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CEI GLOBAL REPORT

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Global trade in services grew while trade in goods contracted in 2023

According to estimates made by UNCTAD in its Global Trade Update published in December, world trade in services would have grown by 7% year-on-year in 2023 –around US$ 500 billion–, while trade in goods would have decreased by 5%, representing an approximate US$ 1.5 trillion drop with respect to the previous year. The reduction in the flow of goods occurred against the backdrop of a slight increase in traded volumes, a scenario similar to that presented by the WTO in its October projections (see CEI Global Report, November 2023).

This behaviour of trade in goods is mainly accounted for by the decline in demand in developed countries, the poor performance of East Asian economies and the fall in commodity prices. The slowdown in trade has been more marked in developing countries, where South-South trade has contracted the most.

Likewise, UNCTAD notes in the report that geopolitics is increasingly determining world trade patterns. This assertion is based on the expansion of the trend known as "friendshoring", according to which countries favour trade relations with partners with whom they are politically aligned. In turn, nearshoring, or the importance of geographic proximity in international trade, is said to have remained stable.

In turn, the Global Trade Update indicates that a significant increase in trade restrictive measures, particularly non-tariff measures, was detected in 2023. This behaviour has its origin in the resurgence of the industrial policy in many countries, which promoted policies aimed at supporting their domestic industries to reduce their dependence on supply chains involving foreign countries.

Contrary to the trend observed for goods, the growth in trade in services responds to the delayed recovery from the COVID-19, since the crisis triggered by the pandemic expanded longer in time in terms of services.

The COP28 was held in Dubai

Between 30 November and 13 December, 2023, The 28th Conference of the Parties to the UN Framework Convention on Climate Change (COP28) took place in Dubai, United Arab Emirates, at which the “beginning of the end” of fossil fuels was agreed and the recognition of the need to abandon this energy source was included in the final text of this global forum.

The meeting ended a day later than planned, as the negotiators did not manage to agree on the inclusion in the Global Balance Sheet of a clear reference to the progressive elimination of fossil fuels, a decision that was opposed by the oil-producing countries. Finally, it was agreed to mention a “need to transition away from fossil fuels”.

The final text was criticised by the Executive Secretary of the United Nations Framework Convention on Climate Change, Simon Stiell, who said that the agreement leaves much room for interpretation and it is a floor and not a ceiling for what must be done in terms of climate action. Likewise, some island countries, governmental organisations and academics pointed out that the agreement is a road map, but it does not stipulate time periods or specific commitments to stop using fossil fuels, neither does it impose sanctions for non-compliance.

Beyond the disputes over the document agreed upon and within the framework of the conference, it was possible to make progress on some specific issues. The meeting started with the World Climate Action Summit, where more than 150 Heads of State defined the creation of a fund –proposed at the COP27– to compensate the countries that are most vulnerable to climate change. Likewise, more than 100 countries agreed on the need to triple the capacity of renewable energies and double energy efficiency by 2030.

The next meeting will be in Azerbaijan, where the COP29 will be held from 11 to 22 November, 2024, and then the Conference will take place in the city of Belém, Brazil, where the COP30 will be held from 10 to 21 November, 2025.

Red Sea: a new threat for global trade

A series of attacks launched from Yemen on commercial vessels sailing in the Red Sea, in response to the advance of Israeli armed forces on the Gaza Strip, has become a new threat to world trade. The actions are carried out by the Houthi rebels, an armed group of Yemen's Shiite Muslim minority, and caused some of the largest shipping companies to suspend their activities in the area.

The route used by the ships attacked by the Houthis passes through the Suez Canal and is very busy as it is the shortest route linking Asia to Europe by sea. It is estimated that about 12% of the world's maritime traffic circulates through this route and shipping companies have as an alternative the route along the African coasts, which due to its length increases the time and cost of cargo transport.

In response to this situation, U.S. authorities announced that a coalition of twenty countries that will carry out joint patrols will ensure security and freedom of navigation in the area. However, the Houthi rebels stated that they will continue with their attacks until the Israeli bombardment of the Gaza Strip ceases.

EUROPE

Criticism of the European Union's deforestation regulation

The EU Regulation on products associated with deforestation –in force since 29 June 2023, although its main provisions will come into force on 30 December 2024– has been criticised by agricultural exporting countries. Due to its institutional nature, it is worth noting the presentation made by a group of countries at the WTO. The most recent was at the General Council, preceded by a more detailed made at the Committee on Agriculture and a questionnaire at the Committee on Trade and Environment.

In their presentation to the Council, eight Latin American agricultural exporting countries, including Argentina, expressed their concern about its impact on the multilateral trading system, since it creates trade barriers, regulates production in other countries, applies the same solution for all cases, affects thousands of small producers and creates tensions between multilateral trade and environmental rules. The presentation at the General Council, the main decision-making body of the WTO, is due to the fact that the issues arising from this rule go beyond the Specific Trade Concerns presented at the Committees.

The presentation in the Agriculture Committee was based on a letter previously addressed to the EU authorities, one of whose signatories was Argentina. Among the various concerns, the letter argues that the rule does not take into account the principle of common but differentiated responsibilities, has a system of country assessment that is discriminatory and will have detrimental effects on trade, particularly for small producers. In this manner, it urges the EU to have a more open dialogue and to correct the legislation or mitigate its detrimental effects through complementary rules.

In the presentation to the Committee, the main criticisms were that the greatest impact will fall on small producers, poor farmers and least developed countries; that the measure constitutes the adoption of trade restrictions with extraterritorial application; and that it does not guarantee that the rate of deforestation will be reduced.

The regulation was also criticised by some developed countries. For example, the United States stated that it shares the EU's objective of combating deforestation but that different approaches should be accepted. Japan expressed its concern about the impact on the supply chain and that there are other measures to prevent deforestation.

In turn, the EU stated that the standard, like all those in the Green Deal initiative, was designed to comply with Multilateral Environmental Agreements and WTO rules; and that it agrees on the fact that collaboration is the best way to meet international environmental goals.

As part of its information transparency policy, the EU recently released its maps on deforestation and forest degradation as part of its new Rules for deforestation-free products. The observatory is run by the EU's Joint Research Centre and will be used to determine whether an agricultural product comes from a deforested area after 31 December 2020, after which date products from such areas will no longer be accepted.

The European Union adopted a new package of sanctions against Russia

Since the start of the Russian invasion of Ukraine in February 2022, the EU adopted 12 sets of economic sanctions. The 12th package, approved in December 2023, seeks to impose additional bans on trade with Russia, prevent circumvention of sanctions and close certain loopholes. In the first place, more individuals and entities are included in the sanctioned list. The new trade measures include a ban on imports of aluminum products and raw materials for steel production, restrictions on exports of technologically advanced products with dual military and civilian use, and a ban on imports of diamonds mined, processed or produced in Russia. In matters of asset freezing, stricter rules were adopted. Regarding energy, the maximum price at which Russian oil could be purchased was reduced and imports of liquefied petroleum gas from Russia were banned. In matters of circumvention, it was decided to prohibit the re-exports of military equipment to Russia.

For the EU, economic and trade sanctions are a "core element of the EU response" to the invasion as they reduce Russia's military capability. The position of the G7 member countries is similar since which at the December 2023 Leaders' meeting expressed that they would update measures and improve the efforts against sanctions evasion and circumvention.

EU-China Summit and the EU's call for a better trade balance

On 7 December 2023, the 24th Summit between the European Union and China was held in Beijing, headed by their highest authorities: representing the EU Charles Michel, President of the European Council, Ursula von der Leyen, President of the European Commission; and Xi Jinping, President of China

Even though both delegations considered that the meeting showed the "commitment to link up" – particularly the EU's– and "a good moment of consolidation and growth" –China's in this case-, in trade matters, the EU expressed its concern about the European trade deficit that makes the bilateral relationship "structurally imbalanced", according to the European Council Press Release. It also pointed out to China about "the importance of achieving a more balanced relationship with a level playing field and reciprocity". At the same time, it highlighted the need for progress in addressing the long-standing European demands regarding "trade distortions including industrial subsidies and sector-specific trade barriers". The main point raised by the EU refers to the "negative effects of Chinese industrial overcapacity". None of these issues was mentioned in the Press Release of the Ministry of Foreign Affairs of China. Rather, the potential of the relationship based on the high degree of complementarity between the Chinese and EU economies and the readiness of the Asian giant to work with the EU for mutual benefit and common development is highlighted in that publication.

Further to this statement, the Chinese press reflects its authorities' concern regarding the investigation initiated two months ago by the European Commission for the subsidies that China is allegedly granting to its electric car factories, which would be the cause of the Chinese overproduction and the increase of its share in the EU market. Chinese officials stated that the results of this investigation "will have a negative impact on the EU's economic and trade relations".

In this line, one decision showing the European dissent was Italy's decision to abandon its participation in China's Belt and Road initiative due to the bilateral trade deficit since its accession in 2019.

This disjuncture over subsidies and trade deficit would be counterbalanced by the European dependence on Chinese low-carbon goods and inputs, indispensable for its climate goals.

SOUTH AND CENTRAL AMERICA

ECLAC introduces growth projections for 2023 and 2024

The Economic Commission for Latin America and the Caribbean (ECLAC) published the Preliminary Overview of the Economies of Latin America and the Caribbean 2023, its latest annual report this year. ECLAC raised its GDP growth projection for the bloc to 2.2% in 2023 from its 1.7% released last September, thanks to a slight improvement in macroeconomic indicators and a decline in budgetary pressures.

The growth in the region in 2023 and that expected for 2024 (1.9%) account for a deceleration from the level observed in 2022. Although all sub-regions will show lower dynamism in 2023, the report highlights the heterogeneity existing between countries in the region. Thus, South America will grow 1.5% (3.8% in 2022); the group formed by Central America and Mexico, 3.5% (4.1% in 2022), while the Caribbean will grow 3.4% (6.4% in 2022). By 2024, meanwhile, the region is expected to maintain low growth dynamics and all sub-regions will grow less than in 2023: South America, 1.4%; Central America and Mexico, 2.7%; and the Caribbean, 2.6%.

Among the causes of this performance are the persistent slowdown in economic activity and world trade, and the prolonged impact of adverse events that have affected the global economy in recent years, such as the downward trend in commodity prices (with the exception of energy goods) that has continued since the second half of 2022.

Likewise, although global inflation has moderated, major central banks still maintain restrictive monetary policies, as levels remain above the goals. Given the rising financing costs, global financial conditions still remain significantly tight, even though volatility has been, on average, lower in 2023 than in 2022.

As a consequence, the projections reflect the low dynamism of economic growth and global trade, which translates into a limited impulse from the world economy. The report emphasises that the low growth expected in 2023 and 2024 is not only a cyclical problem, but it rather reflects the fall in the trend rate of regional GDP growth.

63rd Mercosur Summit: Bolivia ratified as full member, announcement of "Integration Routes" and Singapore Agreement

After the Brazilian Federal Senate approved Bolivia's entry into the bloc –which also encompasses Argentina, Uruguay and Paraguay– during the Mercosur Summit in Rio de Janeiro, the Protocol of Accession of the Plurinational State of Bolivia to Mercosur as a full member was enacted. Bolivia must adopt Mercosur's current regulatory agreement gradually, within a maximum period of four years from the date of its accession to the bloc.

At the same time, the Brazilian federal government announced the "Routes for Integration" initiative to form a network of South American integration and development routes. The idea is to reduce distances, improve logistics, facilitate connections and boost productivity. The works include information networks, waterways, highways, railways, ports, airports and power transmission lines.

Investments for the 124 projects will come from the Brazilian Development Bank (BNDES), the Development Bank of Latin America and the Caribbean (CAF), the Inter-American Development Bank (IDB) and the Development Bank (Fonplata).

Most of the works are included in the New Growth Acceleration Programme (PAC, after its name in Portuguese), which was presented in September 2023 and focuses on infrastructure projects, logistics energy, the digital field and energy transition. However, the following ten projects, divided into five axes were presented as a priority: 1. Guayana Island, which will connect northern Brazil with Guyana, French Guiana, Suriname and Venezuela; 2. Manta-Manaos, which will promote and facilitate connections between the northern region of Brazil with Colombia, Ecuador and Peru; 3. Rondon Quadrant, which will connect the states of Acre, Mato Grosso and Rondônia with Bolivia and Peru; 4. Capricornio, which will streamline logistics between the states of Mato Grosso do Sul, Paraná and Santa Catarina with Argentina, Chile and Paraguay; and 5. Porto Alegre-Coquimbo, which will connect Rio Grande do Sul with Argentina, Chile and Uruguay.

The initiative may also promote the financing of integration projects in the social, environmental and institutional areas.

In addition, in the context of the Summit, Mercosur and Singapore signed a Free Trade Agreement, which includes modern methods for controlling rules of origin, advanced commitments on services, and a chapter on electronic commerce and cross-border data flow (Mercosur's first with an extra-regional partner), which promotes access to information technologies for indigenous populations or those in remote areas, among other disciplines. Likewise, it establishes various mechanisms aimed at stimulating and providing greater security, transparency and predictability to the bilateral flow of investments.

Chile and the European Union sign Advanced Framework Agreement

On 13 December 2023, Chile and the European Union (EU) signed the Advanced Framework Agreement in Brussels, which modernises the current Association Agreement, in force since 2003

This agreement seeks to develop an updated institutional framework, deepen bilateral relations and joint dialogue, and establish an update of political and cooperation issues. It also seeks to face the new challenges of international trade by including new topics and granting better access to the European market for Chilean products, among other matters.

In matters of market access, the new agreement will expand the percentage of products covered by a tariff reduction by the European Union from 94.7% to 99.6%. Besides, it will expand the recognition of geographical indications to Chilean agricultural products and will have chapters dedicated to Gender and Trade, Small and Medium Enterprises, Sustainable Food Systems, Digital Trade, Energy and Raw Materials. At the same time, it sets up the creation of a bilateral, independent and impartial Investment Court to decide on disputes between a foreign investor and the State receiving its investment

The entry into force of the agreement is expected when the parties complete the respective legislative and administrative procedures in the countries that make up the European Union and in the Chilean National Congress.

Codelco and SQM agree to jointly exploit lithium in the Salar de Atacama

The Chilean state-owned company "Corporación Nacional del Cobre de Chile" (Codelco) and the "Sociedad Química y Minera de Chile" (SQM) –one of the world's leading lithium producers– announced a public-private partnership to jointly develop production and commercial activities in the Salar de Atacama (Atacama Salt Flat) for the coming decades.

This association, materialised through the signing of a memorandum of understanding, will become effective as of 1 January 2025 as long as certain conditions are met, and will be structured through a joint venture with a majority participation of the State of Chile (50% plus one share). The new association will assume the current contracts between Corporación de Fomento de la Producción (Corfo) and SQM until December 2030 (original expiration date), to later transition to an operation governed by the new contracts signed between Corfo and Minera Tarar (a 100% subsidiary of Codelco), which will be contributed to the joint venture and will be in force as of January 2031 to December 2060. Since the beginning of the association, Codelco will have an early participation in the profits of the joint venture, amounting to 201,000 tonnes of lithium carbonate equivalent, derived from the contracts between Corfo and SQM, which will rise to 50.01% of the total production of lithium and other substances as of January 2031.

The memorandum of understanding establishes that the basis of this public-private partnership will be the development of the Salar Futuro Project (the exploitation of the Atacama Salt Flat after 2031), which will incorporate new technologies to improve efficiency and move towards the water balance of the Atacama Salt Flat basin, in order to move towards environmentally sustainable production.

NORTH AMERICA

US: New carbon border adjustment tax bill

Throughout 2023, several bills have been introduced in the US Congress to address greenhouse gas (GHG) emissions associated with traded goods. These bills seek to protect US industries from competition from more carbon-intensive foreign industries and serve as a tool to drive global industrial emission reductions. In turn, they could prevent US products from being subject to the Carbon Border Adjustment Mechanism (CBAM) when exporting to the EU.

In order to have better information available regarding the carbon intensity of goods, a bipartisan group of senators introduced the "PROVE IT" (Providing Reliable, Objective, Verifiable Emissions Intensity and Transparency) Act that directs the Department of Energy to study and determine the emission intensity of certain raw materials and industrial products manufactured in the US and in its major trading partners.

More recently, a group of Republican lawmakers reintroduced the "Clean Competition Act" (originally introduced in mid-2022), which seeks to apply a carbon border adjustment to energy-intensive imports and promote the decarbonisation of domestic manufacturing.

The project introduces a performance standard to achieve the desired GHG reductions in the industrial sector. Producers with a GHG intensity (defined as tonnes of GHG per tonne of product) above the baseline will pay the fee, which will initially be 55 dollars per tonne. In order to ensure that GHG intensity decreases over time, the baseline will gradually decrease, while the fee will increase from year to year. Revenues from the fees will be used to incentivise investments in low-carbon technologies and other activities aimed at reducing industrial emissions.

The list of products will initially include fossil fuels, refined petroleum products, petrochemicals, fertilisers, hydrogen, cement, iron and steel, aluminum, glass, ethanol, pulp and paper. In 2027, the list would be expanded to include finished products that meet certain weight or value thresholds.

This project adds to last month's proposal for a "foreign pollution fee" to apply only to the imports whose pollution intensity exceeds that of similar US-produced goods by 10% (see CEI Global Report, December 2023). Even though this fee would make it more difficult for carbon-intensive imports to compete with US products, it would not encourage domestic manufacturers to reduce the emissions generated by their products.

Steel and aluminum tariffs: WTO ruling in US-Türkiye dispute

The WTO dispute settlement panel hearing the case "Turkey - Additional Duties on Certain Products from the United States" (DS561), brought in by the United States, found that Turkish tariffs imposed on US products in retaliation for Section 232 tariffs on steel and aluminum are inconsistent with WTO rules and recommended that Türkiye bring its measure into conformity with its obligations under the GATT 1994.

It is worth remembering that Türkiye, in addition to other WTO members, have set retaliatory tariffs in response to those on steel and aluminum imports imposed in 2018 by the Trump administration by virtue of Section 232 of the Trade Expansion Act of 1962, citing national security considerations.

The US initiated the dispute with Türkiye in 2018 at the same time as it challenged retaliatory tariffs set by several of its trading partners. Since then, the US has resolved some of these disputes, including those with Canada, Mexico and India. In the case of the dispute with China, another panel similarly concluded last August that the Chinese retaliatory tariffs were not in line with WTO rules. The Chinese government decided to appeal that decision.

With regard to the US talks with the EU on the same issue, both sides decided to extend the truce in the steel and aluminium tariff dispute for another fifteen months –until 31 March 2025– to continue talks on the Global Agreement on Sustainable Steel and Aluminium and resolve outstanding issues (see CEI Global Report, November 2023).

US service exports hit record high in October

US service exports reached US$ 85.3 billion in October and hit their highest level on record, according to the latest report from the Bureau of Economic Analysis (BEA).

The growth in service exports was driven by transport, financial services and other business services, while travel imports increased. At the same time, travel imports increased.

Despite this good performance of external sales of services, the US$ 25.5 billion surplus was not enough to offset the US$ 89.8 billion rise in the deficit of goods, resulting from a decline in goods exports and a slight increase in imports.

The fall in goods exports was due to lower sales of consumer goods and motor vehicles, parts and engines, and it was partially offset by higher exports of industrial supplies and materials. In turn, goods imports mainly reflected an increase in the purchases of capital goods, partly compensated by lower imports of motor vehicles.

Mexico was again the largest US supplier, followed by China and Canada. On the other hand, the two USMCA partners (Canada and Mexico, in that order) emerged as the main destinations for US foreign sales.

In the first 10 months of 2023, trade in goods accumulated a US$ 889.5 billion negative balance, while trade in services showed a US$ 234.9 billion surplus. Thus, the total US trade deficit for the January-October 2023 period amounted to US$ 654.6 billion, 20% below that recorded in the same period of 2022.

ASIA AND OCEANIA

China eases trade sanctions on Australia

The Chinese General Administration of Customs eliminated the ban on red meat imports from three Australian facilities (out of a total of eleven) that were suspended between 2020 and early 2022 due to the detection of COVID-19 cases among their employees and product labelling problems. While already in the first 9 months of 2023, Australian beef exports to China experienced a 26.5% year-on-year growth and positioned the Oceanic country as its third largest supplier of this product, exports would be expected to grow even further. In fact, in 2019, Australia was the third largest source of Chinese beef imports, slightly below Brazil and Argentina, while in 2022 it ranked fifth.

This announcement strengthens a trend in the recovery of trade relations between the two countries, which includes the resumption of imports of Australian barley in October, worth US$ 139 million (314,000 tonnes), following the imposition of anti-dumping and countervailing duties in May 2020. The Australian authorities also hope that these developments, together with the visit to China by Australian Prime Minister Anthony Albanese last November, will help to stabilise and strengthen the relationship between the two countries and restore trade in other products that currently have restricted access to the Chinese market, such as wine and lobster.

Kazakhstan and United Arab Emirates seek to facilitate trade between Central Asia and the Middle East

Within the framework of the visit of the Kazakh head of state, Kassym-Jomart Tokayev, to the United Arab Emirates, the two countries signed 20 documents with commercial commitments worth US$ 4.85 billion. These relate to renewable energy, information technology and logistics projects.

Among them, the agreement between Kazakhstan's national railway company and the Emirati company AD Ports Group for the creation of a joint venture to establish a dynamic regional logistics hub in Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) and improve the maritime connectivity with the Middle East stands out. To this end, it seeks to improve rail connectivity, shipping services, port infrastructure in the Caspian Sea and Kazakhstan's port operations and accelerate the digital transformation and connectivity of the region.

It is also seen as an opportunity to open up new trade routes, especially for Kazakh products, facilitate trade in goods between the two regions and promote the Central Asian region into a new era of economic growth and logistic opportunities.

Rice prices hit record highs and food security concerns grow in Asia

Last December, the price of 5% broken Thai white rice –the variety taken as a reference in Asia– reached US$ 659 dollars per tonne and with it, a new record was hit since October 2018. The year 2023 thus ended with a 41% year-on-year increase. The rise during the month of December would respond to a higher demand, mainly from Indonesia and the Philippines, adding to the already existing supply problems.

Volatility in rice prices began in early 2022 with the conflict between Russia and Ukraine and the resulting trade disruptions. However, unlike other grains whose price declined as supply was being restored and transportation and fertiliser costs were reduced, the rice supply problem was exacerbated by weather issues in March and June, which affected major producers such as Thailand and Pakistan. Also, the world's leading rice exporter, India, set export restrictions in July and August due to food security concerns (see CEI Global Report, October 2023). Although Indian consumers would benefit from these restrictions and the fact that India authorised the exports of specific quantities of broken rice to Bhutan, Mali, Senegal, Gambia and Indonesia at the end of November, there are food security concerns in other countries in the region and in Africa, especially those that depend on Indian rice, such as the Philippines, Malaysia, Vietnam, Nigeria and Côte d'Ivoire.

By 2024, the World Bank projects that rice prices will remain high while restrictions imposed by India will stay in place. In addition, the US National Weather Service forecasts that the northern hemisphere will be affected by the El Niño phenomenon from April to June, which coincides with the rice planting season throughout Asia. In this regard, the Asian Development Bank estimates that both climatic disruptions and export restrictions could increase rice prices, among other foodstuffs, and even have broader macroeconomic consequences.

AFRICA

The FAO warns of the deepening food crisis in Africa

In its latest report on the global food security situation, the United Nations Food and Agriculture Organization (FAO) has highlighted an existing unprecedented food crisis in Africa. The report presents alarming statistics on food insecurity and malnutrition, emphasising the urgent need for comprehensive action.

According to the report, nearly 282 million people in Africa (around 20% of the population) are malnourished, an increase of 57 million people since the beginning of the COVID-19 pandemic. Additionally, about 30% of children are experiencing stunted growth due to malnutrition, a figure that remains high despite substantial improvement over the past two decades. The prevalence of acute malnutrition (wasting) in children in the region stayed just below the global estimate of 6.8% in 2022, and it was relatively high in all subregions except Southern Africa.

The prevalence of anaemia among adult women remains high in Africa, surpassing the global estimate, especially in West and Central Africa. Despite modest progress in reducing the prevalence of low birth weight over the last two decades, it still exceeds the world estimate. Similarly, the occurrence of obesity in adults in North and South Africa is approximately two times the same estimate .

The majority of Africa's population (around 78%, or over one billion people) still cannot afford a healthy diet, compared to the global rate of 42%, and this figure is increasing. The average cost of a healthy diet has been rising over time, reaching $3.6 per person per day in Africa in 2021, significantly higher than the extreme poverty threshold of $2.2 per person per day. Between 2019 and 2021, West and East Africa experienced the highest cumulative increases in healthy diet costs.

The FAO urged that the findings of the report should drive momentum for the transformation of agri-food systems in Africa, making them more efficient, inclusive, resilient, and sustainable for both people and the planet.

Less developed African countries receive preferential tariff treatment from China

China's Customs Tariff Commission of the State Council announced its decision to eliminate customs duties on products from six less developed African countries. Starting from 25 December 2023, 98% of taxed products (including coffee, palm oil, cotton, cocoa, fruits, seafood, and spices among the most relevant) from Angola, Gambia, Democratic Republic of the Congo, Madagascar, Mali, and Mauritania will be exempt from import tariffs when entering China. The Commission stated that the measure aims to embody the spirit of "China-Africa friendship and cooperation" and facilitate a high-quality community with a shared future.

The Commission also revealed that China plans to extend its zero-tariff treatment to all less developed countries with which it has established diplomatic relations. While China aspires to achieve grain self-sufficiency by 2032, it still relies on imports to meet its food needs; particularly with the rising living standards, 400 million middle class Chinese increased their likes and consumption, including a growing demand for coffee. In the BRICS summit, held in Johannesburg in August, China promised to cooperate with the African countries to create food product processing industries.

According to Chinese customs, trade between China and the African continent reached close to 218 billion euros during the first ten months of 2023, with nearly 85 billion euros accounting for Chinese imports of African products.

Egypt proposes creating centres in Africa to boost trade relations

In a move to strengthen economic ties with Africa, the government of Egypt has proposed a mechanism to establish "comprehensive Egyptian trade centers" across the African continent. This initiative, part of Egypt's overall strategy to enhance regional cooperation and expand trade relations, would aim to reinforce the presence of Egyptian products in African markets.

The proposed trade centres are expected to serve as a foundation for deepening trade relations between Egypt and African nations. By supporting Egyptian exports, these centres seek to bridge the gap between the demand and supply of Egyptian products in African markets, fostering closer economic ties with African counterparts and securing a strong market position in the region.

These trade centres are expected to provide effective logistical and administrative support to Egyptian exporters, enabling them to strengthen trade relations with the remaining African countries.

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