

I RECENT TRADE DEVELOPMENTS AND SELECTED TRENDS IN TRADE

A RECENT TRENDS IN INTERNATIONAL TRADE

1. INTRODUCTION: TRADE AND OUTPUT GREW LESS RAPIDLY IN 2005 THAN IN THE PRECEDING YEAR

The world economy expanded by 3.3 per cent in 2005, less rapidly than in 2004, but still slightly faster than the decade average. Economic growth remained strong in most regions although less buoyant than in the preceding year. Only Europe's economy continued to record low GDP growth – less than half the rate observed in North America. In contrast to Europe, Japan experienced a strengthening of economic activity. In light of slower economic growth worldwide in 2005 and of oil market developments, merchandise trade growth – like GDP growth – decelerated in real terms, but still exceeded the average for the last decade.

The trade deceleration was most pronounced in the developed, oil-importing regions. Real merchandise imports of the United States, the European Union (25) and Japan grew at half the 2004 rate in 2005 and less than the global average. Most of the developing regions and the Commonwealth of Independent States (CIS) recorded real import growth rates above the global average and in excess of their export growth. Oil price increases are a significant part of the explanation for this performance in many of the countries concerned.

Sharply higher crude oil prices pushed up energy costs worldwide but did not trigger a marked rise in consumer prices as it happened in the previous two major oil crisis in 1973/75 and 1979/81. Several factors contributed to this outcome. First, many developed countries today have a lower oil intensity of output than three decades ago, as the services sector accounts for a larger part of GDP. Second, the slack in production capacity combined with moderate wage increases in many developed regions lowered the possibility of passing on higher energy costs to consumers. Core consumer price inflation – that is all items excluding energy and food – decreased in the euro area and the United States and stagnated in Japan in 2005.¹

The maintenance of moderate consumer price inflation occurred in a policy environment in which monetary and fiscal policy continued to be stimulative. In a number of countries, however, inflationary tendencies could be observed in house prices and perhaps also in the stock market. The sharp rise in gold prices, to a 24 year peak level, might be also driven in part by demand from investors looking to hedge their assets against inflation.

Fiscal deficits in major developed economies remained high in 2005. Although the United States reduced somewhat its public sector deficit to GDP ratio, at 3.5 per cent it was still larger than that of the euro area. Japan's fiscal deficit, the largest among the major developed countries, stagnated at 6.5 per cent of GDP in 2005.

The further increase in the US current account deficit, to a new peak level in absolute (US\$805 billion) and relative terms (6.5 per cent of GDP) was financed without any strains on international capital markets. Oil market developments contributed significantly to the widening of the US external imbalance, while the impact of exchange rate developments were mixed. The moderate rise in US interest rates and the (at least temporarily) increased demand for dollars linked to higher oil prices led to an appreciation of the US dollar against the yen, the euro and the pound in the course of 2005. Against a trade weighted group of seven major currencies, the US dollar depreciated 2 per cent on a yearly average basis in 2005, but it appreciated 7 per cent from December 2004 to December 2005.² On balance, exchange rate developments in 2005 did not contribute to a reduction of the core element of the global imbalances, which are found in the trade flows between the United States and East Asia. In late 2005 and early 2006, most trade and price indicators point to a further widening in the United States current account deficit in the coming year.

One of the most challenging questions in the current global economic situation is for how long the increase in the United States current account deficit can continue. Most observers agree that it would be preferable if existing imbalances could be stabilized and gradually reduced, as this would smoothen the inevitable adjustment process. A further rise in global external imbalances may be increasing the risk of a sudden

¹ OECD, Main Economic Indicators.

² US Department of Commerce, BEA, News Release March 14, 2006.

disruptive reduction in the imbalances. Such an abrupt adjustment, accompanied by large exchange rate variations would be more painful and generate larger welfare losses than a more gradual adjustment. In a scenario with disruptive adjustments, protectionist pressures are likely to increase, which if translated into restrictive measures would also have a negative affect on global economic activity.

2. TRADE AND OUTPUT GROWTH IN 2005

As already noted, despite an acceleration of global economic activity and trade in the course of the year, annual average changes in world output and trade were lower than in the preceding year although higher than the decade's average. World economic output of goods and services is estimated to have expanded by 3.3 per cent and real merchandise exports rose by 6 per cent in 2005 (Table 1). The year-to-year deceleration of global economic output and trade was rather close to the predictions made in early 2005. However, at the more disaggregated level the actual outcome deviated from projections, but the impact of these deviations on output and trade tended to offset each other. The negative impact of higher than predicted oil prices on global output and trade in 2005 was partly offset by more resilience than expected to the oil price hikes, illustrated, for example, by the stronger than projected economic activity in Japan.

Table 1
World trade and output developments, 2002-05
(At constant prices, annual percentage change)

	2002	2003	2004	2005
Merchandise exports	3.5	5.0	9.5	6.0
Merchandise production	0.8	3.5	4.0	...
GDP at market exchange rates	1.7	2.6	4.0	3.1
GDP at PPP	3.0	4.0	5.1	4.3

Source: WTO; IMF, World Economic Outlook.

2 per cent, while the new Members of the European Union continued to grow faster than the old Members, with a combined GDP growth up by 4 per cent in 2005.

North America's GDP growth of 3.4 per cent continued to exceed slightly global economic growth (measured at market exchange rates). Within the region, the US economy recorded the strongest growth.

Economic growth in the developing regions remained robust in 2005, though somewhat less dynamic than in the preceding year. In South and Central America (including the Caribbean), Africa and the Middle East, GDP growth averaged between 4 and 5 per cent. For each region these growth rates in 2005 exceeded their respective short-term (2000-05) and the medium term (1995-05) growth performance. Developing Asia did not escape the global trend to more moderate growth in 2005. However, with regional GDP growth up by 6.5 per cent, developing Asia again recorded the highest growth of all developing regions. China and India, the two countries with the largest populations in the world, again reported outstandingly high GDP growth in 2005 – at 9.9 per cent and 7.1 per cent respectively.

The strongest economic growth of all regions in 2005 was reported by the Commonwealth of Independent States (CIS). Substantial gains from sharply higher export earnings stimulated public and private expenditure and led to GDP growth of 6.6 per cent in 2005, twice the global average. Since the financial crisis of 1998, the annual economic growth of the region exceeded that of the world economy and averaged at nearly 7 per cent over this six-year period. The marked expansion in the output of the region's energy sector contributed much to this development.

A regional breakdown of the world economy reveals that the sluggishness of the European economy constituted the major drag on world trade and output growth as Europe continued to report the weakest trade and output expansion of all regions. The four largest economies in Europe (Germany, France, the United Kingdom and Italy) all recorded GDP growth below

Developments in the world energy markets not only impacted on regional economic growth, but also shaped global trade flows.³ The most visible sign of the change in global energy markets is the substantial rise in fuel prices and, in particular, the price of crude oil since 2003. These price developments are caused by major shifts in global oil demand. Following the recession of 2001/02, a strong increase in global oil demand could be observed. Robust economic growth in the United States and vigorous energy-intensive growth in major emerging economies (especially China) were key factors.⁴ Strong oil demand in the US economy led to a sharp rise in its oil imports, as domestic crude oil production continued to shrink. The strength of oil demand in many emerging markets was underpinned by the high energy intensity of this growth. Recently, oil demand has been artificially sustained in some of these markets as end user prices were not fully adjusted to reflect the rise of energy prices in international markets.

High global oil demand growth quickly absorbed the existing excess oil extraction capacity, located mainly in the Middle East. Production capacity problems were not limited to the production of crude oil but occurred also at the refinery level. Even a doubling of oil prices between 2003 and 2005 did not lead to a significant increase in global oil production capacity. The low short-term price elasticity of oil supplies is due to the fact that additions of new capacity require an increase in drilling activities and investments in oilfield developments which need a lead time of several years before production capacity goes up. In addition, declining yields in operational oilfields have been observed in the United States and the North Sea. Investment plans in new oilfields might also have been delayed due to oil price volatility over the past few years.

Exceptional temporary factors also contributed to oil price developments in 2005. Hurricanes in the Gulf of Mexico (especially Rita and Katrina) damaged oil industry installations in the region and according to OECD estimates, led to the temporary closure of 3 per cent of global oil production capacity and 2 per cent of the world's oil refinery capacity.⁵ The repercussions of this severe disruption in production, refining and distribution could be contained by releasing oil from the strategic petroleum reserves and OPEC's offer to make all its spare production capacity available to meet market demand.

What have been the major consequences of these oil market developments for output on trade? The further sharp rise in oil prices in 2005 occurred at a time of generally low inflation. This meant that changes in the nominal price of oil were reflected in higher real and relative prices. Chart 1 illustrates this situation. Prices of fuels and other mining products in each of the three economies depicted in Chart 1 rose by more than one-third, while the import prices of agricultural and manufactured goods nearly stagnated or increased moderately in 2005.

The negative impact of the oil price hike on world economic growth has so far been less far-reaching than observed in the past and predicted by most model simulations.⁶ Four explanations can be offered for this more benign outcome: first, the recent oil price hikes originate from the strength of oil demand and not from a disruption of oil supplies, which is considered to be less damaging to economic activity. A second factor is the reduced oil-intensity of GDP growth in OECD countries caused by efficiency improvements in energy use and a shift in output towards services, which are less energy intensive than other sectors. This was not fully taken into account in the simulations. The third proposition is that the oil exporters spend their increased export earnings faster on imports of goods and services than in previous oil crises. Finally, it is suggested that the oil exporters have invested their increased net wealth in US corporate and government bonds, and not in more liquid assets, which has helped to limit the rise in long-term interest rates and thereby sustained investment and consumption.⁷

³ For a more detailed review of oil market developments see IEA, World Energy Outlook.

⁴ International Energy Agency, Oil Market Report. A monthly oil market and stocks assessment.

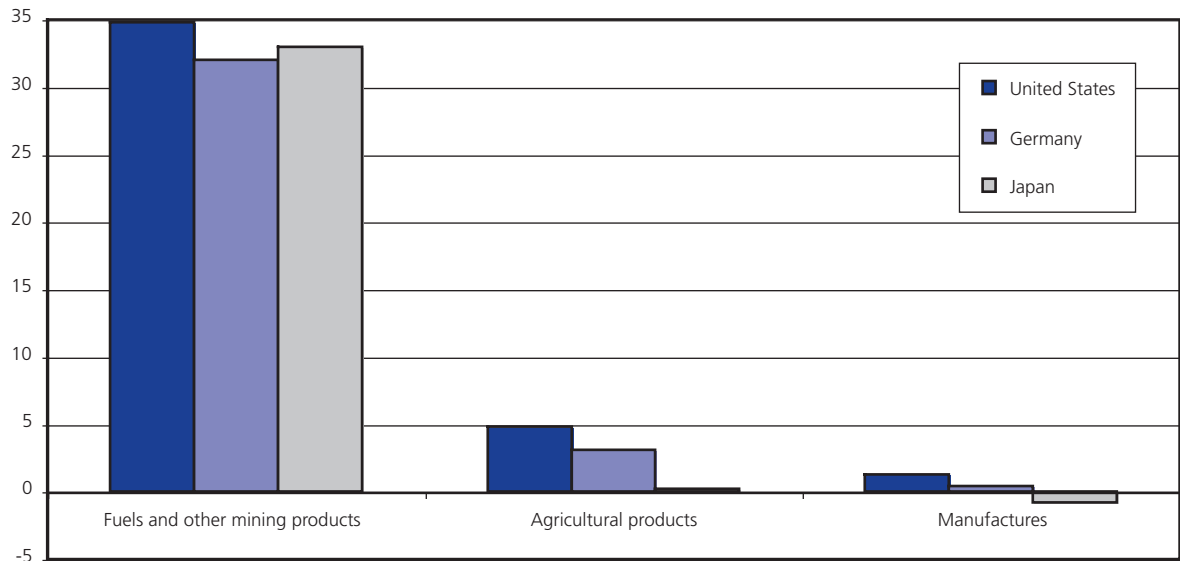
⁵ Calculations provided in OECD, OECD Economic Outlook, December 2005 p.6.

⁶ IMF (2000) *The impact of higher oil prices on the global economy*; IEA (2004) *Analysis of the impact of high oil prices on the global economy in IEA, Energy Prices and Taxes*, 2nd quarter 2004 and IMF (2003) World Economic Outlook, April 2003.

⁷ OECD, OECD Economic Outlook, December 2005.

Chart 1
Import prices of major product groups in selected economies, 2005

(Annual percentage change)

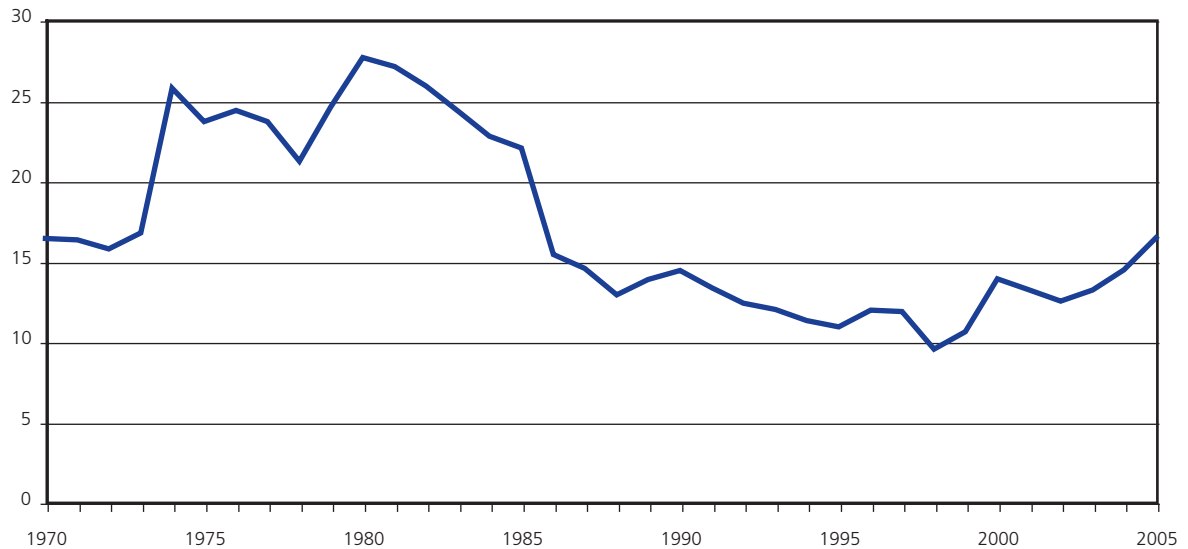


Source: WTO.

The repercussion of oil market developments on international trade flows are large in terms both of the sectoral composition of merchandise trade and regional trade flows. The share of fuels in world merchandise exports rose to a twenty-year high and oil exporting countries and regions have recorded double-digit export increases over the last three years (Chart 2).

Chart 2
Share of fuels and other mining products in world merchandise exports, 1970-2005

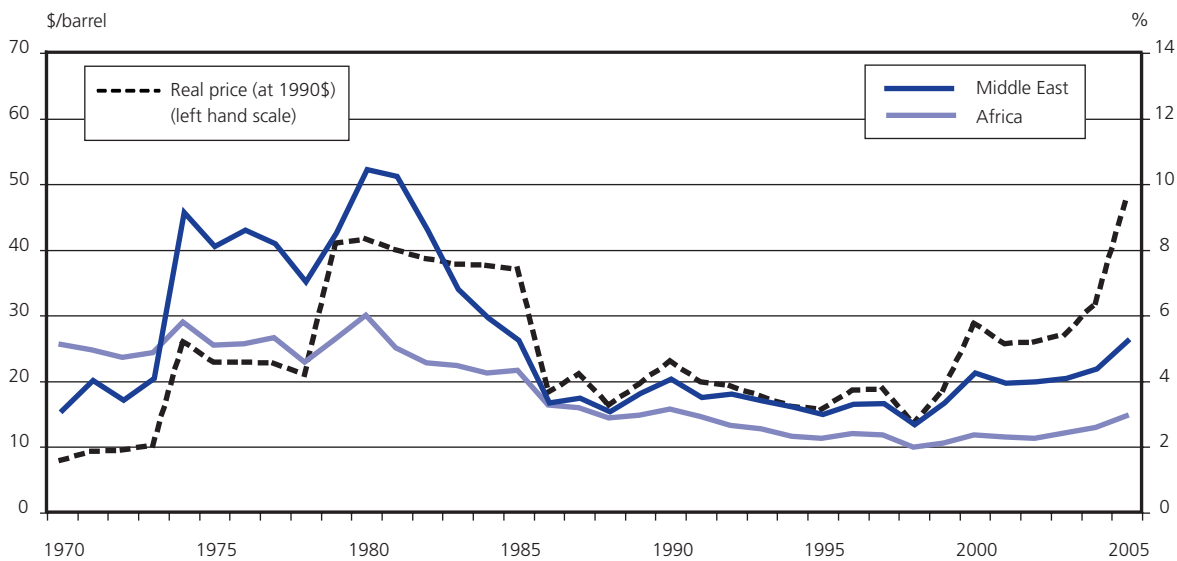
(Percentages)



Source: WTO.

The dynamic growth in nominal exports of the oil exporting regions over the last three years resulted in a much larger share of these countries in world trade. It is striking to see how closely the share of these countries/regions is linked to oil price developments over the last 35 years. Chart 3 reveals that the peak of the real oil prices in 1974, 1990 and 2005 match closely the peak levels of the share of both the Middle East and Africa in world merchandise exports. The trough levels of oil prices in 1978, 1988 and 1998 coincide also with those in these regions' export shares.

Chart 3
Real oil price and shares of Africa and Middle East in world merchandise exports, 1970-2005
(Dollars and percentage shares)



Note: Real price is obtained by deflating the nominal IMF crude oil spot price by the WTO world export unit value index.
Source: IMF and WTO calculations.

The counterpart of the oil exporters' gains from higher oil prices are found in higher fuel import values of the net oil importing countries. However, as fuels account for a far lower share in their imports than in the exports of fuels exporting countries, the repercussion is more prominently seen in the evolution of the trade balances. The largest net importers of fuels are the European Union (25), Japan, the United States, the Republic of Korea and China. All these economies recorded a larger deficit or a reduced surplus in their current account as the value of their imports rose faster than exports, with the notable exception of China.

As energy is an important input in the production process, higher oil prices are passed on to other product groups and services in varying degrees, depending mainly on the energy intensity of these goods and services. Prices of steel and petrochemicals rose faster than those of less energy-intensive manufactured goods. Prices for transportation services also increased faster than those for travel and other commercial services over the last two years.

While higher trade prices tend to lead to a larger value share in the short run, the adverse effect on demand growth is likely to erode these gains in the medium and longer term. The impact of oil market developments is not limited to the sectoral and regional distribution of trade. The rise in transportation costs also has an overall impact on global trade. Products and services with a high freight cost component in their value will be more affected than other goods and services. Therefore, long distance trade flows and low value-added goods are in general more vulnerable to the rise in transportation costs.

3. REAL MERCHANDISE TRADE DEVELOPMENTS BY REGION IN 2005

All regions participated in the deceleration of world merchandise trade, as each major region expanded its real merchandise imports in 2005 less rapidly than in 2004. The expansion of imports of the oil-importing developed countries – Japan, the European Union (25) and the United States in 2005 was less than half the rate recorded in 2004. While US imports rose less than world trade they still expanded twice as fast as those of the European Union (Table 2).

Linked to its sluggish economic performance, Europe's trade growth was sharply reduced in 2005. Although the depreciation of the euro, the British pound and the Swiss franc in the course of 2005 improved somewhat the price competitiveness of European exporters in markets outside Europe, the expansion of real merchandise exports was limited to 3.5 per cent in 2005. However, as three-quarters of Europe's exports are destined to European countries, trade growth can only recover with stronger intra-European trade flows.

Table 2
GDP and merchandise trade by region, 2004-05
(Annual percentage at constant prices)

	GDP		Exports		Imports	
	2004	2005	2004	2005	2004	2005
North America	4.1	3.4	8.0	6.0	10.5	6.5
United States	4.2	3.5	8.5	7.0	11.0	5.5
South and Central America ^a	6.8	4.9	12.5	10.0	18.5	14.0
Europe	2.3	1.7	7.0	3.5	7.0	3.0
European Union (25)	2.2	1.6	7.0	3.5	6.0	2.5
Commonwealth of Independent States	8.0	6.6	13.0	4.5	16.0	16.5
Africa and Middle East	5.7	4.5	7.0	7.5	13.5	12.0
Asia	4.2	4.2	14.0	9.5	14.0	7.5
China	10.1	9.9	24.0	25.0	21.5	11.5
Japan ^b	2.3	2.8	10.5	1.0	7.0	2.5
World	3.9	3.3	9.5	6.0	...	...

^a Including the Caribbean.

^b Trade volume data are based on Japan's customs statistics. National account data report a markedly stronger export and import growth in 2005. Source: WTO.

North America's real merchandise exports and imports expanded by about 6 per cent, the same rate as world trade in 2005. Oil-exporting Canada and Mexico increased their real imports faster than their exports, while the opposite development could be observed for the United States. For the first time in eight years US merchandise exports rose faster than world exports. The relative strength of US merchandise exports can be attributed to the recovery of agricultural product shipments and the continued strength of capital goods exports.

South and Central America's merchandise exports and imports continued to be among the most dynamic trade flows in 2005. Strong global demand and high prices for its major export commodities, combined with robust economic growth in the region, stimulated the region's exports and imports, which expanded at double-digit rates.

The major net-oil exporting regions – the Middle East, Africa and the Commonwealth of Independent States – all recorded a very strong expansion of their real merchandise imports by far exceeding world trade growth.

Asia's merchandise exports and imports expanded by 9.5 per cent and 7.5 per cent respectively. Asia's trade developments are prominently shaped by China's performance. In 2005, it is estimated that China's exports continued to expand by one-quarter in real terms and thereby more than two times faster than Asia's total exports or its own import growth.

4. NOMINAL MERCHANDISE AND COMMERCIAL SERVICES TRADE IN 2005

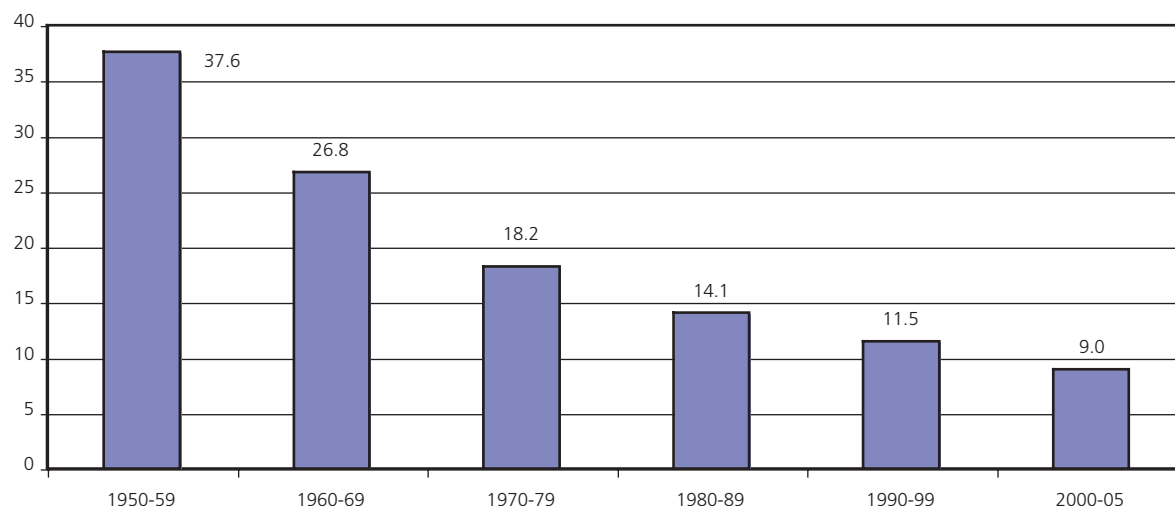
In 2005, the value of world merchandise exports rose by 13 per cent, to US\$10.1 trillion, and that of world commercial services exports by 11 per cent, to US\$2.4 trillion. For both merchandise and commercial services, this represented a marked deceleration in growth if compared with the preceding year. Cross-border commercial services exports expanded for the third year in a row less rapidly than world merchandise exports (Table 3).

Trade value developments by sector showed a large variation in their expansion rates in 2005, largely due to relative price developments. Weak and stagnating prices for food, agricultural raw materials and manufactured goods contrasted with a further sharp rise in the prices for metals and fuels. As shown above in Chart 2, the share of fuels and other mining products in world merchandise trade rose sharply to

16 per cent, the highest level since 1985 and matching the level recorded in 1970. On the other hand, the share of agricultural products in world merchandise exports decreased to a historic record low of less than 9 per cent. Although recent oil price developments played a major role in the further relative decline of agricultural products in world merchandise exports, they only accentuated an existing long-term downward trend. The share of agricultural products (including processed products) in world merchandise exports has decreased steadily over the last six decades, from more than 40 per cent in the early 1950s to 10 per cent in the late 1990s, as both volume and price trends have been less favourable than for other merchandise products (Chart 4).⁸

Among manufactured goods it is estimated that the largest value increases were for iron and steel products, as well as for chemicals. Although there was a recovery in the global demand for computers and other electronic products, the trade value of these categories expanded no faster than the rate for manufactured goods in general. In other words, electronic products have not yet regained the dynamic role they played in the expansion of trade in manufactures throughout the 1990s. In the 1990s the export value of electronic goods rose on average by 12 per cent or two times faster than all other manufactured goods. Available information in early 2006 also points to a below-average expansion of global trade in textiles and clothing in 2005.

Chart 4
Share of agricultural products in world merchandise exports, 1950-2005
(Percentage, period averages)



Note: Agricultural products are defined according to WTO, ITS which differs somewhat from that used in the WTO Agreement on Agriculture (AOA).
Source: WTO.

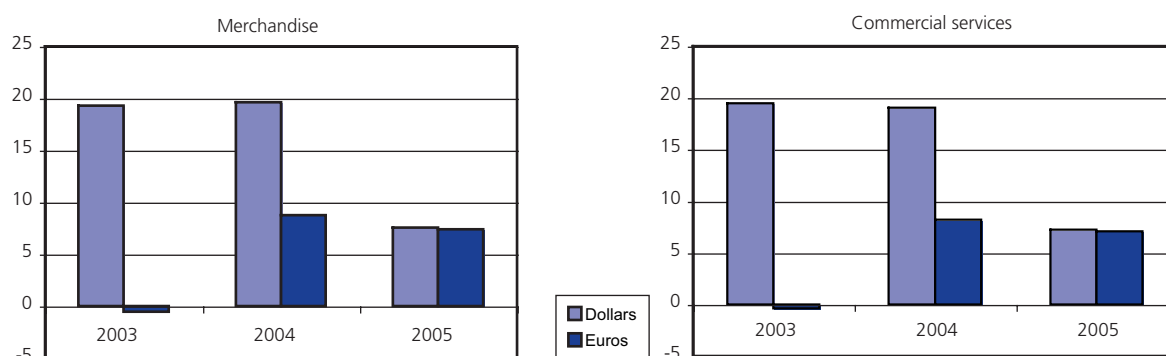
Among the broad commercial services categories (transportation, travel and other commercial services), expansion rates have been similar, ranging from nearly 10 per cent for travel to 12 per cent for transportation services. The relative strength in the export value of transportation services is largely linked to price developments.

⁸ The decline in the share of agricultural products should not obscure the fact that trade in agricultural produce is growing. Indeed, the value of world exports in agricultural products increased 30 fold between 1950 and 2005.

Regional trade flows measured in dollar values reflect volume, price and exchange rate changes which sometimes work out in a cumulative manner and sometimes offset each other.

Europe, the largest trader among the major geographic regions, recorded the lowest export and import growth for both merchandise and commercial services of all regions in 2005 (Appendix Chart 1). It was also Europe which experienced the steepest deceleration among all regions in dollar trade growth in 2005. Most of this deceleration can be attributed to exchange rate developments. Measured in euro terms Europe's merchandise and commercial services both expanded by about 7 per cent in 2005, only moderately less than in 2004 (Chart 5).

Chart 5
Europe's nominal merchandise and commercial services exports in euro and dollar values, 2003-05
(Percentage changes)



Source: WTO.

North America's merchandise and commercial services exports rose by 12 per cent and 10 per cent respectively, which was somewhat less than the corresponding global averages. Imports of services expanded in line with the region's exports but merchandise import growth exceeded export growth. Over the last five years, the growth of North America's merchandise and commercial services exports was about half the 10 per cent average annual growth observed globally. Although North America's merchandise imports expanded one and a half times faster (at 6 per cent) than its own exports over this five-year period, they still lagged the expansion of world trade, estimated at 10 per cent (Appendix Tables 1 and 2).

The Middle East, Africa and the CIS, the world's largest net exporters of fuels, benefited from the further rise in fuel prices and increased their merchandise exports between 29 per cent and 36 per cent in 2005. The sharply rising export revenues in 2004 and 2005 enabled these regions to expand their merchandise and services imports faster than the global average.⁹

The importance of product structure as a determinant of the export performance in 2005 is highlighted if one distinguishes between the oil exporting African countries and the non-oil exporting African countries. Merchandise exports of South Africa and the other non-oil exporting countries in Africa have seen an increase of about 12 per cent – on a par with world merchandise trade growth. Exports of the oil exporting African countries had been far more dynamic surging by 45 per cent, through a combination of larger export volumes and higher prices. The oil exporting African countries recorded a merchandise trade surplus (f.o.b.- c.i.f.) in excess of US\$100 billion, while the oil importing African countries record a deficit of US\$40 billion in 2005 (Appendix Table 1).

South and Central America and the Caribbean region not only recorded very high merchandise trade of nearly one-quarter in 2005, but also the strongest expansion in commercial services trade of all regions. Strong economic growth, favourable commodity price developments and exchange rate appreciations contributed to these outstanding developments in the region's nominal trade values in 2005.

⁹ According to preliminary data, services imports of the Middle East are estimated to have grown by 11 per cent and to have matched the increase in world services trade.

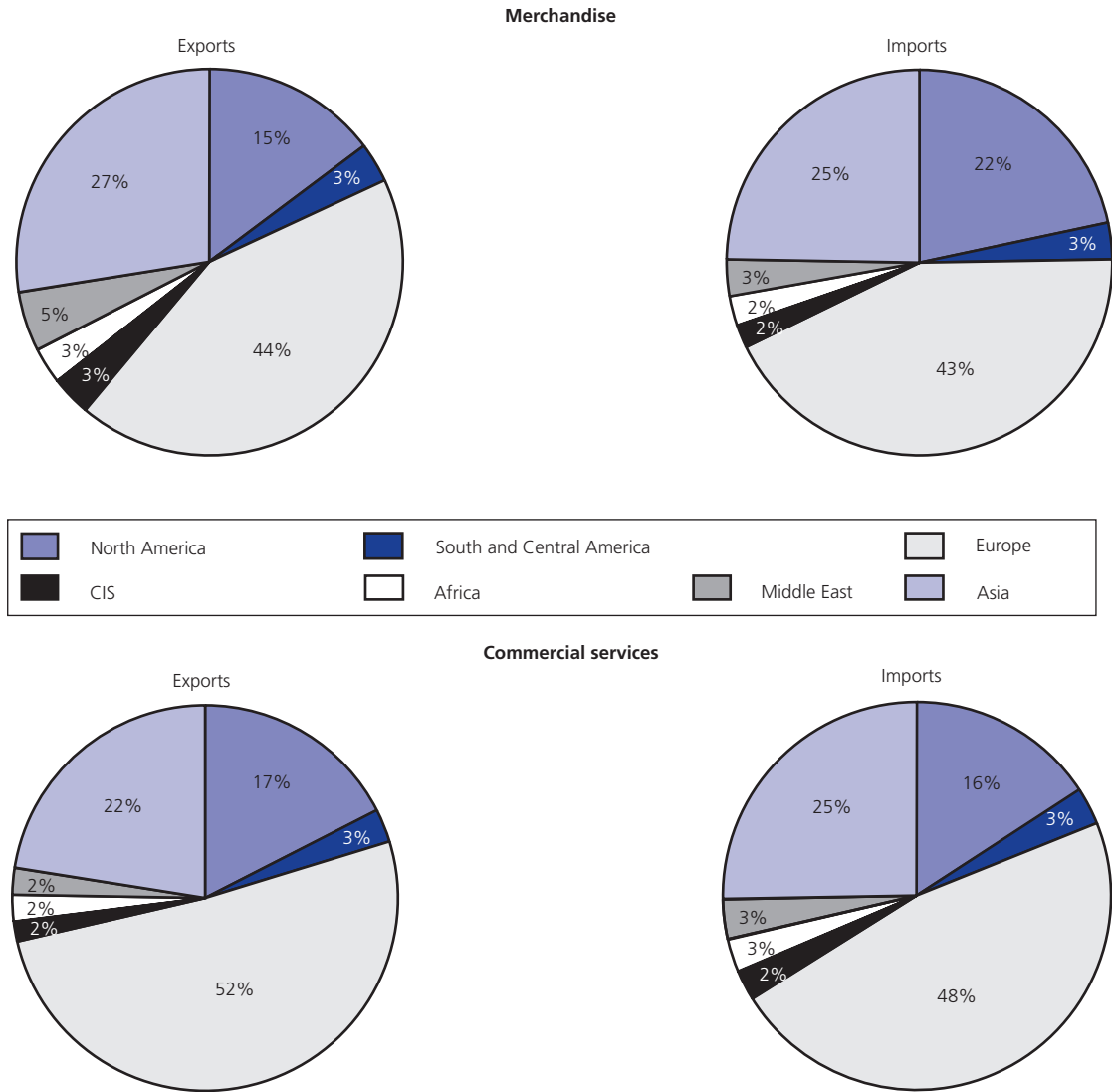
There was a sharp deceleration in Asia's nominal merchandise export and import growth but the expansion rate remained – at 15 per cent and 16 per cent respectively – somewhat stronger than global trade growth in 2005. Trade performance varied a good deal among Asian merchandise exporters. China, the leading trader in the region, reported export growth of 28 per cent and accounted for the first time for more than one-quarter of Asia's merchandise exports.¹⁰ Other Asian countries' exports increased by 11 per cent in 2005, less than global merchandise exports. One of the weakest export growth rates in Asia was reported by Japan (5 per cent) and for the four East Asian traders (comprising Chinese Taipei; Hong Kong, China; the Republic of Korea and Singapore), export expansion in 2005 was limited to 12 per cent, less than half the rate observed in 2004. Despite its strong economy, China's import growth slowed down sharply in 2005. Under the impact of higher fuel prices, Japan's merchandise imports rose by 14 per cent, nearly three times faster than its exports. India reported import growth of 35 per cent, one of the highest rates among Asian traders (Appendix Table 1).

Asia's commercial services exports and imports have been far more dynamic than world commercial services trade. China's and India's services trade expansion exceeded that of other Asian countries by a large margin, although incomplete information (China) and methodological changes in recording (India) exclude a precise year-to-year comparison at this moment. Asia's largest services importer, Japan, saw a near stagnation of its total commercial services imports, largely due to a contraction of its travel services expenditures abroad.

As the summary review of regional trade developments above has shown, there can be as much variation in the trade performance within a region as among the major geographic regions. This observation argues for cautious use to be made of regional trade aggregates in the analysis of trade flows, and to complement it whenever feasible with more disaggregated data.

¹⁰ There is an element of double counting in China's merchandise trade returns as some shipments recorded as exports return afterwards to China and are recorded as imports. Excluding these flows (of US\$55 billion) from the reported numbers shown in Appendix Table 1 would lower China's trade expansion by about 1 percentage point in 2005. For more details see, WTO, International Trade Statistics 2005 (Box 2).

Appendix Chart 1
Share in world merchandise and commercial services trade by region, 2005
(Percentage share)



Source: WTO.

Appendix Table 1
World merchandise trade by region and selected country, 2005
(Billion dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2005	2000-05	2003	2004	2005	2005	2000-05	2003	2004	2005
World	10121	10	17	21	13	10481	10	17	22	13
North America	1478	4	5	14	12	2285	6	8	16	14
United States	904	3	5	13	10	1733	7	9	17	14
Canada	360	5	8	16	14	320	6	8	14	14
Mexico	214	5	3	14	14	232	5	1	15	12
South and Central America ^a	351	13	15	29	25	294	7	6	28	22
Brazil	118	17	21	32	23	78	6	3	31	17
Other South and Central America ^a	232	11	12	28	26	216	8	7	27	24
Europe	4353	11	19	20	8	4521	10	20	20	9
European Union (25)	3988	10	19	19	7	4120	10	20	20	8
Germany	971	12	22	21	7	774	9	23	18	8
France	459	7	18	15	2	496	8	21	18	5
United Kingdom	378	6	9	14	9	501	8	13	20	6
Italy	367	9	18	18	4	380	10	20	19	7
Other Western Europe	233	10	14	18	14	182	8	15	16	10
Switzerland	126	9	15	18	6	121	8	15	16	9
South-East Europe	132	21	29	34	17	219	19	33	36	18
CIS	342	19	27	36	29	216	21	27	31	25
Russian Federation	245	18	27	35	34	125	23	25	28	28
Africa	296	15	26	30	29	248	14	21	29	16
South Africa	52	12	23	26	13	67	17	40	39	16
Africa less South Africa	244	16	26	31	33	181	13	16	26	16
Oil exporters ^b	166	18	33	41	45	63	17	17	34	17
Non oil exporters	78	11	18	18	12	118	11	15	22	16
Middle East	529	15	20	30	36	318	15	15	26	19
Asia	2773	11	19	25	15	2599	12	20	27	16
Japan	596	4	13	20	5	516	6	14	19	14
China	762	25	35	35	28	660	24	40	36	18
Four East Asian traders ^c	731	9	19	25	12	676	8	15	27	14
India	90	16	16	33	19	132	21	26	37	35
Memorandum items:										
MERCOSUR (4)	163	14	19	28	20	113	5	11	38	18
ASEAN (10)	653	9	16	20	14	593	9	13	25	16
EU (25) extra-trade	1328	11	17	21	10	1460	10	19	21	14
EU (15)	3679	10	19	18	6	...	...	...	...	...
EU (new members, 10)	309	20	29	34	16	...	...	...	...	...
Developing economies	3443	13	19	27	22	3024	12	17	28	17
Developing Asia	2050	13	21	27	18	1932	13	22	30	17

^a Includes the Caribbean.

^b Algeria, Angola, Chad, Congo, Equatorial Guinea, Gabon, Libya, Nigeria, Sudan.

^c Chinese Taipei; Hong Kong, China; Republic of Korea and Singapore.

Note: For the composition of country groups see the Technical Notes.

Source: WTO.

Appendix Table 2
World trade of commercial services by region and selected country, 2005
(Billion dollars and percentage)

	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2005	2000-05	2003	2004	2005	2005	2000-05	2003	2004	2005
World	2415	10	15	19	11	2361	10	14	18	11
North America	420	5	5	11	10	373	7	9	15	10
United States	353	5	5	11	10	289	7	8	15	10
Canada	51	5	7	11	9	62	7	14	13	10
Mexico	16	3	0	12	12	22	5	3	10	12
South and Central America ^a	68	8	10	16	20	70	5	4	14	22
Brazil	15	11	9	21	28	22	7	6	12	38
Other South and Central America ^a	53	7	10	14	17	48	4	3	15	15
Europe	1233	11	19	19	7	1119	11	19	16	8
European Union (25)	1104	11	19	19	7	1034	10	19	16	7
Germany	143	12	20	15	7	199	8	19	13	4
United Kingdom	183	9	15	23	-1	150	9	13	20	4
France	114	7	15	12	4	103	11	20	18	7
Italy	93	11	19	17	13	92	11	20	10	15
Other Western Europe	77	11	16	23	12	57	13	15	23	14
Switzerland	45	10	15	24	9	25	10	11	25	7
South-East Europe	52	12	35	23	15	29	13	27	30	19
CIS	40	18	16	23	20	58	20	17	24	18
Russian Federation	24	20	20	25	20	38	18	16	23	15
Africa	57	13	26	20	12	66	12	16	19	15
South Africa	10	16	69	14	17	12	16	52	26	19
Middle East	54	11	27	14	12	80	11	19	20	11
Asia	543	12	10	26	19	595	10	10	25	15
Japan	107	8	8	25	12	136	3	3	22	1
China	81	22	18	34	...	85	19	19	31	...
Four East Asian traders ^b	175	8	9	18	9	165	8	8	21	10
India	68	33	21	66	...	67	29	23	53	...
Memorandum items:										
MERCOSUR (4)	23	8	13	21	25	31	4	8	15	32
ASEAN (10)	104	8	2	22	10	132	9	9	21	14

^a Includes the Caribbean.

^b Chinese Taipei; Hong Kong, China; Republic of Korea and Singapore.

Note: For the composition of country groups see the Technical Notes.

Source: WTO.