

Are the ghost ships that said they sailed to tax havens...

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Martin Wolf [has an article in the FT today](#) in which he asks why world trade is slowing. He offers three possible causes when asking:

Is it because the world economy has slowed? Is it because of the exhaustion of certain opportunities? Or is it because of protectionism?

He says it is for all three reasons but let me offer a fourth. We know that the majority of world trade is intra-group, i.e. it is between companies under common ownership. In 2002 the OECD estimated that 60% of world trade was in this category. It may well have increased since then.

We also know that this trade has been used for transfer mispricing purposes.

And we certainly know that some elements in this trade have been wholly artificial, being inserted to add a tax haven location into supply chains.

This then puts Martin Wolf's note in his article, that it is indisputable that real growth is down in the global economy right now and that the ratio of trade growth to real growth is also falling, into a possible context. I offer the suggestion that this may be because business is now shying away from these artificial tax haven trades. In the face of country-by-country reporting for tax maybe, just maybe, recorded diversions of trade to tax havens are falling although real trade is not being impacted at all, and this would create the phenomena he is observing in the data.

Maybe the ghost ships that claimed to sail to tax havens are departing the system. If so it would represent a major campaigning success. And a boost for the real world, whatever the data might imply to the contrary.