

INTERNATIONAL TRADE: STAGNATION OF TRADE SET TO CONTINUE

Global exports have levelled off for almost two years, after a strong increase in 2021. Export growth has stagnated in both emerging and advanced economies. However, the CPB data show a slight rebound in exports in volume terms in August, at 1.1% m/m, although the annual rate is still negative at -2.3%. The monthly increase was driven by China (+5.3% m/m) and the United States (+1.3% m/m), while exports from the eurozone increased more moderately (+0.8% m/m). Conversely, Japanese exports fell sharply (-6.1% m/m).

The latest S&P PMI survey suggests, however, that the stagnation in global trade will continue into the latter months of 2023. While the overall PMI index for the manufacturing sector improved slightly in September, by 0.1 percentage points to 49.1, it remained below the expansionary line (50) for the thirteenth consecutive month. The sub-indicator for new export orders remained at a more deteriorated level, despite a 0.7 points increase to 47.7 in September. On the other hand, the various indicators relating to tensions on global value chains (chart 3 and 6) point to a slight deterioration in the situation since this summer, but the extent of the disruptions remains low compared to past levels.

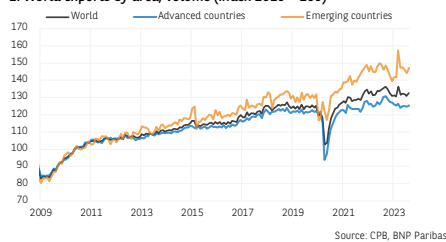
At the same time, trade tensions between China and the US are beginning to materialise in terms of trade dynamics, especially on the Chinese side. According to IMF figures, China's exports to the United States, as a share of total domestic exports, had fallen below 15% (one-year moving average) in the second quarter of 2023 for the first time in 30 years. However, the world's second largest economy maintains its share of world exports stable, at almost 15% in the second quarter of 2023. Indeed, China has increased its exports to several Asian countries (Vietnam, Philippines, India, Malaysia), the Middle East, and Russia. China's share of exports to Africa also exceeded 5% for the first time in decades.

This decline in the share of Chinese exports to the United States, however, must, be interpreted with caution: it does not directly reflect a decline in the supplier-consumer linkages between the two countries, but rather the deeper integration of other economies, particularly Asian economies, into global production chains. This lengthening of the production process has been highlighted by a recent BIS study (see *Mapping the realignments of global value chains*, BIS bulletin, 3 October 2023).

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INDICATORS OF INTERNATIONAL TRADE

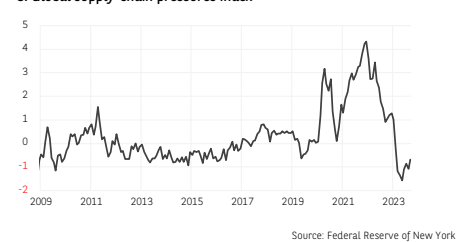
1. World exports by area, volume (index 2010 = 100)



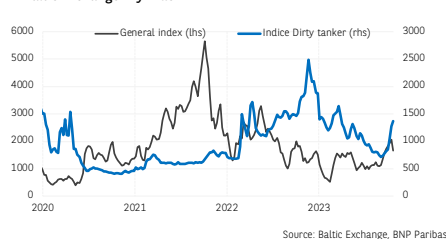
2. Global manufacturing PMI, new export orders



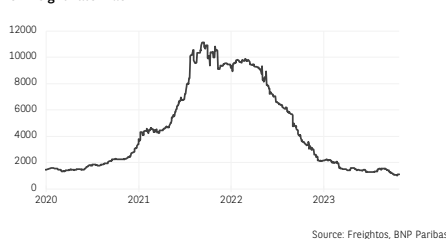
3. Global supply-chain pressures index



4. Baltic Exchange Dry Index



5. Freight rate index



6. Global manufacturing PMI, delivery times (Inverted line)

