WORLD BANK GROUP

2024 TRADE WATCH
QUARTER 3

Photo credit: AUUSanAKUL/Shutterstock.com

Goods trade is gaining momentum

KEY MESSAGES

» Global goods trade values rose in the four months from April to July from the same period of last year, as volumes tracked record 2022 levels, fuel prices stabilized, and exports grew across most regions.

» Trade in services expanded further in the second quarter of 2024; international tourist arrivals rose almost to 2019 levels.

» A measure of global supply chain stress remained high through September 2024, amid disruptions in Southeast Asia, the Middle East, and the Mediterranean. While shipping rates eased significantly from their July 2024 peaks, they were still more than twice as high as a year ago.

This note has been published jointly by the Trade and International Integration Unit in the World Bank's Research Group (DECRG) and the Trade Unit in the Trade, Investment, and Competition (TIC) department. It has been prepared by Cristina Constantinescu with contributions from Ricardo Ashimi, Phil Levy, Daria Ulybina, and Chris Wellisz under the supervision and guidance of Paulo Bastos, Sébastien Dessus, and Daria Taglioni. For further information please contact Cristina Constantinescu at [ineagu@worldbank.org.](mailto:ineagu@worldbank.org) Underlying data for some figures and additional data and charts can be found online on the Trade Watch Dashboard.

Goods Trade

Global goods trade gained momentum in the second quarter of 2024 and into July, as volumes tracked record 2022 levels and exceeded those of 2023. Trade rose by 1.5 percent year-on-year from April to July over the levels in 2023 and by 1 percent in the first seven months of 2024 (Figure 1a). Trade values (in current US dollars) rose by an average of 0.7 percent during the first seven months of 2024 compared with the same period of 2023, as a year-on-year increase by 2.9 percent from April to July offset the 2.3 percent decline in the first quarter (Figure 1b). Average trade flows from April to July 2024 also exceeded the average in the first quarter of 2024 by 4 percent. Unit values returned to 2023 levels but remained below the peaks of 2022, when commodity prices were at their highest and demand for goods surged during the pandemic. These trends, together with positive preliminary trade data from 30 countries for August, confirm the upturn in global goods trade, as highlighted by the latest WTO Goods Trade Barometer (September 2024), and support forecasts of a trade recovery in line with global GDP growth projections for 2024 (World Bank Global Economic Prospects, June 2024; IMF World Economic Outlook Update, July 2024).

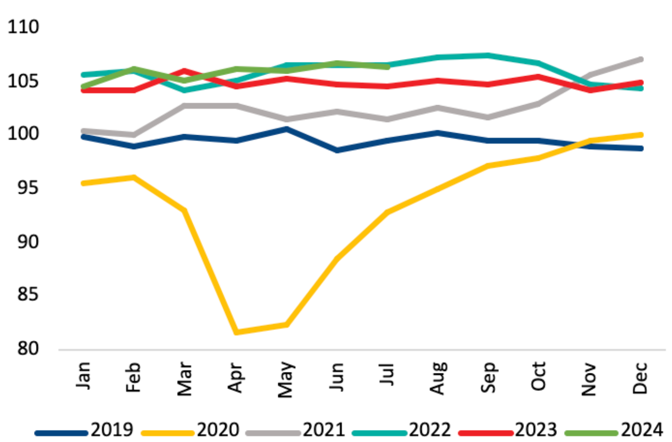
Manufacturing growth and an increase in fuel prices bolstered goods-trade values (Figure 2a). Trade in machinery increased by 9.9 percent from April to July 2024 compared with the same period of 2023. Chemicals trade grew by 6 percent on a year-on-year basis; electronics by 4.5 percent; and foodstuffs, wood, and paper products by 5.8 percent, reversing declines in the first quarter of 2024 relative to 2023.

Fuels trade grew by 0.8 percent from April to July following a 14 percent contraction in the first quarter. Iron and steel products registered a 1.4 percent year-on-year increase after a 5.4 percent decline in the first quarter of 2024. In contrast, growth in transportation equipment trade moderated to 0.6 percent from April to July 2024, and trade in extractive industries (excluding fuels) fell by 2.7 percent compared with 2023. The pace of declines in agricultural commodities and textiles moderated in the April-July period compared with the first quarter.

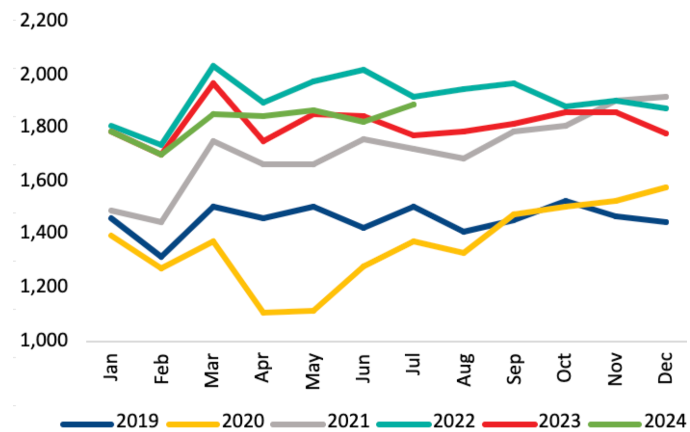
Goods trade performance improved across all regions on average, although growth was slower in the European Union (Figure 2b). From April to July 2024, export receipts in the European Union edged up by 0.1 percent over the previous year after a 4.3 percent year-on-year decline in the first quarter, consistent with perceptions that activity bottomed out in the euro area in the first half of the year (IMF World Economic Outlook Update, July 2024). Exports grew by 1.3 percent in the second quarter through July in Europe and Central Asia (excluding the EU) relative to 2023 after falling by 4.1 percent in the first quarter. North America, China, East Asia, as well as Latin America and the Caribbean (excluding Mexico), also saw exports rise more briskly. In South Asia, export growth remained strong but eased slightly. From April to June 2024, export receipts increased in the Middle East and North Africa and in Sub-Saharan Africa compared with the previous year. In the European Union, imports shrank by 2.6 percent after a first quarter drop of 8.1 percent.

Figure 1: Global goods trade gained momentum in the second quarter of 2024 and into July.

a. Global goods trade in constant US$ (Jan 2019=100)



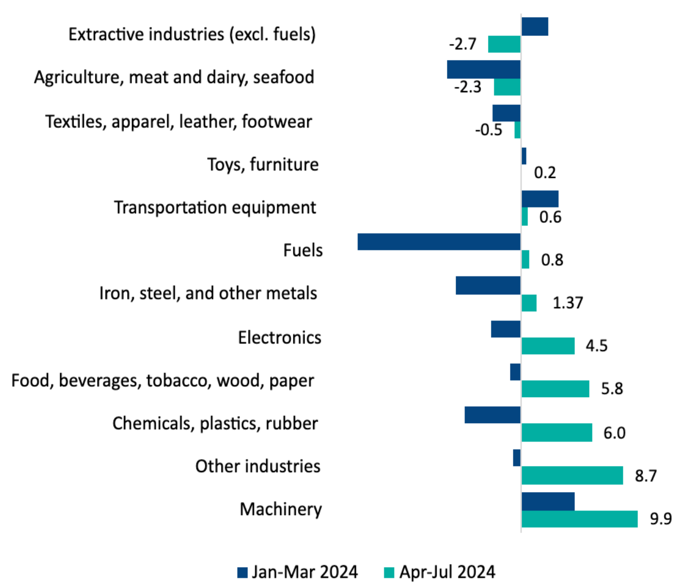
b. Global goods trade in billions of current US$



Source: a. CPB World Trade Monitor. b. WB staff calculations using data from Haver Analytics, WTO, World Bank Global Economic Monitor, IMF International Financial Statistics, OECD, UN Comtrade and official data from Australia, Canada, China, Eurostat, Japan, UK, and the U.S. ***Notes:*** Trade is the average of imports and exports.

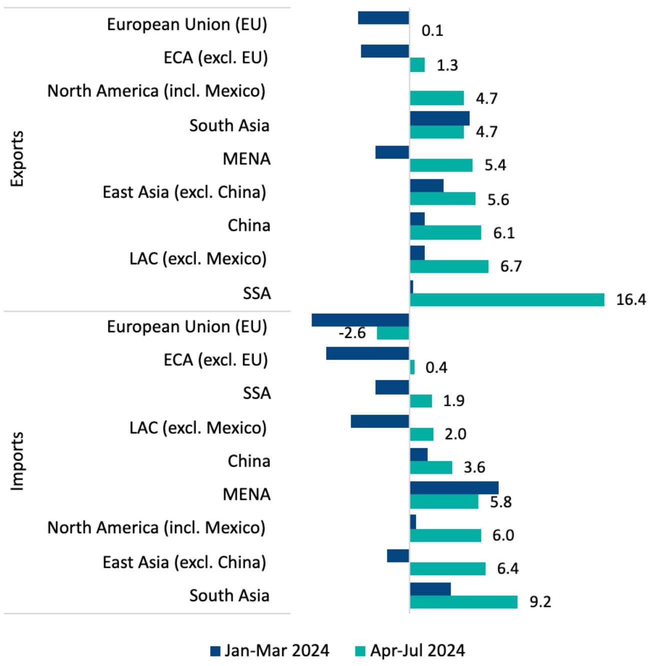
Figure 2: Manufacturing growth and an increase in fuel prices bolstered goods-trade values; the European Union's trade improved relative to the beginning of the year but remained weaker than in other regions.

a. Trade in current US dollars by product group: YoY % change



Source: WB staff calculations using data from Haver Analytics, WTO, World Bank Global Economic Monitor, IMF International Financial Statistics, OECD, UN Comtrade and official data from Australia, Canada, China, Eurostat, Japan, UK, and the U.S. ***Notes:*** a. Intra-EU trade is excluded. b. The MENA and SSA estimates are based on data through June 2024.

b. Trade in current US dollars by country group: YoY % change



Source: WB staff calculations using data from Haver Analytics, WTO, World Bank Global Economic Monitor, IMF International Financial Statistics, OECD, UN Comtrade and official data from Australia, Canada, China, Eurostat, Japan, UK, and the U.S. ***Notes:*** *a. Intra-EU trade is excluded. b. The MENA and SSA estimates are based on data through June 2024.*

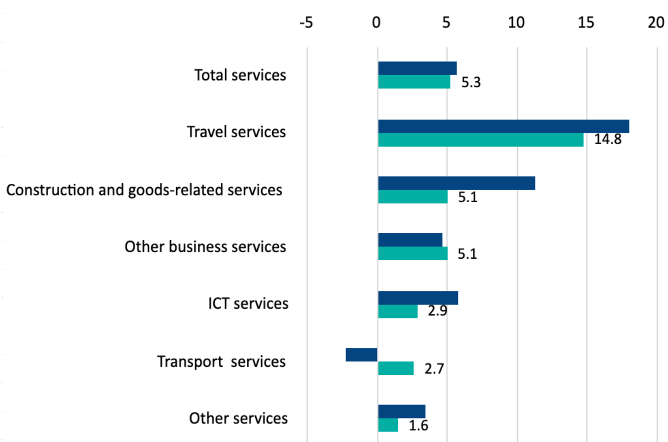
Services Trade

Trade in services continued to expand in the second quarter of 2024. Values increased by 5.3 percent over the same period last year, following a 5.8 percent year-on-year rise in the first quarter (Figure 3a). While growth was broad-based, some sectors experienced a slowdown relative to the beginning of the year as inflationary pressures eased. Growth in travel moderated to 14.8 percent in the second quarter from 18.1 percent in the first quarter and remained 9.3 percent above pre-pandemic levels in the second quarter of 2019. Growth in construction services slowed to 5 percent after a 10.5 percent gain in the first quarter. ICT services expanded by 2.9 percent in the second quarter, down from 11.3 percent in the first quarter, while transportation services grew by 2.4 percent, reversing a 2.2 percent decline in the first quarter.

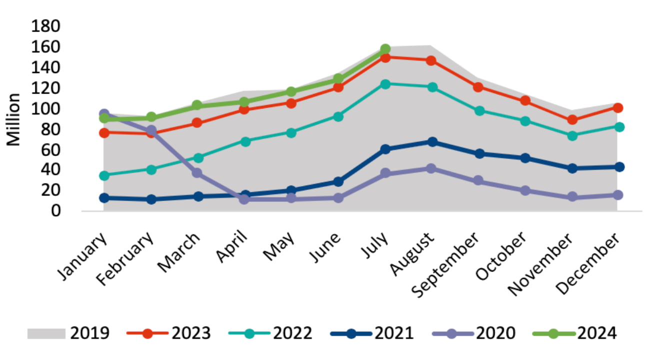
International tourist arrivals rose almost to 2019 levels. Arrivals rose by 7.5 percent year-on-year in the second quarter through July, following a 20 percent increase in the first quarter, but remained 3.7 percent below the pre-pandemic level (Figure 3b). In the Middle East, tourist arrivals surged 26 percent above pre-pandemic levels during the first seven months of 2024, driven by strong growth in Bahrain, Egypt, Qatar, Saudi Arabia, and other countries, which offset sizable declines in Lebanon and Syria (Figure 3c). In contrast, Israel recorded a 77 percent plunge amid conflict in Gaza, contributing to a 1 percent decline in the Europe & Israel group. Africa saw a 21 percent increase above 2019 levels, with Morocco, Tunisia, Kenya, and Tanzania leading the way. The Americas saw a 3 percent decline, though performance varied by country, while Asia and the Pacific remained 18 percent below pre-pandemic levels, with most countries still experiencing contractions.[1] Key factors slowing recovery in international tourist arrivals included high transport and accommodation costs, economic uncertainty, and geopolitical tensions (UN Tourism Barometer).

Figure 3: Trade in services expanded further in the second quarter of 2024; international tourist arrivals rose almost to 2019 levels.

a. Services trade by sub-sector: YoY % change

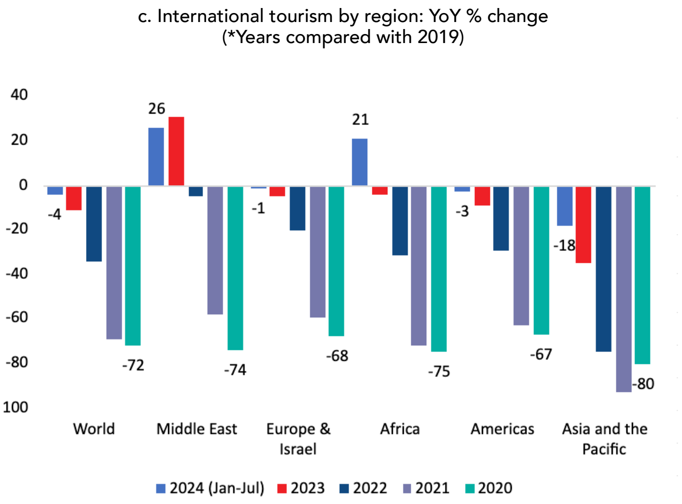


b. International Tourist Arrivals



Source: a.- WB staff calculations based on WTO data; b - World Tourism Organization. ***Notes:*** *a. The global aggregate includes services exports and imports. Total services estimate is based on 35 countries that reported in June 2024, accounting for 60 percent of global services trade in 2017. Travel estimates are based on 20 economies accounting for 44 percent of global services trade in 2017. Estimates for the other sub-services sectors are based on 12 economies, accounting for 35 percent of global services trade in 2017. Other services include insurance and pension, financial, royalties, personal and recreational, and government services n.i.e.*

[1] For a more detailed monitoring of the tourism sector see the World Bank's Tourism Watch.



Source: c.- World Tourism Organization.

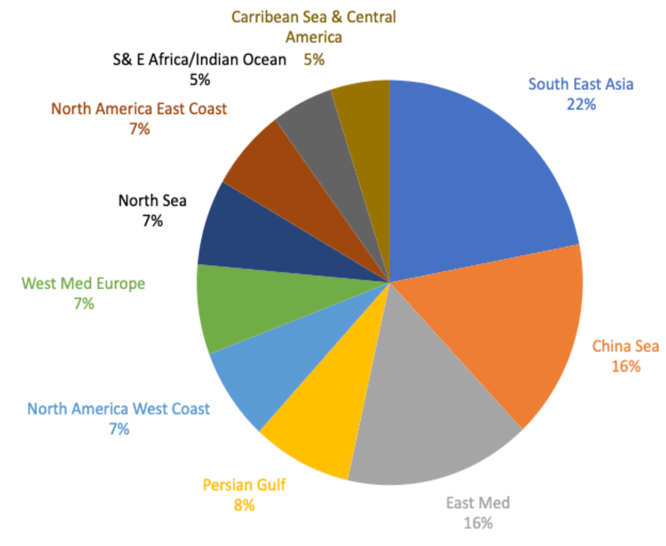
Logistics Constraints

Global supply-chain stress remained elevated through September 2024, amid disruptions in the Middle East, the Mediterranean Sea, and Asia; shipping rates eased from peaks in July 2024 but remained more than twice as high as a year ago. The World Bank's Global Supply Chain Stress Index, which tracks delayed shipping capacity, jumped to 1.4 million TEUs in September 2024, up 72 percent from October 2023, when Hamas's attack on Israel ignited renewed conflict in the Middle East (Figure 4). Shipping costs peaked in July 2024 at levels last seen in 2022 but declined rapidly afterward. By September, they had fallen almost 40 percent from July 2024, returning to January 2024 rates, although they remained more than twice as high as at the end of 2023.

Conflicts in the Middle East contributed to shipping disruptions as far afield as East Asia. Carriers moving cargo between Europe and Asia have rerouted container vessels around Africa to avoid Houthi attacks in the Red Sea, adding up to 6,500 kilometers and 10 days to a typical journey. As a result, more cargo is being unloaded at major transshipment hubs like Shanghai to be reloaded onto smaller vessels, causing congestion elsewhere, notably in Sri Lanka and Malaysia. In September, Typhoons Bebinca and Pulasan halted terminal operations and forced containerships to wait at anchorages in Shanghai and Singapore. The storms helped make Southeast Asia and the China Sea among the biggest sources of supply-chain stress in the six months from March to September 2024 (Figure 5). Elsewhere, some carriers diverted cargo to the US West Coast in anticipation of a dockworkers' strike at East Coast ports, which turned out to be short-lived. The ports of Long Beach and Los Angeles managed higher cargo volumes effectively, and no major bottlenecks were detected.

Figure 4: Global supply-chain stress remained elevated through September 2024; while shipping rates eased significantly from peaks in July 2024, they were still more than twice as high as a year ago.

Figure 5: Southeast Asia and the China Sea were among the biggest contributors to global supply stress from March to September 2024.



Note: The analysis was conducted using a containerships port calls database (derived from Automatic Identification System, AIS) provided by Marine Traffic, covering ships calling at over 1,000 ports worldwide, and measured in capacity units of Twenty-Foot Equivalent (TEU) boxes. The Global Supply Chain Stress index is an estimate of shipping capacity additionally mobilized or stalled at ports when excessive delays are observed over historical port-to-port lead time. Spot freight rates shown are based on the Shanghai Export Containerized Freight Index (SCFI) which reflects ocean freight and associated seaborne surcharges of major container trade routes export from Shanghai to Europe, Mediterranean Sea, US West and East Coast, Persian Gulf, Australia/New Zealand, West Africa, South Africa, South America, West and East Japan, Southeast Asia and Korea. It refers to the average final spot market price (volume weighted average prices) by common shippers in USD/TEU (USD/FEU for US East and West coast services).