



Global Supply Chain **Forum**

**Barbados** 21–24 May 2024

# Geopolitics and the geometry of global trade

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UNCTAD Global Supply Chain Forum

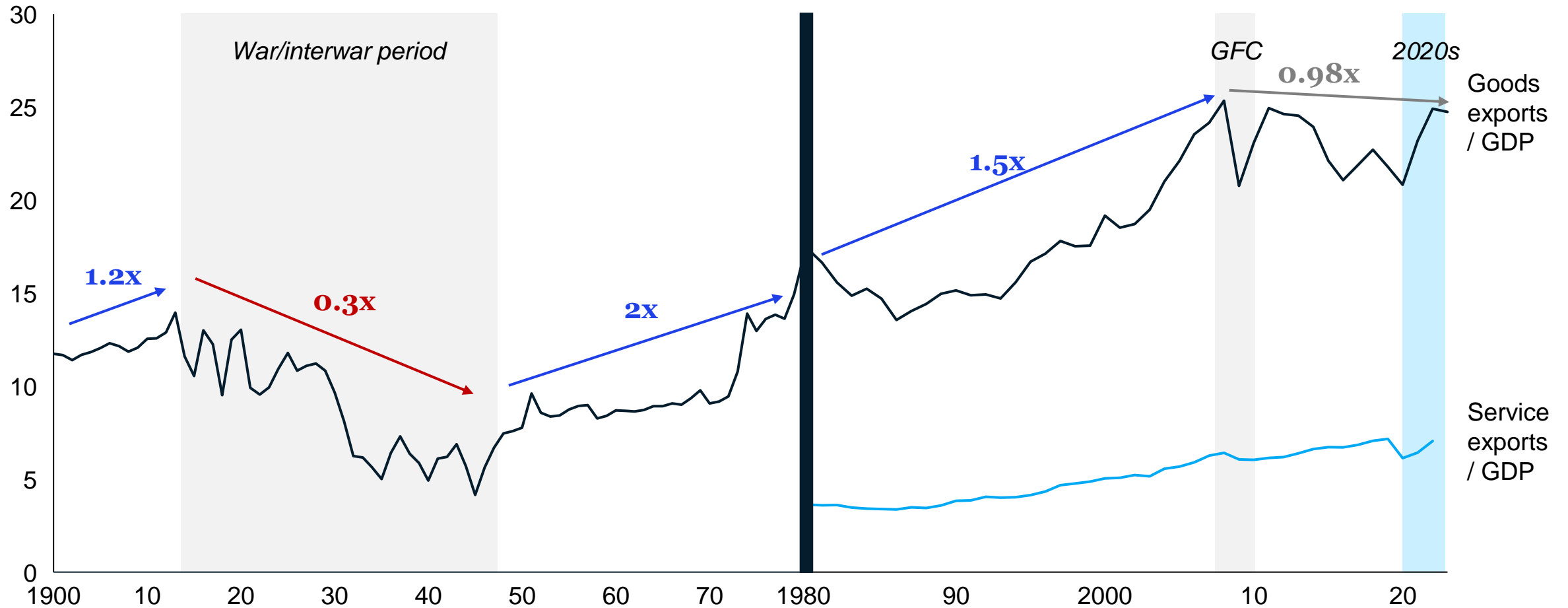
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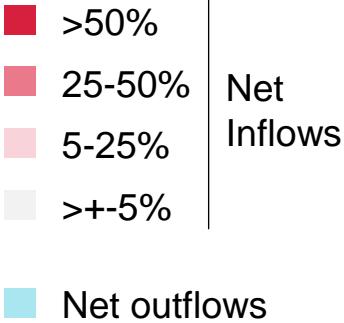
# Is globalization in retreat?

Exports as a proportion of GDP, %



# Today, the world is deeply interconnected

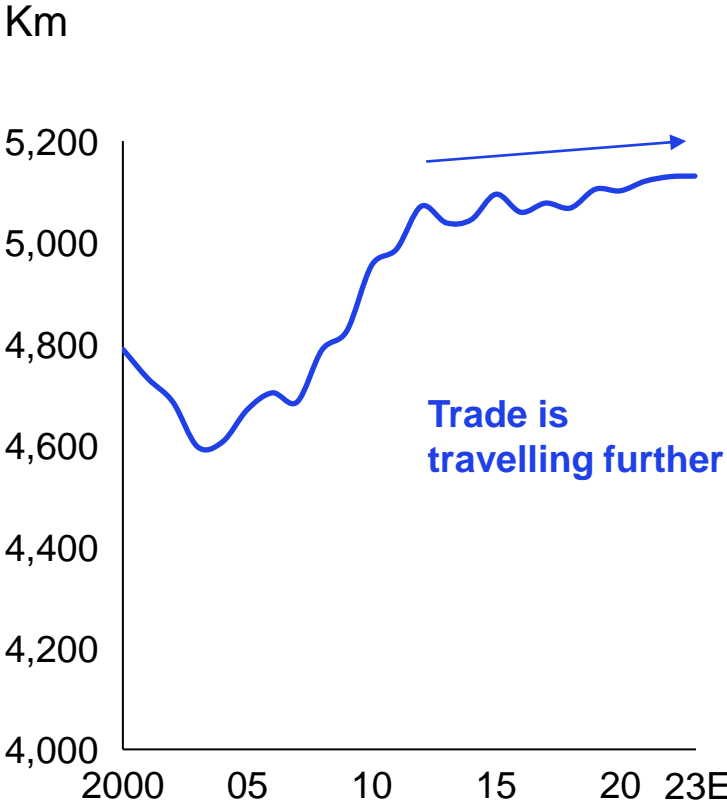
Share of domestic consumption met by net flows, % (2019 or most recent)



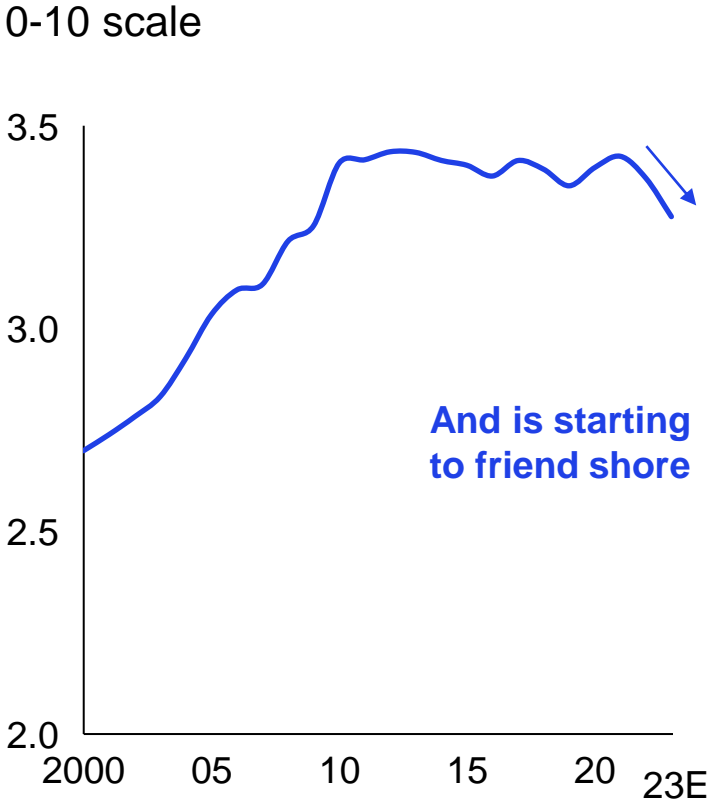


# Trade may be reconfiguring along geopolitical lines

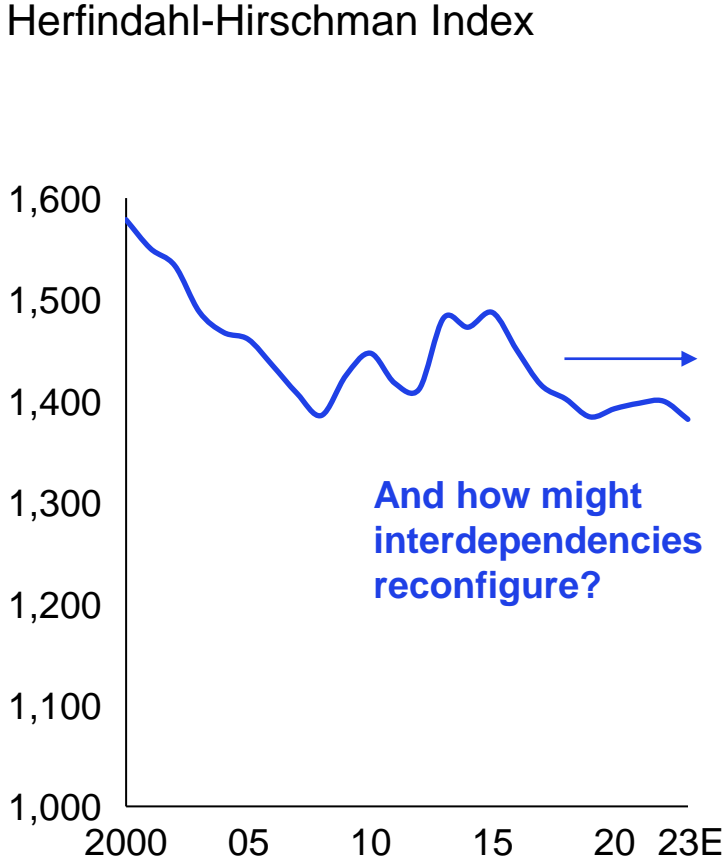
## Geographic distance travelled by trade



## “Geopolitical distance” travelled by trade

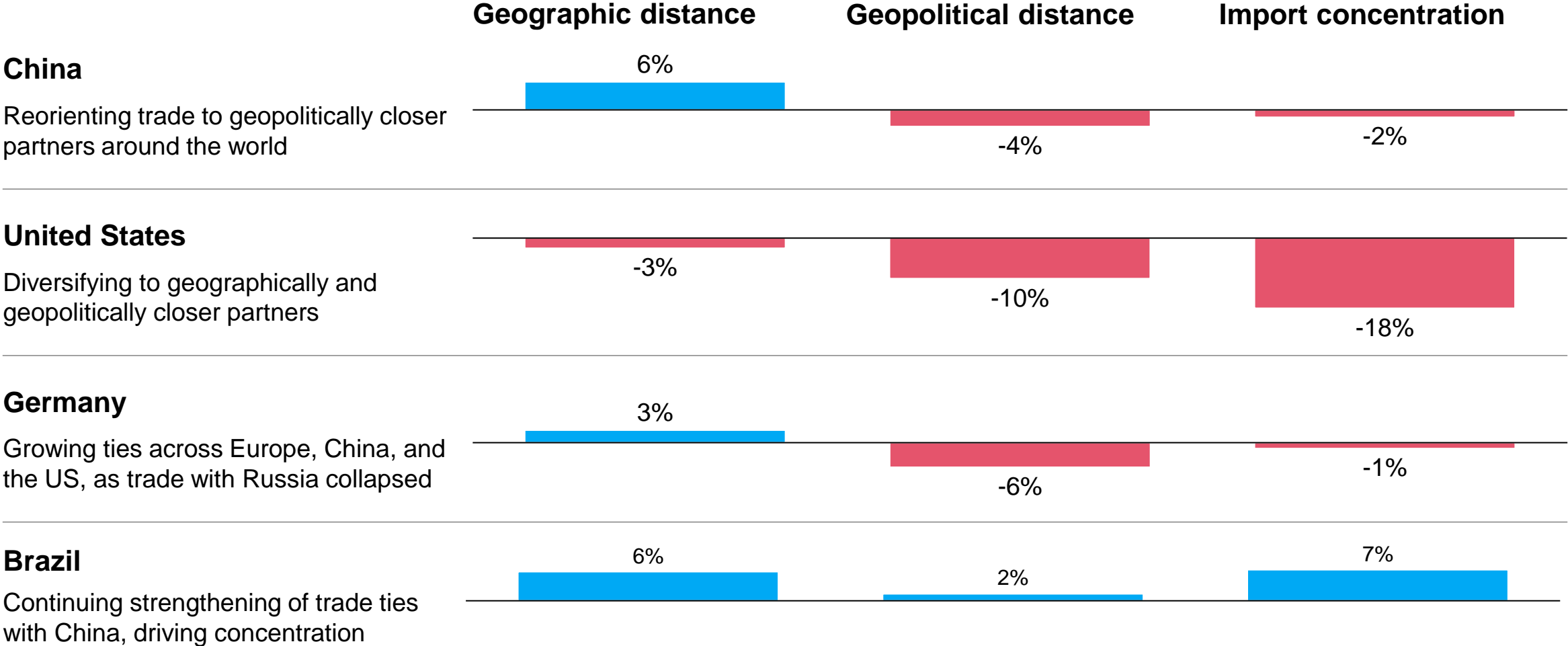


## Import concentration



# The picture varies by economy

Percent change, 2017–23



# Latin America's trading ties have shifted over time

Largest extra-regional trading partner

USA China European partner

2000



2022



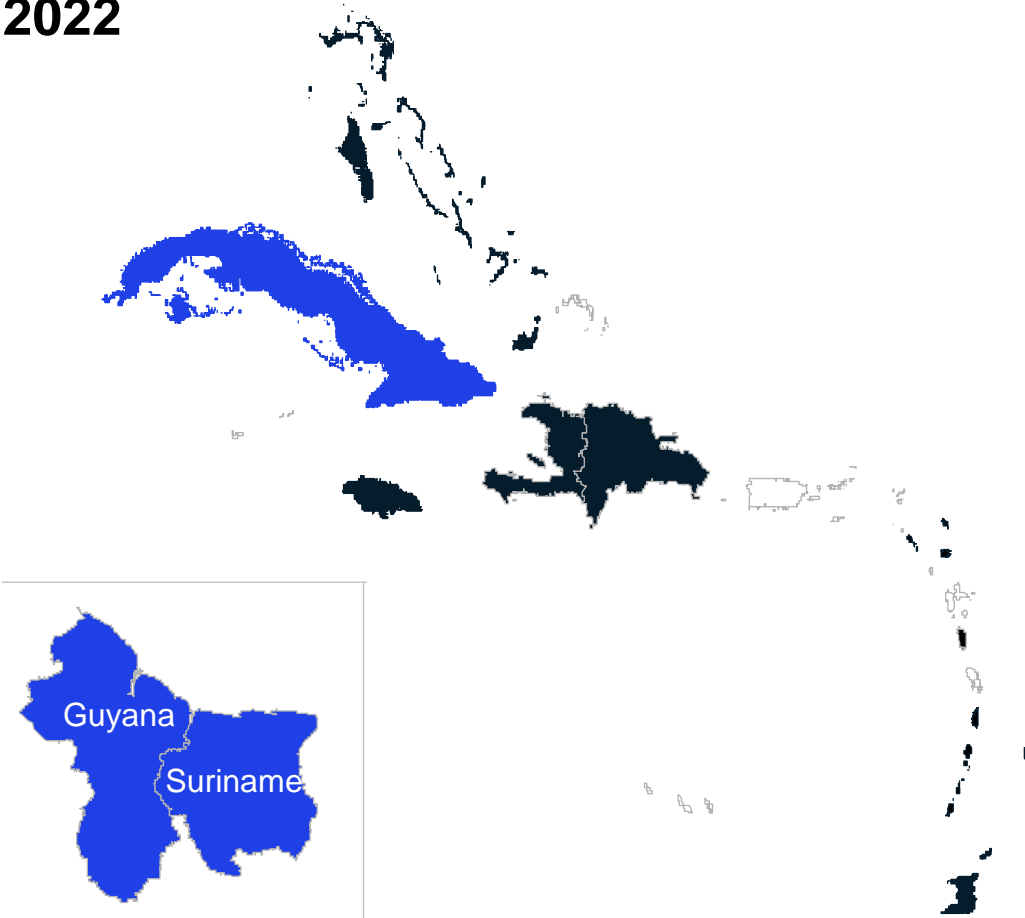
# Caribbean trade remains more aligned to the US and Europe

Largest extra-regional trading partner

■ USA    ■ China    ■ European partner

2000

2022



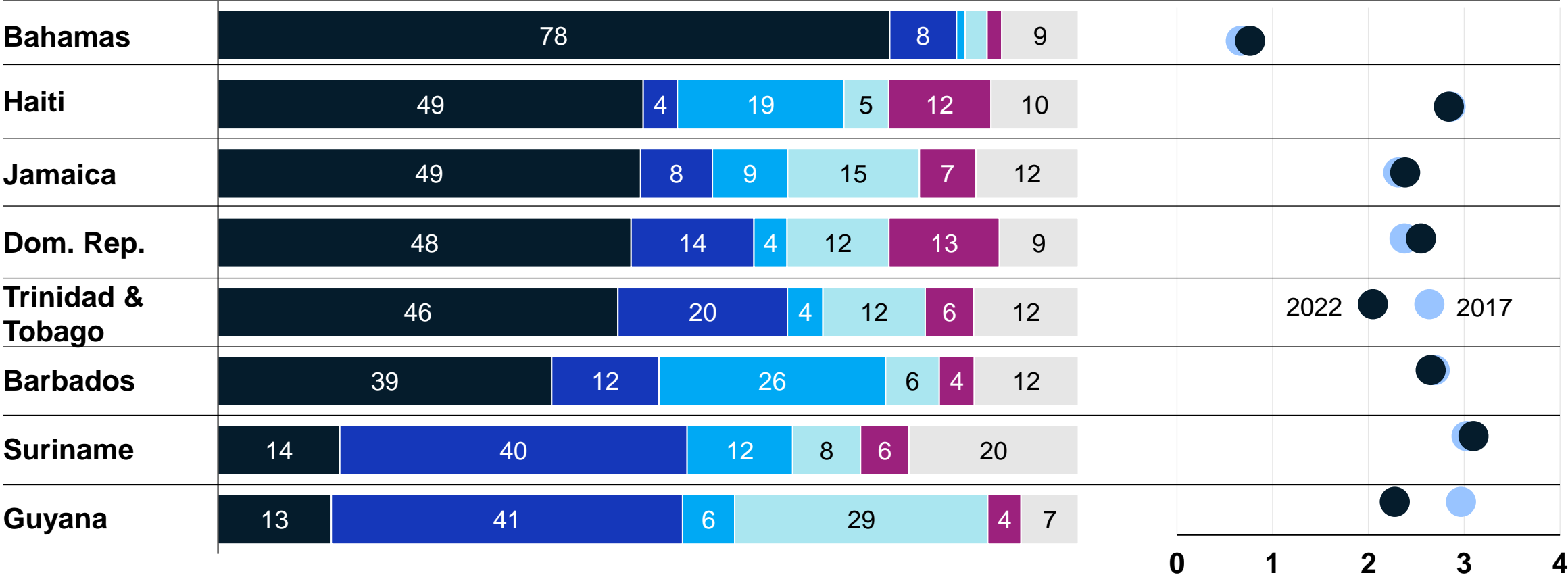


# Trade patterns vary across countries

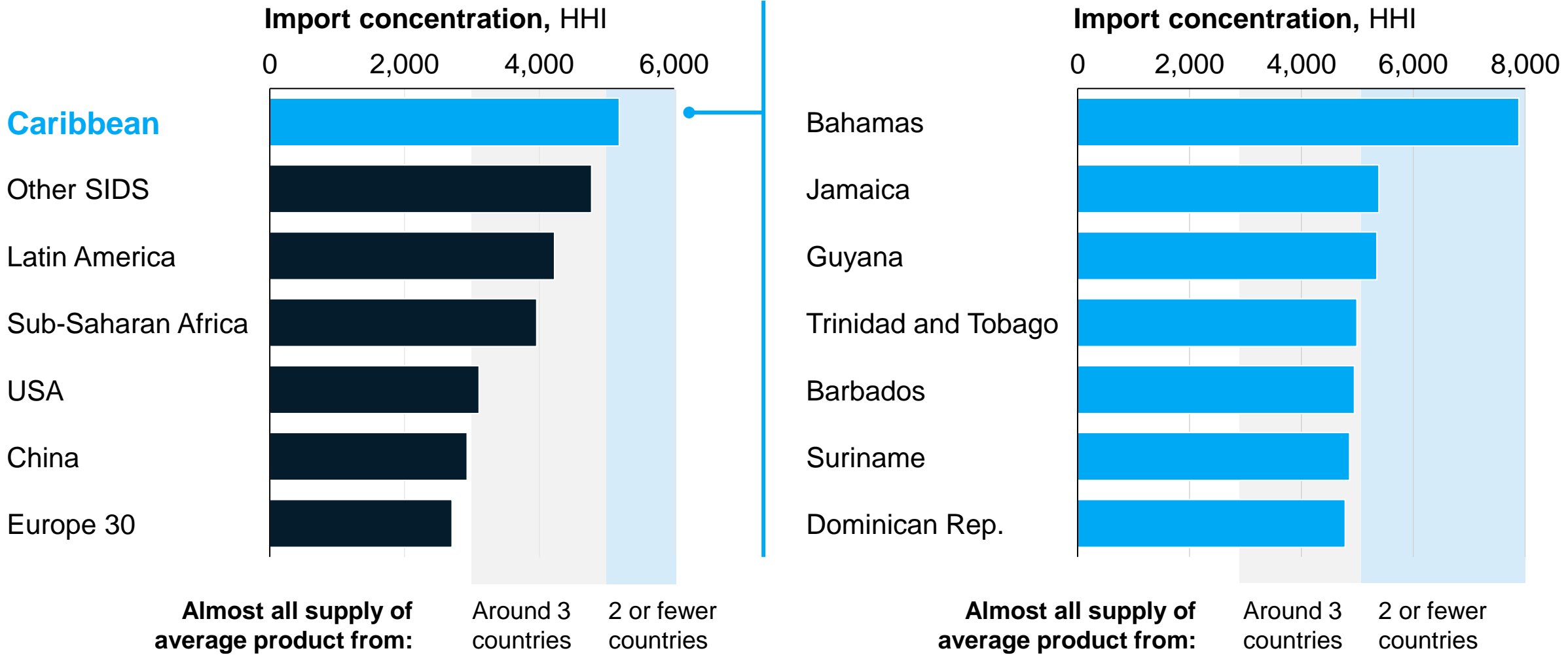
■ USMCA 
 ■ Europe 
 ■ Caribbean 
 ■ Central and South America 
 ■ China 
 ■ ROW

Share of total trade, 2022, %

Average “geopolitical position” of trade partner, 0–10 scale

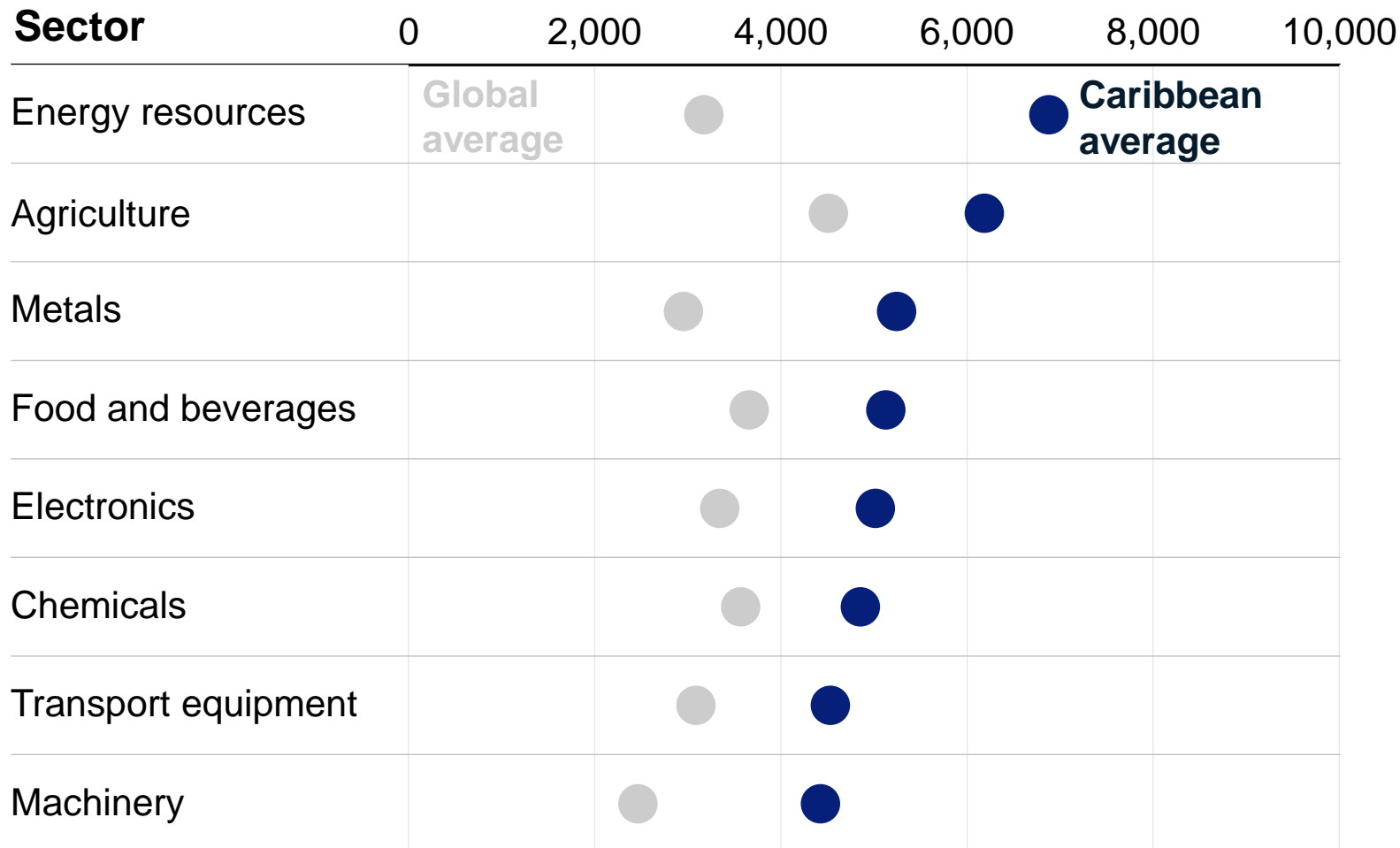


# Caribbean imports are highly concentrated

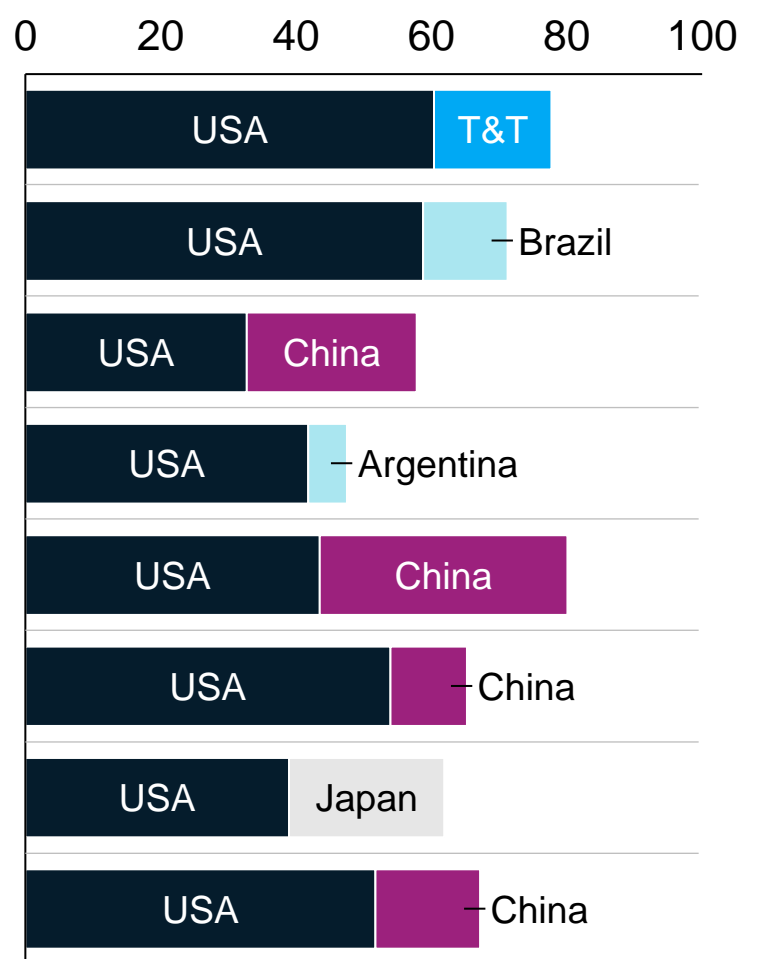


# High concentration plays out across sectors, especially in energy

Import concentration, HHI



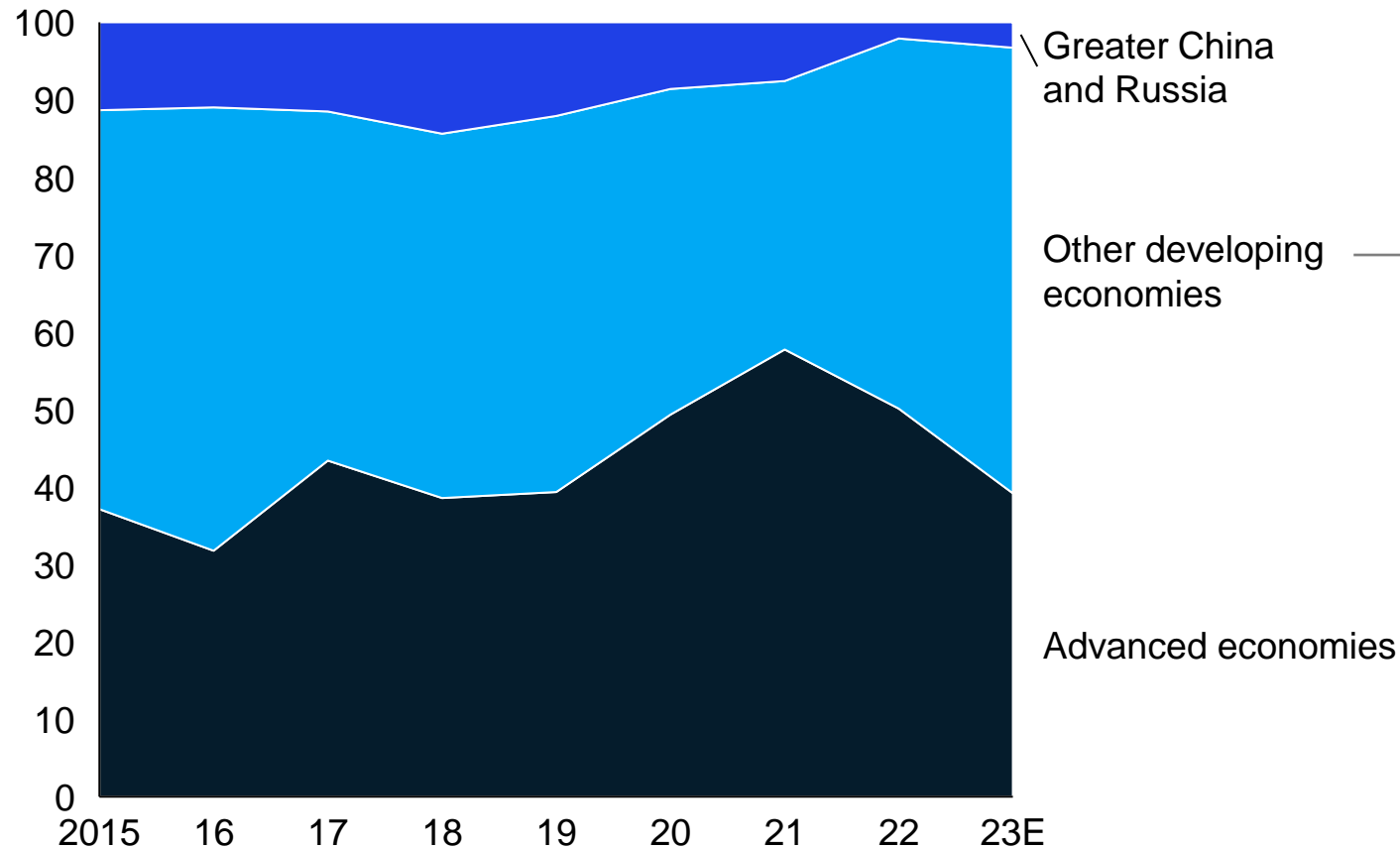
Largest 2 supplying economies for “concentrated” products, % share



# Investment may be shifting, too

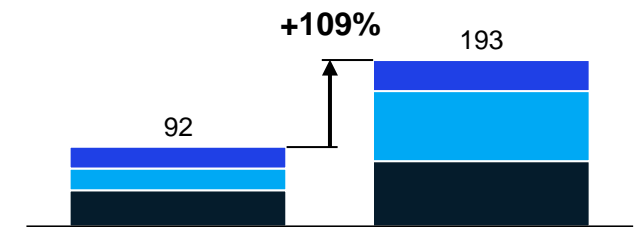
Patterns in announced cross-border greenfield investment, 2015-2023 through October

Share of global announced investment inflows, %

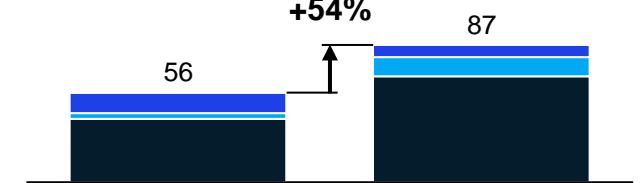


Announced greenfield investment, \$ billions, non-exhaustive examples

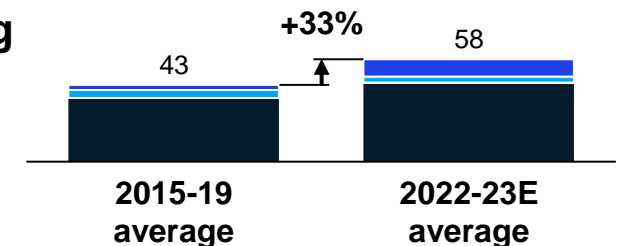
## Africa



## India



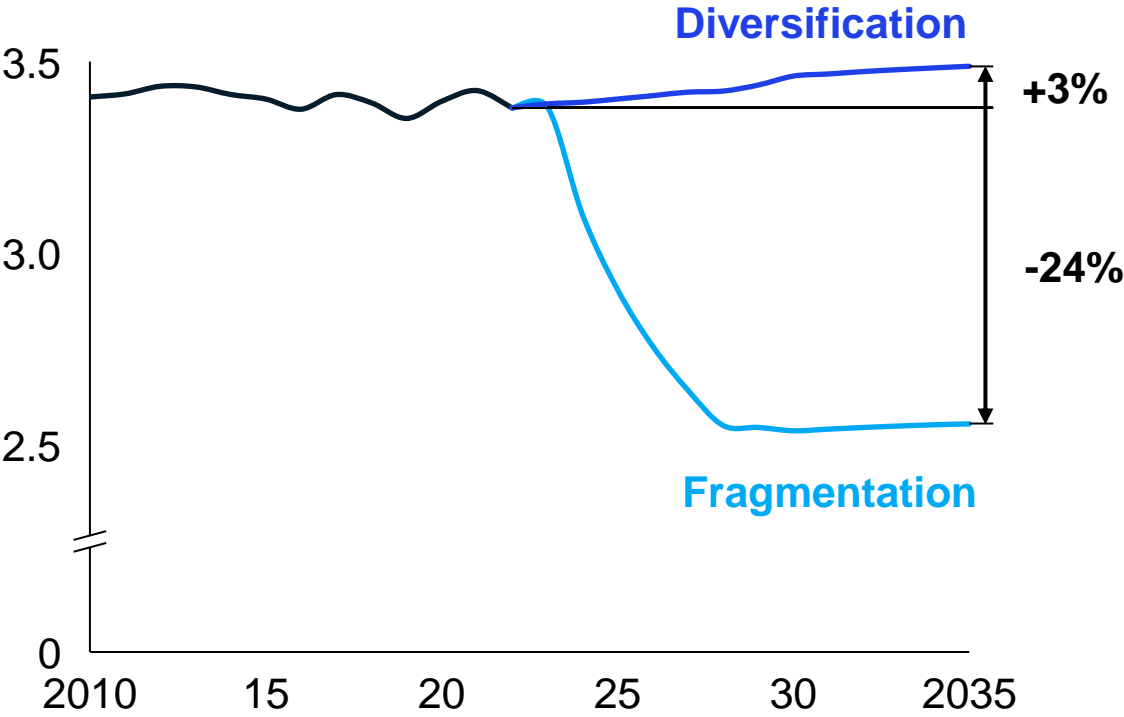
## Developing Europe



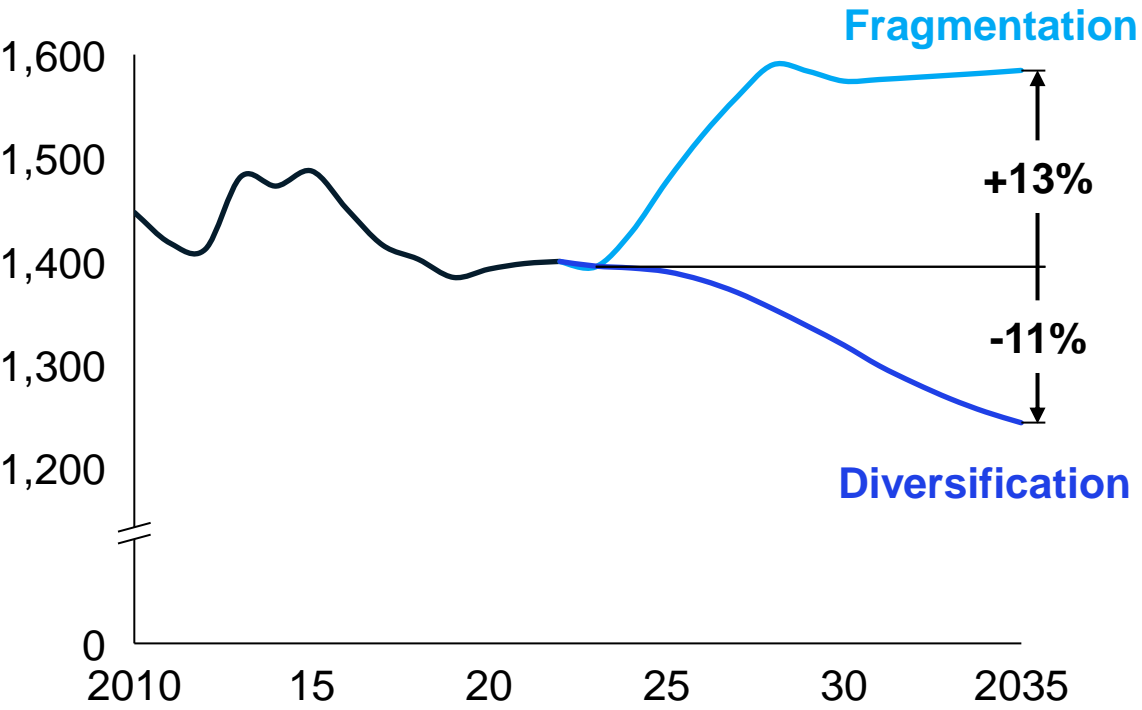
# A future path of fragmentation would look different from a path of diversification – there are trade-offs

Evolution of goods trade indicators, 2022–35, across illustrations

### Average 'geopolitical distance' goods trade travels

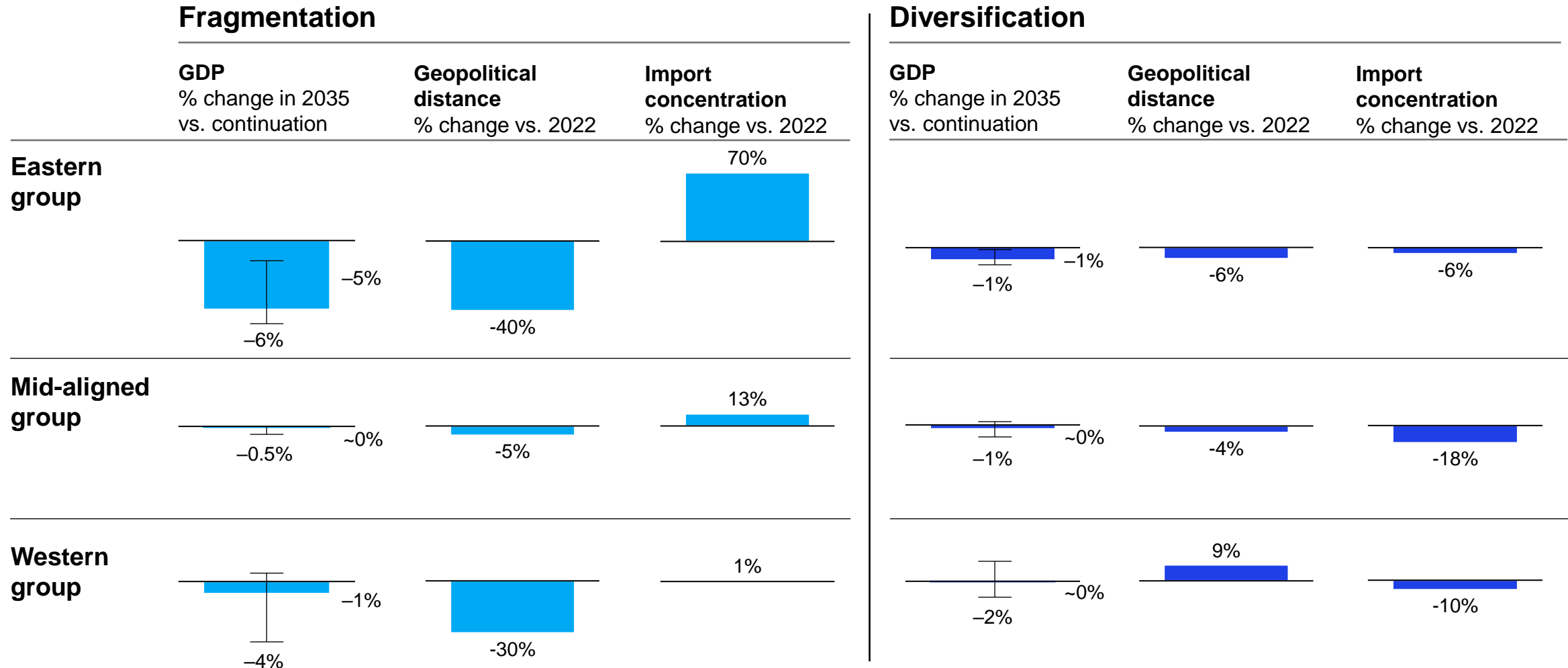


### Goods import concentration, HHI



# The trade-off differs by economy group

Evolution of goods trade indicators, 2022–35, across illustrations





# Parting thoughts



## Local cooperation within Caricom

- Free movement of people
- Friction-free trade
- Policy harmonization
- Regional infrastructure approach



## Economic integration of Caricom with other regions

- Ease of doing business – Single window, data transparency
- Regulatory alignment – Tariffs, WTO trade facilitation, declaration on good regulatory practices, phytosanitary, etc.
- Harmonization on tax and banking practices for investment attraction
- Infrastructure – Energy, communication, transport and logistics
- Talent attraction – students, skilled workers and entrepreneurs



## Global integration through services

- Requires reliable and resilient energy and communications infrastructure
- Quality of life to attract businesses and talent: safety, health, education, culture
- Ease of travel – flights, accommodations, visas, citizenship

## Geopolitics and the geometry of global trade

[mck.co/GeopoliticsTrade](https://mck.co/GeopoliticsTrade)



## Global trade explorer

[mck.co/gtx](https://mck.co/gtx)





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