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TRANSPORT & LOGISTICS TRADE

Global trade in 2026: significant slowdown amid large shifts

Expect another year of volatility in global trade. Geopolitics continues to prevail over efficiency, and protectionism remains firmly in place. US tariffs will have lasting effects, but the world moves on. The outlook is less bleak than a year ago thanks to trade s resilience, but the impact of the emerging global order will be felt in 2026

Cargo ships dock at a container terminal in Lianyungang Port, China

Global trade has proved resilient, but will take a hit in 2026

2025 will go down in history as the year everything changed in global trade.

When US President Donald Trump announced a sweeping set of tariffs in April using the International Emergency Economic Powers Act (IEEPA), global trade was jolted into sudden adjustment. Expected price increases sparked a widespread wave of frontloading, especially in the US, even bringing forward the container shipping peak season as importers rushed to secure goods for the second half of the year.

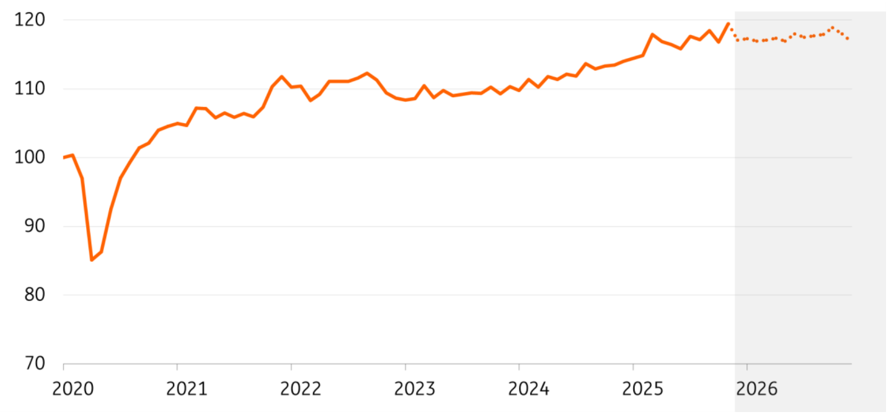
Despite these disruptions, global trade proved more resilient than anticipated. The US, the world's largest economy, represents roughly 14% of global imports, and many affected Chinese exporters successfully diverted shipments to new markets.

Overall, we forecast global trade volume to end FY2025 at 4.2% year-over-year growth, surpassing expectations. Most of this growth stems from strong numbers in the first and second quarters, and can largely be attributed to frontloading effects. In the third and fourth quarters, trade growth slowed substantially, due to correction effects, and we expect a further flattening.

For FY2026, we therefore believe that, because frontloading effects will disappear, global trade growth will remain limited to just 0.5-1%.

Global trade is not diminishing, but slowing and changing

Index volume (2020 = 100)



Source: CPB trade monitor, ING Research

Tumultuous start of 2026 sets the tone for lasting volatility and lower growth

The start of 2026 underscored that volatility is here to stay. The US president escalated his efforts to take control of Greenland and threatened European countries with additional tariffs. The same applies to Canada, which is seeking to deepen trade relations with overseas partners, including China.

These episodes illustrate a broader pattern: the US could continue to view tariff measures as a tool of strategic policy. And more events lie ahead, such as the trade deal with China expiring in October 2026. The crackdown on free trade means momentum is expected to weaken further in 2026. Higher barriers will continue to force trade adjustments and dampen global trade growth, despite some bright spots such as intra-Asia trade.

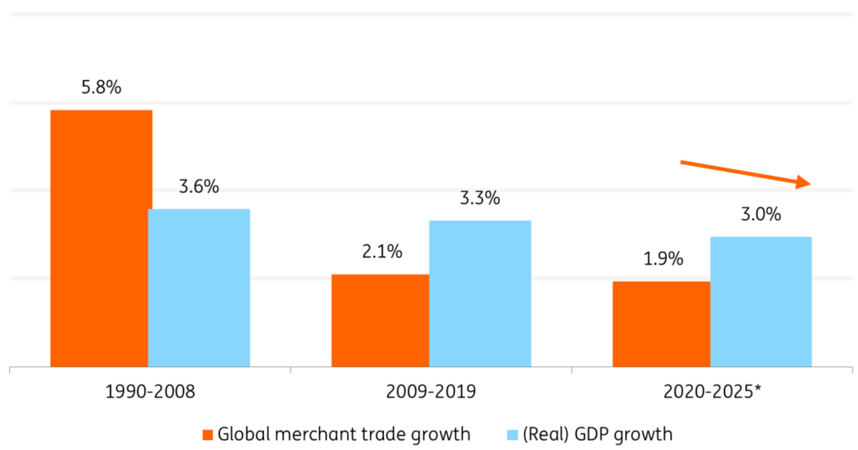
Trade adapts, but future growth will be more tempered

Global imbalances seem to have reached their limits. Specialisation and globalisation have created significant economic benefits – especially in the 1990s – but they have also created dependencies that are now being scrutinised. And this comes at a cost. Global merchant trade growth has lagged GDP growth for several years, and rising protectionism is further weighing on its potential.

As geopolitical tensions intensify and efficiency is a subordinated priority, trade has entered a new period of slower growth and greater fragmentation.

The days of strong supply chain globalisation are over

Global merchant trade volume and global GDP %, per period



Source: WTO, IMF, ING Research

Significant regional differences beneath the surface

While global trade exceeded expectations, regional dynamics reveal significant divergences. Asia remains the growth engine of global trade and is likely to continue outpacing the world. In contrast, eurozone external trade has barely expanded in recent quarters. Elevated energy costs in Europe continue to weigh on industrial exports, particularly to China and the US.

Germany – the largest economy in the eurozone – experienced substantial shifts in trade flows in 2025. Chinese exporters increasingly stepped in as a major competitor in typical German strongholds such as cars, pharma and industrial components. As a result, German exports outside the EU slowed across the board, with the most pronounced weakness in shipments to China. Nonetheless, due to the higher import volumes, China surpassed the US as Germany's largest trading partner in 2025.

US policies mark a paradigm shift and the start of a new era

The current US tariff framework has triggered a global recalibration and the start of a new era. The administration has pledged to reduce the budget deficit and redistribute part of tariff revenues to households, and it is likely to maintain this approach. Although a Supreme Court ruling may strip Trump of his tariff-setting authority under the IEEPA, he can still invoke other legal tools embedded in various statutes.

In addition to renewed discussions about the expiring US-China trade deal, the key trade agreement between the US, Mexico and Canada (USMCA) enters a review period this year. Official statements have already hinted at the possibility of the deal lapsing altogether – or being replaced with separate bilateral agreements.

Besides US politics, global uncertainty continues to stem from multiple conflicts. The situation in Ukraine and the Middle East, alongside broader concerns about geopolitical stability, peace and democracy, weighs heavily on confidence. As a result, households and businesses remain cautious, holding back spending and investment.

Efforts to reduce dependency on China, but the US and Europe cannot easily shift away

Despite declining exports to the US, China's trade surplus reached a record $1.2 trillion in 2025. China continues to advance its export-driven economic model and has successfully expanded shipments to other regions, including Europe, Latin America and especially other Asian economies. Many of these Asian countries are increasingly acting as re-export hubs and extended manufacturing bases, with Vietnam being a prime example.

China has effectively preserved its role as the world's factory. At the same time, countries such as Vietnam, South Korea, and others are expanding their manufacturing capacity as companies implement 'China plus one (or two)' strategies. These countries are taking on a larger role in the assembly and re-export of Chinese parts as well. This is one of the key drivers behind the rapid expansion of intra-Asia trade.

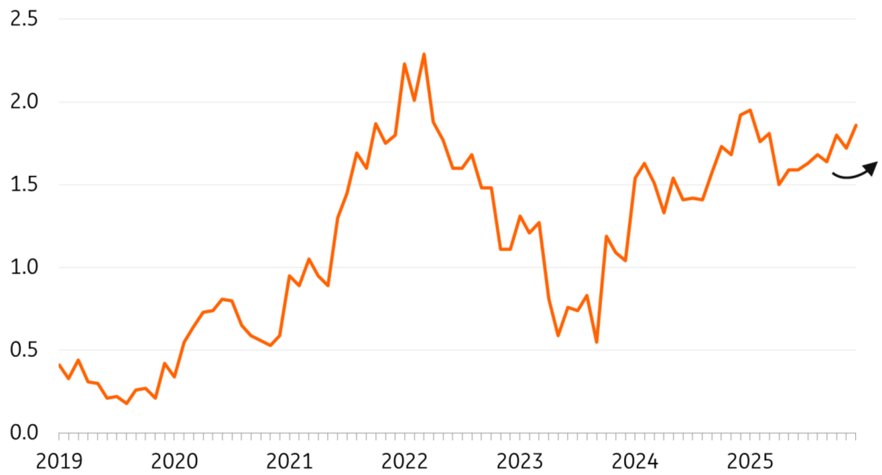
In 2026, we will likely see more pronounced policy efforts in both the US and Europe aimed at reducing dependency on China. In the EU, the Critical Raw Materials Act and potential 'Made in Europe' requirements are notable initiatives. However, reducing reliance is easier said than done. China's production base is often simply too large to substitute for local resources and supplies in the short term. Moreover, shifting production comes with a substantial cost. At the same time, further pushing export growth to Europe against lower prices is expected to see more (political) backlash. In practice, most relocations are occurring within Asia – a pattern of regionalisation – rather than being reshored to Europe or other high-cost regions.

On the European side, the new Mercosur deal could offer some upside potential for trade flows with countries like Brazil and Argentina when provisionally imposed. However, most of that impact will probably materialise later than 2026 as tariffs will be phased out gradually. For now, the symbolic value of strategic independence and the signalling effect outweigh trade benefits.

But the ongoing discussion and concern within the European Parliament are also a signal that we're living in different times. At the same time, the urgency to diversify and bolster other relations is there. The adoption of further agreements – such as the recently concluded EU-India deal – offers new long-term opportunities and could help to diversify supply channels. In the meantime, boosting trade within the internal market may offer the largest opportunities, though this will require reducing regulatory barriers and administrative red tape.

Supply chains still strained and a logistical challenge

Supply chain stress index (delayed arrival, waiting and delayed handling at ports) in mn. container TEU



Source: Worldbank, ING Research, last datapoint: December

Supply chain partners brace for another year of volatility: what to watch out for?

New regulations and protectionist policies are increasingly pushing companies to restructure their supply chains. This rearrangement continues in 2026, while shippers mention increasing buffers alongside diversification of sourcing as key measures to manage risks.

Resilience is the keyword in trade and supply chains nowadays. In container shipping, arrival reliability hovered just above 60% in the final months of 2025, but we are not likely to see historical figures of 75-80% anytime soon.

Supply chains remain under strain. After the pandemic shocks, (looming) shortages of components and raw materials, sanction shifts and sea blockades, trade tensions are keeping supply chains under strain. And this won't change in the current reality of limited predictability. There's a reasonable chance that traffic through the Red Sea will be resumed more broadly, which would likely trigger waves of port congestion and push freight rates lower. However, tensions in the Middle East are far from resolved, making this scenario uncertain.

Similarly, the outlook for the war in Ukraine remains unpredictable. Should the conflict ease, freight demand could gain some traction. More broadly, the upcoming renegotiation of the US trade deal with China, as well as a sense of temporality of other deals, represents a major source of uncertainty. In 2026, delivery on previous trade commitments could spark new discussions. The increasing politicisation of trade means volatility will persist. Supply chain management has always been largely driven by cost (and cash flow) efficiency. But reliability in production and delivery to clients is now valued more than before.

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