

Global trade on track to hit all-time high in 2024

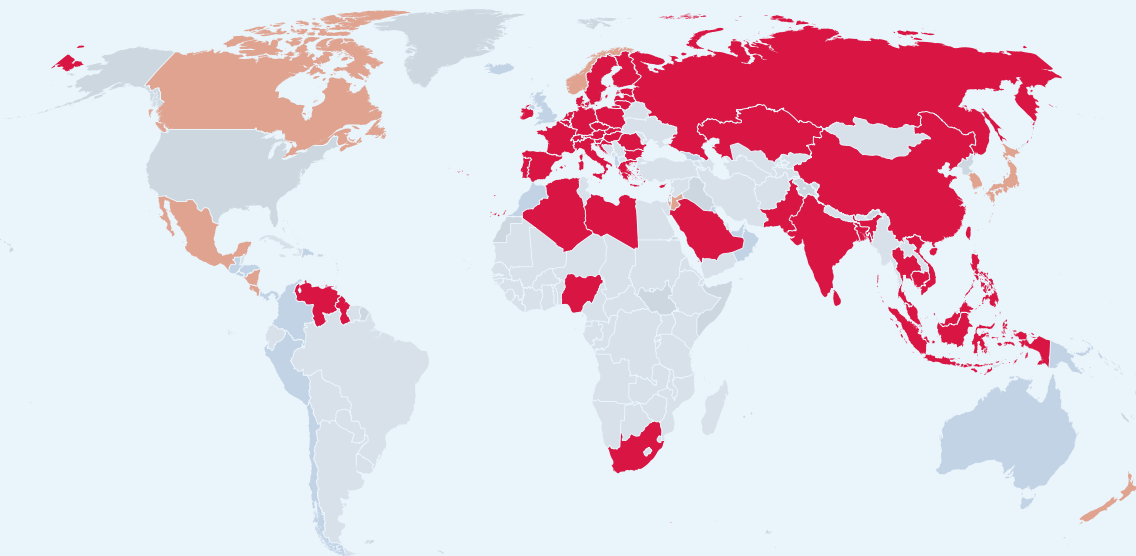
HIGHLIGHTS

- ▶ Global trade adds US\$ 1 trillion in 2024, nearing \$33 trillion, driven by robust growth in services.
- ▶ Q3 trade growth was led by developed countries, while developing regions lagged behind and trade growth in East Asia stalled.
- ▶ ICT and apparel sectors drove trade growth in Q3, while trade in the automotive sector declined.
- ▶ 2025 trade outlook: growing uncertainty amid risks of trade wars and ongoing geopolitical challenges.



Exposure to the United States trade policy uncertainty Trade and tariff imbalances relative to the United States

■ No significant trade surplus and similar tariffs
 ■ Higher tariffs
 ■ Trade surplus
 ■ Trade surplus and higher tariffs



The designations employed and the presentation of material on any map in this work do not imply the expression of any opinion whatsoever on the part of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

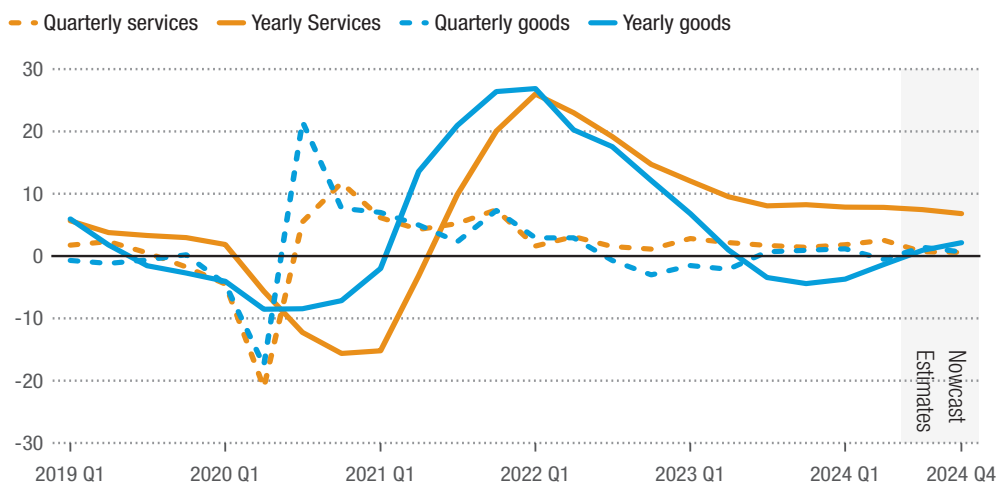
Source: UNCTAD calculations based on TRAINS and national statistics.

Note: Indicators are measured in relation to the United States. Trade in services is not included. A trade position is defined as a trade surplus if the trade balance with the United States is more than US\$ 1 billion. A higher tariff position is defined as an average applied tariff rate that exceeds the corresponding United States tariff rate applied to the specific country by more than 1 percentage point.

Global trade trends and nowcast

Global trade is expected to maintain its upward trajectory in the second half of 2024. Trade in goods increased by approximately 1.5 per cent quarter-over-quarter (QoQ) in Q3, while services trade grew by around 1 per cent. According to the UNCTAD nowcast, this positive momentum is expected to continue into Q4. As a result, global trade is set to exceed its 2022 record, reaching nearly US\$ 33 trillion in 2024. This record high is largely driven by an annual 7 per cent increase in services trade, while goods trade is projected to grow by about 2 per cent in 2024 and remain below its 2022 peak. Overall, global trade is expected to expand by about US\$ 1 trillion (or 3.3 per cent) in 2024, with both goods and services contributing approximately US\$ 500 billion each.

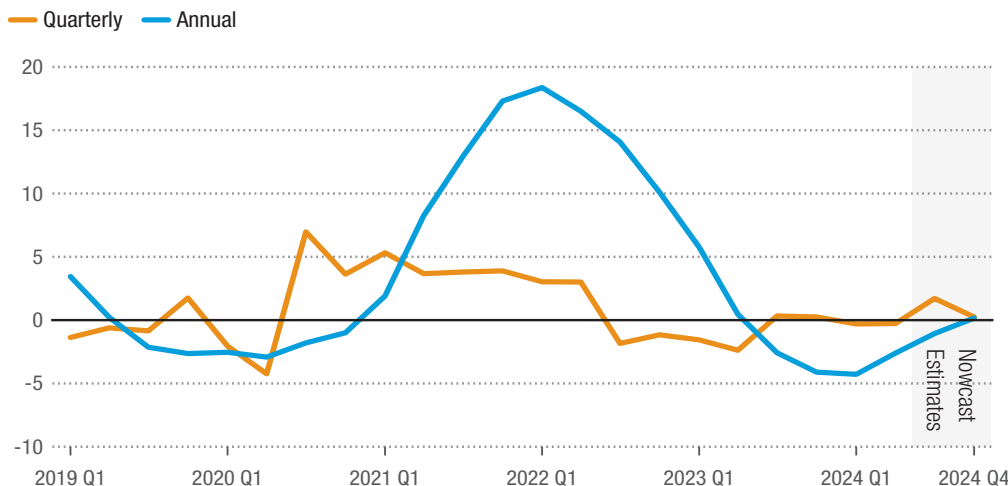
Global trade growth in goods and services remained largely positive in 2024 Annual and quarterly growth in the value of trade in goods and services



Sources: UNCTADstat; UNCTAD calculations based on national statistics.
Note: Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. The annual growth is calculated using a trade-weighted moving average over the past four quarters. Figures for Q3 2024 are estimates. Q4 2024 is a [nowcast](#) as of 26 November 2024.

Prices for traded goods increased slightly in Q3 2024 but are expected to remain stable in Q4 2024. Overall, prices for traded goods are projected to remain unchanged on an annual basis.

Trade inflation turns positive, but remains close to zero per cent in the second half of 2024 Annual and quarterly growth in the overall price of traded goods



Source: UNCTADstat; UNCTAD calculations based on national statistics.
Note: Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. The annual growth is calculated using a trade-weighted moving average over the past four quarters. Figures for Q3 2024 are estimates. Q4 2024 is a [nowcast](#) as of 26 November 2024.

Summary and outlook

Throughout 2024, global trade trends continued to follow the gradual increase that began in the second half of 2023. During the last four quarters, trade growth in developing countries generally outpaced that of developed countries. However, this trend inverted in Q3 2024, with trade growth largely driven by positive trade dynamics in developed economies. In contrast, trade growth in East Asia stalled, and some of the largest Asian developing economies saw negative growth. Overall, trade in services substantially outpaced merchandise trade growth in 2024, although this was partially due to services price inflation. Both merchandise and services trade experienced positive quarter-over-quarter growth in Q3 2024 globally, with expectations for continued growth in Q4, also driven by frontloading in anticipation of potential changes in United States trade policy. Trade in services is expected to finish the year on a positive note, but its strong growth in early 2024 appears to have significantly tapered off in the second half of the year.

As we look into 2025, moderating global inflation, stable economic growth forecasts and improving business activity point to continued positive momentum in global trade for early 2025. However, this trend is expected to face substantial challenges. Potential shifts in United States trade policy, and the increased use of industrial policies in many countries, are likely to negatively influence global trade growth. In addition, the threat of renewed and expanded trade wars, along with ongoing geopolitical tensions, casts uncertainty on the outlook for global trade in 2025.

Some factors making global trade outlook very uncertain for 2025 include:

► Shifts in United States trade policy stance

The United States is anticipated to adopt a more protectionist trade policy. In this context, new tariffs may not only be directed at specific products, but rather implemented more broadly. Moreover, tariffs could be affecting not only geopolitical adversaries but also key trading partners, particularly those with higher tariffs and significant trade surpluses with the United States. Even modest changes in United States tariffs will have substantial effects on global trade dynamics, given the United States's role as a major consumer market and the interconnectedness of cross-border value chains.

► Ripple effects of trade restrictions

Unilateral and highly restrictive trade policies frequently prompt retaliatory actions creating a cycle of escalating trade barriers which may eventually involve also third parties. Moreover, tariffs applied to specific segments of global value chains often have a ripple effect, impacting not only the targeted industries and countries, but also the entire value chain. Even in the absence of actual tariff increases, the mere threat of tariffs and possibility of retaliatory actions fosters a less predictable global trade environment, which can negatively impact not only international trade but also investments and overall economic growth.

► Increase in subsidies and trade restrictive measures

The prioritization of national concerns and the urgency of fulfilling climate commitments will likely continue to shape changes in both industrial and trade policies into 2025. A rise in trade-restrictive measures and inward-looking industrial policies designed to support the production of sustainable and environmentally friendly products is expected to negatively affect the growth of international trade, particularly in strategic sectors.

► United States dollar impact on global trade

Geopolitical tensions and United States policy shifts are expected to potentially lead to an appreciation of the United States dollar. However, possible interest rate cuts in 2025 could also weaken the dollar. Since most commodities and international transactions are priced in United States dollars, its value is crucial for global trade. Consequently, uncertainty about the dollar's strength creates uncertainty in global trade.

► Lower shipping costs

In the second half of 2024 there has been a reduction in demand for container shipping, as reflected by a significant decrease in the Shanghai Containerized Freight Rate Index. While these indices indicate lower shipping costs, they also indicate lower global demand both for intermediate inputs and processed goods.



Trade trends in the major economies

Merchandise trade showed mixed trends among major economies in Q3 2024. China and India trade growth, albeit still positive on an annual basis, saw imports and exports contract in Q3. Brazil's trade growth slowed but remained positive both on an annual and quarterly basis. Republic of Korea export growth also decelerated yet stayed the highest among major economies annually. Conversely, trade accelerated in several major economies. Japan and South Africa saw strong Q3 growth, though their annual performance stayed negative. Similar trends are observed for the Republic of Korea's and European Union imports. The United States stood out with robust trade growth on both annual and quarterly bases, particularly driven by imports.



Diverse trends in goods trade among major economies

GOODS (Q3 2024)	Imports growth		Exports growth	
	Annual	Quarterly	Annual	Quarterly
Brazil	3%	1%	3%	1%
China	2%	-1%	1%	-2%
India	4%	-1%	2%	-3%
Japan	-9%	5%	-2%	5%
Republic of Korea	-5%	1%	9%	1%
Russian Federation	-6% *	4% *	-8% *	-1% *
South Africa	-5%	8%	-3%	2%
United States	4%	4%	2%	1%
European Union	-8%	4%	1%	2%

Source: UNCTAD calculations based on national statistics.

Note: Quarterly growth rates are relative to the previous quarter. The annual growth is calculated using a trade-weighted average over four quarters. Data is seasonally adjusted. Data excludes intra-European Union trade. * denotes estimates.

Services trade continued to grow in Q3 2024, but at a slower pace compared to annual figures, suggesting that the positive trend in services trade may have plateaued for most economies. Growth remained strong in the trade of services for the European Union and the Republic of Korea, as well as in Brazil's and the Russian Federation's imports, and in China's exports. However, imports of services for China saw a substantial deceleration, turning negative in Q3 2024.



Trade in services grows, but with variations among major economies

SERVICES (Q3 2024)	Imports growth		Exports growth	
	Annual	Quarterly	Annual	Quarterly
Brazil	16%	11%	8%	-4%
China	17%	-1%	9%	9%
India	3%	1%	7%	1%
Japan	5%	4%	13%	1%
Republic of Korea	9%	5%	11%	5%
Russian Federation	3% *	8% *	-1% *	3% *
South Africa ¹	3%	5%	10%	-1%
United States	6%	1%	6%	1%
European Union ¹	8%	6%	8%	6%

Source: UNCTAD calculations based on national statistics.

Note: Quarterly growth rates are relative to the previous quarter. The annual growth is calculated using a trade-weighted average over four quarters. Data is seasonally adjusted. Data excludes intra-European Union trade. * denotes estimates. ¹data is for Q2 2024.



Regional trade trends

In Q3 2024, developed countries reversed a previous downward trend, with both imports and exports showing robust growth. In contrast, developing countries saw weaker trade performance, with quarter-over-quarter growth falling below the annual average, and in the case of imports turning negative. Still, developing countries' trade largely outperformed developed countries' trade on a yearly basis. South-South trade growth was negative in Q3 2024, primarily due to below-average trade growth with the East Asian region.

Developed trade in goods grows in Q3 2024, developing trade lags

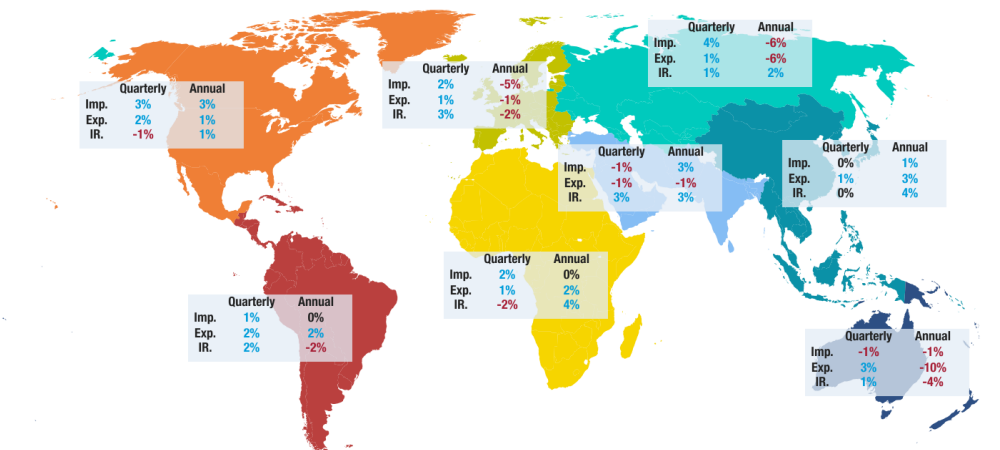
	Quarterly growth		Annual growth	
	Imports	Exports	Imports	Exports
Developed countries	3%	2%	-2%	-2%
Developing countries	-1%	1%	3%	2%
South-South Trade	-1%		4%	
Developing countries (excluding East Asia)	1%	1%	2%	0%
South-South Trade (excluding East Asia)	1%		2%	

Source: UNCTAD estimates based on national statistics.

Note: Quarterly growth rates are relative to the previous quarter. The annual growth is calculated using a trade-weighted average over four quarters. Data is seasonally adjusted. Data does not include trade in services.

Most regions experienced positive overall trade growth during Q3 2024, however trade contracted in the West and South Asia regions, as well as in imports for the Pacific region. Export growth slowed in East Asia and Africa but increased in North America and Europe. Intra-regional trade growth was generally positive in Q3 2024, except in North America and Africa. On an annual basis, trade growth was stronger in North America and East Asia, while negative in Europe, the region comprising the Russian Federation and in the Pacific region.

Regional trade in goods growth in Q3 2024



The designations employed and the presentation of material on any map in this work do not imply the expression of any opinion whatsoever on the part of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Source: UNCTAD estimates based on national statistics.

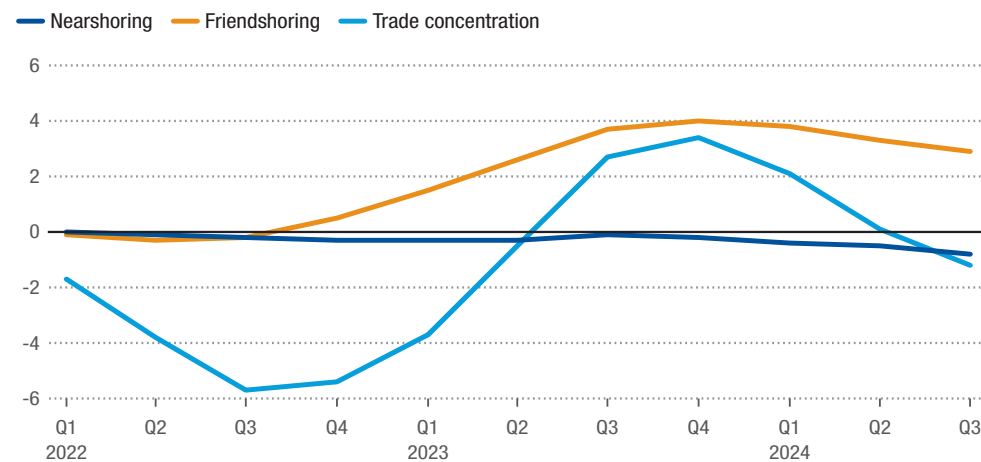
Note: Quarterly growth rates are relative to the previous quarter. The annual growth is calculated using a trade-weighted average over four quarters. IR denotes intra-regional. Data is seasonally adjusted. Data does not include trade in services. Imports and exports exclude intra-European Union trade.

Global trade dynamics and trade dependence

Since the second half of 2022, there has been a significant shift towards more politically aligned trade relationships. This shift suggests that bilateral trade has increasingly favoured countries with similar geopolitical positions, a trend often referred to as friend-shoring. By the second half of 2023, this trend began to stabilize. At the same time, global trade has become more concentrated around major trading partners, although this trend started to reverse in 2024.

Deglobalization trends show signs of easing in 2024

Annual change relative to 2021 (per cent)



Source: UNCTAD estimates based on national statistics.

Note: Nearshoring is calculated as reverse of trade-weighted average distance in km. Friendshoring is calculated as trade-weighted political proximity as measured by the United Nations voting patterns. Trade concentration is calculated based on the Herfindahl concentration index.

Geoeconomic issues continue to play a significant role in shaping key bilateral trade trends. These factors not only impact trade between the major economies but can also influence their trade dynamics with other trading partners. Another significant factor impacting bilateral trade is the ongoing reshaping of value chains.

Global interdependence trends are shaped by geopolitical and economic factors

Increasing trade dependence			Decreasing trade dependence		
Dependent	Depending on	Annual change	Dependent	Depending on	Annual change
Russian Federation	China	3.7%	Russian Federation	European Union	-5.1%
Brazil	China	2.1%	Australia	Japan	-2.4%
Russian Federation	India	1.8%	Philippines	China	-2.4%
Malaysia	United States	1.7%	Thailand	Japan	-1.3%
Viet Nam	United States	1.4%	Republic of Korea	China	-1.1%
Republic of Korea	United States	1.2%	Brazil	European Union	-0.6%
Japan	United States	1.0%	United Kingdom	China	-0.6%
United States	Mexico	0.4%	Viet Nam	China	-0.6%
European Union	United States	0.3%	China	European Union	-0.5%
United Kingdom	United States	0.2%	United States	China	-0.4%

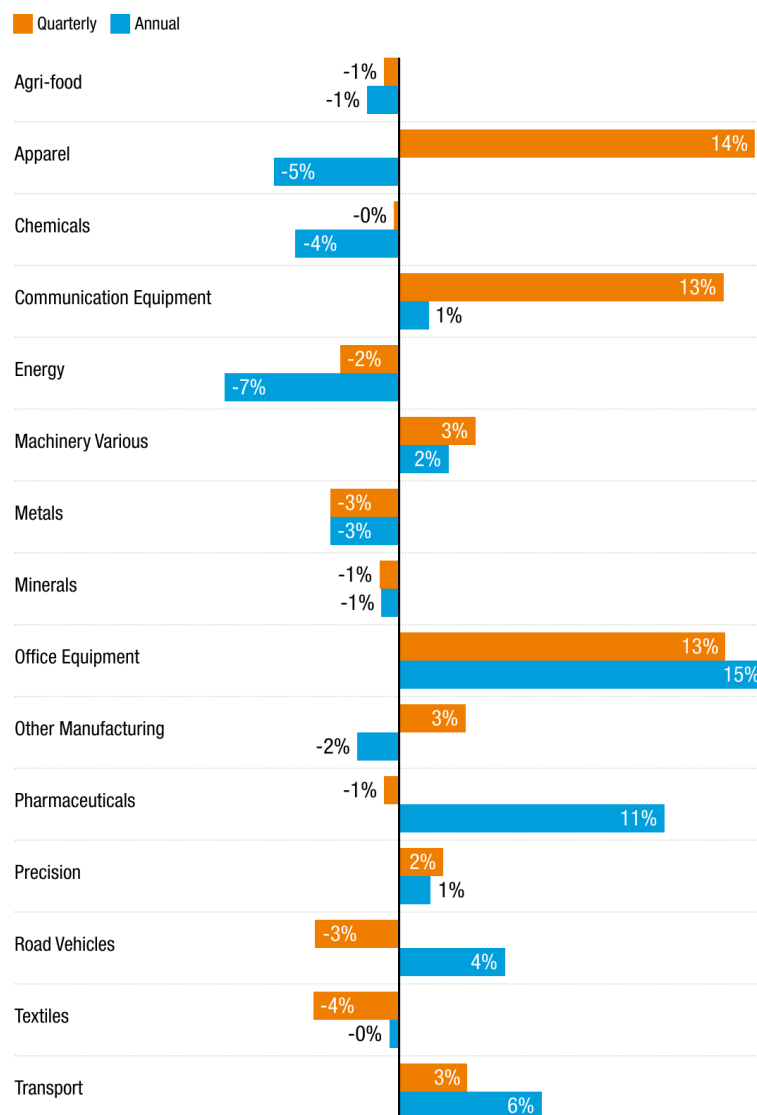
Source: UNCTAD estimates based on national statistics.

Note: The dependence of an economy on another is calculated as the ratio of their bilateral trade over the total trade of the dependent economy. Annual change is calculated as a four-quarter average of this ratio relative to the same period in the previous year. Data for Russian Federation includes estimates.

Global trade trends at the sectoral level

Trade growth has shown significant variation across sectors over the past four quarters. This diversity is particularly evident in Q3 2024, where global trade growth was most pronounced in information and communication technology (ICT) sectors, such as communication and office equipment, as well as in apparel. On the other hand, global trade value declined for sectors such as road vehicles, textiles, metals, and energy. On an annual basis, global trade remains negative in several sectors, including apparel, chemicals, energy, metals, and other manufacturing industries. This heterogeneity highlights the uneven recovery and shifting dynamics within global trade, with some sectors continuing to lag while others experience growth.

➤ Sectoral heterogeneity in global trade: ICT sees strong surge, automotive sector struggles



Source: UNCTAD estimates based on national statistics of China, European Union and the United States.
 Note: Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. The annual growth is calculated using a trade-weighted average over four quarters.



Global Trade Update

Division on International Trade and Commodities

