MAY 2025

CEI GLOBAL REPORT

CEI Centre for International Economy

WORLD

IMF admits that the world economy is entering a new era

IMO approves new standards for shipping

EUROPE

EU's tariff negotiation strategy vis-à-vis the US

EU fines US tech firms for violating digital markets law

The trade war may change the preferences of European consumers

SOUTH AND CENTRAL AMERICA

Market opening: Argentina and Brazil reinforce their international integration

Chile and Trinidad and Tobago sign a Partial Scope Agreement

Peru and Guatemala sign the Protocol to their Free Trade Agreement

NORTH AMERICA

US suspends application of high reciprocal tariffs for 90 days

US and Ukraine sign natural resources agreement

Tariff relief for US vehicle manufacturers

US initiates new investigations for threats to national security

ASIA AND OCEANIA

India imposes import tariffs on steel products

China seeks to stabilise its capital market

AFRICA

Ethiopia closer to WTO accession

South Africa aims to boost its automotive industry

Morocco is gaining a foothold in the world market for critical minerals

WORLD

IMF admits that the world economy is entering a new era

On 3 April, one day after US President Donald Trump issued the executive order that significantly increased tariffs for its trading partners, IMF Managing Director Kristalina Georgieva stated: “We are still assessing the macroeconomic implications of the announced tariff measures, but they clearly represent a significant risk to the global outlook at a time of sluggish growth”.

Days later, in a piece of news published on the IMF’s website, Pierre-Olivier Gourinchas, Director of Research of the IMF, analysed the world scenario in more detail, noting that the tariff increases announced by the United States at the beginning of April not only embody a modification in the conditions that countries will have to face in the exchange of their products with their trading partners, but also represent a new era for the international economic system.

The piece points to uncertainty and unpredictability as the central factors of the global economic context. With that premise, the IMF modified its economic forecasts as follows: it proposed a downward revision of its global growth estimates for the coming years, as well as an upward inflation projection (which, in any case, would not be enough to halt the current disinflation process).

These projections, however, do not reflect similar results for all countries. For the United States, growth estimates are decreasing, inflation estimates are growing and an appreciation of the dollar is expected in the short term. This could lead to depreciation in real terms, in the middle run, due to the loss of competitiveness caused by the rise in tariffs.

As for China, growth projections follow a downward trend (even considering an increase in fiscal stimulus), but inflation projections, unlike in the United States, also fall, in this case caused by the possible decline in international demand for their products.

To conclude, the author wonders if it was necessary to rethink the system that governed international trade, to the extent that under this framework good results had been achieved in terms of economic growth. A question arises on whether the perception –present in many advanced countries– that globalisation is to blame for the fall in industrial employment justifies the impetus for an increase in protectionism of the magnitude posed by the US government.

To answer this question, Gourinchas uses the cases of the United States and Germany, two countries where the share of manufacturing employment has decreased, but which have many years of trade deficit in one case and surplus in the other. He concludes that “the deeper force behind this decline is the technological progress and automation, not globalisation”.

IMO approves new standards for shipping

The International Maritime Organisation (IMO) approved new emission regulations for international shipping with the aim of achieving net-zero emissions in the sector by 2050 at the latest.

The measures are due to be formally adopted in October 2025 and are scheduled to enter into force in 2027. They will be mandatory for ships over 5,000 gross tonnage, which are responsible for 85% of emissions attributable to international maritime transport. The approved framework sets out the obligation to reduce greenhouse gas emissions annually. The targets for the 2028-2035 period have already been established. Those corresponding to the 2036-2040 period must be set prior to 1 January 2032 and an agreement was also reached so that the base reduction target for 2040 is 65%.

Two decarbonisation goals were proposed, one basic and one more ambitious. Those ships over 5,000 tonnes that do not reach the strictest one will have to pay the IMO USD 100 per year for each tonne of greenhouse gas emissions that exceed that target, while if they do not reach the basic target, the annual payment per tonne will amount to USD 380. The penalty can be resolved through a direct payment to the IMO or through the purchase of credits from ships using low-carbon fuels and meeting all targets.

The IMO will be able to use the proceeds from this agreement to compensate compliant ships and to invest in the decarbonisation of the maritime sector, taking into account, in particular, the needs of developing countries.

EUROPE

EU's tariff negotiation strategy vis-à-vis the US

In response to the tariff increases announced by the United States government, the European Commission agreed on a tripartite negotiating strategy, according to a special report by the Financial Times. First, the proposal considered retaliations against US exports if the negotiations did not offer results and suspension of measures if the United States did the same. Second, it includes an initiative to deepen trade relations with other countries to have alternative markets for EU exports. Finally, it would seek to reduce existing barriers to intra-bloc trade.

The implementation of the first part can be evidenced in the fact that the decision of the United States to partially suspend its trade sanctions was followed by a similar decision of the European Commission. Thus, the President of the Commission, Ursula von der Leyden, declared that the EU would choose the path of negotiation.

Regarding the section corresponding to trade negotiations, the report points out that for the EU today there are feasible scenarios, which were considered impossible to achieve prior to the tariff dispute with the United States. For example, the negotiations with Mercosur were concluded (see CEI Global Report, January 2025), the agreement with Mexico was updated, the talks with India, Thailand, Malaysia, Indonesia and the Philippines were set in motion, an agreement was reached to start negotiations for a free trade agreement with the United Arab Emirates, and to deepen trade relations with the countries of Central Asia.

In turn, the third part of the strategy is based on the Draghi report (see CEI Global Report, October 2024) on the future of European competitiveness, which proposes the removal of obstacles to internal trade, the harmonisation of standards and the coordination of policies.

EU fines US tech firms for violating digital markets law

The European Commission fined US company Apple with 500 million euros for not complying with the anti-steering obligation and fined Meta with 200 million euros for not allowing its customers to opt for a service that uses less personal data. Both obligations are contained in the Digital Markets Act, which came into force in November 2022 and complements other EU competition policy rules.

The anti-steering obligation consists in preventing a company from directing its customers to buy applications from the same company by not informing them of the existence of alternative distribution channels.

In turn, Meta used a "consent or pay" binary advertising model whereby European Facebook and Instagram users could choose between a personalised advertising service that uses personal data or pay a monthly subscription for an ad-free service.

Faced with these sanctions, the United States government threatened to apply special tariffs to countries that penalise its companies. Meta said that the European Commission seeks to put successful US companies at a disadvantage and allow European and Chinese companies to operate under different standards.

The trade war may change the preferences of European consumers

Tariff hikes initiated by the United States could be changing the demand preferences of European consumers. According to a study by the European Central Bank, based on its Consumer Expectations Survey, the consumption of US goods and services in Europe would be reduced mainly due to a decision unrelated to price changes (44% of respondents), while only in second place it would be due to the increase in prices motivated by the rising in customs tariffs (38% of respondents).

The survey shows that what European consumers consider most relevant are subjective issues rather than the degree of response to a tariff hike. This shift in preferences is most marked in higher-income consumers, who are typically the least affected by a price increase stemming from higher import tariffs.

SOUTH AND CENTRAL AMERICA

Market opening: Argentina and Brazil reinforce their international integration

Argentina received the official notification from the Health Service of the Republic of Albania on the opening of its market for bovine meat destined for human consumption, with the exception of mechanically separated meat. As for the Argentine establishments authorised to export, the Department of the Veterinary Sector and Animal Welfare of the Ministry of Agriculture and Rural Development of Albania reported that those that are formally authorised to ship bovine meat to the European Union will be valid, in accordance with the pre-listing system agreed with the community bloc.

On the other hand, China officially approved the import of bovine bezoar (dry gallstones obtained from the gallbladder or bile ducts of cattle) from Argentina, in accordance with the health protocol signed between the two nations. This decision is based on the Chinese legislation on biosafety, animal quarantine and regulation of traditional medicine inputs. Only bezoar that meets strict sanitary conditions will be allowed to be imported. Animals must be raised, slaughtered and processed in establishments registered and supervised by the Argentine health authorities, and such establishments must have approval from the Chinese Customs. In addition, animals must be free of diseases such as bovine spongiform encephalopathy (BSE), foot-and-mouth disease, brucellosis, tuberculosis, among others, and must not have been treated with prohibited drugs.

In this regard, on 18 April 2025, the National Administration of Medicinal Products resolved to enable 12 pilot regions in China for the use of imported bovine bezoar in the production of traditional Chinese medicine. The pilot regions are Beijing, Tianjin, Shanghai, and the provinces of Hebei, Zhejiang, Jiangxi, Shandong, Hunan, Guangdong, Sichuan, Fujian, and the Guangxi Zhuang autonomous region. The imported bovine bezoar use programme will be valid for two years. Applicants for authorisations to import the product must be located in these pilot areas and have marketing licences for traditional Chinese medicine containing this specific ingredient.

In turn, Brazil and China signed a protocol enabling the export of fish of Brazilian origin to the Chinese market. This agreement, whose negotiation began in 2016, allows the export of all fish caught that meet the sanitary requirements demanded by the Chinese authorities. In 2024, China imported USD 17.9 billion worth of fish.

Likewise, the negotiations that allow the export of poultry oil from Brazil to Peru, destined for animal feed, were also concluded. The Peruvian government also approved the authorisation for the export of "azuki" (*Vigna angularis*) and "caupi" (*Vigna unguiculata*) beans from Brazil.

Finally, the Moroccan health authorities approved the proposal for an International Sanitary Certificate that updates the requirements for the export of bovine meat from Brazil and also authorises the entry of Brazilian bovine offal into the Moroccan market.

Chile and Trinidad and Tobago sign a Partial Scope Agreement

The Partial Scope Trade Agreement (PSTA) signed between Chile and Trinidad and Tobago represents the first economic and commercial treaty that Chile concludes with a member country of the Caribbean Community (CARICOM). The objective of the commitment, which must be ratified by the congresses of both countries before its entry into force, is to strengthen trade and economic ties, as well as foster broader integration between Latin America and the Caribbean.

From the Chilean perspective, Trinidad and Tobago is seen as a strategic partner for its role in the region and for its energy and logistics potential. It is also the main producer of hydrogen in the Caribbean, a fuel that it uses as a raw material for the country's 11 ammonia plants. This PSTA is part of a broader strategy promoted by Chile to diversify its export offer and strengthen links with the Caribbean.

The Caribbean region seeks to attract sustainable investments and generate skilled labour. Trinidad and Tobago is the largest economy of the fifteen countries that make up the Caribbean Community, with a population of almost 1.4 million people. Trade with Chile reached USD 537 million, with an average annual growth of 15.2% in the last six years.

In turn, Trinidad and Tobago considers that the importance of this agreement exceeds commercial interests, and highlights it as a tool to boost cooperation in the face of global challenges. The deal is perceived as a starting point to strengthen diplomatic relations, diversify trade and explore new areas of collaboration such as trade in services, the digital economy and support for micro and small businesses.

The treaty includes tariff preferences for 143 Chilean products, mainly from the agri-food, forestry, and industrial sectors. In turn, 267 products from Trinidad and Tobago will have preferential access to the Chilean market, including natural gas and ammonia, whose tariffs will be removed immediately.

Peru and Guatemala sign the Protocol to their Free Trade Agreement

Peru and Guatemala signed the Protocol that puts into effect and updates the Free Trade Agreement (FTA) between both countries, a significant step in strengthening their economic ties. Although the agreement had been entered into in 2011, this signature formally activates its implementation.

Guatemala is positioned as Peru's second largest trading partner in Central America, with an exchange that reached USD 250 million in 2024.

The update of the agreement includes key issues such as trade in services, sanitary and phytosanitary measures, public procurement, intellectual property and specific origin requirements. Both countries also informed the World Trade Organization (WTO) of the closure of the dispute settlement procedure (DS 457), initiated by Guatemala, regarding additional rights to certain agricultural products, which reinforces the atmosphere of mutual understanding.

Regarding bilateral trade, Peruvian exports to Guatemala are led by agricultural products such as grapes and palm oil, which represent 44.3% of the total exported. A total of 366 Peruvian companies participate in this exchange, with a significant presence of MSMEs (34.4%). Meanwhile, imports from Guatemala totalled USD 112 million in 2024, with sugar as the main product, representing 60% of the total.

NORTH AMERICA

US suspends the application of high reciprocal tariffs for 90 days

On 10 April, the US government deferred for 90 days the implementation of the additional tariffs established for 57 foreign trading partners listed in Annex I of Executive Order 14257 (see CEI Global Report, April 2025), except for China.

It should be remembered that this group of countries includes those with which the US maintains the highest trade deficits and which were going to be subject to additional tariffs of between 11% and 50% as of 9 April. These include the EU (20%), Japan (24%), India (26%), South Korea (25%), Vietnam (46%), Switzerland (31%), South Africa (30%), Israel (17%), and Pakistan (29%).

Thus, through 9 July, all US trading partners will face the same basic additional *ad valorem* duty of 10%, subject to all applicable exceptions set forth in Executive Order 14257.

According to the Trump administration, a large number of affected countries expressed their willingness to address the lack of trade reciprocity and the national security concerns of the United States. In this way, the "pause" in the tariff increases seeks to give these trading partners time to negotiate and reach an agreement with the US.

In the case of China, given the retaliation taken by Beijing, the new measure raised the *ad valorem* tariffs on Chinese imports from 84% to 125% (in addition to other tariffs imposed against China) starting on 10 April. Likewise, the *de minimis* duties for low-value Chinese imports were increased twice. These transactions will be subject to *ad valorem* tariffs of 120% or a fixed duty of USD 100 per package (which will increase to USD 200 per package as of 1 June).

US and Ukraine sign natural resources agreement

On 30 April, the United States and Ukraine signed an agreement that provides the North American country with privileged access to Ukrainian natural resources. It also provides for the creation of a joint investment fund that will be managed equally by both partners.

The fund will be financed with income from new licences granted by the Ukrainian government to exploit essential minerals, oil and gas. Likewise, according to news reports, the costs of military assistance that the US provides in the future will be accounted for as part of the US investment in the fund.

In addition to sharing future profits, the United States may acquire Ukrainian natural resources as a matter of priority or may designate the buyer, according to its interests. In this way, the country secures vital raw materials for its economy and prevents other countries from acquiring them.

In turn, Ukraine will obtain US support to guarantee its defence. In that sense, the Trump administration issued a communiqué stating that the agreement must be understood as a message to the Russian authorities who must acknowledge that the North American country "is committed to the long-term success of Ukraine."

Tariff relief for US vehicle manufacturers

On 26 March, the US announced the application of 25% tariffs on imported cars and auto parts (see CEI Global Report, April 2025). In this regard, the Trump administration recently launched a compensation mechanism that will allow vehicle manufacturers to reduce the tariff burden on imported components based on their assembly operations in the United States.

To this end, it offers tax credits, until April 2026, worth up to 3.75% of the Manufacturer's Suggested Retail Price (MSRP) value of assembled vehicles. These credits will decrease to 2.5% between May 2026 and April 2027 and will be applicable to a wide range of passenger vehicles and light trucks assembled within US borders. The measure seeks to encourage domestic production and R&D related to automobiles and auto parts.

On the other hand, to avoid the cumulative effect of multiple tariffs on the same imported product, the White House announced a hierarchy in which national security tariffs on cars will have the highest priority, followed by border security duties applicable to Canada and Mexico, and then tariffs on steel and aluminium. However, the measure does not affect the application of other tariffs, which may continue to be cumulative. These include tariffs on Chinese imports related to trafficking in fentanyl, tariffs imposed under Section 301 of the Trade Act of 1974, and anti-dumping and countervailing duties.

US initiates new investigations for threats to national security

Throughout April, the US government initiated four new investigations under Section 232 of the Trade Expansion Act of 1962, which seek to assess whether imports of certain strategic product groups threaten to harm national security. These investigations join those corresponding to copper and forest products, commenced during the first quarter of the year (see CEI Global Report, March 2025).

The products subject to the new investigation processes are semiconductors, pharmaceuticals, processed critical minerals and trucks. In the case of the semiconductors, the investigation covers both imports of semiconductors and semiconductor manufacturing equipment, and their derivative products (including semiconductor substrates, bare wafers, legacy and leading-edge chips, and microelectronics, among others).

The investigation on pharmaceutical products comprises both pharmaceutical ingredients (key raw materials, active ingredients) and finished products (generic and non-generic), medical countermeasures and products derived from these elements. On the other hand, the process aimed at examining imports of trucks covers both medium and heavy-duty trucks and their parts. Its results could significantly affect Mexico, the largest exporter of medium and heavy duty trucks to the United States.

Finally, the investigation on imports of processed critical minerals comprises the 50 critical minerals and rare earths included in the listing of the US Geological Survey, as well as the derivative products (semi-finished or final). This process derives from the importance of these minerals as production inputs for military, defence and energy infrastructure and from the dependence of the US on a small number of foreign (mainly Chinese) suppliers.

The investigations, conducted by the Department of Commerce, are in the public consultation stage. The process involves assessing domestic production capacity, demand conditions, supply chain vulnerabilities, and the potential impact of foreign subsidies or unfair trade practices. It also examines whether US reliance on imports could expose critical sectors to supply disruptions, especially if they are dominated by a few foreign suppliers. Their findings and subsequent recommendations could result in additional tariffs, quotas, or other trade restrictions.

It should be noted that semiconductors, critical minerals and pharmaceutical products were exempted from the "reciprocal tariffs" established on 2 April (see CEI Global Report, April 2025).

ASIA AND OCEANIA

India imposes import tariffs on steel products

The government of India made the decision to impose a 12% tariff on some steel products, to curb the increase in imports mainly from China and, in this way, protect local companies that manufacture those products.

In this regard, the Minister for Steel of India, H.D. Kumaraswamy, said: "This move will provide critical relief to domestic producers, especially small and medium-scale enterprises, who have faced immense pressure from rising imports".

The measure is provisional and the government reported that it will be in force for a period of 200 days "unless it is revoked, replaced or amended" before the end of the established period.

The decision of the Indian government is relevant not only for the countries involved and could have repercussions in other parts of the planet, to the extent that China and India are the first and second world producers of crude steel, respectively, and comes after the United States increased import tariffs on steel products and their derivatives to 25% for a group of countries (see CEI Global Report, March 2025).

China seeks to stabilise its capital market

A consequence of the increase in tariffs announced by the United States government (see CEI Global Report, April 2025) was the drop in the world's major stock exchanges, particularly hitting Chinese companies. Faced with this situation, the Beijing government acted quickly, and took a series of measures to stabilise its capital market and avoid millions in losses.

The Chinese central bank offered greater liquidity to local companies, while Chinese state-owned companies began purchasing shares of Chinese companies with the aim of avoiding the fall in shareholders' rights and giving a sign of confidence in the country's capital market.

Also, thanks to measures announced by the National Administration of Financial Regulation, large Chinese insurance companies announced the increase of their long-term capital investments in the local market.

AFRICA

Ethiopia closer to WTO accession

In the month of April, the Director General of the World Trade Organization, Ngozi Okonjo-Iweala, participated in a high-level meeting held in Washington, on the margins of the Spring Meetings of the World Bank and the IMF.

During the meeting, Ngozi Okonjo-Iweala highlighted the advances in economic matters achieved by Ethiopia in recent years, which bring the country closer to achieving its WTO accession process for the next Ministerial Conference, which will take place in Cameroon, in March 2026. It should be noted that the efforts for Ethiopia's accession to the WTO began in 2003 and were resumed in 2020, after an eight-year interruption.

The Director General also underlined the results of the economic reform programme for local growth carried out by the Ethiopian government. The programme was launched in 2019, and it proposed a structural reform of the country's economy that would allow, among other objectives, to stimulate exports and boost the growth of the private sector through various initiatives (see CEI Global Report, March 2025). She also highlighted the role of the economic reforms in generating a favourable environment that allows Ethiopia to benefit from its membership of the African Continental Free Trade Agreement (AfCFTA) which it ratified in 2019 (see CEI Global Report, February 2024).

The representatives of the World Bank and the IMF present at the meeting agreed on the diagnosis, although they stressed that there are still efforts to be made by the Ethiopian economy, mainly in terms of intellectual property, trade facilitation, the role of state enterprises, competition policies and subsidies.

Finally, both the representatives of international organisations and the Ethiopian authorities highlighted the virtuous circle between the commitments required for WTO accession and the results in terms of stabilisation and growth of the Ethiopian economy.

This discreet optimism on the part of multilateral organisations regarding Ethiopia's future in the WTO is manifested, however, in a context of uncertainty regarding the future of the multilateral trading system and the decline in expectations of economic growth for the African continent, based on the new context of international trade.

During the presentation in April of the latest World Trade Organization report *Global Trade Outlook and Statistics*, with the forecasts of the WTO Secretariat on world trade in 2025 and 2026, its Director General urged the African continent to join efforts to increase its intraregional trade and attract more investment, in a context in which the external climate has become "more adverse".

For its part, in its latest regional reports also presented during the month of April, the IMF has forecast a slowdown in the growth of the economies of North Africa in 2025 and 2026 compared to previous forecasts and a withdrawal of the favourable prospects identified in the post-pandemic period for the sub-Saharan Africa region.

South Africa aims to boost its automotive industry

In statements made to the press in April, the Minister of Trade, Industry and Competition of South Africa, Parks Tau, said that the South African government is considering offering new incentives to the local automotive industry.

The measure under analysis would involve the expansion of the Programme for the production and development of the automotive industry. Said Programme (in force since 2013) constitutes a system of incentives for investment and job creation within the South African automotive industry. It offers reductions and tax refunds to the sector and other incentives for production volumes.

The aforementioned remarks were made in the context of the strong concern expressed by the country's top authorities regarding the increase in tariffs imposed by the United States on imports of automobiles and auto parts (see CEI Global Report, April 2025), which also implies the interruption of the benefits of the African Growth and Opportunity Act (AGOA) with respect to South African exports to the United States corresponding to said sector (see CEI Global Report, August 2024).

In turn, the main South African chamber linked to the automotive industry (NAACAM) coincided with the concern raised by the country's authorities. Its Executive Director, Renai Moothilal, proposed to promote the following three strategies to moderate the risk posed by this new context for production and job creation in the sector: bilateral negotiations with the United States regarding the measures implemented; diversification of South African export markets in order to maintain current levels of production, and protection of the local market (with special attention to measures aimed at avoiding cases of dumping) in the framework of the search for new markets by former US suppliers.

Morocco is gaining a foothold in the world market for critical minerals

Various specialised news outlets have reacted in the last weeks to the participation of the Minister of Industry and Trade of the Kingdom of Morocco, Ryad Mezzour, in the Asian Battery, Raw Materials and Recycling Conference, held in Seoul from 7 to 9 April.

According to the information published, Minister Mezzour presented in his speech an ambitious strategy in the field of strategic critical minerals, according to which the Kingdom seeks a comprehensive approach aimed at creating a complete ecosystem for the production of batteries, from the exploitation of the country's abundant mining resources to the development of a competitive industrial platform.

In line with the above, Mezzour also recalled the rapid growth of the Moroccan automotive industry, which positioned the country in the first place in Africa as a car manufacturer by 2024, with more than one million units produced (see CEI Global Report, August 2024).

In a context in which the world is increasingly focusing on the availability of critical minerals and the role of Africa (see CEI Global Report, July 2024), this has not been the only mention of the Kingdom of Morocco by the specialised press. In April, the media commented on recent surveys which place the country among the main African actors in mining and spread the announcement of the Canadian mining company Catalyst Mines, which identified an important findings of chromite, cobalt and nickel in its Amasine project, located in the Siroua region.

CEI GLOBAL REPORT

Closing date of this issue: 30 April 2025

Ministry of Foreign Affairs,
International Trade and Worship
Argentine Republic