



# Globalization



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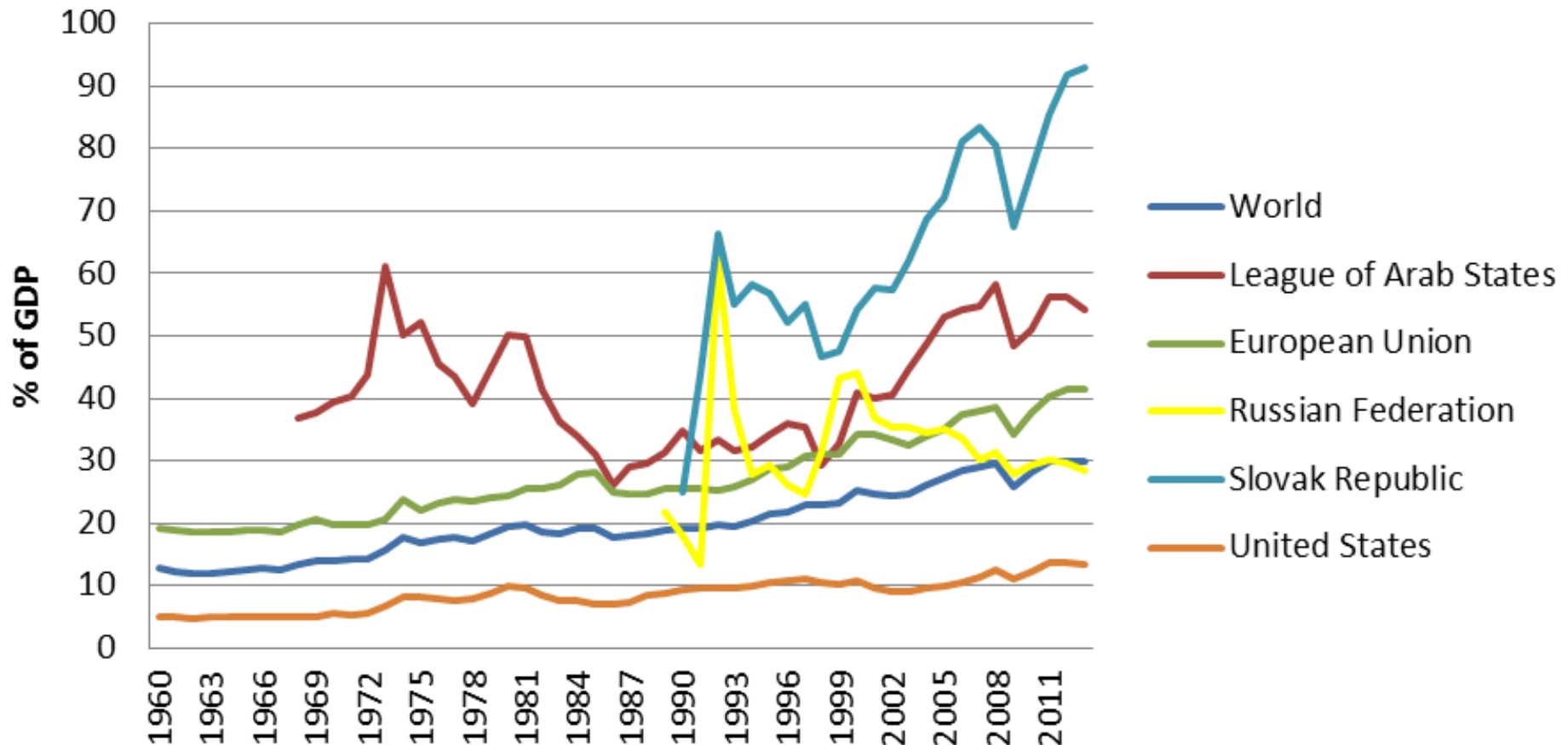
- Faster growth in international trade as well as international investment and international movement of labor as production growth is denoted by the term globalization.
- More comprehensive definition of economic globalization is as the integration of national economies into the international economy through trade, foreign direct investment (multinational companies), short-term capital movements, international movement of workers and people in general and through technology transfer.



# World Trade

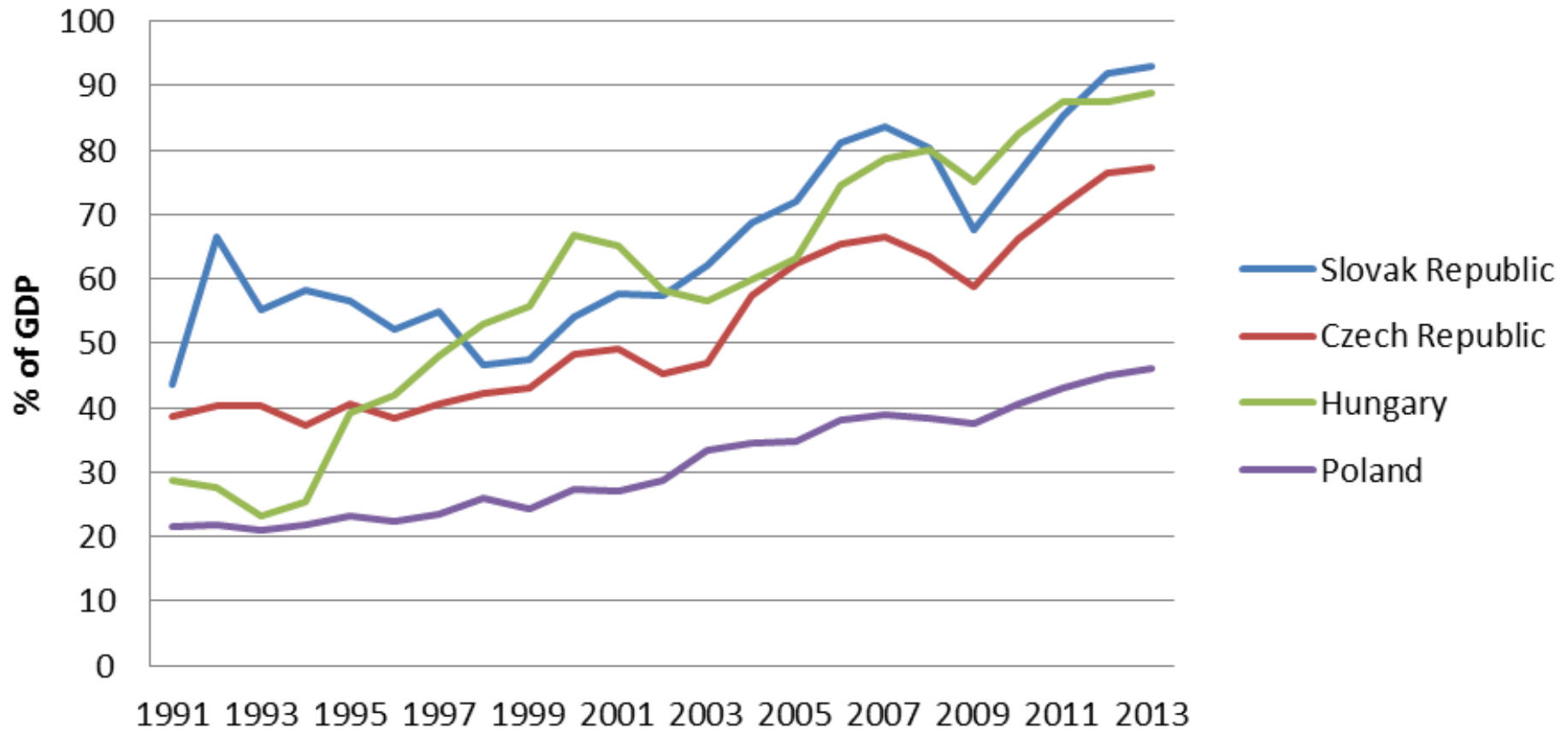
- World trade is growing continuously since 1950, except for the years 2008-09 (financial and economic crisis)
- A large part of world trade is carried as intra-firm trade of production inputs and not with finished goods destined for consumption – it is due to the reduced costs of transport and communication
- An important aspect of world trade is the growth of trade in services

# Exports of goods and services (% of GDP)



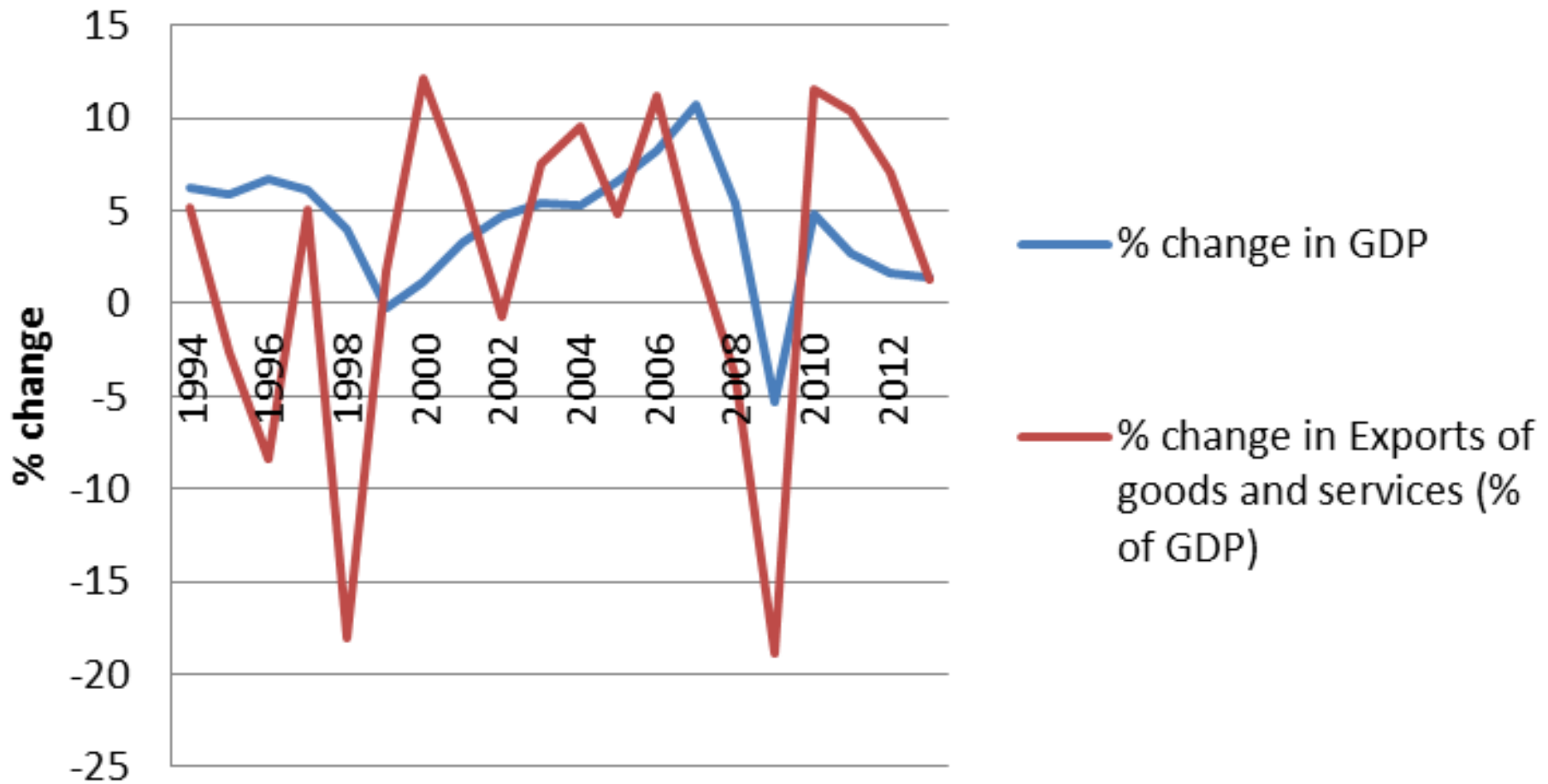
Source: World bank, own processing

# Exports of goods and services (% of GDP)



Source: World bank, own processing

# Slovak republic



Source: World bank, own processing

# Openness of Slovak economy (%)

Year	Export / GDP	Foreign trade turnover / GDP
2003	65	133
2004	66	136
2005	67	139
2006	75	155
2007	78	159
2008	75	153
2009	64	128
2010	74	148
2011	83	166
2012	88	173
2013	90	175

Source: Eurostat

# Share of world exports to world GDP (%)

Year	Export/GDP
1820	1,0
1870	4,6
1913	7,9
1929	9,0
1950	5,5
1973	10,5
1990	19,7
2004	27,4
2013	29,9



# Ranking of states according to the level of globalization

Rank	State	Rank	State
1	Ireland	11	Norway
2	Switzerland	12	USA
3	Singapur	13	France
4	Netherlands	14	Germany
5	Sweden	15	Portugal
6	Finland	16	Czech republic
7	Canada	17	Spain
8	Denmark	18	Izrael
9	Austria	19	New Zealand
10	UK	20	Malaysia

# Reasons for Globalization

- Decrease in the relative prices of transport and communication services
- The liberalization of international trade under the GATT / WTO
- Change development strategy of developing countries: the transition from import substitution policies to promote industries producing for export.
- The rapid increase in international trade in services.

# Intra and inter regional trade

Table 1.2 Regional trade<sup>a</sup> as a percentage of world trade, 1979<sup>b</sup> and 2009

Destination origin	North America	South and C. America	Western Europe	CIS	Africa	Middle East	Asia
North America	12.8 (4.6)						
South and C. America	2.0 (4.0)	2.0 (1.1)					
Europe	5.5 (6.6)	1.4 (2.6)	60.4 (28.8)				
CIS <sup>c</sup>	0.3 (0.5)	0.1 (0.6)	3.2 (4.1)	1.5 (4.3)			
Africa	0.8 (1.9)	0.2 (0.3)	2.6 (5)	0.4 (0.3)	0.7 (0.3)		
Middle East	0.9 (1.9)	0.1 (0.5)	1.9 (5.7)	0.2 (0.5)	0.4 (0.2)	1.8 (0.4)	
Asia	7.9 (6.4)	1.6 (0.9)	8.9 (5)	1.0 (1)	1.6 (0.7)	4.3 (3.8)	30.8 (6.3)

<sup>a</sup>Figures for the trade of origin region A with destination region B is the sum of the value of A's exports to B and the value of B's exports to A divided by world exports plus world imports.

<sup>b</sup>1979 values are in parentheses.

<sup>c</sup>Central and Eastern Europe and the former USSR (Russian Federation).

Sources: GATT (1990) and WTO (1995, 2010).

# Growth of intra and inter regional trade

Table 1.3 Growth in intra-regional and inter-regional trade, 1999–2009  
(average annual rate of growth, in percent)

Destination origin	North America	South and C. America	Europe	CIS	Africa	Middle East	Asia
North America	5.1						
South and C. America	-3.4	3.0					
Europe	-0.9	-3.2	3.7				
CIS	-3.0	-9.4	-1.2	-5.4			
Africa	-4.4	-2.4	-3.3	1.9	4.6		
Middle East	-3.6	-6.6	-5.5	-6.0	3.2	7.5	
Asia	1.1	2.9	2.9	0.0	4.0	0.7	7.9

<sup>a</sup>Russia, Central Asia and the Caucasus.

Source: The authors, based on data from WTO (1995, 2010).

# Intra and inter regional trade

- The most growing intra-regional trade is in Europe, which is a consequence of European integration
- High intra-regional trade is in Asia
- Intra-regional trade is growing in Europe, North America and Africa through the creation of regional trade blocs such as the EU, NAFTA and ASEAN
- Decline in intra-regional trade within the CIS reflects the disintegration of the USSR and the disintegration of the region



Table 1.4 Leading exporters and importers in world merchandise trade, 1984 and 2009<sup>a</sup>

Exporter	1984		2009		Importer	1984		2009	
	Rank	Share	Value	Share		Rank	Share	Value	Share
1. China	19	1.3	1201.5	9.6	1. United States	1	17.2	1,605.3	12.7
2. Germany	2	10.1	1126.4	9.0	2. China	18	1.3	1,005.7	7.9
3. United States	1	11.5	1056.0	8.5	3. Germany	2	8.7	938.3	7.4
4. Japan	3	8.7	580.7	4.6	4. France	3	6.8	559.8	4.4
5. Netherlands	9	3.4	498.3	4.0	5. Japan	9	3.1	552.0	4.4
6. France	4	5	484.7	3.9	6. United Kingdom	5	5.2	481.7	3.8
7. Italy	8	3.8	405.8	3.2	7. Netherlands	6	4.2	445.5	3.5
8. Belgium	10	2.7	369.9	3.0	8. Italy	10	2.8	412.7	3.3
9. Korea, Republic of	15	1.5	363.5	2.9	9. Hong Kong	12	1.5	352.2	2.8
10. United Kingdom	5	4.8	352.5	2.8	10. Belgium	4	5.2	351.9	2.8
11. Hong Kong	16	1.5	329.4	2.6	11. Canada	13	1.5	329.9	2.6
12. Canada	7	4.6	316.7	2.5	12. Korea, Republic of	8	3.9	323.1	2.5
13. Russian Federation	6	4.7	303.4	2.4	13. Spain	7	4	287.6	2.3
14. Singapore	20	1.2	269.8	2.2	14. Singapore	16	1.4	245.8	1.9
15. Mexico	14	1.5	229.6	1.8	15. Mexico	25	0.8	241.5	1.9
16. Spain	21	1.2	218.5	1.7	16. Russian Federation	15	1.4	191.8	1.5
17. Taipei, Chinese	12	1.6	203.7	1.6	17. Taipei, Chinese	20	1.1	174.4	1.4
18. Switzerland	18	1.3	172.9	1.4	18. Australia	14	1.5	165.5	1.3
19. Malaysia	27	0.8	157.4	1.3	19. Switzerland	19	1.3	155.7	1.2
20. Australia	22	1.2	154.2	1.2	20. Thailand	38	0.5	133.8	1.1
Country above total		72.4	8,795.1	70.4	Country above total		73.4	8,954.2	70.6
World total		100.0	12,490.2	1.2	World total		100.0	12,682.4	100.0

<sup>a</sup> Countries are ordered by their rank in 2009. Shares are world shares, in percent. Values in billions of US dollars.

Source: Adapted from WTO (1995, 2010).

**Exporters****1984**

1. China	19
2. Germany	2
3. USA	1
4. Japan	3
5. Netherlands	9
6. France	4
7. Italy	8
8. Belgium	10
9. Korea	15
10. UK	5
11. Hong Kong	16
12. Canada	7
13. Russia	6
14. Singapore	20
15. Mexico	14
16. Spain	11
17. Taipei	12
18. Switzerland	18
19. Malaysia	27
20. Australia	22

**Importers****1984**

1. USA	1
2. China	18
3. Germany	2
4. France	3
5. Japan	9
6. UK	5
7. Netherlands	6
8. Italy	10
9. Hong Kong	12
10. Belgium	4
11. Canada	13
12. Korea	8
13. Spain	7
14. Singapore	16
15. Mexico	25
16. Russia	15
17. Taipei	20
18. Australia	14
19. Switzerland	19
20. Thailand	38



# The largest exporters and importers

- The biggest shift in the position of exporters reached China, Malaysia, Korea and Spain
- China, Australia, Thailand and Mexico have achieved the greatest shift in the position of importers
- Large importers are also a key export
- Trade balance of the country are quite balanced



# (Export + Import)/GDP

Country	Rank	Value
Singapore	1	408
Hong Kong	2	342
Luxembourg	3	281
Malaysia	4	206
Swaziland	7	173
Belgium	10	166
Ireland	12	162
Macao	13	159
Bahrain	14	158
Iraq	15	152
UAE	18	147
Puerto Rico	19	141
Hungary	20	140
Panama	21	139
Vietnam	22	136
Thailand	24	134
USA	161	26
Japan	162	25
Somalia	163	2

# Dependence of states from IE

Country	Rank 2000-07	Average 1970-79	Average 1990-99	Average 2000-07
Singapore	1	301	338	408
Hong Kong	2	169	264	342
Luxembourg	3	172	204	281
Malaysia	4	84	171	206
Swaziland	7	147	170	173
United Arab Emirates	18	112	135	147
Hungary	20	66	83	140
Netherlands	28	93	113	130
Austria	65	61	74	98
Switzerland	71	63	71	89
Canada	93	46	67	75
Germany	95	37	50	73
Poland	100	49	47	71
Portugal	106	47	64	67
Turkey	114	14	41	62
Mexico	116	20	49	61
China	123	10	39	58
Spain	125	28	44	58
United Kingdom	128	51	53	56
France	132	37	45	54
Australia	147	28	38	41
India	154	10	21	37
Brazil	160	10	17	26
United States	161	15	22	26
Japan	162	23	18	25

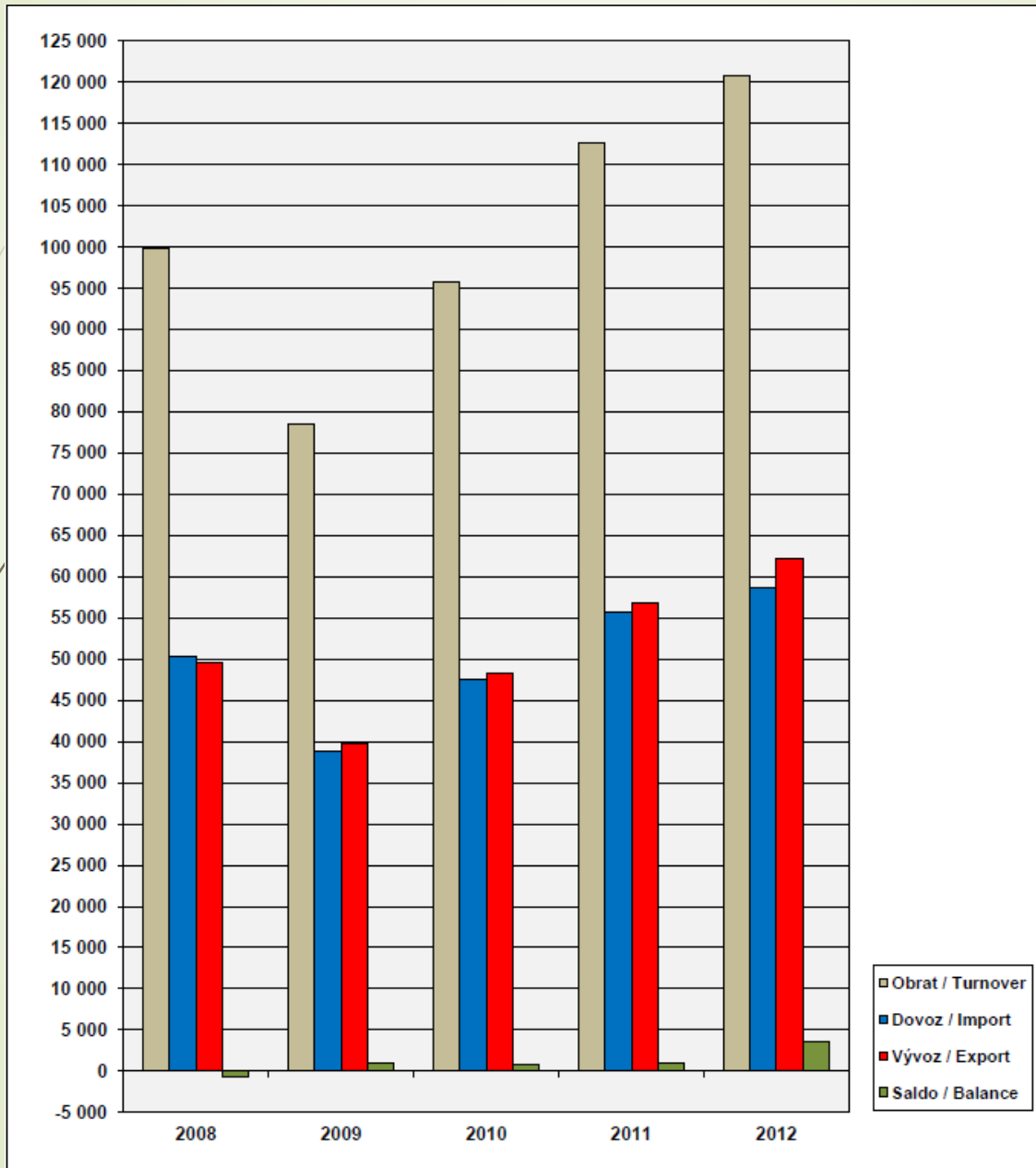
# Basic indicators of foreign trade in Slovak republic

v mil. Sk FOB/FOB

Mill. SKK FOB/FOB

Ukazovateľ	Rok / Year					Indicator
	2008	2009	2010	2011	2012	
<b>Celkový dovoz</b>	50 280	38 775	47 494	55 768	58 588	<b>Total Import</b>
<b>Celkový vývoz</b>	49 522	39 721	48 272	56 783	62 144	<b>Total Export</b>
<b>Saldo</b>	-758	946	779	1 016	3 556	<b>Balance</b>
<b>Obrat</b>	99 802	78 496	95 766	112 551	120 732	<b>Turnover</b>
<b>Index dovozu</b>	104,6	77,1	122,5	117,4	105,1	<b>Index of Import</b>
<b>Index vývozu</b>	104,6	80,2	121,5	117,6	109,4	<b>Index of Export</b>

# Basic indicators of foreign trade in Slovak republic



$$RCA = (X_{ij}/X_{wj}) / (X_{io}/X_{wo})$$

## Revealed comparative advantages

**Table 1.6 Ten largest net exports and net imports and RCA indices for selected countries**  
(based on averages of trade values over the period 2007–09)

Country		Ten largest net exports <sup>a</sup>	RCA	Ten largest net imports <sup>a</sup>	RCA
Brazil	1	281-Iron ore and concentrates	2.293	562-Fertilizers	0.526
	2	222-Oil seeds and oleaginous fruits used for the extraction of soft fixed vegetable oils (excluding flours and meals)	7.204	776-Thermionic, cold cathode or photocathode valves and tubes; diodes, transistors and similar semiconductor devices; integrated circuits, etc.; parts	0.018
	3	12-Meat, other than of bovine animals, and edible offal, fresh, chilled or frozen (except meat and meat offal not suitable for human consumption)	9.443	515-Organo-inorganic compounds, heterocyclic compounds, nucleic acids and their salts	0.214
	4	61-Sugars, molasses, and honey	8.365	334-Petroleum oils and oils from bituminous minerals (other than crude), and products therefrom containing 70% (by Wt) or more of these oils, N.E.S.	0.552
	5	71-Coffee and coffee substitutes	6.520	764-Telecommunications equipment, N.E.S.; and parts, N.E.S., and accessories of apparatus falling within telecommunications, etc.	0.394
	6	81-Feeding stuff for animals (not including unmilled cereals)	14.069	321-Coal, pulverized or not, but not agglomerated	0.000
	7	671-Pig iron and spiegeleisen, sponge iron, iron or steel granules and powders and ferroalloys	20.060	333-Petroleum oils and oils from bituminous minerals, crude	1.338
	8	11-Meat of bovine animals, fresh, chilled or frozen	9.303	542-Medicaments (including veterinary medicaments)	0.165
	9	251-Pulp and waste paper	17.159	874-Measuring, checking, analyzing and controlling instruments and apparatus, N.E.S.	0.164
	10	792-Aircraft and associated equipment; spacecraft (including satellites) and spacecraft launch vehicles; and parts thereof	19.262	714-Engines and motors, nonelectric (other than steam turbines, internal combustion piston engines and power generating machinery); parts thereof, N.E.S.	0.173
China	1	752-Automatic data processing machines and units thereof; magnetic or optical readers; machines transcribing coded media and processing such data, N.E.S.	3.502	776-Thermionic, cold cathode or photocathode valves and tubes; diodes, transistors and similar semiconductor devices; integrated circuits, etc.; parts	1.034



$$RCA = (X_{ij}/X_{wj}) / (X_{io}/X_{wo})$$

## Revealed comparative advantages

	2	764-Telecommunications equipment, N.E.S.; and parts, N.E.S., and accessories of apparatus falling within telecommunications, etc.	1.552	333-Petroleum oils and oils from bituminous minerals, crude	0.044
	3	845-Articles of apparel, of textile fabrics, whether or not knitted or crocheted, N.E.S.	2.709	281-Iron ore and concentrates	0.001
	4	821-Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings	3.042	871-Optical instruments and apparatus, N.E.S.	3.695
	5	894-Baby carriages, toys, games and sporting goods	3.430	222-Oil seeds and oleaginous fruits used for the extraction of soft fixed vegetable oils (excluding flours and meals)	0.180
	6	851-Footwear	3.428	682-Copper	0.419
	7	842-Women's or girls' coats, capes, jackets, suits, trousers, dresses, skirts, underwear, etc. of woven textiles (except swimwear and coated etc. apparel)	2.513	728-Machinery and equipment specialized for particular industries, and parts thereof, N.E.S.	0.470
	8	775-Household type electrical and nonelectrical equipment, N.E.S.	3.343	251-Pulp and waste paper	0.027
	9	793-Ships, boats (including hovercraft) and floating structures	2.713	781-Motor cars and other motor vehicles principally designed for the transport of persons (not public transport), including station wagons and racing cars	0.043
	10	763-Sound recorders or reproducers; television image and sound recorders or reproducers	4.102	511-Hydrocarbons, N.E.S. and their halogenated, sulfonated, nitrated or nitrosated derivatives	0.321
Germany	1	781-Motor cars and other motor vehicles principally designed for the transport of persons (not public transport), including station wagons and racing cars	1.663	333-Petroleum oils and oils from bituminous minerals, crude	0.001
	2	728-Machinery and equipment specialized for particular industries, and parts thereof, N.E.S.	2.523	343-Natural gas, whether or not liquefied	0.222
	3	542-Medicaments (including veterinary medicaments)	1.767	752-Automatic data processing machines and units thereof; magnetic or optical readers; machines transcribing coded media and processing such data, N.E.S.	0.504

$$RCA = (X_{ij}/X_{wj}) / (X_{io}/X_{wo})$$

## Revealed comparative advantages

Table 1.6 (Continued)

Country		Ten largest net exports <sup>a</sup>	RCA	Ten largest net imports <sup>a</sup>	RCA
	4	784-Parts and accessories for tractors, motor cars and other motor vehicles, trucks, public-transport vehicles and road motor vehicles N.E.S.	1.415	57-Fruit and nuts (not including oil nuts), fresh or dried	0.243
	5	772-Electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits (excluding telephone etc.)	1.795	845-Articles of apparel, of textile fabrics, whether or not knitted or crocheted, N.E.S.	0.456
	6	874-Measuring, checking, analyzing and controlling instruments and apparatus, N.E.S.	1.536	321-Coal, pulverized or not, but not agglomerated	0.012
	7	782-Motor vehicles for the transport of goods and special purpose motor vehicles	1.539	761-TV receivers (including video monitors & projectors) whether or not incorp radiobroadcast receivers or sound or video recording or reproducing apparatus	0.310
	8	743-Pumps (not for liquids), air or gas compressors and fans; ventilating hoods incorporating a fan; centrifuges; filtering etc. apparatus; parts thereof	1.506	54-Vegetables, fresh, chilled, frozen or simply preserved; roots, tubers and other edible vegetable products, N.E.S., fresh or dried	0.258
	9	745-Nonelectrical machinery, tools and mechanical apparatus, and parts thereof, N.E.S.	1.754	931-Special transactions and commodities not classified according to kind	1.640
	10	744-Mechanical handling equipment, and parts thereof, N.E.S.	2.305	281-Iron ore and concentrates	0.000
Japan	1	781-Motor cars and other motor vehicles principally designed for the transport of persons (not public transport), including station wagons and racing cars	2.032	333-Petroleum oils and oils from bituminous minerals, crude	0.000
	2	931-Special transactions and commodities not classified according to kind	1.766	343-Natural gas, whether or not liquefied	0.000
	3	784-Parts and accessories for tractors, motor cars and other motor vehicles, trucks, public-transport vehicles and road motor vehicles N.E.S.	2.236	321-Coal, pulverized or not, but not agglomerated	0.000

$$RCA = (X_{ij}/X_{wj}) / (X_{io}/X_{wo})$$

## Revealed comparative advantages

	4	776-Thermionic, cold cathode or photocathode valves and tubes; diodes, transistors and similar semiconductor devices; integrated circuits, etc.; parts	2.265	281-Iron ore and concentrates	0.000
	5	793-Ships, boats (including hovercraft) and floating structures	3.124	283-Copper ores and concentrates; copper mattes; cement copper	0.002
	6	728-Machinery and equipment specialized for particular industries, and parts thereof, N.E.S.	2.847	752-Automatic data processing machines and units thereof; magnetic or optical readers; machines transcribing coded media and processing such data, N.E.S.	0.283
	7	778-Electrical machinery and apparatus, N.E.S.	2.014	342-Liquefied propane and butane	0.002
	8	713-Internal combustion piston engines and parts thereof, N.E.S.	1.975	845-Articles of apparel, of textile fabrics, whether or not knitted or crocheted, N.E.S.	0.020
	9	772-Electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits (excluding telephone etc.)	1.261	334-Petroleum oils and oils from bituminous minerals (other than crude), and products there from containing 70% (by wt) or more of these oils, N.E.S.	0.375
	10	723-Civil engineering and contractors' plant and equipment	3.156	34-Fish, fresh (live or dead), chilled or frozen	0.392
Mexico	1	333-Petroleum oils and oils from bituminous minerals, crude	2.745	334-Petroleum oils and oils from bituminous minerals (other than crude), and products there from containing 70% (by wt) or more of these oils, N.E.S.	0.430
	2	761-TV receivers (including video monitors & projectors) whether or not incorp radiobroadcast receivers or sound or video recording or reproducing apparatus	1.414	776-Thermionic, cold cathode or photocathode valves and tubes; diodes, transistors and similar semiconductor devices; integrated circuits, etc.; parts	0.206
	3	781-Motor cars and other motor vehicles principally designed for the transport of persons (not public transport), including station wagons and racing cars	1.449	931-Special transactions and commodities not classified according to kind	0.532
	4	782-Motor vehicles for the transport of goods and special purpose motor vehicles	2.097	871-Optical instruments and apparatus, N.E.S.	0.097
	5	54-Vegetables, fresh, chilled, frozen or simply preserved; roots, tubers and other edible vegetable products, N.E.S., fresh or dried	3.853	772-Electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits (excluding telephone etc.)	1.627



$$RCA = (X_{ij}/X_{wj}) / (X_{io}/X_{wo})$$

Revealed comparative advantages

Table 1.6 (Continued)

Country	Ten largest net exports <sup>a</sup>	RCA	Ten largest net imports <sup>a</sup>	RCA	
	6	773-Equipment for distributing electricity, N.E.S.	4.065	764-Telecommunications equipment, N.E.S.; and parts, N.E.S., and accessories of apparatus falling within telecommunications, etc.	2.019
	7	775-Household type electrical and nonelectrical equipment, N.E.S.	3.390	893-Articles, N.E.S. of plastics	1.121
	8	971-Gold, nonmonetary (excluding gold ores and concentrates)	1.623	759-Parts and accessories suitable for use solely or principally with office machines or automatic data processing machines	0.417
	9	752-Automatic data processing machines and units thereof; magnetic or optical readers; machines transcribing coded media and processing such data, N.E.S.	11.767	343-Natural gas, whether or not liquefied	0.062
	10	872-Instruments and appliances, N.E.S., for medical, surgical, dental or veterinary purposes	2.899	684-Aluminum	0.146
United States	1	792-Aircraft and associated equipment; spacecraft (including satellites) and spacecraft launch vehicles; and parts thereof	2.584	333-Petroleum oils and oils from bituminous minerals, crude	0.032
	2	776-Thermionic, cold cathode or photocathode valves and tubes; diodes, transistors and similar semiconductor devices; integrated circuits, etc.; parts	1.635	781-Motor cars and other motor vehicles principally designed for the transport of persons (not public transport), including station wagons and racing cars	0.811
	3	222-Oil seeds and oleaginous fruits used for the extraction of soft fixed vegetable oils (excluding flours and meals)	1.935	764-Telecommunications equipment, N.E.S.; and parts, N.E.S., and accessories of apparatus falling within telecommunications, etc.	0.851
	4	931-Special transactions and commodities not classified according to kind	2.257	752-Automatic data processing machines and units thereof; magnetic or optical readers; machines transcribing coded media and processing such data, N.E.S.	0.917
	5	723-Civil engineering and contractors' plant and equipment	5.411	334-Petroleum oils and oils from bituminous minerals	0.756
	6	44-Maize (not including sweet corn) unmilled	2.207	761-TV receivers (including video monitors & projectors)	0.359

7	874-Measuring, checking, analyzing and controlling instruments and apparatus, N.E.S.	1.448	821-Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings	0.532
8	971-Gold, nonmonetary (excluding gold ores and concentrates)	3.802	845-Articles of apparel, of textile fabrics, whether or not knitted or crocheted, N.E.S.	0.138
9	575-Plastics, N.E.S., in primary forms	1.312	894-Baby carriages, toys, games and sporting goods	0.936
10	41-Wheat (including spelt) and meslin, unmilled	3.162	542-Medicaments (including veterinary medicaments)	0.788

<sup>a</sup>Ranking of net exports values in each of 103 3-digit SITC categories.

<sup>b</sup>n.e.s = not elsewhere specified.

Source: Computed by the authors using 2007–09 trade data taken from United Nations *Comtrade* database (<http://comtrade.un.org/>).

**Table 1.7 Countries whose net trade pattern is most and least similar to that of selected countries**  
(based on averages of net trade values over the period 2007–09)

Rank	Most similar <sup>a</sup>	Least similar	Most similar <sup>a</sup>	Least similar
	<i>to BRAZIL</i>		<i>to CHINA</i>	
1	Paraguay	Saudi Arabia	Thailand	Colombia
2	Nicaragua	Bahrain	Hong Kong	Canada
3	Australia	Sudan	Philippines	Oman
4	Uruguay	United Arab Emirates	Hungary	Mauritania
5	Argentina	Kuwait	Republic of Korea	United Arab Emirates
6	Ethiopia	China	Sierra Leone	Azerbaijan
7	Mauritania	Russian Federation	Italy	Ecuador
8	Guyana	Egypt	Poland	Nigeria
9	Malawi	Jordan	Lithuania	Venezuela
10	New Zealand	Ireland	Czech Republic	Kazakhstan
	<i>to GERMANY</i>		<i>to JAPAN</i>	
1	Japan	Germany	Colombia	Belgium
2	Czech Republic	Republic of Korea	Algeria	France
3	Spain	Spain	Azerbaijan	Belarus
4	Republic of Korea	Sierra Leone	Ecuador	Bulgaria
5	Belgium	Czech Republic	Nigeria	Italy
6	Sierra Leone	Belgium	United Arab Emirates	Singapore
7	Slovakia	Thailand	Kazakhstan	Lithuania
8	Sweden	Singapore	Norway	Sierra Leone
9	Thailand	France	Russian Federation	Netherlands
10	France	Poland	Oman	United States
	<i>to MEXICO</i>		<i>to UNITED STATES</i>	
1	Yemen	Belgium	France	Norway
2	Nigeria	France	Sierra Leone	Yemen
3	Ecuador	Belarus	Spain	Ecuador
4	Azerbaijan	Bulgaria	Italy	Sudan
5	Kazakhstan	Italy	Netherlands	Venezuela
6	Oman	Singapore	Belgium	Kazakhstan
7	Sudan	Lithuania	Lithuania	United Arab Emirates
8	United Arab Emirates	Sierra Leone	Singapore	Oman
9	Venezuela	Netherlands	South Africa	Nigeria
10	Norway	United States	Bulgaria	Azerbaijan

<sup>a</sup> Similarity is measured by the correlation between the net trade vectors of the indicated pair of countries. Most similar countries have the largest positive correlation while least similar countries have the smallest negative correlation.

Sources: The authors, based on 2007–09 trade data taken from United Nations *Comtrade* database (<http://comtrade.un.org/>).



## IE – several facts

- IT is greater among similar regions - intrasectoral trade
- Intrasectoral trade is growing faster
- Intrasectoral trade dominates also in the Slovak Republic - major trading partners are EU countries
- SR exports products to developed countries of less added value than have our imports from those countries



## IE – several facts

$$TO_{ij} = (X_{ij} + M_{ij}) - |X_{ij} - M_{ij}|$$

$$GL_{ij} = 100 [ TO_{ij} / (X_{ij} + M_{ij}) ]$$

Table 1.11 Index of intra-industry trade in manufactured goods for selected countries, 1988–2000

	1988–91	1992–95	1996–2000	Change
High and increasing intra-industry trade				
Czech Republic	n.a.	66.3	77.4	11.1
Slovak Republic	n.a.	69.8	76	6.2
Mexico	62.5	74.4	73.4	10.9
Hungary	54.9	64.3	72.1	17.2
Germany	67.1	72	72	5
US	63.5	65.3	68.5	5
Poland	56.4	61.7	62.6	6.2
Portugal	52.4	56.3	61.3	8.9
High and stable intra-industry trade				
France	75.9	77.6	77.5	1.6
Canada	73.5	74.7	76.2	2.7
Austria	71.8	74.3	74.2	2.4
UK	70.1	73.1	73.7	3.6
Switzerland	69.8	71.8	72	2.2
Belgium/Luxembourg	77.6	77.7	71.4	-6.2
Spain	68.2	72.1	71.2	3
Netherlands	69.2	70.4	68.9	-0.3
Sweden	64.2	64.6	66.6	2.4
Denmark	61.6	63.4	64.8	3.2
Italy	61.6	64	64.7	3.1
Ireland	58.6	57.2	54.6	-4
Finland	53.8	53.2	53.9	0.1
Low and increasing intra-industry trade				
Korea	41.4	50.6	57.5	16.1
Japan	37.6	40.8	47.6	10
Low and stable intra-industry trade				
New Zealand	37.2	38.4	40.6	3.4
Turkey	36.7	36.2	40	3.3
Norway	40	37.5	37.1	-2.9
Greece	42.8	39.5	36.9	-5.9
Australia	28.6	29.8	29.8	1.2
Iceland	19	19.1	20.1	1.1

*Note:* Countries are classified as having “high” or “low” level of intra-industry trade according to whether intra-industry trade is above or below 50 percent of total manufacturing trade on average over all periods shown and “increasing” or “stable” according to whether intra-industry trade increases by more than five percentage points between the first and last periods, as shown in the final column.

*Source:* Organisation for Economic Cooperation and Development (OECD) (2002, Table VI.1).




# International trade and standard of living

- At a time when international trade is developing, the standard of living is growing as well. On the other hand, data suggest that the restriction on international trade due to the policy or economic policy leads to stagnation of living standards.
- Open economies grow faster.

# International investments

- International investments lagged behind the development of IT.
- The origins of international investing date back to the late 19th century, in 1913, international investment amounted to 14 percent of GDP.
- World War substantially reduced international finance, in the mid 1990 international investment gained relative to GDP the same level it has had a century ago.





	The net outflow of FDI in mil. USD		
	1990 – 1994	1997 – 2001	2005 - 2009
Europe	33 251	133 022	246 823
North America	14 432	- 65 835	26 555
South East Eur	- 176	- 1 577	- 8 510
South East Asia	- 11 026	- 14 522	- 24 291
CIS	- 657	- 4 488	- 25 071
Africa	- 2 974	- 11 206	- 50 545

# The share of foreign persons in the population and labor

Country	Share in population (%)	Share in labor (%)
Austria	9,1	9,9
Denmark	4,8	3,2
Germany	8,9	9,1
Italy	2,1	1,7
Luxembourg	35,6	57,7
Netherlands	4,2	2,9
Switzerland	19,0	17,3
Japan	1,2	1,0
Australia	23,4	24,8
Canada	17,4	19,2
USA	9,8	11,7



**Thank you for your  
attention**