

**EXECUTIVE
BOARD
MEETING**

SM/23/51
Correction 1

March 20, 2023

To: Members of the Executive Board

From: The Secretary

Subject: **Review of the Role of Trade in the Work of the Fund**

Board Action: The attached corrections to SM/23/51 (2/28/23) have been provided by the staff:

Factual Errors Not Affecting the Presentation of Staff's Analysis or Views

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Questions: Mr. Ruta, SPR (mruta@imf.org)
Ms. Van Heuvelen, SPR (ext. 37741)

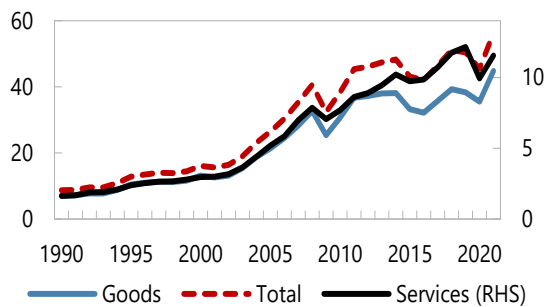
THE CHANGING TRADE AND TRADE POLICY LANDSCAPE

A. Changing Trade Landscape

Global trade is not in retreat, but it is changing and facing mounting risks. In recent years, the growth of goods trade has decelerated, while services trade has shown more dynamism; EMs have been playing a larger role in world trade, including trading more with each other; and shocks such as the pandemic have put world trade under stress, although global value chains have so far shown resilience.

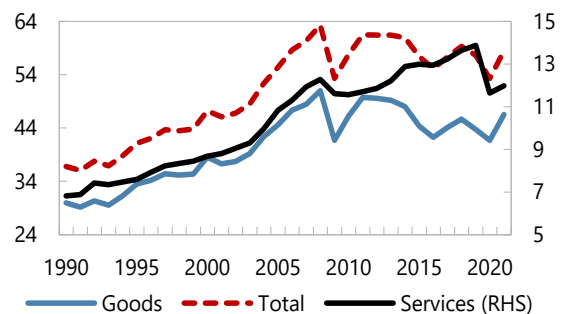
10. In the past three decades, the growth of goods trade has decelerated, while services trade continued to expand more rapidly (Figures 1 and 2). Since 2011, the growth rate of goods trade has slowed to an annual average of 4.1 percent (down from an annual average of 9.1 percent during 1990 to 2008). Global goods trade also reduced as a share of global GDP, from 51.0 percent in 2008 to 46.5 in 2021. Meanwhile, the world economy experienced a robust growth of services trade from \$1.6 trillion in 1990 to \$11.5 trillion in 2021, an average annual growth rate of 6.9 percent. Trade costs in services have traditionally been much higher than those in goods but due to the advances in digital technologies, they are dropping at a faster rate—a trend that is likely to continue in the future (Chapter 4).

Figure 1. Global Trade (Imports + Exports) Values
(Trillion USD)



Source: UN Comtrade and WTO.

Figure 2. Global Trade (Imports + Exports) Values
(Percent of World GDP)



Source: UN Comtrade and WTO.