previous two decades, can be maintained.

Chart II.6
Primary products' long term decline in developing countries merchandise exports, 1955-2001
(Percentage share)



in the fact that real oil prices in the second half of the 1990s had been on average above those in the second half of the 1980s.

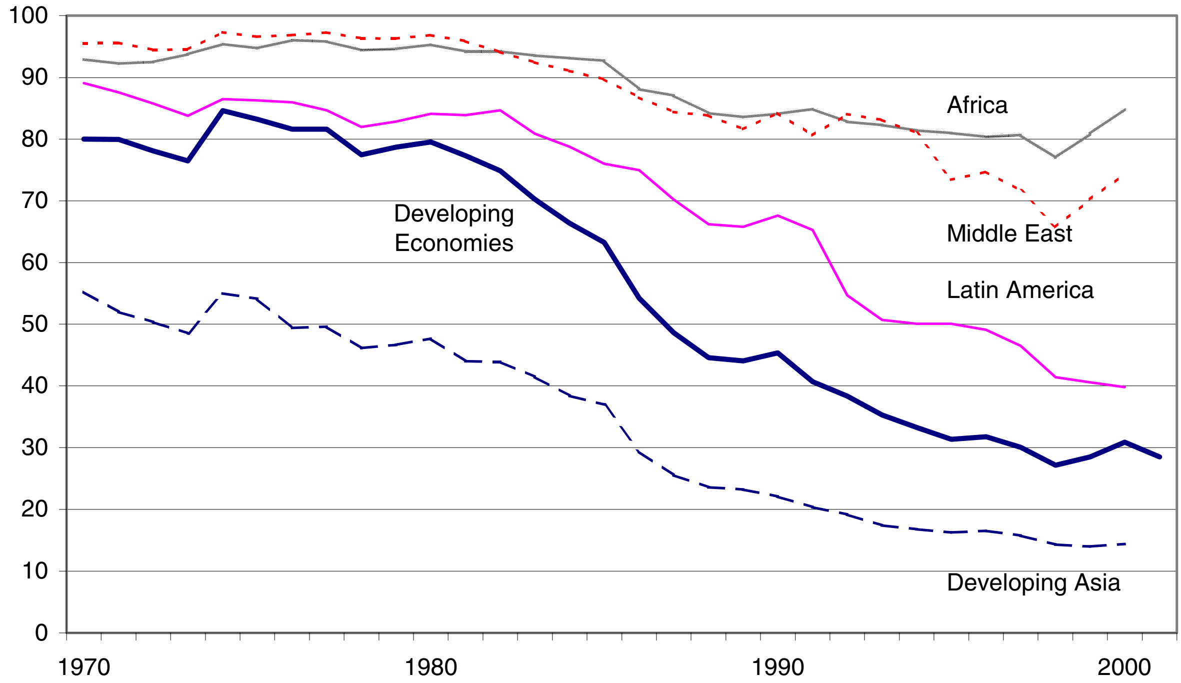
And while the share of fuels in primary product exports of developing countries exceeded between 1974 and 1994 that of non-fuel primary products, the contribution of fuels to the developing countries total export earnings dropped in the second half of the 1990s to the lowest ever since 1955.

This general picture, however, masks substantial regional differences. Chart II.7 illustrates the evolution of the share of primary products in the merchandise exports of four developing regions since 1970. These regions differ not only in respect to their reliance on primary products for their overall export earnings but also by their progress made in diversification over the last 30 years. While the developing Asia region made extraordinary progress, reducing its dependence on primary product exports from more than one half in the early 1970s to less than 15% in the late 1990s, the corresponding decrease for Africa is far more limited, from around 90% in the 1970s to about 80% in the late 1990s. The Middle East region reduced its reliance on primary products more than Africa but still depends on primary products for more than two-thirds of its export earnings. Latin America, which was in a rather similar situation as Africa and the Middle East in the early 1970s, substantially reduced its dependence on primary products over the last 30 years from nearly 90% in 1970 to about 40% in the late 1990s. The reduction of the share of primary products was particularly pronounced in the second half of that period. The increased outward orientation of trade policies in the region since the mid 1980s – in particular that of Mexico – contributed significantly to these developments. In sum, developing Asia now has a very low dependence on primary products – even less than the developed regions – while Africa and the Middle East still depend for more than two thirds of their exports on primary products – in particular on fuels. Latin America as a region has sharply reduced its reliance on primary commodities which remains, however, still substantial at 40% in 2000.

It should be noted, however, that the regional trade data provided above are affected by the predominance of the major exporters of the region in the regional trade values. In Latin America, the Middle East and in Developing Asia, the top three leading exporters of each region accounted for more than onehalf and the top five for between 78% and 88% of the regional merchandise exports in

Chart II.7

Share of primary products in merchandise exports of developing regions, 1970-2001



2000. In Africa (including South Africa), the country concentration of the regional exports is less pronounced than in the other three developing regions although 3 (5) countries accounted for nearly one half (nearly two-thirds) of the region's overall exports in 2000. Due to this important country concentration of regional merchandise exports, it is thus useful also to review the shift from primary product to manufacturing exports at the country level.

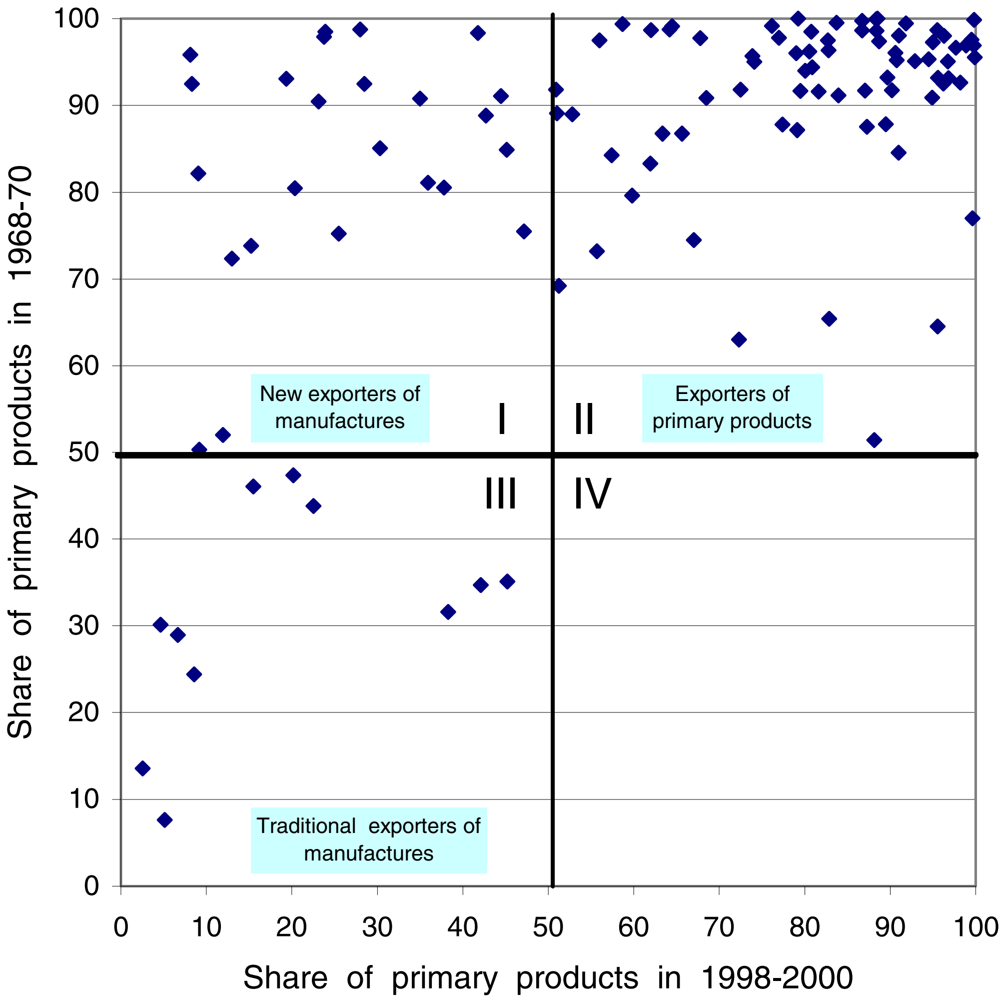
In the late 1960s, the large majority of the developing countries were predominantly exporters of primary products (103 out of 111) i.e. with exports of primary products exceeding one-half of their merchandise exports. In the late 1990s, the exporters of manufactured goods among the developing countries are still out-numbered by the primary product exporters. This observation holds true in all developing regions with the noticeable exception of Asia.

Chart II.8 presents information on the share of primary products in merchandise exports for 111 developing countries for which information is available on their export structure for both the late 1960s and the late 1990s. (Appendix Table II.4 reports the trade structure of 120 developing economies. Changes in boundaries as well as lack of data limited the number to 111 economies with observations available in both periods.) The share of primary products in the late 1960s is provided on the vertical axis while the corresponding share of the late 1990s is given on the horizontal axis. Consequently, in quadrant I, all countries are grouped which had on average a share of primary products in excess of 50% in 1968-70 and below 50% in 1998-2000, i.e. those economies which recorded a shift from being an exporter of primary commodities to that of an exporter of manufactures. Data in quadrant II of the chart comprises all those countries which had been primary product exporters at the beginning and the end of the observation period. Quadrant III comprises the countries which had been exporters of manufactures in the late 1960s and in the late 1990s and which can be described as "traditional" exporters of manufactures. Quadrant IV contains no data as there is no observation for a country which was an exporter of manufactures in the late 1960s and became an exporter of primary products in the late 1990s.

Chart II.8

Share of primary products in developing countries merchandise exports in the late 1960s and the late 1990s

(Percentage)



Source: Appendix Table II.4

The result of the comparison of the export structure of individual developing economies in 1968-70 and 1998-2000 reveals that out of 111 developing exporters only 27 made the successful transition to an exporter of manufactured goods. A total of 76 developing economies remained primary product exporters and 8 were "traditional" exporters of manufactured goods. No country shifted from the position of an exporter of manufactures to that of a primary product exporter.

As could be expected from the regional results reported above, the number of manufacturing exporters was and remained the largest in Asia. Among the 27 countries which made the shift from a primary commodity exporter to that of an exporter of manufactured goods, there are 10 Asian economies, 9 countries from Latin America, but only 7 from Africa and 1 from the Middle East. Only in Asia do the exporters of manufactures outnumber those of primary products.

Reviewing the countries which have made the transition to an exporter of manufactures, it is interesting to find not only countries which industrialized and reached higher income levels over the last decades but also some LDCs. For some of the new manufacturing exporters, processing zones have played and still play a crucial role in this development (e.g. Bangladesh, China, Costa Rica, Dominican Republic, Madagascar, Mauritius and Morocco). The experience shows that being landlocked, small or least developed does not necessarily imply that it is impossible to become an exporter of manufactures (e.g. Nepal , Mauritius and Bangladesh).

Admittedly the 50% primary-product share used as a yardstick is a rather crude measure for the change in developing countries export structure. However, the data assembled also indicate that out of the 76 developing economies which were still primary product exporters in the late 1990s, 58 managed to reduce their dependence on primary products and 24 did so sharply (i.e. with a share of primary products lowered by at least 20 percentage points over the 30-year period).

The data assembled above leads to the following conclusion: while the developing countries as a group have sharply reduced their dependence on primary products, this shift is uneven between the developing regions and even more so among individual economies. Considerable progress has been made not only on the aggregate value of developing-country exports but also on a population weighted basis.[13] For about two-thirds of the developing economies, however, commodity prices remain a major determinant of their annual merchandise export earnings as they still export more primary products than manufactures. The poor prospects for recovery in real commodity prices[14] and the projected moderate demand growth for primary products relative to that of manufactures continue to call for a long-term development strategy in most developing countries to reduce their high dependence on primary commodity export earnings.[15] This long-term strategy is not in conflict with current efforts undertaken to improve the market access for agricultural products. Indeed, the need for the liberalization of market access for agricultural products is highlighted by the fact that at present the majority of the developing country exporter of primary products depend for more than one-half of their merchandise export earnings on agricultural products.

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[13]The 35 developing-economy exporters of manufactured goods (8 traditional and 27 new) account for more than three quarters of the total population of all developing countries in the late 1990s. Excluding the two most populous countries, China and India, the remaining 33 developing exporters of manufactured goods represent still more than one-half of the population living in the developing world.

[14] World Bank, *Global Economic Prospects and the Developing Countries*, 2002 p.229-231.

[15] S. Page and A. Hewitt, *World Commodity Prices: Still a problem for developing countries?*, Overseas Development Institute, 2001.

Appendix Table II.1

Leading exporters and importers of merchandise trade in 2001

(Billion dollars and percentage)

Exporters	Value	Share	Annual percentage change			Importers	Value	Share	Annual percentage change		
			1990-2000	2000	2001				1990-2000	2000	2001
United States	730.9	11.9	7	11	-7	United States	1180.5	18.3	9	19	-6
Germany	569.6	9.2	3	2	3	Germany	493.0	7.7	3	5	-1
Japan	404.7	6.6	5	14	-16	Japan	350.1	5.4	5	22	-8
France	319.5	5.2	4	0	-2	United Kingdom	332.5	5.2	4	6	-3
United Kingdom	273.5	4.4	4	5	-4	France	322.9	5.0	4	6	-3
China	266.2	4.3	15	28	7	China	243.6	3.8	16	36	8
Canada	262.2	4.3	8	16	-5	Italy	233.7	3.6	3	7	-1
Italy	241.3	3.9	3	1	2	Canada	228.3	3.5	7	11	-7
Netherlands	229.8	3.7	6	7	-1	Netherlands	207.9	3.2	6	6	-5
Hong Kong, China	190.7	3.1	9	16	-6	Hong Kong, China	202.3	3.1	10	18	-6
domestic exports	20.0	0.3	-2	5	-15	retained imports a	31.5	0.5	1	22	-10
re-exports	170.7	2.8	13	18	-5						
Belgium	179.9	2.9	-	3	-3	Mexico	176.2	2.7	15	23	-4
Mexico	158.5	2.6	15	22	-5	Belgium	169.0	2.6	-	5	-2
Korea, Rep. of	150.7	2.4	10	20	-13	Spain	144.5	2.2	6	15	-7
Taipei, Chinese	122.9	2.0	8	22	-17	Korea, Rep. of	141.1	2.2	9	34	-12
Singapore	121.7	2.0	10	20	-12	Singapore	116.0	1.8	8	21	-14
domestic exports	66.1	1.1	9	15	-16	retained imports a	60.4	0.9	6	16	-20
re-exports	55.6	0.9	13	28	-6	Taipei, Chinese	107.2	1.7	10	26	-23
Spain	110.8	1.8	8	10	-4	Switzerland	84.1	1.3	2	5	1
Russian Fed.	103.2	1.7	-	39	-2	Malaysia	74.4	1.2	11	27	-10
Malaysia	88.5	1.4	13	16	-10	Austria	73.9	1.1	4	2	2
Ireland	83.4	1.4	13	8	8	Australia	63.9	1.0	6	3	-11
Switzerland	82.1	1.3	3	2	1						
Sweden	75.2	1.2	4	3	-14	Sweden	62.5	1.0	3	6	-14
Austria	70.3	1.1	5	3	4	Thailand	60.2	0.9	6	23	-3
Saudi Arabia	68.2	1.1	6	53	-12	Brazil	58.3	0.9	10	13	0
Thailand	64.2	1.0	12	18	-7	Russian Fed.	53.5	0.8	-	13	19
Australia	63.4	1.0	5	14	-1	Ireland	50.9	0.8	9	9	0
Brazil	58.2	0.9	6	15	6	India	50.5	0.8	8	10	-2
Norway	57.9	0.9	6	32	-3	Poland	50.0	0.8	16	7	2
Indonesia	56.7	0.9	9	28	-9	Denmark	45.6	0.7	3	0	0
Denmark	51.8	0.8	3	2	1	Turkey	40.5	0.6	9	34	-26
India	43.9	0.7	9	19	4	Portugal	37.7	0.6	5	0	-6
Total of above b	5299.8	86.0	-	-	-	Total of above b	5454.5	84.7	-	-	-
World b	**6162.4**	**100.0**	**6**	**13**	**-4**	**World b**	**6438.8**	**100.0**	**7**	**13**	**-4**

a Retained imports are defined as imports less re-exports.

b Includes significant re-exports or imports for re-export.

Appendix Table II.2

Leading exporters and importers of merchandise trade (excluding EU intra-trade) in 2001

(Billion dollars and percentage)

Exporters	Value	Share	Annual percentage change			Importers	Value	Share	Annual percentage change		
			1990-2000	2000	2001				1990-2000	2000	2001
European Union (15)	872.5	18.4	5	7	0	United States	1180.5	23.5	9	19	-6
United States	730.9	15.4	7	11	-7	European Union (15)	914.0	18.2	5	15	-4
Japan	404.7	8.5	5	14	-16	Japan	350.1	7.0	5	22	-8
China	266.2	5.6	15	28	7	China	243.6	4.9	16	36	8
Canada	262.2	5.5	8	16	-5	Canada	228.3	4.5	7	11	-7
Hong Kong, China	190.7	4.0	9	16	-6	Hong Kong, China	202.3	4.0	10	18	-6
domestic exports	20.0	0.4	-2	5	-15	retained imports a	31.5	0.6	1	22	-10
re-exports	170.7	3.6	13	18	-5	Mexico	176.2	3.5	15	23	-4
Mexico	158.5	3.3	15	22	-5	Korea, Rep. of	141.1	2.8	9	34	-12
Korea, Rep. of	150.7	3.2	10	20	-13	Singapore	116.0	2.3	8	21	-14
Taipei, Chinese	122.9	2.6	8	22	-17	retained imports a	60.4	1.2	6	16	-20
Singapore	121.7	2.6	10	20	-12	Taipei, Chinese	107.2	2.1	10	26	-23
domestic exports	66.1	1.4	9	15	-16						
re-exports	55.6	1.2	13	28	-6						
Russian Fed.	103.2	2.2	-	39	-2	Switzerland	84.1	1.7	2	5	1
Malaysia	88.5	1.9	13	16	-10	Malaysia	74.4	1.5	11	27	-10
Switzerland	82.1	1.7	3	2	1	Australia	63.9	1.3	6	3	-11
Saudi Arabia	68.2	1.4	6	53	-12	Thailand	60.2	1.2	6	23	-3
Thailand	64.2	1.4	12	18	-7	Brazil	58.3	1.2	10	13	0
Australia	63.4	1.3	5	14	-1	Russian Fed.	53.5	1.1	-	13	19
Brazil	58.2	1.2	6	15	6	India	50.5	1.0	8	10	-2
Norway	57.9	1.2	6	32	-3	Poland	50.0	1.0	16	7	2
Indonesia	56.7	1.2	9	28	-9	Turkey	40.5	0.8	9	34	-26
India	43.9	0.9	9	19	4	United Arab Emirates	36.6	0.7	11	3	12
United Arab Emirates	42.9	0.9	8	28	-2	Czech Rep.	36.5	0.7	-	14	14
Poland	35.5	0.7	8	15	12	Israel	35.1	0.7	9	14	-7
Philippines	33.6	0.7	17	9	-16	Hungary	33.9	0.7	12	15	6
Czech Rep.	33.4	0.7	-	10	15	Norway	32.4	0.6	2	1	-6
Turkey	31.2	0.7	8	4	12	Saudi Arabia	32.1	0.6	2	8	6
Hungary	30.8	0.6	9	12	10	Philippines	31.4	0.6	10	4	-7
South Africa	29.3	0.6	3	12	-2	Indonesia	31.2	0.6	4	40	-7
Israel	29.0	0.6	10	22	-8	South Africa	28.7	0.6	5	11	-3
Venezuela	28.6	0.6	6	58	-10	Argentina	20.3	0.4	20	-1	-19
Argentina	26.7	0.6	8	13	1	Venezuela	18.8	0.4	8	15	16
Total of above b	4288.2	90.4	-	-	-	Total of above b	4531.4	90.3	-	-	-
World (excl. intra-EU trade) b	**4745.0**	**100.0**	**7**	**17**	**-5**	**World (excl. intra-EU trade) b**	**5017.3**	**100.0**	**7**	**17**	**-5**

a Retained imports are defined as imports less re-exports.

b Includes significant re-exports or imports for re-export.

Appendix Table II.3

Leading exporters and importers of commercial services in 2001

(Billion dollars and percentage)

Exporters	Value	Share	Annual percentage change 1990-2000	2000	2001	Importers	Value	Share	Annual percentage change 1990-2000	2000	2001
United States	262.9	18.3	7	9	-3	United States	187.6	13.1	7	16	-7
United Kingdom	108.3	7.5	8	3	-6	Germany	128.5	9.0	5	-3	-3
Germany	79.8	5.5	5	-3	-1	Japan	106.7	7.5	3	1	-8
France	79.0	5.5	2	-1	-3	United Kingdom	88.5	6.2	8	2	-5
Japan	63.3	4.4	5	13	-7	France	60.0	4.2	2	-3	-2
Italy	59.5	4.1	1	-4	7	Italy	58.5	4.1	2	-2	6
Spain	56.7	3.9	7	0	7	Netherlands	52.3	3.7	6	3	1
Netherlands	50.9	3.5	6	-2	-1	Canada	39.6	2.8	4	7	-4
Hong Kong, China	43.0	3.0	9	13	2	Belgium-Luxembourg	38.9	2.7	5	5	2
Belgium-Luxembourg	42.6	3.0	6	5	0	China	36.4	2.5	24	16	2
Canada	34.7	2.4	7	7	-5	Ireland	33.6	2.4	19	8	17
China	31.0	2.2	18	15	3	Korea, Rep. of	32.6	2.3	13	23	-1
Austria	30.0	2.1	3	-3	0	Spain	32.2	2.3	7	2	5
Korea, Rep. of	28.4	2.0	12	12	-2	Austria	29.0	2.0	8	-1	0
Singapore	26.4	1.8	8	13	-2	India	23.7	1.7	13	15	21
Switzerland	25.9	1.8	4	0	-1	Taipei, Chinese	23.6	1.7	6	10	-8
Denmark	22.8	1.6	5	21	12	Hong Kong, China	22.9	1.6	8	2	0
Sweden	20.8	1.4	4	2	4	Sweden	22.7	1.6	3	4	-3
Taipei, Chinese	20.8	1.4	11	18	3	Russian Fed.	20.5	1.4	4	30	18
India	20.1	1.4	14	26	14	Singapore	20.0	1.4	10	13	-6
Greece	19.7	1.4	11	17	3	Denmark	19.0	1.3	6	18	6
Ireland	19.2	1.3	18	8	15	United Arab Emirates	18.3	1.3	10	...	...
Australia	15.9	1.1	6	5	-11	Mexico	17.0	1.2	5	19	1
Norway	15.6	1.1	2	8	4	Australia	16.4	1.1	3	-2	-7
Turkey	14.8	1.0	9	19	-23	Malaysia	16.3	1.1	12	13	-2
Malaysia	13.6	0.9	14	15	0	Thailand	15.9	1.1	10	14	4
Thailand	12.8	0.9	8	-5	-7	Brazil	15.8	1.1	9	19	0
Mexico	12.6	0.9	7	17	-7	Switzerland	15.5	1.1	3	-1	1
Poland	12.0	0.8	12	25	16	Norway	15.1	1.1	2	-1	4
Israel	11.3	0.8	12	32	-21	Indonesia	14.4	1.0	10	30	...
Total of above	1254.0	87.2	-	-	-	Total of above	1221.6	85.3	-	-	-
World	**1440.0**	**100.0**	**6**	**6**	**-1**	**World**	**1430.0**	**100.0**	**6**	**6**	**-1**

Note: Figures for a number of countries and territories have been estimated by the Secretariat. Annual percentage changes and rankings are affected by continuity breaks in the series for a large number of economies.

Appendix Table II.4
Long-term changes in the product structure of developing countries merchandise exports, 1968-70 and 1998-2000
(Percentage share)

	Primary Products		Manufactures	
	1968-70	1998-00	1968-70	1998-00
Latin America				
Antigua and Barbuda	75	26	23	75
Argentina	87	66	13	33
Barbados	76	47	23	52
Belize	92	82	7	17
Bolivia	99	62	1	31
Brazil	89	43	10	55
Chile	96	81	4	16
Colombia	91	69	9	31
Costa Rica	81	38	19	62
Cuba	99	76	1	3
Dominica	91	44	7	56
Dominican Rep.	96	8	3	83
Ecuador	98	91	2	9
El Salvador	69	51	31	48
Grenada	99	64	1	34
Guatemala	74	67	25	33
Guyana	95	…	5	…
Haiti	71	12	28	87
Honduras	92	72	8	27
Jamaica	92	80	8	20
Martinique	96	…	4	…
Mexico	74	15	26	85
Montserrat	98	77	2	22
Netherlands Antilles	95	93	5	6
Nicaragua	88	87	12	7
Panama	97	83	3	17
Paraguay	91	84	9	16
Peru	99	64	1	18
St.Kitts and Nevis	85	30	15	70
St.Lucia	95	74	4	26
St.Vincent & Grenadines	94	80	1	20
Suriname	85	91	15	3
Trinidad & Tobago	87	63	13	37
Uruguay	80	60	20	39
Venezuela	99	87	1	13
Africa				
Algeria	93	98	7	2
Angola	77	100	23	0
Benin	91	95	9	4
Burkina Faso	96	79	4	17
Burundi	96	83	3	0
Cameroon	92	90	8	6
Cape Verde	…	14	…	82
Central African Rep.	51	88	49	0
Chad	97	95	2	5
Comoros	65	83	35	7
Congo	65	96	35	0
Congo, Dem. Rep.	93	96	7	0
Cote Divoire	94	81	6	18
Egypt	73	56	27	41
Gabon	92	96	8	0
Gambia	98	81	1	19
Ghana	98	68	1	14
Guinea	…	57	…	25
Guinea Bissau	97	98	3	0
Kenya	88	77	12	22
Liberia	97	100	2	0
Libya	100	87	0	0
Madagascar	92	28	8	72
Malawi	92	87	7	0

Appendix Table II.4
Long-term changes in the product structure of developing countries merchandise exports, 1968-70 and 1998-2000
(Percentage share)

	Primary Products		Manufactures	
	1968-70	1998-00	1968-70	1998-00
Mali	95	94	4	0
Mauritania	98	100	2	0
Mauritius	98	24	1	76
Morocco	91	35	9	65
Mozambique	93	90	7	10
Niger	96	74	3	26
Nigeria	97	99	2	1
Rwanda	99	59	0	41
Senegal	85	45	15	55
Seychelles	96	100	4	0
Sierra Leone	55	16	45	84
Somalia	96	...	4	...
South African Customs Union	64	37	32	54
Sudan	100	84	0	9
Tanzania	87	79	13	18
Togo	92	50	8	50
Tunisia	80	20	19	80
Uganda	99	92	1	4
Zambia	100	100	0	0
Zimbabwe	63	72	30	27
Middle East				
Bahrain	83	62	17	38
Cyprus	84	57	14	42
Iran	96	91	4	9
Iraq	99	96	1	0
Israel	29	7	70	93
Jordan	81	36	19	64
Kuwait	95	91	5	9
Lebanon	44	23	56	75
Oman	100	79	0	20
Qatar	100	89	0	11
Saudi Arabia	100	88	0	12
Syria	88	89	12	5
United Arab Emirates	98	77	2	20
Asia				
Afghanistan	91	...	9	...
Bangladesh	50	9	46	91
Brunei	97	89	3	11
Cambodia	99	28	1	71
China	52	12	42	88
Fiji	89	53	8	47
Hong Kong, China	8	5	92	94
India	47	20	52	78
Indonesia	98	42	1	52
Korea, Rep. of	24	9	76	89
Lao People's Dem. Rep.	89	51	11	47
Macau	14	3	86	97
Malaysia	93	19	6	80
Maldives	...	57	...	43
Mongolia	...	58	...	42
Myanmar	97	56	3	44
Nepal	82	9	18	69
Pakistan	46	15	54	84
Papua New Guinea	95	97	5	3
Philippines	92	8	7	74
Samoa	93	97	2	3
Singapore	72	13	25	85
Solomon Islands	98	...	0	...
Sri Lanka	98	24	1	75
Taipei, Chinese	35	5	64	95
Thailand	90	23	5	74

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Long-term changes in the product structure of developing countries merchandise exports, 1968-70 and 1998-2000
(Percentage share)

	Primary Products		Manufactures	
	1968-70	1998-00	1968-70	1998-00
Tonga	98	96	1	4
Vanuatu	99	88	1	0
Viet Nam	…	48	…	52

Sources: UN Comtrade data base, IMF World Development Indicators 2001, IMF country reports, IU country reports, and National statistics.