








## Emerging from the Global Storm Tracking the Crisis through Trade Impacts


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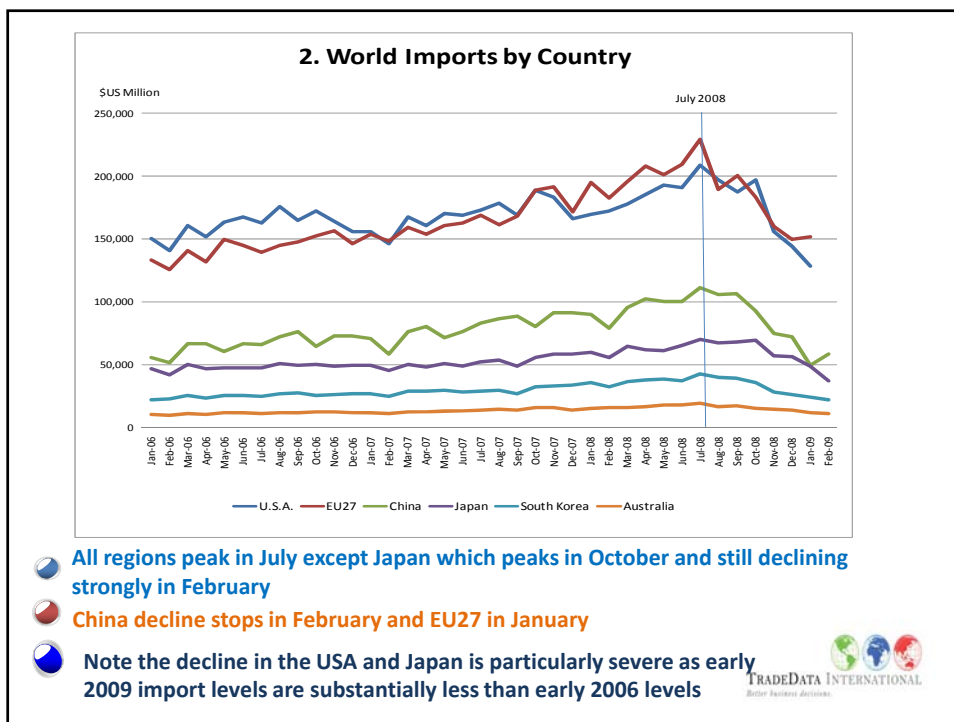
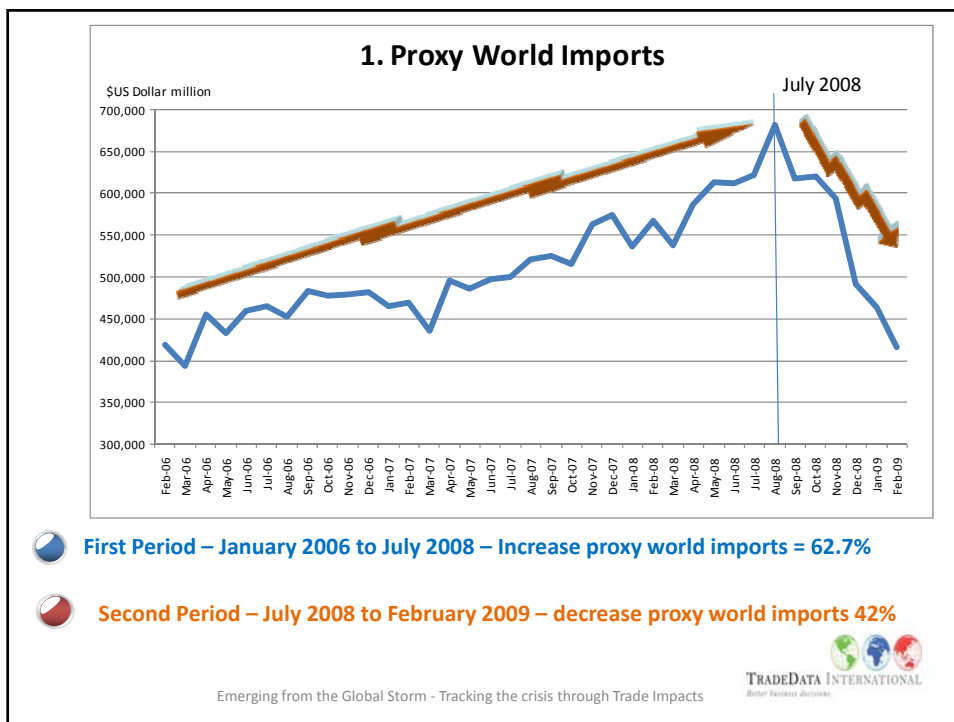


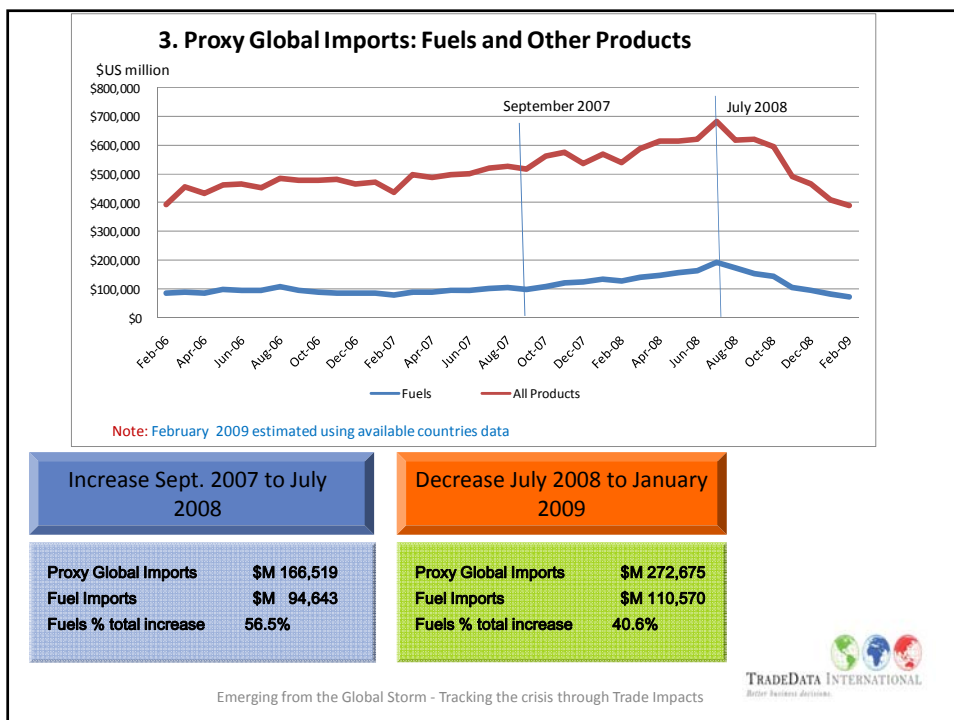
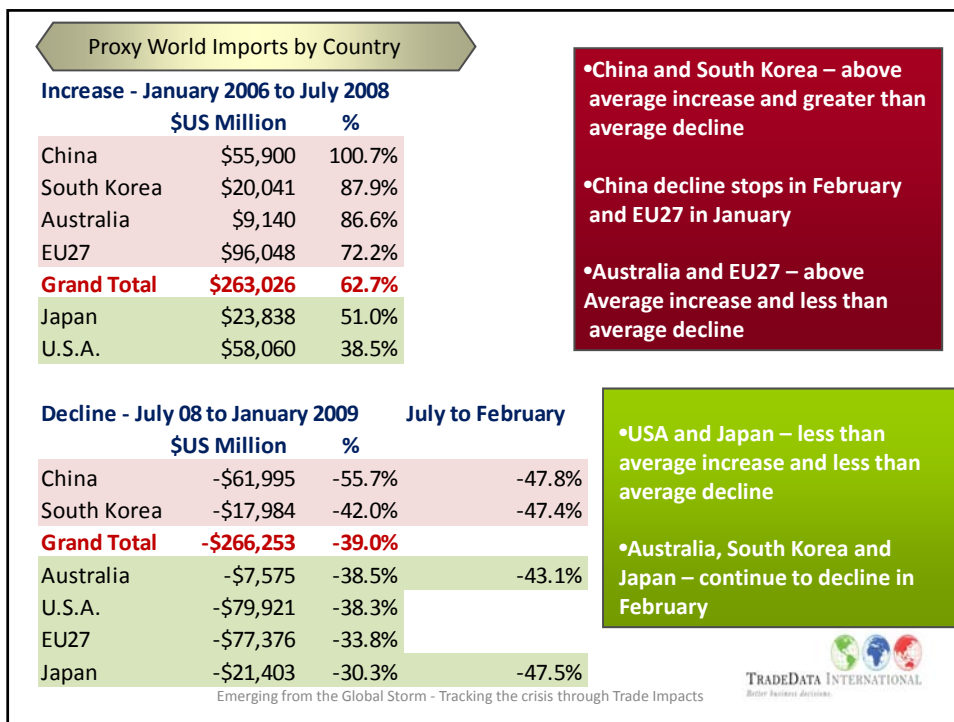
## Background and Data set

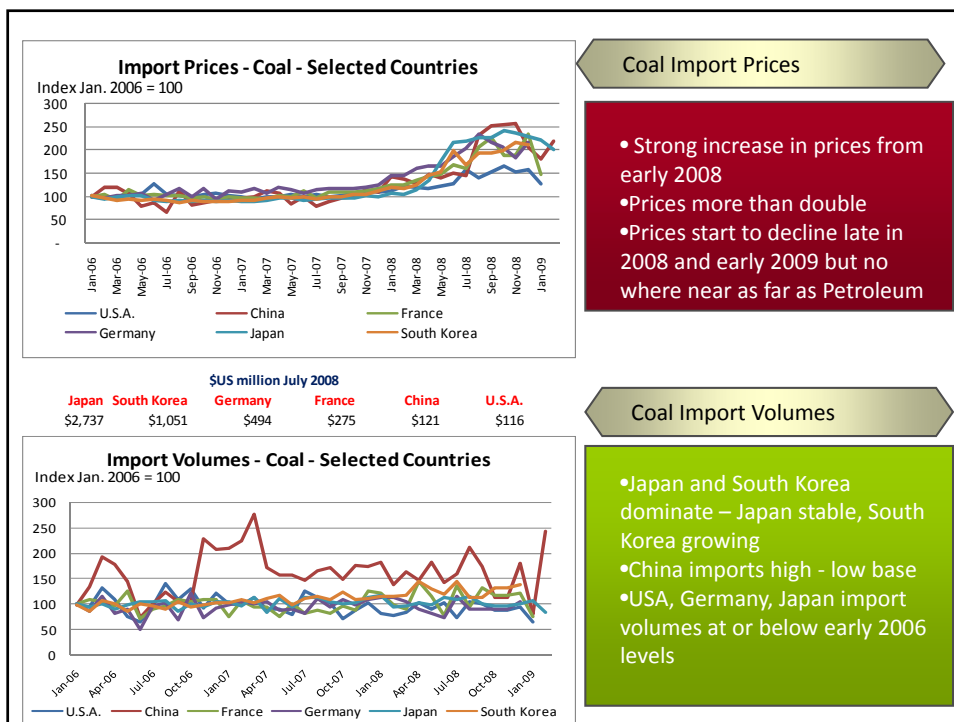
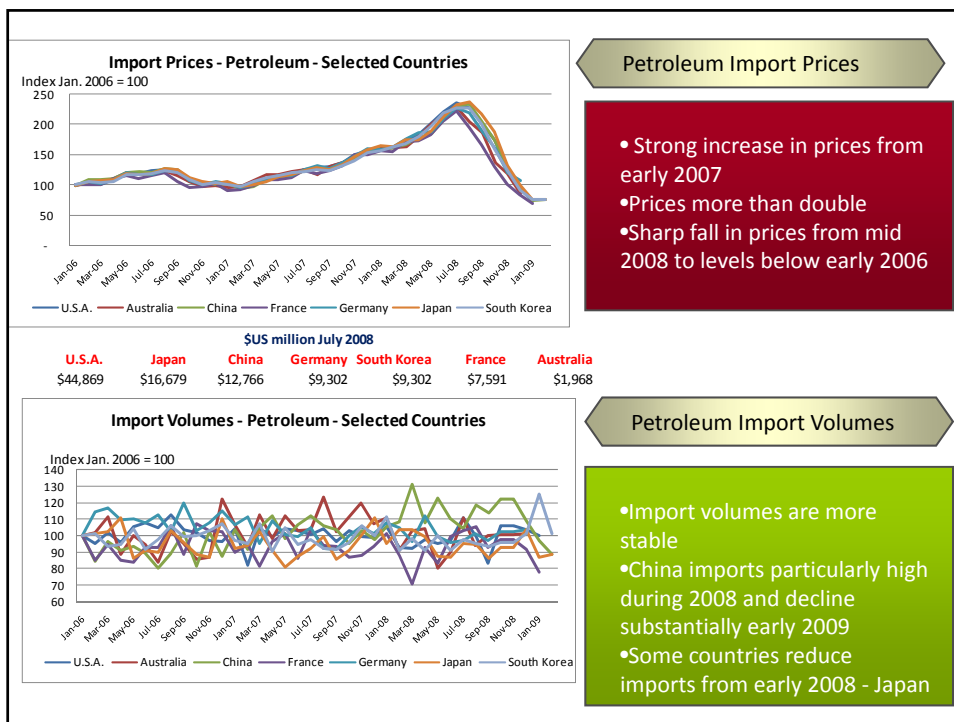
-  **Objective** – trace the evolution of the crisis through international trade flows
-  **Requires up to date world trade data set**
-  **Define Proxy World as the sum of EU27, USA, China, Japan, S. Korea and Australia – merchandise imports and exports - does not include services trade**
-  **Imports and Exports across 98 product categories**
-  **Monthly data from January 2006 to February 2009**

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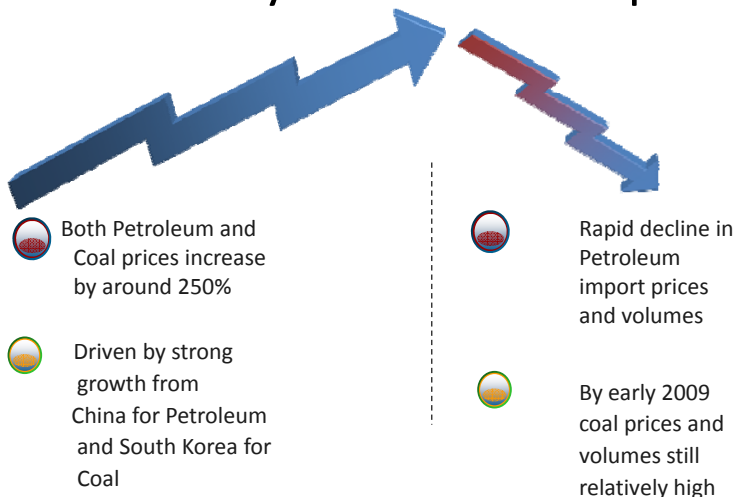




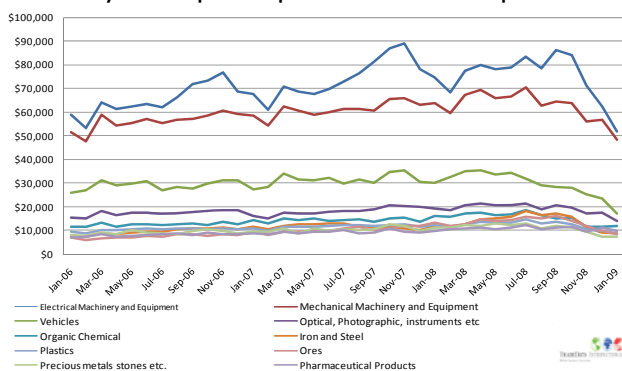




## Strong Growth and then Decline in Proxy World Fuel Imports



Proxy World Imports - Top Ten non mineral Fuel Imports

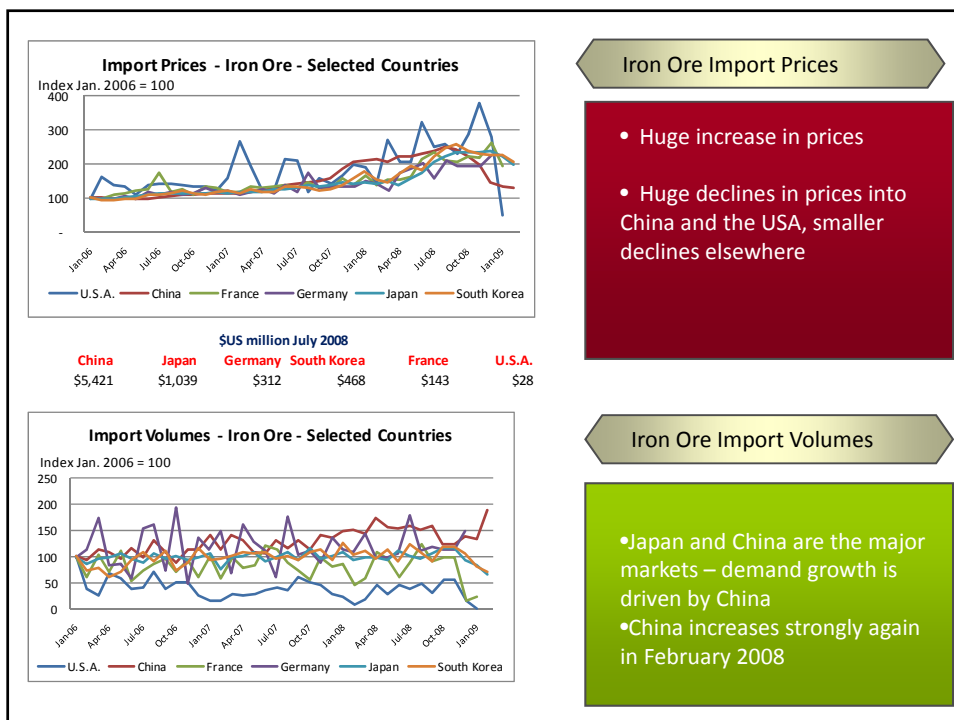
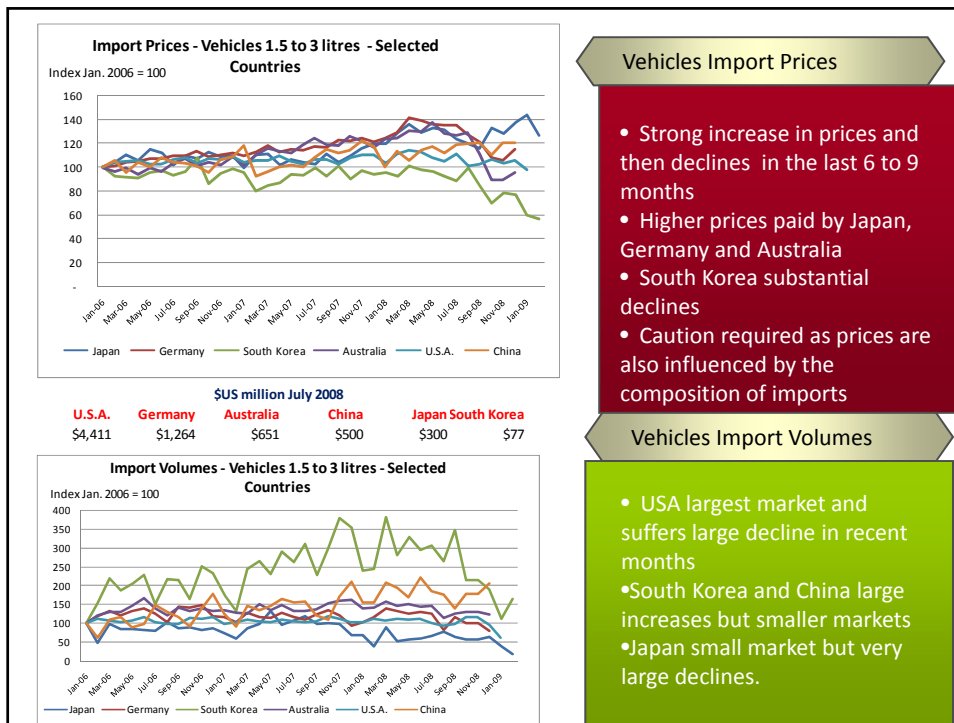


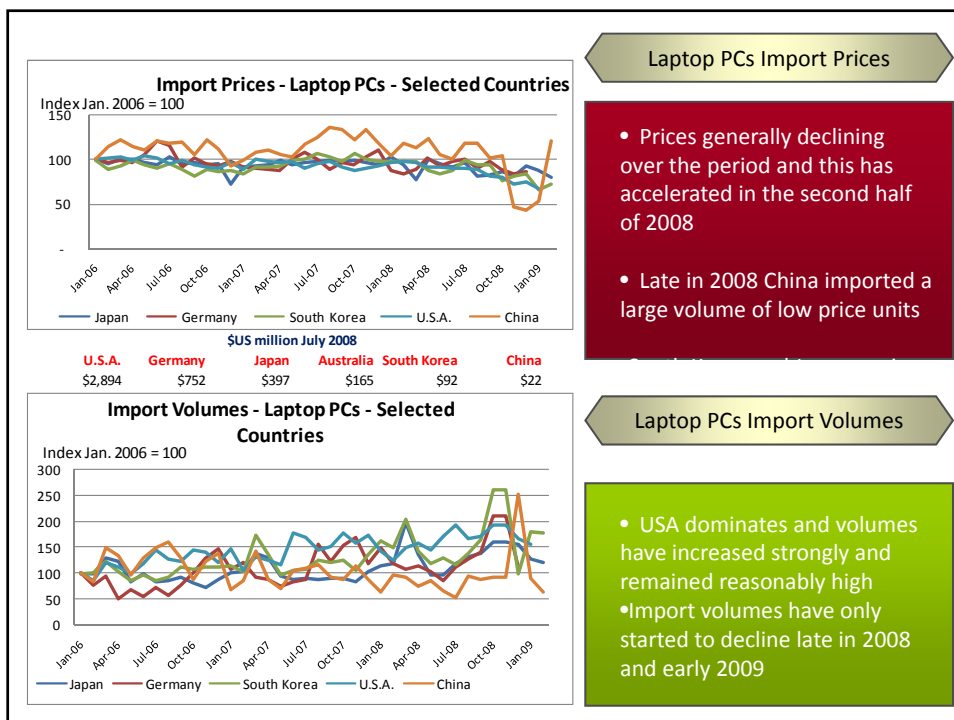
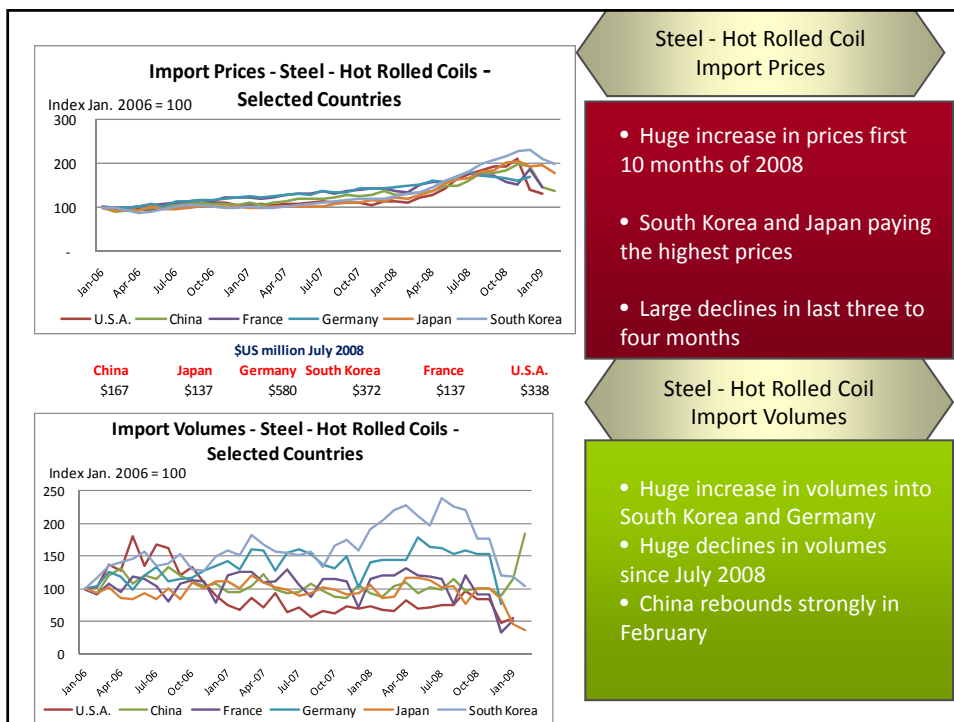
### Non mineral Fuel Imports

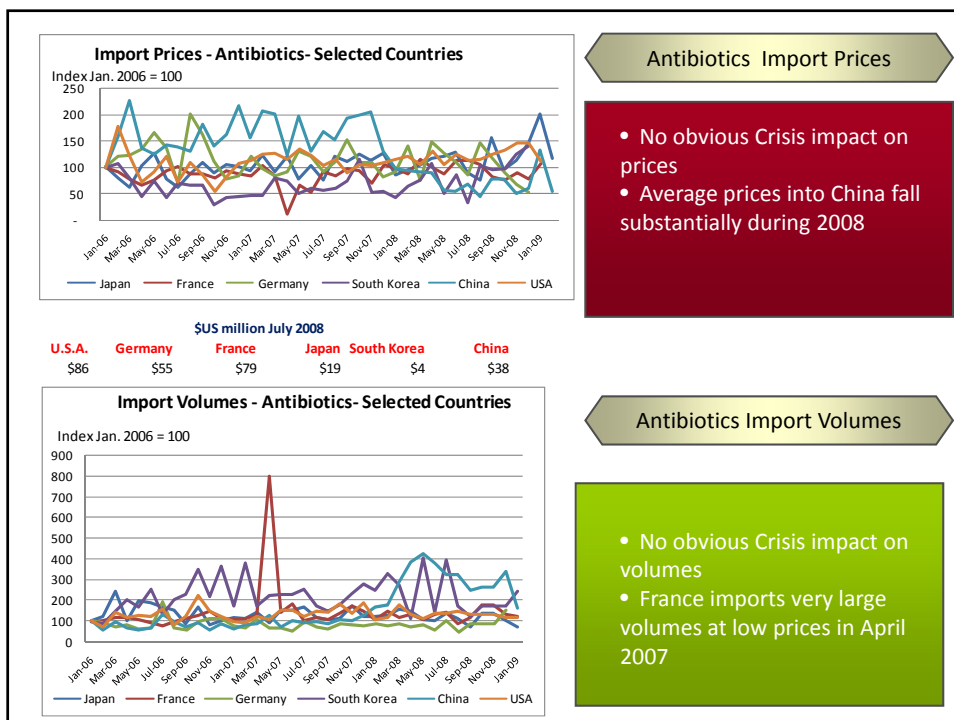
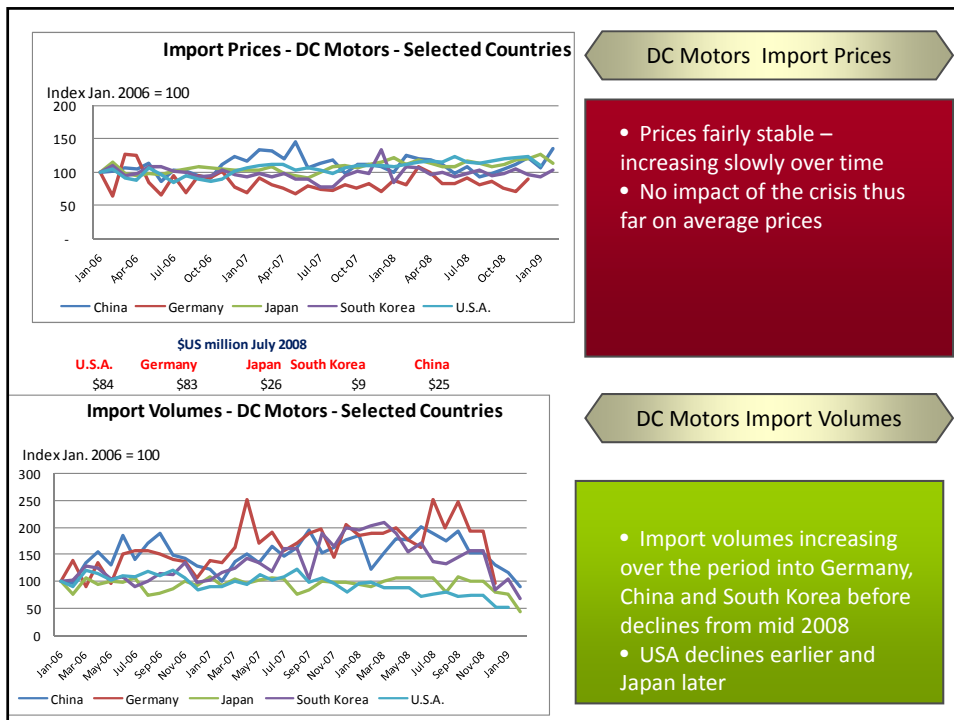
- Motor vehicles, Iron and steel and Ores decline more than the other major categories
- Motor vehicles decline starts in April before other items in July
- Electrical machinery peaks in September and Ores in November

	Peak Month	% Decline from peak
Electrical Machinery and Equipment	Sep-08	-39.8%
Mechanical Machinery and Equipment	Jul-08	-31.0%
Vehicles	Apr-08	-51.7%
Optical, Photographic, instruments etc	Jul-08	-34.6%
Organic Chemical	Jul-08	-34.7%
Iron and Steel	Jul-08	-52.1%
Plastics	Jul-08	-41.6%
Ores	Nov-08	52.0%
Precious metals stones etc.	Jul-08	-42.3%
Pharmaceutical Products	Jul-08	-19.2%
Other Products	Jul-08	-26.2%

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## Summary – individual product crisis impacts

-  **Machinery and Equipment – impacts mostly on volumes**
-  **Vehicles – Very large price and volume impacts**
-  **Steel – Huge price and volume impacts**
-  **Ores – Huge price and volume impacts**
-  **Pharmaceuticals – more muted impact on import volumes**

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### Top 15 Increase Supply Countries January 2006 to July 2008 - ranked by value

Non Mineral Fuel Imports

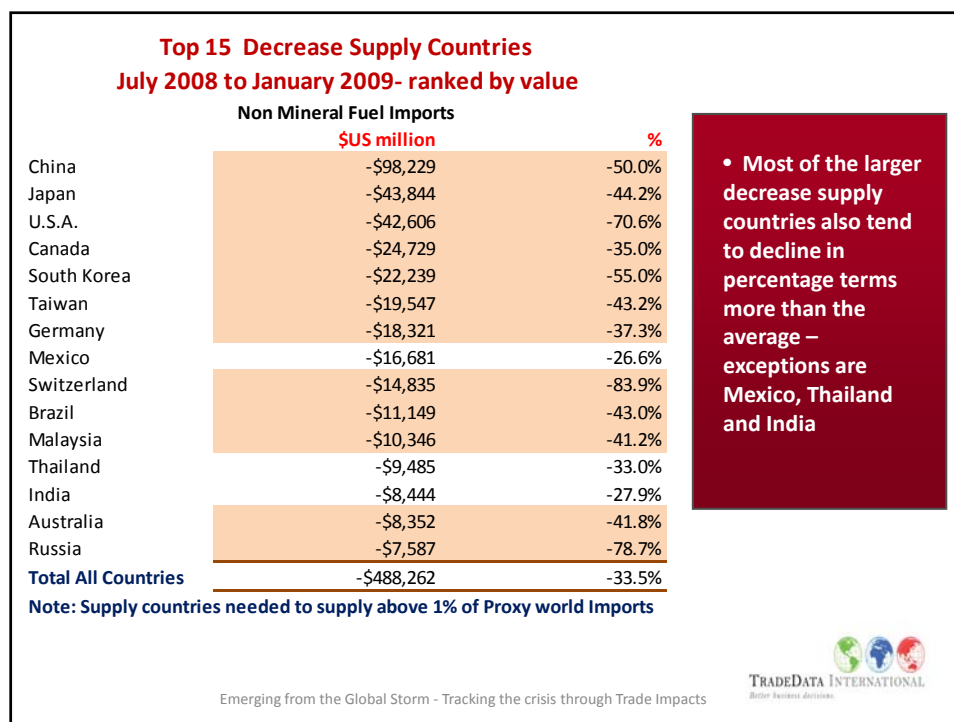
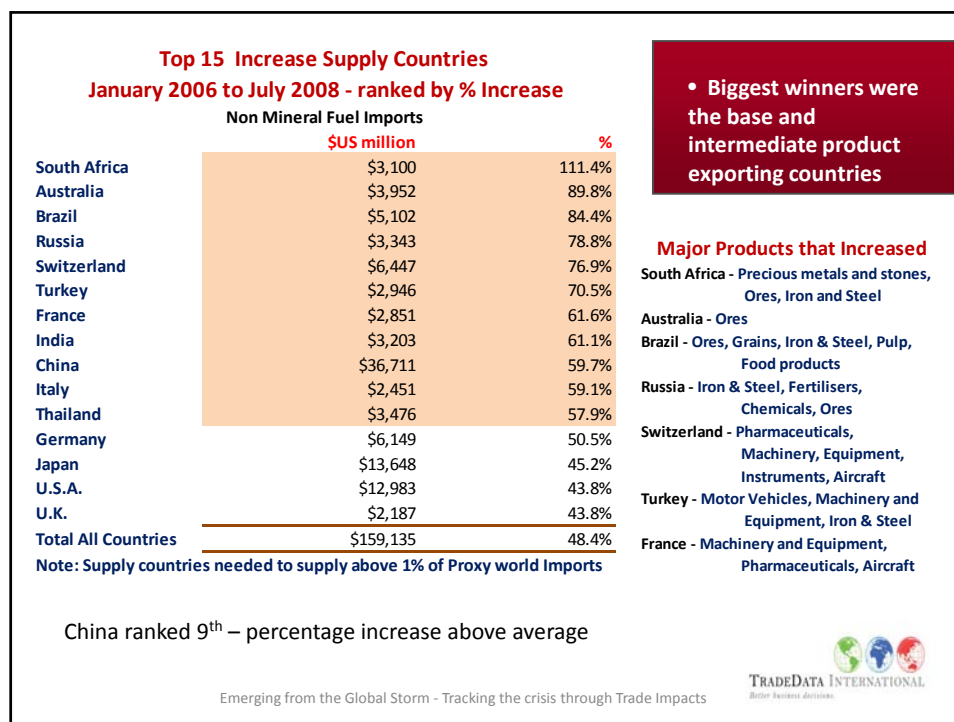
	\$US million	%
China	\$36,711	59.7%
Japan	\$13,648	45.2%
U.S.A.	\$12,983	43.8%
Switzerland	\$6,447	76.9%
South Korea	\$6,275	39.3%
Germany	\$6,149	50.5%
Brazil	\$5,102	84.4%
Taiwan	\$4,418	29.2%
Australia	\$3,952	89.8%
Thailand	\$3,476	57.9%
Russia	\$3,343	78.8%
India	\$3,203	61.1%
South Africa	\$3,100	111.4%
Turkey	\$2,946	70.5%
France	\$2,851	61.6%
<b>Total All Countries</b>	<b>\$159,135</b>	<b>48.4%</b>

Note: Supply countries needed to supply above 1% of Proxy world Imports

- China is the largest in absolute terms and high in percent terms
- Japan, USA, South Korea and Taiwan – large in absolute terms but below average in % terms
- Most of the larger supply countries are also above average in % terms – thus the smaller countries in aggregate must be well below average

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**Top 15 Decrease Supply Countries  
July 2008 to January 2009- ranked by % decrease**

	Non Mineral Fuel Imports \$US million	%
Switzerland	-\$14,835	-83.9%
Russia	-\$7,587	-78.7%
U.S.A.	-\$42,606	-70.6%
South Korea	-\$22,239	-55.0%
China	-\$98,229	-50.0%
Turkey	-\$7,125	-46.3%
Japan	-\$43,844	-44.2%
Taiwan	-\$19,547	-43.2%
Brazil	-\$11,149	-43.0%
Australia	-\$8,352	-41.8%
Malaysia	-\$10,346	-41.2%
U.K.	-\$7,185	-38.1%
Germany	-\$18,321	-37.3%
Italy	-\$6,602	-36.2%
Canada	-\$24,729	-35.0%
<b>Total All Countries</b>	<b>-\$488,262</b>	<b>-33.5%</b>

Note: Supply countries needed to supply above 1% of Proxy world Imports

• South Africa, Brazil and Australia were all the biggest winners on the way up and not the biggest loser on the way down

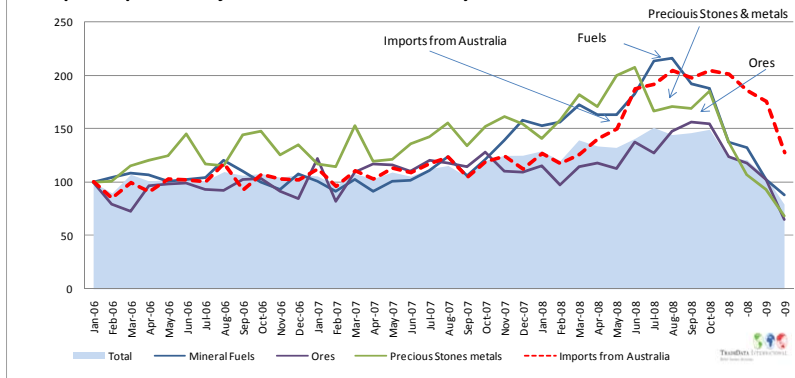
**Major Products that Decreased**

- Switzerland - Pharmaceuticals, machinery, Chemicals, Optical and Instruments
- Russia - Iron & Steel, Chemicals, Precious metals & stones, Aluminium
- USA - Machinery, Aircraft, Optical and instruments, Pharmaceuticals, Vehicles, chemicals
- South Korea - Machinery, Vehicles, Optical and instruments, Chemicals, Iron & Steel, Ships
- China - Machinery, Iron & Steel, Toys etc., Apparel
- Turkey - Vehicles, Apparel, Machinery
- Japan - Vehicles, Machinery, Optical and instruments, Plastics, Chemicals, Iron & steel

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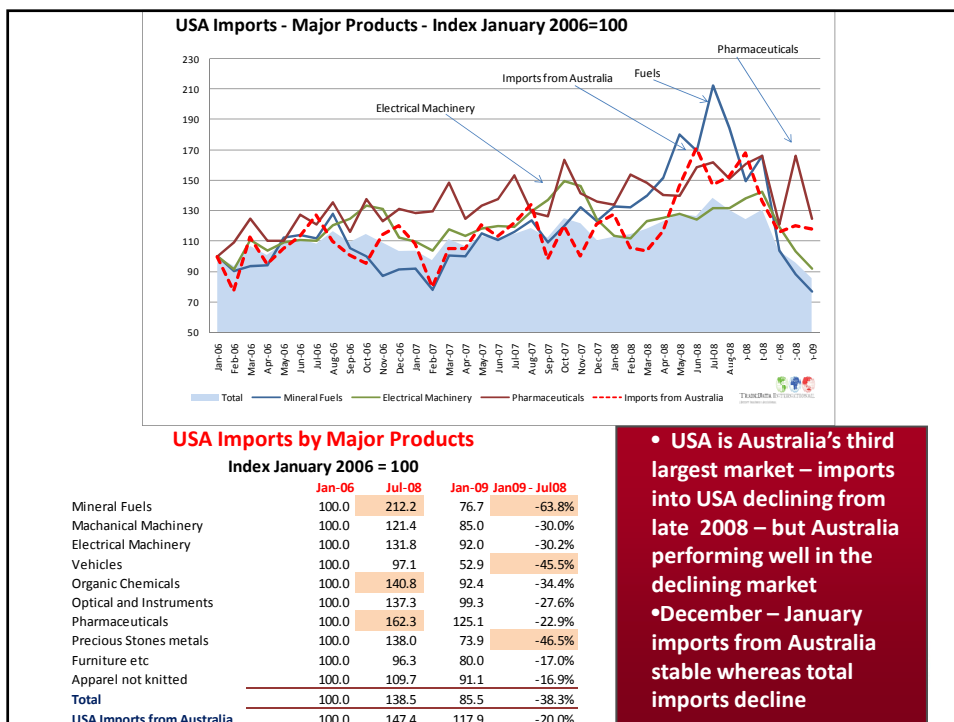
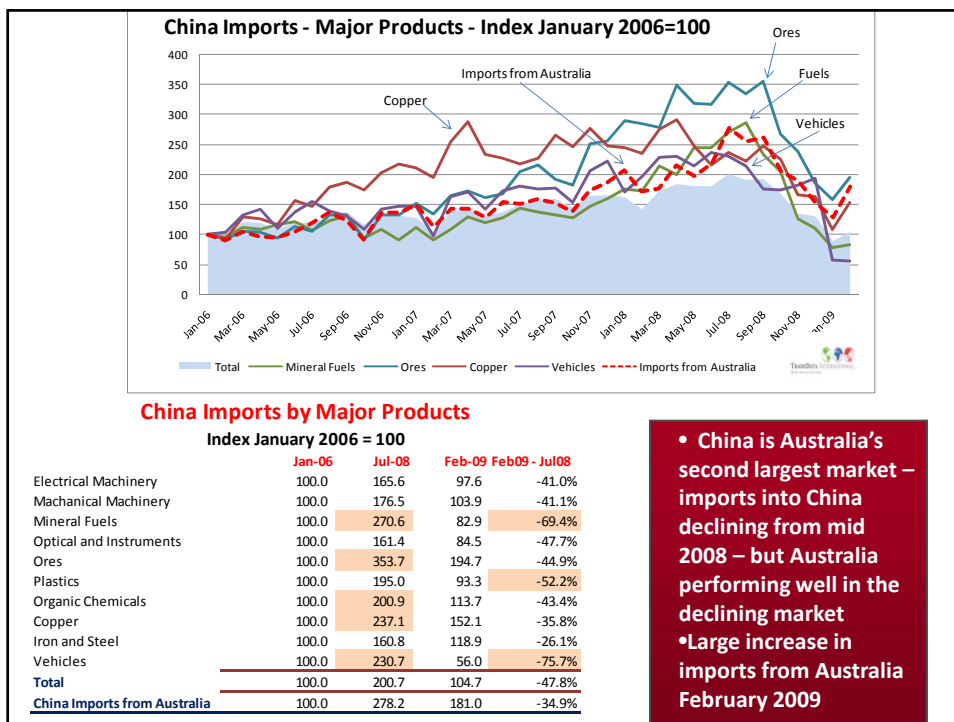
**Japan Imports - Major Products - Index January 2006=100**

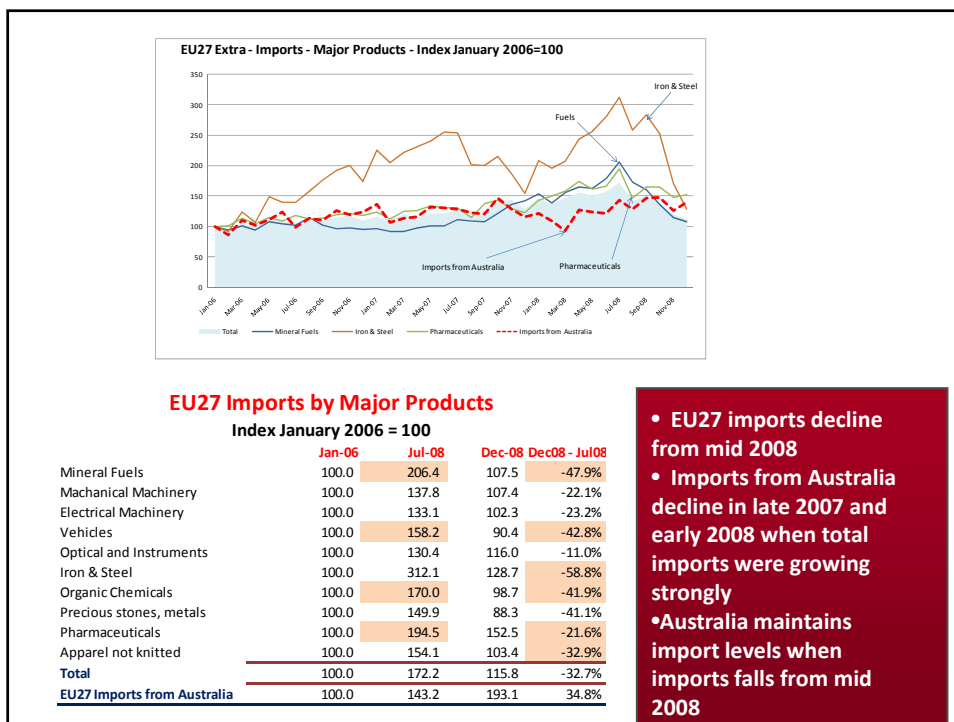
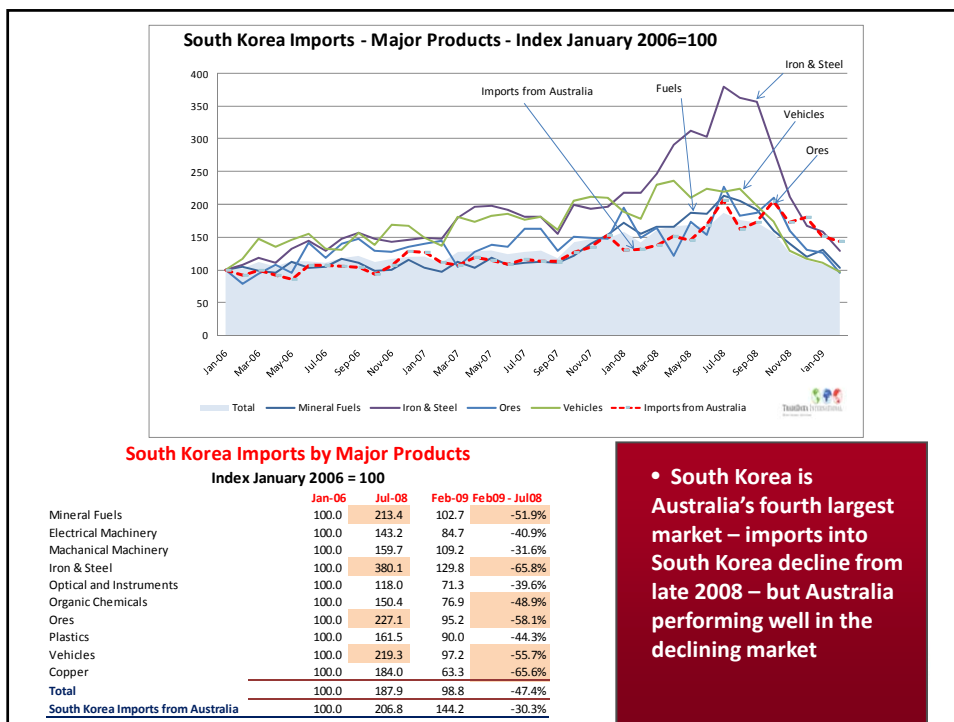


**Japan Imports by Major Products**

	Index January 2006 = 100			
	Jan-06	Jul-08	Feb-09	Feb09 - Jul08
Mineral Fuels	100.0	212.8	87.7	-58.8%
Electrical Machinery	100.0	121.7	67.7	-44.3%
Mechanical Machinery	100.0	111.1	69.9	-37.1%
Ores	100.0	127.4	65.2	-48.8%
Optical and Instruments	100.0	103.7	77.1	-25.6%
Vehicles	100.0	108.1	40.3	-62.8%
Organic Chemicals	100.0	124.3	81.7	-34.3%
Apparel not knitted	100.0	96.3	64.9	-32.6%
Precious Stones metals	100.0	166.0	68.8	-58.6%
Wood	100.0	101.3	62.0	-38.8%
<b>Total</b>	<b>100.0</b>	<b>151.0</b>	<b>79.3</b>	<b>-47.5%</b>
<b>Japan Imports from Australia</b>	<b>100.0</b>	<b>191.9</b>	<b>127.5</b>	<b>-33.6%</b>

• Japan is Australia's biggest market – imports into Japan declining from late 2008 – but Australia performing well in the declining market  
 • Large declines in imports from Australia February 2009





## Results Summary – tracking the crisis through Trade Impacts

-  **Large increase in the value of Global Trade up to July 2008 then a very large and rapid decline**
-  **Increase and declines are widespread and impacts all countries – Japan enters the decline later than other countries and is continuing to decline – early signs that China and EU27 may have bottomed**
-  **Australia was a major winner during the boom period through huge increase in prices. During the decline Australia is performing relatively well. Other major winners during the boom are South Africa, Brazil, Russia, Switzerland, Turkey**
-  **Mineral Fuels, Ores, Steel prices – huge price increases and declines – driven by demand from China and to a lesser extent South Korea**
-  **Motor vehicle trade volumes and prices are particularly affected during the collapse.**

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