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CEI GLOBAL REPORT

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WORLD

New APEC summit held in Peru

Representatives from Asia-Pacific Economic Cooperation (APEC) member countries met on 15-16 November in Lima for the group's 31st Asia-Pacific Economic Leaders' Meeting. "Empower, Include, Grow" was the theme and participants' discussions revolved around three priorities: promoting inclusive regional economic integration, fostering innovation and digitalisation to facilitate the transition to formal economies, and intensifying efforts to achieve sustainable and resilient growth.

The authorities gathered in the capital of Peru agreed on the Lima Roadmap to promote the transition to the formal and global economy (2024-2040), which sets out feasible strategies to battle informality and promote innovation and digitalisation in the region, and a joint ministerial declaration approved by consensus.

The presence of world leaders in the city of Lima facilitated the organisation of a series of events held in parallel to the summit. This included a bilateral meeting between Xi Jinping and Joe Biden in which both leaders took stock of the China-US relationship over the last four years and discussed issues related to artificial intelligence, the fight against drug trafficking and the main regional and global challenges. The Chinese President also seized the occasion to virtually inaugurate the port of Chancay from the Presidential Palace in Lima (see Asia and Oceania section).

Trade restrictive measures on the rise

According to the latest trade monitoring report published by the World Trade Organisation (WTO), last year has seen a significant increase in the scope of trade restrictive measures applied by G20 countries, which are increasingly taking trade policy decisions unilaterally to protect their domestic markets.

Between October 2023 and October 2024, the period under review, G20 countries implemented 91 new restrictive measures, covering USD 828.9 billion in trade, a significant rise from the previous report in which new G20 countries' measures affected trade worth USD 246.0 billion.

Since 2009, there has been a steady upward trend in the number of import restrictions imposed by G20 countries, as well as growth in the value of trade affected by these restrictions. When considering all cumulative measures, the trade impacted amounts to 12.5% of total G20 imports or 9.4% of global imports.

The report also notes the growth of trade facilitation measures, but the WTO agrees with the OECD and IMF (see CEI Global Report, May 2024) on the fact that this is a period of proliferating industrial policies implemented by G20 countries to support strategic industries or sectors.

WTO Director-General reappointed for a second term in office

During an extraordinary meeting held on 28 and 29 November, the WTO General Council reached an agreement to re-elect Ngozi Okonjo-Iweala as the organisation's Director-General for a second four-year term, beginning in September 2025.

The re-election process started in October 2024, and the 8 November deadline was reached without any additional nominations beyond that of the current Director-General.

Similarly to when she took office in March 2021, the election of Okonjo-Iweala, the first woman and first African to lead the WTO, was decided by consensus of the 166 members.

EUROPE

European deforestation legislation agreed to be postponed

The Council and the European Parliament provisionally agreed to put off the entry into force of the EU regulation on deforestation for one year. In doing so, they accepted the European Commission's proposal made in October without substantive changes (see CEI Global Report, October 2024). The rule was to apply from 30 December 2024, but criticism from many members of the EU itself, from other countries and from NGOs linked to European agriculture led the Commission to propose a one-year postponement. The rationale for the measure is to facilitate compliance with the provisions of the Regulation, which was hindered by the short time available to implement the sophisticated set of measures.

Compliance is postponed until 30 December 2025 for large companies and until 30 June 2026 for SMEs. It was also agreed that the Commission will finalise the assignment to countries of the level of non-compliance risk no later than six months prior to implementation. Measures proposed by the Parliament, such as establishing no-risk countries, which implied reducing the obligations for products coming from the EU, were not approved.

The debate showed the differences between the conservative parties, which proposed further changes, and the rest of the parliamentarians and the Council, which only accepted the postponement. It also reflected discrepancies between agricultural producers and business chambers, on the one hand, and environmental NGOs that feared a "weakening" not only of this regulation but also of the European Green Pact itself, on the other.

EU economic outlook

According to a presentation made by Paolo Gentiloni, European Commissioner for Economy, the European economy is expected to grow more this year than in 2023, after the impact caused by the war between Russia and Ukraine. In 2021, the GDP grew by 6.3%; in 2022 by3.5% and in 2023 by only 0.4%. The European Commission projects that the EU economy will grow 0.9% this year, 1.5% next year and 1.8% in 2026.

This comes within the context of a gradual deflationary process that began at the end of 2022. Motivated by the increase in energy prices, consumer prices rose 9.2% in 2022, but in 2023 inflation was 6.4% and it is forecast to be 2.6% for this year and next year. With inflationary pressure under control, the European Central Bank has been reducing interest rates, which will improve private consumption and business investment. On the other hand, fiscal policy seeks to reduce the deficit, even though there is no decline in public investment.

Although the projections show improvements, the future outlook for the European economy is very uncertain and complex. In particular, the risk of another energy crisis is high due to the ongoing Russia-Ukraine conflict and the various outbreaks in the Middle East. This can be added to the threat of the United States to apply protectionist trade measures.

EU measures and China's retaliation at the WTO

The EU filed a complaint with the WTO Dispute Settlement Body against China for the provisional anti-dumping measure that the Asian country has just applied to European brandy. According to the complaint (case DS 631), this measure is not consistent with WTO rules and is taken in retaliation to the countervailing duty that the EU recently started to apply to Chinese electric vehicles. Despite this, the Chinese government argues that its action respects WTO rules.

Given the role of French companies in the production of brandy, France announced that it will cooperate with the European Commission in this case. It should be noted that China is the second largest export destination for this alcoholic beverage.

SOUTH AND CENTRAL AMERICA

Strategic agreement between Argentina and Brazil for commercialisation of gas

Argentina and Brazil signed a strategic agreement in the energy field that will allow the commercialisation of gas between both countries. The agreement creates a bilateral working group to identify the necessary measures to facilitate the supply of Argentine natural gas, especially that from Vaca Muerta.

Among the measures highlighted are the study of the economic viability of logistics routes, and the likelihood of expanding the existing infrastructure in both countries. The amount of gas transported is estimated to reach 2 million cubic metres per day in the short term, increase in the next 3 years to 10 million and reach 30 million by 2030.

The document indicates that the working group will focus on carrying out the necessary studies to strengthen the binational gas integration and promote the use of existing or developing infrastructure that allows exporting at lower costs and, when necessary, the development of new infrastructure alternatives. The memorandum is valid for 18 months, extendable. At the end of this period, a report of the activities carried out will be presented.

In turn, representatives of Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), TotalEnergies (private operator of natural gas in Argentina) and the Matrix Energia Group of Brazil signed the first international operating contract, to enable the exports of Argentine natural gas to the Brazilian market through the Bolivian transport infrastructure. Bolivia, through Supreme Decree 5206, formalised the creation of a transit service to transport gas from Argentina to Brazil.

Argentina and Brazil achieve new international market openings

Argentina certified the exports of 22,000 kg of fresh oranges to Guatemala, marking the first shipment of this type of fruit to the Central American country. In addition, the opening of the Ecuadorian market was announced for the exports of several Argentine products such as lemon, sweet citrus fruits (orange, mandarin and grapefruit), and boned beef. Argentina also managed to open the markets of Oman and Namibia for the exports of live equine animals.

Brazil, in turn, got the Singapore government to authorise the import of live lobsters, while Peru approved the import of apples and gelatine and collagen from inedible bovine bones. Morocco gave the green light to the import of Brazilian olive oil and Colombia approved the export of seeds of setaria, a forage species for cattle feed.

On the other hand, Bolivia allowed the import of blood products, haemoglobin and plasma from Brazilian cattle and pigs. Likewise, India authorised the import of bone derivatives intended for the production of gelatin. These agreements were formalised with the signing of the International Zoosanitary Certificate (CZI, for its name in Portuguese). In addition, the Ministry of Agriculture and Livestock of Brazil signed four protocols of phytosanitary requirements with China that represent the opening of the Chinese market for fresh grapes, sesame, sorghum and fishmeal and fish oil and other proteins and fats derived from fish for animal feed.

Finally, South Africa enabled 19 new slaughterhouses for the export of Brazilian meat, which brings the total number of Brazilian establishments authorised to export beef, pork, and poultry to that country to 28; and Bosnia and Herzegovina authorised the exports of poultry from Brazil.

Peru and China update their FTA

The Government of Peru and of the People's Republic of China signed the Optimization Protocol of the Free Trade Agreement (FTA) that both countries share, with the aim of updating and adapting it to the needs of current international trade. They also expressed their willingness to continue working on the improvement of trade facilitation and investment promotion, as well as on the strengthening of customs and phytosanitary cooperation, with a view to increasing bilateral trade.

The streamlined protocol modernises existing chapters in areas such as rules of origin, customs procedures, trade in services, investment, and intellectual property. In addition, it introduces new chapters focused on improving cooperation on international standards, facilitating the temporary entry of business people, and reinforcing environmental sustainability in production processes.

One of the highlights of the new agreement is the chapter on trade in services, which seeks to promote investments in telecommunications and multimodal transport, apart from promoting co-productions between both countries for the development of the Peruvian tourism industry. In the chapter on intellectual property, seven Peruvian geographical indications that have obtained protection after the entry into force of the original FTA are included.

The on global supply chain, the first of its kind in a Peruvian FTA, seeks a greater exchange of logistical information and will facilitate foreign trade operations, which will especially benefit micro, small and medium-sized enterprises. In addition, a chapter on the environment is incorporated, which promotes sustainability and cooperation in circular economy between both countries.

NORTH AMERICA

US farmers concerned about used cooking oil imports

Increased imports of Chinese used cooking oil (UCO) as a feedstock for biofuels have raised concern among US farmers. Between 2022 and 2024, UCO imports from China went from representing less than 1% of total US purchases of this product to more than half of the total.

These increased imports of used cooking oil have been partially driven by benefits under the Inflation Reduction Act (IRA), which incentivises the production and sale of low-carbon road and aviation fuels through a tax credit (known as 45Z or Clean Fuel Production Credit). However, by not requiring domestic sourcing of raw materials, US farmers of crops that can also be used as inputs for low-carbon fuels –such as soybeans and corn– have been at a disadvantage in the face of Chinese competition, which is a cheaper, lower-carbon alternative.

In this regard, at the end of September, some senators introduced a bill to prevent subsidising biofuels produced from imported foreign feedstocks, such as Chinese used cooking oil and Brazilian ethanol.

Coupled with this, there are concerns about possible fraud, as US farmers suspect that Chinese used oil contains virgin palm oil from third countries –that is linked to deforestation– which would undermine the environmental objectives of the current administration. For this reason, the US Environmental Protection Agency will begin auditing UCO's raw materials to ensure compliance with sustainability standards.

Canada strengthens ties with the Indo-Pacific region

At the Asia-Pacific Economic Cooperation Leaders' Meeting in mid-November in Lima, Peru (see World section), Canadian Prime Minister Justin Trudeau announced the substantive conclusion of negotiations for a Canada-Indonesia Comprehensive Economic Partnership Agreement (CEPA).

Indonesia is Canada's main export market in Southeast Asia and the second largest destination for Canadian direct investment in the region. The Agreement, whose negotiations began in 2021, addresses market access for goods, services and investment, and incorporates provisions on small and medium-sized enterprises, labour and the environment, among others. It also includes commitments to cooperate on critical minerals and sanitary and phytosanitary measures. The parties are expected to complete the remaining technical work by the end of 2024 and to initiate internal procedures with a view to signing the Agreement in 2025.

In addition, the Canadian Prime Minister communicated his country's intention to reinforce nuclear partnerships in the Indo-Pacific region through the Canadian Trade Gateway initiative. This access portal –which is part of the Canadian Indo-Pacific Strategy launched in 2022– will seek to strengthen nuclear links between Canada and the Indo-Pacific region, develop local expertise and facilitate the exchange of products, services and knowledge, and thus contribute to the region's achievement of its energy security objectives.

The nuclear sector has an increasing role in the health, food, and agriculture industries, and is key to building energy security, developing and adopting artificial intelligence and clean energy technologies.

Mexico seeks to develop the semiconductor industry

Mexican Secretary of Economy Marcelo Ebrard announced support for the "Master Plan for the Development of the Semiconductor Industry in Mexico 2024-2030", which aims to double investment, consumption and national content in the Mexican semiconductor industry over the next six years.

The plan was presented on 12 November at the Ministry of Economy by the "Mexico-United States Semiconductor Collaboration Forum", a group that brings together leading companies, officials from the US Embassy in Mexico, members of various associations related to the sector and academics from both countries.

Carlos Rebellón, Forum coordinator, explained that the plan consists of a set of public policies and cooperation schemes, which seeks to attract investments of more than USD 10 billion. In addition, this initiative is expected to reduce dependence on imports of these goods by 10%, strengthen the local ecosystem and create high-quality jobs. The plan contemplates Mexico's participation in different links of the value chain, particularly in the areas of design, assembly, packaging, testing and downstream integration.

Currently, the semiconductor industry in Mexico exports about USD 5 billion annually and generates around 10,000 jobs.

ASIA AND OCEANIA

China reduces export incentives and modifies investment criteria

After being accused by several Western countries of subsidising sectors such as that of aluminium and bringing about an oversupply in the world market, and being questioned in its latest WTO Trade Policy Review (see CEI Global Report, August 2024), China announced the reduction of export tax incentives in that sector, among others. As of 1 December, it will cancel tax reductions on the exports of aluminium, copper, chemically modified animal, vegetable or microbial oils and fats. It will also reduce the export tax refund rate for a wide range of products from 13% to 9%, including refined petroleum products, photovoltaics, batteries and non-metallic mineral products. It should be noted that China is the world's leading aluminium producer and one of the largest exporters of aluminium products, most of which will be affected by this new measure.

Along the same line, the Chinese government published new directives for solar photovoltaic (PV) manufacturing projects in addition to the reduction of export tax rebates for solar components. Although it is non-binding for project approval, this measure raises the minimum of own investment from 20% to 30% and includes guidelines on efficiency and energy consumption. Not only are these guidelines intended to prevent prolonged losses faced by major producers due to falling prices, but they also encourage companies to move beyond capacity growth and focus on technological innovation, product quality, and production costs reduction.

India is challenged at the WTO over its domestic support policies for wheat and rice

On the occasion of the meeting of the WTO Committee on Agriculture on 26-27 November, the United States, supported by Argentina, Australia, Canada and Ukraine, submitted a counter-notification to the agency regarding wheat and rice support measures that would distort world markets. This is the third counter-notification filed against India by the United States. The first was introduced in 2018 and the second, which was supported by Australia, Canada, Paraguay, Thailand and Ukraine, was in 2023.

According to the US presentation, the level of Indian subsidies to marketing years 2021-22 through 2022-23 may have exceeded the 10% allowed by the WTO. In the case of wheat, the levels of market price support may have generated excess production which are likely to have harmed farmers in exporting countries and their customers when entering international markets.

In turn, India rejected the counter-notification and defended its compliance with WTO obligations under the "peace clause" of the Bali Ministerial Decision on public stockholding for food security purposes. This clause protects countries that use subsidies that are in conformity with the Agriculture Agreement from being challenged in the WTO. India has even repeatedly asked the members of that organisation to seek a permanent solution to the issue of public food stocks, a tool that allows governments to acquire food at a minimum price, store it and distribute it among the population with fewer resources.

New Chinese-financed port in Peru

In the context of the APEC summit (see World section), Chinese President Xi Jinping and his Peruvian counterpart Dina Boluarte officially opened the mega-port located in the town of Chancay, Peru. This project, which required a total investment of USD 3.5 billion, was designed by the Chinese state-owned shipping company Cosco Shipping and is 60% owned by the company and 40% by the Peruvian mining company Volcan. Its characteristics will allow the entry of vessels with a cargo capacity of up to 24,000 containers, as well as reduce shipping times between Asia and South America (from 35 to 23 days) and decrease logistics costs by at least 20%. As a result, it is expected to become the main logistics hub in the South Pacific and the starting point of a new land-sea corridor between China and Latin America that redistributes goods from countries such as Chile, Ecuador, Colombia, Brazil and Paraguay to the Asian continent.

The two heads of state also issued a joint declaration in relation to a protocol updating their bilateral free trade agreement and their willingness to increase cooperation on large-scale infrastructure projects, circular economy, sustainable agriculture, artificial intelligence and digital economy, among other matters (see South America section).

AFRICA

Intermediate goods trade increases in Africa

According to a report prepared by WTO experts, trade in intermediate goods plays an important role in the development of the African continent. Experts highlighted that between 2019 and 2022 exports of these goods registered a faster growth than that of their imports, which has allowed the African continent to significantly reduce its trade deficit in these products, reaching its lowest level since 2012 (USD 11 billion).

According to the report, African exports of intermediate goods (except for fuels) were around USD 312 billion in 2022, compared to the USD 196 billion recorded in 2019. These exports are mainly composed of raw or semi-processed materials and primary products that make up the first links in global value chains, including metals, minerals, precious stones, agricultural inputs (such as cocoa, coffee and cotton), and some manufactured products (such as electrical cables for vehicles).

The report also reveals the high levels of concentration of the African economy in the sector of exported intermediate goods, in which only 15 products account for 50% of exports (gold and cocoa stand out).

Regarding intraregional trade, the WTO indicates that for 2022 only 12.8% of total exports of intermediate goods (except for fuels) corresponded to intra-African exports. Among the reasons for this result are the insufficient transport infrastructure and the lack of financial and technological resources.

Based on these results, the report concludes that African performance for the period under review translates into low levels of integration of African economies with each other and in regional value chains, while identifying in the strengthening of the African Continental Free Trade Area (AfCFTA) (see CEI Global Report, February 2024) certain possibilities of progressively eliminating obstacles to the expansion of regional trade.

Nigeria in its sixth WTO trade policy review

Between 13 and 15 November, the sixth Trade Policy Review of Nigeria was held at the headquarters of the WTO.

The report circulated by the Secretariat of the organisation highlights that Nigeria remains one of the largest economies on the African continent, with a GDP of USD 363 billion for 2023. However, it notes that its economy grew moderately compared to the high growth rates recorded in the early 2000s. Between 2017 and 2023, real growth averaged 2.0%, below the population growth rate and the 7% real GDP increase that the government aims to achieve.

The oil and gas sector continues to play a very important role in the country's trade and public revenues, although its influence is decreasing. The report also indicates that trade policies remain an essential element of the country's economic growth strategies, with the government attaching great importance to trade for the diversification of the economy and the enhancement of competitiveness.

Agriculture, forestry and fisheries remain significant sectors in Nigeria, accounting for 40% of employment. Smallholder farmers generate 90% of agricultural production. Nigeria maintains its status as a net importer of agricultural products. The country still suffers from multiple problems derived from logistics and the absence of technical knowledge, among other factors. Domestic support includes tax and credit incentives, subsidised agricultural inputs, and tariff concessions for machinery.

In turn, the report prepared by the Nigerian government highlights the transformations undergone by the country's economy in recent years, which have among their objectives to promote economic diversification and increase the country's food security. In this regard, it agrees with the Secretariat's report in emphasising the role of Nigeria's trade policy as an instrument to enhance economic growth and development, and assigns trade facilitation a prominent role in this strategy.

In this regard, among the observations made, WTO members valued Nigeria's regional integration efforts as part of the Economic Community of West African States (ECOWAS) and the African Continental Free Trade Area and highlighted the efforts in the area of trade facilitation and simplification of its customs procedures, in particular through the introduction of the Authorised Economic Operator Programme in 2024.

However, some countries also expressed concern about the high percentage of physical inspections of containers carried out by Nigeria and urged a review of its customs procedures to promote best practices.

The Director-General of the WTO, Okonjo Iweala, expressed similar concerns in her online speech during a meeting of the customs services, organised in Abuja on 14 November, in which issues related to trade facilitation received special attention, given their importance within the framework of the AfCFTA.

Trade Policy Reviews (TPR) are an exercise established in the WTO agreements to assess the trade and trade-related policies of member countries at regular intervals. The frequency with which this is carried out depends on the level of the country's participation in world trade. Nigeria's last TPR had taken place in 2017.

African presence at the G20

A new G20 Leaders' Summit was held in Rio de Janeiro on 18 and 19 November, in which the African Union (AU) participated for the first time as a permanent member. Its incorporation took place in September 2023, within the framework of the Summit held in New Delhi, India.

During the Rio de Janeiro summit, the G20 presidency was transferred to South Africa, which will take over this role for the first time in the history of the forum and will also be the first African economy to do so.

In this regard, South African President Cyril Ramaphosa said in recent statements that the G20 presidency will concentrate its efforts on specific objectives, among which he highlighted economic growth, food security and the development of artificial intelligence. After the one-year period, the G20 presidency will pass to the United States in December 2025.

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