

## **CPB Document**

**No 176**

December 2008

**Report AIECE Working Group on Foreign Trade  
Autumn 2008**

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ISBN: 978-90-5833-385-8

## **Abstract**

The financial crisis is still spreading and deepening and is making inroads on the real economy. Forecasting is always “work in progress” but the exceptional situation today makes it feel like shooting at a moving target from a ship on the high seas. The forecasts of the Working Group were prepared at the beginning of October, starting off from data supplied by member institutes, prepared somewhere in the third quarter. We already took the liberty during our meeting to make bigger than usual adjustments to these national trade forecasts, to get closer to the rapidly deteriorating situation in the world economy. But it is clear that our efforts fell short of what we are experiencing today.

Given the uncertainties, the Working Group did not think it opportune to prepare a completely new detailed trade forecast. Instead we present the data prepared early October, which already incorporate strong downward shifts in the overall outlook, but give ample attention to the current trends and risks. We also provide a model simulation estimating the possible effects on trade variables of the rapidly declining short-term growth outlook for the world economy, the weaker euro and the lower oil and other commodity prices. In the original forecast, world trade growth decelerated from 7.4% in 2007 via 5.0% in 2008 to 2.5% next year. The simulation suggests that world trade levels might actually decline in 2009.

*Key words: International trade, forecast*

*JEL code:*

## **Abstract in Dutch**

De financiële crisis grijpt steeds verder om zich heen en wordt ook voelbaar in de reële sector. Voorspellen is altijd ‘werk in uitvoering’, maar op dit moment zijn de onzekerheden wel heel groot. De Werkgroep baseert zich daarom niet alleen op prognoses zoals deze in het derde kwartaal van 2008 zijn aangeleverd door leden van de associatie, maar ook op meer recente trends. In een modelsimulatie wordt nagegaan wat de effecten van de snel verslechterende vooruitzichten op de wereldhandel zouden kunnen zijn. In de centrale voorspelling loopt de wereldhandelsgroei terug van 7,4% in 2007 via 5,0% in 2008 naar 2,5% in 2009. De simulatie suggereert dat de wereldhandelsgroei volgend jaar ook negatief kan zijn.



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## Preface

This CPB document contains the half-yearly forecasts of the AIECE Working Group on Foreign Trade. The AIECE is the Association of European Conjuncture Institutes, having 42 members and observing institutes, representing 20 countries and 4 international organisations. The membership is open to independent European institutes involved in surveying economic development and macroeconomic forecasting. Independent is interpreted as not directly being involved in conducting economic policies and not representing certain economic interests. The main objective of the association is to intensify the exchanges between its members with a view to improve their insight into international economic developments. The CPB is a long-standing member of this organisation.

Twice a year, world economic issues are discussed in the general assembly of the AIECE. Major points on the agenda are the general report on the European outlook, prepared in turn by one of the institutes, and the presentation of selected special studies. Two standing working groups report on respectively the development of world commodity prices, and on world trade. In a special session reports are discussed on longer-term prospects and structural change. These reports are meant to give a general assessment of developments in the respective fields.

The analyses of the Working Group on Foreign Trade are largely based on forecasts provided by AIECE member-institutes with respect to their own country. The working group provides forecasts for non-European countries and unifies the assumptions on dollar exchange rates and primary commodity prices. As a consequence, the working group sometimes reassesses the trade forecasts submitted by member institutes for their own country, taking account of the calculated export market growth, price competitiveness and shadow import prices.

To stimulate the discussion at the General Meeting of the Association, this reports also provides a simulation acknowledging the strong downward risk for world trade and production at this moment.

Coen Teulings  
Director

## **AIECE Working Group on Foreign Trade**

BFP	Federal Planning Bureau, Brussels
COE	Chambre de Commerce et d'Industrie de Paris, Paris
CPB	Netherlands Bureau for Economic Policy Analysis, The Hague
IBRKK	Institute for Market, Consumption and Business Cycles Research, Warsaw
INSEE	Institut National de la Statistique et des Études Économiques, Paris
ISAE	Istituto di Studi e Analisi Economica, Roma
ECB	European Central Bank, Frankfurt (observer)



# 1 The forecasts prepared early October 2008

*Global economic growth is forecast to decelerate from 4.8% in 2007 to 3.5% in 2008 and to 2.5% next year, alongside with a slowdown of world trade growth from 7.4% via 5.0% to 2.5%. Brent spot declines to \$80 per barrel and also non-oil commodity prices fall sharply in dollar terms. The dollar gains strength, particularly vis-à-vis the euro. The annexes to this report contain the detailed trade forecasts.*

## 1.1 Forces shaping economic growth

A further slowdown in the United States seems inevitable, given the weakness on the housing market and no let down of the financial crisis. Consumer and producer confidence is falling and exports will come under pressure as overseas demand slows and competitiveness deteriorates. The administration and the Fed will do anything to contain the turmoil on the financial markets, and the US could (just) avoid a recession next year. A serious contamination of the financial fall out in the West to China and other Asian countries is not expected, but will trim growth prospects in a controlled manner. Positive growth in Japan next year will be a close shave. Producers of primary commodities in Latin America, Africa and the Middle East will be hurt by a severe deterioration of the terms-of-trade and declining export opportunities. Growth in Europe has recently come under threat by a loss of competitiveness in connection with the strong euro, high oil and other commodity prices, a slowdown of external demand (particularly from the United States) and increasing problems on the housing market in some countries. The first two elements have become less of a burden, but the others factors may continue to weigh down growth in the near future, enforced by the spread of financial turmoil to this part of the world. GDP is forecast to increase by 0.5% next year, but some countries could end up in recession because of extra internal problems on the housing market.

## 1.2 Assumptions and world trade forecasts

Table 1.1 shows the major assumptions and results for world trade in the years 2007-2009, including a comparison with the Spring forecasts. GDP growth forecasts for 2008 have come down a bit for most countries, but not for the United States (following a strong performance in the second quarter). The growth outlook for next year has come down considerably for all advanced economies. The price forecasts for crude oil and other commodities are taken from the Working Group on Commodity Prices. These forecasts are sharply lower compared to the Spring forecasts. The dollar exchange rate assumptions are (approximately) equal for both Groups. In the present forecast the euro is a bit weaker vis-à-vis the dollar than anticipated half a year ago. World trade growth for this year is now estimated at 5.0%, only marginally less than in the Spring forecast. But the downturn in 2009 to 2.5% contrasts sharply with the earlier expectations.

**Table 1.1 Main assumptions and world trade forecast, 2007 -2009**

	Spring 2008			Autumn 2008		
	2007	2008	2009	2007	2008	2009
Annual percentage changes or levels						
<b>GDP volume</b>						
Euro area	2.7	1.5	1.4	2.6	1.2	0.5
United States	2.2	1.3	1.8	2.0	1.5	0.3
Japan	2.0	1.5	1.5	2.0	0.8	0.3
<b>Exchange rates</b>						
Dollar per euro	1.37	1.50	1.50	1.37	1.50	1.43
Yen per dollar	117.8	103.0	103.0	117.8	106.0	105.0
<b>World trade volume of goods<sup>a</sup></b>						
Exports West Europe	5.1	3.5	3.7	4.3	2.2	1.0
Exports C+E Europe	9.7	5.0	6.9	9.9	6.1	3.9
<b>World trade prices (dollar)</b>						
Crude oil (level, dollars per barrel)	73.0	100.0	97.0	72.6	104.0	80.0
Non-energy commodities (dollar)	18.3	22.0	3.0	17.6	16.0	- 21.0
Manufactured goods <sup>b</sup> (dollar)	6.0	5.6	1.0	6.0	7.7	- 1.2
Manufactured goods <sup>b</sup> (euro)	- 2.8	- 3.6	1.0	- 2.8	- 1.9	3.9

<sup>a</sup> Average of imports and exports.

<sup>b</sup> Derived from world export price, oil price and price of non-energy commodities.

### 1.3 Trade volumes

Export and import volume growth for the major regions is presented in table 1.2. Import growth decelerated markedly this year in most advanced economies and in Central and Eastern Europe, but Asia and raw material producers held the line. The export growth of the United States in 2008 is quite impressive. The declining value of the dollar has propped up competitiveness over the last couple of years. As a consequence net export have contributed a lot to GDP growth in the United States this year. Elsewhere export growth decelerated, with the exception of OPEC filling the gap left by other oil producers.

The outlook for 2009 is grim as emerging markets and developing countries begin to feel the pain of the retreating demand in advanced economies and the declining oil and other primary commodity prices. Also remittances from the developed world are bound to go in reverse, further dragging down growth and import demand of these group of countries. In this forecast imports of all major regions in the industrial world decline marginally. Export growth of the United States is expected to come down considerably, now the dollar has reversed course and demand from the developing countries and emerging markets is expected to decelerate. Also demand for OPEC oil is waning quite rapidly.

**Table 1.2 World trade volume of goods, 2007-2009**

	Exports			Imports		
	2007	2008	2009	2007	2008	2009
	Annual percentage changes					
World	7.5	5.4	2.7	7.3	4.7	2.3
Advanced economies	5.1	3.3	1.2	4.0	0.4	-0.7
EU-15	4.3	2.2	1.0	5.0	1.1	-0.1
United States	7.5	10.5	3.5	1.5	-2.5	-2.5
Japan	9.0	6.0	1.5	1.3	-0.5	-0.5
Emerging economies	10.3	7.7	4.2	12.5	10.9	6.3
Transition countries	9.9	6.1	3.9	17.6	10.9	6.2
Asia	13.1	10.0	6.5	10.2	10.7	7.0
Africa and Middle East	2.5	4.0	-2.0	14.0	13.5	6.0
Latin America	4.5	2.5	0.0	12.0	9.0	4.0

## 1.4 Trade prices

The development of merchandise trade prices in local currencies is summarized in table 1.3. Export prices accelerated almost everywhere in 2008, particularly of the raw material exporters. But also the US export price of goods increased mainly through a vast rise of agricultural export prices. Export prices of Norway, Canada and the UK were pushed up by the oil price spike, although in the case of the UK a severe effective depreciation of the pound also enabled exporters to increase export prices of manufactures in the local currency. Japan, at the other hand, was confronted with a fierce appreciation of the yen, forcing exporters to lower export prices in 2008. The appreciation of the yen also prohibited a further acceleration of the import price trend in 2008, in spite of the strong import dependency on raw materials including oil and the strong price increases for these products in US dollars. Elsewhere import price trends went up in local currencies in the course of this year. Next year export and import prices in national currencies are forecast to decline across the board.

Trade prices in US dollars are summarized in table 1.4. Dollar prices will decline next year, following strong increases in 2007 and 2008. The turn around in the effective exchange rate of the dollar is one reason, the other being the turn around of primary commodity price trends. Export prices in a common currency enable us to judge changes in price competitiveness between countries with a more or less similar export product mix. Over the past two years dollar export prices of European countries increased much faster than those of the United States, Japan and Asia. The accumulated difference was approximately 11.5%. Next year the increase of European export prices will trail those of the other countries by 6% on average.

**Table 1.3 World trade prices of goods in national currencies, 2007-2009**

	Exports			Imports		
	2007	2008	2009	2007	2008	2009
	Annual percentage changes					
World	2.9	7.6	- 3.0	3.0	7.9	- 2.4
Advanced economies	2.4	4.1	- 0.8	2.3	6.8	- 1.8
EU-15	2.3	3.5	- 0.5	1.5	5.5	- 0.9
United States	3.5	7.0	0.3	4.0	11.5	- 3.5
Japan	2.5	- 2.5	- 0.5	7.5	7.5	- 6.0
Emerging economies	3.4	11.3	- 5.3	4.0	9.2	- 3.1
Transition countries	5.6	16.4	- 9.0	3.8	8.3	- 3.8
Asia <sup>a</sup>	0.4	5.5	- 1.3	2.7	8.7	- 2.7
Africa and Middle East <sup>a</sup>	11.5	31.5	- 18.0	7.0	12.0	- 3.5
Latin America <sup>a</sup>	8.0	14.0	- 5.5	6.2	10.0	- 3.0

<sup>a</sup> On a US dollar basis.

**Table 1.4 World trade prices of goods in dollars, 2007-2009**

	Exports			Imports		
	2007	2008	2009	2007	2008	2009
	Annual percentage changes					
World	7.3	12.9	- 4.9	7.4	12.8	- 4.4
Advanced economies	8.8	11.4	- 4.5	8.1	13.3	- 5.4
EU-15	11.6	12.1	- 5.9	10.7	13.8	- 6.4
United States	3.5	7.0	0.3	4.0	11.5	- 3.5
Japan	1.2	8.3	0.4	6.2	19.5	- 5.1
Emerging economies	5.6	14.4	- 5.3	6.3	12.2	- 3.2
Transition countries	11.3	23.8	- 9.3	10.4	16.1	- 4.1
Asia	2.4	8.5	- 1.2	4.6	11.2	- 2.8
Africa and Middle East	11.5	31.5	- 18.0	7.0	12.0	- 3.5
Latin America	8.0	14.0	- 5.5	6.2	10.0	- 3.0

## 1.5 Trade balances

The deficit on the US merchandise trade balance finally retreated a bit in 2008 and is expected to decline further in 2009. However, a deficit of over \$600 billion remains huge by any standard. Other countries with continuing large deficits are Spain and the United Kingdom. Germany, Japan and the Netherlands have the largest surpluses amongst the advanced economies with only minor changes over the reference period. China has a very large and increasing surplus. The trade balances of the raw material producers deteriorate rapidly in 2009.

## 2 Latest trends and prospects

### 2.1 Industrial production and trade volumes

Figure 2.1 depicts the development of industrial production over the past three years in the advanced and the emerging economies and in the world as a whole. The left hand graph shows that production in the advanced economies is already declining since the beginning of this year and soon thereafter production growth in the emerging markets came to a standstill. In August and September production levels in the upcoming markets started to decline as well. This was also true for China. The trend-restored composite leading indicators of the OECD indicate a further absolute decline of world industrial production during the closing months of this year, as depicted on the right of the vertical lines.

The right hand graph shows that the deceleration of the growth rates in the emerging markets is compatible with the decline in the advanced economies. Production and (external) demand in the emerging economies is not going to save the day.

**Figure 2.1 Industrial production trends in the world, levels and annual changes, 2006-2008**

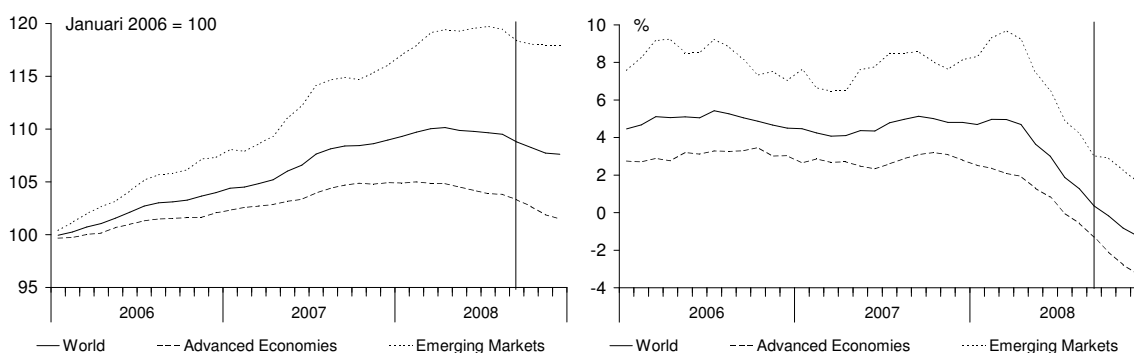
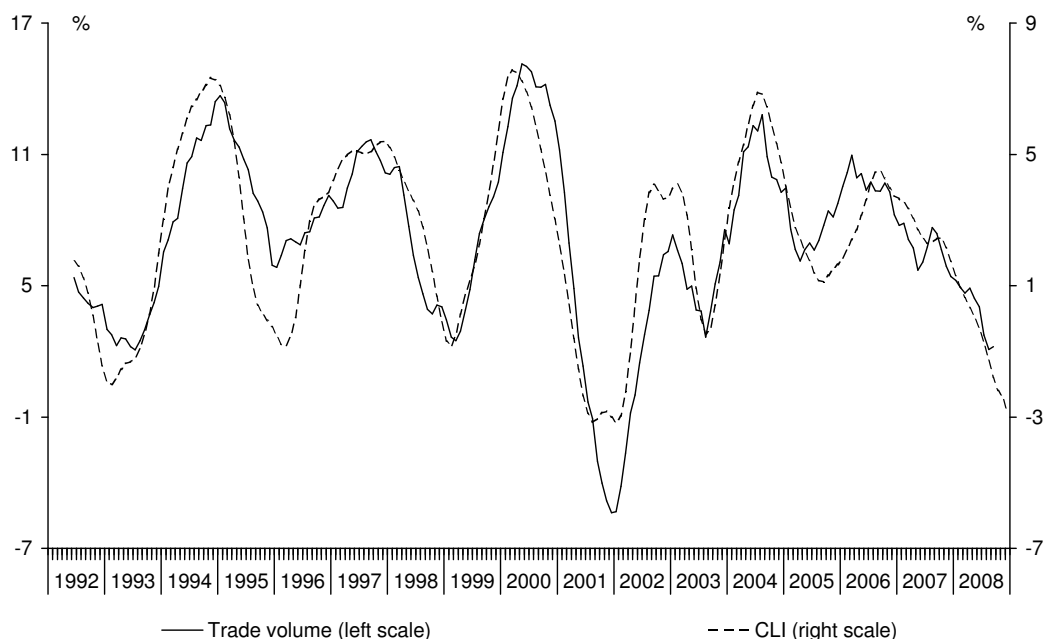


Figure 2.2 compares the annual changes of the average trade weighted OECD trend-restored composite leading indicator of 34 countries with the annual changes of merchandise trade volumes of the same group of countries. These countries have a 70% share in total world trade. The leading indicator is moved forward by three months as this seems to be the average lead over the reference period. The short-term forecasting power of the indicator is well established, although it was late in predicting the latest 2 turning points. This may be a reason for some caution.

**Figure 2.2 Composite leading indicator<sup>a</sup> and merchandise trade volume of 34 economies (annual change of 3mma %)**



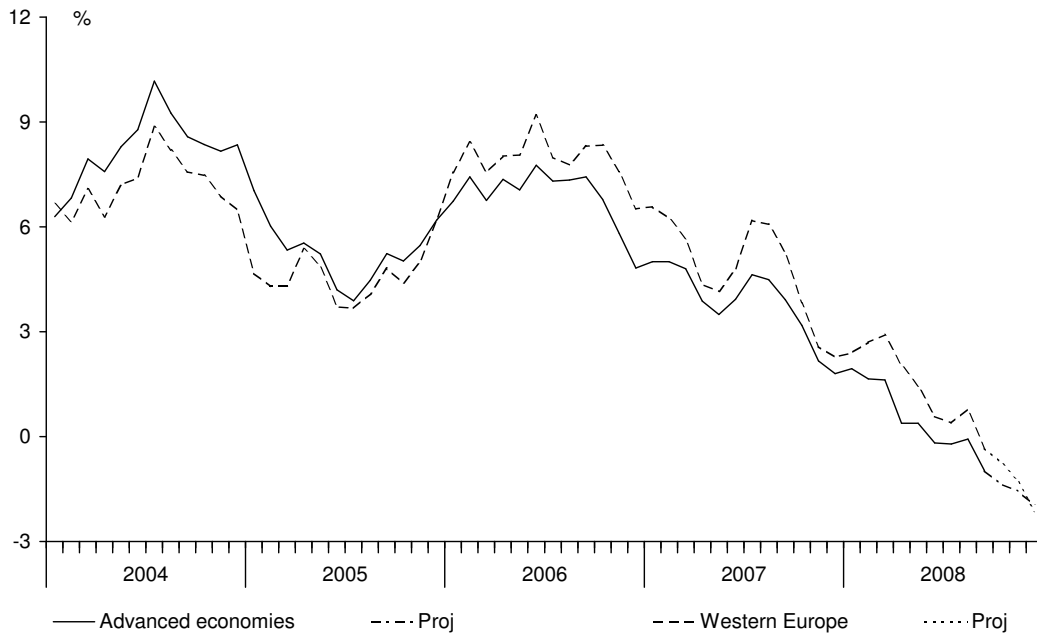
<sup>a</sup> CLI moved forward 3 months.

Year-on-year growth of trade volumes for this group of countries and, for that matter, the world as a whole reached already its latest summit at the beginning of 2006, when the annual rate of growth peaked almost 11%. Thereafter trade growth decelerated more or less continuously to approximately 1% in the third quarter of this year. The leading indicator suggests a further drop to almost -1% in the last quarter of 2008. The latest OECD leading indicators date from August and we now know that the situation in the financial markets deteriorated sharply in September and October. So, the actual decline in the closing months of the year may be stronger than is suggested in figure 2.2. Moreover, it is very likely that the leading indicators have declined further over the last couple of months, suggesting that the decline of world trade growth will continue into the first quarter of next year.

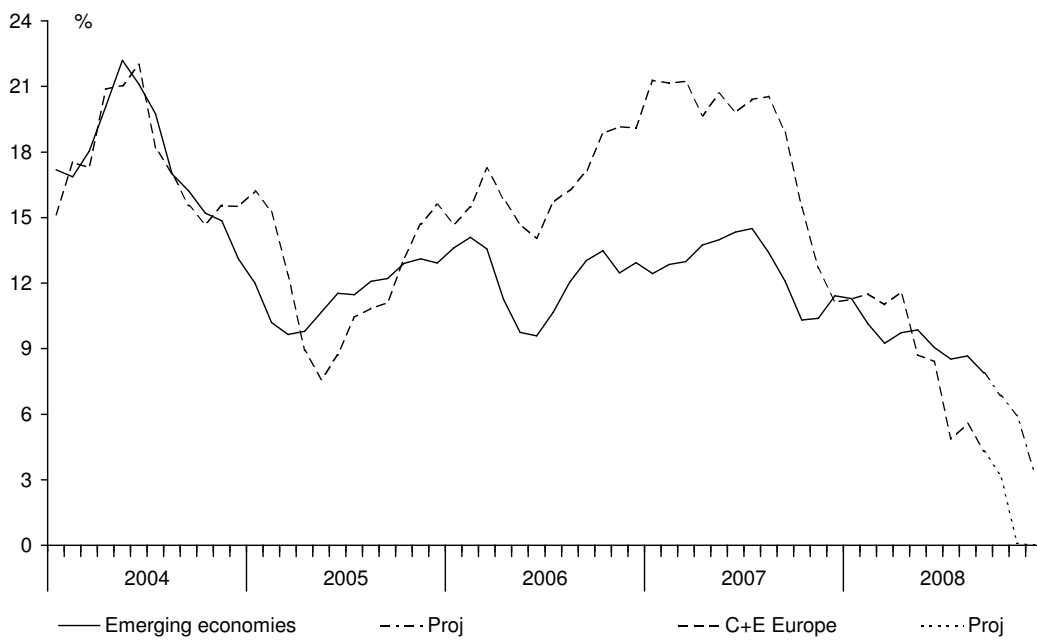
Figure 2.3 depicts the annual import volume growth of the advanced and emerging economies from 2004 onward, including the leading indicator based forecasts for the remainder of this year. The pattern for the advanced economies is close to what we have seen in figure 2.2, as this area is overrepresented in the group of 34. Import volume growth of Western Europe is slightly above the average, as has been the rate of production growth in the recent past, but the gap is projected to close towards the end of this year. Year-on-year import growth for the advanced economies is expected to slow to -2% in the fourth quarter of 2008.

**Figure 2.3 Import volume growth in advanced and emerging economies<sup>a</sup>, 2004-2008**

**Advanced economies and Western Europe**



**Emerging economies and Central and Eastern Europe**

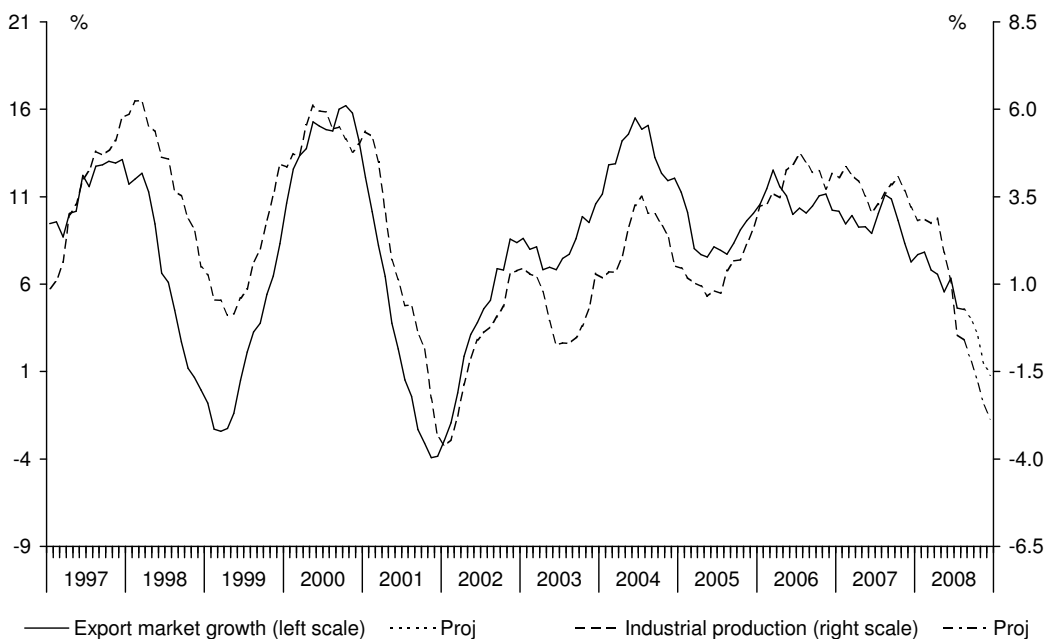


<sup>a</sup> Annual percentages changes.

Import volume growth of the emerging markets has been bumpier, but is clearly on a decelerating path since the middle of 2007. Leading indicators point to a rather steeply decline in the closing months of this year to a year-on-year growth rate of around 3%. Particularly the downturn of import demand in Central and Eastern Europe has been remarkably forceful. The deteriorating situation in the emerging markets, especially in Central and Eastern Europe, can be damaging for the export outlook of the euro area. The shares of these countries in euro area exports have risen strongly since the beginning of this decade (see box).

Figure 2.4 sheds some light on the relationship between export market growth and industrial production in the euro area. Export market growth appears to be a major determinant with a lead of several months. Exports, and thus industrial production, do not only depend on market growth but also on competitiveness. Euro area production was doing relatively well compared to the growth of export markets in the second half of the nineties, when the euro fell against the dollar and other currencies of competitors. From 2002 onward the situation reversed, sparked by the strong recovery of the euro. In 2005-2006 exchange rates did not move a lot and the rate of growth of production was consequently in line with the growth of export markets. The sharp increase in the effective exchange rate of the euro since the beginning of 2007 began to take its toll in the course of 2008, with an even much steeper decline in the production trend than was warranted by the rapidly decelerating trend in external demand. The forecasts of both variables for the remaining months of this year have been established independently from one another.

**Figure 2.4 Euro area export market growth excluding intra-trade and industrial production<sup>a</sup>**



<sup>a</sup> Annual percentages changes, 3 month moving average.



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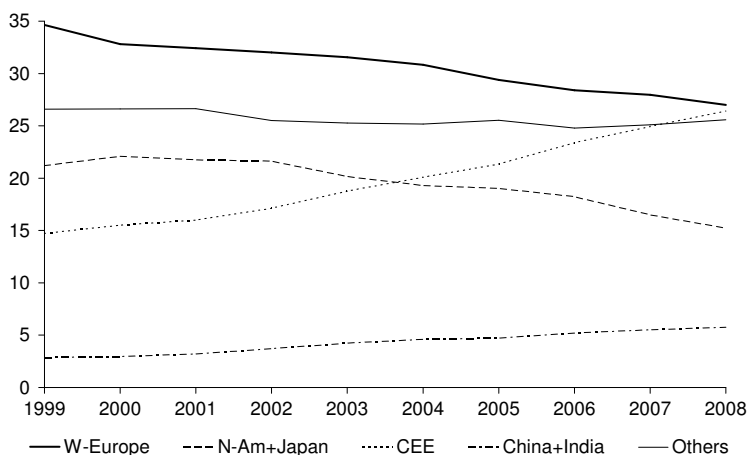
## Increasing importance of emerging economies for euro area exports<sup>a</sup>

The rapid expansion in global trade over the past decade and the increasing integration of emerging markets in the world economy fuelled a substantial increase in extra-euro area exports of goods and a growing contribution of emerging markets to euro area export growth. This box briefly examines recent changes in the share of extra-euro area exports of goods by destination countries.

The recent slowdown notwithstanding, euro area exporters witnessed a phase of sustained expansion and high growth rates between 2004 and 2007. Over this period, the value of extra-euro area exports of goods rose considerably, by an annual average of more than 8%. Euro area exporters benefited, in particular, from the strong rise in demand for imports by emerging countries in Asia (most notably China) and countries that joined the European Union since 2004. In addition, the euro area registered a strong increase in exports towards central and eastern European countries as well as towards CIS countries. Meanwhile, export growth to advanced economies was much less dynamic, increasing less strongly than total extra-euro area export values.

As a result of these developments, the geographical composition of euro area exports has changed somewhat over the past few years (see Chart A). The most striking development concerns the growing share of countries in Central and Eastern Europe (including CIS and Turkey) from almost 14.5% to 26.5% over the past nine years. At the same time, the combined share of China and India increased from 3% to 6%. The export share of other countries in Asia and of the commodities producing countries in Latin America, Africa and the Middle East remained stable over this period in spite of the surge in real export earnings. These developments contrast with the declining share of the advanced economies from 56% to 42%.

### Shares in extra-euro area exports values (in percentages), 1999-2008<sup>b</sup>



<sup>b</sup> The data for 2008 refer to the first semester of the year only.

Sources: Eurostat and ECB calculations.

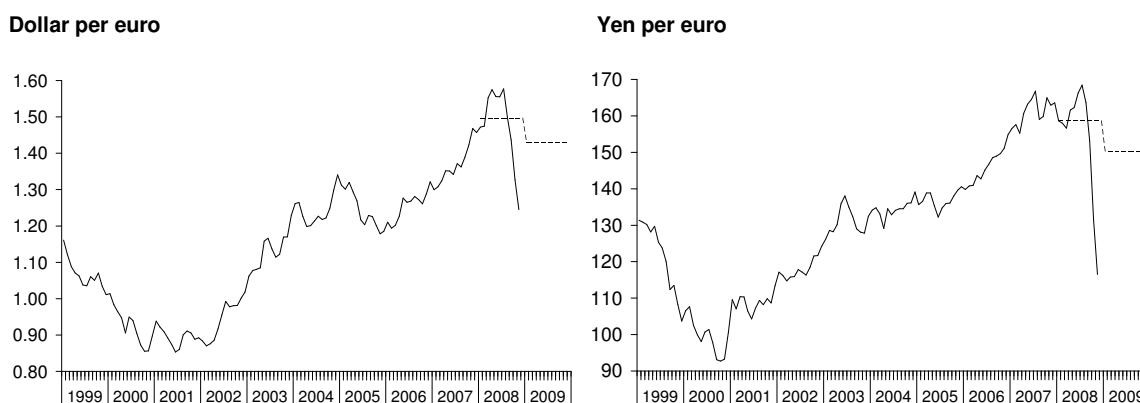
Overall, these changes in the euro area export composition reflect that the euro area exporters have benefited from increasing demand by emerging markets. Robust growth of emerging economies has been one of the main drivers of the strong euro area export performance over the last few years. Against the background of the financial turmoil, while robust demand from emerging economies has so far supported euro area exports and compensated for the decline in exports towards advanced trading partners, the growing importance of these trading partners also implies that euro area exporters would be hit more severely by a downturn in these countries. The prospects for euro area exports will therefore increasingly depend on the outlook for emerging economies.

<sup>a</sup> Prepared by K. Forster (ECB). For further details also see the box entitled "Recent changes in the geographical composition of euro area foreign demand" in the October 2008 issue of the ECB Monthly Bulletin.

## 2.2 Exchange rates and commodity prices

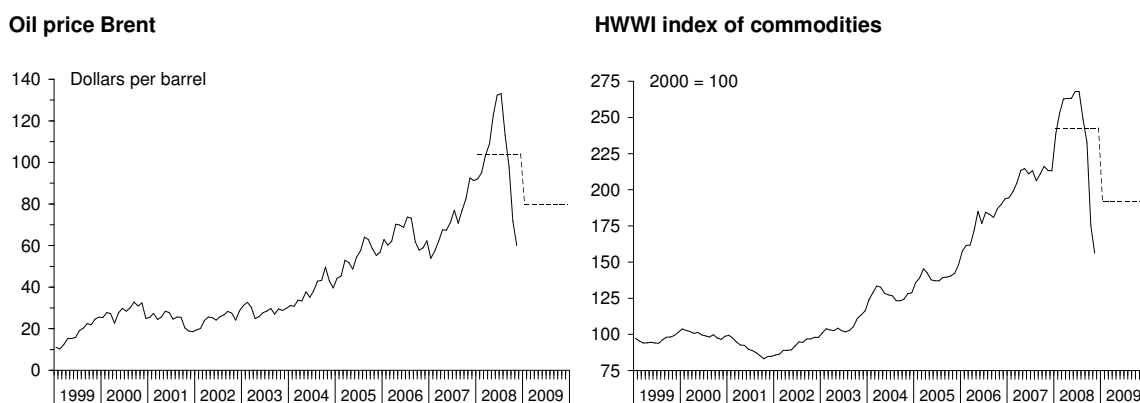
Exchange rates have been on the move recently. Currencies of commodity producer have on average fallen by 25% against the US dollar in the last two months. Also currencies of countries with relatively severe financial problems have taken a nosedive. The strong decline of the euro against the US dollar is probably in part due to the unexpectedly rapid deterioration of the outlook for the European economy, but the pace of the fall remains something of a mystery. The US currency still seems to function as a safe haven, in spite of the huge (international) indebtedness of the country. The rise of the yen vis-à-vis the US dollar is to some extent explained by increased risk-aversion, drying up the carry-trade in the yen. Figure 2.5 shows the euro rates of the dollar and the yen up to the 27<sup>th</sup> of October, in comparison to the annual exchange rate forecasts of the Working Group.

**Figure 2.5 Euro exchange rates of the US dollar and the yen, 1999-2009<sup>a</sup>**



<sup>a</sup> Assumption for October and November 2008 based on 27-10-2008 levels.

**Figure 2.6 Oil price Brent and other commodity prices, 1999-2009<sup>a</sup>**



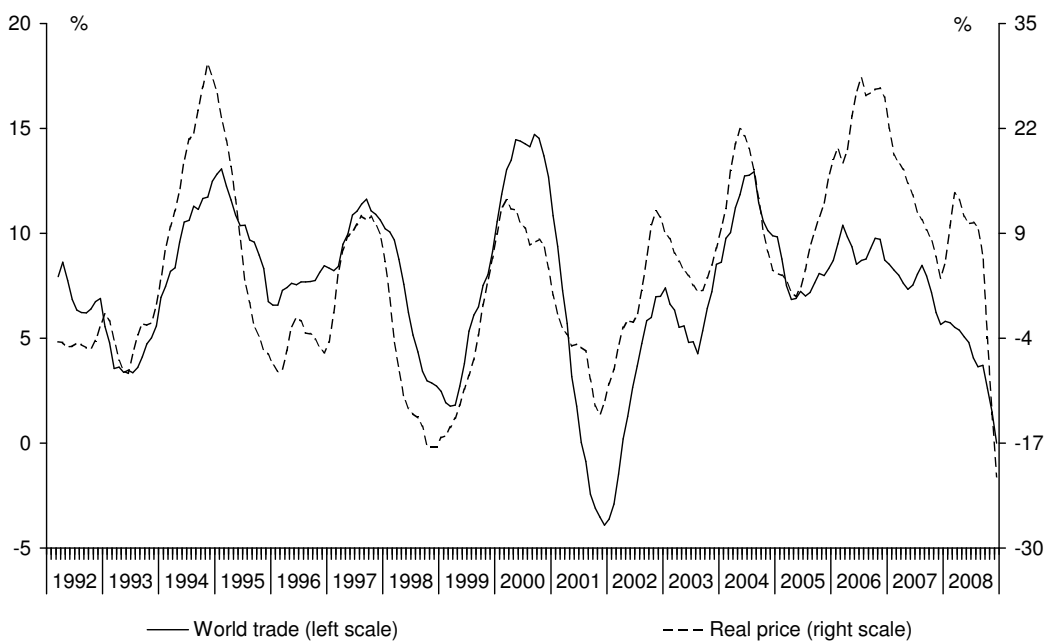
<sup>a</sup> Assumption for October and November 2008 based on 27-10-2008 levels.

Figure 2.6 shows the development of crude oil and other commodity prices up to the end of October in comparison to the annual forecasts of the Working Group(s). The steepness of the recent price declines is without precedent and broadly based. In the long run oil prices should approximately equal marginal production costs outside OPEC, but fear of shortages and long gestation periods can easily push up prices beyond that level. The marginal production costs are themselves a function of the tensions on the oil market and have shot up to almost \$80 per barrel according to most analysts in the first half of this year<sup>1</sup>. The projected decline of oil demand and the rise of the dollar will ease marginal production costs in the short run. Average production costs outside the Middle East currently amount to approximately \$33 per barrel.

Real prices of other commodities are strongly correlated with the world trade cycle (figure 2.7). They actually lead the cycle by a couple of months and are often part of a composite leading indicator. The recent fall of the real commodity prices is in line with the deceleration of world trade growth, but the steepness of the price declines is not necessarily a good predictor of the pace at which world trade growth will decelerate. The recent fall of the commodity prices is at least in part a reaction to a lot of overshooting in the past couple of years.

**Figure 2.7 Real commodity prices and world trade, 1992-2008**

**Real commodity prices excl energy and world trade<sup>a</sup>**



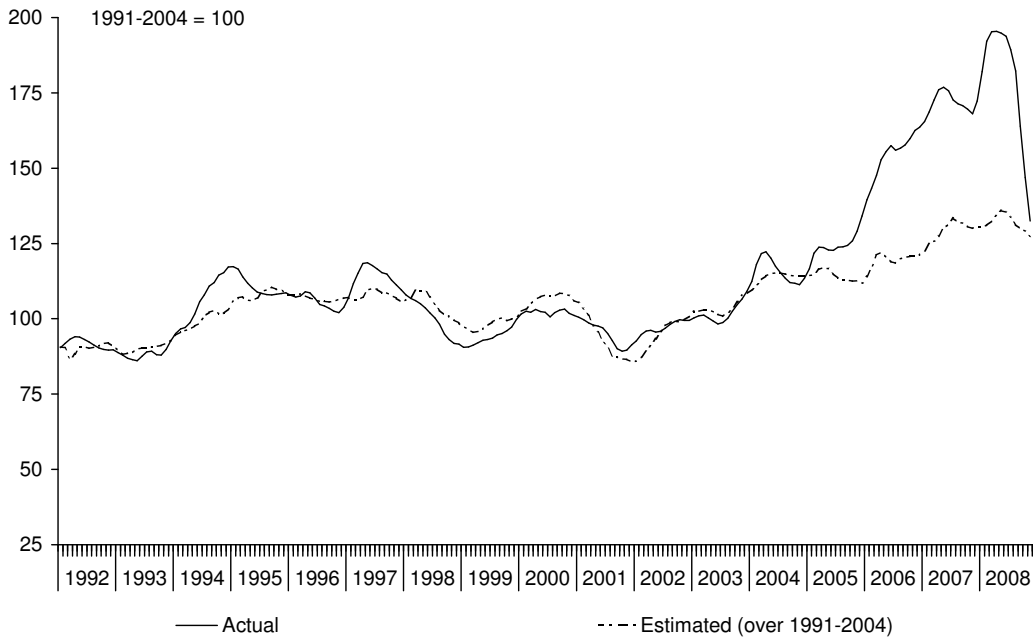
<sup>a</sup> Annual percentages changes, 3 month moving average.

<sup>1</sup> Latest estimates according to Upstream Capital Cost index of IHS/Cambridge Energy Research Associates (CERA).

A regression of the real price levels with world trade volumes and a deterministic trend over the period 1991-2004 might give some insight into the level of overshooting from 2005 onward.

Figure 2.8 suggests that current prices might, on average, not be too far from equilibrium rates.

**Real commodity prices excluding energy**



### 2.3 Risks to the outlook are skewed to the downside

- Banking crisis is far from over
  - Collapse of hedge funds
  - Defaults in emerging economies
  - Money markets frozen
- Construction sectors in many countries remain distressed
  - House prices could fall for several years in a row
  - Repossession of homes on the rise
  - Rise in commercial property delinquency rates
- Contractionary effects of the financial and construction crisis on the (rest of the) real economy may be more serious and/or prolonged
  - One example, affecting world trade immediately, is a lack of letters of credit for transporters. Falling demand for transportation has already send down sharply shipping costs as registered by the Baltic Dry index

### 3 A simple simulation

In this section, we present the results of a simple simulation with the CPB model RSMLT. The baseline is the October forecast of the Working Group, including the assumptions for GDP growth in the advanced economies, dollar exchange rates and oil and other commodity prices. The simulation starts from lower GDP growth rates, approximately reflecting the latest view of private forecasters and international organizations. In 2008, we have shaved 0.25%-points of GDP growth in all advanced economies. For 2009, we lowered GDP growth in the US and Japan with another 1.25%-points and by 0.75%-points for the euro area. The downward adjustment from the baseline for the euro area is supposed to be less severe as the euro declines versus the dollar and yen in the simulation. Exchange rates are fixed at the levels of 27 October 2008 when the US dollar bought 95 yen and the euro 1.25 dollar. Compared to the baseline this implies a 10% increase in the value of the yen vis-à-vis the dollar and a 12% weaker euro. Oil and other commodity prices are also fixed at the levels reach at the end of October. For Brent crude this means \$60 per barrel (against \$80 in the baseline) and for other commodity prices a cumulated dollar price decline of 25% over the years 2008-2009 (against a accumulated loss of 8% in the baseline).

As a result, the estimated world trade growth for 2008 is lowered by 1%-point and for 2009 by another 3.5%-point. Exports of Western European countries are much less affected as competitiveness improves relative to the baseline, and US and Japanese exporters pay the debt. The new exchange rates assumptions imply that world manufacturing prices in euros rise an accumulated 7.5%-points more than in the baseline, which is indicative for the improved competitiveness of the euro area. Average European import prices of goods in local currencies do not differ much from the baseline, as lower dollar prices for oil and other commodities are outweighed by the effects of a weaker exchange rate.

**Table 3.1**      **WG-forecasts and alternative simulation, 2008 -2009**

	WG Autumn 2008		Simulation	
	2008	2009	2008	2009
<b>Assumptions</b>	Annual percentage changes or levels			
GDP volume				
Euro area	1.2	0.5	1.0	- 0.3
United States	1.5	0.3	1.2	- 1.0
Japan	0.8	0.3	0.5	- 1.0
Exchange rates				
Dollar per euro	1.50	1.43	1.45	1.25
Yen per dollar	106	105.0	103.0	95.0
Commodity prices (dollar)				
Brent crude (dollar per barrel)	104.0	80.0	99.0	60.0
Non-energy commodities	16	- 21.0	11.0	- 33.0
<b>Results</b>				
World trade volume of goods <sup>a</sup>	5.0	2.5	4.1	- 1.0
Exports West Europe	2.2	1.0	1.9	- 0.5
Exports C+E Europe	6.1	3.9	5.2	0.5
Exports United States	10.5	3.5	9.0	- 2.3
Exports Japan	6.0	1.5	3.5	- 6.5
World trade prices of goods <sup>a</sup> (dollar)	12.9	- 4.9	10.5	- 11.0
Manufactured goods <sup>b</sup> (dollar)	7.7	- 1.2	6.0	- 5.5
Manufactured goods <sup>b</sup> (euro)	- 1.9	3.9	0.1	9.6
Imports West Europe (local currency)	5.5	- 0.9	6.0	- 1.4

<sup>a</sup> Average of imports and exports.

<sup>b</sup> Derived from world export price, oil price and price of non-energy commodities.

## **Annex 1    Procedures of the Working Group**

The detailed results presented in annex 3 are no mere copy's of the questionnaires received. Part of our task is to provide a consistent picture of world trade. As the country forecasts start from different assumptions regarding the outside world, they usually are not fully consistent with each other and with the overall picture of world trade. This overall picture depends on all AIECE country forecasts as supplied by the member institutes, but also on the trade forecasts for non-member countries and regions constructed by the Working Group and on the price forecasts by the Working Group on Commodity Prices.

We start with a pre-meeting forecast of international trade. AIECE country forecasts for trade volumes and trade prices in national currencies are taken from the country questionnaires. Euro dollar exchange rates are not taken from the questionnaires but calculated as the average of all country forecasts. Other European dollar rates are assumed to develop in line with the euro, except for the British pound. This is the first step towards greater consistency. Trade variables for other countries and regions are calculated as the average of forecasts provided by Working Group members on so called group questionnaires. They include dollar exchange rates for Japan and Canada, as well as price forecasts for oil and non-oil commodities.

All this information is fed to a calculation scheme producing tables as in annex 3. The scheme uses automatically updated annual world trade matrices to calculate export market growth, prices of competitors, shadow import prices and effective exchange rates. It also contains automatically updated shares of manufactures, energy and other commodities in world trade, enabling it to calculate world trade prices of manufacturing products.

These results are discussed at the meeting of the Working Group, particularly the forecasts for the non-AIECE area. As a result trade forecasts for these countries and regions may move away from a simple average to a forecast consensus. At that time the (preliminary) forecasts of the Working Group on Commodity Prices are usually available. Our estimates for oil and non-oil commodity prices are now brought into line with these forecasts and export prices of non-member countries are adjusted accordingly. Also export prices of AIECE countries that are major exporters of energy are adjusted, if the original oil price (and/or national dollar rate) assumptions of these countries differ significantly from the consensus. At this stage, trade forecasts for AIECE countries represented in the Working Group may also be adjusted if the emerging picture of the world economy and the consensus forecasts for primary commodity prices and dollar exchange rates warrant such changes. Here we concentrate on import volumes and export prices.

These data are again fed to the calculation scheme, producing a new picture of world trade, including new estimates of export market growth, competitor prices and shadow import prices. This leads to a new round of adjustments, particular of export volumes and import prices. Export volume growth of individual countries and regions is adjusted to properly reflect the estimated market growth and development of competitiveness. A marked difference of world trade growth assumed in the original forecast and the preliminary results of the Working Group usually triggers such adjustments. Import prices are brought in line with shadow prices, taking account of short-term price discrimination effects of effective exchange rate developments. If the adjustment of export volume growth for a particular country is relatively large, we tend to adjust the import volumes as well, but only very gradually. The same holds for export prices if import price adjustments are relatively large.

This leads to a second update of the world trade tables. A final check of the internal consistency may lead to some final minor adjustments.



## Annex 2 Import and export shares in world trade 2007

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### Import and export shares in world trade 2007

	Import	Export
	%	
Total World	100.00	100.00
Advanced economies	58.75	54.33
European Union 15	34.21	34.23
Euro area	27.93	29.05
Germany	7.66	9.73
France	4.50	4.03
Italy	3.68	3.60
Spain	2.70	1.77
Netherlands	2.92	3.47
Belgium/Luxemburg	2.99	3.16
Austria	1.18	1.20
Finland	0.59	0.66
Greece	0.54	0.18
Portugal	0.56	0.38
Ireland	0.60	0.88
United Kingdom	4.47	3.21
Sweden	1.09	1.23
Denmark	0.71	0.74
Switzerland	1.11	1.20
Norway	0.58	0.99
United States	14.23	8.37
Canada	2.75	3.06
Japan	4.49	5.21
Emerging markets	41.25	45.66
Central + Eastern Europe	8.43	8.11
Czech Republic	0.85	0.90
Hungary	0.68	0.69
Poland	1.17	1.01
Slovak Republic	0.45	0.42
Slovenia	0.21	0.20
Other transition	5.06	4.92
Asia	21.40	23.58
Anies	8.72	9.21
China	6.91	8.89
Other Asia	5.75	5.48
Africa + Middle East	5.93	8.44
Latin America	5.49	5.53

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## Annex 3 Detailed international trade tables

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Summary of World Trade	2007	2008	2009
	Annual percentage changes		
World trade volume of total goods	7.4	5.0	2.5
World trade price in US dollars			
Total goods	7.3	12.9	- 4.7
Idem national currencies	2.9	7.7	- 2.7
of which			
Manufactures	6.0	7.7	- 1.2
Idem national currencies (export weighted)	1.2	1.9	1.0
Oil (fob)	11.4	43.3	- 23.1
Non-fuel primary commodities (HWWI)	17.6	16.0	- 21.0
Effective exchange rate dollar			
export weighted	- 4.3	- 4.9	2.0
import weighted	- 4.3	- 4.6	2.1

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**Table 1 Spot exchanges rates**

<b>Table 1a</b>	<b>Spot exchange rates (in US dollar)</b>		
	2007	2008	2009
	Units of national currency per US dollar		
Germany	0.731	0.666	0.700
France	0.731	0.666	0.700
Italy	0.731	0.666	0.700
Spain	0.731	0.666	0.700
Netherlands	0.731	0.666	0.700
Belgium/Luxemburg	0.731	0.666	0.700
Austria	0.731	0.666	0.700
Finland	0.731	0.666	0.700
Greece	0.731	0.666	0.700
Portugal	0.731	0.666	0.700
Ireland	0.731	0.666	0.700
United Kingdom	0.500	0.525	0.585
Sweden	6.759	6.104	6.429
Denmark	5.444	4.992	5.383
Switzerland	1.200	1.073	1.122
Norway	5.862	5.192	5.413
United States	1.000	1.000	1.000
Canada	1.074	1.030	1.065
Japan	117.80	106.00	105.00
Czech Republic	20.297	16.419	16.555
Hungary	183.63	157.37	165.04
Poland	2.766	2.261	2.340
Slovak Republic	24.688	20.799	20.643
Slovenia	0.731	0.666	0.706
Other transition	1.000	1.000	1.000
Anies	0.948	0.953	0.989
Other Asia	1.000	1.000	1.000
China	7.606	6.950	6.658
Africa + Middle East	1.000	1.000	1.000
Latin America	1.000	1.000	1.000

**Table 1b Spot exchange rates (in euro)**

	2007	2008	2009
	Euros per unit of national currency		
Germany	1.000	1.000	1.000
France	1.000	1.000	1.000
Italy	1.000	1.000	1.000
Spain	1.000	1.000	1.000
Netherlands	1.000	1.000	1.000
Belgium/Luxemburg	1.000	1.000	1.000
Austria	1.000	1.000	1.000
Finland	1.000	1.000	1.000
Greece	1.000	1.000	1.000
Portugal	1.000	1.000	1.000
Ireland	1.000	1.000	1.000
United Kingdom	1.461	1.268	1.197
Sweden	0.108	0.109	0.109
Denmark	0.134	0.133	0.130
Switzerland	0.609	0.620	0.624
Norway	0.125	0.128	0.129
United States	0.731	0.666	0.700
Canada	0.680	0.646	0.657
Japan (/ 100)	0.620	0.628	0.667
Czech Republic	0.036	0.041	0.042
Hungary	0.004	0.004	0.004
Poland	0.264	0.294	0.299
Slovak Republic	0.030	0.032	0.034
Slovenia	1.000	1.000	0.991
Other transition	0.731	0.666	0.700
Anies	0.770	0.699	0.708
Other Asia	0.731	0.666	0.700
China	0.096	0.096	0.105
Africa + Middle East	0.731	0.666	0.700
Latin America	0.731	0.666	0.700

**Table 2 Merchandise trade volumes and export market growth**

<b>Table 2a</b>	<b>Export volumes</b>		
	2007	2008	2009
	Annual percentage changes		
Total World	7.5	5.4	2.7
Advanced economies	5.1	3.3	1.2
European Union 15	4.3	2.2	1.0
Euro area	5.5	2.2	0.8
Germany	7.0	2.0	0.7
France	3.2	2.0	1.0
Italy	5.0	0.8	1.0
Spain	0.5	2.0	0.5
Netherlands	6.5	3.5	0.5
Belgium/Luxemburg	3.8	2.9	1.5
Austria	8.6	4.0	1.5
Finland	6.5	4.2	1.0
Greece	3.8	0.5	-1.0
Portugal	6.5	0.0	-2.0
Ireland	6.8	2.9	1.0
United Kingdom	-3.6	1.0	2.5
Sweden	3.0	4.3	1.0
Denmark	0.4	1.5	1.0
Switzerland	8.3	3.6	1.3
Norway	2.8	2.2	1.5
United States	7.5	10.5	3.5
Canada	1.2	-7.5	-3.5
Japan	9.0	6.0	1.5
Emerging markets	10.3	7.7	4.2
Central + Eastern Europe	9.9	6.1	3.9
Czech Republic	13.5	8.0	4.0
Hungary	14.0	6.0	4.5
Poland	10.0	7.0	5.5
Slovak Republic	24.0	11.0	3.0
Slovenia	14.0	5.0	3.0
Other transition	7.0	6.0	4.0
Asia	13.1	10.0	6.5
Anies	9.8	10.5	5.5
China	21.7	10.5	8.0
Other Asia	9.1	9.0	6.0
Africa + Middle East	2.5	4.0	-2.0
Latin America	4.5	2.5	0.0

**Table 2b** Import volumes

	2007	2008	2009
	Annual percentage changes		
Total World	7.3	4.7	2.3
Advanced economies	4.0	0.4	-0.7
European Union 15	5.0	1.1	-0.1
Euro area	5.3	1.4	0.1
Germany	4.5	0.0	-1.0
France	5.8	2.0	1.5
Italy	3.2	-0.9	0.5
Spain	6.5	1.0	-1.8
Netherlands	6.8	3.5	1.0
Belgium/Luxemburg	4.6	4.0	1.5
Austria	7.3	5.0	1.0
Finland	6.6	2.5	0.5
Greece	8.3	0.5	-1.0
Portugal	5.9	0.0	-1.5
Ireland	4.1	-0.9	-2.0
United Kingdom	2.6	-1.5	-2.0
Sweden	9.8	4.1	-1.0
Denmark	3.2	3.0	2.0
Switzerland	6.7	1.7	1.0
Norway	8.7	5.3	1.0
United States	1.5	-2.5	-2.5
Canada	6.0	2.5	-1.2
Japan	1.3	-0.5	-0.5
Emerging markets	12.5	10.9	6.3
Central + Eastern Europe	17.6	10.9	6.2
Czech Republic	13.0	3.5	1.0
Hungary	11.0	5.0	1.5
Poland	15.0	9.0	7.5
Slovak Republic	19.0	5.5	0.0
Slovenia	15.0	6.5	0.0
Other transition	22.5	18.0	10.0
Asia	10.2	10.7	7.0
Anies	7.0	8.5	5.0
China	18.0	12.5	9.5
Other Asia	8.0	11.5	7.0
Africa + Middle East	14.0	13.5	6.0
Latin America	12.0	9.0	4.0

**Table 2 Merchandise trade volumes and export market growth (continued)**

<b>Table 2c</b>	<b>Export market growth<sup>a</sup></b>		
	2007	2008	2009
	Annual percentage changes		
Total World	7.3	4.7	2.3
Advanced economies	7.0	4.0	1.8
European Union 15	7.1	3.6	1.5
Euro area	7.2	3.7	1.6
Germany	7.7	4.2	2.1
France	6.7	3.4	1.3
Italy	8.0	4.3	1.9
Spain	6.7	3.0	1.3
Netherlands	6.1	2.7	0.9
Belgium/Luxemburg	6.5	2.9	1.1
Austria	7.7	3.3	1.3
Finland	8.8	5.5	2.6
Greece	9.4	5.8	3.0
Portugal	6.1	2.3	0.4
Ireland	5.3	1.9	0.4
United Kingdom	6.7	3.6	1.3
Sweden	6.9	3.8	1.7
Denmark	7.2	3.5	1.2
Switzerland	6.5	3.2	1.3
Norway	5.7	2.1	0.3
United States	8.3	5.9	2.5
Canada	2.9	-0.7	-1.2
Japan	7.5	5.8	3.4
Emerging markets	7.7	5.5	2.9
Central + Eastern Europe	11.6	7.2	3.9
Czech Republic	11.9	6.7	3.1
Hungary	9.7	5.7	2.8
Poland	9.1	5.2	2.4
Slovak Republic	10.9	5.1	2.5
Slovenia	9.3	5.4	2.9
Other transition	12.8	8.4	4.7
Asia	7.0	5.6	3.2
Anies	7.1	6.4	3.6
China	5.7	4.4	2.2
Other Asia	8.1	6.1	3.7
Africa + Middle East	7.2	4.7	2.3
Latin America	5.7	2.6	0.7

<sup>a</sup> Export market growth is the weighted average of growth of import volumes in the geographical markets of each exporting country.



**Table 2d** Export performance<sup>a</sup>

	2007	2008	2009
	Annual percentage changes		
Total World	0.2	0.7	0.3
Advanced economies	- 1.8	- 0.7	- 0.5
European Union 15	- 2.6	- 1.4	- 0.5
Euro area	- 1.6	- 1.4	- 0.7
Germany	- 0.7	- 2.2	- 1.3
France	- 3.3	- 1.3	- 0.2
Italy	- 2.7	- 3.4	- 0.9
Spain	- 5.8	- 1.0	- 0.8
Netherlands	0.4	0.8	- 0.4
Belgium/Luxemburg	- 2.5	0.0	0.4
Austria	0.8	0.6	0.2
Finland	- 2.1	- 1.2	- 1.5
Greece	- 5.1	- 5.0	- 3.8
Portugal	0.4	- 2.3	- 2.4
Ireland	1.5	1.0	0.6
United Kingdom	- 9.7	- 2.5	1.1
Sweden	- 3.7	0.5	- 0.7
Denmark	- 6.4	- 2.0	- 0.2
Switzerland	1.7	0.4	0.0
Norway	- 2.7	0.1	1.2
United States	- 0.7	4.4	0.9
Canada	- 1.6	- 6.9	- 2.4
Japan	1.4	0.2	- 1.8
Emerging markets	2.4	2.2	1.2
Central + Eastern Europe	- 1.6	- 1.0	0.1
Czech Republic	1.4	1.3	0.8
Hungary	3.9	0.3	1.6
Poland	0.9	1.7	3.0
Slovak Republic	11.8	5.6	0.5
Slovenia	4.3	- 0.4	0.1
Other transition	- 5.2	- 2.2	- 0.6
Asia	5.7	4.1	3.2
Anies	2.5	3.9	1.9
China	15.2	5.8	5.7
Other Asia	1.0	2.8	2.2
Africa + Middle East	- 4.4	- 0.7	- 4.2
Latin America	- 1.1	- 0.1	- 0.7

<sup>a</sup> Export performance is the ratio of export volume to export markets for total goods.

**Table 3 Prices in US dollars, terms of trade and appreciation against the dollar**

<b>Table 3a</b>	<b>Export prices in dollars</b>		
	2007	2008	2009
	Annual percentage changes		
Total World	7.3	12.9	- 4.9
Advanced economies	8.8	11.4	- 4.5
European Union 15	11.6	12.1	- 5.9
Euro area	11.5	12.7	- 5.1
Germany	12.0	12.0	- 5.9
France	9.6	11.5	- 5.4
Italy	13.7	14.7	- 2.5
Spain	11.8	12.5	- 5.9
Netherlands	10.6	15.0	- 5.9
Belgium/Luxemburg	11.9	13.6	- 3.4
Austria	12.7	13.6	- 5.9
Finland	9.2	11.4	- 6.3
Greece	11.5	15.3	- 4.9
Portugal	11.2	15.3	- 4.9
Ireland	6.5	3.2	- 6.3
United Kingdom	11.9	5.2	- 13.4
Sweden	13.3	12.4	- 6.5
Denmark	11.2	17.8	- 5.9
Switzerland	7.5	14.6	- 5.0
Norway	10.4	29.8	- 13.7
United States	3.5	7.0	0.3
Canada	6.8	16.3	- 6.7
Japan	1.2	8.3	0.4
Emerging markets	5.6	14.4	- 5.3
Central + Eastern Europe	11.3	23.8	- 9.3
Czech Republic	12.8	19.3	- 1.8
Hungary	10.6	14.9	- 5.6
Poland	13.9	19.9	- 4.3
Slovak Republic	11.8	16.3	- 0.3
Slovenia	12.4	13.1	- 6.7
Other transition	10.5	31.0	- 15.0
Asia	2.4	8.5	- 1.2
Anies	1.0	5.5	- 0.5
China	3.3	10.5	- 1.0
Other Asia	3.0	9.5	- 2.0
Africa + Middle East	11.5	31.5	- 18.0
Latin America	8.0	14.0	- 5.5

**Table 3b** Import prices in dollars

	2007	2008	2009
	Annual percentage changes		
Total World	7.4	12.8	- 4.4
Advanced economies	8.1	13.3	- 5.4
European Union 15	10.7	13.8	- 6.4
Euro area	10.7	14.8	- 6.1
Germany	10.5	15.3	- 5.9
France	9.5	14.2	- 6.3
Italy	12.0	16.9	- 4.9
Spain	10.2	14.7	- 6.3
Netherlands	11.0	14.2	- 6.3
Belgium/Luxemburg	11.6	14.2	- 6.3
Austria	12.0	14.7	- 6.3
Finland	11.1	14.2	- 7.3
Greece	10.2	14.7	- 6.3
Portugal	11.8	14.7	- 6.8
Ireland	8.7	9.2	- 8.2
United Kingdom	9.9	6.2	- 8.5
Sweden	11.8	17.0	- 7.4
Denmark	12.4	15.6	- 6.3
Switzerland	9.1	14.9	- 6.3
Norway	12.8	13.8	- 6.5
United States	4.0	11.5	- 3.5
Canada	2.4	6.4	- 1.8
Japan	6.2	19.5	- 5.1
Emerging markets	6.3	12.2	- 3.2
Central + Eastern Europe	10.4	16.1	- 4.1
Czech Republic	11.9	19.9	- 4.3
Hungary	10.0	13.2	- 7.0
Poland	12.8	21.1	- 3.8
Slovak Republic	13.0	21.1	- 5.8
Slovenia	13.4	13.1	- 7.6
Other transition	9.0	16.0	- 5.0
Asia	4.6	11.2	- 2.8
Anies	3.5	10.5	- 3.0
China	5.0	12.5	- 3.0
Other Asia	5.5	11.0	- 2.5
Africa + Middle East	7.0	12.0	- 3.5
Latin America	6.2	10.0	- 3.0

**Table 3 Prices in US dollars, terms of trade and appreciation against the dollar  
(continued)**

<b>Table 3c</b>	<b>Terms of trade</b>		
	2007	2008	2009
	Annual percentage changes		
Total World	- 0.1	- 0.3	- 0.6
Advanced economies	0.1	- 2.6	1.0
European Union 15	0.8	- 1.9	0.4
Euro area	0.7	- 1.8	1.1
Germany	1.4	- 2.9	0.0
France	0.1	- 2.4	1.0
Italy	1.5	- 1.9	2.5
Spain	1.4	- 1.9	0.5
Netherlands	- 0.3	0.7	0.5
Belgium/Luxemburg	0.3	- 0.5	3.1
Austria	0.6	- 1.0	0.5
Finland	- 1.7	- 2.4	1.0
Greece	1.2	0.5	1.5
Portugal	- 0.5	0.5	2.0
Ireland	- 2.0	- 5.5	2.1
United Kingdom	1.8	- 0.9	- 5.4
Sweden	1.3	- 4.0	1.0
Denmark	- 1.1	1.9	0.5
Switzerland	- 1.4	- 0.2	1.3
Norway	- 2.1	14.1	- 7.7
United States	- 0.5	- 4.0	3.9
Canada	4.3	9.3	- 4.9
Japan	- 4.7	- 9.3	5.9
Emerging markets	- 0.6	1.9	- 2.3
Central + Eastern Europe	1.7	7.4	- 5.4
Czech Republic	0.8	- 0.5	2.6
Hungary	0.5	1.5	1.5
Poland	1.0	- 1.0	- 0.5
Slovak Republic	- 1.1	- 3.9	5.9
Slovenia	- 1.0	0.0	1.0
Other transition	1.4	12.9	- 10.5
Asia	- 2.2	- 2.9	1.4
Anies	- 2.4	- 4.5	2.6
China	- 1.6	- 1.8	2.1
Other Asia	- 2.4	- 1.4	0.5
Africa + Middle East	4.2	17.4	- 15.0
Latin America	1.7	3.6	- 2.6

**Table 3d Appreciation against US dollar, with export weighted totals**

	2007	2008	2009
	Annual percentage changes		
Total World	4.3	4.9	-2.0
Advanced economies	6.3	7.0	-3.8
European Union 15	9.1	8.3	-5.4
Euro area	9.1	9.8	-4.9
Germany	9.1	9.8	-4.9
France	9.1	9.8	-4.9
Italy	9.1	9.8	-4.9
Spain	9.1	9.8	-4.9
Netherlands	9.1	9.8	-4.9
Belgium/Luxemburg	9.1	9.8	-4.9
Austria	9.1	9.8	-4.9
Finland	9.1	9.8	-4.9
Greece	9.1	9.8	-4.9
Portugal	9.1	9.8	-4.9
Ireland	9.1	9.8	-4.9
United Kingdom	8.7	-4.8	-10.3
Sweden	9.2	10.7	-5.1
Denmark	9.2	9.1	-7.3
Switzerland	4.5	11.8	-4.4
Norway	9.4	12.9	-4.1
United States	0.0	0.0	0.0
Canada	5.6	4.3	-3.3
Japan	-1.2	11.1	1.0
Emerging markets	2.1	2.8	0.0
Central + Eastern Europe	5.4	6.4	-0.3
Czech Republic	11.3	23.6	-0.8
Hungary	14.6	16.7	-4.6
Poland	12.2	22.3	-3.4
Slovak Republic	20.2	18.7	0.8
Slovenia	9.1	9.8	-5.7
Other transition	0.0	0.0	0.0
Asia	2.0	2.8	0.2
Anies	1.4	-0.5	-3.7
China	4.8	9.4	4.4
Other Asia	0.0	0.0	0.0
Africa + Middle East	0.0	0.0	0.0
Latin America	0.0	0.0	0.0

**Table 4 Relative import prices in national currencies and effective appreciation against supplying countries**

<b>Table 4a</b>	<b>Import prices in national currencies</b>		
	2007	2008	2009
	Annual percentage changes		
Total World	3.0	7.9	- 2.4
Advanced economies	2.3	6.8	- 1.8
European Union 15	1.5	5.5	- 0.9
Euro area	1.5	4.5	- 1.3
Germany	1.3	5.0	- 1.0
France	0.3	4.0	- 1.5
Italy	2.7	6.5	0.0
Spain	1.0	4.5	- 1.5
Netherlands	1.7	4.0	- 1.5
Belgium/Luxemburg	2.3	4.0	- 1.5
Austria	2.7	4.5	- 1.5
Finland	1.8	4.0	- 2.5
Greece	1.0	4.5	- 1.5
Portugal	2.5	4.5	- 2.0
Ireland	- 0.3	- 0.5	- 3.5
United Kingdom	1.1	11.5	2.0
Sweden	2.4	5.7	- 2.5
Denmark	2.9	6.0	1.0
Switzerland	4.4	2.7	- 2.0
Norway	3.1	0.8	- 2.5
United States	4.0	11.5	- 3.5
Canada	- 3.1	2.0	1.5
Japan	7.5	7.5	- 6.0
Emerging markets	4.0	9.2	- 3.1
Central + Eastern Europe	3.8	8.3	- 3.8
Czech Republic	0.5	- 3.0	- 3.5
Hungary	- 4.0	- 3.0	- 2.5
Poland	0.5	- 1.0	- 0.5
Slovak Republic	- 6.0	2.0	- 6.5
Slovenia	4.0	3.0	- 2.0
Other transition	9.0	16.0	- 5.0
Asia	2.7	8.7	- 2.7
Anies	2.1	11.0	0.7
China	0.2	2.8	- 7.1
Other Asia	5.5	11.0	- 2.5
Africa + Middle East	7.0	12.0	- 3.5
Latin America	6.2	10.0	- 3.0

**Table 4b** Calculated import prices in national currencies<sup>a</sup>

	2007	2008	2009
	Annual percentage changes		
Total World	2.9	7.9	-2.8
Advanced economies	2.1	6.6	-1.6
European Union 15	0.5	5.6	-0.4
Euro area	0.6	3.8	-1.2
Germany	0.3	3.9	-0.3
France	1.1	3.6	-1.2
Italy	0.7	4.4	-2.0
Spain	0.7	4.3	-2.1
Netherlands	-0.2	3.7	-1.3
Belgium/Luxemburg	0.5	3.0	-1.1
Austria	1.8	3.8	-0.8
Finland	0.8	5.6	-2.6
Greece	0.7	3.9	-1.0
Portugal	1.3	3.7	-1.7
Ireland	-0.4	2.4	-3.2
United Kingdom	-0.2	19.0	5.5
Sweden	0.7	3.6	-1.9
Denmark	0.9	4.4	1.0
Switzerland	5.3	1.8	-1.9
Norway	0.6	0.0	-2.0
United States	5.8	12.2	-4.3
Canada	-1.0	4.4	1.9
Japan	6.7	1.3	-5.3
Emerging markets	3.9	9.5	-4.3
Central + Eastern Europe	3.6	9.9	-7.1
Czech Republic	-0.1	-6.0	-5.1
Hungary	-3.4	-0.5	-2.0
Poland	-1.9	-6.0	-2.9
Slovak Republic	-7.3	3.4	-9.6
Slovenia	1.9	4.3	0.4
Other transition	9.9	18.8	-7.9
Asia	2.6	8.0	-2.9
Anies	2.6	10.4	1.6
China	0.5	2.5	-8.2
Other Asia	4.2	10.1	-3.2
Africa + Middle East	7.6	13.3	-5.5
Latin America	6.0	11.2	-3.4

<sup>a</sup> Import price change calculated under the assumption that for each individual supplier the export price change to that country is the same as the total export price change of that supplier. This condition is satisfied if the suppliers charge all importers the same price.

**Table 4 Relative import prices in national currencies and effective appreciation against supplying countries (continued)**

<b>Table 4c</b>	<b>Relative import prices in a common currency<sup>a</sup></b>		
	2007	2008	2009
	Annual percentage changes		
Total World	0.1	0.0	0.5
Advanced economies	0.2	0.2	-0.2
European Union 15	1.0	-0.1	-0.4
Euro area	0.9	0.7	0.0
Germany	0.9	1.1	-0.7
France	-0.7	0.4	-0.3
Italy	1.9	2.0	2.1
Spain	0.3	0.2	0.6
Netherlands	1.9	0.3	-0.2
Belgium/Luxemburg	1.8	1.0	-0.4
Austria	0.9	0.7	-0.7
Finland	1.0	-1.5	0.1
Greece	0.3	0.6	-0.5
Portugal	1.2	0.8	-0.3
Ireland	0.1	-2.8	-0.3
United Kingdom	1.3	-6.3	-3.3
Sweden	1.7	2.1	-0.6
Denmark	1.9	1.6	0.0
Switzerland	-0.9	0.9	-0.1
Norway	2.5	0.8	-0.5
United States	-1.7	-0.7	0.9
Canada	-2.1	-2.3	-0.4
Japan	0.8	6.1	-0.7
Emerging markets	0.1	-0.3	1.2
Central + Eastern Europe	0.2	-1.4	3.6
Czech Republic	0.6	3.2	1.7
Hungary	-0.6	-2.5	-0.5
Poland	2.4	5.3	2.4
Slovak Republic	1.4	-1.4	3.5
Slovenia	2.0	-1.2	-2.4
Other transition	-0.8	-2.4	3.1
Asia	0.2	0.6	0.2
Anies	-0.5	0.6	-0.9
China	-0.4	0.3	1.2
Other Asia	1.2	0.9	0.7
Africa + Middle East	-0.6	-1.1	2.1
Latin America	0.1	-1.1	0.4

<sup>a</sup> The relative import price is the ratio of import price to calculated import price.



**Table 4d Effective appreciation against supplying countries**

	2007	2008	2009
	Annual percentage changes		
Total World	0.0	0.0	0.0
Advanced economies	1.2	1.5	- 1.4
European Union 15	2.5	1.5	- 2.1
Euro area	2.4	2.8	- 1.5
Germany	2.2	1.9	- 1.8
France	2.0	2.7	- 1.0
Italy	2.5	3.0	- 1.7
Spain	2.8	3.7	- 1.5
Netherlands	3.5	4.0	- 2.2
Belgium/Luxemburg	2.2	2.8	- 1.2
Austria	0.8	0.4	- 1.0
Finland	3.1	3.5	- 1.6
Greece	2.5	3.1	- 1.5
Portugal	2.0	2.7	- 0.9
Ireland	4.1	8.0	- 0.6
United Kingdom	2.8	- 10.7	- 7.6
Sweden	1.8	3.1	- 0.9
Denmark	1.7	1.0	- 3.4
Switzerland	- 1.9	5.0	- 0.8
Norway	2.2	5.4	0.1
United States	- 2.9	- 3.8	1.2
Canada	4.4	2.7	- 2.8
Japan	- 3.9	7.4	0.9
Emerging markets	- 1.1	- 1.4	1.4
Central + Eastern Europe	- 0.4	- 0.1	1.9
Czech Republic	1.9	12.7	2.0
Hungary	7.2	8.2	- 1.8
Poland	5.0	13.8	- 0.3
Slovak Republic	14.0	9.7	2.4
Slovenia	0.7	0.5	- 1.9
Other transition	- 4.7	- 5.3	1.8
Asia	- 0.3	- 0.8	1.0
Anies	- 1.3	- 5.1	- 3.9
China	3.1	6.3	5.7
Other Asia	- 2.3	- 2.8	1.8
Africa + Middle East	- 4.0	- 4.0	2.0
Latin America	- 1.8	- 2.3	1.0

**Table 5 Relative export prices in national currencies and effective appreciation against competing countries**

<b>Table 5a</b>	<b>Export prices in national currencies</b>		
	2007	2008	2009
	Annual percentage changes		
Total World	2.9	7.6	- 3.0
Advanced economies	2.4	4.1	- 0.8
European Union 15	2.3	3.5	- 0.5
Euro area	2.2	2.6	- 0.2
Germany	2.7	2.0	- 1.0
France	0.4	1.5	- 0.5
Italy	4.2	4.5	2.5
Spain	2.5	2.5	- 1.0
Netherlands	1.4	4.8	- 1.0
Belgium/Luxemburg	2.6	3.5	1.6
Austria	3.3	3.5	- 1.0
Finland	0.1	1.5	- 1.5
Greece	2.2	5.0	0.0
Portugal	1.9	5.0	0.0
Ireland	- 2.3	- 6.0	- 1.5
United Kingdom	2.9	10.5	- 3.5
Sweden	3.8	1.5	- 1.5
Denmark	1.8	8.0	1.5
Switzerland	2.9	2.5	- 0.7
Norway	0.9	15.0	- 10.0
United States	3.5	7.0	0.3
Canada	1.1	11.5	- 3.5
Japan	2.5	- 2.5	- 0.5
Emerging markets	3.4	11.3	- 5.3
Central + Eastern Europe	5.6	16.4	- 9.0
Czech Republic	1.3	- 3.5	- 1.0
Hungary	- 3.5	- 1.5	- 1.0
Poland	1.5	- 2.0	- 1.0
Slovak Republic	- 7.0	- 2.0	- 1.0
Slovenia	3.0	3.0	- 1.0
Other transition	10.5	31.0	- 15.0
Asia	0.4	5.5	- 1.3
Anies	- 0.4	6.0	3.3
China	- 1.5	1.0	- 5.2
Other Asia	3.0	9.5	- 2.0
Africa + Middle East	11.5	31.5	- 18.0
Latin America	8.0	14.0	- 5.5

**Table 5b** Export prices of competitors<sup>a</sup>

	2007	2008	2009
	Annual percentage changes		
Total World	3.0	7.5	-2.5
Advanced economies	1.6	5.4	-1.0
European Union 15	0.2	4.9	0.1
Euro area	0.2	3.5	-0.4
Germany	0.2	3.6	-0.3
France	0.2	3.3	-0.3
Italy	-0.3	3.3	-0.1
Spain	0.3	3.3	-0.5
Netherlands	0.7	3.7	-0.8
Belgium/Luxemburg	0.4	3.5	-0.7
Austria	0.7	4.5	-0.5
Finland	-0.1	3.7	-0.4
Greece	0.2	3.8	0.1
Portugal	0.5	3.4	-1.0
Ireland	0.0	2.2	-1.0
United Kingdom	-0.1	19.1	5.7
Sweden	0.0	2.3	-0.3
Denmark	0.5	4.6	1.7
Switzerland	4.1	1.4	-0.6
Norway	-0.1	-0.2	-2.0
United States	6.0	10.9	-3.7
Canada	-0.9	7.2	-0.5
Japan	6.9	0.4	-4.5
Emerging markets	4.5	9.8	-4.1
Central + Eastern Europe	3.9	8.1	-4.7
Czech Republic	-0.8	-5.9	-4.6
Hungary	-3.8	-1.1	-0.8
Poland	-2.0	-6.1	-2.2
Slovak Republic	-7.8	-1.6	-5.7
Slovenia	1.0	5.1	0.4
Other transition	9.1	14.7	-4.8
Asia	3.8	9.3	-3.9
Anies	4.5	12.5	0.0
China	0.9	3.0	-8.0
Other Asia	5.8	12.4	-3.8
Africa + Middle East	7.7	13.2	-4.4
Latin America	5.7	11.6	-3.8

<sup>a</sup> Export prices of competitors is weighted average of import prices in the geographical export markets of each exporting country, measured in the currency of the exporting country.

**Table 5 Relative export prices in national currencies and effective appreciation against competing countries (continued)**

<b>Table 5c</b>	<b>Relative export prices in a common currency<sup>a</sup></b>		
	2007	2008	2009
	Annual percentage changes		
Total World	- 0.1	0.0	- 0.5
Advanced economies	0.7	- 1.2	0.3
European Union 15	2.1	- 1.3	- 0.7
Euro area	2.0	- 0.8	0.2
Germany	2.5	- 1.5	- 0.7
France	0.3	- 1.7	- 0.2
Italy	4.5	1.2	2.6
Spain	2.2	- 0.8	- 0.5
Netherlands	0.7	1.1	- 0.2
Belgium/Luxemburg	2.2	0.0	2.3
Austria	2.6	- 1.0	- 0.5
Finland	0.2	- 2.1	- 1.1
Greece	2.0	1.2	- 0.1
Portugal	1.4	1.6	1.0
Ireland	- 2.4	- 8.1	- 0.5
United Kingdom	3.0	- 7.2	- 8.7
Sweden	3.7	- 0.8	- 1.2
Denmark	1.3	3.2	- 0.2
Switzerland	- 1.1	1.0	- 0.1
Norway	1.0	15.2	- 8.2
United States	- 2.3	- 3.5	4.1
Canada	2.0	4.0	- 3.0
Japan	- 4.1	- 2.9	4.2
Emerging markets	- 1.0	1.4	- 1.2
Central + Eastern Europe	1.7	7.7	- 4.5
Czech Republic	2.1	2.6	3.7
Hungary	0.3	- 0.4	- 0.2
Poland	3.6	4.3	1.2
Slovak Republic	0.9	- 0.4	5.0
Slovenia	2.0	- 2.0	- 1.4
Other transition	1.3	14.2	- 10.7
Asia	- 3.2	- 3.5	2.7
Anies	- 4.6	- 5.8	3.2
China	- 2.3	- 2.0	3.1
Other Asia	- 2.7	- 2.6	1.9
Africa + Middle East	3.6	16.2	- 14.3
Latin America	2.2	2.1	- 1.8

<sup>a</sup> The relative export price is the ratio of export price to export price of competitors.

**Table 5d Effective appreciation against competing countries**

	2007	2008	2009
	Annual percentage changes		
Total World	0.0	0.0	0.0
Advanced economies	1.5	1.7	-1.5
European Union 15	3.3	2.2	-2.7
Euro area	3.3	3.5	-2.2
Germany	3.4	3.6	-2.3
France	3.5	3.7	-2.3
Italy	3.6	3.7	-2.4
Spain	3.3	3.6	-2.1
Netherlands	2.9	3.1	-1.9
Belgium/Luxemburg	3.2	3.4	-2.1
Austria	2.9	2.9	-2.2
Finland	3.6	3.7	-2.4
Greece	3.5	3.7	-2.4
Portugal	3.0	3.4	-1.9
Ireland	3.4	3.5	-2.2
United Kingdom	3.4	-9.6	-7.8
Sweden	3.7	4.7	-2.4
Denmark	3.2	2.6	-4.5
Switzerland	-0.7	5.6	-1.9
Norway	3.7	6.5	-1.2
United States	-2.9	-3.5	1.4
Canada	2.4	0.2	-2.0
Japan	-4.2	6.8	2.4
Emerging markets	-1.6	-1.7	1.6
Central + Eastern Europe	-0.1	0.3	2.1
Czech Republic	5.1	15.7	1.7
Hungary	8.0	9.2	-1.9
Poland	5.8	14.7	-0.7
Slovak Republic	12.1	10.2	3.6
Slovenia	2.8	2.9	-3.1
Other transition	-4.8	-5.4	2.2
Asia	-1.2	-1.4	1.5
Anies	-1.8	-4.3	-2.2
China	1.3	4.7	5.5
Other Asia	-3.1	-4.0	1.3
Africa + Middle East	-4.1	-4.5	2.1
Latin America	-3.1	-3.7	1.5

**Table 6 Merchandise trade balances (customs basis) in bln US dollars**

<b>Table 6a</b>	<b>Merchandise export, fob</b>		
	2007	2008	2009
	Bln US dollars		
Total World	13708	16353	15840
Advanced economies	7448	8574	8288
European Union 15	4692	5374	5106
Euro area	3982	4588	4389
Germany	1334	1523	1444
France	553	629	601
Italy	494	571	562
Spain	242	278	263
Netherlands	476	566	536
Belgium/Luxemburg	433	506	496
Austria	164	194	185
Finland	90	105	99
Greece	24	27	26
Portugal	52	60	55
Ireland	121	128	121
United Kingdom	440	467	415
Sweden	169	198	187
Denmark	101	121	115
Switzerland	164	195	188
Norway	136	181	158
United States	1148	1358	1410
Canada	420	452	407
Japan	714	821	837
Emerging markets	6259	7780	7552
Central + Eastern Europe	1112	1456	1377
Czech Republic	123	158	161
Hungary	94	114	113
Poland	138	177	178
Slovak Republic	58	75	77
Slovenia	27	32	30
Other transition	674	900	817
Asia	3232	3856	4067
Anies	1262	1471	1545
China	1218	1487	1590
Other Asia	751	897	932
Africa + Middle East	1157	1582	1271
Latin America	758	886	837

**Table 6b** Merchandise import, cif

	2007	2008	2009
	Bln US dollars		
Total World	13834	16335	15979
Advanced economies	8127	9245	8687
European Union 15	4732	5444	5087
Euro area	3864	4497	4227
Germany	1060	1222	1139
France	623	726	690
Italy	509	589	563
Spain	373	432	398
Netherlands	404	478	452
Belgium/Luxemburg	414	491	467
Austria	163	196	186
Finland	82	96	89
Greece	75	87	80
Portugal	78	90	82
Ireland	83	90	81
United Kingdom	618	647	580
Sweden	151	184	169
Denmark	98	116	111
Switzerland	153	178	169
Norway	80	96	91
United States	1968	2139	2013
Canada	380	414	402
Japan	621	739	697
Emerging markets	5706	7090	7292
Central + Eastern Europe	1166	1492	1517
Czech Republic	118	147	142
Hungary	94	112	106
Poland	162	214	221
Slovak Republic	62	79	74
Slovenia	29	35	33
Other transition	700	904	942
Asia	2960	3643	3788
Anies	1207	1448	1474
China	956	1210	1285
Other Asia	796	986	1028
Africa + Middle East	821	1044	1068
Latin America	759	910	918

**Table 6 Merchandise trade balances (customs basis) in bln US dollars (continued)**

<b>Table 6c</b>	<b>Trade balance</b>			
		2007	2008	2009
		Bln US dollars		
Total World		- 126	18	- 139
Advanced economies		- 679	- 672	- 399
European Union 15		- 39	- 69	19
Euro area		118	91	162
Germany		273	301	305
France		- 70	- 97	- 89
Italy		- 15	- 18	- 1
Spain		- 131	- 154	- 135
Netherlands		72	89	84
Belgium/Luxemburg		19	15	29
Austria		1	- 2	0
Finland		8	9	10
Greece		- 51	- 59	- 55
Portugal		- 26	- 30	- 27
Ireland		38	39	41
United Kingdom		- 179	- 179	- 165
Sweden		18	14	19
Denmark		4	5	4
Switzerland		12	17	19
Norway		56	85	68
United States		- 819	- 781	- 603
Canada		40	38	5
Japan		93	82	139
Emerging markets		553	690	261
Central + Eastern Europe		- 54	- 36	- 140
Czech Republic		4	11	19
Hungary		0	2	7
Poland		- 24	- 37	- 43
Slovak Republic		- 4	- 4	2
Slovenia		- 3	- 4	- 2
Other transition		- 26	- 5	- 124
Asia		272	212	279
Anies		55	24	70
China		262	277	305
Other Asia		- 45	- 89	- 96
Africa + Middle East		335	538	203
Latin America		- 1	- 24	- 81