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Worldwide Conflicts Stall Worldwide Trade
By Ece Sahin, LL.M. Candidate 2020 | October 9, 2019

Lately, the World Trade Organization has been unable to make accurate forecasts due to political fluctuations across the globe. On October 1st, the WTO declared that worldwide trade in merchandise fell short of the anticipated rate in April 2019 by almost half. Economists tend to compare the current 1.2 percent growth rate with that of 2009's Great Recession, as the growth rate is the lowest since then.

The intensified trade war between the world's largest two economies, the US and China, profoundly threatens international trade. Nevertheless, most economists say they do not expect a global recession in the short-term.

Trade conflicts discourage employers and investors from growth and innovation. Consequently, investors are shifting money to treasury bonds and other less-risky investments with smaller returns. Further, investors prefer the dollar over other forms of currency because of its stability. This renders American goods more expensive as compared to goods manufactured in other countries. People blame President Trump for not lowering the interest rates, and Trump, in turn, blames the Federal Reserve.

Across the Pacific, European countries are concerned about a no-deal on Brexit, which could crush the EU economy. The current Brexit deadline is October 31st, and the pending deal still lacks any specified governing rules for commerce. In the meantime, countries firmly in the Eurozone, such as Germany, Spain, and Italy, are producing and exporting less.

The weakening of global trade—and the ensuing uncertainty—has influenced the socio-economic posture of various countries. Nonetheless, consumers of large economies keep demanding goods, and countries in the Global South present new routes for exports. Indeed, the certain trade tensions among the usual players may present opportunities for economic advancement among the countries of the Global South.