

Global Economic Outlook – December 2025

Policy pivots and trade resets foreshadow the global trajectory for 2026

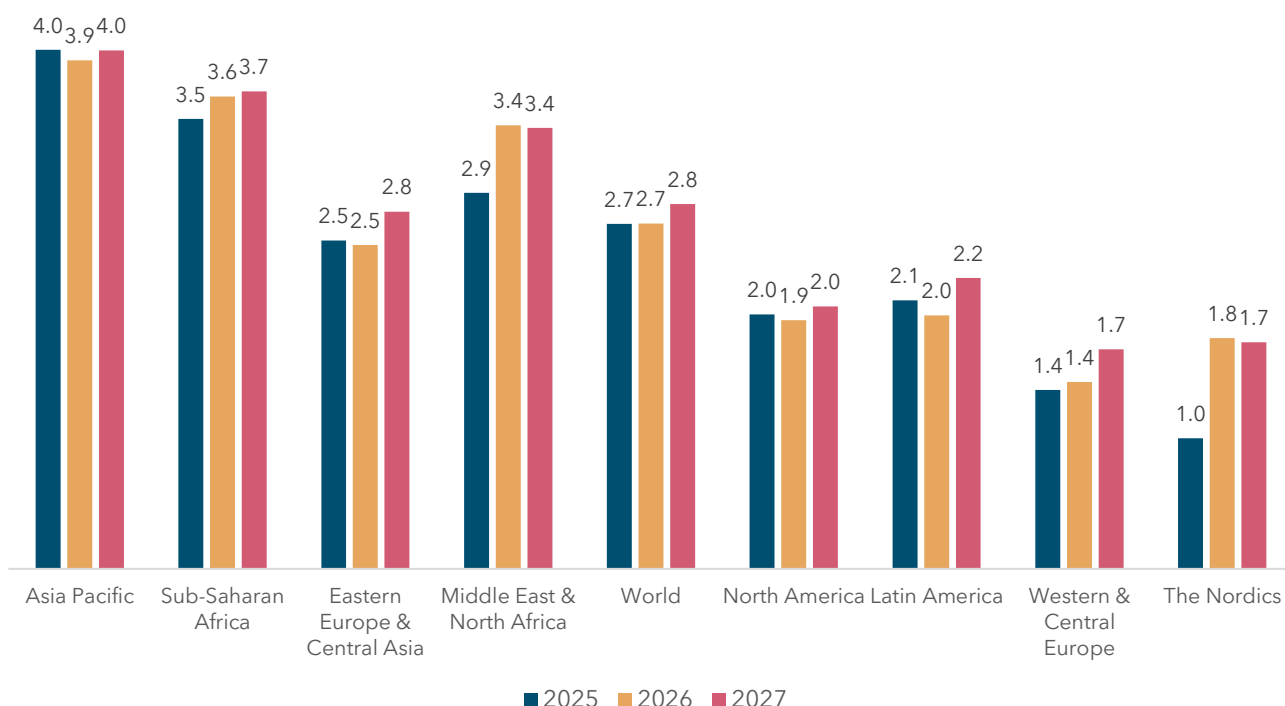
"The global economy continues to show resilience against structural headwinds and geopolitical shifts. November highlighted this duality: although G20 and COP30 commitments advanced debt sustainability and climate goals, fiscal risks remain as debt climbs. Trade fragmentation concerns have eased as the U.S. has agreed on a tariff rate with many countries, signaling openness to new deals, even as slower growth shapes business strategies."

Monetary and fiscal trends point to transition: the U.S. has ended a 43-day government shutdown, and Federal Reserve cuts suggest a pivot toward supporting employment, with further easing likely next year. Europe is wrestling with tough fiscal decisions, and India has enacted labor reforms to boost productivity."

For corporates, agility is essential. Firms leveraging AI-driven planning and risk analytics can better manage volatility from climate considerations to supply chain shifts. Long-term planning is becoming more achievable again, but uncertainty still looms – from geopolitical flashpoints to capital flow recalibration. Companies that align resilience with sustainability and digital transformation will secure the future advantage."

Dr Arun Singh, Global Chief Economist

Real GDP Growth (%)



Source: Haver Analytics; forecasts from Dun & Bradstreet.

Recent Developments

Global

- The G20 Leaders' Summit took place on November 22-23 in South Africa. Rising debt distress across Africa and in parts of Asia was addressed in the context of expansion of the Common Framework for Debt Treatments. The group also committed to reducing trade fragmentation and enhancing supply chain security.
- In mid-November, COP30 took place in Brazil, where countries signaled their intention to triple adaptation finance by 2035, enhance climate-resilient infrastructure, improve water and agriculture systems, and develop early warning systems and disaster preparedness. The Belem Action Mechanism (BAM) was introduced as a commitment to guide "just transitions" to ensure climate action is fair. Clean energy may become a priority for businesses in 2026.
- The Chinese Mainland's Q3 2025 GDP growth slipped to 4.8% y/y, from 5.3% in H1, because of property sector weakness and fading export momentum. The deceleration may signal weaker demand from a country that is a key trade partner for many economies.
- In early November, the U.S. removed tariffs on agricultural products such as coffee, tea, bananas, oranges, and tomatoes from Argentina, Ecuador, Guatemala, and Peru, among others. Later in the month, the U.S. also removed tariffs on key Brazilian agricultural products previously subject to 40% tariffs. This decision has opened up access to an important market.

Movement in Environment Risks

Country Rating	Environment Risks			
	Credit	Market	Supply	Political
Cyprus Italy Zimbabwe	Morocco Zimbabwe	Chinese Mainland Morocco South Korea Canada	Italy Zimbabwe Serbia	Uganda

Note: Colors indicate *rating upgrade/improvement in outlook*, *rating downgrade/deterioration in outlook*.

Credit environment helps cross-border traders and investors understand the level of risk related to non-payment or delayed payment. Market environment helps businesses involved in cross-border trade and/or investment to make informed decisions about changing business links in a country. Supply environment covers factors that could disrupt supply chains associated with the country. Political environment helps traders and investors to understand the risks associated with political instability, cross-border conflict, policy uncertainty and expropriation.

North America

- The U.S. federal government's 43-day shutdown concluded on November 12, meaning the economy can begin to recover. The impasse, which resulted from disagreement over Affordable Care Act (ACA) subsidies, delayed publication of key economic indicators and created heightened uncertainty. In late November, the government proposed a two-year extension of the ACA.
- In both October and November, the U.S. Federal Reserve (the Fed) lowered the base rate by 25bps to 4.50-4.75%. Increased downside risks to employment and softening upside risks to inflation indicate room for further cuts to the Fed funds rate in December. The economy remains on path for gradually slower growth.
- In mid-November, the Canadian government passed a federal budget with \$140 billion in new spending over five years, including for clean-tech incentives, trade infrastructure updates, and assistance for businesses facing U.S. tariffs. Had the fiscal plan not been passed, the resulting loss of confidence in the government would have resulted in a snap general election, threatening Canada's market appeal.
- In Q4 2025, in early signs that key global trade relationships may be thawing, both the U.S. and Canada appeared to edge toward warmer relations with the Chinese Mainland. At end-October, Canadian PM Mark Carney and Chinese President Xi Jinping met to resolve trade issues. In late November, U.S. President Donald Trump and President Xi had a phone call that appeared to build on the fragile trade truce agreed in October.

Western and Central Europe

- Fiscal budgets across the region have taken center stage, with the U.K. delaying tax increases, Germany unleashing more stimulus, and the French parliament continuing to debate the 2026 finance bill. The 2026 annual EU budget was adopted in November 2025; the long-term 2028-34 budget has faced backlash, particularly from farmers, against changes to how funding is ring-fenced.
- At its November meeting, the Bank of England (BoE) maintained its key interest rates in a close 5-4 vote; we expect the bank to cut rates at its December meeting, as inflation has come in below expectations and demand is slowing.
- Switzerland has secured a trade deal with the U.S. to reduce tariffs from 39% to 15% in exchange for investments worth \$200 billion.
- The Dutch parliamentary elections in October resulted in a tie between two parties, the Democrats 66 (D66) and the Party for Freedom (PVV), each securing 26 seats. A coalition of four or more parties is likely to form the next government, led by the D66.
- The European Commission has amended capital rules to boost equity investments made by the insurance and banking sectors, continuing progress towards the Savings and Investment Union (SIU).

- Organizations in Switzerland have been granted access to EU innovation programs, such as Horizon Europe, which create a pool of shared talent and research infrastructures that streamline R&D.

Asia Pacific

- A diplomatic row erupted after Japanese PM Sanae Takaichi warned in early November that a potential Chinese attack on Taiwan Region could threaten Japan's survival and prompt a military response; the Chinese Mainland has escalated the dispute to the UN and has imposed economic measures against Japanese goods and entertainment services.
- Fixed asset investment in the Chinese Mainland fell 1.7% y/y YTD in October, the second contraction in decades, due to weak profits, cautious sentiment, and a property slowdown amid Beijing's ongoing "anti-involution" drive.
- India enacted landmark labor law reforms in November by implementing four consolidated Labour Codes that mandate: universal minimum wages formal appointment letters for all workers expanded social security for gig and contract workers equal opportunities for women annual health check-ups and simplified compliance through single registration and licensing for employers.
- In November, Typhoons Kalmaegi and Fung-wong struck Southeast Asia, devastating the Philippines, Vietnam, and parts of Thailand. Together, the typhoons have significantly impacted livelihoods and are estimated to have inflicted over \$70 million in agricultural damage, with flooding and landslides compounding the crisis.

Eastern Europe and Central Asia

- On November 21, Lithuania stopped the transit of Russian oil to Kaliningrad to comply with U.S. sanctions on Lukoil and Rosneft, reducing its exposure to sanction-related risks.
- Ukraine has agreed to the core terms of a revised, 19-point U.S.-backed peace framework after talks in Geneva and Abu Dhabi in November, aiming to end the war with Russia. Most provisions have been finalized, with Ukrainian President Volodymyr Zelenskyy expected to conclude negotiations with President Trump in Washington. However, Russia is yet to respond, with technical details pending finalization.
- At the C5+1 Summit held in Washington on November 6, the U.S. deepened engagement with Central Asian nations by pledging expanded cooperation on energy transition, regional connectivity, and security initiatives.
- On the same date, Kazakhstan became the first Central Asian nation to join the Abraham Accords, normalizing ties with Israel and strengthening its multi-vector diplomacy. Polish energy giant Orlen signed a new agreement with Ukraine's Naftogaz in November to deliver 300 million cubic meters of U.S. liquefied natural gas (LNG) in Q1 2026, adding to 600 million cubic meters supplied this year. The move supports Ukraine's energy diversification as the EU prepares to ban Russian LNG from 2027.

Latin America

- The U.S.-led military campaign off Venezuela's coast, aimed at countering narcotics trafficking, increasingly threatens the political standing of Venezuelan President Nicolas Maduro. In November, the U.S. designated the Cartel of the Suns, a group it alleges is headed by President Maduro, as a foreign terrorist organization, underscoring rising security risks.
- Thousands of Gen-Z-led protesters marched across Mexico in November demanding action on cartel violence and corruption; riots in Mexico City left 120 injured after clashes erupted with security forces.

The IMF has approved a two-year successor arrangement for Mexico under the flexible credit line (FCL), totaling about \$24 billion. The FCL, designed as a crisis-prevention tool, underscores confidence in Mexico's macroeconomic fundamentals and provides the country with a liquidity backstop to safeguard against global volatility.

- In November, the U.S. removed tariffs on more than 200 agricultural products and announced preliminary trade framework agreements with several Latin American countries, including Argentina and Ecuador. The U.S.'s 40% tariffs on Brazilian agricultural products were also lifted.

Middle East and North Africa

- On November 17, the UN Security Council (UNSC) approved the U.S.-led Gaza peace initiative that calls for a ceasefire, the exchange of hostages, disarmament of Gaza, deployment of an international stabilization force, and establishment of an interim administration led by Palestinian technocrats.
- The U.S. and Saudi Arabia finalized a strategic defense agreement on November 18 that grants Saudi Arabia major non-NATO ally status.
- The \$35 billion, 15-year Israel-Egypt gas deal is at risk after the November 30 deadline passed without an agreement. The deal faces ongoing challenges as both countries navigate complex domestic and international political situations.
- OPEC+ will raise output by 137,000 barrels/day in December and has paused further output increases for Q1 2026.
- Dubai hosted the DATE MENA event on November 26-27, at which it unveiled its "dual engine" approach that uses AI and blockchain for innovation, and the UAE showcased its developments in virtual assets and tokenization.

The Nordics

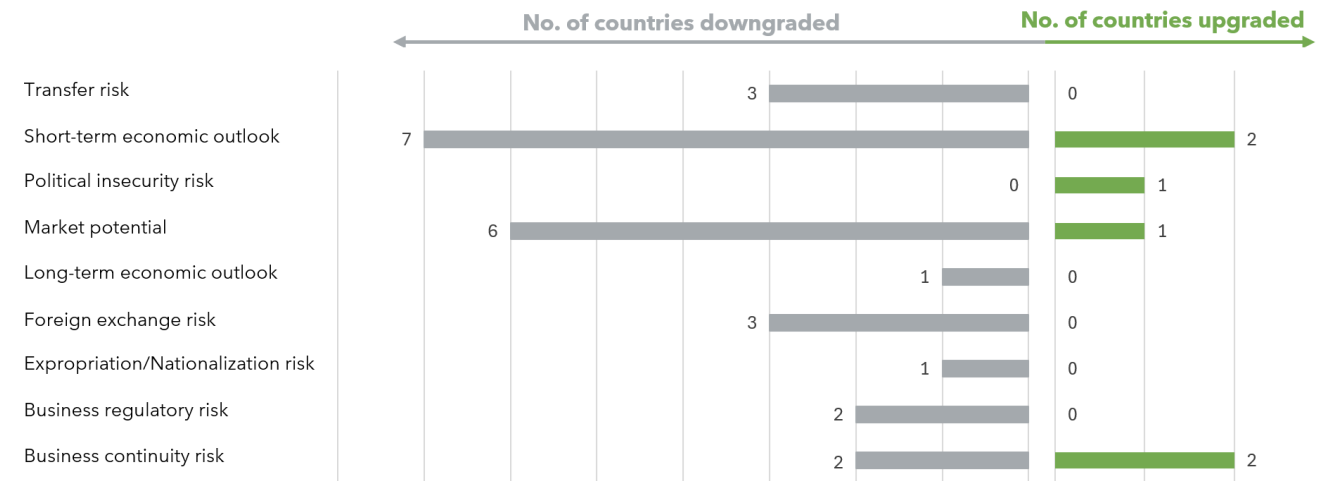
- On November 25, officials from Finland and the Chinese Mainland held talks to strengthen bilateral trade and investment ties, focusing on technology collaboration and sustainable development.

- Denmark and India held strategic talks in November to boost cooperation in green technology, renewable energy, defense, and Arctic research.
- On November 18, the European Commission imposed safeguard measures on certain ferroalloy imports into the EU, effective until November 17, 2028. The rules set country-specific tariff-rate quotas by product type, allowing duty-free entry within limits.
- Sweden and Thailand held talks in November to expand bilateral trade and strengthen cooperation in green technology and digital innovation. The discussions also touched on Sweden's support for an EU-Thailand FTA, which aims to unlock new opportunities in sustainable products and advanced tech sectors.
- On November 4, Norway's parliament voted in favor of pausing ethical divestments by its \$2.1 trillion sovereign wealth fund, the world's largest, while it updates the fund's ethical guidelines. The move, proposed by the minority Labour government, comes at a time of intense international scrutiny of the fund.

Sub-Saharan Africa

- A framework for peace was signed between the Democratic Republic of the Congo (DRC) and the M23 rebels; however, in late November 2025, the Chinese Mainland – a major investor in the DRC, particularly in its mining sector – asked all its nationals and companies to register with its DRC embassy and leave the eastern DRC as soon as possible due to security concerns.
- In Sudan, the paramilitary Rapid Support Forces (RSF) announced a unilateral three-month humanitarian truce starting on November 24. However, ceasefire talks are at a standstill, as the Sudanese Armed Forces have accused the Quad (Australia, India, Japan, and the U.S.) of favoring the RSF in negotiations.
- Ethiopia has begun to integrate itself in the African Continental Free Trade Area (AfCFTA) by starting to reduce customs duties on the 24 member countries. It is aiming to eliminate tariffs on 90% of goods traded through the AfCFTA.
- President Umaro Embalo of Guinea-Bissau fled the country for Senegal following a coup on November 25. The military junta has declared General Horta Inta-A the new leader of Guinea-Bissau. This coup takes the total number of nations in sub-Saharan Africa that are under military rule to seven.
- Several countries in the region are restricting raw mineral exports and promoting local processing to boost revenue, jobs, and industrialization. Zimbabwe has banned unprocessed lithium exports from 2027, and the DRC has imposed quotas on exports of cobalt.

Movement in Risk Dimensions



Source: Dun & Bradstreet.

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