THE WORLD TRADE NETWORK

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Abstract

This paper uses the tools of network analysis and graph theory to graphically and analytically represent the characteristics of world trade. The structure of the World Trade Network is compared over time, detecting and interpreting patterns of trade ties among countries. In particular, we assess whether the entrance of a number of new important players into the world trading system in recent years has changed the main characteristics of the existing structure of world trade, or whether the existing network was simply extended to a new group of countries. We also analyze whether the observed changes in international trade flow patterns are related to the multilateral or the regional liberalization policies. The results show that trade integration at the world level has been increasing but it is still far from being complete, with the exception of some areas, that there is a strong heterogeneity in the countries' choice of partners, and that the WTO plays an important role in trade integration. The role of the extensive and the intensive margin of trade is also highlighted.

KEYWORDS: International Trade, Network Analysis, Gravity, WTO, Extensive and Intensive Margins of Trade.

JEL Classification: C02, F10, F14.

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