



## PRESS RELEASE

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### UN TRADE AND DEVELOPMENT ALERTS: THE POOR AND THE VULNERABLE RISK BEING OVERLOOKED IN ESCALATING TRADE TENSIONS

- **Global economic growth could decline further:** In a low-growth, high-debt global economy, higher tariffs risk weakening investment and trade flows - adding uncertainty to an already fragile context. This could erode confidence, slow investment, and threaten development gains, particularly in the most vulnerable economies.
- **The most vulnerable will bear the highest cost:** Economies with minimal responsibility for global trade imbalances are facing severe penalties - despite being the least equipped to absorb new shocks.
- **Dialogue - not escalation - is the only path forward:** The need for trade reform is clear. Trade imbalances, concentrated gains, and outdated rules must be addressed – without affecting those least responsible.

*Geneva, 4 April 2025* – As major economies are set to impose sweeping new tariffs, UN Trade and Development (UNCTAD) alerts that the global trade system is entering a critical phase - threatening growth, investment, and development progress, particularly for the most vulnerable economies.

**“This hurts the vulnerable and the poor,”** said UNCTAD Secretary-General Rebeca Grynspan. **“Trade must not become another source of instability. It should serve development and global growth.”**

For businesses and policymakers alike, unpredictability and uncertainty in trade and investment is becoming a serious obstacle to growth and planning.

#### **Vulnerable countries most impacted**

Just 10 of the nearly 200 U.S. trade partners account for almost 90% of its trade deficit. Yet, for example, least developed countries and small island developing states - responsible for just 1.6% and 0.4% of the deficit, respectively - are being affected. They will neither help balance the trade deficit nor generate significant revenue.

Many low-income economies now face a “perfect storm” of worsening external conditions, unsustainable debt levels, and slowing domestic growth.

#### **Time for dialogue, not escalation**

While the need for trade reform is clear, UNCTAD stresses that the solution must come through dialogue and negotiation. Trade imbalances, concentrated gains, and outdated rules must be addressed - without sacrificing those least responsible.

**“This is a time for cooperation - not escalation,”** Grynspan said. **“Global trade rules must evolve to reflect today’s challenges, but they must do so with predictability and development at their core, protecting the most vulnerable.”**

UNCTAD calls on decision makers to urgently reconsider the tariffs imposed on the vulnerable countries, as these measures could inflict great pain on millions of people.

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**About UN Trade and Development:**

UN Trade and Development (UNCTAD) is dedicated to promoting inclusive and sustainable development through trade and investment. With a diverse membership, it empowers countries to harness trade for prosperity.

*Note to Editors: Additional background information and quotes can be provided upon request.*

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**Contacts us:** +41 76 691 18 74, +41 79 502 43 11, [marcelo.risi@unctad.org](mailto:marcelo.risi@unctad.org), [catherine.huissoud@unctad.org](mailto:catherine.huissoud@unctad.org) or [unctadpress@unctad.org](mailto:unctadpress@unctad.org),  
<https://unctad.org/media-centre>

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