

# International Trade in 2020: a look back and a look ahead

International Trade Pulse – March 2021

16 March 2021

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This note outlines, from a statistical point of view, how international merchandise and services trade performed in 2020, based on detailed statistics for some of the world's largest traders. First, it gives an overview of the significant structural changes observed at product and service level. Secondly, it outlines the main developments in merchandise and services trade for each of the selected economies. Where available, data for January and February 2021 are also presented to provide insights on the trends that are likely to continue in the year ahead.

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For this release, the cut-off date for data collection is 9 March 2021. For questions, please contact [SDD.Tradestats@oecd.org](mailto:SDD.Tradestats@oecd.org).

# In Brief

## International Trade in 2020: a look back and a look ahead

In 2020, [global merchandise trade fell by 8% in current US dollar terms](#). The impact of the pandemic on international merchandise trade was, however, very heterogeneous across economies and products.

- The [automotive sector was hard hit](#), weighing in particular on exports from [North America](#) and [Europe](#).
- While trade in [industrial machinery plunged](#), rising demand for lockdown goods and work-from-home equipment fuelled trade in computers and home electronics, boosting exports from [China and Korea](#).
- [Trade in energy products collapsed due to low demand and prices, while metal ores soared](#).
- [Trade in pharmaceutical products](#) was particularly dynamic in [Europe](#), while [Asia-Pacific](#) dominated exports of COVID-19 related products.

[Trade in services was harder hit by COVID-19 containment measures](#), with exports and imports contracting on average by 18% for the large traders selected here.

- [Travel, the hardest hit service category, shows no signs of returning to normal](#).
- [Passenger transport was heavily affected by the pandemic, while freight transport started recovering](#) in the second half of 2020, particularly in [Asia-Pacific](#).
- Trade in digitally-deliverable services held up relatively well. Telecommunications, computer and information services and business services performed particularly well in [Asia-Pacific](#), whereas financial and insurance services expanded significantly in [Europe](#).

In January and February 2021, merchandise trade continued to expand across all regions (where data are available). Electronics and COVID-19 medical products drove exports from China, Korea and Japan, while energy and mining products sustained exports from the United States, Canada, Australia and Brazil. Trade in services, instead, remained mostly subdued in early 2021.

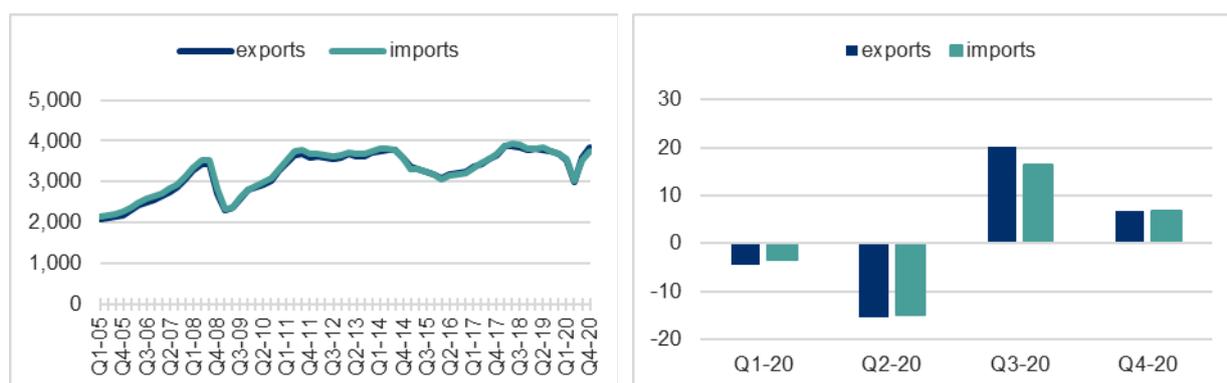
## OECD estimates of global merchandise trade show an 8% fall in 2020

**Global merchandise trade** held up relatively well during 2020, despite the COVID-19 crisis. Provisional figures covering nearly 80% of world trade indicate that in 2020 merchandise trade fell by around 8% in current US dollar terms, which is far less than the 22% slump experienced in the aftermath of the 2008 global financial crisis<sup>1</sup>.

At the beginning of the outbreak in 2020, worldwide containment measures due to the spread of the virus took a heavy toll on merchandise trade, which contracted by around 4% in the first quarter of 2020 and then fell by a further 15% in the second quarter. However, with governments across the world implementing schemes to sustain household income, and thus their ability to spend, combined with supply chain activity resuming relatively quickly, global merchandise trade bounced back sharply in the third quarter of 2020, recording close to 20% growth compared to the previous quarter. The recovery continued in the fourth quarter, with merchandise trade further expanding by 7%. While annual levels in most economies are still below those in 2019, merchandise exports and imports in the fourth quarter of 2020 are nearing or exceeding those exhibited in same quarter of 2019. (Figure 1).

**Figure 1: Left panel: Global merchandise trade developments, billion US dollars. Right panel: Growth of global merchandise trade, quarterly growth rates (%)**

Values and growth rates refer to current US dollars, seasonally adjusted figures



Note: The global aggregate covers 46 economies, including all OECD Members as well as Argentina, Brazil, China, Indonesia, India, Russia, Turkey, Saudi Arabia and South Africa; accounting for nearly 80% of world merchandise trade in 2019.

Source: OECD Statistics and Data Directorate.

The impact of the pandemic on international merchandise trade was, however, very heterogeneous across different economies and different goods. Trade in products such as vehicles and parts<sup>2</sup>, industrial machinery and aircraft contracted sharply, weighing on exports from Europe, North America and Japan. On the other hand, trade in computers and home electronics thrived, driven by rising demand for work-from-home equipment and '**lockdown goods**' (see box below). As a consequence, the leading exporters of those products (China and Korea in particular) emerged from the crisis with levels of trade comparatively unscathed. Across the board, nearly all countries recorded increases in trade in

<sup>1</sup> The figures presented in this note refer to current US dollars, and are therefore impacted by changes in prices and exchange rates. Estimates of volume changes in 2020 as compared to 2009, for example by the [CPB World Trade Monitor](#), show a similar pattern.

<sup>2</sup> See Annex Table 3 for the detailed list of commodity codes and labels used in this note.

pharmaceutical products and COVID-19 related medical equipment, while trade in gold and precious metals also surged (as commonly seen in times of high uncertainty).

Preliminary data for **January and February 2021**, where available, reveal a continuation of the trends seen in the second part of 2020. Korea, China and Japan recorded strong **merchandise** trade growth, with exports also accelerating in Canada and Australia.

## COVID-19 containment measures hit international trade in services harder than merchandise trade, but digitally-deliverable services held up

Widespread containment measures related to the spread of COVID-19 hit **international trade in services** hard and fast in March and April 2020, and continued to take a heavy toll throughout the year. Overall in the year, services exports and imports contracted on average by 18% for the large economies selected here (Figure 2). Travel and passenger transport services, in particular, ground to a virtual halt at the onset of the crisis and settled at very low levels throughout the year. In line with the rebound in merchandise trade, freight transport started to recover in the second half of 2020. International trade in other services, predominantly those that can be delivered digitally, proved to be broadly resilient to the downturn, thereby partially offsetting the widespread collapse in services trade.

**Figure 2. Left panel: Aggregate exports of services from leading traders, by main service category (billion US dollars). Right panel: Share of main service categories in total services exports, 2019 and 2020 (%)**

Values refer to current US dollars, seasonally adjusted figures.



Note: The aggregate for the leading traders includes exports of the United States, Canada, Brazil, Japan, Korea, China, Australia, Russia, the United Kingdom and extra-EU27 trade; it accounts for about 65% of world exports in 2019. Intra-EU27 trade is the trade that takes place among the individual EU27 member states, i.e. trade that doesn't leave the EU27 area. Extra-EU27 trade is the trade that all EU27 states, combined, make with the rest of the world.

Source: OECD Statistics and Data Directorate based on national sources.

Telecommunications, computer and information services contributed the lion's share of 2020 trade in services. Exports and imports in this category skyrocketed in East Asia, while recording positive growth across most other economies (with the notable exception of the United States). Trade in financial and insurance services also showed robust growth in most countries, partly reflecting increases in savings resulting in higher trade in financial products. Business services, in line with the overall economic environment, recorded growth in Asia and moderate falls elsewhere.

Consequently, the structure of international trade in services changed dramatically in 2020, with the share of travel nearly halving and digitally-deliverable services gaining more prominence.

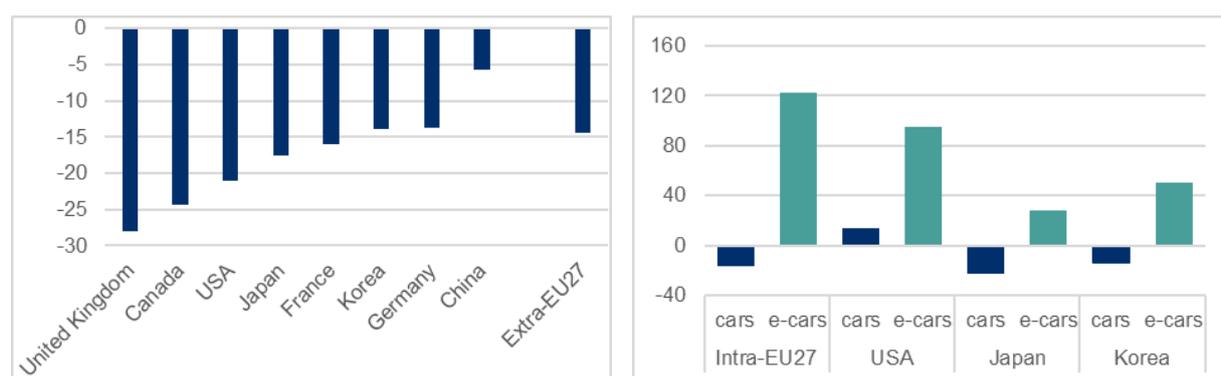
Preliminary data available for **January 2021** point to a further slowdown in **services trade**, with exports and imports declining in Asia (following the robust figures at the end of 2020), and remaining subdued elsewhere.

### Automotive sector hard hit, but trade in electric vehicles booming

Automotive supply chains were severely disrupted at the onset of the crisis, with demand remaining at historical lows after production resumed. Exporters of vehicles and parts suffered heavy falls in 2020, ranging from minus 27.9% for the United Kingdom to around minus 5% for China.

However, targeted government incentives (notably in Europe), technological advances (particularly in batteries) and increased consumer sensibility towards 'green' products resulted in a massive increase in demand for **electric vehicles**. Imports of e-cars by the EU27 more than doubled in 2020, with purchases from all major partners soaring. E-cars already accounted for over 30% of EU27's total imports of vehicles from the United States in 2019, and this share grew to almost 40% in 2020 (Figure 3).

**Figure 3. Left panel: Exports of vehicles and parts, 2020 growth rate, selected economies (%). Right panel: EU27 imports of vehicles and of electric vehicles from selected partners, 2020 growth rate (%)**



Note: Left panel: Values for the EU27 refer to extra-EU27 exports. Right Panel: Figures refer to HS87 (vehicles and parts), HS870360, HS870370 and HS870380 (electric vehicles, including hybrid petrol and hybrid diesel). Extra- and intra-EU27 figures refer to 11 months.

Source: OECD calculations based on Eurostat, ITC Trade Map and China Customs.

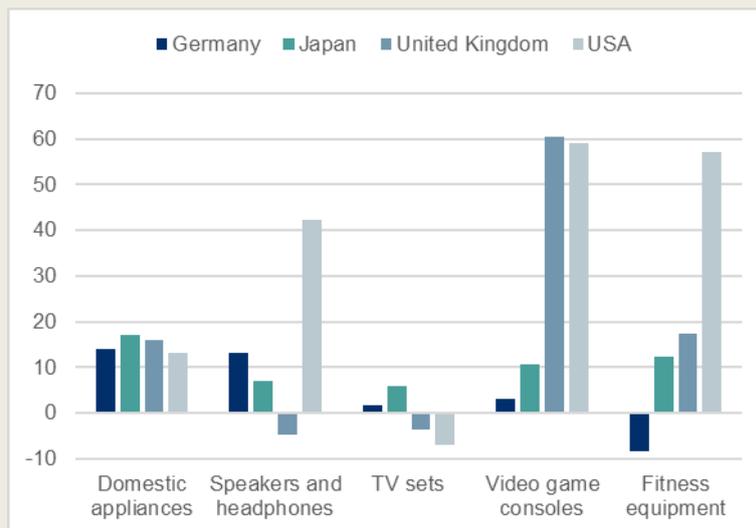
## Lockdown goods...and lockdown services

The pandemic and related containment measures have resulted in billions of people spending more time indoors. Working from home, home schooling and generally being indoors more has led to people buying additional goods to meet their new circumstances while also looking for entertainment online.

These new ways of living and working have had impacts on international trade in goods and services. Besides the expected rise in demand for work-from-home equipment, appetite for entertainment and leisure goods (such as video games consoles and fitness equipment) and household appliances (such as blenders, bread makers, coffee machines) has soared (Figure 4).

While the surge in demand for 'lockdown goods' partly reflects a shift of consumer spending from services to goods, some recreational services that can be delivered digitally (and do not require physical proximity) also performed well in 2020. For instance, imports of audio-visual and related services, which include streaming fees for films and music, increased by 10% in Korea.

**Figure 4. Imports of 'lockdown goods', selected economies, 2020 growth rate**



Note: Figures refer to HS8509 (domestic appliances), HS8518 (speakers and headphones), HS8528 (TV sets), HS950450 (video game consoles) and HS950691 (fitness equipment).

Source: OECD calculations based ITC Trade Map.

These new consumption trends also boosted the sales and profits of some companies. For example, Apple [1] sales in the last three months of 2020 were more than \$USD111 billion, up 21% on 2019; Microsoft [2] has reported booming demand for its Xbox gaming console and cloud computing services, with overall revenue up 17% in 2020; and Amazon deliveries are now a regular sight.

[1] BBC 1/28/2021 – Apple Christmas sales surge to \$111bn amid pandemic

[2] BBC 1/27/2021 – Xbox sales boom as virus maintains grip on economy

## Lockdown impact on goods and travel, an alternative view using firm level indicators from ADIMA

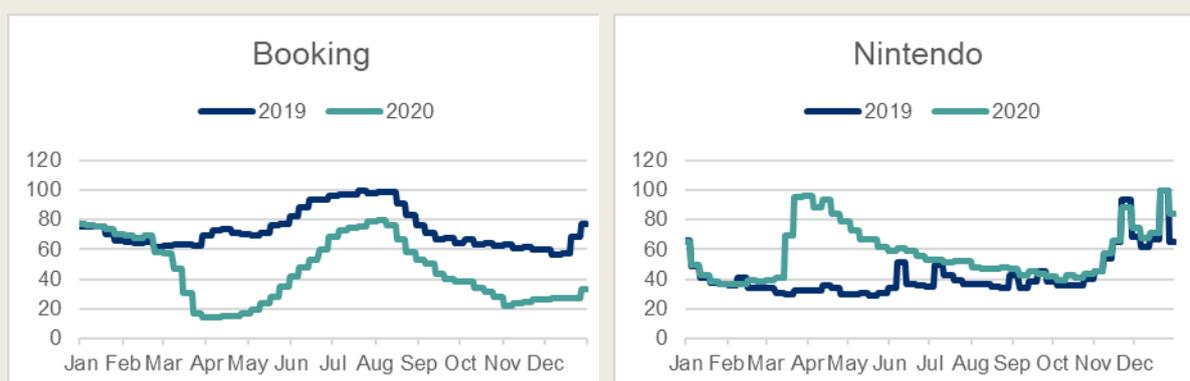
The OECD Analytical Database on Individual Multinationals and their Affiliates (ADIMA) provides new insights on individual MNEs and their global profiles using a number of open big data sources. One of the outputs is a composite online search interest index.

The OECD ADIMA database provides insights on how consumers' interests have shifted during lockdown

In the case of Booking (an online travel service provider), border closures and numerous lockdowns have significantly impacted interest in 2020, whereas for Nintendo, levels of interest during the first lockdowns approached near holiday season levels.

**Figure 5. Online interest for Booking and Nintendo**

Index, 2019 versus 2020

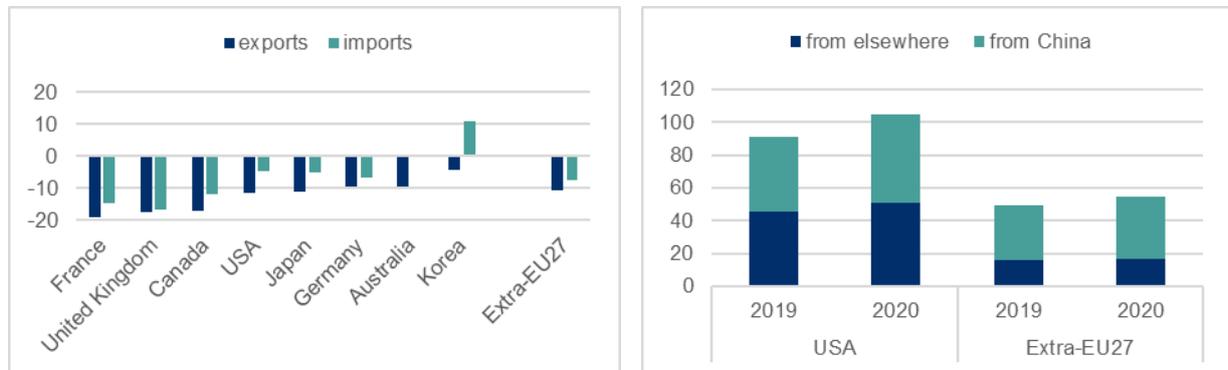


Source: [OECD ADIMA](#) and Google Trends.

## Industrial machinery plunging, while computers and home electronics thrive

Trade in **mechanical machinery (including computers)**, one of the largest product groups in world trade (12% of global imports in 2019), was also hit hard by the pandemic, reflecting the supply-side effects of the crisis. Annual export and import growth rates for many countries recorded double-digit falls, although, as expected, products within this category showed quite varied performances. In line with the tendency of capital goods of being more sensitive to recessions, compared to consumer goods, trade in industrial machinery and tools was badly hit in 2020. Korean imports, up 11.1% due to the purchase of machinery for the manufacture of semiconductors, are a notable exception (Figure 6).

**Figure 6. Left panel: Trade in mechanical machinery (including computers), 2020 growth rate, selected economies (%). Right panel: Imports of computers and parts by EU27 and USA, billion US dollars**



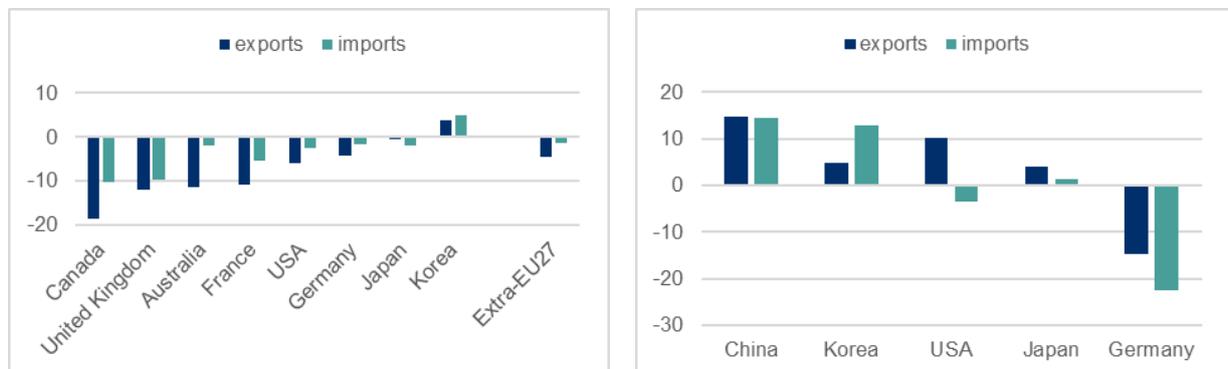
Note: Values for the EU27 refer to extra-EU27 trade and to 11 months. Figures refer to HS84 (mechanical machinery (including computers)) and HS8471 (computers and parts).

Source: OECD calculations based on Eurostat and ITC TradeMap.

On the other hand, trade in computers and parts expanded significantly, as businesses boosted their IT infrastructure and demand for work-from-home equipment soared. In 2020, imports of computers and parts by the United States increased by 15.1%, while extra-EU27 imports rose by 10.8%. In both cases, China continued to be by far their largest supplier, accounting for about half of total imports into the United States and close to two-thirds for extra-EU27 imports.

A similar narrative applies to electrical machinery and appliances, which includes industrial electrical machinery (generators, electric engines, transformers, etc.) as well as consumer goods, such as mobile phones and home electronics. While most products in the former category experienced falls, trade in consumer electronics boomed, and exports in countries specialised in the latter performed better. As a consequence, trade in integrated circuits was also vibrant, with imports in particular growing for the leading exporters of electronics. In 2020, Chinese imports of integrated circuits, which account for over 35% of world imports, increased by almost 15%, boosting exports of the United States, Korea and Japan (Figure 7).

**Figure 7. Left panel: Trade in electrical machinery and appliances, 2020 growth rate, selected economies (%). Right panel: Trade in integrated circuits, 2020 growth rate, selected economies (%)**



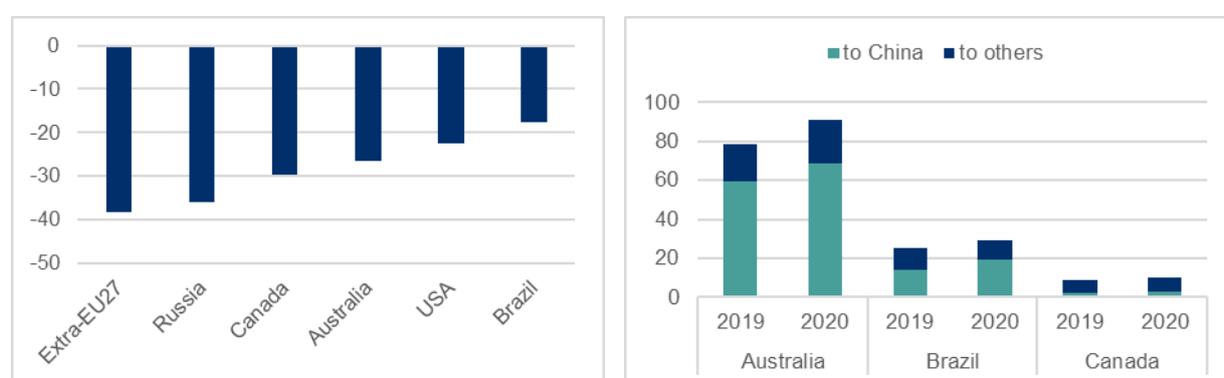
Note: Values for the EU27 refer to extra-EU27 trade and to 11 months. Figures refer to HS85 (electrical machinery and appliances) and HS8542 (integrated circuits).

Source: OECD calculations based on Eurostat, China Customs, and ITC TradeMap.

## Trade in energy products collapsed due to low demand and prices, while metal ores soared

In 2020, international trade in **energy products** was dragged down by low demand and falling prices<sup>3</sup>. While a small uptick was observed in the final months of 2020, virtually all countries saw international trade in energy products fall substantially in 2020. These adverse conditions were felt most strongly by some of the large exporters of energy products, with Canada seeing exports fall by (minus) 29.8% and Russia's exports falling even further (down 36.0%) in 2020. However, a different story presented itself for metal ores (largely iron), with growing Chinese demand<sup>4</sup> being met mostly by supply from Australia and Brazil, which saw exports go up by 35.9% and 14.2% respectively.

**Figure 8. Left panel: Exports of energy products, 2020 growth rate, selected economies (%). Right panel: Exports of metal ores, leading exporters, billion US dollars**



Note: Values for the EU27 refer to extra-EU27 trade and to 11 months. Figures refer to HS27 (energy products) and HS26 (metal ores). Source: OECD calculations based on Eurostat and ITC TradeMap.

## Dynamic trade in pharmaceuticals while COVID-19 related products surged

As expected, 2020 was a dynamic year for international trade in pharmaceuticals and other medical products related to the pandemic<sup>5</sup>. Korea's exports of pharmaceutical products boomed, up 81.3%, with exports of COVID-diagnostic kits skyrocketing. The world's top two exporters of pharmaceutical products, Germany and Switzerland, however, saw more modest increases in 2020, up 8.2% and 6.2% respectively. China's exports of medical devices increased by 40.5% in 2020<sup>6</sup>.

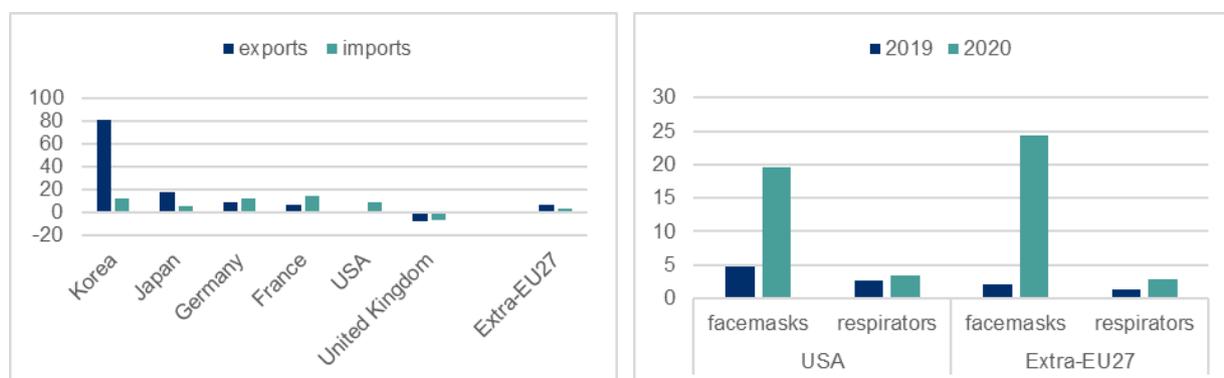
<sup>3</sup> According to the [IMF Indices of Primary Commodity Prices](#), the price of energy products (including crude oil, natural gas and coal) fell by nearly 30% in 2020.

<sup>4</sup> China was the only economy among those selected here that experienced GDP growth in 2020.

<sup>5</sup> 'Medical products' are not grouped as a single HS 2-digit category in the HS nomenclature. In this Note, medical products mostly refer to HS630790 (facemasks) and HS901920 (respirators). See Annex Table 3.

<sup>6</sup> China has not yet released detailed HS data for 2020, therefore these figures are based on China Customs data and not strictly comparable with data from other countries.

**Figure 9. Left panel: Exports and imports of pharmaceutical products, 2020 growth rate, selected economies (%). Right panel: Imports of facemasks and respirators by EU27 and USA, billion US dollars**



Note: Left panel: Values for the EU27 refer to extra-EU27 trade and cover 11 months. Figures refer to HS30 (pharmaceutical products). Right panel: Values for the EU27 refer to extra-EU27 trade and cover 11 months. Figures refer to HS630790 (facemasks) and HS901920 (respirators). Source: OECD calculations based on Eurostat and ITC TradeMap.

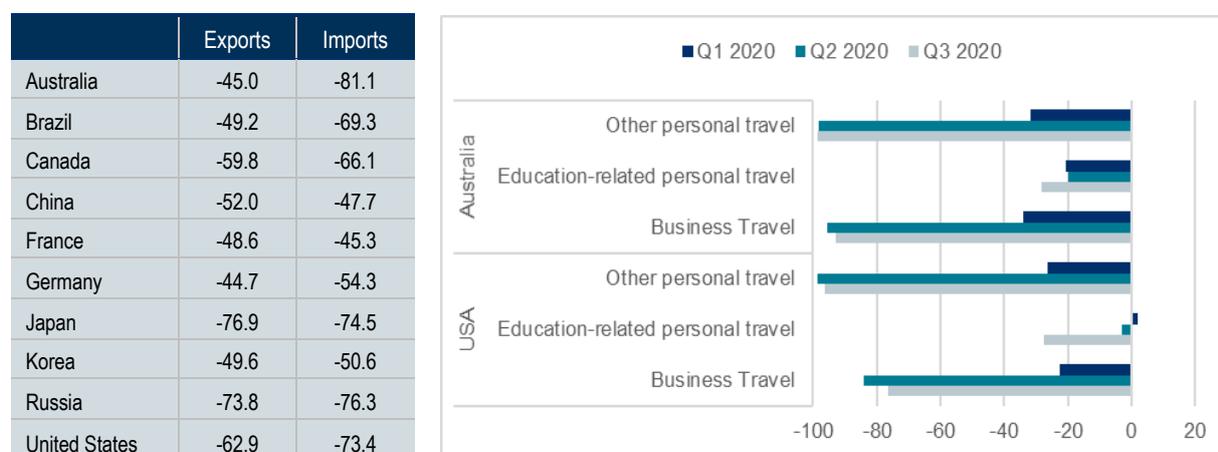
Trade in other medical products related to the virus also boomed, with international trade in facemasks and respirators reaching new heights in 2020. Imports of facemasks by the United States, the European Union and the United Kingdom increased by 321%, 1064% and 1122%, respectively, with purchases of respirators recording 29%, 130% and 117% growth, respectively (Figure 9).

### Travel, the hardest hit service category, shows no signs of returning to normal

**Travel**, which includes the expenditure of non-residents (such as tourists and foreign students) while abroad, was by far the hardest hit service category during the COVID-19 crisis. Virtually all economies imposed restrictions on the movement of people to contain the spread of the virus, in some cases with measures becoming stricter in the course of 2020. In the European Union, and to a lesser extent in the Americas, a temporary rebound was seen over the summer when some restrictions were eased. The losses recorded in trade in services in 2020 were, however, unprecedented, with annual exports and imports across all economies at a fraction of their 2019 levels (Figure 10).

Preliminary figures on the breakdown of travel expenditure reveal, however, a differential impact across components. For the **United States** and **Australia**, exports of both **business and personal travel** (which comprises mostly expenditure of foreign tourists) fell by about 20% in the first quarter of 2020 (compared to the same period in 2019) and then collapsed in the following two quarters. **Education-related travel**, which accounts for a substantial share of overall exports of personal travel for these two countries, declined instead by a far lesser extent in the first and second quarter of 2020. Figures for the third quarter of 2020, however, point to a further contraction, especially in the United States (beginning of new academic year), where anecdotal evidence suggests that a substantial share of foreign students may have decided to defer enrolment or to switch to fully online courses (thus shifting their expenditure away from education-related travel and towards personal, cultural and recreational services).

**Figure 10. Left panel: Travel exports and imports, 2020 growth, selected economies. Right panel: Exports of travel by main component, y-o-y growth rates (%)**

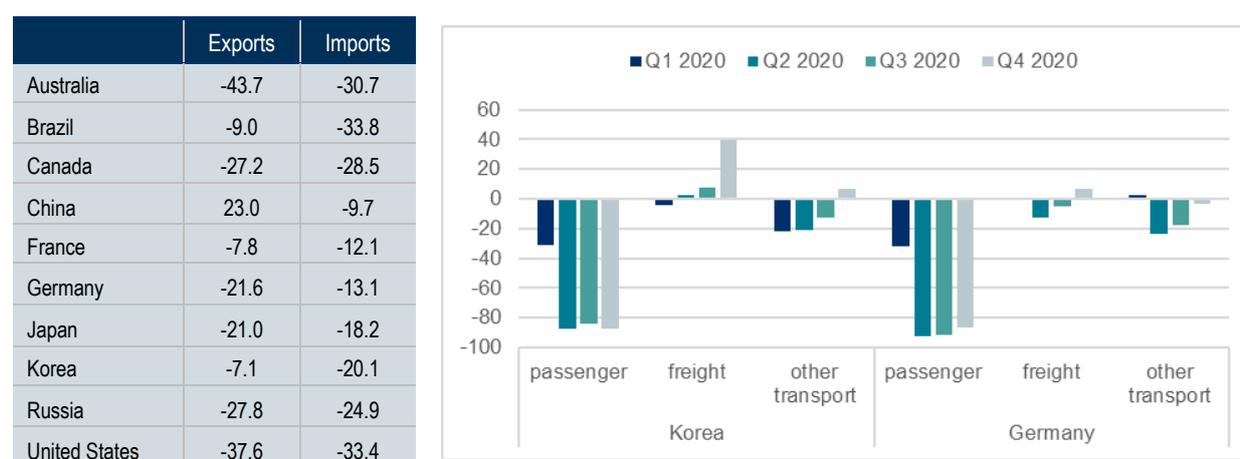


Source: OECD calculations based on national sources.

### Passenger transport heavily affected, freight transport recovering

Transport services, comprising the carriage of people and goods across borders, as well as auxiliary services such as cargo handling or storage, were also severely affected by the pandemic, and once again its distinct components were impacted in different ways. With most countries introducing restrictions on the movement of people in March 2020, trade in passenger transport collapsed across all economies. At the same time, disruptions in supply chains and falling volumes of merchandise trade hit freight transport in the first and second quarter of 2020. However, while passenger transport (like travel) remained at a fraction of its 2019 levels throughout the year, freight transport started to recover in the second half of 2020 as merchandise trade bounced back.

**Figure 11. Left panel: Exports and imports of transport services, 2020 growth, selected economies (%). Right panel: Exports of transport services by main component, y-o-y growth rates (%)**



Source: OECD calculations based on national sources.

Preliminary evidence shows that the recovery in freight started earlier in Asia. Korean exports of freight services had in fact exceeded the corresponding 2019 values already by the second quarter of 2020, and in the fourth quarter of 2020 were almost 40% higher than in the same period for 2019. German exports recovered slightly later, and in the last quarter of 2020 they were 7% higher than in the same quarter of 2019. Postal and courier services, a small component of transport services related to the international shipping of letters, newspapers and parcels (grouped in the 'other transport' category in Figure 11), are likely to have benefitted from the surge in cross-border e-commerce during the pandemic. Exports from Germany, home to some of the leading players in the sector, expanded by 49.7% over the year, while imports grew by 23.3%.

## Merchandise trade performed well in Asia-Pacific, reflecting the double coincidence of wants: Asia-Pacific supply meeting rest of world demand

**Chinese merchandise** exports in 2020 increased 3.6%, while imports fell by (minus) 1.1%. China was the only major economy to record an increase in exports for 2020. The growth in exports was driven largely by lockdown goods and products directly related to COVID-19. Strong growth was seen, in particular, for exports of computers and parts, electronics and personal protective equipment (PPE), including facemasks. With purchases increasing across most products in the year, the mild overall fall in imports was largely due to lower imports of energy products (caused by falling prices). Bilateral trade with most major partners grew, with imports from the EU27 and the United States expanding by 2.3% and 9.8%, respectively. Preliminary figures for January and February reveal that the remarkable growth in Chinese merchandise trade continues in 2021. Exports for January and February grew 6.7% and 22.6%, respectively, compared with the previous month, while imports surged 21.6% in January and then slowed slightly (minus 3.7%) in February.

**Merchandise** exports for **Korea** decreased by (minus) 5.6% in 2020, with vehicles and parts (minus 13.9%), mechanical machinery (including computers) (minus 4.3%) and energy products (minus 39.7%) contributing to the overall negative figure for total exports. However, exports of electronics boomed, with computers and parts reaching an all-time high, and shipments of semiconductors and integrated circuits (particularly to the United States and the European Union) soaring due to the expansion of the 5G technology. Additionally, exports of COVID-19 diagnostic kits and electric vehicles all recorded their highest annual export values on record. Total merchandise imports contracted by (minus) 7.7% in 2020, mostly reflecting falling purchases of energy products (minus 32.0%). Imports of mechanical machinery (including computers) (up 11.1%, which included a 13.0% increase in purchases of computers and parts), electrical machinery and appliances (up 4.9%) and vehicles and parts (up 9.0%) all expanded compared to 2019. Semiconductors, electric vehicles and COVID-19 diagnostic kits continued to drive the export growth in 2021: total exports increased 4.0% in January, but then fell by (minus) 3.8% in February, month-on-month. Import growth in 2021 has also been strong, with an increase of 5.9% in January followed by 3.6% growth in February.

Merchandise exports from East Asia already showed signs of stabilisation in March/April 2020, with factories resuming operations quickly thanks to a successful containment of the infection.

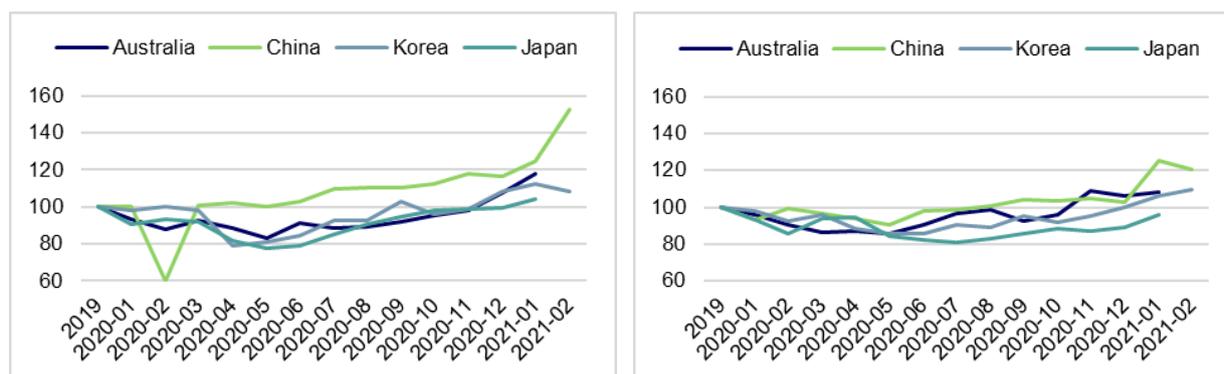
**Annual merchandise** trade for **Japan** recorded large falls in both exports (minus 9.9%) and imports (minus 12.6%) in 2020. Shipments of vehicles and parts, which accounted for over 20% of total exports in 2019, contracted by (minus) 17.6% in 2020, with sales to the United States and Germany particularly affected. However, exports of electrical machinery and appliances only fell mildly (minus 0.4%), possibly reflecting sustained consumer demand for electronics during lockdown. Like elsewhere, Japanese exports and imports of pharmaceutical products expanded in 2020, with exports up 17.8% (though not a major export product) and imports up 5.0%. January 2021 figures for Japan continued the monthly recovery in merchandise trade, with exports up 4.5% (compared to 0.9% in December) and imports up 7.0% (following 2.4% growth in the previous month).

International **merchandise** trade for **Australia** in 2020 saw exports and imports fall by (minus) 7.7% and (minus) 5.5%, respectively. With sustained foreign demand for major Australian export products, shipments of metal ores (largely to China) increased 15.8%, while exports of gold and precious metals and cereals were up 8.5% and 10.5%, respectively. This wasn't enough however to offset the large falls observed in energy products, down 26.4% and meats, down 10.4%. On the imports side, the major contributors to the

overall fall were energy products (down 37.6%) and vehicles and parts (down 10.3%), while computers and parts increased 6.0%. Following the 10.1% increase in December, Australian exports continued the fast expansion in January 2021 (up 9.6%), once again driven by sustained demand for metal ores and gold. Imports for January 2021 increased 1.7%.

**Figure 12. Merchandise exports (left panel) and imports (right panel) in Asia-Pacific**

Average of 2019=100



Source: OECD Statistics and Data Directorate.

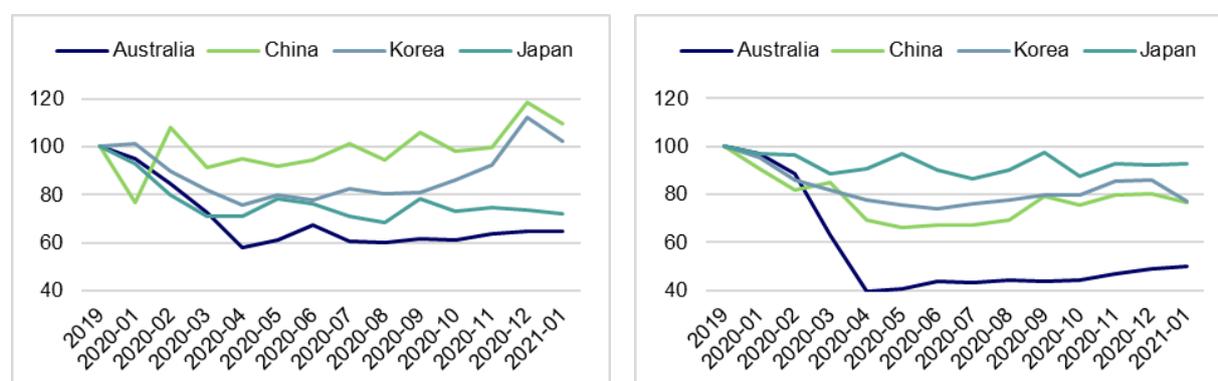
### Services trade in Asia-Pacific showed huge drops in travel and passenger transport, while telecommunications, computer and information services were booming

Having picked up markedly towards the end of the year, **Chinese** exports of **services** in 2020 were only down 2.0% on 2019. Sales of transport (up 23.0%), intellectual property services (up 31.1%), telecommunications, computer and information services (up 11.7%) all considerably exceeded 2019 levels. Due to the weight of travel in Chinese imports of services (around 50% in 2019, but down to 34% in 2020), total imports instead decreased by (minus) 24.0% compared to 2019. However, imports of insurance and financial services (up 14.8% and 29.3%), intellectual property services (up 9.4%), and telecommunications, computer and information services (up 22.5%) in 2020 all ended at significantly higher levels than in 2019. In January 2021, services exports and imports contracted by (minus) 7.5% and (minus) 5.0%, respectively, reflecting a slowdown in sales and purchases of business services following the strong figures recorded at the end of 2020.

In the latest months of 2020, **services** trade also picked up in **Korea**, with growth driven in particular by transport, construction and telecommunications, computer and information services. In 2020, Korean services exports were 13.2% lower than in 2019, with the sharp drop in travel receipts (minus 49.6%) partially compensated by robust sales of financial services (up 23.7%), telecommunications, computer and information services (up 8.8%), and other business services (up 4.8%). Annual imports fell by (minus) 18.7%, although purchases of telecommunications, computer and information services boomed over the year (up 29.4%). However, services exports and imports markedly decelerated in January 2021 (minus 9.1% and minus 9.9%, respectively).

**Figure 13. Services exports (left panel) and imports (right panel) in Asia-Pacific**

Average of 2019=100



Source: OECD Statistics and Data Directorate based on national sources.

With travel contracting by (minus) 76.9%, **Japanese** exports of **services** fell by (minus) 24.3% in 2020. However, exports of financial services and audiovisual services expanded significantly (up 10.5% and 43.6%), and sales of computer services skyrocketed (up 76.0%). While total imports in 2020 were 7.7% lower than in 2019, virtually all services but travel, transport and construction expanded in the year. In particular, insurance and financial services grew by 26.2% and 28.3%, respectively, while purchases of professional and management consulting services (up 48.2%) drove the increase in overall imports of business services. With trade slowing down in virtually all categories, Japanese exports of services declined by (minus) 2.2% in January 2021, while imports grew marginally (0.5%) on the back of higher purchases of transport services.

Despite the slight improvement in trade in **services** at the end of the year, **Australian** international trade in services figures for 2020 were bleak. Total exports and imports shrank by 32.4% and (minus) 46.3%, respectively, reflecting the fact that travel and passenger transport account for over half of total exports and imports. Exports and imports of freight transport, however, increased by 2.2% and 10.7%, respectively, and imports of postal and courier services jumped by 20.2% over the year. In January 2021, Australia's exports of services, down 0.3% for the month, were held back by slowing sales of freight transport, while imports increased by 3.1%.

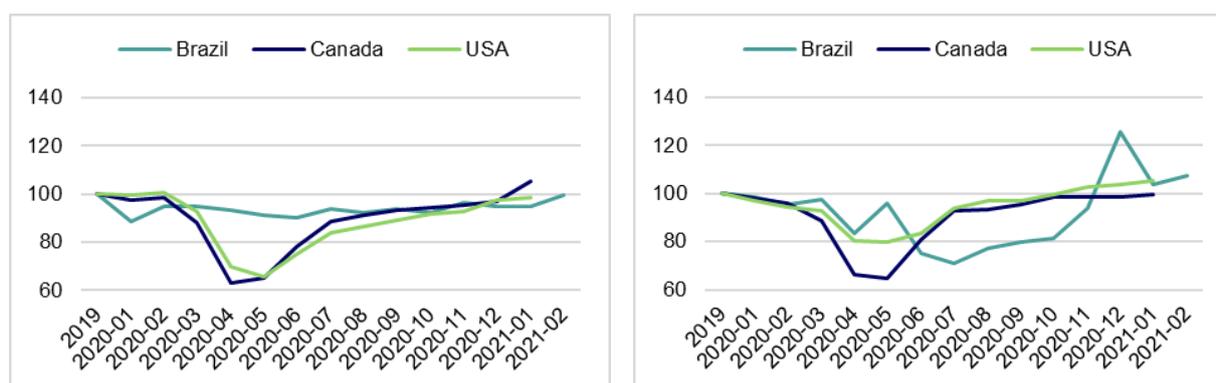
### **Merchandise imports in North America fared better than exports in 2020, Brazilian exports sustained by metal ores and agricultural products**

In 2020, **merchandise** exports for the **United States** exports fell by (minus) 12.9%, with imports decreasing less sharply (minus 6.4%). The biggest falls in exports were seen in aircraft (minus 40.5%), energy products (minus 22.4%), vehicles and parts (minus 21.0%), and mechanical machinery (including computers) (the largest import category, minus 11.3%). Conversely, shipments of agricultural products performed well. Exports of oil seeds and pulses (mostly soya beans headed to China) increased by over 30% in the year, and cereals rose by 14.6%, partly on the back of high prices and unfavourable growing conditions in other parts of the world. Total merchandise exports to China increased by almost 17% in 2020, while shipments to Canada and Mexico dropped by (minus) 12.7% and (minus) 17.0%, respectively. On the imports side, large falls were recorded in energy products (minus 38.1%), and vehicles and parts (minus 17.9%), while electrical machinery and appliances only declined by (minus) 2.5% as strong demand for home electronics partially compensated the falls in industrial machinery. Imports of pharmaceutical products, mainly from Ireland, Germany and Switzerland, increased by 8.8% in 2020, while purchases of

gold and precious metals increased over 80% in 2020. Following increases of 4.6% and 1.4% for merchandise exports and imports in December, January 2021 figures point to continued growth, with both exports and imports expanding by around 1.5%. Higher shipments of energy products contributed to the increase in exports, while pharmaceutical products drove growth on the imports side.

**Figure 14. Merchandise exports (left panel) and imports (right panel) in the Americas**

Average of 2019=100



Source: OECD Statistics and Data Directorate.

As commonly observed in times of uncertainty, trade in gold soared in 2020, with prices rising by about 27% in 2020 as investors sought to hedge risk.

In 2020, total **Canadian merchandise** exports contracted by (minus) 12.5% and imports by (minus) 10.6%. Heavily involved in the automotive supply chain with the United States, Canada saw big falls in trade in vehicles and parts, with both exports and imports down around 25%. Similarly, exports and imports of energy products dropped by (minus) 29.8% and (minus) 39.4%, respectively. Conversely, shipments of gold and precious metals, wood, metal ores, cereals and oils seeds and pulses all recorded robust growth in 2020. Canadian exports picked up strongly in January 2021 (up 8.4%), reflecting increases across all main export categories but also one-off large sales in aircraft. Imports in the same month increased by 1.2%, mainly on the back of higher purchases of energy products and electronics.

Looking outside the COVID-19 sphere, weather conditions and rising demand from China's farming sector drove cereal prices up in 2020, with exports increasing by 10% or more in Canada, Australia and Russia.

**Merchandise** trade for **Brazil** in 2020 saw exports decrease by (minus) 6.9% and imports by (minus) 10.4%. Shipments of oil seeds and pulses (including soya beans) grew by almost 10%, while exports of metal ores and meats rose by 14.2% and 4.4%, respectively. Other top exports products, however, contracted markedly, with energy products falling by (minus) 17.7% and iron and steel exports decreasing by (minus) 20.3%. Imports into Brazil picked up significantly at the end of 2020 due to a large purchase of oil extraction equipment, but most of the main import products contracted markedly over the year. Flat in

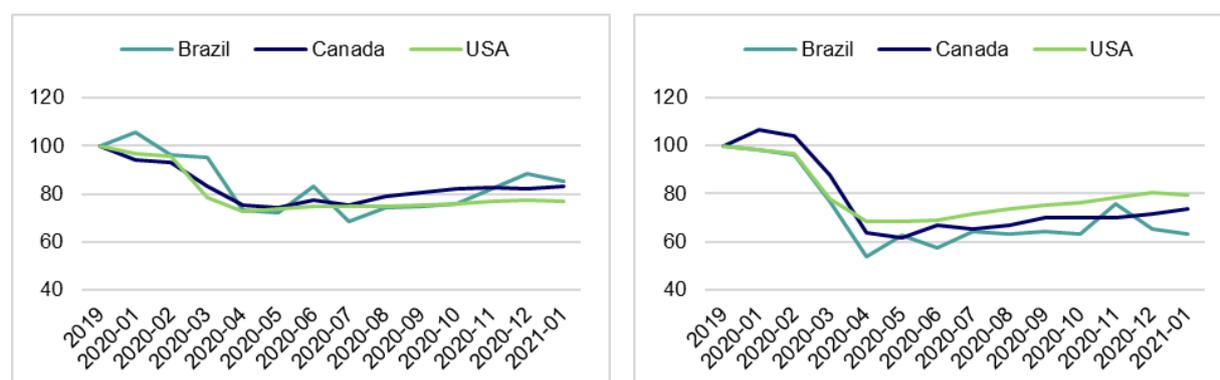
January 2021, exports accelerated in February (up 4.8%) as foreign demand for Brazilian mining products remained high. Imports, instead, fell by (minus) 17.5% in January and then grew 3.7% in February 2021.

## Trade in services in the Americas subdued in 2020 as the drop in travel takes its toll

In the **United States**, total exports and imports of **services** in 2020 contracted by (minus) 21.0% and (minus) 22.1%, respectively, heavily affected by the collapse in travel and passenger transport (Figure 10 and Figure 11). With the exception of insurance and financial services, which recorded modest annual growth, exports in all categories fell compared to 2019. Imports, on the other hand, increased on an annual basis for insurance services (up 19.4%), business services (up 1.9%), and personal, cultural and recreational services (up 14.5%). Following several months of mild but positive growth, the January 2021 figures show a slowdown in both exports and imports (minus 0.5% and minus 0.9%), reflecting a reversal of the recovery trend in travel and transport services.

**Figure 15. Services exports (left panel) and imports (right panel) in the Americas**

Average of 2019=100



Source: OECD Statistics and Data Directorate based on national sources.

In **Canada**, exports and imports of **services** fell by (minus) 18.5% and (minus) 24.7%, respectively, in 2020. While unprecedented declines were recorded in travel and transport (Figure 10 and Figure 11), exports and imports of other service categories often exceeded their 2019 levels. Trade in financial services increased by 8.3% for exports and by nearly 10% for imports in 2020. Business services (most notably professional and technical services) also recorded robust growth, particularly on the exports side. Driven by transport services, exports increased by 1.1% in January 2021, while imports grew by 3.4% on the back of higher purchases of financial services.

With sales of travel and transport showing an uptick, **Brazil's** exports of **services** picked up in November and December. For 2020 as a whole a fall of (minus) 17.5% fall was recorded compared to 2019. Virtually all services recorded negative annual growth, with the exception of maintenance and repair services. Services imports contracted by nearly (minus) 30% in 2020, with transport and travel weighing heavily on the figure. On the other hand, imports of telecommunications, computer and information services increased by 12.3% in 2020. Brazilian trade in services however slowed in January 2021, with exports falling by (minus) 3.6% (largely because of transport) and imports decreasing by (minus) 3.3% due to lower purchases of business services.

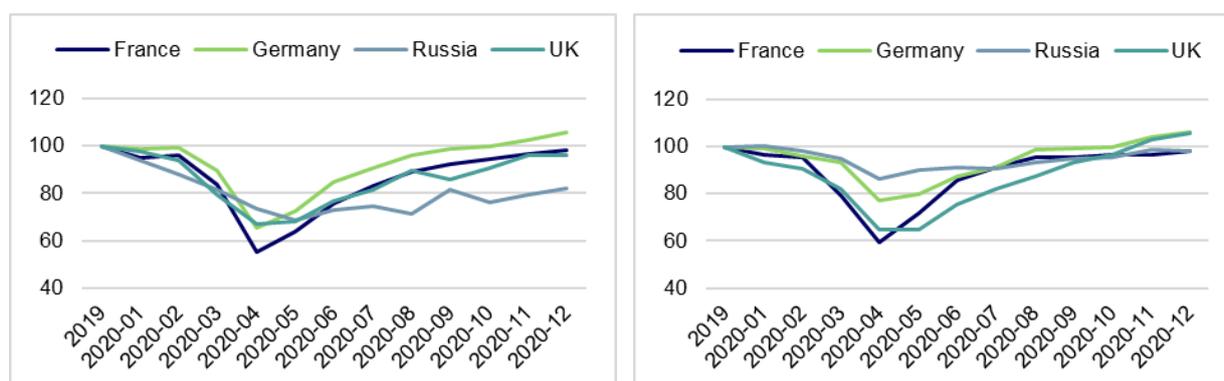
## Traditional European exports (machinery, vehicles and aircraft) outperformed by pharmaceuticals in 2020

Total **merchandise** exports of the **European Union** (EU27) in 2020 were 7.1% lower than in 2019, with extra-EU27 exports posting a slightly steeper decline (minus 8.0%). Exports to China and Korea, however, grew by 4.3% and 6.5%, respectively, in both cases driven by strong shipments of mechanical and electrical machinery, pharmaceutical products and COVID-19 medical equipment. Exports to the United Kingdom and the United States, instead, fell by (minus) 11.2% and (minus) 6.2%, respectively. Total EU27 merchandise imports decreased by (minus) 8.0% in 2020. Due to particularly large falls in purchases from the United Kingdom, the United States and Japan, imports from outside the EU27 recorded once again a bigger fall (minus 10.3%) than intra-EU27 imports (minus 6.2%).

**French merchandise** exports and imports contracted by (minus) 14.8% and (minus) 11.5%, respectively, in 2020. Shipments of mechanical machinery (including computers) and vehicles and parts decreased by (minus) 19.0% and (minus) 16.1%, respectively, while sales of aircraft plunged by (minus) 45.3%. A similar pattern appeared in imports, although with somewhat more moderate falls. Bucking this pattern was trade in pharmaceutical products, which saw exports and imports up 6.7% and 14.5%, respectively, in 2020. Largely driven by COVID-19 related products, imports from China increased almost 10% in 2020.

**Figure 16. Merchandise exports (left panel) and imports (right panel) in Europe**

Average of 2019=100



Source: OECD Statistics and Data Directorate.

**German merchandise** trade in 2020 saw exports fall by (minus) 8.0% and imports by (minus) 5.6%. German traditional key exports contracted sharply: mechanical machinery (including computers) and vehicles and parts fell by (minus) 9.6% and (minus) 13.7%, respectively. Shipments of pharmaceutical products, instead, increased 8.2%. On the imports side, robust purchases of telecommunication equipment contributed to the relatively mild decrease in electrical machinery and appliances (minus 1.6%), while pharmaceutical products increased 12.4% and imports of gold and precious metals rose by almost 43%. The dynamic relationship with China drove trade up, while international trade with the United States and France saw large falls.

In the **United Kingdom**, **merchandise** exports and imports contracted by (minus) 14.7% and (minus) 13.4%, respectively, amid the additional uncertainty around the end of the transition period following Brexit. Despite the improvements recorded in late 2020, annual shipments of mechanical machinery (including computers), vehicles and parts and electrical machinery and appliances fell by (minus) 17.3%, (minus) 27.9% and (minus) 11.8%, respectively. Imports across all main products also contracted sharply on an annual basis, with the only exception of gold and precious metals (up 21.6% as compared to 2019). In the

last months of 2020, however, rising imports of electrical machinery and appliances, vehicles and parts and pharmaceutical products suggest that some stockpiling was taking place in view of the end of the transition period, most notably in intermediate products used as manufacturing inputs.

### Imports of car parts, chemicals and pharmaceutical products into the United Kingdom increased in the last months of 2020 reflecting stockpiling before the Brexit deadline

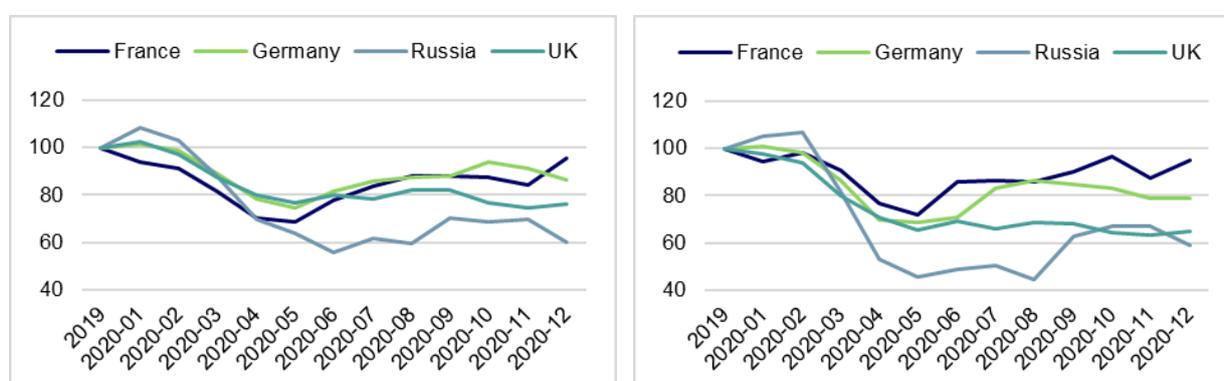
**Merchandise** exports from **Russia** contracted by (minus) 21.3% in 2020. Accounting for over 50% of total Russian exports, energy products fell by (minus) 36.0% in the year, reflecting falling prices and plunging demand. This was partly offset by large increases in shipments of gold and precious metals, which almost doubled in the year and were largely exported to the United Kingdom. Exports of cereals (up 20.4%) and copper (up 8.1%) also partly compensated the overall negative performance. Total imports in 2020 were 5.7% lower than 2019, with higher purchases of electrical machinery and appliances (including phones and home electronics) partially offsetting a fall by 22.5% in imports of vehicles and parts.

### Services trade in Europe affected by the weight of travel, but with some bright spots in financial and insurance services

**Services** exported outside the **European Union** (extra-EU27) decreased by (minus) 14.3% in 2020, while imports from outside the EU27 decreased by (minus) 11.6%, although exports increased at a slightly faster rate than imports in the final months of the year. Based on detailed data available for the first nine months of 2020, exports to the United States and Switzerland contracted by (minus) 14.5% and (minus) 10.0%, respectively, while sales to the United Kingdom plummeted (minus 20.2%) despite increases in exports of insurance and financial services. On the imports side, purchases of financial services and intellectual property from outside the EU27 increased by 9.5% and 12.4%, respectively, compared to the same period in 2019. Imports from the United States, in particular, grew by 12.6% in the first nine months, driven by soaring purchases of intellectual property services (up 94.5%) and robust other business services (up 6.4%).

**Figure 17. Services exports (left panel) and imports (right panel) in Europe**

Average of 2019=100



Source: OECD Statistics and Data Directorate based on national sources.

**German** exports of **services** contracted by (minus) 12.0% in 2020, while imports fell by (minus) 17.6%, reflecting the higher share of travel in imports (25% in 2019) compared to exports (12%). Sales of business services, the largest export category, fell by (minus) 8.7%, while those of telecommunications, computer and information services increased by 6.0%. Exports and imports of financial services increased by 10.5% and 24.6%, respectively, with insurance services also recording moderate growth on both flows. Exports and imports of personal, cultural and recreational services increased by 4.4% and 7.1%, respectively, in 2020.

**French** trade in **services** accelerated in December 2020, but closed the year 15.8% and 11.8% lower than 2019 for exports and imports, respectively. Construction (exports up 27.2% and imports up 66.8%) and financial services (exports up 10.2% and imports up 25.9%) were the only categories showing an increase on 2019 levels, while, similarly to Germany, trade in business services was negatively impacted by the downturn.

### Trade in financial services boomed in 2020, with exports and imports rising across all major economies, and particularly in Europe

Exports of **services** from the **United Kingdom** fell by (minus) 17.3% in 2020, while imports contracted more markedly, by (minus) down 27.4%. Detailed figures for the first nine months of 2020 point to growth in exports of financial, insurance and (to a lesser extent) business services working to offset the deep falls in other categories of services. On the imports side, all categories of trade in services, with the exceptions of insurance and construction services, recorded negative growth in 2020.

Heavily concentrated in travel and transport, **Russian** trade in **services** performed poorly in 2020, recording falls of (minus) 26.8% and (minus) 34.1% for exports and imports, respectively. Exceptions to this overall contraction were imports of construction (up 35.4%) and exports and imports of telecommunications, computer and information services (up by 4.8% and 11.4%, respectively). In January 2021, services exports grew by 15.5% while imports continued to decline (minus 6.5%) on weaker purchases of business services.

## Annex Table 1. Merchandise exports and imports for selected economies

Previous period growth rate in %

	Exports							Imports						
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Jan- 21	Feb- 21	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Jan- 21	Feb- 21
Australia	-4.9	-4.0	2.4	11.8	-7.7	9.6	...	-6.7	-3.8	9.5	8.0	-5.5	1.7	...
Brazil	-5.7	-1.3	2.1	1.2	-6.9	0.0	4.8	-0.8	-12.7	-10.5	32.2	-10.4	-17.5	3.7
Canada	-4.6	-27.3	32.4	5.0	-12.5	8.4	...	-3.7	-24.9	32.7	4.9	-10.6	1.2	...
China	-11.8	17.0	8.1	5.1	3.6	6.7	22.6	-2.5	-2.6	7.6	2.4	-1.1	21.6	-3.7
France	-7.0	-29.2	35.9	9.4	-14.8	...	...	-7.3	-20.1	30.1	3.1	-11.5	...	...
Germany	-3.5	-22.6	27.9	8.0	-8.0	...	...	-2.1	-15.4	18.2	7.3	-5.6	...	...
Japan	-4.4	-13.7	13.3	9.7	-9.9	4.5	...	-6.2	-4.5	-4.5	6.5	-12.6	7.0	...
Korea	1.9	-17.4	18.0	4.9	-5.6	4.0	-3.8	-2.1	-9.3	5.7	4.6	-7.6	5.9	3.6
Russia	-8.7	-18.5	6.2	4.6	-21.3	...	...	-3.4	-8.6	3.9	4.9	-5.7	...	...
United Kingdom	-7.4	-21.6	21.0	10.0	-14.7	...	...	-7.0	-22.9	28.1	16.0	-13.4	...	...
United States	-2.0	-28.2	23.7	8.6	-12.9	1.5	...	-2.8	-14.4	18.5	6.1	-6.4	1.6	...
European Union (27)														
Extra-trade	-3.1	-22.0	24.1	9.0	-8.0	...	...	-4.6	-15.1	14.2	5.9	-10.3	...	...
Intra-trade	-3.3	-20.4	29.6	6.9	-5.9	...	...	-2.7	-20.2	28.5	6.7	-6.2	...	...
Total	-3.2	-21.2	27.5	7.7	-7.1	...	...	-3.4	-18.3	22.9	6.4	-8.0	...	...

Source: OECD Statistics and Data Directorate.

## Annex Table 2. Services exports and imports for selected economies

Previous period growth rate in %

	Exports						Imports					
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Jan- 21	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Jan- 21
Australia	-16.9	-25.9	-2.1	3.9	-32.4	-0.3	-16.4	-50.3	6.3	6.7	-46.3	3.1
Brazil	-0.7	-23.0	-4.8	13.1	-17.5	-3.6	-10.2	-35.9	10.4	6.5	-29.9	-3.3
Canada	-11.5	-16.1	3.5	5.1	-18.5	1.1	-2.6	-35.6	5.4	4.6	-24.7	3.4
China	-9.4	2.0	7.2	4.7	-2.0	-7.5	-13.9	-21.3	6.4	9.4	-24.0	-5.0
France	-9.3	-18.7	19.7	3.3	-15.8	...	-4.4	-16.9	11.7	6.2	-11.8	...
Germany	-2.8	-18.9	11.3	4.1	-12.0	...	-4.4	-26.8	21.9	-5.5	-17.6	...
Japan	-17.3	-7.6	-3.5	2.0	-24.3	-2.2	-2.4	-1.3	-1.6	-0.5	-7.7	0.5
Korea	-8.8	-14.6	4.5	19.3	-13.2	-9.1	-10.3	-13.6	2.5	7.6	-18.7	-9.9
Russia	-0.1	-36.9	1.1	3.7	-26.8	15.5	-6.4	-49.9	7.2	22.8	-34.1	-6.5
United Kingdom	-8.0	-17.7	2.4	-5.9	-17.3	...	-12.3	-24.2	-1.7	-4.6	-27.4	...
United States	-10.5	-18.3	1.6	2.3	-21.0	-0.5	-9.7	-24.6	7.2	6.3	-22.1	-0.9
European Union (27)	-5.8	-21.4	11.5	9.9	-14.3	...	-2.9	-24.5	4.8	4.6	-11.6	...

Source: OECD Statistics and Data Directorate based on national sources. Figures for the European Union (27) refer to the extra-EU27 trade.

### Annex Table 3. Use of Harmonised System codes and labels in this note

The Harmonised Commodity Description and Coding System (HS) is an international nomenclature for the classification of traded goods which comprises approximately 5,300 products. The figures cited in this report refer to mostly HS 2-digit product groups or to some more detailed commodities, as listed in the table below. An effort has been made to make labels as informational, but simple (i.e. short), as possible.

HS Code	Official Label	Label used in this note
HS02	Meat and edible meat offal	Meats
HS10	Cereals	Cereals
HS12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit, industrial or medicinal plants; straw and fodder	Oil seeds and pulses
HS26	Ores, slag and ash	Metal ores
HS27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	Energy products
HS30	Pharmaceutical products	Pharmaceutical products
HS630790	Textiles; made up articles (including dress patterns), n.e.c. in chapter 63, n.e.c. in heading no. 6307	Facemasks
HS71	Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	Gold and precious metals
HS72	Iron and steel	Iron and steel
HS74	Copper and articles thereof	Copper
HS84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	Mechanical machinery (including computers)
HS8471	Automatic data processing machines and units thereof, magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included	Computers and parts
HS8486	Machines and apparatus of a kind used solely or principally for the manufacture of semiconductor boules or wafers, semiconductor devices, electronic integrated circuits or flat panel displays; machines and apparatus	Machinery for the manufacture of semiconductors
HS85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles	Electrical machinery and appliances
HS8509	Electro-mechanical domestic appliances; with self-contained electric motor, other than vacuum cleaners of heading 85.08	Domestic appliances
HS8517	Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data (including wired/wireless networks), excluding items of 8443, 8525, 8527, or 8528	Telecommunication equipment
HS8518	Microphones and their stands; loudspeakers, mounted or not in their enclosures; headphones and earphones, combined or not with a microphone, and sets of a microphone and one or more loudspeakers; audio frequency and electric sound amplifiers and sets	Speakers and headphones
HS8528	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus	TV sets
HS8542	Electronic integrated circuits	Integrated circuits
HS87	Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof	Vehicles and parts
HS870360	Vehicles; with both spark-ignition internal combustion reciprocating piston engine and electric motor for propulsion, capable of being charged by plugging to external source of electric power	Electric vehicles (Hybrid petrol)
HS870370	Vehicles; with both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor for propulsion, capable of being charged by plugging to external source of electric power	Electric vehicles (Hybrid diesel)
HS870380	Vehicles; with only electric motor for propulsion	Electric vehicles
HS88	Aircraft, spacecraft and parts thereof	Aircraft
HS901920	Therapeutic respiration apparatus; ozone, oxygen, aerosol therapy apparatus; artificial respiration or other therapeutic respiration apparatus	Respirators
HS95	Toys, games and sports requisites; parts and accessories thereof	Toys and games
HS950450	Games; video game consoles and machines, other than those of subheading 9504.30	Video game consoles
HS950691	Athletics and gymnastics equipment	Fitness equipment

Source: The HS is maintained by the World Customs Organization.