

Overview of World Trade Developments

In the wake of the record expansion in the volume of world trade in 2010 (13.8 percent), expectations were more modest for 2011. Nevertheless, in the turbulent economic climate of last year, growth in the volume of world trade still surprised on the downside, decelerating sharply to 5.0 percent in 2011 as the global economic recovery ran out of steam due to multiple critical events, including the disasters in Japan and the European sovereign debt crisis. However, as a result of higher prices, in particular resource prices, nominal trade values still increased 20 percent in 2011, compared to 22 percent in 2010.

Real export growth in developed economies was stronger than expected, reaching 4.7 percent in 2011. Considering several crises that took place in the developed world last year, these economies have done relatively well to reach that level. The rest of the world—including the developing economies and the Commonwealth of Independent States (CIS)—recorded an increase of 5.4 percent in 2011, somewhat below expectations.

Growth in real exports from the United States, at 7.2 percent, was the strongest driver in the performance of the developed nations, helping counteract the 0.5-percent decrease in real exports from Japan. The European Union's 5.2-percent growth in export volumes was at par for the developed world. These areas have all been affected by adverse events: fiscal uncertainty in the United States; the ongoing debt crisis in Europe; and the earthquake in Japan followed by the tsunami and the nuclear disasters.

Clearly, these events had wide-ranging repercussions and affected demand for the exports from developing countries as well. But these experienced adverse developments of their own. Unrest in many Arabic countries and the war in Libya affected oil shipments and were largely behind Africa's 8.3-percent contraction in exports in 2011. Flooding in Thailand affected output and exports from that country, and the natural disasters in Japan caused some disruptions in supply chains across Southeast Asia.

Growing Asian economies once again led the world in export expansion. India was the fastest-growing exporter nation among major traders, adding 16.1 percent to its exports in real terms. China was in second place, adding 9.3 percent. Asia's newly industrialized economies (NIEs)—which include Singapore, Hong Kong, Taiwan and South Korea—expanded their exports by 6.0 percent. Growth in export volumes from the CIS was only 1.8 percent, but averaged 5.4 percent and 5.3 percent in the Middle East and in South and Central America, respectively. However, as exports from these regions were to a significant degree composed of resources, their dollar value increased substantially (34 percent, 37 percent and 27 percent, respectively). Similarly, despite Africa's real export contraction, the value of its exports expanded 17 percent.