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EUROSYSTEM

Recent developments in global trade

Presentation „Schwerpunkt Außenwirtschaft“

WKO-OeNB

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World trade growth decelerated further in 2019 – Severe crisis related trade collapse expected for 2020

- **Global GDP** growth of **2.9% in 2019** – further deceleration compared to 2018 (3.6%)
 - Continued uncertainty about Brexit
 - Geopolitical tensions
 - Natural disasters (hurricanes in the Caribbean, flooding in eastern and draught in southern Africa, wildfires in Australia) and social unrest i.a. Iran, Hong Kong, Chile

- **World trade** volume grew by **only 1% in 2019** – compared to 3.8% 2018
weakest year for global trade growth since the trade collapse in 2009:
 - Rising trade barriers
 - further escalation of U.S.-China trade conflict
 - Uncertainty about potential U.S.-tariff on European automobiles

- **WTO merchandise trade forecast for 2020: between -13% and -32%**

Both global trade and output plunge deeply in early 2020

Global trade and industrial production

year-on-year change in %, 3-month moving averages

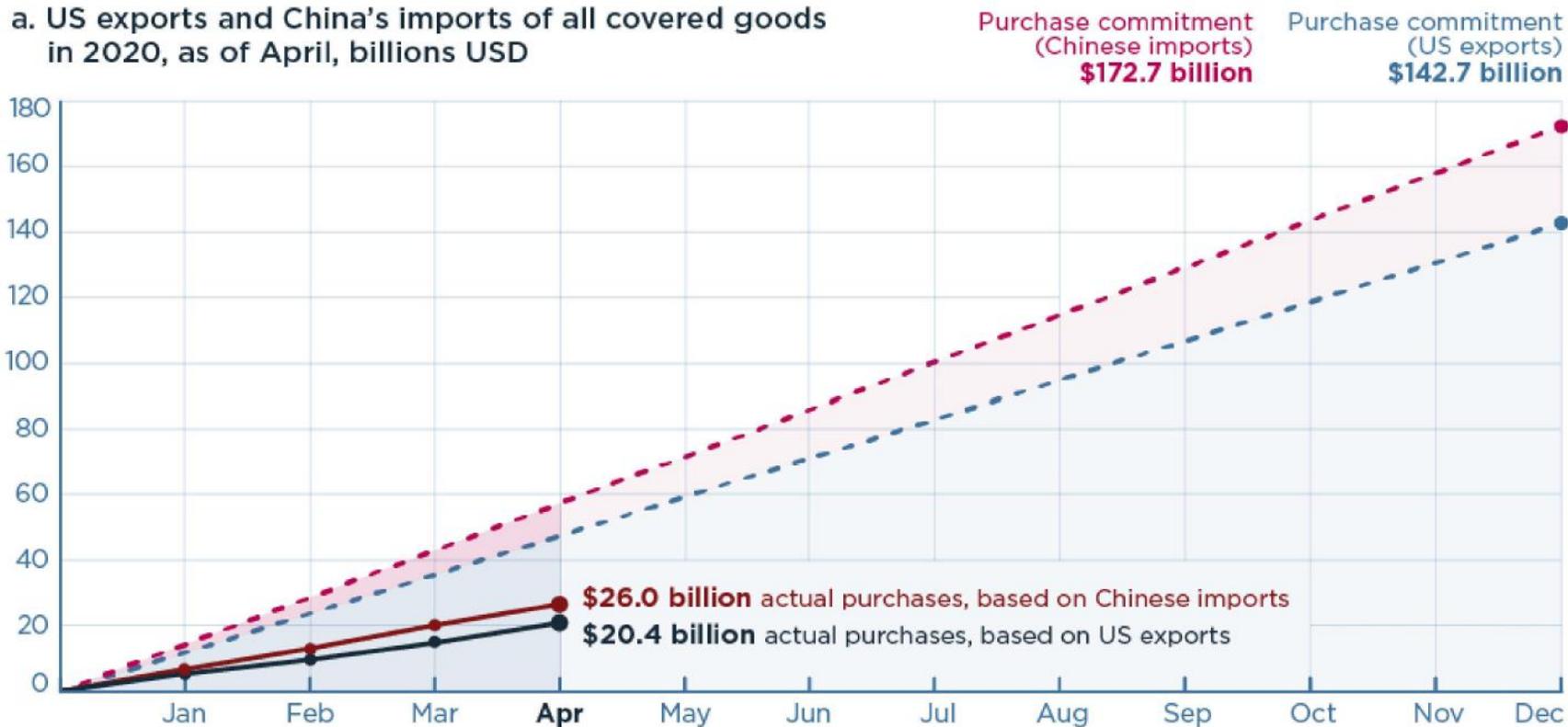


Source: CPB, Macrobond.

- Global trade dynamics showed a soft recovery in the first quarter of 2019
- Since mid-2019 weaker dynamics due to lower demand for automobiles and technological goods
- Underlying long-run downward trend in production of capital and intermediate goods
- Escalation of U.S.-China trade war in May and June 2019 (reciprocal increase in bilateral tariffs)
- “Phase-One” deal in October 2019 brings only moderate relief

PIIE US-China phase one tracker: China's purchases of US goods

US exports and China's imports in 2020 of all goods covered by the phase one deal as of April 2020

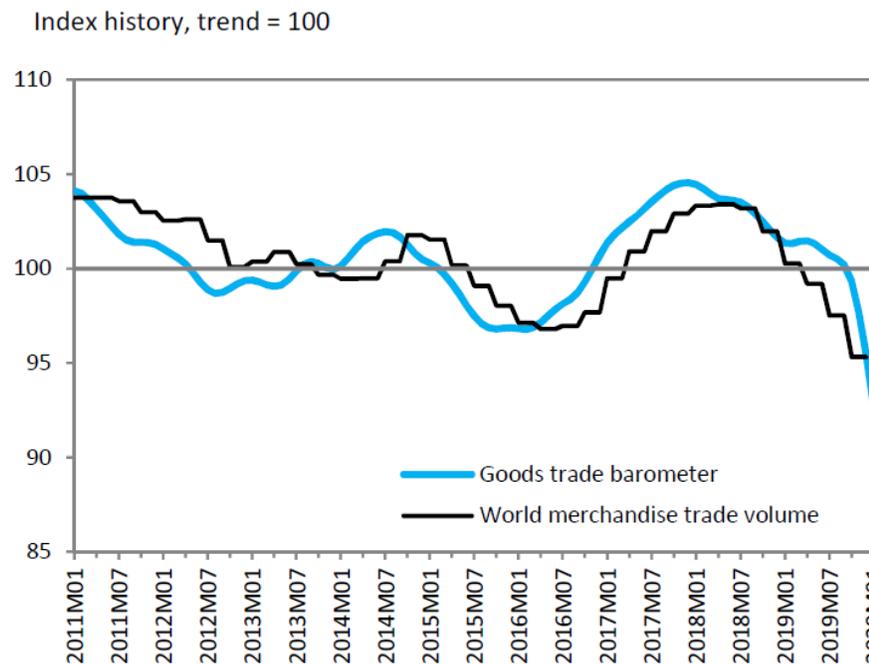
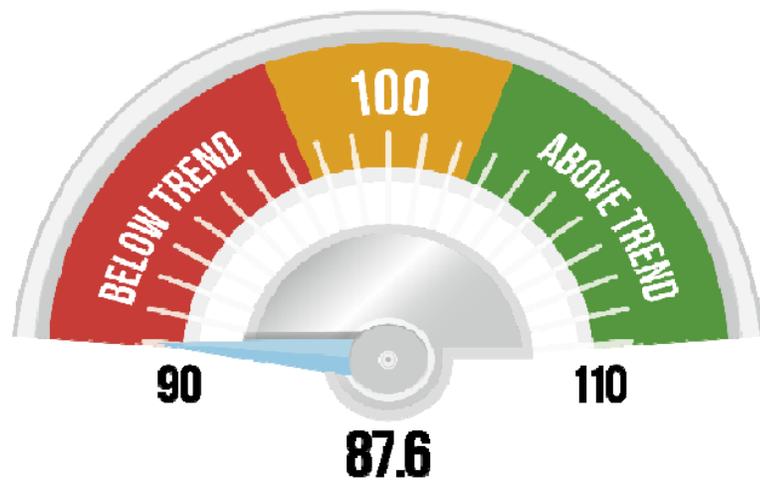


Source: Chad P. Bown, US-China phase one tracker, PIIE Chart, download on June 17, 2020 from: <https://www.piie.com/research/piie-charts/us-china-phase-one-tracker-chinas-purchases-us-goods>

World Trade Outlook Indicator down sharply in March 2020, suggesting a steep decline in global goods trade

Goods trade barometer

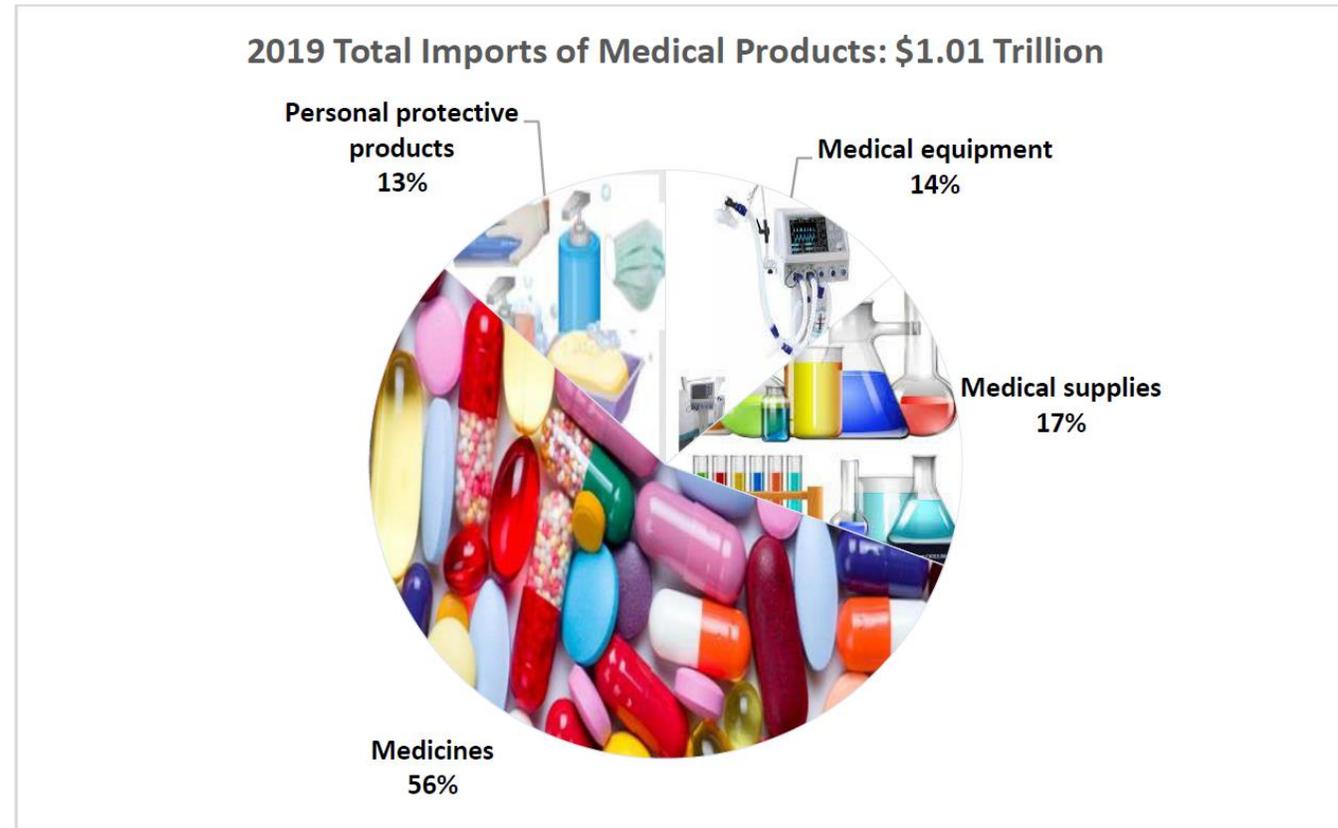
Index value, Mar 2020



Source: WTO (Release date: 20 May 2020)

Trade in medical goods

- Imports and exports of medical products represented about 5% of total world merchandise trade in 2019.
- Germany, U.S. and Switzerland supply 35% of medical products.
- Trade of products described as critical and in severe shortage in COVID-19 crisis totalled about \$597 billion, or 1.7% of total world trade in 2019.
- Protective supplies used in the fight against COVID-19 attract an average tariff of 11.5% and goes as high as 27% in some countries.



Source: WTO Secretariat

Danke für Ihre Aufmerksamkeit

Thank you for your attention

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