

WTO raises world goods trade growth forecast for 2025 to 2.4%

DUTY FALLOUT. With the US tariff impact shifting to 2026, projections lowered to 0.5%

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World trade in goods is expected to grow at a higher rate of 2.4 per cent in 2025 than the earlier-projected 0.9 per cent due to frontloading of imports in the US to avoid reciprocal tariffs and a rise in spending on AI-related products, per the WTO's latest estimates.

The tariff impact, however, is expected to shift to 2026, with projections for the year lowered to 0.5 per cent from the earlier 1.8 per cent, the latest update of the 'Global Trade & Outlook' released on Tuesday noted.

TARIFF HIKES

"Global merchandise trade outpaced expectations in the first half of 2025, driven by increased spending on AI-related products, a surge in North American imports ahead of tariff hikes, and strong trade among the rest



SOUTHERN SURGE. Global trade continued to grow, particularly South-South trade, said WTO Director General Ngozi Okonjo-Iweala

of the world," the report noted. WTO economists, therefore, increased the goods trade growth forecast to 2.4 per cent (up from 0.9 per cent in August). The estimates for 2026 have been lowered to 0.5 per cent (from 1.8 per cent).

EXPORTS GROWTH

Global services exports growth, too, is expected to slow from 6.8 per cent in 2024 to 4.6 per cent in 2025

and 4.4 per cent in 2026. In India, too, US tariffs of 50 per cent imposed in August have not yet started showing fully in trade numbers as exporters have been meeting frontloaded demand.

But some sectors such as seafood and textiles are already feeling the pinch, according to industry sources.

AI-related goods, such as semiconductors, servers and telecommunications equipment, accounted for over

half of the overall trade expansion in the first half of the year, rising 20 per cent year-on-year in value terms, the report noted.

Global trade continued to grow, particularly South-South trade, pointed out WTO DG Ngozi Okonjo-Iweala.

SUPPLY CHAINS

"As members mostly continue to trade with each other normally, supply chains are going where the demand is. The report focuses on our standard regional groupings, but our back of the envelope calculations suggest South-South trade grew 8 per cent year-on-year, in value terms, in the first half of 2025, compared to 6 per cent for world trade overall," she said.

The WTO's rough estimates suggest South-South trade involving partners other than China is growing even faster, up around 9 per cent.