

Darkened trade outlook

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In news- World Trade Organization(WTO) has recently warned that the 'darkened' trade outlook could deteriorate further.

Key updates-

- The **WTO forecast a slowdown of global trade growth in 2023 as sharply higher energy and food prices and rising interest rates** curb import demand, and **warned of a possible contraction if the war in Ukraine worsens.**
- It has said that **merchandise trade would increase by 3.5%** in 2022, up from its April estimate of 3.0%.
- **However, for 2023, it sees trade growth of just 1.0%,** compared with a previous forecast of 3.4%.
- The WTO said there was high uncertainty over its forecasts. It provided a band of trade growth expansion of 2.0% to 4.9% for 2022 and of -2.8% to 4.6% for 2023.
- Weather events hitting food-producing regions or damaging energy export infrastructure could further hit trade growth, along with weakness in China, where COVID-19 outbreaks have disrupted production.
- The **WTO's forecast does not cover services**, but the WTO said tourist arrivals were likely to fall after tripling in the first seven months of 2022.
- Lower shipping rates, it said, might have been greeted before as a sign of supply chains improvements, but was probably more the result of cooling demand.