

Potential shifts in US trade policy to affect trade in 2025: Unctad

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Potential shifts in the US trade policy to a more protectionist one, inward looking industrial policies in many countries, threat of renewed and expanded trade wars along with ongoing geopolitical tensions are set to negatively influence international trade in 2025, a report released on Thursday said.

Although moderating global inflation, stable economic growth forecasts and improving business activity point to continued positive momentum in global trade for early 2025, the trend is expected to face challenges, United Nations Trade and Development (Unctad) said in its report on Global Trade Update.

Global trade is expected to grow 3.3 per cent or by \$1 trillion in 2024, with both goods and services contributing approximately \$500 billion each

According to the report, during the last four quarters, trade growth in developing countries outpaced that of developed ones. However, the trend inverted in the third quarter of 2024, with trade growth largely driven by positive trade dynamics in developed economies. India saw 3 per cent and 1 per cent contraction in exports and imports in the third quarter.

The report said the US 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 US,” the report said.