

The Future of Global Trade is Being Regionalised, Restructured, and Rerouted, DMCC Report Finds

- Accelerated regionalisation to define trade, with the emergence of new rival trade blocs and corridors as deglobalisation takes hold
- 'Friendshoring' – the movement of operations to allies – will strengthen inter-regional trading hubs in Asia and North America
- Supply chain restructuring accelerated by rise of global security, protectionism and climate concerns
- AI is driving a paradigm shift as real-world adoption scales rapidly to seek out operational efficiencies and predictive analytics
- Future of Trade survey of 150 business leaders found AI as the most transformative technology for global trade
- UAE emerges in top 10 trade hubs for environmentally sound technologies amid growing importance of sustainability trade
- Report offers recommendations to businesses and governments to drive trade resilience and growth despite uncertainty on headwinds
- Full report can be accessed and downloaded here: www.futureoftrade.com

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Global trade growth and resilience will be maintained in 2024 as an accelerated shift to regionalisation drives deeper bilateral and multilateral partnerships. This will be underpinned by deep supply chain restructuring, modest and uneven goods trade growth, a surge in digital services trade and widespread AI adoption – finds DMCC's latest [Future of Trade 2024](#) report titled "Decoupled and Reconfigured".

Global trade is set to recover from 2023's minor contraction to grow 2.6% in 2024. Services trade will be a core driver of trade growth, in particular digitally delivered services which are outpacing goods and other services trade growth, while the widespread adoption of AI is primed to enhance supply-side efficiencies and trade finance. However, the trade outlook will face multiple headwinds stemming from geopolitical and macroeconomic risks, such as economic slowdowns in China and Europe, persistent inflation and higher-for-longer interest rates, and continued commodity price volatility.

Dr. Hamad Buamim, Chairman of the Board, DMCC, said: "The world is braced for a series of transformative changes as regional trade ties deepen and novel technologies unlock efficiencies on a level we have never seen before. DMCC's Future of Trade research sees the strong trends that emerged from the Covid pandemic – such as the widespread adoption of digital services and a shift away from globalisation – accelerate and take hold for years to come. As global trade decouples, regions such as Asia and the Middle East will play an outsized role as new alliances form and supply chains de-risk away from the once common globalisation model. The implications of these shifts are profound, as trade policies and conflicts redraw economic maps in real-time."

Feryal Ahmadi, Chief Operating Officer, DMCC, said: "The world order is causing supply shortages, rerouting cargo, and adding costs to consumers. Services trade is where we expect a major surge given the new wave of digital services flowing across the world. The opportunities of AI on global trade are tangible today, both in supply chains and trade finance, and the dawn of new advanced forms will only strengthen its impact."

She added: "Businesses and economies are prioritising resilience in the years ahead given the pressures they face today. This is also creating new regional blocs and trade corridors that are heavily indexing on technological prowess given the importance of semiconductors and AI development to businesses around the world. Trade hubs that get this piece right will find themselves at the nexus of global trade



flows for the coming decades. Within this landscape, we will see the UAE and hubs like Dubai play an increasingly critical role, not least in the sustainable technologies space as the world races to decarbonise and the Middle East leverages its competitive edge in the energy transition and its role as a global trade facilitator.”

Regionalisation will be driven by new alliances forged from the pressures of geopolitics, climate and technology. This new era of multilateralism will see the emergence of new trade blocs and corridors. It is a marked departure from the drive to globalisation of the last two decades as corporations prioritise resilience over cost savings and efficiencies.

This trend will be heavily influenced by political events, particularly the US election, which could trigger a new wave of protectionist tariffs. Over the next few years, there will be an increase in friendshoring – the movement of operations to allies, aided by regional multilateral agreements - which will strengthen inter-regional trading hubs in Asia and North America. Fast-growing emerging markets that are pursuing non-aligned strategies will benefit from increased trade in the multipolar landscape.

Supply chain restructuring will accelerate as companies look to de-risk their logistics networks against a global rise in conflicts, economic nationalism and protectionism. This may entail longer shipping routes and elevated costs but prioritises resilience. Emerging markets like Mexico, Vietnam and India are positioning themselves as alternative sources of production to China, in particular for manufacturing goods, as companies shift supply chain segments to their markets. Meanwhile, in the Middle East countries like the UAE are capitalising on their relative political neutrality, advanced trade infrastructure through hubs like Dubai, and geographical position between East and West and North and South to carve out an increasingly prominent role as a trade facilitator in this reconfigured trade landscape.

Climate change is accelerating this trend. Driven by policy, shifting consumer consciousness and extreme weather events impacting trade and production costs, governments and companies are increasingly embracing net-zero commitments. Trade is emerging as a key enabler in the pursuit of renewable energy sources and sustainable technologies. Carbon-pricing regimes are evolving across different jurisdictions and will force companies to internalise the carbon cost of production, which will create new trade opportunities for more sustainable suppliers and drive forward a greener trade landscape. Meanwhile, the acquisition and diffusion of environmentally sound technologies (ESTs) is growing as more countries strive to decarbonise their industries. The UAE has emerged in the top 10 importers of ESTs in the world by value, alongside other major hubs such as the United States, China, the Netherlands, Hong Kong, and Singapore,

showcasing its rising strategic and regional importance as a global trade hub in the sustainability transition.

AI is set to revolutionise trade. This will herald a paradigm shift in the operating environment, as businesses use AI to optimise supply chains, enhance efficiency and reduce costs through predictive analytics. AI will bring data-driven market insights to capture new business opportunities, and AI-powered trade finance solutions will streamline transactions. The Future of Trade survey of more than 150 trade leaders and policymakers found that AI is the technology with the most transformative effect on trade.

Beyond AI, **semiconductors** are poised to be the frontline in the drive for technological supremacy. Beyond their indispensable role in electronics, semiconductors are also integral to the green transition as they are essential components in solar panel cells and electric vehicles. The emerging ‘chip war’ between China and the US will escalate trade tensions and drive further regionalisation as both powers ramp up production and shield their industries.

DMCC's [Future of Trade](#) 2024 report puts forward a series of key recommendations to businesses and governments to accelerate growth and counter any headwinds:



Policy recommendations for businesses:

- **Reconfigure supply chains against geopolitical shifts.** Diversification of suppliers and investing in alternative and additional sourcing strategies can also help mitigate supply chain disruptions.
- **Invest in digital transformation and innovation.** Companies that invest in understanding and implementing AI stand to benefit from its revolutionary impact. Those that do not run the risk of losing out to competition.
- **Prioritise sustainability at the board level.** Businesses should elevate sustainability to the top of the board agenda and integrate ESG frameworks into strategic decision-making to ensure alignment with overall national objectives.
- **Mitigate climate-related supply chain risks.** Businesses should assess climate risks related to key supply chain nodes and operations and implement risk mitigation strategies such as securing property and casualty insurance coverage.
- **Engage with non-traditional finance sources.** Businesses, particularly SMEs, should explore non-traditional financing. This includes venture capital, private equity, crowdfunding, and impact investing. Larger businesses can collaborate with development banks on blended finance initiatives and benefit from de-risked lending and access to new markets.

Policy recommendations for governments:

- **Build new trade relationships.** Encouraging exports to regions with strong growth potential can help build new consumer bases, mitigate the impact of slow global trade growth and enhance resilience against economic fluctuations.
- **Invest in digital infrastructure and innovation.** Supporting the development of AI technologies and digital trade platforms can unlock new opportunities for economic growth and competitiveness.
- **Foster AI adoption and regulation.** By fostering innovation and addressing concerns related to privacy, bias and accountability, governments can unlock the transformative potential of AI. This can be achieved through investing in AI research and development, supporting AI education and workforce training programmes and establishing regulatory frameworks to ensure ethical AI deployment.
- **Invest in sustainable infrastructure and technology.** Governments should prioritise renewable energy projects, upgrade transportation networks and support research and development of sustainable technologies.
- **Prioritise all policy and non-policy measures to address the trade finance gap.** Governments should prioritise collaborating with international financial institutions and multilateral development banks to increase the availability of trade finance instruments and implement regulatory reforms to reduce barriers to trade finance.

Report launch

Ahmed Bin Sulayem, DMCC's Executive Chairman and CEO, unveiled the report on Tuesday at the Royal Society of Arts in London, United Kingdom. During the launch event, DMCC's representatives shared their views on the report alongside a panel of international industry leaders and economists from Hitachi ZeroCarbon, the Industrial and Commercial Bank of China (ICBC) and the European Center for International Political Economy (ECIPE).

The Future of Trade is the flagship thought leadership report series from DMCC on the changing nature of global trade. The report examines the impact of global economic trends, geopolitics, technology, sustainability and finance on the future of the trade landscape. The report series has been viewed and downloaded over 1.9 million times, underscoring DMCC's growing recognition as a leading voice on international trade.

The report is a synthesis of expert opinions and detailed research on the outlook for international trade. DMCC convened nine global roundtables to seek insights from over 150 industry experts, interviewed trade specialists, analysed survey data and developed its commodity indices.

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About DMCC

Headquartered in Dubai, DMCC is the world's most interconnected Free Zone, and the leading trade and enterprise hub for commodities. Whether developing vibrant neighbourhoods with world-class property like Jumeirah Lakes Towers and the much-anticipated Uptown Dubai, or delivering high performance business services, DMCC provides everything its dynamic community needs to live, work and thrive. Made for Trade, DMCC is proud to sustain and grow Dubai's position as the place to be for global trade today and long into the future.

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