



Digest Content

- Goods Barometer points to stagnating global trade growth
- Türkiye intends to implement findings in pharmaceuticals dispute with EU

Goods Barometer points to stagnating global trade growth¹

The latest WTO Goods Trade Barometer issued on 23 August was steady but below the recent trend line for merchandise trade, suggesting that global goods trade continued to grow in the second quarter of 2022 but that the pace of growth was slower than in Q1 and is likely to remain weak in the second half of the year.

The Goods Trade Barometer is a composite leading indicator for world trade, providing real-time information on the trajectory of merchandise trade relative to recent trends. The latest reading of 100.0 coincides exactly with the baseline value of the index, indicating on-trend trade expansion.

However, the overall barometer remains below a companion index representing actual merchandise trade volumes, suggesting that year-on-year trade growth may slow further but remain positive when official Q2 statistics become available, with trade simultaneously weighed down by the conflict in Ukraine and buoyed by the lifting of COVID-19 lockdowns in China.

The volume of world merchandise trade plateaued with year-on-year growth slowing to 3.2% the first quarter of 2022, down from 5.7% in fourth quarter of 2021. The slowdown in Q1 only partly reflected the impact of the conflict in Ukraine, which broke out in late February. Lockdowns in China also weighed heavily on trade in the first quarter.

The components of the goods barometer are a mixed bag, with most indices showing on trend or below trend growth. The forward-looking export orders index (100.1) is on trend but has turned downwards. The automotive products index (99.0) is only slightly below trend but has lost its upward momentum. Indices for air freight (96.9) and electronic components (95.6) are below trend and pointing down, while the raw materials index (101.0) has recently risen slightly above trend. The main exception is the container shipping index (103.2), which has risen firmly above trend as shipments through Chinese ports have increased with the easing of COVID-19 restrictions.

The latest barometer reading is consistent with the WTO's most recent trade forecast from last April, which predicted 3.0% growth in the volume of world merchandise trade in 2022. However, uncertainty surrounding the forecast has increased due to the ongoing conflict in Ukraine, rising inflationary pressures, and expected monetary policy tightening in advanced economies. A revised forecast will to be issued in early October.

¹ https://www.wto.org/english/news_e/news22_e/wtoi_22aug22_e.htm



Türkiye intends to implement findings in pharmaceuticals dispute with EU

On 29 August, at the meeting of the World Trade Organization's Dispute Settlement Body, Türkiye stated its intention to implement the recommendations and rulings of the arbitrators and the panel in its dispute with the European Union regarding certain Turkish measures concerning the production, importation and marketing of pharmaceutical products².

The arbitrators recommended that Türkiye bring into conformity the measures that were found to be inconsistent in the award and in the panel report with its WTO obligations.

² https://www.wto.org/english/news_e/news22_e/dsb_29aug22_e.htm