DMCC

THE FUTURE OF TRADE

2026
REBUILDING THROUGH RUPTURE

SNAPSHOT

The snapshot report is a condensed version of DMCC's Future of Trade 2026 report, drawing on 12 roundtables held across global trade centres from Dubai to Shanghai, and Frankfurt to São Paulo. It builds on expert insights of over 200 business leaders, and a survey of more than 130 businesses and trade practitioners. This snapshot covers the introduction, executive summary and the report's four chapters, including the DMCC Commodity Trade Index 2026 and the DMCC Industry Digitalisation Index 2026.

INTRODUCTION

Ten years ago, DMCC published the first edition of the Future of Trade.

The conclusions then were different but similar in kind: blockchain was going to eliminate the paperwork behind a fifth of the cost of global trade; fintech was going to close the trade finance gap; the Internet of Things and robotics were going to streamline supply chains; and the world's economic centre of gravity was shifting. The future of trade, our early editions argued, was digital, sustainable and increasingly Asian.

A decade on, the picture is mixed, and the central lesson is that the forces of change are rarely linear and rarely arrive alone. The digital revolution in trade finance came more slowly; the finance gap, far from closing, grew to $2.5 trillion before stabilising. Blockchain never fully delivered on its promise but found a role as one component of a broader infrastructure stack now anchored by AI and distributed ledger technology. Asia became the world's dominant production hub and then its primary arena of geopolitical contest. And sustainability hardened from corporate commitment into a live contest for industrial advantage, in which control of critical minerals, clean technology supply chains and energy infrastructure is now as strategically significant as any tariff.

What has changed, fundamentally, is the character of trade: who conducts it, how, in what, and under whose rules. South-South trade between developing economies now accounts for 35% of global activity, outpacing trade between advanced economies. Middle powers – from the UAE to Vietnam and India – are capturing investment and redirecting supply chains. AI-related goods are growing fast. The stablecoin, once a curiosity of crypto enthusiasts, is emerging as a credible alternative to the correspondent banking system that has underpinned cross-border settlement for decades.

None of this is straightforward. The past two years have confounded forecasters. The pace at which the institutional architecture has fractured, the speed at which AI has moved from boardroom ambition to operational deployment, and the emergence of energy infrastructure as a primary theatre of geopolitical contest have all outrun the most forward-leaning projections.

When we asked more than 200 senior leaders and trade experts to choose between three scenarios for the next one to three years – best case, baseline or worst – only 4% selected the best. That number is this report's most arresting statistic. The people closest to global trade are not expecting a return to the conditions that made the past decade work. They are building for a different world.

Ten years ago, the world felt predictable – the future of trade faster and more connected, but recognisably the same system. Today, that system has ruptured. And what is being rebuilt feels fundamentally different.

Welcome to DMCC's Future of Trade 2026: Rebuilding Through Rupture.

Executive Summary

EXECUTIVE SUMMARY

The world has not merely changed since our last report – it has lurched. Iran's seizure of the Strait of Hormuz, Donald Trump's sweeping tariff regime and its subsequent legal unravelling, and the acceleration of AI from experimental to operational are firm ruptures. The architecture of global trade is being fundamentally rewired, and the businesses and governments that grasp what is being built, rather than rue what is breaking down, will be best placed to benefit.

Despite the turbulence, trade will prove resilient. Growth is forecast to slow in 2026 before recovering in 2027, but the character of that growth is changing. AI-related goods expanded at five times the rate of non-AI goods in the first half of 2025. Services exports are growing at double the pace of merchandise trade. The next wave of global trade will be smarter, more digital, more contested – and less predictable.

Looking back: what our 2024 report got right

In 2024 we identified three forces we expected to shape trade: accelerated regionalisation, widespread supply chain restructuring, and a surge in digital services and AI adoption.

The direction of travel on all three proved correct. Regionalisation accelerated, though driven more by tariff shock than gradual geopolitical drift. Supply chain restructuring intensified, with the Hormuz closure and critical minerals bottlenecks adding urgency. And AI arrived faster and more disruptively than even optimistic projections suggested. The intervening two years showed that the pace of change has outrun almost every forecast – the WTO's institutional decline went further and faster than implied, culminating in the first failure to renew the e-commerce moratorium since 1998; the U.S. tariff regime proved more legally contested and rapidly reconstituted than experts anticipated; and the trade finance gap's feared widening did not materialise, holding at $2.5 trillion.

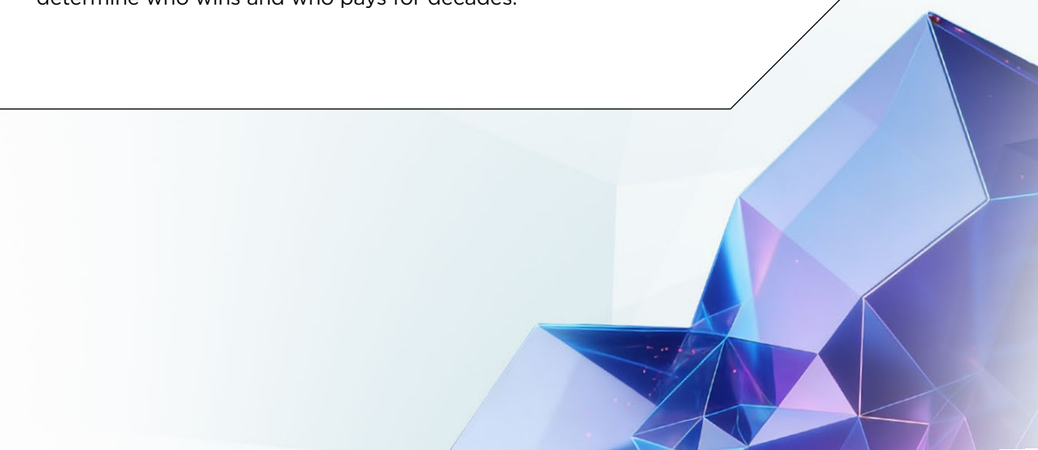
Four forces will define global trade over the next two to three years:

- **AI has crossed the operational point of no return, with bigger changes to come**. AI has moved from boardroom experimentation to operational reality, but the bigger shift is still ahead. As agentic systems take on complex decision-making and adoption deepens from broad experiments to task-specific integration, the productivity gap between early movers and laggards will widen into a global, structural competitive divide.

- **There is no longer a tariff rulebook**. Trump's second term and the marginalisation of the WTO have dismantled the architecture of rules-based trade, replacing it with bilateral deals, bloc-based trade and permanent uncertainty. Businesses should expect escalation, not resolution, as the default setting for trade policy.

- **Resilience is the new efficiency for supply chains**. Supply chains are in a permanent state of stress-testing and are being rebuilt again in response to the Iran conflict. Those treating diversification as a one-time fix will be caught out by the next disruption; those building it as a continuous discipline will be structurally better placed.

- **The energy transition is a battle for industrial advantage**. Clean technology – from EVs and batteries to critical minerals and renewables – has become the defining arena of geopolitical competition. The supply chain positions being secured today, by China, the United States, Europe and the Gulf, will determine who wins and who pays for decades.



Key findings

- **Global trade will prove resilient but not buoyant. Growth is forecast at a slower pace in 2026 before recovering in 2027, with AI-related goods and services as the primary drivers.**
- **AI is at operational scale. The gap between early adopters and laggards is already widening in productivity, cost efficiency and market intelligence.**
- **The tariff environment is structurally uncertain. Businesses should plan for ongoing volatility rather than normalisation.**
- **The multilateral system is still fracturing. Middle powers, bilateral compacts and regional blocs are filling the vacuum and creating both disruption and opportunity.**
- **Supply chains are being rebuilt for resilience. The 'China + many' model is live across most sectors; diversification costs are real but falling as the model matures.**
- **The trade finance gap has stabilised at $2.5 trillion – unchanged from 2024. It remains a structural constraint, particularly for SMEs and developing economy exporters.**
- **The next generation of financial infrastructure is taking shape around distributed ledger technology like stablecoins, tokenisation and wholesale CBDCs.**
- **Cross-border data flows are becoming a structural constraint on digital trade, as national data regulations diverge faster than they converge. Digital trade agreements are filling the vacuum, but a patchwork of rules has raised compliance costs and fragmented the digital trading environment that AI and services growth will depend on**
- **The energy transition is a competitive arena. Critical minerals and grid infrastructure are the emerging chokepoints.**
- **South-South trade is the quiet winner. Flows between developing economies now account for 35% of global trade, outpacing North-North flows – a structural shift accelerating with regional trade agreements like RCEP and AfCFTA.**

A story about confidence

We asked more than 200 senior leaders which of three scenarios they saw as most likely over the next one to three years. More than 80% expect the baseline: slow, uneven growth, higher costs and ongoing supply chain adjustment. Almost 12% anticipate the worst case – escalating conflict, tariffs and financial fragmentation disrupting trade. Only 4% expect the best case, in which tensions ease and growth becomes broad-based. Businesses are not planning for a recovery to pre-disruption norms; they are building for a world in which disruption is the norm.

Survey signals

Policy uncertainty is the constraint businesses fear most. Tariffs and protectionism are cited as the single biggest brake on trade growth by half of respondents, well ahead of weak demand (15%) and cost pressures (15%). Almost three-quarters expect trade to become regional, bloc-based or bilateral over the next one to three years, against fewer than 17% who anticipate a return to globalisation. Geopolitical risk is now central: over 98% cite it as a major or moderate factor reshaping trade flows. On AI, the question has shifted from transformation to scale; nearly 80% expect AI to increase trade volumes, yet only 14% describe their own use as transformational or integrated. And on sustainability, the strategic pressure is industrial, not regulatory: clean energy investment and manufacturing capacity (30%), critical minerals concentration (21%) and divergent industrial policies (18%) dominate, while carbon pricing ranks last at 9%.

The environment for trade is becoming more demanding but remains navigable for those who adapt. The triggers that could push the baseline towards something worse such as a prolonged Strait of Hormuz closure, an escalation in protectionism, or a correction in AI investment are active risks. The businesses best placed to compete will treat disruption not as an aberration to be weathered, but as the permanent condition of doing business in the years ahead.

CHAPTER 1

A WORLD TRADE DISORDER

The rules-based trading system that governed global commerce for decades is no longer the primary frame of reference for businesses deciding where to source, invest and sell. In its place is a world of bilateral deals, competing blocs, weaponised tariffs and geopolitical flashpoints that can redraw supply chains overnight. The geopolitical ruptures have not stopped trade, but they have fundamentally changed its shape.

Trump 2.0 and tariffs without end

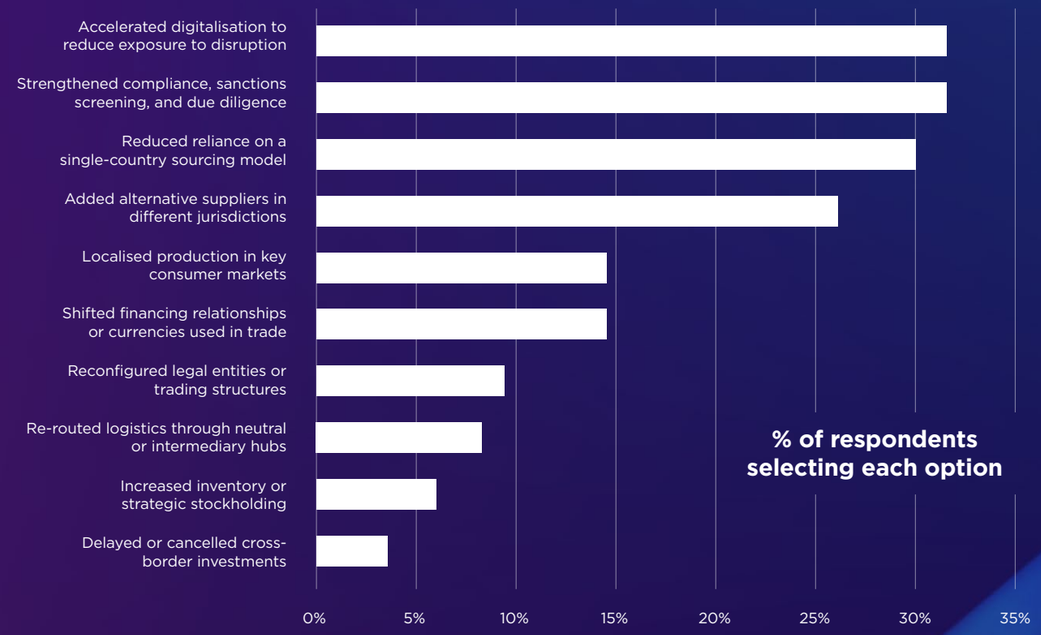
President Trump's second term has been marked by a significant escalation in the use of tariffs and a corresponding rise in protectionism. According to the WTO, nearly a fifth of world merchandise imports (19.7%) are now affected by tariffs and similar measures, up sharply from 12.6% a year earlier. A 10% baseline tariff on most imports was introduced in 2025, alongside higher reciprocal levies on selected partners, under an America First strategy aimed at reducing trade deficits. China and others retaliated with duties and export controls; others negotiated to limit disruption.

The Supreme Court ruled, but the environment is no clearer

The U.S. Supreme Court struck down the IEEPA tariff regime in February 2026, but within days new levies were introduced under Section 122, and two sweeping Section 301 investigations covering 90-95% of U.S. imports were launched. The speed of the pivot between legal instruments demonstrates that the direction of travel is towards higher barriers and more politically driven trade policy and that this will not be reversed by a single court decision. Tariffs have become a foreign policy instrument as much as a trade one. As one Future of Trade Mumbai roundtable participant put it, there is no longer peace, only a series of live negotiations.

Figure 1

What concrete actions has your organisation taken, or is planning to take, in response to geopolitical risk? (Select all that apply)



Source: DMCC Future of Trade Survey, 2026

US-China rivalry has entered a more dangerous phase

Competition has turned adversarial, with semiconductors the primary chokepoint. Restrictions on access to Nvidia's high-end H100 and H200 chips are pushing Chinese firms to set up cloud operations in Malaysia and Singapore, and some founders are even changing nationality to access compute. The world's most advanced chip manufacturing is concentrated in a single geography – Taiwan's TSMC alone produces close to 90% of the most advanced chips – a structural vulnerability for the entire global economy.

Hormuz is the world's energy chokepoint

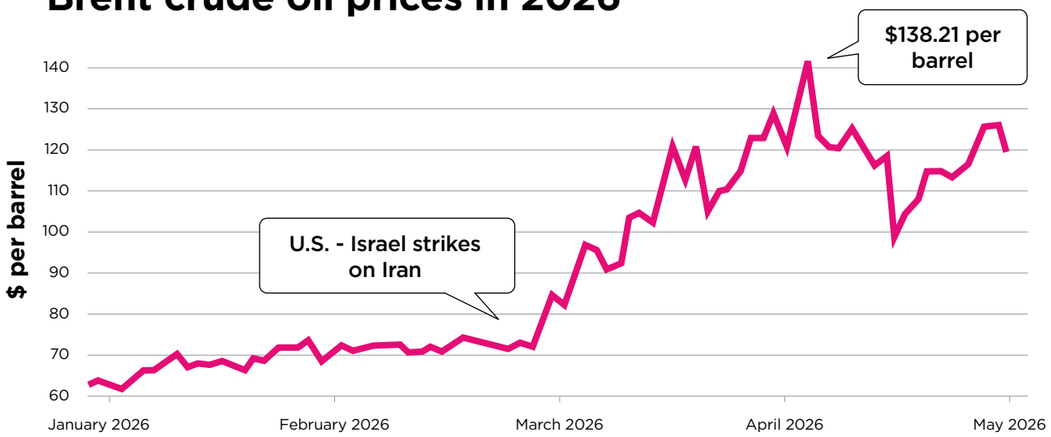
The closure of the Strait of Hormuz in March was the single most disruptive event in global energy markets in a generation. Before the conflict with Iran, roughly 25% of seaborne oil and 19% of LNG transited the strait daily; by mid-April, transits were running around 90% below pre-war levels, with Iran charging vessels up to $2 million per passage. Brent crude surged above $120 per barrel, double its level at the start of the year. The disruption extends into food security – the strait carries around a third of seaborne fertiliser trade – and into AI infrastructure, given Taiwan's LNG dependence and the Gulf's role in aluminium supply. The IMF's reference forecast still anticipates a 3.1% fall in global growth and a 4.4% rise in headline inflation.

Wars are redrawing the energy trade map

The EU has legislated a phased ban on Russian gas, with a full prohibition by 2027, opening new LNG corridors from the US, Norway and the Gulf. The capture of Venezuela's president in January 2026 reshaped hemispheric flows: oil that previously went to China is being redirected into U.S.-aligned supply chains.

Figure 2

Brent crude oil prices in 2026



Source: EIA, 2026

Where energy security intersects with great-power competition, the current U.S. administration has shown a willingness to act decisively. The integrated global energy market is giving way to something more regional, bilateral and shaped by strategic alignment than by price.

Supply chains: rebuilding for disruption

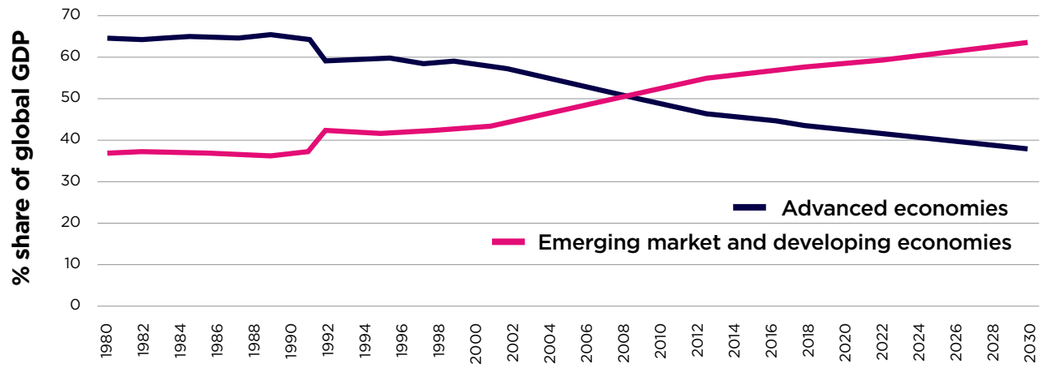
The era of efficiency-first supply chains is over. Resilience has replaced cost as the organising principle. The 'China + 1' model that accelerated during the pandemic has given way to 'China + many': U.S. imports from Vietnam have risen 345% since 2014, and India and the UAE both ranked among the top five recipients of greenfield investment globally in 2024. Companies now treat diversification as a standing investment, accepting higher costs as the price of continuity. Critical minerals are the next pressure point, with China controlling 94% of sintered permanent magnet production, a chokehold on inputs essential to EVs, wind turbines and defence systems alike. The concentration risk sits predominantly in tier-two and tier-three suppliers, where visibility is lowest.

From rules to relationships

The WTO's authority has taken further structural damage: its Appellate Body remains defunct, and members failed to renew the e-commerce moratorium at the March 2026 Ministerial – the first failure since 1998. In its place, a more fragmented architecture is emerging: targeted bilateral deals, sector-specific compacts and the growing heft of middle powers. The UAE, India and Singapore appear repeatedly as middle powers capturing redirected flows. A new, non-aligned multilateralism is taking shape, and the rise of South-South trade – now 35% of global flows, surpassing North-North trade – is its quiet success story, reinforced by regional blocs and deals like RCEP, AfCFTA and an expanding BRICS.

Figure 3

Share of global GDP Purchasing Power Parity, 1980-2030



Source: IMF, 2026

KEY TAKEAWAYS AND RECOMMENDATIONS

Key Takeaways

- **The rules-based trading system is not in crisis, but the rules have fundamentally changed.** The WTO's dispute settlement mechanism is defunct, the e-commerce moratorium has lapsed, and nearly a fifth of world merchandise imports are now subject to tariffs or similar measures. Businesses and governments still oriented towards multilateral frameworks as the primary reference point for trade policy are working from an outdated map.
- **Tariffs are now both a trade instrument and a foreign policy tool.** The speed with which the United States has pivoted between legal instruments following the Supreme Court ruling demonstrates that the direction of travel is towards higher barriers, greater uncertainty and more politically driven trade policy. This will not be reversed by a single court decision and volatility is priced into the policy.
- **Resilience has replaced efficiency as the organising principle of global supply chains.** The strategic intent is clear across most industries and geographies even if the implementation of it is incomplete. The operational reality is that diversification takes time, alternative supply chains are expensive to build, and critical mineral processing capacity cannot be created quickly. The gap between aspiration and execution remains significant.
- **Middle powers are active architects of the new trade order.** The UAE, India, Singapore and Vietnam are capturing redirected investment and trade flows through deliberate positioning. The ability to operate credibly across competing blocs is emerging as one of the most valuable strategic assets in global trade.
- **The next wave of trade growth will be driven by the Global South.** South-South trade now accounts for 35% of global flows, surpassing North-North trade, and is growing faster than the global average. Regional frameworks including RCEP, AfCFTA and an expanding BRICS are reinforcing these networks. Businesses still primarily oriented towards advanced economy markets risk missing the most significant structural shift in global trade geography in a generation.

Recommendations

- **Map tariff exposure dynamically across every major trade corridor.** Static tariff analysis is no longer adequate in an environment where rates, legal instruments and trading partner relationships can change within weeks. Businesses should maintain live scenario models that identify at what tariff threshold specific products, suppliers or routes become commercially unviable, and have pre-agreed response protocols ready to activate. Policymakers should publish clear guidance on FTA utilisation rates to help businesses identify where preferential access is being systematically underused.
- **Audit critical mineral dependencies across every supply chain tier.** The concentration risk in critical minerals, particularly rare earths, permanent magnets, gallium and germanium, sits predominantly in tier two and tier three suppliers, where visibility is lowest. Businesses should map processing dependencies as well as mining dependencies. Policymakers should accelerate bilateral processing capacity agreements and provide clear investment frameworks for domestic and third partner refining infrastructure.
- **Treat supply chain diversification as a continuous investment discipline.** The "China + many" model offers a useful strategic direction, but its value depends on execution depth. Alternative suppliers must be able to scale under pressure. Businesses should stress-test alternative supply arrangements regularly, including through test orders and capacity verification, and build switching costs and lead times into their risk models. Policymakers should consider supply chain resilience criteria in procurement and investment screening frameworks.
- **Engage actively with trade agreements under negotiation before they are concluded.** The digital trade provisions, data flow rules, investment frameworks and standards being embedded in agreements such as CPTPP, AfCFTA, DEFA and the growing network of bilateral digital trade deals will govern market access for a decade or more. Businesses that engage through industry bodies during negotiation have a meaningful opportunity to shape outcomes. Policymakers should ensure both multinational and SME interests are represented in negotiating mandates.
- **Build a structured middle power strategy into market development planning.** The UAE, India, Singapore and Vietnam are emerging as the connective hubs of the new trade architecture, with growing influence over standards, logistics, finance and digital trade rules. Businesses should assess their current market presence, partnerships and regulatory relationships in these markets. Policymakers should prioritise trade and investment frameworks with middle powers.
- **Develop an explicit position on South-South trade corridors.** The growth of trade across Africa, South Asia, Southeast Asia and the Middle East is structural. Businesses should identify the two or three South-South corridors most relevant to their sector, assess the regulatory and logistical barriers to entry and begin building the local relationships and market intelligence that take years to develop.

CHAPTER 2

THE NEW TRADE MAP

The world's geopolitical ruptures have not stopped trade, but they have changed its shape. Volumes are holding up better than the headline turbulence suggests, yet the composition of what is traded, who trades it and through which hubs it flows has shifted more rapidly than at any point in recent history.

The trade and macroeconomic outlook

Trade is proving more resilient than the turbulence implies. AI-related goods are buoying resilience, but the single biggest downside risk is the Iran conflict. Asia leads global growth yet carries acute Hormuz exposure. Services are outpacing goods: the WTO forecasts global services exports to grow 4.8% in 2026 and 5.1% in 2027, against merchandise growth of 1.9% in 2026, down from 4.6% in 2025, followed by a modest recovery to 2.6% in 2027. Digitally delivered services are expanding fastest of all.

Macro headwinds are now driven by geopolitics rather than the cycle

The Hormuz closure has pushed the IMF's global inflation forecast to 4.4% in 2026 before easing to 3.7% in 2027. The U.S. Federal Reserve held at 3.5-3.75% through April 2026, and markets now expect rate increases from the ECB and Bank of England, reversing the anticipated easing path. A stronger dollar, reinforced by safe-haven flows, tightens conditions for dollar-indebted economies and raises commodity import costs for emerging markets. Global FDI fell 11% in 2024 to $1.49 trillion, but technology was the exception as investment in the digital economy doubled, with data centres, semiconductors and ICT reshaping trade corridors.

The AI goods surge

AI-related goods – semiconductors, processors, servers and finished computers – have become the defining merchandise trade story of the decade. AI-related investment accounted for nearly half of merchandise trade growth in 2025. These goods now represent 15% of global trade by volume but drove 43% of its growth in the first half of 2025. The AI goods surge is reshaping which countries and corridors are gaining influence in global trade, and which are being left behind.

However, advanced chip manufacturing remains overwhelmingly concentrated in Taiwan, South Korea and Japan, with the United States controlling design and intellectual property. China is building alternative capacity but remains years behind at the frontier. ASEAN is emerging as an alternative manufacturing base, with Malaysia, Singapore, Thailand and Vietnam accounting for nearly 30% of global semiconductor export growth by 2024. As governments and firms restructure production, services and infrastructure around AI deployment, the appetite for both AI hardware and the digital services running on it will expand further, but so will the geopolitical contest over who controls the supply chains that produce them.

The DMCC Commodity Trade Index 2026

The fifth edition of the Commodity Trade Index (CTI) ranks ten leading commodities hubs across three pillars: commodity endowment, locational and trading-partner factors, and institutional factors – built from ten equally weighted sub-indicators. Given the volatility of the period, this edition for the first time relies on 'nowcast' estimates drawing on IMF high-frequency freight data and updated WTO tariff information; directional findings are robust, but precise scores should be read with caution.

Chapter 2: The New Trade Map

COMMODITY TRADE INDEX RESULTS **2026**

Country	Commodity endowment factors	Locational and trading partner factors	Institutional factors	Index Score 2026
United States	67%	36%	67%	57% ↓
United Arab Emirates	61%	19%	61%	47% ↓
Netherlands	9%	69%	63%	47% ↑
Switzerland	17%	42%	73%	44% ↓
Hong Kong SAR, China	10%	35%	85%	43% ↑
Singapore	4%	43%	77%	41% ↓
United Kingdom	17%	30%	61%	36% ↓
China	37%	0%	49%	29% ↓
South Africa	15%	6%	40%	21% ↑
Nigeria	43%	11%	0%	18% ↑

Source: See Appendix

Arrows indicate % change from 2024 index

The United States ranks as the most prominent commodities hub for the third consecutive edition with a score of 57%, though down two points. Its strength lies in commodity endowment and institutions (both 67%), buoyed by the strongest oil-export score of the ten hubs and by its dominance of agricultural commodities. Its locational score, however, fell sharply from 54% to 36%, almost entirely tariff-driven, as major partners imposed retaliatory duties following 'Liberation Day' in April 2025.

The UAE held second place at 47%, with power spread more evenly across pillars than in 2024. Its endowment score fell from 77% to 61% as the Hormuz closure made seaborne exports more challenging, though resilience at Fujairah and Khor Fakkan allowed rerouting around the strait. Its institutional score remained strong, led by the most attractive corporate tax regime of any hub.

The Netherlands improved the most, rising from sixth to third, helped by a new OECD trade-facilitation data source and by doing a smaller share of its commodities trade with the US, thereby making it the 'least worst' affected. Switzerland slipped to fourth, and the UK held seventh on the strength of its institutions even as precious metals trade migrates to Asian exchanges. China remained eighth at 29%, weighed down by its tariff war with the US despite its dominance of rare earths and critical minerals.

The changing composition of trade

The most consequential shift is not where goods flow but what is traded, driven by three reinforcing structural changes: services are overtaking goods as the engine of trade growth; AI-related products have become so dominant within goods that they distort the overall picture; and value creation is becoming increasingly intangible, as intellectual property, data, software and branding become as tradeable as physical commodities. Semiconductors, servers and data-centre hardware drove nearly half of all merchandise trade growth in the first half of 2025. The rules governing cross-border data flows, e-commerce and cloud services are now as central to trade negotiations as tariff schedules once were.

Demand being reshaped by demographics

The global middle class is projected to exceed half the world's population by 2030, concentrated in Asia Pacific and Latin America. This is the single most powerful driver of demand for high-value goods and services. Simultaneously, ageing populations in Europe and East Asia are shifting consumption towards healthcare, pharmaceuticals and specialist services. The centre of gravity in consumer demand is shifting decisively towards emerging markets.

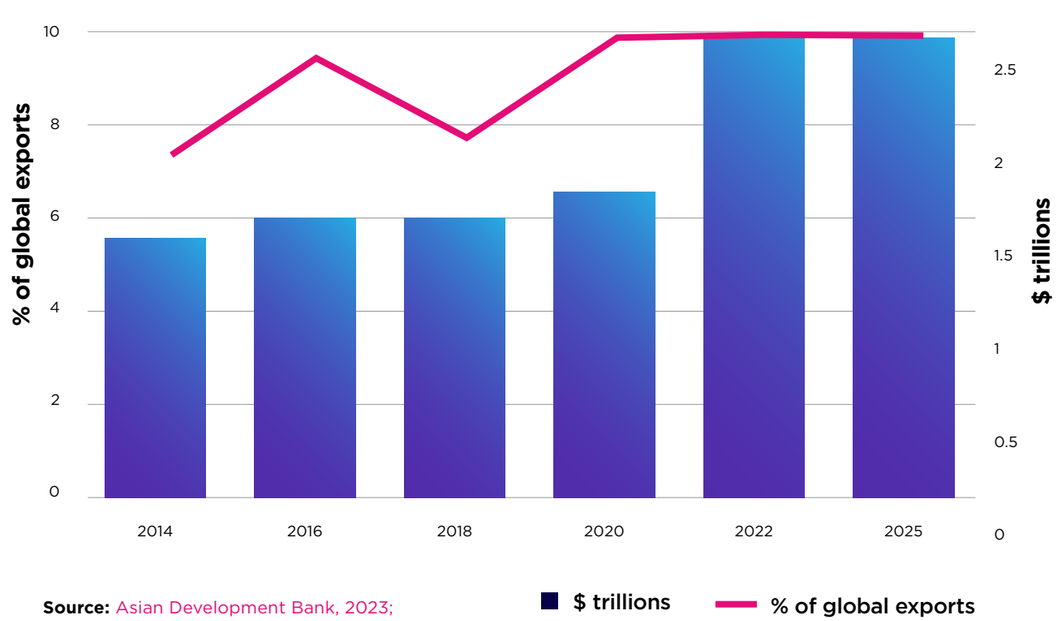
Trade finance: the $2.5 trillion problem

The trade finance gap has stalled but not closed, holding at $2.5 trillion and falling hardest on SMEs and firms in developing economies. The core obstacle is complexity: financiers repeatedly describe trade finance as too difficult to package for investors.

Technology is narrowing the gap – moving dollars on-chain in seconds reduces the capital trapped at each stage of the flow – but faces a scaling challenge. The infrastructure investment requirement of $106 trillion by 2040 is becoming a primary source of competitive differentiation: grid constraints already slow data-centre development, and connectivity gaps limit growth in the fastest-expanding markets.

Figure 4

Global trade finance gap, 2014-2025



Source: Asian Development Bank, 2023; Asian Development Bank, 2025

KEY TAKEAWAYS AND RECOMMENDATIONS

Key Takeaways

- **Trade is proving more resilient than the geopolitical turbulence suggests.** Headline growth figures are holding up, but strip out AI-related goods and the picture is considerably weaker. The businesses and economies best positioned for the next wave of trade growth are those that have recognised that the composition of trade has shifted structurally and are repositioning accordingly.
- **Services and digital trade are the present of global commerce.** Digitally delivered services are already growing faster than any other trade category, and the gap with merchandise trade is widening rather than narrowing. The regulatory frameworks governing cross-border data flows, digital services and e-commerce are now as strategically consequential as tariff schedules.
- **AI-related goods have become the single most important driver of merchandise trade growth.** Semiconductors, servers and data centre hardware drove nearly half of all merchandise trade growth in the first half of 2025. The geographic concentration of advanced chip production, and processing capacity for the critical minerals that underpin it, represents a structural vulnerability that export controls and industrial policy are intensifying rather than resolving.
- **The $2.5 trillion trade finance gap has stalled but not closed.** SMEs and firms in developing economies bear a disproportionate share of the burden. The technology to close the gap exists but scaling it requires regulatory alignment, institutional commitment and infrastructure investment that remains insufficient. The hubs and corridors that solve the accessibility problem first will capture a disproportionate share of future trade growth.
- **Infrastructure is becoming a primary source of competitive differentiation.** The $106 trillion infrastructure investment requirement by 2040 is not an abstraction. Grid constraints are already slowing data centre development in leading markets. Digital connectivity gaps are limiting trade growth in the regions with the fastest-expanding middle classes. The investment decisions being made now will determine the geography of global commerce for the next two decades.

Recommendations

- **Audit trade portfolios for services and digital exposure.** Businesses still primarily oriented towards merchandise trade should assess what share of their revenue, margin and growth is coming from services and digitally delivered offerings. Policymakers should ensure that services trade provisions, particularly on data flows and digital market access, are prioritised in bilateral and regional negotiations and not treated as secondary to goods trade commitments.
- **Build AI-related supply chain exposure into strategic risk frameworks.** The dominance of AI-related goods in merchandise trade growth means that businesses across sectors are increasingly exposed to semiconductor supply chain risk, export control volatility and the geopolitical contest over chip production capacity. Businesses should map where AI-related components and infrastructure sit in their supply chains, identify concentration risks at the tier two and tier three level and develop contingency sourcing arrangements for the scenarios that pose the greatest operational risk.
- **Close trade finance accessibility gaps before they become competitiveness gaps.** Businesses should audit trade finance arrangements against emerging digital platforms that offer faster credit decisions, lower documentation requirements and better SME access than traditional correspondent banking. Policymakers should accelerate the legal and regulatory reforms that give digital trade documents equivalent legal status to paper equivalents across all major trading jurisdictions, and should work with development banks to deploy blended finance instruments that reduce the risk premium on trade finance in underserved markets.
- **Factor infrastructure depth into market entry and investment location decisions.** Energy availability, grid reliability, digital connectivity and logistics network quality are now primary considerations in trade infrastructure planning. Businesses making decisions about where to locate trading operations, build supply chain nodes or expand market presence should incorporate infrastructure assessments into their evaluation criteria alongside more traditional metrics.
- **Engage with demographic demand shifts that will determine trade growth.** The expanding middle classes of Asia, Africa and Latin America represent the most significant demand opportunity in global trade. Businesses still primarily oriented towards advanced economy consumers should identify high-growth demographic markets most relevant to their sector and begin building market intelligence, regulatory relationships and distribution capabilities. Policymakers should ensure that trade and investment frameworks with high-growth demographic markets reflect their growing strategic importance.

CHAPTER 3

THE TECHNOLOGY DIVIDE

The most consequential divide in global trade is no longer between rich and poor countries, or between large and small firms. It is between those deploying technology at scale and those that are not.

Artificial Intelligence: Crossing the line

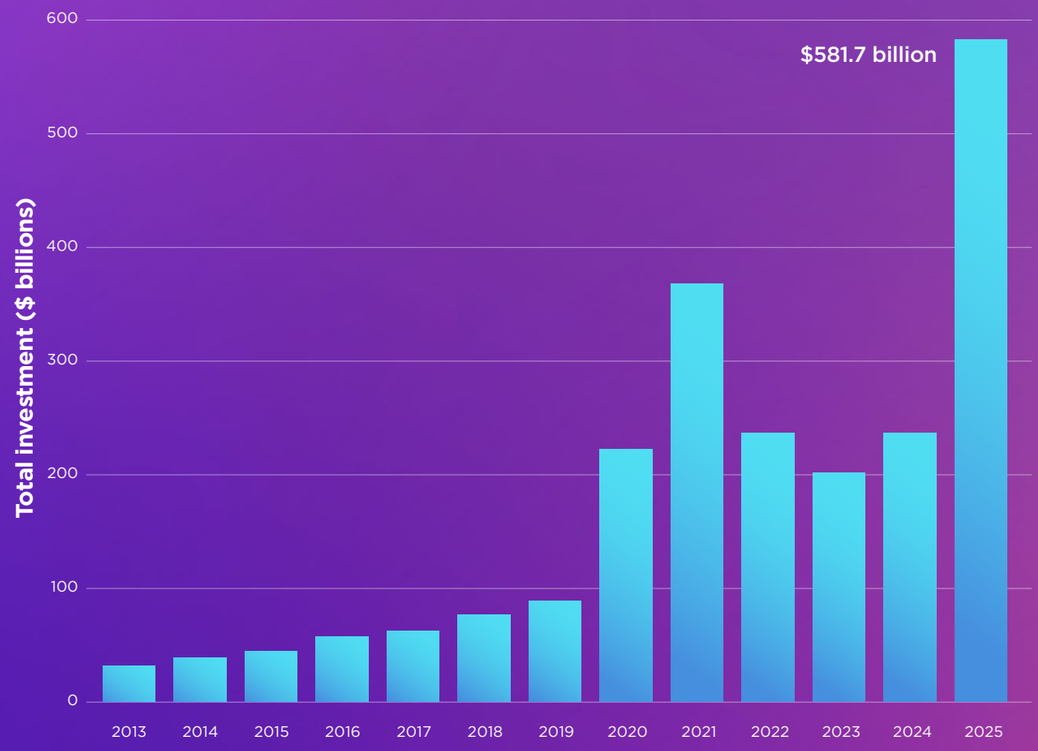
AI has crossed the operational point of no return. It is deployed at scale in logistics, customs, ports, manufacturing and trade finance, with measurable gains in cost, supply chain visibility and market reach. Its trade impact is unfolding across three phases: generative and predictive AI (early 2020s to 2025), agentic AI (2025–2030) and physical AI (2025–2040). AI is expected to contribute more than $15 trillion to the global economy by 2030, and WTO simulations estimate it could raise global trade 34-37%, and GDP 12-13% by 2040. AI-related trade has been the most substantial engine of growth, with exports of semiconductors and data-centre equipment accounting for around a third of global trade growth last year.

The infrastructure stack is as contested as the technology

Models can be replicated; the physical infrastructure to train and run them cannot. Advanced chip production is concentrated, with the US leading market capitalisation and ASEAN emerging as an alternative manufacturing base. Data centres are growing at a 14% CAGR, but power is the binding constraint: grid limits, water scarcity in manufacturing regions and Chinese dominance of critical-mineral processing all shape where AI capability can be built and at what cost. Compute access has become a strategic issue in its own right.

Figure 5

Global corporate investment in AI, 2013-2025



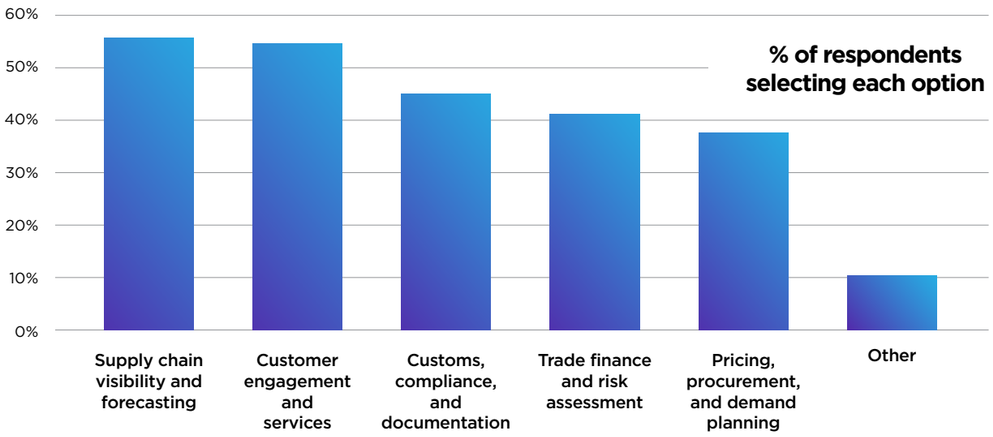
Source: HAI, 2026

AI adoption remains uneven, and a correction is a live risk

Fewer than 15% of businesses describe their AI use as fully integrated or transformational, while more than 25% report observational use or none at all. The barriers are structural: data quality and interoperability (46%), regulatory uncertainty and cross-border data rules (44%), legacy integration (39%) and cybersecurity (39%). Over two-thirds of businesses expect a correction in AI and tech stocks within three years – a development that would slow adoption and narrow the gap between the baseline and worst-case scenarios.

Figure 6

Where is AI already delivering the most value in trade-related processes? (Select all that apply)



Source: DMCC Future of Trade Survey, 2026

The enabling technology stack

AI does not operate alone. Sensors and IoT, 5G and next-generation connectivity, edge computing, blockchain and robotics are the substrate on which AI delivers value. As one Future of Trade Dubai roundtable participant noted, these technologies create standalone value only when embedded into business models and supply chains. Industrial robot installations have grown strongly, concentrated in a handful of large markets, while autonomous systems are reshaping logistics and freight. The gap between ambition and adoption remains the defining feature: the technology is available, but integration, standards and skills lag.

The new financial plumbing

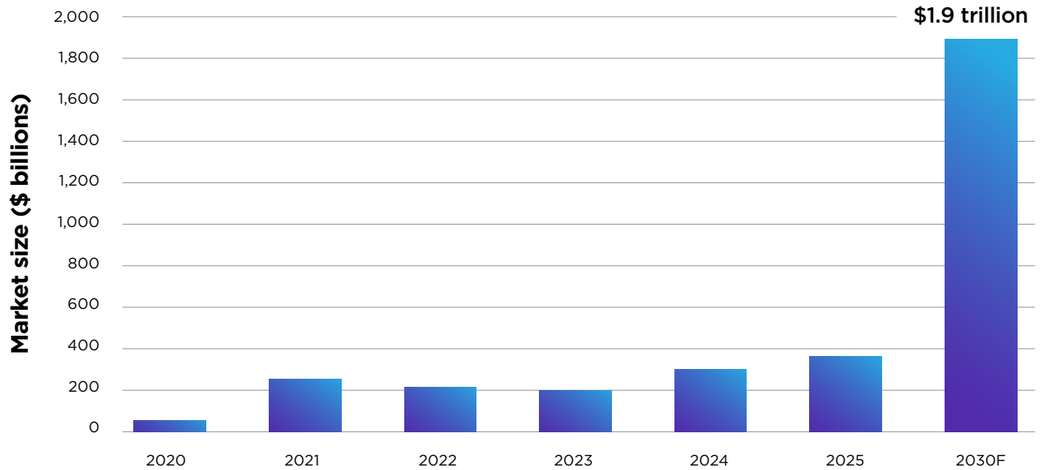
Over 90% of trade transactions are still paper-based, with more than four billion documents moving through the system daily. Adopting electronic bills of lading (eBLs) could save $6.5 billion and unlock up to $40 billion in new trade. Driven by legal reform, beginning with the UK's Electronic Trade Documents Act 2023, eBL issuance has risen from 1% in 2021 to 11% by August 2025, with major carriers targeting full adoption by 2030. The constraint is now interoperability, not legality.

A new generation of financial infrastructure is moving from proof of concept to live deployment

Cross-border payments remain slow and costly. Settlement of two to five days is common, and costs reach 7-20% in some African corridors. Instant payment systems (India's UPI, Brazil's Pix, Kenya's M-Pesa) and fintechs such as Wise are

Figure 7

Estimated stablecoin market size by 2030, base case



Source: Citi, 2025a

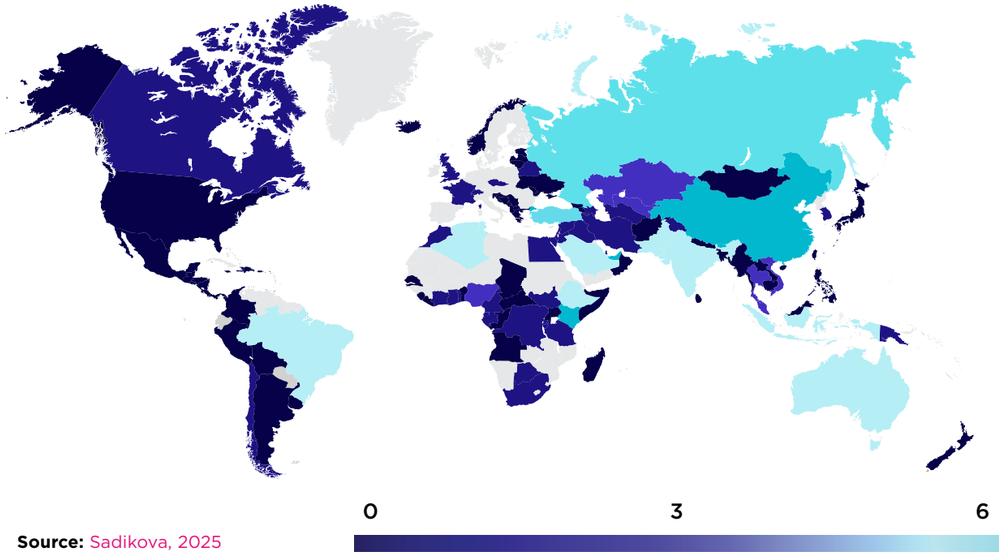
routing around correspondent banking. Stablecoin supply exceeded $300 billion in early 2026, up from under $30 billion in 2020; Citi projects issuance could reach $1.9 trillion by 2030. Actual stablecoin payment volumes reached around $390 billion in 2025 – more than double the prior year – with B2B payments up 733% year on year. Tokenisation of real-world assets has grown 380% in three years to $24 billion, and 137 countries representing 98% of global GDP are now exploring CBDCs. The mBridge wholesale CBDC platform, linking China, the UAE, Hong Kong, Thailand and Saudi Arabia, has processed more than 4,000 transactions worth $55.5 billion. The direction of travel is unambiguous, but most deployments remain on closed networks, and the interoperability required for global scale does not yet exist.

Data: the invisible barrier

Cross-border data flows are becoming tied to national strategic interests. More than 80% of businesses identify data localisation rules as a major or moderate constraint on trade. Where data cannot flow freely, AI development slows, cloud services face market-access barriers and supply chain visibility degrades. Data flow rules are becoming more restrictive and fragmented, with more than two-thirds of measures now involving outright prohibitions on transferring data abroad. With the WTO e-commerce moratorium expired, the multilateral framework for digital trade has effectively collapsed, replaced by a proliferating network of bilateral and regional agreements (CPTPP, the EU-Singapore Digital Trade Agreement, DEPA, ASEAN's forthcoming DEFA) each setting its own rules. The businesses and economies best positioned will be those whose data architecture is flexible enough to operate across divergent regimes.

Figure 8

Number of data localisation measures by country, 2025



Source: Sadikova, 2025

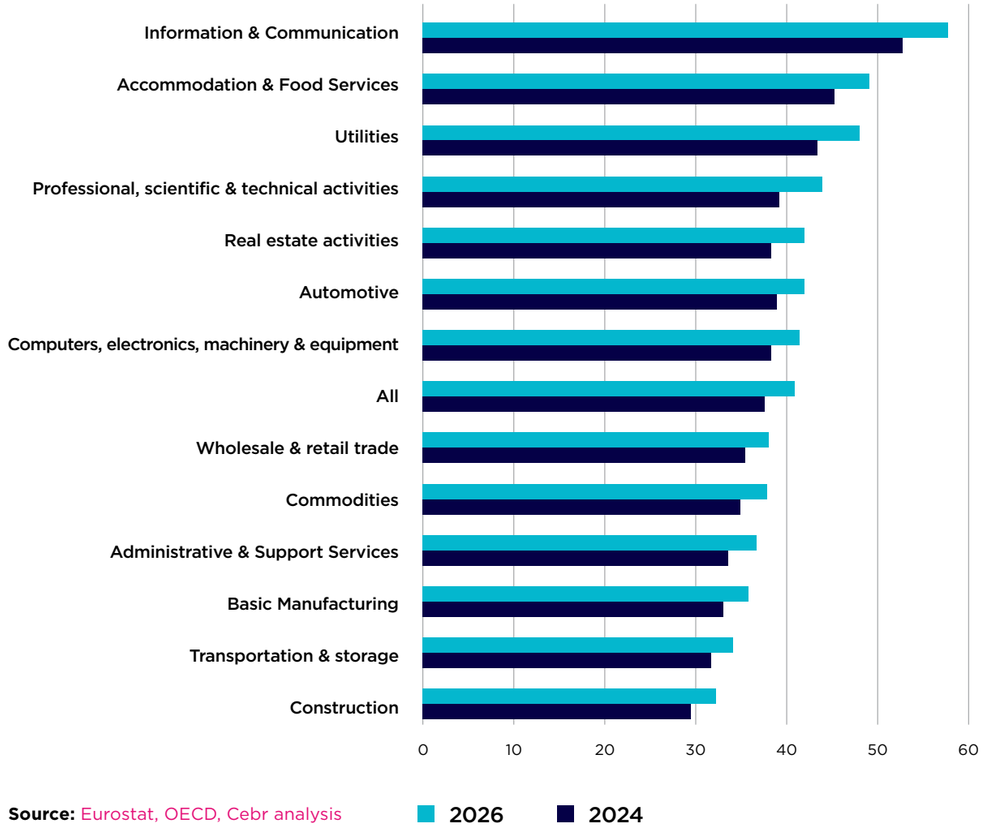
The DMCC Industry Digitalisation Index 2026

Digital trade is growing faster than overall trade and is estimated at 21.9% of the global total. The Industry Digitalisation Index (IDI) tracks digitalisation across sectors through four pillars: upstream (connecting with suppliers), production (internal processes), downstream (connecting with clients) and digital infrastructure (connectivity). Built on Eurostat data, the index assumes that the sectors leading digitalisation are broadly consistent across the developed world, even where absolute rates differ. Some variables were updated to give additional weight to AI adoption.

The 2026 IDI improved overall, though variation across components remains wide. Digital infrastructure is the most digitalised function (58), supported by widespread broadband access and a high share of firms reporting no ICT security incidents. Production remained the least digitalised (29) but recorded a notable eight-point rise, driven by accelerating adoption of cloud computing and AI. Information and communication leads at the sector level (57), while construction remains the least digitalised (32), held back by weak production and downstream performance. AI adoption ranges from just 7% of construction firms to 61% in information and communication, and comparison with U.S. data confirms that cross-sector trends are broadly geography-agnostic, even where absolute levels differ.

Figure 9

Score on DMCC Industry Digitalisation Index (IDI), by industry group (1-100, where 100 is fully digitalised), 2026 and 2024 scores



Source: Eurostat, OECD, Cebr analysis

AI delivers efficiency and inclusivity, but unevenly

Digital trade is growing faster than overall trade and is estimated at 21.9% of the global total. The Industry Digitalisation Index (IDI) tracks digitalisation across sectors through four pillars: upstream (connecting with suppliers), production (internal processes), downstream (connecting with clients) and digital infrastructure (connectivity). Built on Eurostat data, the index assumes that the sectors leading digitalisation are broadly consistent across the developed world, even where absolute rates differ. Some variables were updated to give additional weight to AI adoption.

KEY TAKEAWAYS AND RECOMMENDATIONS

Key Takeaways

- **AI has crossed the operational point of no return but the productivity divide is widening**. AI is no longer experimental. It is deployed at scale in logistics, customs, ports, manufacturing and trade finance, and is delivering measurable gains in cost efficiency, supply chain visibility and market reach. But adoption remains deeply uneven: fewer than 15% of businesses describe their AI use as fully integrated or transformational, while more than 25% report observational use or no adoption at all. The gap between early movers and laggards is already visible in performance and will widen significantly as agentic AI moves from pilot to production over the next three to five years.

- **The infrastructure stack powering AI has become as strategically contested as the technology itself.** Models can be replicated but the physical infrastructure required to train and run them at scale cannot. Export controls on chips, grid constraints on data centre expansion, water scarcity in AI manufacturing regions and Chinese dominance in critical mineral processing are all active constraints on where AI capability can be built and at what cost.

- **A new generation of financial infrastructure is moving from proof of concept to live deployment**. Stablecoins, tokenised assets and wholesale CBDCs are settling real transactions in real corridors. B2B stablecoin payments grew 733% year on year in 2025. The first cross-border CBDC transaction on mBridge processed in November 2025. Electronic bills of lading have risen from 1% to 11% of issuances in four years. The direction of travel is unambiguous. But most deployments still operate on closed networks, regulatory frameworks remain inconsistent across jurisdictions and the interoperability required to make these systems globally viable does not yet exist at scale.

- **Cross-border data flows are becoming tied to national strategic interests**. More than 80% of businesses in our survey identify data localisation rules as a major or moderate constraint on cross-border trade. Where data cannot flow freely, AI development slows, cloud services face market access barriers and supply chain visibility degrades. The businesses and economies best positioned in digital trade will be those that have built data architecture flexible enough to operate across divergent regulatory environments.

- **The multilateral framework for digital trade has effectively collapsed**. The expiry of the WTO e-commerce moratorium in March 2026 removed the only universal commitment on digital trade. In its place: a proliferating network of bilateral and regional digital trade agreements, each setting its own rules on data flows, electronic documentation, digital identity and e-commerce governance. Businesses and governments must engage in these negotiations to shape outcomes or inherit them.

Recommendations

- **Run a structured AI maturity audit across core trade operations**. Businesses should map AI adoption across customs classification, demand forecasting, sanctions screening, trade finance and logistics optimisation to identify where the gap between current deployment and best-in-class is largest, and prioritise those areas for scaled investment. Policymakers should establish AI readiness benchmarks for trade-intensive sectors and direct digital infrastructure investment towards the corridors and markets where the adoption gap is largest.

- **Stress-test AI infrastructure dependencies across cloud providers, chip suppliers, data centre operators and energy sources**. Businesses should map which AI workloads depend on single providers or jurisdictions, distribute critical workloads across multiple infrastructure providers, and factor energy availability and grid connection timelines into decisions about where to locate or expand AI-dependent operations. Policymakers should treat AI infrastructure like data centres, grid capacity, and semiconductor supply chains as strategic national infrastructure and plan accordingly.

- **Build dual-track payment capabilities now**. The UAE, Singapore, Hong Kong and the UK have all introduced or are developing stablecoin regulatory frameworks that provide sufficient clarity for institutional adoption. Businesses should maintain correspondent banking for established trade corridors while piloting stablecoin or tokenised settlement in markets where banking frictions are highest. Policymakers should accelerate regulatory harmonisation on stablecoin reserves, interoperability standards and CBDC corridor development.

- **Map data localisation exposure before expanding into new markets**. Businesses should identify which jurisdictions require local storage or processing of trade-relevant data, assess whether current infrastructure can accommodate those requirements and make modular design a standard requirement for new system development. Policymakers should prioritise data flow provisions in bilateral trade negotiations and push for mutual recognition frameworks that reduce the compliance burden.

- **Mandate digital trade documentation on a fixed timeline**. Businesses should set internal targets for eBL, digital letters of credit and paperless customs filings across primary corridors and provide transition support to suppliers who lack the capability to comply unilaterally. Policymakers should extend eBL legal equivalence across all major trading jurisdictions, harmonise digital signature and electronic contract frameworks and direct development finance towards SME digitisation in underserved trade corridors.

- **Engage with digital trade agreement negotiations before they conclude**. Businesses should engage through industry bodies in negotiations relevant to their primary trade corridors, with particular focus on AI governance provisions, data flow commitments and electronic trade document standards. Policymakers should treat digital trade agreement negotiations as a strategic priority equivalent to tariff schedules.

CHAPTER 4

CLEAN ENERGY
THE RACE FOR INDUSTRIAL SUPREMACY

The energy transition has been reframed from a climate agenda into an industrial and security contest. What was once defended as climate expenditure is now defended as a security investment – a reframing that is producing measurably more protectionist trade policy, more unilateral industrial strategy and faster fragmentation of clean tech supply chains than the climate framework ever generated.

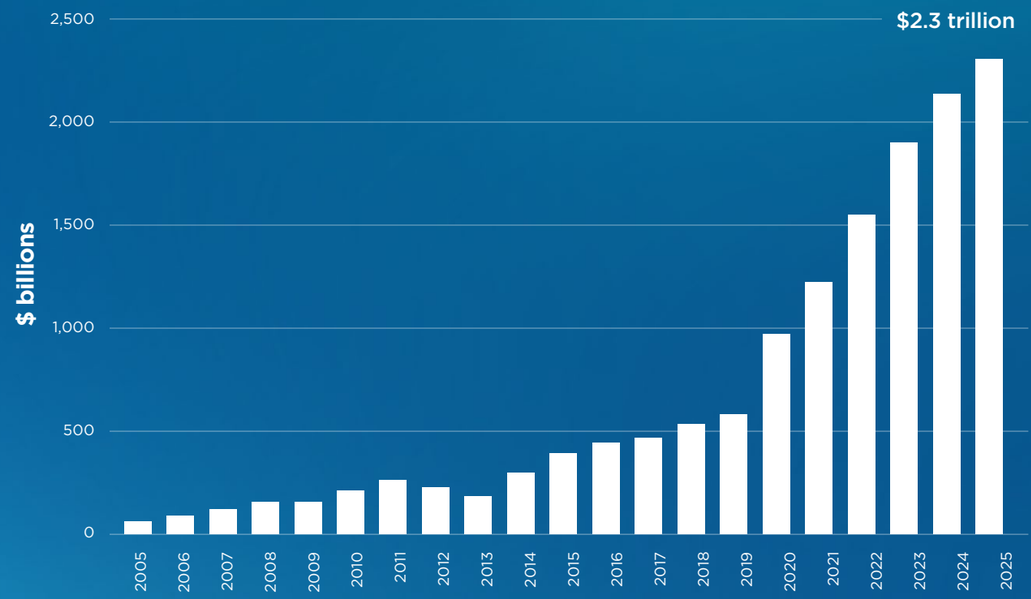
Betting on the transition: four strategies, one race

The shift to a post-carbon economy is one of the largest reallocations of capital in economic history. Investment in the low-carbon energy transition hit a record $2.3 trillion globally in 2025, up 8% from 2024, and is projected to reach $2.9 trillion over the next five years.

Global energy transition investment is also concentrating geographically. Asia Pacific accounts for almost half of all capital. China invested $800 billion in 2025 alone; the EU grew 18% to $455 billion; U.S. investment rose just 3.5% to $378 billion. India reached a record $150 billion in total energy investment, surpassing its 50% non-fossil capacity target five years early.

Figure 10

Global energy transition investment, 2005-2025



Source: BloombergNEF, 2026b

The United States retreats

By the end of 2025, companies had cancelled or downsized 61 clean-energy projects worth $34.8 billion – almost three times new announcements – in the first year on record when more clean-energy investment left the US than arrived. As U.S. renewable investment fell 36% in the first half of 2025, EU investment grew 63%.

China advances

China has turned the transition into a manufacturing strategy, combining state and private capital, absorbing first-mover risk and building at scale. In 2024, 76% of global clean-tech factory investment went to China, which now controls over 70% of global manufacturing capacity across major segments. China is now producing both clean energy and leading the world's clean energy supply chains.

Europe hesitates

Europe has the ambition but lacks the capital. Chinese wind turbines are at least 20% cheaper, and the EU remains structurally dependent on China for upstream components even as it raises tariffs downstream. The bloc faces an estimated €477 billion annual funding gap, widening further to 2030.

The Gulf hedges

Gulf states are funding both the old energy order and the new one. Sovereign wealth funds are deploying patient hydrocarbon-derived capital into renewables, hydrogen and critical minerals. GCC countries have invested over $37.7 billion in some 62.9 GW of renewables, targeting 165 GW by 2030; the UAE's Masdar alone committed $15 billion in 2025. The Gulf is positioning itself as an indispensable player in the energy transition as a result.

Who controls the inputs, controls the transition

Critical minerals are the most immediate and least solved constraint. Export controls on rare earths, gallium, germanium and a growing list of strategic minerals are a durable expression of structural leverage. China dominates the value chain from refining to assembly, and with average lead times of 16 years from discovery to production, supply diversification is a long-term answer to a near-term problem. Grid infrastructure has become the binding constraint on competitiveness: grid materials have nearly doubled in price in five years, and Germany alone needs an estimated €800 billion in grid refurbishment, with transformer waiting times of up to six years. The economies solving grid bottlenecks fastest are already pulling ahead in attracting clean-tech manufacturing.

The EV Race

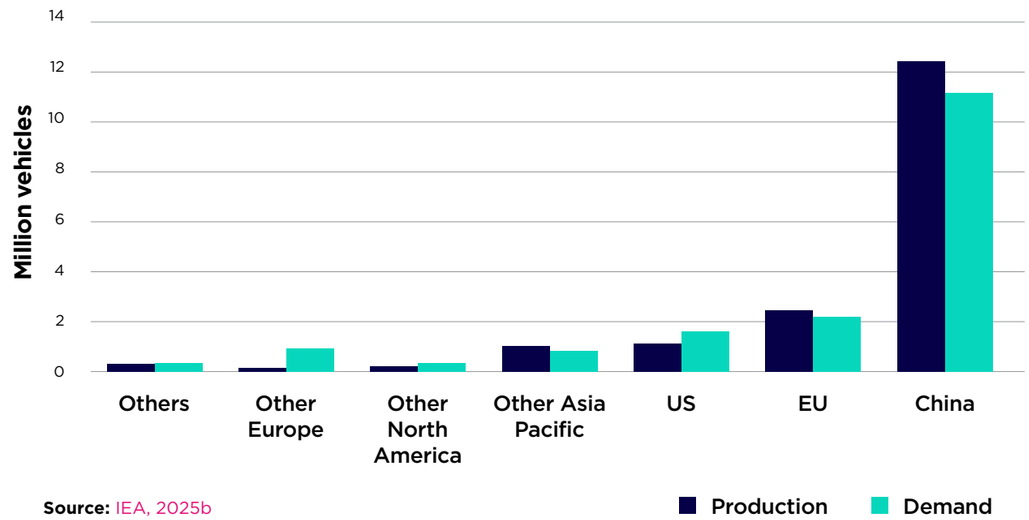
China both leads the global electric vehicle (EV) market and controls the value chain from which that market is built. In 2024, seven out of ten EVs sold globally were made in China. Its dominance extends upstream into the critical minerals processing, and downstream into the charging infrastructure, software ecosystems and financing models that are accompanying Chinese EVs into emerging markets. This is a vertically integrated position that has been built over more than a decade of coordinated industrial policy.

The sales data reflects that advantage. A record 21 million EVs were sold globally in 2025, a rise of 20% on 2024. The global EV fleet reached almost 58 million by end-2024, already displacing around 2.3 million barrels of oil per day in 2025. EVs drove the largest share of clean tech investment in 2025, with $893 billion spent on vehicles and charging infrastructure.

The United States and the EU have responded with trade barriers, while middle powers are navigating this contest carefully. India, Morocco and countries across Southeast Asia are building EV manufacturing capacity without fully committing to either side. They are positioning themselves as alternative manufacturing locations by capturing investment from both Western and Chinese firms seeking to diversify production.

Figure 11

Production, demand and net trade of EVs in major global markets, 2024



Source: IEA, 2025b

When climate policy becomes trade policy

Carbon pricing cannot be ignored, but it is not where the strategic contest is being decided. 42% of businesses we surveyed have not modelled its impact at all. Nonetheless, the EU's Carbon Border Adjustment Mechanism (CBAM), in force since January 2026, has turned carbon intensity into a border cost on steel, aluminium, cement, fertilisers and electricity, with expansion anticipated. China's emissions trading system now covers roughly 20% of global emissions; Japan's became mandatory in April 2026. The result is a patchwork of overlapping mechanisms that affects where companies produce and who they can competitively trade with. For businesses, carbon intensity is now a market-access variable best managed by moving carbon cost modelling from the sustainability function to commercial and procurement planning.

KEY TAKEAWAYS AND RECOMMENDATIONS

Key Takeaways

- **The energy transition has been reframed from climate to security**. What was a climate agenda is now an industrial and security contest. That shift is producing measurably more protectionist trade policy, more unilateral industrial strategy and a faster fragmentation of clean tech supply chains than the climate framework ever generated.
- **China has built a structural lead in the clean tech race that tariffs can slow but not reverse**. Its vertical integration from mineral processing through battery manufacturing to finished EVs, combined with grid infrastructure that is already absorbing the transition at industrial scale, gives it cost leadership and supply chain control that took a decade to build and will take at least as long to challenge. The contest is not over, but the window for serious competition is narrowing.
- **Critical minerals are the most immediate and least solved constraint on the transition**. Export controls on rare earths, gallium, germanium and a growing list of strategic minerals are an increasingly durable expression of structural leverage. Supply diversification is the right response, but with 16-year average lead times from discovery to production, it is a long-term solution to a near-term problem. The gap between what governments are announcing and what the market can actually deliver is significant.
- **Grid infrastructure has become the binding constraint on clean tech competitiveness**. One of the more glaring bottlenecks is the transmission, storage and smart grid investment required to make generation capacity useful at industrial scale. The economies solving this problem fastest are already pulling ahead in their ability to attract clean tech manufacturing investment. Those managing grid constraints from past decades are losing ground regardless of their renewable energy ambitions.
- **Carbon pricing cannot be ignored but is not where the strategic contest is being decided.** The EU's CBAM has turned carbon intensity into a border cost. Similar mechanisms are developing elsewhere. Businesses that have not yet moved carbon cost modelling from the sustainability function to commercial and procurement planning are accumulating an exposure they will eventually have to address.

Recommendations

- **Map clean tech supply chain dependencies across every tier**. Businesses should map processing dependencies for each critical input and identify where single-country exposure exists at the refining stage. Policymakers should prioritise bilateral processing capacity agreements over mining agreements and provide clear investment frameworks for third partner refining infrastructure that can attract private capital at scale.
- **Determine which product lines require dual-bloc sourcing**. Solar components, batteries, EV parts and grid equipment are increasingly exposed to competing tariff regimes, export controls and supply chain fragmentation. Businesses should identify which product lines face genuine dual-bloc exposure, model the cost and operational implications of parallel sourcing and make an explicit decision rather than deferring it.
- **Factor grid reliability, connection timelines and power cost into clean tech manufacturing location decisions before committing capital**. Businesses should require grid capacity assessments, including connection queue positions and timeline projections, as a standard component of site evaluation. Policymakers should publish clear, binding grid connection timelines and create fast-track approval mechanisms for strategic clean tech manufacturing investments.
- **Integrate CBAM exposure into procurement and commercial planning**. Businesses should model CBAM exposure across their supplier base, identify which relationships become less competitive under rising carbon costs and begin engaging suppliers on decarbonisation pathways where the commercial case supports it. Policymakers should provide clear forward guidance on CBAM expansion timelines to allow businesses to plan supply chain transitions with adequate lead time.
- **Treat Gulf sovereign capital as a strategic partner in clean tech supply chains**. For businesses in logistics, commodity processing, trade finance and clean tech infrastructure, the Gulf's position – bridging hydrocarbon revenues and clean energy investment, operating across competing blocs, deploying patient capital into supply chain nodes – creates genuine partnership opportunities that go beyond conventional financing relationships. Businesses should track where Gulf sovereign capital is flowing in clean tech supply chains, identify areas of strategic overlap with their own operations and explore co-investment or partnership structures where commercial alignment exists.
- **Deploy blended finance instruments to close the clean energy equity gap in emerging markets**. Development finance institutions and multilateral banks should prioritise blended finance structures that de-risk private clean energy investment in high-growth emerging markets, particularly across Africa, South Asia and Southeast Asia.
- **Lock in clean tech standards and interoperability requirements**. Policymakers should treat clean tech standards as a strategic negotiating priority in every bilateral and regional trade agreement currently under negotiation, and should coordinate with trade partners to develop common standards frameworks before divergence becomes entrenched.

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