LDCs Terms of Trade during Crisis and Recovery

ITC Trade Map Factsheet #3

EMBARGOED: **Not for release before 1 June,12:00 GMT.**

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LDCs’ Terms of Trade during Crisis and Recovery

Table of contents

1. Introduction 3
2. Changing terms of trade 3
   2.1 Aggregated terms of trade results 4
   2.2 Individual LDC terms of trade results 7
3. Context of export decline and recovery 8
4. Update on LDCs’ trade recovery 9
5. Trade compositions of LDCs 11
6. Conclusions 15
Annex 1: Representativeness 16
Annex 2: Terms of trade methodology 19
Annex 3: Detailed Terms of Trade Data 21

List of figures

Figure 1: LDCs’ terms of trade with developed economies 2007–2009 (2006=100) 4
Figure 2: LDCs’ terms of trade with emerging markets 2007–2009 (2006=100) 5
Figure 3: Global sugar prices, 2006–2009 (US cents/pound) 6
Figure 4: Major partners’ quarterly imports of goods from LDCs 2007– 2009 (US$ billions) 10
Figure 5: LDC Exports – Value and Volume Growth Rates 11
Figure 6: Composition of LDC exports to major partners (2008) 12
Figure 7: Composition of LDC imports from major partners (2008) 13
Figure 8: US producer price index growth (January 2007–March 2010) 15
Figure 9: LDC crude oil imports by partner, 2002–2006 16
Figure 10: LDCs’ terms of trade 2000-2009 (2006=100) 24

List of tables

Table 1: LDC exports by partner, 2008 (USD millions) 6
Table 2: Export performance of select partners with major partners (US$ billions) 9
Table 3: LDC exports to major partners* growth rates, excluding crude oil (2008–2009) 11
Table 4: Top product category exported by LDCs from all partners, by value (2008) 12
Table 5: Top product category Imported by LDCs from all partners, by value (2008) 14
Table 6: Sample representativeness by trade partner, 2008 17
Table 7: Sample representativeness by product category 2008 17
Table 8: Sample representativeness by LDC 18
Table 9: Export impacts per least developed country, 2008–2009 (2006=100) 21
Table 10: Individual LDCs’ terms of trade performance in 2009 by partner (relative to 2006) 23
Table 11: LDCs by share of improved terms of trade with select partners (2006–2009) 24

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1. Introduction

Although trade continues to rebound from the 2008 slump brought about by the global financial crisis, throughout 2009 non-oil exports from the least developed countries (LDCs) to major partners declined by more than 8.8% in value. At the same time, volumes exported grew by nearly 6%, implying significant unit price reductions in the goods exported by LDCs. During 2009 LDCs' aggregated terms of trade showed average declines against major partners ranging from 17% to 36%, relative to 2006 levels, and also significant declines against gains made during 2008. Only four LDCs showed improvement in their terms of trade against a majority of major partners, while 22 showed deteriorating terms of trade against a majority, with the remainder showing mixed results.

While trade values with emerging markets, such as China, proved more resilient than with developed economies, LDCs' terms of trade have deteriorated significantly with all partners analysed, whether developed or emerging markets. In addition to examining the LDCs' terms of trade performance between 2006 and 2009 and related considerations of vulnerability due to import and export composition, this factsheet provides an update on LDCs' export recovery in terms of value and volume following the crisis. Overall, the findings support the observation that the post-crisis context for LDCs is one in which they are "exporting more for less".

2. Changing terms of trade

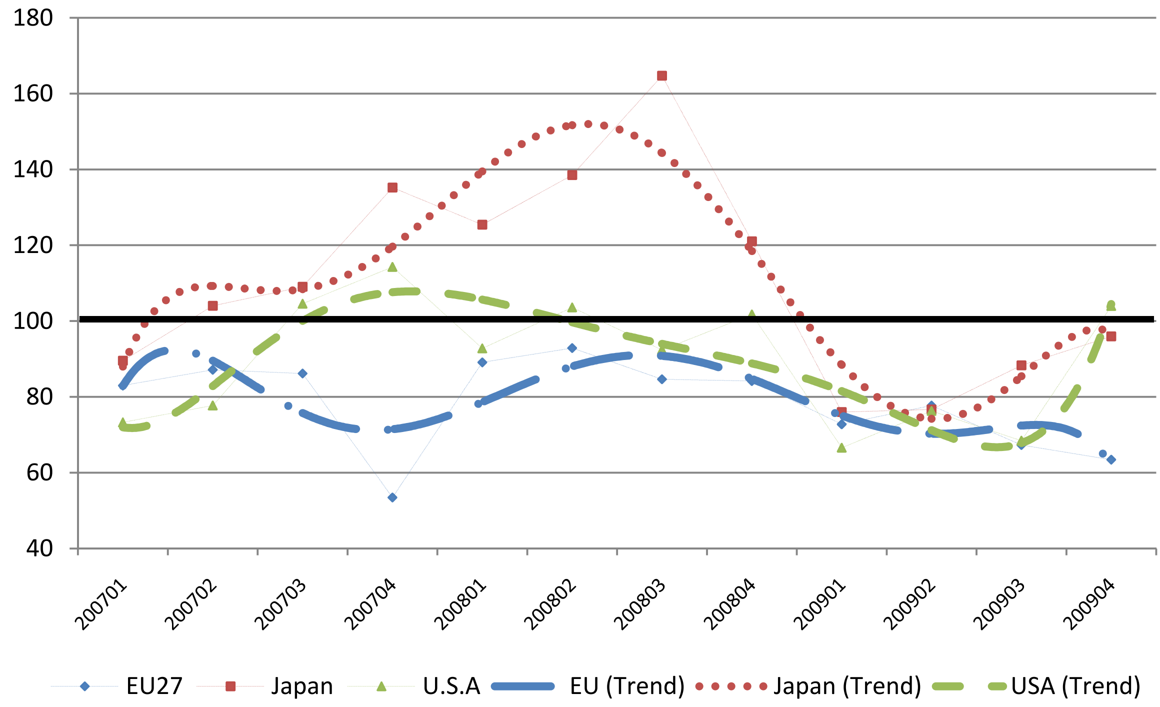
While earlier Trade Map Factsheets have focused primarily on LDCs' export performance before, during and after the financial crisis, it is also necessary to assess overall trade performance to understand more fully the impact of the crisis on LDCs. Along with a basic assessment of changing value and volume trends in imports and exports provided in **Section 4**, the evolution of LDCs' terms of trade with selected partners is assessed below.

Terms of trade are essentially a measure of the changing price levels of a country's exports and imports over time. A positive evolution in terms of trade indicates that a country's exports are increasing in price faster than its imports, and thus it is able to import more goods for an equal or lesser quantity of exports compared to earlier periods. Conversely, declining terms of trade indicate that import prices are rising more quickly, and thus the country must export a larger quantity of goods in order to import the same amount as before. Terms of trade calculations use a average basket of goods for the four years analyzed; details on the methodology and its caveats are provided in **Annex 2**.

This analysis is conducted with two objectives: first, to determine whether LDCs, in either aggregate or individual terms, have seen an improvement or deterioration in their terms of trade in recent years; and second, to assess whether or not there have been significant differences between LDCs' terms of trade evolution with emerging markets (using China and Brazil) and developed economies (using the United States, the European Union (EU) and Japan). This would help determine the validity of often-made recommendations regarding the desirability of promoting South–South trade. While an "idealist" perspective would suggest that trade among LDCs and emerging economies would open up not only new markets but also provide more favourable terms of trade, a "realist" perspective would argue that South–South trade would proceed under similar terms of trade as South–North trade. The findings of this analysis of the LDCs' terms of trade with major partners during the 2008–2009 global financial crisis do not provide evidence to support the "idealist" perspective.

2.1 Aggregated terms of trade results

Figure 1: LDCs' terms of trade with developed economies 2007–2009 (2006=100)



In the aggregate, the crisis took a considerable toll on LDCs' terms of trade and their recovery appears to be sluggish (see **Figure 1**). Among developed countries, LDCs maintained the highest terms of trade with Japan over the period assessed. LDCs saw their terms of trade rise above 2006 levels from the second quarter of 2007 until peaking in the third quarter of 2008, and then descend to below-2006 levels during the first quarter of 2009. While LDC-Japan terms of trade have improved steadily during 2009, they remained below 2006 levels at the year's end.

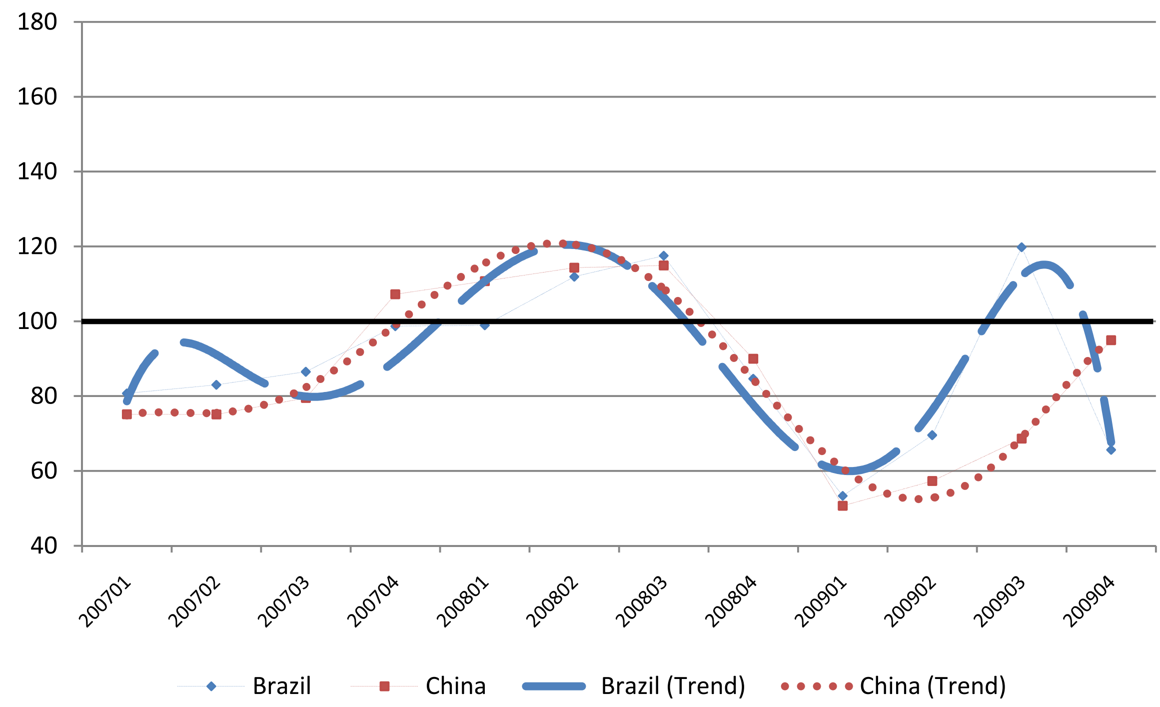
LDC-US terms of trade have primarily be in the US' advantage during the period assessed. Following poor performance for LDCs during the first two quarters of 2007, LDCs' surpassed 2006 levels in the third and fourth quarter of 2007, and throughout a volatile 2008 rose and fell above base year levels in alternating quarters. Beginning in the first quarter of 2009 LDC-US terms of trade declined to their lowest level since 2006, and only began to show improvement in the final quarter of 2009.

In the case of the EU, LDC-EU terms of trade have remained consistently below 2006 levels up through 2009. LDCs' showed familiar trends of improvement during the first and second quarter of 2008, and a slightly milder decline through the first quarter of 2009. Unlike the US and Japan, which gave way to LDC gains in the end of 2009, the EU displayed a continued improvement in its terms of trade at the LDCs' expense.

One reason LDCs have shown consistently poor terms of trade with the EU relative to other partners is composition of exports. In 2006 mineral fuels made up only 21% of EU imports from LDCs, compared to 67% for the United States, 89% for China and 80% for Japan. The EU's top import from

LDCs that year, making up more than 23% of import value, was knit apparel, a sector assessed as more stable (see earlier ITC factsheets). Meanwhile, EU exports to LDCs were strongly led by machinery and electrical equipment, together making up 31% of LDC imports from the EU, although this was followed by light petroleum distillates (i.e. a refined petroleum product), which, despite declines from 2008 highs, still had unit prices 27% higher than 2006 levels by the last quarter of 2009.[1] Another consideration is exchange rate issues; LDCs' poor terms of trade with the EU over the period relative to other partners can also be partly explained by the high value of the euro, which at 1.41 EUR/USD from 2007-2009 was 12.8% higher than the average exchange rate in 2006, the base year used for prices.[2] Hence LDC imports of euro zone goods are more costly with strong euro.

Figure 2: LDCs' terms of trade with emerging markets 2007–2009 (2006=100)



For LDCs trade relationship with Brazil, terms of trade began below 2006 levels in 2007 and did not shift to LDCs' favor until the second quarter of 2008, and even then declined (to Brazil's favor) once again by the fourth quarter of 2008, hitting a low for LDCs in the first quarter of 2009. LDCs saw their terms of trade improve through the next two quarters of 2009, although they declined sharply again the year's end.

Similar to Japan, LDCs' terms of trade with China began low in 2006 and steadily rose; tipping in the LDCs' favour by Q4 2007 and further improving for LDCs through Q3 of 2008, presumably bolstered by strong commodities demand and record prices (see **Figure 2**). Following the global financial crisis and trade slump (and plunging commodity prices) terms of trade went from 114.9 (an advantage for LDCs) in Q3 2008 to 50.7 (an advantage for China) in Q1 2009 (with 2006 as a base year).

To put this in context, this shift in terms of trade implies that when trading the same basket of goods, LDCs would have to export more than double the quantity in Q1 2009 to finance the same level of

1 Trade Map unit value data for the UK, the EU's largest exporter of Light petroleum distillates nes (HS271019) to LDCs
2 Historical foreign exchange rates obtained from Oanda.com for the period 2006-2009

imports from China as in Q3 2008. Throughout 2009, China's strong terms of trade vis-à-vis LDCs slowly declined, matching the evolution of major commodity prices such as oil (whose price grew by 70.3% from January 2009 to December 2009).[3] To provide context on each partners' terms of trade shift, in 2008 China was the leading importer of LDC goods, followed by the US, the EU, Japan and Brazil (see **Table 1**).

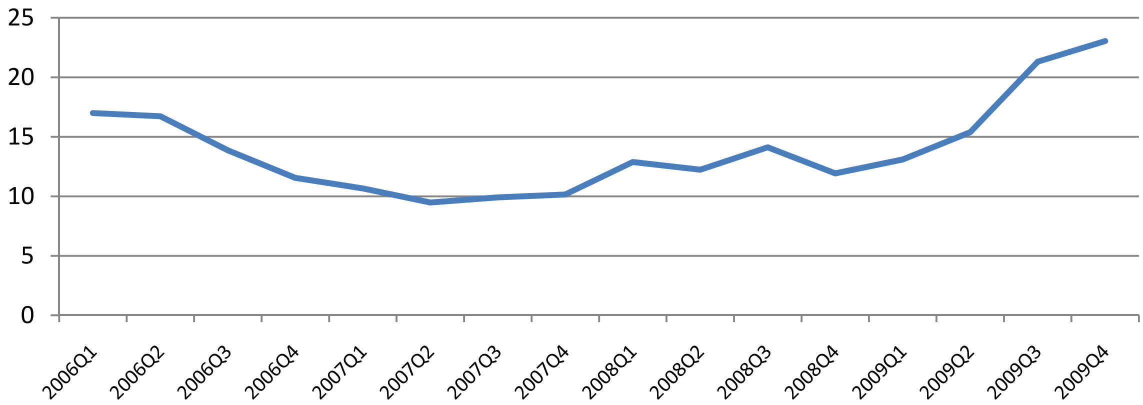
Table 1: LDC exports by partner, 2008 (USD millions)

	LDC Exports		LDC Imports	
Partner	**Share**	**Value**	**Share**	**Value**
China	23%	39,365.78	16%	25,721.92
United States of America	21%	35,667.17	5%	8,169.15
EU	22%	38,406.58	21%	33,512.56
Japan	4%	7,624.99	3%	4,650.70
Brazil	2%	2,761.39	2%	3,408.91

Source: ITC Trade Map

In the case of Brazil, whose 2006 imports from LDCs were dominated by mineral fuels (over 95% of value), the country's improving terms of trade vis-à-vis LDCs in the final quarter of 2009 appears to be to the result of strong growth in its export price index (to LDCs). Brazil's export price index, which has been more or less steady (at a high level) since early 2008, appears to largely follow prices in Brazil's sugar exports to LDCs, amounting to more than 40% of export value in 2006. The increasing level of ethanol production, in some cases government mandated, has pushed up sugar prices and in turn impacted negatively on LDCs' terms of trade (see **Figure 3**).[4] Similar, product specific price data are not as relevant for China's exports, as China's export basket to LDCs is highly diversified, with no product category accounting for more than 15% of export value (with the highly diversified electronic equipment sector leading) and no single product accounting for more than 3%.

Figure 3: Global sugar prices, 2006–2009 (US cents/pound)



Source: Economist Intelligence Unit, World Commodity Forecasts, May 2010

Comparing ITC calculations for LDCs' terms of trade with specific major partners in recent years with UNCTAD calculations for LDC-World terms of trade over the past decade reveals two points. First, although magnitudes vary by reporter, ITC results for major partners are mostly compatible with

3 Crude oil price growth based on the International Monetary Fund's Primary Commodity Prices database, using average oil price of UK Brent, Dubai and West Texas intermediate; www.imf.org/external/np/res/commod/index.asp
4 Economist Intelligence Unit, World Commodity Forecasts, May 2010.

trends shown in UNCTAD calculations between 2006 and 2008 (see **Figure 10**, **Annex 3**). Second, acknowledging that World-LDC and individual reporters' terms of trade with LDCs are not fully comparable, it appears that LDCs' terms of trade have deteriorated to approximately their lowest level since 2003.[5]

Thus, it appears that at an aggregated level LDCs experienced a terms of trade gain in 2008, which was brutally reversed in 2009, although shows signs of improving with some partners. Trade with emerging markets does not appear to be inherently safer for LDCs, as Brazil and China showed more detrimental terms of trade shifts for LDCs in 2009 compared to developed partners such as Japan.

2.2 Individual LDC terms of trade results

While observing aggregated changes across all LDCs is helpful in understanding an overall narrative for their terms of trade performance during and after the crisis, the performance of individual countries with major partners must be assessed to highlight critical differences. For example, while LDCs on the whole showed declining terms of trade vis-à-vis the EU and Brazil by the end of 2009, and very moderately improving terms of trade (compared with 2006) vis-à-vis the US, China and Japan, at the individual level the terms of trade of seven LDCs improved vis-à-vis China, 17 against the EU, 12 against Japan, 14 against the US and five against Brazil. At the same time, 26 LDCs declined against China, 28 against the EU, 24 against Japan, 24 against the US and nine against Brazil (see **Table 10**, **Annex 3**).[6] In terms of the share of individual LDCs with improving terms of trade against specific major partners over the period, the EU leads the group, followed by the US, Brazil, Japan, and China last, again highlighting that trade with emerging markets does not appear to be inherently "safer" or more beneficial to LDCs with regard to their terms of trade.

Bilateral terms of trade data in can also be reorganized by LDC to show which have improved their terms of trade with the most available partners, and to highlight the overall negative performance for the group of LDCs (see **Table 11**, **Annex 3**). A majority showed a clear decline against these partners and a significant number (23 countries) had inconclusive results. Only limited results are available because in some cases specific bilateral trade patterns may have been either non-existent or extremely small (and thus prone to extreme swings each period) or because of changes in unit value measurements for products with significant weight in overall price indices that render results incalculable (for further details see methodology in **Annex 2**). Among the 49 LDCs, only four reported growing terms of trade with a majority of partners (three or more); these include Burkina Faso (primarily cotton exports), Malawi (tobacco), the Maldives (fish) and Nepal (carpets).

A total of 22 LDCs showed declining terms of trade against a majority of partners (three or more) including major and minor oil exporters, Angola, Equatorial Guinea, Liberia, Sudan, and Yemen; ore and precious stone exporters such as Zambia, the Democratic Republic of the Congo, Guinea, Mali, Rwanda (after cotton), Sierra Leone and Tanzania; and additional countries with overall declines in their terms of trade against these partners include Bangladesh (both importing and exporting textiles), the Central African Republic (exporting primarily wood, importing primarily mineral fuels),

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5 Comparing to UNCTAD World-LDC calculations, the terms of trade had regressed to the following years by 2009: Brazil – 2003, China – 2002, EU – 2003, Japan – 2004, USA – 2004

6 Note: Availability of bilateral terms of trade calculations ranged from 45 LDCs with the EU to only 14 LDCs with Brazil; this is due to limited trade flows which may cause omission of individual countries using outlier identification mechanisms as discussed in **Annex 2**.

Haiti (apparel; fruits and vegetables), Madagascar (apparel; mineral fuels after machinery and electrical equipment), Togo (cotton; mineral fuels after textiles), Haiti (apparel; cereals), Ethiopia (coffee; mineral fuels), Senegal (mineral fuels [not crude oil]), Cambodia (apparel; mineral fuels) and Uganda (coffee; mineral fuels). Primary (or, in some case, secondary) export and import sectors are provided to highlight the most likely driver of changing export and import price indices and thus terms of trade. These indices are driven by a weighted basket of all goods and thus listed sectors are given only as a general indication. The particularly poor performance across nearly all major oil exporters is notable; Chad is the only oil exporter which did not show unequivocally negative results.[7]

3. Context of export decline and recovery

Earlier factsheets have focused exclusively on issues concerning export performance of LDCs since mid-2008. In addition to analysis of how the composition of LDCs' terms of trade, a function of the relative price of their exports and imports, has shifted during the period from 2007 to 2009, the present factsheet introduces a brief update on their recent export performance in value and volume terms.

ITC's Trade Map Factsheet entitled *Developing Country Exports Decline in 2009* (October 2009) reported on export performance during the first two quarters of 2009 compared to 2008, focusing on developing countries and in particular on LDCs. That factsheet showed that exports from LDCs to major importing countries had declined by more than 43% compared to the first half of 2008, while global export values had declined by more than 32% during the same period. Excluding mineral fuels, subject to significant price volatility, it was found that LDC exports had declined by 13.5%, while global exports had declined by nearly 29%, highlighting the high dependence of some LDCs on crude oil exports. To identify changes in trade not subject to significant price volatility, not only in energy markets but for numerous other goods such as livestock, foodstuffs, industrial inputs and textiles, changes in the volume of exports were also calculated. During the first half of 2009 the volume of LDC exports across all goods was approximately equal to the first half of 2008; some goods such as mineral fuels and fish experienced overall declines in volumes while others, such as ores and apparel, saw volumes grow.

7 Chad is the one significant oil exporter showing mixed terms of trade results. Historically Chadian oil is heavier than average, resulting in higher refining costs and a discount on price per barrel as high as 60% compared to international Brent crude (in 2004). However, it appears that further development of Chad's oil fields and rising international demand, or both, have brought Chad's price per barrel closer to international norms. Comparing Chad to Angola, for example: in 2006 Chadian oil sold at a 42% discount compared to Angola's, by 2008 this discount had shrunk to 11% and at 22% in 2009 remained well improved from base year levels. Thus Chad's terms of trade results are viewed as a unique case not applicable to other major oil exporters.
Source: « *Où est passé l'argent du pétrole tchadien?* » Le Monde diplomatique, Sept 2005, www.monde-diplomatique.fr/imprimer/12758/12f6d92256;
"*Chad's Oil: Miracle or Mirage?"* Catholic Relief Services and Bank Information Center, February 2005;
ITC Trade Map – comparing crude oil (HS270900) unit values for Chad–US and Angola–China exports (their largest partners).

Table 2: Export performance of select partners with major partners (US$ billions)

	Value of exports			Growth in value			Growth rate		
	Including crude oil								
	2007	2008	2009	2008	2009	2007–2009	2008	2009	2007–2009
LDC	92.44	134.53	89.14	42.09	-45.39	-3.30	45.5%	-33.7%	-3.6%
Developing	4,079.03	4,787.15	3,608.94	708.12	-1,178.21	-470.09	17.4%	-24.6%	-11.5%
World	20,409.21	23,046.16	17,558.73	2,636.95	-5,487.43	-2,850.48	12.9%	-23.8%	-14.0%
	Excluding crude oil								
	2007	2008	2009	2008	2009	2007–2009	2008	2009	2007–2009
LDC	37.81	44.60	40.68	6.79	-3.93	2.86	18.0%	-8.8%	7.6%
Developing	3,352.16	3,737.00	3,013.35	384.83	-723.65	-338.81	11.5%	-19.4%	-10.1%
World	18,700.72	20,591.93	16,166.89	1,891.20	-4,425.03	-2,533.83	10.1%	-21.5%	-13.5%

Source: ITC Trade Map

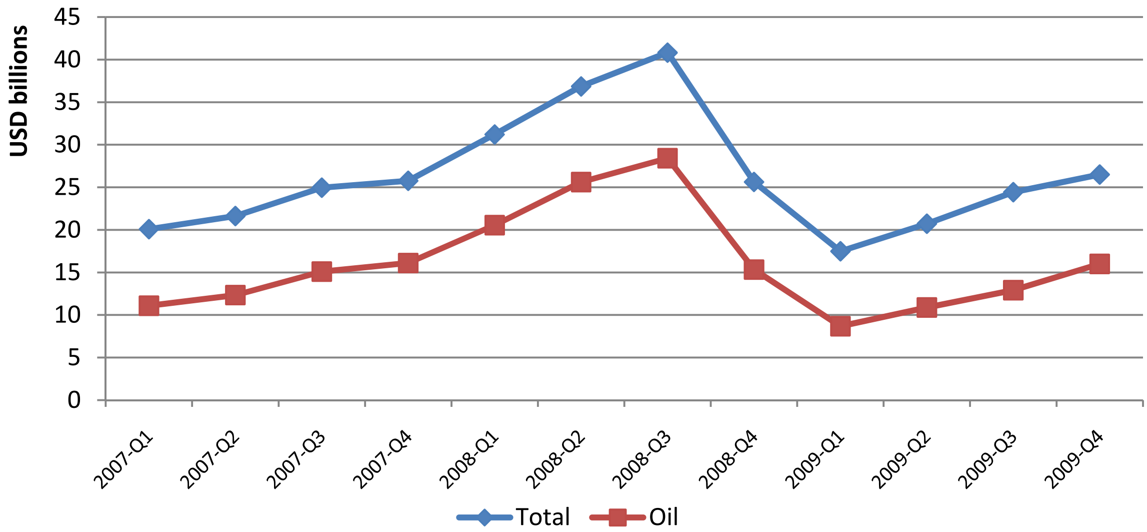
Following this report, in January 2010 ITC released a further Trade Map Factsheet, entitled *LDC Trade Recovery in 2009*. This provided an update on the level of recovery of overall LDC exports to major importers, at a disaggregated level for key partners and sectors for LDC exporters, and discussed potential determinants of export performance during times of crisis and recovery. With regard to overall trade performance, it was observed that exports of all products, and particularly non-oil products, grew from Q1 to Q4 of 2009 at average rate of 14% per quarter, reaching 2008 Q2 levels by Q3 of 2009. Despite this growth, export values on the whole were still down by 12% relative to 2008 levels, although this was largely due to declining global commodity prices, evidenced by growth in LDC export volumes of 2.6% during the same period. Concerning key partners, through Q3 2009 China showed the greatest resilience, with imports from LDCs growing 2%, while LDCs' major trade partners, the EU and US, saw their imports from LDCs decline by 11% and 13% respectively.

4. Update on LDCs' trade recovery

During Q4 2009, LDC non-oil exports to major partners[8] continued to grow, expanding by 9% over Q3 2009 and representing 2% year-on-year growth for that quarter, the first quarter since the trade slump to register year-on-year growth for LDC exports (see **Figure 4**). Despite sustained growth in export value since Q1 2009, 2009 non-oil exports from LDCs still amounted to only US$ 40.6 billion, an 8.8% decline from 2008 levels.

8 In this factsheet, major partners include Australia, Brazil, China, Chinese Taipei, Colombia, El Salvador, EU-27 (less Belgium), Iceland, Japan, Mauritius, Mexico, Singapore, Switzerland, Thailand, Turkey and the United States of America.

Figure 4: Major partners' quarterly imports of goods from LDCs 2007– 2009 (US$ billions)



Source: ITC Trade Map

As observed in earlier factsheets, LDCs continued to outperform world exporters. While LDCs' Q4 2009 non-oil exports grew by 2% in a year-on-year basis, world exports remained essentially flat, in fact declining by 0.2% from Q4 2008. Similarly, while LDC non-oil exports for all of 2009 represented a decline of over 8% from 2008, world exports declined by 21% over the same period. When oil is included, the decline and recovery figures are more dramatic, with LDC exports down by 34% in 2009 relative to 2008, although this decline is accumulated almost entirely in major oil exporting LDCs such as Angola, Sudan, Equatorial Guinea, Yemen and Chad.

Estimates of gross domestic product (GDP) growth during the crisis and forecasts for coming years emphasize the linkage of this trade slump and recovery on LDCs' overall economic development. Whereas previous GDP growth estimates by the International Monetary Fund (IMF), aggregated for all LDCs, amounted to 3.8% in 2009, revised estimates show LDCs' growth at an estimated 4.3% that year.[9] Forecasts have been downgraded for 2010, however, from 5.7% to 5.4%, although 2011 forecasts remain at 6.0% for the entire group. While these growth rates are relatively high by developed country standards, on average LDCs grew by 8.3% between 2005 and 2008, with current and forecast growth rates representing a significant decline in the speed of development.

With regard to quantity growth in exports, performance during Q4 2009 saw significant improvement over prior assessments. Whereas the first three quarters of 2009 saw export values decline by 12% and volumes expand by 2.6%, when assessing the entire year, volumes expanded by 5.8% while values declined by a lesser 8.5% (see **Table 3**).[10] This continues to highlight that post-crisis LDCs are "exporting more for less", and is further confirmed by terms of trade changes discussed in **Section 4**. As expected, the largest differences between volume and quantity growth among top sectors are found in natural resources, such as mineral fuels, other base metals, copper, ores and aluminium; the most stability (or parity) between values and volumes occurred in knit and non-knit apparel sectors and wood products.

9 Comparing the World Economic Outlook Database, IMF, April 2010 with the October 2009 release assessed in Trade Map Factsheet #2. Note: no data available for Tuvalu and Somalia.

10 Note: Here, export growth of -8.5 per cent is noted; in other calculations -8.8 per cent is cited. The difference between these two is the inclusion of Bolivia in the group of partners.

Table 3: LDC exports to major partners* growth rates, excluding crude oil (2008–2009)

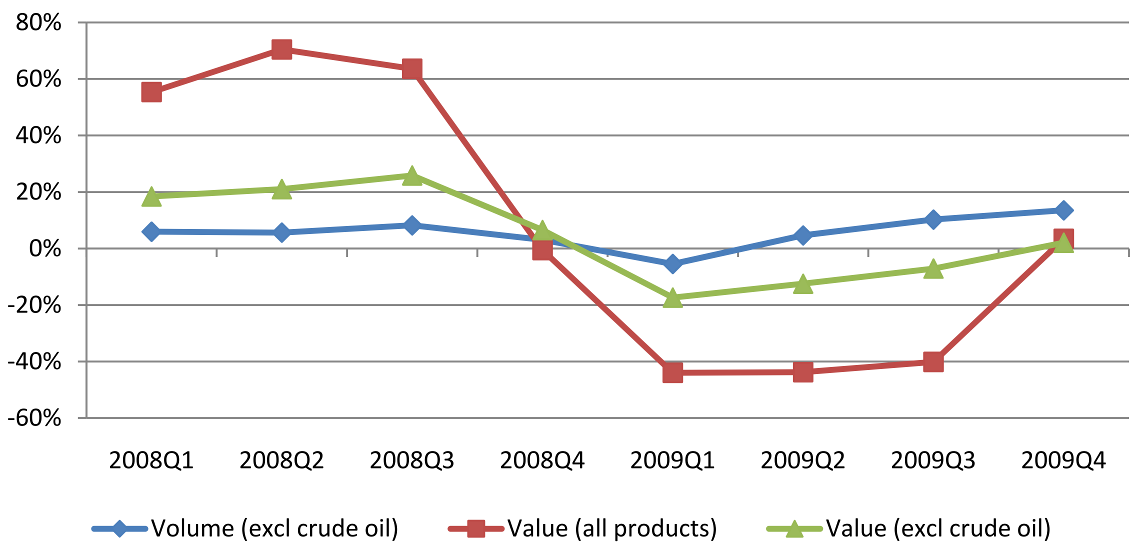
HS code	Products	Share of exports 2008	Value growth	Volume growth
TOTAL	All commodities	100%	-8.5%	5.8%
61	Articles of apparel, accessories, knit or crochet	21%	-2.8%	-1.2%
62	Articles of apparel, accessories, not knit or crochet	16%	-0.5%	-1.5%
27	Mineral fuels, oils, distillation products, etc.	15%	-29.4%	-13.0%
26	Ores, slag and ash	9%	-22.3%	19.9%
03	Fish, crustaceans, molluscs, aquatic invertebrates	5%	-13.6%	4.0%
74	Copper and articles thereof	4%	14.6%	63.0%
44	Wood and articles of wood, wood charcoal	3%	-32.9%	-23.3%
09	Coffee, tea, maté and spices	2%	-6.9%	6.4%
81	Other base metals, cermets, articles thereof	2%	-58.1%	-8.1%
76	Aluminium and articles thereof	2%	-22.5%	5.2%

Source: ITC Trade Map, ITC calculations

* Here, major partners group plus Bolivia is used.

A time series of quarterly volume and value growth rates for LDC exports provides additional evidence of LDCs' deteriorating position as price takers in international markets, with quarterly export volumes showing decline only during the first quarter of 2009, and in all quarters during the recovery showing significantly stronger year-on-year growth than corresponding export values (see **Figure 5**).

Figure 5: LDC Exports – Value and Volume Growth Rates



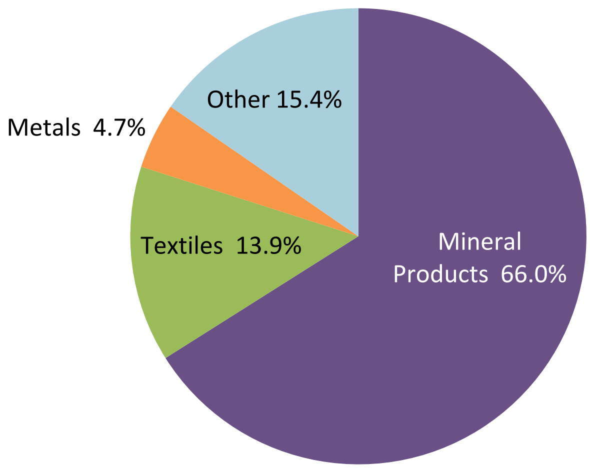
Note: Growth rates are year-on-year for each quarter, using import data from the major partners group

Source: ITC Trade Map, ITC calculations

5. Trade compositions of LDCs

In earlier factsheets, extensive analysis was made of the structure of LDCs' export patterns with regard to sectoral concentrations – generally characterized by high dependence on commodities with volatile prices in recent years, such as crude oil and other energy products, minerals, metals and agricultural products (see **Figure 6**). These commodities are also complemented by manufactured exports from a limited number of LDCs, most notably in the textiles sector. Trade composition is but one factor in determining structural economic vulnerability, and evidence of high concentrations are not intended to be given more importance than other critical factors in assessing LDCs' vulnerability, such as social cohesion, exposure to shocks through market and population size, and vulnerability to environmental shocks.[11]

Figure 6: Composition of LDC exports to major partners (2008)



Source: ITC Trade Map
Note: "Other" is an aggregation of 13 categories which together represent 15.4% of export value and individually not more than 4% each.

Differences among LDCs are observed when grouping individual countries by their top group of exported products (see **Table 4**). In total there are 14 LDCs whose exports are led by mineral products, including mineral fuels such as oil, and an additional three focusing primarily on metals. The high volatility of prices in these sectors has been identified as a significant point of vulnerability for these countries' export performance. A total of 14 LDCs export primarily animal, agricultural or processed agricultural products, followed by nine focusing on the textiles and clothing sectors, and an additional nine spread among wood products, stone and glass products, machinery and transportation equipment.

Table 4: Top product category exported by LDCs from all partners, by value (2008)

Product category	Export countries
Animal & animal products	Djibouti (28.1%), Kiribati (62.1%), Maldives (89.8%), Somalia (43.6%)
Fruit and vegetable products	Afghanistan (55.5%), Comoros (29.3%), Ethiopia (75.5%), Gambia (28.4%), Guinea-Bissau (94.15%), Rwanda (49.4%), Uganda (36.5%), United Republic of Tanzania (26.0%)
Processed Agriculture & Tobacco	Malawi (74.2%), Sao Tome and Principe (48.4%)
Mineral products	Angola (98%), Bhutan (50.2%), Chad (97.1%), Democratic Republic of the Congo (47.5%), Equatorial Guinea (96.8%), Guinea (41.1%), Mauritania (78.3%), Myanmar (51.4%), Niger (60.8%), Senegal (41.6%), Sierra Leone (34.4%), Sudan (94.1%), Timor-Leste (81.6%), Yemen (88.8%)
Wood & wood	Central African Republic (52.5%), Solomon Islands (69.9%)

11 These are just several of the criteria in determining structural economic vulnerability. Further details can be found in Guillaumont, Patrick. *Caught in a trap – identifying the least developed countries*. Economica, 2009, pp 187-193.

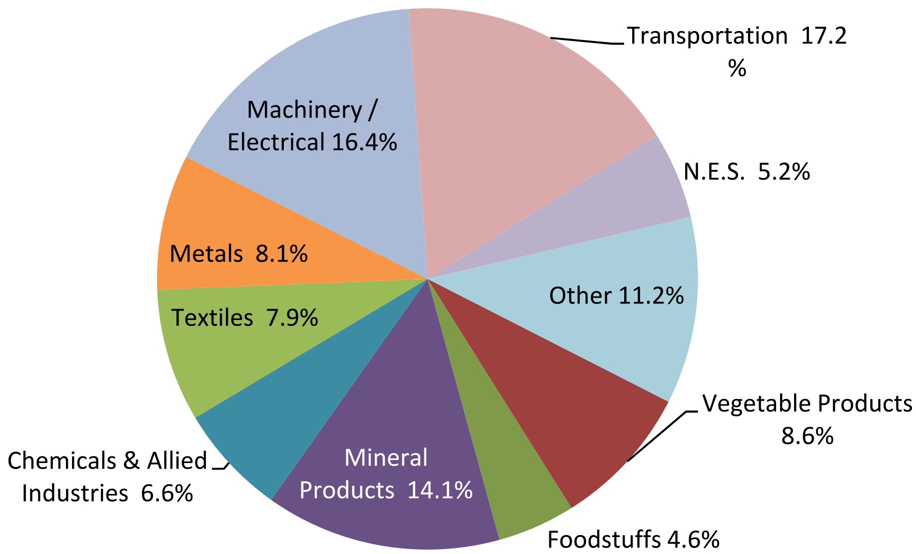
Product category	Export countries
products	
Textiles	Bangladesh (87.3%), Benin (27.4%), Burkina Faso (54.8%), Cambodia (82.2%), Haiti (79.2%), Lesotho (57.2%), Madagascar (56.4%), Nepal (36.5%), Togo (44.7%)
Stone/glass	Burundi (43.2%), Mali (74.9%)
Metals	Lao People's Democratic Republic (37.5%), Mozambique (56.4%), Zambia (70.7%)
Machinery/ electrical	Samoa (81.5%)
Transportation	Eritrea (26.9%), Liberia (40.3%), Tuvalu (39.5%), Vanuatu (53.2%)

Source: ITC Trade Map

Note: Here, full global mirror (or, where available, direct) data are used for the entire year of 2008.

While LDC exports are almost entirely dominated by mineral products and mineral fuels (66% of export value in 2008) and other commodities (metals, agriculture), reflecting the natural resource endowments of many of them, LDC imports reflect their limited domestic capacities in high value-added manufactured goods, with transportation and machinery equipment accounting for more than a third of imports, closely followed by mineral products (primarily mineral fuels) (see **Figure 7**). The relatively high share of mineral fuels in both LDC imports and exports highlights the group's heterogeneous nature, with a split between major energy exporters and those dependent on energy imports.

Figure 7: Composition of LDC imports from major partners (2008)



Source: ITC Trade Map

Note: "Other" is an aggregation of seven categories which together represent 11.2% of import value and individually not more than 4%.

An important caveat to **Figure 7** is that a heavily weighted good within mineral products, crude oil, is particularly under-represented within the group of major partners with data available for 2009. In fact, at least 96% of the crude oil imports of LDCs will be unaccounted for using our major partners group, none of whom are found among the top five exporters of crude oil to LDCs (see **Figure 9**, **Annex 1**).

While the LDCs' aggregate import composition provides an impression of the level of concentration across all LDCs, it obscures important differences between individual countries in this diverse group. Although transportation and machinery, and electronics, are the top categories by value for all LDC imports, when assessing just the top category and counting across country, it is revealed that the most important import for the most LDCs is minerals and mineral fuels (due primarily to mineral fuels such as crude oil), with 19 LDCs showing this product category as their largest. Among these countries, dependence on mineral and mineral fuel imports averages at 27.3% of imports, ranging from 19.8% for Guinea-Bissau to 42.2% for the Central African Republic. Notably, Yemen, a major oil exporter, is included in this list of LDCs dependent on oil imports. During 2008 (the period assessed), 29.7% of Yemeni imports were accounted for by refined Aviation Spirits (HS271011), originating primarily from the United Arab Emirates and Kuwait. That Yemen's top partners in its most important import for 2008 (and at least two years prior) are not reflected in the major partners group is an important consideration when interpreting latest trends. Additional comments on the representativeness of this group of reporting partners, for both imports and exports, is available in **Annex 1**.

Table 5: Top product category Imported by LDCs from all partners, by value (2008)

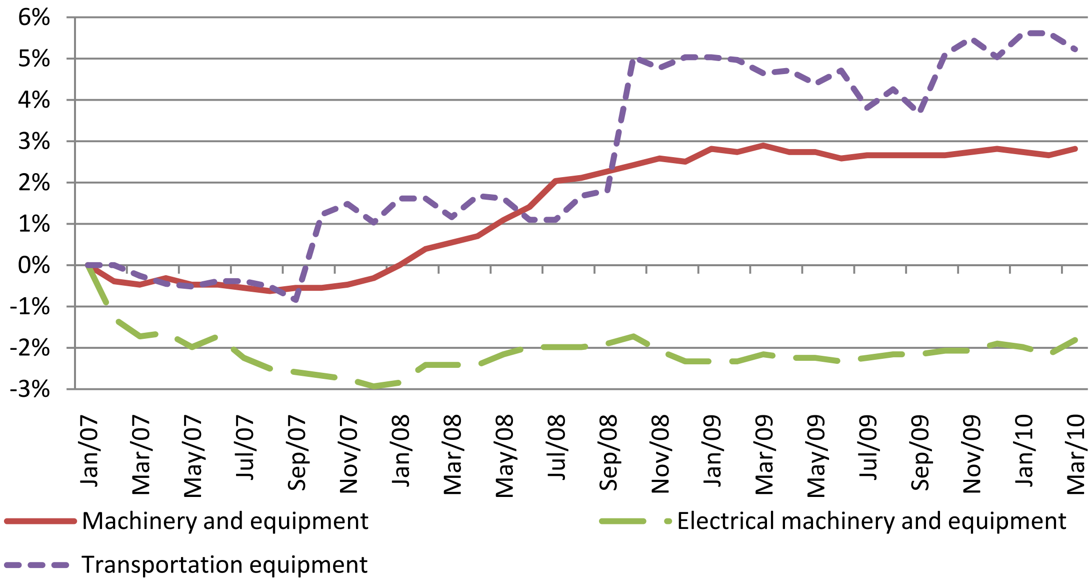
Product category	Importing countries
Vegetable products	Djibouti (18.6%), Haiti (23.4%), Somalia (45.5%)
Processed Agriculture & Tobacco	Kiribati (16.8%)
Mineral products	Bhutan (21.4%), Central African Republic (42.3%), Ethiopia (25.6%), Gambia (23.1%), Guinea (37.2%), Guinea-Bissau (19.8%), Lao People's Democratic Republic (22.2%), Maldives (26.6%), Mali (27.3%), Mozambique (21.7%), Nepal (27.9%), Niger (22.7%), Samoa (25.3%), Sao Tome and Principe (26.9%), Senegal (30.4%), Solomon Islands (39.6%), Uganda (21.9%), Yemen (29.7%), Zambia (27.1%)
Chemicals & allied industries	Burkina Faso (19.5%), Malawi (25.4%)
Textiles	Bangladesh (23.3%), Benin (29.7%), Cambodia (23.2%), Lesotho (48.6%), Togo (30.9%)
Metals	Burundi (23.3%), Mauritania (21.4%)
Machinery and electrical equipment	Angola (25.8%), Chad (31.3%), Democratic Republic of the Congo (22.0%), Equatorial Guinea (30.2%), Eritrea (24.6%), Madagascar (22.9%), Myanmar (19.8%), Rwanda (24.5%), Sierra Leone (19.7%), Timor-Leste (30.1%), United Republic of Tanzania (22.3%)
Transportation equipment	Comoros (19.8%), Liberia (66.0%), Sudan (43.4%), Tuvalu (84.1%), Vanuatu (36.7%)
Not elsewhere specified	Afghanistan (33%)

Source: ITC Trade Map

Note: Here, full global mirror (or, where available, direct) data are used for the entire year of 2008.

Machinery and electrical equipment is the second most important product group in LDC imports, with 11 LDCs showing this category as their largest import in terms of value; among these countries, the category's share of imports averages 24.8% and ranges from 19.7% to 31.2%. It is worth noting that four of the five major oil exporters (Angola, Chad, Equatorial Guinea, Sudan) are within these two groups, and their relatively larger import values overall (facilitated by high oil export revenues) are what increased the overall importance of this set of goods in aggregated LDC imports. It is expected that these countries' import price indices will be relatively stable over the period assessed, given that available producer price indices for machinery, electrical equipment and transportation equipment have remained relatively stable, with only 5% or less inflation (and, for electrical equipment, 2% deflation) in these sectors within the US (see **Figure 8**).

Figure 8: US producer price index growth (January 2007–March 2010)



Source: United States Bureau of Labor Statistics, Producer Price Index-Commodities Database, Items WPU11, WPU117, WPU14, accessed 30 April 2010, www.bls.gov/data/

6. Conclusions

Both 2008 and 2009 proved to be volatile years for LDCs' trade patterns, with rapid upswings, downswings and a still ongoing recovery that has yet to reach earlier levels. While in value terms, recovery is clearly present and ongoing, faster growth in volumes of exports throughout 2009, coupled with an overall trend of deteriorating terms of trade for many LDCs with their major partners, highlights the continuing difficulties these countries face. While export levels may reach 2008 highs in the next two years, as predicted by WTO,[12] such an accomplishment is of limited value if those export earnings only buy a smaller quantity of imports.

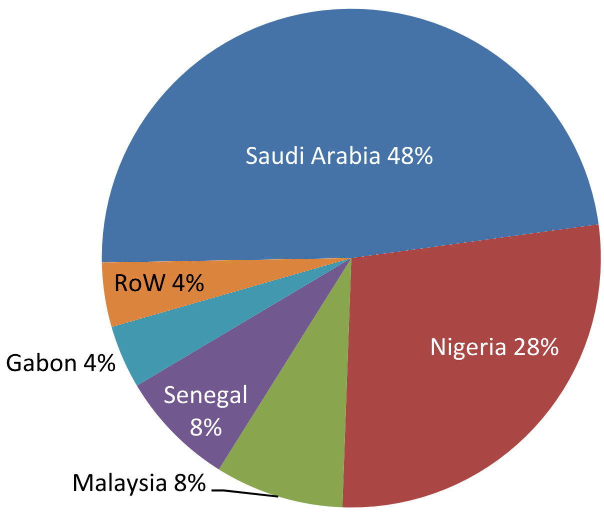
12 "Trade to expand by 9.5 per cent in 2010 after a dismal 2009", WTO Press Release 598, 26 March 2010.

Annex 1: Representativeness

An important consideration for ITC Trade Map Factsheets is sample representativeness when assessing most recent trade data (i.e., quarterly data for 2009). As only a limited number of countries provide data at this level of detail and frequency to Trade Map, figures given for LDC–"World" trade are inevitably based an incomplete share of total LDC trade partners. This applies to figures provided for value and quantity growth where a select group of partners representing the "world" or "major [trade] partners" is noted. Additionally, in terms of trade calculations, a certain percentage of trade is inevitably excluded from calculations because quantity measurement methods for certain products can change over time and thus bias calculations; one example is with some clothing items, where changing from a unit measurement of "dozens" to "units" or raw weight from one period to another would invalidate comparisons between the two (see **Annex 2** for outlier omission methodology).

Another example of bias introduced through incomplete data is that evidence points towards a significant incompleteness in data for crude oil imports by LDCs. Although the overview below highlights that roughly half of mineral product imports by LDCs are represented, an important product within this group, crude oil, appears to be significantly under-represented. This is because crude oil imports by LDCs primarily come from African and Gulf states, which are not frequent reporters to Trade Map and thus not reflected in mirror data using the major partners group (see **Figure 9**). The impact of this data gap will be to underestimate changes in the import price index of LDCs that are significant oil importers, whose overall terms of trade could be expected to be slightly worse during 2008 (due to high oil import prices), improving during late 2008 and early 2009, and declining in the second half of 2009 (with again rising import prices).

Figure 9: LDC crude oil imports by partner, 2002–2006



Source: ITC Trade Map

With regard to the group of "major partners"[13] used to measure overall value and quantity changes in this and earlier Trade Map Factsheets, coverage of LDCs' exports is relatively high, although imports are less represented. In value terms, total LDC exports in 2008 amounted to US$ 171 billion, with approximately US$ 135 billion (78%) represented within the major partners sample. On the imports side, LDCs imported US$ 178 billion in goods in 2008 from all partners, with US$ 93 billion (52%) from major partners identified in this factsheet. Among the LDCs' top partners for exports, only two are omitted from the major partners sample: India and South Africa, with 4% and 3% of total export value respectively (see **Table 6**). Concerning LDC imports, three of the top ten partners are absent from the sample: India, South Africa and the Republic of Korea, respectively omitting 7%, 5% and 4% of LDC imports.

Table 6: Sample representativeness by trade partner, 2008

Rank	LDCs' export partner	Share
1	China	23%
2	United States of America	21%
3	France	5%
4	Thailand	5%
5	Japan	4%
6	India	4%
7	Spain	4%
8	Germany	3%
9	South Africa	3%
10	Chinese Taipei	2%
	Rest of world	26%

Rank	LDCs' import partner	Share
1	China	16%
2	India	7%
3	United States of America	5%
4	Thailand	5%
5	South Africa	5%
6	Singapore	5%
7	Republic of Korea	4%
8	France	4%
9	Japan	3%
10	Germany	3%
	Rest of world	43%

Note: Highlighted partners are those not present in "major partners" in this fact sheet

With regard to representativeness of products exported and imported, coverage is again better for exports than for imports. On the exports side, mineral products, including oil, are significantly over-represented, whereas fruit and vegetables, stone, glass and precious metals, and processed metals exports are under-represented (see **Table 7**).[14] LDC imports of vegetable products, mineral products (including oil) and transportation equipment are all under-represented, while LDC imports of textiles and machinery and electrical equipment are over-represented.

Table 7: Sample representativeness by product category 2008

Product category	LDC exports		LDC imports	
	Global	Sample partners	Global	Sample partners
01-05 Animal & animal products	1.9%	1.6%	1.7%	2.1%
06-15 Fruit & vegetable products	3.7%	2.1%	8.6%	5.5%
16-24 Foodstuffs	1.5%	1.0%	4.6%	4.9%
25-27 Mineral products	66.0%	74.3%	14.1%	8.6%
28-38 Chemicals & allied industries	0.9%	0.4%	6.6%	6.0%
39-40 Plastics/rubbers	0.5%	0.3%	3.3%	3.2%
41-43 Raw hides, skins, leather & furs	0.3%	0.2%	0.2%	0.3%
44-49 Wood & wood products	1.5%	1.1%	2.0%	1.6%
50-63 Textiles	13.9%	14.3%	7.9%	10.2%
64-67 Footwear/headgear	0.4%	0.5%	0.6%	0.8%

13 Australia, Brazil, China, Chinese Taipei, Colombia, El Salvador, EU-27 (less Belgium), Iceland, Japan, Mauritius, Mexico, Singapore, Switzerland, Thailand, Turkey, United States of America.

14 Here, a threshold of a 1 per cent difference from the global share is used to determine if a product category is over- or under-represented.

Product category	LDC exports		LDC imports	
	Global	Sample partners	Global	Sample partners
68-71 Stone/glass	2.7%	0.4%	1.1%	1.3%
72-83 Metals	4.7%	2.7%	8.1%	8.5%
84-85 Machinery/electrical	0.6%	0.2%	16.4%	23.7%
86-89 Transportation	1.0%	0.5%	17.2%	15.1%
90-97 Miscellaneous	0.2%	0.1%	2.4%	3.2%
98-99 Service	0.2%	0.2%	5.2%	4.0%

Note: Highlighted categories are those where sample share differs by more than 1 per cent from global share.

With regard to individual LDCs represented in the composition of trade with major partners, the natural resource exporters Angola, Equatorial Guinea and Sudan are over-represented, at the expense (by small margins) of other LDCs (see **Table 8**). Similarly, imports to Angola, Benin, Myanmar and Senegal are over-represented in the sample, and Ethiopia, Mali, Sudan and Uganda under-represented.

Table 8: Sample representativeness by LDC

	Share of total LDC exports		Share of total LDC imports	
	Total	Sample	Total	Sample
Afghanistan	0.30%	0.10%	1.40%	2.10%
Angola	39.00%	42.10%	11.40%	16.30%
Bangladesh	9.70%	10.40%	10.60%	11.20%
Benin	0.40%	0.20%	3.50%	5.20%
Bhutan	0.30%	0.00%	0.30%	0.10%
Burkina Faso	0.30%	0.20%	0.70%	0.60%
Burundi	0.10%	0.00%	0.20%	0.10%
Cambodia	2.90%	3.20%	4.20%	4.90%
Central African Republic	0.10%	0.10%	0.20%	0.20%
Chad	2.30%	2.90%	0.40%	0.50%
Comoros	0.00%	0.00%	0.10%	0.10%
Democratic Republic of the Congo	2.20%	1.80%	2.10%	1.30%
Djibouti	0.10%	0.00%	1.10%	0.90%
Equatorial Guinea	9.30%	11.00%	0.90%	1.30%
Eritrea	0.00%	0.00%	0.10%	0.10%
Ethiopia	0.90%	0.60%	4.90%	3.00%
Gambia	0.00%	0.00%	0.20%	0.50%
Guinea	0.90%	0.60%	1.10%	1.60%
Guinea-Bissau	0.10%	0.00%	0.10%	0.10%
Haiti	0.40%	0.40%	1.30%	1.50%
Kiribati	0.00%	0.00%	0.00%	0.00%
Lao People’s Democratic Republic	0.80%	0.80%	1.40%	2.40%
Lesotho	0.40%	0.30%	0.20%	0.20%
Liberia	0.60%	0.40%	6.60%	7.60%
Madagascar	1.00%	0.90%	2.20%	1.90%

	Share of total LDC exports		Share of total LDC imports	
	Total	Sample	Total	Sample
Malawi	0.50%	0.30%	1.20%	0.30%
Maldives	0.10%	0.10%	0.80%	0.70%
Mali	1.10%	0.10%	1.90%	0.90%
Mauritania	1.40%	1.50%	1.10%	1.40%
Mozambique	1.50%	1.00%	2.20%	1.70%
Myanmar	3.70%	3.60%	3.50%	5.40%
Nepal	0.60%	0.20%	1.50%	0.70%
Niger	0.30%	0.10%	0.70%	0.80%
Rwanda	0.20%	0.10%	0.60%	0.30%
Samoa	0.00%	0.10%	0.20%	0.20%
Sao Tome and Principe	0.00%	0.00%	0.10%	0.10%
Senegal	1.30%	0.40%	3.70%	4.60%
Sierra Leone	0.20%	0.10%	0.40%	0.40%
Solomon Islands	0.20%	0.20%	0.10%	0.20%
Somalia	0.10%	0.00%	0.50%	0.20%
Sudan	5.50%	8.20%	9.20%	5.00%
Timor-Leste	0.10%	0.10%	0.20%	0.10%
Togo	1.00%	0.20%	2.00%	2.70%
Tuvalu	0.00%	0.00%	0.10%	0.10%
Uganda	1.00%	0.40%	2.50%	1.20%
United Republic of Tanzania	1.20%	0.70%	3.40%	3.20%
Vanuatu	0.30%	0.40%	0.20%	0.30%
Yemen	4.40%	4.90%	5.90%	4.90%
Zambia	3.00%	1.00%	2.80%	0.90%

Note: Highlighted categories are those where sample share differs by more than 1 per cent from global share.

Annex 2: Terms of trade methodology

Terms of trade are the relative prices of a country's exports to imports. An improvement in a country's terms of trade is beneficial for that country in the sense that it has to export less for the same import basket. When the country's terms of trade are falling, the country is said to have deteriorating terms of trade. As a proxy for prices, export and import unit values will be used to calculate the terms of trade.

Methodology for calculating the Terms of trade

The terms of trade are defined as the ratio of the export price index to the import price index. Export and import price indices are computed as follow:

1. Export price index

$$LPIx_{to}^{t} = \frac{\sum_j xQ_{j,av} \times xUV_{j,t}}{\sum_j xQ_{j,av} \times xUV_{j,to}}$$

2. Import price index

$$LPIm_{to}^{t} = \frac{\sum_j mQ_{j,av} \times mUV_{j,t}}{\sum_j mQ_{j,av} \times mUV_{j,to}}$$

3. Terms of trade

$$TOT_{to}^{t} = LPIx_{to}^{t}/LPIm_{to}^{t}$$

Where:

j denotes a product/good;

$xUV_{j,t}$ and $xUV_{j,to}$ the export unit values for the periods t and t0;

$xQ_{j,av}$ and $mQ_{j,av}$represent the average volumes of the exported and the imported baskets over the quarterly periods 2006-2009.

Controlling for unit values outliers

To ensure the reliability of export and import unit values and hence the terms of trade calculation, outliers need to be identified and corrected. If these are caused by reporting errors, the outliers will need to be excluded from the calculations. Poor quality of the recorded data on the quantities often lead to extremely high or extremely low values, sometimes resulting from changes in the quantity units used to report. Another frequent source of outliers may result from a misspecification of country origin/destination.

In this report we have implemented a systematic approach to track the outlying unit values. We use a filter based on the distribution of the median unit values across countries (trading partners) of each product for the previous and following years. Observations with unit value changes of 500 per cent (five times higher) or 20 per cent (five times lower) will be declared improbable and are taken out from the analysis. For the Chinese monthly bilateral trade (at HS 6-digits level), only 60% of the observations of the export values and 75% for the import values did not exhibit outlier problems. However, 98% of omitted Chinese data was caused by a reclassification of the Chinese monthly trade data, using different quantity indicators across the periods, for which no conversion has yet been available. For the US and other partners, the extent of outliers was very small.

Trade data are drawn from the ITC-Trade Map database for the quarterly basis, the reporting countries for which data were available for the period 2007-2009 were the U.S.A, EU-27, Japan, Brazil, and China.

Annex 3: Detailed Terms of Trade Data

Table 9: Export impacts per least developed country, 2008–2009 (2006=100)

Exporters	Export Value		Terms of Trade Evolution														
	2008-2009		Brazil			China			EU			Japan			USA		
	Change	% Change	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Afghanistan	- 22.83	-13.1%	86.0	88.1	81.9	115.1	-	100.6	63.6	56.2	49.2	-	-	-	73.7	124.4	117.4
Angola	- 215.71	-26.4%	83.4	105.8	45.7	84.4	107.7	61.1	77.1	87.8	56.8	112.0	138.2	98.0	88.7	105.1	67.1
Bangladesh	337.42	2.7%	102.0	84.3	111.6	96.4	87.8	107.7	46.8	73.0	74.3	93.1	85.3	89.3	83.8	76.5	85.8
Benin	- 129.53	-46.2%	90.2	-	-	95.4	98.0	74.1	91.0	85.4	65.6	104.8	-	-	108.9	73.2	70.4
Bhutan	- 3.51	-46.0%	-	-	-	-	-	-	107.0	157.5	-	110.9	68.9	59.3	-	-	-
B.Faso	- 3.39	-1.5%	-	-	-	91.2	96.8	79.4	85.7	87.8	108.9	112.3	171.7	110.2	-	140.3	104.1
Burundi	22.67	80.8%	-	-	-	63.3	-	-	90.5	75.4	89.3	118.4	74.0	113.5	62.6	90.3	72.9
Cambodia	- 196.66	-4.9%	-	-	-	110.4	116.4	79.1	97.5	94.4	95.6	106.7	83.8	95.3	89.9	70.0	107.5
C.A. Rep.	- 40.82	-46.9%	-	-	-	95.4	118.4	-	59.0	53.0	47.9	127.3	111.3	78.2	34.3	32.7	89.5
Chad	- 36.27	-16.6%	-	-	-	85.2	86.9	95.3	64.7	66.1	69.4	99.0	193.6	254.1	91.7	156.4	149.4
Comoros	- 0.48	-1.8%	-	-	-	-	-	-	102.6	100.6	116.3	107.9	122.5	-	-	-	-
D.R. Congo	- 1,002.67	-41.5%	79.5	189.2	-	119.4	151.7	77.8	89.4	100.0	63.3	104.2	84.1	85.6	187.0	80.9	31.3
Djibouti	17.07	67.2%	-	-	-	-	-	-	86.2	81.0	83.3	-	-	-	91.5	87.5	-
Equatorial G.	- 1,412.06	-49.0%	99.9	71.5	51.5	75.7	97.0	40.5	82.9	95.1	59.3	98.3	136.9	-	77.9	87.3	44.9
Eritrea	- 0.81	-8.4%	-	-	-	59.6	55.1	77.3	88.4	89.9	94.2	-	-	-	-	-	-
Ethiopia	23.72	2.8%	110.0	122.6	138.4	97.7	115.6	98.7	73.9	71.8	78.3	105.3	114.3	136.1	101.8	75.9	78.8
Gambia	6.65	42.0%	-	-	-	100.7	112.7	92.8	96.5	84.5	109.1	85.4	165.8	-	-	171.9	-
Guinea	- 243.62	-28.5%	-	-	-	90.4	94.5	64.9	94.2	113.4	112.6	101.2	72.2	41.3	121.4	93.5	81.9
G.-Bissau	1.51	41.1%	-	-	-	-	-	-	73.5	95.8	98.6	-	-	-	80.3	-	91.6
Haiti	65.81	12.0%	-	12.7	12.9	81.5	83.0	51.9	145.7	101.7	110.9	102.8	61.2	78.4	84.2	57.7	109.4
Kiribati	6.92	50.9%	-	-	-	-	-	-	-	-	-	143.0	132.1	91.0	83.3	-	137.8
Lao PDR	27.51	2.7%	-	-	-	114.3	120.0	120.7	85.6	53.6	72.8	99.9	78.3	85.7	79.8	37.6	114.4
Lesotho	- 76.69	-19.1%	-	-	-	82.3	73.7	66.6	110.2	110.7	123.8	98.2	81.1	71.6	71.8	98.3	101.5
Liberia	370.40	79.1%	-	-	-	-	20.7	58.6	54.2	59.7	21.8	-	-	-	45.4	47.4	33.0
Madagascar	- 216.13	-17.2%	112.6	91.0	121.8	78.5	112.3	85.5	86.8	85.0	80.3	99.0	90.4	80.0	87.4	80.4	88.9
Malawi	55.68	13.1%	83.3	-	93.3	204.9	83.7	-	84.0	72.4	109.4	105.3	108.0	106.7	103.5	118.1	177.5
Maldives	- 71.45	-42.4%	-	-	-	-	385.1	144.7	90.7	91.1	103.0	105.6	106.6	110.0	100.2	97.6	121.6
Mali	- 60.56	-40.7%	77.3	-	-	92.4	101.2	80.0	89.3	83.6	89.1	90.5	101.8	71.0	97.4	83.1	86.8

Exporters	Export Value 2008-2009		Terms of Trade Evolution														
			Brazil			China			EU			Japan			USA		
	Change	% Change	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Mauritania	- 315.62	-19.6%	-	-	-	84.7	115.2	70.6	100.5	110.4	122.2	116.7	118.2	72.4	-	24.0	-
Mozambique	- 247.65	-19.8%	-	-	-	92.8	98.1	103.7	77.1	64.3	48.7	114.6	135.3	127.4	61.7	68.9	68.9
Myanmar	- 78.08	-1.4%	92.4	80.2	97.1	115.1	143.7	120.6	123.8	118.2	115.5	76.8	77.5	81.0	-	-	-
Nepal	- 71.68	-26.9%	-	-	24.3	116.4	101.1	98.7	104.3	109.0	127.9	98.4	98.6	104.4	87.7	100.9	116.2
Niger	328.51	342.7%	-	-	-	-	-	-	90.9	114.0	187.1	-	-	-	111.6	-	90.4
Rwanda	- 13.04	-11.1%	-	-	-	88.1	78.8	52.9	84.8	85.2	91.1	109.3	79.3	76.6	75.9	105.6	116.8
Samoa	- 23.79	-30.5%	-	-	-	-	-	-	-	-	-	96.6	77.7	113.8	68.8	63.4	58.9
S.T. Principe	7.42	200.1%	-	-	-	-	-	-	103.3	100.4	120.8	-	-	-	-	-	-
Senegal	- 88.36	-18.7%	71.0	56.8	61.6	68.1	68.3	72.9	99.4	93.6	109.5	100.2	103.5	84.8	86.2	89.0	102.3
Sierra Leone	- 0.35	-0.3%	115.1	110.7	138.9	68.9	53.2	-	84.7	94.7	86.4	66.9	100.3	60.0	98.8	92.8	47.6
Solomon Is	- 77.21	-24.8%	-	-	-	92.0	81.4	-	107.6	119.3	99.6	90.3	72.8	61.2	107.3	119.2	115.1
Somalia	- 1.90	-46.1%	-	-	-	96.8	-	180.3	70.5	75.4	118.6	109.6	-	-	76.8	60.4	-
Sudan	- 114.46	-36.6%	90.3	98.3	116.3	65.5	92.9	51.5	60.4	71.3	73.3	109.9	147.3	75.6	44.0	22.1	46.5
Timor-Leste	- 93.43	-61.1%	-	-	-	-	-	-	49.9	84.1	65.3	96.1	75.7	85.6	-	-	-
Togo	12.78	3.9%	117.4	375.9	-	83.5	89.0	83.3	102.7	99.9	136.6	418.4	38.8	45.8	87.3	82.4	88.7
Tuvalu	2.21	169.2%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	- 60.88	-10.8%	167.5	205.0	-	113.8	123.5	86.2	93.5	98.4	69.0	142.1	178.9	108.6	92.8	78.9	73.9
Tanzania	17.40	2.0%	-	-	-	60.7	108.9	77.7	86.3	75.8	88.7	105.1	126.3	111.4	80.1	74.9	80.4
Vanuatu	- 332.36	-65.6%	-	-	-	-	-	-	79.6	133.3	122.9	104.6	113.8	91.0	168.9	209.3	75.7
Yemen	- 120.42	-44.4%	100.9	-	-	83.9	104.8	70.6	86.5	84.2	80.1	102.6	117.7	67.7	66.9	50.6	94.7
Zambia	143.17	9.8%	166.0	219.5	77.1	82.3	59.1	52.6	90.3	86.8	58.7	161.3	195.1	102.6	138.5	157.5	92.9
Total LDCs	- 3,925.58	-8.8%	86.7	101.6	70.5	82.4	106.4	64.2	74.3	87.6	69.9	107.1	135.5	83.4	89.2	97.4	76.4

Note: Terms of trade from the LDCs' perspective. LDCs' terms of trade above 100 mean that they have gained more favorable prices relative to the export and import unit values of 2006.

Table 10: Individual LDCs' terms of trade performance in 2009 by partner (relative to 2006)

China		
	Decline	
Improved	Moderate	Significant
Afghanistan	Chad	Angola
Bangladesh	Ethiopia	B.Faso
Lao P.D.R.	Gambia	Benin
Maldives	Madagascar	Cambodia
Mozambique	Nepal	D.R. Congo
Myanmar	Togo	Equatorial G.
Somalia	Uganda	Eritrea
		Guinea
		Haiti
		Lesotho
		Liberia
		Mali
		Mauritania
		Rwanda
		Senegal
		Sudan
		Tanzania
		Yemen
		Zambia

EU		
	Decline	
Improved	Moderate	Significant
B.Faso	Burundi	Afghanistan
Comoros	Cambodia	Angola
Gambia	Djibouti	Bangladesh
Guinea	Eritrea	Benin
Haiti	G.-Bissau	C.A. Rep.
Lesotho	Madagascar	Chad
Malawi	Mali	D.R. Congo
Maldives	Rwanda	Equatorial G.
Mauritania	Sierra Leone	Ethiopia
Myanmar	Solomon Is	Lao P.D.R.
Nepal	Tanzania	Liberia
Niger	Yemen	Mozambique
S.T.Principe		Sudan
Senegal		Timor-L.
Somalia		Uganda
Togo		Zambia
Vanuatu		

Japan		
Improved	Decline	
	Moderate	Significant
B.Faso	Angola	Bhutan
Burundi	Bangladesh	C.A. Rep.
Chad	Cambodia	Guinea
Ethiopia	D.R. Congo	Haiti
Malawi	Kiribati	Lesotho
Maldives	Lao P.D.R.	Mali
Mozambique	Madagascar	Mauritania
Nepal	Myanmar	Rwanda
Samoa	Senegal	Sierra Leone
Tanzania	Timor-L.	Solomon Is
Uganda	Vanuatu	Sudan
Zambia		Togo
		Yemen

USA		
Improved	Decline	
	Moderate	Significant
Afghanistan	Bangladesh	Angola
B.Faso	C.A. Rep.	Benin
Cambodia	G.-Bissau	Burundi
Chad	Guinea	D.R. Congo
Haiti	Madagascar	Equatorial G.
Kiribati	Mali	Ethiopia
Lao P.D.R.	Niger	Liberia
Lesotho	Tanzania	Mozambique
Malawi	Togo	Samoa
Maldives	Yemen	Sierra Leone
Nepal	Zambia	Sudan
Rwanda		Uganda
Senegal		Vanuatu
Solomon Is		

Brazil		
Improved	Decline	
	Moderate	Significant
Bangladesh	Afghanistan	Angola
Ethiopia	Malawi	Equatorial G.
Madagascar	Myanmar	Haiti
Sierra Leone		Nepal
Sudan		Senegal
		Zambia

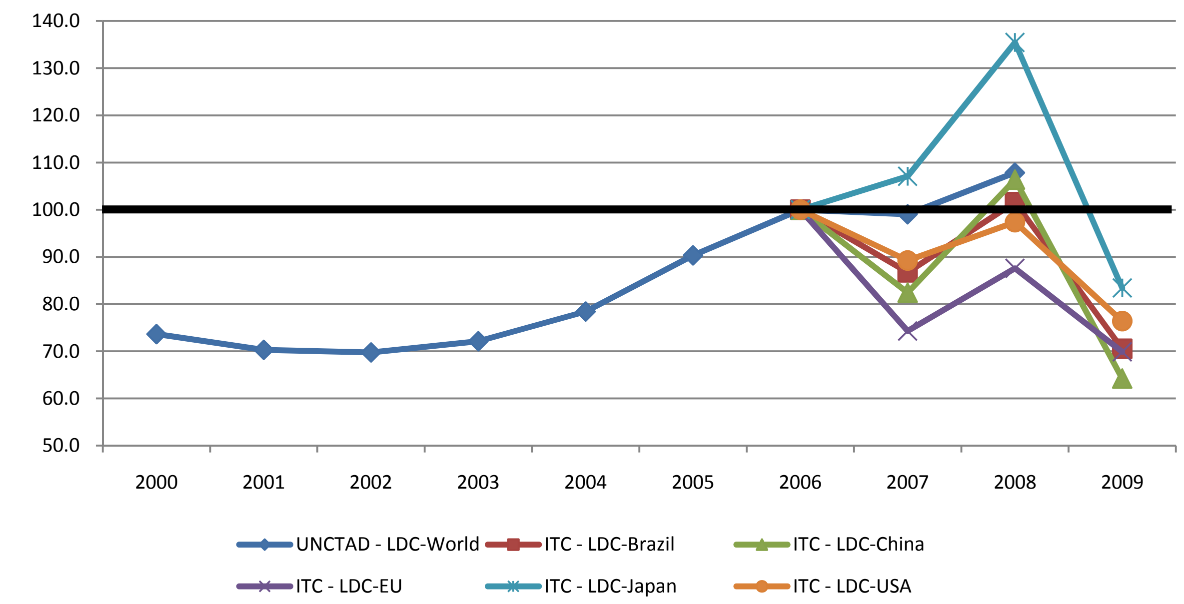
Source: ITC Trade Map, ITC calculations

Table 11: LDCs by share of improved terms of trade with select partners (2006–2009)

	Country	Gain	Loss
Improved	Maldives	4	0
	B.Faso	3	1
	Malawi	3	1
	Nepal	3	2
Mixed results or limited data	Somalia	2	0
	Afghanistan	2	2
	Chad	2	2
	Lao P.D.R.	2	2
	Lesotho	2	2
	Mozambique	2	2
	Myanmar	2	2
	Comoros	1	0
	S.T.Principe	1	0
	Gambia	1	1
	Kiribati	1	1
	Niger	1	1
	Samoa	1	1
	Burundi	1	2
	Mauritania	1	2
	Solomon Is	1	2
	Vanuatu	1	2
	Tuvalu	0	0
	Bhutan	0	1
	Djibouti	0	1
	Eritrea	0	2

	Country	Gain	Loss
	G.-Bissau	0	2
	Timor-L.	0	2
Declined	Bangladesh	2	3
	Ethiopia	2	3
	Haiti	2	3
	Senegal	2	3
	Cambodia	1	3
	Guinea	1	3
	Rwanda	1	3
	Sierra Leone	1	3
	Tanzania	1	3
	Togo	1	3
	Uganda	1	3
	Madagascar	1	4
	Sudan	1	4
	Zambia	1	4
	Benin	0	3
	C.A. Rep.	0	3
	Liberia	0	3
	D.R. Congo	0	4
	Equatorial G.	0	4
	Mali	0	4
	Yemen	0	4
	Angola	0	5

Figure 10: LDCs' terms of trade 2000-2009 (2006=100)



Source: UNCTAD, Trade and Development Board, Key Development Challenges Facing LDCs, 12 May 2010, page 11;
UNCTAD, Handbook of Statistics 2009, International Merchandise Trade Indicators, accessed 27 May 2010;
ITC calculations

Note: ITC annual terms of trade are a simple average of quarterly calculations