

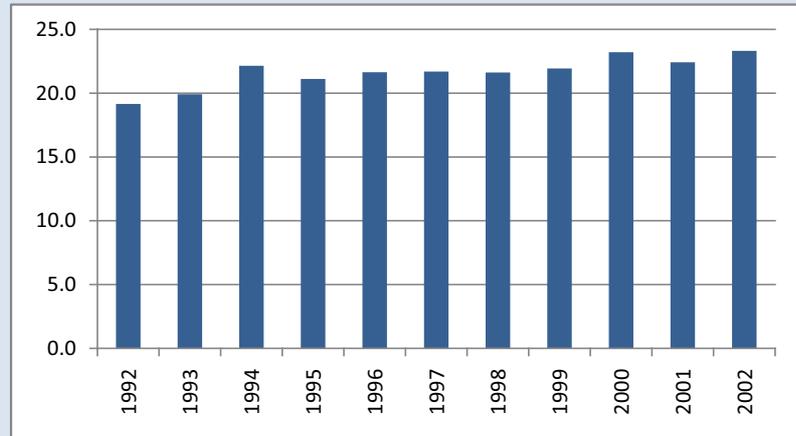
Trade Share

What does it tell us? The trade share tells us how important a particular trade partner is in terms of the overall trade profile of an economy. Changes in the trade share over time may indicate that the economies in question are becoming more integrated. In the case of intra-regional shares, increases in the value over time are sometimes interpreted as an indicator of the significance of a regional trading bloc if one exists, or as a measure of potential if one is proposed.

Definition: The trade share is the percentage of the region under study's trade (imports plus exports) with another region of interest, in the total trade of the region under study.

Range of values: Takes a value between 0 and 100 per cent, with higher values indicating greater importance of selected trading partner.

Limitations: The intra-regional trade share is increasing in the size of the bloc considered by definition, so comparing the shares across different blocs may be misleading. High or low shares and changes over time may reflect numerous factors other than trade policy.



Intra-Regional Trade Shares (per cent) for ASEAN (1992-2002)

Example: The figure above presents the ASEAN **intra-regional trade shares** for the years 1992-2002. Given the two preceding examples, it is not surprising that we again observe an increase in the relative importance of intra-ASEAN trade over time, from around 20 per cent in 1993 to 23 per cent in 2002. In fact, the intra-regional trade share is a weighted average of the intra-regional export and import shares, and so must lie between the two (see technical notes).

Trade Share – Technical Notes

Mathematical definition:

$$\frac{\sum_{sd} X_{sd} + \sum_{ds} M_{ds}}{\sum_{sw} X_{sw} + \sum_{ws} M_{ws}} \times 100$$

Where **s** is the set of countries in the source, **d** is the destination, **w** is the set of countries in the world, **X** is the bilateral flow of exports from the source and **M** is the bilateral import flow to the source. Note the reversal of the usual notation on the import side – we want imports to and exports from the same region when we calculate total trade.

Data sources: The United Nations Commodity Trade database (COMTRADE), the International Monetary Fund (IMF) Direction of Trade statistics, the World Trade Database (WTD) maintained by Statistics Canada, and the GTAP database from Purdue University.

	Indonesia	Malaysia	Philippines	Singapore	Thailand	Viet Nam	ROW	Total
Indonesia	0	2029	797	5347	1229	389	57210	67001
Malaysia	1550	0	1289	18471	3923	657	77260	103150
Philippines	145	2289	0	2353	516	90	33901	39294
Singapore	4104	14355	2252	0	5370	1443	67552	95076
Thailand	1192	3074	802	4870	0	0	55550	65488
Viet Nam	257	321	272	934	0	0	13551	15335
ROW	29036	47761	25142	72751	36571	12045	5285264	5508570
Total	36284	69829	30554	104726	47609	14624	5590288	5893914

Simplified Total Trade Matrix (2002)

Sample calculation: Exports from the ASEAN-6 economies to other members of ASEAN-6 are highlighted in blue. Total imports by ASEAN-6 economies from all countries are highlighted in green. Total exports of ASEAN-6 economies to all countries are highlighted in red. Adding the numbers in blue we get \$80320. This represents both intra-ASEAN imports and exports, so we need to multiply by two. Adding the numbers in green we get \$303626. This is total ASEAN imports. Adding the numbers in red we get \$385344. This is total ASEAN exports. Hence the intra-regional import share for ASEAN in 2002 is $\$160640/(\$303626+\$385344) \times 100$, or 23.3 per cent.

Note: The trade share is a weighted average of the import and export shares, with the weights being the share of total imports in total trade and the share of total exports in total trade. It must therefore lie between the values for the export and import shares.