

Global Trade To Be Weaker Than Expected

John Heilprin, Associated Press

GENEVA (AP) — Global trade will be weaker than expected this year as European economies struggle with their debt crisis, and will recover only slightly in 2014, the World Trade Organization said Wednesday.

The global trade body forecast in its annual report that trade would grow 3.3 percent during 2013, significantly less than the 4.5 percent it had earlier predicted.

That would be only a meager improvement from the 2 percent rise in 2012, a terrible year for global trade. Exports were ravaged then by the financial turmoil in the 17-country eurozone, economic aftershocks from Japan's earthquake and nuclear crisis, and the impact of political unrest in the oil-rich Middle East.

The WTO had earlier forecast a 3.7 percent rise in trade in 2012, based on what WTO economist Coleman Nee described as assumptions that the European Union was "getting its act together" financially. In fact, the debt crisis continued and remains a source of uncertainty for the bloc, the world's largest economic region.

Trade growth remains well below the 5.3 percent rate it averaged over the last 20 years, the WTO said. The figures represent the total volume of merchandise exported across borders, accounting for changes in prices and exchange rates.

The WTO's director-general, Pascal Lamy, said "the final trade numbers for 2012 are quite sobering," with developed economies notching a paltry 1 percent increase in their exports last year while shipments from developing economies grew 3.3 percent.

"The revival of the sovereign debt crisis in the middle of the year meant that the deceleration of trade was stronger than anticipated," he said.

The disparity between developed and developing economies was still more dramatic on the import side, WTO figures show. Among developed economies, imports fell 0.1 percent in 2012, while they rose 4.6 percent among developing economies.

For 2014, Lamy said trade is expected to rebound to "more like 5 percent growth," close to the 5.2 percent rate seen in 2011.

The recent slowdown, he said, shows that "there is a need for more rules-based trade in order to reduce unemployment and to stimulate growth."

"The threat of protectionism may be greater now than at any time since the start of the crisis, since other policies to restore growth have been tried and found wanting," Lamy added.

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Measured in dollar terms, the total value of merchandise traded in 2012 was \$18.3 trillion, essentially unchanged from the year earlier due to falling prices for traded goods such as coffee, cotton, iron ore and coal.

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