

APRIL TRADE WATCH

APRIL TRADE UPDATE – BAD, BUT NOT WORSE

- January and February trade data show a sharp drop in exports and imports across nearly all countries. Early data from March indicate no improvement.
- The weakening of the U.S. Dollar against major currencies in the pre crisis period followed by a strengthening overstates to some degree the trade slowdown.
- U.S. and Japanese import data, available by sector, show a widespread collapse across broad sectors, with food products being the least damaged and mineral products and heavy materials, such as transportation and metals, the most affected.
- Oil related products and motor vehicles and parts present particularly sharp drops.
- One important bright spot is cell phones. Imports are up 24 percent in the United States and 12 percent in Japan.

Trade plummets in the New Year. Fifty-five countries have reported trade data for February. Trade growth is uniformly negative, with both exports and imports down over 30 percent on average, compared to the same month last year (See Tables 1 and 2). While trade is severely depressed, there is little overall change since February, suggesting that conditions did not deteriorate significantly from the previous month. Early March trade data for ten countries show no improvement.

To see the declines in context, Figures 1 and 2 show export and import growth by region through February 2009, for a balanced sample of countries reporting data. Figures 3 and 4 show the same indices by income group. Trade growth relative to the same month of the previous year averaged above 20 percent until September. While part of the decline reflects the steep fall in commodity prices, the slowdown is relatively widespread, across regions, between developed and developing countries as well as across exports and imports, suggesting that reduced demand is the primary cause.

In addition to the falling commodity prices, exchange rate fluctuations play an important role in the magnitude of the trade decline.¹ Figure 5 shows a period of weakening of the U.S. Dollar against the Japanese Yen and Euro, followed by a period of strengthening against the British Pound and Euro. These exchange rate movements overstate the drop in trade. To mitigate this “exchange rate effect”, we also report trade flows using a standard basket of currencies (S.D.R.).² Figure 6 and 7 show that the slump in trade growth, from

¹ When the U.S. Dollar depreciates trade growth rates, measured in dollars, are higher, reversely, when the U.S. Dollar appreciates growth rates, are lower (*ceteris paribus*). In other words, when the U.S. Dollar weakens a product is more expensive in U.S. Dollars inducing a higher growth rate.

² The Special Drawing Right (S.D.R.) was created by the I.M.F. in 1969 to support the Bretton Woods fixed exchange rate system. Today the S.D.R. is defined as a basket of currencies, consisting of the Euro,

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the first six months of the year, is nearly 20 percent (or about 10 percentage points) smaller both for imports and for exports, using the more comprehensive S.D.R. as unit of value.

U.S. and Japanese data, available by industry, provide an indication of where trade is declining the fastest. Table 3 and Figure 5 show U.S. imports by broad sector, the same data for Japan is shown in Table 4 and Figure 6. All sectors now record declines. Both countries report especially sharp drops in mineral products, partly due to the sharp fall in prices. Transportation, metals, and stone and glass have also been heavily hit as demand and investment plummet. Food products (animals, vegetables, and foodstuffs) have been relatively less damaged by the crisis.

Looking at data at the HS 6-digit level (more than 5000 products), over 75 percent of products in both countries declined relative to the same month of the previous year. Items such as oil related products (mostly because of falling oil prices) and motor vehicles and parts present particularly sharp drops. Still, there are a few bright spots:

- Cell phone imports are up 24 percent in the US and 12 percent in Japan.
- Medical equipment trade is thriving (such as catheters, pacemakers and MRI equipment).
- Various foods items are up (bananas and meat in both nations, grains and rice in Japan).
- A number of chemical imports increased in both countries (e.g. Heterocyclic comps, a sizable item in trade, are up 48 percent in the US and 67 percent in Japan).
- Tobacco imports rose over 100 percent in the US and 30 percent in Japan.

This note was prepared by Caroline Freund (DECRG) and Matias David Horenstein (DECRG) with support from PRMTR and the multi-donor trust fund.

*If you wish to receive a monthly **Trade Watch**, email mhorenstein@worldbank.org with "Trade Watch" in the subject.*

Japanese Yen, British Pound and U.S. Dollar. The U.S. Dollar value of the S.D.R. is posted daily at the IMF website.

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Table 1: Export Growth Relative to Same Month Previous Year
(Percentage Change in U.S. Dollars)

Country	Exports						
	September	October	November	December	January	February	March
Argentina	44.90	13.36	-5.78	-24.01	-35.80	-24.44	n.a.
Australia	51.33	33.78	14.18	4.33	-3.76	1.43	n.a.
Austria	12.11	-8.15	-25.69	-13.84	-34.21	n.a.	n.a.
Bangladesh	12.62	31.46	4.90	3.19	n.a.	n.a.	n.a.
Belgium	11.07	-5.63	-26.80	-13.50	-29.56	n.a.	n.a.
Bulgaria	19.68	-5.86	-26.44	-19.31	-36.41	-35.93	n.a.
Canada	14.02	-1.25	-16.35	-16.13	-36.31	-33.99	n.a.
Chile	-12.69	-22.73	-27.62	-26.81	-41.43	-42.19	-44.48
China	21.50	19.20	-2.20	-2.80	-17.50	-25.70	-17.10
Croatia	21.14	-16.09	-11.27	-9.12	-35.11	-17.44	n.a.
Cyprus	11.04	-13.33	8.40	10.43	-32.68	-29.16	n.a.
Czech Republic	21.45	-4.73	-25.20	-16.14	-36.66	-39.81	n.a.
Denmark	16.50	-2.26	-26.86	-7.37	-27.83	-31.13	n.a.
Ecuador	19.58	-11.08	-23.93	-38.52	-45.42	-51.98	n.a.
Egypt	65.12	38.29	-4.46	n.a.	-9.67	-7.86	n.a.
Estonia	27.96	7.48	-27.38	-11.45	-37.34	n.a.	n.a.
Finland	7.43	-4.41	-30.55	-20.17	-43.76	-43.83	n.a.
France	9.79	-8.94	-23.91	-7.78	-32.24	-32.69	n.a.
Germany	9.25	-3.49	-23.86	-12.79	-32.44	-32.38	n.a.
Greece	6.40	5.74	-27.87	n.a.	-31.39	-24.27	n.a.
Hong Kong	3.50	9.36	-4.83	-10.82	-21.42	-22.56	n.a.
Hungary	11.94	-12.48	-22.97	-22.11	-40.13	-37.65	n.a.
Iceland	69.46	-22.90	-46.29	16.20	-31.09	-2.12	-36.12
India	12.56	-13.23	-20.30	-4.35	-16.46	-20.34	n.a.
Indonesia	29.02	4.72	-1.81	-20.56	-36.08	-32.86	n.a.
Ireland	3.21	-7.47	-19.82	4.04	-13.35	n.a.	n.a.
Israel	28.79	-19.20	-17.12	-19.63	-30.77	-34.98	-29.02
Italy	9.98	-5.08	-26.66	-10.06	-34.76	-34.30	n.a.
Japan	9.87	6.77	-16.10	-18.59	-35.33	-40.83	-44.35
Jordan	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Kazakhstan	47.93	52.26	-2.29	-18.21	-50.53	-46.31	n.a.
Korea, Republic of	27.64	7.78	-19.45	-17.90	-34.20	-18.51	-22.02
Latvia	32.07	6.20	-19.01	-12.66	-28.84	-33.77	n.a.
Lithuania	44.09	18.62	1.99	-8.28	-25.91	-35.93	n.a.
Luxembourg	18.60	-2.68	-27.59	-18.85	-35.29	n.a.	n.a.
Malaysia	15.95	-6.59	-10.83	-20.76	-34.56	-24.85	n.a.
Malta	1.76	-6.52	-35.03	-36.27	-44.49	-44.40	n.a.
Mexico	8.40	-6.36	-16.67	-19.68	-31.50	-29.46	n.a.
Netherlands	14.30	-1.27	-24.54	-13.64	-30.57	-30.72	n.a.
New Zealand	0.44	-8.58	-19.03	-24.80	-30.20	-37.44	n.a.
Norway	13.63	-8.86	-21.35	-31.01	-34.78	-34.31	-34.05
Pakistan	20.77	9.86	-0.78	-3.05	-7.79	-17.37	-25.93
Peru	8.09	-8.69	-11.58	-32.97	-37.08	-27.37	n.a.
Philippines	1.12	-14.78	-11.40	-40.32	-40.64	-39.11	n.a.
Poland	24.46	-2.13	-23.94	-23.48	-37.38	-37.48	n.a.
Portugal	6.83	-9.36	-25.71	-18.84	-37.22	n.a.	n.a.
Romania	21.28	9.04	-20.59	-20.05	-33.12	-36.49	n.a.
Russian Federation	53.71	12.45	-16.08	-25.84	-47.91	-47.51	n.a.
Singapore	17.99	-4.63	-15.93	-21.80	-40.75	-28.55	-28.95
Slovakia	10.50	-5.15	-26.72	-23.36	-41.31	-39.31	n.a.
Slovenia	14.22	-4.64	-25.20	-19.04	-34.54	-34.20	n.a.
South Africa	35.67	13.87	-25.98	-23.71	-38.50	-27.99	n.a.
Spain	18.71	-4.72	-25.25	-12.32	-34.65	-34.43	n.a.
Sri Lanka	-9.55	1.98	11.57	-20.57	-12.04	n.a.	n.a.
Sweden	10.64	-10.61	-31.03	-25.86	-42.72	-42.33	n.a.
Switzerland	18.17	4.69	-14.10	-2.36	-15.06	-22.55	n.a.
Taiwan, Province of	-2.34	-9.29	-23.46	-41.59	-44.85	-29.69	-35.73
Thailand	22.65	5.23	-18.60	-12.43	-26.47	-11.35	n.a.
Turkey	41.51	-1.81	-17.11	-20.71	-25.95	-24.90	n.a.
Ukraine	62.47	34.89	-18.60	-17.56	-33.28	-42.62	n.a.
United Kingdom	9.08	-4.70	-30.71	-18.52	-33.69	-36.09	n.a.
United States	9.11	4.50	-5.66	-11.75	-21.13	-23.84	n.a.
Uruguay	10.96	39.11	2.73	-10.06	-7.41	n.a.	n.a.
Venezuela	-84.17	-87.47	-81.62	n.a.	n.a.	n.a.	n.a.
Viet Nam	28.63	20.10	-6.24	4.26	-17.36	32.32	n.a.
Average	19.35	1.31	-17.30	-16.27	-31.69	-29.70	-31.77
Balanced Average	21.00	1.01	-17.50	-16.76	-32.30	-29.70	-

Source: Datastream. Note: Data reporter in national currency are converted to U.S. dollars using average monthly nominal exchange rates. n.a. indicates not available

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Table 2: Import Growth Relative to Same Month Previous Year
(Percentage Change in U.S. Dollars)

Country	Imports						
	September	October	November	December	January	February	March
Argentina	34.01	16.59	-5.41	-10.87	-38.39	-36.72	n.a.
Australia	29.45	-4.85	-11.47	-0.18	-25.11	-27.18	-27.33
Austria	7.64	-2.14	-19.81	-10.43	-27.57	n.a.	n.a.
Bangladesh	31.52	26.67	9.04	-1.25	n.a.	n.a.	n.a.
Belgium	17.49	-3.78	-23.47	-12.90	-33.65	n.a.	n.a.
Bulgaria	18.81	7.05	-23.40	-21.18	-41.07	-39.89	n.a.
Canada	11.25	-3.13	-15.31	-10.17	-27.13	-26.30	n.a.
Chile	47.37	21.96	-14.56	-4.40	-25.50	-32.64	-33.10
China	21.30	15.60	-17.90	-21.30	-43.10	-24.10	-25.10
Croatia	31.24	-5.04	-17.11	-6.79	-40.11	-34.69	n.a.
Cyprus	25.43	-0.49	-12.35	-7.92	-32.06	-29.51	n.a.
Czech Republic	23.61	0.69	-20.77	-12.14	-34.39	-39.26	n.a.
Denmark	17.72	-1.97	-21.56	-6.82	-20.52	-25.48	n.a.
Ecuador	54.92	38.33	13.99	22.83	7.03	-4.71	n.a.
Egypt	112.32	96.81	57.03	n.a.	36.76	31.66	n.a.
Estonia	7.34	-7.10	-29.40	-19.52	-43.96	n.a.	n.a.
Finland	21.72	-6.53	-24.08	-19.85	-40.94	-39.20	n.a.
France	14.79	-2.04	-20.65	-11.45	-30.80	-28.35	n.a.
Germany	16.14	-0.19	-14.73	-9.17	-24.13	-26.51	n.a.
Greece	6.85	-6.72	-25.18	-15.31	-38.23	-38.13	n.a.
Hong Kong	3.79	11.20	-7.52	-15.67	-26.72	-17.01	n.a.
Hungary	14.13	-10.04	-22.67	-22.42	-38.61	-39.95	n.a.
Iceland	-0.87	-52.15	-45.17	-52.28	-50.15	-51.46	n.a.
India	54.07	7.25	-1.72	0.00	-18.78	-18.24	n.a.
Indonesia	66.34	70.74	19.90	12.61	-31.30	-40.92	n.a.
Ireland	-4.98	-21.60	-37.19	-23.12	-36.30	n.a.	n.a.
Israel	28.46	-6.02	-6.47	-27.48	-33.93	-35.08	-37.43
Italy	13.08	-3.68	-24.71	-14.97	-33.16	-32.92	n.a.
Japan	39.43	24.51	-1.93	-1.70	-18.90	-33.25	-35.26
Jordan	22.53	5.84	-6.73	-20.02	-14.96	n.a.	n.a.
Kazakhstan	20.13	4.49	0.29	21.52	-21.37	-13.36	n.a.
Korea, Republic of	45.36	10.25	-14.95	-21.60	-32.10	-30.87	n.a.
Latvia	16.67	-6.05	-24.43	-17.05	-39.13	-43.45	n.a.
Lithuania	29.96	5.24	-19.14	-13.64	-47.43	-48.86	n.a.
Luxembourg	24.00	3.06	-10.45	-12.90	-26.32	n.a.	n.a.
Malaysia	12.31	-9.16	-14.28	-28.11	-38.34	-35.00	n.a.
Malta	20.03	-28.14	-27.51	-14.46	-26.12	-36.98	n.a.
Mexico	17.84	0.26	-7.63	-12.79	-30.04	-30.72	n.a.
Netherlands	19.74	1.26	-19.80	-10.52	-31.17	-31.37	n.a.
New Zealand	17.21	-6.35	-20.75	-17.24	-34.50	-42.53	n.a.
Norway	23.54	-20.98	-24.33	-14.33	-34.30	-37.32	-24.36
Pakistan	40.24	2.09	-13.85	-10.73	-28.32	-41.73	-38.42
Peru	60.49	32.78	14.90	6.36	-19.01	-18.66	n.a.
Philippines	2.52	-11.13	-31.52	-33.99	-34.51	n.a.	n.a.
Poland	26.25	2.64	-19.90	-20.64	-38.91	-41.43	n.a.
Portugal	11.48	-4.00	-22.59	-14.23	-35.39	n.a.	n.a.
Romania	31.49	1.13	-27.27	-27.81	-44.03	-43.79	n.a.
Russian Federation	44.83	23.48	-3.11	-3.32	-34.07	-36.47	n.a.
Singapore	33.65	3.86	-13.46	-18.20	-36.50	-25.35	-35.62
Slovakia	13.70	-6.05	-25.60	-22.63	-37.17	-40.88	n.a.
Slovenia	13.13	-0.02	-24.10	-16.25	-39.67	-37.68	n.a.
South Africa	32.47	-8.42	-17.65	-23.27	-27.64	-35.10	n.a.
Spain	8.50	-14.43	-30.58	-20.90	-43.06	-34.98	n.a.
Sri Lanka	22.44	8.77	-3.16	-11.33	-40.86	n.a.	n.a.
Sweden	7.45	-9.31	-28.74	-24.78	-42.05	-40.44	n.a.
Switzerland	19.25	-0.83	-17.99	-4.79	-20.19	-18.41	n.a.
Taiwan, Province of China	9.13	-8.42	-13.83	-44.33	-57.04	-32.69	-49.55
Thailand	39.35	21.68	2.01	-6.49	-37.60	-40.33	n.a.
Turkey	23.69	-4.38	-27.42	-29.25	-43.26	-47.60	n.a.
Ukraine	74.76	30.22	-9.58	-27.93	-45.74	-33.40	n.a.
United Kingdom	-0.57	-10.50	-29.45	-22.22	-32.64	-36.92	n.a.
United States	11.59	2.61	-16.01	-14.57	-26.59	-34.14	n.a.
Uruguay	44.17	78.51	-3.88	29.56	-33.20	-7.80	n.a.
Venezuela	12.31	5.42	6.88	18.04	14.53	-13.09	n.a.
Viet Nam	8.06	8.69	-19.11	-14.29	-55.21	-27.79	-38.57
Average	24.99	4.68	-14.30	-13.17	-31.63	-31.44	-34.47
Balanced Average	26.44	5.34	-13.90	-13.17	-31.24	-31.44	-

Source: Datastream. Note: Data reporter in national currency are converted to U.S. dollars using average monthly nominal exchange rates. n.a. indicates not available

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Table 3: U.S. Import Growth by Industry

Industry	September	October	November	December	January	February
Animal & Animal Products	7.45	-2.47	-4.10	0.74	-7.87	-13.10
Vegetable Products	24.27	18.62	6.55	11.36	-1.22	-7.99
Foodstuffs	19.77	7.93	-3.15	4.60	-6.04	-9.44
Mineral Products	34.23	25.41	-27.92	-35.19	-49.94	-53.56
Chemicals & Allied Industries	26.31	14.02	-3.27	13.37	-11.17	-19.20
Plastics / Rubbers	13.82	7.67	-1.03	-6.02	-14.25	-30.92
Raw Hides, Raw Hides, Leather & Furs	8.20	-1.07	-9.53	-4.85	-3.62	-25.96
Wood & Wood Products	-5.31	-9.81	-15.53	-16.76	-25.69	-27.68
Textiles	2.27	-0.14	-10.17	-4.30	-9.11	-18.85
Footwear / Headgear	7.84	7.77	-3.20	0.34	7.54	-18.77
Stone / Glass	8.65	-14.91	-24.12	-20.18	-34.54	-41.53
Metals	25.51	15.33	1.20	-5.99	-12.98	-33.75
Machinery / Electrical	4.99	-3.88	-15.74	-12.60	-19.14	-26.25
Transportation	-10.98	-22.03	-26.61	-21.29	-43.04	-51.74
Miscellaneous	4.76	-1.79	-11.29	-5.91	-14.23	-26.28
Other	6.50	7.06	-3.67	-1.74	-11.12	-6.00
Total	11.86	2.79	-15.98	-14.49	-26.63	-34.23

Source: U.S.I.T.C. and authors' calculations.

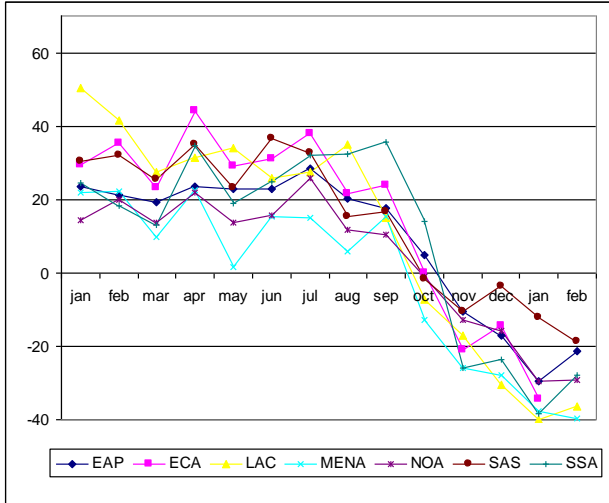
Table 4: Japan's Import Growth by Industry

Industry	September	October	November	December	January	February
Animal & Animal Products	12.04	7.08	-7.73	-7.05	-9.00	-15.66
Vegetable Products	49.33	25.33	-5.71	-8.01	-25.68	-32.73
Foodstuffs	9.44	-2.34	-16.58	-3.38	-6.43	-18.17
Mineral Products	62.17	29.96	-12.55	-29.80	-42.38	-50.80
Chemicals & Allied Industries	24.09	3.96	-5.29	-3.96	-15.08	-27.65
Plastics / Rubbers	26.07	7.87	-0.53	-3.89	-18.11	-42.32
Raw Hides, Raw Hides, Leather & Furs	0.90	-14.41	-22.48	-16.52	-7.29	-33.25
Wood & Wood Products	13.93	2.54	-8.46	-7.73	-12.67	-20.36
Textiles	11.67	-1.69	-9.36	-1.96	3.29	-31.44
Footwear / Headgear	15.69	-0.09	-5.58	-2.21	-0.19	-24.21
Stone / Glass	16.77	4.36	-23.65	-38.91	-37.92	-58.48
Metals	13.81	5.16	-15.04	-22.78	-35.86	-56.40
Machinery / Electrical	5.78	-8.64	-20.37	-24.95	-34.56	-42.40
Transportation	3.73	-34.99	-36.25	-25.05	-49.08	-46.36
Miscellaneous	7.93	-7.26	-19.98	-16.21	-30.70	-35.97
Total	28.98	7.85	-14.80	-21.74	-31.92	-43.00

Source: Ministry of Finance, Japan, and authors' calculations.

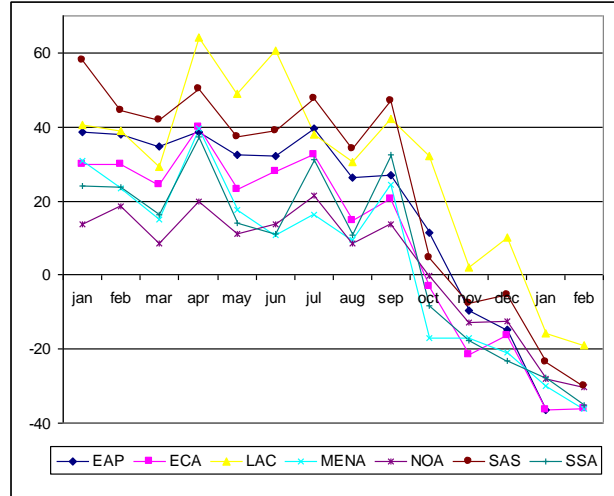
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Figure 1: Export Growth by Region



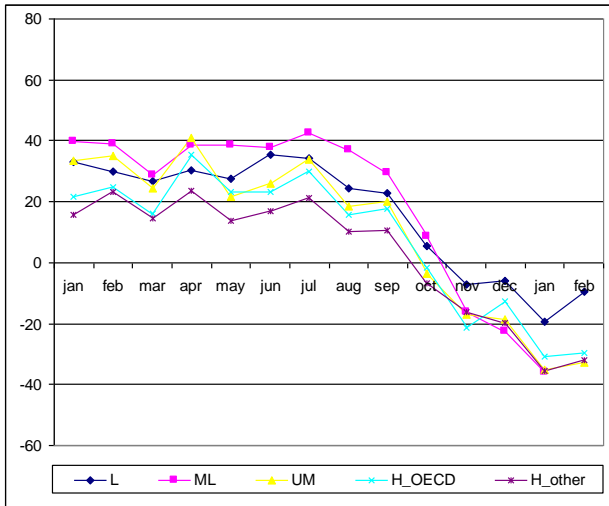
Source: Datastream, U.S. Commerce Department and authors' calculations. Simple average of growth rates across economies within regions for a balanced sample of 52 economies reporting data.

Figure 2: Import Growth by Region



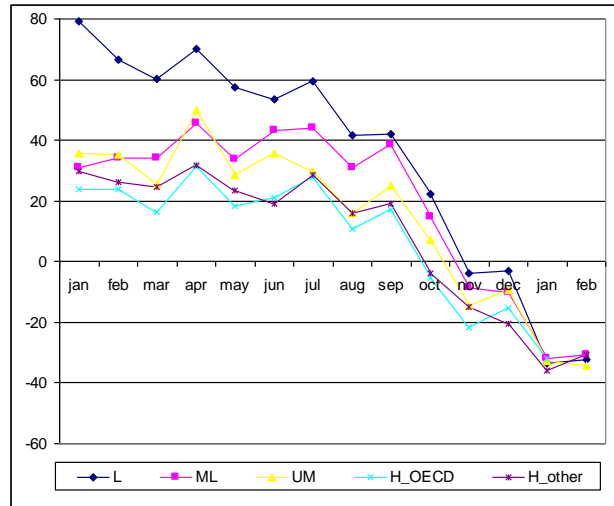
Source: Datastream, U.S. Commerce Department and authors' calculations. Simple average of growth rates across economies within regions for a balanced sample of 54 economies reporting data.

Figure 3: Export Growth by Income Group



Source: Datastream, U.S. Commerce Department and authors' calculations. Simple average of growth rates of economies in income groups for a balanced sample of 52 economies reporting data.

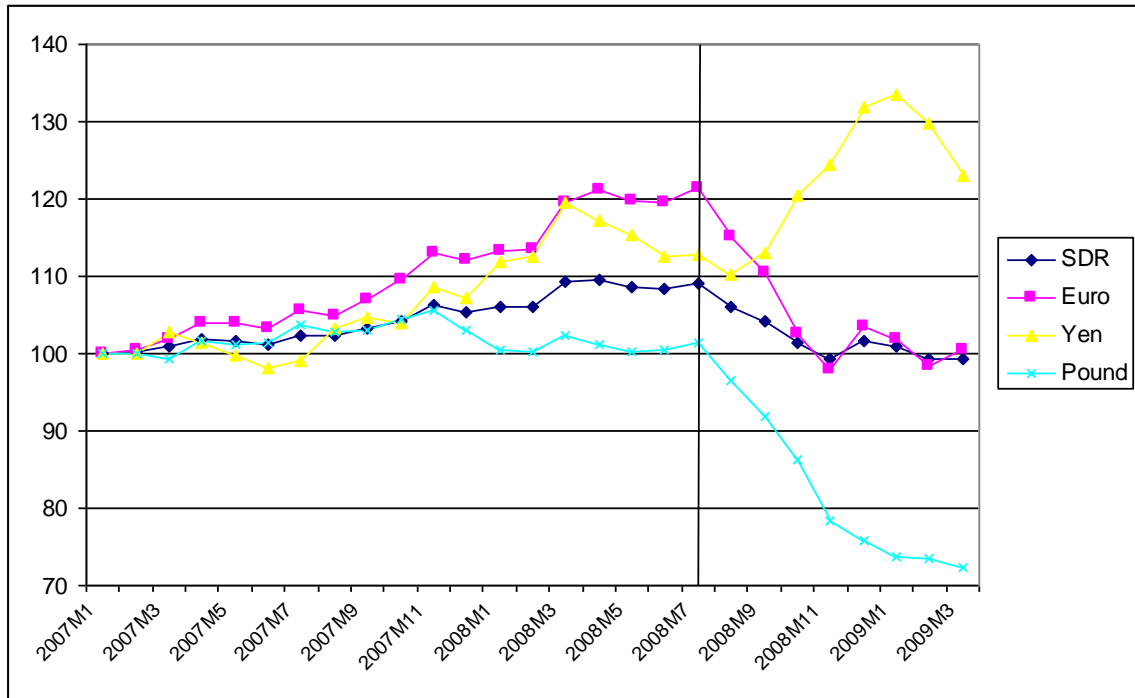
Figure 4: Import Growth by Income Group



Source: Datastream, U.S. Commerce Department and authors' calculations. Simple average of growth rates of economies in income groups for a balanced sample of 54 economies reporting data.

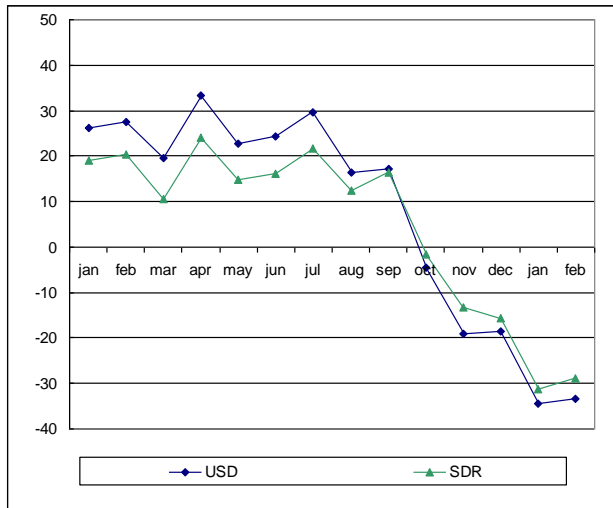
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Figure 5: Normalized Exchange Rates



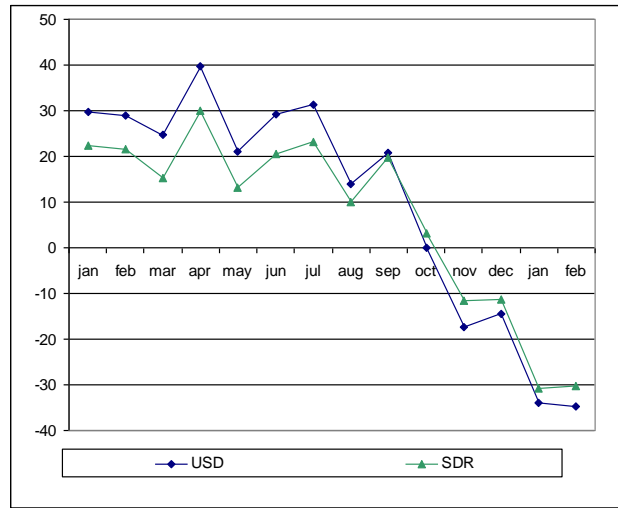
Source: Datastream and authors' calculations. U.S. Dollars per foreign currency

Figure 6: Export Growth



Source: Datastream, U.S. Commerce Department and authors' calculations. Simple average of growth rates of economies for a balanced sample of 52 economies reporting data.

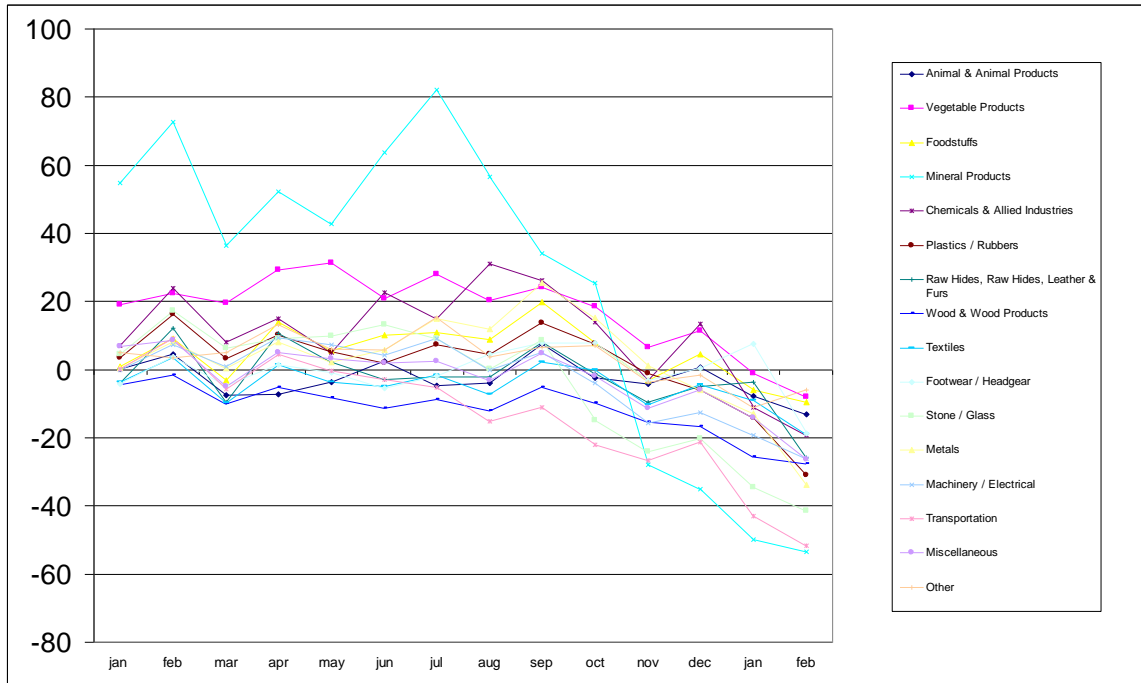
Figure 7: Import Growth



Source: Datastream, U.S. Commerce Department and authors' calculations. Simple average of growth rates of economies for a balanced sample of 54 economies reporting data.

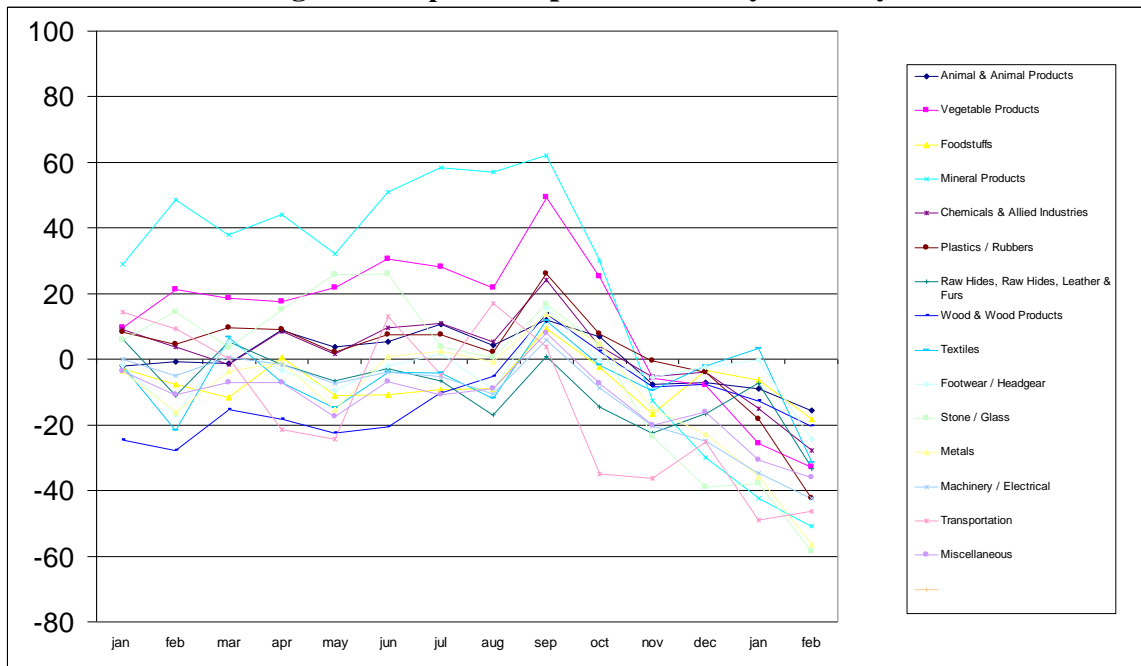
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Figure 8: U.S. Import Growth by Industry



Source: USITC and authors' calculations.

Figure 9: Japan's Import Growth by Industry



Source: Ministry of Finance, Japan.