

## CESP IP\_331 Global Business and International Trade

### Materials for the 1<sup>st</sup> seminar

*“World economy and international trade in the 21<sup>st</sup> century”*

*with focus on financial crisis, trade wars and the pandemic*

#### Statistical sources (World Trade Organization):

- trade globally: [https://www.wto.org/english/res\\_e/statis\\_e/wts2020\\_e/wts2020\\_e.pdf](https://www.wto.org/english/res_e/statis_e/wts2020_e/wts2020_e.pdf)
- individual countries: [https://www.wto.org/english/res\\_e/booksp\\_e/trade\\_profiles20\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/trade_profiles20_e.pdf)
- pandemic-related: [https://www.wto.org/english/news\\_e/pres20\\_e/pr858\\_e.htm](https://www.wto.org/english/news_e/pres20_e/pr858_e.htm)  
[https://www.wto.org/english/news\\_e/pres20\\_e/pr862\\_e.htm](https://www.wto.org/english/news_e/pres20_e/pr862_e.htm)

#### Teamwork (2-5 people per team):

1. What is **external trade**? What **forms** does it take? What is the share of foreign value added in a country's exports? What are the quasi-transit operations in the EU? Why are both these concepts important in the globalized world?
2. What is **international trade**? Which organizations publish statistics on international trade? (name at least two)
3. What are the **current trends** in world trade flows? What are the **predictions** for the years 2020 and 2021 given the **ongoing trade wars** and the **current pandemic**?
4. What share do trade flows have in the world GDP? Is the world **trade openness** important compared with the values for individual countries? Which countries are the most open, which are the most closed? What is the openness of the U.S., EU and China?
5. What is the **share of merchandise** and **service trade** in the total world trade flows?
6. What is the **relationship between the international trade growth and GDP growth**, the so-called income elasticity of trade? Has this ratio changed in time? Which factors influence the elasticity in your opinion?
7. What is the role of the **global value chains (GVCs)** in the world trade? How are they affected by the **trade wars** and the **pandemic**?
8. To what degree do **commodity prices** and **exchange rates** influence trade?

Comment on

- world oil and other energy prices,
- world metal prices,

- world food prices,
  - USD exchange rates, for example, the EUR/USD and the USD/CNY.
9. Which are the **most traded goods** and **services in international trade**? Has the product structure of trade changed in time? What role do semi-finished goods play in the world trade in the 21<sup>st</sup> century?
- What changes are the **ongoing trade wars** and the **pandemic** bringing to the product structure? Which goods and services are now traded more? Which are traded less?
10. Which countries are the **world’s largest exporters** and **importers of merchandise** and **services**? Has the geographical structure of the world trade changed in time? Is there any influence of the **trade wars** and the **COVID-19 pandemic**? Comment on
- the share of developed countries,
  - the share of developing countries,
  - the share of North America, Europe, Asia, Latin America, CIS etc.
- 11. DISCUSSION:** Is **China** a new “center” in the world economy and trade? What **other emerging countries** are being actively involved in trading? Consider the MIST (Mexico, Indonesia, South Korea and Turkey), Next Eleven, MENA countries etc. Can they challenge or “replace” the BRICS? Will the trade wars affect their position? Will the new Silk Road (OBOR)? Will the COVID-19 pandemic?

## Appendix

**Table 1: World GDP and trade in the years 1995–2020, \$US billion and %**

	1995	2000	2005	2010	2015	2018	2019
<b>World GDP, \$US billion, current prices</b>	<b>30,887</b>	<b>33,619</b>	<b>47,517</b>	<b>66,113</b>	<b>75,199</b>	<b>86,357</b>	<b>↗ 87,698</b>
<b>World exports of goods and services, \$US billion, current prices</b>	<b>6,390</b>	<b>7,976</b>	<b>12,800</b>	<b>18,827</b>	<b>21,165</b>	<b>25,134</b>	<b>↘ 24,694</b>
- world merchandise exports, \$US billion	5,168	6,454	10,510	15,306	16,556	19,468	↘ 18,889
% of total	80.9	80.9	82.1	81.3	78.2	77.5	76.5
- world exports of services, \$US billion	1,222	1,522	2,290	3,521	4,609	5,666	↗ 5,805
% of total	19.1	19.1	17.9	18.7	21.8	22.5	23.5
<b>World exports of goods and services, % GDP</b>	<b>20.7</b>	<b>23.7</b>	<b>26.9</b>	<b>28.5</b>	<b>28.1</b>	<b>29.1</b>	<b>↘ 28.2</b>
<b>World exports of goods and services, USD p.c.</b>	<b>1,119.7</b>	<b>1,304.5</b>	<b>1,965.7</b>	<b>2,719.9</b>	<b>2,883.9</b>	<b>3,310.6</b>	<b>↘ 3,218.1</b>

Note: Only exports of commercial services are considered.

Sources: World Bank (WB) Database, World Trade Organization (WTO), September 2020.