



WORLD TRADE IN THE 21ST CENTURY: THE 1ST DECADE

DEVELOPING ECONOMIES' INCREASING PARTICIPATION

The following article was taken from WTO report, [WT/COMTD/W/181](#), Note by the Secretariat: "Participation of Developing Economies in the Global Trading System", prepared for the Committee on Trade and Development in October 2011.

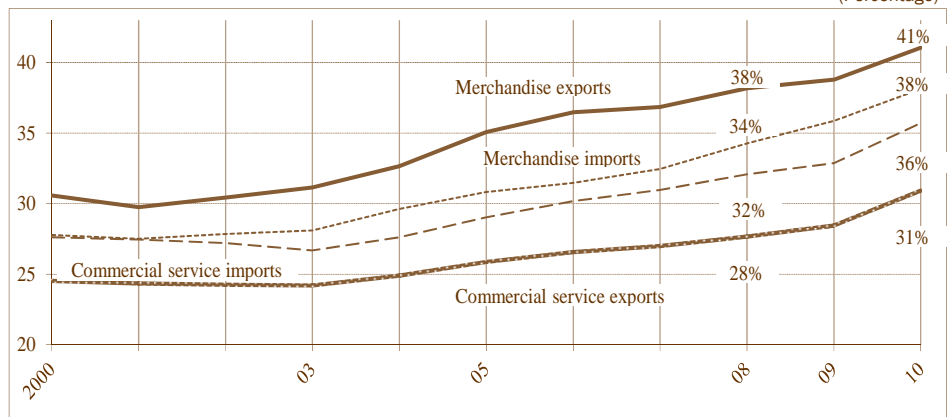
Before the onset of the global economic crisis, the participation of developing economies in world trade was at a historic high. It had risen particularly fast since 2000, thanks to the accelerated growth in global manufacturing, booming commodity prices and the pivotal role played particularly by China, India and Brazil both as sources of supply and demand. From 2000 to 2008, the value of developing economies' trade in goods and commercial services tripled, rising considerably faster than world trade.

WHILE HISTORICALLY DEVELOPING ECONOMIES HAVE BEEN RELATIVELY MORE VULNERABLE TO EXTERNAL SHOCKS, THE ECONOMIC IMPACT OF THIS CRISIS WAS FOR THE FIRST TIME LESS SEVERE FOR THEM THAN FOR DEVELOPED ECONOMIES.

Their share in world trade continued rising, gaining 3 to 4 percentage points in the period from 2008 to 2010. In 2010, their merchandise exports accounted for over 40 per cent of world trade, 10 percentage points higher than ten years ago.

The rapid economic growth in major developing economies resulted in considerable increases of their import's share in both trade in merchandise and commercial services. Although their service sector is still, on average, less developed than in advanced economies, developing economies' exports now account for 31 per cent of the world's international transactions in commercial services.

Share of developing economies in world trade, 2000-2010
(Percentage)



LDCs and world trade in goods and commercial services, 2000-2010
(Billion dollars and Percentage)

	Value							Annual percentage change
	2000	2005	2006	2007	2008	2009	2010	
Total trade in goods and commercial services^a								
World	7,865	12,785	14,681	17,078	19,622	15,582	18,569	9.0
LDC	95	202	240	308	403	344	409	15.8
Share in world	0.60	0.79	0.82	0.90	1.03	1.11	1.10	...
Total trade in goods^a								
World	6,395	10,353	11,941	13,802	15,909	12,301	14,986	8.9
LDC	75	166	199	253	330	276	334	16.0
Share in world	0.59	0.80	0.83	0.92	1.04	1.12	1.12	...
Total trade in commercial services^a								
World	1,470	2,431	2,741	3,276	3,712	3,280	3,583	9.3
LDC	19	36	41	55	73	69	74	14.5
Share in world	0.65	0.74	0.75	0.83	0.98	1.05	1.04	...

This table is an excerpt from WTO report, [WT/COMTD/LDC/W/51](#), Note by the Secretariat, "Market Access for Products and Services of Export Interest to Least Developed Countries", prepared for the Sub-Committee on Least Developed Countries in October 2011.

Between 2000 and 2010, the share of LDCs in world trade (exports plus imports) increased, from 0.6 per cent to 1.1 per cent.

LDCs' share in world trade in goods increased from 0.59 per cent to 1.12 per cent and their share in world trade in commercial services increased from 0.65 per cent to 1.04 per cent.

^a World total trade is calculated as the average of world exports and imports. Total LDC trade in this table is approximated as the sum of their exports and imports. Total trade shares are calculated in relation to the corresponding world exports plus imports.

NEW TRANSPORT ROUTES IN TRADE: BETTER, SHORTER, FASTER "SLOW BOAT TO CHINA" NO MORE

Transport is core to an efficient supply-chain production, particularly if the supply chain is part of a global production network across continents. Transport routes have always been core to efficient trading.

Everybody knows of the famous "silk road", a network of roads that connected East Asia to Europe and included access to the Mediterranean and African continent. China's trade in silk gave the network the name, but other nations along the road, of course, benefitted as well. Over time, the road network was complemented with sea routes which not only led to important discoveries but contributed considerably to the growth of trade. However, transportation means have changed since then. In statistics, we distinguish road, sea and air (information on space is scarce but exists) and gradual improvements in either of the classes help reduce transportation costs for ever increasing trade. Air is, of course, the fastest transportation means.

The EU and Russia recently agreed to phase out flight fees that EU air carriers have to pay for using trans-Siberian flight routes. This reduces freight costs further between Europe and East Asia: "The arrangement abolishes the obligation for EU carriers to enter into commercial agreements with, and pay fees to, Russian air carriers for the use of those routes as from 1 January 2014 at the latest," the Council of the European Union said in a statement (Brussels, Reuters, 24 November 2011).

One aspect is to reduce transportation costs for existing routes; another is to open new ways. For example, maritime transport, which still transports the bulk of merchandise (90%) in containers, is analysing new waterways that the climate creates: the North-West passage which has become pack-ice free and navigable.

But containers may not only be transported through seaways between China and Europe. In October this year the German Deutsche Bundesbahn has sent some 40 containers on train with BMW auto parts to China's BMW production site in Liaoning. The 11000-kilometer train journey requires a transit time of 23 days, twice as fast as maritime transport can do it. As of late November, every day one train will leave Leipzig in Germany to travel to China (China Daily, 19 October 2011).



Photo: deutschebahn.com

TRADE POLICY COURSES AND TECHNICAL ASSISTANCE, JULY - DECEMBER 2011

5-6 July 2011 St. George, Grenada	Workshop on the Implications of the Current Modalities Text for the Scheduling of Market Access Commitments for the OECs
11-29 July 2011 Geneva, Switzerland	19th WTO Introduction Course for LDCs (French)
28-29 July 2011 Geneva, Switzerland	Video- Conference for Honduras Customs valuation and WTO Tariff Databases
12 September-1 December 2011 Geneva, Switzerland	Advanced Trade Policy Course (Spanish)
26-29 Sept. 2011, Abu Dhabi, United Arab Emirates	Regional Workshop on NAMA for Arab and Middle East Countries
18-21 October 2011 Lima, Peru	NAMA Regional Trade Policy Course for Latin American countries
21 October 2011 Geneva, Switzerland	Video- Conference for Ecuador WTO Tariff Databases, SPS information system
17-28 October 2011 Dakar, Senegal	Short Regional Trade Policy Course for All African Countries
26 October 2011 Montevideo, Uruguay	Statistical and Policy Implications of Global Value Chains, ALADI
27 October 2011 Buenos Aires, Argentina	Seminar on Agro-industry and International Trade
7-8 November 2011 Montevideo, Uruguay	2nd ICTSD/CAF Roundtable on Trade and Sustainable Development
10-14 November 2011 Vienna, Austria	Regional Seminar on Market Access and NAMA Negotiations for Central and Eastern Europe, Central Asia and the Caucasus Region
23-24 November 2011 Geneva, Switzerland	Reference Centres Training Programme for NTP and MIP Trainees
26-29 September 2011 Casablanca, Morocco	Regional Workshop on Tariffs, Schedules of Concessions and NAMA negotiations for French-speaking Africa



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A JOYFUL AND PEACEFUL
HOLIDAY SEASON!**

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