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ARTIFICIAL INTELLIGENCE AND TRADE

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Artificial intelligence (AI) is rapidly transforming global trade. It is reshaping how goods and services are produced, transported, inspected and financed, while also changing how governments manage trade systems. In an increasingly fragmented global environment, AI offers powerful tools to improve efficiency, resilience and transparency across global supply chains.

The urgency of this discussion has grown as the global trading system faces rising uncertainty. Regional conflicts, supply-chain disruptions, sanctions regimes and geopolitical tensions increasingly affect trade flows. Recent disruptions in key maritime corridors have demonstrated how instability in one region can rapidly increase freight costs, delay deliveries and limit access to essential goods worldwide.

In this environment, AI should not be viewed merely as a technological development. It is a strategic capability that can help governments respond more effectively to trade disruptions, strengthen supply-chain resilience and support more agile economic governance.

AI and government dynamism

Governments today are expected to respond to trade disruptions with greater speed and precision than ever before. Traditional administrative systems often rely on reactive processes that address problems only after they emerge. AI enables a shift toward more anticipatory and adaptive governance.

AI systems can help governments monitor trade flows in near real time, identify irregularities in customs declarations, detect fraud and improve risk-based inspections at borders. This allows authorities to focus resources on high-risk shipments while facilitating the faster movement of legitimate trade.

In practice, many governments are already integrating AI into customs and logistics systems. AI-enabled risk assessment tools are being used to analyze large datasets of trade transactions to flag suspicious shipments, automate compliance checks and streamline documentation processing. Combined with digital customs platforms and national single-window systems, these tools can significantly reduce border delays and administrative costs.

AI can also assist policymakers in forecasting demand fluctuations, monitoring supply shortages and assessing the potential impact of policy decisions, sanctions or geopolitical developments on trade flows. Governments can use predictive analytics to simulate disruptions to trade routes or commodities, enabling faster policy responses during crises.

For many developing economies, this technological shift offers an opportunity to strengthen institutional capacity. When integrated with digital customs systems, interoperable trade data platforms and cross-border information sharing, AI can improve the efficiency, transparency and integrity of trade administration.

Strengthening supply chain resilience

The disruptions experienced in recent years have highlighted the fragility of global supply chains. Many industries remain highly dependent on specific trade routes, suppliers or production hubs. When disruption occurs, whether due to conflict, natural disasters or logistical constraints, the economic consequences can spread rapidly across borders.

AI can play a central role in strengthening supply chain resilience. By processing large volumes of logistics, shipping and inventory data, AI systems can provide real-time visibility into the movement of goods. This allows governments and businesses to detect emerging bottlenecks and respond more quickly.

Predictive analytics can identify potential shortages, shipping delays or supplier risks before they escalate into major disruptions. AI-powered logistics platforms can recommend alternative transport routes, ports or suppliers when disruptions occur.

These technologies are particularly important for small and medium-sized enterprises, which often lack the resources to monitor global supply risks independently. AI-driven trade intelligence tools can help smaller firms identify new suppliers, new markets and alternative trade corridors, reducing reliance on a limited number of partners or shipping routes.

In practice, governments can support these developments by investing in digital logistics infrastructure, port automation, real-time cargo tracking systems and interoperable trade data platforms.

AI and the impact of regional conflicts on trade

Regional conflicts increasingly generate global economic consequences. Disruptions to maritime routes, energy supply chains or critical commodities can rapidly affect international trade and increase costs for countries far removed from the conflict itself.

While AI cannot prevent geopolitical tensions, it can help mitigate their economic impact. Governments can use AI-based systems to monitor vulnerable trade corridors, track price fluctuations in critical goods and model potential disruption scenarios.

These tools can support early-warning mechanisms that enable authorities to prioritize essential shipments such as food, fuel and medical supplies during periods of disruption. AI can also assist in identifying sanctions evasion, illicit trade flows and other risks that may arise in unstable environments.

In the maritime sector, AI is also beginning to play an important role in **risk assessment and freight insurance during conflict situations**. Insurance markets increasingly rely on advanced data analytics and AI models to assess the security of shipping routes, evaluate geopolitical risks and determine appropriate insurance premiums for cargo and vessels.

AI can analyze satellite data, vessel tracking systems, historical incident reports and geopolitical indicators to provide more accurate assessments of maritime risk. This allows insurers and shipping companies to adjust coverage more dynamically and maintain freight flows even during periods of instability. By improving risk modeling and transparency, AI can help prevent insurance withdrawal from critical trade routes, which often exacerbates supply disruptions during conflicts.

AI, free trade agreements and digital trade governance

AI is also beginning to influence the design and implementation of contemporary free trade agreements (FTAs). Increasingly, trade agreements include provisions on digital trade, data flows, electronic documentation and regulatory cooperation, all of which support the use of AI-enabled trade systems.

AI can strengthen the implementation of FTAs by improving transparency and compliance monitoring. Automated systems can track tariff utilization, identify non-tariff barriers and analyze trade patterns under preferential agreements. This helps governments ensure that businesses fully benefit from negotiated market access.

Furthermore, AI-driven trade analytics can assist governments in evaluating the economic impact of trade agreements, identifying sectors with growth potential and supporting export diversification strategies.

As digital trade becomes increasingly important, future FTAs may also include provisions related to data governance, algorithmic transparency and interoperability of digital systems. These frameworks will play an important role in ensuring that AI-driven trade remains open, secure and inclusive.

Ensuring inclusive and responsible adoption

Despite its promise, the benefits of AI in trade will not be distributed automatically. Significant disparities remain between countries in digital infrastructure, access to data, computing capacity and technological expertise.

Parliaments and governments therefore have an important role to play in ensuring that AI contributes to inclusive and sustainable trade. This includes investing in digital trade infrastructure, strengthening cybersecurity and data governance frameworks, and building the technical capacity of trade institutions.

Equally important is ensuring that small and medium-sized enterprises are able to benefit from AI-enabled trade systems. Simplified digital platforms, improved market information tools and accessible trade finance can help smaller firms participate more effectively in global markets.

International cooperation will also be essential. Multilateral institutions, including the WTO, can support knowledge-sharing, capacity-building and the development of common standards that promote trust and interoperability in AI-enabled trade systems.

Conclusion

AI is emerging as a critical tool for managing trade in a complex and uncertain global environment. By improving government agility, strengthening supply chain resilience and helping mitigate the economic impact of regional conflicts, AI has the potential to make global trade systems more adaptive and responsive.

However, the benefits of AI will depend on how governments and international institutions guide its adoption. Policies that support digital infrastructure, transparent governance, regional cooperation and inclusive participation will be essential to ensure that AI strengthens – not fragments – the global trading system.

In a world marked by rapid change and increasing uncertainty, leveraging AI responsibly offers an opportunity to make trade more resilient, more efficient and more inclusive.