2. Trade, AI, and the Energy Transition

Trade, GDP, and growing financial risks

While artificial intelligence is very much the central theme of the global economy going into 2026, the return of more protectionist trade policies was a dominant concern at the start of 2025. The volatile trade-policy environment has turned out to be less detrimental to the global economy than what was feared earlier this year. However, 2025 would undoubtedly have been a much more stellar year in terms of economic performance had the previous trade policies remained in place. We have mostly the slow, intermittent, and partial implementation of such protectionist trade policies to thank for the "resilience" in GDP growth. The aggressive frontloading in the first and second quarters (Q1 and Q2) provided a major boost to economic activity with notably US imports soaring ahead of tariff hikes, driving much of this year's positive surprise. Air cargo was a key enabler in the front loading as shipments needed to arrive ahead of a deadline.

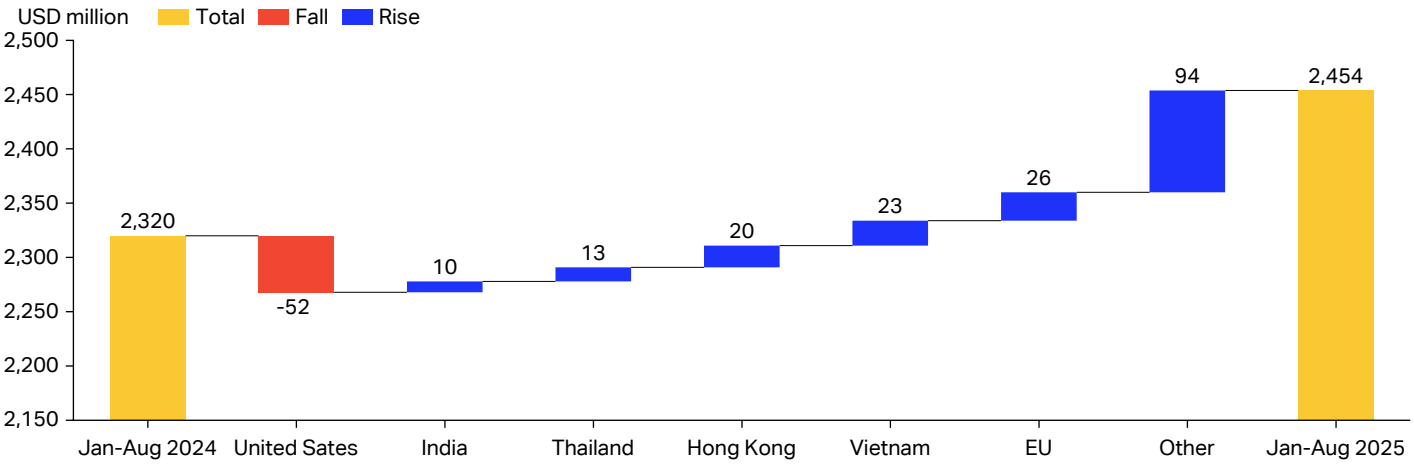
The value of trade transported by air rose by 25% year-on-year (YoY) in January to August 2025, based on data from 47 countries representing 39% of global trade.[1] In contrast, the value of trade across all transport modes increased by only 7%, with trade by sea growing by less than 1% YoY. The month of March 2025 marked the peak in frontloading, and trade shipped by air rose by as much as 43% YoY that month.

Unexpected agility was seen in how swiftly the rest of the world adapted to the new environment and how quickly notably China found new export markets.

China's exports rose from USD 2.3 trillion in the January to August months of 2024 to USD 2.45 trillion in the same period in 2025. Exports to the US fell by USD 52 billion on the same basis but were more than offset by the increase of USD 186 billion in exports to other countries (Chart 1).[2]

Merchandise trade can now be expected to expand by around 2.4% in 2025 (versus 2.8% in 2024),[3] while something much closer to zero growth in such trade was anticipated early in the year. However, this pace of growth in trade is unlikely to be repeated in 2026 as the one-off impact of frontloading fades, and the decelerating global business cycle, coupled with higher inventory levels, will likely limit trade growth to less than 1% next year.

Chart 1: Chinese exports by country, nominal change YoY, USD billion, January-August 2025



Source: IATA Sustainability and Economics, Global Trade Tracker.

1 Global Trade Tracker, GTT; ITC Trade Map.
2 Global Trade Tracker, GTT.
3 WTO.

Global GDP grew at a rate of 0.8% quarter-on-quarter (QoQ) in the first two quarters of 2025, of which Asia contributed 0.6 percentage points. Growth is likely to slow in the second half of 2025, and on an end-year basis we expect around 2.6% in Q4 2025 YoY, down from 3.6% on the same basis in 2024, capturing the slowing momentum. In full-year figures, the deceleration is less visible, going from 3.3% in 2024 to 3.2% in 2025, and 3.1% in 2026—all close to the long-term average growth rate of around 3%. That, in turn, masks some of the likely greater buoyancy in late 2026 when the Q4 YoY rate could recover to 3.3% (Chart 2).

Trade in AI-related goods also played a role in the better-than-expected economic performance in 2025. The WTO estimates this category to surge by 20% YoY in 2025. The goods concerned include semiconductors, servers, and telecommunications equipment and span the entire digital value chain from raw silicon to devices.[4] Sustained demand for such goods could provide some upside potential to both growth in trade and in GDP in 2026, barring any disorderly correction in the related stock markets.

The risk of correction in the stock markets is very much linked to the tech sector and to AI in particular. Markets that are excessively reliant on not-yet realized profits and productivity gains are vulnerable to de-rating which could trigger a broader correction. Further market vulnerability is apparent in the very high levels of debt carried by sovereigns, corporates, and households. While prime lending remains healthy, a number of sub-prime lenders have filed for bankruptcy in the US, and auto-loan delinquency has reached a historic high.

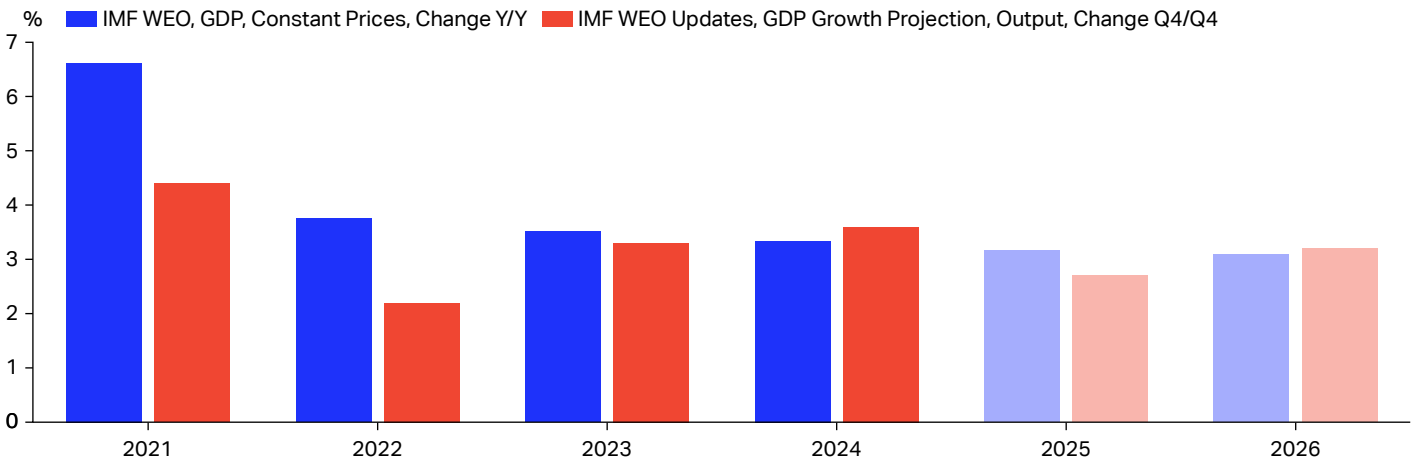
A weaker US dollar and the record-high price of gold also point to investors searching for safer havens. The space for monetary policy easing in the US and elsewhere is limited in this context, highlighting the tension between loose fiscal policies and still rather restrictive monetary policy globally. While these factors do not point to an imminent risk of a financial crisis, their combined effect in 2026 is still to be reckoned with because the margin for error is thinner than in recent years.

AI and productivity

The impact of AI on the global economy in 2025 can be summed up as follows:

- Supported merchandise trade in the face of increased protectionism.
- Generated some USD 200-400 billion in global investments in 2025 (chips, computing power, data centers, etc.), and investments could reach USD 500 billion in 2026.
- Added little so far in terms of productivity gains.
- Caused a massive increase in demand for electricity.

Chart 2: Global GDP growth, % YoY and Q4 to Q4 % YoY



Source: IATA Sustainability and Economics, IMF World Economic Outlook, Macrobond.

4 WTO, International Trade Statistics, 7 October 2025.