

Foreign trade

In Q1 2021, world trade continued to grow (+3.1% after +4.4%), driven by trade in the emerging countries. World demand for French products also continued to increase in Q1, but at a less sustained pace than that of world trade (+1.3% after +4.6%).

Foreign trade affected French GDP growth in Q1 2021, with exports having declined slightly (-0.2% after +4.9% in Q4 2020) while imports continued to increase (+1.1% after +2.2%). In Q2, the upswing in imports would appear to have continued at a moderate pace, with restrictive measures in force for part of the quarter affecting domestic demand for manufactured products. Exports, on the other hand would appear to have picked up with the acceleration of world demand for French products.

In H2 2021, imports are expected to become particularly dynamic, driven by domestic demand, with exports likely to increase moderately, still hampered by some sectors (transport equipment).

World trade is expected to grow at a sustained pace throughout 2021

In Q1 2021, world trade continued to grow (+3.1% after +4.4%, ► **Figure 1**), exceeding its Q4 2019 level (+3% above this level, ► **Figure 2**). This buoyancy is mainly due to trade by the emerging countries (+8.3% after +3.2%), while that of the advanced countries increased more slowly (+0.5% after +5.0% in Q4 2020).

In Q2 2021, world trade would appear to have grown again, by around 2.6%, led this time by the economic recovery of the advanced countries. The same is expected in Q3 and Q4: the improvement in the health situation and the buoyancy of the upswing in the advanced countries looks set to lead to an increase in world trade, and at a sustained pace.

World demand for French products slowed in Q1 (+1.3% after +4.6%, ► **Figure 1** and **3**), with Brexit causing a

► 1. World trade and world demand for French products

quarterly variations (T/T-1), in %

	2020				Q4	Q1	2021			2020	2021
	Q1	Q2	Q3	Q2			Q3	Q4			
World trade	-3.2	-11.7	11.6	4.4	3.1	2.6	2.4	1.4	-6.5%	12.7%	
Imports from advanced economies	-3.2	-13.3	13.6	5.0	0.5	3.0	3.0	1.4	-7.0%	11.4%	
Imports from emerging economies	-3.1	-8.5	7.6	3.2	8.3	2.0	1.3	1.3	-5.5%	15.1%	
Global demand addressed to France	-3.0	-13.8	13.8	4.6	1.3	3.1	3.0	1.4	-6.9%	12.1%	

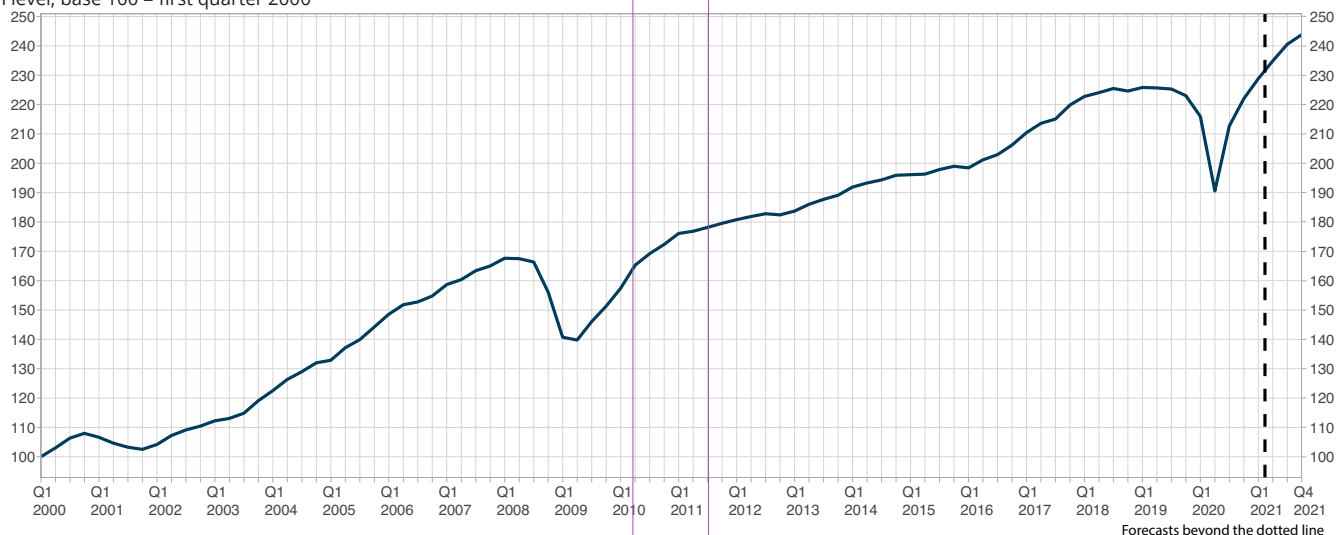
■ Forecast

How to read it: In the second quarter of 2021, world trade would have grown by +2.6%. Over the year 2021, it would increase by +12.7%.

Source: INSEE

► 2. World trade by level

in level, base 100 = first quarter 2000



How to read it: in Q1 2021, world trade was worth 2.28 times its level in Q1 2000.

Source: DG Trésor, INSEE

French economic outlook

drop in imports from the United Kingdom (-13.9% in Q1 2021). Their rebound in Q2 would appear to have contributed to accelerating world demand for French products (+3.1%). In H2 2021, world demand is expected to continue to grow, driven by the dynamism of trade in the advanced countries.

French exports look set to resume growth in the spring

In Q1 2021, and despite the increase in world demand for French products, French exports fell back slightly (-0.2%, ► **Figure 4**). Exports linked to tourism certainly declined significantly (-15.4%). This was also the case, although to a lesser extent, for exports of manufactured products (-0.7%). Exports of transport equipment moved even further from their pre-crisis level (-7.9%), probably linked to the sourcing problems affecting this sector. However, exports of energy products and services increased (+15.4% and +3.0%).

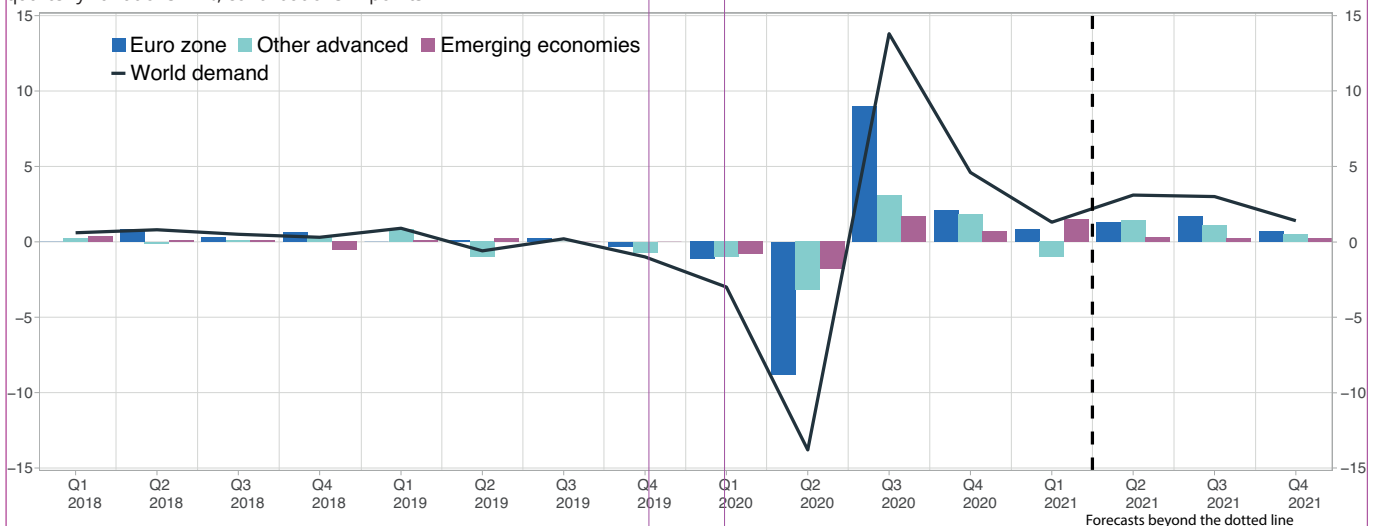
In Q2, exports would appear to have increased and are expected to continue this rebound into the following quarters. This momentum is expected to result in an upswing in Q2 of exports of transport equipment, especially aeronautical equipment, but also, during the summer, in the recovery of exports linked to tourism. All in all, French exports look set to grow by 9.0% in 2021 after falling by -16.1% in 2020.

French imports are expected to continue to grow until the end of 2021

In Q1 2021, imports continued to increase (+1.1% after +2.2% in Q4 2020, ► **Figure 4**). This rise is due to imports both of manufactured products and of services (+1.8% and +0.9% respectively). On the other hand, imports linked to tourism fell (-9.8%, like exports) as did those of energy products (-5.2%).

► 3. Foreign demand for French products and contribution of main trading partners

quarterly variations in %, contributions in points



How to read it: in Q2 2021, world demand for French products would appear to have increased by +3.1%.

Source: INSEE

In Q2, the drop in household consumption of manufactured goods during lockdown would appear to have severely limited the rise in imports. In H2, however, the rebound in consumption is expected to lead to a marked acceleration in imports of manufactured products, strengthened by imports linked to tourism during the summer period.

The contribution of foreign trade to change in GDP looks likely to be slightly negative in 2021

In Q1 2021, the shrinking of exports in parallel with the rise in imports affected activity (contribution of -0.4 points to the quarterly change in GDP). By rebounding

in Q2, in a context where imports are expected to rise slowly, this should allow foreign trade to contribute positively to change in activity (+0.1 points). In H2, however, trade is expected to hamper activity once again, as imports are forecast to be more vigorous than exports. Over 2021 as a whole, the contribution of foreign trade to growth is expected to be slightly negative (-0.2 points). In addition to health conditions, other factors may influence the development of foreign trade (Brexit, changing tensions over customs tariffs, fluctuations in exchange rates, competitiveness of companies, etc.). However, in 2021, sectoral jolts caused by changes in the health situation are still expected to be the main determining factor affecting foreign trade. ●

► 4. French foreign trade

variation in %, volumes of previous year's chained prices, contributions in points

	quarter variations								annual variations	
	2020				2021				2020	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Exports										
Total	-5.9	-24.8	21.6	4.9	-0.2	1.6	3.2	1.7	-16.1	9.0
Manufactured products (67%)	-4.9	-27.8	28.8	5.4	-0.7	2.0	2.0	1.0	-15.4	10.2
Imports										
Total	-5.1	-18.3	16.2	2.2	1.1	1.2	5.0	1.3	-12.2	8.9
Manufactured products (69%)	-4.1	-20.2	23.6	1.5	1.8	0.5	5.0	1.0	-9.9	11.1
Contribution of foreign trade to GDP	-0.2	-1.8	0.9	0.7	-0.4	0.1	-0.6	0.1	-1.2	-0.2

■ Forecast

How to read it: in Q2 2021, French exports would appear to have increased by +1.6%. Across the whole of 2020, they declined by -16.1%.

*Share of exports (or imports) of manufactured products in total exports (or imports), in 2020.

Source: INSEE