



Digest Content

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Exports of intermediate goods continue to grow in third quarter of 2021¹

World exports of intermediate goods (IGs) continued to rise in the third quarter of 2021, although at a slower pace than the previous quarter according to a WTO report released on 4 February. A rise in traded inputs for medical goods and metal products and increases across all regions helped drive the export growth.

World IG exports grew by 27 per cent year-on-year in the third quarter of 2021, compared to the 47 per cent rise recorded in the second quarter. Trade in IGs, which are inputs used to produce a final product, is an indicator of the robustness of global supply chains.

The product category "Other industrial supplies", which made up almost half of total IG exports in the third quarter, grew the fastest among all IG categories, rising 38 per cent year-on-year and amounting to US\$ 1.225 billion. It comprises IGs such as vaccine products, medical parts and accessories, diagnostic or laboratory reagents, and other medical intermediate goods. The category also includes raw or semi-manufactured metals such as copper cathodes, articles of iron or steel and aluminium. The high growth rate of the category follows a 52 per cent rise recorded in the second quarter.

World exports of transport equipment parts and accessories, however, grew more slowly at 8 per cent year-on-year in the third quarter compared with 69 per cent in the second quarter. The rise in IG exports of ores and minerals also slowed to 16 per cent compared with an average growth of 47 per cent during the first half of the year. This was partly due to falling iron ore prices in September 2021.

Belgium, which counts vaccine products as its most traded IG, posted the largest growth, recording a 46 per cent rise in IG exports in the third quarter following a 64 per cent increase in the second quarter. China's IG exports grew by 36 per cent and the country continues to garner the largest shares of world IG exports. For the third consecutive quarter, India had the highest growth of IG imports (65 per cent), due mainly to the upward momentum of non-monetary gold imports (161 per cent growth).

All regions posted increases and surpassed IG export levels of 2019 before the COVID-19 pandemic struck. Africa and South and Central America continued to see the

¹ https://www.wto.org/english/news_e/news22_e/stat_04feb22_e.htm



strongest growth in IG exports. In the third quarter, Africa saw its IG exports increase by 42 per cent, as several economies in the region intensified their supply of metals and primary products to international production chains. South Africa, for example, posted 226 per cent and 195 per cent increases respectively in its rhodium and iron ore exports while Ghana saw exports of cocoa beans reach US\$ 1.6 billion. IG exports of South and Central America rose 45 per cent, driven by increases in exports of iron and copper ores (73 per cent) and soybeans (41 per cent). Intra-regional IG trade within South and Central America increased the most among all regions (56 per cent).

The third quarter information note on trade in intermediate goods is available here:

https://www.wto.org/english/res_e/statis_e/miwi_e/info_note_2021q3_e.pdf.

It now includes appendix tables with data starting from the first quarter of 2019.

High shipping rates and digital services sustain services trade recovery in Q3 of 2021²

Global services trade posted a 25% year-on-year increase in the third quarter of 2021. Digitally deliverable services such as computer, financial and business services were the main drivers of trade growth as well as transport, which was boosted by surging shipping rates. The rise, however, has yet to represent a full recovery from pre-pandemic levels, as services trade remains 5% below levels recorded in the third quarter of 2019. Unequal distribution of vaccines, the emergence of new variants, and border restrictions continue to weigh on international travel.

The third quarter services trade growth has kept pace with growth in trade in goods (24%) in the same period.

World transport services, in particular, rose 45% year-on-year in the third quarter of 2021, and by 12% compared with the same period of 2019. Recovery was boosted by soaring consumers' demand for goods due to lockdowns, the shift from services requiring physical proximity, and fiscal stimulus measures in advanced economies. The surge in demand coupled with pandemic-related restrictions resulted in port bottlenecks, misallocation of containers worldwide, and delays, which led to a strong increase in shipping rates. In the third quarter of 2021, Asia's transport exports rose by 71% year-on-year, and by 46% compared with the third quarter of 2019.

By contrast, the recovery of air passenger transport continued to lag, due to restrictions, remaining well below pre-crisis levels. Global international travellers' expenditure in the third quarter of 2021 grew 54% year-on-year from a very low base in 2020. However, it remained 52% below the value in the third quarter of 2019, before the pandemic. European countries saw the lowest declines (-32%) compared to pre-crisis levels as travel restrictions were eased in the continent in the summer and cross-border movement was facilitated by

² https://www.wto.org/english/news_e/news22_e/serv_01feb22_e.htm



COVID-19 vaccination passes. Asia travel exports, in comparison, were 81% below pre-pandemic values as several countries remained closed. Cambodia, the largest exporter among least-developed countries (LDCs), saw travellers' expenditure fall 97%. LDCs' travel exports in the first half of 2021 were 67% below their value in the same period of 2019 according to preliminary estimates.

“Other services” — such as construction, recreational, legal and financial services — increased on average by 15% year-on-year in the third quarter of 2021. As a group, these services were less affected by the pandemic, with exports contracting by only 1% in 2020 on an annual basis.

Computer services continued its impressive rise in January-September 2021, with cumulative exports up 34% compared with the same period of 2019. Rapid growth was recorded both in developed and developing economies: computer services exports increased 29% in the United States, 42% in Mauritius, 51% in Ireland, 63% in Ukraine, and 68% in Bangladesh.

Internet traffic peaked during the pandemic due to remote working, learning, entertaining as well as e-commerce. International Internet bandwidth expanded by an estimated 30% in the world in 2021 according to the International Telecommunication Union. Nevertheless, the value of telecommunications services fell by 4% in the first nine months of 2021 compared with 2019, reflecting steady declines in global prices, especially for bundled communication services.

By contrast, construction remains one of the sectors most affected by the pandemic. In 2020, world exports contracted by 18%. In the period January-September 2021, global construction exports were still down 12% compared with the same period of 2019. In the European Union and China, the largest builders, exports were down respectively by 19% and 4% compared with 2019. Rising prices of essential inputs which cannot be easily substituted — such as steel (which faced supply chain bottlenecks) and labour (which saw shortages) — resulted in delays or cancellations of building projects.

According to the latest figures, the cumulative value of services exports in the period January-November 2021 remained below 2019 levels in many economies, with the sharpest decline recorded in Australia (-35%). In Africa, Morocco's and Uganda's services exports were 20% lower than in 2019. By contrast, services exports from China increased by 37% and from the Republic of Korea by 12% supported by transport services. Other Asian economies such as Pakistan and India exported more than before the pandemic owing to computer services. European countries showed differing trends. Luxembourg's services exports were up 21% due to financial services while large tourism exporters in the region continued to see a contraction.



WTO Deputy Director General Anabel Gonzalez on agricultural support Policy³

DDG González noted that the WTO agriculture rulebook is itself structured to encourage a transition from production- or trade-distorting support to non-trade-distorting support. She added that some WTO members have taken steps in this direction by moving towards environmental programmes and other forms of non-trade-distorting agricultural support. Still, a lot of taxpayer money is invested in agriculture with limited returns for farmers, the environment and the economy, she said.

DDG González emphasized the importance of taking a coherent approach to ensure that the entire range of agricultural trade policies deliver benefits for food security, livelihoods and sustainability. She added that ongoing work at the WTO provides opportunities to make this happen and to harness digitalization, foster investments and facilitate access to green technologies in agri-food markets.

A new IFPRI-World Bank study, Repurposing Agricultural Policies and Support: Options to Transform Agriculture and Food Systems to Better Serve the Health of People, Economies, and the Planet, finds that repurposing a portion of government spending on agriculture each year to develop and disseminate more emission-efficient technologies for crops and livestock would have large economic payoffs, could reduce overall emissions from agriculture by more than 40 per cent, and restore millions of hectares of land to natural habitats.

WHO, WIPO, WTO heads chart future cooperation on pandemic response⁴

The Directors-General of the World Health Organization (WHO), the World Intellectual Property Organization (WIPO) and the WTO met on 1 February to chart future directions for trilateral cooperation in support of an effective global response to the COVID-19 pandemic.

They welcomed the impending launch of a trilateral technical assistance platform, which will provide a one-stop shop making available the three organizations' expertise to governments in a tailored and coordinated way so as best to respond to individual national needs for COVID-19 health technologies. This will include support for the full use of legal and policy options for access to health technologies, including through the implementation of any solution to the COVID-19-related intellectual property proposals currently before the WTO's TRIPS Council.

The three Directors-General reviewed the series of technical capacity building workshops planned, starting with a workshop held in September 2021 that focused on intellectual property licensing and technology transfer along with the sharing of know-how and clinical trial information. An event later this month will seek to support policymakers to more

³ https://www.wto.org/english/news_e/news22_e/ddgag_02feb22_e.htm

⁴ https://www.wto.org/english/news_e/news22_e/igo_01feb22_e.htm



effectively use data to inform their pandemic policy choices, and a subsequent workshop will address challenges of access relating to diagnostic technologies.

Finally, the three Directors-General confirmed that they would convene a high-level policy symposium in the early summer on the COVID-19 pandemic, taking stock of COVID-19 challenges and focusing on what is needed to recover from this health crisis and better prepare for future ones.

The Directors-General concluded their meeting in a spirit of solidarity and practical determination to spare no effort to address the continuing scourge of the pandemic, and to mobilise the necessary knowledge resources and support so that no country would be left behind.