CPB Netherlands Bureau for Economic Policy Analysis

World Trade outlook 2018

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AIECE spring meeting 17 May 2018

Overview World trade outlook

- WTM and leading indicators
- International forecast (higher trade intensity)
- Relation between WTM and IMF WEO trade data
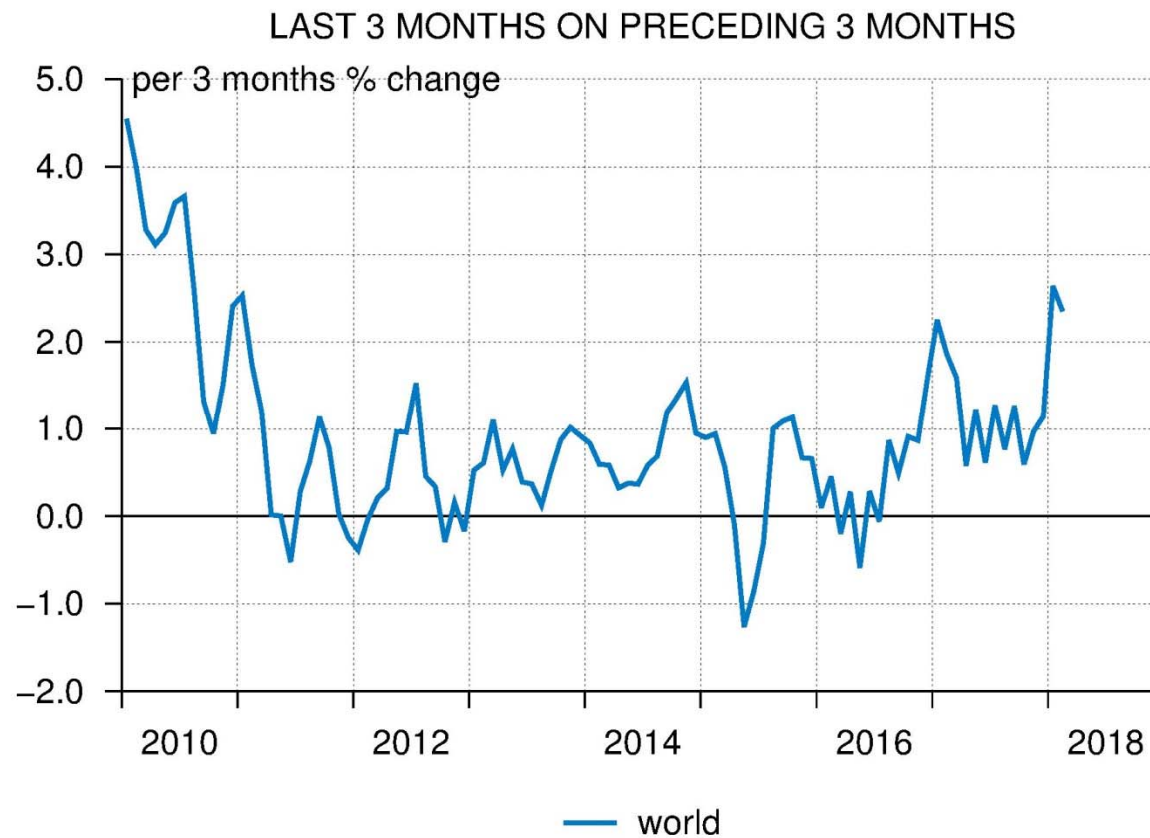- Trade policy

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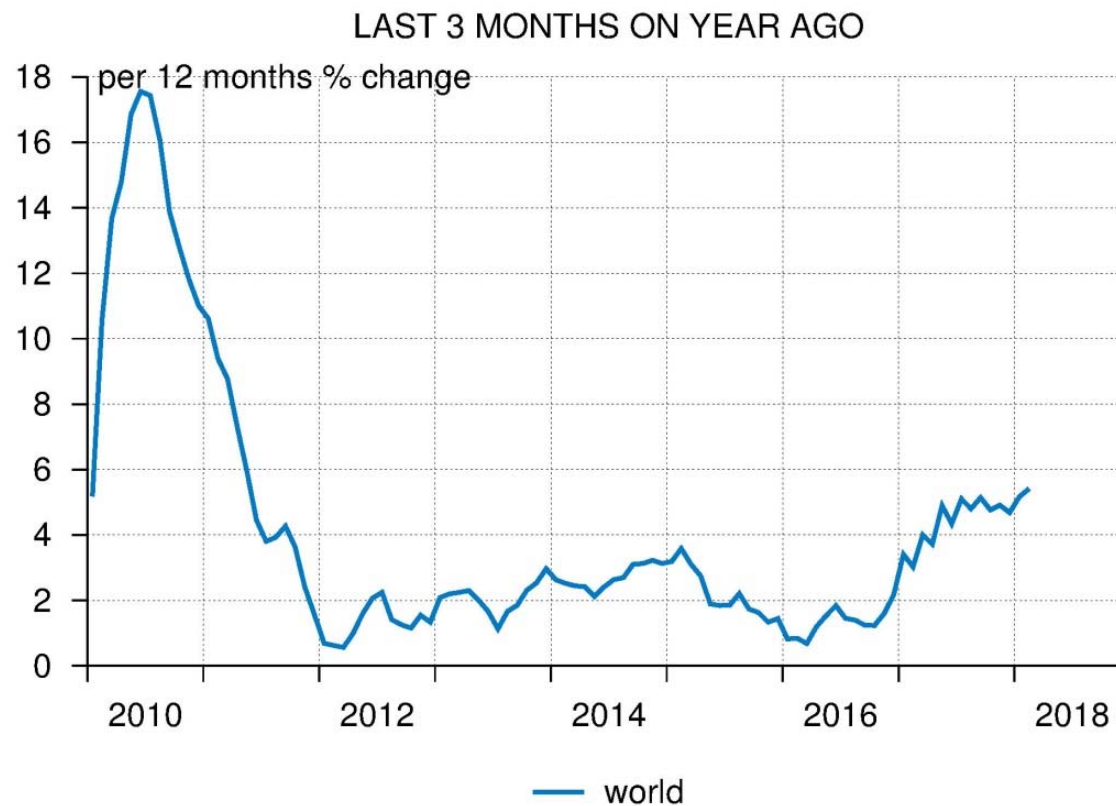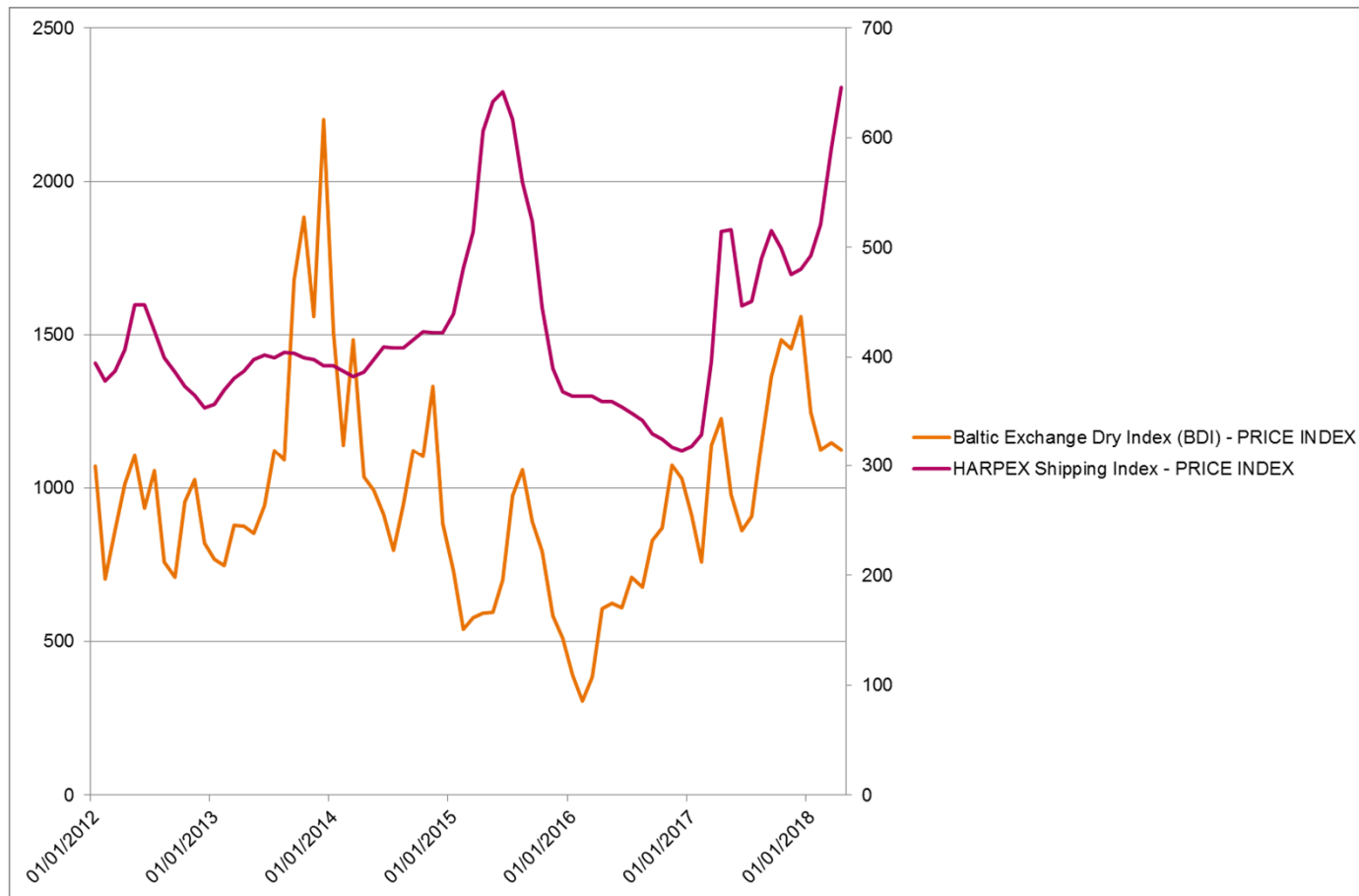- Trade policy

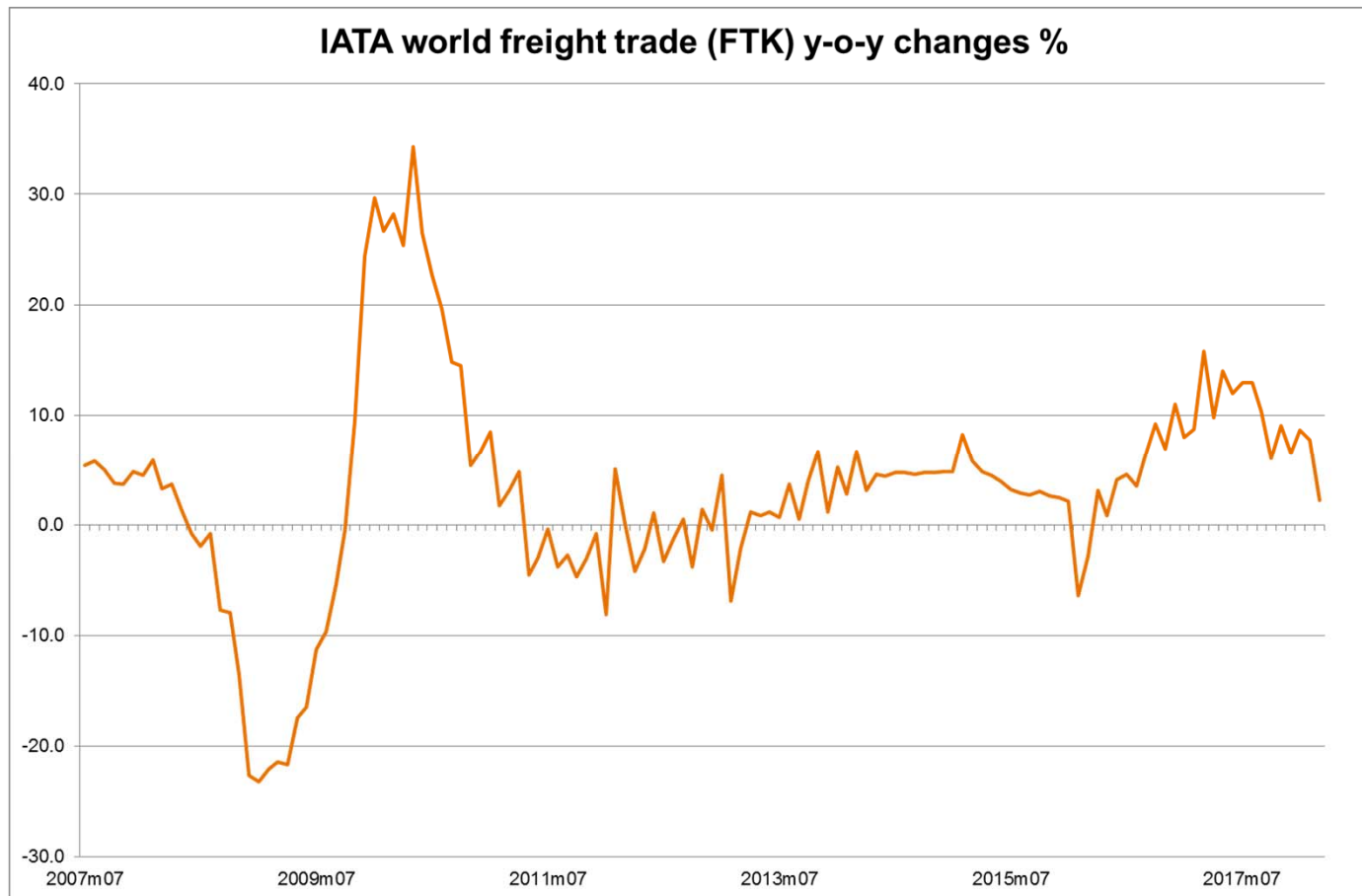# High world trade volume growth last months

LAST 3 MONTHS ON PRECEDING 3 MONTHS

Will the acceleration in trade continue?

LAST 3 MONTHS ON YEAR AGO

per 12 months % change

Leading indicators: mixed signal shipping index

Air freight volume growth slows down

IATA world freight trade (FTK) y-o-y changes %

While semiconductor growth stays high

World semiconductor billings (y-o-y growth, %)
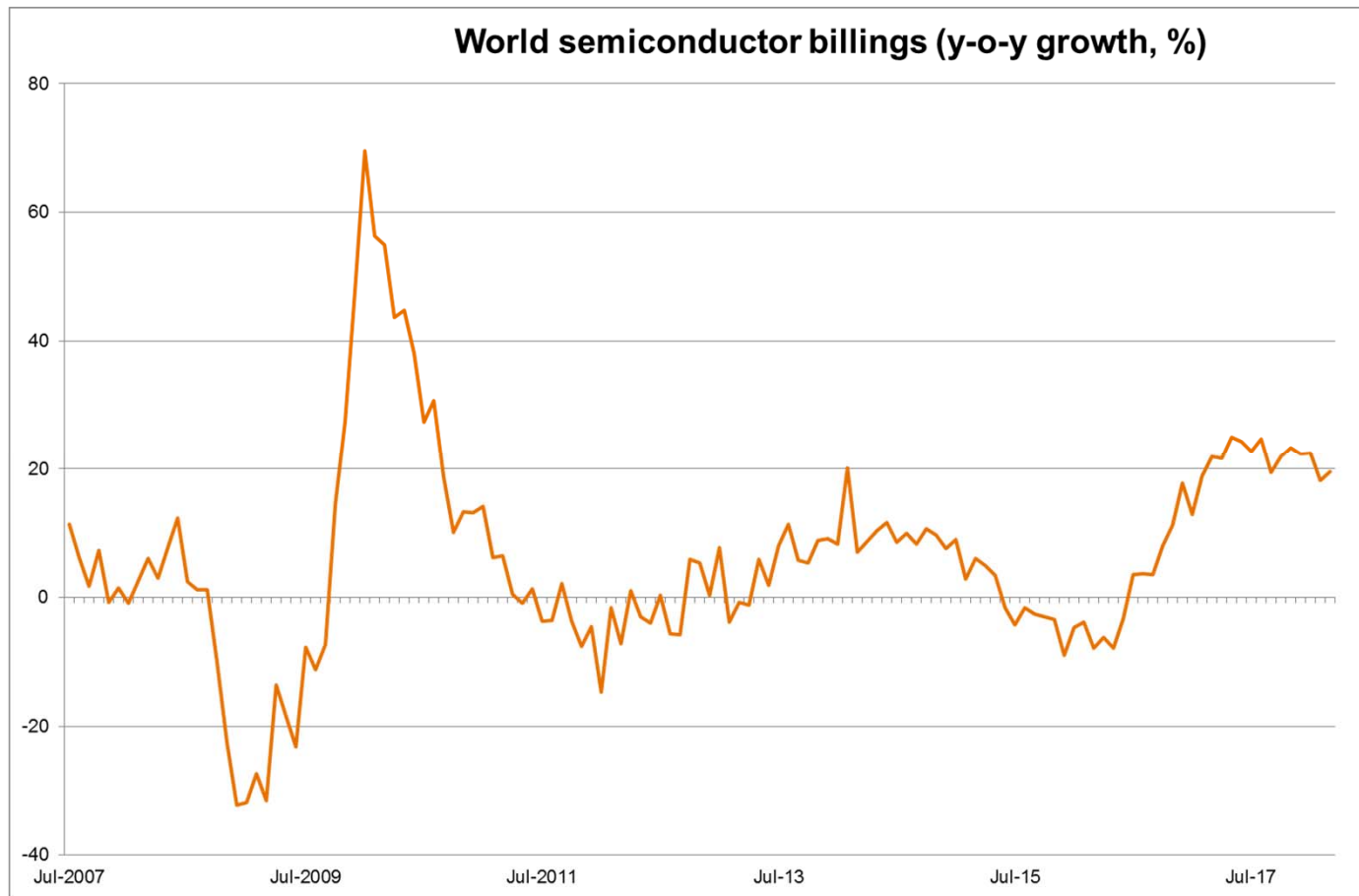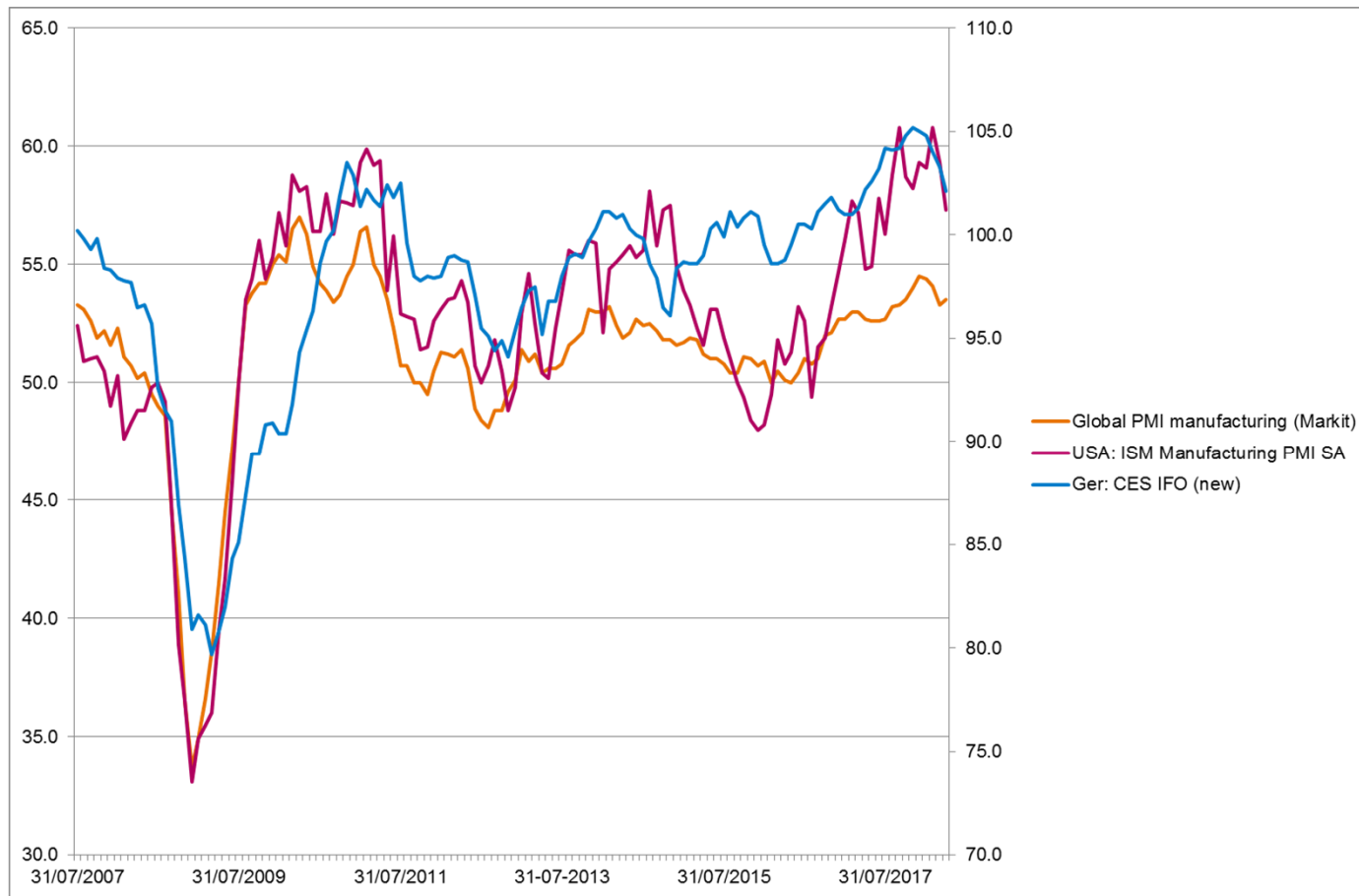
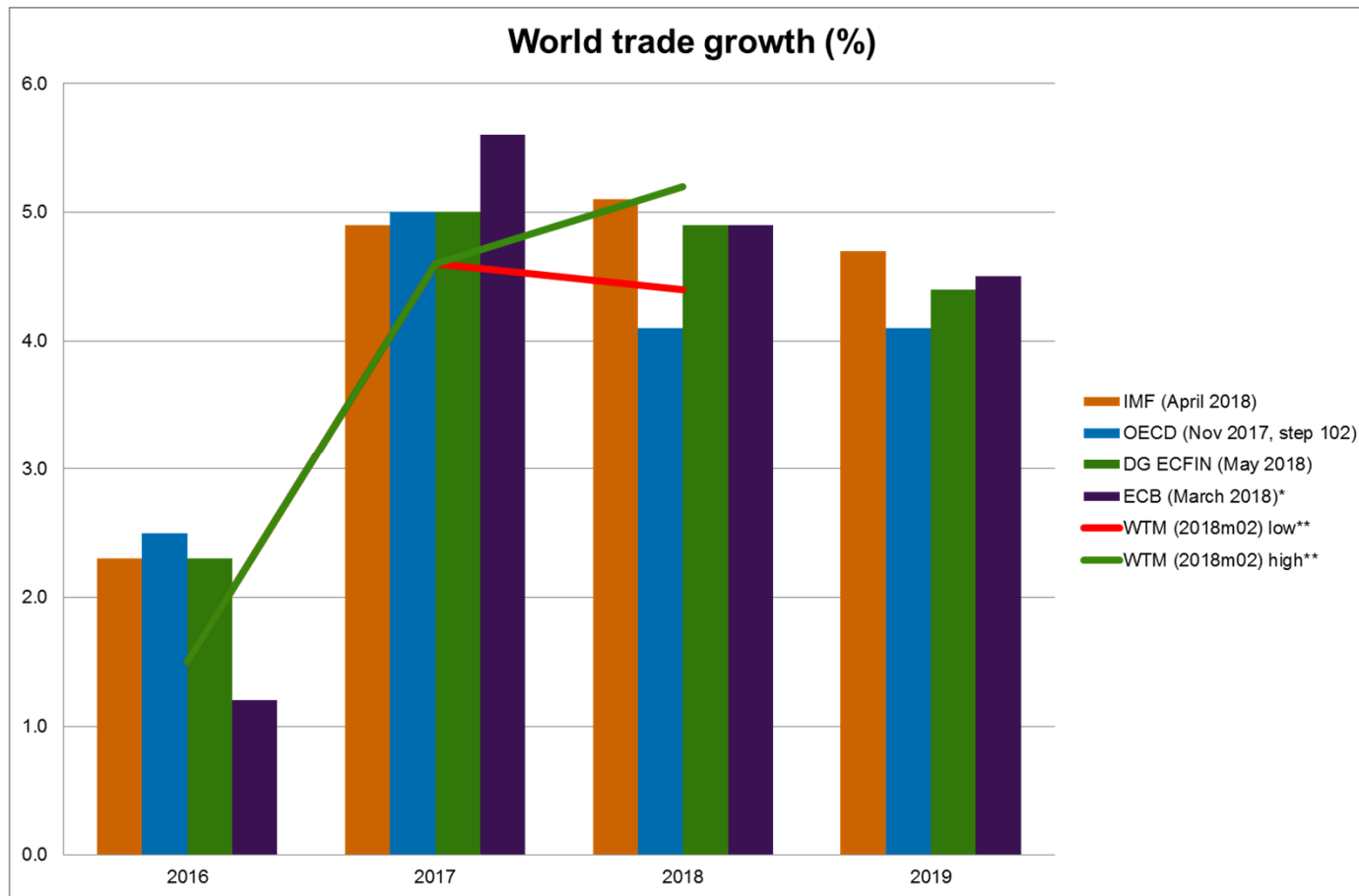# PMI's (global, US, Ger) signal relative slowdown

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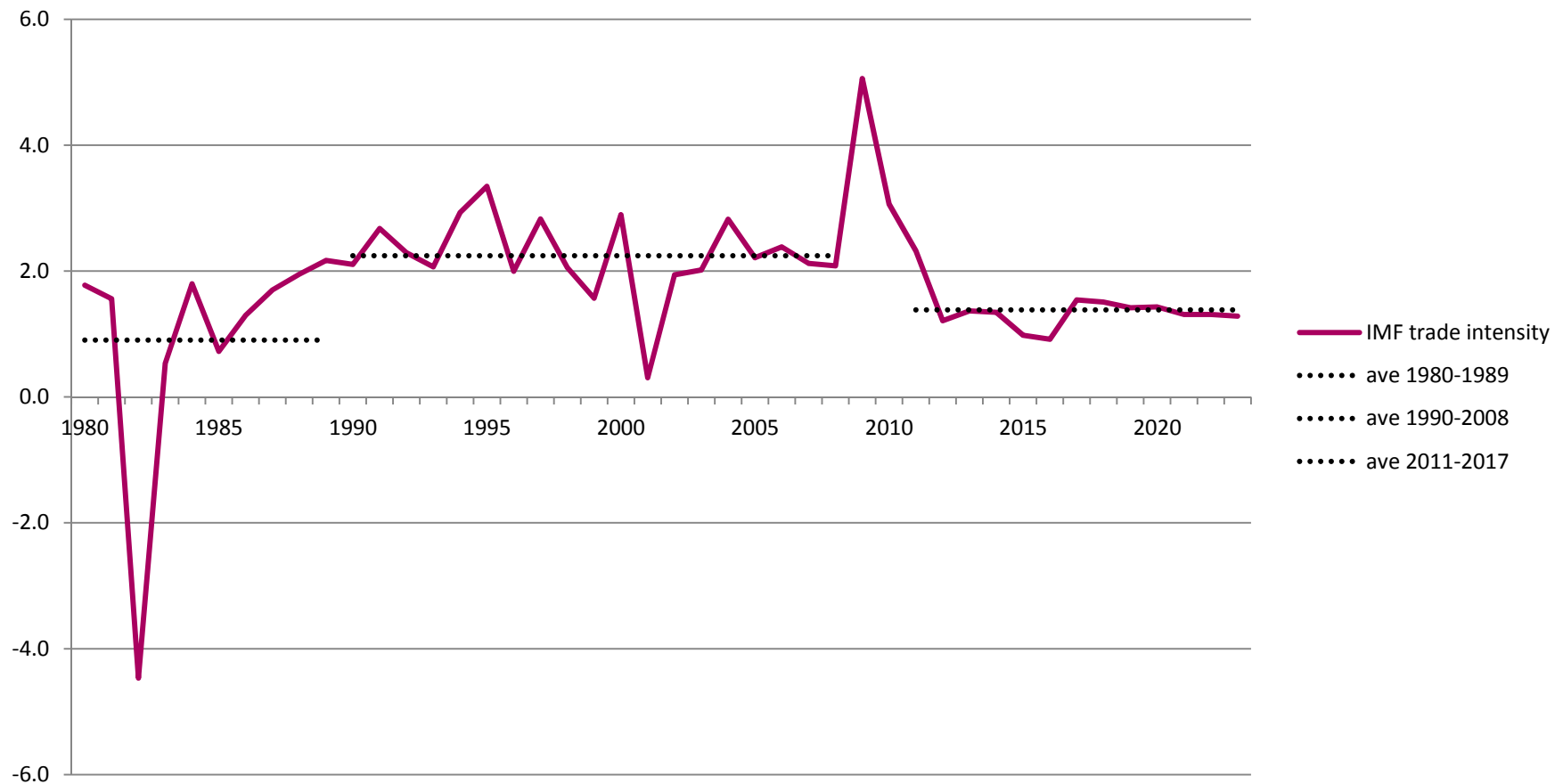- Relation between WTM and IMF WEO trade data
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International forecasts: World trade

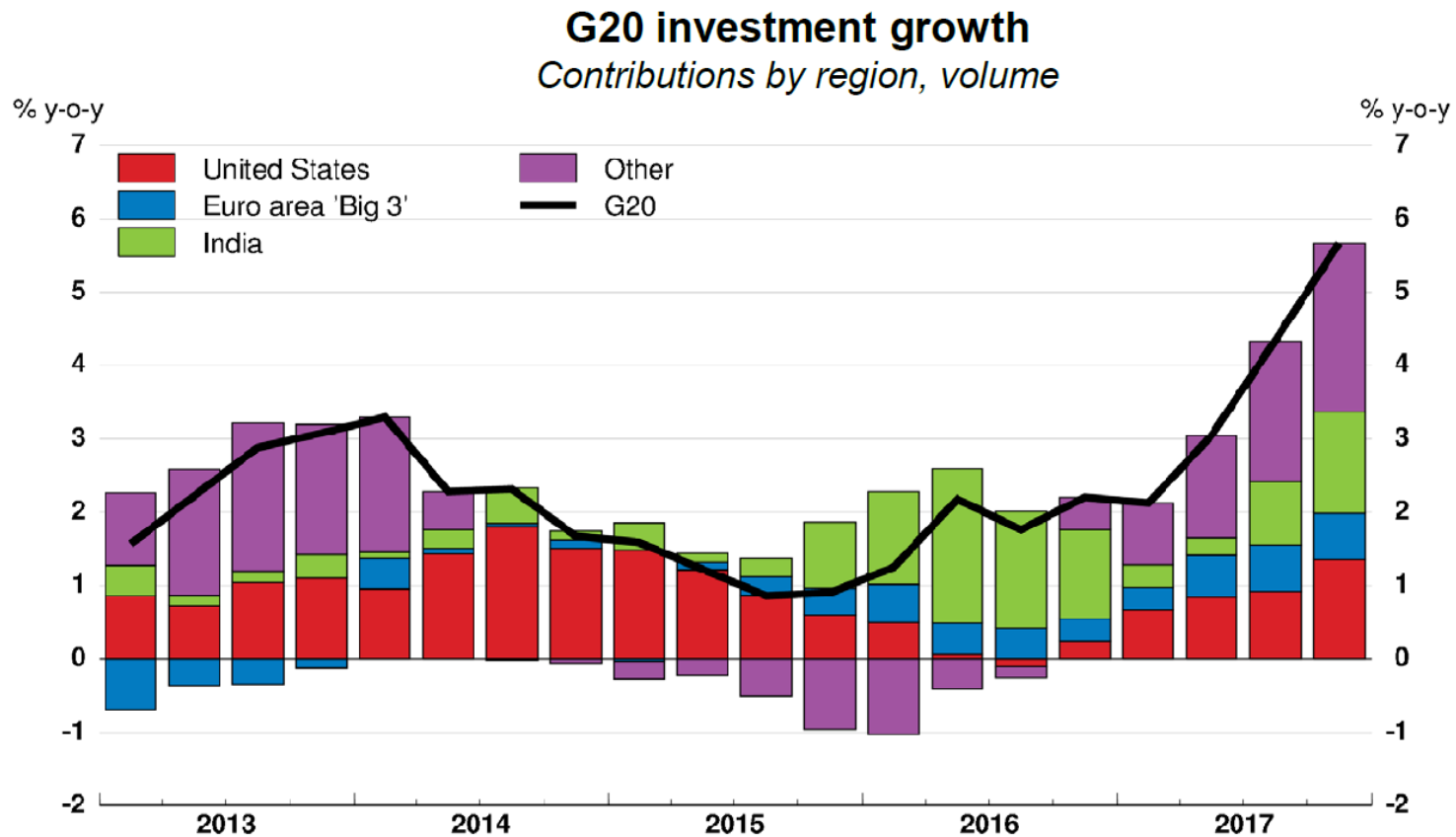# Trade intensity (IMF WEO, 1980-2023)

Legend:
- IMF trade intensity
- ave 1980-1989
- ave 1990-2008
- ave 2011-2017

Increase in investment growth

G20 investment growth
Contributions by region, volume

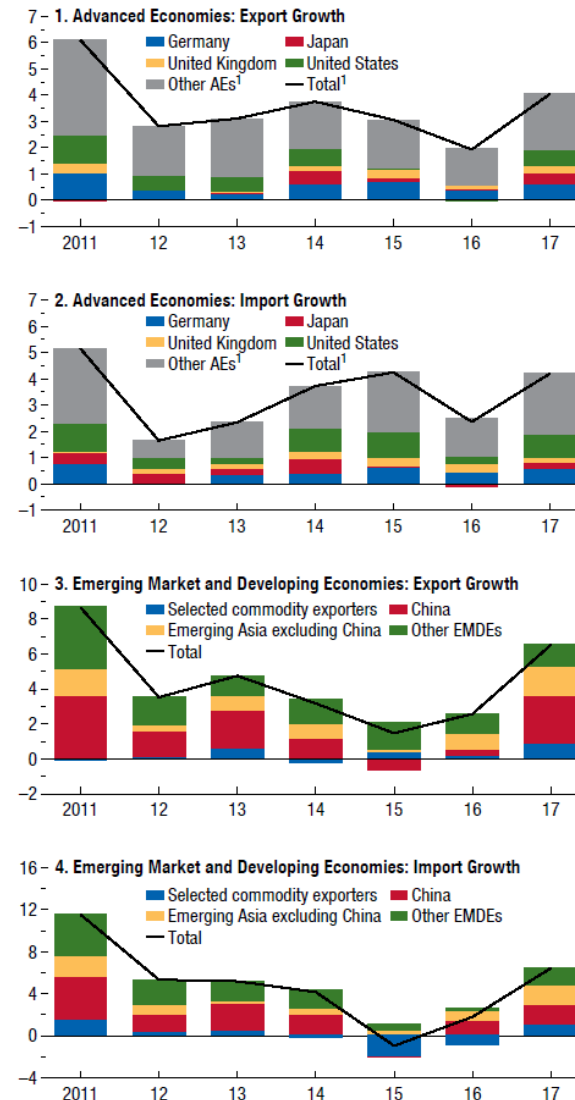Source: OECD interim outlook, March 2018

Regional contributions

- Source: IMF, WEO, april 2018

- Acceleration in 2017 in:
  - USA, Japan
 - China, other emerging Asia
  - Imports commodity producers

Figure 1.4. Contributions to Trade Growth
(Percent)

The trade recovery was particularly pronounced in emerging market and developing economies.

1. Advanced Economies: Export Growth
2. Advanced Economies: Import Growth
3. Emerging Market and Developing Economies: Export Growth
4. Emerging Market and Developing Economies: Import Growth

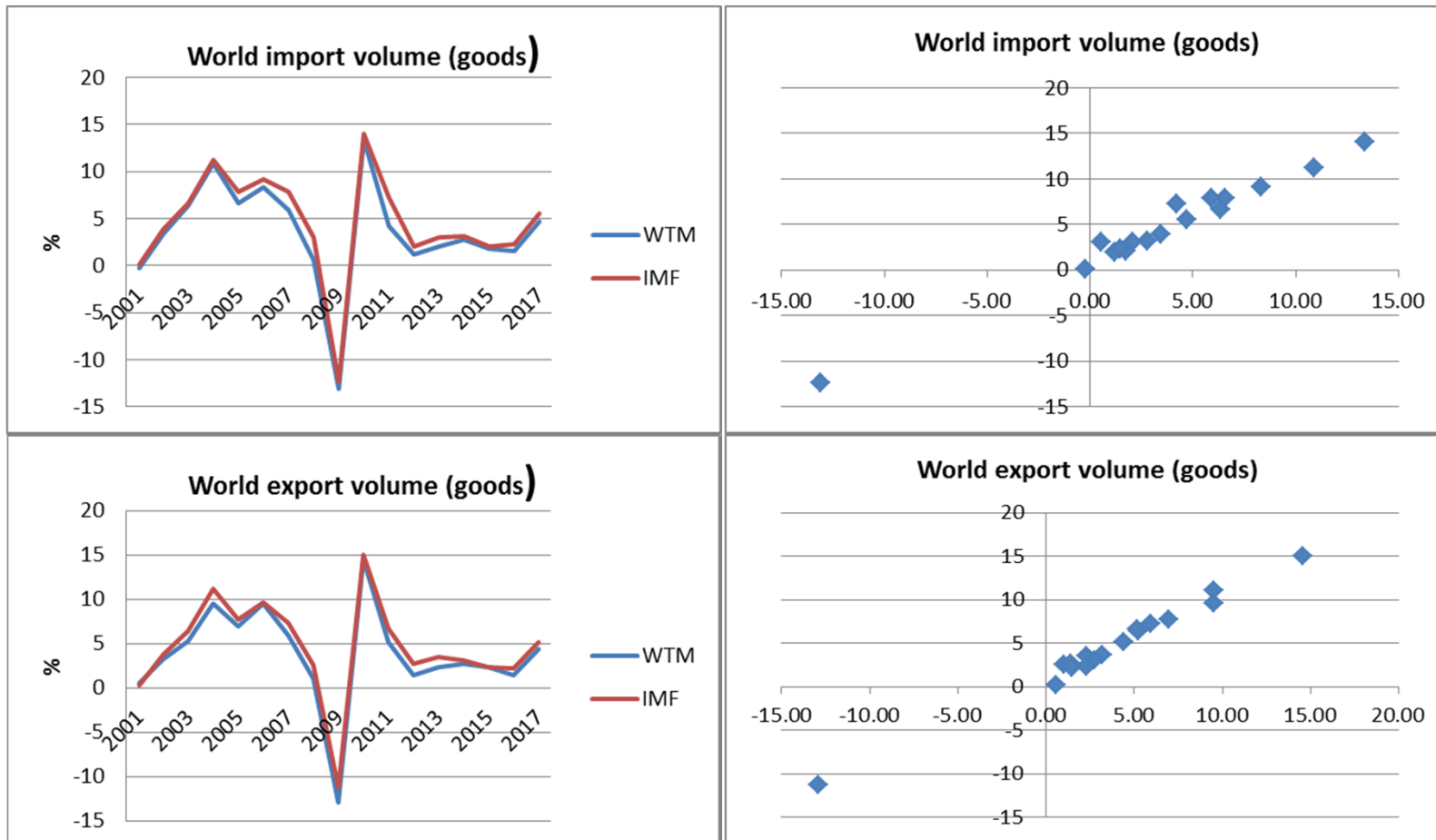# Chinese import growth (%) and Keqaing index
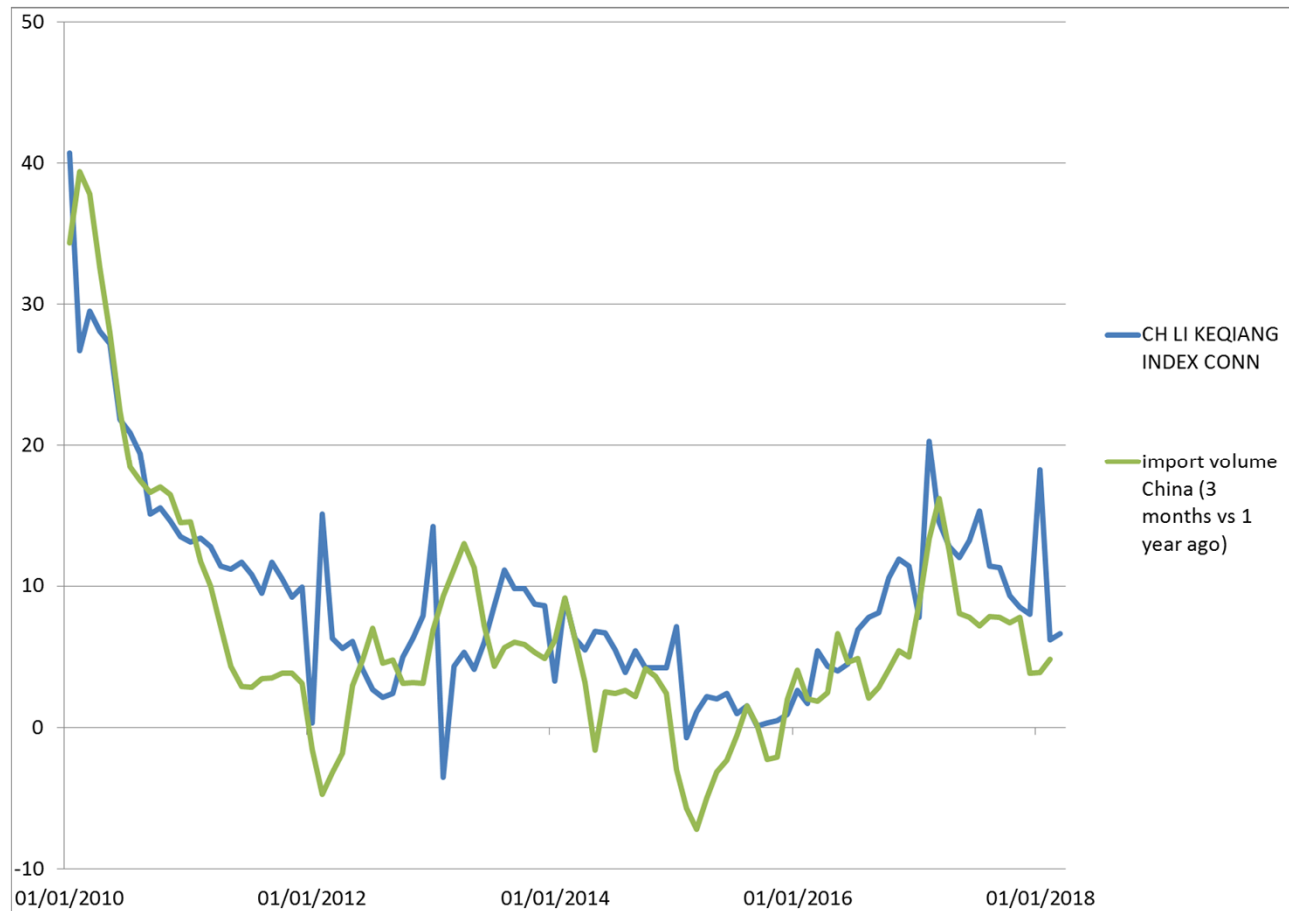
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Relation between WTM and NR data (IMF; years)

Relation between WTM and NR data (IMF; years)

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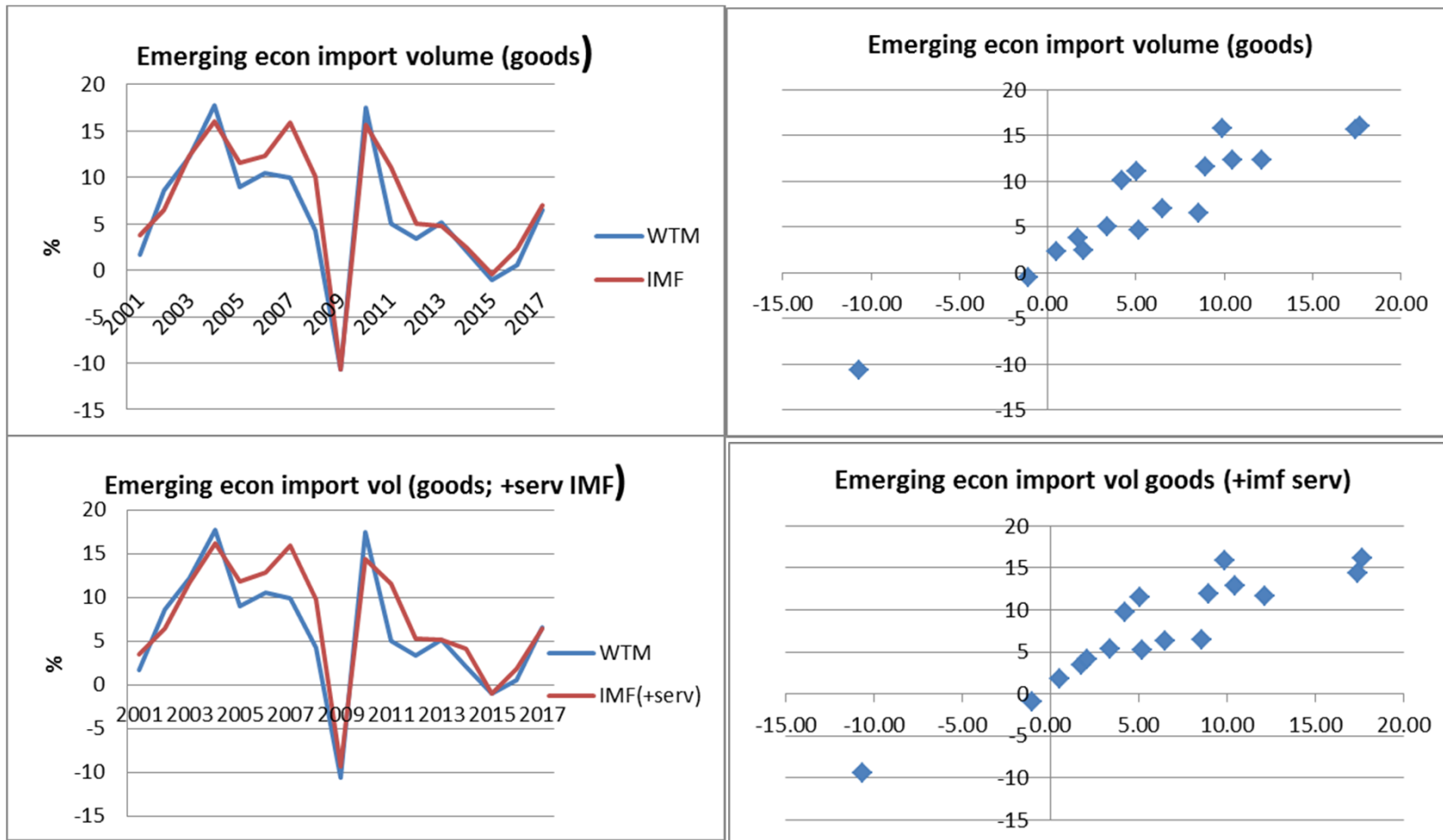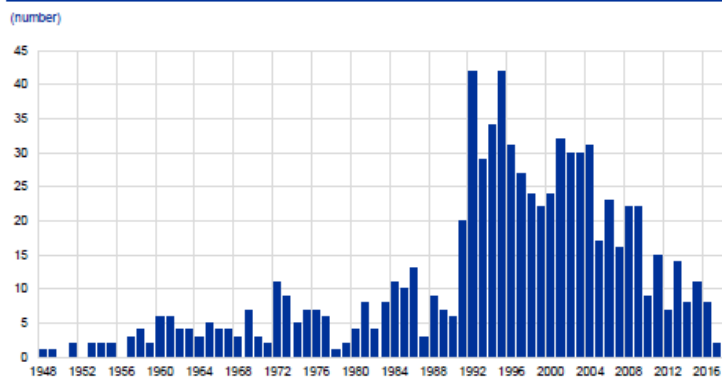- Relation between WTM and IMF WEO trade data
- **Trade policy**

Trade policy

Chart A
Preferential trade agreements by year of signature

(number)

Source: Design of Trade Agreements Database.

Chart B
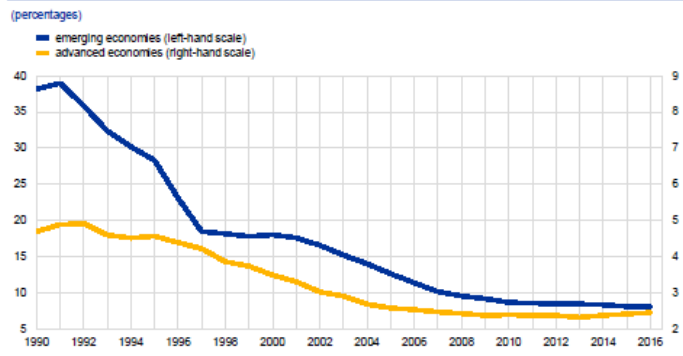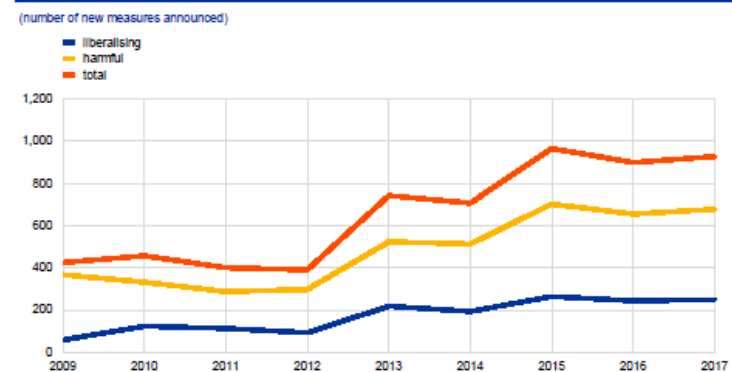Average tariffs in advanced economies and emerging market economies

(percentages)
- emerging economies (left-hand scale)
- advanced economies (right-hand scale)

Chart C
New trade measures announced by G20 countries

(number of new measures announced)
- liberalising
- harmful
- total

Source: Global Trade Alert Database.
Notes: Data have been adjusted for reporting lags. The cut-off date in each year is 31 December.

Source: ECB, 2018, box by Lucia Quaglietti

current plans and uncertain future

- US tariffs on Solar Panels and Washing machines

- ## US tariffs on steel and aluminum
  - Exemption Canada and Mexico
  - Exemption (until June 1st?) EU, Korea, Br, Arg, Aus

- ## US tariffs on China (section 301/ IPR)
  - $50 bln goods and retaliation by China
  - Another $ 100 bln goods and retaliation
- Brexit
- No TPP or TTIP
- Collapse of Doha round of multilateral negotiations
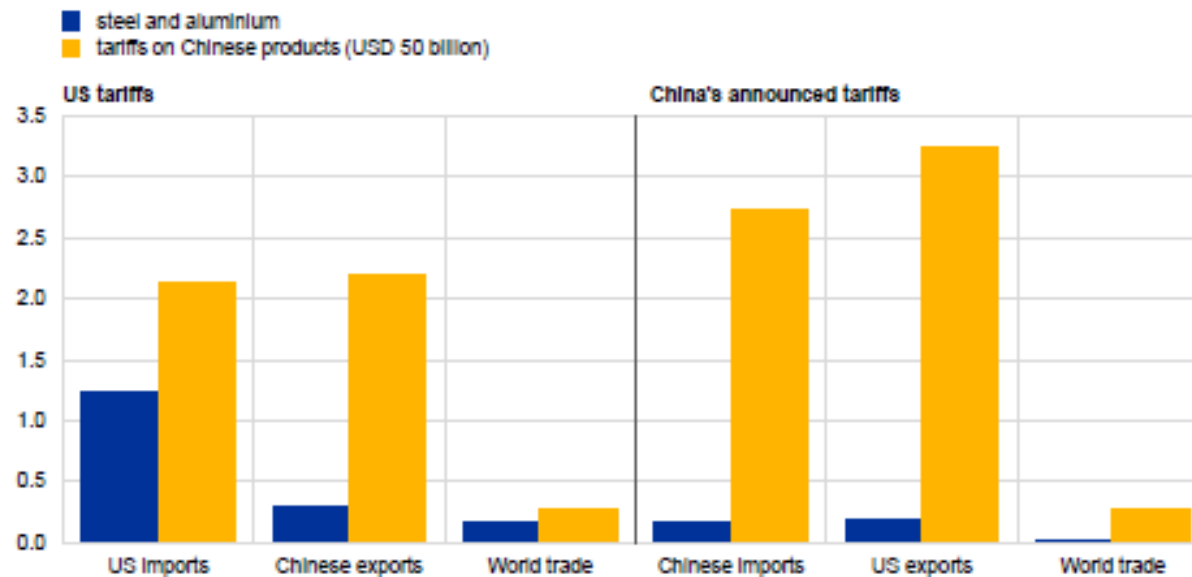- NAFTA renegotiations
- Iran sanctions?

Current tariff increases still small uncertain future

Chart D

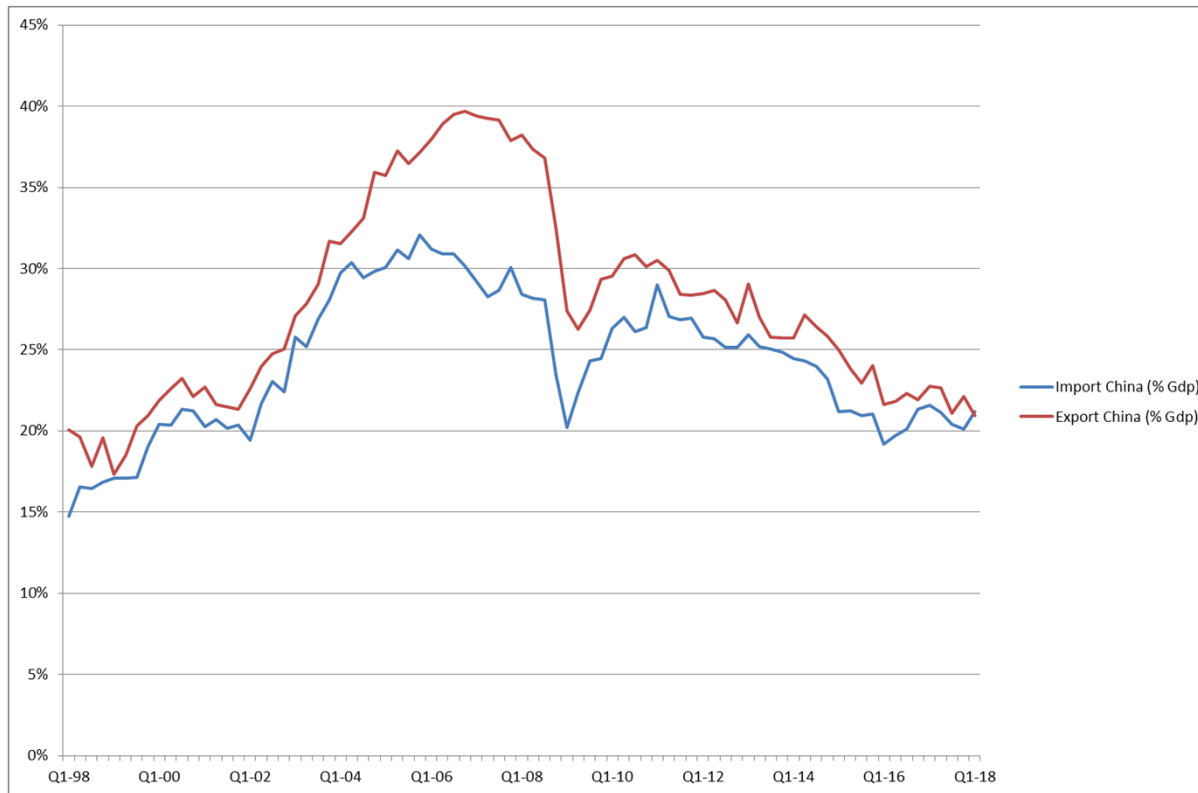US tariffs and China's retaliation: shares of US, Chinese and global goods trade

(percentage of total goods trade for the United States, China and the world)

- steel and aluminium
- tariffs on Chinese products (USD 50 billion)

Sources: US Census, IMF Direction of Trade Statistics and ECB staff calculations.
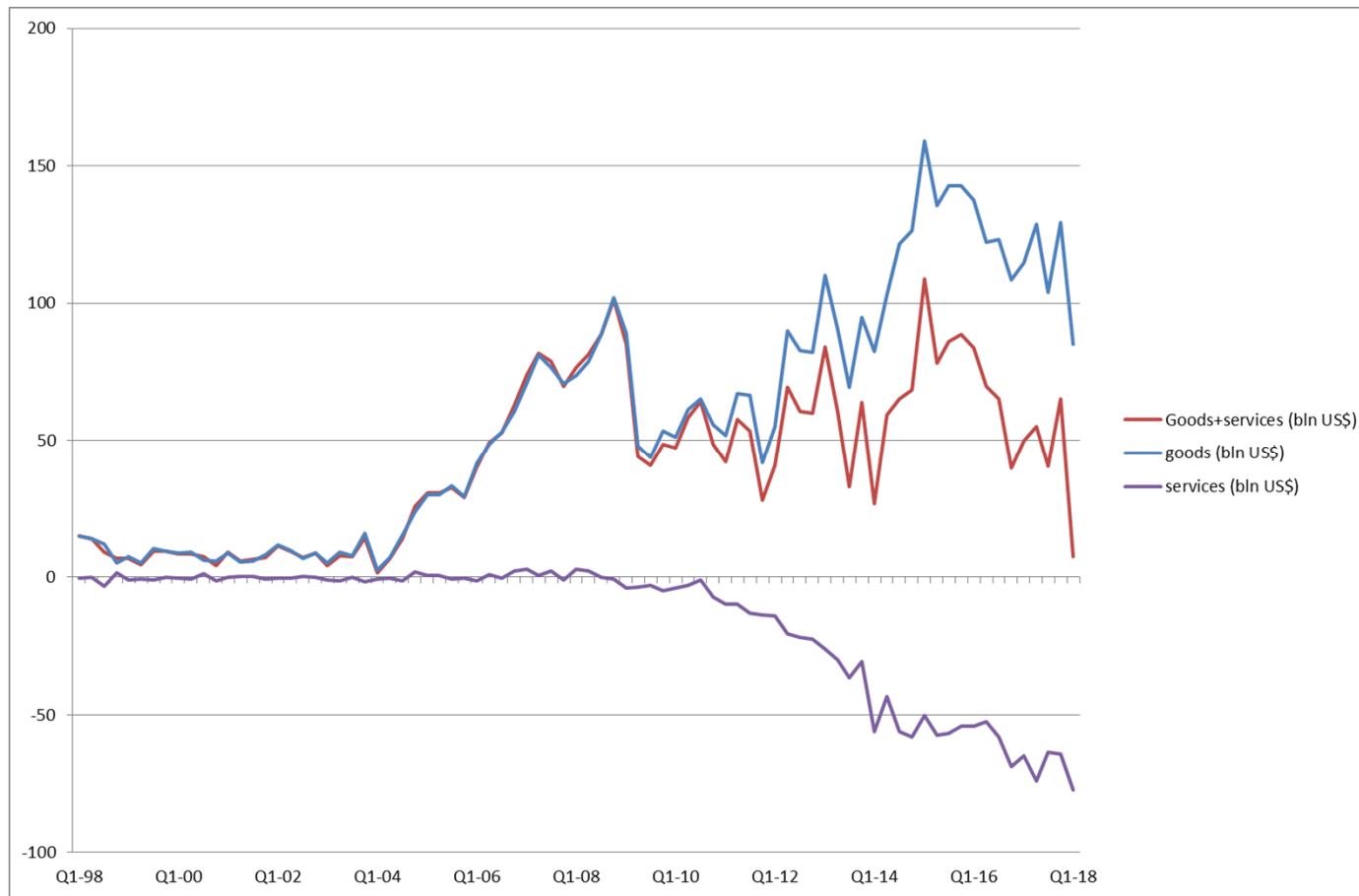
Trade intensity China decreased since 2006

Source: China National Bureau of Statistics/State Administration of Foreign Exchange/Haver Analytics (bop)
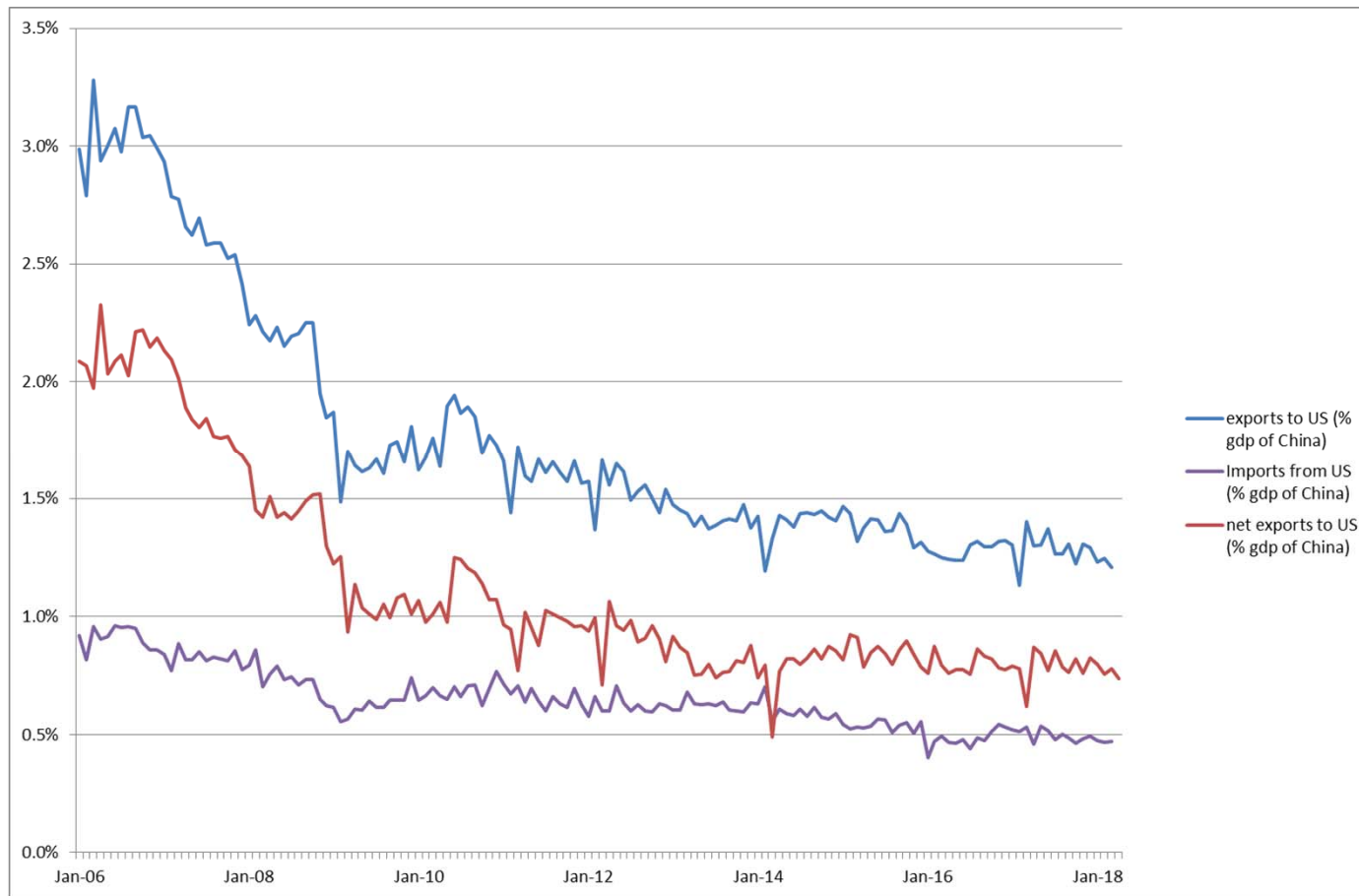
Chinese net exports of goods and services
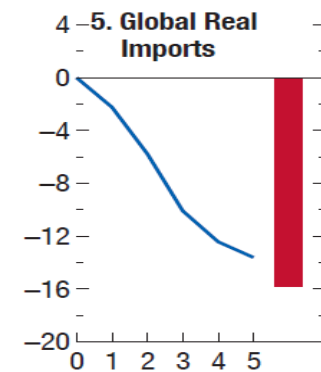
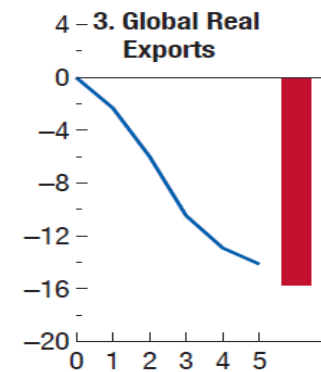# Bilateral trade US - China+HK (goods only)

Worldwide protectionism, (IMF, WEO oct 2016)

Scenario by IMF:
- 10% higher import prices in all countries (gradually)
- Half tariffs, half non-tariff barriers (tariff returned to households)

3. Global Real Exports

5. Global Real Imports
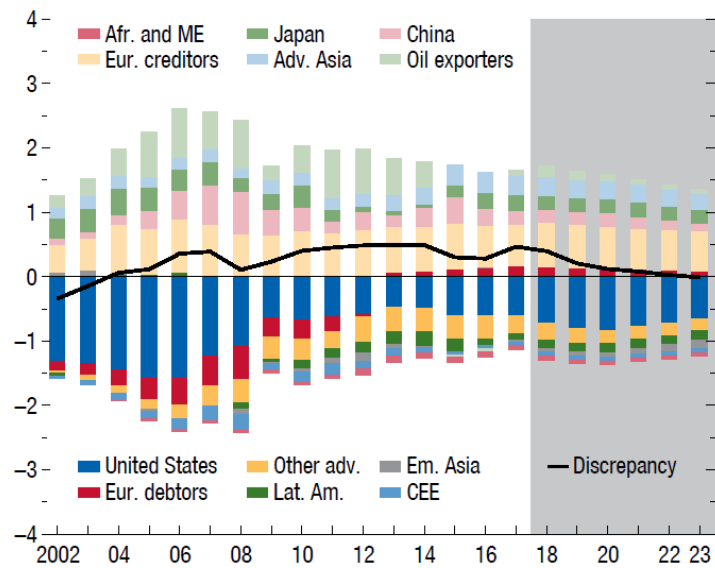
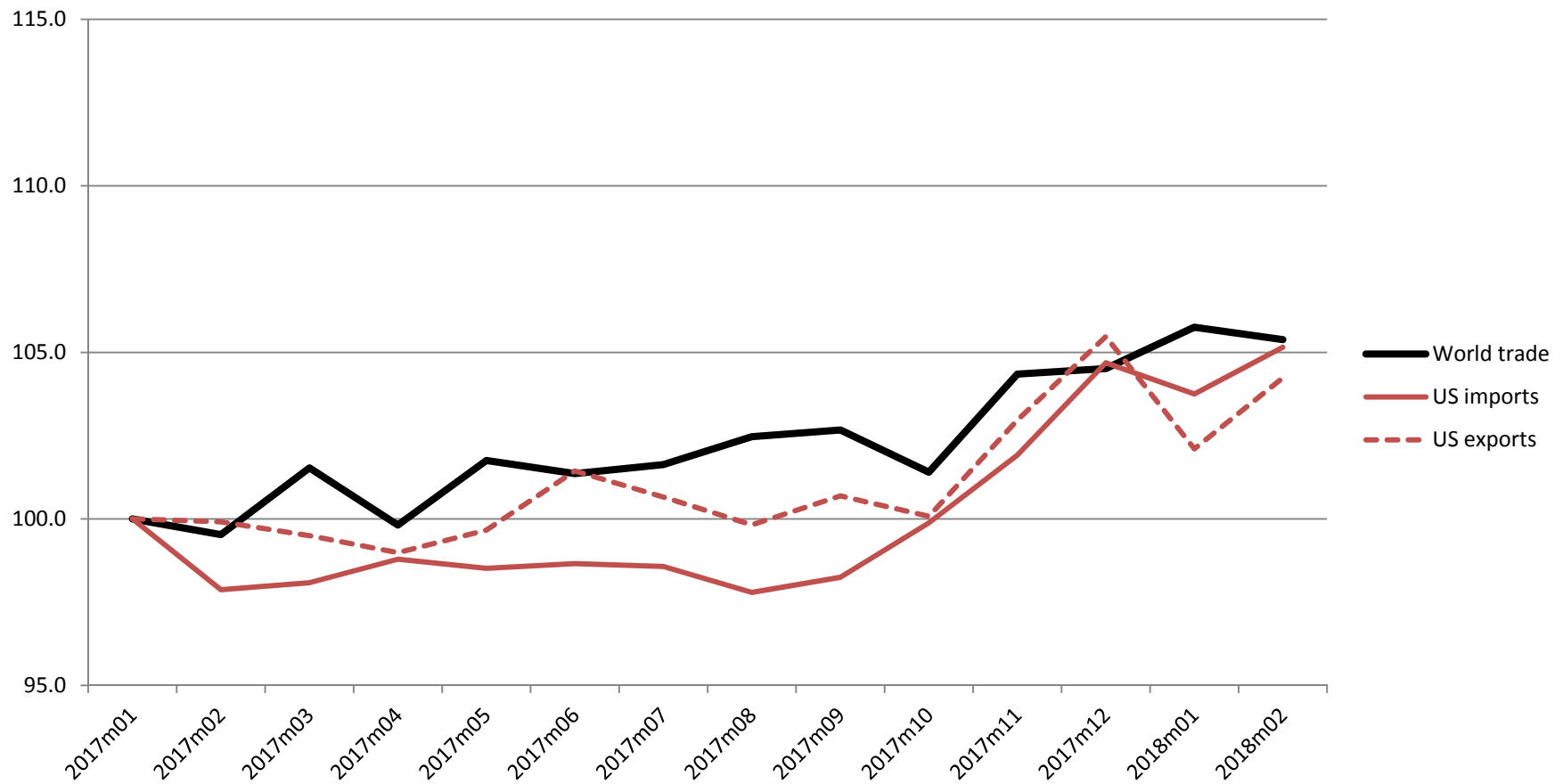— Short-term effects   ▮ Long-term outcome

Questions?

IMF plaatjes

Figure 1.16. Global Current Account Balance
(Percent of world GDP)

Current account balances are expected to remain broadly at their 2017–18 levels over the medium term.

Legend: Afr. and ME, Eur. creditors, Japan, Adv. Asia, China, Oil exporters, United States, Other adv., Em. Asia, Discrepancy, Eur. debtors, Lat. Am., CEE
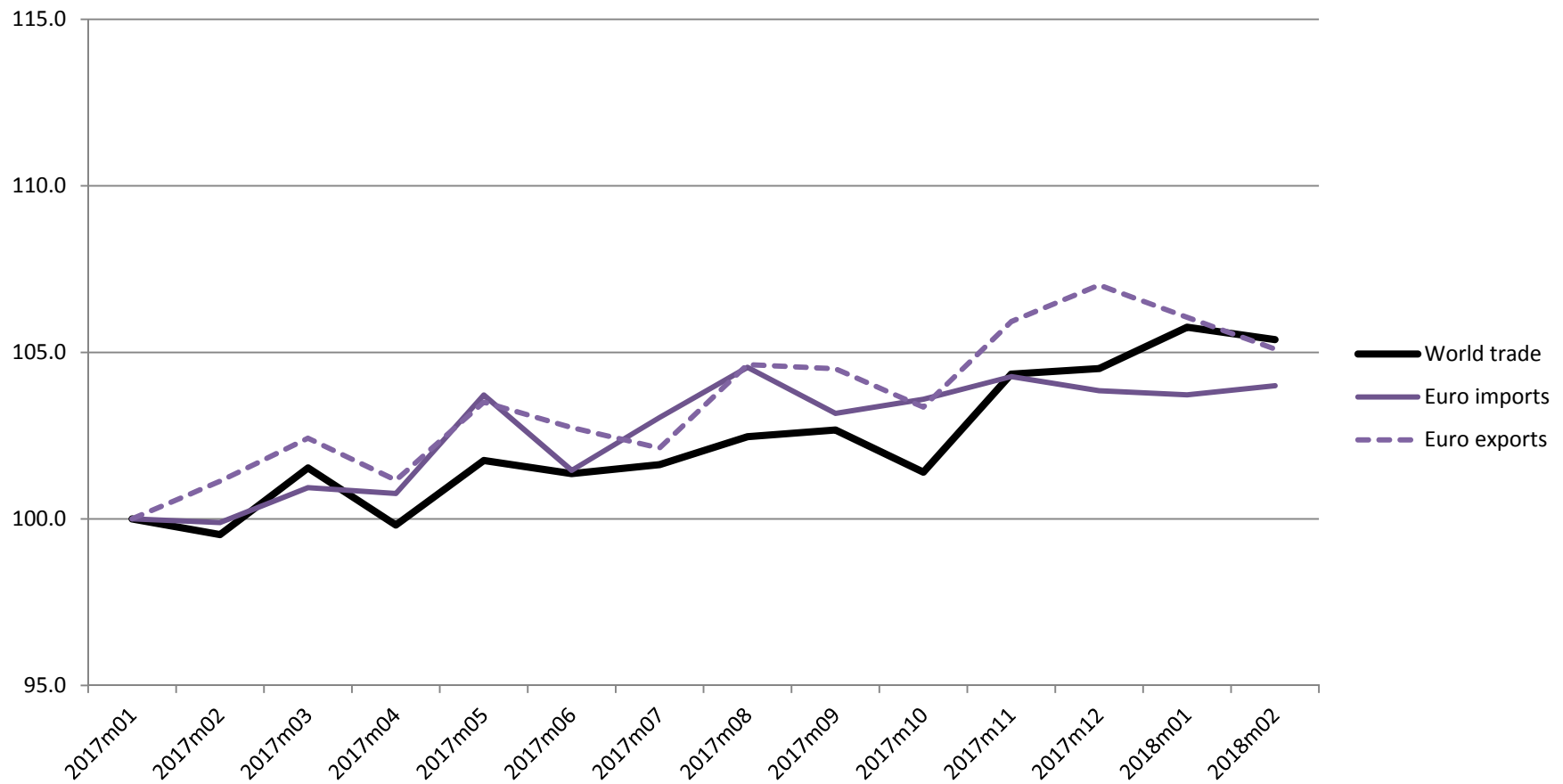
World trade volume per region: US

World trade volume per region: Eurozone

World trade volume per region: Emerging Asia

Legend:
- World trade
- Emerging Asia imports
- Emerging Asia exports