

About the WTO

The World Trade Organization is the international body dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible, with a level playing field for all its members.

Embargo

This publication is under embargo until 14.00 Geneva time on 5 April 2023.

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Key points

- World merchandise trade volume is projected to grow 1.7% in 2023 before picking up to 3.2% in 2024.
- Risks to the forecast are tilted to the downside, including geopolitical tensions, food insecurity, potential financial J O stability stemming from monetary policy tightening, and increasing levels of debt.
- Trade volume growth in 2022 was slower than expected at 2.7% following a fourth quarter slump, but still stronger than worst case scenarios considered at the start of the war in Ukraine.
- The value of world merchandise trade rose 12% to US\$ 25.3 trillion in 2022, inflated in part by high global commodity prices.
- The value of world commercial services trade increased 15% in 2022 to US\$ 6.8 trillion. Digitally delivered services exports were worth US\$ 3.82 trillion in the same year.

Trade growth to slow to 1.7% in 2023 following slump in fourth quarter of 2022

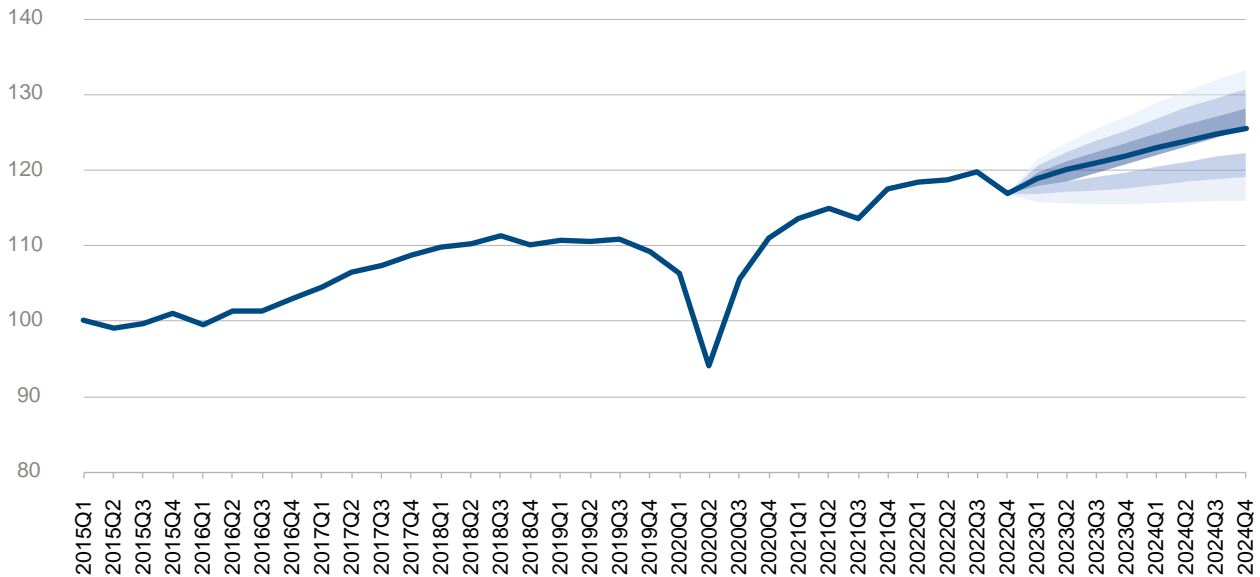
The outlook for the global economy has slightly improved since the WTO's most recent trade forecast was issued in October of last year but the pace of trade expansion in 2023 is still expected to be subpar, weighed down by the ongoing war in Ukraine, stubbornly high inflation, tighter monetary policy and financial uncertainty.

Trade volume growth

WTO economists are now projecting merchandise trade volume growth of 1.7% in 2023 – up from last October's estimate of 1.0% – accompanied by real GDP growth

Chart 2: Volume of world merchandise trade, 2015Q1-2024Q4

Seasonally-adjusted volume index, 2015=100



Note: The shaded region represents both random variation and subjective assessment of risk.
 Source: WTO and UNCTAD for historical data, WTO Secretariat estimates for forecasts.

Commodity price fluctuations strongly influenced inflation and trade volumes in 2022. These swings were particularly strong for European natural gas prices, which rose 48% between January and August 2022 before falling 76% by February 2023 (see Chart 3). Unlike oil prices, which tend to be strongly correlated across regions, natural gas prices normally diverge considerably. Increased trade in liquefied natural gas (LNG) might equalize regional gas prices in the future but for now this convergence is limited by shipping and pipeline infrastructure.

European countries responded to the loss of gas shipments from Russia by importing more from other suppliers, including the United States, Qatar, Norway and Algeria. This appears to have increased LNG prices elsewhere, including in Japan, where its price doubled between January 2022 and February 2023. Europe was fortunate to have a mild winter in 2022, which prevented energy prices from rising even further. However, if European countries are unable to secure sufficient supplies of natural gas for next winter and if the weather is colder, prices could spike again.

Prices of food commodities also fluctuated strongly over the course of 2022, jumping 19% between January and May before falling 15% between May and December. For the year, food prices were up 18% compared to

Commodity price fluctuations strongly influenced inflation and trade volumes in 2022.

2021, including a 21% rise in grain prices. Prices of fertilizers registered an even larger year-on-year increase of 63%. In theory, higher food prices should encourage more agricultural production, resulting in greater availability and lower prices for food in the future. On the other hand, less land under cultivation and the high cost of fertilizer could lead to reduced crop yields and higher prices.

Declining food and energy prices have helped bring down headline consumer price inflation in developed economies but core inflation (excluding volatile items such as food and fuels) remains stubbornly high (see Chart 4). According to OECD statistics, headline inflation in the United States dropped from 9.1% last June to 6.0% in February 2023 but core inflation only fell from 6.6% in September to 5.5% in February. Similarly for the European Union, headline inflation dipped from 11.5% in October to 9.9% in February while core inflation continued to climb, reaching 6.6% in February. This suggests that monetary policy has not

Chart 4: Consumer price inflation in developed economies, January 2019 - February 2023

yet succeeded in taming inflation and that interest rates may have to stay high for longer to have their intended effects.

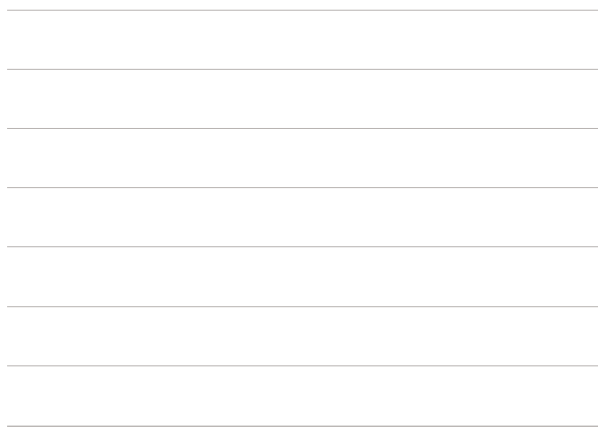
Chart 5 shows quarterly merchandise trade volume

The average price of wheat rose 44% year-on-year during this period while the value of traded wheat increased by 31%. This implies a decline of around 7.5% in the volume of world wheat trade. This may not have disastrous consequences if consumers in all countries – including the poorest – are able to import sufficient quantities of wheat or some close substitute.

However, there is little margin for error if a major producer suffers a crop failure or climate-related natural disaster. Such an event could precipitate a more serious food crisis, which would require an increase in trade. Fortunately, countries appear to have accessed alternative sources of supply so far. For example, between January and October of last year, Ethiopia's imports of wheat from Russia

Chart 7: Global Manufacturing Purchasing Managers' Indices (PMIs), January 2018 - February 2023

Diffusion index, base=50



Note: Values greater than 50 indicate expansion while values less than 50 denote contraction.

Source: J.P. Morgan and S&P Global.

Table 1: Merchandise trade volume and GDP growth, 2019-2024 ^a

Annual % change

	2019	2020	2021	2022	2023P	2024P
World merchandise trade volume ^b	0.4	-5.1	9.4	2.7	1.7	3.2
Exports						
North America	0.4	-8.9	6.5	4.2	3.3	3.1
South America ^c	-1.3	-4.9	5.8	1.9	0.3	0.6
Europe	0.4	-7.7	8.1	2.7	1.8	2.0
CIS ^d	-0.1	-0.9	-3.0	-4.9	2.8	2.2
Africa	-0.3	-7.2	3.5	0.7	-1.4	1.4
Middle East	-1.0	-6.6	-2.4	9.9	0.9	4.7
Asia	0.8	0.6	13.1	0.6	2.5	4.7
Imports						
North America	-0.6	-5.9	12.5	6.0	-0.1	1.4
South America ^c	-1.8	-10.8	25.6	4.2	-1.6	2.3
Europe	0.3	-7.2	8.5	5.2	-0.6	1.8
CIS ^d	8.3	-5.5	9.1	-13.5	14.9	0.8
Africa	3.3	-14.8	6.4	5.6	5.6	5.5
Middle East	11.2	-10.1	8.3	9.4	5.5	4.3
Asia	-0.5	-0.8	10.5	-0.4	2.6	5.2
World GDP at market exchange rates						
North America	2.6	-3.3	5.9	3.0	2.4	2.6
South America ^c	2.1	-3.8	5.5	2.2	1.5	1.0
Europe	0.5	-6.5	7.4	4.0	1.4	2.0
Europe	1.7	-5.6	5.9	3.4	0.9	1.8
CIS ^d	2.6	-2.5	4.9	-0.9	-0.9	0.7
Africa	2.6	-2.4	4.7	3.4	3.5	3.9
Middle East	1.0	-4.1	4.2	5.8	2.9	3.1
Asia	4.0	-0.9	6.2	3.3	4.2	4.3
Memo: Least Developed Countries (LDCs)						
Volume of merchandise exports	0.2	-1.6	-2.6	2.0	4.8	9.1
Volume of merchandise imports	2.2	-11.0	7.4	3.6	4.8	5.4
Real GDP at market exchange rates	4.6	4.9	0.4	2.1	4.4	4.4

a Figures for 2023 and 2024 are projections.

b Average of exports and imports.

c Refers to South and Central America and the Caribbean.

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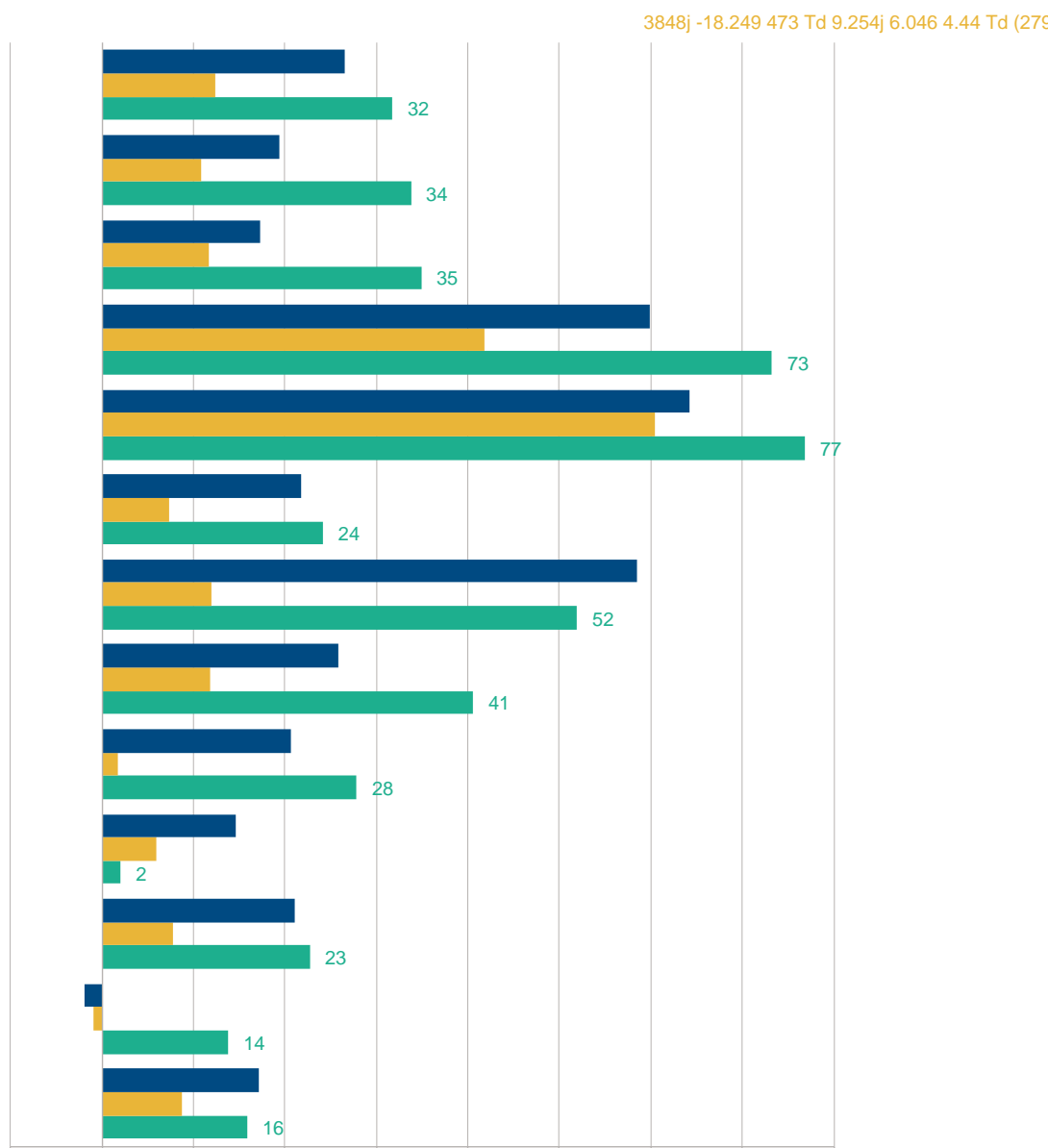
Imports of North America, South America and Europe are all expected to contract in 2023 (-0.1%, -1.6% and -0.6% respectively) due to weaker domestic demand.

In 2024, trade and GDP growth are expected to grow at rates of 3.2% and 2.6% but these figures should be interpreted with caution since they are highly dependent on the course of the war in Ukraine.

Other major risks to the forecast include resurgent inflation, sharper than expected slowdowns in major economies due to monetary tightening, and geopolitical tensions. Most serious of all would be a food crisis triggering widespread hunger and starvation in low-income countries. Wealthy countries need to be on the lookout for signs of such a crisis and take steps in advance to prepare for it.

Chart 8: Year-on-year growth in world merchandise trade by product, 2021-2022

% change in US\$ values



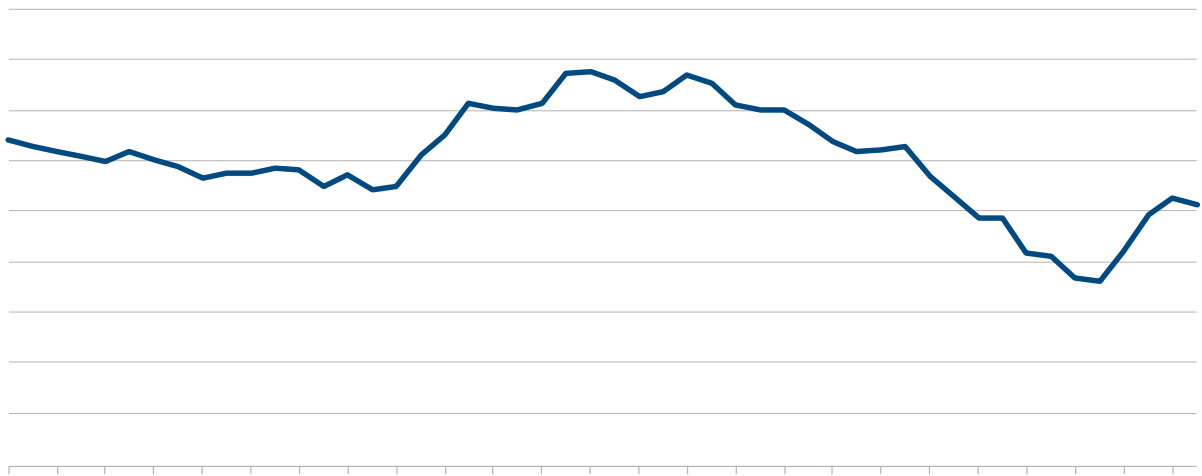
a Other machinery comprises energy generating machinery, electrical machinery and non-electrical machinery.
 Source: WTO for total merchandise trade, Secretariat estimates based on partner statistics for trade by product.

Travel, which accounted for almost one quarter of services trade before the pandemic, as well as passenger transport were hit hard by border closures and quarantine requirements. Despite remarkable catch-up growth of 79% in 2022, global travellers' expenditure abroad was still 22% below pre-pandemic levels as Asia remained closed. In 2022, tourism growth was largely driven by European countries and the United States due to a strong US dollar.

The appreciation of the US dollar against major currencies is partly responsible for slower trade growth of other commercial services in 2022. This aggregate category, which covers different types of services, from

Chart 10: Exchange rates against the US dollar, January 2019 - February 2023

Indices, 2019=100



Box 1: Global exports of digitally delivered services reached USD 3.82 trillion in 2022

According to WTO estimates, global exports of digitally delivered services recorded an almost fourfold increase in value since 2005, rising 8.1% on average per year in the period 2005-2022, outpacing goods (5.6%) and other services exports (4.2%).

While tourism and other services requiring cross-border mobility of people fell in this period, digitally delivered services exports continued to rise, reaching US\$ 3.82 trillion in 2022, and representing a 54% share in total global services exports. Digital delivery includes services traded cross-border through computer networks, that is through the Internet, apps, emails, voice and video calls, and increasingly through digital intermediation platforms such as online gaming, music and video streaming, and remote learning.

In 2022, business, professional, and technical services accounted for around 40% of digitally delivered services exports, followed by computer services (20%), financial services (16%), intellectual property related services (12%), insurance services (5%), telecommunications services (3%), audio-visual and other personal, cultural, and recreational services (3%), and information services (1%).

Europe accounts for more than half of global exports of digitally delivered services. The region's stagnating growth in 2022 is largely due to a decline in exports of digitally delivered services, which fell 1.3% in 2022.

Exports of digitally delivered services grew 8.1% in 2022, outpacing goods (5.6%) and other services exports (4.2%).

Europe accounts for more than half of global exports of digitally delivered services.

Exports of digitally delivered services grew 8.1% in 2022, outpacing goods (5.6%) and other services exports (4.2%).

Chart 13: Growth of digitally delivered services exports by region and selected group
Index 2015=100

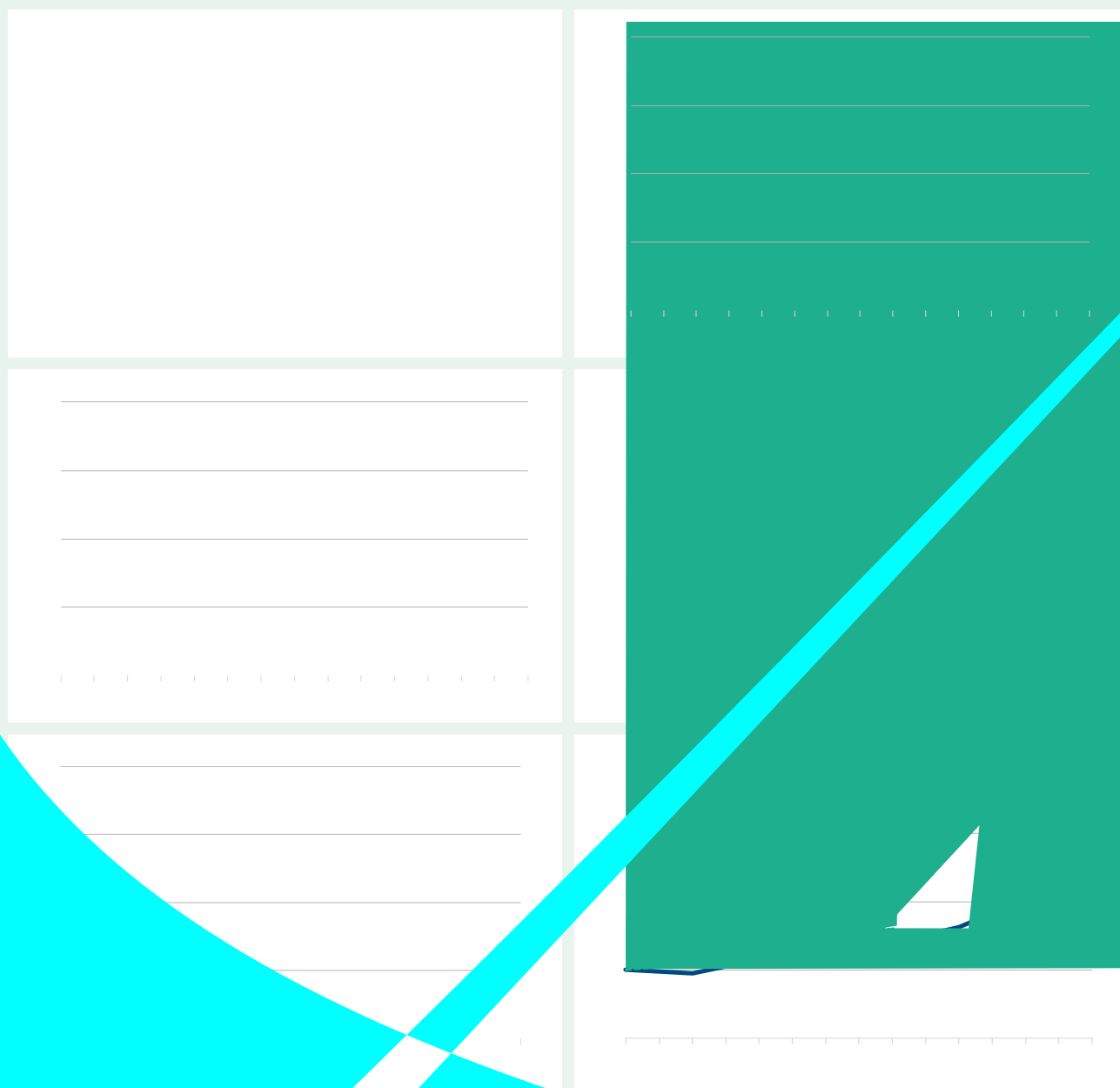


Chart 14: RWI/ISL global container throughput index, January 2019 - January 2023
Index 2015=100

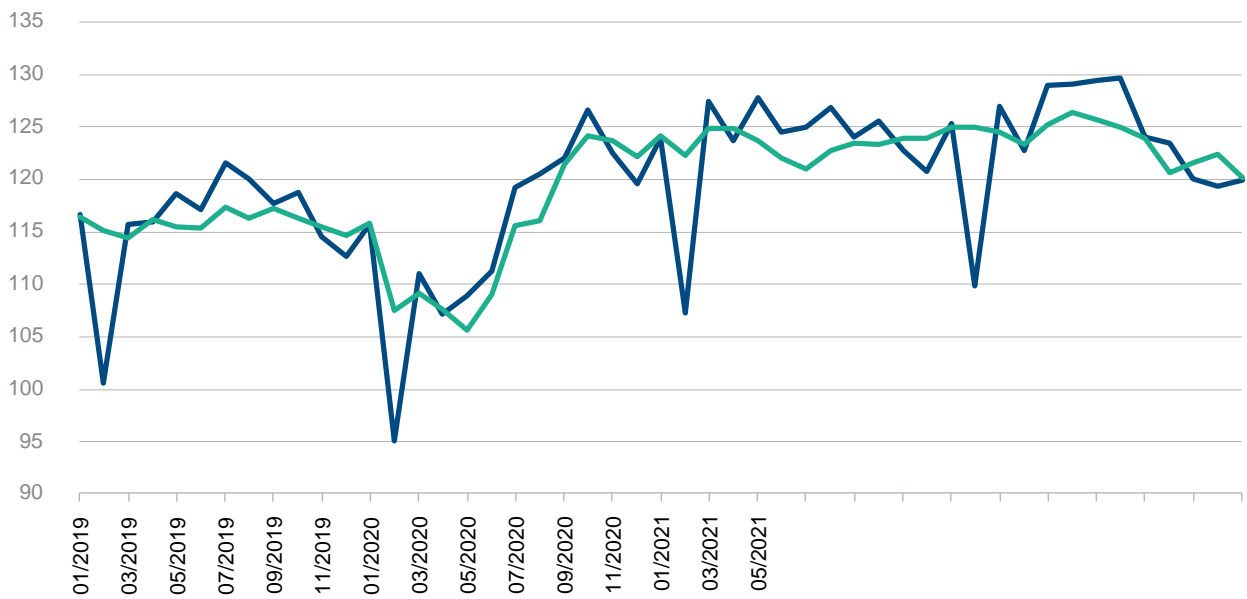
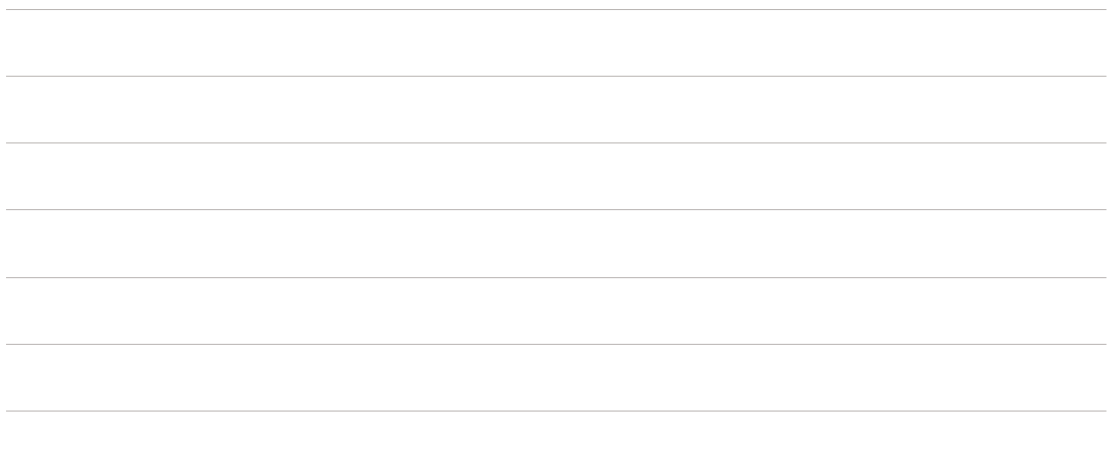


Chart 15: Press accounts related to economic activity, 1 September 2019 - 21 March 2023
Percent and index, base=0

Source: The GDELT Project Summary Service.

Chart 16: Estimated daily commercial flights worldwide, 1 January 2019 - 01 March 2023



Source: FlightRadar24.com

Appendix Table 3: Leading exporters and importers of commercial services, 2022

Billion dollars and percentage

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	United States of America	897	12.7	16	1	United States of America	658	10.1	25
2	United Kingdom	487	6.9	8	2	China	461	7.1	9
3	China	422	6.0	8	3	Germany	439	6.7	13
4	Germany	395	5.6	4	4	Ireland	371	5.7	7
5	Ireland	354	5.0	2	5	United Kingdom	306	4.7	20
6	France	325	4.6	9	6	France	274	4.2	6
7	India	313	4.4	31	7	Netherlands	270	4.1	11
8	Singapore	291	4.1	9	8	India	263	4.0	35
9	Netherlands	274	3.9	10	9	Singapore	258	4.0	7
10	Spain	185	2.6	57	10	Japan	207	3.2	0
11	Japan	163	2.3	-2	11	Switzerland	161	2.5	2
12	United Arab Emirates	154	2.2	...	12	Belgium	135	2.1	0
13	Switzerland	151	2.1	10	13	Canada	135	2.1	18
14	Luxembourg	134	1.9	-9	14	Korea, Republic of	135	2.1	9
15	Belgium	133	1.9	-2	15	Italy	132	2.0	14
16	Korea, Republic of	129	1.8	9	16	Luxembourg	109	1.7	-9
17	Italy	122	1.7	20	17	Sweden	103	1.6	15
18	Canada	122	1.7	11	18	United Arab Emirates	95	1.5	...
19	Dominican Republic	64	0.9	...	19	Dominican Republic	64	1.0	...

Appendix Table 5: Leading exporters of digitally delivered services, 2022

Billion dollars and percentage

Rank	Exporters	Value				Share in world exports		Annual percentage change			
		2019	2020	2021	2022	2019	2022	2020	2021	2022	2022/2019
1	United States of America	486	535	599	632	17.4	16.5	10	12	6	30
2	United Kingdom	280	321	346	350	10.0	9.2	15	8	1	25
3	Ireland	166	243	294	290	5.9	7.6	46	21	-1	75
4	Germany	180	201	241	227	6.5	5.9	11	20	-6	26
5	India	118	149	178	227	4.2	5.9	26	19	28	93
6	China	114	146	185	201	4.1	5.2	28	26	9	75
7	Netherlands	164	146	156	165	5.9	4.3	-11	7	6	1
8	Singapore	106	128	152	159	3.8	4.2	20	19	5	49
9	France	127	129	144	136	4.6	3.6	1	12	-6	7
10	Luxembourg	93	99	120	111	3.3	2.9	6	22	-8	19
11	Japan	103	110	117	110	3.7	2.9	7	6	-5	7
12	Switzerland	84	84	99	102	3.0	2.7	0	18	3	21
13	Belgium	60	74	85	81	2.2	2.1	22	15	-4	34
14	Canada	56	69	78	79	2.0	2.1	23	13	0	39
15	Sweden	45	51	57	57	1.6	1.5	14	12	0	27
16	Spain	34	43	51	57	1.2	1.5	27	20	11	69
17	Korea, Republic of	36	42	52	55	1.3	1.4	17	23	6	52
18	Italy	42	46	55	54	1.5	1.4	9	20	-1	29
19	Israel	28	37	46	54	1.0	1.4	31	27	16	92
20	Hong Kong, China	38	39	42	47	1.4	1.2	3	7	13	24
21	United Arab Emirates	29	34	39	45	1.0	1.2	17	14	16	55
22	Poland	23	29	35	38	0.8	1.0	30	21	8	70
23	Austria	25	29	33	33	0.9	0.9	15	17	-2	32
24	Philippines	19	23	25	28	0.7	0.7	19	9	11	45
25	Chinese Taipei	18	22	24	27	0.6	0.7	20	13	12	52
26	Denmark	18	22	24	25	0.7	0.6	22	6	3	33
27	Finland	18	22	25	23	0.6	0.6	21	13	-7	26
28	Australia	15	19	23	22	0.5	0.6	22	21	-3	44
29	Brazil	13	14	16	21	0.5	0.5	7	19	27	62
30	Russian Federation	17	17	21	19	0.6	0.5	0	20	-11	6
	Total of above	2,559	2,922	3,362	3,475	91.6	90.9	-	-	-	-
	World	2,795	3,198	3,683	3,825	100.0	100.0	14	15	4	37

Note: Figures for a number of countries and territories have been estimated by the Secretariat.

Source: WTO estimates.

Useful resources

WTO Data - Information on trade and trade policy measures

data.wto.org

This portal gives access to a selection of key databases offering statistics and information on various trade-related measures.

WTO Stats

stats.wto.org

A user-friendly data portal to access a wide range of WTO statistical indicators on international trade, tariffs, non-tariff measures and other indicators.

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The WTO's "Global Trade Outlook and Statistics" analyses recent global trade developments up to the fourth quarter of 2022 and presents the organization's forecasts for world trade in 2023 and 2024. Breakdowns of merchandise and commercial services trade by sector and region are provided, together with details on leading traders. The report is timed to coincide with the release of the WTO's latest quarterly and annual trade statistics.

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