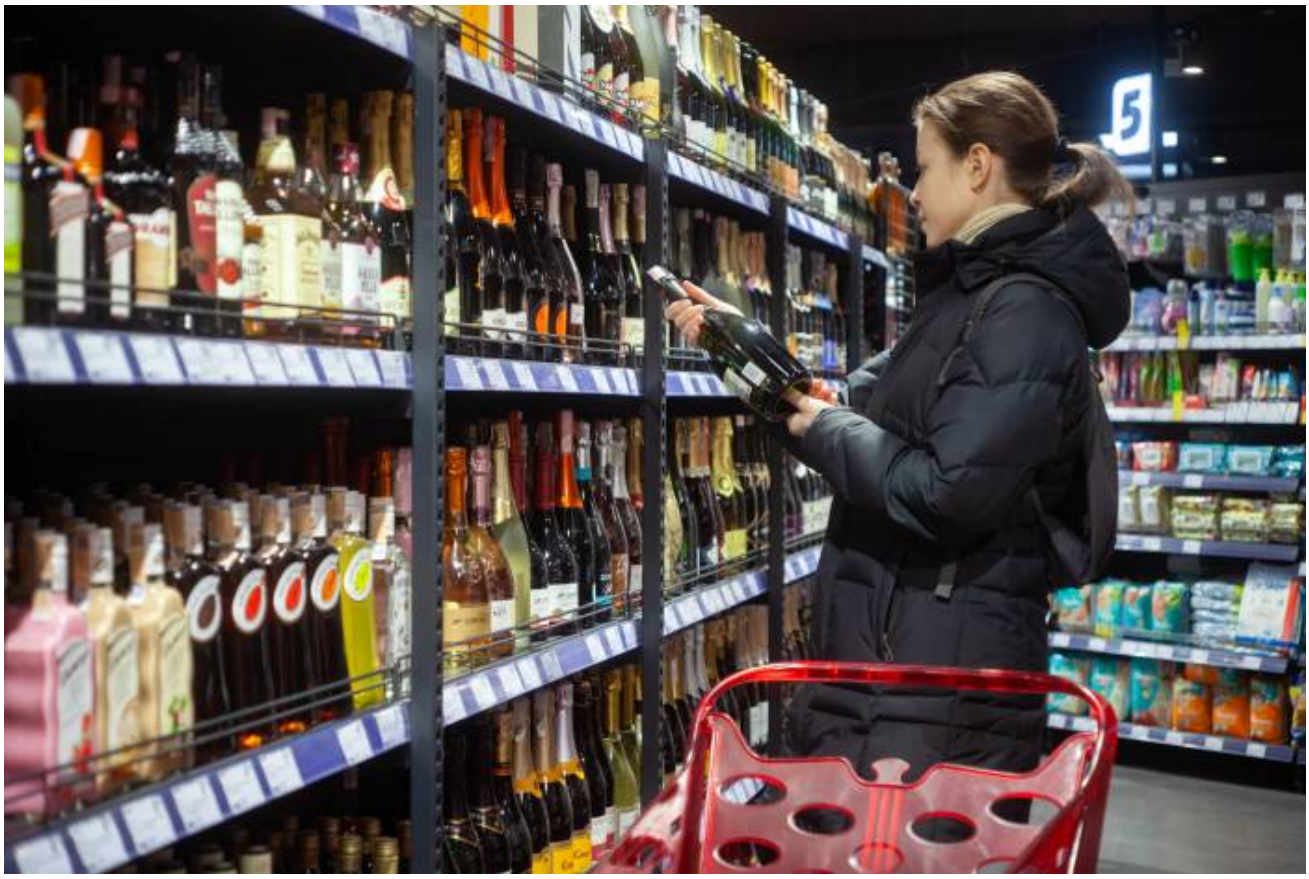
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WTO Predicts Global Trade Growth Will Slow Sharply in 2026 After AI-Driven Surge

Trade expansion is expected to cool as demand for AI products normalizes and companies adjust to new tariffs.

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The World Trade Organization (WTO) expects global trade to slow in 2026 after stronger-than-expected growth in 2025, driven by a surge in demand for products related to artificial intelligence. This outlook comes from the latest edition of the WTO’s

“Global Trade Outlook and Statistics” report, which was released recently.

According to WTO economists, the ongoing conflict in the Middle East could further reduce trade growth if energy prices remain high. The report notes that elevated energy costs would also put pressure on food supplies and services trade, due to disruptions in travel and transportation. The WTO says that prospects could improve if the conflict ends quickly and if strong spending on AI-related goods continues.

The report’s baseline scenario, which excludes disruptions from energy prices, forecasts that global merchandise trade will grow by 4.6% in 2025 before slowing to 1.9% in 2026. This slowdown is expected as trade normalizes after a spike in AI-related products and as companies adjust their imports to avoid new tariffs. In 2027, merchandise trade volume is projected to rise again by 2.6%.

Commercial services trade is also expected to slow, with growth falling from 5.3% in 2025 to 4.8% in 2026, before picking up slightly to 5.1% in 2027. Overall, combined trade in goods and services is forecast to grow by 4.7% in 2025 and then slow to 2.7% in 2026.

Global GDP growth is expected to moderate slightly, from 2.9% in 2025 to 2.8% in both 2026 and 2027. However, if crude oil and liquefied natural gas (LNG) prices remain high throughout 2026, the WTO estimates that global GDP growth could be cut by 0.3 percentage points that year. This would reduce the forecast for global trade growth by 0.5 percentage points overall, and by as much as one percentage point for regions heavily dependent on energy imports. Under this scenario, merchandise trade volume would grow only about 1.4% in 2026, while services trade would expand at a slower rate of 4.1%.

WTO Director-General Ngozi Okonjo-Iweala said that the outlook reflects the resilience of global trade, supported by high-tech products and digitally delivered services, supply chain adaptations, and the avoidance of tariff retaliation spirals. She warned that the baseline forecast remains under pressure due to the Middle East conflict and sustained high energy prices could increase risks for global trade, with possible knock-on effects for food security and higher costs for consumers and businesses.

Okonjo-Iweala emphasized that WTO members can help cushion the impact by maintaining predictable trade policies and strengthening supply chain resilience.

Beyond fuels, the blockade of the Strait of Hormuz has disrupted fertilizer supplies essential for global agriculture. About one-third of global fertilizer exports normally pass through this shipping route. Major agricultural producers such as India, Thailand, and Brazil rely on the Gulf region for about 40%, 70%, and 35% of their urea imports respectively.

Gulf states themselves face food security challenges, with an average import dependence of about 75% for rice and over 90% for corn, soybeans, and vegetable oils—staples whose costs would rise if they had to be shipped via alternative routes.

WTO economists note that forecasts could be revised upward if the conflict ends soon and AI-related spending remains strong through 2026 and into 2027. In this case, merchandise trade growth could increase by up to half a percentage point, reaching as much as 2.4% this year and up to 2.7% next year.

However, risks remain on both sides: if energy prices stay high but merchandise trade continues to grow strongly, overall growth could still approach baseline projections for global trade expansion in coming years.