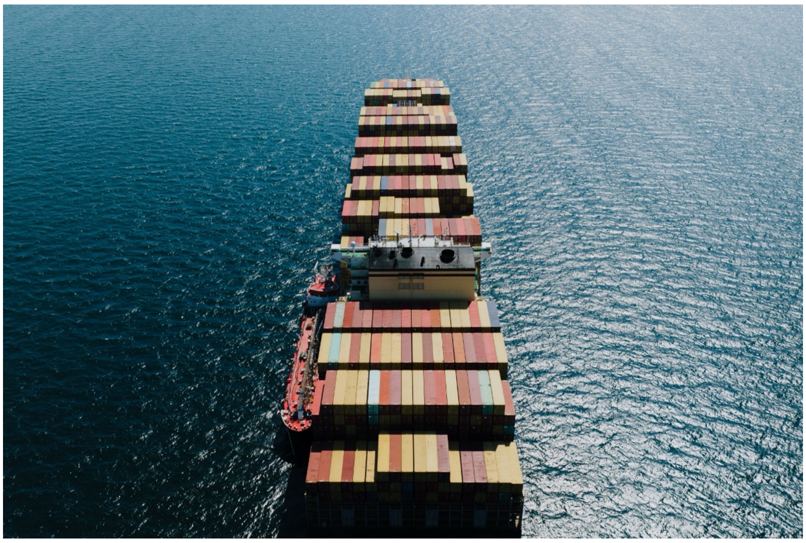
Written by Rebecca Terrell on September 11, 2026

Global Trade Growth Cut Nearly in Half as Hormuz Choke Point Grinds Traffic to a Halt

World trade entered 2026 running hot. Chinese exports grew more than 20 percent year-over-year in January and February, global air cargo expanded by double digits, and seaborne cargo grew 5.3 percent. Much of the growth was driven by AI-related hardware such as servers and semiconductors, which accounted for roughly three-quarters of U.S. nominal import growth in 2025. In late February, though, military escalation in the Middle East upended the picture almost overnight.



K/Pexels

Choking Off Maritime Trade

According to UN Trade and Development (UNCTAD), the resulting disruption to the Strait of Hormuz — one of the world's most critical maritime choke points, carrying roughly a quarter of global seaborne oil trade along with major volumes of liquefied natural gas and fertilizer — has been severe enough that the strait is "practically closed." The average number of ship transits collapsed from about 129 per day in February to just six per day by late March, a drop of roughly 95 percent. Brent crude has traded above $90 a barrel since the escalation began, while tanker freight rates, marine fuel costs, and war-risk insurance premiums have all risen sharply.

The cumulative effect on global trade forecasts was predictable. UNCTAD now projects that world merchandise trade growth will fall from about 4.7 percent in 2025 to less than 2.5 percent in 2026, a potential cut of one-half. The agency's 2026 world GDP growth forecast sits at 2.6 percent, with developed economies expected to grow only 1.5 percent and developing economies 4.1 percent. Other major forecasters have registered similar downgrades. The World Bank projects global growth slowing to 2.5 percent for 2026, and the Organization for Economic Cooperation and Development's latest outlook flags the "energy supply shock from the evolving conflict in the Middle East" as actively testing global economic resilience, projecting G20 inflation at 4.0 percent for the year.

Dependence on a Global Supply Chain

This post-World War II model of finished products being the result of an elaborate global supply chain is not the original "American System," as Henry Clay called it in the 1840s. Under its earlier economic model, the United States produced the overwhelming majority of its goods domestically.

The British resented the titanic productive capacity of America and worried about the "balance of trade" issue that this represented. English economist Frederick Soddy openly worried in the 1920s that America had the ability to produce all its own goods. While it had an endless capacity to sell exports to the world, it didn't require any imports. This created a magnet for gold, which flowed into the United States, and the British did not find that agreeable. Soddy wrote, "When one contemplates a country like the United States, which it has been computed could easily supply almost the entire wants of the whole world without over-exerting herself, a country which has few real wants which it could not as well supply within its own territory, and therefore with little use for imports, but an almost infinite capacity for exports, the problem looks frankly insoluble."

The British needed a way to make the gold flow back out. The solution was to discourage manufacturing in America and make the United States reliant on imports — thus metaphorically shaking the coins out of the American piggy bank and into the international trade corridors (which the British controlled).

Back to Self-sufficiency?

In the 21st century, the model that British economists such as John Maynard Keynes induced the Americans to sign onto is eroding, and this is forcing America to consider producing things domestically again.

U.S. Commerce Secretary Howard Lutnick signaled this fact at the World Economic Forum, saying, "Globalization has failed the West and the United States of America." He added, "It is what the WEF has stood for, which is export, offshore, far-shore, find the cheapest labor in the world, and the world is a better place for it. The fact is, it has left America behind." He framed "America First" not as retreat, but as an alternative model other nations should consider adopting for themselves: prioritizing domestic industry, border control, and national sovereignty over dependence on interconnected global supply chains.

This article is part of The New American's *weekly online newsletter* Insider Report*, which is emailed to* TNA *subscribers each week. Click here to subscribe to* The New American *to receive the* Insider Report *and access exclusive content.*