

Overview of World Trade Developments

By a wide margin, merchandise trade growth outpaced that of world GDP in 2006. The volume of world merchandise exports increased by 8.2 per cent, more than double the growth in world GDP (3.9 per cent).

In nominal terms, world merchandise exports increased by 15.2 per cent to US\$11.76 trillion in 2006 (See Table 2-1) while commercial services exports were estimated to have risen by 11 per cent to US\$2.71 trillion in 2006 (see Table 2-3). Growth in global merchandise exports outpaced growth in commercial services exports, but a significant portion was due to price appreciation. Commodity prices continued to rise in 2006, increasing by 21.9 per cent. Unlike the preceding two years,

much of this increase came from non-fuel commodities with industrial inputs seeing the fastest increase.

The four regions with the highest share of fuels and other mining products in their merchandise exports — the Middle East, Africa, the Russian Federation, and South and Central America — again recorded the fastest annual export growth in 2006, well above the world average export growth.

In North America, Mexico witnessed stronger export and import growth than Canada and the U.S. Although the U.S. recorded the best annual export growth (14.5 per cent) in more than a decade, its merchandise trade deficit continued to grow as imports continued to dominate exports in absolute terms.

In spite of the weakest regional growth rate (12.7 per cent), Europe's share in world merchandise exports (including intra-European trade) remained the world's largest, at 42 per cent. This growth was also an improvement over previous years. The same can be said for Europe import growth (14.1 per cent). Among the major European trading countries, the U.K. and Germany recorded export growth approaching the global average. Intra-EU-25 trade rose by 13.1 per cent, which was somewhat stronger than extra-EU-25 export growth (11 per cent) but slower than imports from third countries (15 per cent).

Asia's merchandise export and import growth continued to outpace world trade in 2006. Among the major Asian traders, China recorded the highest export growth (27.2 per cent), followed by India (20.8 per cent). For import growth, India and China also led all major traders, with the exception of Russia. In addition, China's export growth

FIGURE 2-1
Increases in Commodity Price Indexes, 2003-2006 (%)

