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Global Uncertainty May Moderate Trade Growth: Moving forward as Developed Economies Slow

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International Trade Rebounds Sharply in Early Phases of Global Economy Recovery

Global Uncertainty May Moderate Trade Growth Moving Forward as Developed Economies Slow

Global Economic Overview

The global economic rebound in the first half of 2010 led to a significant recovery in international trade. U.S. GDP advanced 3.7 percent in the first quarter 2010 before slowing in the second quarter, to 1.6 percent. The slowdown in the second quarter was largely a result of strong imports that replenished inventories but did not help domestic production. The slowdown in U.S. economic growth in the second half of 2010 is likely to soften the demand for imports. Similarly, global economic growth was around 5 percent in the first quarter before sovereign debt worries came to the fore in May. Concerns about the long-term fiscal stability of Greece and other Eurozone economies have dampened confidence in the global recovery. Nonetheless, projections by the International Monetary Fund remain fairly unchanged as they see little evidence of negative spillovers to real activity at a global level. Similarly, IHS Global Insight has only trimmed its forecast of World GDP growth from 3.8 percent to 3.7 percent in 2010. While growth in the U.S. and Japan is decelerating and Eurozone growth is modest at best, the global economy is being led by developing economies such as China, India and Brazil. Growth in China is projected to increase by 10.2 percent in 2010, followed by 8.2 percent GDP growth in India, and 6.8 percent growth in Brazil. U.S exports should continue to improve thanks to sustained economic growth in the developing economies.



Exhibit 1

U.S. Trade Rebounds Sharply in First Half 2010
Total Value of Exports Plus Imports
Billions of U.S. Dollars
January – June

Rank	District	2008	2009	2010	% Change	
					- 09/08 -	- 10/09 -
	- All Districts -	1715.7	1213.5	1516.7	-29.3	25.0
1	Los Angeles, CA	212.1	155.8	192.9	-26.5	23.8
2	New York, NY	192.8	135.0	168.8	-30.0	25.0
3	Detroit, MI	122.4	75.7	107.5	-38.1	41.9
4	Houston/Galveston, TX	118.2	75.2	99.9	-36.4	32.8
5	Laredo, TX	86.5	65.9	88.7	-23.8	34.6
6	New Orleans, LA	101.1	66.7	84.4	-34.0	26.5
7	Seattle, WA	81.0	56.7	65.3	-30.0	15.1
8	Chicago, IL	65.1	51.5	64.3	-20.9	24.9
9	San Francisco, CA	58.9	39.8	50.6	-32.5	27.1
10	Savannah, GA	49.9	40.5	48.8	-18.8	20.3

*Source: U.S. Bureau of the Census

Exhibit 2

The value of U.S. international trade (imports plus exports) expanded 25 percent in the first half of 2010, compared to the same period in 2009. The total value of trade exceeded \$1.5 trillion, making up a significant amount of the declines that resulted from the global recession and financial collapse. Trade advanced by nearly 21 percent in the first quarter and 29 percent in the second quarter. Nevertheless, the value of trade still remains 12 percent below the 2008 6-month peak.

*The New York Customs District for these purposes includes the seaports and airports in the metropolitan region and the Port of Albany. On the Census Bureau's USA Trade Online, the source of data for this report, the district of New York includes not just district 10, but also 46 and 47. The ports from 46 and 47 that are not listed are rolled up into the largest port in that district for disclosure purposes. For example, all of district 47 has been rolled into the port 4701, John F Kennedy Airport.

U.S. Customs Districts – Total Imports from World
Billions of U.S. Dollars
January – June

District	2008	2009	2010	% Share			% Change
				2008	2009	2010	- 10/09 -
- All Districts -	1054.9	715.2	905.5	100	100	100	26.6
Los Angeles, CA	156.4	115.9	141.7	14.8	16.2	15.7	22.2
New York, NY	117.6	82.1	102.9	11.2	11.5	11.4	25.4
Houston/Galveston, TX	73.1	40.4	55.5	6.9	5.7	6.1	37.2
New Orleans, LA	67.7	40.2	53.3	6.4	5.6	5.9	32.7
Detroit, MI	60.4	35.1	51.3	5.7	4.9	5.7	46.1
Laredo, TX	48.4	35.6	50.1	4.6	5.0	5.5	40.7
Chicago, IL	46.8	35.8	47.0	4.4	5.0	5.2	31.3
Seattle, WA	42.4	30.6	36.5	4.0	4.3	4.0	19.2
Savannah, GA	31.1	24.2	29.8	3.0	3.4	3.3	23.3
San Francisco, CA	36.3	22.9	28.3	3.4	3.2	3.1	23.6

*Source: U.S. Bureau of the Census

Exhibit 3

U.S. Customs Districts – Total Exports to World
Billions of U.S. Dollars
January – June

District	2008	2009	2010	% Share			% Change
				2008	2009	2010	- 10/09 -
- All Districts -	660.8	498.2	611.3	100	100	100	22.7
New York, NY	75.1	53.0	65.9	11.4	10.6	10.8	24.4
Detroit, MI	62.0	40.7	56.2	9.4	8.2	9.2	38.3
Los Angeles, CA	55.7	39.9	51.2	8.4	8.0	8.4	28.4
Houston/Galveston, TX	45.1	34.8	44.4	6.8	7.0	7.3	27.7
Laredo, TX	38.1	30.4	38.7	5.8	6.1	6.3	27.4
New Orleans, LA	33.4	26.5	31.1	5.1	5.3	5.1	17.2
Seattle, WA	38.6	26.1	28.8	5.9	5.2	4.7	10.3
Miami, FL	26.1	23.8	27.8	4.0	4.8	4.6	16.7
San Francisco, CA	22.7	16.9	22.3	3.4	3.4	3.6	31.7
Buffalo, NY	22.5	16.8	19.6	3.4	3.4	3.2	16.4

*Source: U.S. Bureau of the Census

Exhibit 4

Trade through the New York Customs District increased by 25 percent to nearly \$169 billion. New York's imports led the gains in trade, increasing 25.4 percent to \$102.9 billion. Exports increased 24.4 percent, to \$66 billion.

New York's Vessel Imports Ranked by Leading Trading Partners
Billions of U.S. Dollars
January – June

Rank	Country	2008	2009	2010	% Share			% Change
					2008	2009	2010	- 10/09 -
	-- World --	68.1	49.7	60.6	100	100	100	22.0
1	China	10.4	10.0	11.5	15.3	20.1	18.9	15.0
2	Japan	5.7	2.6	4.5	8.3	5.2	7.5	75.9
3	Germany	5.3	3.7	3.9	7.8	7.4	6.4	5.3
4	India	2.7	2.3	3.6	3.9	4.6	6.0	59.0
5	Italy	4.0	2.7	2.9	5.9	5.4	4.7	5.4
6	France	2.9	1.8	2.4	4.2	3.7	4.0	32.4
7	United Kingdom	3.5	1.9	2.4	5.1	3.9	4.0	26.3
8	Israel	1.0	1.9	2.1	1.5	3.8	3.5	11.5
9	Canada	2.4	1.1	2.0	3.6	2.2	3.4	85.9
10	Netherlands	1.9	1.1	1.5	2.8	2.2	2.5	38.2

**Source: U.S. Bureau of the Census*

Exhibit 5

New York's ocean vessel imports increased by 22 percent, to \$60.6 billion. While China remains the leading source of New York's imports, the rate of growth was only 15 percent. In contrast, imports from Japan grew quite rapidly, increasing 75.9 percent, to \$4.5 billion. The gains were primarily the results of a doubling of automobile imports. Vessel imports from India grew by 59 percent to \$3.6 billion. Much of the gain resulted from the import of refined petroleum products.

New York's Air Imports Ranked by Leading Trading Partners
Billions of U.S. Dollars
January – June

Rank	Country	2008	2009	2010	% Share			% Change
					2008	2009	2010	- 10/09 -
	-- World --	48.2	31.5	41.5	100	100	100	32.0
1	Israel	6.6	3.4	5.5	13.6	10.9	13.2	60.4
2	China	4.6	3.8	5.2	9.6	12.0	12.4	37.2
3	Switzerland	2.9	2.5	3.0	6.1	8.0	7.2	20.0
4	India	2.5	1.7	2.6	5.2	5.6	6.2	47.8
5	Japan	2.4	1.7	2.2	5.0	5.3	5.4	34.1
6	Italy	2.8	1.9	2.2	5.7	6.2	5.2	11.4
7	France	2.3	1.6	2.2	4.8	5.2	5.2	31.8
8	Germany	3.1	1.8	2.1	6.4	5.7	5.1	18.8
9	United Kingdom	3.7	2.2	2.1	7.7	7.1	5.1	-5.0
10	Belgium	2.1	1.1	1.7	4.4	3.5	4.2	58.7

**Source: U.S. Bureau of the Census*

Exhibit 6

New York's air cargo imports registered a 32 percent increase in the first six months of 2010, to \$41.5 billion. Israel, the leading source of air cargo imports grew by 60.4 percent, to \$5.5 billion. Air imports from China advanced 37.2 percent, to \$5.2 billion.

New York's Vessel Exports Ranked by Leading Trading Partners
Billions of U.S. Dollars
January – June

Rank	Country	2008	2009	2010	% Share			% Change
					2008	2009	2010	- 10/09 -
	-- World --	25.2	18.3	22.5	100	100	100	23.2
1	China	1.9	1.6	2.0	7.6	8.6	9.1	29.4
2	United Kingdom	1.5	1.2	1.7	6.0	6.8	7.5	36.5
3	Germany	1.6	1.1	1.4	6.5	6.1	6.3	26.7
4	Netherlands	1.4	1.1	1.3	5.7	5.9	5.9	22.7
5	Belgium	1.1	0.7	0.9	4.5	3.6	3.8	31.7
6	Brazil	0.8	0.6	0.8	3.1	3.2	3.7	46.1
7	Korea, South	0.8	0.6	0.8	3.1	3.4	3.5	28.0
8	India	0.7	0.8	0.8	2.7	4.1	3.4	1.9
9	Italy	0.7	0.5	0.7	2.7	3.0	2.9	19.9
10	Turkey	0.6	0.4	0.6	2.4	2.1	2.6	47.9

**Source: U.S. Bureau of the Census*

Exhibit 7

New York's ocean vessel exports reached \$22.5 billion in the first half of 2010, a 23.2 percent increase. Above average gains were registered with China, the United Kingdom, and Germany—New York's leading markets for exports transported by ocean vessels.

New York's Air Exports Ranked by Leading Trading Partners
Billions of U.S. Dollars
January – June

Rank	Country	2008	2009	2010	% Share			% Change
					2008	2009	2010	- 10/09 -
	-- World --	48.8	33.7	42.5	100	100	100	26.2
1	United Kingdom	6.3	4.5	4.7	12.8	13.4	11.1	4.6
2	Israel	4.4	2.5	3.2	9.1	7.3	7.6	31.4
3	Switzerland	6.2	3.1	3.1	12.7	9.1	7.3	1.6
4	Germany	3.0	2.3	2.9	6.2	6.8	6.7	25.6
5	India	1.7	1.4	2.7	3.5	4.1	6.4	97.1
6	Hong Kong	2.6	1.7	2.6	5.4	5.1	6.1	49.9
7	Japan	3.3	1.6	2.3	6.8	4.8	5.5	45.6
8	France	2.5	2.4	2.3	5.1	7.0	5.5	-1.2
9	Belgium	2.3	1.3	1.9	4.8	3.8	4.5	50.6
10	China	1.3	1.1	1.7	2.7	3.4	4.1	50.2

**Source: U.S. Bureau of the Census*

Exhibit 8

New York's air cargo exports increased 26.2 percent to \$42.5 billion. Air cargo exports to the United Kingdom, New York's largest market, grew by only 4.6 percent during this period. In contrast, air exports to India increased by 97.1 percent, to Hong Kong by 49.9 percent and to Israel by 31.4 percent.

Credits

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Eugene Spruck is a Weissman Center Fellow and an alumnus of the Zicklin School of Business at Baruch College. He served as the Chief Economist of the Port Authority of New York and New Jersey for more than a decade, retiring in 2008 after a 32 year career with the agency. He currently consults on economic issues focusing on cost benefit analysis, economic impact studies, and international trade.

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