

Information note on trade in intermediate goods: fourth quarter 2022

- By the end of 2022, global supply chains were facing multiple disruptions due to the geopolitical context, commodity shortages, high energy prices and weak or fluctuating consumer and industrial demand. During the fourth quarter (Q4) of 2022, world exports of intermediate goods (IGs) decreased by 10 per cent year-on-year (YoY), a downward trend that occurred in most regional and global supply chains.
- IG exports of Hong Kong, China experienced the greatest decrease in Asia, with a fall of 27 per cent YoY in Q4 2022, along with a decline of 11 per cent YoY in exports of high-tech components (i.e., computer memories and integrated circuits).
- Exports from Europe dropped by 9 per cent, largely due to a decline in exports of metal products. The aluminium industry was among those most affected by the high energy costs triggered by the war in Ukraine, which led to factory closures and reduced production.
- The significant growth in IG exports from the United Kingdom (12 per cent YoY in Q4) was linked to a huge increase in shipments of non-monetary gold to China and Hong Kong, China (US\$ 16.8 billion, compared to US\$ 0.7 billion the year before).
- Mexico maintained positive growth of 2 per cent in its imports in Q4 2022, essentially with industrial partners in the United States-Mexico-Canada Agreement (USMCA, formerly the North American Free Trade Agreement – NAFTA).

World IG exports by region, Q4 2022

A worldwide downward trend started in Q2 2022 and continued to the end of 2022. World IG exports decreased significantly, by 10 per cent YoY in Q4 2022 (US\$ 2.3 trillion), and exchanges within supply chains slowed.

In Asia, IG exports faced the most important decline of all regions, with a drop of 15 per cent in Q4 2022. Exports of Hong Kong, China fell most steeply, by 27 per cent YoY and by 12 per cent against Q3 2022. Exports of high-tech components (computer memories and integrated circuits) continued to plunge 42 per cent YoY in Q4 2022 (from US\$ 13.1 billion to US\$ 7.5 billion). An identical drop for non-monetary gold (39 per cent), which accounted for 7 per cent of total IG exports, also contributed to the sharp decline in the exports of Hong Kong, China to supply chains.

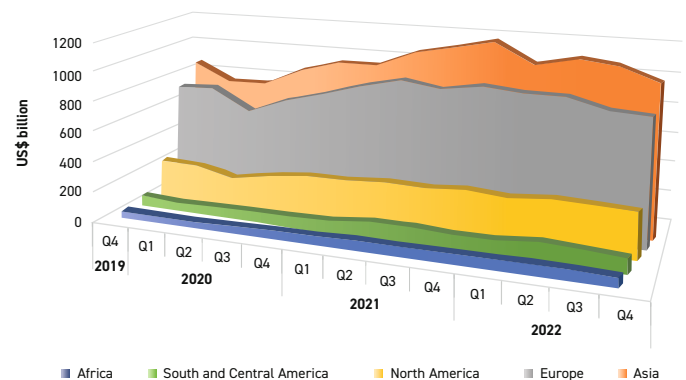
Exports from Europe experienced a 9 per cent decrease YoY in Q4 2022, related to sharp declines in exports of metals such as aluminium alloys. In addition to fluctuating supply-and-demand shortages, the aluminium industry, which is energy-intensive, was deeply affected by the rise in energy costs triggered by the war in Ukraine, thereby leading to factory closures and reduced production and exports.

World IG exports by category, Q4 2022

The global slowdown of IG exports was essentially driven by the decrease of approximately 12 per cent in trade in industrial supplies, parts and accessories from manufacturing industries.

Despite a regular slowdown in growth throughout the year, food supply chains remained the most resilient of all industries, with a 7 per cent YoY increase in Q4 2022.

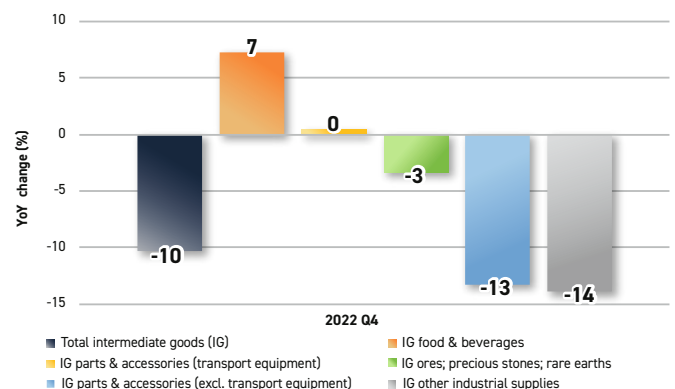
World exports of ores and precious stones decreased by 3 per cent by the end of 2022, reflecting the downward demand worldwide and the decrease of prices during the period, especially for iron ores.



Source: Trade Data Monitor (100 reporting economies, including estimates for Africa).

-10% (Q4 2022 year-on-year)

Intermediate goods trade in supply chains



Source: Trade Data Monitor.

Intermediate goods are inputs used to produce a final product. They range from crops used in food production to textiles and metals needed to manufacture goods. Trade in IGs is an indicator of the activity in supply chains, which was severely impacted in the early stages of the COVID-19 crisis. The share of IGs in total trade (excluding fuels) in Q4 2022 was 47 per cent.

Top IG exporters, Q4 2022

All of the major exporters significantly reduced their exchanges of inputs in Q4 2022.

As at the beginning of the 2022, the biggest export declines in Q4 2022 were observed for Hong Kong, China and Belgium, as the exports of both fell by 27 per cent.

Belgian IG exports to main European partners and to the United States decreased significantly in a wide range of products, from diamonds to semi-processed metals (iron, copper) to car parts (e.g., gear boxes).

The United Kingdom was among the few countries to maintain positive growth in its IG exports throughout 2022, reaching growth of 12 per cent YoY in Q4 2022 – the highest increase among the top exporters. This export growth was largely due to non-monetary gold exports to China and to Hong Kong, China, which surged from US\$ 0.7 billion in Q4 2021 to US\$ 16.8 billion in Q4 2022.

Top IG exporters			
Rank	Exporter	US\$ bn	YoY change (%)
1	China	354	-15
2	United States	208	-3
3	Germany	158	-12
4	Hong Kong, China	95	-27
5	Japan	89	-13
6	Republic of Korea	87	-21
7	Chinese Taipei	84	-9
8	Netherlands	73	-12
9	United Kingdom	70	12
10	Italy	61	-8
11	France	59	-10
12	Singapore	59	-18
13	Canada	57	5
14	Belgium	55	-27
15	Malaysia	48	-7

Source: Trade Data Monitor.

Inter- and intra-regional IG trade, Q4 2022

In the last quarter of 2022, global supply chains faced disruptions caused by the geopolitical context, commodity shortages, high energy prices and weak or fluctuating consumer and industrial demand, especially in Europe and the United States. With few exceptions, most of the inter- and intra-regional trade flows in IG decreased sharply by the end of 2022.

Intra-Asia IG trade dropped by 16 per cent, signaling a slowdown in regional supply chains. A similar trend was observed in Europe, where regional exchanges of industrial inputs decreased by 10 per cent.

IG exports to South and Central America from all regions were among those that decreased the most. China drastically cut its exports of semi-manufactured metals (iron and steel products) to the region by two-thirds in Q4 2022 YoY (from US\$ 945 million to US\$ 321 million). This was probably linked to China's reduction in crude steel production as part of an environmental policy aimed at reducing carbon emissions.

Top IG importers, Q4 2022

The decrease of 14 per cent in China's IG imports was of a similar proportion to the fall in its IG exports (15 per cent), signalling an overall slowing of activity within production chains at the end of 2022. An even greater downward trend, of 24 per cent, was observed for Hong Kong, China.

As was also observed in early 2022, this fall in the level of IG imports was due to the slowdown of exchanges between the two economies of high-tech components, parts and accessories. China's imports of computer memories from the Republic of Korea also declined sharply, by around 30 per cent YoY, in Q4 2022, possibly as a result of US trade measures with regard to China.

Further to the sharp increase of 27 per cent in its IG imports in the beginning of 2022, Mexico was the only economy among the top importers to maintain positive growth in Q4 2022 (2 per cent). This was largely due to Mexico's activities within the USMCA (formerly NAFTA) with the United States and Canada, while imports of industrial inputs from other regions remained stable or diminished slightly.

Top IG importers			
Rank	Exporter	US\$ bn	YoY change (%)
1	China	376	-14
2	United States	261	-2
3	Germany	147	-7
4	Hong Kong, China	97	-24
5	India	81	-9
6	Japan	75	-7
7	Mexico	74	2
8	Republic of Korea	72	-10
9	Netherlands	72	-8
10	France	67	-8
11	United Kingdom	65	-5
12	Italy	63	-6
13	Singapore	56	-12
14	Canada	52	-4
15	Chinese Taipei	52	-14

Source: Trade Data Monitor.

Importer → ↓ Exporter	YoY change (%)				
	Africa	Asia	Europe	North America	South & Central America
Africa	-6	-12	7	-18	-41
Asia	-5	-16	-15	-14	-24
Europe	-11	-3	-10	-6	-13
North America	-20	-3	3	1	-15
South & Central America	3	-3	0	-7	-1

Note: Diagonal shading represents intra-regional trade, while off-diagonal percentages stand for inter-regional trade.

Source: Trade Data Monitor (including estimates for Africa)

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APPENDIX TABLES

World merchandise exports of intermediate goods by region, Q1 2020 to Q4 2022

(US\$ billion)

	2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
World	1846	1664	1943	2121	2225	2446	2464	2582	2429	2543	2435	2314
Africa	44	37	47	54	57	67	67	68	70	76	74	64
Asia	733	741	856	929	938	1043	1096	1154	1033	1093	1069	987
Europe	727	596	696	765	843	901	868	912	896	899	839	828
North America	254	201	246	277	282	299	296	315	298	323	318	310
South and Central America	68	74	78	78	86	113	114	101	104	127	117	101
Other regions	21	14	19	19	20	23	22	32	28	24	18	25

Source: WTO estimates based on data from Trade Data Monitor.

World merchandise exports of intermediate goods by category, Q1 2020 to Q4 2022

(US\$ billion)

	2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total intermediate goods	1846	1664	1943	2121	2225	2446	2464	2582	2429	2543	2435	2314
IG food and beverages	76	80	78	89	93	105	100	112	114	124	114	120
IG other industrial supplies	875	780	869	964	1046	1190	1201	1267	1207	1299	1173	1092
IG ores, precious stones	160	169	207	206	231	253	236	230	225	224	247	222
IG parts and accessories (excl. transport equipment)	491	481	557	600	595	637	675	705	625	633	634	612
IG parts and accessories (transport equipment)	244	154	233	262	260	260	252	268	258	263	267	269

Source: WTO estimates based on data from Trade Data Monitor.

Inter- and intra-regional exports of intermediate goods, Q4 2022

(US\$ billion)

↓ Exporter	Importer →	Africa	Asia	Europe	North America	South and Central America
Africa		5	29	23	5	1
Asia		28	650	117	119	24
Europe		25	109	574	69	13
North America		4	81	50	152	17
South and Central America		3	44	15	15	15

Note: Diagonal shades represent intra-regional trade while off-diagonal figures stand for inter-regional trade.

Source: WTO estimates based on data from Trade Data Monitor.