

DETAILED SUMMARY OF WORLD TRADE REPORT 2025

Making Trade and AI Work Together to the Benefit of All

The **World Trade Report 2025**, published by the **World Trade Organization (WTO)**, examines how **Artificial Intelligence (AI)** and **international trade** are becoming increasingly interconnected. The report argues that AI has the potential to significantly increase global trade, productivity, and economic growth while making trade more inclusive. However, these benefits are not automatic. Without appropriate domestic policies, international cooperation, and investment in digital infrastructure and human capital, AI could widen existing inequalities between developed and developing countries.

Background and Purpose of the Report

Artificial Intelligence is emerging as one of the most transformative technologies since the internet and electricity. AI is changing how products are designed, manufactured, traded, marketed, and delivered. Simultaneously, the world is witnessing growing uncertainty in trade policies, geopolitical tensions, and increasing fragmentation of global supply chains.

Against this backdrop, the WTO explores one central question:

Can AI become a catalyst for inclusive trade-led growth, or will it deepen existing economic and technological inequalities?

The report builds upon:

- **World Trade Report 2024** on inclusive trade.
- **Trading with Intelligence (2024)**, WTO's first report dedicated to AI and trade.
- A **joint WTO–International Chamber of Commerce (ICC) business survey** conducted in 2025.
- The newly developed **AI Trade Policy Openness Index (AI-TPOI)**, measuring countries' trade policies affecting AI development and diffusion.

AI as a Driver of Global Trade

One of the report's strongest conclusions is that AI could dramatically expand international trade.

According to WTO simulations:

- **Global trade could increase by 34–37% by 2040.**
- **Trade in digitally deliverable services could grow by 42%.**
- **Global GDP could rise by 12–13%.**
- Earlier estimates suggest AI may increase overall goods and services trade by nearly **40% by 2040.**

These gains result from:

- Lower trade costs.
- Automation of routine processes.
- Higher productivity.
- Rapid expansion of AI-related services.
- Increased efficiency across global value chains.

How AI Improves International Trade

The report identifies several ways AI is already improving trade.

1. Lower Trade Costs

AI reduces operational costs through:

- Automated customs clearance.
- Intelligent logistics.
- Supply-chain optimization.
- Real-time shipment tracking.
- Better demand forecasting.
- Reduced paperwork.
- Improved contract management.

These efficiencies make exporting easier, particularly for smaller businesses.

2. Helping MSMEs Participate in Global Trade

Micro, Small and Medium Enterprises (MSMEs) often struggle with complex international regulations.

AI assists by:

- Translating languages.
- Providing market intelligence.
- Identifying buyers.
- Managing compliance.
- Predicting market demand.
- Reducing legal complexities.

According to the WTO–ICC survey:

- Nearly **90% of firms using AI** reported tangible trade benefits.
- **56%** said AI improved trade-risk management.

3. Productivity Growth

AI increases productivity across many sectors.

Examples include:

- Customer service automation.
- Software development.
- Business consulting.
- Data analytics.
- Administrative work.

Research cited in the report estimates AI may increase annual total factor productivity growth by around **0.68 percentage points**, improving economic efficiency.

AI and Inclusive Economic Growth

The WTO emphasizes that AI can support **inclusive growth**, meaning economic growth that benefits all sections of society rather than a few advanced economies or firms.

Trade plays a crucial role by enabling countries to access:

- AI technologies.
- Semiconductors.
- Cloud computing.
- Training data.
- High-performance computing.
- Digital services.

Without international trade, many countries would struggle to develop AI capabilities.

AI Value Chains Create New Opportunities

Countries can participate in AI value chains in different ways depending on their capabilities.

Examples include:

Resource-rich countries

- Critical minerals
- Rare earth materials
- Energy supply

Technology-oriented countries

- Cloud services
- Data centres
- AI model development

Developing countries

- Data annotation
- Data labeling
- Data moderation
- AI training datasets

These activities provide entry points into the AI economy, although the report stresses the importance of fair wages and labour protections.

AI-Enabled Services

AI is creating entirely new categories of tradable digital services, including:

- Telemedicine
- AI-powered content creation
- Remote diagnostics

- Financial inclusion applications
- Data analytics
- Translation services

Because these services can be delivered digitally, countries with limited physical infrastructure can still compete globally if they have adequate digital connectivity.

Trade Accelerates AI Innovation

Trade encourages the global spread of AI knowledge.

The report finds that:

- A **10% increase** in trade in digitally deliverable services is associated with a **2.6% increase** in cross-border AI patent citations, indicating greater international innovation spillovers.

Risks of the Digital Divide

Despite AI's promise, the report warns that unequal access could deepen existing disparities.

Major challenges include:

- Limited digital infrastructure.
- Shortage of skilled workers.
- High computing costs.
- Weak regulatory frameworks.
- Limited access to semiconductors.
- Poor internet connectivity.

These barriers disproportionately affect low-income economies.

Unequal AI Adoption

The report highlights major differences in AI adoption.

According to the WTO–ICC survey:

- Over **60% of large firms** use AI.

- Only **41% of small firms** use AI.
- In low-income and lower-middle-income countries, **fewer than one-third of firms** use AI.

Without targeted support, these gaps may widen.

AI Could Shift Comparative Advantage

Historically, many developing countries competed through low-cost labour.

AI changes this dynamic because it favors:

- Capital-intensive production.
- Data-intensive industries.
- Advanced digital infrastructure.

As AI substitutes some labour-intensive tasks, countries dependent on low-skilled manufacturing or services may lose competitiveness unless they upgrade their digital capabilities.

Labour Market Impacts

AI will transform employment rather than simply eliminate jobs.

Potential impacts include:

Jobs at risk

- Translation
- Transcription
- Customer support
- Routine administrative work

Jobs likely to expand

- AI supervision
- Data science
- Digital services

- AI maintenance
- High-value consulting

The report projects:

- Real wages should rise overall.
- The wage gap between high-skilled and low-skilled workers may narrow slightly as AI substitutes more medium- and high-skilled tasks.

AI Trade Policy Openness Index (AI-TPOI)

A major innovation in the report is the introduction of the **AI Trade Policy Openness Index**, which evaluates countries based on:

- Restrictions on AI-related services.
- Barriers to AI-enabling goods.
- Data-flow restrictions.

Key findings include:

- High-income countries generally have more advanced AI policies.
- Lower-middle-income countries often maintain the most restrictive trade policies.
- Some low-income countries appear more open, but mainly because they lack comprehensive regulations rather than through deliberate liberalization.

Importance of Complementary Domestic Policies

Trade openness alone is insufficient.

The report stresses the need for complementary policies in:

- Intellectual property protection.
- Competition law.
- Education.
- Digital infrastructure.
- Renewable energy.
- Government support.
- Skills development.

Intellectual Property (IP)

AI-related IP policies have expanded rapidly.

- Countries with at least one AI-related IP policy increased from **41 (2017)** to **140 (2024)**.

Competition Policy

Following the emergence of ChatGPT in late 2022:

- **44 new AI-related competition measures** were introduced.
- More than **80%** came from high-income and upper-middle-income economies.

Energy Requirements

AI requires substantial electricity.

The report notes:

- Data centres consume around **1.5% of global electricity**.
- Renewable energy investment is essential for sustainable AI growth.
- High-income economies account for **69%** of renewable energy policies, while low-income economies account for only **1.5%**.

Education and Skills

Many developing countries still lack national AI education strategies.

High-income countries are investing more heavily in:

- AI research.
- Digital skills.
- University programmes.
- Workforce reskilling.

Without similar investments elsewhere, the global skills gap could widen.

Government Support for AI

Government subsidies for AI have grown rapidly.

The report notes:

- AI-related subsidies now exceed **15%** of all global subsidy measures at their peak.
- More than **98%** originate from high-income and upper-middle-income economies.

This concentration risks reinforcing global technological leadership in a few economies.

WTO's Role in the AI Era

The report argues that the WTO remains central to ensuring AI supports inclusive trade.

Existing WTO agreements already facilitate AI through:

- **Information Technology Agreement (ITA).**
- **Technical Barriers to Trade (TBT) Agreement.**
- **General Agreement on Trade in Services (GATS).**
- **TRIPS Agreement** on intellectual property.

The WTO also promotes:

- Transparency.
- Capacity building.
- Regulatory dialogue.
- Digital trade initiatives.
- Women's participation in digital trade.
- Trade-related AI cooperation.

Need for Greater International Cooperation

The report concludes that AI governance remains fragmented.

Future progress requires:

- Greater multilateral cooperation.
- Open digital markets.
- Harmonized AI regulations.
- Better market access.
- Capacity building for developing countries.
- Investment in digital infrastructure.
- International policy coordination.

Final Conclusion

The **World Trade Report 2025** presents AI as a transformative force capable of reshaping international trade, boosting productivity, and creating new economic opportunities. WTO projections indicate that AI could significantly expand global trade and GDP by 2040. However, these benefits will not be evenly distributed unless governments invest in digital infrastructure, education, AI-ready regulations, and inclusive trade policies.

The report emphasizes that trade is essential for the diffusion of AI technologies, enabling countries to access critical inputs, digital services, and knowledge. At the same time, it warns that unequal access to AI, limited digital capabilities, and fragmented regulations could widen global inequalities. The WTO therefore advocates stronger international cooperation, an open and predictable rules-based trading system, and coordinated domestic reforms to ensure AI supports broad-based, inclusive, and sustainable economic growth rather than concentrating benefits among a few advanced economies.

-XXXX-

For queries, please contact:
Vikramshila Risk Advisory Pvt. Ltd.

Email: info@vsrpl.in

Date of post: 26.07.2026

