International synthesis

In 2025, global trade picked up, foiling predictions following the announcement of higher US tariffs

By the end of 2025, the restructuring of foreign trade, underway since the start of the year and the increase in US tariffs imposed by the new administration, continued (▶**Figure 1**). After a very turbulent start to the year, global trade returned to a steadier pace. It rose sharply in Q1 and Q2 (+1.4% and +1.3% respectively), driven by expectations of tariff increases among exporters worldwide who rushed to ship their goods to the United States, before stagnating in the second half of the year (-0.2% and +0.1% in Q3 and Q4). Nevertheless, over 2025 as a whole, global trade accelerated by +3.6%, after +3.3% in 2024. The momentum was mainly driven by Asia, where intra-Asian trade remained very buoyant, while China continued to lower its export prices and gain market share. The buoyancy in Asia more than offset the decline in US imports in the second half of the year, and the reduction in the US trade deficit was mainly at the expense of Europe (▶**Focus** on the US trade deficit). In 2025, foreign trade had a negative impact on growth in the euro area (contribution of -0.6 percentage points for growth of +1.5%). European exports (+2.2%) are caught between the appreciation of the euro, US tariffs and Chinese competition, while imports (+3.7%) are driven by the recovery in domestic demand, particularly investment. Looking specifically at the four largest economies in the euro area, the picture is even less flattering: in 2025, foreign trade dragged growth down by -0.9 percentage points to +0.9%, weighed down by sluggish exports (+1.0%), mainly due to Germany's poor performance, with its overseas sales falling back for the third consecutive year (-0.3% after -1.9% in 2024 and -0.9% in 2023).

Despite tariffs and competition from China, activity picked up in Europe in 2025, driven by a recovery in investment

The euro area was nevertheless able to rely on the strength of its domestic demand to achieve a moderate growth rate by the end of 2025 (+0.3% in Q3 and +0.2% in Q4), against a backdrop of continuing contrasts between individual national trajectories. Activity in Spain picked up in the autumn (+0.8% after +0.6%) and proved once again to be particularly vigorous over the year (+2.8% in 2025 after +3.5% in 2024). Investment in Spain is very buoyant (+6.3% year on year). The German economy gathered pace at the end of the year (+0.3% in Q4, after 0.0%). Over the year, it returned to growth after two years of recession (+0.4% after -0.5% in 2024 and -0.7% in 2023), driven by a sharp acceleration in private consumption and the stabilisation of investment (after -3.2% in 2024). In Italy, activity picked up at the end of the year (+0.3% after +0.2% in Q3) and grew at a slightly stronger year-on-year rate than in 2024 (+0.7% after +0.6%), with a sharp rebound in investment (+3.8% after -3.5%). In France, however, activity slowed in the autumn following a particularly favourable summer (+0.2% after +0.5%). Over the year, growth stood at a rate slightly below that of 2024 (+0.9% after +1.1% in 2024).[1] The rebound in investment in France is slightly less pronounced than in Southern Europe (+0.8% after -1.3%). All in all, the euro area recorded stronger GDP growth in 2025 than in 2024 (+1.5% after +0.9%), but this acceleration is less pronounced when looking solely at the area's major economies (+0.9% after +0.7%), as growth across the area as a whole is being driven upwards by Irish growth (+12.3%), inflated by the activities of multinationals operating in the country. In the UK, activity remained sluggish in Q4 (+0.1% after +0.1%), but annual growth improved slightly, as across the rest of Europe (+1.3% after +1.1%). On the other side of the Atlantic, the United States stands out as a special case. At the end of the year, growth hit a dip due to the contraction in public consumption and investment linked to the federal government shutdown (+0.2% after +1.1% in Q3). Over 2025 as a whole, activity slowed compared with 2024 (+2.1% after +2.8%), despite strong stimulus from investment in generative artificial intelligence (▶**Focus** on the impact of artificial intelligence in the United States and France). Lastly, in China, growth is reported to have picked up slightly towards the end of the year (+1.2% after +1.1% in Q3). Activity, buoyed by foreign trade, is estimated to have reached +5% for the year, in line with the official target (▶**Figure 3**).

1 The annual variations shown are working-day adjusted.

The war in the Middle East stirs inflationary pressures, while monetary policy remains on hold

In 2025, inflation continued to return to normal on both sides of the Atlantic. In the euro area, following several years of very vigorous price growth, inflation stood at +2.1% over the 12-month period to the end of 2025 (after +2.4% in 2024 and an average of +5.5% from 2021 to 2023). However, price dynamics vary across the continent's major economies, with inflation in France being particularly low compared with other European economies. In the United States, higher tariffs pushed up prices for goods with a high import content, but falling prices in the services sector, particularly for rents, have gradually brought inflation down. Over the year, it fell to +2.7% after +3.0% in 2024 and, using a metric comparable to the HICP, it is now close to the rate in the euro area (+2.2% after +2.1% in 2024; ►**Figure 2** and ►**Focus** on inflation in the United States, *Economic outlook*, December 2025). The UK stands out from other advanced economies, with inflation remaining high in 2025 (+3.4% after +2.5%), driven by the buoyancy of wages.

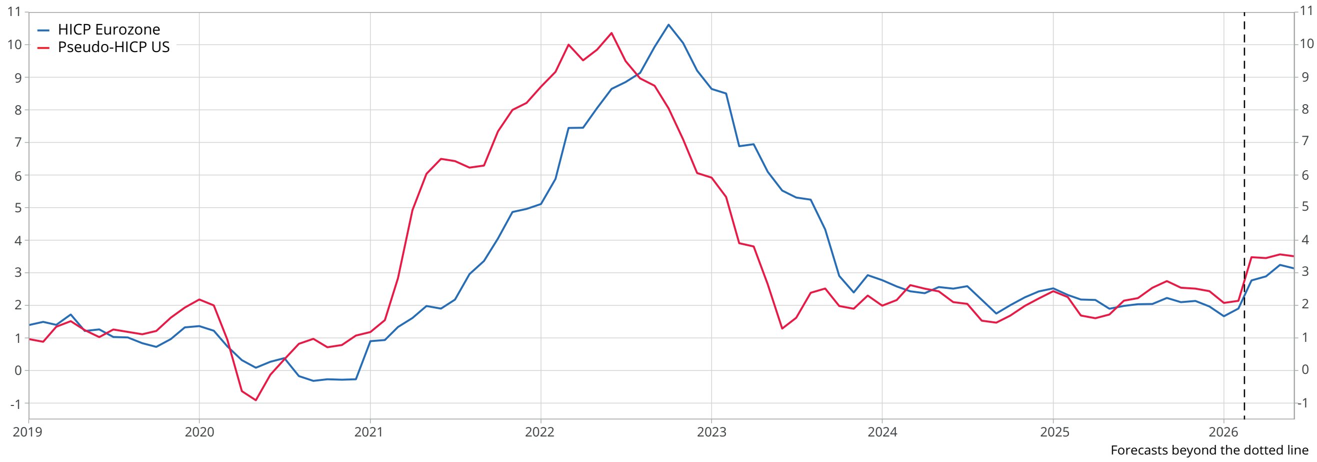
Over the forecasting period, the prospects for the global economy have been thrown into disarray by two events that occurred in quick succession in the last few days of February. Firstly, on 20 February, the US Supreme Court struck down the "reciprocal" tariffs introduced a year ago, without, however, challenging the sector-specific tariffs already in force. The US administration has temporarily replaced them with a flat rate of 10% for 150 days. Assuming that these sector-specific tariffs remain in place and that this flat rate is applied, the average effective tariff rate will be slightly lower than that which applied before the Supreme Court's decision. Secondly, and most importantly, the outbreak of war between the United States and Israel on one side and Iran on the other on 28 February set the entire Middle East ablaze within a matter of hours, leading to the effective closure of the Strait of Hormuz, through which around a fifth of the world's oil and liquefied natural gas

►1. Summary of the international scenario
(levels, quarterly and annual variations -for the last three columns- in %)

	2024				2025				2026		2024	2025	2026 ovgh
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Euro-dollar exchange rate	1.09	1.08	1.10	1.07	1.05	1.13	1.17	1.16	1.17	1.16	1.08	1.13	1.16
Barrel of Brent (in dollars)	82.9	84.7	80.0	74.6	75.9	67.8	68.8	63.1	76.6	100.0	80.5	68.8	88.5
Barrel of Brent (in euros)	76.3	78.7	72.8	69.9	72.1	59.8	58.9	54.2	65.4	86.2	74.4	61.0	76.1
World trade (variations)	0.1	2.9	0.1	0.6	1.4	1.3	-0.2	0.1	0.7	0.5	3.3	3.6	1.4
Imports by advanced economies	0.4	1.9	1.2	0.7	3.2	-1.4	0.3	0.1	0.4	0.3	3.1	4.0	0.5
Imports by emerging economies	-0.5	5.3	-2.3	0.3	-2.6	7.3	-1.2	-0.1	1.2	1.1	3.6	2.5	3.1
World demand for French products (variations)	0.3	1.7	0.2	0.8	1.7	0.1	0.4	0.1	0.6	0.4	1.8	3.1	1.2

Forecast.
Source: Commodity Research Bureau, IHS Markit, Balanced trade statistics (OECD), CHELEM - International trade (CEPII), INSEE calculations.

►2. Rising oil prices are driving up inflation in the US and the euro area
(year-on-year change in %)



Last point: June 2026, forecast from March 2026.
How to read it: inflation in the euro area (within the meaning of the HICP) stood at 1.7% in January 2026, compared with 2.1% for "reconstructed HICP" inflation in the United States.
Source: Eurostat, BLS, INSEE calculations.

passes. In the wake of these events, hydrocarbon prices have soared, which is likely to lead in the short term to an upturn in inflation in the world's major economies, eating into household purchasing power and the corporate margin rate. Central banks are expected to adopt a wait-and-see approach: the US Federal Reserve cut interest rates in October and again in December 2025, before pausing, while the ECB has kept its rates steady since June 2025. At the same time, while the US Federal Reserve has stopped reducing its balance sheet, the ECB is continuing to shrink its own.

Before the outbreak of war in the Middle East, global economic indicators were looking fairly positive

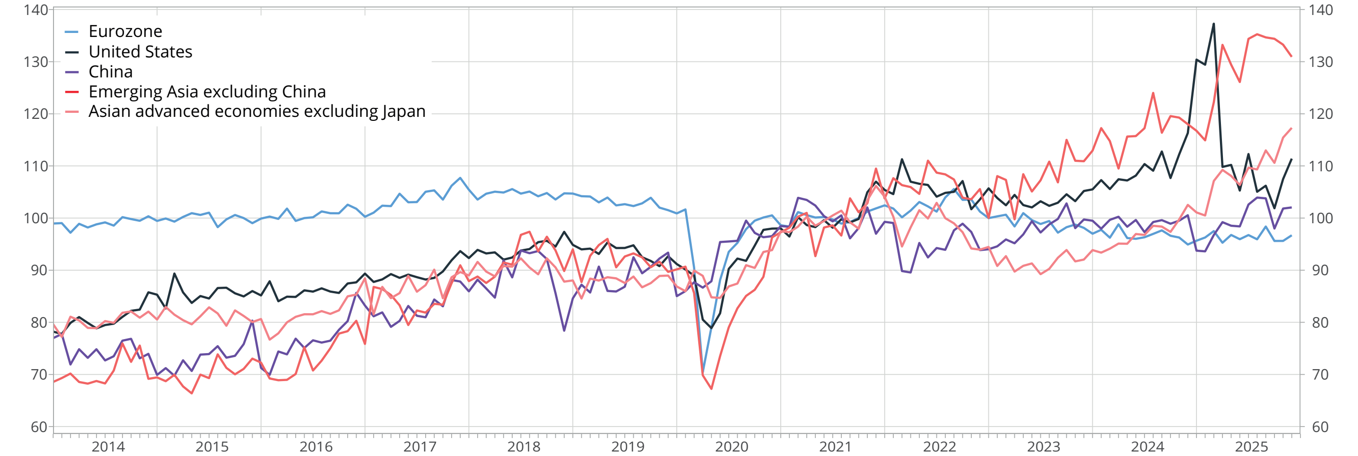
The business tendency surveys for manufacturing industry from early 2026, most of which were collected before the outbreak of the conflict in the Middle East, remain positive across all major advanced economies, suggesting that global economic activity was buoyant in Q1. The sudden rise in oil prices is expected to start slowing down activity in Q2, but the effects will be felt most strongly in the second half of the year. Furthermore, in most advanced economies, the prospects for recruitment are gloomier than those for economic activity, reflecting an acceleration in productivity (►Figure 5). In the United States, following the sharp slowdown caused by the federal government shutdown at the end of 2025, activity is expected to rebound automatically in Q1 2026 (+0.7% after +0.2%), before slowing again in Q2 (+0.3%), as the chill in the labour market and the sharp rise in oil prices begin to dampen household consumption. The mid-year growth overhang is therefore expected to reach 1.8%, after 2.1% in 2025. In the euro area, growth is expected to remain moderate (+0.3% and then +0.2%), and differences between countries are likely to persist. Germany is expected to confirm a gradual recovery, driven by rearmament efforts (growth overhang of +0.4%, after +0.4% for 2025 as a whole). The French economy is expected to pick up slightly, driven by private domestic demand (mid-year growth overhang of +0.9%, after +0.9% for 2025

►3. Past and forecast GDP growth in the main western economies
(quarterly and annual variations - for the last three columns - in %)

	2024				2025				2026		2024	2025	2026 ovgh
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
France	0.1	0.2	0.4	0.0	0.1	0.3	0.5	0.2	0.2	0.2	1.1	0.9	0.9
Germany	-0.1	-0.3	0.0	0.2	0.4	-0.2	0.0	0.3	0.1	0.2	-0.5	0.4	0.4
Italy	0.1	0.2	0.0	0.1	0.3	0.0	0.2	0.3	0.2	0.1	0.6	0.7	0.6
Spain	1.1	0.9	0.8	0.8	0.5	0.7	0.6	0.8	0.7	0.5	3.5	2.8	2.2
United Kingdom	0.8	0.6	0.2	0.3	0.7	0.2	0.1	0.1	0.2	0.2	1.1	1.3	0.5
United-States	0.2	0.9	0.8	0.5	-0.2	0.9	1.1	0.2	0.7	0.3	2.8	2.1	1.8
China	1.3	1.0	1.4	1.6	1.2	1.0	1.1	1.2	1.0	1.0	5.0	5.0	3.5
Eurozone	0.3	0.2	0.4	0.4	0.6	0.1	0.3	0.2	0.3	0.2	0.9	1.5	0.8

Forecast.
Source: INSEE, Destatis, Istat, INE, ONS, BEA, NBSC.

►4. Trends in import volume indices
(level indices, seasonally adjusted; base 100 = 2021)



Last point: December 2025.
How to read it: the CPB index of import volumes in the United States was 11 points above its 2021, compared with 31 points for emerging Asia excluding China and 17 points for advanced Asia excluding Japan in December 2025.
Source: CPB, INSEE calculations.

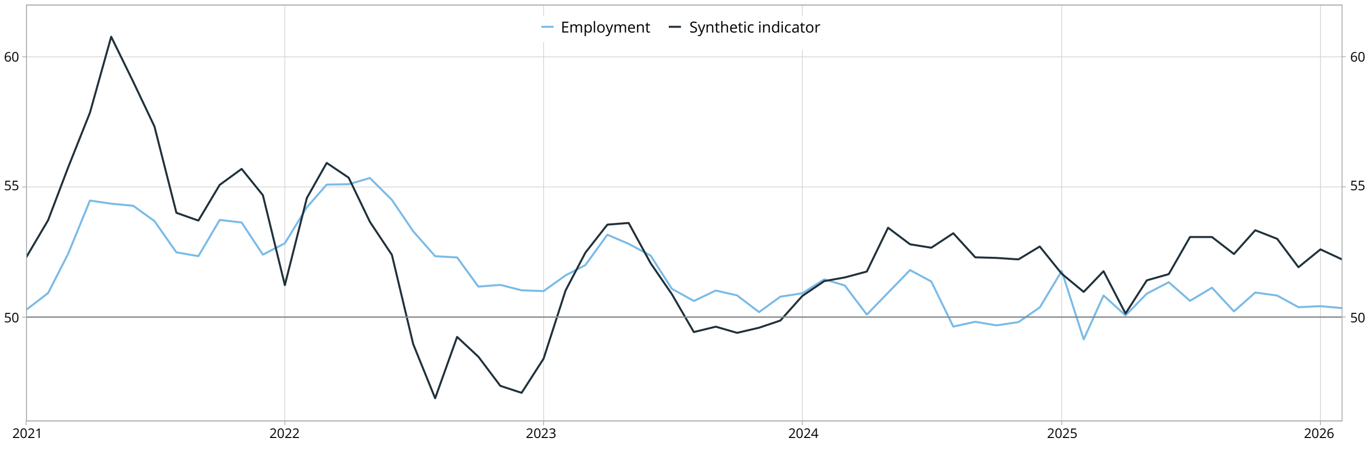
as a whole), as is the Italian economy to a lesser extent (mid-year growth overhang of +0.6%, after +0.7% for 2025 as a whole). Spain, meanwhile, is expected to maintain a significantly more sustained momentum (+0.7% and then +0.5%, resulting in a mid-year growth overhang of +2.2%, after +2.8% in 2025), still driven by a largely skilled influx of immigrants, which contributed +1 percentage point to the growth of the labour force in 2025 (►**Focus** on immigration in Europe, *Economic outlook*, December 2025). All in all, across the entire euro area, the mid-2026 growth overhang is expected to stand at +0.8%, after +1.5% in 2025 (driven upwards by Irish growth); looking solely at its four main economies, activity is expected to pick up slightly (mid-year growth overhang of +0.8%, compared with +0.9% for 2025 as a whole). However, in the United Kingdom, where inflation and interest rates are higher than in other advanced economies, growth is expected to rise slightly in H1 2026 (+0.2% per quarter) after a sluggish end to 2025, but on an annual basis activity is set to slow, in the wake of investment: the mid-2026 growth overhang is forecast to reach +0.5%, after +1.3% in 2025.

The European trade surplus should continue to narrow, while China's is set to rise

On the foreign trade front, the major trends observed in 2025 are expected to continue in early 2026. In the United States, foreign trade is expected to make a positive contribution to growth once again, against a backdrop of declining imports due to higher tariffs, while exports are expected to grow slightly. In China, with domestic demand remaining cautious, imports are expected to remain subdued; however, exports are set to continue growing at a sustained pace, helped by the redirection of its export outlets to South-East Asia and gains in market share in Europe. By contrast, in the UK and the euro area, the contribution of foreign trade to growth is expected to remain negative.

All in all, foreign trade is expected to remain relatively buoyant in Q1, but will be driven largely by the intensification of intra-Asian trade (►**Figure 4**), which is likely to have little impact on demand for European goods. The negative effects of rising energy prices are expected to start slowing down global trade in the spring. As a result, in 2026, global trade is expected to grow by 0.7% in Q1 and then by 0.5% in Q2, slightly faster than global demand for French goods and services (0.6% and then 0.4%). On an annual basis, the mid-2026 growth overhang is expected to be +1.4% for global trade and +1.2% for demand for French goods and services. This scenario takes into account the negative effects associated with the decline in purchasing power caused by rising oil prices in most economies. However, if the blockade of the Strait of Hormuz were to lead to significant disruption to shipping routes and supply chain issues, the slowdown in global trade this spring is likely to be more pronounced. ●

►5. Composite PMI and Employment PMI in advanced economies
(level indices)



Last point: February 2026.
How to read it: in February 2026, the Employment PMI for advanced economies stood at 50 in February 2026, while the PMI stood (composite) at 52.
Source: CPB, INSEE calculations.