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Project Summary 1 of the Statistics for Business (SFB) course

Assignment Topic: Trends in International Trade

Given below is the summary of the findings of 25 groups of IIMB-YLP students who examined export and import data of countries during the last 30 years to demonstrate their learnings in the Statistics for Business course.

1. India dominates SAARC countries in international trade. Post liberalization in 1991, the mean export value of India has increased to USD 124 billion against pre-liberalization export value of USD 5.9 billion. (Group 1)

2. Till 2011, India, Pakistan and Bangladesh were showing an uptrend in both export and imports. In the last five years, international trade (exports and imports) of India and Pakistan are shrinking whereas Bangladesh continues to maintain the uptrend. Though smaller in size (population and area), Bangladesh exports are more than Pakistan. (Group 2)

3. Till 2008, the international trade was moving smoothly upward but since 2009 on account of the financial market crisis, the international trade turned downward, volatile and unpredictable. While China, German and few other smaller European countries are net exporters, most other countries are net importers. (Group 3)

4. Among the 32 Asian countries studied, 21 are net importers while the other 11 are net exporters. Countries that top on imports are Turkey, India and Singapore. The top three net exporters are China, Germany and Japan. (Group 4)

5. USA is the largest importer in the world. Among the five product segments studied (Capital goods, Consumer goods, Chemicals, Food products and Miscellaneous), consumer goods take a lion share of the trade deficit for the country. In capital goods, which is the next large component of trade, the imports and exports are almost equal. (Group 5)

6. Among the top eight countries in world trade, the Balance of Trade of Canada turned surplus to marginal deficit whereas Italy posted surplus. The financial market crisis has not affected the Balance of Trade of Canada, France, Italy and UK. (Group 6)

7. For several countries, the mean values of exports and imports are more than median values. It shows rapid expansion of international trade during the period due to opening up of borders for international trade. (Group 7)

8. Export and import data of OPEC countries are volatile and right skewed due to high value of exports in few years on account of high oil price. This results in large trade surplus for OPEC countries. On the other hand, ASEAN countries exports are diversified but its balance of trade is surplus for some years and deficit in other years. (Group 8)

9. China and US dominate world trade as exporter and importer respectively. The trade surplus of China is almost a mirror image of US imports. (Group 9)

10. India’s export and import are in line with other countries. Till 2008, India’s international trade expanded rapidly but post financial market crisis, it shows a declining trend. Like many countries, the recovery of international trade in 2009 was temporary. (Group 10)

11. The largest exporter in the world till 2004 was the USA but it lost it’s tag in 2005 to China. Since then China consolidated its position and increased its export by 2.5 times in the next 12 years. The highly skewed balance of trade is not sustainable and creates tension between the countries. (Group 11)

12. China is traditionally a trade surplus country and it exploited the trade liberalization in the year 2000. India could not follow and exploit the opportunity due to lack of infrastructure development and high oil and gold imports. (Group 12)

13. G7 countries have moved from trade surplus countries to trade deficit countries during the last two decades and mainly caused by USA. The other six G7 countries try to balance their international trade with their export nearing imports. (Group 13)

14. There is a remarkable shift in the international trade from developed economies to emerging economies. The share of Asian countries in international trade, both export and import significantly increased in 21st Century. (Group 14)

15. While China’s export increased more than 12 times, the export of North America has increased 3 times during the last three decades. The outcome of this shift is that China’s export surpassed the total export of North America. On imports, China imports half the value of imports of North America. The result is a wide trade gap between the two large economies. If this imbalanced international trade continues for much longer, it may cause economic tension among the countries. (Group 15)

16. Apart from China, few other countries such as Germany, Japan, Russia and Saudi Arabia have been in a constant trade surplus over the years. With China’s aggressive international trade practices, it is difficult to predict how long these trade surplus countries will retain their trade surplus status. (Group 16)

17. The G7 countries as a group exports more than the exports of BRIC countries but the scale of import of G7 countries are much larger than the imports of BRICs. This results in a large trade deficit for G7 countries and trade surplus for BRICs. Among BRIC countries, only China shows trade surplus overshadowing all other countries in the group. (Group 17)

18. After the 2008 financial market crisis, the international trade of almost all countries are affected in 2009 resulting in a dip in the export and import value. Though the international trade recovered in 2010, it is more or less flat for the next five years but started declining during 2015 and 2016. It may take many years before we return to growth path in international trade. (Group 18)

19. While US, Japan and EU took a hit during the great recession, on the contrary, the contribution of Asian/developing countries increased from 34% to 47% during the same period. This shows developed economies are more vulnerable to recession compared to developing economies. (Group 19)

20. Iraq and Greece have experienced political and economic crisis at different points of time. Though crisis affected their international trade during the crisis period, both countries recovered and returned to normal days. (Group 20)

21. India dominates international trade of SAARC countries consisting of eight countries around India. While all SAARC countries are in trade deficit (import exceeding export), Bangladesh might turn trade surplus if the current export growth continues. In contrast, with export and import increasing, Pakistan may witness an economic crisis like the one which India witnessed in 1991. (Group 21)

22. While the financial markets crisis in 2008 has affected the international trade of several countries, Finland, Hungary and New Zealand turned trade surplus. The export of Denmark, Peru and the Russian Federation have also increased manifold after the financial market crisis though these countries continue to be in trade deficit. (Group 22)

23. As most of the developing countries of the world initiated economic reforms and liberalization to stimulate their growth rate and amplify trade potential, China capitalized on the opportunity and reached an enviable position in international trade. Other developing countries like India, Qatar and Brazil exhibit a consistent trade growth over the years. (Group 23)

24. Despite being part of The Organization of the Petroleum Exporting Countries (OPEC), the two sub-groups MENA and Sub-Saharan countries continue to show huge trade deficit. (Group 24)

25. Germany is driving the Eurozone's fragile economic recovery. Though UK and Netherlands have similar mean values of exports, Netherlands achieved significant improvement in exports over the years while controlling imports. In contrast, UK's export is stagnating while imports are growing. (Group 25)