

FEATURE

[Trade and Investment](#)

New report details global trade challenges - and other international trade stories to read this month

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Goods trade has fallen by 1.9% due to a sharp slowdown in industrial production, says the World Bank.

Image: Simone McCourtie / World Bank

This article is part of: [Centre for Regions, Trade and Geopolitics](#)

- This monthly round-up brings you a selection of the latest news and updates on global trade.
- Top international trade stories: A new World Bank report highlights global trade challenges and slow recovery; Emerging economies' share of world trade has doubled over

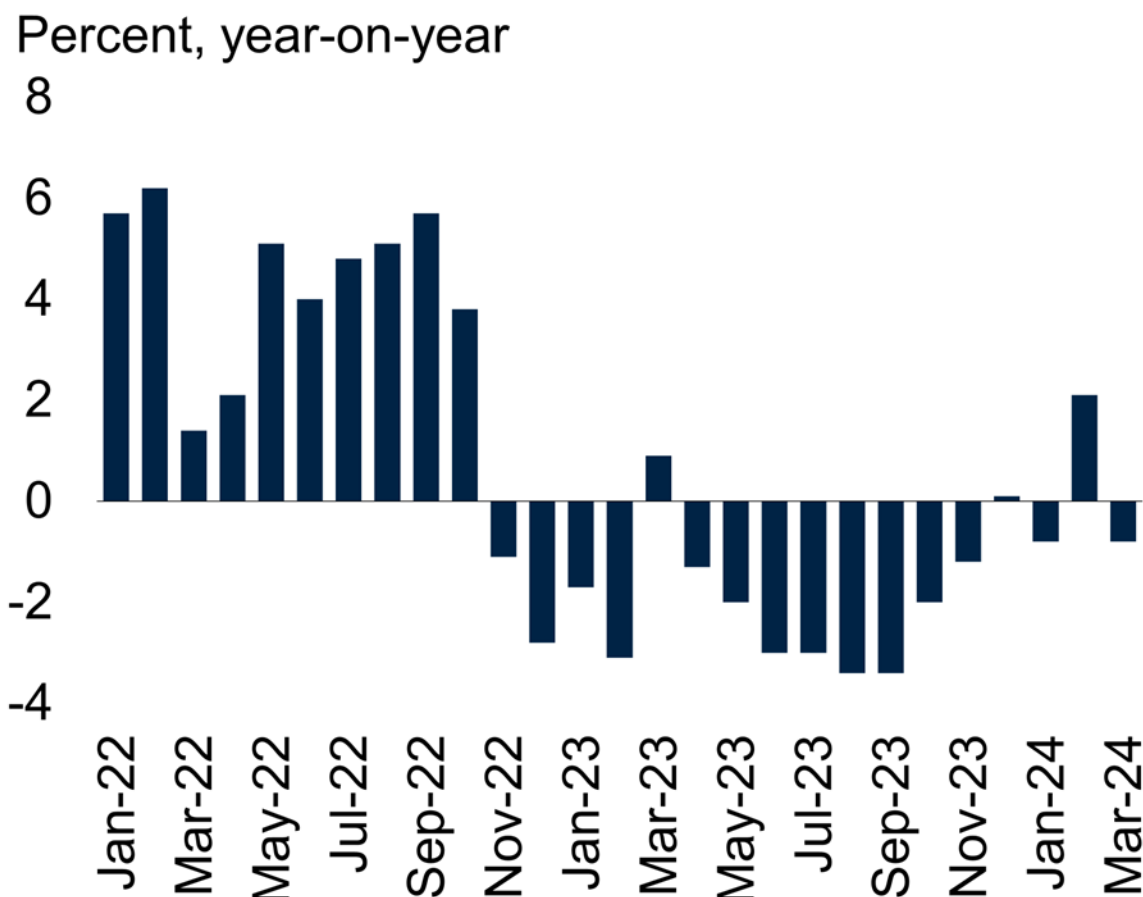
past 60 years, UNCTAD says; India sees boom in exports; and more.

1. Report details global trade challenges

The World Bank's latest [Global Economic Prospects report](#) highlighted the struggles and slow recovery of global trade in 2023. According to the report, global trade in goods and services was nearly flat, marking one of the weakest performances in 50 years outside of global recessions.

Goods trade volume fell by 1.9% due to a sharp slowdown in global industrial production. Advanced economies, especially in Europe, saw significant declines, while emerging markets had mixed results with growth in China and Europe and Central Asia but contractions in Latin America, sub-Saharan Africa, the Middle East and North Africa.

Global goods trade growth:



Global goods trade growth.
Image: World Bank Group

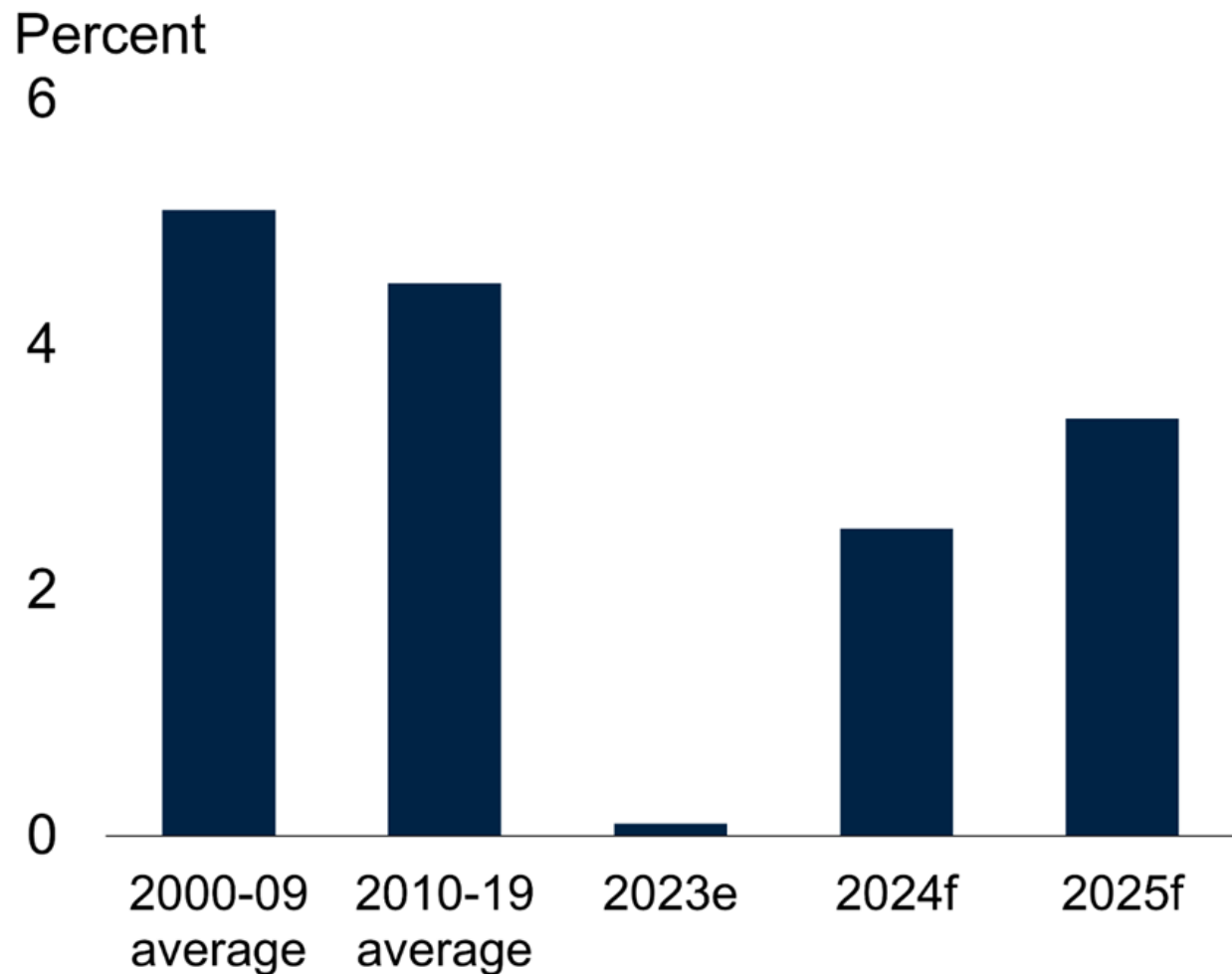
In contrast, [global services trade grew by 9%](#), driven by a 38% surge in tourism. However, this growth was slower than in 2022, with tourism activity now close to pre-pandemic levels, indicating a near-full recovery in most areas.

Trade-restricting measures remain high, though slightly reduced from historical highs in 2023. [Attacks on commercial vessels in the Red Sea](#) and climate-related disruptions in the Panama Canal have affected maritime transit but haven't significantly impacted global supply chains yet.

The report forecasts global trade growth to improve to 2.5% this year, supported by increased goods demand and inventory

restocking in the US and Europe, and stabilizing demand from China. Despite this growth, global trade is set for its slowest half-decade since the 1990s, reflecting subdued global GDP growth.

Overall global trade growth:



Overall global trade growth (e=estimate; f=forecast). Image: World Bank Group

Looking ahead, global trade faces risks from weaker global demand, geopolitical tensions, and potential disruptions in maritime transport. Upcoming elections in many countries could increase trade policy uncertainty and lead to more inward-looking policies, further weighing on trade and economic activity.

2. UN takes stock of trade trends

Since the founding of the United Nations Trade and Development conference in 1964, global trade has skyrocketed, with [developing nations' share rising from 22% to 44%](#).

This was the major headline of the organization's 60th-anniversary meeting in Geneva earlier this month.

But while greater international collaboration has generated widespread prosperity, the UN said, regional gaps remain and the poorest countries lag behind the rest of the world with under 1% of trade share.

Other key trade trends of the period include the exponential increase of seaborne transportation of all goods, the continued growth of e-commerce sales and rise in trade via digitally deliverable services such as telecoms and financial services.

Top trade and foreign affairs officials, as well as experts from across sectors and regions, called for "[a renewed multilateralism](#)

[characterized by equality](#)" to ensure a resilient future for global trade.

3. India's exports surge but trade gap widens

India's merchandise exports hit \$38.13 billion in May, up by 9.1% from a year earlier. Delhi's exports were [boosted by an increase in shipments of smartphones, commercial vehicles](#) and engineering products, government data reported by *Reuters* showed.

increased shipments to the United States were helping exports of Indian goods.

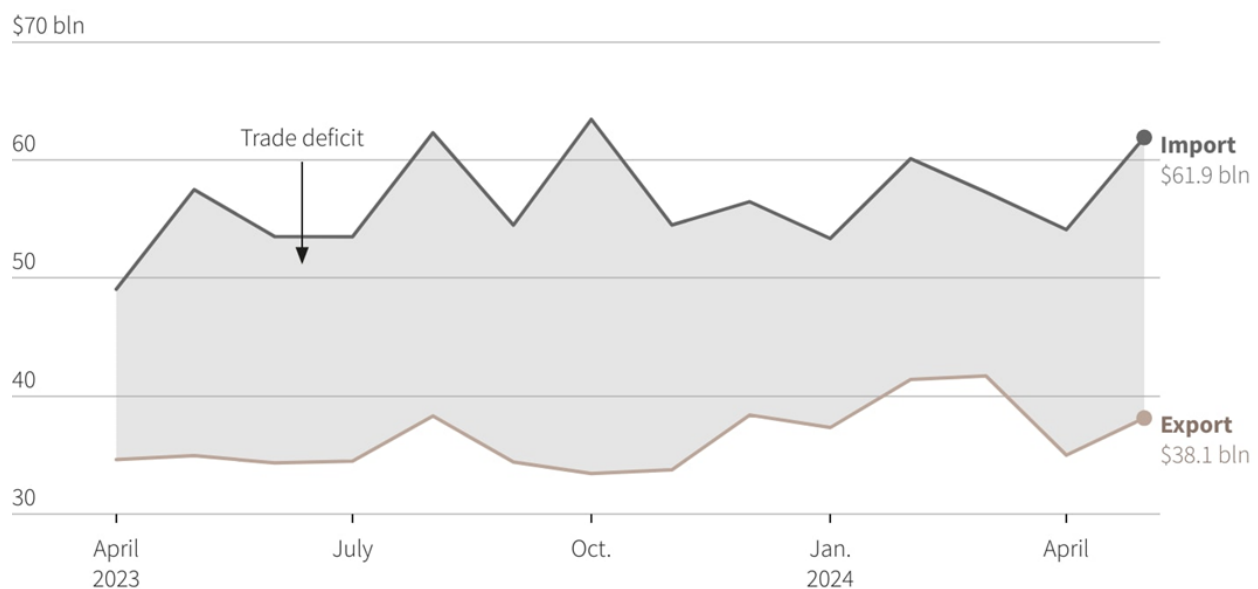
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What is the World Economic Forum doing about digital trade?

4. News in brief: Trade stories from around the world

United States Secretary of the Treasury,

India's May merchandise trade deficit at \$23.8 billion



Source: Ministry of Commerce and Industry, India | Reuters, June 14, 2024

Imports in the same month rose 7.7% year on year to \$61.91 billion - pushing the trade deficit to \$23.78 billion. Economists had expected a deficit of \$19.5 billion, according to a *Reuters* poll.

While unveiling the figures, trade secretary Sunil Barthwal underlined that inflation has eased in developed economies, potentially resulting in increased demand and an upswing in imports from India.

"This will be a positive trend for Indian exports this fiscal year," he said, noting that

Indian exports increase year on year, but trade gap widens.
Image: Reuters

Janet Yellen, has called for [more public/private partnerships to boost long-term, sustainable growth](#). The traditional models of supply-side economics and heavy-handed central planning had failed to spur investment, she said.

The German government is working to [soften or even block proposed European Union \(EU\) tariffs on importing electric vehicles \(EVs\) from China](#), according to *Bloomberg*. This could raise duties to as high as 48%, says *Reuters*, reporting that [almost a third of Germany's EV sales came from China](#) in 2023 with the country's

Chancellor Olaf Scholz keen to find an "amicable" solution.

Australia's trade with China has reached record levels over the past year, according to the *Financial Times*. The country's total trade with China hit A\$219 billion (\$145 billion) in 2023, up from pre-pandemic levels of A\$168 billion (\$111 billion).

[The United States has expanded sanctions against Russia](#), including targeting China-based companies selling semiconductors to Moscow, as part of efforts to undermine Russia's war on Ukraine, says *Reuters*.

Singapore is offering refiners and petrochemical companies [rebates of up to 76% on its planned carbon tax](#) for 2024 and 2025, to help them remain competitive. The tax requires firms that emit more than 25,000 tonnes of carbon annually to pay \$25 per tonne.

Commerce, Industry and Services. UAE exports to Morocco reached \$1.32 billion in 2023, while Moroccan exports to the UAE grew to nearly \$202 million in the same year.

5. More on trade from our blog

In Namibia, many businesses are under [increasing pressure to green their supply chains and reduce emissions](#) across their product lines. That's why, in partnership with the World Economic Forum, the government has established the [Namibia Sustainable Supplier Database](#), a tool to facilitate foreign direct investment in Namibia's most competitive and sustainable companies.

Demand is surging for critical raw materials due to their role in clean energy technologies, with projections indicating potential supply shortages in the future. Countries are forming state-to-state partnerships to foster new projects and ensure supply resilience. This



*Heads of state and international organizations at UNCTAD's 60th anniversary Global Leaders Forum.
Image: UN Trade and Development*

Growing trade ties between the United Arab Emirates (UAE) and Morocco [will see inward investment surge in the coming years](#), according to the Casablanca-Settat Chamber of

[World Economic Forum](#) [whitepaper](#) unpacks the various models for these deals.

Digital technology, geopolitical tensions and the push towards net zero are disrupting global supply chains. This article [looks at five factors that will shape global logistics](#) and the impacts these shifts will have on economic growth.

As global trade negotiates those disruptions, [AI is being deployed to remove some of the barriers that have traditionally slowed the flow of goods](#). Customs services is one area where AI is cutting red tape and speeding up processing times.