MARKET GLOBALIZATION AND POPULATION TRENDS:
A CHALLENGE TO TRADE POLICIES

The globalization of markets and diverging population trends in developed and developing countries, by generating pressures for structural change, are providing major challenges to governments in the trade policy area.

This is the theme of an analysis, by GATT economists, of trade policy in an evolving world economy, published today as the third section of International Trade 1987/88 (Volume I)\(^1\).

As a key force behind the globalization of markets, the Report singles out new technologies which are substantially broadening the scope for specialization and product diversification in international trade. Many of the resulting changes are reflected in trends described in the first section of the Report, including the tendency for trade to increase more

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\(^1\) The first two sections of Volume I were published in an advance text released in July this year. The second volume, which presents more detailed information on world trade in the form of highlights, tables and charts, will be distributed shortly. The two-volume set will be available in English, French and Spanish language editions, and may be ordered from the GATT Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21, Switzerland or through booksellers at a price of 50 Swiss francs.
rapidly than national output, the diversification of exports into new products and new markets, and the emergence of new countries on the list of the world's leading traders.

GATT's economists emphasize that, with the growing linkages among economies, the costs of ill-conceived trade policies in developed and developing countries will continue rising. They argue that the resulting loss of economic efficiency is particularly damaging at a time when the challenges posed by worldwide population trends make higher rates of economic growth in the world economy more important than ever.

Those population trends indicate a combination of high rates of growth in developing economies and little or no labour force growth in industrial countries. Together with technological change, these trends are likely to affect the relative competitiveness of a broad range of industries. The population figures also suggest, the Report notes, that for many goods and services the greatest potential for dynamic market growth in the coming decades will be in the developing economies.

In looking at the priorities, the Report says that policy changes affecting such sectors as agriculture, textiles, clothing and steel would, at the same time, serve to increase national productivity in industrial countries and expand growth opportunities in the developing world.

The Report's first section is devoted to developments in world merchandise trade - including latest estimates of trade growth in 1988 which is expected to surpass the 5 per cent increase recorded last year - while the second is a detailed analysis of trade trends in the agricultural sector.