

A.5. Impact of the crisis on international trade

■ The decline in international trade in 2008 triggered by the crisis has been the deepest decline on record, much deeper than during the Great Depression. The fact that the downturn was steeper in terms of value than of volume suggests that a “price effect” also played a part in some countries. The scale of the decline reflects the increasing interdependence of trade, which can accelerate the spread of cyclical effects. Hence, the recession caused by the crisis intensified the drop in world trade, which resulted from the concurrent decline of trade flows in almost every country of the world.

■ In 2008, trade flows in goods generated deficits both in the United States and in the euro area. While Japan still recorded a surplus it was four-and-a-half times smaller than in 2007; in the last quarter of 2008 Japan also displayed a deficit. In the United States, the 2008 deficit remained at the same level as in 2007 as a result of a faster decline in imports, particularly in the last quarter. In the euro area, the balance of

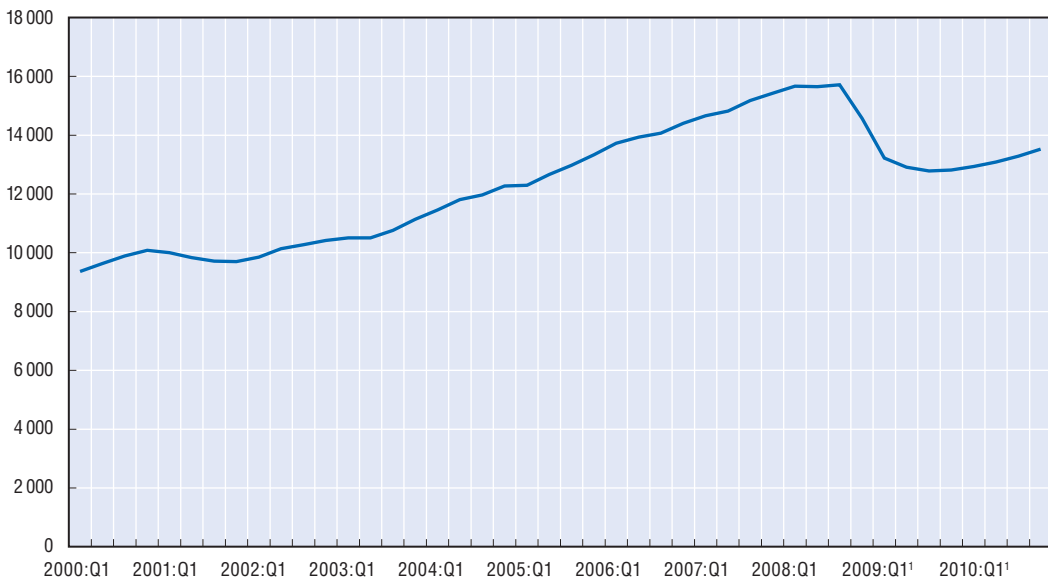
trade in goods remained positive in 2008, but surpluses were lower by a factor of five, brought down by trade deficits between August and December.

■ In the first quarter of 2009, world trade picked up again. Trade balances in goods began also to recover slightly especially in Japan and the euro area. International Monetary Fund projections also suggest a slow recovery in trade volumes of only 2.5% in 2010. The regions expected to lead the recovery are the BRICs (Brazil, the Russian Federation, India and China), and the driving sectors are expected to be pharmaceuticals, agribusiness and other services, which are less countercyclical than investment goods.

Sources

- OECD, *OECD Economic Outlook No. 85*, June 2009.
- OECD, *Monthly Statistics on International Trade*, January 2010.

Figure A.5.1. Trends in world trade volume
USD billion, 2005 prices



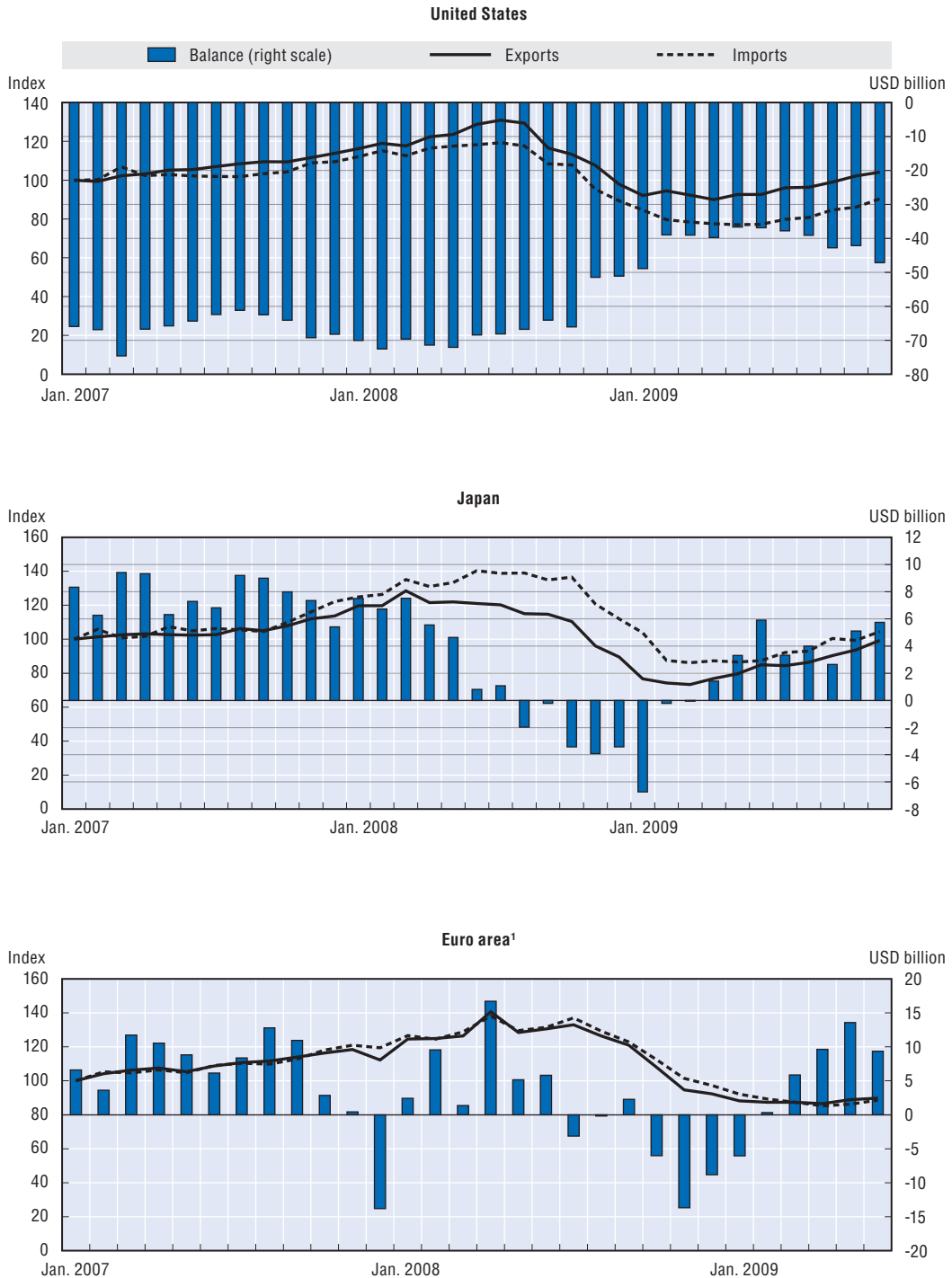
1. Forecasts.

StatLink <http://dx.doi.org/10.1787/837837844021>

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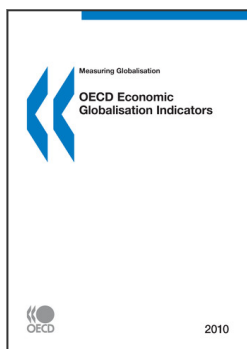
Figure A.5.2. Trends in monthly trade balance of goods since January 2007

Index January 2007 = 100 and billion current USD



1. Excluding intra-euro zone trade.

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From:
Measuring Globalisation: OECD Economic Globalisation Indicators 2010

Access the complete publication at:
<https://doi.org/10.1787/9789264084360-en>

Please cite this chapter as:

OECD (2010), "Impact of the crisis on international trade", in *Measuring Globalisation: OECD Economic Globalisation Indicators 2010*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264084360-7-en>

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