

Information note on trade in intermediate goods: second quarter 2022

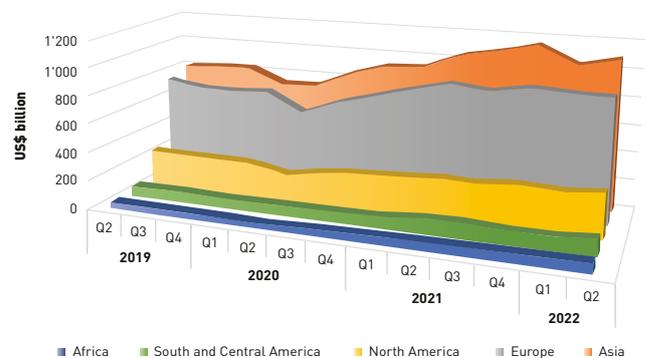
- World exports of intermediate goods (IGs) increased by 4 per cent year-on-year (YoY) in the second quarter (Q2) of 2022, a slower pace of growth than observed in 2021.
- The 20 per cent increase in exports of intermediate food products largely contributed to trade growth within supply chains, while exports of ores, precious stones and rare earths fell by 11 per cent in response to declining iron ore prices.
- Brazil reached the top 15 IG exporters (13th position) owing to massive seasonal exports of soybeans, which were mainly sent to Chinese industries.
- Similar to global IG growth, the rise in most regional trade flows was lower in the second quarter of 2022 compared with previous quarters. European IG exports to Asia declined significantly by 11 per cent.

IG exports by region, Q2 2022

World IG exports grew less in the first half of 2022 than in 2021. However, YoY growth still increased by 4 per cent in Q2 2022, reaching more than US\$ 2.5 trillion, which held relatively stable in the last quarters.

Compared with Q1 2022, the highest growth was 22 per cent for South and Central America and 9 per cent for North America. The huge seasonal increase in exports of soybeans from Brazil (90 per cent, US\$ 20 billion), mostly destined for China, largely supported the rise observed at the regional level. The growth observed for North America was linked to the 74 per cent increase in US gold exports, in particular to Europe and Asia.

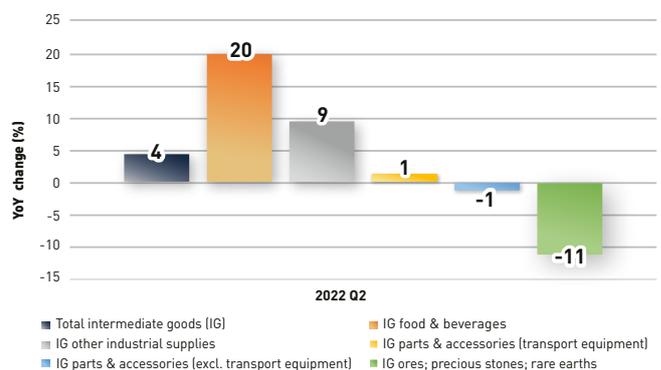
The quarterly YoY rebound of 5 per cent observed for Asia was a result of the global rise in China's IG exports, and more specifically those shipped to regional partners.



Source: Trade Data Monitor (100 reporting economies, including estimates for Africa).

+4% (Q2 2022) vs +47% (Q2 2021)

IG trade within supply chains



Source: Trade Data Monitor.

World IG exports by category, Q2 2022

Intermediate food products sustained a high export growth momentum during the first half of 2022, with a 20 per cent YoY increase in Q2 2022, valued at more than US\$ 120 billion.

World exports of other industrial supplies¹ rose by 9 per cent YoY in Q2 2022. While the export of manufacturing parts and accessories (excluding transport equipment) fell by 1 per cent YoY, affirming the downward trend observed since the beginning of 2022.

The exports of ores, precious stones and rare earths had also exhibited a downward trend since the beginning of 2022. The marked YoY decrease of 11 per cent in Q2 2022 essentially reflects the decline of iron ore prices observed since March.

IG are inputs used to produce a final product. They range from crops used in food production to textiles and metals needed to manufacture goods. Trade in IGs is an indicator of the activity in supply chains, which was severely impacted in the early stages of the COVID-19 crisis. The share of IGs in total trade (excluding fuels) in Q2 2022 was 50 per cent, a ratio that remained constant over the last decade.

¹ "Other industrial supplies" cover a wide range of manufacturing inputs such as metal structures, articles and compounds, electrical conductors, and medical and pharmaceutical products.

Top IG exporters, Q2 2022

Major IG traders (i.e. Germany; Hong Kong, China; Japan; Belgium) faced negative YoY growth of their exports of industrial inputs in Q2 2022.

The overall decrease in exports from Hong Kong, China by 10 per cent was characterized by a decline of more than 30 per cent of its delivery of high-tech components (memories, integrated circuits) to Chinese manufacturers.

Brazil rose to the 13th position of top IG exporters in Q2 2022, with a growth of 8 per cent, mainly due to soybeans exports, and accounting for US\$ 61 billion.

Belgium's decrease of IG exports (10 per cent) was essentially a result of a reduced supply of rare metals (rhodium, palladium) and machine parts to production partners in Germany, the United Kingdom and the United States.

Top IG exporters			
Rank	Exporter	US\$ bn	YoY change (%)
1	China	383	8
2	United States	217	8
3	Germany	174	-8
4	Hong Kong, China	103	-10
5	Korea, Rep. of	102	3
6	Chinese Taipei	94	16
7	Japan	94	-3
8	Netherlands	84	6
9	Singapore	71	10
10	Italy	69	1
11	France	65	3
12	Belgium	63	-10
13	Brazil	61	8
14	Canada	59	13
15	United Kingdom	56	6

Source: Trade Data Monitor.

Inter- and intra-regional IG trade, Q2 2022

Most regional IG trade flows grew at a slower pace in 2022 than in 2021, with some negative growths appearing during Q2 2022.

European shipments of industrial inputs to Asia decreased by 11 per cent YoY in Q2 2022. This decline was perceived in the majority of European economies, with exception of the United Kingdom, which increased gold exports to China and Hong Kong, China.

Regional IG exports destined for Africa were among the highest increases in Q2 2022. Although the total value at under US\$ 10 billion is low, exports of manufacturing and agricultural inputs from North America and South and Central America increased by 32 per cent and 37 per cent YoY, respectively – mostly due to US shipments of soybeans and wheat.

Africa exports of industrial inputs to South and Central America increased the most among all inter-regional flows (100 per cent YoY). Such bilateral exchanges (e.g. exports of urea and ammonium to the fertilizer industry in Brazil) were the most dynamic in recent quarters.

Top IG importers, Q2 2022

Overall imports of industrial inputs in China decreased by 8 per cent YoY in Q2 2022. Asian partner economies were the most affected.

Imports of iron ores from Australia were among the major declines (-25 per cent, a drop of more than US\$ 8 billion), in relation to the fall in prices during the same period.

Re-imports of intermediate inputs that are largely sourced from Hong Kong, China, and reported as China's imports from China, decreased by 25 per cent and mainly concerned back and forth exchanges of inward processing materials such as memories.

Mexico had the highest growth (27 per cent) among the top IG importers in Q2 2022. Compared with the end of 2021, the economy has risen four positions in the top IG importers ranking, highlighting its activity in manufacturing supply chains.

UK imports of inputs had declined by 10 per cent by mid-2022. Gold imports were among the most affected, dropping by around 80 per cent from Kazakhstan and Switzerland, regardless of rising prices.

Top IG importers			
Rank	Importer	US\$ bn	YoY change (%)
1	China	395	-8
2	United States	291	15
3	Germany	172	6
4	Hong Kong, China	111	-3
5	Mexico	88	27
6	India	86	24
7	Korea, Rep. of	81	11
8	Netherlands	79	7
9	Japan	78	0
10	France	75	1
11	Italy	74	12
12	United Kingdom	70	-10
13	Singapore	68	18
14	Belgium	65	8
15	Chinese Taipei	64	14

Source: Trade Data Monitor.

Importer → ↓ Exporter	YoY change (%)				
	Africa	Asia	Europe	North America	South & Central America
Africa	32	15	6	-4	100
Asia	9	2	8	15	4
Europe	7	-11	1	3	0
North America	32	-4	3	13	16
South & Central America	37	2	11	11	22

Note: Diagonal represents intra-regional trade while off-diagonal percentages stand for inter-regional trade.

Source: Trade Data Monitor (including estimates for Africa).

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APPENDIX TABLES

World merchandise exports of intermediate goods by region, Q1 2019 to Q2 2022

(US\$ billion)

	2019				2020				2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
World	1,933	1,974	1,957	1,945	1,840	1,658	1,936	2,115	2,214	2,436	2,452	2,573	2,426	2,536
Africa	48	47	46	46	44	37	47	53	57	67	66	67	70	76
Asia	768	808	832	835	733	739	854	928	937	1,043	1,095	1,154	1,032	1,096
Europe	765	757	718	713	726	595	696	765	840	897	865	909	894	889
North America	264	269	263	260	254	201	246	277	282	299	296	317	304	330
South and Central America	70	77	79	73	66	72	76	76	83	110	112	99	100	123
Other regions	19	15	19	19	18	12	17	16	16	20	18	28	25	21

Note: Historical values are lower than in previous information notes because of a reduced reporting coverage of economies in 2022.

Source: WTO estimates based on data from Trade Data Monitor.

World merchandise exports of intermediate goods by category, Q1 2019 to Q2 2022

(US\$ billion)

	2019				2020				2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total intermediate goods	1,933	1,974	1,957	1,945	1,840	1,658	1,936	2,115	2,214	2,436	2,452	2,573	2,426	2,536
IG food and beverages	71	71	71	76	74	78	77	88	90	102	97	110	111	122
IG other industrial supplies	945	954	911	898	872	777	867	961	1,040	1,185	1,195	1,262	1,206	1,293
IG ores; precious stones; rare earths	152	164	176	167	160	167	204	205	231	253	235	230	226	225
IG parts and accessories (excl. transport equipment)	503	522	541	546	491	481	557	599	594	636	675	705	625	633
IG parts and accessories (transport equipment)	263	263	258	258	244	154	232	261	259	260	251	267	258	263

Note: Historical values are lower than in previous information notes because of a reduced reporting coverage of economies in 2022.

Source: WTO estimates based on data from Trade Data Monitor.

Inter- and intra-regional exports of intermediate goods, Q2 2022

(US\$ billion)

↓ Exporter	Importer →	Africa	Asia	Europe	North America	South and Central America
		Africa	6	35	26	6
Asia	29	721	134	139	28	
Europe	26	93	644	75	14	
North America	5	74	50	163	21	
South and Central America	4	57	19	16	17	

Note: Diagonal represents intra-regional trade while off-diagonal figures stand for inter-regional trade.

Source: WTO estimates based on data from Trade Data Monitor.