Opening Remarks

Good afternoon, everyone, and thank you for joining us.

We are here today to present the WTO Secretariat's latest Global Trade Outlook and Statistics report. The report comes at a time of growing uncertainty for the global economy. The headline message is clear: the outlook for world trade has deteriorated sharply.

Following a strong performance in 2024, global trade is now facing headwinds from a surge in tariffs and rising trade policy uncertainty. We now project that the volume of world merchandise trade will decline by 0.2% in 2025—almost three percentage points lower than it would have been without the recent policy shifts. A modest recovery of 2.5% is expected in 2026. This marks a notable reversal from earlier in the year, when our economists anticipated continued trade expansion, supported by improving macroeconomic conditions.

There are also important risks to the forecast, some of which have already been mentioned by the Director-General xxx. These include the possible implementation of the currently suspended "reciprocal tariffs", as well as a broader spillover of trade policy uncertainty beyond US-related trade relationships. If enacted, reciprocal tariffs would reduce global merchandise trade volume growth by an additional 0.6 percentage points – with particularly severe effects on some least-developed countries. A wider spread of trade policy uncertainty could cut trade growth by a further 0.8 percentage points. Taken together, these risks would lead to a 1.5% decline in world merchandise trade volume in 2025.

The impact of recent trade policy changes varies sharply across regions. According to our forecast, North America now subtracts 1.7 percentage points from global merchandise trade growth in 2025, turning the overall figure negative. Asia and Europe continue to contribute positively, but less than in the baseline, with Asia's contribution more than halved to 0.6 percentage points. The combined contribution of other regions—Africa, the Commonwealth of Independent States, the Middle East, and South America—also declines somewhat but remains positive. An important driving force behind these changes is the decoupling between China and the United States, resulting from tariffs that now exceed 100%.

The disruption in US–China trade is expected to trigger significant trade diversion, raising concerns among third markets about increased competition from China. As trade is redirected, Chinese exports are projected to rise by 4% to 9% across all regions outside North America. At the same time, US imports from China are expected to fall sharply in sectors such as textiles, apparel, and electrical equipment, creating new export opportunities for other suppliers. This could present an opening for some least-developed countries to expand their exports to the US market, at least with the current pause on reciprocal tariffs. .

Services trade, while not directly subject to tariffs, is also expected to be adversely affected. Declines in goods trade will reduce demand for related services such as transport and logistics, while broader economic uncertainty is expected to dampen demand for travel and investment-related services. As a result, the volume of global services trade – and I should stress it is the volume, not the value - is now forecast to grow by 4.0% in 2025 and 4.1% in 2026—well below baseline projections of 5.1% and 4.8% without the tariff changes. These figures are part of a new element in our analysis: for the first time, this report includes projections for commercial services trade, complementing our long-standing merchandise trade estimates.

The broader economic picture is also affected. We now expect world GDP to grow by 2.2% in 2025—0.6 percentage points below the baseline—before recovering slightly to 2.4% in 2026. The largest impact will again be in North America, where growth is projected to slow by 1.6 percentage points, followed by Asia and South America. While reciprocal tariffs alone would have limited effect on global GDP, a wider spread of trade policy uncertainty could nearly double the projected GDP loss, bringing it to 1.1 percentage points below baseline.

All of this follows a notably strong year for trade. In 2024, the volume of world merchandise trade grew by 2.9%, and commercial services trade expanded by 6.8%. With global GDP growing by 2.8% at market exchange rates, 2024 was the first year since 2017—excluding the post-COVID rebound—in which merchandise trade growth outpaced GDP growth. In value terms, merchandise exports rose by 2% to $24.43 trillion, and services exports increased by 9% to $8.69 trillion, supported by strong global demand.

In short, we are seeing a sharp turn in the global trade landscape. These developments highlight the importance of predictable and stable trade policies—not just for trade itself, but for broader economic resilience.

Thank you.