JULY-AUGUST 2026

UN trade & development | UNCTAD

Global trade update

Facts and figures

Global Trade Continues to Expand Amid Rising Price Pressures

HIGHLIGHTS

1. **Global goods trade totaled about US$ 13.7 trillion during the first half of 2026**, representing a 12.5 per cent increase compared with the same period in 2025, supported in part by higher prices.

2. **Service trade grew at a slower pace**, expanding by 10.5 per cent compared with the first half of 2025.

3. **East Asian economies recorded the strongest trade growth in Q1 2026**, with both developed and developing economies in the region expanding at rates well above the global average.

4. **Trade in AI- and electric vehicle-related goods grew significantly during the first quarter**, and these sectors are expected to continue driving trade expansion.

5. **Geopolitical uncertainty continued to drive the reconfiguration of global supply chains and trade relationships**, leading to shifts in bilateral trade patterns and greater diversification of trading partners.

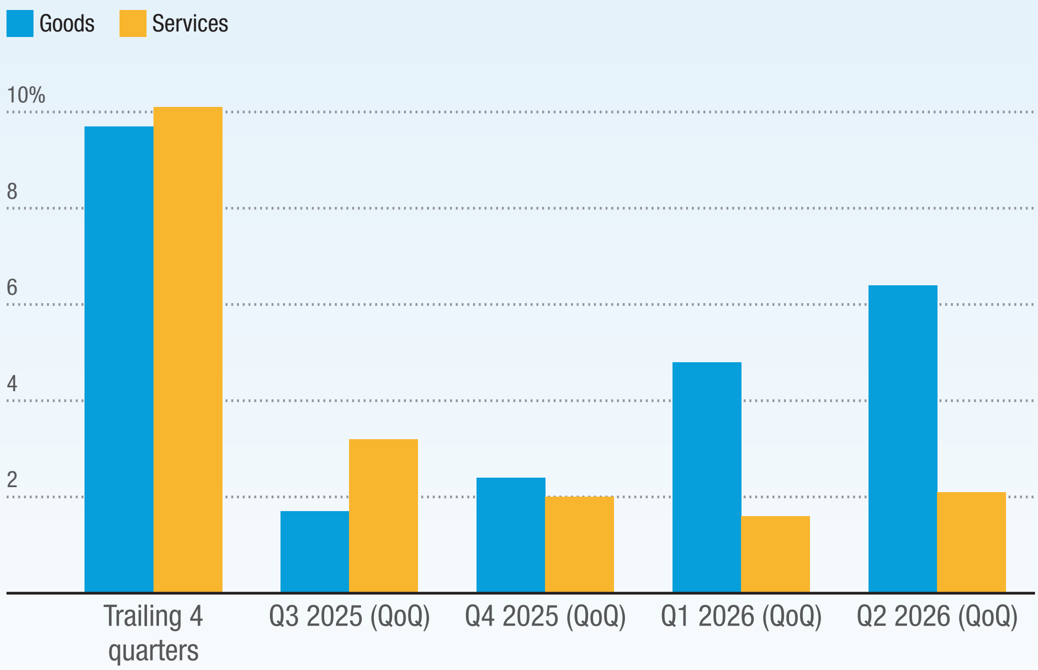
6. **Global trade growth is expected to remain positive but increasingly uneven**, with gains in selected sectors and regions offset by rising geopolitical tensions, policy uncertainty and trade costs.

Global trade trends and nowcast

Global trade growth was strong in the first quarter of 2026, expanding by approximately 4 per cent quarter-on-quarter (QoQ), with goods trade increasing by 4.8 per cent and services by 1.6 per cent. UNCTAD's nowcast suggests continued positive momentum into the second quarter of 2026, with preliminary estimates pointing to QoQ growth of 6.4 per cent for goods and 2.1 per cent for services. Overall, global trade is estimated to have increased by about US$2 trillion in the first half of 2026 and is on course to reach a record annual value.

First half of 2026: stronger goods trade growth and sluggish services trade growth

Trade value in goods and services: trailing four quarters and quarterly growth

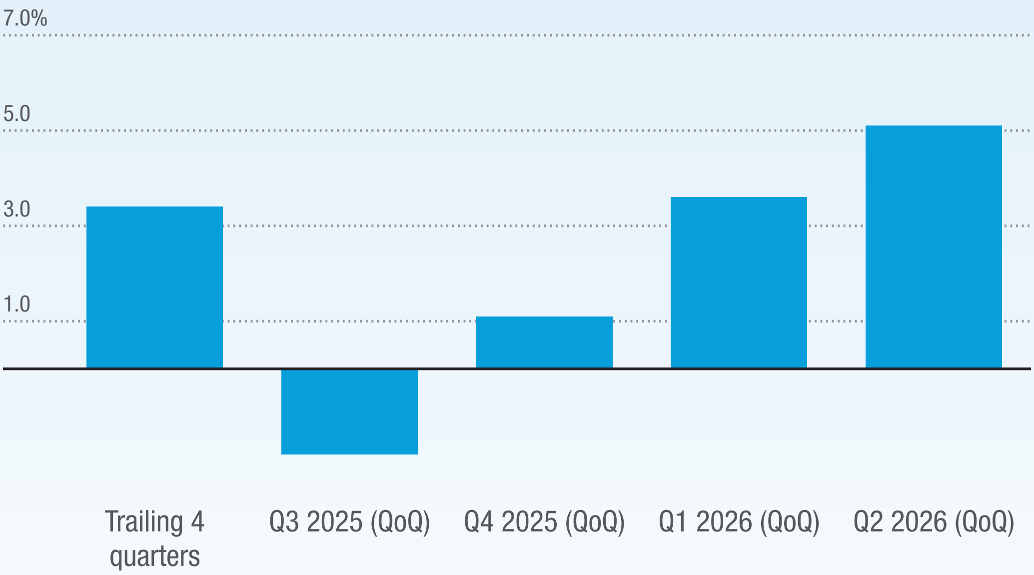


Source: UNCTADstat; UNCTAD estimates based on national statistics.
Note: Trailing four quarters (T4Q) growth measures the change in a variable over the last four quarters (Q3-2025 to Q2-2026) compared to the previous four quarters (Q3-2024 to Q2-2025). Quarterly growth (QoQ) is the quarter-over-quarter growth rate of seasonally adjusted values. Growth figures are based on nominal trade values. Figures for Q1-2026 are preliminary. Q2-2026 is a nowcast as of 7 July 2026.

Part of this growth reflected higher trade prices rather than stronger trade volumes. The disruption to shipping through the Strait of Hormuz, together with heightened concerns over regional energy supplies, drove up global energy prices and increased transportation, logistics and production costs across international supply chains. Global trade inflation rose sharply to 3.6 per cent QoQ in the first quarter of 2026, while UNCTAD's nowcast suggests a further increase of around 5.1 per cent QoQ in the second quarter. Over the past 12 months, trade inflation has averaged about 3.4 per cent, indicating particularly persistent price pressure on global trade.

Global trade inflation spiked during the first half of 2026

Overall price of traded goods: trailing four quarters and quarterly growth



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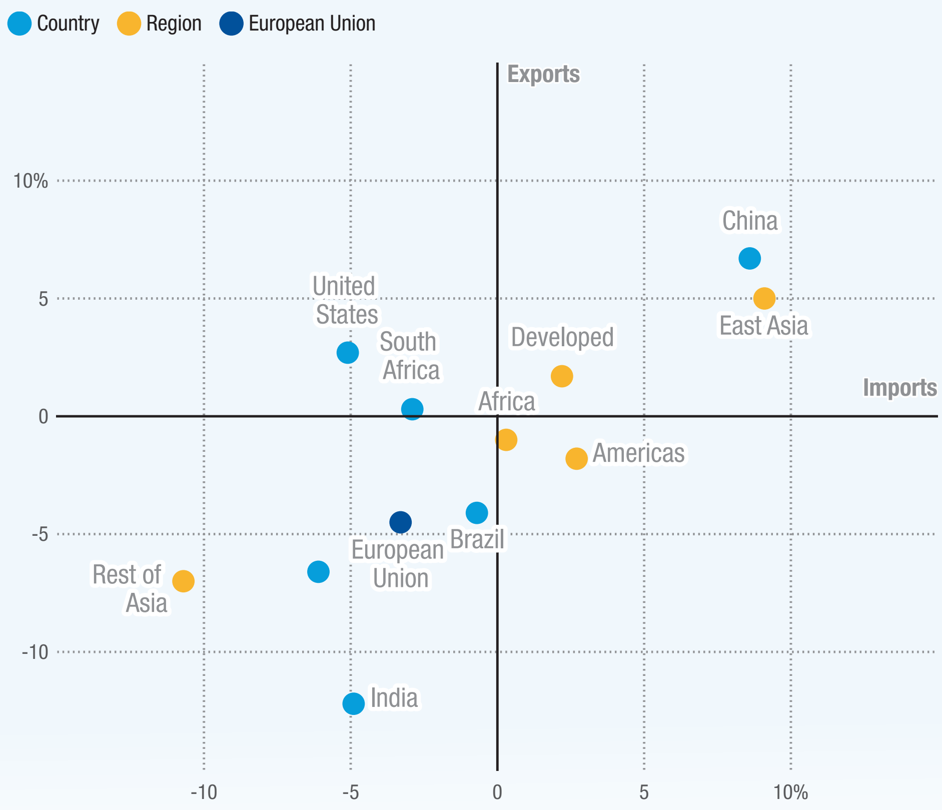
Summary and Outlook

In the first quarter of 2026, global trade expanded by about 4 per cent quarter-on-quarter, with goods rising by 4.8 per cent and services by 1.6 per cent. UNCTAD's nowcast points to further growth in the second quarter, particularly for goods. However, a substantial share of the increase reflects higher prices rather than stronger volumes: trade inflation accelerated in the first half of the year as energy, transport, logistics and production costs rose.

Performance remained highly uneven across economies and sectors. East Asia was the main engine of growth, with China and the Republic of Korea recording particularly strong goods trade, while the rest of Asia experienced slower growth. Africa and the Americas registered import growth above the global average but comparatively weaker export performance. At the sectoral level, demand for semiconductors, ICT products, electrical machinery, batteries, critical minerals and electric vehicles supported expansion, whereas chemicals, iron and steel, and some renewable-energy products contracted.

In Q1 2026, global goods trade growth has been uneven across economies

Imports and exports growth: percentage-point difference from global average



Source: UN Trade and Development (UNCTAD) estimates based on national statistics.
Note: Data exclude services. Regions include only developing countries and exclude listed economies. Data exclude intra-EU trade. Growth figures are based on nominal trade values.

Strong demand for AI-related products, semiconductors, batteries and electric-vehicle components is expected to remain an important driver of trade growth in the second half of 2026. At the same time, global trade is increasingly being shaped by evolving trade policies and geopolitical developments. In the United States, the ongoing trade negotiations are likely to keep policy uncertainty elevated, with some front-loading of trade expected ahead of potential policy changes. More broadly, renewed trade tensions, persistent risks to shipping through the Strait of Hormuz, and continued geoeconomic fragmentation are expected to raise trade costs and contribute to increasingly uneven trade performance across regions and sectors.

Key factors shaping short-term trade outlook

Negative Factors Hindering the Trade Outlook

Geopolitical Tensions in the Middle East
Although efforts to resolve the conflict are ongoing, geopolitical risks persist. Disruptions to regional logistics, shipping routes, and supply chains continue to pose downside risks to global trade and economic activity. Renewed tensions could quickly affect transport costs, business confidence, and investment.

Debt Burdens, Fiscal Constraints and Uncertain Monetary Easing
Although inflation has moderated in many economies, elevated public debt, high debt-servicing costs, and constrained fiscal space continue to weigh on growth, particularly in developing economies. Moreover, the pace and extent of monetary easing remain uncertain as inflationary pressures persist in some economies, and geopolitical developments create new price risks. Together, these factors constrain governments' ability to support domestic demand and investment and may dampen import demand and global trade growth.

Geoeconomic Competition and Fragmentation
The frequent use of export controls, industrial policies, subsidies, and regulations, especially on advanced technologies, is aimed at strengthening domestic industries, enhancing technological leadership, and improving supply chain resilience and safeguarding national security. Together with growing efforts to diversify or "de-risk" supply chains, these measures are expected to increase trade costs, redirect trade flows, reduce market predictability, and further fragment global trade.

Positive Factors Influencing the Global Trade Outlook

Growth in Digital, AI and Green Industries
Rapid expansion in digital technologies, artificial intelligence (AI), and green industries continues to create new sources of global trade and investment. Strong demand for semiconductors, AI infrastructure, cloud computing, digitally delivered services, batteries, and clean-energy technologies is supporting trade in high-value goods and services while accelerating innovation and productivity across economies.

Investment in Supply Chain Resilience
In response to geopolitical risks, businesses continue to strengthen the resilience of their supply chains by diversifying suppliers, expanding inventories, and investing in logistics infrastructure. Rather than reducing trade overall, these adjustments are reshaping sourcing strategies and production networks, helping firms adapt to disruptions while sustaining cross-border trade.

Emergence of Connector Economies and New Trade Corridors
As firms diversify production and sourcing, connector economies are attracting greater investment and expanding their roles in regional and global value chains. The development of new manufacturing hubs, logistics corridors, and regional trade networks is creating new trade opportunities and improving the geographical diversification of global commerce.

Trade trends of major economies

Across major economies, East Asian economies outperformed their peers in goods trade during the first quarter of 2026. On the export side, the Republic of Korea recorded the strongest growth, with exports increasing by 20 per cent, followed by China at 11 per cent. Japan, South Africa, and the United States also posted robust export growth. In contrast, India experienced a sharp decline of 8 per cent. On the import side, China recorded the strongest increase, with imports rising by 13 per cent, followed by solid growth in the Republic of Korea. Brazil and Japan also experienced import growth, while imports in most other major economies remained broadly unchanged compared with the previous quarter.

East Asian economies outperformed in goods trade in Q1-2026

Goods (Q1 2026)	Imports growth		Exports growth	
	QoQ	T4Q	QoQ	T4Q
Brazil	3%	4%	0%	5%
China	13%	7%	11%	8%
India	-1%	7%	-8%	1%
Japan	3%	2%	4%	5%
Republic of Korea	6%	3%	20%	13%
Russian Federation*	-2%	4%	-2%	-1%
South Africa	1%	5%	5%	9%
United States	-1%	-5%	7%	9%
European Union	2%	8%	0%	5%

Source: UNCTAD estimates based on national statistics.
Note: Trailing four quarters (T4Q) growth measures the change in a variable over the last four quarters (Q2-2025 to Q1-2026) compared to the previous four quarters (Q2-2024 to Q1-2025). Quarterly growth (QoQ) is the quarter-over-quarter growth rate between Q4-2025 and Q1-2026. Data are seasonally adjusted. Growth figures are based on nominal trade values. Data exclude intra-European Union trade. * denotes estimates.

Services trade growth presented a mixed picture across major economies in the first quarter of 2026. On the import side, services imports declined in India, the Republic of Korea, and the Russian Federation, while Brazil and the European Union recorded increases. On the export side, the Republic of Korea recorded the strongest growth, with exports rising by 9 per cent, followed by the Russian Federation and the European Union. In contrast, Brazil experienced a decline. Services trade in the remaining major economies remained broadly unchanged compared with the previous quarter.

Services trade growth was uneven across major economies in Q1-2026

Services (Q1-2026)	Imports growth		Exports growth	
	QoQ	T4Q	QoQ	T4Q
Brazil	4%	1%	-5%	13%
China	0%	2%	-1%	13%
India	-5%	3%	1%	9%
Japan	1%	8%	1%	7%
Republic of Korea	-2%	9%	9%	7%
Russian Federation*	-3%	18%	7%	11%
South Africa[1]	4%	9%	0%	12%
United States	1%	8%	1%	6%
European Union	5%	12%	6%	12%

Source: UNCTAD estimates based on national statistics.
Note: Trailing four quarters (T4Q) growth measures the change in a variable over the last four quarters (Q2-2025 to Q1-2026) compared to the previous four quarters (Q2-2024 to Q1-2025). Quarterly growth (QoQ) is the quarter-over-quarter growth rate between Q4-2025 and Q1-2026. Data are seasonally adjusted. Growth figures are based on nominal trade values. Data exclude intra-European Union trade. * denotes estimates.[1] data are for Q4-2025.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Regional trade trends

Global trade growth in the first quarter of 2026 was driven primarily by developing economies in East Asia. Trade by developing economies and South-South trade were particularly strong when East Asian economies were included, with both recording double-digit growth over the past 12 months. However, excluding East Asia, developing economies as a group registered an overall contraction in trade in Q1-2026, largely because of reduced imports and exports from the Middle East and South Asia regions. Meanwhile, developed economies maintained a similar pace of positive quarterly trade growth as in the previous quarter.

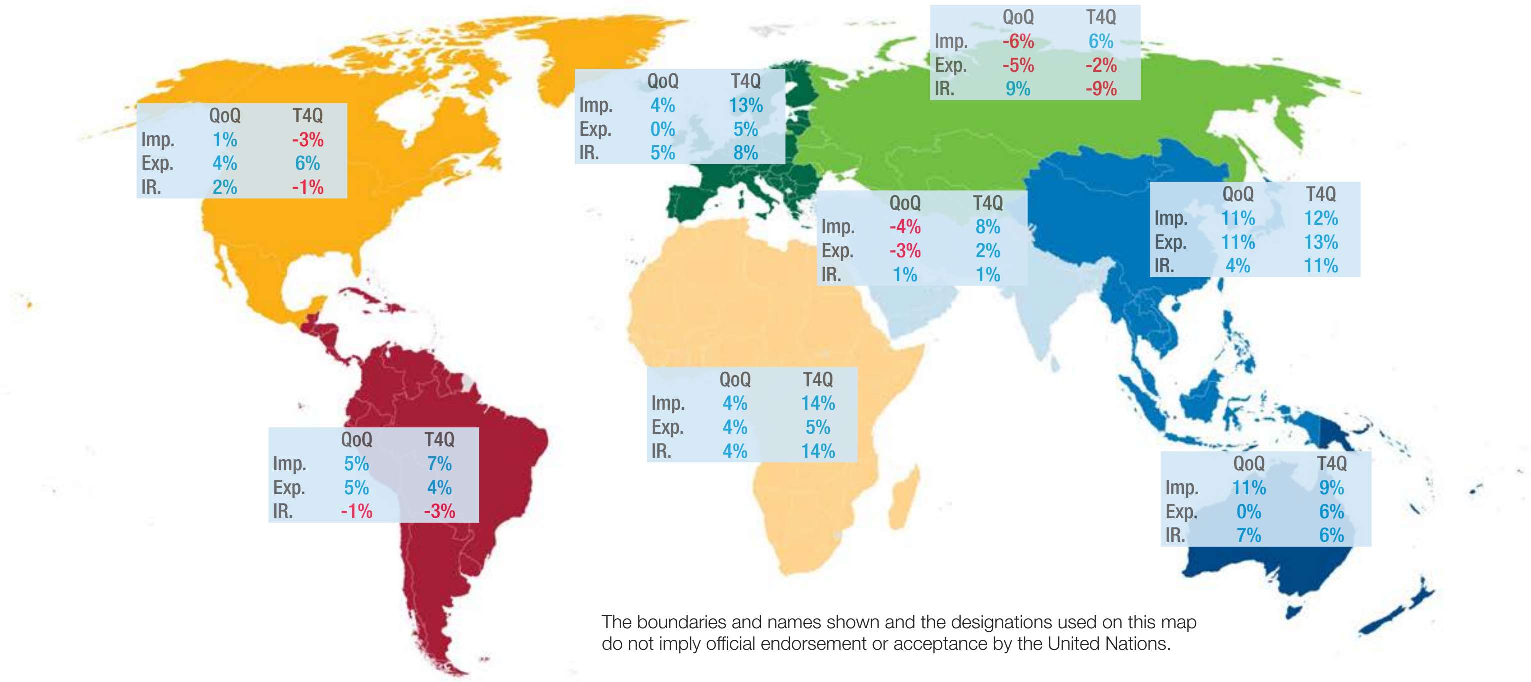
East Asian developing economies drove the global goods trade growth in Q1-2026

	Quarterly growth		Trailing four quarters	
	Imports	Exports	Imports	Exports
Developed countries	2%	3%	6%	7%
Developing countries	7%	7%	11%	10%
Developing countries (excluding East Asia)	-2%	-1%	6%	4%
South-South trade	7%		13%	
South-South (excluding East Asia)	-1%		4%	

Source: UNCTAD estimates based on national statistics.
Note: Trailing four quarters (T4Q) growth measures the change in a variable over the last four quarters (Q2-2025 to Q1-2026) compared to the previous four quarters (Q2-2024 to Q1-2025). Quarterly growth (QoQ) is the quarter-over-quarter growth rate between Q4-2025 and Q1-2026. Growth figures are based on nominal trade values. Data are seasonally adjusted. Data exclude trade in services. East Asia is defined as in the map below.

In the first quarter of 2026, goods trade growth was robust across most regions, led by East Asia, which recorded double-digit quarterly growth. By contrast, all other Asian subregions experienced negative quarterly growth. Intra-regional trade expanded in most regions, although it remained weak in South America. Over the past 12 months, import growth was particularly strong in Africa, East Asia, and Europe, with these regions also recording robust growth in intra-regional trade.

Imports growth was particularly strong in Europe, East Asia and Africa over the past 12 months



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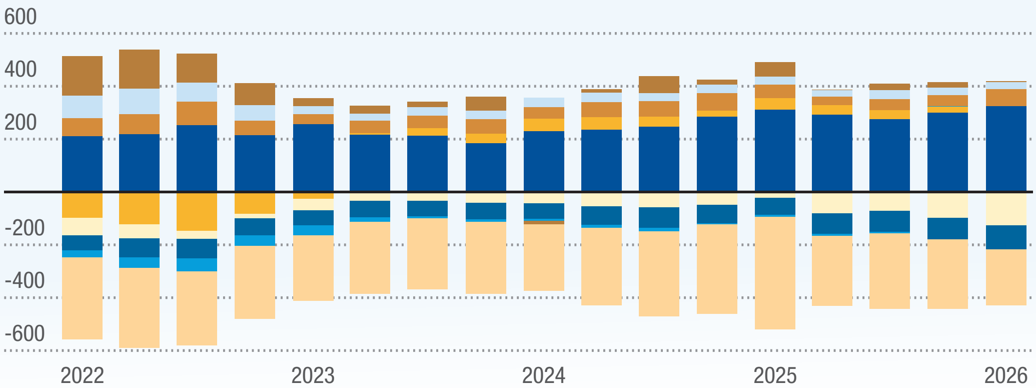
Global imbalances in goods trade

Global imbalances in goods trade remained relatively stable in Q1-2026, although the composition of these imbalances continued to shift across major economies. China's goods trade surplus expanded further during the quarter, while the United States' goods trade deficit continued to narrow, reinforcing the ongoing reconfiguration of global trade balances. By contrast, the United Kingdom's goods trade deficit widened further, and the European Union's goods trade balance shifted from a surplus to a deficit. Outside these major economies, developments also diverged: the aggregate goods trade surplus of other developing economies contracted, whereas that of other developed economies widened.

Structural shifts occurred in global imbalances of goods trade in Q1-2026

Trade balance in goods ($ billion)

China European Union United Kingdom India Japan Other Developed Russian Federation Other Developing United States



Source: UNCTAD estimates based on national statistics.

Bilateral trade imbalances in goods among major economies remained elevated in Q1-2026, with some widening over the quarter. China's trade surpluses with many economies continued to expand, especially with the European Union. The United States' trade deficits with Canada, China, India and the European Union continued to narrow, while its deficits with Viet Nam increased.

Bilateral trade balances continued the trend of earlier quarters

Bilateral trade balances in goods, selected flows ($ billion)

Deficit economy	Surplus economy	T4Q deficit	Deficit increase in Q1 2026
European Union	China	305	24
United States	China	268	-11
United States	European Union	207	-49
United States	Mexico	203	-2
China	Taiwan Province of China	151	4
United Kingdom	European Union	144	10
United States	Viet Nam	143	5
India	China	122	5
Viet Nam	China	100	3
Mexico	China	70	4

Deficit economy	Surplus economy	T4Q deficit	Deficit increase in Q1 2026
Mexico	China	69	0
India	Russian Federation	57	-2
China	Australia	46	2
United States	Japan	44	-2
European Union	Norway	42	0
United States	India	40	-7
United States	Canada	39	-25
China	Brazil	29	2
Mexico	European Union	26	-2
Russian Federation	European Union	9	1

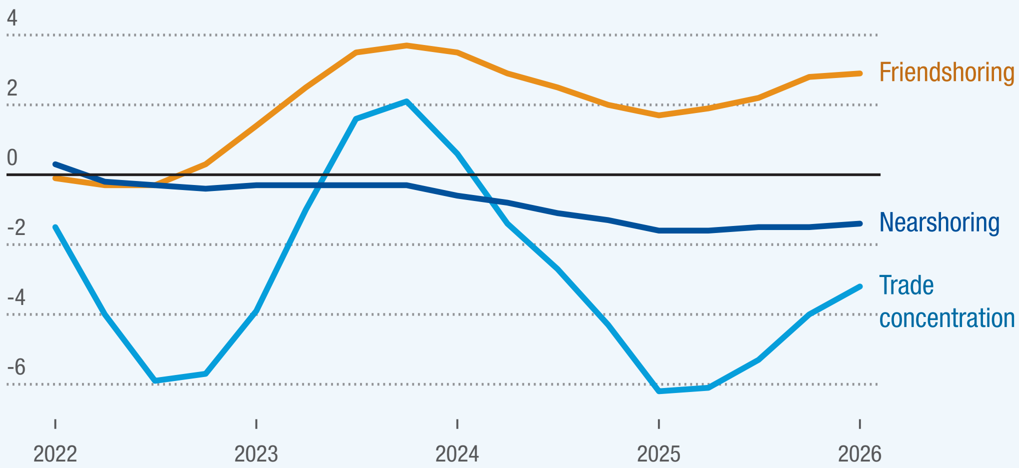
Source: UNCTAD estimates based on national statistics.
Note: Trailing four quarters (T4Q) deficit positions are calculated as the total over the last four quarters (Q2-2025 to Q1-2026). Deficit increase in the last quarter is measured by the difference between consecutive four-quarter moving sums.

Global trade dynamics and trade dependence

Trade concentration continued the trend of increase during the quarter, indicating the faster trade growth among the largest economies. The increasing trend of trade between politically aligned countries that started in early 2025 halted this quarter. Meanwhile, trade trends point to a gradual return to nearshoring, with moderately stronger trade growth between geographically close countries.

Global trade concentration rose while friendshoring halted and nearshoring re-emerged

Annual change relative to 2021 (per cent)



Source: UNCTAD estimates based on national statistics.
Note: Annual changes are measured as deviation from baseline index of 2021. Nearshoring is calculated as reverse of trade-weighted average distance in km. Friendshoring is calculated as trade-weighted political proximity as measured by the United Nations voting patterns. Trade concentration is calculated based on the Herfindahl concentration index.

Geoeconomic factors continue to play a significant role in shaping bilateral trade patterns, with notable shifts in trade relationships observed over the past 12 months. Trade interdependence between the United States and Canada declined markedly, alongside Canada's increasing trade dependence on the European Union and China. Similarly, trade interdependence between the United States and China weakened, accompanied by growing trade dependence on these two economies among several East Asian economies, including Thailand and Viet Nam.

Geoeconomic fragmentation is reflected in changing trade interdependencies

Increasing trade dependence		T4Q change	Decreasing trade dependence		T4Q change
Dependent	Depending on		Dependent	Depending on	
Indonesia	China	3.3%	Canada	United States	-6.3%
Canada	European Union	1.4%	United States	China	-3.9%
United States	Viet Nam	1.2%	China	United States	-3.1%
Thailand	United States	1.2%	United Kingdom	China	-1.8%
Viet Nam	China	1.0%	Mexico	United States	-1.6%
India	China	1.0%	United States	Canada	-1.4%
Viet Nam	United States	0.9%	Japan	United States	-0.9%
Canada	China	0.9%	Malaysia	China	-0.9%
United States	Thailand	0.7%	United States	European Union	-0.6%
United States	Mexico	0.6%	European Union	United States	-0.6%

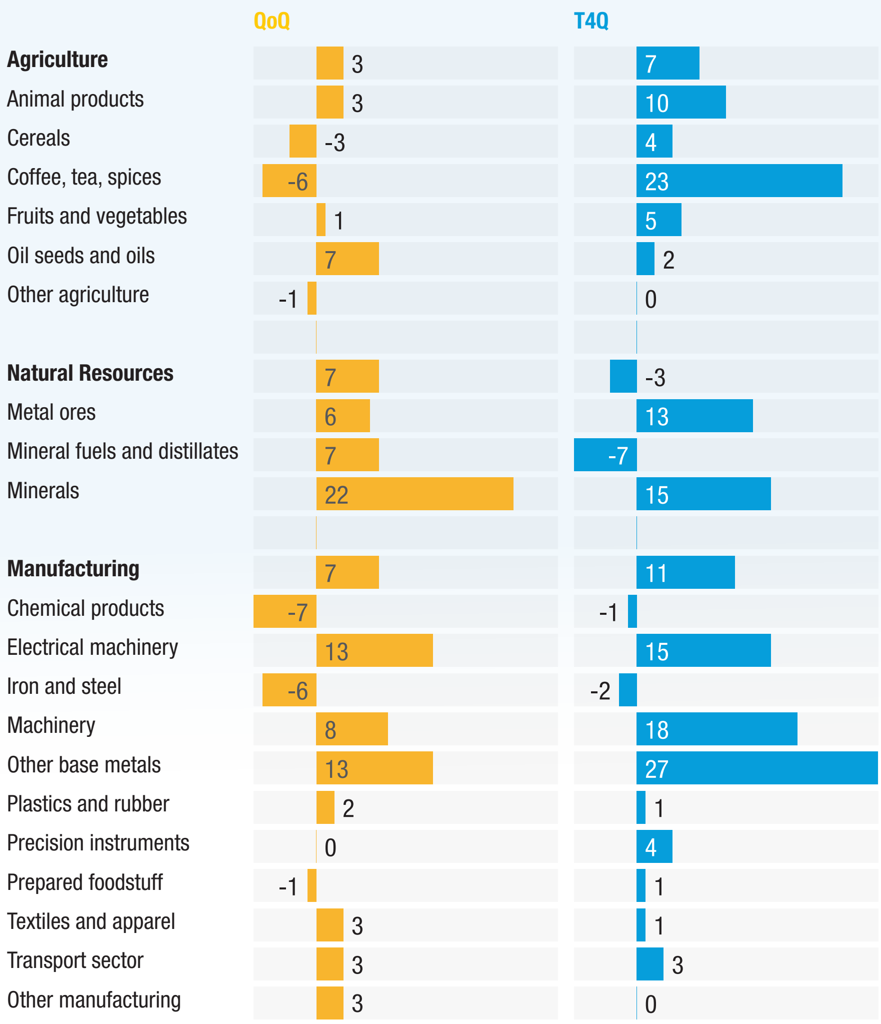
Source: UNCTAD estimates based on national statistics.
Note: The trade dependence of an economy on another is calculated as their bilateral trade over the total trade of the dependent economy. Trailing four quarters (T4Q) change is calculated as a four-quarter average (Q2-2025 to Q1-2026) of this ratio compared to the previous four quarters (Q2-2024 to Q1-2025).

Global trade trends at the sectoral level

During the first quarter of 2026, most sub-sectors recorded robust trade growth. Within the agricultural sector, oil seeds and animal products led the expansion, while trade in coffee, tea, and spices declined sharply, reflecting the steep fall in coffee prices from high levels of previous quarters. Nominal trade in natural resources increased strongly, largely reflecting higher mineral fuel prices amid the conflict in the Middle East. Trade in minerals also recorded robust growth, expanding by more than 20 per cent. Within the manufacturing sector, electrical machinery, machinery, and other base metals sustained the strong growth observed in the previous quarter, whereas trade in chemical products, and iron and steel contracted.

Machinery and electrical machinery continued the growth observed in the previous quarter

Growth (per cent)



Source: UNCTAD estimates based on national statistics of Australia, Brazil, China, Japan, South Africa, the United States and the European Union.
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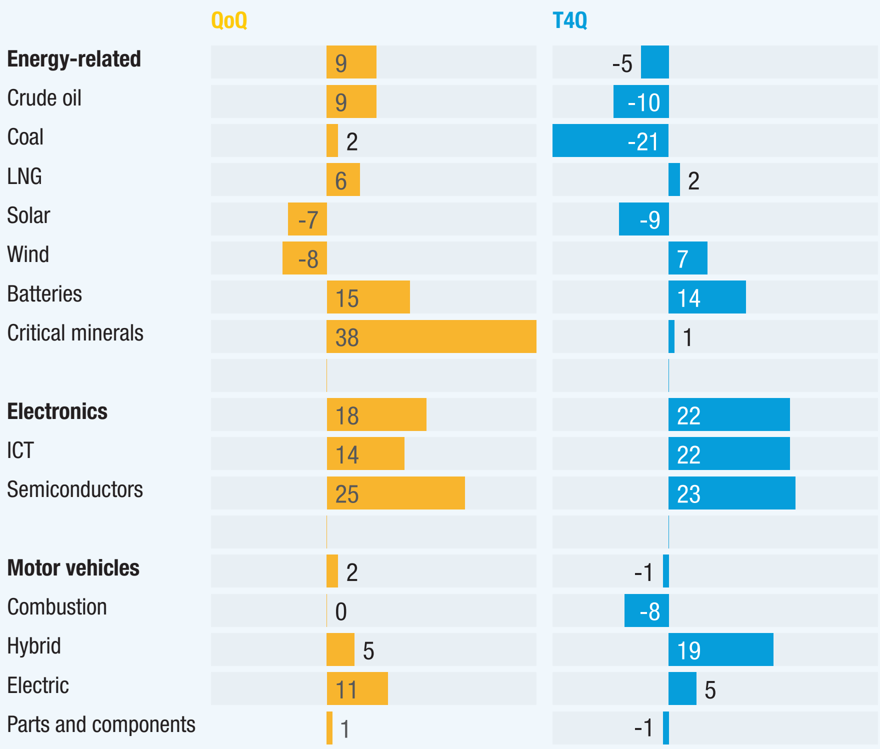
Global trade trends for selected industries

During the first quarter of 2026, AI- and electric vehicle-related goods all had a particularly strong growth performance, namely batteries (15 per cent), critical minerals (38 per cent), ICT (14 per cent), semiconductors (25 per cent) and electric cars (11 per cent). Other renewable energy products, including solar and wind-related products, contracted during the quarter, while fossil fuel trade growth remained positive, driven by upward price pressures. While the motor vehicle sector growth was below average, hybrid vehicles recorded a strong growth and a particularly strong one over the last 12 months.

AI- and electric vehicle-related goods showed strong growth in Q1-2026

Growth (per cent)



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Through this publication,
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on economic development in a fast
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