

WTO estimates global merchandise trade volume growth at 10.8% in 2021

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The World Trade Organization (WTO) has projected that the global merchandise trade volume will grow 10.8 per cent this year, higher than 8 per cent estimated in March.

Growth should moderate as merchandise trade approaches its pre-pandemic long-run trend and supply-side issues such as semiconductor scarcity and port backlogs may strain supply chains and weigh on trade in particular areas, the WTO said.

Key Highlights

- It added that the large annual growth rate for merchandise trade volume in 2021 is mostly a reflection of the previous year's slump, which bottomed out in the second quarter of 2020.
- Reaching the forecast for 2021 only requires quarter-on-quarter growth to average 0.8 per cent per quarter in the second half of this year, equivalent to an annualized rate of 3.1 per cent, it added.
- It also said that risks to the forecast remain on the downside, but the relative

importance of those risks is difficult to gauge.

- The pandemic itself presents potentially even bigger risks to world trade and output, particularly if more deadly variants were to emerge, the WTO said adding the highly contagious Delta variant has already prompted governments to reinstate some containment measures.

SOURCE: *Business Standard*