TRIM
CENTER OF EXPERTISE

Open Dialogue:
Global Expert Council Series

# TRANSFORMATION OF TRADE AND CONNECTIVITY INSTITUTIONS IN THE NEW REALITY

## EXPERT SESSION ON CONNECTIVITY

Moscow / 2025

PRESIDENTIAL ACADEMY

OPEN DIALOGUE

NATIONAL CENTRE RUSSIA

# DISCLAIMER

This policy paper (hereinafter referred to as the "Paper") has been prepared by the staff of the TRIM Center of Expertise, Russian Presidential Academy of National Economy and Public Administration (RANEPA).

## Author's Opinion.

This Paper represents the outcome of academic research and reflects the independent professional views of its authors. The opinions, conclusions, and assessments expressed herein are solely those of the authors and do not necessarily represent the official position of RANEPA, its leadership, or any of its departments.

## Purpose and Nature of Information.

The Paper has been prepared solely for informational, analytical, and educational purposes. It does not constitute an official position, investment advice, legal or other professional recommendation, nor does it represent an offer or solicitation to undertake any actions or transactions.

## Accuracy of Data.

The authors have taken all reasonable measures to ensure the accuracy and reliability of the information contained in this Paper as of the date of publication. However, neither the authors nor RANEPA accept any responsibility for possible inaccuracies, typographical errors, or subsequent changes in data that may occur after the Paper's preparation.

## Forward-Looking Statements.

Any statements regarding future events are forward-looking in nature and based on the authors' assumptions. Actual outcomes may differ materially from those anticipated due to external factors beyond the authors' control.

## User Responsibility.

Readers of this Paper assume full responsibility for any use of its content. Neither the authors nor RANEPA shall be held liable for any direct or indirect consequences, including financial or other losses, resulting from the use of information contained herein.

## Intellectual Property.

The policy paper summarizes the discussions of the Expert Session "Transformation of Trade and Connectivity Institutions in the New Reality", held on September 5, 2025 in Vladivostok Russia as part of the Open Dialogue initiative.

It consolidates the authors' key arguments, which are supported by national and regional case studies primarily from the Asia-Pacific region—a focus that aligns with the EEF's overarching priorities.

## CONTRIBUTORS


**Dr. Gulshan Sachdeva**
Chair, Centre for European Studies, School of International Studies, Jawaharlal Nehru University (India)

**Jian Lian**
Founder, Beijing Hengce Investment Consulting Co (China)

**Petr Ivanov**
President, Transport Group FESCO (Russia)

**Aleksey Bezborodov**
Managing Partner, InfraProjects (Russia)

**Prof. Mustafizur Rahman**
Distinguished Fellow, Centre for Policy Dialogue (Bangladesh)

**Dr. Viktoria Panova**
Vice-Rector, Higher School of Economics; Head, BRICS Expert Council (Russia)

**Dr. Rupa Chanda**
Director, Trade, Investment and Innovation Division, UN ESCAP (India)

**Rakhim Oshakbaev**
Chief Economist, TALAP Center for Applied Research (Kazakhstan)

**Dr. Teguh Yudo Wicaksono**
Head, Mandiri Institute (Indonesia)

**Ilya Ivaninsky**
Expert Partner, Yakov and Partners (Russia)


## EDITORIAL TEAM


**Dr. Natalia Stapran**
**Rita Rudnik**
**Yaroslav Yalovenko**
**Andrey Latyshev**
**Artem Zubov**

The authors extend
their sincere gratitude to **Timur Maximov**
for his invaluable contributions.

# CONTENTS

# THE EVOLVING ARCHITECTURE OF GLOBAL ECONOMIC CONNECTIVITY

## POLICY HIGHLIGHTS

### 1 Shifting the center of economy activity toward the countries of Global Majority[1] implies a reassessment of existing international economic linkages and a transformation of the global architecture of trade, finance, and logistics.

Their transformation should lead to a balanced and multipolar system that reflects the interests, needs, real economic capacities of a broad range of countries.

### 2 The diversity of trade agreements enables countries to manage risks and build a more resilient position in the global economy.

In response to challenges within multilateral consensus-building, states increasingly enter bilateral, regional, and megaregional agreements. Some experts describe this multi-layered format of economic integration as "hedged globalization".

### 3 The digitalization of trade can foster a manifold increase in trade flows, provided that countries make coordinated efforts to remove barriers.

It is essential to harmonize digital trade regulations, build interoperable infrastructure, and close capacity gaps to ensure broad-based participation in the digital economy.

### 4 Alternative financial solutions can safeguard international transactions and the financial reserves of individual countries from the dominance of a single currency.

The global demand for a transition toward a multipolar financial ecosystem is reflected in the growing use of national currencies in settlements, the development of domestic payment systems, and the launch of pilot projects for Central Bank Digital Currencies (CBDCs).

### 5 The economies that constitute the foundation of global growth seek equal access to trade flows, financial resources, negotiation platforms, and payment infrastructure.

The countries of Global Majority generate a substantial share of global economic growth but receive only a limited portion of its benefits. Traditional global institutions and mechanisms often fail to reflect the interests of the states that today possess the greater share of the world’s economic and demographic resources.

### 6 Bridging the Infrastructure Financing Gap is Achievable through Joint Collaborative Platforms.

A significant disparity exists between infrastructure investment needs in emerging economies and available capital flows. A proposed New Investment Platform (NIP), structured as a collaborative multilateral vehicle, could employ risk-sharing mechanisms and technical assistance to mobilize substantial private capital and address critical funding shortfalls in strategic sectors.

### 7 The New Geography of Trade Calls for a Restructuring of Logistics.

The concentration of logistical capacity and chokepoint control within certain jurisdictions creates potential single points of failure. Concurrently, the rapid growth of South-South trade flows, now exceeding 40% of global merchandise trade, provides the requisite scale to develop more diversified and resilient logistical corridors and service providers.

### 8 Leveraging Technological Innovation in Logistics will Empower the Global Majority in Global Trade.

Advancements in AI, automation, and digital platforms are fundamentally reshaping logistical value chains. Maintaining future competitiveness requires strategic investment in technological adoption such as smart port infrastructure and AI-driven supply chain management.

---

*[1] The term Global Majority refers to the group of countries located outside of the traditional Western bloc of North America, Western Europe and their traditional allies (such as Australia, New Zealand and Japan). It includes BRICS+ and other nations of Asia, Latin America, Central Asia, Eastern Europe and Africa, which together represent most of humanity.*

CHAPTER 1

# THE NEW FACE OF GLOBAL TRADE

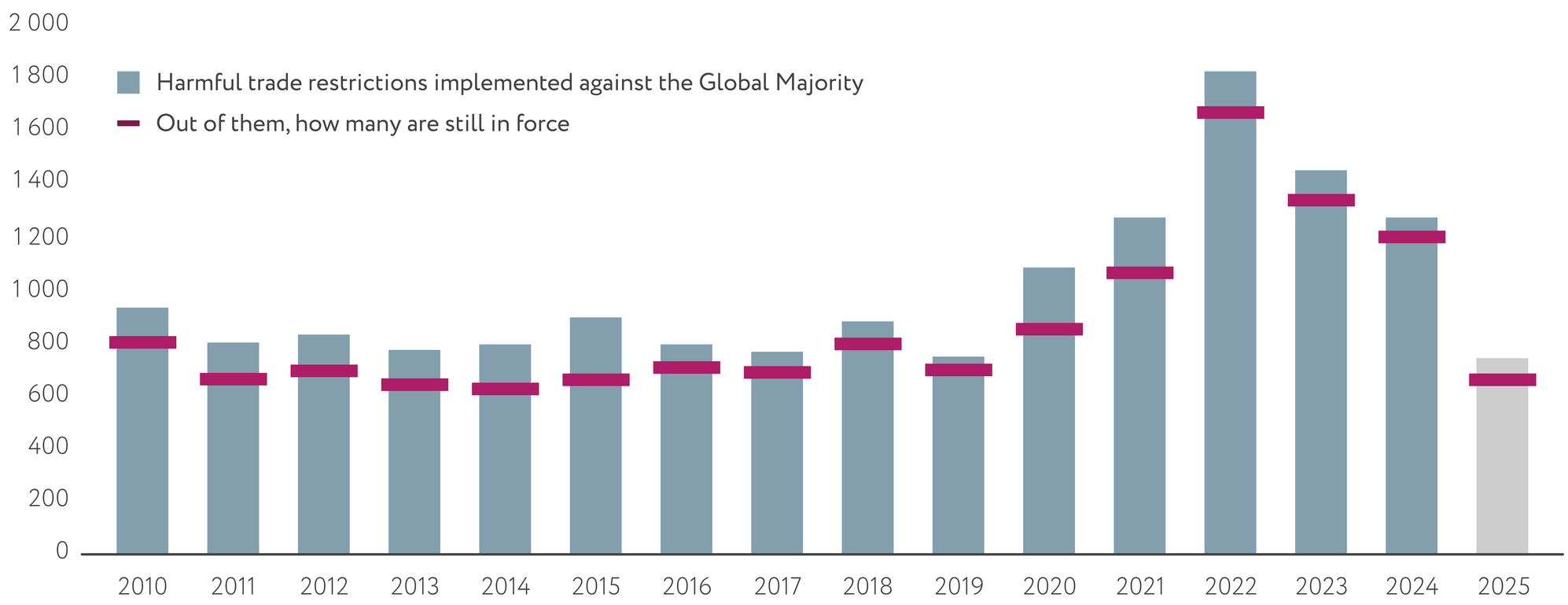
## TRADE AS POWER POLITICS: RESTRICTIONS, TARIFFS, AND THE EROSION OF NEUTRAL RULES

The global trade has historically operated under asymmetries of power, with stronger players setting the terms of exchange for weaker ones. From ancient empires that extracted levies through commerce, to colonial metropoles dictating the flows of goods and resources from their colonies, to the Cold War era of confrontation between socialist and capitalist blocs, trade has rarely been neutral. Economic relations have long functioned not only as a channel for growth but also as a tool of influence and control.

The emergence of multilateral institutions and the spread of globalization promised the possibility of a rules-based system that would ensure greater fairness and predictability for all. For a time, this vision gained momentum as countries integrated more deeply into global value chains, and the international community sought to build common standards.

Yet developments in the past five years suggest a return to politicization. Trade and finance have increasingly become instruments of statecraft, deployed to secure geopolitical objectives rather than to promote efficiency or growth. This shift has compromised the perceived neutrality of the system and eroded trust in international institutions. For policymakers and businesses alike, the challenge is now to navigate a landscape where economic interdependence is entangled with strategic rivalry, raising questions about the future sustainability of globalization itself.

Figure 1
**Trade Restrictions Against the Global Majority**




Note: Data for 2025 represents only January-August 2025.
Source: GTA Data Center

As shown in Fig. 1, trade restrictions targeting the Global Majority have surged dramatically. The annual average number of measures imposed between 2020 and 2025 was double that of the 2010-2015 period. Cumulatively, over 14,000 destructive restrictions enacted since 2010 remain in force today. The United States alone has imposed roughly one-fifth of all global restrictions classified as harmful—rather than liberalizing—that remain in force since 2010. Cases such as Russia, Iran, and Venezuela have heightened awareness among other nations of the vulnerabilities inherent in the current system.

Case study

**Bangladesh Garment Industry**

Bangladesh—one of the world's leading garment exporters—saw its U.S. apparel tariffs escalate from a baseline of approximately 15% to 37% under "reciprocal tariff" rules, before negotiations reduced it to 20%.

In 2023, Bangladesh exported roughly $7.5 billion in garments to the US, with 90% of those exports tied to clothing. Clothing production contributes around 10% of GDP, employs over 4 million people (60% of whom are women), and comprises 80%–85% of export earnings. A sudden tariff spike could thus rapidly erode Bangladesh's competitive edge in textiles.

These developments underscore the intensification of "geoeconomics," where economic tools are wielded for geopolitical ends. Analysts argue that these aren't strategic missteps but intentional efforts to shape global alignments by altering cost-benefit calculus for trading partners.

Tariffs and other trade instruments are no longer neutral—they are active levers in a contest for influence and loyalty. As a result, many countries of the **Global Majority are seeking alternatives to the existing global economic architecture** increasingly skewed by the strategic interests of individual powerful actors.

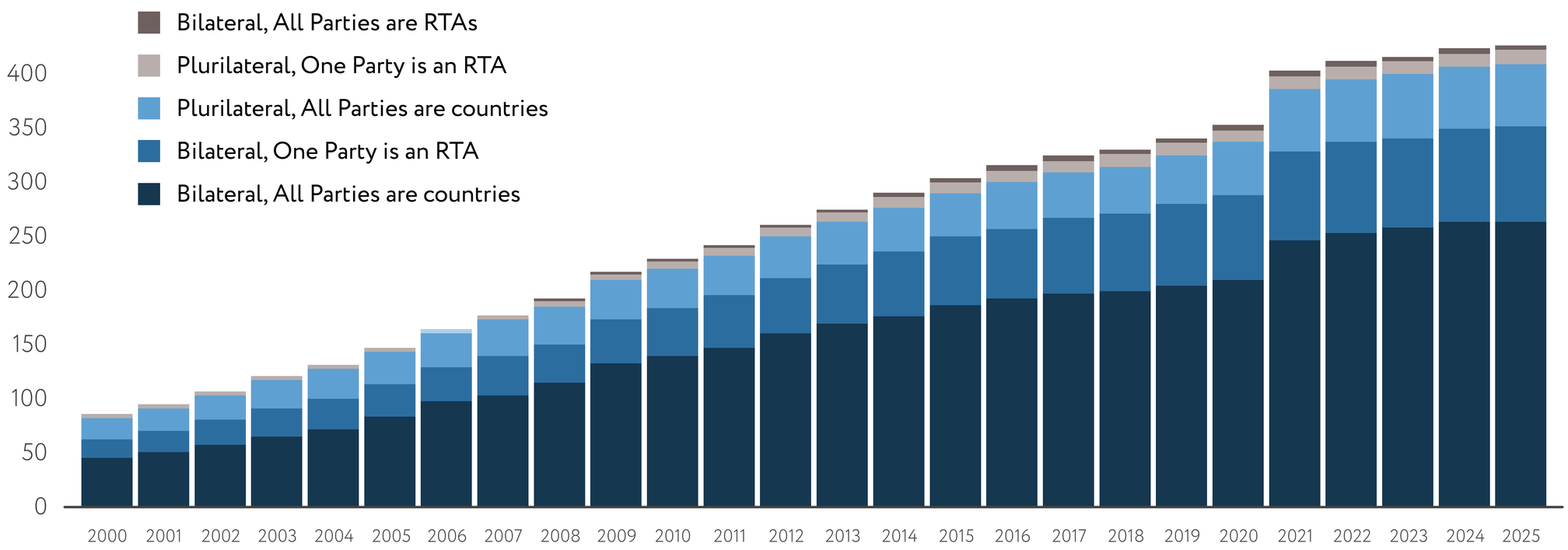
## INSTITUTIONAL FRAGMENTATION AND EMERGING COMPLEMENTS TO GLOBAL INSTITUTIONS

The evolving landscape of global trade and economic governance reflects a significant **shift from traditional multilateral institutions to interest-based coalitions** that better represent the interests of the Global Majority. This transformation is driven by low effectiveness of established bodies like the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank, and the rise of new institutions that offer more inclusive and equitable governance structures.

For instance, the governance structure of the WTO disproportionately reflects the interests of developed countries. Approximately 68% of WTO members, predominantly **lower-income countries, have never initiated at least one dispute.** At the same time, the WTO remains the key and most representative international platform where the countries of the Global Majority have a voice and the opportunity to engage on equal footing with all participants in discussions on multilateral trade issues.

In a situation where global institutions no longer function effectively, states seek to hedge their risks and diversify settlement mechanisms through additional formats. Countries are increasingly turning once again to **bilateral, regional, subregional, and megaregional trade agreements (Fig. 2).** This phenomenon—sometimes described as **"hedged globalization"**—reflects a strategy of balancing the risks of dependence on a single global system by building additional frameworks of cooperation.

Figure 2
**Number of Trade Agreements in Force Globally**




Source: WTO

**The number of regional trade agreements has nearly quadrupled over the past 25 years.** All formats have expanded—bilateral and multilateral agreements between countries, as well as arrangements in the country–bloc and bloc–bloc formats. The spread of such agreements serves to hedge risks: **if one channel of globalization is blocked—by sanctions, geopolitical shocks, or institutional failure—others remain open.** The outcome is a world economy that is more fragmented in governance but potentially more resilient in practice. The risk, however, is regulatory complexity: overlapping agreements often have fundamental differences, such as rules of origin, tariff schedules, or digital standards, raising transaction costs of individual countries and reinforcing discrimination against certain economies that are unable to promptly adapt to such changes.

The inefficiency of established global governance institutions has not halted globalization but it has led to an adjustment of the global trade architecture toward greater fairness for the countries of the Global Majority; **decentralized it into multiple overlapping layers.** This is a so-called **hedged globalization,** where Global Majority countries hedge risks by building diversified networks of trade, finance, and infrastructure linkages beyond the West.

## DIGITALIZATION, POLICY HARMONIZATION, AND THE FUTURE OF GLOBAL TRADE

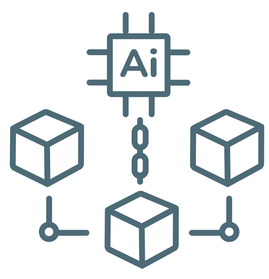
The convergence of digital technologies and international trade is reshaping the global economic landscape. For countries of the Global Majority, digitalization offers a pathway not only to modernize traditional trade processes but also to expand into new forms of commerce, including digital services, e-commerce, and cross-border data flows. Countries will be able to leverage these advantages only if they coordinate their efforts in the area of regulation, harmonized standards and robust institutional support, as well as careful attention to challenges that could limit the gains for emerging economies.

**Digital transformation of conventional physical trade flows** occurs in stages: first, trade documentation is digitized, converting paper-based customs declarations, invoices, bills of lading, certificates of origin, and other documents into digital formats (Fig. 3). Subsequently, digitalization of trade processes streamlined workflows, introducing electronic submissions, automated risk assessments, and integrated tracking systems for goods in transit. Finally, a full digitalization fundamentally restructures how trade is conducted, with digital platforms, blockchain-based tracking, and AI-powered logistics systems reshaping supply chains end-to-end.

Figure 3
**Steps of the Digital Transformation of Trade**

**Digitization**
converting traditional paper-based documents into digital data. This includes customs declarations, invoices, bills of lading, certificates of origin, and other trade documents.

**Digitalization of processes**
streamlining and automating workflows using digital tools, including electronic submission, automated risk assessment, and integrated tracking systems for goods in transit.




**Digital transformation of trade**
a fundamental restructuring of how trade is conducted, where digital platforms, blockchain-based tracking, and AI-powered logistics systems reshape supply chains end-to-end.

For the Global Majority, initiatives such as the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, facilitated by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) is an example of the first stage of digitalization of international trade., Having entered into force in 2021, the agreement promotes electronic documents, reduces paper-based procedures, and enhances trade efficiency. By 2023, more than a dozen countries in the Asia-Pacific region had ratified the framework. The ASEAN Digital Integration Framework and cross-border customs digitalization initiatives in Africa and Latin America, further illustrate the willingness of countries to agree on common approaches to the regulation of digital trade. These activities reduce delays, cut costs, and strengthen supply chain resilience, while generating data-driven insights for policymaking and business planning.

Yet, disparities in digital infrastructure, varying levels of regulatory maturity, and concerns over data privacy and security continue to pose significant challenges, limiting the full realization of these benefits. Harmonizing standards and regulations across countries is essential to overcoming these barriers. In practice, harmonization is hindered by incompatibility of data formats, the lack of seamless automatic conversion systems, and unresolved issues around handling personal data in cross-border transactions. National digital paperwork systems are often developed in isolation, raising serious questions about interoperability. Verification of data and documents across jurisdictions further complicates the landscape, creating friction that undermines efficiency and trust. Addressing these technical and regulatory mismatches will be crucial to advancing truly integrated digital trade.

**An important dimension of the digital transformation of trade is the development of online trade and e-commerce.** In this space, Global Majority countries are actively positioning themselves to capture the growth of the global digital economy. Countries like India, Brazil, and several Southeast Asian economies have emerged as hubs for IT services, fintech, and software exports, with India alone projected to generate over $220 billion in IT services exports in FY2024-2025, much of it through digital platforms. Meanwhile, e-commerce is expanding rapidly in emerging economies: in Southeast Asia, the digital economy gross merchandise value exceeded $260 billion in 2024. To facilitate digital trade, countries are engaging in regional, subregional, and bilateral frameworks that address cross-border data flows, digital payments, and consumer protection. Agreements such as RCEP and a growing number of bilateral digital trade arrangements reduce barriers, create interoperable regulations, and provide legal certainty for digital commerce.

Unlike the digital transformation of physical trade, **digital (online) trade often bypasses traditional infrastructure constraints,** enabling smaller economies to participate in global markets and diversify their economic partnerships. However, challenges remain, including uneven access to reliable broadband, limited digital literacy, and evolving regulatory environments, which can restrict the ability of businesses to compete globally. **Coordinated investments in digital infrastructure, capacity building, and regulatory harmonization are therefore critical.**

Taken together, these two dimensions illustrate a dual strategy for the Global Majority: modernizing traditional trade flows while simultaneously expanding into new digital markets. Both efforts face challenges, yet together they offer the potential to increase trade efficiency, reduce costs, integrate more deeply into global value chains, and enhance resilience in an increasingly digital global economy.

CHAPTER 2

# CREATING NEW FINANCIAL AND INVESTMENT SOLUTIONS FOR THE GLOBAL MAJORITY

## THE DOLLAR IMBALANCE

Global trade relies on the movement of payments, the availability of credit, and the pricing of commodities—functions that are deeply embedded in global financial infrastructure. This infrastructure remains overwhelmingly dominated by the U.S. dollar and finance controlled by limited number of jurisdictions. This creates structural imbalances and vulnerabilities that affect both trade and economic sovereignty of the countries of the Global Majority.

**The dominance of the dollar is striking across multiple dimensions (Fig. 4).** As of early 2025, the U.S. dollar accounts for 54% of global foreign exchange reserves, over 80% of emerging market sovereign debt, more than half of global export invoicing, nearly 90% of interbank transactions processed through SWIFT and 88% of all foreign exchange transactions worldwide. In practical terms, even trade between two non-U.S. countries frequently requires routing transactions through the dollar. A Bangladeshi firm paying a Russian supplier, for instance, must first convert taka into dollars and then into rubles, incurring double conversion costs, exposure to exchange rate fluctuations, and delays that reduce trade efficiency.

Figure 4
**Dollar Dominance**


Sources: IMF COFER, BIS, Atlantic Council, SWIFT, Bloomberg, 2025

Case study

**Rooppur Nuclear Power Plant Payment**

Bangladesh has faced significant hurdles in paying Russia for the construction of a nuclear plant because the U.S. Office of Foreign Assets Control (OFAC) blocked dollar-based transactions. Similarly, Russia continues to maintain trade links despite trade restrictions, but the dollar-centric nature of the global payments system constrains its ability to make and receive payments freely.

Even in the absence of payment restrictions, **reliance on the dollar is deeply entrenched.** In Africa, approximately two-thirds of infrastructure financing continues to flow through the World Bank and IMF, almost entirely denominated in dollars (World Bank, 2025, WEF, 2023). China's Belt and Road Initiative, which has financed around $1 trillion in projects across Asia, Africa, and Latin America, also disburses more than 70% of loans in dollars, leaving recipient countries exposed to currency risk and to U.S. monetary policy shifts. Commodity markets remain similarly anchored: in 2024, nearly 75% of oil futures traded on Western exchanges, with South–South contracts still priced against Brent or WTI benchmarks. Alternative mechanisms, such as yuan-denominated oil futures or ruble-set contracts, account for less than 5% of global commodity transactions. Metals, grains, and rare earth commodities—critical for industrial and technological development—are also overwhelmingly priced in dollars, reinforcing the dependency of Global Majority countries on existing limited financial infrastructure.

Sovereign debt issuance reflects the same pattern: over 80% of emerging market debt continues to be issued in U.S. dollars, requiring governments to service liabilities in a currency over which they have no domestic control. This structural arrangement binds economies to the dollar system, exposing them to exchange rate volatility, interest rate shifts in the U.S., and geopolitical pressure. The risks are not hypothetical; historical experience demonstrates the consequences. The Asian financial crisis of the late 1990s illustrated how **overreliance on dollar-denominated debt could trigger systemic instability.** Today, the combination of dollar dominance and emerging market vulnerabilities suggests that similar shocks remain a credible risk.

This structural imbalance carries both economic and strategic implications. Transaction costs rise, financial autonomy is curtailed, and exposure to political leverage increases. While countries of the Global Majority seek fairer trade rules and more inclusive institutions, the current dollar-centric system constrains their options. Reforming the global trade system without simultaneously addressing the underlying financial architecture would leave these vulnerabilities intact, perpetuating dependency and limiting the effectiveness of broader multipolar initiatives.

## EMERGING ALTERNATIVES: FROM NEW FORMS OF SETTLEMENT TO DIGITAL CURRENCIES

In response to the structural imbalances and vulnerabilities inherent in the dollar-centric financial system, countries of the Global Majority have begun experimenting with alternative mechanisms to reduce reliance on the U.S. dollar, strengthen economic sovereignty, and facilitate trade and investment on their own terms. These efforts encompass local currency settlements, national payment systems, regional networks, and digital finance innovations.

### Local Currency Settlement Frameworks in Indonesia

A significant approach is the establishment of Local Currency Settlement Frameworks (LCSFs), which allow trade between countries to bypass the dollar entirely. For example, Indonesia has linked its rupiah with the Thai baht, Malaysian ringgit, Japanese yen, and Chinese yuan in bilateral settlement agreements, enabling direct currency exchanges that reduce conversion costs, lower transaction risks, and shield trade flows from fluctuations in the dollar exchange rate. In 2024, the share of intra-ASEAN trade settled in local currencies surpassed 25%, up from less than 10% in 2019, reflecting a concerted effort to promote regional financial autonomy.

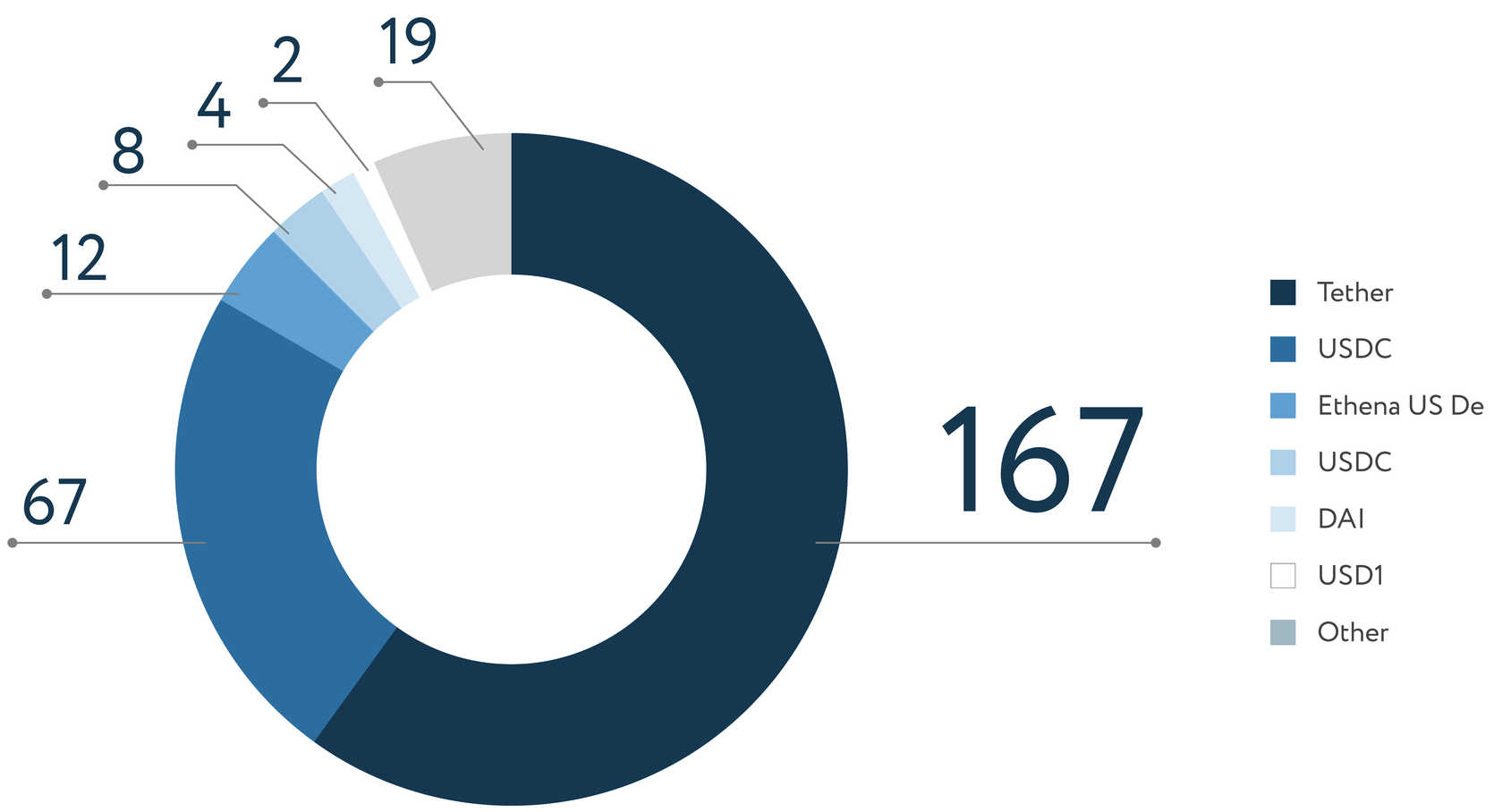
Case study

Complementing settlements in national currencies are national payment systems that demonstrate technical capacity and provide a foundation for regional or cross-border expansion. Indonesia's QRIS, Singapore's FAST, and Russia's SPFS platform have all shown the ability to handle high-volume, real-time transactions domestically. For instance, Russia's SPFS was joined by 584 entities with transaction volumes growing 23% in 2024 compared to 2023. While these platforms are still largely confined to national boundaries, pilot projects exploring interconnections—such as **mBridge,** led by the Hong Kong Monetary Authority, Bank of Thailand, and BIS Innovation Hub—demonstrate the potential for cross-border digital payment systems.

Digital finance innovations also provide promising avenues for de-dollarization. Central Bank Digital Currencies (CBDCs) and blockchain-based payment platforms can reduce reliance on U.S.-dominated clearing systems while enabling faster and more transparent transactions. As of July 2025, 137 countries & currency unions economies representing 98% of global GDP considered CBDC. Pilot CBDC initiatives, such as China's e-CNY and India's e-rupee, have collectively conducted over $1 trillion in digital currency transactions.

Figure 5

**Market Capitalization of Top Stable Coins, billions of dollars**




Source: CoinGecko

Additionally, **cryptocurrencies and stablecoins** are gaining traction as complementary tools (Fig. 5). This surge in demand underscores the potential of digital currencies to facilitate cross-border transactions and reduce dependency on traditional financial systems.

**A7A5 Stablecoin**

Kyrgyzstan's A7A5 coin rapidly reached a market value exceeding $4 billion, demonstrating both demand and the feasibility of alternative digital assets in trade and investment. Through the end of July 2025, A7A5 has processed over $51.17 billion in volume, with a daily transaction volume of approximately $1 billion.

Case study

**Private networks** also shape the evolving landscape. **Visa, Mastercard,** and other global payment providers dominate consumer and e-commerce transactions, leveraging AI and network effects to expand international reach. For the Global Majority, this duality presents both opportunity and constraint: governments can reduce vulnerability in official trade and investment flows, yet consumer markets remain largely tied to U.S.-centric systems, preserving a degree of structural dependency.

These emerging alternatives illustrate a broader strategic trend: the Global Majority is actively pursuing **a multi-layered approach to financial sovereignty.** By combining local currency settlements, national payment platforms, digital finance innovations, and selective engagement with private networks, these countries aim to build a more resilient, multipolar financial infrastructure. While full de-dollarization remains a long-term goal, incremental steps are creating tangible reductions in risk exposure and demonstrating the feasibility of a parallel financial architecture for trade and investment.

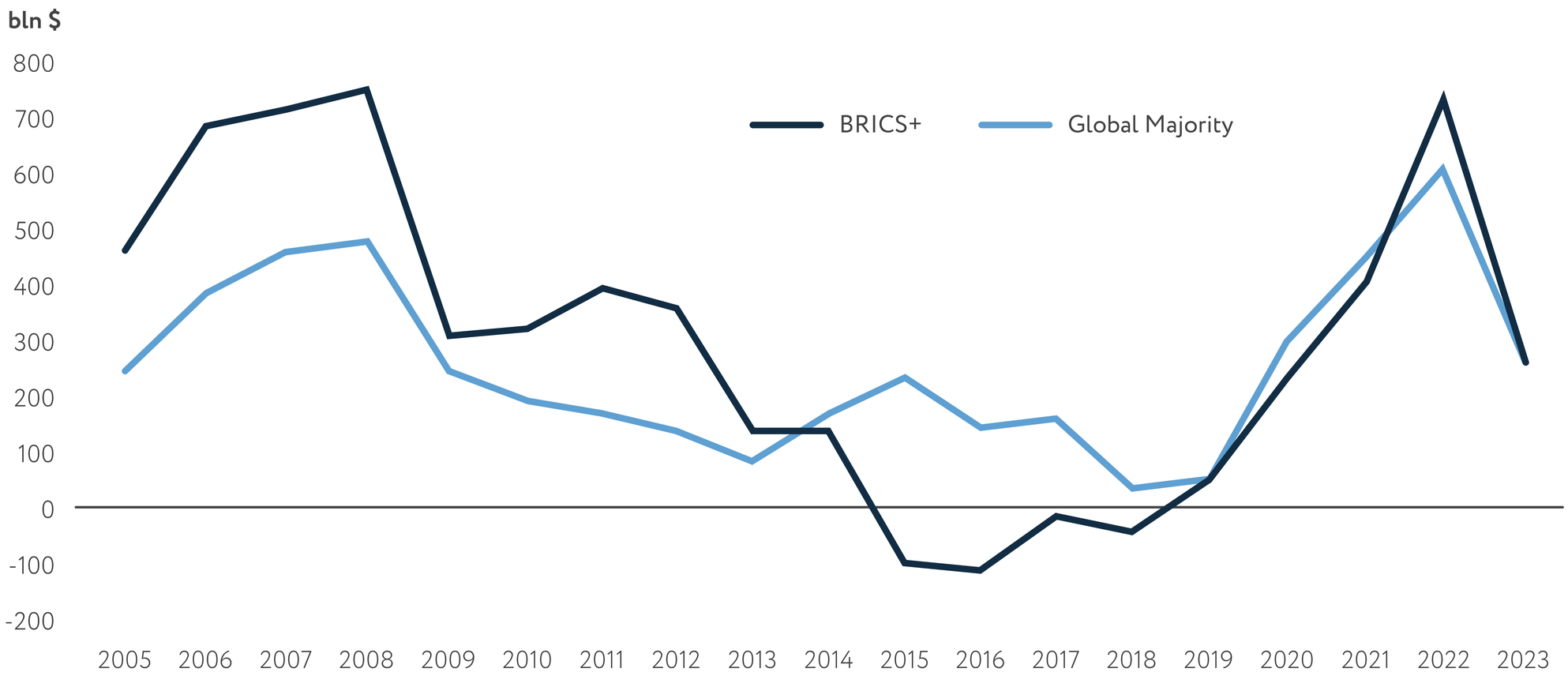
## BUILDING A NEW INVESTMENT PLATFORM FOR THE GLOBAL MAJORITY

While alternatives to dollar reliance are critical for trade and payments, long-term economic development for the Global Majority depends on mobilizing investment capital into productive projects, infrastructure, and industrial capacity. **Current investment flows remain heavily skewed toward Western financial hubs:** in 2024, China and Hong Kong were the only economies from the Global Majority among the top 10 FDI source economies, and only five of the top FDI destinations were located in Global Majority economies. This disparity underscores the urgent need for dedicated investment infrastructure capable of matching both the scale and strategic needs of these growing economic giants.

Importantly, **many countries of the Global Majority and BRICS+ already operate with substantial trade surpluses and positive current account balances** (Fig. 6). In practice, it is their capital that fuels global savings and investments once these surpluses are converted into U.S. dollars and reinvested through Western markets. This dollar conversion is driven not by economic fundamentals but by prevailing perceptions: global institutions, rating agencies, and lenders continue to treat the dollar as uniquely safe. Yet, as discussed in the previous section, the notion of dollar risklessness is increasingly a myth. For many in the Global Majority, the risks associated with neighboring currencies or regional partners are perceived as more tangible and manageable than exposure to the dollar.

This situation presents a clear opportunity for structural transformation. **A reassessment and repricing of risks is overdue**—one that reflects regional financial realities rather than outdated assumptions of dollar primacy. A new investment platform could channel the Global Majority's surpluses directly into regional savings and investment vehicles, bypassing unnecessary dollar conversion. Such mechanisms would retain value within local economies, strengthen resilience, diversify financing channels, and accelerate welfare growth. Ultimately, countries of the Global Majority have both the right and the capacity to redirect their capital toward maximizing domestic welfare and profits, rather than perpetually reinforcing the financial dominance of external hubs.

Figure 6
**Current Account Balance, BRICS+ and Global Majority Countries**




Source: UNCTAD Datacenter

Emerging economies face systemic challenges in attracting long-term finance. Risk premiums are often mispriced: sovereign bonds of countries like Nigeria, Indonesia, or Bangladesh carry yields 200–300 basis points higher than similar-risk projects in OECD countries, despite comparable macroeconomic fundamentals  The result is underinvestment in critical sectors such as energy, transport, and digital infrastructure. A **New Investment Platform** (NIP) would pool resources from multiple Global Majority governments and institutions to overcome these barriers, offering both risk mitigation and technical expertise (Fig. 7). Estimates indicate that an annual contribution of just $10 billion from member governments could leverage up to $100 billion in combined public-private investment, through mechanisms such as co-financing, guarantees, and syndicated loans.

Figure 7
**New Investment Platform**


**Mobilization effect**
USD 10 billion from a participating country can mobilize up to USD 100 billion in combined public–private investments, adding as much as 10–25 percentage points of GDP annually.

**Risk Mitigation mechanism**
Guarantees, insurance, and co-investments reduce risks and attract private capital into long-term projects..

**Operational model**
- National level – local agents (development/commercial banks) identify projects and investors; International level – multilateral
- operator aggregates, qualifies, and de-risks projects.

**Innovation & scope**
use of national + reserve currencies, tokenization (DLT/DIA) to cut costs; focus on energy, transport, infrastructure, technology, ESG projects.

Source: Estimates by Yakov & Partners and Global Infrastructure Outlook

By creating a centralized, multilateral platform, the NIP could make previously underfunded sectors investable. Estimates suggest that world is some $15 trillion short of the investment needed for infrastructure development, mainly in the countries of the Global Majority. The NIP could thus close a substantial portion of these gaps, particularly when coordinated with local banks, development finance institutions, and regional investors.

Building such a platform requires political alignment, shared governance, and mechanisms for accountability. Historical experience with institutions like the IMF or the World Bank shows that unequal voting power can undermine confidence among smaller or emerging economies. Therefore, the NIP must adopt inclusive decision-making, giving proportional weight to contributions and project needs, rather than legacy influence.

Furthermore, the platform must interface with existing regional and global initiatives. For example, it could coordinate with the **Asian Infrastructure Investment Bank** (AIIB), **New Development Bank** (NDB), and national development banks to prevent duplication and leverage technical capacity. Pilot programs could initially target sectors with high regional interconnectivity—transport corridors, energy grids, and cross-border digital infrastructure—where investment can deliver immediate economic and social benefits.

The New Investment Platform represents a critical complement to reforms in trade and payments. By mobilizing finance efficiently, reducing reliance on the dollar, and focusing on projects that deliver development and connectivity, the NIP can help the Global Majority assert greater control over their economic destinies. Coupled with local currency settlements, national payment systems, and digital finance, the NIP would form a triad of financial instruments capable of underpinning a more resilient, multipolar, and inclusive global economy.

CHAPTER 3

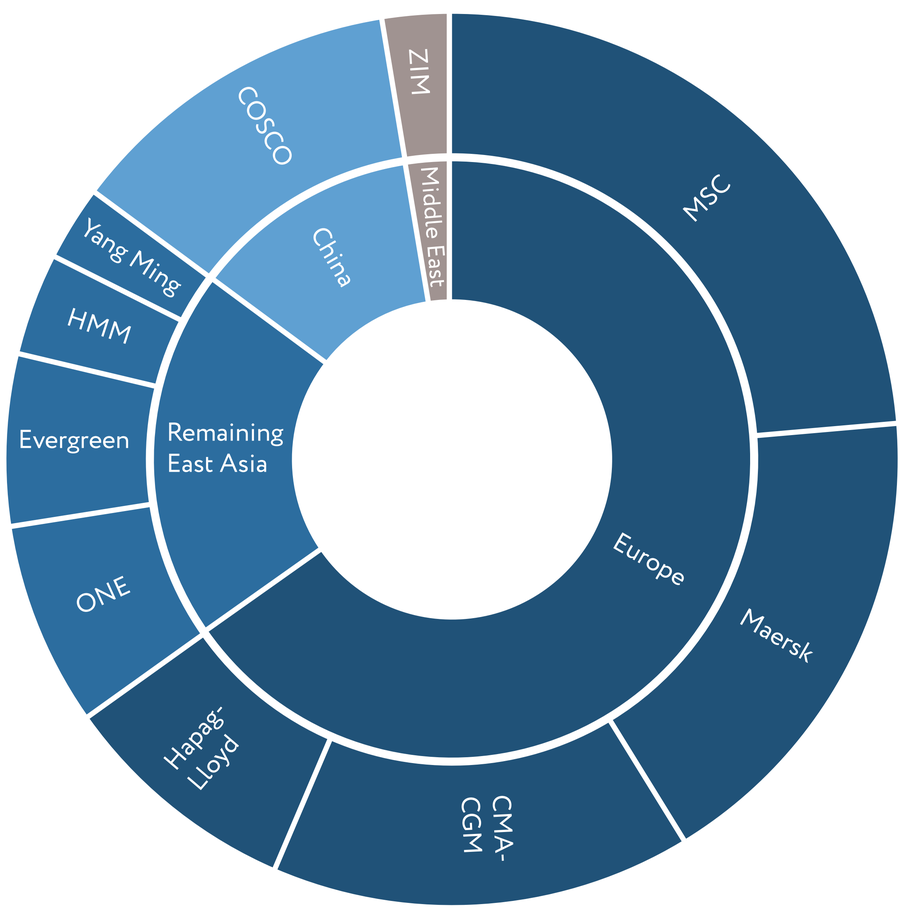
# TRANSFORMING GLOBAL LOGISTICAL INFRASTRUCTURE

## THE STRATEGIC GEOGRAPHY OF GLOBAL TRADE LOGISTICS

If finance determines the invisible architecture of trade, logistics determines its physical geography. The ability to move goods efficiently, reliably, and securely across continents is one of the most decisive factors shaping global commerce. For the countries Global Majority, which increasingly accounts for the considerable share of world demand and supply, reforming trade logistics is as essential as reforming financial architecture. **Yet the infrastructure of global trade logistics remains overwhelmingly shaped by Western or Western-aligned powers, creating both dependency and vulnerability.**

At present, nearly three-quarters of global container shipping capacity is controlled by firms based in the United States, Europe, or close allies. Just three companies—Maersk (Denmark), Mediterranean Shipping Company (Switzerland/Italy), and CMA CGM (France)—collectively control more than 45% of global container capacity. By contrast, Global Majority carriers remain limited in global reach (Fig. 8). COSCO (China) is an exception, ranking among the top five operators, but even they rely on port infrastructure, insurance, and booking platforms dominated by Western players. In Western Africa up to 85% of container trade is operated by the Western companies (Fig. 8).

Figure 8
**Major Maritime Alliances and their Regional Attribution**




Note: Remaining East Asia includes Taiwan, Japan and South Korea. Middle East here means Israel ownership of ZIM.
Source: UNCTAD Review of Maritime Transport 2024

The same imbalance is visible in air cargo. Only 6 of the 14 global leading cargo airlines are from the Global Majority. However, their market shares combined still fall short of the capacity controlled by U.S. and European airlines. In passenger aviation, only three of the world's top ten airlines by revenue are based in Global Majority countries, further underscoring the asymmetry in access to networks.

Even the routes' structure represents the hub-and-spoke architecture of international transportation, concentrated in the US and Western Europe. For example, Latin America's international seat capacity still tilts toward North America (45%) versus intra-Latin America (42%). Five of the ten busiest international routes in the region connect to North America. By contrast, Latin America–Africa links remain thin: only a handful of non-stops, forcing most passengers to route via Europe or the Middle East.

Control over logistics is not just about firms but also about chokepoints. Around 12% of global trade and 30% of container traffic passes through the Suez Canal each year. The Strait of Malacca carries nearly 25% of global seaborne oil trade and more than 40% of global container traffic, making it the most important maritime artery in Asia. The Panama Canal, which facilitates about 6% of global trade, has become increasingly vulnerable to climate shocks. These bottlenecks illustrate how heavily the Global Majority depends on narrow corridors integrated with Western-controlled maritime infrastructure and insurance regimes.

Even where ports and fleets are owned by Global Majority countries, supporting services are controlled by Western firms. **Shipping insurance, which underpins more than 90% of maritime trade, is concentrated in London-based Lloyd's market** and a handful of European reinsurers. Logistics software, freight-forwarding platforms, and global booking systems are also largely Western. This creates not only commercial dependency but also political vulnerability, since restrictions or regulatory actions in Washington, London, or Brussels can directly disrupt Global Majority trade.

These vulnerabilities were starkly illustrated during the COVID-19 pandemic, when Western shipping companies diverted capacity toward higher-margin trans-Pacific routes, leaving African and Latin American exporters struggling with container shortages. Freight rates between East Asia and South America spiked by over 500% between 2019 and 2021. Similar dynamics emerged following the start of the Ukraine crisis in 2022, when Western insurers refused coverage for Russian cargoes, forcing Moscow to build alternative arrangements with Asian providers.

For the Global Majority, this situation represents both a risk and an opportunity. On one hand, reliance on one-sided systems leaves economies exposed to unjust trade restrictions, chokepoint disruptions, and market manipulation. On the other hand, the rapid growth of trade among Global Majority (for example, trade within BRICS+ has increased fivefold over the past 20 years) countries creates the scale necessary to develop autonomous logistics corridors, platforms, and insurance systems. Countries recognize the need to maintain at least two to three scenarios for trade routes and payment schemes in order to build the antifragility of their economies, and they are investing in the development of alternative arrangements.

The geography of trade, long dominated by a handful of chokepoints and firms, is thus becoming one of the central arenas of competition in the transition toward a more multipolar world economy.

## TECHNOLOGY AND INNOVATION IN GLOBAL LOGISTICS

While the physical geography of logistics remains deeply entrenched, technological change is beginning to reshape its possibilities. The Global Majority faces a dual challenge: catching up with Western incumbents in conventional logistics while simultaneously positioning itself to lead in emerging innovations that could redefine the sector. From digitalization and artificial intelligence to radical new transport concepts, **the race for technological advantage in logistics is becoming as decisive as control over trade corridors.**

The **expansion of e-commerce** has already transformed logistics demand. Asia leads this boom: China accounts for more than 45% of global e-commerce transactions, while India, Indonesia, and Brazil are among the fastest-growing markets. This has created an urgent need for logistics platforms capable of managing high-frequency, low-volume shipments. Yet most global freight management systems remain concentrated in Western hands. For example, Flexport (U.S.), C.H. Robinson (U.S.), and DHL Global Forwarding (Germany) dominate cross-border logistics software. Global Majority players, such as Alibaba's Cainiao Network and India's Delhivery, are expanding, but their reach is still largely regional.

**Artificial intelligence** (AI) is reshaping logistics through predictive analytics, demand forecasting, and dynamic routing. Gartner estimates that half of the supply chain solutions will be AI-based by 2030. Major Western firms such as Amazon and UPS have already deployed AI for warehouse robotics and last-mile delivery optimization. By contrast, most Global Majority logistics firms remain in the pilot stage, though Chinese ports provide a striking example of progress. Similarly, Dubai's DP World is investing heavily in AI-enabled "smart ports," aiming to cut loading times.

Case study

**Port of Qingdao Automatization**

In May 2025, Qingdao Port, managed by Shandong Port Group, set its 13th world record in container handling efficiency, reaching **62.62 TEUs per hour per crane**—the highest ever for an automated terminal. This achievement stems from in-house AI systems (**A-TOS** and **A-ECS**) that optimize stacking and equipment use, cutting turnover by **5.14%** and boosting speed. A recent upgrade using **AI and 3D point cloud technology** further reduced container handling time by nearly **20 seconds**, while landside optimization increased productivity by **9%**, reinforcing Qingdao's role as a global leader in port automation.

Innovation is not limited to digitalization but extends to **energy systems.** The global shipping industry, responsible for 2%–3% of total greenhouse gas emissions, faces increasing regulatory pressure to decarbonize. Europe and Japan are leading in LNG and hydrogen-fueled vessels, but Russia, China, and India are exploring alternatives such as small modular nuclear reactors  for cargo ships.

Despite technological advances, Global Majority actors often capture only a fraction of the value they generate. **Logistics IT firms** tend to command market valuations many times higher than traditional transport operators. For example, in 2025, U.S.-based Flexport is valued at $8 billion, despite moving less than 1% of global container volumes, while global shipping giant Maersk—handling nearly 20% of the world's container trade—is valued at around $33 billion. This disparity reflects a structural imbalance: IT platforms capture disproportionate value relative to physical logistics operators. For Global Majority countries, one solution could be the creation of open-access exchanges, such as tariff exchanges for railways or integrated goods exchanges that factor in delivery costs. Such platforms would not only reduce dependence on Western IT firms but also allow operators to retain more value from their networks.

Beyond the current decade, breakthroughs **in quantum computing, blockchain-based supply chain management, and 3D printing** could fundamentally alter logistics. The latter alone could reduce global shipping volumes for certain goods by as much as 10% by 2040. This implies that the Global Majority must not only invest in today's logistics infrastructure but also anticipate structural shifts that could render parts of the current system obsolete. Countries that align logistics development with long-term technological transitions will gain strategic advantage in global trade.

In short, technology is both a constraint and an opportunity. The Global Majority risks being locked into Western-dominated digital ecosystems, but it also possesses the demographic scale, market demand, and geographic centrality to shape the next generation of logistics technologies. Whether through smart ports, AI-enabled supply chains, or alternative energy systems, innovation will be decisive in determining whether the Global Majority merely adapts to global trade or actively reshapes it.

## INFRASTRUCTURE INVESTMENTS AND NEW TRADE CORRIDORS

Setting investment priorities in transit infrastructure gets increasingly complex. Decision-makers face choices between high-cost, high-speed options, such as the Northern Sea Route, and more conventional investments like the North Siberian Railway. Railways, with approximately half the capital expenditure of Arctic shipping lanes, unlock access not only to mineral deposits but also to vast tracts of commercial forest, transforming previously inaccessible regions into economically viable zones.

Preparing for global transit requires thinking beyond traditional routes. **Established corridors,** such as China — Kazakhstan — Russia — Belarus — EU, **remain critical, but underutilized alternatives**—Japan and South Korea to Russia and then to Europe, or via Central Asia and Iran—offer additional flexibility. Within the BRICS+ network, entirely new corridors are emerging: Brazil — Russia (via Murmansk or St. Petersburg) — Kazakhstan — Central China constitutes the shortest and fastest potential route between South America and China, though it remains costly in its current form. More ambitious concepts include an East Coast of North America — Russia — Kazakhstan — Central China corridor, which, while untested, could redefine transcontinental trade logistics. Many segments of these routes are already operational, and scaling them requires primarily coordination and infrastructure linking.

**Resource logistics** is also evolving beyond traditional commodities. **Water, for instance, is becoming a strategic asset.** In regions with surplus supply, pipelines could transfer clean water to areas experiencing scarcity without diverting rivers or harming existing ecosystems. A proposed southern pipeline network, extending to the Volga Basin, could address rising water stress and serve as a model for further regional infrastructure initiatives.

This evolving landscape underscores that infrastructure, logistics, and transit routes are no longer mere support mechanisms—they are central to the strategic planning of trade, resource management, and economic integration. Nations and corporations that anticipate and invest in these trends will gain a decisive advantage in a rapidly shifting global economy.

# CONCLUSION

This report summarizes the views of experts expressed during the preparatory discussions and the session “Transformation of the Architecture of Trade and Connectivity in the New Reality”, held as part of the expert work under the “Connectivity” track of the Open Dialogue.

The analysis presented in this report underscores a fundamental and justified shift in the global economic landscape: **countries of the Global Majority are actively adapting the architecture of trade, finance, and logistics to better serve their own interests** and secure their rightful share of global prosperity. This movement is not driven by a desire to oppose or dismantle existing systems, but rather by a pragmatic and necessary effort to develop structures that enhance resilience, ensure fairness, and reflect their growing role in the world economy.

The evidence is clear across all three pillars of connectivity. **In trade,** the inefficacy and perceived inequity of traditional multilateral institutions like the WTO have led to the rapid proliferation of multilateral, bilateral, regional, and megaregional agreements—**a strategy of “hedged globalization”.** This allows Global Majority nations to diversify risk and ensure continuous engagement through multiple, overlapping channels, as exemplified by the significant scale of RCEP and the deepening of bilateral corridors like CPEC and the India-UAE CEPA.

**In finance,** the structural vulnerabilities and strategic risks inherent in a dollar-dominated system have catalyzed the development of alternatives. From Local Currency Settlement Frameworks to the exploration of CBDCs and innovative payment platforms, these **efforts are aimed at reducing dependency, lowering transaction costs, and shielding economies from external monetary policy and geopolitical pressure.** The proposal for a New Investment Platform (NIP) further highlights this proactive stance, seeking to mobilize the Global Majority’s own substantial savings and current account surpluses—which currently fuel Western financial markets—into direct, de-risked investments in their own critical infrastructure and development.

**In logistics,** the concentration of capacity, chokepoint control, and supporting services within individual jurisdictions creates significant vulnerabilities. The rapid growth of South-South trade provides the requisite scale to **develop more autonomous, resilient corridors and leverage technological innovation**—from AI-powered port automation, as demonstrated by Qingdao, to new trade routes that reflect shifting economic geographies.

Ultimately, the collective action of the Global Majority represents a recalibration, not a rejection, of global integration. These nations are not opting out of globalization but are building a more pluralistic, balanced, and resilient system—one where they can trade openly, secure equal benefits, and exercise greater sovereignty over their economic destinies. Their pursuit of prosperity through these new institutions and systems is a legitimate and rational response to a global order that has often failed to accommodate their growth and aspirations. It is an assertion of their right to shape a global economic architecture that works for them, just as it has for others.

# LIST OF ABBREVIATIONS

**ADB**
Asian Development Bank

**AIIB**
Asian Infrastructure Investment Bank

**ASEAN**
Association of Southeast Asian Nations

**BIS**
Bank for International Settlements

**BRI**
Belt and Road Initiative

**BRICS+**
Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, UAE, Indonesia

**CBDC**
Central Bank Digital Currency

**CBR**
Central Bank of Russia

**CEPA**
Comprehensive Economic Partnership Agreement

**CMA CGM**
Compagnie Maritime d'Affrètement – Compagnie Générale Maritime

**CPEC**
China-Pakistan Economic Corridor

**EAEU**
Eurasian Economic Union

**ESCAP**
United Nations Economic and Social Commission for Asia and the Pacific

**FDI**
Foreign Direct Investment

**FESCO**
Far Eastern Shipping Company

**GDP**
Gross Domestic Product

**IMF**
International Monetary Fund

**LCSF**
Local Currency Settlement Framework

**NDB**
New Development Bank

**NIP**
New Investment Platform

**OFAC**
Office of Foreign Assets Control

**RCEP**
Regional Comprehensive Economic Partnership

**SPFS**
System for Transfer of Financial Messages

**SWIFT**
Society for Worldwide Interbank Financial Telecommunication

**TEU**
Twenty-foot Equivalent Unit

**UNCTAD**
United Nations Conference on Trade and Development

**WTO**
World Trade Organization

# LIST OF FIGURES