



# 6.1 | Integration with the global economy

	Trade in goods				Change in trade  % of GDP 1990–2000	Growth in real trade less growth in real GDP  percentage points 1990–2001	Gross private capital flows		Gross foreign direct investment	
	% of GDP		% of goods GDP				% of GDP		% of GDP	
	1990	2001	1990	2001			1990	2001	1990	2001
Afghanistan	..	..	..	..	..	..	..	..	..	..
Albania	29.0	39.4	34.5	53.5	..	6.8	18.0	11.5	0.0	5.0
Algeria	36.6	54.4	55.0	81.5	-24.6	-0.7	2.6	..	0.0	..
Angola	53.5	106.1	91.0	141.9	..	..	10.1	20.4	3.3	9.9
Argentina	11.6	17.5	27.0	50.0	155.5	6.4	8.2	18.4	1.3	2.2
Armenia	..	57.1	..	86.9	..	-11.5	..	10.7	..	3.3
Australia	26.3	34.5	68.9	97.5	75.7	3.7	9.3	19.5	3.7	4.8
Austria	55.9	76.8	140.5	203.8	58.5	4.0	9.8	36.6	1.5	5.0
Azerbaijan	..	71.4	..	107.2	..	7.4	..	32.1	..	25.3
Bangladesh	17.6	32.0	..	..	130.6	6.0	0.9	2.2	0.0	0.2
Belarus	..	127.4	..	232.1	..	-4.3	..	4.9	..	0.8
Belgium	120.4	161.3	321.7	491.7	46.1	2.4	18.5	49.4	6.7	9.6
Benin	30.0	43.5	60.8	75.1	-44.2	-1.7	10.7	14.6	3.7	0.0
Bolivia	33.1	37.8	..	..	47.1	1.0	3.1	15.0	0.7	8.3
Bosnia and Herzegovina	..	81.6	..	235.9	..	-2.6	..	..	..	..
Botswana	98.4	91.6	..	..	-24.2	-0.5	9.0	6.9	4.4	1.4
Brazil	11.6	23.2	..	..	71.9	5.4	1.9	10.9	0.4	5.1
Bulgaria	48.9	91.1	70.8	186.7	..	5.4	39.2	16.6	0.0	5.2
Burkina Faso	24.9	33.4	44.4	55.3	-24.4	-3.5	1.1	..	0.0	..
Burundi	27.0	26.0	35.1	38.6	26.8	7.2	3.7	6.5	0.1	1.7
Cambodia	22.4	91.7	33.6	..	..	10.1	3.2	6.2	1.7	3.3
Cameroon	30.5	42.4	..	..	56.4	2.4	15.5	..	1.1	..
Canada	43.7	70.1	114.5	..	96.9	4.3	8.1	21.5	2.7	9.6
Central African Republic	18.4	27.0	26.4	37.3	..	..	2.2	..	0.5	..
Chad	27.2	49.8	54.9	92.6	-29.4	-1.9	5.6	..	0.0	..
Chile	53.1	52.2	100.5	105.1	65.5	3.3	15.0	24.1	2.2	9.2
China	32.5	44.0	47.4	66.3	..	6.2	2.5	10.4	1.2	4.9
Hong Kong, China	223.5	242.8	784.6	1,268.8	209.7	4.0	..	97.0	..	28.8
Colombia	30.7	30.4	..	..	80.7	3.7	3.1	14.1	1.3	2.9
Congo, Dem. Rep.	43.5	34.2	74.5	45.6	60.6	5.5	..	..	..	..
Congo, Rep.	57.2	109.8	107.0	152.4	-9.1	2.0	6.6	..	0.0	..
Costa Rica	60.2	71.9	..	..	69.0	4.1	7.0	8.5	2.9	4.2
Côte d'Ivoire	47.9	60.3	86.0	131.3	25.2	-0.8	3.5	9.1	0.4	2.5
Croatia	89.3	62.7	165.6	121.6	..	4.2	..	32.1	..	8.2
Cuba	..	..	..	..	..	..	..	..	..	..
Czech Republic	83.6	123.1	..	..	..	9.2	..	21.8	..	8.8
Denmark	52.6	60.2	144.1	167.2	56.9	2.8	15.1	26.2	2.0	10.4
Dominican Republic	73.2	66.6	163.2	..	52.5	-0.4	5.0	10.5	1.9	5.7
Ecuador	42.8	54.5	..	..	3.1	0.7	10.7	21.9	1.2	7.4
Egypt, Arab Rep.	36.8	17.1	72.9	32.3	-40.5	-1.2	6.8	6.7	1.7	0.5
El Salvador	38.4	57.4	88.5	146.7	48.5	7.4	2.0	14.7	0.8	2.0
Eritrea	65.0	72.6	117.2	167.6	..	-0.2	..	..	..	..
Estonia	..	137.7	..	320.7	..	11.0	3.7	29.8	2.0	15.4
Ethiopia	20.2	23.4	31.3	..	..	2.6	2.0	3.2	0.0	..
Finland	39.2	62.0	86.5	145.6	57.5	5.2	17.4	62.4	3.6	14.6
France	37.1	49.4	101.6	148.9	63.3	4.2	20.6	26.2	3.9	10.4
Gabon	52.5	82.3	97.7	..	2.8	-1.8	18.0	24.5	8.4	14.5
Gambia, The	69.1	53.5	134.4	107.7	-34.7	-1.8	0.9	..	0.0	..
Georgia	..	32.8	..	69.6	..	16.1	..	4.9	..	4.4
Germany	46.0	57.6	106.2	160.5	40.7	3.7	9.8	30.7	1.8	5.4
Ghana	35.7	89.2	58.0	146.0	-1.3	5.9	2.7	4.7	0.3	2.2
Greece	33.2	29.1	83.5	106.1	102.6	4.3	3.9	18.8	1.2	1.9
Guatemala	36.8	39.4	..	..	-12.9	3.4	2.9	29.7	0.6	12.0
Guinea	49.5	47.7	85.5	74.1	..	-1.2	3.9	3.2	0.6	0.1
Guinea-Bissau	43.0	60.3	53.3	72.9	-28.9	3.3	23.0	..	0.0	..
Haiti	17.2	34.5	..	..	168.1	8.1	1.1	..	0.3	..

	Trade in goods				Change in trade  % of GDP 1990–2000	Growth in real trade less growth in real GDP  percentage points 1990–2001	Gross private capital flows		Gross foreign direct investment	
	% of GDP		% of goods GDP				% of GDP		% of GDP	
	1990	2001	1990	2001			1990	2001	1990	2001
Honduras	57.9	66.3	106.4	127.1	-21.6	-0.4	7.2	5.9	1.4	3.1
Hungary	61.5	123.6	102.4	..	81.8	8.5	4.6	23.0	0.0	5.8
India	13.1	19.5	..	..	65.1	5.6	0.8	3.1	0.0	0.6
Indonesia	41.5	60.1	64.4	95.5	-16.6	1.2	4.1	6.5	1.0	3.2
Iran, Islamic Rep.	32.9	37.5	61.8	72.4	-63.3	-8.7	2.6	2.4	0.0	0.0
Iraq	41.2	..	..	..	..	..	..	..	..	..
Ireland	93.9	129.3	186.7	265.1	129.5	7.0	22.2	272.5	2.2	27.0
Israel	55.0	59.2	..	..	25.1	4.4	6.5	16.1	0.7	4.0
Italy	32.0	43.5	83.3	123.9	68.5	3.8	10.6	16.9	1.3	3.6
Jamaica	67.2	58.5	162.2	150.5	41.9	-0.6	8.4	25.1	3.0	9.0
Japan	17.1	18.2	44.4	61.7	39.4	2.7	5.4	12.3	1.7	1.1
Jordan	91.1	80.8	205.2	224.2	-7.9	-2.8	6.3	8.0	1.7	1.2
Kazakhstan	..	67.0	..	135.5	..	-3.1	..	25.7	..	12.4
Kenya	38.1	42.4	68.5	92.8	-9.1	2.2	3.6	5.4	0.7	0.0
Korea, Dem. Rep.	..	..	..	..	..	..	..	..	..	..
Korea, Rep.	53.4	69.1	102.7	152.6	121.6	7.1	5.6	11.4	0.7	1.5
Kuwait	59.8	72.8	112.9	..	..	..	19.3	39.9	1.3	1.1
Kyrgyz Republic	..	61.6	..	91.2	..	-2.1	..	11.1	..	3.5
Lao PDR	30.5	50.4	40.2	..	..	..	3.7	1.4	0.7	1.4
Latvia	..	72.9	..	185.6	..	2.5	1.7	23.8	0.5	7.2
Lebanon	106.5	48.8	..	..	..	-3.1	..	..	..	..
Lesotho	118.0	120.9	..	..	-13.5	-1.6	9.4	17.9	2.7	14.7
Liberia	143.1	173.1	..	..	..	..	..	..	..	..
Libya	64.2	62.0	..	..	..	..	7.3	2.2	0.9	1.2
Lithuania	..	90.6	..	191.8	..	8.9	..	13.5	..	3.8
Macedonia, FYR	103.8	81.7	168.9	161.6	..	5.9	..	42.0	..	13.0
Madagascar	31.5	45.7	53.7	81.9	-24.8	2.5	1.8	0.4	0.7	0.2
Malawi	52.7	49.2	70.6	87.6	-32.8	-2.8	3.2	..	0.0	..
Malaysia	133.4	184.0	232.3	..	125.4	3.7	10.3	6.6	5.3	5.7
Mali	39.7	52.8	63.4	75.3	121.4	1.2	2.0	..	0.2	..
Mauritania	84.1	61.1	134.0	103.4	-25.5	-1.8	48.8	..	0.7	..
Mauritius	118.0	78.1	219.8	174.2	..	0.0	8.0	19.7	1.7	1.1
Mexico	32.1	54.2	76.9	143.8	223.6	9.8	9.2	7.9	1.0	4.6
Moldova	..	99.0	..	175.3	..	12.2	..	18.0	..	10.1
Mongolia	..	67.8	..	143.1	..	..	..	8.4	..	6.0
Morocco	43.3	52.8	86.5	113.0	30.4	3.1	5.5	10.3	0.6	8.5
Mozambique	40.8	49.0	68.9	89.4	..	2.4	0.4	16.9	0.4	13.3
Myanmar	..	..	..	..	17.1	..	..	..	..	..
Namibia	80.7	94.8	166.1	188.8	..	-1.1	13.9	..	4.3	..
Nepal	24.1	39.7	..	..	..	..	3.5	3.2	0.0	0.0
Netherlands	87.6	114.9	230.9	354.0	57.8	3.8	29.8	105.5	8.3	26.0
New Zealand	43.3	53.7	121.0	..	69.3	2.6	17.8	15.0	11.5	8.5
Nicaragua	95.9	..	183.0	..	60.2	6.4	9.0	..	0.0	..
Niger	27.0	35.3	49.9	59.3	-46.9	-2.5	2.8	..	1.6	..
Nigeria	67.5	73.2	90.8	94.7	-39.9	2.4	5.9	13.0	2.1	2.9
Norway	53.1	54.3	127.8	119.5	14.8	1.7	11.9	31.4	2.1	3.6
Oman	77.7	80.2	127.4	..	..	..	3.8	2.0	1.4	0.4
Pakistan	32.6	33.8	..	..	-13.1	-1.7	4.2	2.8	0.6	0.7
Panama	35.4	38.1	..	..	..	-1.6	106.6	46.3	2.6	6.0
Papua New Guinea	73.6	97.3	123.9	143.1	-8.1	0.1	5.7	15.4	4.8	2.2
Paraguay	43.9	43.5	82.8	82.7	142.3	-2.4	5.4	5.2	1.5	2.3
Peru	25.5	29.1	..	..	45.9	3.9	3.2	5.1	0.2	2.2
Philippines	47.7	88.9	84.7	..	142.3	3.8	4.4	42.0	1.2	2.7
Poland	43.9	49.0	75.2	111.1	..	9.1	11.0	10.5	0.2	4.5
Portugal	58.3	56.4	140.8	144.4	113.1	3.8	11.4	46.3	3.9	12.9
Puerto Rico	..	..	..	..	32.8	-0.4	..	..	..	..



# 6.1 Integration with the global economy

	Trade in goods				Change in trade % of GDP 1990–2000	Growth in real trade less growth in real GDP percentage points 1990–2001	Gross private capital flows		Gross foreign direct investment	
	% of GDP		% of goods GDP				% of GDP		% of GDP	
	1990	2001	1990	2001			1990	2001	1990	2001
Romania	32.8	69.6	45.2	126.3	..	8.1	2.9	9.1	0.0	3.0
Russian Federation	..	50.6	..	97.7	..	0.5	..	8.1	..	1.6
Rwanda	15.4	19.7	26.9	31.7	63.4	1.5	2.8	0.9	0.3	0.3
Saudi Arabia	65.4	53.3	106.7	..	..	..	9.8	9.3	1.8	0.0
Senegal	34.7	55.8	90.0	124.5	-21.0	-1.1	4.8	8.8	1.3	4.0
Sierra Leone	44.2	25.9	..	..	-71.1	-15.4	11.0	..	5.0	..
Singapore	309.5	277.6	891.3	..	..	..	54.6	60.2	20.7	22.0
Slovak Republic	110.8	133.9	192.1	302.4	..	9.0	..	29.6	..	11.8
Slovenia	102.4	103.1	196.5	209.6	..	0.3	3.4	15.6	0.9	3.8
Somalia	26.7	..	33.2	..	..	..	..	..	..	..
South Africa	37.5 <sup>a</sup>	50.9 <sup>a</sup>	75.2 <sup>a</sup>	..	22.8	3.9	2.2	22.8	0.2	10.9
Spain	28.1	43.4	70.6	119.6	161.7	6.8	11.4	28.3	3.4	8.7
Sri Lanka	57.3	67.5	..	..	40.1	2.6	13.1	13.0	0.5	1.1
Sudan	7.5	25.6	..	43.8	-30.5	..	0.3	5.4	0.0	4.6
Swaziland	138.2	130.9	..	..	37.9	-0.5	10.7	12.9	5.0	3.6
Sweden	46.9	65.7	119.8	190.4	67.0	5.0	34.2	45.2	7.0	9.6
Switzerland	58.4	67.2	..	..	50.6	3.3	15.9	46.0	5.8	8.9
Syrian Arab Republic	53.7	45.1	102.4	78.0	-29.8	0.1	18.0	16.9	0.0	1.5
Tajikistan	..	127.0	..	203.0	..	..	..	..	..	..
Tanzania	31.9	26.1	47.8	41.1	..	0.7	0.2	3.3	0.0	2.1
Thailand	65.7	110.9	132.2	213.9	99.6	2.8	13.5	9.1	3.0	3.5
Togo	52.1	83.6	92.6	138.0	-22.3	-0.8	9.6	17.4	1.1	5.7
Trinidad and Tobago	65.9	93.3	130.7	204.0	43.4	2.0	11.4	..	3.1	..
Tunisia	73.5	80.8	161.6	199.6	9.3	0.2	9.5	6.2	0.6	2.3
Turkey	23.4	48.6	44.5	101.8	..	7.1	4.3	15.1	0.5	2.5
Turkmenistan	..	79.3	..	..	..	3.6	..	..	..	..
Uganda	10.2	36.1	14.7	59.6	..	6.8	1.1	4.2	0.0	2.5
Ukraine	..	85.2	..	143.4	..	4.0	..	11.9	..	2.2
United Arab Emirates	101.8	..	159.6	..	..	..	..	..	..	..
United Kingdom	41.2	42.5	102.6	126.6	57.2	4.1	35.3	69.2	7.4	12.7
United States	15.8	19.0	44.4	68.1	99.1	5.2	5.7	11.7	2.8	3.1
Uruguay	32.7	27.4	85.0	101.6	90.9	3.8	12.7	25.1	0.0	1.7
Uzbekistan	..	53.9	..	71.9	..	-2.8	..	..	..	..
Venezuela, RB	51.1	36.4	90.8	65.0	12.1	3.7	49.9	10.8	1.7	3.1
Vietnam	79.7	93.6	129.7	..	..	23.9	..	7.6	..	4.0
West Bank and Gaza	..	..	..	..	..	2.0	..	..	..	..
Yemen, Rep.	46.9	58.9	90.0	100.7	..	4.1	16.2	8.1	2.7	2.2
Yugoslavia, Fed. Rep.	..	62.1	..	..	..	..	..	..	..	..
Zambia	76.9	50.3	102.3	83.6	-45.1	1.8	64.7	9.3	6.2	3.8
Zimbabwe	40.7	36.5	74.5	98.9	139.6	5.3	1.7	..	0.1	..
<b>World</b>	<b>32.5 w</b>	<b>40.0 w</b>	<b>81.5 w</b>	<b>110.7 w</b>			<b>10.3 w</b>	<b>21.6 w</b>	<b>2.7 w</b>	<b>5.1 w</b>
<b>Low income</b>	27.4	39.8	..	..			3.0	5.1	0.5	1.7
<b>Middle income</b>	35.5	50.8	74.8	93.0			6.8	12.2	1.0	4.3
Lower middle income	37.6	50.3	66.9	80.5			5.0	12.1	0.9	4.3
Upper middle income	33.4	51.3	86.4	118.6			8.6	12.4	1.1	4.3
<b>Low &amp; middle income</b>	33.8	48.9	74.4	93.7			6.0	11.8	0.9	4.2
East Asia & Pacific	47.0	61.0	77.8	69.7			5.0	11.1	1.7	4.6
Europe & Central Asia	..	65.9	..	119.4			..	13.2	..	3.9
Latin America & Carib.	23.3	37.6	66.2	110.4			7.9	12.1	0.9	4.4
Middle East & N. Africa	48.1	45.4	84.2	78.5			6.2	9.7	0.8	1.3
South Asia	16.5	23.4	..	..			1.4	3.2	0.1	0.6
Sub-Saharan Africa	42.3	56.0	77.1	97.5			5.1	17.0	1.0	8.1
<b>High income</b>	32.3	37.9	82.3	112.3			11.1	23.6	3.0	5.3
Europe EMU	44.9	56.3	112.6	141.9			14.1	49.3	2.9	14.8

a. Data refer to the South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland).

## About the data

The growing integration of societies and economies has helped reduce poverty in many countries. Between 1990 and 1999 the number of poor people in developing countries declined by about 125 million. Although global integration is a powerful force in reducing poverty, more needs to be done—2 billion people are in danger of becoming marginal to the world economy. All countries have a stake in helping developing countries integrate with the global economy and gain better access to rich country markets.

One indication of increasing global economic integration is the growing importance of trade in the world economy. Another is the increased size and importance of private capital flows to developing countries that have liberalized their financial markets. This table presents standardized measures of the size of trade and capital flows relative to gross domestic product (GDP). The numerators are based on gross flows that capture the two-way flow of goods and capital. In conventional balance of payments accounting exports are recorded as a credit and imports as a debit. And in the financial account inward investment is a credit and outward investment a debit. Thus net flows, the sum of credits and debits, represent a balance in which many transactions are canceled out. Gross flows are a better measure of integration because they show the total value of financial transactions during a given period.

Trade in goods (exports and imports) is shown relative to both total GDP and goods GDP (GDP less services such as storage, transport, communications, retail trade, business services, public administration, restaurants and hotels, and social, community, and personal services). As a result of the growing share of services in GDP, trade as a share of total GDP appears to be declining for some

economies. Comparing merchandise trade with GDP after deducting value added in services thus provides a better measure of its relative size than does comparing it with total GDP, although this neglects the growing service component of most goods output.

Trade in services (such as transport, travel, finance, insurance, royalties, construction, communications, and cultural services) is an increasingly important element of global integration. The difference between the growth of real trade in goods and services and the growth of GDP helps to identify economies that have integrated with the global economy by liberalizing trade, lowering barriers to foreign investment, and harnessing their abundant labor to gain a competitive advantage in labor-intensive manufactures and services.

The change in trade gives an indication of the effectiveness of trade policy. This indicator measures the effect of trade on growth using the decade-over-decade change in a country's trade as a share of its GDP.

The indicators on capital flows—gross private capital flows and gross foreign direct investment—are calculated from detailed accounts, since higher-level aggregates would result in smaller totals by netting out credits and debits. The comparability of the data between countries and over time is affected by the accuracy and completeness of balance of payments records and by their level of detail.

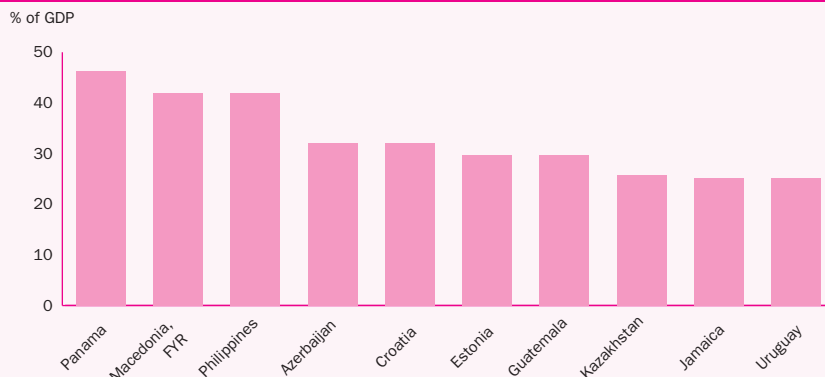
Trade and capital flows are converted to U.S. dollars at the International Monetary Fund's average official exchange rate for the year shown. An alternative conversion factor is applied if the official exchange rate diverges by an exceptionally large margin from the rate effectively applied to transactions in foreign currencies and traded products.

## Definitions

- **Trade in goods as a share of GDP** is the sum of merchandise exports and imports divided by the value of GDP, all in current U.S. dollars.
- **Trade in goods as a share of goods GDP** is the sum of merchandise exports and imports divided by the value of GDP after subtracting value added in services, all in current U.S. dollars.
- **Change in trade as a share of GDP** is the decade-over-decade change in trade as a share of GDP.
- **Growth in real trade less growth in real GDP** is the difference between annual growth in trade of goods and services and annual growth in GDP. Growth rates are calculated using constant price series taken from national accounts and are expressed as a percentage.
- **Gross private capital flows** are the sum of the absolute values of direct, portfolio, and other investment inflows and outflows recorded in the balance of payments financial account, excluding changes in the assets and liabilities of monetary authorities and general government. The indicator is calculated as a ratio to GDP in U.S. dollars.
- **Gross foreign direct investment** is the sum of the absolute values of inflows and outflows of foreign direct investment recorded in the balance of payments financial account. It includes equity capital, reinvestment of earnings, other long-term capital, and short-term capital. This indicator differs from the standard measure of foreign direct investment, which captures only inward investment (see table 6.7). The indicator is calculated as a ratio to GDP in U.S. dollars.

## 6.1a

### Top 10 low- and middle-income recipients of gross private capital flows in 2001



Private capital flows to low- and middle-income economies continued to grow in 2001, with Latin America and the Caribbean and Europe Central Asia capturing the largest shares.

Source: International Monetary Fund's Balance of Payments database.

## Data sources

The data on merchandise trade are from the World Trade Organization. The data on GDP come from the World Bank's national accounts files, converted from national currencies to U.S. dollars using the official exchange rate, supplemented by an alternative conversion factor if the official exchange rate is judged to diverge by an exceptionally large margin from the rate effectively applied to transactions in foreign currencies and traded products. The data on real trade and GDP growth come from the World Bank's national accounts files. Gross private capital flows and foreign direct investment were calculated using the International Monetary Fund's Balance of Payments database.