

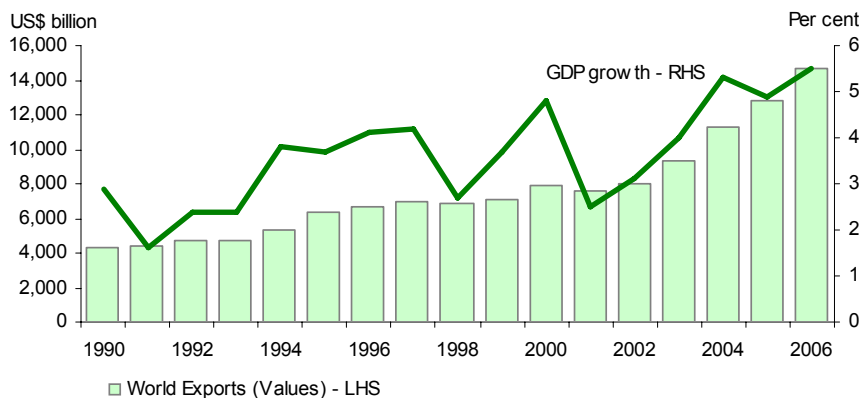


Trade Topics Spring 2007

Recent developments in world trade

- A vibrant world economy has been supporting **trade growth**. World exports (goods and services) grew by 9 per cent in volume terms and by 15 per cent in value terms in 2006.

World exports (goods and services) and GDP growth



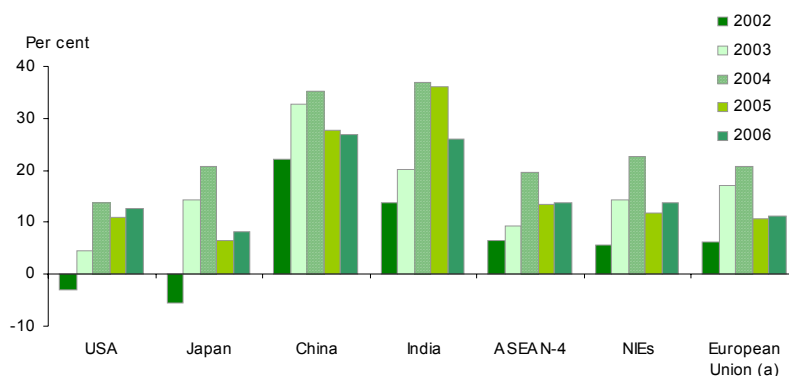
Note: World GDP growth calculated using average growth rates for individual countries, aggregated using Purchasing Power Parity (PPP) weights (IMF 2007). The data series goes back to 1980.

Source: IMF WEO Database, April 2007 and WEO Update July 2007.

- The strong world economy has boosted demand for **commodities**. In particular, those used in industrial manufacturing and infrastructure development, **such as energy and metals**.
 - Since the late 1990s, commodity prices have trebled as growth in global demand has run ahead of the supply response.
 - By comparison, prices for **manufactures exports** have been subdued as increasing number of producers have entered the market, especially from China.
 - Although in recent years, sharp rises in prices of raw materials and energy have also pushed up the prices of manufactures.
- **Growth in the global economy** over recent years has been broad-based and, in most major economies, strong regional growth has been accompanied by **strong growth in exports**.
- **US** exports growth has risen in recent years, benefiting from a lower US dollar, and reached 12.7 per cent in 2006.

- **China's** exports growth has exceeded 20 per cent (and at times 30 per cent) each year, over the past five years.
- China's merchandise exports are rapidly approaching the value of the United States'. China has also imported more goods than Japan in 2006.

Exports growth (goods and services) in major economies (US\$)

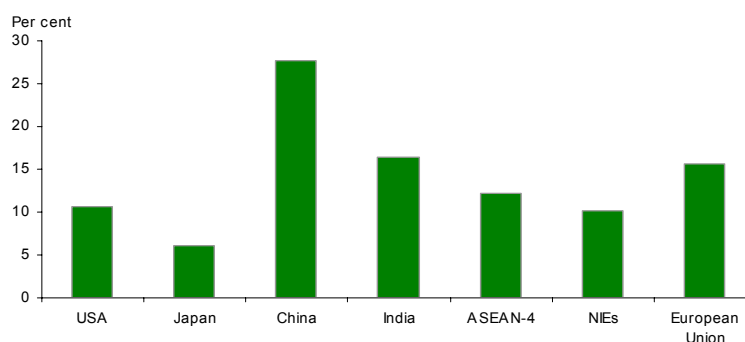


Note: ASEAN-4 includes Indonesia, Malaysia, the Philippines and Thailand. NIEs include Hong Kong, SAR, the Republic of Korea, Singapore and Taiwan. (a) Extra EU merchandise exports only.

Source: IMF IFS, CEIC Asia database, Eurostat and National Statistical Sources, 2007.

- Exports have played an important role in boosting economic activity in **Japan** in recent years. Japan's exports rose 8.2 per cent in 2006.
- **India** has started to produce rates of export growth similar to China, with growth exceeding 25 per cent each year since 2004.
- **ASEAN** merchandise exports grew by 18 per cent in 2006, reflecting its increasing integration into regional chains of production.
- The outlook for world trade remains positive, notwithstanding moderation in US growth and volatility in global financial markets.
 - Strong economic growth in China, India and other emerging economies is expected to support continuing robust trade through 2007.

Merchandise export growth in major economies six months to June 2007 compared with six months to June 2006 (US\$)



Note: ASEAN-4 includes Indonesia, Malaysia, the Philippines and Thailand. NIEs include Hong Kong, SAR, the Republic of Korea, Singapore and Taiwan.

Source: IMF IFS, CEIC Asia database, Eurostat and National Statistical Sources.