

WTO revises 2023 global trade growth to 1.7%

With 1.8% share in global merchandise exports, India at 18th position

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The World Trade Organization (WTO) on Wednesday said the global merchandise trade volume is expected to grow 1.7 per cent in 2023, up from an earlier estimate of 1 per cent in October. However, this was lower than the 2.7 per cent growth in 2022.

The global trade body cautioned that the growth is expected to be “subpar”, due to multiple factors, including the ongoing Russia-Ukraine conflict, stubbornly high inflation rate, and tighter monetary policy and financial uncertainty. With this, the trade growth is below the 12-year average of 2.6 per cent since the trade collapse that followed the global financial crisis in 2008.

An upward revision in the 2023 growth forecast is mainly due to relaxation of Covid-19 pandemic controls in China, which is expected to “unleash pent-up consumer demand” in the country. This, in turn, is expected to boost international trade, according to the WTO.

“Interest rate hikes in advanced economies have also revealed weaknesses in banking systems that could lead to wider financial instability if left unchecked. Governments and regulators need to be alert to these and other financial risks in the coming months,” WTO Chief Economist Ralph Ossa said.

On the brighter side, trade growth is expected to rebound to 3.2 per cent in 2024. The estimate, however, is uncertain



as a lot will be dependent on how the conflict between Russia and Ukraine pans out.

Some of the risks include rising geopolitical tensions, global food insecurity, the possibility of unforeseen fallout from monetary tightening, risks to financial stability and increasing levels of debt. “Most serious of all will be a food crisis, triggering widespread hunger and starvation in low-income countries. Wealthy countries need to be on the lookout for signs of such a crisis and take steps in advance to prepare for it,” it said.

A 2.7 per cent increase in world trade volume in 2022 was lower than the WTO’s October forecast of 3.5 per cent was mainly due to sharper-than-expected quarter-on-quarter decline in the fourth quarter owing

to elevated global commodity prices, monetary policy tightening in response to inflation, and outbreaks of Covid-19 that disrupted production and trade in China.

As far as India is concerned, its share of 1.8 per cent in global merchandise trade puts it at 18th position. In the 2022-23 financial year, India is expected to witness nearly 6 per cent YoY growth in merchandise trade at \$447 billion. In case of imports, the share is 2.8 per cent, with a ninth rank.

In case of the world’s leading exporters and importers of commercial services — transport, travel, commercial services, computer services, among others — India’s share was 4.4 per cent in exports and 4 per cent in imports.