

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

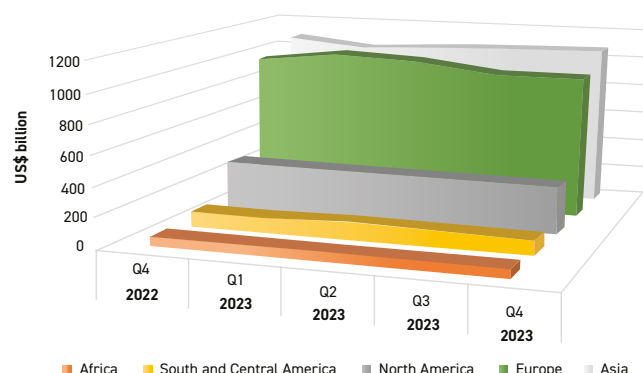
- World exports of intermediate goods (IGs) decreased by 2 per cent year-on-year (YoY) in the fourth quarter of 2023 (Q4 2023), following a downward trend observed throughout 2023 that led to an overall annual decline of 5 per cent in 2023.
- Africa's exports grew the most among all regions, by 4 per cent YoY, mainly driven by shipments of unwrought metals (i.e., cobalt and platinum) to China for its automotive industry.
- Exports of transport parts, components and accessories grew by 8 per cent in Q4 2023. One of the main reasons for the rise in these exports is the global industrial shift towards electrical vehicles.
- The increase in exports from and imports to Hong Kong, China of semi-conductors (i.e., memory devices and integrated circuits), in particular to and from China, highlights the role of Hong Kong, China as a re-export hub and its core role in electronics supply chains.
- Falling demand especially for coronavirus vaccines led to a drop in Belgium's IG trade of more than 14 per cent in Q4 2023, resulting from Belgium's position as a global hub for trade of vaccines.
- Brazilian and Argentinian exports of corn and soybean oilcake, respectively, to Europe faced huge YoY declines in Q4 2023 due to severe climatic factors (e.g., floods and droughts), which affected crop yields.

### IG exports by region, Q4 2023

In a context of global economic slowdown, macro-economic tensions and shifts towards supply chain diversification, world IG exports dropped by 5 per cent in 2023. However, quarterly decreases lessened gradually, from -8 per cent in Q2 to -2 per cent YoY in Q4.

Africa's IG exports showed the most growth, with an increase of 4 per cent YoY in Q4. Among the main drivers of this growth were deliveries of cobalt and platinum to Chinese industries, which increased by 67 per cent (US\$ 1.4 billion) between Q3 and Q4 despite lower market prices. These two metals are used in a wide variety of applications, especially in the automotive industry, to build lithium-ion batteries (cobalt) for electrical vehicles and catalytic converters (platinum) for use in hybrid and other vehicles.

North America's exports dropped the most, by 3 per cent YoY in Q4, with notable declines of about 30 per cent in non-monetary gold and soybeans, two of the most exported inputs, mostly destined for China.



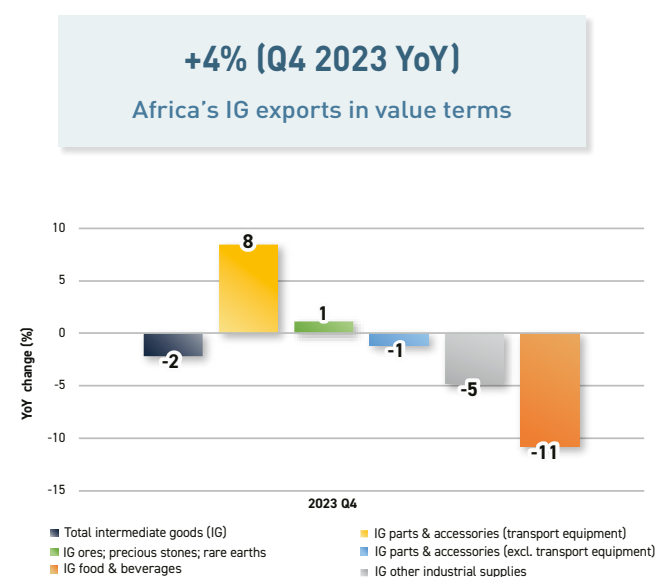
Source: Trade Data Monitor (100 reporting economies, including estimates for Africa).

### World IG exports by category, Q4 2023

Transport equipment was the only category that maintained positive export growth throughout 2023, with a yearly increase of 11 per cent. This included a sustained rise of 8 per cent YoY (US\$ 312 billion) in Q4, partly driven by rising global demand and the industrial shift towards electrical vehicles. Among the top exporters of automotive products, Germany had the highest growth in Q4, at 14 per cent.

Conversely, world exports of food and beverages inputs dropped continuously in 2023, leading to a yearly change of -7 per cent, including a -11 per cent in the last quarter. With the exception of Brazil, major agri-food producers saw their exports decrease. This may be due to continued supply chains disruptions and the rising cost of inputs (e.g., seeds, fertilizers and energy), which led economies to reduce their production and scale back their imports of food ingredients.

Brazil's exports of soybeans and cane sugar surged throughout 2023, including in the last quarter, showing a 50 per cent YoY increase. The economy has benefited from the depreciation of the Brazilian Real and from global policies aiming to stabilize and diversify food supply chains.



Source: Trade Data Monitor.

IGs are inputs used to produce final products. They range from crops used in food production, to textiles used to manufacture clothing, to 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 pandemic-related crisis. The share of IGs in total merchandise trade (excluding fuels) in Q4 2023 was 52 per cent.

**Methodological note:** The definition of IGs has been switched from the Harmonized System (HS) 2007 trade classification to HS 2022, which explains the difference in value levels and of the share of IGs in total merchandise trade compared with previous notes.

## Top IG exporters, Q4 2023

In contrast to the global trend in IG exports, which declined in Q4 2023, exports from Hong Kong, China grew by 8 per cent YoY. This reflects the role of Hong Kong, China as a re-export and logistics hub, with exports mainly destined for China, whose manufacturing industry recovered in late 2023. For instance, exports from Hong Kong, China to China of semi-conductors, such as memory devices or integrated circuits, rose by 40 per cent in Q4 2023.

In addition, Hong-Kong, China exports of non-monetary gold to China rose sharply by 66 per cent. This was due to higher volumes imported by China for economic reasons, and to inflationary pressures rather than price effects, as gold prices increased by around 14 per cent between Q4 2022 and 2023.

IG exports from Belgium, a major hub in global trade of vaccines, dropped by 17 per cent YoY in Q4 2023 as a result of the fall in demand for vaccines against coronaviruses, especially from European and Asian markets.

UK exports also experienced a significant decrease of 13 per cent in Q4, mainly influenced by a drop of more than 40 per cent in shipments of non-monetary gold, mostly to China, Hong Kong, China and Switzerland.

| Top IG exporters |                   |              |                |
|------------------|-------------------|--------------|----------------|
| Rank             | Exporter          | US\$ billion | YoY change (%) |
| 1                | China             | 397          | -4             |
| 2                | United States     | 225          | -5             |
| 3                | Germany           | 188          | 0              |
| 4                | Hong Kong, China  | 113          | 8              |
| 5                | Republic of Korea | 101          | 1              |
| 6                | Japan             | 90           | -5             |
| 7                | Netherlands       | 88           | -4             |
| 8                | Chinese Taipei    | 82           | -4             |
| 9                | Italy             | 68           | -1             |
| 10               | France            | 67           | 1              |
| 11               | United Kingdom    | 67           | -13            |
| 12               | Singapore         | 67           | 3              |
| 13               | Belgium           | 64           | -17            |
| 14               | Switzerland       | 63           | 3              |
| 15               | Canada            | 60           | -4             |

Source: Trade Data Monitor.

## Inter- and intra-regional IG trade, Q4 2023

Echoing the global downward trend, most IG exchanges between and within regions decreased in Q4 2023.

Intra-African IG trade dropped by 9 per cent YoY (estimated at US\$ 5.6 billion) in the last quarter of 2023, while African exports to South and Central America rose by 12 per cent. These mainly consisted of ingredients used in the production of fertilizers (e.g., urea and ammonium) and destined for the Brazilian and Argentinian agrobusiness sectors.

The 10 per cent growth of South and Central American IG exports to Asia relied on Brazilian exports of soybeans and iron ores, of which shipments to China's industries rose by more than 50 per cent YoY in Q4 2023. The region's exports to Europe dropped by 13 per cent, driven by a huge fall in chemical wood pulp exports from Brazil to Europe's paper industry, as well as a 75 per cent decline in corn exports, resulting from lower corn production due to adverse weather conditions and floods. At the same time, Argentinian exports of soybean oilcake to Europe dropped by 60 per cent, largely because of severe droughts.

The 10 per cent decline of North American exports to Asia in Q4 could be partially attributed to the drop of approximately one-third in US exports of soybeans to China.

Meanwhile, Asia's exports to Europe, among major inter-regional IG trade flows (US\$ 123 billion in Q4), decreased by 11 per cent by the end of 2023.

## Top IG importers, Q4 2023

As with its exports, imports by Hong Kong, China saw significant growth 17 per cent YoY in Q4 2023, the largest growth among top IG traders.

It is worth noting that, by the end of 2023, the IG imports (i.e., memory devices, integrated circuits and gold) from Hong Kong, China that had experienced the largest growth had also seen the largest rise in exports. This again confirms the pivotal role of Hong Kong, China in electronics supply chains in which domestic manufacturers import components for further processing and assembly and subsequent re-export.

Belgium and Japan recorded the biggest declines in IG imports in Q4, with -14 per cent each. While the drop for Japan was distributed across a wide range of products, Belgium experienced a huge fall in imports of vaccines. Belgium is a major player in trade of vaccines due to its strategic location, strong pharmaceutical industry and logistics infrastructures. Most vaccines imported by Belgium are intended for re-export and distribution in the European Union, and therefore the evolution of exports is closely linked to that of imports for these products.

| Top IG importers |                   |              |                |
|------------------|-------------------|--------------|----------------|
| Rank             | Importer          | US\$ billion | YoY change (%) |
| 1                | China             | 409          | 1              |
| 2                | United States     | 302          | -6             |
| 3                | Germany           | 157          | -11            |
| 4                | Hong Kong, China  | 124          | 17             |
| 5                | India             | 94           | 8              |
| 6                | United Kingdom    | 79           | 5              |
| 7                | Netherlands       | 79           | -10            |
| 8                | France            | 78           | -2             |
| 9                | Japan             | 77           | -14            |
| 10               | Mexico            | 74           | 0              |
| 11               | Republic of Korea | 73           | -9             |
| 12               | Italy             | 70           | -2             |
| 13               | Belgium           | 61           | -14            |
| 14               | Canada            | 59           | -1             |
| 15               | Singapore         | 59           | -1             |

Source: Trade Data Monitor.

|                          |        | YoY change (%) |        |               |                         |
|--------------------------|--------|----------------|--------|---------------|-------------------------|
| Importer →<br>↓ Exporter | Africa | Asia           | Europe | North America | South & Central America |
| Africa                   | -9     | -2             | -5     | -9            | 12                      |
| Asia                     | -3     | 0              | -11    | -1            | -5                      |
| Europe                   | 0      | -6             | -4     | 3             | -2                      |
| North America            | -15    | -10            | -7     | 2             | -3                      |
| South & Central America  | -5     | 10             | -13    | -1            | -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, Q1 2022 to Q4 2023

(US\$ billion)

|                           | 2022         |              |              |              | 2023         |              |              |              |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                           | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           | Q3           | Q4           |
| <b>World</b>              | <b>2,751</b> | <b>2,862</b> | <b>2,756</b> | <b>2,634</b> | <b>2,638</b> | <b>2,645</b> | <b>2,578</b> | <b>2,577</b> |
| Africa                    | 72           | 79           | 75           | 66           | 68           | 69           | 66           | 65           |
| Asia                      | 1,147        | 1,213        | 1,199        | 1,100        | 1,039        | 1,067        | 1,079        | 1,084        |
| Europe                    | 1,064        | 1,053        | 987          | 992          | 1,060        | 1,030        | 964          | 962          |
| North America             | 331          | 358          | 353          | 343          | 344          | 337          | 334          | 332          |
| South and Central America | 107          | 131          | 120          | 106          | 105          | 121          | 114          | 106          |
| Other regions             | 29           | 28           | 21           | 27           | 22           | 20           | 22           | 28           |

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

### World merchandise exports of intermediate goods by category, Q1 2022 to Q4 2023

(US\$ billion)

|                                                           | 2022         |              |              |              | 2023         |              |              |              |
|-----------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                           | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           | Q3           | Q4           |
| <b>Total intermediate goods</b>                           | <b>2,751</b> | <b>2,862</b> | <b>2,756</b> | <b>2,634</b> | <b>2,638</b> | <b>2,645</b> | <b>2,578</b> | <b>2,577</b> |
| IG: food and beverages                                    | 115          | 124          | 115          | 121          | 118          | 114          | 103          | 108          |
| IG: other industrial supplies                             | 1,442        | 1,524        | 1,391        | 1,312        | 1,345        | 1,328        | 1,265        | 1,249        |
| IG: ores, precious stones                                 | 228          | 231          | 252          | 228          | 227          | 229          | 226          | 231          |
| IG: parts and accessories (excluding transport equipment) | 695          | 704          | 713          | 685          | 638          | 656          | 674          | 677          |
| IG: parts and accessories (transport equipment)           | 272          | 279          | 285          | 288          | 310          | 318          | 311          | 312          |

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

### Inter- and intra-regional exports of intermediate goods, Q4 2023

(US\$ billion)

| ↓ Exporter                       | Importer → | Africa   | Asia       | Europe     | North America | South and Central America |
|----------------------------------|------------|----------|------------|------------|---------------|---------------------------|
| <b>Africa</b>                    |            | <b>6</b> | 29         | 22         | 5             | 1                         |
| <b>Asia</b>                      |            | 30       | <b>707</b> | 123        | 139           | 27                        |
| <b>Europe</b>                    |            | 27       | 119        | <b>659</b> | 97            | 15                        |
| <b>North America</b>             |            | 4        | 81         | 56         | <b>166</b>    | 18                        |
| <b>South and Central America</b> |            | 2        | 51         | 14         | 16            | <b>16</b>                 |

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.