

World Merchandise exports decline by (-)3% in 2019 World Trade projected to fall by between (-)13% and (-) 32% in 2020

Projected World trade in 2020 & 2021

- ➔ According to the World Trade Organisation (WTO), World merchandise trade is set to fall by between (-)13 and (-) 32% in 2020 due to the COVID-19 pandemic.
- ➔ Trade Recovery in 2021 is expected, but dependent on the duration of the outbreak and the effectiveness of the policy responses.
- ➔ Nearly all regions will suffer double-digit declines in trade volumes in 2020, with exports from North America and Asia hit hardest.

World Merchandise Trade in 2019

The organisation reports that trade was already slowing in 2019 before the virus struck, weighed down by trade tensions and slowing economic growth. In actual, following world trade have been recorded pertaining in 2019:

- ➔ World merchandise trade registered a slight decline of -0.1% in volume terms after rising by 2.9% in the previous year.
- ➔ World merchandise exports in 2019 fell by (-) 3% to US\$ 18.89 trillion.
- ➔ World merchandise imports in 2019 fell by (-) 3% to US\$19.23 trillion
- ➔ While, the value of commercial services exports rose 2% to US\$ 6.03 trillion in 2019.

Table -World Merchandise Trade Volume – 2018-2021*

Annual % change

Particulars	Historical		Optimistic Scenario		Pessimistic Scenario	
	2018	2019	2020	2021	2020	2021
Merchandise trade volume **	2.9	-0.1	-12.9	21.3	-31.9	24
Exports						
North America	3.8	1.0	-17.1	23.7	-40.9	19.3
South & Central America	0.1	-2.2	-12.9	18.6	-31.3	14.3
Europe	2.0	0.1	-12.2	20.5	-32.8	22.7
Asia	3.7	0.9	-13.5	24.9	-36.2	36.1
Other regions***	0.7	-2.9	-8.0	8.6	-8	9.3
Imports						
North America	5.2	-0.4	-14.5	27.3	-33.8	29.5
South & Central America	5.3	-2.1	-22.2	23.2	-43.8	19.5
Europe	1.5	0.5	-10.3	19.9	-28.9	24.5
Asia	4.9	-0.6	-11.8	23.1	-31.5	25.1
Other regions***	0.3	1.5	-10.0	13.6	-22.6	18.0

Source : World Trade Organisation; *Figures for 2020,2021 are projections ; **Average of exports and imports

***Comprise of Africa, Middle East and CIS including associate and former member state.

The WTO has explained the future trade performance in terms of two distinct scenarios(1):

(1) a relatively optimistic scenario, with a sharp drop in trade followed by a recovery starting in the second half of 2020, and

(2) a more pessimistic scenario with a steeper initial decline and a more prolonged and incomplete recovery.

- ➔ Under the optimistic scenario, the recovery will be strong enough to bring trade close to its pre-pandemic trend, while the pessimistic scenario only envisages a partial recovery.
- ➔ Under both scenarios, all regions will suffer double-digit declines in exports and imports in 2020, except for “Other regions” (which is comprised of Africa, Middle East and Commonwealth of Independent States (CIS) including associate and former member States).
- ➔ This relatively small estimated decline in exports stems from the fact that countries from these regions rely heavily on exports of energy products, demand for which is relatively unaffected by fluctuating prices. If the pandemic is brought under control and trade starts to expand again, most regions could record double-digit rebounds in 2021 of around 21% in the optimistic scenario and 24% in the pessimistic scenario – albeit from a much lower **(Table)**.
- ➔ The extent of uncertainty is very high, and it is well within the realm of possibilities that for both 2020 and 2021 the outcomes could be above or below these outcomes.
