

# Trend of International Trade: A Comparative Analysis of Advanced and Emerging Countries

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**Abstract:** In this research paper an attempt is made to analyse the trend of international trade of advanced and emerging/developing countries. As international trade is considered as an engine of economic growth, it plays a vital role in enhancing the consumer's welfare across nations. In this paper trend of international trade is analysed both in absolute terms and percentage change. The analysis is primarily based on secondary data sources: a) World Economic Outlook (WEO) published by International Monetary fund (IMF), b) Ministry of Statistics and Program Implementation (MOSPI). The article explores that the growth rate of international trade of goods and services is decreased from 4.7 per cent to 2.8 per cent from 2005-2014 to 2015-2023. COVID-19 had a very drastic impact on international trade during the period of 2019 and 2020. Moreover, paper reveals that the growth of volume of exports of developing nations was higher as compared to developed nations.

**Keywords:** Trend of international trade, Current Account, Capital Accounts, Balance of Payment (BOP).

The Mercantilists (Thomas Munn) in 16<sup>th</sup> century were in the view that international trade is a Zero Sum Game and one country gains on the loss of other country. Consequently, they advocated the policy of protectionism and focused on the strategy to increase the volume of export and to put barriers on imports. According to them, a nation could have more army equipment with the gold and precious metals earned through exports. On contrary to it, classical and neo-classical economists supported the free trade policy that can increase the overall production worldwide and consequently the higher consumption will lead to consumer welfare.

None of the country can produce all the required products or it can produce at higher cost. In such a situation international trade plays a significant role to fulfil their needs. The momentum of international trade is governed by the trade policies adopted by the nations. On the other hand various facts like war, epidemic, business cycles also impact the international trade largely.

The trends of volume of overall international trade and trends of exports and imports of advanced and developing nation has been analysed in term of percentage change over the period of 2015 to 2022-23. Table 1 explores that the volume of international trade increased at the rate of 4.7 per cent during the period of 2005 to 2014. It also indicates that the volume of world trade is projected to increase at the rate of 2.8 per cent during the period of 2015 to 2024 by World Economic Outlook, 2023. Thus, data clearly indicates the growth rate of overall trade of goods and services is quite low in the present decade as compared to previous years. During the year of 2020, largely the COVID-19 decreased the overall international trade at the rate of 7.8 per

cent. Only during the years of 2017 and 2022, the volume of international trade increased at more the 5 per cent. The volume of international trade is projected to increase at 3.5 per cent by WEO, 2023.

The level of export effects the economic condition of nation. The rising level of export is necessary to earn foreign exchange. Table also reveals the scenario of volume of export of both advanced and emerging economies. It is significant to note that the growth rate of volume of exports of emerging economies is higher during 2005 to 2014 and 2015 to 2024. During the time period of 2005 to 2014, the exports of advanced economies increased at the rate of 4.0 per cent. While, the exports of emerging economies increased at 6.3 per during the same period of time. Moreover, post 2015, the volume of export across both the groups has registered a significant decrease. It can also be noticed from the data that during the period of COVID-19, the volume of exports of advanced countries registered a sharp decline at the rate of 8.8 per cent. Whereas, the export volume of developing nations was decreased at 5.1 per cent.

Table also explores that during the years of 2015, 2019 and 2022 the volume of exports of advanced economies i.e. 3.8 per cent, 1.5 per cent and 5.3 per cent, respectively was greater than developing nations. Whereas, in the rest of years, the growth of export volume of developing nation is greater than advanced economies.

**Table No. 1: Percentage of Change in World Trade Volume from 2005 to 2024.**

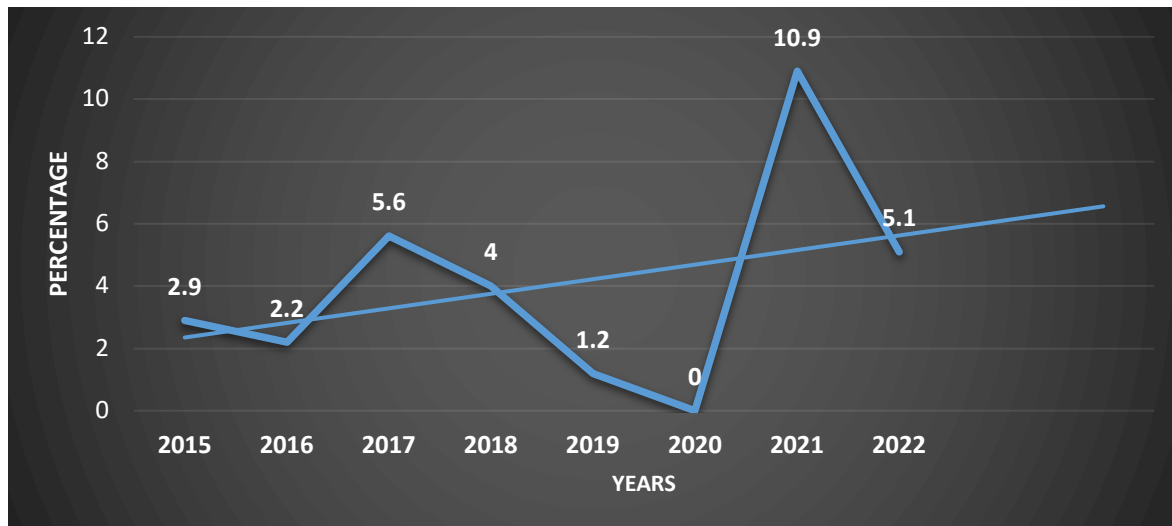
(World Trade ) Trade in Goods and Service	Averages										Projections	
	2005–14	2015–24	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Volume of World Trade	4.7	2.8	2.9	2.2	5.6	4.0	1.2	-7.8	10.9	5.1	0.9	3.5
<b>(Exports)</b>												
Advanced Economies	4.0	2.6	3.8	2.0	5.0	3.5	1.5	-8.8	9.8	5.3	1.8	3.1
Emerging Market and Developing Economies	6.3	3.1	1.9	2.8	6.5	4.2	0.8	-5.1	12.8	4.1	-0.1	4.2
<b>(Imports)</b>												
Advanced Economies	3.2	2.9	4.8	2.5	4.8	3.8	2.1	-8.2	10.3	6.7	0.1	3.0
Emerging Market and Developing Economies	8.0	2.4	-0.7	1.5	7.4	5.1	-0.9	-7.9	11.8	3.2	1.7	4.4
<b>(Terms of Trade)</b>												
Advanced Economies	-0.3	0.3	1.8	1.1	-0.2	-0.4	0.1	0.9	0.8	-2.0	0.2	0.5
Emerging Market and Developing Economies	1.2	-0.5	-3.9	-1.5	1.4	1.0	-1.6	-0.8	0.7	0.9	-1.5	0.2

Source: World Economic Outlook, October, 2023.

The trend of volume of imports across advanced and developing economies explores that during 2005 to 2015, the annual growth of imports by developing nations i.e. 8.0 per cent was quite high as compared to advanced economies (3.2 per cent). While, this scenario is changed as the volume of imports of advanced nations is greater than developing nations, during the time period of 2015 to 2024.

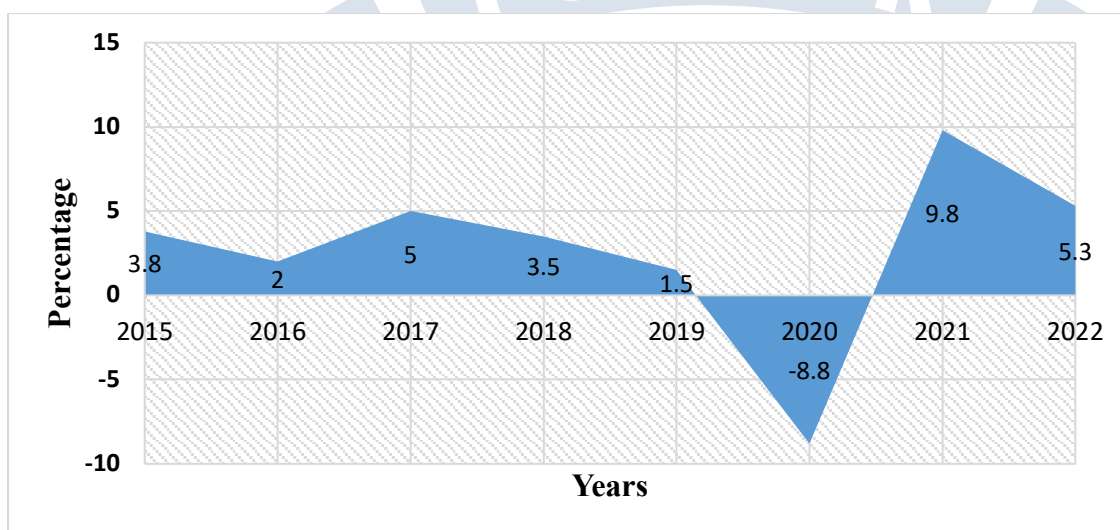
The analysis reveals that Terms of Trade were unfavourable to advanced economies and were favourable to emerging economies up to 2014. Whereas, after 2014 the picture is reversed as Terms of Trade of advanced economies are favourable and unfavourable to developing nations.

**Figure No. 1: Percentage of Change in World Trade Volume from 2015 to 2022.**



The Figure no. 1 also explores the aforesaid results of the volume of overall international trade. The trend line depicts that over the period of 2015 to 2022, the volume of international trade has increased at nominal rate. However, the volume of trade of goods and services registered a sharp decline during 2017 to 2020.

**Figure No. 2: Annual Percentage change in Trade of Advanced Economies.**



The above graph shows the annual percentage change in trade of advanced economies. It clearly indicates that except the year 2020, the overall trade growth rate of advanced countries is positive. It was highest during the year 2021.

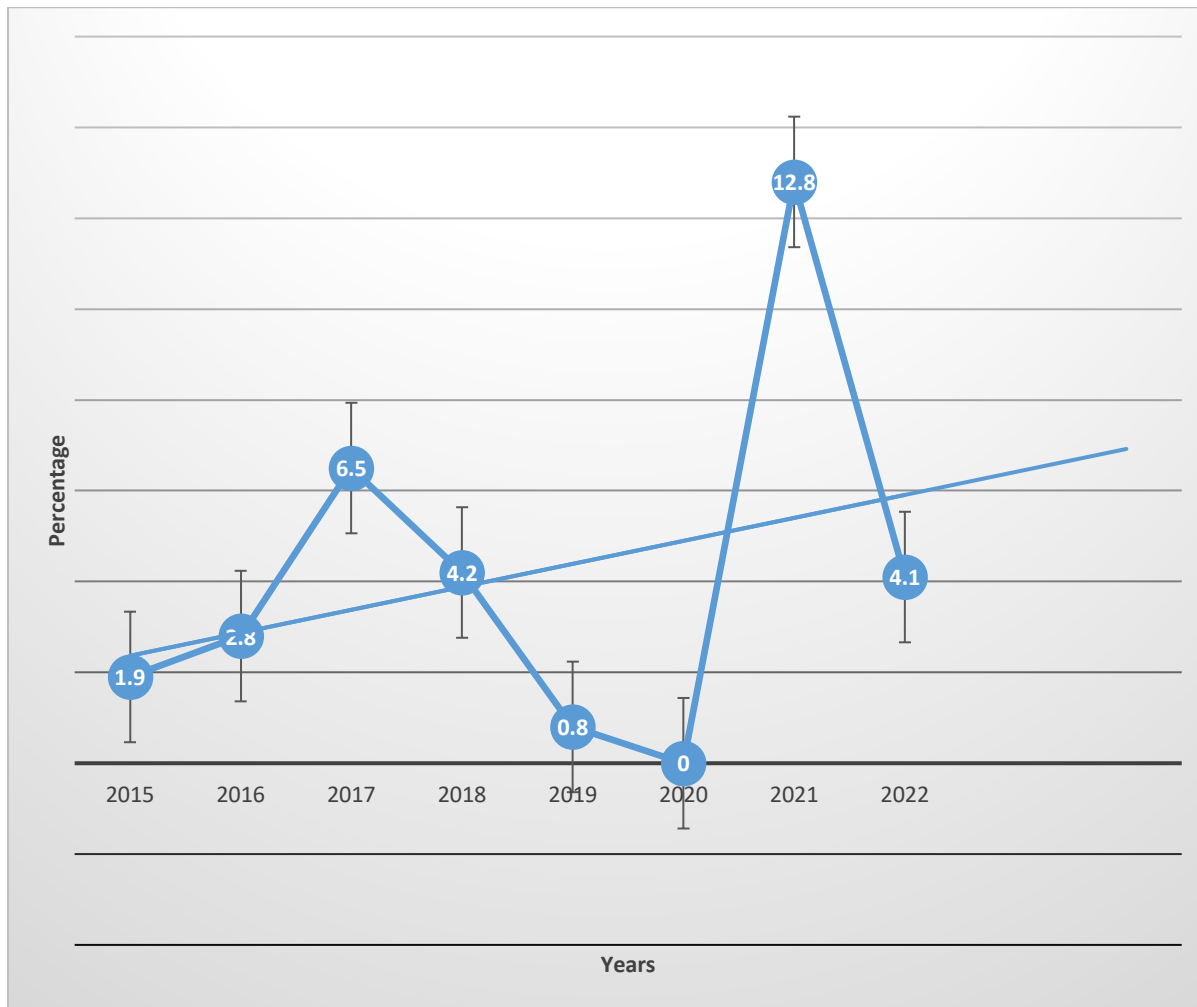
**Figure No. 3: Annual Percentage Change in Trade of Emerging Markets/Developing Economies.**

Figure 3 explores the annual percentage change in trade of emerging Markets/Developing economies. It depicts the almost same result as of advanced economies. The overall volume of trade of goods and services declined from 2017 to 2020. The year 2021 registered a high growth rate of trade volume of developing economies i.e. 12.8.

Table 2 explores the status of current account balance of developed and developing nations in US Billions of Dollar. It clearly explores that the current account balance of advanced economies was positive from 2015 to 2021. It was deficit by 234.8 US billion on dollars.

**Table No: 2 Current Account Balance of Advanced and Emerging Economies****(Billions of US Dollar)**

Countries & Groups	2015	2016	2017	2018	2019	2020	2021	2022	Projections		
									2023	2024	2028
<b>Advanced Economies</b>	<b>269.2</b>	<b>362.3</b>	<b>470.6</b>	<b>383.7</b>	<b>388.3</b>	<b>157.4</b>	<b>502.7</b>	<b>-234.8</b>	<b>111.3</b>	<b>192.9</b>	<b>286.8</b>
United States	-408.5	-396.2	-367.6	-439.8	-441.8	-597.1	-831.4	-971.6	-795.1	-783.2	-777.3
Euro Area	317.0	360.1	394.9	382.1	323.8	230.0	416.3	-106.0	186.6	223.6	343.5
Germany	288.3	299.0	289.1	316.2	317.8	274.2	329.8	170.8	265.6	309.1	331.0
France	-9.0	-12.0	-19.9	-23.2	14.0	-42.8	10.7	-56.8	-37.5	-41.2	-14.0
Italy	26.6	49.7	52.1	54.5	66.6	73.1	65.0	-24.5	15.3	19.8	53.6
Spain	24.2	39.1	36.4	26.7	29.4	7.9	11.0	8.7	33.2	33.7	35.3
Japan	136.4	197.8	203.5	177.8	176.3	149.9	196.8	90.6	141.2	157.0	167.5
United Kingdom	-148.8	-148.7	-96.9	-117.3	-80.9	-86.6	-46.9	-116.1	-122.0	-131.4	-162.0
Canada	-54.4	-47.2	-46.2	-41.0	-34.1	-35.5	-5.4	-7.0	-20.9	-21.4	-55.3
Other Advanced Economies <sup>1</sup>	349.6	328.0	332.1	333.1	344.0	382.5	588.5	591.8	539.3	546.8	575.9
<b>Emerging Market and Developing Economies</b>	<b>-94.6</b>	<b>-111.7</b>	<b>-32.5</b>	<b>-64.1</b>	<b>-10.4</b>	<b>143.9</b>	<b>363.7</b>	<b>645.7</b>	<b>195.8</b>	<b>171.1</b>	<b>-196.8</b>
<b>Regional Groups</b>											
Emerging and Developing Asia	293.1	209.1	163.5	-54.0	93.2	319.2	286.5	296.8	190.5	171.2	2.8
Emerging and Developing Europe	31.4	-10.3	-25.0	62.7	49.4	2.0	66.5	123.1	-20.7	-13.5	-51.5
Latin America and the Caribbean	-181.9	-109.4	-99.1	-146.1	-112.8	-15.8	-102.9	-142.3	-115.3	-103.9	-109.5
Middle East and Central Asia	-144.3	-146.6	-38.2	111.4	15.6	-116.0	132.0	406.8	194.6	176.0	26.3
Sub-Saharan Africa	-92.9	-54.5	-33.7	-38.1	-55.8	-45.5	-18.4	-38.7	-53.3	-58.7	-64.8

Source: World Economic Outlook, October, 2023.

On the other hand, the current account balance of developing economies was deficit by 94.6, 111.7, 32.5, 64.1 and 10.4 US billion on dollars in 2015, 2016, 2017, 2018 and 2019, respectively. It is also projected deficit by 196.8 US billion on dollars in 2028. Moreover, it can also be noticed from the table that across majority of the regional groups current account balance was deficit over the studied period.

Table no.3 depicts the current account balance of developed and developing economies in term of percentage share of GDP. The Current Account of developed nations ranges from 0.3 per cent to 1.0 per cent of GDP during 2015 to 2021. While, in 2022, it was deficit 0.4 per cent of GDP. It can also be noticed from the table that the current account of the advanced countries namely France, United Kingdom and Canada was deficit during most of the studied years. Moreover, the current account balance of developing nation was

deficit from 2015 to 2018. While, after 2019 the current account balance of developing nations is surplus and is projected to deficit by 0.3 per cent of GDP in 2028.

**Table No.3: Status of Current Account Balance of Advanced and developing Economies**

(Percentage of GDP)

Countries & Groups	2015	2016	2017	2018	2019	2020	2021	2022	Projections		
									2023	2024	2028
<b>Advanced Economies</b>	<b>0.6</b>	<b>0.8</b>	<b>1.0</b>	<b>0.7</b>	<b>0.7</b>	<b>0.3</b>	<b>0.9</b>	<b>-0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
United States	-2.2	-2.1	-1.9	-2.1	-2.1	-2.8	-3.6	-3.8	-3.0	-2.8	-2.4
Euro Area	2.7	3.0	3.1	2.8	2.4	1.8	2.8	0.7	1.2	1.4	1.8
Germany	8.6	8.6	7.8	8.0	8.2	7.1	7.7	4.2	6.0	6.6	6.1
France	-0.4	-0.5	-0.8	-0.8	0.5	-1.6	0.4	-2.0	-1.2	-1.3	-0.4
Italy	1.4	2.6	2.7	2.6	3.3	3.9	3.1	1.2	0.7	0.9	2.1
Spain	2.0	3.2	2.8	1.9	2.1	0.6	0.8	0.6	2.1	2.0	1.8
Japan	3.1	4.0	4.1	3.5	3.4	3.0	3.9	2.1	3.3	3.7	3.2
United Kingdom	-5.1	-5.5	-3.6	-4.1	-2.8	-3.2	-1.5	-3.8	-3.7	-3.7	-3.5
Canada	-3.5	-3.1	-2.8	-2.4	-2.0	-2.2	-0.3	0.3	-1.0	-1.0	-2.0
Other Advanced Economies	5.4	5.0	4.7	4.4	4.7	5.2	7.0	7.0	6.2	6.1	5.3
<b>Emerging Market and Developing Economies</b>	<b>-0.3</b>	<b>0.4</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.4</b>	<b>0.9</b>	<b>1.5</b>	<b>0.4</b>	<b>0.4</b>	<b>-0.3</b>
<b>Regional Groups</b>											
Emerging and Developing Asia	1.9	1.3	0.9	-0.3	0.5	1.5	1.2	1.2	0.7	0.6	0.0
Emerging and Developing Europe	1.0	0.3	-0.7	1.6	1.3	0.1	1.5	2.6	-0.4	-0.3	-0.8
Latin America and the Caribbean	-3.5	-2.2	-1.8	-2.7	-2.1	-0.4	-2.0	-2.4	-1.8	-1.5	-1.3
Middle East and Central Asia	-3.9	-4.0	-1.0	2.9	0.4	-3.4	3.3	8.6	4.1	3.6	0.4
Sub-Saharan Africa	-5.7	-3.6	-2.1	-2.2	-3.2	-2.7	-1.0	-1.9	-2.7	-2.8	-2.3

Source: World Economic Outlook, October, 2023.

Table No.4 depicts financial account balance of developing and developed nations over the period of 2015 to 2022 in billions of US dollars. The actual picture of BOP of payment is depicted by its Financial Account. Table indicates that financial account of developed economies is positive except the year of 2020.

The current account of developed nation is increased from 273.0 to 535.1 US billions of dollars from 2015 to 2021. Moreover, the current account balance of developed economies is also projected surplus by 71.7 and 246.8 US billions of dollars in 2023 and 2024.

**Table No.4: Financial Account Balance of Advanced and Emerging/Developing Economies**

Billions of US Dollar

Countries & Groups (Financial Account Balance)	2015	2016	2017	2018	2019	2020	2021	2022	Projections	
									2023	2024
<b>Advanced Economies</b>	273.0	414.4	396.6	445.4	136.6	-35.8	535.1	6.2	71.7	246.8
<b>United States</b>	- 386.4	- 362.4	- 373.2	- 302.9	- 558.4	- 668.9	-788.8	- 804.8	- 905.1	- 786.6
<b>Germany</b>	263.8	286.5	303.0	287.0	224.3	218.5	294.2	240.0	265.6	309.1
<b>France</b>	-0.8	-18.6	-36.1	-28.4	-0.1	-56.5	5.5	-60.8	-25.8	-29.5
<b>Italy</b>	42.9	38.1	62.4	40.6	59.2	82.4	65.5	-18.5	34.2	38.8
<b>Spain</b>	26.6	37.2	37.6	35.3	28.8	-0.5	16.4	23.2	51.9	52.2
<b>Japan</b>	180.9	266.5	168.3	183.9	228.3	132.2	154.0	53.7	138.6	154.4
<b>United Kingdom</b>	- 160.4	- 167.0	-95.8	- 123.2	- 101.9	- 107.4	-24.5	-80.0	- 125.4	- 134.8
<b>Canada</b>	-51.8	-45.4	-44.2	-35.8	-37.9	-36.5	-1.8	-5.8	-21.0	-21.4
<b>Emerging Market and Developing Economies</b>	- 314.1	- 436.6	- 292.9	- 270.1	- 163.9	19.2	243.0	489.0	180.4	180.1
<b>Emerging and Developing Asia</b>	62.8	-35.9	-67.5	- 269.6	-61.7	147.5	152.2	161.7	177.9	163.0
<b>Emerging and Developing Europe</b>	68.1	10.9	-25.4	106.2	60.0	8.4	84.6	160.9	-18.7	3.9
<b>Latin America and the Caribbean</b>	- 197.6	- 112.9	- 111.6	- 163.1	- 121.0	-8.7	-103.1	- 153.7	- 113.5	- 103.1
<b>Middle East and Central Asia</b>	- 179.0	- 232.7	-43.3	96.7	11.8	- 105.8	123.8	365.6	179.2	164.7
<b>Sub-Saharan Africa</b>	-68.4	-65.9	-45.1	-40.4	-53.0	-22.1	-14.5	-45.5	-44.5	-48.4

Source: Formulated from the World Economic Outlook report, October, 2023.

The financial account balance of developing economies is deficit up to the period of 2019. While, after that it is surplus over the period of study. It can also be noticed that the financial account balance of regional groups is mainly deficit during the studied period except the countries of emerging and developing Europe.

## CONCLUSION

It has been found that the growth rate of overall trade of goods and services has decreased from 4.7 per cent to 2.8 per cent from 2005-2014 to 2015-2024. Moreover, it registered a decline in the year of 2020 mainly due to COVID-19. The analysis of volume of exports of nations explored that the growth rate of export of developing nations was greater than developed nations over the above mentioned period of time. The percentage change of import was greater of developing nations before 2015. Whereas, after 2015 the growth rate of imports was found to be larger of developed nations. The analysis of terms of trade found that during 2005 to 2015 terms of trade were unavoidable to developed nations and after 2015 terms of trade are favourable to developed nations. Furthermore, the current and financial accounts balance of developed nations were surplus over the period of study expect the year of 2020. While, the current and financial account balance of developing nations were deficit from 2015 to 2018.

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