



Statement by UNCTAD

to the

G-24 Ministers and Governors Meeting

at the IMF–World Bank Annual Meetings

October 2026

Esteemed Ministers, Governors, and distinguished delegates,

The global economy has proved more resilient this year than many feared, yet growth is slowing and the gains are narrowly shared. Trade exceeded \$35 trillion in 2025 and is on track to grow by about 4 per cent in 2026, well above expectations when the conflict in the Middle East began. That resilience rests on a narrow base. UNCTAD's *Trade and Development Report 2026* projects global growth to slow to 2.6 per cent this year, from 2.9 per cent in 2025, and growth in developing economies to slow to 4.0 per cent, from 4.7 per cent. Outside a few dynamic Asian economies, income convergence with developed economies has receded since the mid-2010s.¹

The conflict in the Middle East has pushed oil prices up and made them highly volatile, and they are expected to remain more than \$30 a barrel above pre-conflict levels through the end of 2026. The steepest fuel price increases have hit developing countries, and poorer households, which spend two to three times more of their income on fuel than wealthier ones, carry the heaviest burden.² Furthermore, a third of the world's seaborne fertilizer trade passes through the Strait of Hormuz. Higher fertilizer and fuel costs raise what farmers pay to grow food, and food price inflation may keep climbing even after the shock fades.³ Countries that import both fuel and food, small island developing States above all, face acute balance-of-payments pressures.⁴ The conflict has also added to already structurally higher borrowing costs for developing countries, pushing up sovereign

¹UNCTAD, *Trade and Development Report 2026: The Geoeconomics of Development* (Geneva, October 2026), chapters I and II.

²UNCTAD, *Trade and Development Report 2026*, chapter I.

³UNCTAD, *Strait of Hormuz Disruptions: Implications for Global Trade and Development* (UNCTAD/OSG/TT/INF/2026/1, 10 March 2026).

⁴UNCTAD, *Strait of Hormuz Disruptions: Beyond Reopening – Lasting Impacts on Vulnerable Economies* (UNCTAD/OSG/INF/2026/4, 30 June 2026); and UNCTAD, *Trade and Development Report 2026*, chapter I.



bond yields for financially-integrated countries by an average of 30 basis points since its start. If these higher costs become embedded, they could add up to \$57 billion in additional interest costs⁵.

Monetary policy will struggle to contend with these shocks. Expectations that major central banks would ease policy in 2026 have given way to tightening, pressing monetary authorities in developing countries to follow suit, whatever their domestic conditions, to avoid capital outflows and currency depreciation. The outbreak of the conflict triggered the largest portfolio outflows from major emerging markets on record, slightly exceeding those of March 2020, and volatility in these flows doubled in 2026. Lastly, because this inflationary shock originates in supply, easing energy and supply constraints is likely to prove more effective than monetary and fiscal tightening, which weighs on activity without reaching the source of the pressure.⁶

Official development assistance is projected to fall by almost 7 per cent in 2026, a third consecutive annual decline, to its lowest level since 2017, and flows have shifted away from developing regions since 2022. On this trajectory, closing the estimated \$4.3 trillion financing gap for the Sustainable Development Goals is formidable: aggregate external and domestic sources of finance available to developing countries would need to rise by about a third between 2025 and 2030. Automatic multilateral mechanisms and multi-year pooled commitments would better insulate recipients from shifting donor priorities, and deeper domestic finance in local currency, as the Sevilla Commitment calls for, would reduce reliance on external flows.⁷

UNCTAD sees these pressures as part of a deeper shift: the rise of geoeconomics, in which States deploy economic and financial instruments to pursue strategic objectives, above all in sectors critical to national security and technological leadership. Developed economies capture around 70 per cent of greenfield investment in strategic sectors such as semiconductors, energy transition technologies and artificial intelligence infrastructure. Their industrial policy relies on financial instruments, from grants and state loans to investment screening and, increasingly, capital controls. Most developing countries rely on trade policy and are constrained by their fiscal, financial and institutional realities.⁸

The renewed interest in industrial policy across the international financial institutions is welcome. Its value will depend on the horizon applied. Structural transformation pays off over decades, so short-run cost-benefit tests understate the capability gains that justify intervention, and feasibility is best assessed dynamically: the purpose of industrial policy is to build the capabilities countries lack. Financial policy belongs at its core. Managing capital flows can contain macro-financial volatility and give domestic finance room to serve industrial goals.⁹

Regional cooperation is fast becoming a source of resilience in this geoeconomic age. Rising economies of the global South are becoming regional anchors, extending trade integration to new financial initiatives. The Pan-African Payment and Settlement System seeks to connect 42 African currencies, with \$3 billion in liquidity support from Afreximbank. In Asia, host region of these

⁵ UNCTAD, *World of debt 2026* (Geneva, October 2026).

⁶ UNCTAD, *Trade and Development Report 2026*, chapter I.

⁷ UNCTAD, *Trade and Development Report 2026*, chapter I, based on OECD data; and UNCTAD, *Financing Development: External Flows of Financial Capital to Developing Countries and Their Cost* (2026).

⁸ UNCTAD, *Trade and Development Report 2026*, chapters I and III.

⁹ UNCTAD, *Trade and Development Report 2026*, chapter III.

Meetings, the Chiang Mai Initiative Multilateralization provides a \$240 billion swap arrangement. Regional arrangements of this kind complement the global financial safety net, and they work best alongside a multilateral trading system that keeps non-discrimination and special and differential treatment at its core.¹⁰

Borrowers, too, gain from acting together. In April, more than 30 countries launched the Borrowers' Platform at the Spring Meetings, a key outcome of the Sevilla Commitment. At these Annual Meetings, the Platform will now move to its formal establishment by holding its first Governing Council meeting, with UNCTAD as its secretariat. Creditors have long coordinated through well-established mechanisms. Borrowers now have a space of their own to share experience, strengthen debt management capacity and build on their collective voice.

The IMF was founded to give its members the confidence to correct imbalances without resorting to “measures destructive of national or international prosperity”.¹¹ In a world where economic instruments increasingly serve strategic ends, that founding purpose carries new weight. UNCTAD stands ready to support G-24 members through its analytical work, technical cooperation and platforms for collective action.

¹⁰UNCTAD, *Trade and Development Report 2026*, chapter III.

¹¹International Monetary Fund, *Articles of Agreement*, Article I(v).