

## Information note on trade in intermediate goods: second quarter 2023

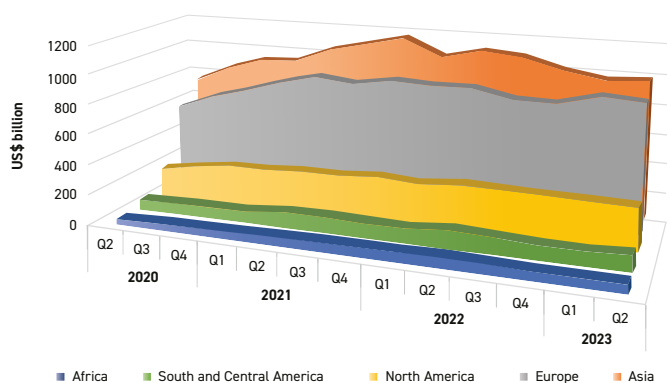
- World exports of intermediate goods (IGs) decreased by 8 per cent year-on-year (YoY) in the second quarter (Q2) of 2023, at a time of stagnant commodity prices and a marked contraction in global consumer demand due to high inflation and high interest rates.
- The exchange of industrial inputs between Asian economies fell 16 per cent YoY, with exports of high-tech components such as integrated circuits, memory chips and microprocessors most greatly affected.
- Although a major soybean producer, Argentina became the second largest importer of Brazilian soybeans in Q2 2023 (US\$ 1.3 billion compared with zero last year). This unprecedented development followed a halving of production due to drought.
- The accelerating global production of electric vehicles meant that the automotive sector was the only IG category with positive YoY growth in Q2 2023 (+13 per cent to US\$ 300 billion). China’s exports of lithium-ion batteries rose 40 per cent.

### IG exports by region, Q2 2023

Although falling 8 per cent compared to the peak in Q2 2022, IG exports remained relatively stable from the end of 2022 and were worth US\$ 2.3 trillion in Q2 2023.

Exports from South and Central America increased the most compared with Q1 2023, rising 14 per cent due to Brazil’s Q2 seasonal exports of soybeans, mostly destined for China (US\$ 15.3 billion).

The sharpest quarterly decline was in North America (-3 per cent compared to Q1 2023, US\$ 297 billion). European exports of industrial inputs also decreased in Q2 2023, by 2 per cent.



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

### World IG exports by category, Q2 2023

World exports of transport parts and accessories maintained an upward trend since the start of the year, with a 13 per cent YoY rise during the first two quarters of 2023 (US\$ 300 billion in Q2 2023). China’s exports of lithium-ion batteries (+40 per cent YoY) were boosted by accelerating global production of electric vehicles.

All other IG categories followed downward trends in Q2 2023. Other industrial supplies<sup>1</sup> registered the largest YoY drop, falling 14 per cent to US\$ 1.1 billion, mostly due to a high base of US\$ 1.3 billion in Q2 2022, the peak value in recent years. The decline was widespread among large economies. In Ireland, however, industrial supplies rose by 19 per cent owing to increased shipments of chemical compounds destined for US pharmaceutical and agrochemical industries.

Compared to the previous year, world trade in ores and precious stones remained stable in value terms (-1 per cent YoY in Q2 2023). Gold prices rose slightly, while prices of minerals fell around 20 per cent YoY.



Source: Trade Data Monitor.

IGs are inputs used to produce final products. They can include crops used in food production, textiles used to manufacture clothing and metals needed to make a wide range of goods. Trade in IGs is an indicator of supply chain activity, which was severely impacted by the COVID-19 crisis. The share of IGs in total merchandise trade (excluding fuels) in Q2 2023 was 47 per cent.

<sup>1</sup> "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 2023

IG exports from Singapore and Chinese Taipei were both down 19 per cent YoY in Q2 2023, following reductions that began near the end of 2022 and which extended into 2023. High-tech components such as integrated circuits, memory chips and microprocessors contributed most to the decline in both economies, reflecting weak consumer demand due to high inflation and high interest rates. The Republic of Korea's exports of IGs (-17 per cent YoY) were similarly affected by falling global demand for IT products.

While most EU members did not experience large reductions in IG trade, Belgium's exports of these products fell 14 per cent YoY. Since mid-2022, the economy reduced its exports of chemical compounds and semi-manufactured metal products essentially to its EU partners.

An unprecedented volume of soybeans was exported from Brazil to Argentina in Q2 2023. Despite being a major producer, Argentina became the second largest importer of soybeans from Brazil, with purchases of US\$ 1.3 billion – up from zero a year earlier. The sharp rise in imports was triggered by a halving of soybean production in Argentina following a drought and combined with an ongoing need for soybeans in Argentinian agricultural industry in the production of oils and meals to meet contractual agreements.

Top IG exporters			
Rank	Exporter	US\$ bn	YoY change (%)
1	China	344	-9
2	United States	195	-10
3	Germany	175	-3
4	Hong Kong, China	92	-11
5	Korea, Rep. of	85	-17
6	Japan	82	-13
7	Chinese Taipei	76	-19
8	Netherlands	76	-7
9	Italy	65	-5
10	France	65	-1
11	Brazil	60	0
12	United Kingdom	59	6
13	Singapore	57	-19
14	Canada	56	-6
15	Belgium	55	-14

Source: Trade Data Monitor.

## Inter- and intra-regional IG trade, Q2 2023

In Q2 2023, Asian and European regional supply chains accounted for more than half of world IG trade, 27 per cent (US\$ 606 billion) and 28 per cent (US\$ 629 billion), respectively.

While all intra-regional IG trade flows decreased, North America was least affected (-2%). As in previous quarters, intra-Asia trade was among the most impacted by the reduction in global demand, falling 16 per cent YoY.

Most inter-regional exchanges of industrial inputs were down in 2023 Q2 compared to the same period in 2022. Nevertheless, European exports to Asia, North America and South and Central America grew positively in Q2 2023, with increases of 5 per cent, 2 per cent and 1 per cent YoY, respectively. European shipments to Asia were backed by a rise in gold exports from Switzerland (+66 per cent YoY in Q2 2023 in value terms and +44 per cent YoY in net-weight terms).

## Top IG importers, Q2 2023

Singapore recorded the biggest decline among top IG importers in Q2 2023 (-20 per cent, similar to the drop in exports). Due to the contraction of electronics trade, the economy drastically reduced its imports of integrated circuits from Asian regional suppliers, of which Chinese Taipei is the largest.

Imports of IGs by UK industries increased by 3 per cent YoY in Q2 2023, the only positive trend among top IG importers, driven by deliveries of non-monetary gold from Kazakhstan (US\$ 5 billion).

The 12 per cent decline in IG imports of Germany was mostly due to the normalization of imports of lactam antibiotics for its pharmaceutical industry, from unprecedented shipments worth US\$ 15 billion in Q2 2022 to US\$ 2 billion in Q2 2023.

Top IG importers			
Rank	Importer	US\$ bn	YoY change (%)
1	China	357	-8
2	United States	262	-10
3	Germany	157	-12
4	Hong Kong, China	96	-14
5	India	76	-11
6	Mexico	75	-4
7	France	73	-3
8	United Kingdom	72	3
9	Netherlands	72	-8
10	Korea, Rep. of	71	-11
11	Japan	71	-9
12	Italy	70	-6
13	Canada	58	-3
14	Belgium	58	-10
15	Singapore	54	-20

Source: Trade Data Monitor.

Importer → ↓ Exporter	YoY change (%)				
	Africa	Asia	Europe	North America	South & Central America
<b>Africa</b>	-37	-15	-4	-11	-41
<b>Asia</b>	1	-16	-8	-15	-9
<b>Europe</b>	-4	5	-4	2	1
<b>North America</b>	-21	-15	-15	-2	-19
<b>South &amp; Central America</b>	-32	-6	-17	-5	-4

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, Q2 2020 to Q2 2023

(US\$ billion)

	2020		2021				2022				2023		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>World</b>	<b>1,662</b>	<b>1,938</b>	<b>2,119</b>	<b>2,222</b>	<b>2,443</b>	<b>2,461</b>	<b>2,577</b>	<b>2,421</b>	<b>2,535</b>	<b>2,427</b>	<b>2,316</b>	<b>2,328</b>	<b>2,327</b>
Africa	37	47	53	56	67	66	67	70	76	73	64	66	67
Asia	741	856	929	938	1,043	1,096	1,154	1,031	1,089	1,065	986	937	953
Europe	596	696	765	843	901	868	912	896	897	839	831	901	880
North America	202	247	277	282	299	297	315	298	324	319	311	305	297
South and Central America	74	78	78	86	113	114	101	104	127	117	103	102	116
Other regions	13	14	17	18	20	20	26	22	21	15	21	17	14

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

### World merchandise exports of intermediate goods by category, Q2 2020 to Q2 2023

(US\$ billion)

	2020		2021				2022				2023		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Total intermediate goods</b>	<b>1,662</b>	<b>1,938</b>	<b>2,119</b>	<b>2,222</b>	<b>2,443</b>	<b>2,461</b>	<b>2,577</b>	<b>2,421</b>	<b>2,535</b>	<b>2,427</b>	<b>2,316</b>	<b>2,328</b>	<b>2,327</b>
IG food and beverages	80	77	89	93	104	100	111	113	123	113	120	116	112
IG other industrial supplies	779	868	963	1,045	1,189	1,200	1,266	1,205	1,295	1,169	1,093	1,132	1,116
IG ores; precious stones; rare earths	169	203	205	230	251	234	226	221	223	246	222	221	221
IG parts and accessories (excl. transport equipment)	481	557	600	595	637	675	705	625	631	633	612	570	582
IG parts and accessories (transport equipment)	154	233	261	260	260	252	268	258	263	266	269	290	296

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

### Inter- and intra-regional exports of intermediate goods, Q2 2023

(US\$ billion)

↓ Exporter	Importer →	Africa	Asia	Europe	North America	South and Central America
<b>Africa</b>		4	30	25	6	1
<b>Asia</b>		30	606	124	118	25
<b>Europe</b>		25	98	629	77	14
<b>North America</b>		4	63	43	163	18
<b>South and Central America</b>		2	55	17	17	17

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

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