

WTO lowers forecast for goods trade volume growth for 2024

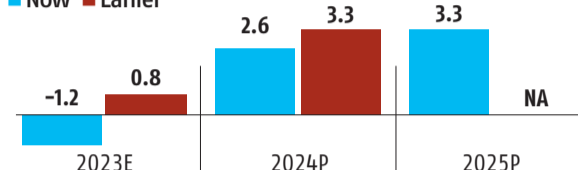
Says demand may rebound this year



WHERE THEY STAND

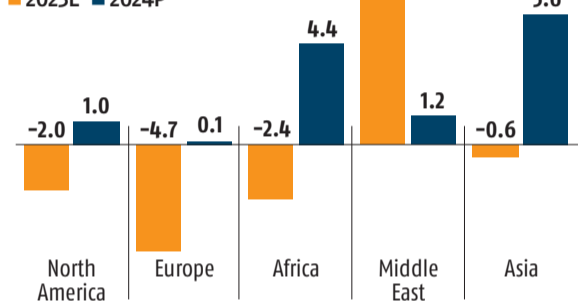
Growth in merchandise trade volume (% Y-o-Y)

■ Now ■ Earlier



Imports growth by key exports markets of India (% Y-o-Y)

■ 2023E ■ 2024P



Note: E: Estimate, P: Projection

Source: WTO

ASIT RANJAN MISHRA

New Delhi, 10 April

The World Trade Organization (WTO) on Wednesday revised downwards its projection for merchandise trade volume growth to 2.6 per cent for 2024 from 3.3 per cent estimated in October.

However, the multilateral trade body, in its latest bi-annual 'Global Trade Outlook and Statistics', said after a contraction of 1.2 per cent in 2023, demand for traded goods will rebound in 2024 as inflationary pressures ease and real household incomes improve.

In October last year, it had projected merchandise trade volume to grow 0.8 per cent in 2023.

India's merchandise exports in value terms are expected to contract by 1-1.5 per cent in 2023-24 after two consecutive years of growth, according to initial trade data estimates reported by Business Standard on April 4.

The WTO said there is a high degree of uncertainty associated with the current forecast due to the large number of risk factors present in the global economy. These include regional conflicts, geopolitical tensions and rising protectionism.

It said, "Trade volume growth in 2024 could be as high as 5.8 per cent or as low as -1.6 per cent."

"Conflict in the Middle East has diverted sea shipments between Europe and Asia while tensions elsewhere could lead to trade fragmentation. Rising protectionism is another risk that could undermine the recovery of trade in 2024 and 2025," it added.

According to the report, India's rank among leading merchandise exporters (exclud-

ing intra-EU trade) improved by a notch to 13 in 2023 from the preceding year, though its share remained unchanged at 2.2 per cent. Similarly, its rank among major merchandise importers (excluding intra-EU trade) rose a notch to 6, while its share remained the same at 3.4 per cent.

India's rank among leading exporters of commercial services (excluding intra-EU trade) remained unchanged at 5 in 2023 from the preceding year, with its share remaining the same at 5.4 per cent.

However, India's rank dropped a notch to 6 among major importers of commercial services (excluding intra-EU trade). Its share declined to 4.2 per cent from 4.8 per cent in the preceding year.

The dollar value of world merchandise trade fell 5 per cent in 2023 to \$24.01 trillion but this decline was mostly offset by a strong increase in commercial services trade, which rose 9 per cent to \$7.54 trillion.

The decline in merchandise exports was partly due to falling prices for commodities, such as oil and gas. Meanwhile, commercial services trade was lifted by recovering international travel and surging digitally-delivered services.

Decline on the export side in 2023 was led by the Russian Federation, whose exports plunged 28 per cent, as well as by manufacturing-oriented Asian economies, including China (-5 per cent), Japan (-4 per cent) and the Republic of Korea (-8 per cent).

Other major economies saw smaller declines or even modest increases, including the United States (-2 per cent), Germany (+1 per cent), and Mexico (+3 per cent).