WORLD TRADE ORGANIZATION

Global Trade Outlook and Statistics

Update: October 2025

About the WTO

The World Trade Organization is the international body dealing with the global rules of trade between WTO members. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible, with a level playing field for all its members.

Disclaimer

Acknowledgements

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Executive summary

- WTO economists' forecast for world merchandise trade volume growth in 2025 has risen to 2.4% (up from the estimate of 0.9% in the interim outlook in August) while the outlook for 2026 has deteriorated to 0.5% (down from the August estimate of 1.8%).
- The forecast for services trade has also been updated, with commercial services export volume now expected to grow 4.6% in 2025 and 4.4% in 2026, up slightly from the previous estimates last April.
- The volume of world merchandise trade was up 4.9% year-on-year in the first half of 2025, growing at a faster rate than expected. Several factors contributed to this robust trade expansion, including frontloading of imports in North America in anticipation of higher tariffs, favourable macroeconomic conditions (e.g. disinflation, supportive fiscal policies, strong growth in emerging markets) and a surge in demand for AI-related goods.
- It is difficult to determine how much of the boost to trade in the first half of the year was due to macroeconomic "push" factors but the April edition of Global Trade Outlook and Statistics noted that, if it were not for higher tariffs and rising policy uncertainty, macroeconomic conditions were expected to be supportive of trade growth in 2025.
- Prospects for the second half of 2025 and 2026 are less optimistic. With higher tariffs now in place and trade policy still highly uncertain, frontloading of purchases is expected to unwind as accumulated inventories are drawn down and as GDP growth slows. Possible signs of weakness in trade and manufacturing output have been observed in developed economies, including reduced business and consumer confidence and slower growth in employment and incomes.
- As a result, the new forecast indicates stronger trade growth in 2025 and weaker trade growth in 2026. For 2025 and 2026 combined the forecast is slightly stronger in the current forecast (+2.9%) than in the previous one (+2.3%).
- The US$ value of world merchandise trade was up 6% year-on-year in the first half of 2025. In contrast to goods, year-on-year growth in commercial services trade slowed to 5% in the first quarter of this year from 10% in the final quarter of last year but appears to have bounced back to 9% in the second quarter based on preliminary data.
- The analytical section on the role of trade policy in influencing trade imbalances examines how trade balances respond to policy interventions, such as tariffs and macroeconomic policies.

Trade resilient despite tariff increases but growth to slow next year

Outlook for world trade in 2025 and 2026

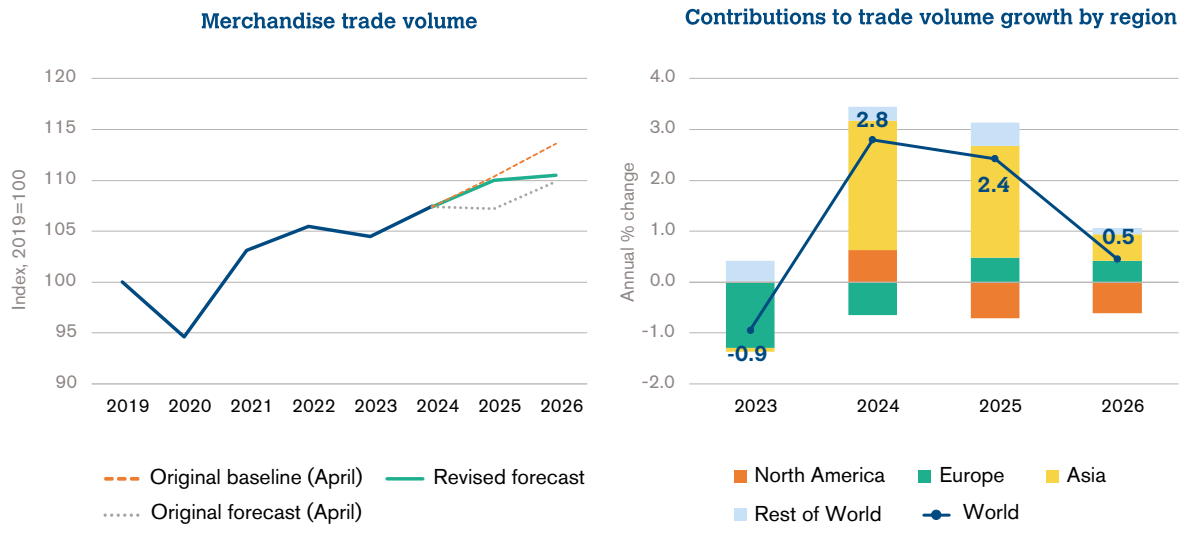
Global merchandise trade grew faster than expected in the first half of 2025 as US imports surged ahead of expected tariff hikes and as spending on AI-related products accelerated, particularly in Asia and North America. In response, WTO economists have revised their trade projections for this year and next year (see Chart 1), upgrading their forecast for world merchandise trade volume growth in 2025 to 2.4% (up from 0.9% in the August forecast) and lowering their estimate for 2026 to 0.5% (down from the previous forecast of 1.8%).

In addition to frontloading of purchases and AI-related spending, trade in 2025 was also supported by favourable macroeconomic conditions, as disinflation, supportive fiscal policies and tight labour markets with high demand for workers boosted real incomes and spending in major economies. Trade growth is expected to slow in 2026 as the global economy cools and as the full impact of higher tariffs is finally felt for a full year.

The WTO's forecast for world commercial services trade in volume terms has also been revised in light of recent developments. Although not directly subject to tariffs, services trade can be affected indirectly through links to goods trade and output. Services export growth is now expected to slow from 6.8% in 2024 to 4.6% in 2025, and down to 4.4% in 2026. These estimates are slightly stronger than the WTO's adjusted forecast in April, which took account of the impact of tariff increases, and slightly weaker than the April baseline forecast that excluded their influence.

Chart 1: World merchandise trade volume growth, 2019-2026

Index, 2019=100 and annual % change



Note: Trade refers to average of exports and imports. Figures for 2025 and 2026 are projections.
Sources: WTO for historical trade statistics. WTO Secretariat estimates for trade forecasts.

Merchandise trade

The volume of world merchandise trade, as measured by the average of exports and imports, recorded a sharp 5.5% year-on-year increase in the first quarter of 2025 followed by a smaller 4.3% rise in the second quarter, leaving trade in the first half of the year up 4.9% compared to the same period in 2024.

The strong performance in the first half of the year boosted WTO economists' tariff-adjusted merchandise trade growth forecast in 2025 to 2.4%, well above the adjusted forecast of -0.2% for 2025 in the April 2025 edition of Global Trade Outlook and Statistics (see Chart 1). On the other hand, the new adjusted forecast for 2026 of 0.5% is considerably weaker than the 2.5% foreseen in April. As a result, the cumulative increase for 2025-26 is only slightly stronger in the current forecast (+2.9%) than in the previous one (+2.3%), suggesting that the full impact of higher tariffs may have been delayed until next year.

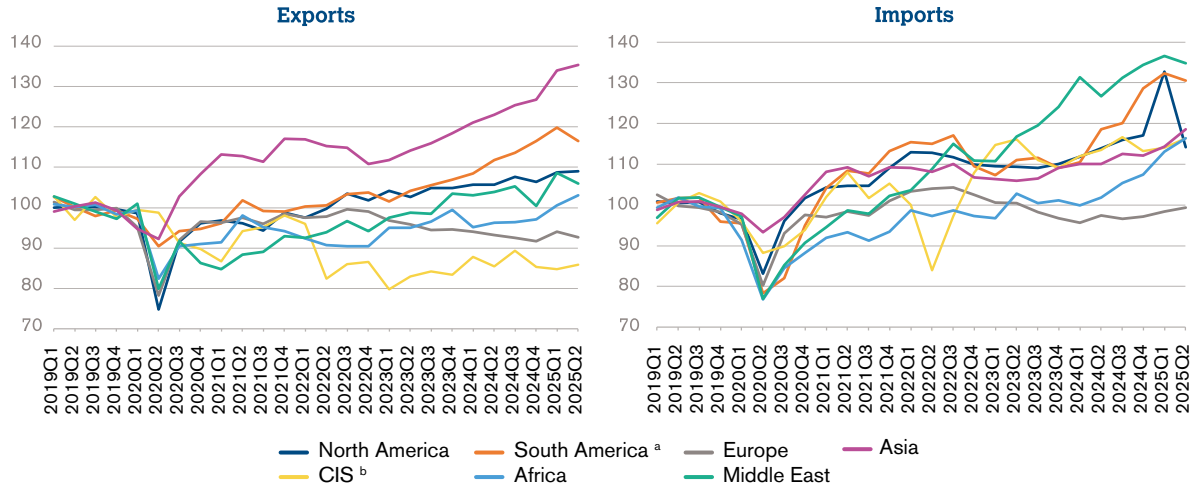
Despite a strong first half of 2025, North American trade flows are expected to make a negative contribution to world merchandise trade growth for the whole of 2025 and in 2026. Asia is expected to make the largest positive contribution to trade growth this year, although it will be reduced next year. Finally, Europe and the rest of the world should both make modest positive contributions to trade expansion in both years.

Year-on-year growth in merchandise export volume for the first half of 2025 was positive in most WTO regions, with Asia leading growth at 10.4% (see Chart 2). North America experienced slower growth at 3.0%, including a 2.2% increase in the first quarter. Europe remained relatively flat with a 0.3% decrease in growth. Both South and Central America and the Caribbean (7.4%) and Africa (6.3%) had moderately high growth in merchandise exports. The Middle East region grew at 3.7%. The only region with a notable decrease in merchandise exports was the Commonwealth of Independent States (CIS), including certain associate and former member states, with a 1.5% decrease.

On the import side, all regions experienced positive year-on-year growth for the first half of 2025. South America (14.7%) and Africa (13.7%) led growth, followed by North America (9.4%), despite the latter's sharp 13.9% decrease in import volume between the first and second quarters. Asia (5.8%) and the Middle East (5.1%) had more moderate import volume growth in the first half of the year, and Europe (2.4%) and the CIS (2.2%) had the slowest growth. Quarter-on-quarter import growth was generally weaker in the second quarter of 2025 except for Asia, where the second quarter was stronger than the first.

Chart 2: Merchandise export and import volume indices by region, 2019Q1-2025Q2

Volume index, 2019=100



a Refers to South and Central America and the Caribbean.
b Refers to Commonwealth of Independent States, including certain associate and former member states.

Source: WTO-UNCTAD.

Commercial services

Taking into account current GDP and merchandise trade forecasts reflecting the influence of higher tariffs, growth in the volume of world commercial services trade (as measured by exports) is expected to slow to 4.6% in 2025 and to 4.4% in 2026, down from 6.8% in 2024 (see Chart 3). The reduced outlook for 2025 reflects weaker expected growth in transport (2.5%, down from 4.5% in 2024) and travel (3.1%, down from 11% last year). Growth in the category "other commercial services" should only be slightly weaker in 2025 than in 2024 (5.8% compared to 6.3%) but digitally delivered services should be marginally stronger (6.1% compared to 5.7%).

For 2026, growth in transport services is expected to be slower at 1.8%, reflecting the deteriorating outlook for merchandise trade. Meanwhile, travel growth should pick up slightly to 4.4%, while growth should remain mostly stable for "other commercial services" (5.1%) and digitally delivered services (5.6%).

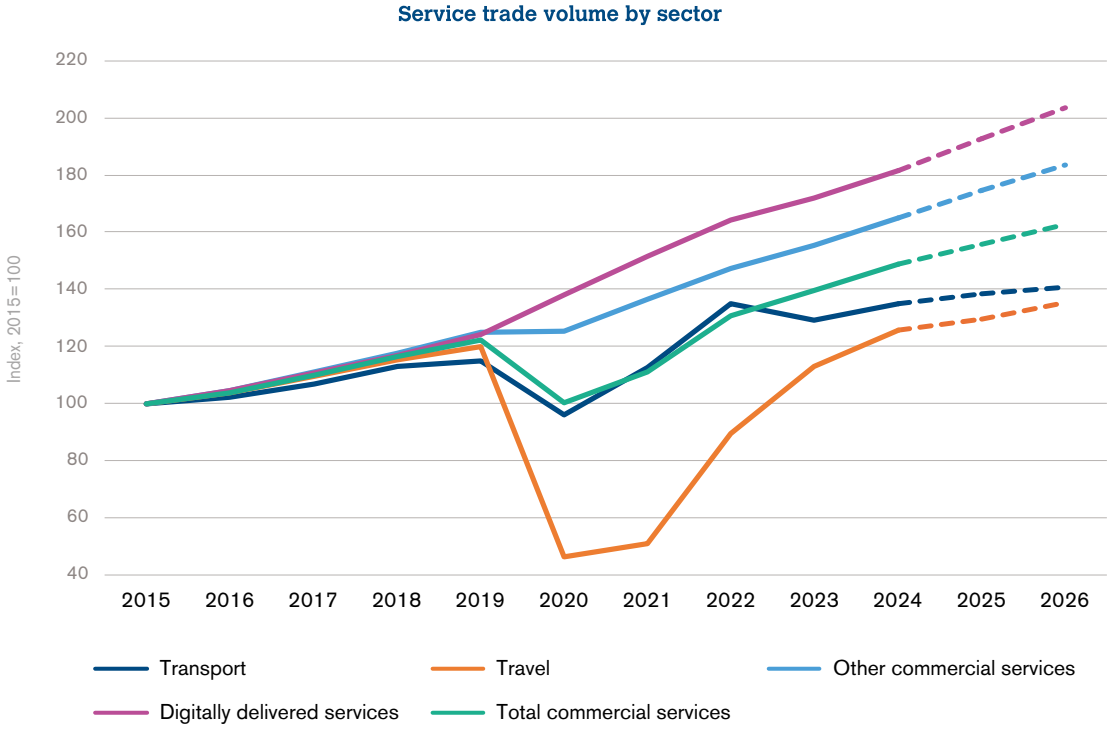
Macroeconomic conditions

Macroeconomic developments were more positive in the first half of the year than initially expected in April 2025 due to a higher level of international trade and investment in key regions. This was principally driven by the larger-than-expected frontloading of purchases by firms and households in anticipation of future tariff increases.

In the first quarter of the year, imports surged in North America, matched by rising exports in the rest of the world. Industry reports have indicated a build-up in inventories, including in purchasing managers' indices (PMIs) and national statistics. Inventories-to-sales ratios were up in North America in several sectors,

Chart 3: Commercial services trade volume, 2015-2027

Index, 2015=100



Note: Trade refers to exports. Figures for 2025 and 2026 are projections.
Source: WTO Secretariat estimates.

including machinery, equipment and supplies, motor vehicles and parts, lumber and construction equipment, and non-durable goods purchases by wholesalers.

Around one-third of the North American import spike was due to inflows of precious metals while the remainder was related to other goods, mainly electronics (including parts) and chemicals (mostly pharmaceuticals originating in the Association of Southeast Asian Nations and European economies). In parallel, EU imports from North America rose in March, suggesting that firms operating supply chains across the Atlantic also increased their inventories, particularly in the pharmaceuticals sector.

Some of the factors that boosted GDP in the first quarter (Q1) receded in the second quarter, but not entirely. The contribution of inventories to GDP growth in North America turned negative in Q2 while investment overtook consumption as a driver of GDP. In Asia, second quarter GDP slowed compared to the previous period yet still exceeded expectations in key economies (such as China, Japan, Viet Nam and Thailand). Eurozone growth also showed signs of resilience. Inventory building and port activity remained strong in July ahead of the August tariff announcements. This lifted industrial activity, indicating a forward-looking response to trade policy changes.

Disentangling the exact amount of the windfall to output and trade from the frontloading of purchases as opposed to other macroeconomic "push" factors during this period is challenging. As highlighted in the April 2025 edition of Global Trade Outlook and Statistics, macroeconomic conditions, in the absence of restrictive and uncertain trade policies, had been expected to be supportive of trade.

In several parts of the world, multiple factors have contributed to a resilient macroeconomic environment. A combination of falling headline inflation, supportive fiscal policy and tight labour markets boosted real incomes. Regional factors also contributed to a catch-up in aggregate demand in Europe following two years where high energy prices depressed industrial activity and investment. Asia's export performance was strong, particularly in AI-related products, consistent with the worldwide surge in investment in this sector.

Prospects for the second half of the year are less optimistic. With higher tariff rates and increased trade policy uncertainty, frontloading of purchases is expected to eventually unwind, although it is unclear whether the downward correction will be exactly equivalent to the "windfall". Box 1 examines the academic literature on the relationship between trade and inventories in uncertain times. According to this research, returning to desired levels of inventories can take several months. Export-oriented economies are expected to see a reduction in demand, while reduced business and household consumer confidence will affect purchasing decisions.

Several indicators, including prices of inputs in production and slower trade shipments, suggest that inflation could pick up in the second half of 2025 as inventories are drawn down in economies and sectors where tariffs have been increased and supply chain exposure is high. The initial reaction to tariffs was a period of price absorption and reduced profits by firms. Typically, economic models predict a "pass-through" of tariffs to final goods prices.

To date, it appears that domestic firms have absorbed part of the cost of already imposed tariff increases, at least through July. Cavallo *et al.* (2025) found "that the tariff announcements led to rapid, though still moderate, price increases". Other sources point to a moderate price reaction by firms in order to preserve buyer-supplier relationships at the cost of eroding profit margins. A departure from the disinflation trend since the start of the year could affect consumer and investment sentiment and behaviour. Lower profit margins could contribute to a sustained slowdown in fixed investment.

Cooling global aggregate demand will eventually translate into slower trade growth. With the full effect of higher tariffs taking place in August, some of the impact described in the April 2025 edition of Global Trade Outlook and Statistics will be delayed to the latter part of 2025 and into 2026.

Box 1: Tariffs and inventories

The prospects of a broad-based rise in tariffs in early 2025 coincided with a surge in imports to North America. This has widely been seen as a frontloading of goods for both consumption and to protect supply chains in anticipation of higher tariff duties on future imports.

Frontloading behaviour would result in an increase in inventories. However, aggregate inventories are calculated as a residual in national accounts and are often subject to substantial revisions. This makes the inventory build-up difficult to track. In early 2025, measures of the monthly stock of inventories in North America have increased and the sales to inventory ratio has fallen, consistent with a rise in inventories. A survey-based alternative - the orders ratio - shows decreases beyond 2025, again indicating an expansion of inventories. However, these are modest changes relative to the surge in imports and to recent changes in the stock of inventories.

Stocks increased by around 25 per cent after the COVID-19 pandemic, with a move from just-in-time to just-in-case delivery and the growth of e-commerce potentially resulting in permanently higher inventory levels. It will take a longer time horizon to get an accurate picture of the magnitude of the economy-wide build-up of inventories.

The modest change in aggregate inventory data does not rule out that a build-up has occurred. Industry-specific sources suggest a surge in demand for warehouse space in tandem with proposals to increase tariffs. This increase in demand has been most pronounced in a particular segment of the storage market - the segment with a special treatment of tariffs, such as foreign trade zones (FTZs) and bonded warehouses. In FTZs, companies can store, process and manufacture goods within these zones while deferring tariff duties until products enter domestic commerce, providing a degree of risk mitigation in the face of tariff uncertainty. Bonded warehouses offer a similar protection from tariff uncertainty. This behaviour mirrors past incidence of trade policy adjustments. In 2017, increases coincided with a 40 per cent increase in imports from the United States from China, with retailers substantially expanding their inventories and capacity to absorb further increases (Cavallo *et al.*, 2021). This inventory build-up in advance of tariff increases occurred despite increased consumer spending and strong economic growth (Smith *et al.*, 2023).

A risk to the outlook is that a build-up in inventories would lead to a correction thereafter. The unwinding could drag several economies into recession later in the year (de Soyres *et al.*, 2025). Holding bigger inventories beyond their optimum level adds costs for firms. The inventory holding cost is typically estimated to be 16-20 per cent of the item cost per year (Gurtu, 2021). The fall in the orders ratio is seen as indicating a future cut in production or imports to bring inventories back to optimal levels.

In general, there is a distinction between responses in post-shock inventory adjustments depending on if the shocks are supply- or demand-driven. For demand-driven shocks, the inventory build-up dissipates very quickly, almost immediately (Luca, 2025). This is slower for supply-side shocks. Using a stock-adjustment model, Coen-Pirani (2004) estimates it would take the aggregate economy five months to bridge 95 per cent of the gap between target and desired inventories following a shock. In a recent example for US inventories, in the post-pandemic "great destocking", inventories that had peaked in the fourth quarter of 2022 declined nearly 20 per cent through September 2023 (S&P Global, 2024).

Greater uncertainty in inventory planning can have consequences beyond trade. A reduction in shocks to inventories and better inventory planning are often cited as a contributor to the "Great Moderation", the reduction in the volatility of output. Tariff uncertainty, of course, disrupts these fundamentals.

Trade forecast in depth

Merchandise trade

Table 1 summarizes the outlook for merchandise trade based on available trade data for the first half of 2025 as well as consensus estimates for GDP growth this year and next year reflecting the expected impact of tariffs and trade policy uncertainty. The table compares the revised estimates for 2025 and 2026 to the estimates from last April. Forecasts for the world and for WTO regions in 2025 have been revised up substantially, particularly for North America on the export side, although the forecast for the latter continues to signal contraction. One reason for the improved North American outlook is the absence of retaliatory trade measures against US tariffs, resulting in reduced trade policy uncertainty. On the import side, the strongest upward revision is for Africa, which now looks set to rise nearly 12%.

In 2026, trade growth forecasts for most regions and the world have been revised downward. The largest downgrade on the export side is for the Middle East, while the biggest reduction on the import side is for North America.

Table 1: Merchandise trade volume and GDP growth, 2023-2026

Annual % change

	Historical		Revised forecast (a)		Original forecast (April) (b)		Difference (b-a)	
	2023	2024	2025	2026	2025	2026	2025	2026
World Trade [a]	**-0.9**	**2.8**	**2.4**	**0.5**	**-0.2**	**2.5**	**2.6**	**-2.1**
Exports								
North America	3.6	2.3	-3.1	-1.0	-12.6	-1.2	9.5	0.2
South America [b]	2.4	6.2	2.4	-1.9	0.6	0.9	1.8	-2.9
Europe	-2.9	-1.7	0.7	2.0	1.0	2.5	-0.3	-0.5
CIS [c]	-4.3	2.3	-0.7	3.5	4.4	0.1	-5.1	3.5
Africa	5.7	1.3	5.3	0.0	0.6	1.7	4.7	-1.7
Middle East	8.1	3.7	2.0	-0.9	5.3	5.1	-3.3	-6.0
Asia	0.2	8.0	5.3	0.0	1.6	3.5	3.7	-3.4
Imports								
North America	-2.2	4.7	-4.9	-5.8	-9.6	-0.8	4.7	-5.0
South America [b]	-4.0	6.0	8.8	-0.6	5.0	0.5	3.8	-1.1
Europe	-4.9	-2.3	2.4	0.8	1.9	2.7	0.6	-1.9
CIS [c]	18.0	4.8	2.7	2.6	0.5	2.1	2.2	0.5
Africa	2.6	2.6	11.8	5.4	6.5	5.3	5.4	0.1
Middle East	8.6	11.8	3.7	1.8	6.3	6.7	-2.6	-5.0
Asia	-0.7	5.1	5.7	2.7	1.6	3.8	4.1	-1.1
GDP at market exchange rates								
World	2.9	2.8	2.7	2.6	2.2	2.4	0.5	0.2
North America	2.8	2.6	1.7	1.5	0.4	1.1	1.3	0.4
South America [b]	1.9	2.5	2.7	2.6	2.7	2.4	0.0	0.2
Europe	0.8	1.1	1.4	1.5	1.2	1.4	0.2	0.1
CIS [c]	4.3	4.5	2.0	1.7	2.3	1.8	-0.3	-0.1
Africa	2.9	2.9	3.9	4.1	4.0	3.9	0.0	0.2
Middle East	1.7	1.8	2.6	3.6	3.2	3.5	-0.6	0.0
Asia	4.5	4.0	4.1	3.8	3.7	3.8	0.3	0.0
Memo items:								
World trade excl. intra-EU	-0.3	4.0	3.0	0.9	-0.3	2.3	3.3	-1.4
Exports of Europe excl. intra-EU	-1.9	-1.3	1.7	3.8	1.1	1.8	0.6	2.0
Imports of Europe excl. intra-EU	-5.7	-1.3	4.9	1.7	2.6	3.0	2.3	-1.3
Exports of least developed countries	7.1	5.0	6.1	1.1	4.8	3.9	1.3	-2.8
Imports of least developed countries	-0.4	4.4	13.5	5.7	7.6	5.6	5.9	0.1
GDP of least developed countries	3.7	2.1	3.7	3.9	3.9	4.5	-0.2	-0.6

a Average of exports and imports.
b Refers to South and Central America and the Caribbean.
c Refers to Commonwealth of Independent States (CIS), including certain associate and former member states.

Sources: WTO-UNCTAD for historical trade statistics. WTO Secretariat estimates for trade forecasts. Consensus estimates based on data from OECD, World Bank, IMF, UN, national statistics and WTO Secretariat calculations for GDP.

In the new forecast, Asia should record the fastest export volume growth of any region in 2025, at 5.3%, followed closely by Africa, also at 5.3%. These regions should be followed by South and Central America and the Caribbean (2.4%), the Middle East (2.0%) and Europe (0.7%). The Commonwealth of Independent States (CIS), including certain associate and former member states, should see its exports contract (-0.7%), as should North America (-3.1%, thanks to slowing year-on-year growth in the second half of 2025). Finally, exports of least developed countries (LDCs) should grow by 6.1% in 2025, although they are expected to weaken next year.

Africa should see the fastest import growth of any region this year, at 11.8%, followed by South and Central America and the Caribbean (8.8%), Asia (5.7%), the Middle East (3.7%), the CIS (2.7%) and Europe (2.4%). North American imports should contract by 4.9% along with its exports due to increasing weakness in the second half of the year. Meanwhile, LDCs should see very strong import growth of 13.5% in 2025, which should moderate in 2026.

Commercial services

In April 2025, the WTO Secretariat launched a new services trade forecast alongside its merchandise trade projections, offering policymakers and negotiators insights into linkages between goods and services trade. Although tariffs are applied only to goods, their effects extend into the services sector.

Lower trade volumes reduce demand for transport and logistics. Reduced consumer spending can weaken international tourism and retail while slower business activity weighs on financial and professional services. Trade policy uncertainty can delay investment, adding to the pressures on services trade. A more comprehensive analysis of these channels is provided in the April edition of this report.

The revised services trade forecast in Table 2 reflects the improved macroeconomic context and outlook for trade compared with earlier projections. Services trade is forecast to grow by 4.6% in volume terms in 2025 and by 4.4% in 2026. Nevertheless, this represents a slowdown from historical trends, or a loss of more than 2 percentage points compared with 2023 and 2024.

Table 2: Commercial services trade volume growth, 2023-2026 [a]

Annual % change

	Historical		New forecast		April 2025 baseline forecast		April 2025 adjusted forecast	
	2023	2024	2025	2026	2025	2026	2025	2026
World exports	**6.8**	**6.8**	**4.6**	**4.4**	**5.1**	**4.8**	**4.0**	**4.1**
By region								
North America	5.1	4.1	2.4	2.4	2.4	2.3	1.6	2.3
South America [b]	7.1	7.0	1.6	1.6	2.7	2.2	-1.1	1.1
Europe	2.6	5.5	5.4	4.6	5.8	4.8	5.0	4.4
CIS [c]	7.2	8.1	3.5	3.0	3.6	3.0	1.1	3.5
Africa	15.9	4.9	1.3	2.1	1.8	3.4	-1.6	5.3
Middle East	9.9	4.1	4.4	3.9	5.4	4.2	1.7	1.0
Asia	15.4	11.1	4.6	5.5	5.5	6.6	4.4	5.1
By sector								
Transport	-4.4	4.5	2.5	1.8	2.9	3.3	0.5	1.7
Travel	26.4	11.0	3.1	4.4	4.2	4.6	2.6	4.7
Other commercial services	5.4	6.3	5.8	5.1	6.1	5.3	5.3	4.4
of which: Digitally delivered services	4.7	5.7	6.1	5.6	6.6	5.8	5.6	4.7

a Figures for 2025 and 2026 are projections. Trade refers to exports.
b Refers to South and Central America and the Caribbean.
c Refers to Commonwealth of Independent States (CIS), including certain associate and former member states.

Source: WTO Secretariat estimates.

Europe's services exports will outpace global growth in both 2025 and 2026, increasing by 5.4% and 4.6% respectively. Asia is projected to expand by 4.6% in 2025 and by 5.5% in 2026, the highest rise across all regions. The forecast for North America has improved, with services exports expected to grow by 2.4% both this year and in 2026, returning to April baseline projections. The Middle East will expand by 4.4% in 2025, with growth easing to 3.9% in 2026. In the CIS, services exports growth is anticipated to be 3.5% in 2025 and 3.0% in 2026.

Although the forecasts for South and Central America and the Caribbean and for Africa have improved, the outlook for these regions remains subdued. Services exports of South and Central America and the Caribbean are projected to rise by 1.6% in both 2025 and in 2026. Africa, with a 1.3% expansion in 2025, is projected to record the slowest growth among all regions. In 2026, growth is expected to pick up modestly, rising to 2.1%.

Transport services growth is forecast to be 2.5% in 2025, a relatively small deviation from the 2.9% baseline forecast in April, reflecting frontloading of purchases. As the effects of higher tariffs will be felt in 2026, transport is expected to slow to 1.8%.

International travel is projected to increase by 3.1% in 2025, below the baseline forecast of 4.2%, before strengthening to 4.4% in 2026. Nevertheless, the sector remains vulnerable to external shocks, including heightened geopolitical tensions.

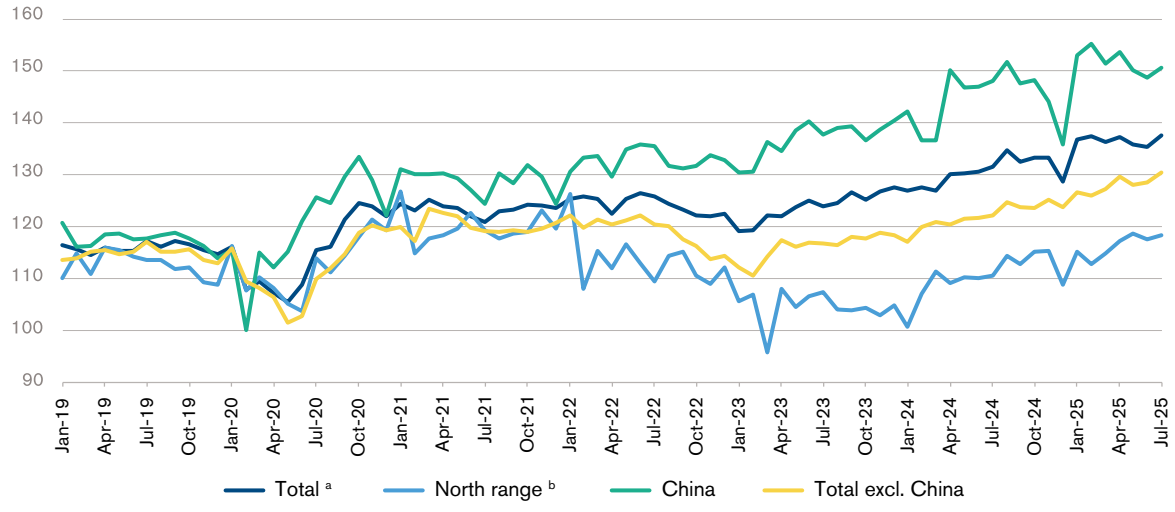
In 2025, "other commercial services" will rise by 5.8% in volume terms. Within this category, digitally delivered services, the most dynamic segment of international trade, are projected to maintain strong growth, of 6.1% in 2025 and 5.6% in 2026.

Trade-related indicators

Container throughput of major international ports is a key indicator of global merchandise trade volumes. The slightly positive overall trend in 2025 reflects the frontloading of exports due to the announced US tariff increases. The initial negative trends earlier this year were offset by a global increase in export volume in recent months. Chart 4 illustrates these trends with the RWI/ISL Global Container Throughput Index, which measures total throughput of 90 international ports that account for approximately 64% of global container traffic. The seasonally adjusted index increased to 137.5 in July, up from 135.4 in June.

Chart 4: Global container throughput index, January 2019-July 2025

Seasonally-adjusted index, 2015=100



a Based on throughput data from 92 ports accounting for approximately 64 per cent of global container traffic.
b Summarizes throughput of the ports of Le Havre, Zeebrugge, Antwerp, Rotterdam, Bremen/Bremerhaven and Hamburg.

Source: RWI - Leibniz Institute for Economic Research and Institute for Shipping Economics and Logistics (ISL).

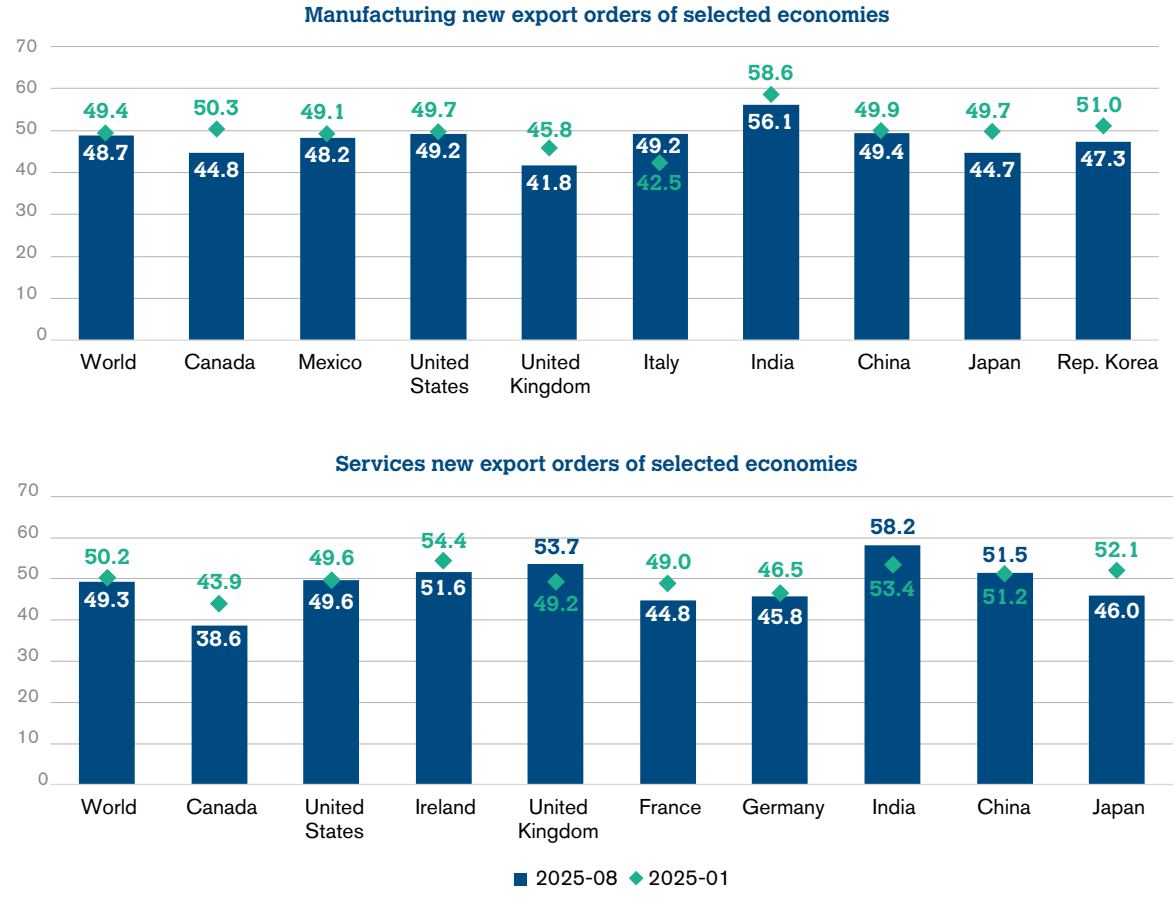
In the first half of 2025, global container throughput rose 6.0% year-on-year, with strong growth of 7.4% in the North Range index, which covers northern European ports. Chinese port activity grew 6.1%, with its index up to 150.6 in July, signalling a rebound in Chinese exports. The most recent monthly data show increasing container traffic in all other port regions as well.

S&P Global's Purchasing Managers Indices (PMIs) provide early insights into global demand and production, with the new export orders index serving as a particularly reliable leading indicator for world trade. Chart 5 shows changes in new export orders indices in manufacturing and services, with values less than 50 denoting contraction and values greater than 50 indicating expansion. The global new export orders index for manufacturing decreased to 48.7 in August from 49.4 in January, and the services index dropped from 50.2 to 49.3.

In manufacturing, most reporting economies' indices decreased between January and August, Italy being the one major exception over that timeframe. Notable changes between January and August of this year include Canada falling from 50.3 to 44.8, the United Kingdom dropping from 45.8 to 41.8, and Japan declining from 49.7 to 44.7. Meanwhile, the indices of the United States and China fell slightly. In services, the indices of the United Kingdom and India increased between January and August 2025, while other large economies remained relatively stable or decreased slightly. Japan's index dropped from 52.1 in January to 46.0 in August while Canada's contracted from 43.9 to 38.6. Ireland's index decreased but was still indicating expansion at 51.6 in August. China experienced little change, with its services index standing at 51.5 in August, up from 51.2 in January.

Chart 5: New export orders from purchasing managers indices (PMIs)

Diffusion index, base=50



Note: Purchasing managers indices (PMIs) values less than 50 denote contraction, while values greater than 50 indicate expansion.
Source: Country PMIs compiled by S&P Global.

Trade in value terms

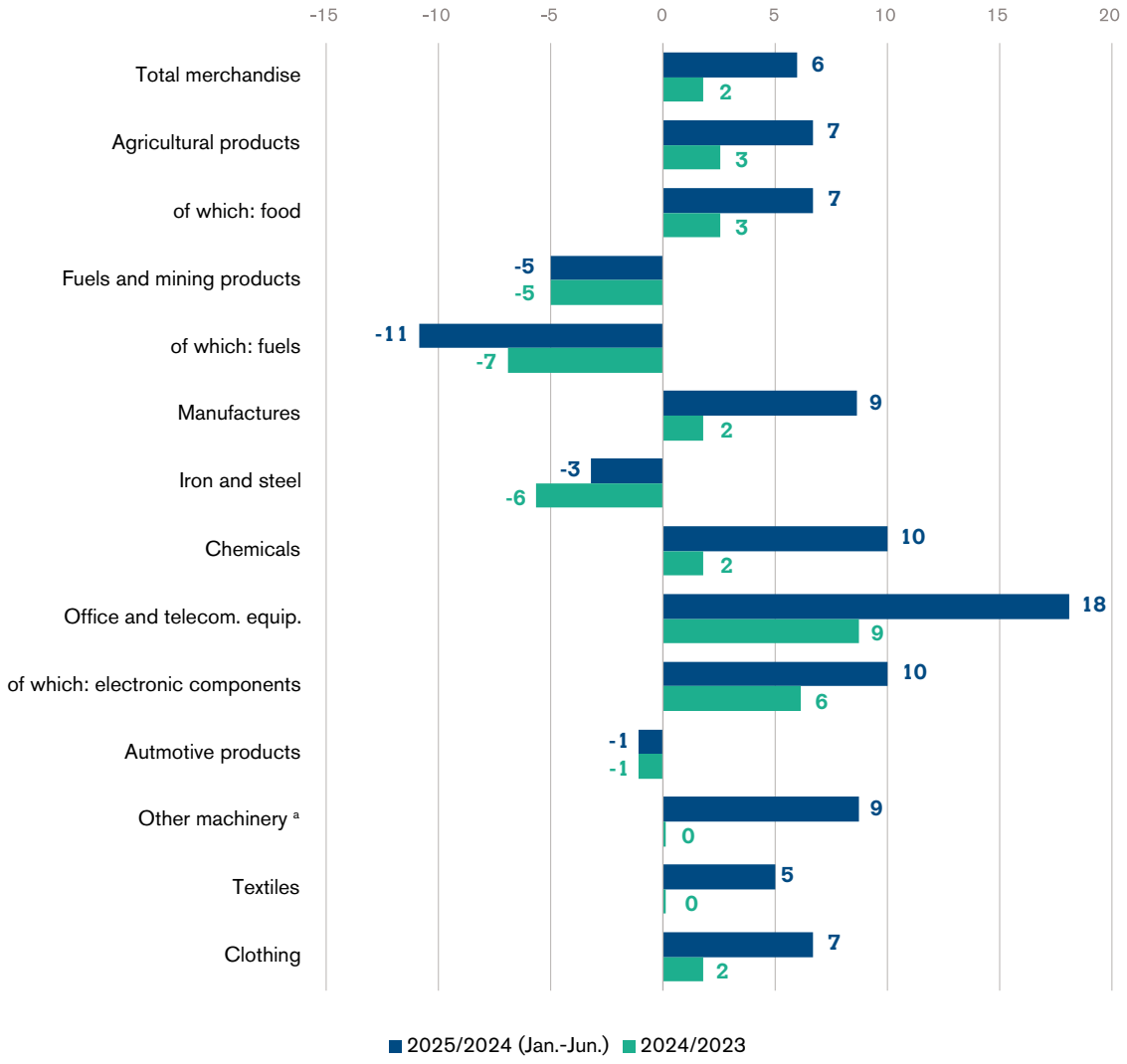
Merchandise trade

The value of world merchandise trade in current US dollar terms was up 6%[1] year-on-year in the first six months of 2025. The general pattern across products largely repeated what was observed in 2024, with stronger growth in almost all products, reflecting broad-based expansion of trade on the back of strong macroeconomic "push" factors and frontloading in the United States.

The growth rate for the office and telecom equipment sector was particularly high (18%), followed by chemicals (10%) and other machinery (9%). Among the major product groups shown in Chart 6, only fuels and mining products (-5%, of which fuels was -11%), iron and steel, and automotive products saw decreases in value terms. While the decrease in fuel prices was more moderate during the first half of 2025 compared to the 2024 annual trend, prices for metals and minerals (excluding gold and silver) slightly increased, though less than in 2024.

Chart 6: Year-on-year merchandise trade growth by product, 2025 (January-June) and 2024

% change in US$ values



a Includes electrical machinery, non-electrical machinery and power generating equipment.

Source: WTO for total merchandise, WTO Secretariat estimates for products.

From a regional perspective, the values of merchandise imports and exports in the first half of 2025 increased the most for Africa, with export growth particularly strong for several commodity products, while imports of ships, vehicles and machinery showed a marked increase (see Chart 7). Asia's high export growth was driven by precious metals and machinery. Europe's export growth was due to precious metals, organic chemicals and pharmaceuticals. Only the exports of the CIS[2] showed a decrease (-5%).

As the majority of merchandise imports from the CIS consists of fuels and mining products (67% in Jan-Jun 2025, down from 70% in Jan-Jun 2024), this trend correlates with the development of world trade in fuels and mining products. CIS merchandise imports also increased the least on a regional level, while growth in African, North American and South and Central American imports was particularly strong. North American imports grew in particular for precious metals, organic chemicals, machinery and pharmaceuticals, while the most growth was for vehicles, scientific instruments and pharmaceuticals.

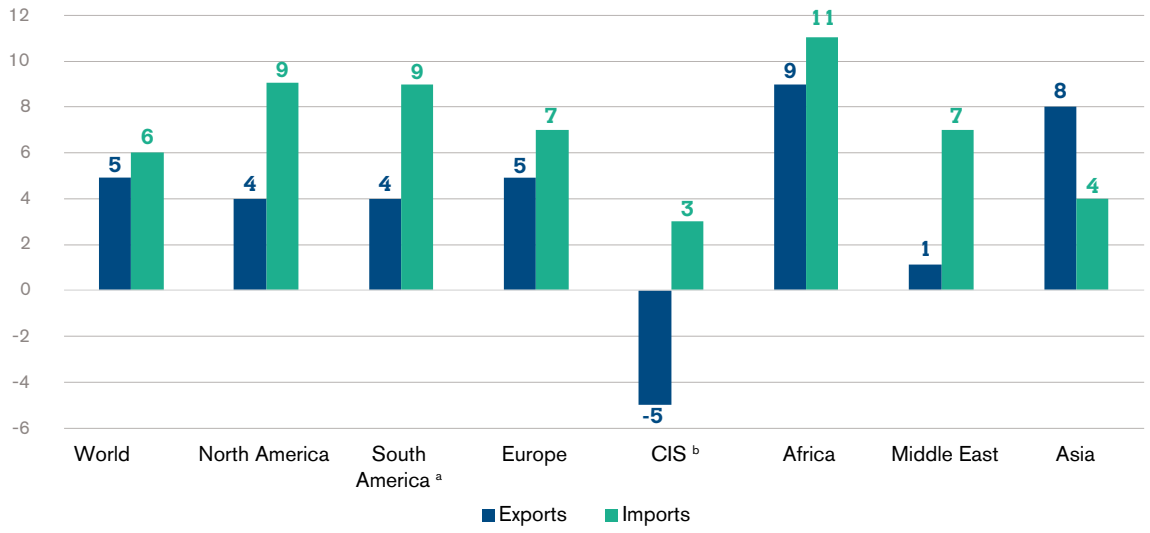
In the first half of 2025, the largest exporting economies all recorded nominal export growth year-on-year. This was led by Hong Kong, China, with +13.3% growth, largely driven by advanced electronics. Japan's export growth of 6.4% was due to a large extent to machines for manufacturing semiconductors exported to other East Asian economies. China's decline in direct exports to the United States was offset by increased shipments to other Asian economies and Germany, resulting in 6.0% growth overall.

The United States (+5.0%) and the European Union (+3.7%) saw slightly more modest growth rates in the first half of 2025. US exports were driven by precious metals, with growth also resulting from electronics and machinery exported to Mexico and Asian economies, and exports of civilian aircraft to a variety of destinations. About half of the total growth of EU exports over the same period came from a surge in exports of organic chemicals to the United States, with pharmaceutical products and electronics also contributing positively.

Of the largest importers, only China's merchandise imports declined (-3.8%) during the first half of 2025, with the largest declines recorded by mineral fuels and precious metals. However, imports of electronics and machinery increased, mostly coming from the United States, Israel and Asian economies.

Chart 7: Merchandise trade growth by region in the first half of 2025

% change in US$ values



a Refers to South and Central America and the Caribbean.
b Refers to Commonwealth of Independent States (CIS), including certain associate and former member states.

Source: WTO Secretariat.

Imports of the other large importers increased in value terms in the first half of 2025. About two-thirds of the United Kingdom's 16.1% import growth was due to precious metals, with electronics and machinery imported from the United States, the European Union and China making a large contribution to the remaining growth. Import growth in Hong Kong, China, was mostly due to electronic integrated circuits imported from other Asian economies. The 12.5% surge in US imports was driven by a combination of factors, including frontloading of purchases ahead of tariff hikes and AI-related digital transformation. EU imports saw a moderate increase, recovering from low levels of the previous year. The only large decline for the European Union was mineral fuels, in line with the decline in prices for this sector.

AI-related goods - the engine of trade growth in 2025

AI-related goods emerged as the central driver of world trade growth in the first half of 2025. Based on around 100 AI-related product lines – from semiconductors and processors to finished computers, servers and telecommunications equipment – trade in this group expanded by more than 20% year-on-year (USD 1.92 trillion in the first half of 2025 vs. USD 1.61 trillion in the first half of 2024).

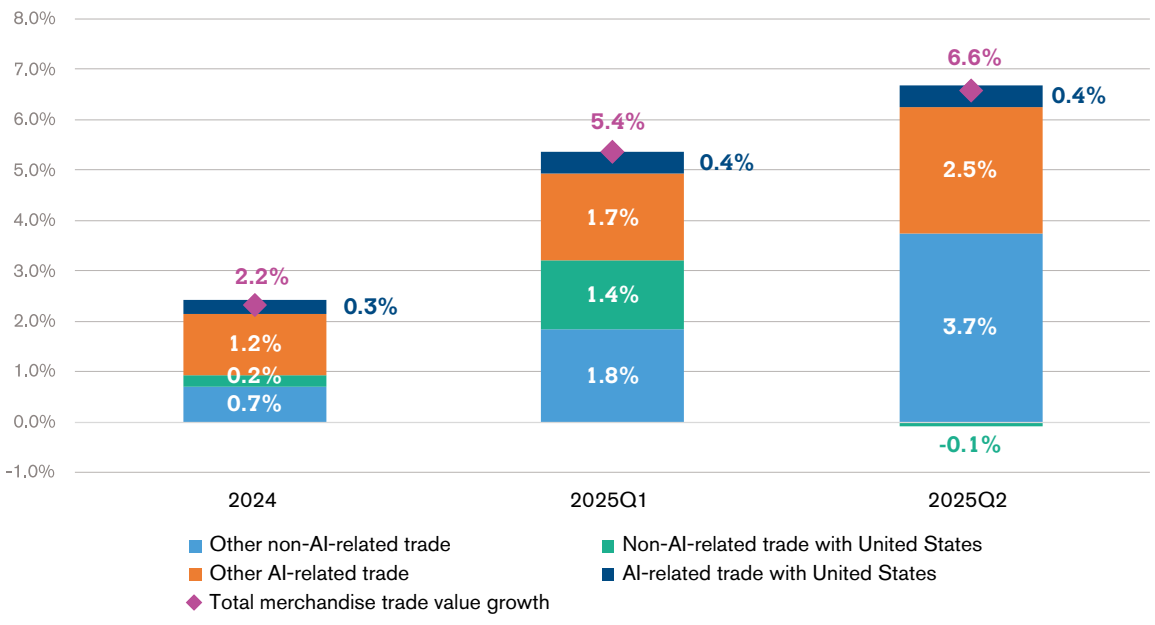
By contrast, trade in non-AI goods in the first half of 2025 grew by less than 4% (USD 10.9 trillion vs. USD 10.5 trillion). Although AI-related products account for less than one-sixth of world merchandise trade, they contributed nearly half of overall trade growth in this period (constituting 15% of global imports/exports and 43% of global trade growth).

These figures reflect economies restructuring activities around artificial intelligence. The growth covers every layer of the digital value chain – from raw silicon and speciality gases to the machines that produce semiconductors, and the computers and servers powering cloud platforms and AI applications worldwide.

The United States was a driving force for merchandise trade developments in the first half of 2025 (see Chart 8). Total imports rose strongly in the first quarter, as firms frontloaded purchases ahead of anticipated tariff increases. This surge provided a temporary boost to trade growth but the effect unwound in the second quarter as inventories accumulated earlier in the year were drawn down.

Chart 8: Contributions of AI-related trade flows to world merchandise trade growth, 2024 and 2025Q1-Q2

Year-on-year % change in US$ values and percentage point contributions



Sources: WTO Secretariat for total merchandise trade. WTO Secretariat estimates for AI products.

AI-related goods followed a more stable trajectory. Unlike the volatility observed in precious metals, pharmaceuticals and other non-AI products, US imports of semiconductors, servers and finished computers continued to expand at a steady pace, registering trade growth of around 0.4% year-on-year in both quarters. This suggests that demand for AI infrastructure also reflects longer-term structural investment rather than only short-term policy measures.

By the second quarter of 2025, much of the momentum for AI-related trade had shifted beyond the United States. Other economies accounted for close to 40% of global AI-related trade growth, with Asian suppliers and emerging markets playing an increasingly prominent role. This reinforces the view that the expansion of AI-related trade is not entirely driven by recent trade policy developments but represents a broader structural wave of investment in digital infrastructure. Non-AI goods also recorded a modest recovery in the second quarter but their contribution to growth remained considerably smaller.

Regional contributions to AI-related trade

North America accounted for roughly one-fifth of global AI-related trade growth in the first half of 2025 (see Table 3). The United States stood out: semiconductor imports rose sharply (+36.2%), supported by increased inflows from Chinese Taipei and Viet Nam, while purchases of servers and automatic data-processing machines grew at a steadier pace (10%). This reflects firms expanding inventories ahead of tariff increases and at the same time investing in cloud and data centre capacity.

Mexico registered an even stronger surge in AI-related imports, up nearly 30%, particularly in semiconductors and telecommunications equipment. This reflects its growing role in global electronics supply chains. Canada's contribution to growth was more subdued, but part of the same regional integration.

The European Union contributed roughly one-tenth of global AI-related trade growth in Q2 of 2025, with increases centred on servers and telecommunications equipment. Unlike the tariff-driven surges in North America, the EU's expansion reflected a slower process of digital infrastructure upgrading, constrained by weaker macroeconomic conditions and a subdued investment cycle.

The bulk of the expansion in AI-related trade came from Asia, which accounted for nearly two-thirds of global AI-related trade growth in the first half of 2025. East Asia remained the supply engine, with the Republic of

Table 3: AI-related trade growth in the first half of 2025

% change in US$ values and % of total shares

	Growth			Growth contributions		
	2024	2025Q1	2025Q2	2024	2025Q1	2025Q2
AI-related trade with North America	16.9%	29.2%	28.7%	0.4%	0.5%	0.6%
AI-related trade with Europe	-1.4%	3.6%	9.9%	0.0%	0.1%	0.3%
AI-related trade with Asia	14.5%	19.0%	25.2%	1.2%	1.5%	2.1%
Other AI-related trade	5.0%	5.4%	-1.0%	0.0%	0.0%	0.0%
Total AI-related trade	10.7%	16.5%	21.7%	1.5%	2.2%	3.0%
Non-AI-related trade	1.1%	3.7%	4.2%	0.9%	3.2%	3.6%
Total merchandise trade value growth				2.3%	5.4%	6.6%

Sources: WTO Secretariat for total merchandise. WTO Secretariat estimates for AI products.

Korea, Japan and Chinese Taipei continuing to provide high-value semiconductors and advanced telecom equipment. At the same time, South-East Asian economies, such as Viet Nam and Thailand, strengthened their role, supported by both rising investment and supply-chain diversification. China's exports to regional partners and to Mexico increased sharply, even as its aggregate AI-related exports showed moderate growth, underscoring that China remains embedded in global AI supply chains.

Other regions are also playing a bigger role in AI-related trade, albeit from smaller bases. The Middle East registered a notable increase in imports of servers and telecom hardware in the first half of 2025, reflecting government-led digital transformation programmes in economies such as Saudi Arabia and the United Arab Emirates. South America expanded imports of computing and cloud-related equipment, particularly in Brazil and Chile, where cloud service providers are scaling up regional hubs.

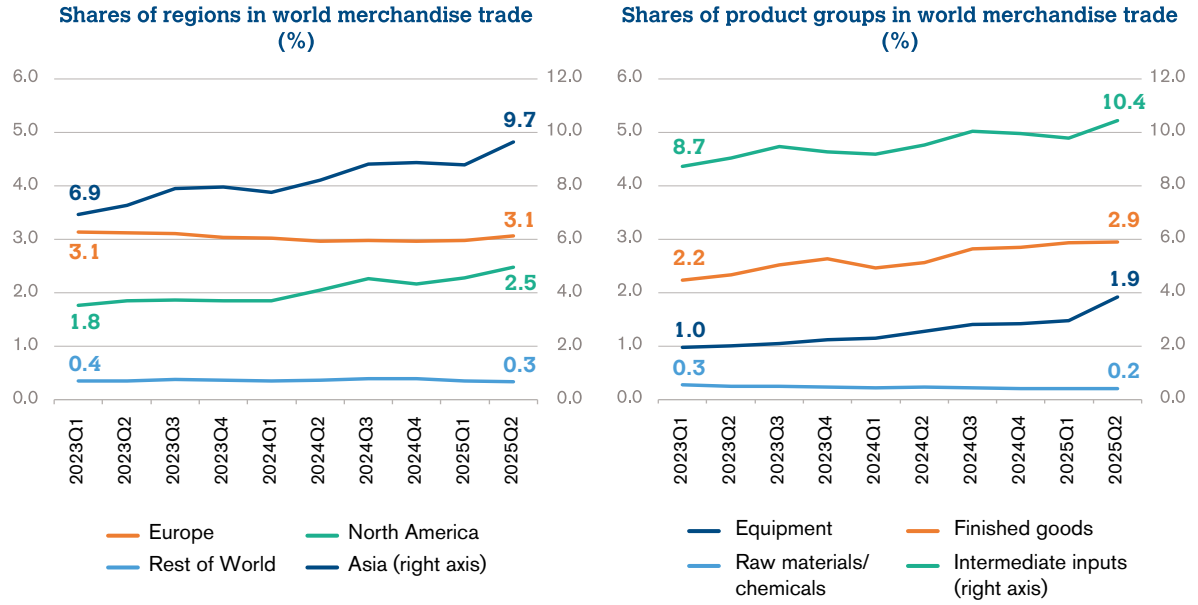
In Africa, growth was more uneven but still visible: South Africa, Nigeria and Egypt increased imports of telecom infrastructure in the first half of 2025, pointing to investment in connectivity as a precursor to broader digital adoption. Oceania (Australia and New Zealand) also contributed to growth, mainly through data-centre construction and raw material supplies for electronics. These developments may not yet make large contributions to global trade, but they underscore that AI-driven trade is not confined to a handful of advanced economies: it is spreading steadily across regions as digital infrastructure becomes a development priority worldwide.

All major components of AI-related trade flows, such as final goods, equipment, and intermediate inputs, have seen an increase in their share of world trade value over the past two years. What is novel about the second quarter of 2025 is that the uptick in the share of AI-related goods in total trade was in large part related to increased imports and exports of equipment, such as machines and tools used for semiconductor manufacturing and testing (see Chart 9). This category alone was responsible for almost 2% of global trade value, gaining 0.5% in Q2 of 2025.

The increase in equipment trade was mainly from North America and Asia, while the increased trade in intermediate goods was mainly from Asia. Overall, the share of Asian economies in AI-related trade has risen steadily over the past two years. More recently, the share of North America has also started to grow.

Chart 9: Shares of AI-related trade flows in world merchandise trade by region and product group, 2023-2025Q2

Percentage shares in US$ values



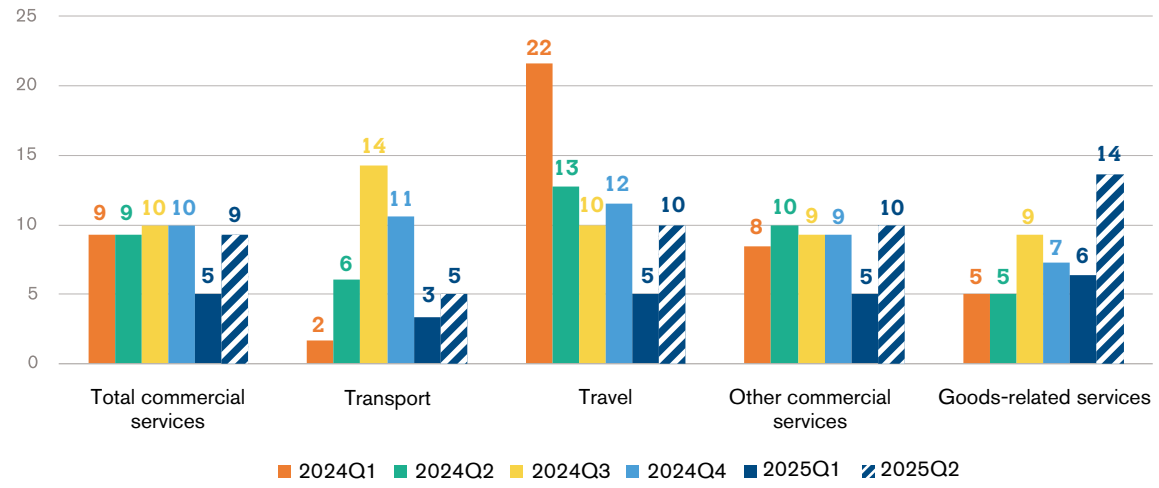
Source: WTO for total merchandise trade. WTO Secretariat estimates for AI products.

Commercial services

Global services trade growth slowed in the first quarter of 2025 to 5% year-on-year, roughly half the pace recorded in both 2024 and 2023 (see Chart 10). The appreciation of the US dollar against the euro and other currencies, coupled with increased economic uncertainty, contributed to the slowdown in the early months of the year (see Chart 11). Services exports in Europe and North America increased by only 3% year-on-year although strong growth (9%) continued in Asia.

Chart 10: Commercial services trade growth by main sector, 2024Q1-2025Q2

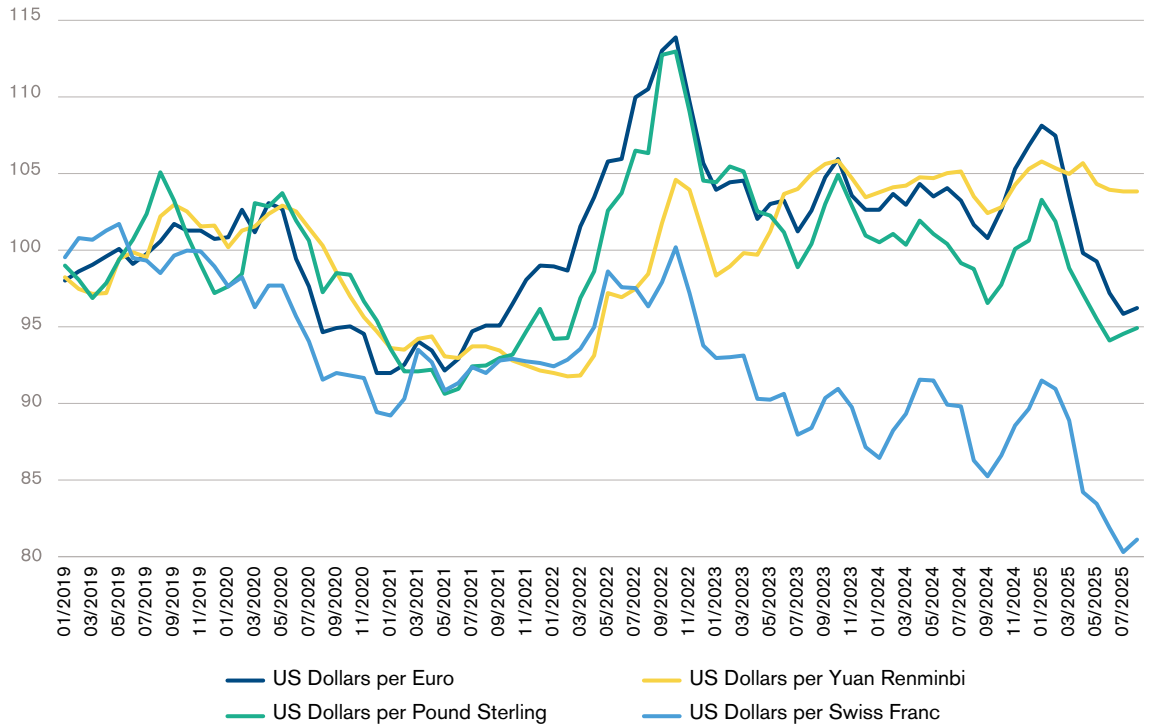
Year-on-year % change



Note: Services trade measured as exports. Preliminary WTO Secretariat estimates for 2025Q2.
Source: WTOStats.

Chart 11: Exchange rates against the US dollar, January 2019-August 2025

Indices, 2019=100

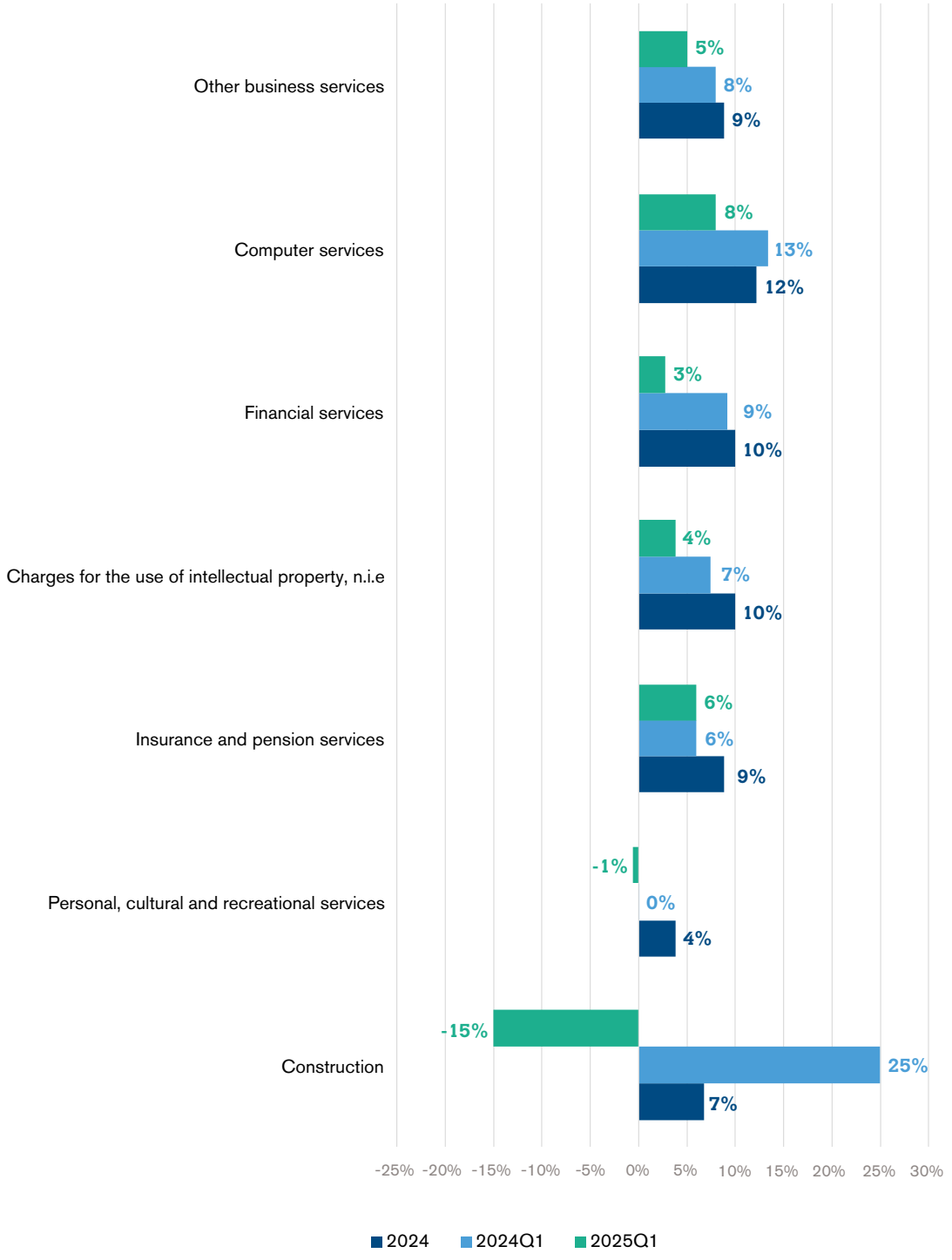


Source: IMF.

According to preliminary WTO Secretariat estimates, services trade strengthened in the second quarter of 2025, up by 9%, also supported by a weak US dollar. Between January and August, the US dollar depreciated 6% against a broad basket of currencies (source: Bank for International Settlements).

Chart 12: Other commercial services exports by selected subsector, 2024 and 2025Q1

Year-on-year % change



Note: Sectors are ranked according to their relative share in services trade in 2024.

Sources: WTO Secretariat estimates for 2025Q1 and 2024Q1; WTO-UNCTAD estimates for 2024.

The overall slowdown in services trade in the first quarter of the year was mainly due to "other commercial services", a category comprising many digitally deliverable services (see Chart 12), and which accounts for some 60% of global services trade. Europe contributes 40% of those exports.

Growth of "other business services", the most important sub-sector, covering various professional, technical and trade-related services, moderated to 5% in the first quarter of 2025. Global financial services exports expanded by 3% year-on-year, following a 10% annual rise in 2024, reflecting reduced investment activity amid increased global economic uncertainty. The sector was also affected by exchange rate movements, which dampened US dollar-denominated growth.

Services related to intellectual property grew by 4% year-on-year in the first quarter of 2025 in comparison with 7% growth in the same quarter of 2024. Global trade in IP-related services remains highly concentrated, with the European Union and the United States accounting for nearly 70% of exports last year. Construction fell by 15% year-on-year, reversing part of the strong 25% growth recorded during the same period in 2024. Several key economies saw declines, including China (-25%), which alone accounted for over 28% of global construction exports in 2024. In the second quarter of 2025, however, China's construction exports recovered, increasing by 11%.

Computer services exports were only marginally affected by the broader slowdown in the early months of the year, as strong global demand for artificial intelligence (AI), digital transformation and cybersecurity solutions continued to drive growth. This momentum is expected to persist, supported by ongoing business adaptation to new technologies and rising consumer preferences for digital services. According to the latest national statistics, in the first half of 2025, computer services exports grew by 13% in India and by 14% in Ireland.

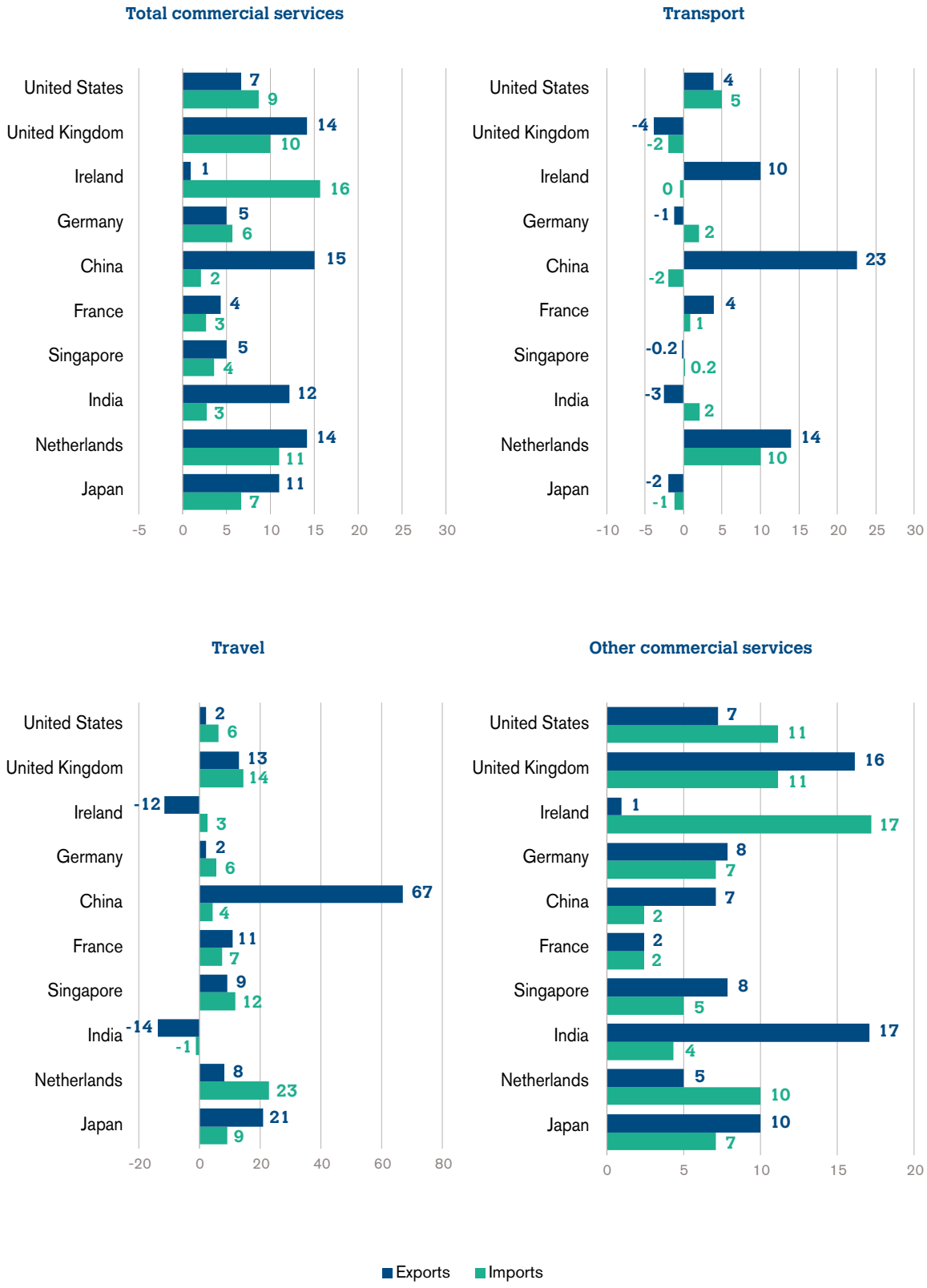
Transport services were up 3% year-on-year in the first quarter of 2025, following rapid growth in the second half of 2024 due to frontloading of purchases. Asia recorded the fastest growth, up 10%, driven by a 31% rise in China. Payments for shipping services increased by 19% in South and Central America and the Caribbean, as demand for goods surged. First estimates for the second quarter of 2025 suggest a 5% increase globally, with China recording an additional 15% expansion, although other leading Asian transport exporters saw subdued growth or declines.

Despite a difficult economic and geopolitical context, international travel rose by 5% year-on-year in the first quarter of 2025. In Asia, travel receipts grew by 13%, with several economies recording strong growth as tourism continues to recover in the region. By contrast, North America's travel receipts fell by 1%. Preliminary estimates for the second quarter point to a 10% rise in global travel. According to UN Tourism, international tourist arrivals reached 690 million in the first half of 2025, 5% above 2024 levels.

Services trade performance varied across major traders in the first six months of 2025 (see Chart 13). Double-digit exports growth was recorded in the United Kingdom (+14%), thanks to surging financial services and business services, in China (+15%), sustained by strong growth in transport and travel receipts, in India (+12%), due to computer services exports, and in Japan (+11%). Ireland posted the lowest growth, with exports rising only by 1% year-on-year. The slowdown largely reflects the sharp contraction in "other business services" stemming from the high base created by a surge in demand for research and development (R&D) and professional services in the same period of 2024. US service exports rose by 7%. Many major services traders recorded moderate growth, with France's exports up 4% year-on-year while Germany and Singapore each posted 5% export growth.

Chart 13: Commercial services trade growth of selected economies by sector in the first half of 2025

Year-on-year % change



Note: Economies are ranked according to their share in total commercial services exports in 2024 (see Appendix Table 3).
Source: National statistics.

Comparison of October edition of GTOS with April edition

The outlook for global trade in 2025 has improved since the April edition of Global Trade Outlook and Statistics (GTOS) and the interim outlook released in August, with the forecast growth rate for merchandise trade rising to 2.4% from -0.2% (April forecast) and 0.9% (August estimate). At the same time, the prediction for 2026 has deteriorated to 0.5% from 2.5% (April forecast) and 1.8% (August estimate). The timing for the slowdown in trade growth has shifted from 2025 to 2026 but the outlook for 2025 and 2026 combined is somewhat more optimistic.

The main reason for the change in timing for the growth prediction is that the impact of the US tariff increases on global trade has been delayed because of frontloading of purchases in anticipation of the tariff rises.

For 2025 and 2026 combined, the outlook displays a higher growth rate of global merchandise trade by 0.6 percentage points (2.4% plus 0.5% = 2.9%) compared to April (-0.2% plus 2.5% = 2.3%). Based on the analysis in this Outlook, the more optimistic forecast is due to four factors.

First, trade in AI-related products has been particularly strong and is expected to remain strong. More specifically, 46% of global growth in merchandise trade (in value) over the first half of 2025 (6% year-on-year) is driven by AI-related goods whereas these products constitute only about 15% of global merchandise trade. The analysis indicates that this strong expansion is broad-based geographically. Furthermore, the growth in imports of these products into the United States was sustained in Q2 of 2025 whereas the expansion of imports of other products into the United States stagnated in Q2.

Second, the macroeconomic outlook in general and the outlook for trade have improved. The macroeconomic situation has improved due to rising real income growth as a result of falling headline inflation and an expansionary fiscal environment. This feeds into stronger than expected trade growth between regions not impacted by the tariff increases in 2025, which is an indicator of the resilience of the global trading system. Furthermore, relative to GDP growth, the growth of exports from China is particularly strong.

More specifically, the volume of Chinese exports expanded in the first half of 2025 by 12%, making it much larger than GDP growth. This factor contributes to the expansion in merchandise growth. It also indicates that the rise in merchandise imports from China is not only driven by a shift in exports away from the American market where import tariffs have increased, but also by an autonomous increase in Chinese exports.

Third, WTO economists' assessment is that part of the surge in US imports driven by frontloading of purchases in anticipation of tariff increases will not be reversed in 2025 and 2026. The reason is that a substantial part of the surge in US imports is due to advanced purchase of durables and not by a rise in inventories, which could have been corrected in the latter part of 2025 and in 2026.

Fourth, WTO economists' calculations indicate that the adverse trade impacts of both the tariff rate increases and trade policy uncertainty have decreased. Projections indicate that the current tariff increases have changed the global trade outlook by less than 0.1 percentage points for 2025 and 2026 combined compared to the April forecast. At the same time, the WTO's assessment is that trade policy uncertainty has diminished, cushioning the trade fallout from the tariff policies. The reason for this is that no economy has announced or introduced higher tariffs on imports from the United States in response to the US tariff increases, except for China. Furthermore, trade under the United States-Mexico-Canada Agreement (USMCA) has been exempted from most tariff increases. Finally, trade between third countries has so far been mostly spared from tariff increases or discussions about tariff increases. This reduced level of trade policy uncertainty has improved the outlook for 2025 and 2026 by about 0.1 percentage points. The impact of tariff increases and trade policy uncertainty are expected to rise over time.

Analytical chapter: Trade imbalances and the limits of trade policy

Trade imbalances have long been a concern for policymakers, prompting calls for corrective trade measures. Recent tariff actions — framed in part as efforts to reduce bilateral deficits — fit this established pattern.

Notable precedents include the US-Japan trade tensions of the 1980s and the global imbalance debates following the 2008 financial crisis. The connection is not merely anecdotal: empirical research shows that trade imbalances, particularly at the bilateral level, are strong predictors of trade action (Delpeuch, Fize and Martin, 2024).

Imbalances are a feature of an open economy. In a closed economy, which does not trade internationally, expenditures (consumption and investment) are limited to what the domestic economy produces (consumption + investment = output). The current account balance is zero. Any output not consumed is saved and stored in inventory which counts as investment (savings = investment). When an economy is open, it can be free of the constraints of a closed economy and, for an amount of time, consume more than it produces. This can increase imports and borrowing, leading to a current account deficit. Consumption plus investment does not necessarily equal output, and saving and investment can differ, as recorded in the current account balance. As trade is the largest component of the current account, it becomes the focus of analysis.

Interpreting trade imbalances

From an economic perspective, trade imbalances are not necessarily problematic. Sectoral imbalances arise from specialization: a country with a comparative advantage in services may run a surplus in services and a deficit in goods. Aggregate imbalances, in turn, reflect differences between national saving and investment. If a country invests more than it saves, additional investment goods must come from abroad. From this perspective, trade imbalances are not signs of dysfunction, but channels through which economies realize the gains from trade — across sectors and over time.

While trade imbalances can therefore reflect healthy economic forces, they are not immune to policy distortion. Tariffs can alter sectoral trade patterns, reducing the deficit in a targeted sector at the expense of other sectors. They can also distort bilateral flows, narrowing the deficit with a targeted partner while widening it with others. Industrial policy, which is now central to many policy debates, can have similar effects. Long-run, broad-based industrial policy intervention can significantly influence the allocation of resources across sectors, often promoting tradable manufacturing over non-tradable services.

What is less clear is the extent to which tariffs can affect aggregate trade imbalances. In terms of national accounting, the overall trade balance (plus factor incomes) reflects the gap between national saving and investment. Tariffs can influence this balance, but only indirectly — for instance, if firms accelerate imports ahead of expected tariff hikes, or if heightened policy uncertainty leads to greater precautionary saving or reduced investment. But these are roundabout channels, and there are more direct ways to influence national saving and investment — making trade policy a blunt tool for managing aggregate imbalances.

Correcting trade imbalances with trade policies

To explore how trade imbalances might respond to policy intervention, simulations were run using the WTO Global Trade Model, specifically the comparative static version with standard long-run trade elasticities.

Setting aside the question of whether such imbalances are inherently problematic, the analysis focuses on how they might be reduced through trade policy – specifically by imposing tariffs to eliminate sectoral or bilateral deficits. The effects of tariffs on aggregate trade imbalances are not analyzed, as the model assumes

a fixed savings rate and therefore cannot capture all possible tariff-induced changes in national saving and investment behaviour. The scenarios are illustrative in nature and use stylized aggregate regions from the WTO's April 2025 "Global Trade Outlook and Statistics" report.

To begin with, the use of tariffs to eliminate bilateral trade imbalances was simulated. North America runs a substantial merchandise trade deficit with Asia, which prompted the simulation of a scenario in which North America imposes additional tariffs on goods imports from Asia. The simulations indicate that to eliminate the bilateral deficit, tariffs would need to be raised by around 40 percentage points. However, this would also increase trade deficits with other regions — for example, the bilateral merchandise trade deficit with Europe would rise significantly. Moreover, the policy would have sizeable economic costs, including a reduction in North America's GDP of about 0.8%.

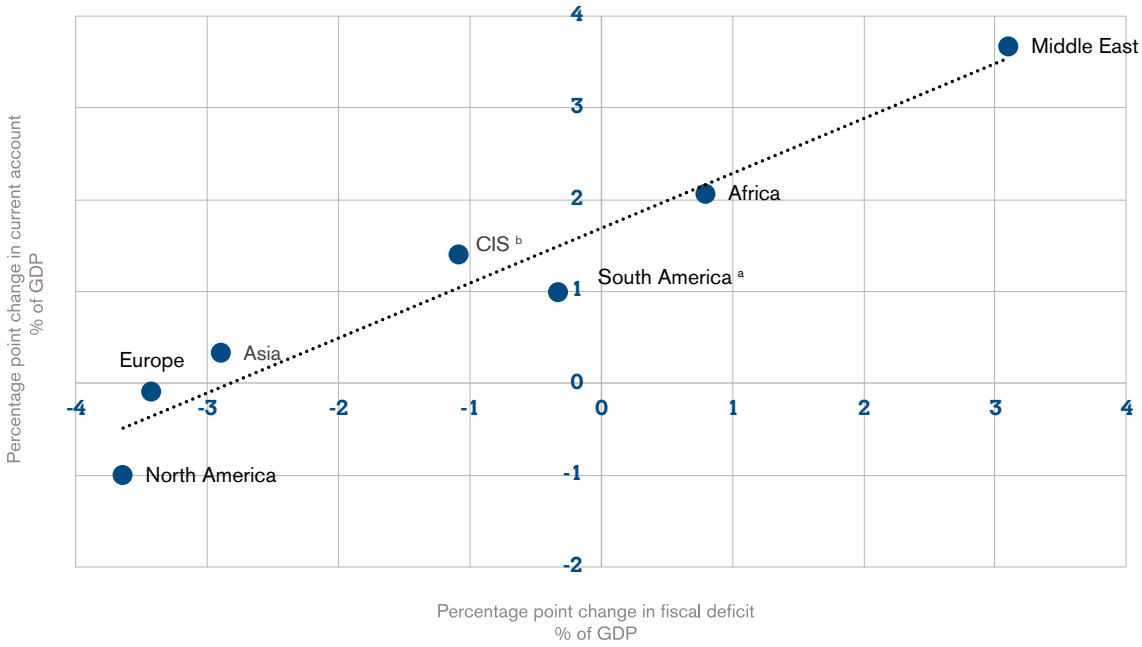
Next, the economic effects of eliminating sectoral trade imbalances were considered. A key feature of the data is that North America runs a merchandise trade deficit with the rest of the world. A scenario was therefore considered in which North America raises tariffs on goods imports from all trading partners. The simulations show that eliminating the merchandise trade deficit would require an across-the-board tariff increase of about 45 percentage points. However, because the overall trade balance is determined by saving and investment decisions, and remains largely unchanged, the services surplus would decline proportionally and turn into a deficit. This policy would also entail greater economic losses than the bilateral case, reducing North America's GDP by around 1.5% That said, policymakers may have non-economic motivations for promoting manufacturing production. These motivations are not captured in this analysis.

Macroeconomics of aggregate trade imbalances

While trade policy can, in principle, influence aggregate trade imbalances, macroeconomic factors tend to play a far more decisive role.

A case in point is the global response to the COVID-19 pandemic. Many economies deployed large-scale fiscal stimulus, financed through public borrowing. As shown in Chart 14, those economies that expanded

Chart 14: Changes in fiscal deficits and current account balances, 2015-19 to 2020-24



a Refers to South and Central America and the Caribbean.
b Refers to Commonwealth of Independent States, including certain associate and former member states.

Source: WTO Secretariat calculations using World Bank data.

their fiscal deficits the most also tended to experience the sharpest deterioration in their current account balances, regardless of whether they entered the crisis with a surplus or a deficit (Aggarwal *et al.*, 2023). Trade is the largest component and typically the main driver of changes in the current account balance.

This macroeconomic view is reinforced by recent IMF analysis on China's growing trade surplus and the widening US trade deficit since the pandemic (IMF blog of 12 September 2024, "Trade Balances in China and the US Are Largely Driven by Domestic Macro Forces"). The findings point to domestic macroeconomic drivers: in China, weak household demand and a property market downturn boosted saving and suppressed imports; in the United States, expansive fiscal policy and strong consumption raised imports and widened the trade deficit.

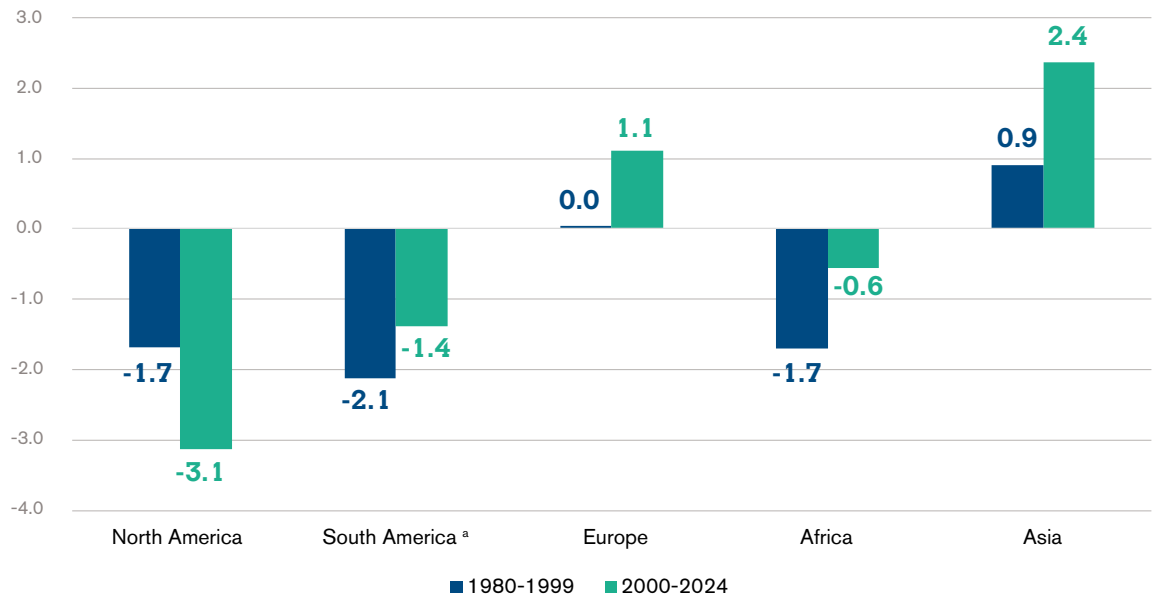
Beyond short-term shocks, it is worthwhile to note that the geography of surplus and deficit economies and regions has also been relatively stable in the past two to three decades, with some regions running systemic surpluses and other deficits (see Chart 15).

Long-run econometric evidence offers further support. Drawing on decades of data, Furceri *et al.* (2023) find that trade policy changes have had limited impact on current account trends, with fiscal and monetary variables accounting for the lion's share of variation. The persistence of a surplus or deficit position in the long run typically reflects a web of structural and macroeconomic factors, the existence of social safety nets and national pension schemes, growth rates and demographics of the working population.

Imbalances can also reflect long-standing market access issues or misallocation of resources related to distortions in domestic economies. For example, restrictive trade policies or production/export subsidies, if sustained throughout the economy, can lead to biases in favour of domestic production and exports against imports and domestic consumption (World Bank, OECD 2023). Although in many cases, the distinction between macroeconomic and industrial policies can be sometimes difficult to identify.

Chart 15: Average current account balances by region, 1980-1999 and 2000-2024

% of GDP



a Refers to South and Central America and the Caribbean.

Source: WTO Secretariat calculations using World Bank data.

Correcting aggregate trade imbalances with macroeconomic policies

To explore the role of macroeconomic policy in addressing aggregate trade imbalances, illustrative simulations were again conducted using the WTO Global Trade Model. In this context, macroeconomic forces are represented by shifts in the savings rate — a stylized way to reflect the combined impact of fiscal policy, taxation, financial regulation and other structural factors. Such shifts provide a useful benchmark for comparing macroeconomic and trade policy interventions.

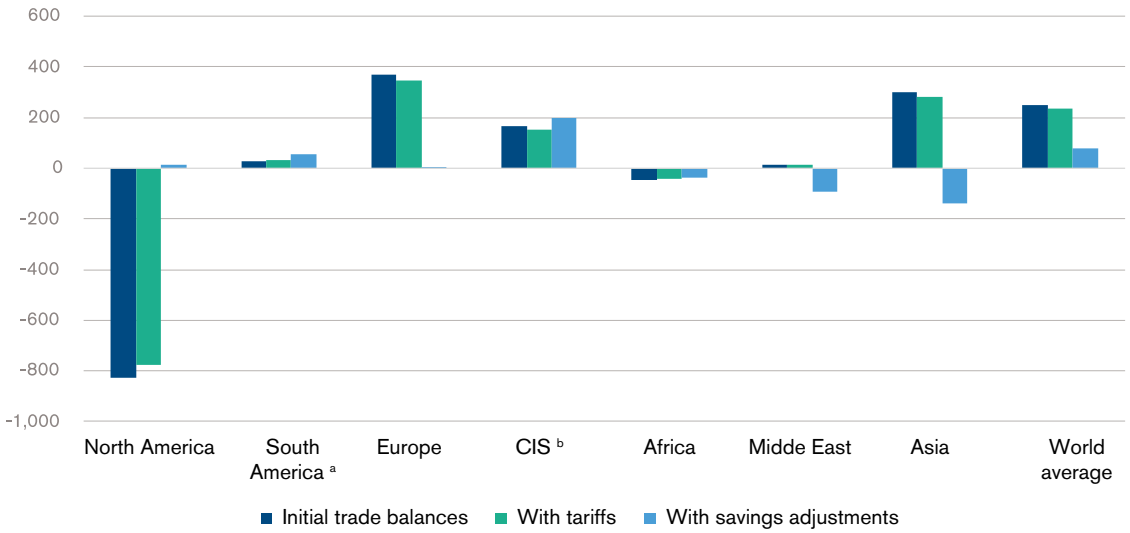
The results suggest that North America's overall trade deficit could be eliminated through a modest realignment of global saving behaviour. Specifically, a 2.5 percentage point increase in North America's gross savings-to-GDP ratio, matched by a corresponding decline in the main surplus regions of Asia and Europe, would be sufficient to close the aggregate trade gap (see Chart 16).

Merchandise trade deficits, however, prove more persistent. In this scenario, North America's aggregate imbalance is closed primarily through a larger services surplus and a narrowing, but not fully closed, goods trade deficit. This underscores a key point: macroeconomic rebalancing through changes in saving can eliminate aggregate trade imbalances but may not fully resolve sector-specific imbalances, such as those in merchandise trade. The picture regarding the deficit-closing impact of tariffs is indeed rather complicated. While substantial increases in tariff rates in the deficit region can have a sizeable impact on this region's merchandise trade balance, multiple mechanisms can impact the aggregate trade imbalance indirectly. For example, if the propensity to consume changes over time, temporary tariffs can affect savings behaviour (Costinot and Werning, 2025). More generally, intertemporal savings-consumption decisions can change as a result of tariffs (Caliendo *et al.*, 2025).

The merchandise trade deficit plays an important role in policy discussions around global imbalances. Even under the savings scenario, this partially remains. This is because tariffs impact merchandise trade while services trade has its own dynamics. Therefore, macroeconomic realignment through changes in savings can close aggregate trade imbalances but are not expected to close merchandise trade imbalances.

Chart 16: Goods and services trade balances by region with tariffs and savings adjustments

Billion US$



a Refers to South and Central America and the Caribbean.
b Refers to Commonwealth of Independent States, including certain associate and former member states.

Note: The chart shows initial goods and services trade balances of WTO regions, projected imbalances if North America raised its tariffs by 25 percentage points, and projected imbalances if North America reduced its savings-to-GDP ratio by 2.5 percentage points while Asia and Europe raised theirs by 2.5 percentage points. World average refers to the simple average of the absolute values of the trade imbalances of the seven regions.

Source: WTO Secretariat simulations with the Global Trade Model.

Comparing the macroeconomic costs of both approaches, the scenarios illustrate that the global GDP effects of changes in savings are projected to be minimal whereas the costs of tariff actions can be substantial (see Chart 17). This reflects the fact that changes in the geographical composition of savings have a limited impact on GDP in the employed model without externalities.[3] For tariff interventions, the costs can further increase if economies respond, resulting in a tit-for-tat trade conflict. Analysis of long-run trade policy scenarios indicates that a complete fragmentation of the global economy into two geoeconomic blocs can lead to macroeconomic losses of up to 7% of global real GDP (WTO Secretariat).

The case for policy coherence

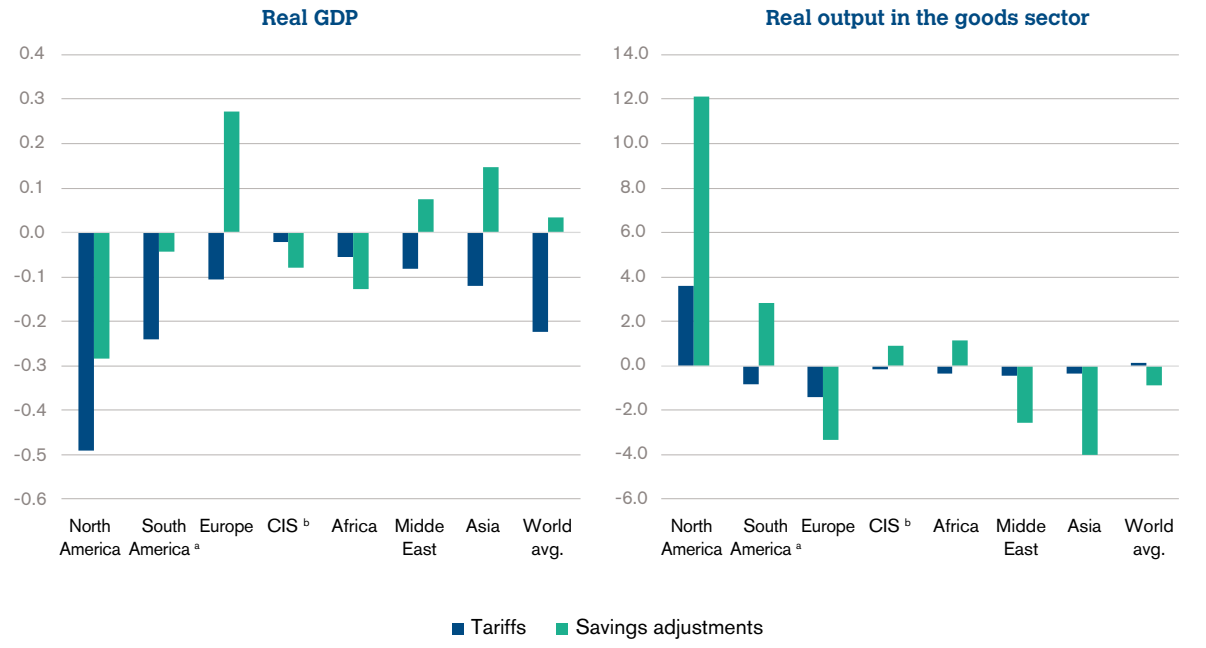
A foundational principle of economic policy design is that each distortion should be addressed with the instrument that targets it most directly. This targeting principle, formalized by Jan Tinbergen and widely applied in public economics, suggests that trade distortions are best addressed with trade policy, while macroeconomic imbalances are more effectively handled with macroeconomic instruments. Using one to address the other is not only inefficient, it may also have unintended consequences.

This insight was already acknowledged by trade ministers at the creation of the WTO, who affirmed: "Ministers recognize that difficulties the origins of which lie outside the trade field cannot be redressed through measures taken in the trade field alone."

In today's interconnected global economy, that insight remains as relevant as ever. Addressing persistent trade imbalances will require coherence across policy domains as well as deeper cooperation among institutions with complementary mandates and a shared stake in global economic stability.

Chart 17: Changes in real GDP and real goods sector output under tariffs and savings adjustments

Percentage points



a Refers to South and Central America and the Caribbean.
b Refers to Commonwealth of Independent States, including certain associate and former member states.

Note: The chart shows projected impacts on real GDP (left panel) and real output in the goods sector (right panel) if North America raised its tariffs by 25 percentage points, and if North America reduced its savings-to-GDP ratio by 2.5 percentage points while Asia and Europe raise theirs by 2.5 percentage points. World average refers to a weighted average of changes across regions.

Source: WTO Secretariat simulations with the Global Trade Model.

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This analytical chapter is drawn from a recent blog post on the WTO website by authors in the Economic Research and Statistics Division: then Chief Economist Ralph Ossa along with Marc Auboin, Eddy Bekkers and Donal Smith. The blog post was prepared under the WTO Secretariat's own responsibility and does not necessarily reflect the positions or opinions of WTO members. It is without prejudice to their rights and obligations under the WTO agreements. The opinions expressed and arguments employed in the blog post and in this chapter are not intended to provide any authoritative or legal interpretation of the provisions of the WTO agreements and shall in no way be read or understood to have any legal implications whatsoever. The terms and illustrations used in this chapter do not constitute or imply an expression of opinion by the WTO Secretariat concerning the status or boundaries of any territory.

Endnotes

1. Measured as the average of world exports and imports.

2. Including certain associate and former member states.

3. In the long run shifts in savings rates can impact global income in the absence of full capital mobility because of differences in rates of return on capital between economies.

Appendix Table 1: Leading exporters and importers in world merchandise trade, 2024

Billion US$ and %

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	China	3,577	14.6	6	1	United States of America	3,359	13.6	6
2	United States of America	2,065	8.4	2	2	China	2,585	10.4	1
3	Germany	1,682	6.9	-1	3	Germany	1,422	5.7	-3
4	Netherlands	921	3.8	-2	4	United Kingdom	816	3.3	3
5	Japan	707	2.9	-1	5	Netherlands	814	3.3	-3
6	Korea, Republic of	684	2.8	8	6	France	750	3.0	-5
7	Italy	674	2.8	0	7	Japan	743	3.0	-5
8	Hong Kong, China	646	2.6	12	8	India	718	2.9	7
	Domestic exports	34	0.1	60					
	Re-exports	612	2.5	11					
9	France	639	2.6	-2	9	Hong Kong, China	704	2.8	8
						Retained imports [1]	184	0.7	0
10	Mexico	617	2.5	4	10	Mexico	644	2.6	4
11	United Arab Emirates [1]	604	2.5	6	11	Korea, Republic of	632	2.5	-2
12	Canada	569	2.3	0	12	Italy	615	2.5	-4
13	Belgium	536	2.2	-6	13	Canada	574	2.3	1
14	United Kingdom	513	2.1	-2	14	United Arab Emirates [1]	544	2.2	16
15	Singapore	506	2.1	6	15	Belgium	514	2.1	-7
	Domestic exports	215	0.9	1					
	Re-exports	291	1.2	10					
16	Chinese Taipei	474	1.9	10	16	Spain	472	1.9	0
17	Switzerland	447	1.8	6	17	Singapore	459	1.9	8
						Retained imports [1]	168	0.7	5
18	India	443	1.8	3	18	Chinese Taipei	401	1.6	12
19	Russian Federation	433	1.8	2	19	Viet Nam	381	1.5	17
20	Spain	424	1.7	0	20	Poland	379	1.5	2
21	Viet Nam	405	1.7	14	21	Switzerland	369	1.5	1
22	Poland	380	1.6	0	22	Türkiye	344	1.4	-5
23	Australia	341	1.4	-8	23	Thailand	307	1.2	6
24	Brazil	337	1.4	-1	24	Malaysia	300	1.2	13
25	Malaysia	330	1.4	6	25	Russian Federation [2]	300	1.2	-1
26	Saudi Arabia, Kingdom of	305	1.2	-5	26	Australia	296	1.2	3
27	Thailand	301	1.2	5	27	Brazil	278	1.1	10
28	Indonesia	265	1.1	2	28	Indonesia	234	0.9	5
29	Czech Republic	263	1.1	3	29	Czech Republic	233	0.9	0
30	Türkiye	262	1.1	2	30	Saudi Arabia, Kingdom of	233	0.9	12
	Total of above [3]	**20,348**	**83.2**	**-**		**Total of above [3]**	**20,422**	**82.4**	**-**
	World [3]	**24,456**	**100.0**	**2**		**World [3]**	**24,783**	**100.0**	**2**

(1) WTO Secretariat estimates.
(2) Imports are valued f.o.b.
(3) Includes significant re-exports or imports for re-export.

Source: WTO-UNCTAD.

Appendix Table 2: Leading exporters and importers in world merchandise trade excluding intra-EU trade, 2024

Billion US$ and %

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	China	3,577	17.8	6	1	United States of America	3,359	16.4	6
2	Extra-EU exports	2,795	13.9	1	2	Extra-EU imports	2,638	12.8	-3
3	United States of America	2,065	10.3	2	3	China	2,585	12.6	1
4	Japan	707	3.5	-1	4	United Kingdom	816	4.0	3
5	Korea, Republic of	684	3.4	8	5	Japan	743	3.6	-5
6	Hong Kong, China	646	3.2	12	6	India	718	3.5	7
	Domestic exports	34	0.2	60					
	Re-exports	612	3.0	11					
7	Mexico	617	3.1	4	7	Hong Kong, China	704	3.4	8
						Retained imports [1]	184	0.9	0
8	United Arab Emirates [1]	604	3.0	6	8	Mexico	644	3.1	4
9	Canada	569	2.8	0	9	Korea, Republic of	632	3.1	-2
10	United Kingdom	513	2.6	-2	10	Canada	574	2.8	1
11	Singapore	506	2.5	6	11	United Arab Emirates [1]	544	2.6	16
	Domestic exports	215	1.1	1					
	Re-exports	291	1.4	10					
12	Chinese Taipei	474	2.4	10	12	Singapore	459	2.2	8
						Retained imports [1]	168	0.8	5
13	Switzerland	447	2.2	6	13	Chinese Taipei	401	2.0	12
14	India	443	2.2	3	14	Viet Nam	381	1.9	17
15	Russian Federation	433	2.2	2	15	Switzerland	369	1.8	1
16	Viet Nam	405	2.0	14	16	Türkiye	344	1.7	-5
17	Australia	341	1.7	-8	17	Thailand	307	1.5	6
18	Brazil	337	1.7	-1	18	Malaysia	300	1.5	13
19	Malaysia	330	1.6	6	19	Russian Federation [2]	300	1.5	-1
20	Saudi Arabia, Kingdom of	305	1.5	-5	20	Australia	296	1.4	3
21	Thailand	301	1.5	5	21	Brazil	278	1.4	10
22	Indonesia	265	1.3	2	22	Indonesia	234	1.1	5
23	Türkiye	262	1.3	2	23	Saudi Arabia, Kingdom of	233	1.1	12
24	Norway	168	0.8	-6	24	Philippines	135	0.7	1
25	Iran [1]	113	0.6	16	25	South Africa [1]	123	0.6	-6
26	South Africa	110	0.5	-1	26	Norway	100	0.5	2
27	Iraq [1]	101	0.5	2	27	Israel	92	0.4	0
28	Chile	99	0.5	7	28	Iraq [1]	87	0.4	33
29	Qatar	94	0.5	-4	29	Egypt [1]	86	0.4	3
30	Kazakhstan	82	0.4	5	30	Chile	84	0.4	-1
	Total of above [3]	**18,391**	**91.5**	**-**		**Total of above [3]**	**18,567**	**90.4**	**-**
	World excluding EU intra-trade [3]	**20,101**	**100.0**	**3**		**World excluding EU intra-trade [3]**	**20,543**	**100.0**	**3**

(1) WTO Secretariat estimates.
(2) Imports are valued f.o.b.
(3) Includes significant re-exports or imports for re-export.

Source: WTO-UNCTAD.

Appendix Table 3: Leading exporters and importers of commercial services, 2024

Billion US$ and %

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	United States of America	1,122	12.8	11	1	United States of America	815	10.2	11
2	United Kingdom	645	7.4	11	2	China	608	7.6	11
3	Ireland	519	5.9	20	3	Germany	550	6.9	8
4	Germany	466	5.3	7	4	Ireland	467	5.8	12
5	China	444	5.1	17	5	United Kingdom	399	5.0	11
6	France	398	4.5	8	6	Singapore	351	4.4	8
7	Singapore	395	4.5	10	7	France	340	4.3	3
8	India	374	4.3	11	8	Netherlands	304	3.8	5
9	Netherlands	333	3.8	6	9	India	268	3.4	9
10	Japan	225	2.6	10	10	Japan	243	3.0	6
11	Spain	220	2.5	12	11	Switzerland	214	2.7	12
12	Switzerland	177	2.0	9	12	Italy	162	2.0	5
13	United Arab Emirates [1]	176	2.0	...	13	Korea, Republic of	161	2.0	7
14	Luxembourg	170	1.9	15	14	Belgium	159	2.0	0
15	Canada	158	1.8	3	15	Canada	159	2.0	5
16	Italy	154	1.8	5	16	Luxembourg	130	1.6	8
17	Belgium	145	1.7	-3	17	Sweden	125	1.6	10
18	Korea, Republic of	138	1.6	11	18	Denmark	121	1.5	7
19	Denmark	127	1.4	10	19	Spain	111	1.4	16
20	Poland	118	1.3	9	20	Australia	107	1.3	7
21	Sweden	116	1.3	11	21	United Arab Emirates [1]	106	1.3	...
22	Türkiye	115	1.3	8	22	Brazil	101	1.3	17
23	Hong Kong, China	109	1.2	12	23	Saudi Arabia, Kingdom of	94	1.2	6
24	Austria	93	1.1	4	24	Hong Kong, China	90	1.1	14
25	Israel	84	1.0	2	25	Austria	88	1.1	4
26	Australia	83	0.9	9	26	Russian Federation	80	1.0	6
27	Thailand	71	0.8	27	27	Poland	75	0.9	14
28	Portugal	62	0.7	9	28	Thailand	73	0.9	12
29	Chinese Taipei	58	0.7	9	29	Chinese Taipei	71	0.9	11
30	Mexico	57	0.7	11	30	Mexico	67	0.8	-4
	Total of above	**7,355**	**83.9**	**-**		**Total of above**	**6,640**	**83.1**	**-**
	World	**8,762**	**100.0**	**10**		**World**	**7,988**	**100.0**	**8**

(1) WTO Secretariat estimates for 2024.

… indicates unavailable or non-comparable figures.

Note: Figures for a number of countries and territories have been estimated by the WTO Secretariat.

Source: WTO-UNCTAD.

Appendix Table 4: Leading exporters and importers of commercial services excluding intra-EU trade, 2024

Billion US$ and %

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	Extra-EU exports	1,675	23.4	9	1	Extra-EU imports	1,471	22.5	7
2	United States of America	1,122	15.7	11	2	United States of America	815	12.4	11
3	United Kingdom	645	9.0	11	3	China	608	9.3	11
4	China	444	6.2	17	4	United Kingdom	399	6.1	11
5	Singapore	395	5.5	10	5	Singapore	351	5.4	8
6	India	374	5.2	11	6	India	268	4.1	9
7	Japan	225	3.2	10	7	Japan	243	3.7	6
8	Switzerland	177	2.5	9	8	Switzerland	214	3.3	12
9	United Arab Emirates [1]	176	2.5	…	9	Korea, Republic of	161	2.5	7
10	Canada	158	2.2	3	10	Canada	159	2.4	5
11	Korea, Republic of	138	1.9	11	11	Australia	107	1.6	7
12	Türkiye	115	1.6	8	12	United Arab Emirates [1]	106	1.6	…
13	Hong Kong, China	109	1.5	12	13	Brazil	101	1.5	17
14	Israel	84	1.2	2	14	Saudi Arabia, Kingdom of	94	1.4	6
15	Australia	83	1.2	9	15	Hong Kong, China	90	1.4	14
16	Thailand	71	1.0	27	16	Russian Federation	80	1.2	6
17	Chinese Taipei	58	0.8	9	17	Thailand	73	1.1	12
18	Mexico	57	0.8	11	18	Chinese Taipei	71	1.1	11
19	Norway	57	0.8	13	19	Mexico	67	1.0	-4
20	Malaysia	53	0.7	25	20	Norway	64	1.0	7
21	Saudi Arabia, Kingdom of	53	0.7	14	21	Indonesia	57	0.9	12
22	Philippines	52	0.7	8	22	Malaysia	56	0.9	8
23	Brazil	48	0.7	7	23	Türkiye	52	0.8	8
24	Russian Federation	41	0.6	4	24	Israel	39	0.6	-6
25	Macao, China	40	0.6	11	25	Philippines	37	0.6	24
26	Indonesia	39	0.5	17	26	Viet Nam	36	0.5	40
27	Qatar	30	0.4	-2	27	Qatar	32	0.5	-15
28	Egypt	28	0.4	-12	28	Kuwait, the State of	27	0.4	-3
29	Morocco	27	0.4	9	29	Iraq	25	0.4	2
30	Viet Nam	24	0.3	24	30	Egypt	25	0.4	22
	Total of above	**6,599**	**92.3**	**-**		**Total of above**	**5,929**	**90.5**	**-**
	World (excl. intra-EU)	**7,147**	**100.0**	**11**		**World (excl. intra-EU)**	**6,550**	**100.0**	**9**

(1) WTO Secretariat estimates for 2024.
… indicates unavailable or non-comparable figures.

Note: Figures for a number of countries and territories have been estimated by the Secretariat.

Source: WTO-UNCTAD.

Appendix Table 5: Leading exporters and importers of digitally delivered services, 2024

Billion US$ and %

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	United States of America	741	15.5	11	1	United States of America	455	11.4	11
2	United Kingdom	488	10.2	11	2	Ireland	402	10.1	12
3	Ireland	425	8.9	24	3	Germany	273	6.9	10
4	Germany	280	5.9	8	4	United Kingdom	220	5.5	11
5	India	276	5.8	10	5	Netherlands	194	4.9	5
6	China	221	4.6	6	6	France	178	4.5	3
7	Singapore	220	4.6	8	7	Singapore	177	4.5	5
8	Netherlands	205	4.3	5	8	China	165	4.2	4
9	France	204	4.3	10	9	Japan	165	4.2	6
10	Luxembourg	140	2.9	15	10	Switzerland	143	3.6	11
11	Switzerland	122	2.5	11	11	India	120	3.0	10
12	Japan	119	2.5	0	12	Luxembourg	96	2.4	7
13	Belgium	89	1.9	-2	13	Belgium	87	2.2	-3
14	Canada	84	1.8	0	14	Sweden	83	2.1	12
15	Sweden	82	1.7	15	15	Canada	82	2.1	2
16	Spain	81	1.7	13	16	Italy	81	2.0	3
17	Korea, Republic of	68	1.4	8	17	Korea, Republic of	74	1.9	6
18	Israel	66	1.4	1	18	Spain	56	1.4	14
19	Italy	65	1.4	3	19	Denmark	49	1.2	9
20	Poland	54	1.1	15	20	Brazil	45	1.1	23
21	United Arab Emirates	51	1.1	-1	21	United Arab Emirates	42	1.0	-4
22	Hong Kong, China	49	1.0	10	22	Poland	41	1.0	15
23	Denmark	39	0.8	12	23	Australia	41	1.0	9
24	Austria	38	0.8	4	24	Austria	40	1.0	4
25	Brazil	29	0.6	4	25	Thailand	33	0.8	10
26	Chinese Taipei	29	0.6	6	26	Mexico	29	0.7	-2
27	Finland	27	0.6	22	27	Chinese Taipei	28	0.7	4
28	Australia	23	0.5	4	28	Indonesia	27	0.7	11
29	Philippines	23	0.5	9	29	Hong Kong, China	27	0.7	9
30	Norway	22	0.5	10	30	Finland	27	0.7	5
	Total of above	**4,360**	**91.4**	**-**		**Total of above**	**3,480**	**87.5**	**-**
	World	**4,779**	**100.0**	**10**		**World**	**3,975**	**100.0**	**8**

Note: More statistics available at Global Services Trade Data Hub (https://www.wto.org/english/res_e/statis_e/gstdh_digital_services_e.htm).

Source: WTO estimates.

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Useful resources

WTO Data - Information on trade and trade policy measures
data.wto.org
This portal gives access to a selection of key databases offering statistics and information on various trade-related measures.

WTO Stats
stats.wto.org
A user-friendly data portal to access a wide range of WTO statistical indicators on international trade, tariffs, non-tariff measures and other indicators.

Global Services Trade Data Hub
services_trade_data_hub_e.htm
Provides access to comprehensive data on services trade and allows users to customize data according to their needs.

World Trade Statistics
www.wto.org/wts24
World Trade Statistics provides key insights into trends in global trade in 2024.

World Trade Organization
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The WTO's "Global Trade Outlook and Statistics" presents the WTO Secretariat's forecasts for world trade in 2025 and 2026. Breakdowns of merchandise and commercial services trade by sector and region are provided, together with details on leading traders. An analytical chapter looks at the limits of trade policy in influencing trade imbalances. The report is timed to coincide with the release of the WTO's latest quarterly and annual trade statistics, which can be downloaded from the WTO's online database at stats.wto.org.

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