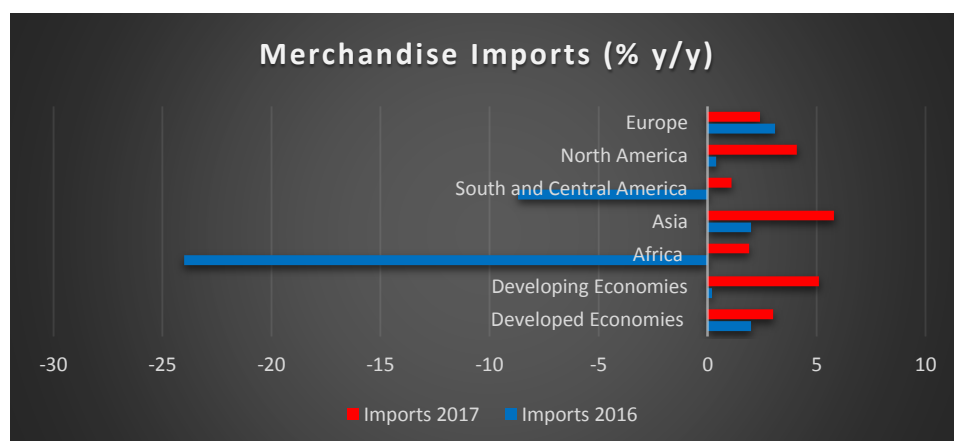
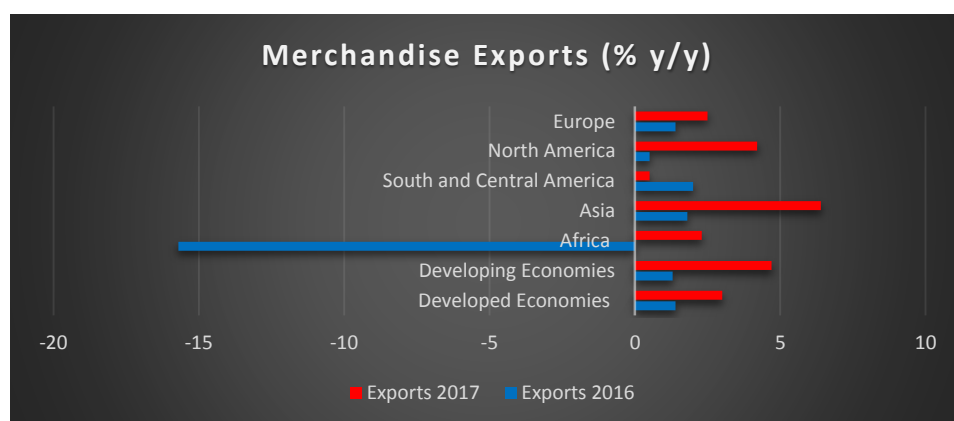


## Global Trade Rebounds in 2017

According to the World Trade Organization's (WTO) most recent estimates, the volume of global merchandise trade grew by 3.6 percent in 2017, compared to 1.3 percent in 2016. Estimates also indicate that trade in current US dollar terms increased in 2017 to exceed US\$33 trillion. The rebound in global trade was underpinned by a number of factors, including the synchronous upturn in global output, recovering global demand and the partial recovery in oil and other commodity prices. Growth acceleration in China—the largest trading nation in the world—was another key driver strengthening global trade.

The synchronised upturn in the global economy meant that both developed and developing economies contributed to the recovery in global trade in 2017 (see figure). However, developing countries continued to be the main drivers of global trade. As a group, merchandise exports of developing economies rose by 4.7 percent in 2017 (compared to 1.3 percent in 2016), much faster than the performance achieved by developed economies where on average merchandise exports grew by 3 percent in 2017 (compared to 2 percent in 2016). Merchandise imports of developing countries grew by 5.1 percent in 2017 (compared to just 0.2 percent in 2016). Developed economies registered a lower rate of growth, with merchandise imports expanding by 3 percent in 2017, about a percentage point above the performance achieved in 2016.



Source: WTO, Afreximbank Research

Asia remained the fastest-growing region globally in 2017, with both merchandise imports and exports recording the strongest rate of expansion, largely above the world average. Merchandise imports grew by 5.8 percent in 2017, up from 2 percent in 2016, while exports grew by 6.4 percent in 2017, up from the 1.8 percent in 2016. The growth in merchandise trade is largely attributed to stronger-than-expected economic growth and robust trade performance in China. The value of China's merchandise imports increased 15.7 percent to US\$1.84 trillion in 2017, up from US\$1.59 trillion in 2016, while merchandise exports reached US\$2.3 trillion from US\$2.1 trillion in 2016.

In the developing world, Africa emerged as the second fastest growing region with overall African trade growing by around 2.1 percent in 2017 to reach US\$833.94 billion, though still below the level achieved before the end of the commodity super cycle in 2016 when total African trade exceeded US\$1.1 trillion. In a region where extractive resources account for more than 75 percent of export revenues, with oil exports alone accounting for over 40 percent, the gradual strengthening of crude oil prices significantly contributed to reverse the downward trend in Africa's trade. In effect, Africa's merchandise exports grew by 2.3 percent after contracting 15.7 percent in 2016. Africa's merchandise exports were equally supported by the recovery in the prices of industrial and precious metals, especially gold, and a strong export recovery in South Africa—whose merchandise exports increased to US\$89.5 billion in 2017 from US\$74.1 billion in 2016.

Africa's merchandise imports also recovered as foreign reserves increased in the face of improving export receipts driven by firming commodity prices. Africa's merchandise imports grew by 1.9 percent in 2017 compared to a 24 percent contraction in 2016. With proportionate recovery of both exports and imports, Africa's overall trade balance remained on a deteriorating path. The region's trade deficit widened further to US\$131.1 billion in 2017, from US\$129.6 billion in 2016.

Boosted by the rising tide of global trade, an improvement in African economic growth, and rising commodity prices, intra-African trade grew by 8.83 percent in 2017 after declining by about 10 percent in 2016. The much stronger growth rate and acceleration of intra-African trade compared to extra-African trade, which grew by 0.9 percent, suggests that the recovery of overall African trade was largely driven by intra-regional trade dynamics. As a share of total African trade, intra-African trade reached 16 percent in 2017, compared to 14.8 percent in 2016.

The WTO forecasts global trade growth to moderate in 2018 to around 3.2 percent on the back of tighter monetary policy in developed economies and efforts by the Chinese government to mitigate risks from excess debt by reigning in fiscal expansion and credit growth. In addition, downside risks related to creeping protectionism and a looming trade war could place a drag on global trade growth. However, stronger intra-African trade under the African Continental Free Trade Area (AfCFTA) should lend support to Africa's trade.

Follow us on [twitter.com/AfreximResearch](https://twitter.com/AfreximResearch)

### Disclaimer

This document was prepared under the supervision of the Research and International Cooperation Department of the African Export-Import Bank (Afreximbank), and is not necessarily definitive, current or authoritative. Data used in this document was gathered from reliable sources, but the analyst(s) and the publishers of this document do not hold themselves responsible for the accuracy or completeness of data used. The document provides the opinions, analyses and conclusions of the Research Department only and is provided without any warranties of any kind. Afreximbank does not accept any liability for any direct or remote loss or damage arising out of the use of all or any part of the information contained in this document.