

# ASIA-PACIFIC TRADE AND INVESTMENT TRENDS 2022/2023

*Trade Trends in Goods and Services in Asia-Pacific*





*The shaded areas of the map indicate ESCAP members and associate members.\**

The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub promoting cooperation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 Member States and 9 Associate Members, ESCAP has emerged as a strong regional think-tank offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region. The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which it does by reinforcing and deepening regional cooperation and integration to advance connectivity, financial cooperation and market integration. ESCAP's research and analysis coupled with its policy advisory services, capacity building and technical assistance to governments aims to support countries' sustainable and inclusive development ambitions.

\* The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.



## ACKNOWLEDGEMENTS:

This Brief was prepared by Witada Anukoonwattaka, Economic Affairs Officer, and Pedro Romao, Research Consultant, Trade Policy and Facilitation Section (TPFS), Trade, Investment and Innovation Division (TIID) of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). The Brief was developed under the supervision of Rupa Chanda, Director, TIID, and Yann Duval, Chief, TPFS, TIID. Natnicha Sutthivana provided secretariat support as well as cover design and editorial layout. The Brief was copy - edited by Robert Oliver.



# Contents

---

Highlights.....	1
1. Background.....	3
2. Merchandise trade.....	3
3. Services trade .....	8
References .....	12

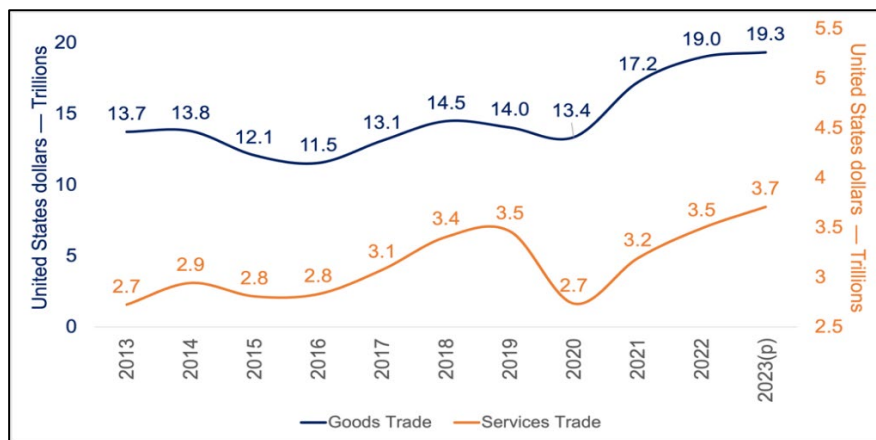


# Highlights

## Merchandise trade

- Following a global demand slowdown in the second half of this year, global and regional real merchandise trade growth is expected to be limited in 2022. Global real exports and imports are forecasted to grow by just 3.7% and 3.9%, respectively. Asia-Pacific real exports (excluding the Russian Federation) are expected to grow 3.0%, while imports will contract by 0.3%. Nominally, merchandise trade in Asia and the Pacific in 2022 is forecasted to total US\$ 19.0 trillion in 2022 (figure 1).
- In 2023, regional merchandise trade is expected to continue growing modestly. Nominal exports and imports growth (excluding the Russian Federation) is forecasted to reach 1.9% and 2.5%, respectively, and 1.6% and 0.7% in real terms, respectively. These estimates assume that inflation will be effectively curbed during the next year. Downside risks such as the potential re-emergence of COVID-19 lockdowns, the evolution of the war in Ukraine and risks of a global economic recession loom and add a considerable amount of uncertainty to current estimates.

Figure 1. Nominal goods and services trade in Asia-Pacific, 2013/2023



Source: The authors. Based on WTO annual merchandise trade data (accessed in November 2022). Forecasts for 2022 onwards are based on EIU annual merchandise trade forecasts for selected Asia-Pacific economies, covering 98.5% of total regional exports and imports.

Note: (p) = projections.

- Inflationary pressures have dominated nominal growth in 2022, with nominal exports and imports growth ballooning to 14.7% and 17.1% globally, and to 10.2% and 13.0% regionally (excluding the Russian Federation). However, across the region, inflationary pressures have had varying impacts, with the terms of trade of some commodity-heavy economies' improving more than 15%, while some others deteriorated up to 30%.



- Owing to the region's slower trade growth, the Asia and Pacific share of global nominal exports and imports is expected to deteriorate slightly to 39.4% and 35.8%, respectively. Moreover, the region's trade surplus is expected to decline marginally to US\$ 0.68 trillion.
- Subregional performances are expected to vary considerably. South-East Asia is the only subregion logging strong positive real exports and import growth. South and South-West Asia and the Pacific subregion are also expected to see positive export and import growth, albeit more modest. All remaining subregional performances are forecasted to be negative, with North and Central Asia bearing the heaviest losses due to the influence of the Russian Federation's performance.

#### Commercial services trade

- Supported by a vigorous travel sector, a heightened demand for ICT services and a less constrained transport sector, global commercial services exports and imports are expected to expand by 7.5% and 9.2%, respectively, in 2022. Asia and the Pacific services trade also benefited from these trends, with regional exports and imports expected to grow above the global average at 8.7% and 9.8%, respectively. Moreover, while nominal regional services trade will reach pre-pandemic levels in 2022, at a total of US\$ 3.5 trillion, in real terms, this has yet to be achieved since strong upward price pressures have been ubiquitous.
- In 2023, the value of regional exports and imports is expected to grow slightly below this year's performance at 7.5% and 5.0%, respectively. This growth is expected to be sustained by further easing of restrictions on international travelling and by a slight pick-up in global merchandise trade. However, uncertainties surrounding the short-term performance of global merchandise trade and potential COVID-19 complications remain as the chief downside risks to commercial services trade.
- With the reversal of COVID-19 restrictions and the emergence of high inflation, commercial services are regaining prominence and resilience in global trade. This could be pointing towards a reversal of COVID-19-era consumption patterns, which were characterized by high consumption of goods and low face-to-face services.
- Among the subregions, South-East Asia is expected to register the strongest export performance following the removal of travelling restrictions. South and South-West Asia will also be performing positively, with strong growth registered across most subregional economies. Moreover, North and Central Asia and the Pacific will be posting similar positive export growth rates, while East and North-East Asian exports are expected to stagnate. Imports-wise, the Pacific subregion is projected to grow the most owing to Australia's 28.5% and New Zealand's 15.9% rise in imports, while North and Central Asia will be the only subregion experiencing an imports contraction.



# 1. Background

---

After a record-breaking 6.0% global GDP expansion in 2021 (IMF, 2022), output growth is expected to be moderate in 2022, reflecting the normalization of base effects following the pandemic as well as considerable downside pressures such as high inflation, tightening monetary policy, spillover effects from the Ukrainian crisis and lingering COVID-19 complications. Indeed, the IMF data suggests that real global output will expand by 3.2% year-on-year, while the Asia-Pacific weighted average of real output growth (excluding the Russian Federation) will be about 3.5%.

# 2. Merchandise trade

---

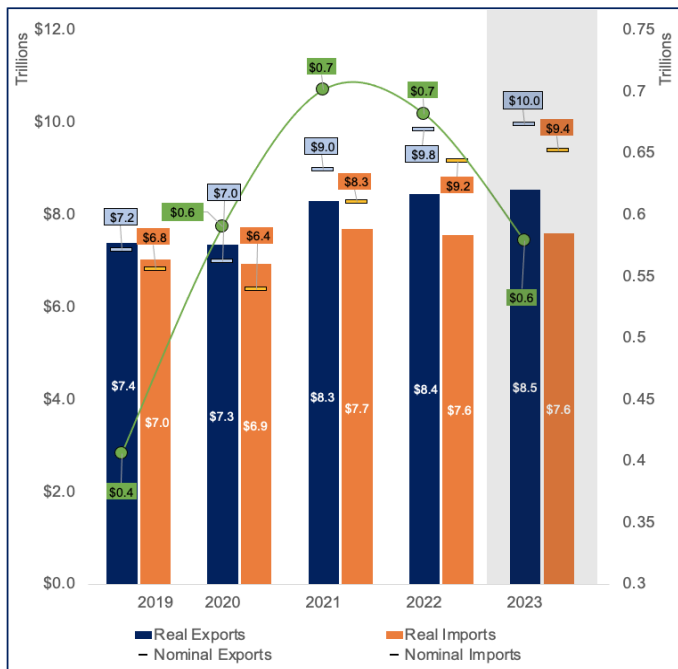
Following the global demand slowdown and acute pressures faced by trade and Global Value-Chains (GVCs), global and regional real merchandise trade growth is expected to be timid. Moreover, the difference between nominal and real growth has become extremely high due to significant inflation. Indeed, in 2022 global real exports and imports may grow by 3.7% and 3.9%, while nominal growth will reach 14.7% and 17.1%, respectively. In Asia and the Pacific, trade is expected to almost stagnate with the poor trade performance by the Russian Federation influencing these figures (figure 2). Excluding the Russian Federation, the region's export volume is expected to grow by 3.0%, and nominally 10.2%. The regional import performance excluding the Russian Federation will be worse, growing just 0.3% in real terms and 13.0% nominally (table 1).

Owing to the region's slower trade growth performance than that in the rest of the world, the Asia and the Pacific share of global nominal exports and imports in 2022 is expected to recede slightly to 39.4% and 35.8%, respectively, from 41.2% and 37.9% shares registered in the previous year. However, the region will continue to be a net exporter of goods to the rest of the world (figure 2 – in green), with its trade surplus expected to decline slightly in 2022, to US\$ 0.68 trillion, compared to US\$ 0.70 trillion in 2021.

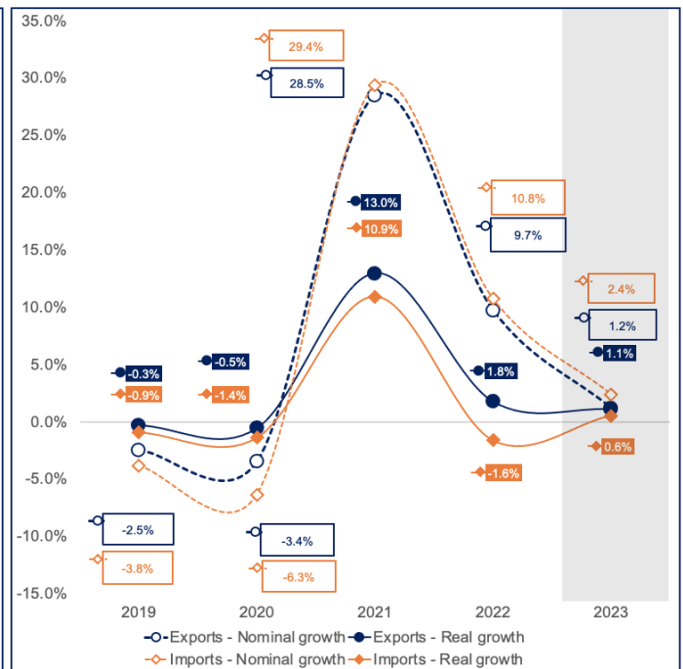


Figure 2. Merchandise trade in Asia-Pacific, 2019/2023

(a) Trade values – exports, imports (left-axis) and trade balance (right-axis)



(b) Growth rates – exports and imports



Source: The authors. Based on WTO annual merchandise trade data (accessed November 2022). Forecasts for 2022 onwards are based on EIU annual merchandise trade forecasts for selected Asia-Pacific economies, covering 98.5% of total regional exports and imports. Note: (p) = projections.

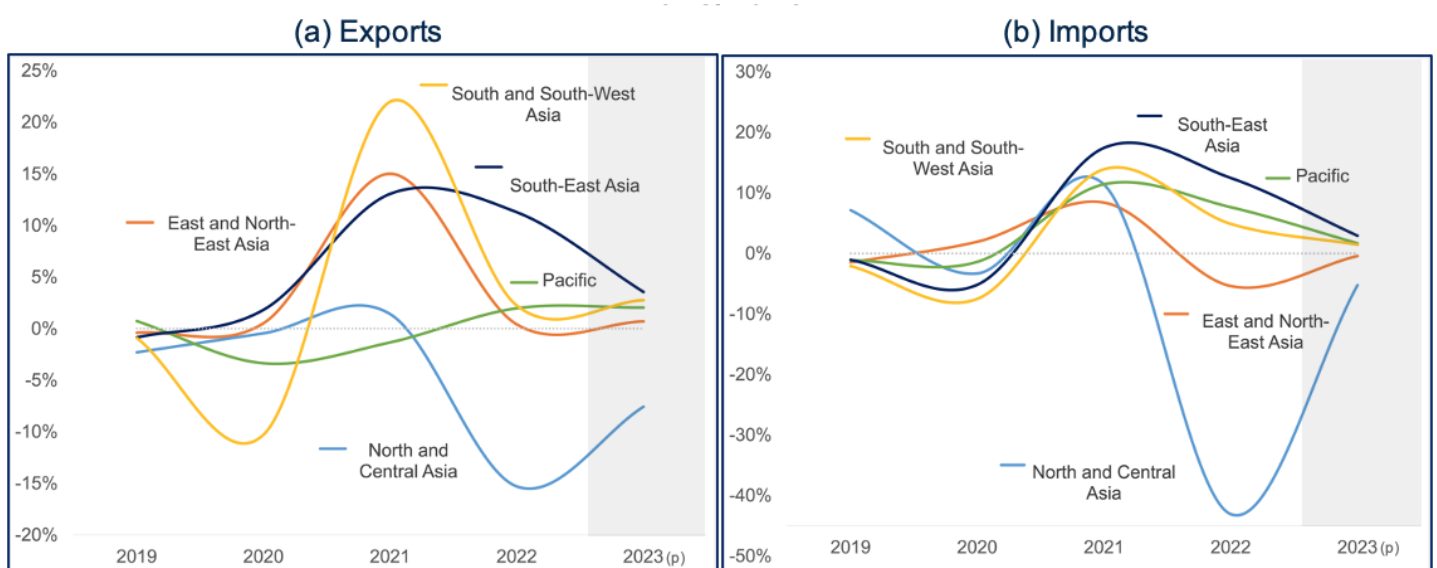
Notably, subregional real trade performances in 2022 are expected to vary considerably (figure 3). Export-wise, South-East Asia is the only subregion projected to register strong real trade growth in 2022, with Viet Nam, Thailand and Indonesia being among the top regional performers. South and South-West Asia and the Pacific sub-region are also expected to experience export growth, albeit more moderate. South and South-West Asia will be supported by strong performances by Türkiye and India but countered by Sri Lanka's projected 14.5% export decline. In the Pacific, Australia's healthy export growth will balance out New Zealand's slight export contraction. Moreover, in East and North-East Asia, exports are expected to stagnate due to the negative performances of major trading economies, such as the Republic of Korea and Hong Kong, China, and despite moderate export growth in China and Japan. Finally, exports in North and Central Asia are expected to plunge, owing to the Russian Federation's 19.2% real exports loss.





Import-wise, subregional performances are anticipated to broadly follow the above-discussed export performances. However, sub-region growth discrepancies will be more acute. Indeed, South-East Asian, South and South-West Asian and the Pacific sub-region's (by order of imports growth) imports will grow faster than exports. However, East and North-East Asian imports will decline by 5%, propelled by negative performances from all major sub-regional economies, and North and Central Asia's imports will plunge 43% once again owing to the Russian Federation's influence.

Figure 3. Subregional real merchandise trade growth in Asia-Pacific, 2019/2023



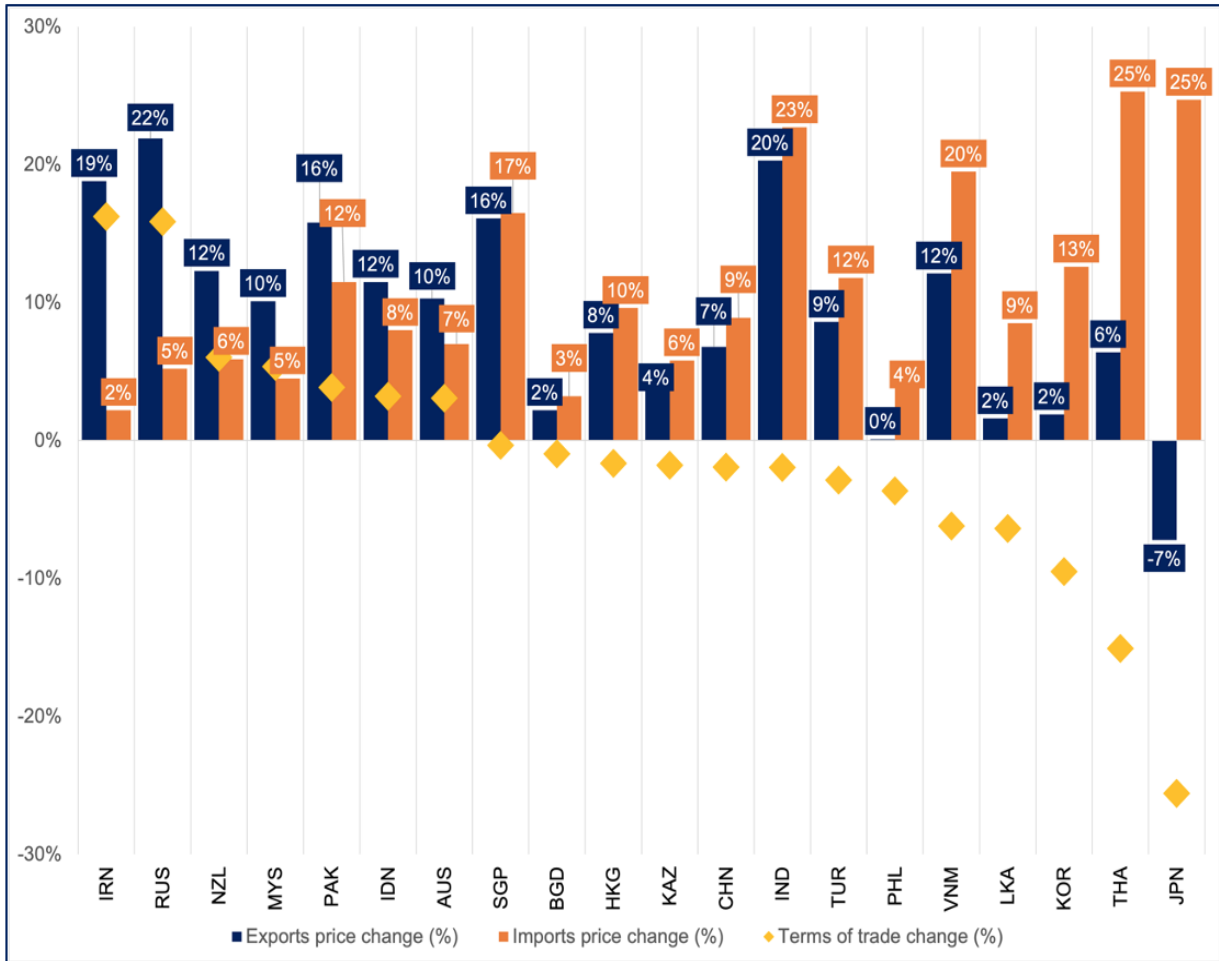
Source: The authors. Based on WTO annual goods trade data (accessed November 2022). Forecasts are based on EIU annual merchandise trade forecasts for selected Asia-Pacific economies, covering 98.5% of total regional exports and imports.

Note: (p) = projections.

Looking at price fluctuations in Asia and the Pacific, commodity and fuel-heavy exporters such as the Islamic Republic of Iran and the Russian Federation, New Zealand, and Malaysia will experience the highest terms-of-trade appreciation (figure 4). Export prices for these economies are expected to shoot up between 10% and 22%, while import prices will not rise more than 6%. On the contrary, fuel-importing economies like Japan, Thailand, the Republic of Korea and Sri Lanka experienced a terms-of-trade deterioration ranging between -6% and -26%. For these economies, import prices surged while export prices rose at a much slower pace, resulting in a negative income effect due to the transfer of purchasing power abroad and an enlarged current account deficit.



Figure 4. Merchandise exports and imports prices fluctuations, selected regional economies, 2022



Source: The authors. Based on EIU data (accessed November 2022)

Looking ahead, the regional merchandise trade is expected to continue growing modestly, in 2023. Supported by developing Asia-Pacific, regional real exports and imports (excluding the Russian Federation) are forecasted to expand by 1.6% and 0.7%, respectively (table 1). Considering that monetary tightening measures put in place during 2022 effectively curb inflation for next year, the region may register nominal export and import growth rates of 1.9% and 2.5%, respectively, in 2023.

However, considerable downside risks to the global economy have increased. Indeed, the potential re-emergence of COVID-19 lockdowns, the evolution of the war in Ukraine and heightened risk of a global economic recession may prove challenging in going forward. Moreover, the unpredictable nature of these unfolding events casts a large amount of uncertainty over current short-term estimates.



Table 1. Merchandise exports and imports growth  
for selected Asia-Pacific economies, 2021/2023

	Exports						Imports					
	2022			2023(p)			2022			2023(p)		
	Value	Price	Volume	Value	Price	Volume	Value	Price	Volume	Value	Price	Volume
Australia	12.9	10.3	2.6	-1.2	-3.1	1.9	15.8	7.0	8.8	1.8	-0.6	2.4
Bangladesh	11.0	2.2	8.8	9.0	-1.8	10.8	8.0	3.2	4.8	5.0	-3.5	8.5
China	8.7	6.8	1.9	3.1	0.7	2.4	3.9	8.9	-5.0	6.9	2.8	4.1
Hong Kong, China	1.4	7.8	-6.4	4.6	3.1	1.5	4.5	9.6	-5.1	4.4	3.1	1.3
Indonesia	23.2	11.5	11.7	-3.6	-3.5	-0.1	19.3	8.0	11.3	1.0	1.0	0.0
India	18.7	20.3	-1.6	7.0	5.1	1.9	26.0	22.7	3.3	5.1	3.2	1.9
Iran (Islamic Rep. of)	30.7	18.8	11.9	-3.3	-6.1	2.8	12.4	2.2	10.2	10.0	6.8	3.2
Japan	-3.9	-7.2	3.3	-6.1	-1.6	-4.5	16.5	24.7	-8.2	-13.0	1.5	-14.5
Kazakhstan	20.3	3.9	16.4	-6.3	-7.4	1.1	5.7	5.8	-0.1	-7.7	2.6	-10.3
Republic of Korea	-1.7	1.9	-3.6	-6.6	-4.6	-2.0	8.6	12.6	-4.0	-6.9	-3.1	-3.8
Sri Lanka	-12.9	1.6	-14.5	-0.5	0.5	-1.0	-17.6	8.5	-26.1	12.1	1.6	10.5
Malaysia	12.2	10.1	2.1	4.4	2.8	1.6	18.4	4.5	13.9	4.2	2.0	2.2
New Zealand	10.2	12.3	-2.1	-4.7	-7.3	2.6	7.5	5.9	1.6	-3.5	-0.6	-2.9
Pakistan	16.5	15.8	0.7	1.9	8.2	-6.3	16.4	11.5	4.9	0.7	4.1	-3.4
Philippines	-0.5	0.1	-0.6	1.0	0.2	0.8	9.8	3.9	5.9	5.9	0.3	5.6
Russian Federation	2.7	21.9	-19.2	-10.8	-1.7	-9.1	-42.8	5.2	-48.0	0.5	4.6	-4.1
Singapore	18.6	16.1	2.5	0.0	-2.6	2.6	19.7	16.5	3.2	-0.1	-2.6	2.5
Thailand	22.0	6.4	15.6	7.4	1.3	6.1	38.9	25.3	13.6	7.1	10.9	-3.8
Turkiye	14.1	8.6	5.5	10.2	6.4	3.8	21.6	11.8	9.8	6.0	6.6	-0.6
Viet Nam	42.5	12.1	30.4	8.8	2.2	6.6	44.5	19.5	25.0	6.6	-3.1	9.7
<b>Asia-Pacific</b>	<b>9.7</b>	<b>7.9</b>	<b>1.8</b>	<b>1.2</b>	<b>0.1</b>	<b>1.1</b>	<b>10.8</b>	<b>12.4</b>	<b>-1.6</b>	<b>2.4</b>	<b>1.9</b>	<b>0.6</b>
<b>Asia-Pacific excl. Russian Federation</b>	<b>10.2</b>	<b>7.1</b>	<b>3.0</b>	<b>1.9</b>	<b>0.3</b>	<b>1.6</b>	<b>13.0</b>	<b>12.7</b>	<b>0.3</b>	<b>2.5</b>	<b>1.8</b>	<b>0.7</b>
<b>Asia-Pacific developed</b>	<b>0.5</b>	<b>0.1</b>	<b>0.4</b>	<b>-5.2</b>	<b>-2.7</b>	<b>-2.4</b>	<b>13.3</b>	<b>17.0</b>	<b>-3.8</b>	<b>-8.2</b>	<b>-0.9</b>	<b>-7.3</b>
<b>Asia-Pacific developing</b>	<b>12.1</b>	<b>10.0</b>	<b>2.2</b>	<b>2.7</b>	<b>0.7</b>	<b>2.0</b>	<b>10.1</b>	<b>11.1</b>	<b>-1.0</b>	<b>5.3</b>	<b>2.6</b>	<b>2.7</b>
<b>Asia-Pacific developing excl. China</b>	<b>15.1</b>	<b>12.8</b>	<b>2.4</b>	<b>2.4</b>	<b>0.7</b>	<b>1.7</b>	<b>14.8</b>	<b>13.0</b>	<b>1.8</b>	<b>4.2</b>	<b>2.4</b>	<b>1.8</b>
<b>Asia-Pacific developing excl. China and Russian Federation</b>	<b>17.1</b>	<b>11.5</b>	<b>5.5</b>	<b>4.2</b>	<b>1.3</b>	<b>2.9</b>	<b>20.3</b>	<b>13.9</b>	<b>6.4</b>	<b>4.4</b>	<b>2.3</b>	<b>2.0</b>

Source: The authors. Real export growth forecasts are based on EIU Data accessed November 2022.

Notes: (p) = projections.



### 3. Services trade

---

Contrary to merchandise trade, nominal commercial services trade is expected to recover strongly throughout 2022. In fact, this year's Q2 Services Trade Barometer (STB) reading has been its highest (at 105.5) since the index's inception in 2011 (WTO, 2022).<sup>1</sup> Despite continuing below real pre-pandemic trading levels,<sup>2</sup> services trade has been supported by: (a) a vigorous travel sector – in July, international arrivals were only 28% below pre-pandemic levels, compared with 61% in the same month last year (United Nations World Tourism Organization, 2022); (b) a heightened demand for ICT services – recording its highest-ever STB reading (WTO, 2022); and (c) a less constrained transport sector, which despite port closures in China is stabilizing from previous years' disturbances (ISL, 2022).

In line with this scenario, global commercial services exports and imports are expected to expand by 7.5% and 9.2%, respectively, in 2022. In Asia and the Pacific, export growth will be stronger than in the rest of the world at 8.7%, despite some regional economies' stricter and longer-lasting travel restrictions and the emergence of conflicts and sanctions hurting services trade in the North and Central Asian subregion. Import-wise, the region will be slightly above the global average, growing 9.8% in 2023 (figure 5).

As mentioned by WTO (2022), commercial services' resilient and outpacing performance during 2022 may point towards a reversal of COVID-19-era consumption patterns during which spending was mostly directly towards goods. Indeed, with the removal of COVID-19 movement restrictions and the emergence of high inflation, commercial services are regaining prominence and resilience in global trade.

Owing to the region's stronger trade performance, the Asia-Pacific region's share in global services exports in 2021 is expected to rise to 26.4% from the previous year's 26.0%. Import-wise, the region's share will remain roughly stable at 30.4%, compared with 30.2% in the previous year. Moreover, 2022 marks a reversal of the improving trade balance deficit trend verified since 2019. Indeed, in 2022 the region is expected to import US\$ 0.12 trillion more in commercial services than it exports. However, 2023 may see a reversion of this trend back to 2021 levels (figure 5 – green line).

---

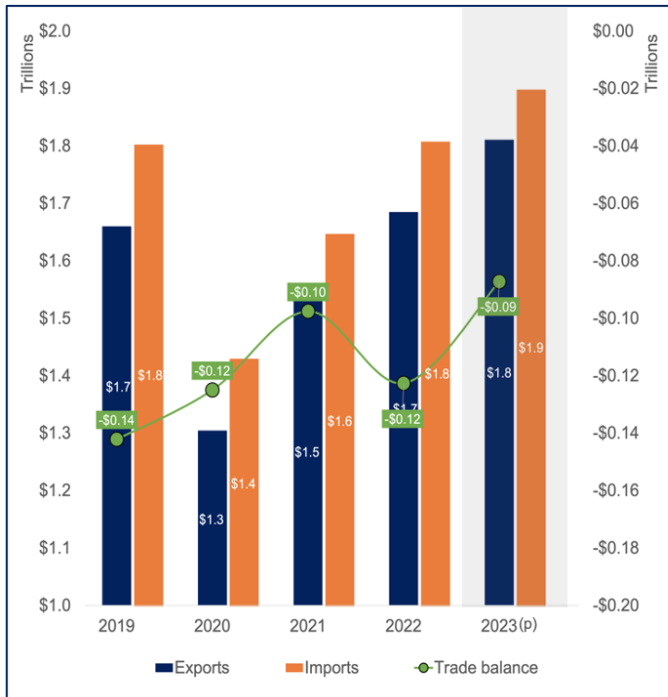
<sup>1</sup> The WTO Services Trade Barometer is a high-frequency composite indicator that measures services trade activity across a range of different key sectors such as business services, finance, ICT, travelling, transport and construction. Its baseline of 100 indicates on-trend growth. This index was created in 2011.

<sup>2</sup> While nominal services trade in Asia and the Pacific is expected to reach pre-pandemic levels for the first time – at a total of US\$ 3.5 trillion – this has yet to be the case in real terms since upward price pressures have been nominal inflation figures.

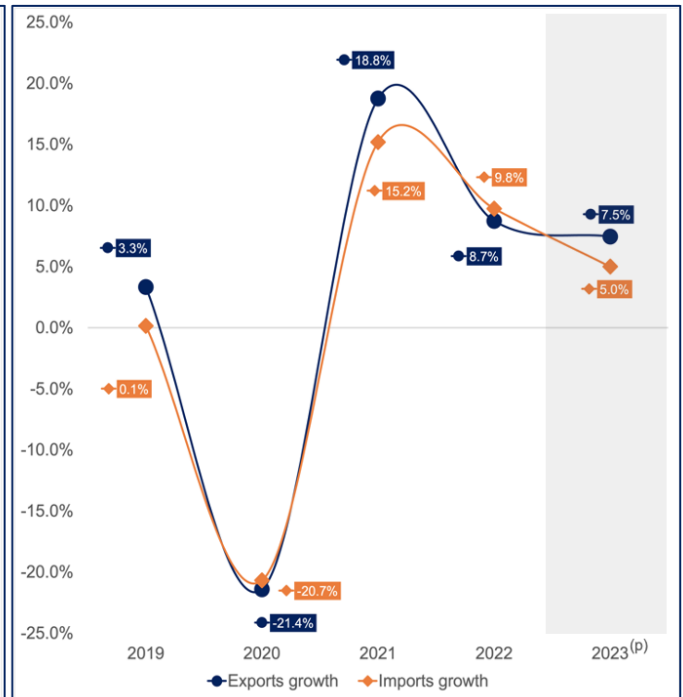


Figure 5. Commercial services trade in Asia-Pacific, 2019/2023

(a) Trade values – exports, imports (left-axis) and trade balance (right-axis)



(b) Growth rates – exports and imports



Source: The authors. Based on WTO annual services trade data (accessed November 2022). Forecasts for 2022 onwards are based on EIU annual service trade forecasts for selected Asia-Pacific economies, covering 98.5% of total regional exports and imports.

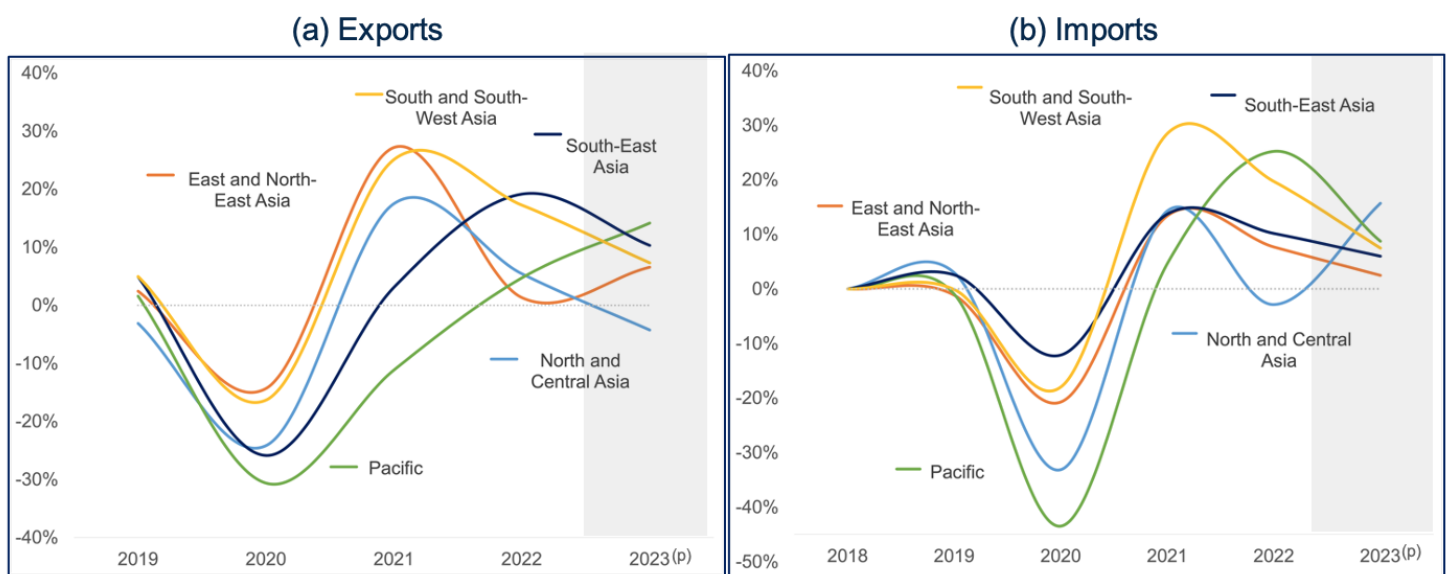
Note: (p) = projections.

Across subregions, South-East Asia is expected to register the strongest export performance following the removal of travelling restrictions and subsequent tourism recovery in most subregional economies. Outstanding performances by Thailand, whose exports are expected to more than double compared to the previous year, Viet Nam, and Indonesia have sustained South-East Asia's strong performance. South and South-West Asia will also be performing positively, with strong growth registered across all its subregional economies, except for Sri Lanka. In addition, North and Central Asia and the Pacific subregions will be posting similar export growth rates. Nevertheless, their overall trajectory significantly differs; while the Pacific subregion is still recovering from its COVID-19 pandemic low, North and Central Asia exports are plummeting after a positive performance in 2021 (figure 6). In East and North-East Asia, growth will stagnate, with Japan, in particular, expected to see a significant export contraction. China is expected to lead the rest of the subregion with the growth in business, transport, and manufacturing services.



Import-wise, the Pacific subregion is projected to post the strongest performance of all. Australia’s and New Zealand’s border re-opening increased these countries’ services imports by 28.5% and 15.9%, respectively. Moreover, North and Central Asia will be the only subregion experiencing an import contraction. This can mostly be attributed to the import contraction expected in the Russian Federation. Last, import growth in the remaining subregions will largely follow the above-discussed exporting patterns.

Figure 6. Subregional nominal services trade in Asia-Pacific, 2019/2023



Source: The authors. Based on WTO annual services trade data (accessed November 2022). Forecasts are based on EIU annual service trade forecasts for selected Asia-Pacific economies, covering 98.5% of total regional exports and imports.

Note: (p) = projections.

In 2023, regional growth is expected to be slower than this year, with nominal exports and imports to grow 7.5% and 5.0%, respectively (table 2). This growth is expected to be sustained by further easing of travel restrictions in the region and demand for transport and business services following a modest pick-up in global merchandise trade. However, uncertainties surrounding global merchandise trade’s short-term performance, as well as potential COVID-19 complications and restrictions – especially in China, the largest importer of travel services – remain the chief downside risks to commercial services trade in the near future.





Table 2. Commercial services exports and imports growth  
for selected Asia-Pacific economies, 2021/2023

	Exports		Imports	
	2022	2023(p)	2022	2023(p)
Australia	2.4	11.5	28.5	10.9
Azerbaijan	3.0	5.0	1.1	2.2
Bangladesh	9.5	10.0	11.0	9.5
China	9.9	7.8	15.4	0.1
Hong Kong, China	2.3	11.6	4.0	16.6
Indonesia	22.8	23.8	16.2	11.3
India	21.5	8.4	23.0	6.6
Iran (Islamic Rep. of)	15.0	10.0	20.7	10.1
Japan	-18.6	5.9	-2.6	-0.7
Kazakhstan	11.0	6.5	12.4	13.5
Republic of Korea	0.1	-0.4	-0.6	9.8
Sri Lanka	-19.1	51.2	-6.0	5.5
Malaysia	20.5	6.6	9.8	4.8
New Zealand	15.6	25.5	15.9	1.8
Pakistan	6.2	0.6	22.2	7.7
Philippines	13.9	6.6	22.8	6.4
Russian Federation	5.0	-6.0	-4.7	17.1
Singapore	7.4	3.9	10.9	6.2
Thailand	133.5	36.4	3.4	3.9
Turkiye	3.2	0.3	2.7	12.5
Viet Nam	23.7	39.1	3.7	3.5
<b>Asia-Pacific</b>	<b>8.7</b>	<b>7.5</b>	<b>9.8</b>	<b>5.0</b>
<b>Asia-Pacific excl. Russian Federation</b>	<b>8.9</b>	<b>8.0</b>	<b>10.5</b>	<b>4.5</b>
<b>Asia-Pacific developed</b>	<b>-8.4</b>	<b>5.0</b>	<b>2.0</b>	<b>4.2</b>
<b>Asia-Pacific developing</b>	<b>14.0</b>	<b>8.1</b>	<b>12.3</b>	<b>5.2</b>
<b>Asia-Pacific developing excl. China</b>	<b>15.8</b>	<b>8.2</b>	<b>10.5</b>	<b>8.4</b>
<b>Asia-Pacific developing excl. China and Russian Federation</b>	<b>16.6</b>	<b>9.2</b>	<b>12.2</b>	<b>7.5</b>

Source: The authors. Nominal export growth forecasts based on EIU Data accessed November 2022. Notes: (p) = projections.



## References

IMF (2022). World Economic Outlook Update Gloomy and More Uncertain. International Monetary Fund, July. Available at <https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>

ISL (2022). RWI/ISL Container Throughput Index: Container Throughout Stagnates. Institute of Shipping Economics and Logistics, 31 August. Available at <https://www.isl.org/index.php/en/containerindex/july-2022>

WTO (2022). Services Trade Barometer. World Trade Organization, 23 June. Available at [https://www.wto.org/english/news\\_e/news22\\_e/wtoi\\_23jun22\\_e.pdf](https://www.wto.org/english/news_e/news22_e/wtoi_23jun22_e.pdf)

United Nations World Tourism Organization (2022). Tourism Recovery Tracker. Available at <https://www.unwto.org/tourism-data/unwto-tourism-recovery-tracker>



The Asia-Pacific Trade and Investment Trends (APTITs) are prepared by the Trade, Investment and Innovation Division, United Nations Economic and Social Commission for Asia and the Pacific. They provide annual updates and forecasts of trends and developments in: (a) trade in goods and services; (b) foreign direct investment; (c) regional trade integration initiatives; as means of implementation of Sustainable Development Goals. It is freely available on the ESCAP website: <https://www.unescap.org/knowledge-products-series/APTIT>.