



## Trade in Turmoil

**"GLOBALIZATION IS A FACT** of life. But I believe we have underestimated its fragility," United Nations Secretary-General Kofi Annan told the World Economic Forum almost a quarter century ago. Today, the fragility of the liberal international trading system that has underpinned peace and prosperity since the

end of the Cold War is all too evident.

Some policymakers, viewing globalization as a threat to domestic industries and national security, seek to reduce their reliance on precarious global supply chains. Even countries that once championed free trade are turning inward to isolate from rivals and secure strategic supplies of everything from computer chips to rare earths.

In this issue, we focus on the forces disrupting the established international trade order, such as Russia's war on Ukraine and geopolitical fragmentation. We also look at how global trade is being reshaped by technology and policy priorities, such as climate change and equality.

Mounting disillusionment with globalization has consequences. Yale's Pinelopi Goldberg concludes that protectionism would make the world less resilient and more conflict-prone. Dartmouth's Doug Irwin says history shows industrial policies and subsidies could leave countries worse off. Growing global tensions, notes the IMF's Michele Ruta, may push regional trade alliances toward less integration and more discrimination. And smaller economies may be sidelined as the world fragments into rival trading blocs. Some will find it advantageous to remain nonaligned, says Oxford's Ngaire Woods.

But the IMF's Kristalina Georgieva and the World Trade Organization's Ngozi Okonjo-Iweala appeal to countries to keep faith in trade as a transformative force that has lifted many millions out of poverty and call for a strengthening of multilateral institutions. Other contributors advocate for a new political consensus to resolve competing demands on the global trading system, taking into account structural changes in the global economy.

Reinforcing the trading system to safeguard its benefits and prevent losses is important. In the new world of trade, as Georgieva and Okonjo-Iweala note, "we cannot afford to stand still." **FD**

**GITA BHATT**, editor-in-chief



### ON THE COVER

Ukrainian artist Nataliia Shulga's cover sets the tone for our June 2023 edition on trade, symbolizing the near halt in international integration and the embrace by some countries of protectionist or nationalist policies.

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