

– NEWS ALERT –

Capgemini Consulting Global Trade Flow Index Reveals Steep Reduction in Global Trade Levels of 8% in H1 2011*Impact of Japan earthquake and tsunami continues to affect global trade levels*

India, August 24, 2011 – Capgemini Consulting, the global strategy and transformation consulting brand of the Capgemini Group, today announced figures from the latest edition of its Global Trade Flow Index*, revealing a significant decline in global trade flows. Driven largely by the impact of the earthquake and tsunami in Japan and the resulting effect on trade with major economies, Capgemini Consulting’s analysis shows that levels of global trade continued to fall in Q2 2011, by a further one percent quarter-on-quarter (q-o-q), leading to an eight percent decline in global trade volumes overall in the first six months of 2011. The report also highlights the impact of the recent E. coli outbreak in Europe on global trade levels. The analysis reveals that while heavily impacted by Japan’s reduction in industrial production and a rise in commodity prices, the US retains its position as global leader in overall trade volumes, despite a reduction in total trade of two percent in Q2 2011 q-o-q.

Capgemini Consulting’s Global Trade Flow Index tracks the trade of goods and services by quarter based on an analysis of a number of trade and market-related parameters from the latest available official data (related to the import and export of goods and services) from national agencies of the 23 top countries in terms of global trade. The analysis highlights the continued impact of the Japan earthquake and tsunami in Q2 2011 on manufacturing industries worldwide. Trade volumes in Japan itself declined by two percent in Q2 2011, due to a reduction in its industrial production by six percent q-o-q. This disruption in the production of goods in northern Japan, used in the electronics, automotive and ship building sectors around the world, led to a decline in production across a number of sectors and markets. In the US, for example, vehicle production declined by 10 percent in Q2 2011 due to a shortage of auto microcontrollers. A drop in trade volumes on a q-o-q basis was also seen in the UK, Canada, France and Australia where import volumes declined by two to three percent as a direct result of the reduction of Japan’s industrial production. China, as a major exporter of goods, has been less affected by the Japan earthquake and experienced low levels of sustained growth (0.7 percent q-o-q) in Q2 2011.

Europe’s trade volumes declined by four percent in Q2 2011 due to a reduction in exports from the agricultural sector which has experienced losses of around €2.5bn per week, totaling €20bn across the quarter, following the May 2011 E. coli outbreak. Spain, The Netherlands, Germany, Belgium and Portugal have been the hardest hit markets in Europe, with Spain experiencing economic losses of up to €200m per week as a result of reduced agricultural exports. Other countries in Europe that have been severely impacted by the E. coli crisis include Austria, Czech Republic, France, Norway, Poland, Sweden and UK. In addition, smaller nations in the Eurozone, such as Austria and Belgium have continued to struggle with high unemployment and sovereign debt challenges while larger nations, such as France, Germany, Italy and Spain are feeling the pressure of rising inflation, which has also impacted trade growth in Europe.

“We have seen a marked reduction in global trade levels in the first half of this year, as manufacturing industries around the world continue to feel the effects of the earthquake and tsunami in Japan,” said Roy Lenders, Vice President Supply Chain Management at Capgemini Consulting. *“Compounded by the E. coli crisis and sovereign debt challenges in Europe as well as geopolitical instability in the MENA region, global trade volumes have continued to decline in the second quarter of 2011, however we do expect to see some signs of recovery as we move into Q3 as the economies of Japan and its major trading partners begin to rebound.”*

Looking ahead to Q3 2011, world trade flows are expected to rebound as Japan’s import and export levels begin to recover. However, instability in Europe, where the threat exists of a sovereign debt crisis in the Eurozone and agricultural exports continue to suffer in the aftermath of the E. coli outbreak, could pose a key risk to any expected growth in global trade levels. The effects of the Arab spring unrest in the Middle East and North

Africa (MENA) on rising oil prices is also likely to impact the global economic outlook while ongoing fiscal imbalances in the US also risk creating global financial market instability.

APPENDIX - Capgemini Consulting Global Trade Flow Index (extract of the ranking with the 12 leading countries)

Country	RANK Q2-2011	RANK Q1-2011	Trade Volume Score (A)	Q-o-Q Growth Score (B)	Foreign Market Score (C)	Domestic Market Score (D)	Global Trade Index Score*
United States	1	1	4.00	3.87	3.89	3.86	15.49
China	3	2	3.52	3.97	3.96	3.97	13.97
Germany	2	3	2.91	3.89	3.87	3.86	11.25
Japan	4	4	1.79	3.88	3.82	3.83	6.86
France	5	5	1.41	3.87	3.84	3.86	5.45
Netherlands	6	6	1.36	3.90	3.88	3.87	5.29
United Kingdom	7	7	1.19	3.84	3.88	3.86	4.60
Korea	9	8	1.16	3.93	3.95	3.89	4.56
Italy	8	9	1.17	3.87	3.85	3.85	4.52
Belgium	10	10	1.02	3.88	3.86	3.87	3.93
Russian Federation	12	11	0.95	3.95	3.95	4.00	3.75
Canada	11	12	0.96	3.86	3.82	3.88	3.71

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Note: Global Trade Index Score = A x (average of (B,C,D))

***About the Capgemini Consulting Global Trade Flow Index**

The Capgemini Consulting Global Trade Flow Index is calculated for the 23 countries with the highest levels of global trade, assessing changes in competitive position of each country individually. Q2 2011 figures are based on estimates (methodology detailed below) ahead of official data for all 23 countries being fully available, in September 2011, to give a robust analysis of the quarter's performance, while Q1 2011 figures are based on official government data.

The Index tracks global trade levels by quarter, based on Capgemini Consulting's own analysis of trade and market-related parameters from the latest available official data from national agencies. This analysis is performed by applying the LOGEST formula to historical trade, GDP, domestic and foreign market data. As such, there may be a variance between estimated data and actual data of -3 to 6 percent, which is within standard forecast tolerance levels (10 percent).

The index will be updated and published each quarter to reflect developments in global trade flows. The latest version of the Index covers the period April to June 2011. The Index analyses four sub indicators for each country:

- Total trade, including both imports and exports
- Q-o-Q growth in trade
- Foreign markets for goods produced in a country
- Domestic market

The Capgemini Consulting Global Trade Flow Index is also supported by:

- Holland International Distribution Council (HIDC)
- Global Supply Chain Council in China and India
- Supply Chain Movement
- Council of Supply Chain Management Professionals' (CSCMP) Supply Chain Quarterly

A full copy of the report can be downloaded from:

<http://www.capgemini.com/insights-and-resources/by-publication/global-trade-flow-index-q2-2011/>



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