

# Prospect of new tariffs could hit global trade in the medium term: WTO report

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Prospect of new tariffs and a rise in trade policy uncertainty could adversely affect global trade in the medium term even as trade looked set to continue growing in the first months of 2025, per WTO Goods Trade Barometer readings released on Wednesday.

The WTO, in a statement, cautioned that rising trade policy uncertainty could have temporarily boosted trade as businesses and consumers frontload imports ahead of potential measures, but it may lead to a possible reduction of demand later in the year.

Without directly mentioning the tariff war triggered by US President Donald Trump's tariff offensive and the uncertainty caused due to it, the statement noted that the barometer index should

be interpreted with caution and export orders should be watched closely for any sign of an emerging trade slowdown.

## CAUTIOUS STANCE

"Global goods trade appeared to remain steady in the fourth quarter of 2024 and looked set to continue growing in the first months of 2025 as the WTO Goods Trade Barometer ticked up to 102.8, nearly unchanged from the previous reading of 102.7 from last December," the statement said.

The latest reading of 102.8 for the barometer index would normally signify that merchandise trade was above trend, with accelerating growth. "However, rising trade policy uncertainty could have temporarily boosted trade as businesses and consumers frontload imports ahead of potential measures, possibly reducing demand later in the year. As a



result, the barometer index should be interpreted with caution," it said.

The Goods Trade Barometer is a composite indicator for world trade and provides real-time information on the trajectory of merchandise trade relative to recent trends. Barometer values greater than 100 are associated with above-trend trade volumes while barometer values less than 100 suggest that goods trade has either fallen below trend or will do so in the near future.

In the third quarter of 2024 (the latest period for which WTO data is available), the volume of world

merchandise trade continued to recover from the trade slump of 2023, growing 3.3 per cent year-on-year. "Developments in the first three quarters were broadly in line with WTO's most recent trade forecast of October 10, which predicted trade volume growth of 2.7 per cent for the whole of 2024," the statement added.

Export orders remained close to the baseline value of 100. This means that even with the slightest deterioration, the numbers would be below trend. "This indicator should be watched closely for any sign of an emerging trade slowdown," the statement pointed out.

All other components of the barometer were above trend to varying degrees including electronic components (102.3), raw materials (101.6), automotive products (105.5), container shipping (103.7), and air freight (102.7).