

## **Trade Statistics & Outlook -October 2022**

**World merchandise trade volume is expected to grow by 3.5% in 2022  
World GDP at market exchange rates will increase by 2.8% in 2022**

### **Projected Global Trade Growth -2022 & 2023**

According to the WTO Trade Statistics & Outlook 2022, the merchandise trade volume is expected to grow by 3.5 % in 2022, and 1 % in 2023 as multiple shocks weigh on the global economy. The risks to the forecast include shifting monetary policy in advanced economies and the unpredictable nature of the Russia-Ukraine war.

The imposition of trade restrictions to tackle the supply vulnerabilities that have been exposed by the shocks of the past two years and the retrenchment of global supply chains would deepen inflationary pressures, leading to slower economic growth and reduced living standards over time. A deeper, more diversified and less concentrated base response for producing goods and services is required as it would not only boost economic growth but also provide supply resilience and long-term price stability by mitigating exposure to extreme weather events and other localized disruptions.

### **Projected growth of World GDP at market exchange rate -2022**

The new WTO forecast estimates that the World GDP at market exchange rates is expected to increase by 2.8% in 2022 and 1 % in 2023.

The import demand is expected to soften as growth slows in major economies for different reasons. In Europe, high energy prices stemming from the Russia-Ukraine war will squeeze household spending and raise manufacturing costs. In the United States, monetary policy tightening will hit interest-sensitive spending in areas such as housing, motor vehicles and fixed investment. China continues to grapple with COVID-19 outbreaks and production disruptions paired with weak external demand. Finally, growing import bills for fuels, food and fertilizers could lead to food insecurity and debt distress in developing countries holding economic growth.

### Projected Global trade growth across regions

The Middle East is expected to record the strongest export growth of any WTO region this year (14.6%), followed by Africa (6.0%), North America (3.4%), Asia (2.9%), Europe (1.8%) and South America (1.6%). In contrast, CIS exports should decline by 5.8% for the year. The Middle East also had the fastest trade volume growth on the import side (11.1%), followed by North America (8.5%), Africa (7.2%), South America (5.9%), Europe (5.4%), Asia (0.9%) and CIS (-24.7%).

The below table reflects the resilience of trade growth in the Middle East and Africa in 2022. These regions should see small declines in exports next year, but imports will remain strong, each set to grow by 5.7%. The CIS region is expected to post a large growth rate for imports next year, over 9%, which will be primarily due to the reduced base for 2022. Other regions can expect modest growth in both exports and imports in 2023.

### Other Major Observations

- Major central banks are already raising interest rates in a bid to tame inflation but overshooting on tightening could trigger recessions in some countries, which would weigh on imports.
- Alternatively, central banks might not do enough to bring inflation down, possibly necessitating more robust interventions in the future.
- High-interest rates in advanced economies could trigger capital flight from emerging economies, unsettling global financial flows.
- Escalation of the Russia-Ukraine war could also undermine business and consumer confidence and destabilize the global economy.
- An underappreciated risk would be the decoupling of major economies from global supply chains, exacerbating supply shortages in the near term and reducing productivity over the longer term.
- Trade and output will be weighed down by several related shocks, including the war in Ukraine, high energy prices, inflation, and monetary tightening.

**Table**  
**Merchandise Trade Volume and real GDP, 2018-23<sup>a</sup>**  
**Annual % Change**

Particulars	2018	2019	2020	2021	2022P	2023P
<b>Volume of world merchandise trade <sup>b</sup></b>	<b>3.2</b>	<b>0.5</b>	<b>-5.2</b>	<b>9.7</b>	<b>3.5</b>	<b>1</b>
<b>Exports</b>						
North America	3.9	0.4	-8.9	6.5	3.4	1.4
South America <sup>c</sup>	-0.6	-1.3	-4.9	5.6	1.6	0.3
Europe	1.8	0.6	-7.8	7.9	1.8	0.8
CIS <sup>d</sup>	4.1	-0.1	-1.7	0.5	-5.8	3.3
Africa	3.2	-0.4	-8.1	5.2	6	-1
Middle East	4.8	-1.3	-8.9	1.4	14.6	-1.5
Asia	3.7	0.9	0.5	13.3	2.9	1.1
<b>Imports</b>						
North America	5.1	-0.6	-5.9	12.3	8.5	0.8
South America	4.6	-1.8	-10.7	25.4	5.9	-1
Europe	1.9	0.3	-7.3	8.3	5.4	-0.7
CIS	4	8.3	-5.5	9.1	-24.7	9.4
Africa	5.5	3.1	-14.7	7.7	7.2	5.7
Middle East	-4.4	11.2	-10.1	8.4	11.1	5.7
Asia	5	-0.4	-1	11.1	0.9	2.2
<b>Real GDP at market exchange price</b>	<b>3.2</b>	<b>2.6</b>	<b>-3.4</b>	<b>5.8</b>	<b>2.8</b>	<b>2.3</b>
North America	2.8	2.1	-3.8	5.5	1.7	1
South America	0.4	-0.6	-6.9	7.2	3.7	1.6
Europe	2.1	1.7	-5.8	5.8	2.7	0.9
CIS	3.1	2.6	-2.5	4.9	-3.2	-2.1
Africa	3.2	3	-2.5	5.1	3.5	3.6
Middle East	1.6	1.3	-4.5	3.5	5.7	3.4
Asia	4.9	4	-0.9	6.2	3.7	4.2

Source: WTO for trade, consensus estimates for GDP.

- a) Figures for 2022 and 2023 are projections.
- b) Average of exports and imports.
- c) Refers to South and Central America and the Caribbean.
- d) Refers to Commonwealth of Independent States (CIS), including certain associate and former member States.

Note: These projections incorporate mixed-data sampling (MIDAS) techniques for selected countries to take advantage of higher-frequency data such as container throughput and financial risk indices

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