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## PRESS RELEASE

### World trade in the time of Covid-19

#### Drop in world demand

The impact of the global health crisis on international trade is comparable in scale to the 2008-2009 crisis. In spring 2020, the drop in global demand in quantity was close to **-20% compared to the same period last year**. Extending the observation to the first 5 months of the year, the contraction in world trade is estimated at -8.5% in quantity.

#### The V-shape of the current economic crisis

Although the intensity of the fall has some similarities in the two crises, ExportPlanning's indicators suggest that the recovery began in June-July describes a **V-shaped crisis**. The decline in trade after the collapse of Lehman Brothers was followed by a slower recovery: it was necessary to wait more than a year and a half to return to the levels of October 2008.

World Trade: Great Recession and Great Lockdown Comparison



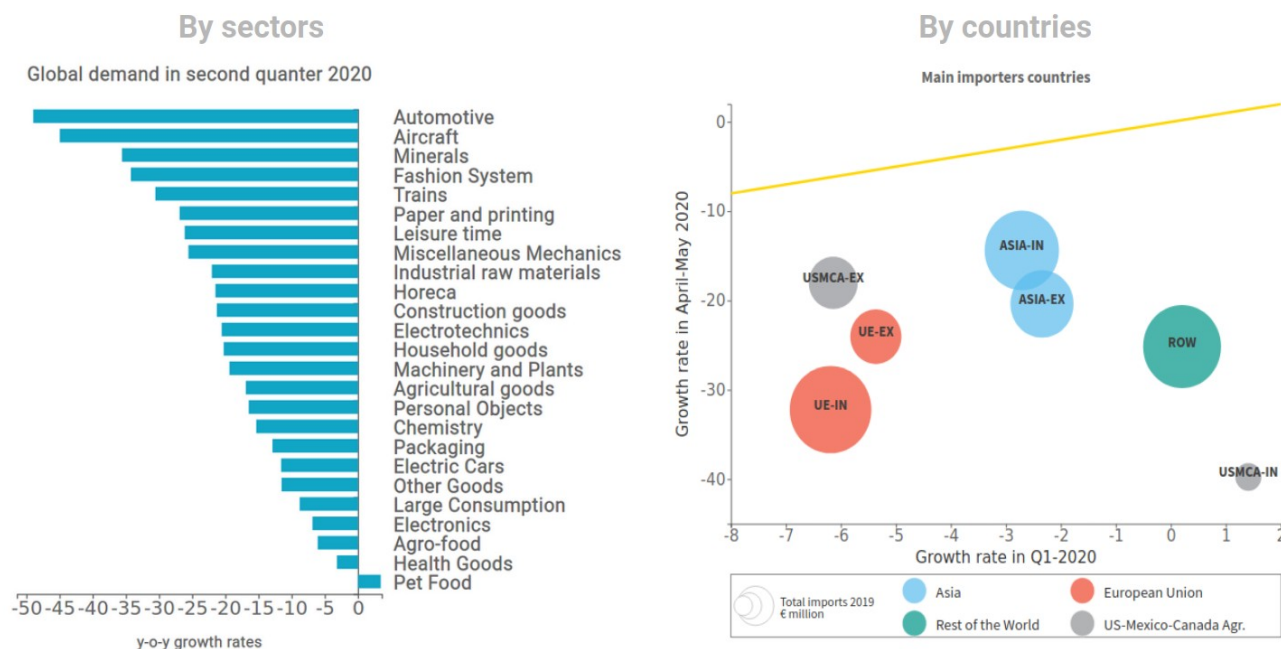
## The strong geographical and sectoral differentiation

Another element that differentiates the current crisis from the 2008-2009 recession is the (also very) **different degree of severity** of its impact on international trade at the level of **geographical areas** and **sectors**.

In spring 2020, trade within the **USMCA area** (United States-Mexico-Canada Agreement, formerly NAFTA) recorded the most significant reduction of more than -40%, mainly due to the **collapse of the automotive sector**. The second most affected area was the **intra-European** one. Different scenario for **Asia**, which limits the drop in internal trade to -15%.

As regards the different sectors, the highest degree of contraction was recorded by the contact-intensive sectors, services, passenger transport (air transport) and the most globally integrated manufacturing sectors (automotive). Conversely, sectors such as **pet food, health goods, agri-food** (excluding the Horeca segment) and **packaging** experienced a limited reduction in trade.

### Spring 2020: world trade flows (year-over-year changes)



For more information, see the following ExportPlanning articles:

- <https://www.exportplanning.com/en/magazine/article/2020/07/29/world-trade-may-continues-decline-april/>
- <https://www.exportplanning.com/en/magazine/article/2020/07/29/world-trade-covid-19-effect-on-international-trade-areas/>

- <https://www.exportplanning.com/en/magazine/article/2020/07/29/large-changes-in-the-demand-structure/>

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