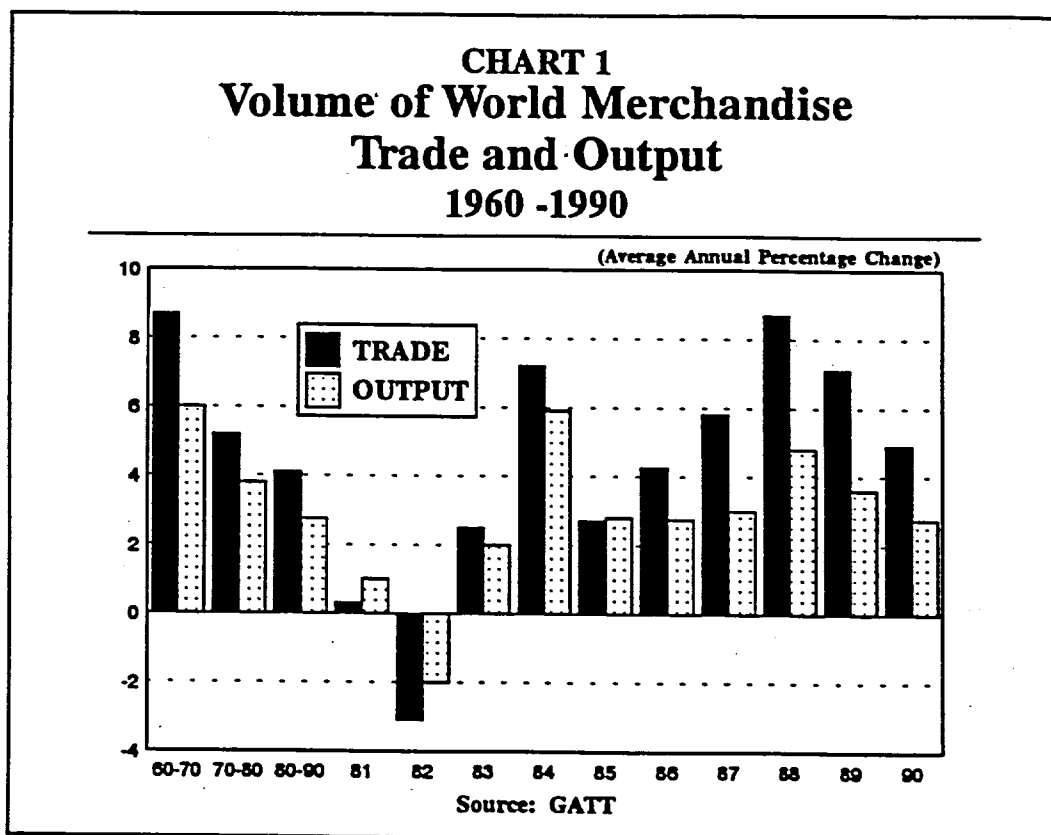


- Trends in Trade in Goods and Services

First, increases in the volume of world merchandise exports have consistently outpaced the growth of world output of goods (see Chart 1 for the record since 1960), driven in particular by increases in exports of manufactures. So producers are shipping an increasing proportion of output across international borders. But whose borders? Between 1980 and 1990, the most dynamic growth in trade occurred between Asia, and North America and western Europe respectively. The share of world trade covered by these two relationships increased by over half to almost 18%.



Nonetheless, the greatest absolute increase followed a different pattern. In 1980, 43% of world merchandise trade occurred on a regional basis (led by intra-western European trade at 27% of the world total). Ten years later, this share had increased to 52% of world trade (with cross-border traffic within western Europe