

THE EVOLUTION OF WORLD TRADE OVER THE PERIOD 2005-2015 - COMPARATIVE ANALYSIS

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Abstract: the world trade is indissolubly linked to the evolution of the world economy, to the development of current production and sales areas, and to the emergence of new ones, with differences from one region to another. The GDP growth, the world trade volume, the global and the seaborne trade are interdependent and continue to evolve together. The comparative analysis of exports and imports in three groups of countries (developed, in transition and developing), and China, in comparison with the evolution of world trade is based on the annual reports published by UNCTAD, World Bank, IMF, etc., with referring to the annual percentage rate of export and import of goods during the period 2005-2015

Keywords: world trade, world economy, evolution, analysis

1. Introduction

Trade is an economic activity defined as the exchange of goods or services in cash or in kind at a level sufficiently large to require the transport of goods or services from one place to another or within a community, state, region or region great distance. Internal trade is carried out within national boundaries and foreign trade beyond national borders. Trade can be local, intrastate, interstate, regional, world.

World trade includes the sale and purchase of goods between states. International trade allows countries to take advantage of competitive advantages in specific areas, ensuring that disadvantages are diminished in others. To facilitate trade between countries, national and local government agencies (chambers of commerce), including the International Chamber of Commerce (ICC), have been established. Along with these, there is the United Nations Conference on Trade and Development (UNCTAD), the United Nations and the World Trade Organization (WTO), an intergovernmental organization based in Geneva, Switzerland, created on 1 January 1995 as the successor of the General Agreement on Tariffs and Trade - GATT, with a view to establishing a forum for multilateral trade negotiations, reviewing national trade policies, expanding cooperation with other international institutions, in particular the Monetary Fund International and World Bank. The stated aim is to achieve greater coherence in global economic policy and to promote trade liberalization.

World trade is a complex system comprising economic, legal, political, social, cultural, and technological subsystems that are in operation in any country or internationally. However, trade is also an environment that affects the prospects for business and economic development. World trade can also be defined as a business component, which includes all the activities and functions involved in the transfer of goods from producers to consumers. In world trade, there are actors of different sizes. The

major players in world trade are multinational companies that try to maximize profits by offering products and services on the market to individuals and other companies at the lowest cost of production.

2. The evolution of the world trade between 2005 and 2015 – a comparative analysis

World trade is indissolubly linked to the evolution of the world economy, the development of current production and sales areas, and the emergence of new ones, with differences from one region to another. GDP growth, world trade volume and global and maritime transport are interdependent and continue to evolve together. The comparative analysis of exports and imports in three groups of countries (developed, transition and developing) and China in comparison with the evolution of world trade is based on the annual reports published by UNCTAD, World Bank, IMF, etc., with referring to the annual percentage changes in the export and import of goods, in the period 2005-2015 (Table 1). In the absence of concerted recovery measures in developed economies, international trade is declining for the fifth consecutive year. So far, protectionist trends have been kept under control, but the risk increases if the real causes of this slowdown are not efficiently addressed. The major problem is the weak overall demand, mainly due to stagnant real wages. The slowdown in trade growth has led to growth stagnation in many developing countries, especially for goods exporters, and recent increases have relied mainly on capital inflows. With the outflow of this capital, there is a real danger of entering into a third phase of the financial crisis that began in the United States at the end of 2007 before it spread to the European bond sovereign market.

The growth of the world economy is expected to reach values from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018. Upward developments are seen in economic activity, positive expectations for a more robust global demand, pressures low deflationist, the optimism of financial markets. However, structural barriers still pose a disadvantage for a stronger recovery and a balance of risks, especially in the medium term.

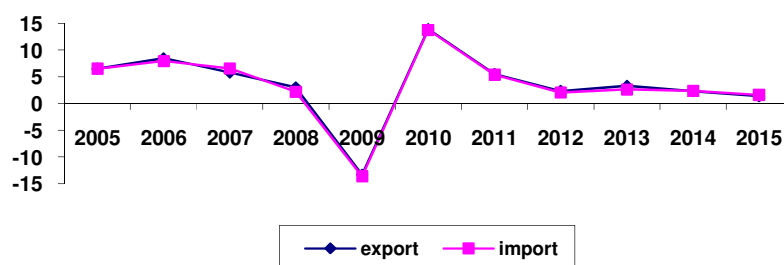
Between 2005 and 2015, the percentages of export and import trends in world trade are very close, and in the last years (2014, 2015) world trade is declining, below the pre-crisis rate recorded in 2007 (Graph 1).

Table 1 The annual evolution of world trade (export-import) in the period 2005-2015, in% as compared to the previous year

Period	% annually	World economy	Developed countries	Transition countries	Developing countries	China
2005	export	6,5				25,0
	import	6,5				11,5
2006	export	8,5				22,0
	import	8,0				16,5
2007	export	5,8	3,9	8,6	8,7	21,8
	import	6,6	3,7	26,1	10,6	14,1
2008	export	3,0	2,8	0,8	4,2	10,5
	import	2,2	0,0	16,0	5,3	2,4
2009	export	-13,3	-15,5	-14,4	-7,4	-14,1
	import	-13,6	-14,6	-28,2	-17,9	-1,1
2010	export	13,9	12,9	11,4	16,0	29,5
	import	13,8	10,8	17,6	18,5	25,0
2011	export	5,5	4,9	4,1	6,7	13,4
	import	5,4	3,4	16,8	7,7	10,3

2012	export	2,3	0,5	1,3	4,6	7,4
	import	2,1	-0,4	5,0	5,3	6,1
2013	export	3,3	2,2	2,3	5,6	7,7
	import	2,7	0,0	-0,5	6,3	9,9
2014	export	2,3	1,9	0,5	3,1	6,8
	import	2,4	2,8	-7,6	2,5	3,9
2015	export	1,4	2,2	9,9	0,4	-0,9
	import	1,6	3,3	-19,4	0,4	-2,2
Average 2007-2015	export	2,67	1,75	2,72	4,65	9,12
	import	2,57	0,93	2,81	4,18	7,56
General average		2,62	1,33	2,76	4,41	8,34

Graph 1 Annual Global trade outlook 2005-2015, in%



The developed countries trade has the same trend as world trade, with a difference from the trend of growth since 2013 (Graph 2).

Graph 2 Annual developed countries' trade evolution 2007-2015, in%



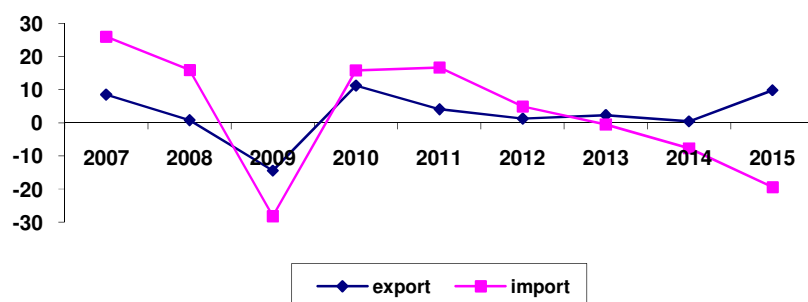
The evolution of the trade of the countries in transition for the same period (2007-2015) was similar to the evolution of the trade of the developed countries, due to its lower export value and higher imports, as well as to the lower decrease of export / import in the most difficult year of the last global crisis (2009) (Graph 3) and the sharp drop in imports in 2015 (-19.4%).

Developments in the trade of developing countries have also developed in the same way as trade in developed countries, with its specificity given to lower export and import values and the value of imports generally higher than that of exports, except for the year 2009, when the import had a significantly higher decrease than the export (Graph 4).

China's trade also followed the trend of world trade, with the difference in export and import values being much higher (Chart 5); the export was higher than the import, except in the worst period

of the global crisis (2009) and 2013; and China for the past three years (2013, 2014 and 2015) meant a sharp decline in exports and imports, to less than half the 2010 levels.

Graph 3 Annual transition countries' trade evolution, in 2007-2015, in%



Graph 4 Annual developing countries' trade evolution, 2007-2015, in%



Graph 5 China's annual trade evolution, 2007-2015, in%



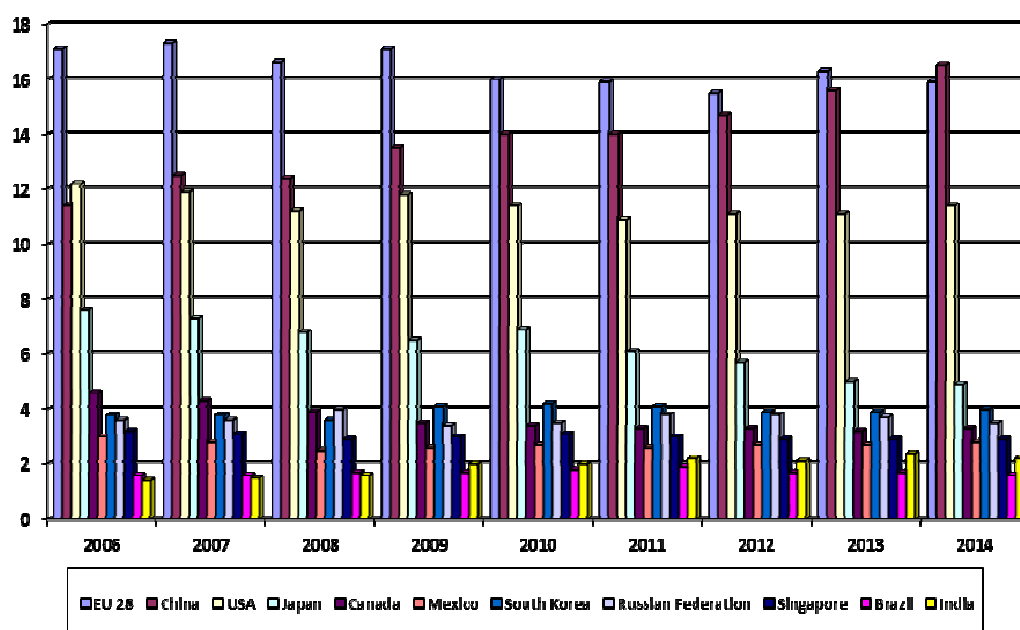
3. The evolution of the world merchandise exports during 2006-2014 – a comparative analyses

Between 2006 and 2014, world merchandise exports have evolved in a similar way to the world economy, the EU, and the main exporting countries, with the exception of China, which had an export value more than about four times, and developing countries had a much lower decrease in exports in 2009 (Table 2 and Graph 6, 7). The EU, together with China and the US, are the world's largest exporters. The share of the EU in foreign trade fell during this period from 17.1% to 15.9%, due to the increase in the total volume of exports. A similar downward trend was also observed for the US, while China had a real export offensive gaining 4.7%. The other major states in the export business had variations of small amplitude in one way or another.

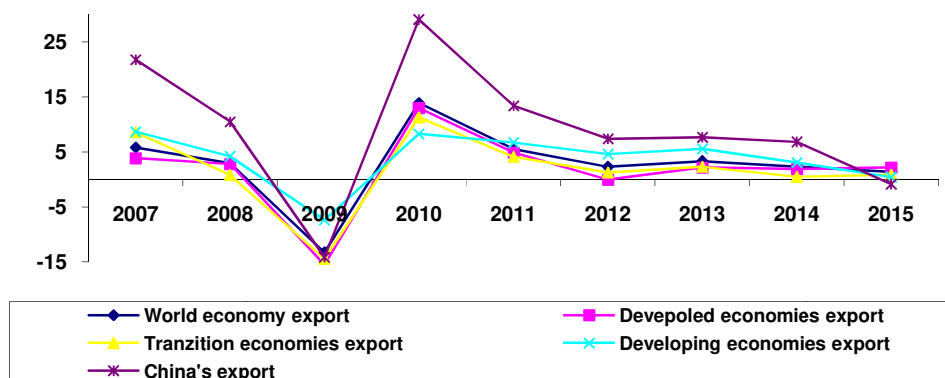
Table 2 Exports evolution for the main world exporters, 2006-2014, in percent, according to Eurostat and UNCTAD - 2017

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
UE 28	17,1	17,3	16,6	17,1	16,0	15,9	15,5	16,3	15,9	15,5
China	11,4	12,5	12,4	13,5	14,0	14,0	14,7	15,6	16,1	17,8
USA	12,2	11,9	11,2	11,8	11,4	10,9	11,1	11,1	11,4	13,4
Japan	7,6	7,3	6,8	6,5	6,9	6,1	5,7	5,0	4,9	
Canada	4,6	4,3	3,9	3,5	3,4	3,3	3,3	3,2	3,3	
Mexico	3,0	2,8	2,5	2,6	2,7	2,6	2,7	2,7	2,8	
South Korea	3,8	3,8	3,6	4,1	4,2	4,1	3,9	3,9	4,0	
Russian Fed.	3,6	3,6	4,0	3,4	3,5	3,8	3,8	3,7	3,5	
Singapore	3,2	3,1	2,9	3,0	3,1	3,0	2,9	2,9	2,9	
Brazilia	1,6	1,6	1,7	1,7	1,8	1,9	1,7	1,7	1,6	
India	1,4	1,5	1,6	2,0	2,0	2,2	2,1	2,4	2,2	

Graph 6 The annual evolution of the world merchandise exports for the main exporters, 2006-2016, in %



Graph 7 Annual evolution of global exports of goods by geographical area in 2007-2015, in%

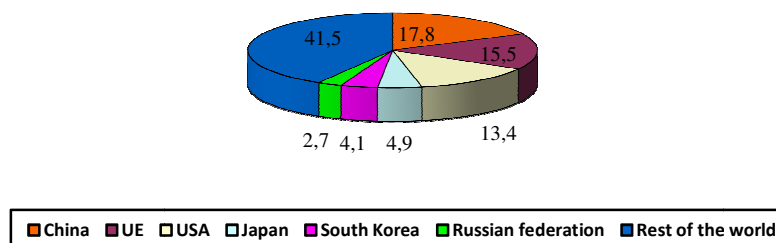


In 2015, the total trade in goods (export and import) registered for the EU, China and the United States was almost identical, with the US \$ 3.633 billion, with € 61 billion higher than China's and with 115 billion euros than the European Union (excluding intra-Community trade). Japan occupies the fourth place with 1.127 billion euros (table 3 and graph 7). In 2015, the ratio between exports and imports (coverage ratio) was particularly high in favor of exports to the Russian Federation, Norway, and China, while China and the Russian Federation recorded the largest annual trade surpluses since 2005. In 2015 The United States had the largest trade deficit, a trend that has occurred over the last decade.

Table 3 Worldwide main exporters in 2015, in%

No.	Exporter	% ¹
1.	China	17,8
2.	UE	15,5
3.	USA	13,4
4.	Japan	4,9
5.	South Korea	04,1
6.	Russian Federation	2,7
7.	Rest of the world	41,5

Graph 8 main world exporters of goods in 2015, in%



¹[http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Shares_in_the_world_market_for_exports_of_goods,_2015_\(%25_share_of_world_exports\)_YB17.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Shares_in_the_world_market_for_exports_of_goods,_2015_(%25_share_of_world_exports)_YB17.png)

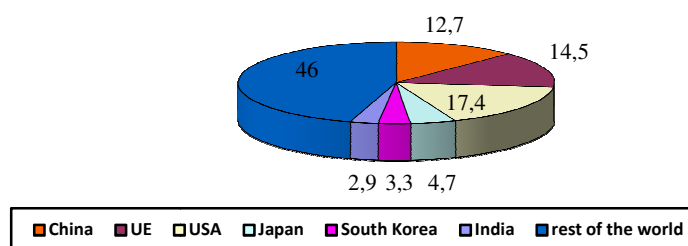
4. The evolution of the world import over the period 2007-2015 – a comparative analyses

Worldwide imports of goods have the same evolution for the world economy as for selected groups of countries, with the exception of China, which had an import value more than about two times between 2009 and 2010 and the countries in transition, which had a higher value during 2007 - 2008 and 2011, but also the highest decrease in 2009. The United States had the largest share of world imports (17.4%), compared to EU28 (14.5%) and China (12.7%) (Table 4 and Graphs 8 and 9).

Table 4 Main global importers in 2015 in%

Nr. crt	Importer	% ²
1.	China	12,7
2.	UE	14,5
3.	USA	17,4
4.	Japan	4,7
5.	South Korea	3,3
6.	India	2,9
7.	Rest of the world	46,0

Graph 8 Main world importers in 2015, in%



Graph 9 World annual import trend over the period 2007-2015, in%



²[http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Shares_in_the_world_market_for_exports_of_goods,_2015_\(%25_share_of_world_exports\)_YB17.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Shares_in_the_world_market_for_exports_of_goods,_2015_(%25_share_of_world_exports)_YB17.png)

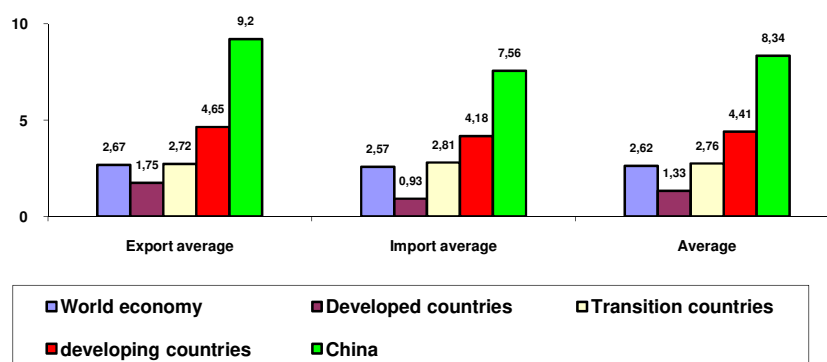
In the same period, EU exports to its main trading partners evolved differently. The United States has remained the traditional UE partner, although the share of exports to this destination has fallen from 28.0% in 2002 to 20.7% in 2015. The highest increase was recorded in relations with China at a rate 300% growth and South Korea and Brazil over 200%. A significant increase was also recorded in the relationship with Japan and Russia, about 30%. China was the second most important destination market for EU exports of 9.5% in 2015, followed by Switzerland by 8.4%. The following destinations for Community exports were Turkey, Norway and Russian Federation. These markets accounted for 53.1% of EU exports of goods.

The highest increases in EU imports were recorded in relation to China and India, which were over 200%. The countries mentioned as the main outlets for Community exports were also the main suppliers of commodity imports. It should be noted that in relation to these, the share of imports of goods in the UE was 59.8%, higher by 6.7% of the share of exports. In 2015, China was the home country of 20.3% of EU imports, followed by the US with 14.4% and Russian Federation by 7.9%. The most significant decrease was in the commodity imports from Japan of 20%.

Conclusions

World trade volume of World Trade Organization member countries increased in 2016 to the US \$ 15.4 trillion, compared to the US \$ 11.7 trillion in 2006. During the same period, world export of manufactures increased from \$ 8 trillion to \$ 11 trillion, and global trade exports totaled \$ 4.8 trillion in 2016, compared with \$ 2.9 trillion in 2006. Regarding the average of the evolution of world trade, one can observe the high rate of exports of China and countries in transition, with a higher export value; developed countries experienced less medium-term import trends than exports while developing countries developed a higher import than exports (Graph 10).

Graph10 World trade average (export, import and export and import), 2007-2015



Thus, we can see how the world trade is closely linked to the evolution of the world economy: exports have followed the growth of the world economy closely, while the import has experienced a drastic decrease in the year of maximum crisis (2009), a spectacular leap in the next year (2010), then to evolve in a downward trend, similar to exports, in the last years 2014-2015 (Figure 11). The increase in world trade has taken place with the growth of the world economy, with an annual growth rate of approximately three times higher in 2005-2006 and in 2010 at a rate almost five times higher; in terms of falling world economic growth, it can be seen that in the peak of the crisis (2009), world trade has

declined much more than four times the world economy; after the peak of 2010, world trade has fallen dramatically, following the declining trend of the mondial economy, so that in 2012 the growth rate will be lower than that of the world economy. Although the import was higher in 2013 compared to 2012 (9.568 million tonnes compared to 9.165 million tonnes unloaded), the annual percentage increase is minimal, in direct relation to the world market demand. If the current, declining trend of the world economy is maintained and in the coming years it is supposed (following the similar evolution of world trade - the world economy in the last period) a declining trend, more pronounced, of world trade.

For the year 2015, exports grew only for the EU (3.2% as compared to 2014), while the main Chinese, US, and Japanese exporters declined during the same period. As regards imports, a steady change can be remarked, with a slight increase for the EU and the US, a sharp fall in imports for China and Japan, and a spectacular leap forward of 10.1% of imports to India (Table 5 and Graphs 12 and 13).

Although world commodity trade grew slightly in 2016, its value declined in absolute terms to 2015 due to falling prices, both for export and import. International exports of goods amounted to the US \$ 15.46 trillion in 2016, down 3.3% from 2015. The world trade volume of trade services of US \$ 4.77 trillion rose in 2016 by only 0.1 the % year 2015.

Graph 11 The annual comparative evolution of the world economy and world trade (import-export), 2005-2015, in%

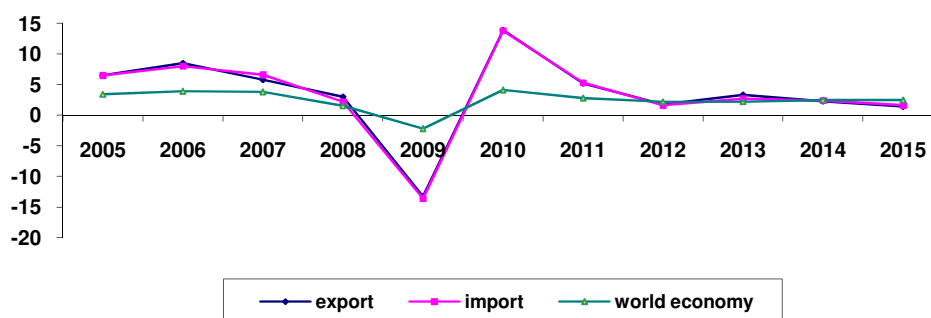


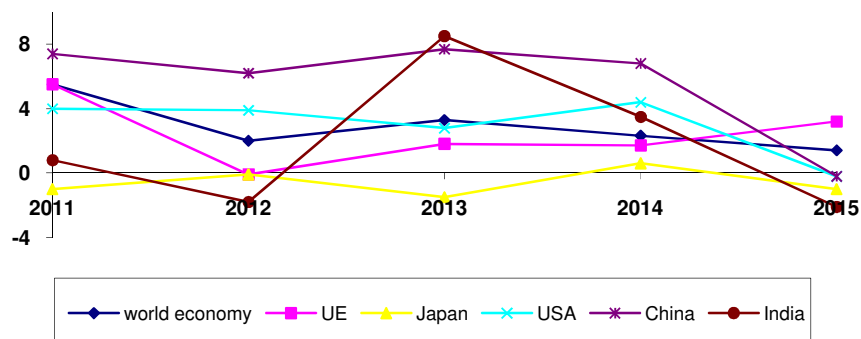
Table 5 World and main economies' trade volume, 2011-2015, annual evolution in%

	2011	2012	2013	2014	2015
	export/ import	export/ import	export/ import	export/ import	export/ import
World economy	5,5/5,4	2,0/2,0	3,3/2,7	2,3/2,4	1,4/1,6
UE	5,5/2,8	-0,1/-2,5	1,8/-0,9	1,7/3,3	3,2/3,6
Japan	-1,0/4,2	-0,1/3,8	-1,5/0,3	0,6/0,6	-1,0/-2,8
USA	4,0/2,8	3,9/2,8	2,8/1,0	4,4/4,3	-0,2/4,8
China	7,4/6,1	6,2/3,6	7,7/9,9	6,8/3,9	-0,9/-2,2
India	-0,8/5,5	-1,8/5,9	8,5/-0,3	3,5/3,2	-2,1/10,1

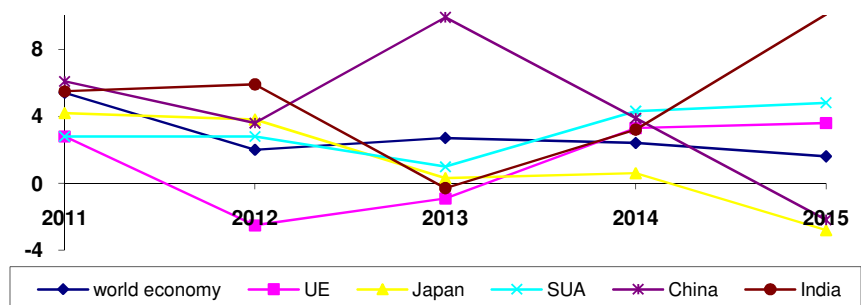
Source: UNCTAD, *Trade and Development Report 2016*

The volume of world trade is projected to increase by 2.4% in 2017, but due to a high level of uncertainty, it is in the range of 1.8-3.6%.

Graph 12 World export volume 2011-2015, in%



Graph 13 World import volume 2011-2015, in%



The performance of the world trade (export-import) and the main economies developed during 2011-2015 remains vulnerable to the risks of economic slowdown and the uncertainties affecting the world economy.

In 2016, the value of exports from the World Trade Organization countries was the US \$ 15.71 trillion, with the top 10 exporting and importing countries accounting for 53 percent of world trade and 41 percent of developing countries. According to WTO world economies are classified according to trade volume in five categories: 0-125 (the vast majority of the world states), 125-250 (Brazil, Australia etc.), 250-500 (Russia, India, Spain, Italy, etc.) , over \$ 500 billion (US, China, UK, Germany, Japan, France, the Netherlands):

Particularly for Europe, statistics estimate that over the next decade about 90% of world economic growth will be outside. Through extra-community trade with new growth centers, new impetus can be given to the European economy. Commercial policy, as an integral part of the European economic strategy, will make a decisive contribution to increasing its international competitiveness and will lead to the creation of new jobs. This is based on the fact that the European Union is the main trading partner for dozens of countries, which means diminishing the risk through diversification of markets and also through widespread intra-Community trade and the weight of around 35% of foreign trade in goods and services of the GDP of the European Union.

In 2016, all regions of the world recorded declines in commodity exports, with the lowest drop in Europe (-0.3%) and the highest in the Commonwealth of Independent States (-16.2%), while imports Europe experienced a small advance (0.2%), and all other regions declined.

The world trade value of commercial services increased in 2016 by only 0.1% in all regions of the globe except for Asia with an increase of 0.9%.

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