

# ASIA-PACIFIC TRADE AND INVESTMENT TRENDS 2021/2022

*Trade in Commercial Services Outlook in Asia  
and the 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). Nikita Shahu, Arushi Vaishnav, and Ching Fung Chow provided research assistance. The Brief was developed under the supervision of Rupa Chanda, Director, TIID, and Yann Duval, Chief, TPFS, TIID. The cover design and editorial layout were prepared by Atinun Kaewkanok, communications consultant, TIID. The Brief was copy-edited by Robert Oliver. Nucharat Tuntiwigit provided secretariat support.

# Contents

---

Highlights .....	1
1. Trade performance in 2021 .....	2
2. Outlook .....	6
2.1. Short-term outlook .....	6
2.2. Longer-term outlook .....	12
References .....	15
Supplementary note .....	20
A. Structure and patterns of trade in Asia and the Pacific (2020) .....	20
B. Services trade restrictiveness in Asia-Pacific (2020) .....	22

## Highlights

---

- Trade in commercial services is set for a fragile recovery in 2021, after a considerable fall in 2020: Global exports and imports values are forecast to increase by just 2.7% and 1.2%, respectively, in 2021, compared to 9.6% and 0.9%, respectively, in Asia and the Pacific. The stronger export growth of Asia and the Pacific will boost the region's prominence in global services exports from 23.8% in 2020 to 25.4% in 2021, while its import share will decline slightly from 30.2% to 30.1%.
- Unlike merchandise trade, global and regional services trade remain well below pre-pandemic levels; global services trade in 2021 is estimated to be 18.0% (US\$ 180 billion), lower than before the pandemic (2019), while the region has seen a 19.6% (US\$55 billion) loss.
- As the outbreak of new COVID-19 sub-variants continued, travel services were hit the hardest. In the first quarter of 2021, global travel trade was 60% down compared with 2019, despite recovering from its lowest point in 2020 (Q2). This is especially relevant for countries in South-East and East Asia, whose economic recovery was interrupted by new lockdown restrictions.
- In contrast, non-travel services have tended to be on a recovery track. Transport and other business services have followed the recovery in global and regional goods trade, having experienced sustained growth after the initial slump in Q2 2020. A positive outlook for merchandise trade growth promises to keep boosting transport services trade. Accelerated by the pandemic, digitalization has boosted demand for ICT and financial services. Both sectors have enjoyed positive performances, globally and regionally.
- Going into 2022, global and regional services trade are expected to continue recovering slowly and heterogeneously across sectors. While transport, other business services and ICT are anticipated to flourish, travel services will experience a weak recovery as border crossing remains more difficult than in pre-pandemic times. The possibility of new lockdowns and border restrictions, slower than expected vaccination rollouts in 2022 and maritime shipping disruptions remain important downside risks in the shorter-term.
- Beyond 2022, the acceleration of digitalization is expected to be one of the pandemic's most enduring legacies. Indeed, as digitalization of the regional and global economies intensify, it can be expected to redefine the nature of services trade in the medium to longer-term.

# 1. Trade performance in 2021

---

## Fragile and uneven recovery

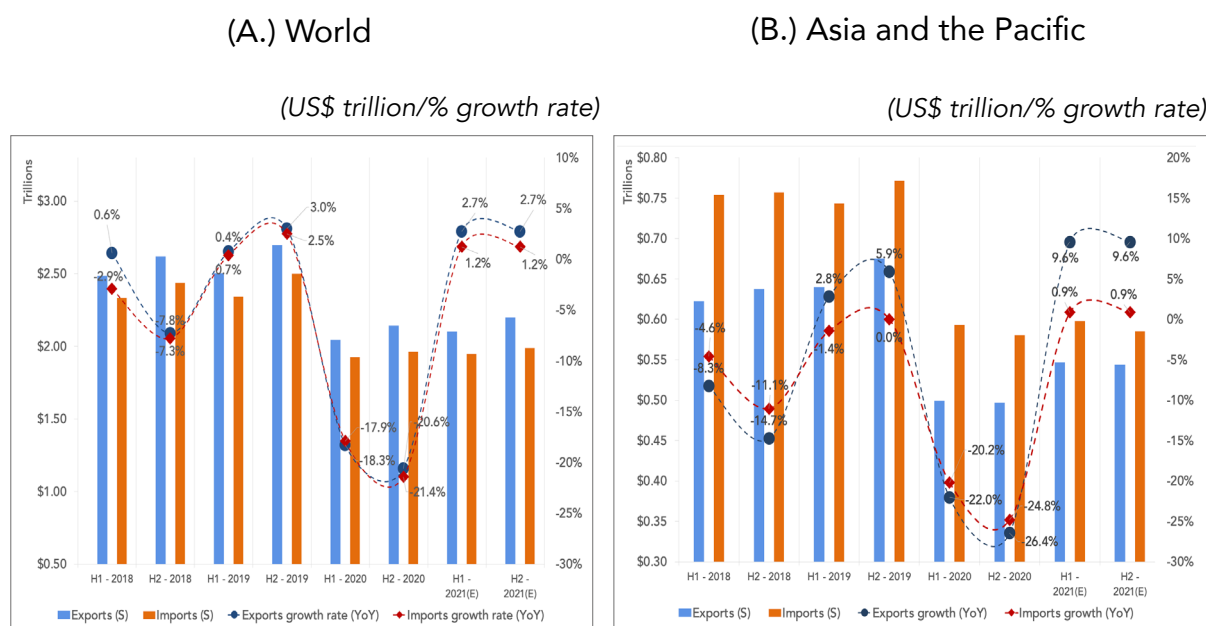
Trade in commercial services is set for a fragile recovery in 2021 after a considerable decline in 2020. Indeed, global export and import values are forecast to increase by just 2.7% and 1.2%, respectively, in 2021, after declining 19.5% and 19.7% in 2020. (figure 1A) In Asia and the Pacific, exports will pick up quite strongly, rebounding by 9.6% from the very low base in the previous year. Import-wise, the regional recovery remains weak with import growth of a mere 0.9%, despite the previous year's 24.3% and 22.6% contraction in exports and imports, respectively (figure 1B). Overall, the positive export performance of Asia and the Pacific is expected to boost the region's prominence in global services exports from 23.8% in 2020 to 25.4% in 2021, while its import share will decline slightly from 30.2% to 30.1%.

Owing to COVID-19 sub-variant outbreaks that have weakened trade performance during the second half of 2021, the region may see its actual trade growth to be lower than the above prediction. According to the latest WTO (2021a) services trade barometer, services trade growth will continue to recuperate throughout the second half of the year, but at a slower pace than initially anticipated. This is especially relevant for countries in East and South-East Asia, whose economic recovery was interrupted by new lockdown restrictions affecting important export sectors such as travel and tourism.

As a result, unlike merchandise trade, global and regional services trade are expected to remain well below pre-pandemic levels; global services trade in 2021 is estimated to be 18.0% (US\$ 180 billion) lower than in 2019, while the region has seen a 19.6% (US\$55 billion) loss.

The resurgence of COVID-19 outbreaks, uneven inoculation, and the limited fiscal capacity of developing economies to continue providing economic stimulus have impacted services trade performance unevenly across sectors and economies.

Figure 1. Global and Asia-Pacific commercial services trade performance, 2018-2021



Source: ESCAP calculation, based on WTO and OECD data (accessed October 2021).

Note: 'H1-2021 (E)' exports and imports growth rates are estimated based on existing quarterly and monthly data from the WTO database, when available, and otherwise from OECD. Q1 and Q2 data cover 53.3% and 44.3% of total Asia-Pacific services trade, respectively. Globally, coverage for Q1 and Q2 is set at 46.1% and 44.7% of total services trade. 'H2-2021 (E)' year-on-year growth rate is assumed to be the same as 'H1-2021 (E)' and trade values are calculated accordingly. In the label (S) stands for 'Semester' and (YoY) for 'Year-on-Year'.

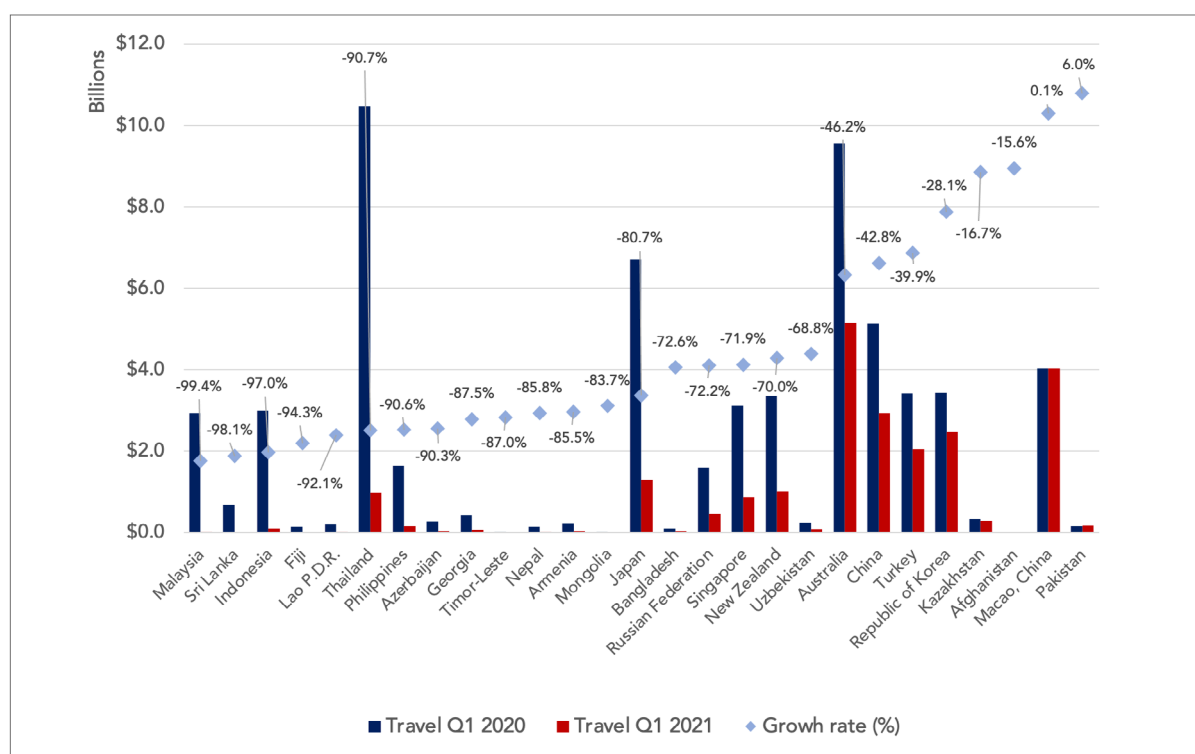
## Travel services up, but depressed

Marked by travel restrictions and border closures, travel services have been hit the hardest during COVID-19.<sup>1</sup> Globally, travel exports and imports were down 63.0% and 60.7% year-on-year, respectively, during the first quarter of 2021. In Asia and the Pacific, travel services exports and imports declined by 63.8% and 59.5%, respectively, during the same period, despite rising by more than 30% from its lowest point in 2020 (Q2). This decline has hit some countries particularly hard; Azerbaijan, Fiji, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Sri Lanka and Thailand lost more than 90% of their travel exports year-on-year, while Armenia, Georgia, Japan, Mongolia, Nepal and Timor-Leste lost more than 80% (figure 2). According to UNCTAD (2021a), during the first five of months of 2021, the region registered the largest declines in international arrivals globally, while the sector has been losing steam since its temporary high in Q3 of 2020.

<sup>1</sup> The World Tourism Organization estimates international tourism's overall negative impact on global GDP to be more than US\$4 trillion during 2020 and 2021 (UNWTO, 2021a).

For the second half of 2021, the region is expected to continue registering the largest drop in international arrivals globally. This is due to the fact that most of its destinations remain effectively closed to non-essential travel – a situation further complicated by the Delta-variant outbreaks that have forced countries to impose new restrictions –, while demand for international travel remains weak. Despite recent efforts to launch tourism ahead of the holiday season, the reopening of international travel are still sluggish and selective.<sup>2</sup> Hence, overall trends in the travel sector remain depressed despite some year-end upbeat results.

Figure 2. Travel services exports Q1-2020 v Q1-2021 – selected economies



Source: Authors, based on WTO data (accessed October, 2021).

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_218](https://www.yunbaogao.cn/report/index/report?reportId=5_218)

