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# Shifting Trade Patterns

Growth in global trade continues to exceed growth in GDP, and patterns of trade are shifting. For example, 'South-South' trade is now greater than 'North-South' trade. However, there is uncertainty over whether the growth in trade will continue – and if it does start to slow, when that might occur.

Several factors could potentially slow current growth rates. High commodity and transport costs could prompt further onshoring, for example, as seen in the US recently. The global regulatory system is also weak and uncertain; with the Doha trade negotiations still on hold, regional and bilateral trade agreements have increased over the past decade. [1] Resource scarcity may also lead to protectionist behaviour, as it did during the 2008 and 2011 food price spikes.

Footnotes:

1. FAO (2012). Regional Trade Agreements and Food Security in Asia Report.

## Implications

- Competition for shrinking resources may lead to a wide spectrum of trade responses by 2030, ranging from extreme protectionism to enhanced regional and global co-operation. [1] Future resource scarcity, high and volatile commodity costs, and the on-going crisis of global governance all threaten open global trade, and the vital exchange of resources and ideas. This could make it difficult to achieve global sustainability goals.
- The failure of global trade talks has led to more regional and bilateral trade agreements, which may place poor or developing countries at a disadvantage and increase the influence of large multinational corporations.
- In light of greater public scrutiny of operations and supply chains, as well as geopolitical instability, there may well be increasing pressure to build greater resiliency and transparency across supply chains.

Footnotes:

1. [Financial Stability Board. Global Systemically Important Insurers and the Policies Measures That Will Apply to Them.](#)

## Current trajectory

- As of 2014, South-South trade exceeds North-South trade, according to the World Economic Forum. [1]
- From 1970 to 2010 the amount of money flowing across borders grew at more than three times the rate of global GDP. International trade and foreign investment more than tripled; trade in natural resources grew six-fold; and internationally traded financial assets such as bank loans, bonds and portfolio equity soared by a factor of 12. [2]
- The number of certified goods is increasing every year according to Fair Trade USA. Customer demand for supply chain transparency is driving the proliferation of certification standards for commodities; three-quarters of the consumers who participated in one recent survey said Fair Trade

made them feel “very positive” or “positive.” [3]

- In recent years several countries have introduced protectionist measures to tackle resource scarcity – for instance, when a drought hit Russia’s wheat crop in 2010 the country officially banned wheat exports. This ban may have been partly responsible for triggering social unrest in Egypt, and, ultimately, a revolution. More than 500,000 tonnes of Russian wheat were not exported that year, resulting in global price spikes that damaged Egypt's state bread subsidy programme. [4]
- An increasing lack of confidence in the Doha round has led to the proliferation of regional and bilateral trade agreements in the past decade: [5] the number of regional trade agreements in the world has increased from 100 in 1994 to close to 400 in 2014. [6]

Footnotes:

1. [World Economic Forum \(2014\). The Global Enabling Trade Report. pg 27.](#)
2. The World Bank, World Development Indicators (Washington, DC: World Bank, 2011); The World Bank, Global Economic Prospects (Washington, DC: World Bank, 2010); The World Bank, Multipolarity: The New Global Economy (World Bank, 2011).
3. [Consumer Reports \(2014, June\). Consumer Reports Survey: Majority Of Americans Look For 'Natural' Label When Shopping, Believe It Carries Benefits Despite The Contrary.](#)
4. Reuters (2014). Russia's grain exports stop: farm lobby
5. FAO (2012). Regional Trade Agreements and Food Security in Asia.
6. [World Trade Organization Secretariat \(2014\). Regional Trade Agreements: Facts and Figures.](#)