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High-level segment on advancing sustainable, inclusive, science- and evidence-based solutions for the 2030 Agenda for Sustainable Development and its Sustainable Development Goals or leaving no one behind: High-level policy dialogue, including future trends and scenarios related to the Council theme and the long-term impacts of current trends

Long-term impacts of current trends on the realization of the Sustainable Development Goals

Report of the Secretary General

Summary

The form, speed and geographical scope of globalization have expanded tremendously over time, driven by continuous advances in technology and the policy choices of governments, businesses and individuals. Many developing countries have benefited greatly from economic integration in the past three decades and the global poverty rate has declined markedly. However, there is also recognition that economic integration has outpaced efforts to cushion its negative effects. The United Nations has regularly drawn the attention of Member States to the distributional and environmental impacts of unregulated economic globalization both within and between countries.

As a result, the strong political commitment of governments to trade liberalization, particularly since the 1990s, has given way to a more cautious outlook, influenced by rising geopolitical tensions, which have recently intensified with the introduction of tariffs and retaliatory measures by major actors in the global trading system.

If the prevailing geopolitical fissures in the global trading system are not addressed, it could impact the support of states for multilateral cooperation and institutions, including the implementation of important global frameworks, which were created to mitigate the economic, social and environmental costs of globalization such as the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda of the Third Conference on Financing for Development, the Global Compact on Safe, Orderly and Regular Migration and the Global Digital Compact. The overarching objective of such global frameworks is to help ensure that globalization works for all. The world needs more – not less – globalization, but a globalization that is embedded in the principle of leaving no one behind and governed by multilateral rules and collective action.

I. Introduction

1. The present report[1] focuses on the state of globalization. The objective of the report is to assess whether globalization, as the integration of economies, cultures and populations, is fracturing or transforming, and what states can do to ensure that this process is aligned with the overarching objectives of the 2030 Agenda for Sustainable Development, including the SDGs, so that its benefits are equitably shared within and across countries.

2. The report serves to inform the high-level segment of the Economic and Social Council in July 2025, pursuant to General Assembly resolution 72/305. It complements the report of the Secretary-General on the theme of the 2025 session of the Council (E/2025/XX) and the report of the Secretary-General A/79/XX-E/2025/XX "Progress towards the Sustainable Development Goals".

II. Globalization at crossroads

A. The contours and consequences of globalization

3. Globalization is not a recent phenomenon. People have sought distant places to settle, produce and exchange goods and ideas since the beginning of human civilization. However, the form, speed and geographical scope of globalization, have expanded tremendously over time, particularly in the past half a century, driven by continuous advances in technology and the policy choices of governments, businesses and individuals.

4. For the longest part in history, the trade in goods has been the most significant form of globalization. The Silk Road served as a network of trade routes between Asia, the Middle East and Europe, from the second century BCE to the mid-15th century using caravans, ships, carts and wagons as the main modes of transport. The period of discovery in the 15th and 16th century further accelerated the speed and geographical scope of trade in goods and movement of people because of advances in maritime transportation with the introduction of larger ships.

5. The Industrial Revolution in the 18th and 19th century, which enabled mass production of goods for the first time, further transformed the speed and geographical scope of moving goods and people on an unprecedented scale because of breakthroughs in transportation with the emergence of railroads, canals and steamboats. Importantly, the severe economic hardship caused by the Industrial Revolution to many vulnerable people sparked at the same time the creation of influential social movements and legislative reforms in many countries to improve the working conditions and wellbeing of those most negatively affected.

6. Advances in transportation technologies were historically the most important driver of economic globalization until the beginning of World War I (1914), when this process came to a significant halt, which lasted till the end of World War II in 1945.

7. The Bretton Woods Conference in 1944, which laid the foundation for the creation of a new international architecture with the establishment of organizations like the World Bank, International Monetary Fund and the United Nations, the following year, marked a watershed moment in renewing political commitment to intergovernmental cooperation, with particular focus on revitalizing trade and cross-border investment.

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[1] The report is presented in accordance with the mandate provided by the General Assembly in resolutions 61/16 and 72/305, as well as resolutions 74/298 and 75/290 A on the strengthening of ECOSOC, and in alignment with GA 75/290 B on the review of the implementation of resolutions 67/290 on the high-level political forum on sustainable development and 70/299 on the follow-up and review of the 2030 Agenda.

8. New breakthroughs in telecommunications technologies began to exert growing influence on the globalization process in the second half of the 20th century, particularly in areas such as mass media, film, radio, television and music, which deepened the sharing of cultures, values, knowledge and ideas across the world. The second half of the 20th century also marked an important shift towards increased trade in services; enhanced role of multinational firms in forging trade and investment linkages across countries; containerization of ocean shipping, which improved efficiency in transportation of goods; and growing political commitment of governments to forge trade agreements at the regional and global level, which culminated in the establishment of the World Trade Organization in 1995, soon after the end of the Cold War. As a result of these developments, the share of exports of global GDP, increased from 8.5 to 16.2 per cent between 1970 and 2001.

9. The trade liberalization paradigm that became dominant in the 1990s was heavily influenced by the policy preferences of multinational firms. An important objective was to lower trade barriers and the cost of trade. The globalization process was also transformed in the mid-1990s with the introduction of breakthrough telecommunications technologies, particularly the creation of the internet, which further accelerated economic, social and cultural integration, including the sharing of knowledge and ideas.

10. The introduction of global value chains in the beginning of the 21st century marked another turning point for economic integration, leading to rapid increase in foreign direct investment and outsourcing of production across countries, which transformed the productivity of trade and investment. Global value chains refer to a network of interconnected activities involved in producing a good or service, where different stages of the process are dispersed across multiple countries, each specializing in a particular task or component that contributes to the finished product that is then sold on the international market. The introduction of this technology has allowed firms to leverage cost advantages and expertise in different countries, which has changed the landscape of manufacturing. However, many observers have criticized the lack of common standards for global value chains, as firms have been able to outsource the production to countries with weaker environmental regulations.

11. The beginning of this century also saw renewed political commitment of governments to international cooperation for development, with the adoption of the Millennium Declaration in 2000, which built upon the major United Nations conferences and summits of the previous decade, and the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals in 2015.

12. Many developing countries have benefited economically from globalization in the past three decades through enhanced access to markets, technology transfer, creation of jobs in export-oriented industries and the ability to specialize in products based on the principle of comparative advantage. As a result, economic integration has been an important driver of poverty reduction in many developing countries. The global extreme poverty rate was 42.5 per cent in 1981 but had declined to 15.7 per cent in 2010 and 8.6 per cent by 2019 but then increased to 9.7 per cent in 2020 because of the impact of COVID-19.[2]

13. The share of low- and middle-income countries of global trade grew from 21 to 38 per cent between 1995 and 2022. South-South trade as share of the total also almost quadrupled between 1995 and 2021, increasing from 5 to 19 per cent.[3] However, increased trade has not been evenly distributed across developing countries.

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2 SDGs Report 2024, UN DESA.
3 World Trade Report 2024, WTO.

14. Developed countries have also benefited from economic globalization through lower consumer prices, access to a wider variety of goods and services and increased efficiency in manufacturing by promoting specialization and scale economies among firms. Moreover, economic integration has helped to moderate national rivalries following the end of the Cold War, which has contributed to global peace and security.

15. However, in the past decade, many advanced economies have experienced rising anxieties in society about high job losses in manufacturing; increased competition from foreign companies; wage stagnation for low-skilled workers; concerns about loss of cultural identity; high environmental impact of global value chains; and considerable political costs stemming from large-scale immigration. These anxieties have contributed to growing polarization and public backlash in many societies against the economic and cultural impacts of hyperglobalization.

16. United Nations has regularly drawn the attention of Member States to the distributional and environmental impact of unregulated economic globalization both within and between countries and how this could negatively impact public support for international cooperation to address urgent common challenges like climate change.

17. As a result, the strong political commitment of governments to trade liberalization that accelerated in the 1990s, has given way to a more cautious outlook, influenced by rising geopolitical tensions, which have recently intensified with the introduction of tariffs and retaliatory measures by major actors in the global trading system; the perceived high social and environmental costs of global trade; the impact of the war in Ukraine; and a renewed push in many advanced economies in the aftermath of COVID-19, to reshore important manufacturing sectors for reasons of economic security.

18. If the prevailing geopolitical fissures are not addressed, it could impact the support of states for multilateral cooperation and institutions as well as the implementation of important global frameworks created to mitigate the economic, social and environmental costs of globalization such as the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda of the Third Conference on Financing for Development, the Compact for Safe, Orderly and Regular Migration and the recently adopted Global Digital Compact.

B. Is the globalization process fracturing or transforming?

19. While geopolitical tensions have increased the pressure for reshoring critical manufacturing sectors for economic security reasons, complete decoupling is neither feasible nor economically beneficial. Principles like comparative advantage, specialization and scale economies are likely to continue to underpin trade and investment decisions.

20. While reshoring of manufacturing is likely to increase in the near future, no country can efficiently produce everything it needs. Global markets enable firms to achieve lower costs, higher efficiency and greater innovation through access to larger consumer bases, more diverse talent pools and specialized suppliers. The network effects and scale economies are likely to continue to drive trade and investment decisions of countries and firms.

21. Recent crises such as COVID-19, geopolitical and trade conflicts, climate change and supply chain disruptions, have reinforced the need to rethink the structure and resilience of global value chains. These experiences have also demonstrated the importance of adopting a diversified and resilient manufacturing strategy. In response, firms are actively investing in AI, blockchain, Internet of Things and automation to improve the effectiveness and resilience of supply chains. The objective is to minimize political, economic and environmental risk in supply chains, not to abandon that strategy altogether.

22. Trade in services has become the most dynamic component of international trade in recent years, driven by digital services such as AI, cloud computing and financial markets. Fuelled by advances in information and communications technologies, exports of commercial services tripled between 2005 and 2022, with exports of digitally delivered services experiencing the fastest growth, increasing by almost four-fold.[4] During the same period, developing economies accounted for an increasing share of global trade in services, with their exports more than tripling. However, world services trade among developing countries is highly concentrated, with five countries accounting for 50 per cent of the total.

23. South-South trade now accounts for 54 per cent of total developing country exports, with its share of world exports nearly doubling between 2000 and 2022. However, the share of least developed countries of global exports has remained around 1 per cent since 2012, of which only one-fifth are exports of services.

24. Demographic challenges in many advanced economies are also making migration and workforce mobility an important driver of globalization. High population growth in many countries in the developing world and declining fertility and mortality in many advanced economies are at the centre of the current demographic challenge. An ageing population in developed countries will demand more health services, while a young population in developing countries will need greater access to education and digital services. A young population in developing countries can also be expected to increase demand for online services. The market for environmental services is similarly likely to grow at a high rate for a long time. UNCTAD estimates that the share of services of world trade could grow by 50 per cent by 2040.

25. The role of the World Trade Organization as a global policymaking body has weakened in the past decade due to geopolitical tensions among the major economic powers. On the other hand, multilateral trade cooperation has increased at the regional level. One example is the establishment of the African Continental Free Trade Area in 2018, which is expected to increase the region's exports to the rest of the world by 32 per cent by 2035 and within the continent by 109 per cent and lift 50 million people out of poverty.

26. The world community faces numerous common challenges that require global solutions despite rising geopolitical tensions. Issues like climate change, cybersecurity, pandemics, violent conflicts and other crises have increased the necessity of effective international cooperation and coordination. As a result, the world needs more, and more effective, multilateral cooperation to address these global challenges as well as to advance a globalization that is embedded in the principle of leaving no one behind and governed by multilateral rules and collective action.

27. However, the current globalization model is not working as reflected in the growing geopolitical tensions in the international system and the shift towards protectionism in trade and industrial policy. Globalization is perceived to have led to high wealth concentration in advanced economies, while leaving many developing countries struggling with debt, low wages and limited economic sovereignty. Globalization has also been criticized for high environmental costs due to carbon-intensive supply chains, deforestation and pollution. The political backlash in some advanced economies against the economic and cultural impact of hyperglobalization, has also weakened public trust in multilateral cooperation and institutions.

III. Important current trends with implications for the future of globalization

A. Trade and industrial policy

[4] Trade in services for development (2023), World Trade Organization and the World Bank.

28. Trade policy has undergone a transformation over time in response to economic, political and technological changes. In the aftermath of World War II, protectionism gave way to trade liberalization as the dominant policy paradigm. This resulted in the creation of new multilateral institutions such as the General Agreement on Tariffs and Trade in 1947 and later the World Trade Organization in 1995. As the result of the establishment of GATT, average tariffs among the major economies fell from 22 per cent in 1947 to 14 per cent in 1954 and 3 per cent in 1999. In 2022, average tariffs in the 30 members of the Organization for Economic Cooperation and Development ranged from 2.4 to 3.2 per cent, according to the World Bank.

29. The second half of the 20th century was also characterized by emphasis on the creation of regional trade agreements such as the North America Free Trade Agreement, the European Union and the Association of Southeast Asian Nations, whose key purpose was to enhance cross-border trade flows. The rapid expansion of global value chains in the beginning of this century, which introduced the concept of multinational manufacturing networks was another milestone in trade policy. This innovation increased the share of developing countries of global trade.

30. However, the rapid acceleration of economic integration that started in the 1990s wasn't accompanied by the necessary measures to mitigate the often high social and environmental cost of trade liberalization, as regularly pointed out by the United Nations. As a result, the economic integration process outpaced the efforts of most governments to cushion its negative effects, particularly in advanced economies.

31. The lack of attention to the high social cost of economic integration has undoubtedly been a key factor driving the current shift towards a more managed approach to trade. The result has been the resurgence of protectionism in the form of trade wars between major actors in the global trading system. There is now a growing sense among economists that the world is heading towards the largest surge in protectionist activity since the 1930s.

32. The shift towards greater protectionism in trade policy has resulted in a large increase in the number of import and export restrictions among the G-20 leading economies, which could further intensify geopolitical tensions and slow the global economy. The reference forecast of the International Monetary Fund, which reflects policy announcements by the United States and trading partners up to April 2025, predicts global growth to slow to 2.8 per cent this year and 3 per cent next year, a cumulative downgrade of about 0.8 percentage point, compared to the previous set of projections in January.

33. The World Trade Organization has regularly highlighted the growing impact of the digital economy on global trade and emphasized the need to update trade policies and strengthen multilateral cooperation to manage the evolving digital landscape. According to the WTO, the digital economy has improved the access of small and medium-sized firms in developing countries to global markets; lowered trade costs and facilitated more efficient logistics and supply chain management; and helped to create new trade categories. The WTO has also emphasized that current trade rules do not address issues like cross-border data flows, data privacy, cyber security or digital taxation. WTO Member States are now engaged in negotiations to develop global rules on digital trade, e.g., electronic contracts, data flows and consumer protection.

34. Industrial policy has undergone a similar transformation in the recent decade in response to global economic shifts, technological advances and geopolitical tensions. Governments are actively directing resources into key industries such as semiconductors, clean energy and biotechnology, as a strategy to advance their national security and economic competitiveness.

35. The reshoring of industries is another significant trend. Reshoring has been particularly evident in industries like semiconductor manufacturing, pharmaceuticals and rare earth minerals. As a

result, industrial policy has become an important tool for geopolitical leverage, often through measures such as trade restrictions, tariffs and investment screening to protect critical industries.

36. The adoption of a digital and AI-driven strategy that involves heavy investments in AI, quantum computing and cybersecurity is another trend in industrial policy. The European Union, China and the United States have all launched initiatives to become global leaders in AI regulation and innovation. Many governments are also encouraging the development of industrial hubs and innovation clusters to boost domestic manufacturing and tech ecosystems.

B. Cross-border investment and financial flows

37. Global investment flows are also being shaped by economic, technological, environmental and geopolitical factors. There has been a surge in investments promoting sustainable development, often driven by environmental, social and governance criteria developed by the associations of firms in response to intergovernmental mandates. The United States Inflation Reduction Act and the European Union's Green Deal, for example, have led to rise in investment in renewable energy, electric vehicles, carbon capture and sustainable infrastructure. China similarly remains a major investor in electric vehicles, rare earth minerals and infrastructure.

38. Private equity and venture capital are driving the rising investments in growth sectors such as technology, healthcare, AI and fintech. The AI boom led by firms like OpenAI, Nvidia and startups in chipmaking and software, are attracting record venture capital. Middle East sovereign wealth funds are also investing heavily in technology, sports and infrastructure worldwide and playing a bigger role in financing large-scale investment projects. Private investors, along with government partners, are currently racing to fund AI-related infrastructure and research, as seen with Microsoft and Google's large recent investments in AI startups.

39. Foreign direct investment, at the same time, is becoming more regional due to subsidies and incentives to localize key industries. Emerging markets in Latin America and the Middle East are seeing increased foreign direct investment flows, particularly in the energy, logistics and technology sectors. China's outbound investment is shifting away from the United States and Europe to Southeast Asia, Africa and the Middle East. However, the present high interest rate and inflation environment in some important economies is slowing investment in riskier sectors, while making those considered safer, more attractive.

40. A significant volume of cross-border capital is flowing into green sectors, particularly renewable energy, environment, social and governance funds, and carbon markets. As a result, green bonds and sustainability-linked investments are seeing record issuance, particularly in Europe and Asia. Private capital is also playing a bigger role in financing energy transition projects, as traditional lenders remain cautious due to the high interest rate and inflation environment. Cross-border financial flows remain particularly strong in strategic sectors like AI, semiconductors and energy.

41. An important trend in cross-border financial flows has been the acceleration of digital payments and fintech solutions. Fintech investments are booming, with cross-border digital payment systems seeing rapid growth. Central bank digital currencies and block-chain-based payment networks are also being developed as alternatives to SWIFT, while the adoption of cryptocurrencies in cross-border transactions is rising, particularly in emerging markets with capital controls. Financial hubs such as the United Arab Emirates and Singapore, are attracting growing capital inflows and emerging as significant global investment centres.

42. A notable trend in cross-border financial flows is the growing de-dollarization and the rise of alternative payment systems. The BRICS nations (Brazil, Russia, India, China, South Africa) are promoting non-dollar trade settlements, while simultaneously increasing the use of local

currencies. Despite the de-dollarization efforts, the United States dollar remains dominant in global finance, particularly in capital markets and international reserves.

43. Cross-border financial flows are similarly being reshaped by high interest rates and inflation concerns, geopolitical realignments and the rise of alternative asset classes. Private equity and venture capital are playing an increasingly dominant role in global investment, particularly in AI, fintech, cybersecurity and energy transition projects. Sovereign wealth funds are also investing heavily in western technology companies, infrastructure and private credit institutions. The Financial Stability Board has emphasized the need for enhanced monitoring of non-bank financial intermediaries, regulatory consistency and improved cross-border cooperation to mitigate risks to financial stability arising from these developments.

C. Movement of labour and people

44. In 2020, there were 281 million people living outside their country of birth, or 3.6 per cent of the global population, according to the World Migration Report 2024 of the United Nations International Organization for Migration. Nearly 70 per cent of the total were living in high-income countries and about 17 per cent in upper-middle-income countries.

45. Global remittances to low- and middle-income countries reached an estimated $656 billion in 2023, or nearly 80 per cent of the total, according to the World Bank, a figure that continues to be a significant source of external finance, surpassing foreign direct investment and official development assistance.

46. There were an estimated 169 million labour migrants in 2019, as workers from developing countries moved to advanced economies. This migration trend is driven by high income disparities in countries of origin as well as demographic challenges facing many advanced economies. Many advanced economies are encouraging migration of high-skilled workers from developing countries into sectors such as technology, healthcare and engineering. There is also significant migration of low-skilled workers into sectors such as agriculture, construction, transportation, food processing and domestic work.

47. With the working-age population in many developing countries, particularly in Africa, projected to increase at a high rate in the coming decades, migration pressures are likely to intensify. However, the United Nations International Organization for Migration has pointed out that regular pathways for migrants from developing countries have been narrowing, while those from developed countries have expanded.[5] As migration pressures have built up in many developing countries due to high population growth and limited economic opportunities, the asylum pathway has become the only option available for many workers, which has undermined the reason for this critical system.

48. A rising trend in labour migration is the movement of skilled workers across borders. Firms increasingly favour short-term assignments, remote work and project-based mobility over traditional long-term relocation. As a result, digital nomad visas are on the rise, allowing skilled professionals to work remotely across borders. Several countries offer such visas including Estonia, Portugal, Spain, Greece, Croatia, Georgia, Iceland and others, with varying eligibility criteria and visa durations. STEM professionals especially in AI, cybersecurity and software development, are in high demand with a number of countries offering fast-track visas and incentives to such candidates. This trend has resulted in the emergence of regional talent hubs in cities like Singapore, Dubai, Toronto and Berlin because of favourable immigration policies and innovation ecosystems. While the growing talent mobility has raised concerns about brain drain in developing states, brain circulation is also taking place with countries like

[5] Foreign Affairs, January/February 2025.

China, India and Nigeria not only exporting talent but also attracting skilled professionals in technology and research and development. At the same time, a number of major advanced economies are undertaking a comprehensive review of their immigration laws and policies.

49. South-South migration has also grown at high rate in recent years, accounting for nearly 40 per cent of global flows. The increase in South-South migration has been facilitated by growing emphasis on economic integration, rising labour demand in some emerging economies and the introduction of regional mobility agreements. As a result, regional migration hubs and corridors have emerged in countries like South Africa, Kenya and Nigeria in Africa; the Gulf states are attracting millions of workers from South Asia and Southeast Asia; and the economic crises in Venezuela and Haiti are leading to large migration flows to Colombia, Brazil, Chile and Argentina. Many migrants move for work opportunities often to middle-income countries such as Venezuelans to Colombia, Nepalis to India or Bangladeshis to Malaysia. This includes significant migration of labour into informal sectors like construction, domestic work and agriculture. In addition, conflicts and political instability in some developing states has fueled migration to neighbouring nations, with countries like Uganda, Turkey and Pakistan emerging as major hubs for displaced populations.

50. The ecological impact of human activity caused by unsustainable economic growth, resource depletion and climate change has also been accelerating in recent years and is driving migration and population displacement. The International Displacement Monitoring Centre reports that climate-related disasters displace millions of people each year, far-exceeding conflict-related displacement. By 2050, up to 216 million people could be internally displaced due to climate change, according to the World Bank.

51. The majority of climate migrants move within their own countries, often from rural to urban areas. Many climate migrants move to large cities and create informal settlements with poor infrastructure. Cross-border migration due to climate change remains limited but is expected to rise. Climate migration can exacerbate resource conflicts, particularly in regions with water and land scarcity.

52. Conflicts in different parts of the world continue to drive forced internal and external displacement. At the end of 2022, an estimated 71 and 35 million people were internally and externally displaced, respectively, according to the World Migration Report 2024. For many low-income countries with large number of internally displaced people, the high economic costs are making it difficult to invest in SDG implementation. Developing countries also host most of the externally displaced people at high economic costs, which similarly affects their ability to achieve the SDGs.

53. The political costs of hosting large number of refugees in developed states have also been significant in recent years. In some countries, refugee crises have triggered a politicization of migration and a rise in anti-immigration sentiments, leading these governments to tighten their borders, introduce more restrictive immigration policies and retreat from multilateral migration efforts.

D. Harnessing the potential of AI, ICTs and digital technology

54. Few technology areas are evolving as fast as artificial intelligence, which has become a key driver of the digital economy. While some have noted that it could widen the gap between development and developing countries or that its overall economic effects remain uncertain, firms are actively utilizing AI as they seek to improve decision-making, reskill workers, lower cost and enhance productivity. Generative AI already transforming content creation, coding and customer service. Some schools have also begun to use AI-powered tutors and adaptative learning platforms to personalize education. Traditional creative industries are also being transformed by AI-generated art, music and design. In addition, AI is improving the capability

of governments and firms to detect cybersecurity threats, prevent fraud and assess risk. In healthcare, AI is advancing medical diagnosis, personalized treatment and disease detection. Although the application of AI is expected to increase energy consumption, it also holds promise to enhance the efficiency of electrical grids and improve climate modelling.

55. Today, the benefits of AI are highly concentrated in a few economies, which account for over 90 per cent of research funding and innovation patents. The global AI market is estimated at $760 billion in 2025 but could increase to $3.7 trillion by 2034.[6] China and the United States accounted for 70 per cent of all AI research and development investments in 2024, with the European Union contributing another 15 per cent. So far, emerging economies have struggled to attract significant investment in this area, which has limited their ability to participate in the AI revolution. High-tech clusters like the Silicon Valley (USA), Shenzhen (China) and Bengaluru (India) tend to dominate AI talent acquisition, AI-powered enterprise solutions and cloud-based computational services, leaving limited opportunities for resource-poor institutions in low-income countries to develop indigenous AI ecosystems.

56. AI has much potential to enhance industries like agriculture, manufacturing and services, all critical to the economic future of developing countries. To develop this potential, developing countries will need to accelerate their participation in the AI revolution. This requires strategic government policies, investment in education and infrastructure, as well as effective international cooperation that promotes equitable and sustainable AI development. Developing countries that build effective AI capabilities will be able to participate in global AI value chains, attract foreign direct investment and foster innovation systems that drive long-term economic growth, competitiveness and sustainability.

57. A skilled ICT staff and strong digital infrastructure are necessary if developing countries are to participate effectively in the AI revolution. Developing countries particularly need to invest in AI learning and skills development if they are to take advantage of the opportunities that this technology brings in areas such as data science, robotics and machine learning. A strong digital infrastructure also supports AI research institutions, startups and collaborations.

58. However, developing countries continue to face mounting challenges in building an effective digital infrastructure because it requires significant financial resources, which many of them struggle to secure. Many rural areas in developing countries also lack reliable internet connection, which limits their ability to benefit from digital technologies and AI. The high cost of fiber-optic networks and 5G internet also remains a considerable barrier. Other critical challenges that impact the ability of developing countries to participate in the digital and AI revolution include energy and power supply issues; high cost of technology and equipment; lack of skilled staff; regulatory and policy barriers; limited participation of the private sector; and often fragmented digital ecosystem. The high reliance on foreign technology providers is also making developing countries more vulnerable, especially in the current trade policy environment, where geopolitical tensions can result in restrictions on access to critical digital infrastructure components.

E. The need to revitalize the implementation of global frameworks for development

59. Global frameworks established under the auspices of the United Nations in the past two decades collectively represent a response by the international community to the socioeconomic and environmental negative repercussions of globalization, including rising inequalities within and between countries. These global frameworks are key instruments of the international community to make globalization more people-centred, inclusive and sustainable, through promoting integrated actions at all levels towards internationally agreed development goals. The current

[6] Precedence Research, Artificial Intelligence (AI), Market Size, Share and Trends 2025 to 2034.

geopolitical tensions in the international system have further underscored the need for states to recommit to the implementation of these global frameworks, some of which are addressed in the following paragraphs.

60. At the heart of the current global framework to make globalization more equitable, inclusive and sustainable is the 2030 Agenda for Sustainable Development, adopted in 2015. The 2030 Agenda provides a universal agenda to end poverty, reduce inequality, protect the planet and ensure prosperity for all through its 17 Sustainable Development Goals. The core principle underpinning the 2030 Agenda is "leaving no one behind" by tackling structural drivers of inequality whether they are economic, social or environmental. The 2030 Agenda also promotes sustainable trade, inclusive growth, social protection and access to education, health and decent work.

61. The Addis Ababa Action Agenda of the Third Conference on Financing for Development, also adopted in 2015, provides the financing framework to support the implementation of the SDGs by mobilizing resources from public, private, domestic and international sources. This framework calls for fairer international tax systems, reduced illicit financial flows and stronger domestic resource mobilization, while also advocating for greater policy coherence in trade, investment, debt sustainability and development aid. In this way, the Addis Ababa Action Agenda provides the tools and commitments necessary to reduce disparities between countries and support the integration of developing countries into global markets on equitable terms.

62. The Paris Agreement is a legally binding international treaty on climate change adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. Its overarching goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The Agreement is a landmark as a binding agreement bringing all nations together to combat climate change and adapt to its effects.

63. The Global Compact for Safe, Orderly and Regular Migration, adopted in 2018, is an agreement to improve the governance of migration and protect the rights of migrants. It recognizes migration as a driver of development in both countries of origin and destination; promotes the rights of migrants; reduction of remittance costs; and data sharing, cooperation and inclusion of migrants in national development strategies. The Compact reframes migration as an opportunity rather than a crisis, promoting equitable mobility and protection across borders.

64. The Global Digital Compact, adopted in September 2024 as part of the Pact for the Future, outlines shared principles for an open, free and secure digital future. It has a strong focus on bridging the digital divide in order to ensure equitable access of all to digital tools and internet connectivity; advocates for inclusive digital governance, data rights and digital public infrastructure; and supports regulation of AI and digital platforms to ensure fairness, with a view to reducing technological asymmetries between countries. The Global Digital Compact is an important instrument to ensure that developing countries and marginalized communities are not digitally excluded from global progress in this area.

IV. Conclusions and recommendations

65. The form, speed and geographical scope of globalization have expanded tremendously over time, driven by continuous advances in technology and the policy choices of governments, businesses and individuals.

66. However, economic integration, particularly since the 1990s, has outpaced efforts to cushion its negative effects, particularly in advanced economies.

67. The United Nations has regularly drawn the attention of Member States to the distributional and environmental impact of unregulated economic globalization both within and between countries and how this could negatively impact public support for international cooperation to address urgent common challenges like climate change.

68. As a result, the strong political commitment of governments to trade liberalization, particularly since the 1990s, has given way to a more cautious outlook, influenced by rising geopolitical tensions, which have recently intensified with the introduction of tariffs and retaliatory measures by major actors in the global trading system; the perceived high social and environmental costs of global trade; the impact of the war in Ukraine; and a renewed push in many advanced economies in the aftermath of COVID-19 to reshore important manufacturing sectors for reasons of economic security.

69. If the prevailing geopolitical fissures are not addressed, it could impact the support of states for multilateral cooperation and institutions, including the implementation of important global frameworks, which were created to mitigate the economic, social and environmental costs of globalization such as the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda of the Third Conference on Financing for Development, the Global Compact for Safe, Orderly and Regular Migration and the recently adopted Global Digital Compact.

70. The high costs of converging shocks and crises have also exposed the vulnerabilities of global supply chains and the need to rethink their structure and resilience.

71. Migration pathways from developing countries have been narrowing in recent years, while those from developed countries have expanded. This shift in policy has left the asylum pathway often as the only option available for workers in developing countries to seek better economic opportunities, which has undermined the reason for this critical system.

72. The AI divide is widening with investment in research and development highly concentrated in a small number of advanced and emerging economies.

73. This report makes the following **recommendations** to help ensure that globalization promotes the goal of sustainable development, and its benefits are more equitably shared within and across countries:

(a) States need to renew their efforts to resolve the current geopolitical tensions in the global trading system, as there are no winners in trade wars. It is important to ensure that the current geopolitical fissures do not result in the fragmentation of the international system but can rather serve as a catalyst for the renewal of multilateral cooperation and institutions.

(b) States need to capitalize on the potential of migration as a driver of development but also ensure that the political costs in destination countries are minimized. The growing risk of climate change also needs to be incorporated into regional and global migration frameworks.

(c) Developing countries need a comprehensive strategy to participate in the AI and digital revolution, which combines a long-term vision, regulatory frameworks and innovation-friendly policies that promote public-private partnerships, research and development and foreign direct investment and data standards, including ethical rules, along with robust investments in digital infrastructure, education and workforce development.

(d) The full implementation of global frameworks, such as the 2030 Agenda for Sustainable Development, Addis Ababa Action Agenda of the Third Conference on Financing for Development, Paris Agreement, Global Compact on Safe, Orderly and Regular Migration and Global Digital Compact, is the most effective strategy available to Member States to ensure that globalization works for all.

   i. The 2030 Agenda provides a unified global framework to end poverty, reduce inequality, protect the planet and ensure prosperity for all through the 17 SDGs.

ii. The Addis Ababa Action Agenda can help ensure the necessary financing from public, private, domestic and international sources to achieve the SDGs by 2030.

iii. The Paris Agreement is a binding agreement that brings all nations together to combat climate change and adapt to its effects.

iv. The Global Compact on Migration offers a coherent framework to improve the governance and management of migration.

v. The Global Digital Compact can enable developing countries and marginalized communities to participate more effectively in the new AI and digital revolution.

(e) The world needs more – not less – globalization, but a globalization that is embedded in the principle of leaving no one behind and governed by multilateral rules and collective action.

(f) A globalization that leaves no one behind is the only way to pursue the United Nations policy framework and realize the 2030 Agenda for Sustainable Development and the Sustainable Development Goals by 2023.