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Working Papers on Economics - The evolution of world trade from 1995 to 2014: A network approach

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AUTHOR OR EDITOR Freddy Cepeda Gamboa-Estrada, Fredy Alejandro Carlos León Hernán Rincón
AUTHORS AND/OR EDITORS Gamboa-Estrada, Fredy Alejandro
Abstract: This paper employs network analysis to study world trade from 1995 to 2014. We focus on the main connective features of the world trade network (WTN) and their dynamics. Results suggest that countries' efforts to attain the benefits of trade have resulted in an intertwined network that is increasingly dense, reciprocal, and clustered. Trade linkages are distributed homogeneously among countries, but their intensity (i.e. their value) is highly concentrated in a small set of countries. The main connective features of the WTN were not affected by the 2007-2008 international financial crisis. However, we find that the crisis marks a turning point in the evolution of the WTN from a two-group (led by the US and Germany) to a three-group (led by the US, Germany, and China) hierarchical structure; gravity models of international trade may explain this evolution. Furthermore, we find that WTN's connective features do not conform to a linear aggregation of sectorial trade networks.

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