

# Chart of the Day

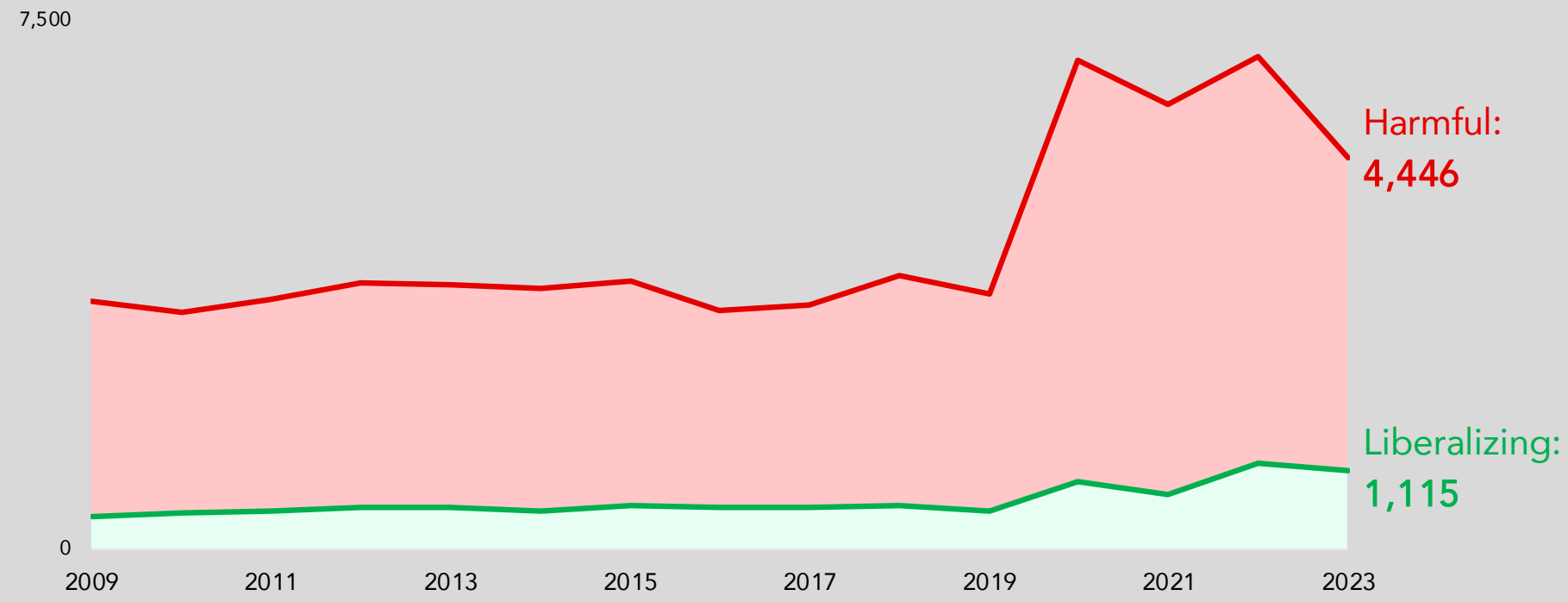
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Following “The Great Moderation” of 1980 – 2020 (declining inflation and rates, rising global trade), a period characterized in part by explosive EM growth, the global economy has begun a transition from being more demand-constrained to more supply-constrained. As obstacles to global trade have risen, so too has global trade growth declined.

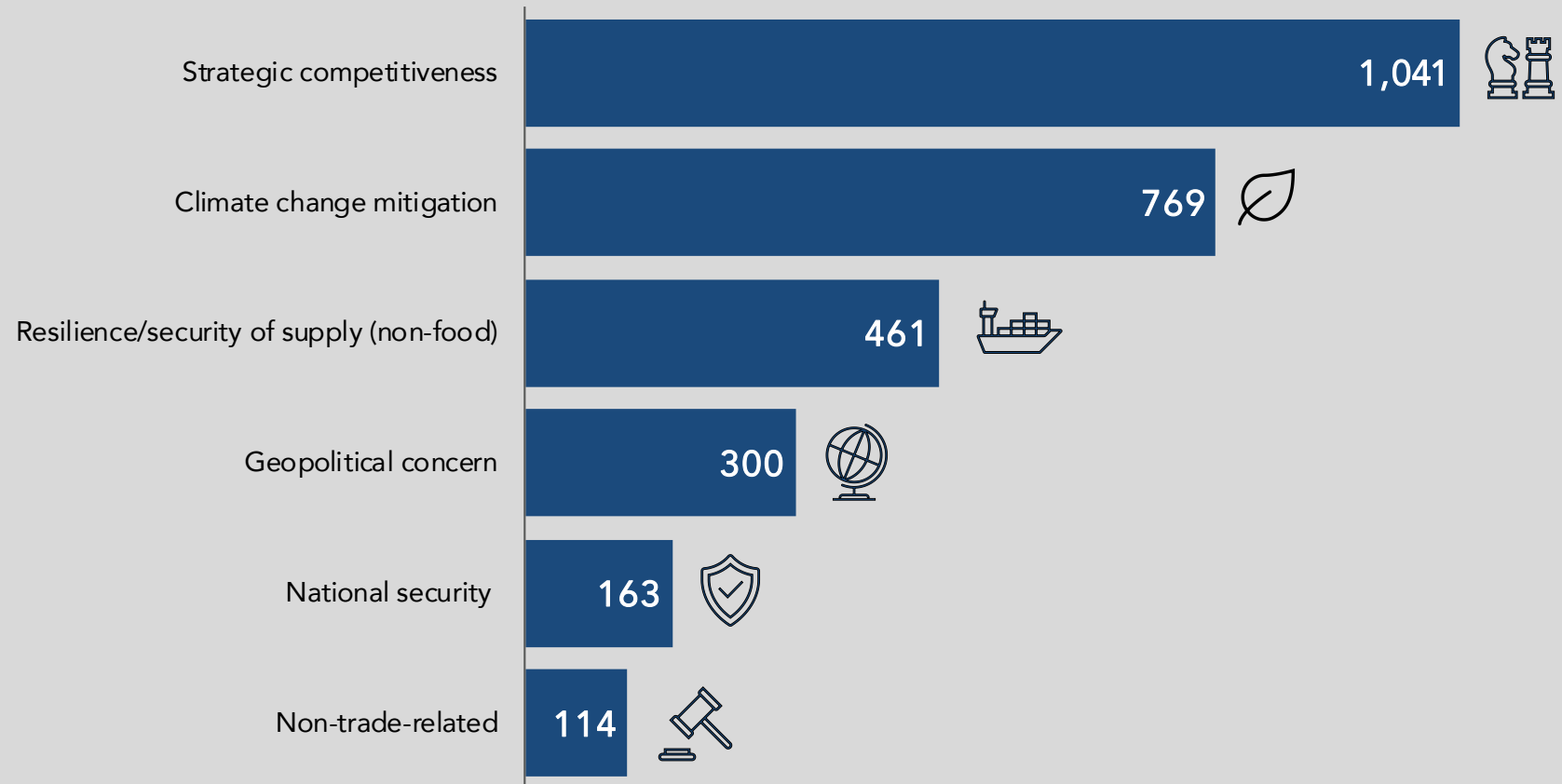
According to Global Trade Alert, the number of new interventions in global trade has risen sharply since the US initiated tariff escalations in 2018. The rise in “harmful” interventions include subsidies, contingent trade-protective measures, export-related measures, tariffs, quotas and non-automatic licensing. Industry sectors most adversely impacted include iron, steel, organic chemicals, and automobiles.

### # of new policy interventions implemented by year



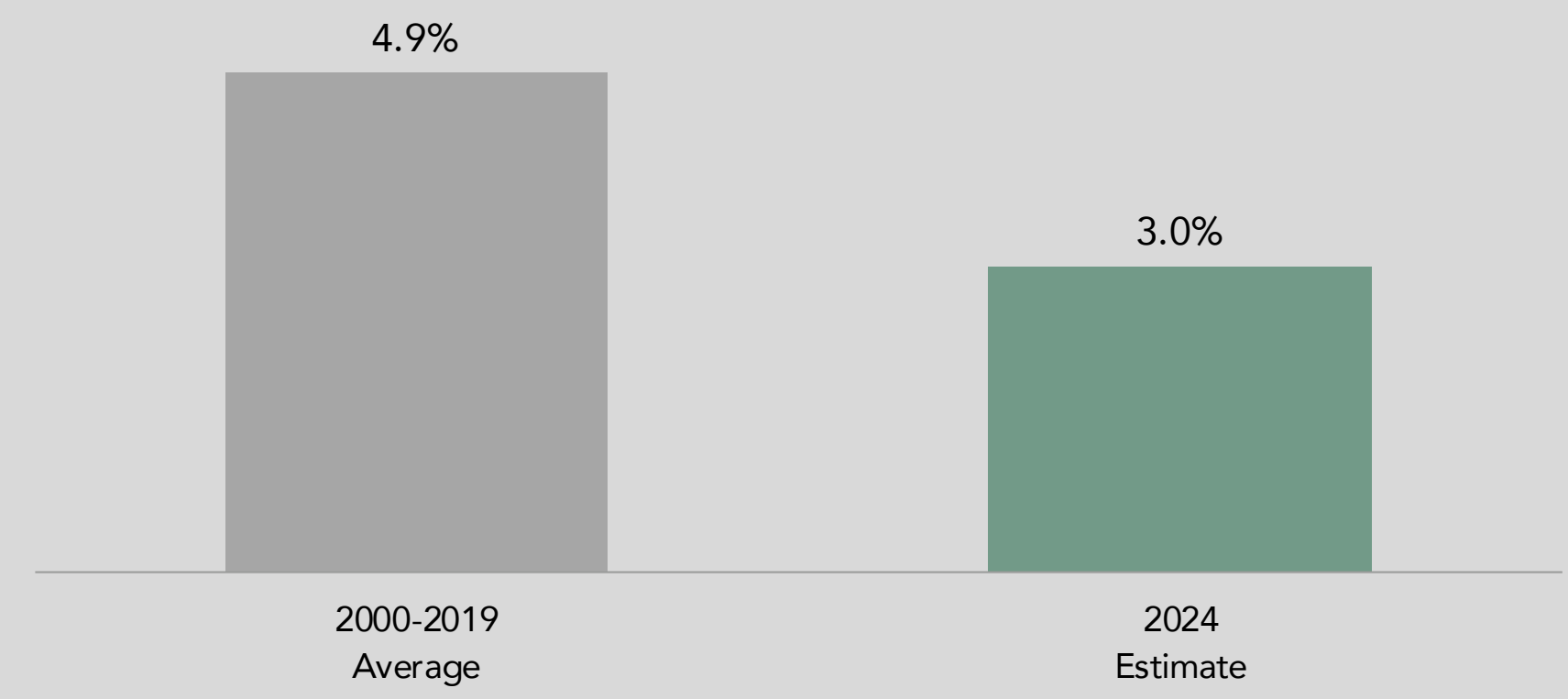
Strategic competitiveness is the most cited motive for countries when considering policy intervention in response to rising geopolitical and supply chain risk.

### Stated motives for policy intervention



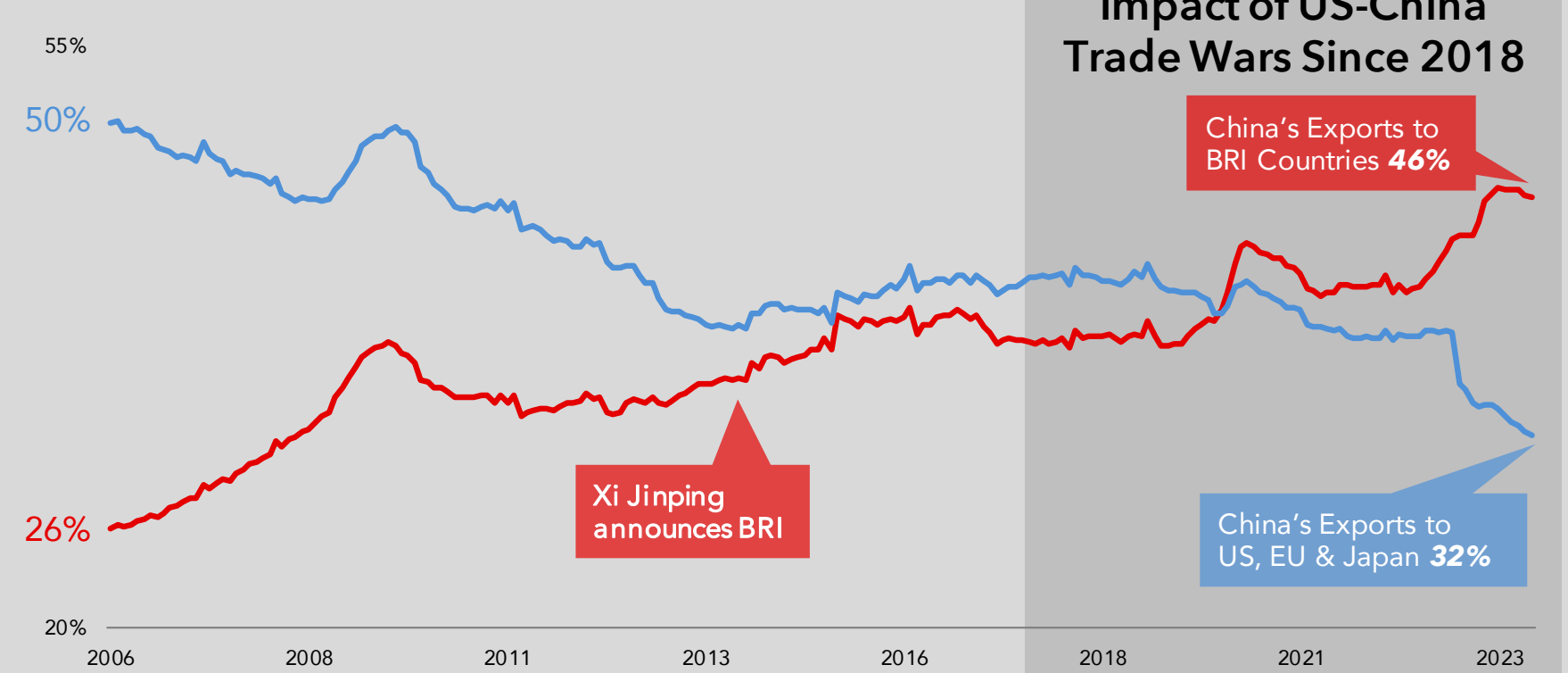
The OECD, IMF and World Bank are expecting global trade growth to more than double from the depressed levels of 2023 that were driven by higher prices, rising interest rates and sluggish demand. Notably, however, the 3% trade growth projected for 2024 is still well below the pre-COVID 20 year annual average of nearly 5%.

### Global trade growth



Since announcing the Belt & Road Initiative (BRI) in 2013 and the US-China trade wars which began in 2018, China has accelerated its efforts to reconstruct its global trade footprint in a manner that is more focused on developing (EM) economies, and less dependent on the United States and the Western-dominated post WWII trading architecture (i.e., WTO). Today, Beijing has negotiated bilateral and regional “free trade agreements” (FTAs) with nearly 30 countries accounting for nearly 40% of its \$3.4 trillion in exports in 2023 (world’s largest exporter).

### % of total China exports



Source: (1-3) IMF, “World Economic Outlook” (April 2024). Global Trade Alert. Data accessed on May 6, 2024. Total number of implemented interventions since 2009. (4) Bloomberg. Data through YE 2023. China trade in USD terms. Customs General Administration PRC. Financial Times “China’s Plan to Reshape World Trade on Its Own Terms” (Feb 25, 2024).

## Global Corporate & Investment Banking Capital Markets Strategy Team



**Tom Joyce**  
Managing Director  
Tom.Joyce@mufgsecurities.com  
(212) 405-7472



**Hailey Orr**  
Managing Director  
Hailey.Orr@mufgsecurities.com  
(212) 405-7429



**Stephanie Kendal**  
Vice President  
Stephanie.Kendal@mufgsecurities.com  
(212) 405-7443



**Angela Sun**  
Analyst  
Angela.Sun@mufgsecurities.com  
(212) 405 - 6952

“Macro stability isn’t everything, but without it, you have nothing.”