

The changing structure of the international economy

Mark Thirlwell

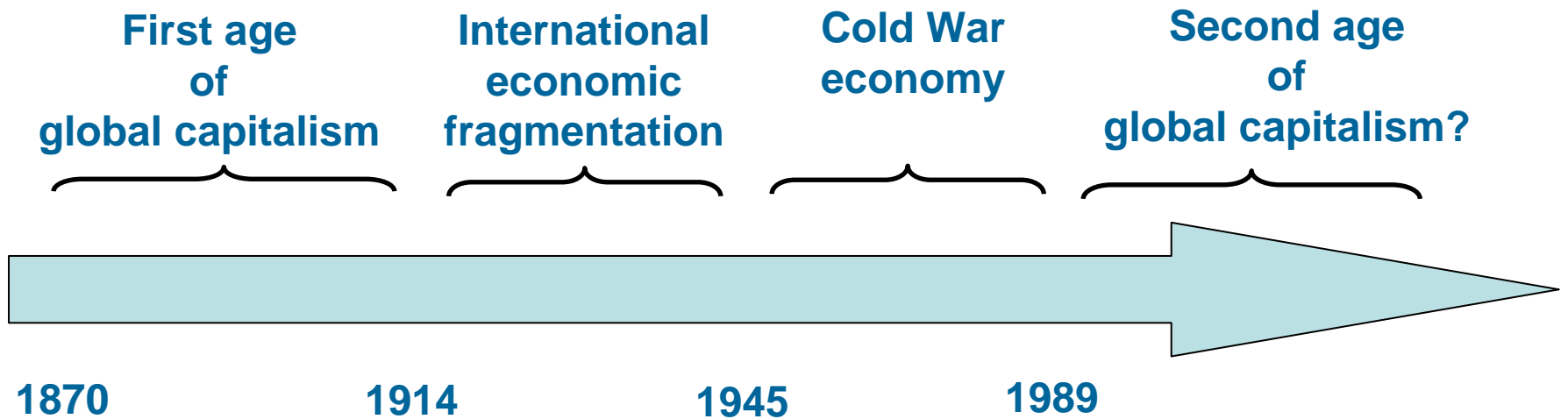
Program Director, International Economy

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LOWY INSTITUTE

FOR INTERNATIONAL POLICY

The changing international economy



Four themes

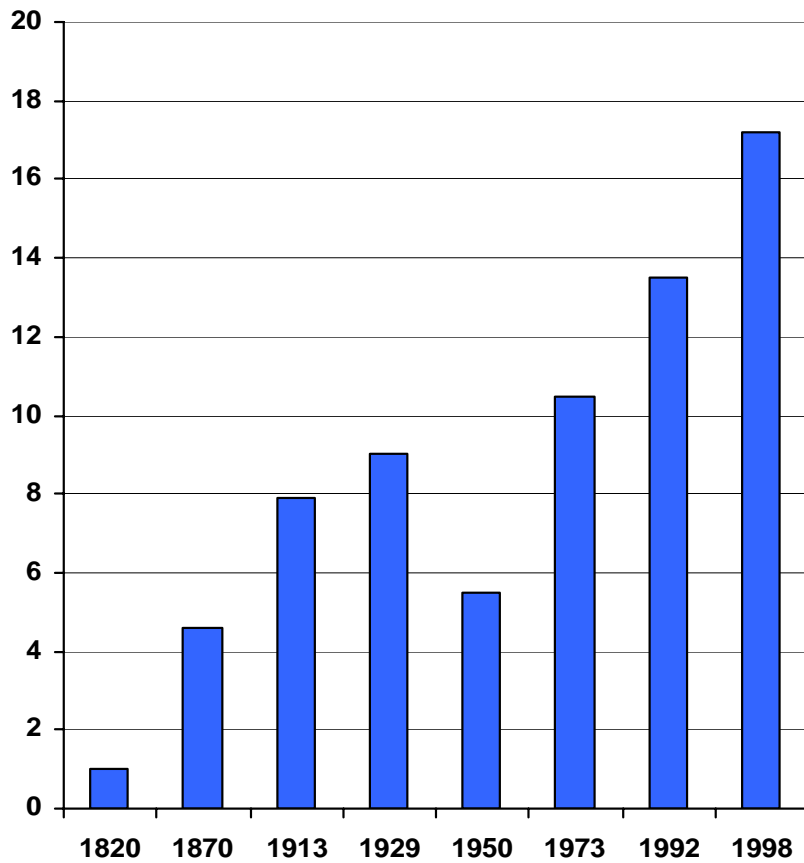
- More market integration
- Global re-orientation
- New “rules of the game”
- Rising “regionalism”

Theme #1

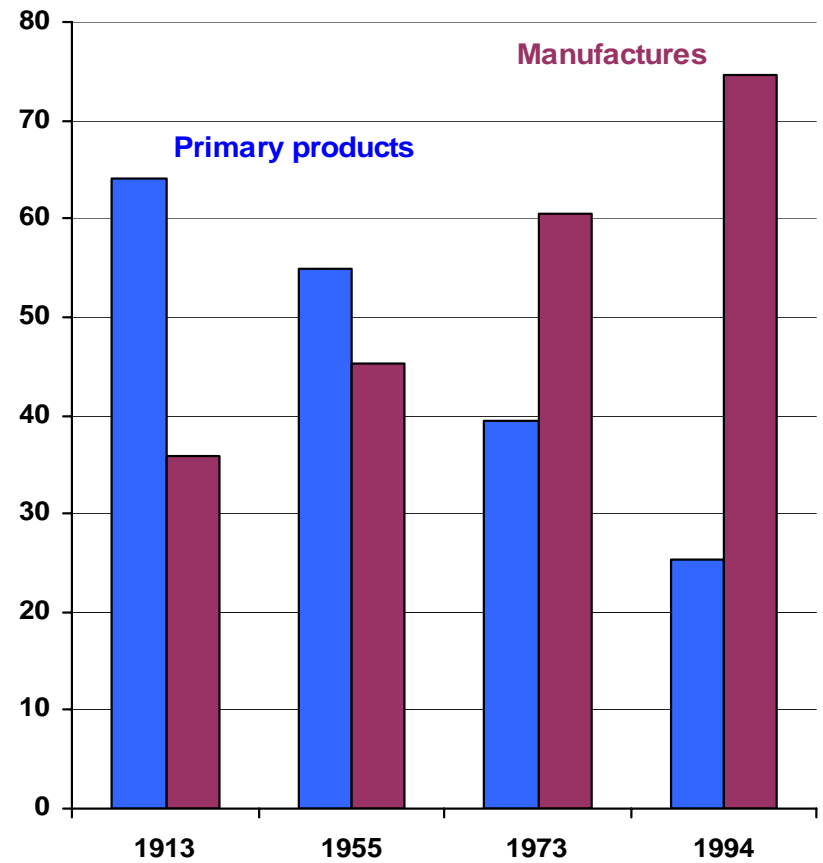
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More - and different - merchandise trade

World merchandise exports,
% world GDP



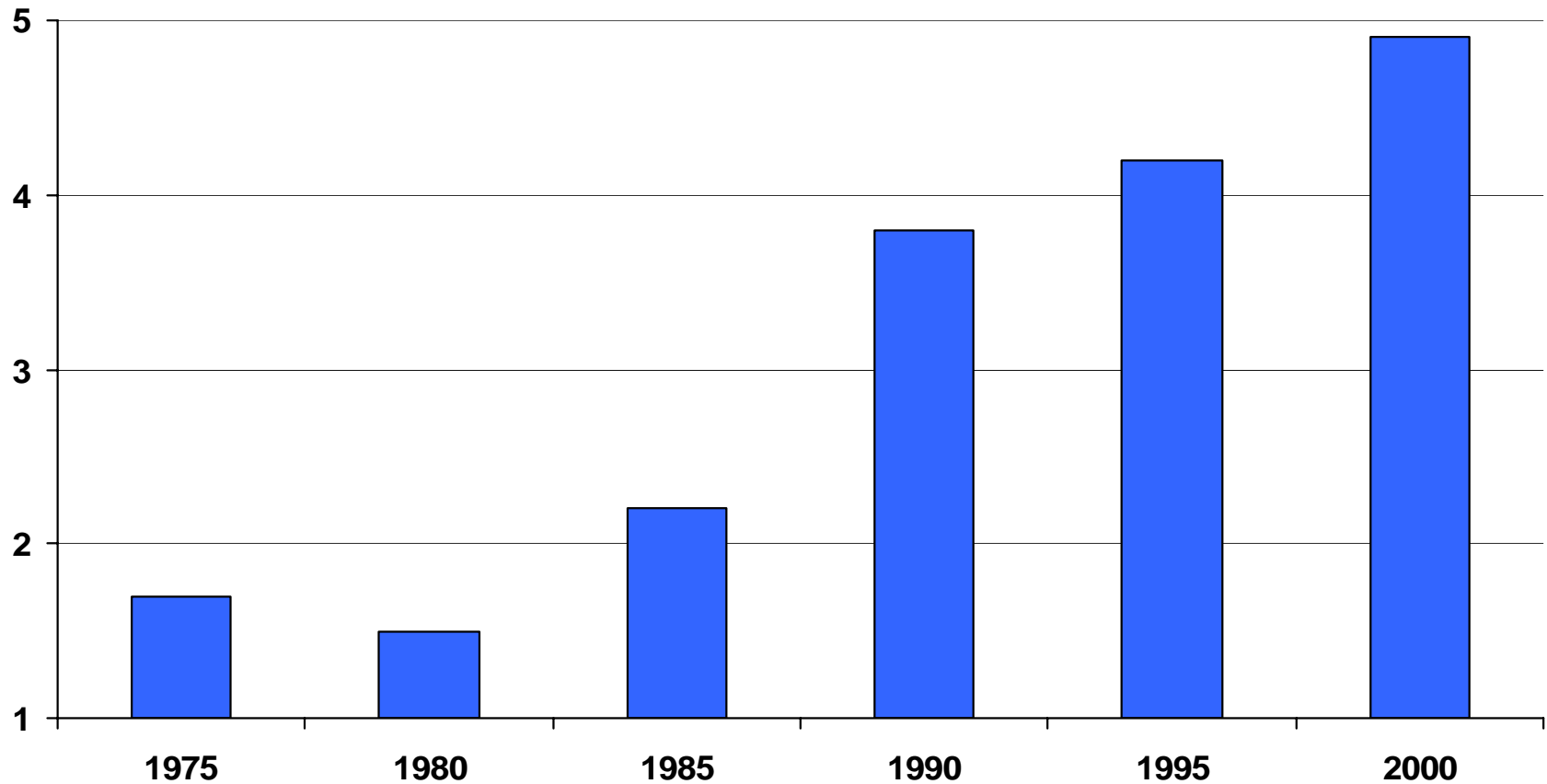
Composition of merchandise exports, %



Sources: Findlay and O'Rourke (2003); Crafts (2000)

The growing “tradeability” of services

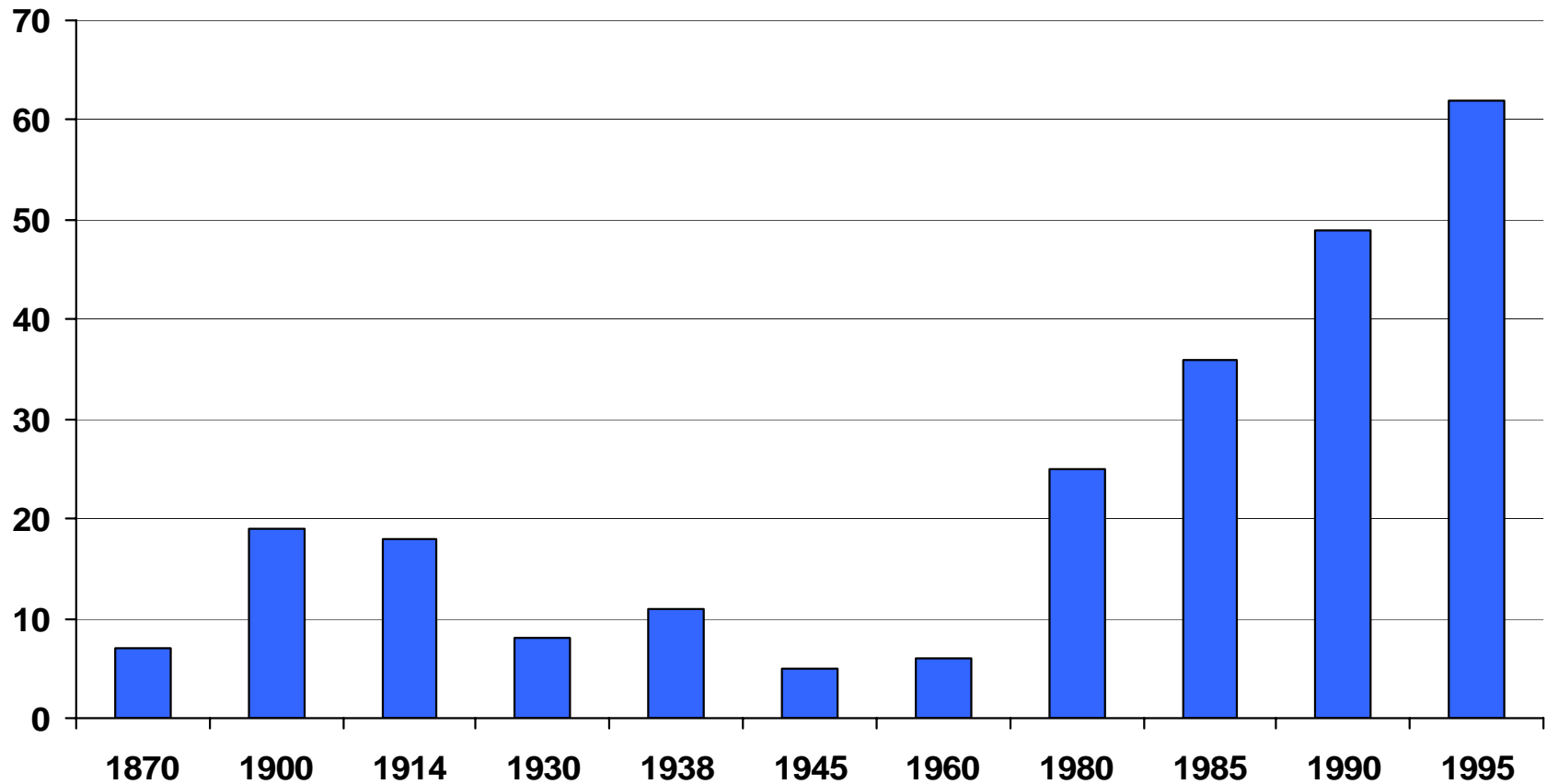
World exports of services, % of world GDP



Source: World Development Indicators

Deeper financial market integration

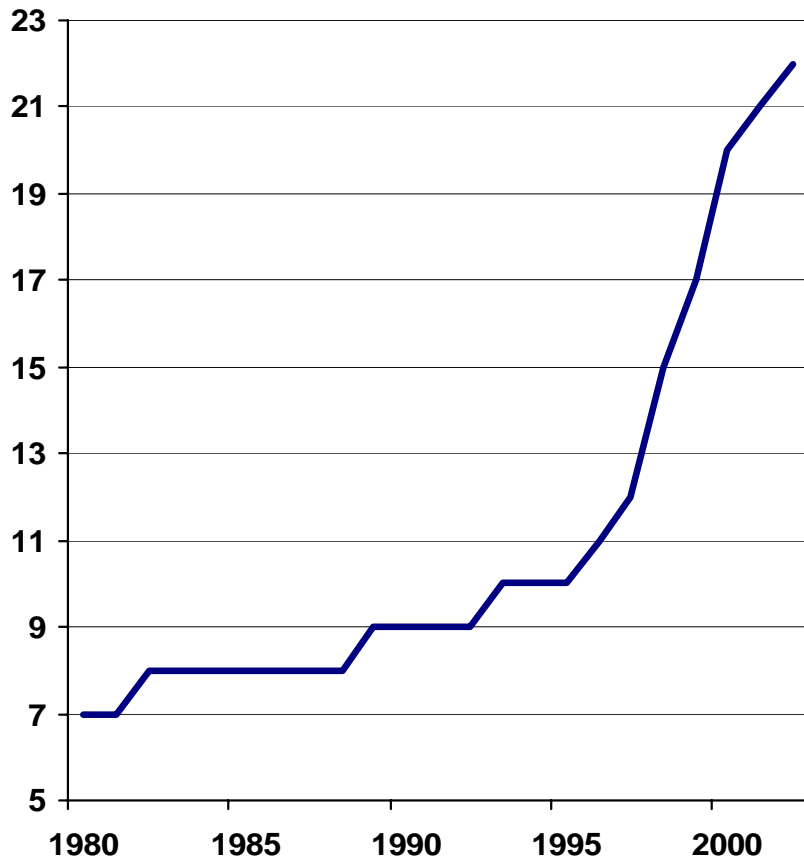
Stock of foreign assets, % of world GDP



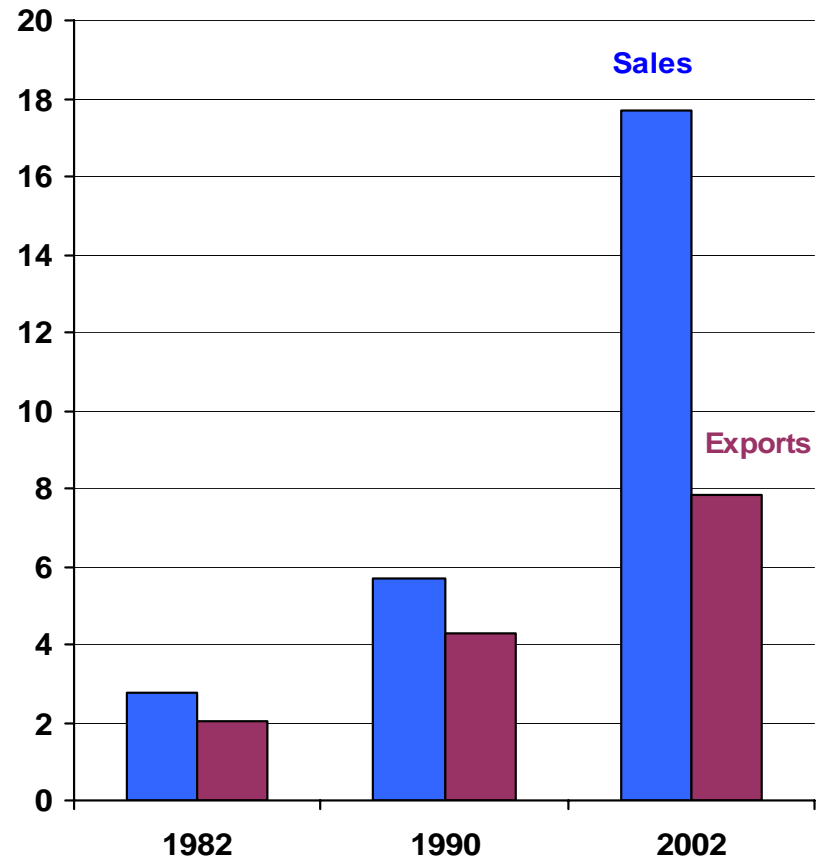
Source: Obstfeld and Taylor (2003)

Growth of multinational enterprise

World FDI stock, % world GDP

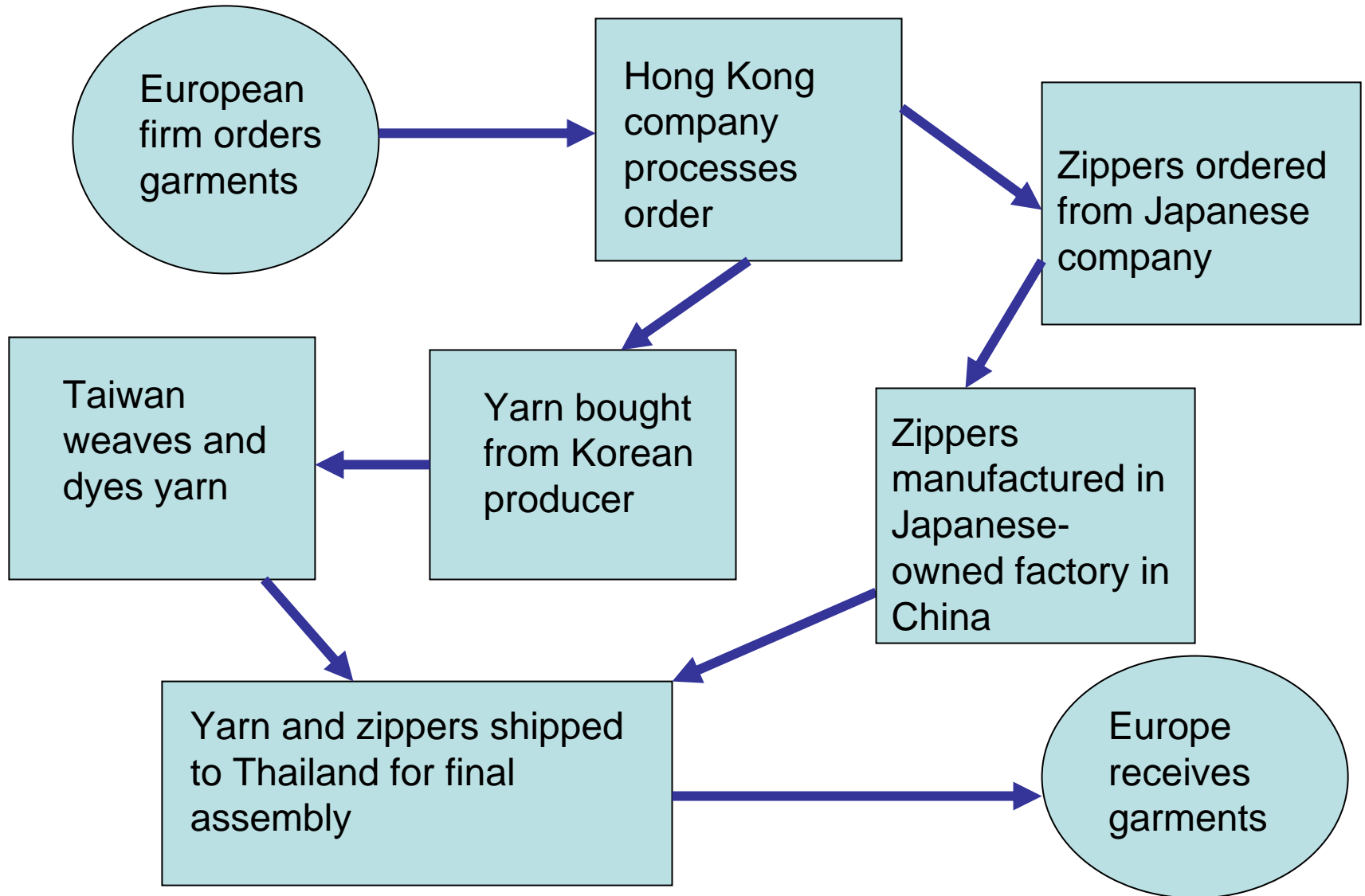


Sales by MNCs and world exports, US\$ tn



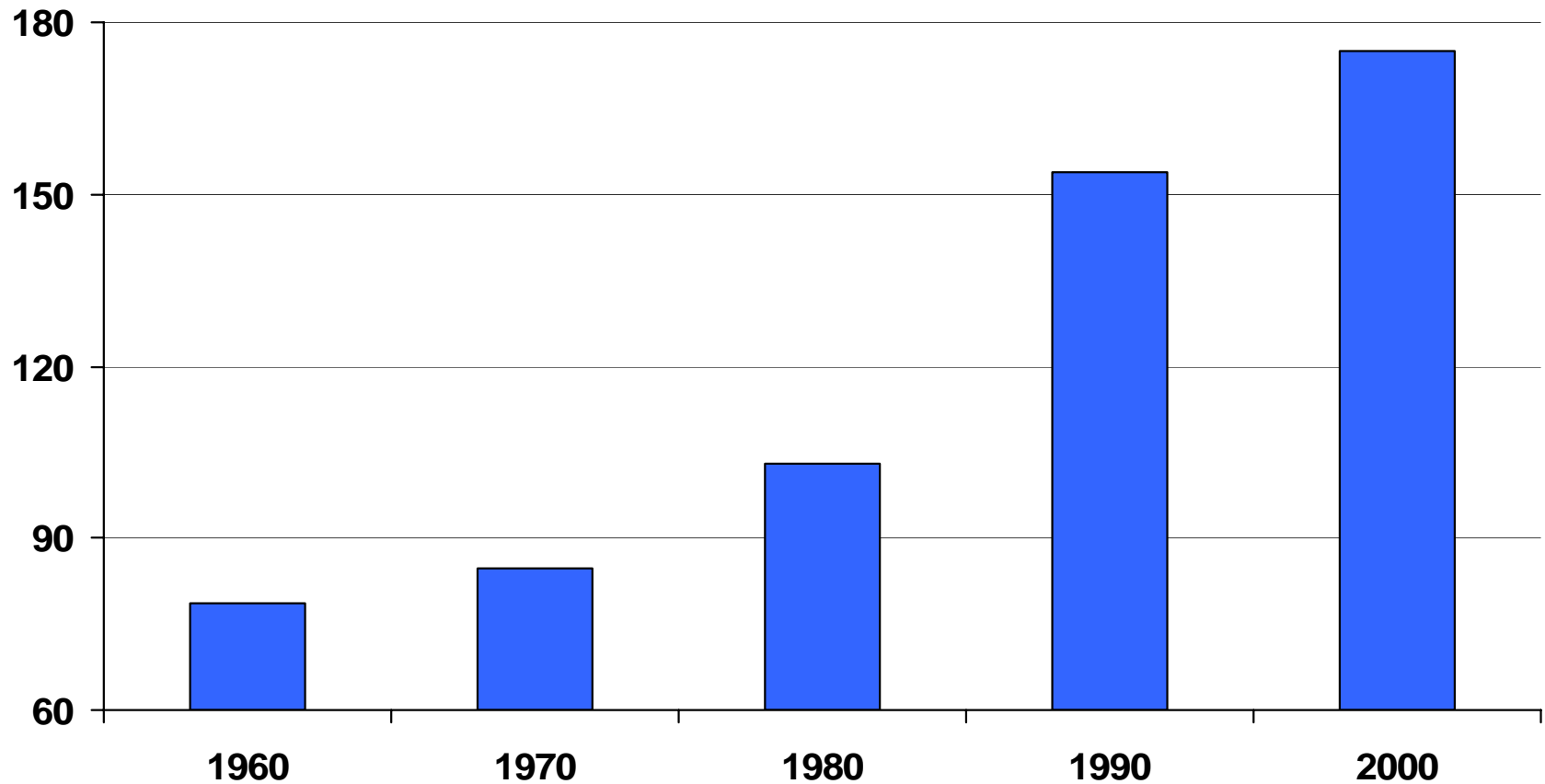
Source: World Investment Report (2003)

International vertical specialisation



More migrants?

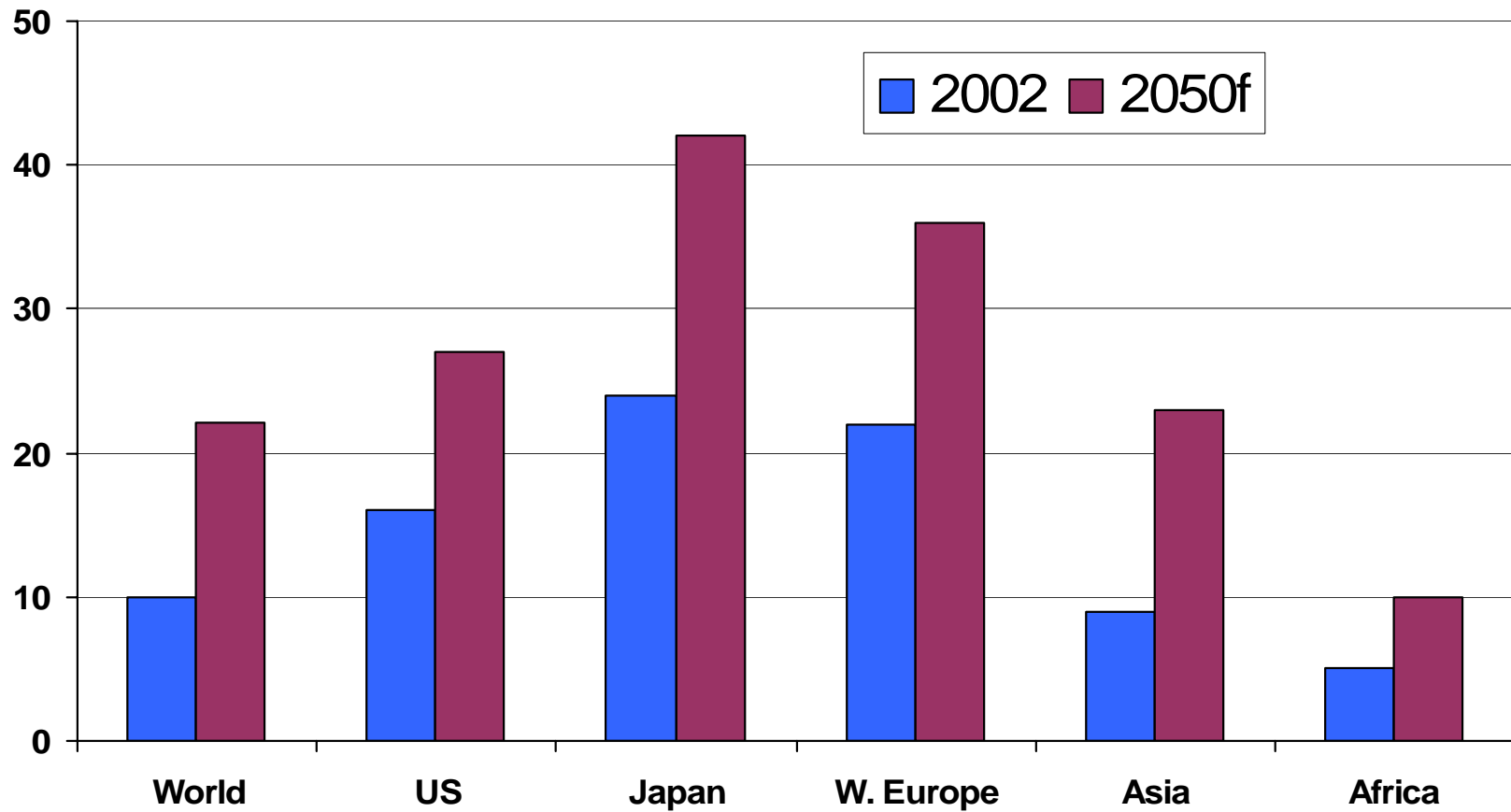
Stock of world migrants, millions



Source: UN population division

A greyer world

Proportion of population aged 60 or over, %



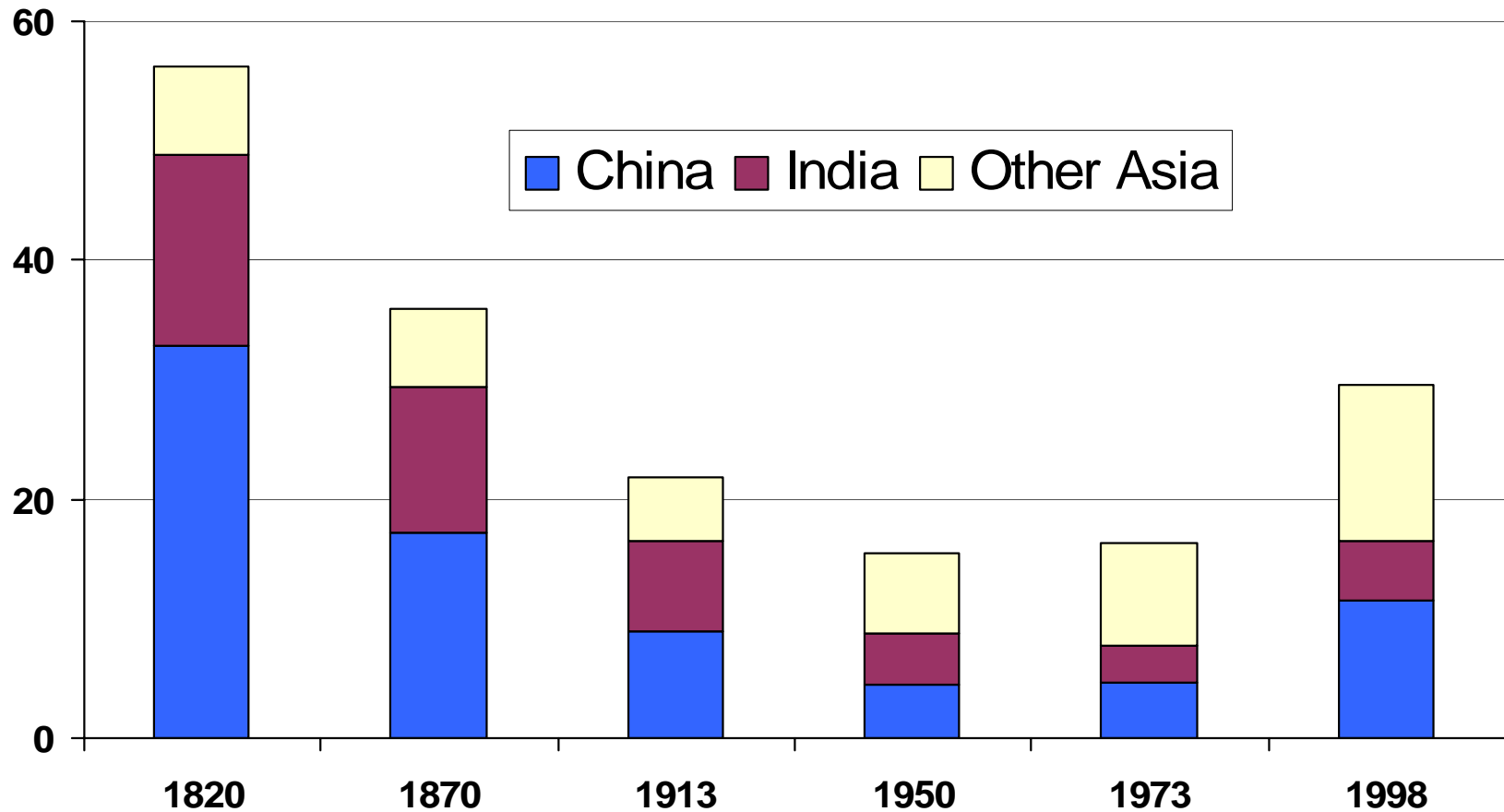
Source: UN population division

Theme #2

- More market integration
- **Global re-orientation**
- New “rules of the game”
- Rising “regionalism”

Global re-orientation

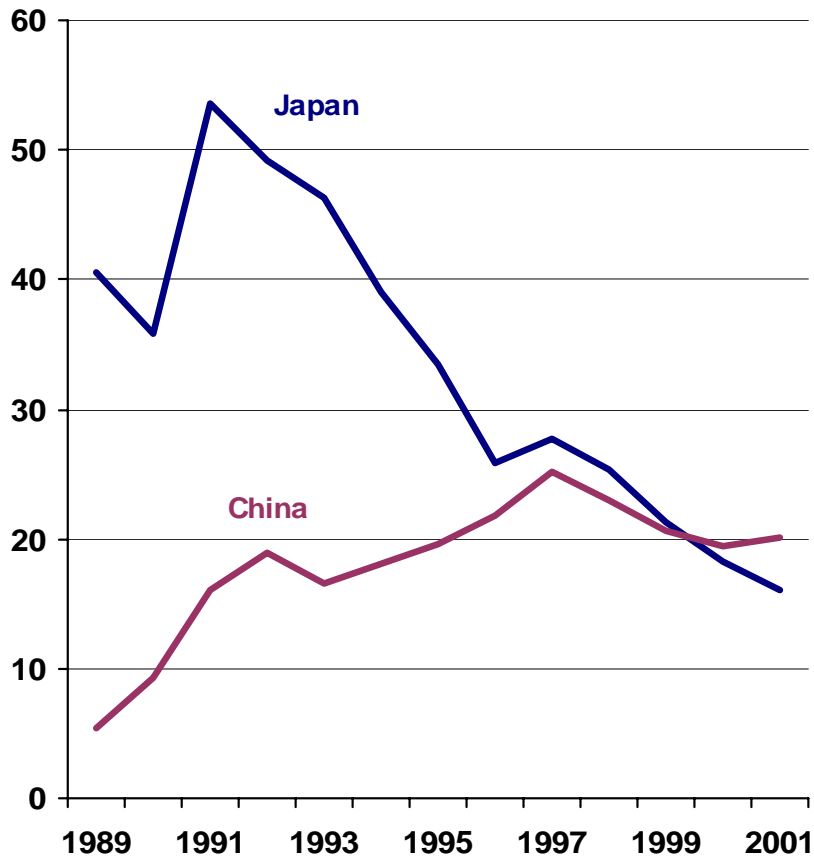
Asia ex-Japan, % of world GDP



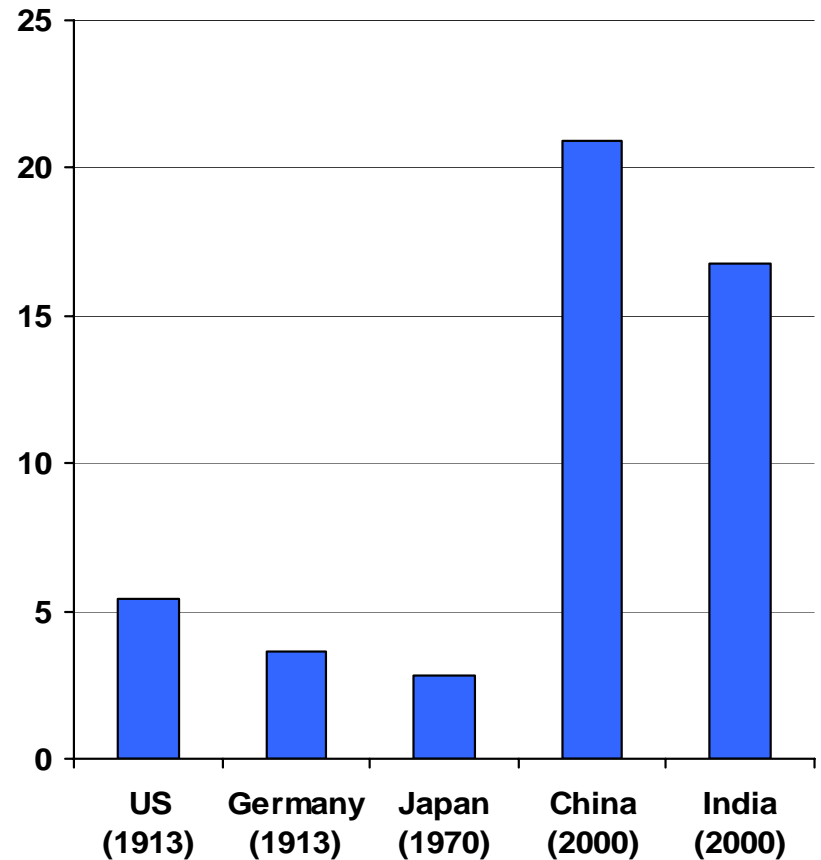
Source: Maddison (2003)

The rise of China: replay or revolution?

Share of total US trade deficit, %



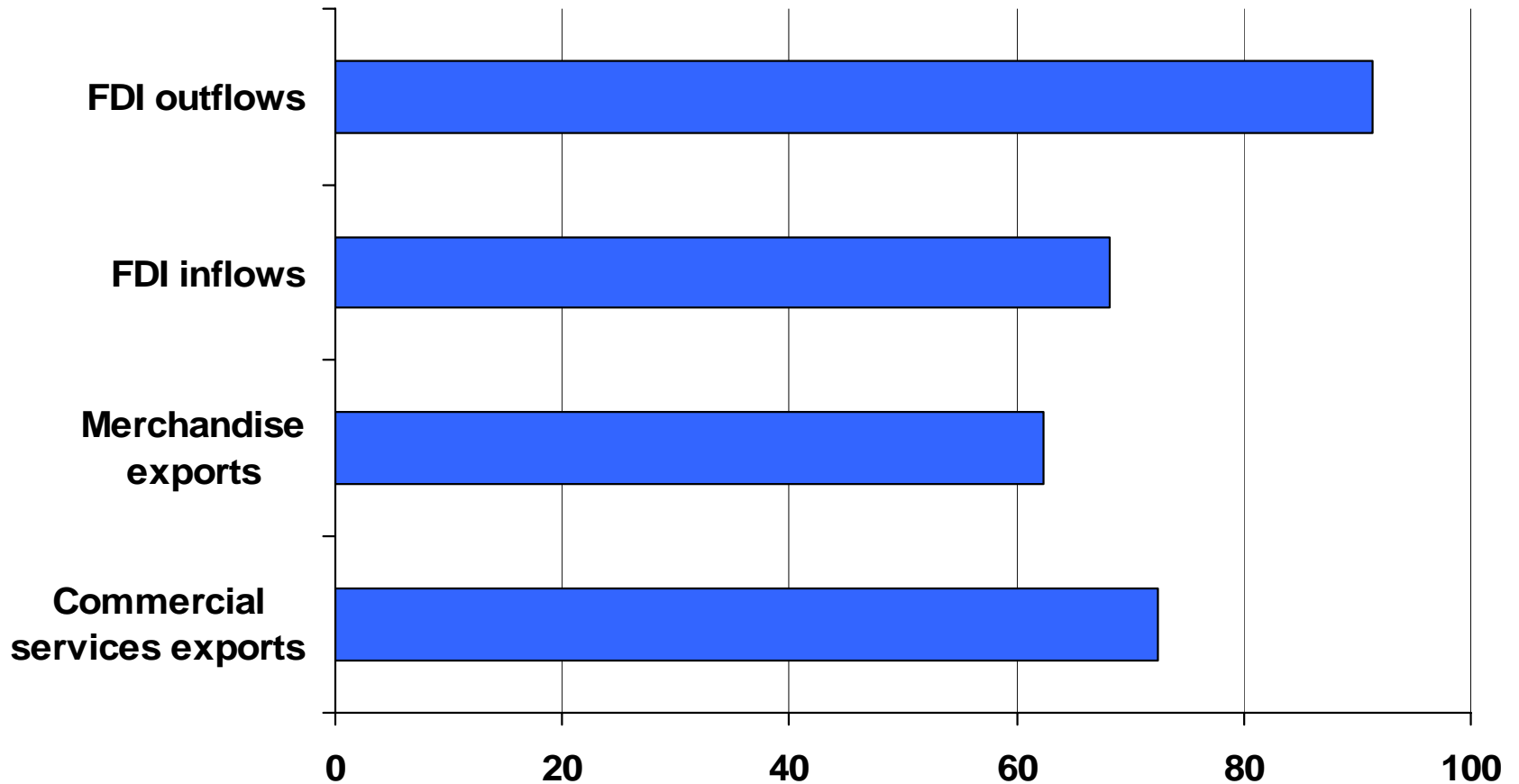
Share of world population, %



Sources: IMF Direction of trade statistics (various issues); World Bank

Triad still dominates

Share of Triad in world exports and FDI in 2002, %



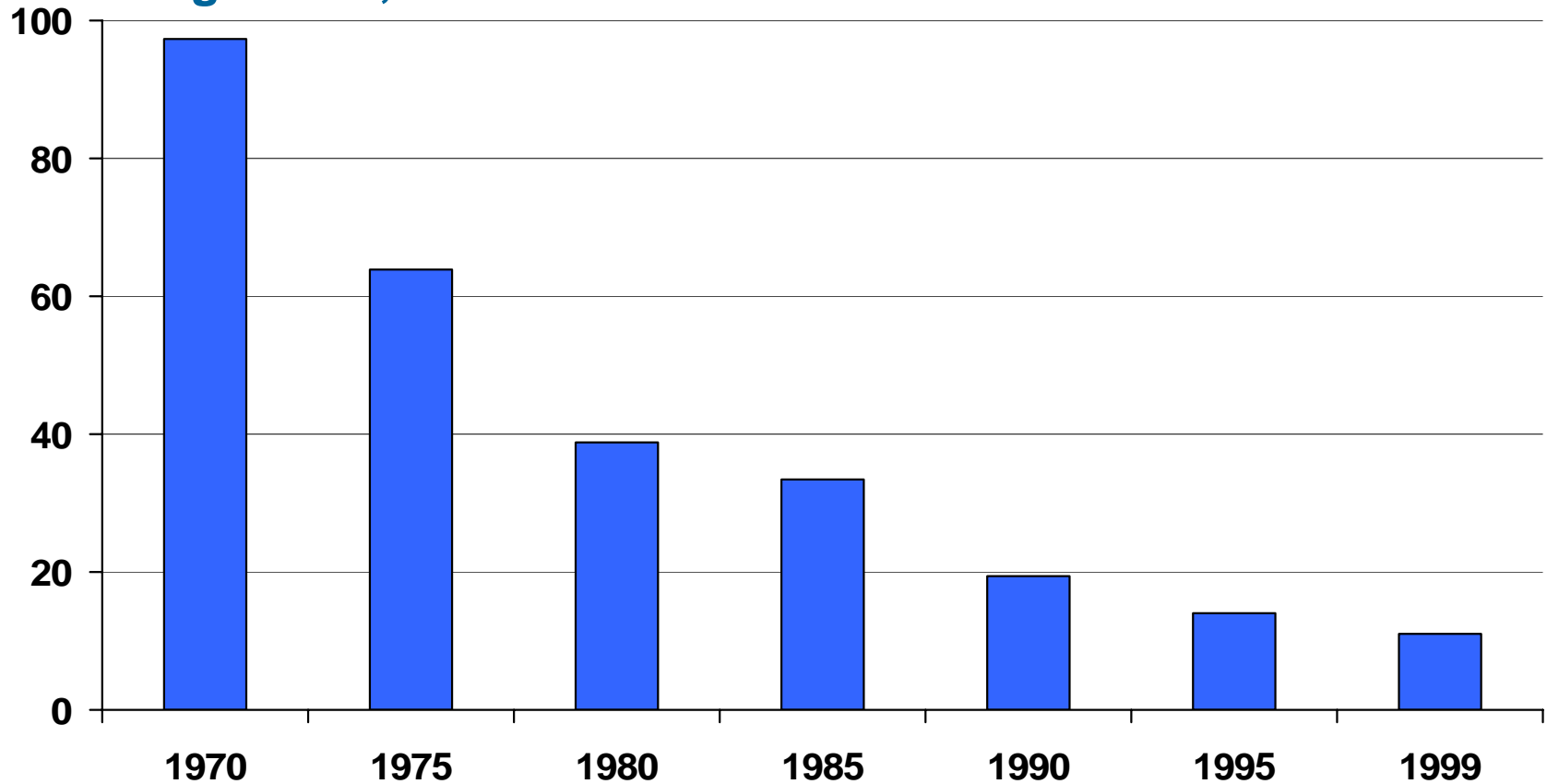
Sources: WTO international trade statistics (2003); World Investment Report (2003)

Theme #3

- More market integration
- Global re-orientation
- **New “rules of the game”**
- Rising “regionalism”

A floating world?

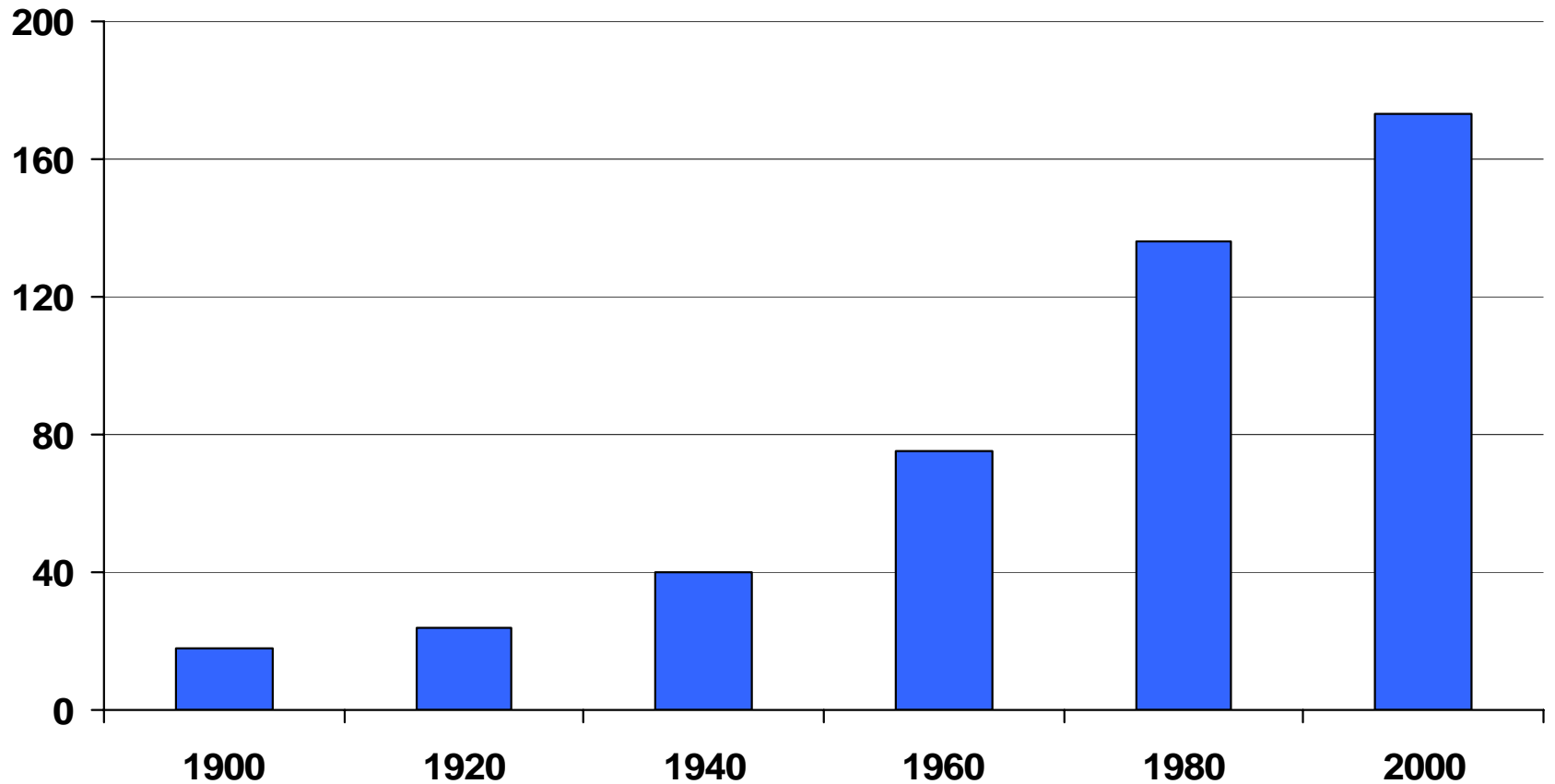
Share of IMF members classified as operating pegged exchange rates, %



Source: Calvo and Reinhart (2000)

The central bankers' century

Number of central banks



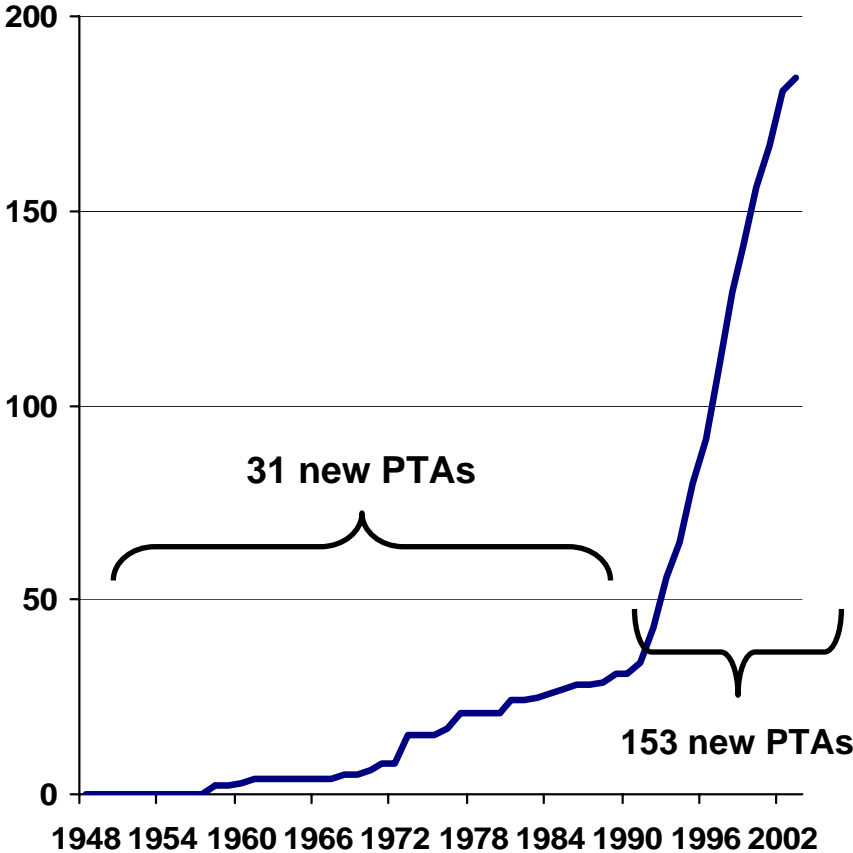
Source: Morgan Stanley central bank handbook

Theme #4

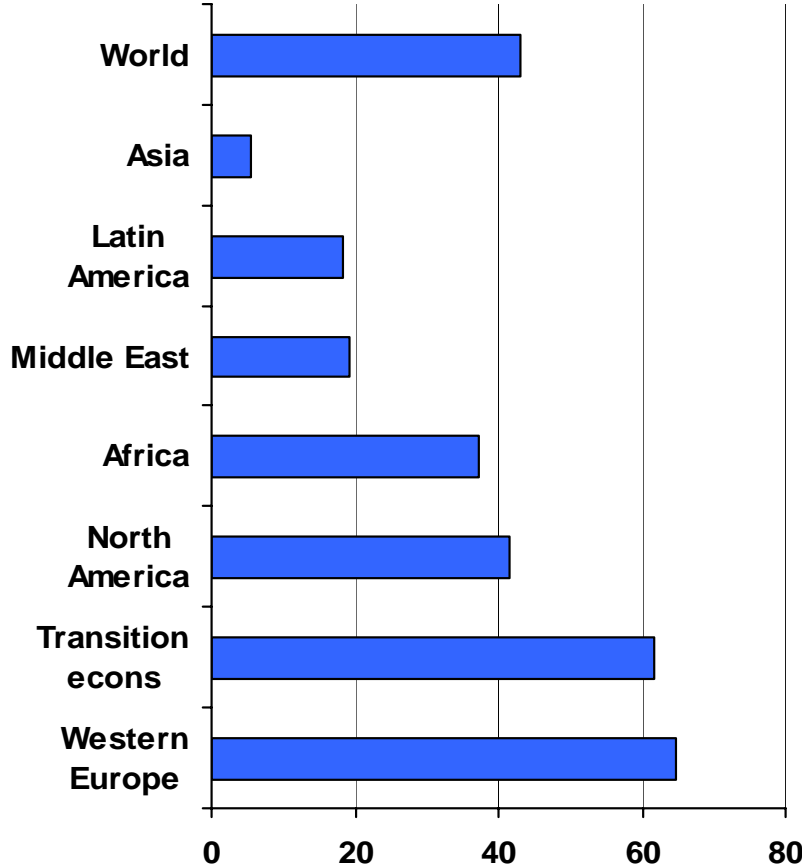
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The PTA bandwagon

Number of PTAs in force, by date



Preferential trade as share of imports, %



Source: WTO web site

After September 11th

- Border security
- US unilateralism
- Changed atmosphere

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