Chart of the Week

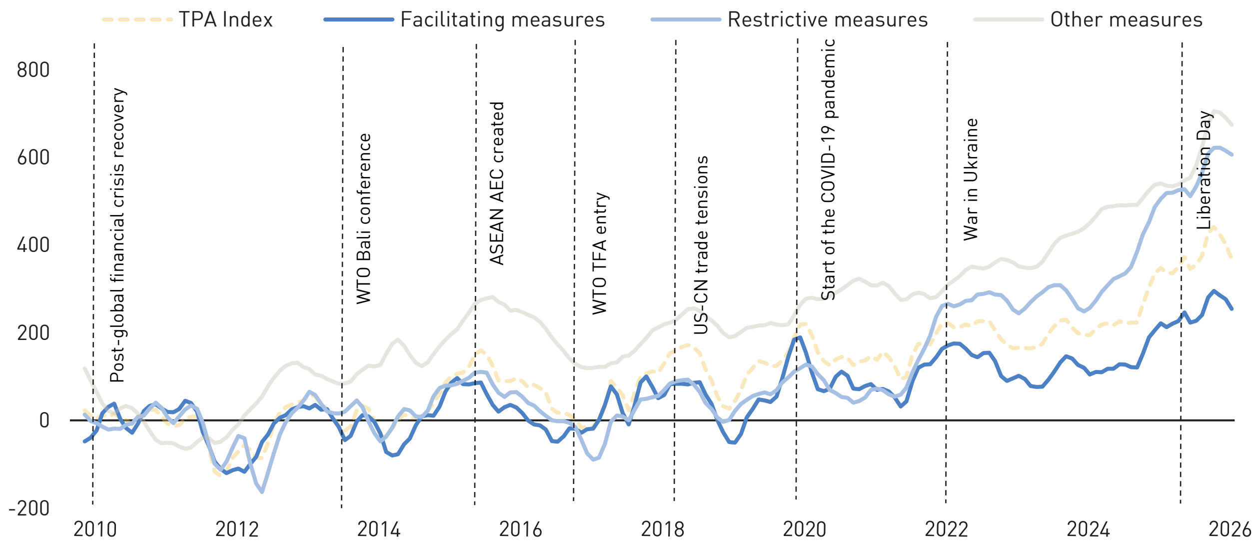
Trade policy increasingly restrictive

The Trade Policy Activity (TPA) Index, first published by the WTO and the IMF in October 2025, tracks global trade policy dynamics since 2010 and points to a marked, sustained rise in trade policy measures since 2019, triggered by the escalating US-China trade conflict. The COVID-19 pandemic in 2020 and the war in Ukraine from 2022 onward further fuelled the rise in trade policy activity. While both facilitating and restrictive measures tended to increase during periods of crisis, restrictive measures dominated in 2018/19 and became even more pronounced in 2025 following "Liberation Day." Data from recent months confirm this pattern: the continued increase in trade policy activity has been driven primarily by restrictive and other measures, the majority of which are subsidies. At the beginning of 2026, the TPA Index reached a new record high. Trade-facilitating measures, however, increased only moderately, further widening the gap between trade-restrictive and trade-facilitating measures.

Trade policy activity reaches new highs: Restrictive measures dominate

Trade Policy Activity Index, split into categories

March 2010 – May 2026



Source: Centorrino, Diakantoni, Keck, Ruta, Sztajerowska, and Wei (2025). | "Other measures" refer to measures that may potentially distort trade and are composed predominantly of subsidies.

The developments show that the rules-based multilateral trading system, which has shaped global trade for decades, is increasingly losing coherence and being replaced by a more fragmented system of competing power centres. Rising protectionism, geopolitical rivalries, national security considerations and the rapid expansion of industrial policy measures are creating significant challenges for internationally operating companies. Against this backdrop, traditional notions of the relationship between the state and the market require a strategic reassessment of location policies. At the same time, internationalisation agencies and foreign trade promotion instruments are gaining importance.

Take: As a small, open economy, Austria is particularly exposed to rising trade restrictions. The resulting persistent export weakness is a key factor contributing to the country's weak overall economic performance. A passive response to these global shifts would not be a sustainable approach. Instead, it is essential to actively shape the external economic environment through targeted policy measures. How international opportunities can be leveraged even in a challenging geopolitical environment is outlined in our Economic Policy Priorities 2026+. Austrian companies are supported in their internationalisation efforts by AUSSENWIRTSCHAFT AUSTRIA. In addition, the WKÖ Global Insights platform provides geopolitical and geo-economic guidance with concrete relevance for businesses.

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