Trade without AI

What happens if the boom fades?

Economics
Global

- The AI boom is driving global trade growth, while non-tech export growth is much softer
- Robust AI investment should continue to support trade even if momentum slows…
- …but if the AI cycle cools, so too might trade growth

Global goods trade has demonstrated remarkable resilience over the past 18 months against formidable headwinds (volatile US tariff policy, Middle East shipping and trade disruption), thanks largely to the AI boom. Last year AI-related goods drove more than 40% of global merchandise trade growth, according to the WTO, despite accounting for just one-sixth of traded goods.

So far this year, AI-related goods have driven 80% of global export growth in nominal terms (noting that component prices have been soaring). These goods account for around 80% of Taiwan's total exports and 27% of US imports. And AI is also helping to support services trade too.

But what might happen to overall trade growth if the AI cycle weakens? Outside of tech exports the numbers are much softer, with export growth of other goods having largely flat-lined since 2024.

We estimate that in a static scenario (not our base case), if Taiwan's and Korea's export growth forecasts were halved this year and next, around 0.2-0.3ppt could be shaved off global export growth each year.

The good news is that, based on capex forecasts of the top six hyperscalers, the AI boom likely still has further to run even if the breakneck pace of growth moderates next year. For now, global trade performance remains closely linked to the AI cycle.

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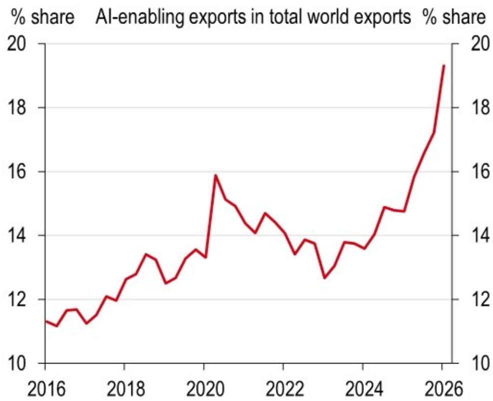
AI-enabling goods are driving world trade growth

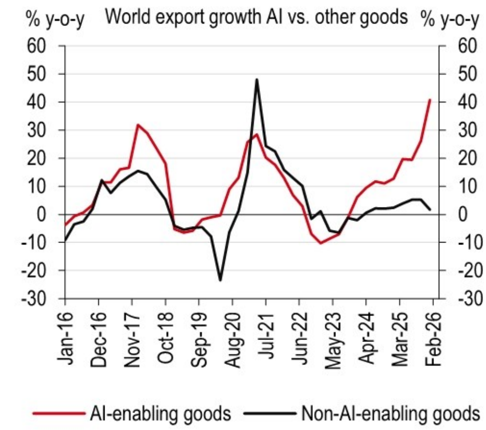
It is impossible to talk about the trade outlook these days without talking about AI. Today, AI-enabling goods (as defined by the World Trade Organization) account for nearly 20% of global goods trade, up from 14% on average in 2024 (chart 1). Trade in these products accounted for more than 40% of annual global trade growth last year and, by our estimates, around 80% of y-o-y export growth in Q1 2026 alone in nominal terms.

1. AI-enabling goods now account for nearly one-fifth of global exports…



Source: ITC TradeMap, WTO, HSBC. Note: Quarterly data.

2. …with trade growth having diverged from non-AI goods since 2024

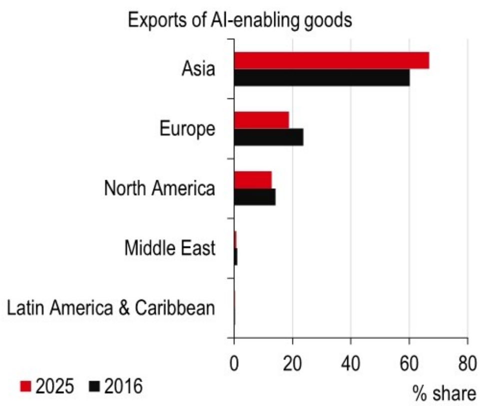


Source: ITC TradeMap, WTO, HSBC. Note: Quarterly data.

80% of Taiwan's exports are AI-related

There is no region where AI matters more for exports than Asia (chart 3). Our Asia Economists Ines Lam and Frederic Neumann recently wrote extensively about how AI is reshaping Asian trade (see *Shared circuits*, 25 June 2026). As our colleagues point out, many Asian economies are benefiting from the AI boom – from Taiwan and Korea which dominate hardware, to ASEAN economies which provide key inputs. Just recently, mainland China's hi-tech exports were up nearly 40% y-o-y in the first half of this year (see *China trade: Surging higher*, 14 July 2026).

3. Asia dominates AI-related exports…



Source: ITC TradeMap, WTO, HSBC

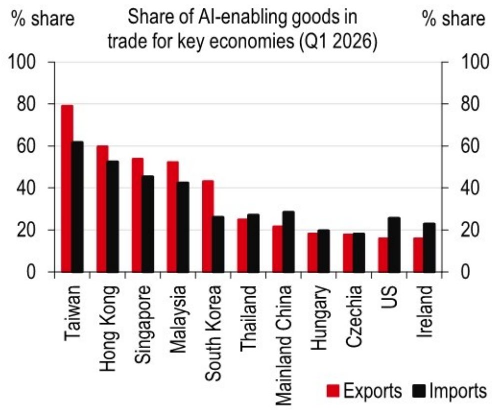
4. …while North America and Europe account for c20% of imports each

Source: ITC TradeMap, WTO, HSBC

Together, mainland China (18%), Taiwan (14%) and Hong Kong (12%) represented 44% of total global AI-related exports in 1Q2026 in value terms, while nearly half of such imports was accounted for by the US (19%), mainland China (18%) and Hong Kong (12%). Europe accounts for about 20% of AI-enabling flows in both directions.

Today, around 80% of Taiwan's total exports and 27% of US imports are related to the AI value chain. The share of AI-enabling goods in total US imports has nearly doubled since the beginning of 2025 mostly due to soaring component prices (chart 6). For comparison, the value of US AI imports was up 60% y-o-y in the first five months of this year, while volumes were up just 8%.

5. Some economies are highly reliant on trade in AI-related products…



Source: ITC TradeMap, HSBC. Note: c30% of Asia's exports and imports are AI-related.

6. …with these goods now accounting for 27% of total US imports

Source: US Census Bureau, WTO, HSBC. Note: 3mma.

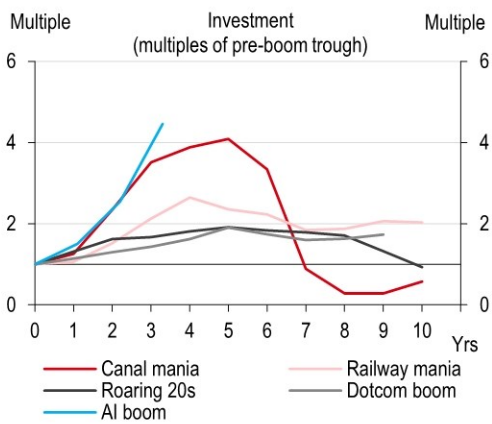
Digital services exports could benefit the most from AI

The AI boom is not only supporting goods trade, but cross-border services flows too. Exports of digitally delivered services (e.g. cloud computing services, financial services, other business services) grew 10% y-o-y in 2025, and now accounts for 55% (USD5.3trn) of total global services exports. Looking further ahead, WTO modelling estimates that exports of digitally delivered services could grow by 39-42% over 2025-2040 due to AI – the fastest pace of all sectors.[1] This reflects the fact that these services are particularly responsive to productivity gains and trade cost reductions.

Risk that AI investment could reverse in time

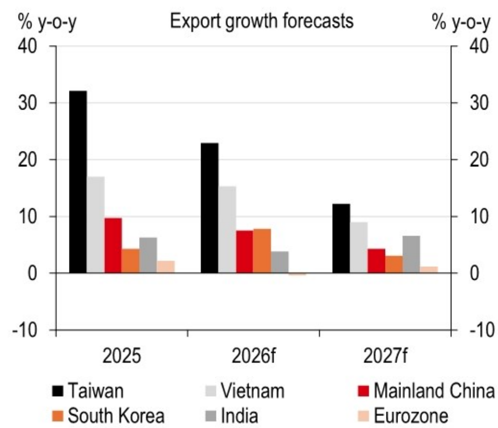
But what if the AI boom starts to fade? In its June 2026 Annual Economic Report, the Bank for International Settlements (BIS) noted that previous investment booms – for example around "canal mania" of the 1830s and the dotcom boom of the late 1990s – all ended with an eventual reversal in investment and induced economy-wide recessions (chart 7).[2] Given the scale and pace of current tech investments, the BIS argues there is a risk that today's AI boom could follow a similar path.

7. Previous investment booms have reversed over time



Source: BIS. Note: Chart shows investment (as a multiple of pre-boom trough) over the years since trough.

8. Demand for AI hardware will continue to support Asian trade growth



Source: HSBC, IMF. Note: Mainland China data from IMF's World Economic Outlook. All forecasts are for exports of goods and services, volume terms. Fiscal year data for India.

1 WTO, World Trade Report 2025, 17 September 2025.
2 BIS, Annual Economic Report 2026, 28 June 2026.

For economies that are highly dependent on AI exports, a dissipating boom would have implications for trade growth. Jin Choi, our Korea and Taiwan economist, expects Taiwan's exports to grow by nearly 23% annually in 2026 and by 12% in 2027, and Korea's exports to increase by 7.8% and 3.1% in 2026 and 2027, respectively (chart 8). Mainland Chinese export volumes are also set to grow by 7.5% in 2026 and 4.3% in 2027, according to IMF estimates. On the import side, our US economist Ryan Wang is forecasting volume growth of 4.5% this year and 3.1% next. To note, all these forecasts are on a real basis for goods and services trade.

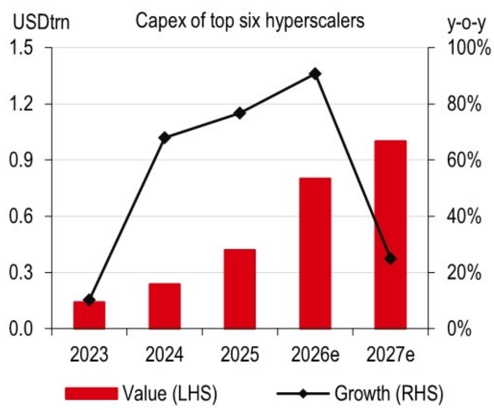
Global export growth may cool if the AI boost fades

By way of example, if Taiwan's and Korea's export growth forecasts were to halve this year and next, world export growth could decline by 0.2-0.3ppt each year, by our estimates. We would expect a larger impact at the aggregate level if mainland China's export engine were to slow given the economy's weight in global trade. But, to reiterate, this is not our base case.

But AI capex spending is set to remain strong

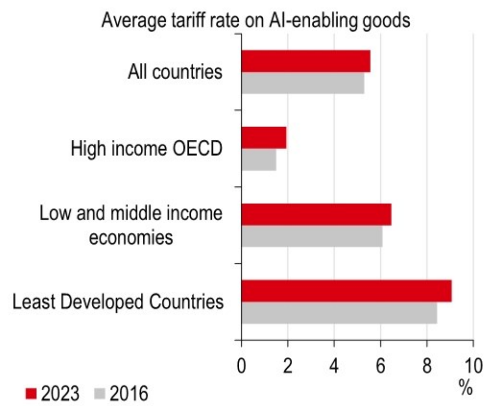
The good news for trade is that AI capex is anticipated to stay strong in the coming years, which will buoy demand for AI-related components (see pages 24-32 of *Global Economics: Crosscurrents*, 22 June 2026). Around 40% of data centres are located in the US and HSBC technology analysts forecast capex of the top six hyperscalers (AWS, Google, Oracle, CoreWeave, Microsoft and META) could reach over USD1trn in 2027, even as the pace of growth decelerates to around 25% y-o-y next year (chart 9).

9. AI capex growth is set to decelerate next year but remain strong



Source: Company data, Visible Alpha, HSBC estimates

10. Tariffs on AI-related goods remain low



Source: WITS, HSBC. Note: Simple average MFN tariff rate. 2023 latest year for data.

Tariffs on AI-enabling products also remain low (even if they have crept up a bit), ranging from less than 2% on average for high-income OECD economies to c9% for least developed economies (chart 10). However, it is worth nothing that non-tariff measures on AI-enabling goods are on the rise.[3]

Therefore, all things considered, we expect trade to continue riding the AI boom for a while longer.

3 The WTO estimates that the number of quantitative restrictions (e.g. import and export quotas, licensing requirements, bans) on AI-enabling goods have roughly doubled over 2017 to 2024, with nearly 500 being implemented in the most recent year. These are typically applied on goods that have both civil and military use (i.e. so-called "dual-use" goods). See WTO, World Trade Report 2025, 17 September 2025.

Disclosure appendix

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